

ties—for example, Stand-By Arrangements and the Extended Fund Facility. It also provides concessional assistance under its Poverty Reduction and Growth Facility (PRGF) and debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.

**Technical assistance** consists of expertise and training provided by the IMF to help member countries strengthen their human and institutional capacity and design and implement effective macroeconomic and structural policies. Technical assistance is offered in several broad areas, namely fiscal policy and management, monetary policy and financial systems, and macroeconomic and financial statistics. See Box 1 for a list of the core areas of IMF technical assistance.<sup>4</sup>

### IMF Technical Assistance: Demand and Supply

The IMF began to provide technical assistance to its member countries in the early 1960s in response to requests from newly independent nations in Africa and Asia. By the mid-1980s, resources devoted to technical assistance had nearly doubled. As a result of the expansion of the IMF's membership and the adoption of market-oriented economies by a large number of countries worldwide, IMF technical assistance activities grew even more rapidly in the early 1990s. The demand increased further in the late 1990s as significant technical assistance resources

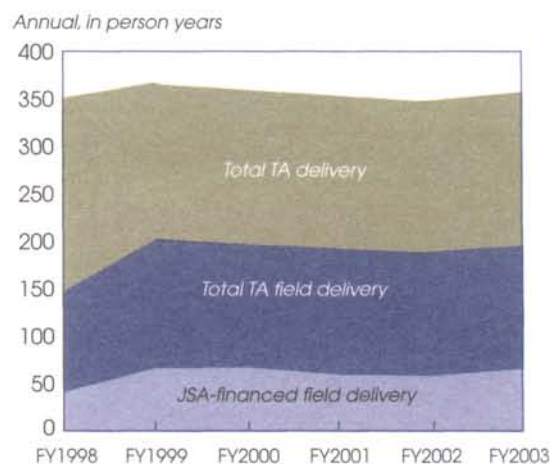
<sup>4</sup> For additional information on the IMF's activities visit [www.imf.org](http://www.imf.org).

had to be directed to countries hit by financial crisis. In addition, in recent years, the IMF has had to mount significant efforts to provide prompt policy advice and operational assistance to countries emerging from conflict situations. Currently, the IMF devotes some 350 person years to technical assistance activities, plus some \$10 million for training and scholarships annually.<sup>5</sup> The delivery of IMF technical assistance over the period FY1998–FY2003 is shown in Figure 1.

During the past three to four years, the IMF's technical assistance program has had to respond to a number of new initiatives that have changed

<sup>5</sup> The reference to person years in this report is to the time spent by IMF staff and experts on technical assistance activities.

**Figure 1. IMF Technical Assistance Delivery, FY1998–FY2003**



the overall demand on its resources. As part of these initiatives, resources have been devoted to help countries build capacities for their anti-money laundering efforts and for combating the financing of terrorism (AML/CFT); to adopt and adhere to international standards and codes for financial, fiscal, and statistical management; to help low-income countries formulate and implement poverty reduction strategies; and to help heavily indebted poor countries (HIPCs) design and manage debt reduction programs and strengthen public expenditure management for an effective tracking of poverty reducing expenditures.

In light of these demands and competing needs, the IMF has taken steps to prioritize technical assistance to reflect both the IMF's "core" specialities—fiscal affairs, monetary and financial systems, and macroeconomic statistics—and main program areas, such as crisis prevention, debt relief and poverty-reduction, fostering macroeconomic stability, post-crisis management, and regional capacity building.

The IMF finances its technical assistance for its member countries mainly from its own budgetary resources, but also receives external financing from bilateral and multilateral partners. The IMF currently spends about 25 percent of its annual administrative expenditures on technical assistance work. Of this, approximately 55 percent is spent on technical assistance delivered in the field by IMF missions or by experts, and the rest is spent on technical assistance related work at IMF headquarters in Washington. In FY2003, external financing from bilateral and multilateral

**Figure 2. JSA Share of Financing of Technical Assistance Delivered in the Field, FY1998–FY2003**



donor partners accounted for 27 percent of total technical assistance and half of technical assistance delivered in the field. Although the number of bilateral and multilateral partners has increased significantly in recent years, Japan continues to be the largest source of external financing. In FY2003, JSA financing accounted for 18 percent of total IMF technical assistance, 33 percent of the assistance delivered in the field, and 66 percent of the total external financing. The JSA's share of financing of the IMF's field-delivered technical assistance over the period FY1998–FY2003 is shown in Figure 2.