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IMF's new vision for capacity building

- **Economic difficulties experienced in many parts of the world including CESEE have generated strong demand for IMF technical assistance and training**
- **Inaugural meeting of the Donor Consultative Group held during the 2012 IMF-World Bank Spring Meetings**
 - Brought together close to 50 representatives of some 30 donor agencies and other development partners
- **Merger of technical assistance and training activities to form the Institute for Capacity Development on May 1, 2012**
 - Brings together the former IMF Institute and the Office of Technical Assistance Management



IMF's new vision for capacity building

- **IMF capacity building to focus on topics with a clear macroeconomic impact and avoid duplicating the efforts of other technical assistance providers**
 - Capacity building should be integrated with the IMF's surveillance and lending work
 - It also needs to be nimble-a key strength of the IMF is its ability to respond swiftly to crises in member countries
- **TA focuses on core areas of expertise**
 - Macroeconomic policy, tax policy and revenue administration, expenditure management, monetary policy, the exchange rate system, financial sector stability, legislative frameworks, and macroeconomic and financial statistics
 - A regional approach to TA
 - Including regional advisors in SEE



The IMF's TA model

- TA mainly provided by staff and headquarters-based consultants, either directly or through regional TA centers and experts in the field, to ensure quality of advice
- TA provided in support of Fund's policy dialogue conducted in the context of bilateral, regional, and multilateral surveillance, and in program cases
- In recent years, greater emphasis on analyzing issues and devising policy response, taking into account implementation capability
- More medium-to-long-term engagement

THE IMF'S role in public financial management in the CESEE region



- **FAD's TA in the PFM area focuses on:**
 - Comprehensive assessment of PFM systems
 - Basic PFM system reforms
 - More advanced reforms
 - Legislative and regulatory drafting, and
 - Restructuring of central finance agencies
- **Active in CESEE (especially SEE) in recent years**
 - Response to crisis and support of program and surveillance work has magnified hugely
 - Aim to anchor short-term advice to aid fiscal consolidation within longer-term reform strategies

The IMF's role in public financial management in the CESEE region



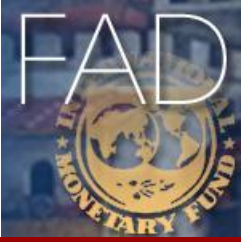
- **Regional PFM Advisor based in Center of Excellence in Finance in Ljubljana covers 11 SEE countries**
 - Program objective to facilitate in developing or further advancing strategic policy-oriented fiscal management capacity, and enhancing related PFM processes
 - Sponsored by the Japanese Government
 - Also covers revenue administration
 - Demand driven
- **TA to other CESEE countries**
 - Focus currently on developing capacity to design and implement fiscal consolidation programs to ensure long term fiscal sustainability

Current efforts to coordinate organizations' work programs



- **Ongoing dialogue with other TA providers**
- **Increased role of donors in financing IMF TA**
 - Leverages the internal resources available for technical assistance
 - Helps avoid duplication of advice by different donors
 - Strengthens collaboration with donors and other technical assistance providers
- **Cooperation with learning institutions**
 - Center of Excellence in Finance, Slovenia
 - IMF's JVI
- **Participation in donor sponsored programs**
 - e.g. WB PEMPAL events

Weaknesses in current coordination efforts



- **Lack of understanding of who does what where?**
 - Often difficult for TA providers to identify who is doing what
 - Strategic TA provision vs. firefighting needs
 - Lack of standardization of advice
- **Country authorities need to take more active ownership of donor financed TA initiatives**
 - PFM reform strategies are often not fully owned by country authorities
 - Donors driving the agenda
- **Sometimes countries like to cherry pick advice from a number of providers**
 - Risks overlapping - other gaps in PFM may not be addressed

Addressing existing weaknesses and improving coordination



- **Country authorities need to drive the TA agenda**
- **Reform plans with targeted responsibility for donors and capacity building institutions**
 - Less cherry picking, more agreement on roles and responsibilities of various stakeholders
 - More realism in terms of what is actually achievable
 - Political context
 - Capacity constraints
 - Sequencing and prioritizing reforms
- **Better integration of TA and learning programs**
 - IMF/CEF model a good example
 - Greater use of regional resources to learn from country experiences