

INTERNATIONAL MONETARY FUND (IMF)

Support to NEPAD

Period of report: 2004

Orientation of work in support of NEPAD

The Fund continued to support the low-income countries of sub-Saharan Africa (SSA) through the Poverty Reduction Strategy Paper (PRSP), Poverty Reduction and Growth Facility (PRGF), and HIPC processes. Fund net lending to SSA in 2003 increased for the second consecutive year, with a total of 26 countries having PRGF-supported programs at some point during the year. 23 SSA countries have now reached the decision point under the HIPC Initiative, with 11 countries having reached their completion point.

The Fund participated in the launching meeting of the Africa Partnership Forum in Paris in November 2003. The Forum is aimed at broadening a structured partnership between Africa and its main development partners, and at promoting political support and high visibility for NEPAD. The Fund also participated in the second meeting of the Forum in Maputo, Mozambique in April.

Areas of support for NEPAD

1. Agriculture, Trade, and Market Access

The Fund continued to advocate in various fora greater access to industrial country markets for Africa, including in particular the elimination of agricultural subsidies in industrial countries.

It has called for a timely conclusion of the Doha Round, highlighting the importance of a successful outcome for the world

economy. In Cancun, the Fund's First Deputy Managing Director announced a trade initiative that would tailor Fund support specifically to meet the needs of countries for which a multilateral agreement could generate temporary balance of payments pressures. The Fund would provide financial support in the context of new or existing arrangements to members facing near-term negative impacts on their balance of payments from the round; it would also offer additional financial help where the actual impact of trade liberalization in a multilateral context turned out to be greater than anticipated.

In November 2003, the IMF Managing Director and the President of the World Bank wrote a joint letter to heads of government stressing the benefits of multilateral trade liberalization and urging for a resumption of the round. Despite the absence of a clear positive result so far, the Fund continues to emphasize the benefits of trade liberalization, both unilateral and multilateral, including the elimination of agricultural subsidies.

2. Governance, Peace and Security

In May 2003, 2 representatives of the NEPAD Secretariat participated in the data ROSC (Report on the Observance of Standards and Codes) mission from the Fund to Burkina Faso. The idea was to observe the proceedings of the mission so as to gain experience on international standards (in this case of data) and how

they are assessed, for possible use in the conduct of the African Peer Review Mechanism (APRM).

3. Human Resource Development

In 2003, the Fund continued to implement its Africa capacity building initiative through the Africa Regional Technical Assistance Centers (AFRITAC), with the primary aim of strengthening domestic capacity in macroeconomic management and in the design and implementation of sustainable

poverty reduction strategies. The second center, the West AFRITAC, which is now fully operational was inaugurated in May 2003 and covers 10 countries in West Africa. Under a joint training program with the ACBF, the East AFRITAC organized workshops on revenue administration, treasury reform, and banking supervision, while the West AFRITAC organized workshops on fiscal decentralization, monetary policy and government finance statistics, money laundering, and bank balance sheet analysis.