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2018 REVIEW OF THE FUND'S CAPACITY DEVELOPMENT STRATEGY—STAFF BACKGROUND STUDIES AND SHORT NOTES

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Acronyms

ACES	Analytic Costing and Estimation System
AFR	African Department
AFRITAC	Africa Regional Technical Assistance Center
AML/CFT	Anti-Money Laundering/ Combatting the Financing of Terrorism
APD	Asia and Pacific Department
ATI	Africa Training Institute
CAP	Capability Assessment Program
CAPTAC-DR	Central America, Panama, and Dominican Republic Technical Assistance Center
CARTAC	Caribbean Regional Technical Assistance Center
CCB	Committee on Capacity Building
CD	Capacity Development
CDOT	Capacity Development Office in Thailand (formerly TAOLAM)
CEF	Common Evaluation Framework
COM	Communications Department
CSN	Country Strategy Notes
CT	Customized Training
DAC	Development Assistance Committee
DM	Document Management
DMF	Debt Management Facility
EAC	East African Community
ECF	Extended Credit Facility
FAD	Fiscal Affairs Department
FMI	Financial Market Infrastructures
FMIF	Financial Market Infrastructures and Fintech
FINE	Focused, Integrated, Nimble, and Effective
FIRST	Financial Sector Reform Strengthening Initiative
FPAS	Forecasting and Policy Analysis System
FPP	Financial Programming and Policies
FSAP	Financial Sector Assessment Program
FSSR	Financial Sector Stability Review
FTE	Full-time Equivalent
HQ	IMF Headquarters
ICD	Institute for Capacity Development
ICR	Implementation Completion Report
IEG	Internal Evaluation Group
IEO	Independent Evaluation Office
IFI	International Financial Institution
IR	Institutional Repository
ISR	Interim Surveillance Review

ITD	Information Technology Department
JVI	Joint Vienna Institute
KE	Knowledge Exchange
KMU	Knowledge Management Unit
LEG	Legal Department
LIC	Low-Income Country
MCD	Middle East and Central Asia Department
MCM	Monetary and Capital Markets Department
MDS	Macroeconomic Diagnostics
METAC	Middle East Regional Technical Assistance Center
MNRW	Managing Natural Resource Wealth
MOOC	Massive Open Online Courses
MOU	Memorandum of Understanding
MPV	Multi-Partner Vehicle
MTDS	Medium-Term Debt Management Strategy
OBP	Office of Budget and Planning
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Center
PIMA	Public Investment Management Assessment
RAP	Resource Allocation Plan
RBM	Results-Based Management
RCDC	Regional Capacity Development Center
RES	Research Department
RSN	Regional Strategy Notes
RTAC	Regional Technical Assistance Center
RTC	Regional Training Center
SARTTAC	South Asia Regional Training and Technical Assistance Center
SDG	Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SPR	Strategy, Policy, and Review Department
STA	Statistics Department
STI	Singapore Training Institute
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TAOLAM	Technical Assistance Office for Lao PDR and Myanmar
TSR	Triennial Surveillance Review
TPA-TTF	Tax Policy and Administration Topical Trust Fund
UFR	Use of Fund Resources
WB	World Bank
WHD	Western Hemisphere Department

Staff Background Studies

I. INTEGRATION OF CAPACITY DEVELOPMENT AND SURVEILLANCE¹

A. Introduction

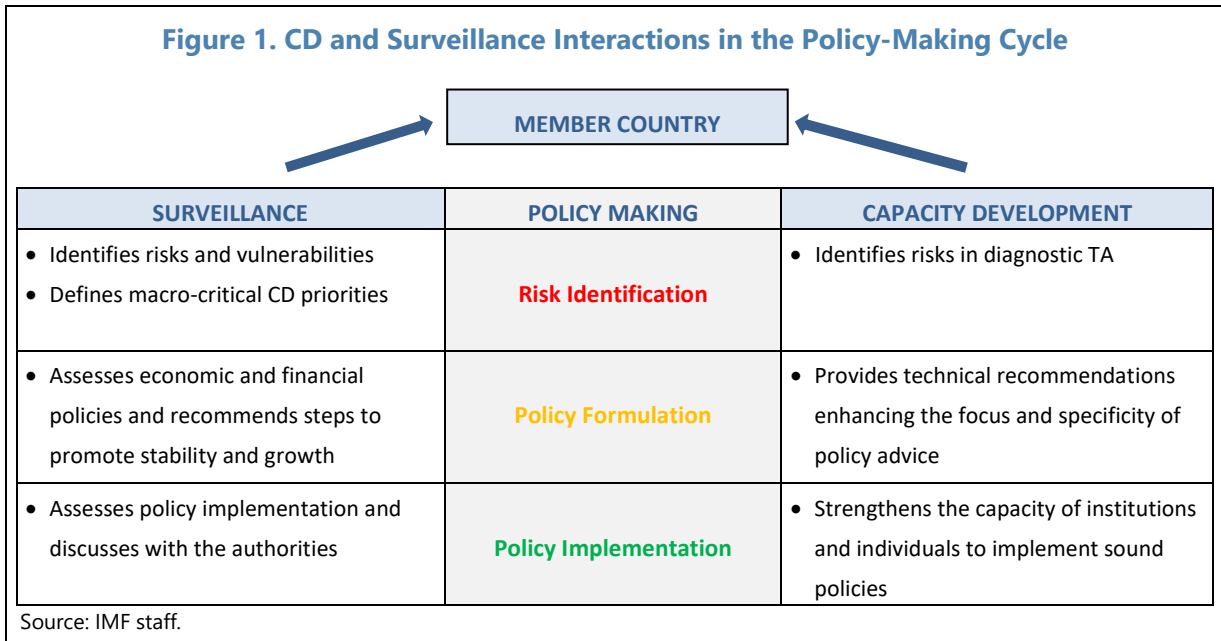
1. **Integration across the three core pillars of the Fund’s work—surveillance, lending, and capacity development (CD)—strengthens the Fund’s ability to serve its members.** The Fund’s global reach and broad mandate provide it with a unique potential to promote economic and financial stability—potential that can only be fully realized through synergies in its work. Indeed, the Fund is seen as one institution, not a collection of separate business lines, by its member countries, requiring strong coordination and consistency across its multiple functions.
2. **This paper focuses on integration of two of these functions—CD and surveillance.** This focus does not discount the importance of integration of CD and lending. Rather, it recognizes, as have previous CD reviews highlighted below, that integration in nonprogram cases has been particularly challenging. The greater success with integration in program cases is not surprising given the key role technical advice plays in designing and implementing program reforms. In surveillance work, closer linkage between policy and technical advice requires more concerted attention. The Fund has long recognized this challenge, though efforts to date have met with mixed success.
3. **This paper takes stock of the Fund’s efforts to integrate CD and surveillance and proposes measures to strengthen synergies.** Section B explores why better integration is necessary. Section C describes efforts to date to strengthen integration. Section D presents lessons from the experience of staff. Sections E and F present proposals for further integration.

B. Why is Better Integration Necessary?

4. **Surveillance and CD serve complementary and mutually reinforcing roles.** Surveillance focuses on whether members’ policies are promoting their own and system-wide economic and financial stability. CD focuses on strengthening institutions, policy frameworks, and technical skills, and supports implementation of sound policies. By identifying economic and financial risks and opportunities, surveillance helps build the CD agenda, which in turn enhances

¹ This note was prepared by an interdepartmental working group led by Oana Croitoru (ICD) and composed of Natalia Aivazova (AFR), Joseph Crowley (STA), Fernando Delgado (WHD), Susan George (MCM), Jan Gottschalk (FAD), Alexei Kireyev (MCD), Emmanuel Mathias (LEG), Nicolas Million (ICD), and Gabor Pula (SPR).

the focus and specificity of policy advice, keeps institutions up-to-date on risks and innovations, and, often, unveils risks (Figure 1). The Fund acts as a “trusted advisor” in both capacities.²



5. Notwithstanding their shared objectives, surveillance and CD differ in important ways. Surveillance is mandatory for both the Fund and its members, while CD is voluntary, based on requests for assistance from country authorities in areas of Fund expertise and taking into account institutional priorities and available resources. Internally, the two functions are conducted under different policies, processes, and organizational structures. As noted in the [2013 Independent Evaluation Office \(IEO\) report](#), externally, the Fund is often seen, on the one hand, as “a watchdog of the global and individual economies,” and, on the other hand, as a technical counterpart sharing highly-specialized expertise and experience that contribute to countries’ efforts to improve policy and institutional frameworks.

6. While recognizing these differences, closer integration is beneficial to both the Fund and its member countries. Dynamic economic and financial conditions in an interdependent world call for nimbleness by the Fund, which—in a resource constrained environment—can best be achieved by efficiently leveraging its expertise and realizing synergies between its core functions.

C. Efforts to Strengthen Integration

7. Better integration of CD and surveillance has been a longstanding objective. In a [2005 report](#), the IEO “found a weak link between technical assistance (TA) priorities and (...) key policy issues identified in Article IV consultations.” The IEO called for medium-term policy

² See [2012 Integrated Surveillance Decision](#) which calls on the Fund to “foster an environment of frank and open dialogue and mutual trust” and the 2013 IEO Evaluation Report on “[The Role of the IMF as Trusted Advisor](#).”

frameworks developed collaboratively to guide prioritization. A high-level Committee on Capacity Building (CCB) was created in 2006 with a mandate to strengthen coordination in the Fund’s CD work and, in 2008, Regional Strategy Notes (RSNs) were introduced to help reconcile surveillance priorities with country’s CD requests. Building on these reforms and further reviews in [2008](#) and [2011](#), the [2013 Capacity Development Strategy Review](#), emphasized the **Focused, Integrated, Nimble, and Effective (FINE)** model as a guiding framework for CD, with CD to be “integrated with core surveillance and program responsibilities.” The strategy also called for a two-level system of prioritizing CD activities combining more effectively institutional surveillance priorities with country CD needs to deal with excess demand.³

8. Surveillance reviews also called for further integration. The [2014 Triennial Surveillance Review](#) (TSR) underlined the need for a closer alignment of TA priorities with surveillance, and greater participation by experts from CD departments in surveillance missions and by country desks in TA missions. While noting progress, especially in the CD prioritization process, the [2017 Interim Surveillance Review](#) (ISR) noted that better integration and leveraging of TA can help make bilateral policy advice more persuasive. It also noted that improved availability of cross-country analytical studies, including TA findings, would add value to country specific advice and improve the consistency of the Fund’s policy advice.

9. Efforts to increase integration were reinforced in 2017 through reforms that:

- Strengthen **cross-departmental coordination and prioritization**, through semi-annual management meetings with department heads and a shift from an annual to a three-year Resource Allocation Plan (RAP) cycle, which will facilitate a closer involvement of area departments in multi-year CD projects;
- Formalize procedures for **area department review of TA briefs**. While review has become routine, the new procedures reinforce to both CD and area department teams the importance of close collaboration throughout the CD process, including by requiring explicit area department agreement on the timing and scope of all CD missions; and
- Standardize use of **Country Strategy Notes** (CSNs) for heavy users of CD, complementing existing annual RSNs to inform CD priorities and resource allocation. CSNs are authored by area departments in consultation with CD departments and present CD priorities for three years with explicit links to surveillance or program needs. CSNs are to reflect consultations with country authorities (see below).

10. The Results-Based Management (RBM) framework is also designed to support more consistent, participatory CD processes. The “results chains” under the RBM framework aim to ensure a common understanding of expectations for (and risks to) CD at both the individual

³ See Background Notes on CD Prioritization.

project and broader strategic level.⁴ Tracking of CD milestones and increasing the ease of access to this and a much broader range of CD information (as discussed below) will enable area departments to understand progress with implementation and potential implications for policy engagement, as well as country and regional strategies.

D. What Can We Learn from Experience?

11. The working group used various modalities to draw lessons from experience with integration (Annex I). They undertook an in-depth review of ten country cases, including interviews with respective country teams; three brainstorming sessions bringing together representatives from all departments involved in surveillance and CD; a targeted survey of Regional Technical Assistance Centers (RTACs); and other selected interviews with Fund staff. The team also reviewed input from external sources.

Key Lessons

12. Integration between CD and Fund programs is relatively strong. As expected, the case studies found stronger links between CD and Fund programs, which anchor CD activities in a manner like the results chains in RBM. CD is often integral to program frameworks, helping define priorities for both the area department and authorities (e.g., in cases of banking, currency, or debt crises). In such cases, mission chiefs have a direct incentive to coordinate closely with CD departments. Program countries also benefit from priority in resource allocation (i.e., staffing, review by CD departments of country policy papers) for both country staffing and CD, which facilitates greater dialogue and coordination across departments. Importantly, country ownership in implementing reforms based on CD advice received is typically strong.

Works well ...

CD/Program Alignment:

- In the two program case studies examined (Ukraine and Liberia), the CD agenda was an integral part of the program and supported the implementation of program-driven reforms.

13. Alignment of topics and priorities between surveillance and CD is improving. This has been supported by greater coordination among area and CD departments in the planning process. In the case study countries, the CD agenda was aligned with economic and financial risks identified in surveillance. Teams indicated that the participatory RAP process has enhanced coordination across CD and area departments as the CD agenda was being set. RSNs and CSNs,

⁴ See Background note on Monitoring and Evaluation. The RBM framework assumes a causal logical framework (results chain or log frame) linking CD activities to desired outcomes and policies in the recipient country, aligned with surveillance policy objectives. The RBM framework is based on a catalog of standardized objectives, outcomes, and indicators across the Fund's CD.

where in place, were also viewed as supporting consistency and strategic prioritization of CD in line with surveillance objectives.

14. The degree of internal coordination in surveillance cases varies. In large CD recipient countries or program cases, an ongoing dialogue generally takes place between the country team and CD departments on issues pertaining to the initiation, execution, and implementation of CD. However, interviewed staff suggested that in other cases, communication and coordination depend too much on the individual interest of the area department mission chief in CD issues. Other impediments are the lack of clarity on the appropriate contact in CD departments on particular issues related to a given country and limited familiarity of country teams with CD offerings, in particular specific training available.

Works well ...

Coordination:

- The Angola team reported that it devotes about 10 percent of its time to align CD with macro priorities, which resulted in a high degree of consistency between surveillance and CD missions.
- The Botswana mission chief also reported spending considerable time to coordinate CD and surveillance, which he reported resulted in increased traction of policy advice with authorities.
- In Myanmar, the mission chief has regular meetings with CD departments on CD planning and delivery to ensure close integration with surveillance.
- To improve the understating of CD offerings, the Asia and Pacific Department (APD) recently organized a seminar with the participation of all CD departments and APD mission chiefs.

Single-point-of-contact:

- Area departments appreciate the practice, already instituted in many CD departments, where a CD-department staff member is responsible for coordinating the department-wide TA agenda.

15. The information sharing infrastructure needs to be strengthened. Interviews strongly underscored the cost of fragmented information sharing systems. There is no single place where all relevant TA information can be found, representing a strong impediment for staff who need timely access to comprehensive and updated information to engage more effectively across departments and with country authorities. As highlighted below, a multi-pronged strategy is now being implemented to enhance accessibility of institutional knowledge on both CD and surveillance, including a move to a more integrated information platform.

16. Responsibilities for follow-up with CD recommendations should be clarified. CD departments point out that their missions are mostly demand-driven, making it hard for them to monitor implementation if no subsequent missions are requested. While the ongoing shift to a project-based (versus a mission-based) planning framework seeks to address this issue, effective follow-up will also benefit from more direct area department involvement. Area departments

recognize the importance of follow-up with macro-critical TA recommendations. However, they note that their ability to support this process requires technical findings to be presented in a way that better facilitates understanding of prioritization or policy implications by nontechnical staff.

17. **Involvement of resident representatives and cross-mission participation can help.**

Case studies and interviews underscored that resident representatives can play a key role in liaising between CD and surveillance teams, monitoring implementation of recommendations, and enhancing communication with relevant authorities on CD issues. Furthermore, some interviewed staff suggested RTACs teams could be tapped more to enhance synergies between surveillance and CD. Participation of CD department experts in area department missions and, in some cases, of desks in CD missions has enabled closer integration of specialized advice into policy recommendations and, in the latter case, improved the understanding of local conditions.

Works well ...

Involvement of resident representatives:

- In Cambodia, the resident representative has a key role in developing the country CD strategy in close cooperation with the authorities, Capacity Development Office in Thailand (CDOT), and the resident advisors.
- In the Philippines, the resident representative is also involved in scoping CD needs.
- In Liberia, TA missions are requested to leave a simple and clear “to do” list with the resident representative, who can follow-up in discussions with country authorities.

Leveraging RTAC resources:

- Several missions from the headquarters to Central American countries were done in parallel with Central America, Panama, and the Dominican Republic Technical Assistance Center (CAPTAC-DR) long-term experts, which helped to follow-up on TA recommendations and to develop road maps for further TA guided by the HQ strategic framework agreed with the authorities.

Exploring on-mission synergies:

- The Ukraine program had several MCM and LEG experts who joined the review missions or conducted parallel TA missions, which helped the integration between program work and CD.
- In Angola and the Philippines, Fiscal Affairs (FAD) departmental experts participated in surveillance missions, which enabled the integration of technical advice into policy lines.
- In Paraguay, an FAD TA mission prepared in close collaboration with the Western Hemisphere Department (WHD) and accompanied by the desk economist gained substantial traction with the authorities toward reconsidering a modification of the fiscal rule.
- The Lebanon team also found useful the participation of the desk economist in some important TA missions.

18. Various factors hinder traction. From the Fund side, supply-driven CD (2 out of 10 country cases), the lack of specificity in TA recommendations (3 out of 10 cases), or

inadequate recognition of the local conditions (2 of 10 cases) were raised as issues that can dramatically weaken traction. Lack of ownership and weak implementation capacity of the authorities (including due to high staff turnover) are the most commonly invoked reasons for weak implementation attributable to the recipient country. Mission chiefs for countries with weak capacity point to increased demand from authorities for more concrete, country-tailored, and detailed TA advice as opposed to “principle-based” or general policy advice. Combining TA with training is seen as particularly effective in low-capacity countries.

Works well ...

Combining TA and training:

- The Middle East Regional Technical Assistance Center (METAC) training center (where half of the members are fragile states) has built an integrated approach in combining TA with training, which has helped build the officials’ skills and supported the implementation of technical advice.
- In Myanmar, a similar approach combining training with TA on a regular basis helped foster trust and improve sustainability of CD, with support from CDOT.
- Africa Regional Technical Assistance Center (AFRITAC) East is also actively using training to boost the capacity of the authorities to implement TA recommendations.
- Customized training—targeting similar groups of officials or customizing delivery to a specific institution to carry out policy functions—has proved useful to meet members’ needs.

Flexibility in addressing capacity constraints:

- As emphasized in the recent IEO review on fragile states and a [recent review](#) of the IMF role in small states, CD for these countries needs to recognize capacity constraints. This should include a better tailoring of CD, based on careful prioritization and sequencing.

19. Efforts to improve integration have advanced in several departments (Annex II). For example, the African Department (AFR) has originated many good practices and is actively promoting greater integration between surveillance and CD in recognition of the important benefits to its countries, many of which have substantial capacity building needs in multiple areas. APD has also started implementing a more comprehensive approach. Examples of significant efforts by CD departments are also highlighted in Annex II.

E. Taking Integration Further

20. A more systematic approach, drawing on good practice, would help integrate CD and surveillance more consistently. The overall review of experience has revealed progress in coordinating surveillance with CD, including through the participatory RAP process and enhanced interdepartmental dialogue, and many good practices have emerged. However, these practices are not consistently applied across departments and there are still untapped synergies that could help connect surveillance with CD more systematically. Common themes supporting further integration include:

- Deepen **strategic engagement with country authorities** in scoping and implementing the CD agenda.
- Strengthen **internal processes and incentives** to recognize CD as an integral component of the engagement with country authorities and a critical complement to surveillance.
- **Better leverage specialized expertise** by improving the availability and accessibility of CD information and through cross-participation in missions.

Deepening Strategic Engagement with Country Authorities

21. Country authorities must play a leading role throughout the CD process. Close, ongoing dialogue with country authorities strengthens the scoping of CD needs in line with country priorities, tailors the technical and policy advice to local conditions and institutional capacity, allows for mid-course corrections where needed, and ultimately results in improved traction and impact. The following measures could be contemplated:

- **Central role for countries in scoping their own CD needs.** This could be facilitated by specific discussions of CD needs during surveillance missions and more active interactions (i.e., through conference calls, or by involving resident representatives and RTACs resources) in preparation of CSNs and of the RAP.
- **Greater involvement in preparing individual CD projects.** The recipient authorities should agree on the broad individual project objectives and milestones under the RBM log frame.⁵
- **More tailored TA outputs.** Pre-mission discussion with the authorities should include definition of delivery mechanisms and how to ensure that CD work informs the policy dialogue. Post-mission feedback from the authorities should also be sought more consistently.
- **Central role in implementation.** The authorities should be closely consulted on action plans. Improved ownership by the authorities also means that they should monitor and report on progress with implementation.

Improving Internal Processes and Incentives

22. Integration depends on a shared understanding of roles and supporting procedures across departments. This should be reflected in stronger strategic planning of CD; closer dialogue between area and CD departments, before and after both CD and surveillance missions; greater visibility of CD in surveillance documents; and greater involvement of the area department teams in monitoring the implementation of CD recommendations with policy relevance. At the same time, ongoing work to ensure consistent branding across IMF operations also recognizes that the Fund is one institution, not a series of separate business lines.

⁵ See Background Note on CD Monitoring and Evaluation.

23. Integration would be further reinforced by further clarifying roles and responsibilities. Area departments should recognize CD as an integral component of engagement by mission chiefs and resident representatives with the country authorities, while CD project leaders should be rewarded for working with area departments to define their agenda and draw out the policy relevance of technical advice. These could be enabled by:

- **Area departments in the leading role on overall country engagement, including establishing country strategies and priorities for CD, working in collaboration with CD departments.** Ensuring that regular area department policy engagement with country authorities is both informed by and informs CD would enhance traction and credibility across the Fund’s CD and surveillance engagements. A symbolic start would be to retitle “mission chiefs” such that their broad responsibilities beyond surveillance missions are recognized. Standardizing responsibilities to support CD as part of the resident representative terms of reference would also codify best practice.
- **Continued responsibility by CD departments for the technical content of CD and a leadership role in building the Fund’s role as a knowledge hub.** CD departments play a crucial role in designing and sequencing reforms in the various fields where CD is needed. These departments have a deep technical understanding of the CD subject matter, together with the extensive experience in delivering TA and training. They also have the knowledge, expertise, and experience that enable them to put specific policy advice into a broader context, taking into consideration necessary prerequisites, as well as enabling factors (legal, institutional, and operational) to ensure that policy measures are designed and sequenced to maximize impact and effectiveness.

Better Leveraging Specialized Expertise

24. The need for increased access to CD information and know-how has been recognized. Access to cross-country information is critical to leveraging the Fund’s global reach to improve collaboration and policy advice. Area departments will only be able to play their role effectively with much greater access to timely, well-framed information on CD activities. Ongoing initiatives include:

- **TA documents.** A comprehensive program led by the Knowledge Management Unit (KMU) is underway to strengthen internal access to Fund documents, beginning with TA reports. The initiative recognizes the need to replace fragmented and incomplete document systems with a single, easily searchable Institutional Repository (IR). This requires strengthened processes to ensure consistent use of the IR and more agile and user-friendly systems.
 - **Filling gaps.** KMU is collaborating with CD departments to fill gaps in historical documents in the IR. For instance, over 300 documents, covering over two years of reports from headquarters-led MCM missions were added to the IR in 2017. Work continues to improve availability of reports across other CD departments and RTACs.

- **Strengthening searchability.** A uniform Enterprise Business Vocabulary is being established, which will support use of metadata fields for simple search for documents by various metrics. Work is underway to facilitate assisted tagging with cognitive tools that will substantially boost the quality of document search capabilities. KMU is also working to improve the Knowledge Exchange Country Pages by adding timelines which link relevant documents (including TA reports) with each mission.
- **Broader TA information.** Plans for an integrated “Digital Workplace” will provide staff with better access to documents, data, analytical tools, and productivity tools. The Capacity Development Management and Administration Program (CDMAP) is underway to strengthen CD management and the capture and dissemination of data on CD delivery and results. This project will also support better management and targeting of CD resources across departments, more effective coordination between CD and surveillance/program work, and more informed strategic decision-making and governance.
- **Increased dissemination of user-friendly CD diagnostic tools.** As noted in the 2014 TSR and recent ISR, CD departments have developed a wealth of analytical tools that could be more fully integrated into surveillance work. For example, MCM made available to area departments a range of quantitative methods for macro-financial analysis. The Statistics Department (STA) has also developed country-specific [statistical scorecards](#) to be used by area departments to quickly identify issues with data reporting for ongoing surveillance. Other diagnostic tools developed by FAD (e.g., Revenue Administration Fiscal Information Tool, Revenue Administration Gap Analysis Program, Tax Administration Diagnostic Assessment Tool, Fiscal Transparency Evaluations, Public Management Investment Assessment) or by MCM (e.g., Financial Sector Stability Review) support the identification of macro-critical risks and feed into surveillance.⁶

25. There is a need to better “translate” the Fund’s technical work for nonexperts to inform policy advice. Area departments’ access to CD information across all activities in each country strengthens the basis for them to play an informed role in country strategies and prioritization, both internally and in dialogue with authorities. As noted above, the results chain under RBM can play a significant role, clarifying top-line objectives and milestones to area department teams and country authorities, and recognizing this requires a proactive effort by CD teams. Additional steps and different modalities should be explored, taking into account resource costs:

- **Bringing out policy-relevant messages more clearly in TA Reports.** While TA reports need to deliver concrete and granular technical advice for the direct use of technical staff from country authorities, more can be done to translate top-line technical advice into clear messages regarding policy relevance, impact and recommendations.

⁶ FSSRs provide diagnostic assessments of a country’s financial system and set out prioritized medium-term action plans for well-sequenced financial sector reforms, including to strengthen institutional capability.

- **Standardized sections.** These could include an executive summary, streamlined summaries of objectives, recommendations, and explicit linkages to surveillance policy priorities, delivered in less technical language, which would be a bridge between technical and policy-relevant materials for both nonexpert Fund staff and senior country authorities. It will be important to ensure that such steps do not undermine the core technical content of TA reports, which need to continue to respond to the authorities' needs for specificity in highly specialized areas. In missions that are not led by staff (i.e., conducted by short-term experts), the reviewers could play an active role in translating technical advice for policy-making.
- **Such efforts are underway.** STA has introduced new TA report formats that aim to present key TA messages and recommendations that clarify “what’s in it for the country” rather than “methodology dictates.” The reports will also include a high-level “chapeau” section presenting the essence of the analysis and key recommendations in a way that is easily understandable for senior policy makers and non-statisticians.⁷ This would help the area departments follow-up with key TA recommendations and enhance traction with CD advice. STA has also developed internal guidelines for clearer prioritization and presentation of TA recommendations, with more specific links to surveillance.
- **Experimenting with new modalities for documenting advice.** In many cases, detailed technical reports are critical and highly valued by the authorities; however, in other cases, more flexibility (e.g., more concise reports; greater use of presentations; delivery of reports after the conclusion of the mission) would strengthen engagement by leaving more time for the team to have discussions with the authorities during missions on policy options and the “how to” issues of implementation.
- **Expand the practice of topical notes in areas of interest.** Various CD departments have designed and published products which distill good cross-country practices in key areas and present clear policy tradeoffs and implementation advice (e.g., topical “[How-to](#)” Notes, promoted by FAD, “[Technical Notes and Manuals](#),” produced by several departments, including MCM, and “[Tax Law Notes](#),” produced by LEG). Such topical notes could be more effectively leveraged to share relevant cross-country experience and policy considerations in key areas of interest for surveillance.

26. Participation of CD department staff in area department missions and vice versa can boost integration:

- By participating in surveillance missions, technical experts can investigate, and, at times, help address macro-critical issues in close cooperation with country teams, strengthening policy advice and traction, particularly for countries where engagement tends to be more challenging. In many Fund program teams, participation of MCM and FAD experts is customary and increases the specificity and traction of policy advice. In other cases, expert

⁷ See Short Note on Dissemination of TA Information.

participation on an ad hoc basis can be very useful (e.g., an FAD expert recently joined the Angola country team to assess improvements in public expenditure control systems). Alternatively, key TA missions can overlap with surveillance missions (though mindful of local capacity constraints) to allow for joint discussions of findings with country authorities.

- Participation of country desk economists in CD missions can also help bring more country-specific context and help increase traction with the authorities (i.e., the participation of the Paraguay country desk in some key FAD TA missions).
- Another way to boost integration is to provide dedicated training to area department teams in the context of a parallel CD engagement with the authorities. An example is training provided by ICD (in close consultation with area departments) to country teams for Ghana, Malawi, Rwanda, Tanzania, Uganda, and Sri Lanka on Forecasting and Policy Analysis (FPAS).

27. There are, however, important caveats to these proposals:

- **Resource constraints.** Both area and CD departments have resource constraints which require careful prioritization. Where direct mission involvement is not possible, targeted dialogue—including through pre-mission discussions—can be more routinely pursued.
- **Distinct goals and processes.** Area departments' mission chiefs should not use CD departments' experts as regular mission members for data collection, analysis and policy advice on sectoral issues. Rather, the experts should be viewed as contributors on specific technical issues in their area of expertise, linked to broader CD prioritization.

28. Coordination with other CD providers should increase. In countries with multiple CD needs, resident representatives and area department teams should support CD departments' efforts to coordinate with other CD providers to avoid duplication of efforts and to better leverage other available expertise, especially in areas that are macro-critical, but where the Fund's capacity is more limited. There are already positive examples of fruitful coordination as part of regular CD providers committees or close dialogue under the coordination of a resident CD coordinator (e.g., Ukraine).⁸ A resident CD coordinator could be particularly relevant on an exceptional basis in countries that are high-intensity users of CD.

F. Towards More Systematic Integration Between CD and Surveillance

29. Existing good practices in CD-surveillance integration should be leveraged more broadly. A more consistent playbook would facilitate systematic year-round interaction among area departments, CD departments, RTACs, resident representatives, and authorities with a view to further harness synergies between surveillance and CD, with countries at the center of these interactions. Broader institutional experimentation and knowledge sharing could help build a

⁸ See Short Note on Coordination with Other CD Providers.

playbook for effective CD-surveillance integration, while allowing for the necessary flexibility to ensure that teams can tap expert resources in a leveraged, cost-effective manner.

30. A comprehensive approach should be taken in strengthening integration:

- The RBM framework is increasingly helping to ensure a mutual understanding by country authorities, CD departments, and area departments of top-line CD objectives.
- Mechanisms to support more systematic interaction between stakeholders (area and CD departments, RCDCs, resident representatives, and authorities) throughout the CD process (planning, execution, follow-up) should be explored, reflecting surveillance and CD priorities, country-specific context (including ownership and capacity), and cross-country experiences.
- Synergies with related initiatives should be closely explored. In particular, the recent exercise related to CD in fragile states provides important lessons for other high intensity CD cases.

31. Continued experience gathering will inform guidance to staff in the period ahead. It will be used to update policies, procedures, and related internal guidance governing CD operations. The 2020 Comprehensive Strategy Review is expected to explore further how to better integrate CD and surveillance, following on the findings of this review.

Annex I. Modalities of the Working Group

1. Case studies. The working group performed an analysis of CD and surveillance integration in 10 countries, selected to ensure diversity across regions, program vs. nonprogram countries, intense CD recipients vs. moderate users of CD, vulnerable vs. non-vulnerable (based on the internal Vulnerability Exercises). The team reviewed relevant surveillance and CD documents over a five-year period (2012–2017), including Article IV reports, selected TA reports, RSNs, and CSNs, and conducted interviews with area department mission chiefs (desk economists and resident representatives also participated in some meetings) and selected staff from CD departments.

	Country	Region	Program with the Fund (Y/N)	Heavy TA user (Y/N)
1	Botswana	AFR	N	Y
2	Liberia	AFR	Y* (ECF)	Y (top 10)
3	Angola	AFR	N	Y
4	Cambodia	APD	N	Y (top 10)
5	Philippines	APD	N	Y
6	Paraguay	WHD	N	N
7	Guyana	WHD	N	N
8	Kyrgyz Republic	MCD	N	Y
9	Lebanon	MCD	N	N
10	Ukraine	EUR	Y (EFF)	Y (top 10)

*Liberia's Extended Credit Facility (ECF) ended in November 2017.

2. Brainstorming sessions (Innovation Lab events).¹ The working group organized two separate focus groups for problem identification, as follows: with representatives from area departments and other surveillance-related departments, which gathered 23 participants from AFR, APD, the European Department, the Middle East and Central Asia Department (MCD), WHD, the Strategy, Policy and Review Department (SPR), KMU, the Office of Budget and Planning (OBP, December 12, 2017) and with representatives from CD departments, which gathered 25 participants from FAD, MCM, STA, LEG, and ICD (December 13, 2017); and one joint solution generation workshop, which brought together 30 participants from all of these departments (January 12, 2018).

3. Surveys. The working group sent a targeted survey to all RTACs and leveraged results from the CD stakeholders survey and from the ISR survey (as applicable). The RTAC questionnaire solicited feedback on the integration of CD with surveillance, as well as CD prioritization and delivery (8 out of 14 RTACs responded).

4. Selected interviews. Separate discussions were held with Fund staff with previous assignments in country authorities which have been Fund CD beneficiaries, as well as with other staff closely involved in the delivery and prioritization of CD.

¹ Innovation Lab (i-Lab) is a designed space to support breakthrough thinking within the Fund.

Annex II. Departmental Initiatives on CD and Surveillance Integration

1. **AFR.** AFR countries receive the largest share of the Fund’s CD resources and the department has been a leader in integration efforts. Key initiatives include:

- **Senior-level ownership/incentives.** Integration of CD with surveillance and program work has been an explicit objective in the department’s accountability framework for some time. Support for CD is explicitly recognized in the terms of reference for resident representatives; support for CD objectives is recognized as a part of performance evaluation.
- **CSNs.** In 2016, AFR set the goal of drafting CSNs for every country in the department. The notes are initially drafted by the country team and are then circulated for detailed comments to CD departments. The country team and CD departments must agree on the draft to move forward. If agreement cannot be reached, a meeting between the departments (similar to a Policy Consultation Meeting for Article IV preparation) is called by AFR management. At present, most of the countries in AFR have a CSN; full implementation is expected by end 2018.
- **Strategic engagement with the country authorities.** A summary of the CSN is circulated to the authorities for their comments and the authorities’ views are explicitly reflected in the CSN.
- **Discussion of CD Strategy in Article IV documents.** AFR management has also recently asked that all Policy Notes and Article IV Staff Reports have specific discussions of CD. Teams are encouraged to include a CSN Summary Annex and to discuss the strategy in the main text.
- **Fragile states.** Five AFR countries have participated in the pilot under the capacity building framework initiative for fragile states, endorsed by the Board in 2015 to step up efforts to support required institutional changes in these countries. This exercise has sought to strengthen engagement between country teams, CD departments, and the authorities, resulting in an agreement on the expected CD objectives, milestones, and outcomes. Initial evidence points to closer engagement on critical implementation issues.

2. **APD.** A recent initiative to strengthen integration in APD includes:

- **Country-specific CD-surveillance matrices.** These are used to map CD activities against current surveillance priorities (e.g., based on macro criticality), showing traction with the authorities and identifying further CD needs as applicable.
- **Strengthened procedures and incentives to support integration through:**
 - Early discussions between country and CD teams and close interdepartmental engagement in formulating country CD strategies;

- Discussions on CD issues and absorptive capacity, where appropriate, in Policy Consultation Meetings;
- Participation of RCDC staff, as appropriate, in Article IV missions;
- Closer engagement of resident representatives, including participation in RCDC steering committee meetings, receiving debriefs from CD missions, and monitoring CD implementation; and
- Incentives to recognize staff who manage CD work well.

3. **STA** has several initiatives to better integrate CD and surveillance:

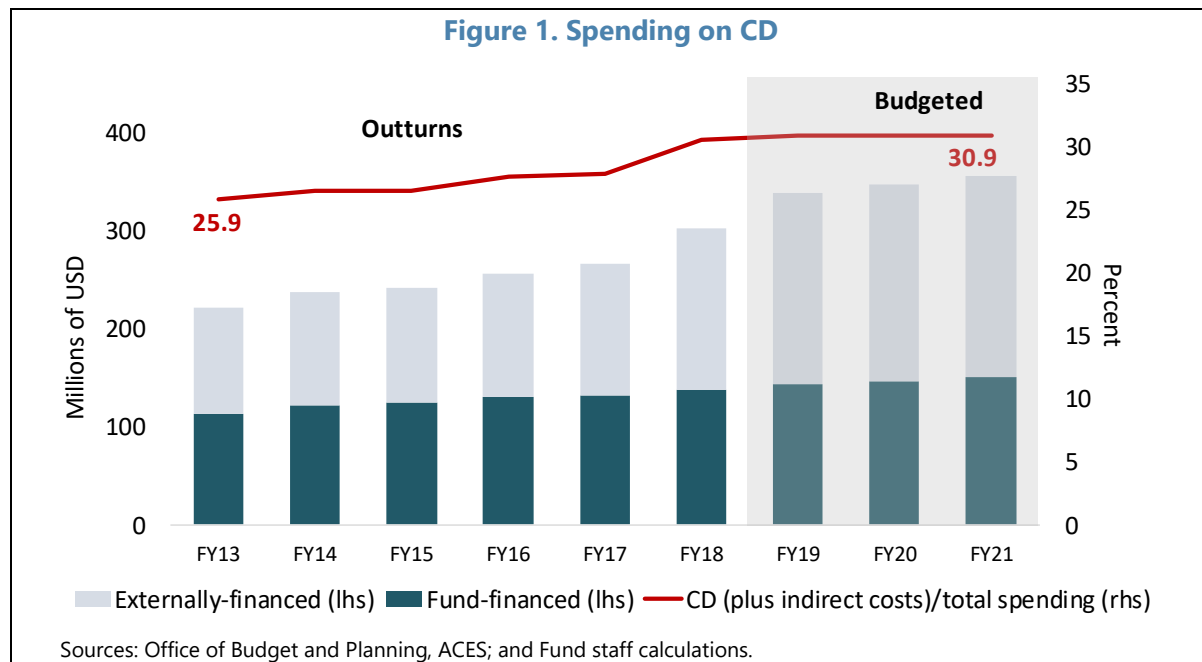
- **The Strategy on Data and Statistics.** Builds strongly on the surveillance-CD nexus, with surveillance priorities, for example through the forthcoming work on data provision to the Fund and the new Data Report on Standards and Codes (ROSC) helping guide CD priorities.
- **Consultations with area departments.** STA consults closely with all area departments before launching new thematic CD funds or bilateral donor projects to ensure that they are well-structured and aligned with surveillance and client needs. For example, the two thematic funds (D4D Fund and Financial Sector Stability Fund) help focus STA's CD on policy-relevant data. STA plans to agree with area department country teams on specific country work plans.
- **New TA report formats.** Internal guidelines have been issued to support clearer prioritization and presentation of TA recommendations, with more specific links to surveillance. A high-level "chapeau" section presents the assessment and key recommendations in a way that is easily understandable for senior policy makers and non-statisticians to help with follow-up and enhance traction.
- **Country-specific statistical scorecards.** Developed for area department use to quickly identify issues with data reporting for ongoing surveillance.
- **Balance sheet approach tool.** Developed to help country teams detect economic risks and vulnerabilities (consistent with the 2014 TSR).
- **Other measures.** Support to area department country teams in updating the required Statistical Annex in Article IV staff reports; increased mission participation in area department surveillance and program missions; CD supporting data contributions to databases (Financial Soundness Indicators and the Financial Access Survey) which support surveillance; increased focus on CD on public sector debt statistics to help area department country teams prepare more reliable debt sustainability analyses (in response to the call of G-20 and IMFC).

4. **FAD** has taken a proactive approach to specialized knowledge sharing, with the purpose of better supporting surveillance processes and engagement with country authorities:

- **Standardized assessment tools.** The Revenue Administration Fiscal Information Tool, Revenue Administration Gap Analysis Program, Tax Administration Diagnostic Assessment Tool, Fiscal Analysis of Resource Industries, Fiscal Transparency Evaluations, Public-Private Partnership Fiscal Risk Assessment Model, and Public Investment Management Assessment show stakeholders a clear picture of their fiscal position and institutional frameworks and identify priorities for fiscal reform and TA.
 - **[“How-To” Notes.](#)** Offer practical advice to policymakers on important fiscal issues.
 - **Post-mission questionnaires.** Seek authorities’ positive and negative views on the TA mission and the usefulness of its analysis, findings, and recommendations.
 - **Other related FAD initiatives.** (i) Mainstream taxation and macro-structural reform issues for regularly reviewed countries and incorporate fiscal space assessments into surveillance; (ii) provide cutting-edge international tax analysis in 10 countries in the context of surveillance; (iii) one-off mission assignments (CD and surveillance) to advance recommendations of the [Staff Discussion Note](#) and “How-To” Notes on second-generation fiscal rules (with area departments); and (iv) lead advisory group on operationalizing inequality analysis (with RES, SPR) including in surveillance and CD.
5. **MCM** has also taken steps to enhance CD and surveillance integration:
- **Quantitative tools.** Can be used by area departments for macrofinancial surveillance or for more in-depth analysis of systemic risks.
 - **Financial Sector Stability Review (FSSR).** Embeds a diagnostic module which is usefully informing broader risk assessments as part of surveillance.
 - **Single contact staff member.** For coordinating the department-wide TA agenda in a particular country, which supports a more efficient engagement with ADs. This practice has also been introduced in FAD and LEG.

II. CAPACITY DEVELOPMENT PRIORITIZATION¹

- Achieving the Fund’s strategic objectives and effectively responding to members’ needs requires a strong framework for CD prioritization.** Requests for CD services continue to exceed available resources despite a rise in donor funding, a growing network of regional vehicles, and innovative use of technology and delivery modalities, putting a premium on effective management of available resources.
- Significant efforts since the [2013 CD Strategy Review](#) have strengthened the prioritization framework and these efforts will need to continue.** After a period of rapid growth driven by external funding, the CD resource envelope is budgeted to flatten in real terms at approximately 31 percent of overall spending (Figure 1 and Annex 1). As the Fund moves from a period of growth to a stabilization phase, prioritization will take on even greater importance.



- Effective prioritization requires agility in decision-making and flexibility in both resource allocation and delivery modalities.** Meeting evolving country demands requires nimble coordination mechanisms, a seamless flow of relevant information, and innovative delivery to support efficiency.
- This paper takes stock of prioritization efforts.** Section A describes past and current efforts to strengthen the prioritization process. Section B provides an overview of delivery according to current priorities. Section C discusses challenges and opportunities, and Section D concludes with

¹ This background note has been prepared by an interdepartmental working group led by Dilek Goncalves (MCM) with Natalia Aivazova (AFR), Anjum Israr (FAD), Wasima Rahman-Garrett, Andrew Warner, and Nathalie Carcenac (all ICD), and Antonio Hyman-Bouchereau (LEG).

recommendations. The findings of this paper are based on analysis of previous reviews and CD delivery data, interviews with staff in area and CD departments, as well as OBP, and questionnaire responses of RCDCs.

A. Evolution of The Prioritization Framework

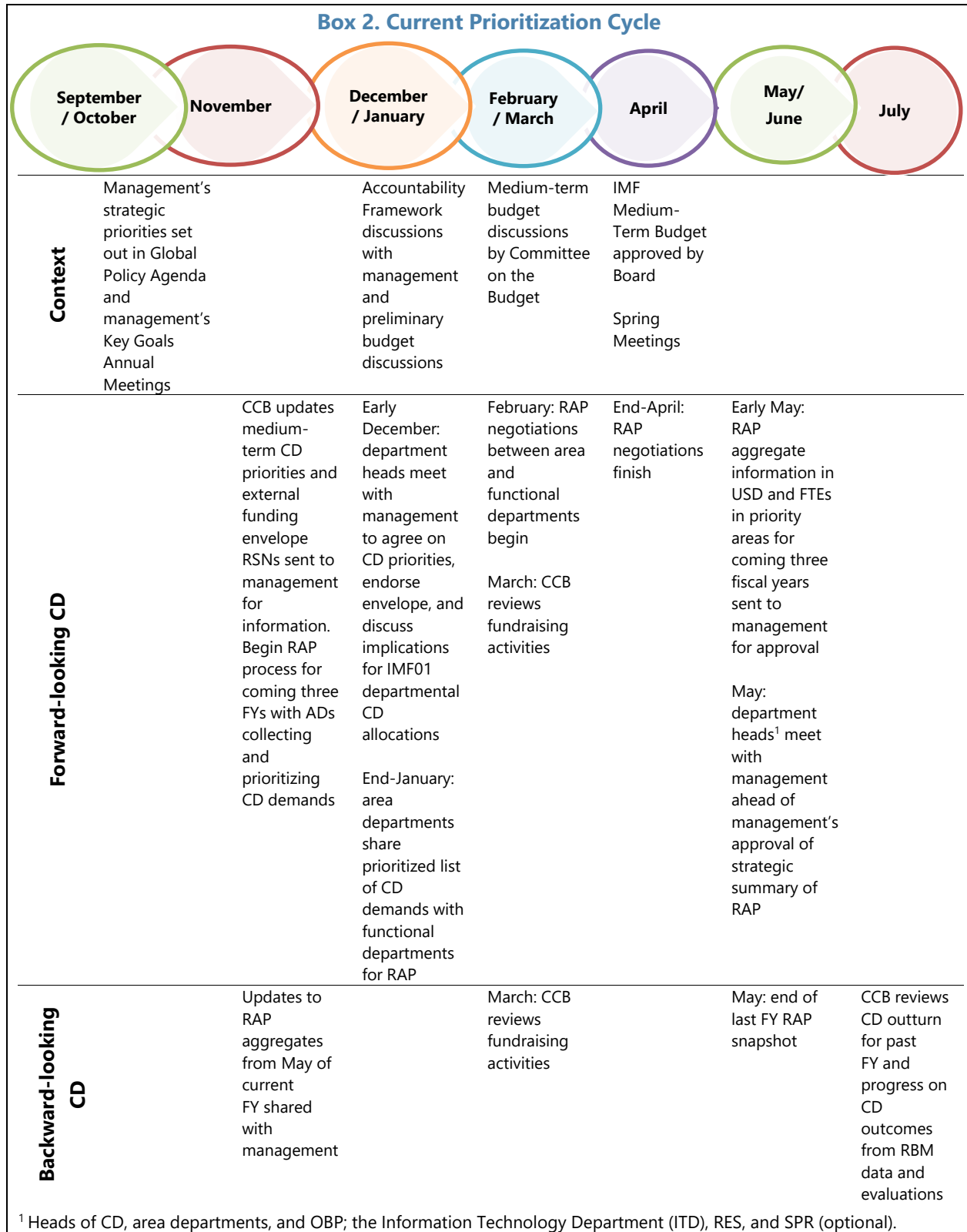
5. The Fund has long recognized the importance of effective prioritization of its CD activities. The prioritization framework has evolved over time (Box 1), leading to the current annual cycle (Box 2). Under this framework, management translated the strategic direction and overall budget set by the Board into procedures and practices that govern CD. The CCB brings together management and senior staff from relevant departments in this process three times a year.

Box 1. Past Prioritization Efforts

- In 1993, the Fund began requiring major CD-delivering departments to forecast TA delivery plans for the upcoming year in a RAP that was subject to centralized review.
- In 1999, a review of Fund TA by the Office of Internal Audit led to a revision of policy that endorsed nine criteria, called filters, to be used to screen TA requests. These filters stipulated, among other things, that TA was to focus on areas of core specialization of the Fund, should complement Fund lending programs, should have a specific policy focus, should consider a country's record of commitment, and should consider the availability of external financing.
- By 2005, the filter system was abandoned and the IEO called for jointly developed medium-term policy frameworks with the authorities in each country to guide prioritization. Management endorsed the finding and created a high-level CCB, with a mandate to organize and oversee the Fund's policy work in capacity-building. RSNs were also introduced in 2007 to help prioritize within and among countries and regions.
- In 2013, prioritization was strengthened with a two-level system that considered the Fund's own priorities as part of the strategic planning process, with a greater role for area departments to reflect country demands and needs, including through the RSN and RAP process.
- In 2017, the RAP reforms required preparation of a medium-term aggregate plan for all CD activities, with a strategic summary approved by management each May. These CD delivery plans and subsequent outcomes are monitored against CD priorities updated annually by the CCB each November.

6. The current framework incorporates reforms stemming from the 2013 Strategy Review, including processes to align CD and overall Fund priorities and ensure that agreed plans for new externally financed CD initiatives are in line with the Fund's priorities. Key changes include:

- **Strengthened CD policies.** An updated [statement of CD policies and practices](#), issued in 2014, established the framework for prioritization, including guidance from the Board through the Board work programs and discussion of Management's Key Goals, which together with the IMFC communiqués, are key inputs to establish the CD priorities and the structure of three CCB meetings each year, with the November meeting focusing on prioritization. Recognizing the need for priorities to reflect the perspectives of various stakeholders (Box 3), new procedures were established to ensure priorities are informed by members' demands and overall Fund priorities, as reflected in IMFC communiqués, Board work programs, and the Global Policy Agenda.



Box 3. Stakeholders in the Prioritization Process

CD prioritization reflects the interests of various stakeholders within and outside the Fund:

- **Members** request CD to improve their institutional framework and capacity, as well as to meet the objectives of a Fund-supported program and related conditionality.
- **Executive Directors** set the overall strategic direction of Fund CD. EDs [have emphasized](#) the need to ensure CD is provided in line with broader institutional priorities and reflects member's needs. CD priorities and outturn against priorities are reported as part of the annual budget process.
- **Area departments'** main goal for CD is to fulfill policy objectives that support Fund programs and surveillance objectives, and provide a positive mode of engagement.
- **CD departments** aim to provide CD in their areas of expertise where desired results can be achieved.
- **Donors'** strategic priorities reflect their development policies as well as diplomatic and economic ties with recipient countries. As discussed below, their priorities are reflected in memoranda governing use of the resources they provide.

Reconciling competing demands adds complexity to the process and underscores the importance of a strong governance framework.

- **Update of the external funding framework.** The 2014 revision of CD policies and procedures also updated the model for the use of donor financing.² Under the CD funding model, external financing is assigned mainly to medium-term needs, while Fund financing is mainly used to allow a quick response to emerging needs, program support, or providing CD where donor and Fund interests do not overlap. The funding principles are:
 - The IMF should finance CD in countries/topics where donor funding is not available, including program cases, when a quick reaction is required, and in areas where Fund expertise needs to be maintained;
 - External funding should be considered when donor's interests are consistent with the IMF priorities and objectives and there is sufficient space in the IMF's budget to co-finance the CD; and
 - External funding should result in additional delivery of CD to members.

To ensure that plans for externally financed initiatives are consistent with both the Fund's CD priorities and available resources, a review process for new initiatives was also established in May 2014. Since then, new initiatives must go through an interdepartmental review process before being considered by management for approval. The Board approves the overall external funding envelope for CD as part of the medium-term budget and, on a lapse of time basis, the opening of new externally-financed sub-accounts (e.g., FSSR sub-account, D4D sub-account, etc.).

- **Implementation of the new framework.** CD prioritization was first integrated into the Fund's strategic planning process with the November 2013 CCB meeting, which set medium-term CD priorities in line with the Fund's overall priorities. Staff-level guidance was issued in July 2014

² See Short Note on CD Partnerships.

calling for a medium-term framework for RSNs, and for RSNs to be prepared earlier in the fiscal year to allow use as an input for the annual CCB discussion of priorities.

7. In 2017, further reforms to the framework were introduced. These reforms aim to increase transparency and efficiency by promoting better exchange of information among departments and to provide explicit management approval of a strategic summary of the proposed interdepartmental resource allocation plan. The new approach requires allocation of resources by project rather than by mission and recognizes overall direct costs, as well as those associated with FTEs. The reforms seek to move the RAP to a more strategic assessment of country demand for CD services, based on discussions between area and CD departments regarding medium-term (three-year) technical assistance and training delivery estimated by region and topic. As part of the reforms, area department mission chiefs also review all briefs for planned CD missions indicating, in writing, that they agree on the timing and scope of the missions before they proceed. RTAC coordinators endorse mission briefs for RTAC experts.

B. Delivery According to Priorities

8. CD priorities have evolved over time with a shifting focus on both country characteristics and topical areas. Current CD priorities focus on supporting *finance for development* and better integration of CD, surveillance and lending (Box 4).

Box 4. Priorities for Capacity Development Activities in FY2019–21

Finance for Development

- Fragile states. The Fund will aim to increase CD activities in selected fragile states.
- Revenue mobilization and sound public financial management, including CD in support of more efficient domestic and international tax regimes and assistance to improve the quality of expenditure programs, especially in the area of public investment management.
- Financial market deepening for low-income developing countries, including support for effective regulatory, supervisory, risk and crisis management frameworks, withdrawal of correspondent banking relationship, and enhanced debt sustainability and sound public debt management that increases financial sector resilience.

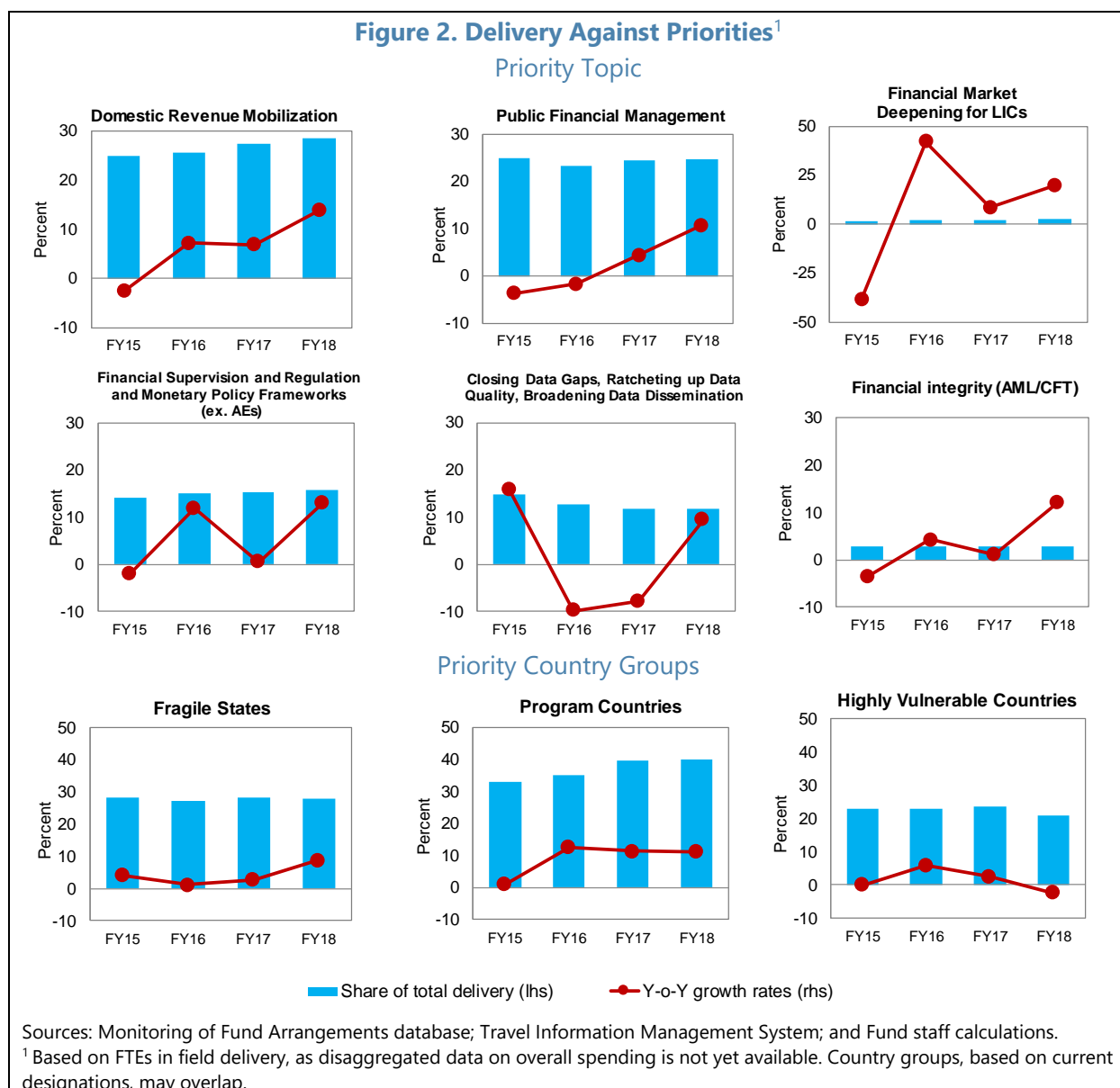
Aligning CD, Surveillance, and Lending

- Addressing high vulnerabilities, identified in the Vulnerability Exercise or surveillance work, and Fund program countries.
- Financial supervision and regulation, including implications of developments in fintech, particularly supervisory approaches to managing cyber risks, and monetary policy frameworks in emerging and frontier market economies as well as other low-income countries (LICs).
- Closing data gaps, ratcheting up data quality, and broadening data dissemination to help detect economic vulnerabilities and risks and improve economic decision-making.
- Financial integrity as part of a broader strategy to strengthen the Fund's engagement on governance and corruption issues.

Better integration of activities. The CCB supports greater integration of activities across departments, including between surveillance, lending, and CD, and, within CD, between TA and training.

Effectiveness of CD activities. The CCB will take steps to further enhance prioritization, efficiency, and monitoring of Fund-wide CD activities through wider use of RBM, including for Fund-financed CD activities, and use of the Common Evaluation Framework.

9. CD has been delivered largely in line with these priorities. Delivery to CD priority topics reflects about 85 percent of Fund TA, with particularly strong growth in FY18 in financial market deepening for LICs, domestic revenue mobilization, financial supervision, regulation, and monetary policy frameworks, and financial integrity (Figure 2). Regarding country priorities, the share of CD delivered to fragile states remained about the same from FY2013 to FY2018 at about 28 percent of field-based FTEs and about 19 percent of overall spending (Figure 2, Box 5). The share of TA delivered to countries with Fund-supported programs increased from 33 percent in FY2013 to 40 percent in FY2018, while the share of TA to highly vulnerable countries fell slightly from 23 percent to 21 percent in the same period. Since these groups overlap, in total about 95 percent of TA is currently delivered on priority topics or to countries identified as a priority.



Box 5. Fund’s CD in Fragile States

- In FY2018, the Fund delivered more than a quarter of its TA and about one fifth of its training to countries in fragile situations.
- Five countries in fragile situations (Democratic Republic of Congo, Guinea, Liberia, Myanmar, and South Sudan) were among the top 20 recipients of Fund CD spending over FY2013–18.
- RTACs cover 38 of the 43 countries in fragile situations. Somalia and South Sudan each have a dedicated Trust Fund, while CDOT serves Myanmar.

10. The top recipients of Fund CD spending also reflect CD priorities and changes in underlying circumstances. During FY2013–18, the top ten recipients of CD spending include fragile states, as well as countries with Fund-supported programs and low-income developing countries (Table 1). Econometric analysis suggests that historically, IMF CD has been reallocated to reflect changing circumstances and broad needs of individual member countries (Annex II).

Table 1. Top 10 Recipients of CD Spending, FY2013–18

Ranking		Average Spending, FY13-18		Country Status FY18				
		Million USD	Share of total	AE	EM	LIDC	Fragile state	Fund-supported program
1	Myanmar	4.4	1.7%			✓	✓	
2	Ukraine	3.7	1.5%					✓
3	China	2.3	0.9%		✓			
4	Greece	2.3	0.9%	✓				✓
5	Liberia	2.2	0.9%			✓	✓	✓
6	Mozambique	2.0	0.8%			✓		✓
7	Jamaica	1.9	0.7%		✓			✓
8	South Sudan	1.8	0.7%			✓	✓	
9	Ghana	1.8	0.7%			✓		✓
10	Mongolia	1.7	0.7%		✓			✓
Top 10 recipients		24.1	9.5%					

Sources: Monitoring of Fund Arrangements database; Office of Budget and Planning, ACES; and Fund staff calculations.

C. Challenges and Opportunities

Challenges

11. Staff interviews and RCDC surveys were instrumental in understanding stakeholder perspectives and shaping findings.³ Staff emphasized:

³ Twelve interviews were held in all five area departments, the five main CD providing departments (FAD, ICD, LEG, MCM, and STA), and OBP.

- **CD prioritization framework.** There is broad support for recent reforms to the prioritization framework, albeit also recognition that they are in the initial stages of implementation and that the framework will be more fully tested as the current CD growth phase ends. Departments also welcomed moving from the annual planning of missions towards a medium-term CD planning horizon based on projects, though they also stressed that flexibility must be maintained for staff to respond to short-term and urgent requests. They place high priority on supporting program countries and fragile states, as well as systemic countries (which are not currently a CCB priority). Some suggested that priorities should be defined more narrowly (e.g., only where the CCB believes a material increase is needed in the share of the overall resources devoted to a topic), while stressing the need to maintain a monitoring framework that considers delivery against a range of topics/country types to support strengthened analysis of broader trends in delivery.
- **Collaboration.** The Fund is one of a family of CD providers with converging expertise. As a relatively small player, but one with global membership and a well-specified scope of work, Fund staff need to be well informed regarding other providers' initiatives and to approach prioritization within that wider perspective, avoiding duplication while seeking complementarities.⁴
- **Information on ongoing and planned CD activities.** While significant efforts have been made to facilitate the sharing of information across departments, staff emphasized remaining gaps and the need for further steps to ensure both CD and area department staff have easier access to comprehensive and up-to-date information on multi-year projects, results achieved, and the projected resources available for new initiatives within budget envelopes. Implementation of the 2017 RAP reforms is strengthening the availability of information on resources already committed to projects over a three-year horizon and provides a preview of new externally financed initiatives in the pipeline. Timely diagnostics, as well as a good understanding of country ownership and traction with past CD, can also support better prioritization decisions.
- **Agility in the allocation of both financial and staff resources.** Shifts to accommodate changing CD priorities over the short term can be challenging given some rigidities in the resource allocation system.
 - The Fund's **financing** principles are viewed as appropriate for allocating resources. While the reliance on external financing limits short-term flexibility in reallocating resources to entirely new priorities, this framework seeks to channel external funds to multi-donor initiatives where resources can be used flexibly. Still, this is not always feasible. A typical trust fund structure sets out a work plan with a specific focus (country/issue) over a five-year term. While the work plan can be adjusted as priorities shift, large reallocations of resources are constrained by the focus of the fund and the pre-commitment of staff resources.

⁴ Fund CD spending was about 2 percent of the Official Development Assistance on "Economic Infrastructure" in 2016.

- On **staffing**, the topical areas of expertise of the CD departments are viewed to be well aligned with the Fund’s current priorities and needs. Nonetheless, while Fund financing is fungible and relatively flexible, human resources dedicated to specialized topics are not. This complicates the Fund’s ability to respond to changing needs, particularly in the short term. On occasion, input-based planning within CD departments (e.g., targets for specific modalities of delivery within their accountability framework) can reinforce such rigidities.
- **Area department role.** There was agreement on the need for further efforts to integrate CD with lending and surveillance and that close, ongoing coordination among relevant departments is important. While recognizing that mission chiefs are best positioned to take a comprehensive view of the countries’ needs and take ownership of the overall strategy and relationship management to ensure better targeting of CD, there is also concern about new “unfunded mandates.” CD Country Strategies can be helpful in identifying CD priorities and putting them in the wider context of the Fund’s surveillance work.
- **Flexible delivery modalities.** RCDC teams, benefiting from their close proximity to members, emphasize the growing demand for increased integration of TA and training along with training customized to the specific needs of individual countries or country cohorts. The introduction of online training courses to the Fund’s delivery menu in recent years has also opened the door for new thinking about CD delivery. Online courses can both support TA and serve as useful prerequisites for in-person training or TA activities. CD departments are considering ways to extend use of online training to building fundamental capacity before in-person training is delivered in the field. Area departments have also expressed an interest in having more online courses and, in some cases, have already identified key topics where such courses would be most useful. Experience to date has suggested that online training has not reduced overall demand for the Fund’s CD services, but rather augmented it. As such, careful consideration of resource trade-offs will be important.
- **RCDCs and IMF headquarters (HQ) CD harmonization.** The division of labor between the HQ-based CD delivery and that of RCDCs is generally viewed as clear. HQ TA tends to be more focused on policy and diagnostics while RCDCs have a greater role in regional implementation and training, and the respective activities are viewed more complementary than overlapping. A survey of RCDC heads indicated that less than ten percent of the RCDC CD is typically focused on diagnostic missions, while an increasing share of their resources is being devoted to training workshops and peer-to-peer learning activities. While coordination and communication between RCDCs and HQ are generally found to be satisfactory, there is agreement on the need for improvement in standardizing practices across CD-delivering departments, strengthening information sharing from HQ, and providing clearer guidance on roles and related processes for governance of RTAC budgets.

D. Recommendations

12. Consistent with the above findings, the following recommendations should be considered:

- **Implementation of the 2017 RAP reforms.** Full implementation of the 2017 RAP reforms, which are just beginning to take effect, will help address several of these challenges and will support a stronger integration between the Fund’s three core functions. For example, preparation of country CD strategies for a greater number of cases will support prioritization and better position the Fund’s CD delivery in a medium-term context, taking account of efforts of other providers. The regular Heads of Department meetings with management will provide for timely discussion of emerging needs for reprioritization of limited CD resources and provide clear guidance on priorities. Reforms will also provide more timely information on CD resource allocation across regions, while facilitating the close involvement of area departments in multi-year CD projects.
- **Continued refinement of the prioritization process.** As experience is gained with the new prioritization framework, further elaboration will be possible (including through the regular CCB review of priorities and outcomes) on how delivery of priorities will be measured and monitored, and how this will feed back into resource allocation. In this context:
 - **Narrowed list of priorities.** Fund-wide “priorities” should be reserved for topics or groups where growth in CD delivery is particularly important for the membership and where the share of CD needs to be increased. Priorities need not be a large share of the CD delivery, and the CCB would continue to monitor a wider selection of topics or country groups not identified as priorities.
 - **Strengthened use of results and evaluation information.** Measuring past CD results and feeding this information in the prioritization process is an important goal of the new Common Evaluation Framework. The November CCB meetings should be expected to use evaluation results to assist with setting CD priorities.⁵ More focused country and topic-specific evaluations—rather than vehicle-specific evaluations (like those of RTACs or topical trust finds (TTFs)) as well as the authorities’ track record and buy-in are critical for effective decision-making. Increased diagnostics on CD needs and the extent of the authorities’ support will also lead to better prioritization and a higher likelihood of achieving CD results. The prioritization process can be more closely linked to country CD strategies, Financial Sector Assessment Programs (FSAP), FSSRs, Article IV diagnostics, and assessments of country ownership.
 - **Integrated and user-friendly business processes and IT systems.** Current efforts to strengthen the information infrastructure for CD and broader Fund work recognize that a more comprehensive approach to building supporting business processes and systems is required to, inter alia, drive more informed resource allocation and prioritization efforts.
- **Greater synergy between CD activities and surveillance.** As detailed in the companion study on CD and Surveillance, as area departments continue to engage more fully on CD-related issues, they will be better positioned to help strengthen prioritization.

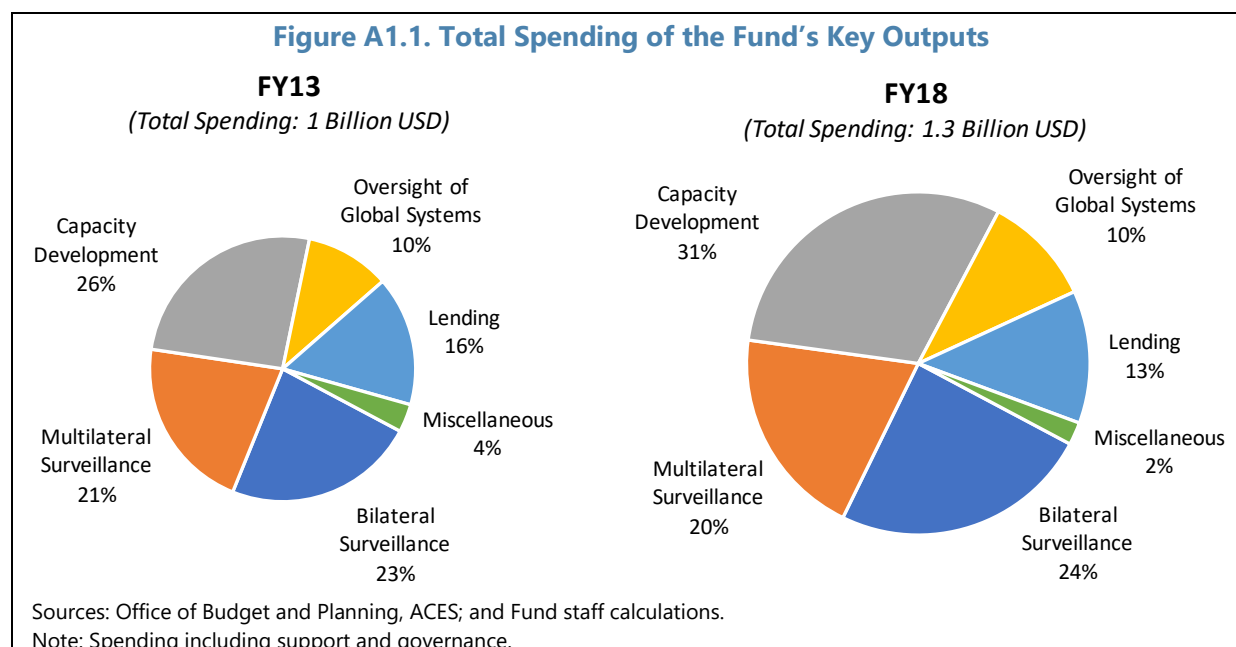
⁵ See Background Note on Monitoring and Evaluation.

- **Continued efforts to increase the sustainability and fungibility of external financing.** Ongoing efforts to increase the fungibility and flexibility by promoting multi-partner and umbrella funding arrangements need to continue to enable the Fund to allocate funding across a range of CD activities.
- **More flexible modalities.** The progress to move decisively from the former model based on mainly providing technical advice (“what to do”) to assistance with implementation (“how to do it”) and more tailored delivery modalities, put administrative demands on resource allocation functions in CD departments. Time will be needed for teams to fully understand the resource and planning implications of nontraditional delivery modalities. With 5,321 missions in FY 2018, such challenges should not be underestimated, making work to strengthen processes and systems critical. Related questions include the roles of HQ versus RCDC-based delivery and the balance between experimentation and reinforcement of quality standards.

Annex I. Review of Delivery

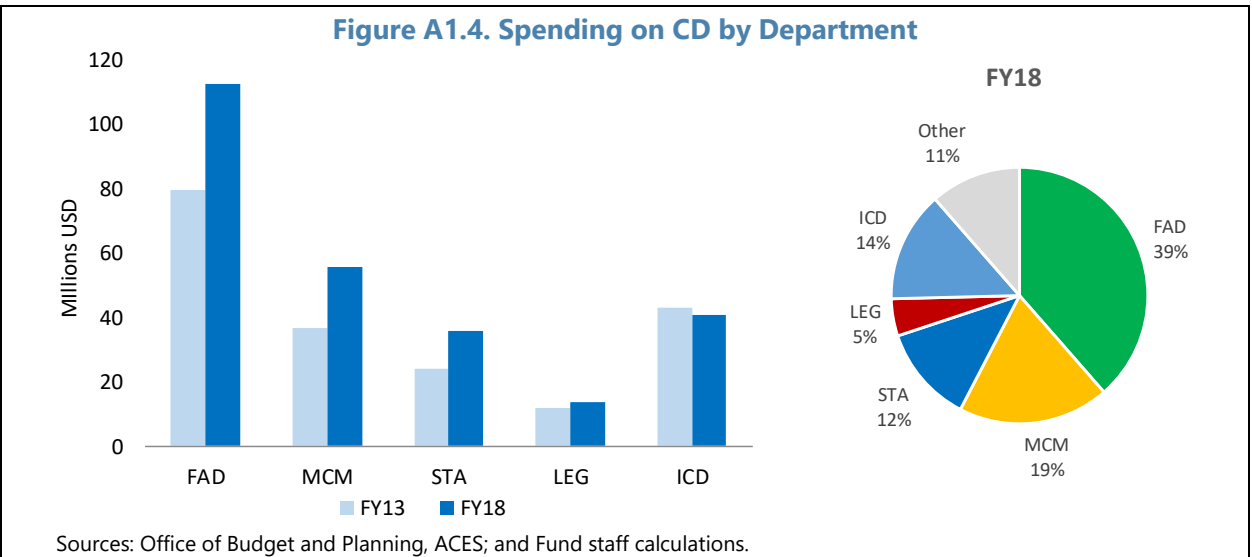
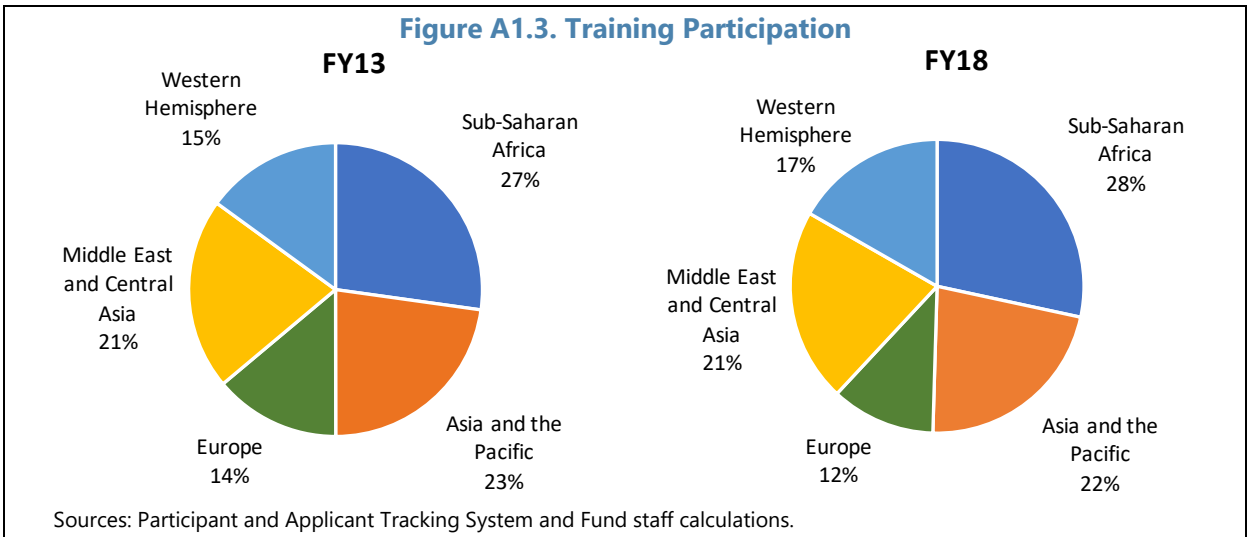
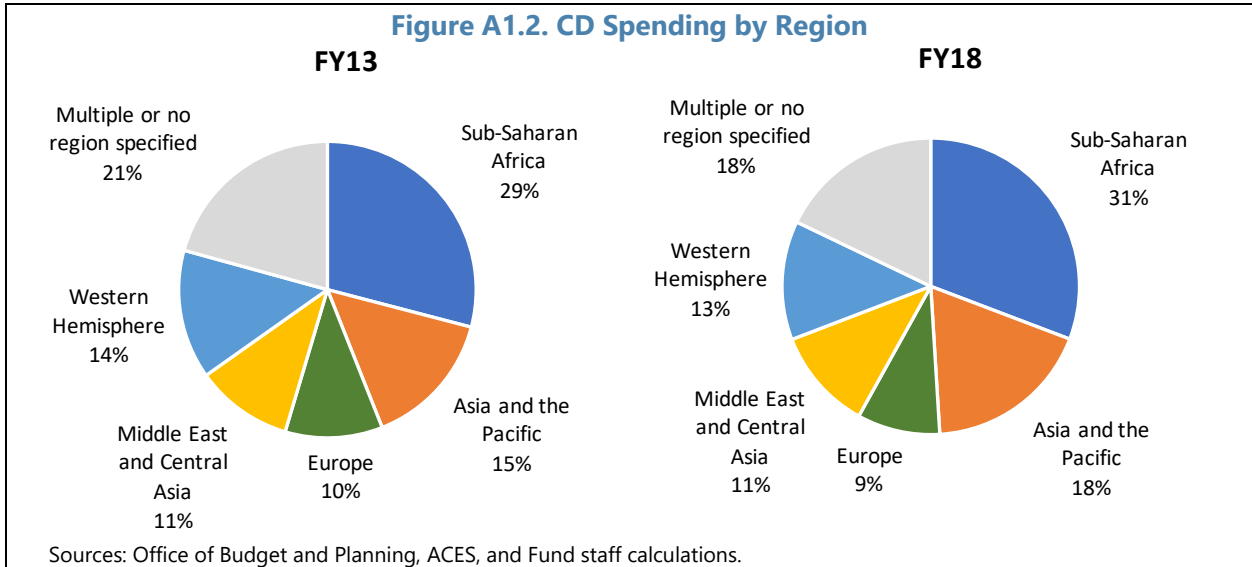
A. Delivery Trends

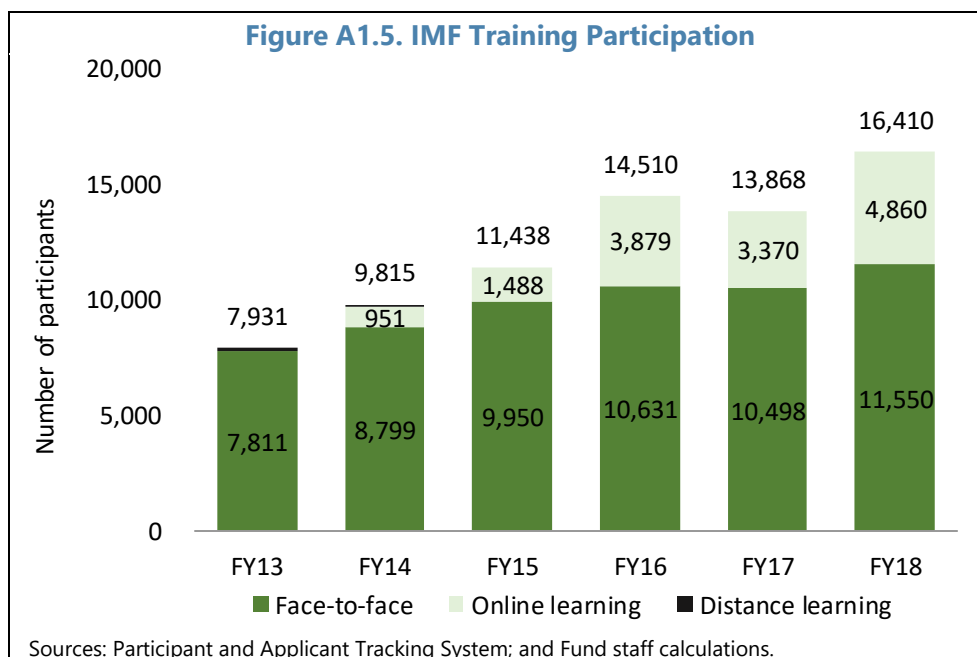
1. **CD has grown from 26 percent of total spending in FY2013 to 31 percent in FY2018, supported by successful partnerships with donors and the availability of dedicated Fund resources (Figure A1.1).** From FY2013 to FY2018, the share of donor-funded CD as a share of direct CD spending rose from 49 percent to 55 percent.



2. Key characteristics of delivery include:

- **AFR remains the largest recipient of Fund CD.** AFR remains the largest regional recipient of CD spending, receiving about 31 percent of the Fund's CD spending in FY2018 (Figure A1.2). AFR also had the most training participants in FY2018, followed by APD and MCD (Figure A1.3).
- **Most of the Fund's CD is delivered on fiscal and monetary issues,** followed by training, statistics, and legal issues (Figure A1.4). The shares of CD spending on fiscal, monetary, statistics and legal issues has remained broadly stable in recent years.
- **Online learning has emerged as an important part of the ICD training program.** Training participation under the online learning program started in FY2014 and has since grown to account for about 30 percent of training participants in FY2018 (Figure A1.5).





B. CD Modalities

3. Innovation in delivery supports prioritization in line with country needs. Greater emphasis is being given to the integration of TA and training, which is increasingly being demanded by recipients.¹ Most TA now includes at least a modest training component to reinforce the key advice delivered, although recipient countries are calling for a continued shift in this direction. Online, classroom, and customized training, as well as peer-to-peer workshops, are increasingly coordinated with country-specific TA projects to enhance the impact of CD in line with country demands.

4. To optimize CD delivery, the Fund leverages various modalities provided by RTACs, regional training centers (RTCs), and bilateral projects. Bilateral projects are often supported with complementary RTAC missions (e.g., Rwanda bank supervision long-term expert advice implementation is deepened with AFRITAC East training missions in risk-based supervision). The establishment of joint RTAC-RTCs (e.g., housing of ATI in the same location and reporting to the same director as AFRITAC South) and launching the South Asia Regional Training and Technical Assistance Center (SARTTAC) in 2017 as a fully integrated CD center also provide good models to integrate TA and training.

5. Innovative delivery approaches have also enabled the continuation of CD to fragile states when on-site provision was not feasible due to security concerns. In particular, conflicts in the Middle East have had an impact on CD provision in the region. In conflict countries, CD delivery shifted to off-site locations (Azerbaijan, Jordan, Lebanon) with remote (online) follow-ups. This modality has proven effective in a number of countries including Afghanistan, Iraq and Somalia.

¹ See the Short Note on Integrating Technical Assistance and Training.

Annex II. Econometric Analysis of Reallocation of IMF TA

1. Econometric evidence for the period 1990–2015 suggests that IMF TA has been reallocated to reflect the changing circumstances and broad needs of individual member countries, although the movements occur over several years. Fund TA delivery has typically responded in varying degrees to major events that substantially increased the need for TA in individual members, such as the creation of a new state, the ending of conflict, or a financial crisis. Evidence suggests that by the second year after the formation of a new state,¹ countries received on average an additional year (FTE) of IMF TA, with TA gradually increasing through the fifth year (Figure A2.1). The ending of a conflict was also associated with an additional five months of TA on average, but only in the fourth year after the emergence of peace (Figure A2.2). IMF TA was not strongly associated with the outbreak of financial crises, however, measured as the occurrence of either a systematic financial crisis, a currency crisis, or a sovereign debt crisis.² For example, after the Asian financial crises of 1997, TA moved strongly into Indonesia, but not to other countries such as Korea. Overall, IMF TA increased in less than half of the countries experiencing financial crises during the period of 1990–2015.

Figure A2.1. TA After the Formation of a New State

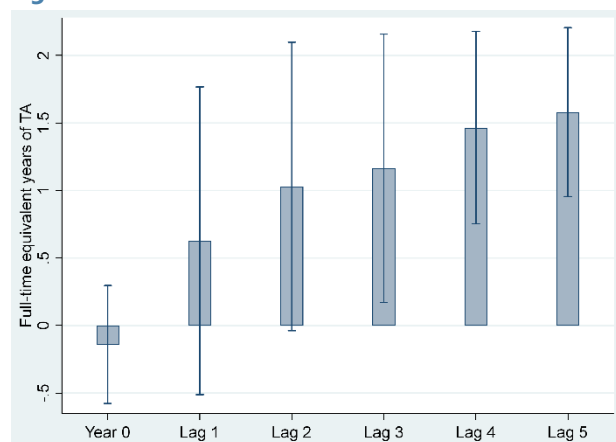
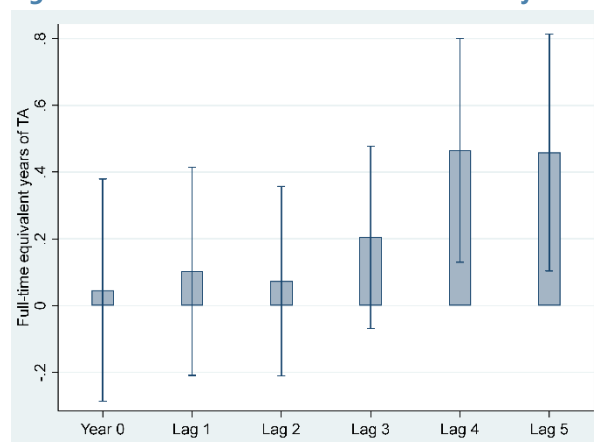


Figure A2.2. TA After the Cessation of a Major War



Source: Andrew Warner and Anna Twum, "The Determinants of IMF Technical Assistance, 1990–2015," *forthcoming*.

Note: Estimated regression coefficients and 95 percent confidence bands.

2. Nonetheless, there are a number of cases where TA was intensive following financial crises. There were large increases in TA delivery to Vietnam, Cambodia, and Laos in the 1990s, Indonesia in the late 1990s, Timor-Leste in the early 2000s, the Post-Soviet states in the mid-1990s, the West Bank, Gaza and Yemen in the late 1990s, and Cyprus and Greece after 2011.

¹ Based on regression evidence in Anna Twum and Andrew Warner, "The Determinants of IMF Technical Assistance, 1990–2015," *forthcoming*.

² See Luc Laeven and Fabian Valencia, "Systemic Banking Crises Database: An Update," IMF Working Paper 12/163 (Washington: International Monetary Fund), 2012.

III. MONITORING AND EVALUATION¹

A. Introduction

1. The [2013 CD Strategy Review](#) recognized the need for strong monitoring and evaluation under a robust governance framework to foster accountability and learning. Given the increased role of CD in the Fund's overall budget, as well as the expansion of donor financing in recent years, the Board emphasized the importance of work on RBM to enhance planning and the focus on CD outcomes, development of guidance on common evaluation standards, and related updates to the Fund's governance framework.

- **RBM.** Since 2013, the Fund has initiated a comprehensive framework that defines ex ante the objectives, outcomes and milestones that form the basis for monitoring and evaluation. After building out this foundational methodology, a sequenced roll-out was initiated, covering all CD delivery across departments. As of May 2017, information is now being systematically gathered and monitored for all newly initiated CD projects. It will take some time to build up a database of high quality information with a sufficient time series for reporting and analysis that can inform CD allocation and learning. Current work is focused on ensuring consistent adoption across HQ and field offices, quality testing, and further strengthening business processes, tools and systems to support this critical function.
- **Common Evaluation Framework (CEF).** A unified approach to project evaluation was put in place in 2016. The CEF clarifies the methodology to be used across evaluations and sets out the medium-term evaluation planning cycle, to ensure that evaluations link more clearly to learning and prioritization of resources.
- **CD governance (Box 1).** The CD governance framework has been strengthened with implementation of the recommendations from the 2013 review. Specifically, the CD policy statement has been updated, the role of the CCB has been strengthened, and regular reviews and analysis of CD policy have been mandated.

2. This note focuses on the evolving framework for CD monitoring and evaluation within this strengthened governance framework. Section B reviews the monitoring framework and Section C, the evaluation framework, in both cases identifying issues that require further attention. Section D summarizes recommendations.

¹ This note was prepared by an interdepartmental team led by Thomas Benninger (FAD), and including Yasemin Bal Gunduz, Elizabeth Cunningham, Wasima Rahman-Garrett, and Andrew Warner (all ICD), and Erik Plith (LEG).

Box 1. CD Governance Reforms

Since 2013, the CD governance framework has been reinforced to strengthen top-down, institutional oversight and governance of CD, supporting tighter alignment of CD with the Fund’s strategic objectives.

1. **Policy Framework.** In 2014, the [Statement on IMF Policies and Practices on Capacity Development](#) was updated to reflect the outcome of the 2013 Review. CCB governance reforms were instituted to strengthen the strategic planning cycle and procedures were defined to ensure that new externally financed initiatives remain consistent with agreed priorities and funding principles.¹ In late 2017, CCB procedures for resource allocation were strengthened and semi-annual management-led discussions with department heads on CD issues initiated.² A further update is expected following this review.
2. **Budget.** The external funding envelope has been integrated into the Fund’s medium-term budget, with the Board approving the overall envelope for internally and externally funded CD activities as part of the Fund’s medium-term budget discussions. More broadly, the CD planning cycle has been aligned with the Fund’s strategic/medium-term budget cycle.
3. **Board Oversight (Annex I).** CD strategy reviews have been regularized on a five-yearly cycle and CD is now routinely covered in strategic planning reports and staff and IEO policy reviews for the Board. A series of informal Board briefings by CD departments was also initiated in FY18—with more frequent engagement expected to continue in the period ahead. An annex to the annual budget outturn paper provides additional support for Board review of the thematic developments in CD and strategies implemented by the CD delivery departments.
4. **Public Information.** The Fund has significantly expanded information available on CD activities, including through an updated [CD landing page](#) and increased coverage in its [Annual Report](#).³

¹ See Short Note on CD Partnerships.

² See Background Note on CD Prioritization.

³ See Short Note on Communications.

B. Monitoring

3. A range of policies and procedures support monitoring of CD activities.

- **Resource planning.** CD departments have procedures in place to monitor activities and the use of inputs, as measured in dollars and FTEs against the allocations agreed in the Fund-wide RAP and project budgets.
- **Quality control.** Various mechanisms seek to support high-quality delivery including:
 - **Backstopping** by HQ-based staff of field-based experts to ensure consistency in quality and adherence to required procedures;
 - Formal interdepartmental **review** for CD mission briefs and departmental review for TA reports and related outputs.
 - Regular **outreach** by CD department leadership to members for informal feedback; and

- In training, **examples** include limitations on use of consultants, systematic internal review of briefs and course materials, an annual review of each course, and routine front office review of back-to-office-reports, including course participant feedback by ICD.
- **Results monitoring** has been introduced in the Fund in CD monitoring over the past decade (Annex II). Until recently, Fund-wide work focused on defining broad principles and procedural norms, with decentralized piloting of more structured RBM. Examples include [country scorecards used by STA](#) since 2012, which profiles the adequacy of core statistics based on STA diagnostics and the portfolio approach in the thematic trust funds managed by FAD since 2011 (Box 2). Work on a comprehensive RBM framework has picked up speed since the 2013 Review, but given long lead times, remains at an early stage.

4. The comprehensive RBM framework is strengthening CD design, monitoring, and reporting. RBM is a management strategy focusing on performance and the achievement of results. For the Fund, higher-level results relate to improvements in member countries' policies and policy-making capacity. All CD is now designed with standardized "results chains" or "log-frames" (Box 3). As high-quality data becomes available and analytic and reporting tools are developed, use of results data for monitoring, adapting, evaluation, strategic decision making, and reporting will become increasingly systematic.

- **CD design and expected results are a key part of the dialogue with the authorities.** Results chains provide a powerful tool to create a shared understanding of the expected results over the lifetime of a project for all stakeholders, including the CD and area departments, the authorities, and, in the case of externally financed projects, donors. Agreeing on results frameworks with the authorities before CD is delivered is already leading practice in the Fund as well as in comparator institutions (Annex III). As results data becomes readily available, they can inform follow-up with the authorities by both the CD and area department country teams.
- **Results monitoring and reporting under the new framework is now becoming standard practice.** All new projects are being developed using the results-chain approach, with RBM data central to tracking progress. A snapshot as of June 2018 shows that results are being monitored across more than 600 projects. RBM is expanding to touch the work of an increasing number of staff, and tools and processes are therefore also being updated to ensure that the framework can be implemented in a cost-effective manner.

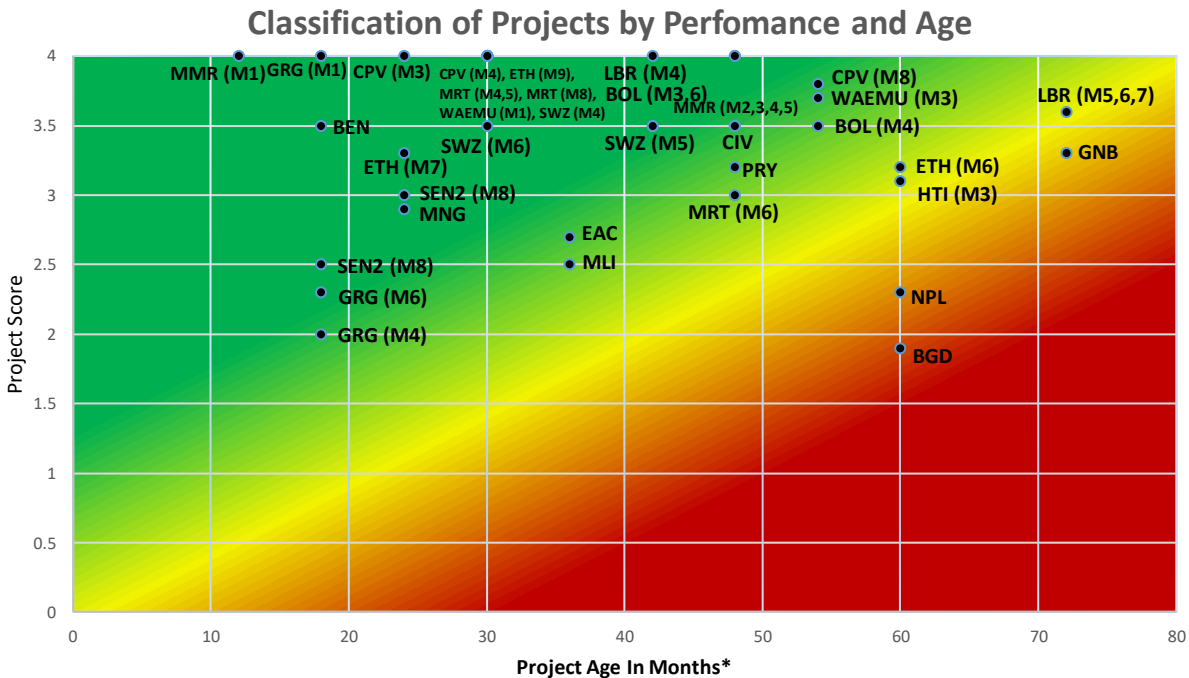
5. A structure for data gathering on training-related results has also been developed by ICD in recent years. ICD training is accompanied by several levels of results-based monitoring: post-course reaction surveys, pre- and post-course tests of learning, occasional surveys of participants and managers several months after the course, and a broader survey of training directors and other stakeholders every three years. Since 2017, the Fund has been systematically strengthening the results focus in its classroom training under the IMF Training Program along these dimensions:

- Reaction.** Measuring participants’ perceptions based on self-reported training satisfaction. The outcome indicator is a composite satisfaction rating based on end-of-course surveys assessing the value of the course. A revamped survey is being rolled out in FY2019. Suggestions are also collected through the questionnaire and a discussion during the closing session of the course.
- Learning.** Measuring knowledge acquisition. Most tests have been revamped and standardized across deliveries, with each question linked to specific course objectives. Learning is proxied by increases in average test scores post-course versus pre-course and the share of participants achieving 60 percent and above on post-course tests for classroom and online courses.

Box 2. Good Practice Example in Results Monitoring

CD departments and regional CD centers have been experimenting with RBM for some time, with these experiences providing important input into the current RBM framework. A good example is the **Tax Policy and Administration Topical Trust Fund (TPA-TTF)** (2011–2016) and its successor [Revenue Mobilization Trust Fund](#) (2016–2021).

Collection of results information began in 2011. The data has been used to analyze the portfolio and identify projects where progress is lagging. This allows the implementing department to take remedial action or to end a project and reallocate the resources. The graph below shows the level of results achievement in the TPA-TTF program, as of the final [Annual Report](#) in June 2017. Each data point represents a single country project, encompassing one or more modules. Progress is measured by aggregating ratings against expected outcomes, creating an overall RBM score (on a scale from 1 not achieved to 4 fully achieved). This way of analyzing a portfolio of projects has been integrated into the new Revenue Mobilization Trust Fund, using data produced within the new RBM framework.



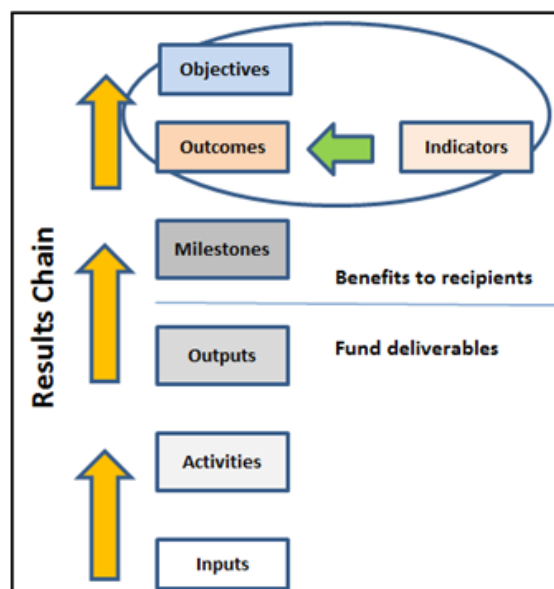
*Project age as of FY17E for active projects; age at completion for completed projects/modules
EN1: 2012 - 2015; SEN2: 2015 - 2017

Box 3. IMF CD Results Chain

A CD results chain, or log frame, sets out the expected causal relationship between the resources committed to a project and the expected or planned results. A results chain specifies how a project's inputs (dollars, staff time) are translated into activities (missions, backstopping, etc.) to produce the outputs (advice, reports, workshops, etc.), and in turn how these relate to the expected outcomes (capacity improvements).

The IMF's RBM Catalog sets out standardized objectives, outcomes, and indicators across Fund CD. The results chains are based on a catalog of results developed by CD departments for 16 workstreams covering over 70 objectives, 320 outcomes, and 720 indicators. The catalog covers the main areas of expertise of IMF CD and is being updated as needed.

Achieving outcomes is the determining factor for measuring the success of Fund CD. Outcomes are the higher-level results that Fund CD aims to achieve jointly with beneficiaries. Achievement of outcomes is assessed by observing outcome indicators. In addition, milestones are defined for each project to measure interim steps toward achievement of the higher-level results. Milestones help to monitor progress throughout implementation and can signal the need for intervention during a project lifecycle.



- **Follow-up surveys of participants and sponsors** assess participants' use of the taught skills on the job. They are usually sent one year to eighteen months after the course to the participants and to the managers who sponsored their participation. Recently, coverage has expanded to all courses delivered by ICD under the external training program.
- **A triennial survey of sponsoring agencies** has been conducted since 1995. The most recent survey was completed in 2015. The survey is sent to sponsoring government agencies with the objective of gathering their views on the effectiveness of the Fund's training program and information about future training needs. This survey does not target information about a specific course nor does it solicit the views of participants, setting it apart from the other two surveys. Rather, it seeks an overall evaluation from sponsoring agencies about the effectiveness of the training program and seeks indications of future demand for courses.
- **Annual review of each course** helps absorb this and other information and thus facilitates ongoing improvement of the course material and teaching methods.
- **Evaluation of online courses** also involves systematic use of post-course surveys and pre- and post-course tests. In addition, the ability to track every click is increasingly being used to assess courses, for example, identifying points where participants tend to drop the course.

Box 4. Early Use of New RBM Framework—RTACs

The Fund’s network of 10 RTACs have piloted results frameworks over the past decade. These frameworks varied between centers in content and reporting practices. Successive external midterm evaluations of the RTACs emphasized the need to improve monitoring and evaluation, as well as reporting tools and information sharing, as highlighted in Annex V of this report.

RTACs are in the process of adopting the new RBM framework. With the introduction of the Fund’s new RBM framework, RTACs began a phased roll-out, comprising three distinct elements: (1) development of country and topic-specific log frames (and outreach to authorities) that are based on the Fund’s standardized RBM catalog and associated milestones; (2) reporting progress towards milestones on a regular basis, as well as against indicators; and (3) starting to use results information for management purposes and for annual reporting to steering committees (e.g., Figures 1 and 2) and in dialogue with their beneficiaries.

Fig. 1. AFRITAC South Milestone Tracking

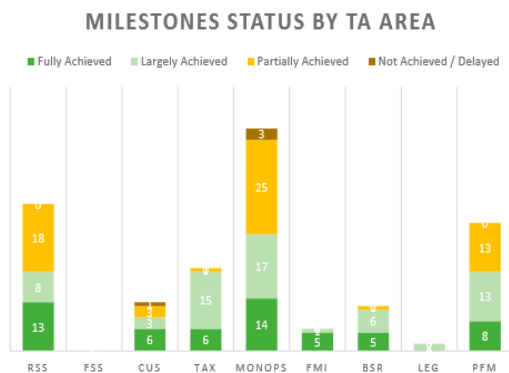
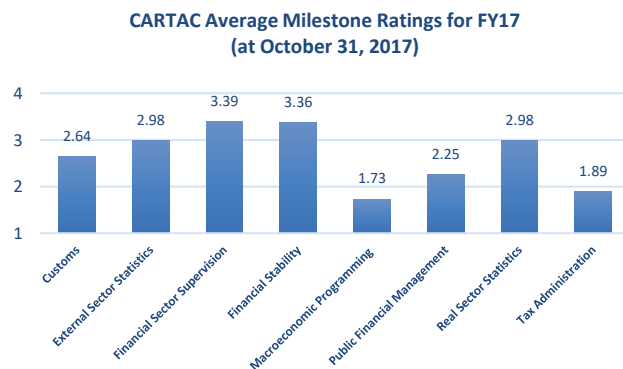


Fig. 2. CARTAC Milestone Tracking



Ratings: 4 = Fully Achieved, 3 = Largely Achieved, 2 = Partially Achieved, 1 = Not Achieved/Started

Going forward, quality control and the availability of reporting tools is crucial. An important near-term focus will be to ensure that RTACs are applying the framework consistently, developing standardized reporting suites, as well as learning lessons for further development and governance of the framework.

6. As more data becomes available and is increasingly relied upon for decision-making, the RBM framework will continue to be strengthened. While RBM is now a standard tool for development assistance providers and partners, there have been important lessons learned in implementation—both in terms of process and data quality and use. The Fund is taking on board these lessons as it builds out its own framework, recognizing both the substantial potential benefits and the danger that misuse could distort decision-making (Box 5).²

7. A critical element of ongoing reforms is to strengthen the “engine room” for RBM and broader CD management and administration.

- **Business processes and systems.** Staff in CD delivery departments regularly interact with various corporate IT systems and platforms when carrying out their CD responsibilities, and such

² External Study, “A Review of the IMF’s Efforts to Strengthen Individual and Institutional Capacity.”

systems also need to serve staff in area departments that need access to CD information. The rapid growth in CD, the expansion of regional CD centers, and the increased use of external funding has added to the complexity of monitoring performance and broader planning and financial data. Rapid advances in available technology increase expectations for timely reporting from both internal and external stakeholders, but also provides opportunities for increased efficiency and more user-friendly interfaces. In this context, ongoing programs to harmonize processes and retire and replace outdated and difficult-to-use technology are critical to reduce data fragmentation and reliance on error-prone manual entry, increase buy-in on new processes, support efficiency gains, and reduce institutional risks.

- **Strengthening reporting tools.** As more results information becomes available, additional reporting tools will be needed to facilitate the analysis and sharing of this information for strategic decision making. Together with modernized reporting tools for information on inputs and outputs, this is expected to strengthen the effectiveness of the monitoring and broader governance framework. These data would also be increasingly utilized in reporting to the Board and donors, serving as core input into evaluation of CD activities.
- **Facilitating the area departments' leading role on overall country engagement.** Just as recent reforms of the RAP have emphasized better exchange of information between area and CD-delivery departments, area departments need more systematic access to CD results and planning information. With better access to monitoring data in place, area departments could contribute to monitoring and following up on macro-critical recommendations from CD, which supports the integration of CD and surveillance.³

C. Evaluation

8. The Fund undertakes regular evaluations of its CD projects and programs (Annex IV).

Such evaluations complement and feed into broader reviews of overall CD policies and activities, as noted in Box 1. As part of the recent updates to the CCB framework, the committee is to review the three-yearly program for project and program evaluations in its July meeting, where it discusses main findings and will in the future monitor implementation of key recommendations. Annex V summarizes key conclusions from recent evaluations. Regular project and program evaluations include:

9. **Donor-mandated evaluations.** External donors fund 55 percent of Fund CD, with most externally funded activities subject to mandatory periodic evaluations. These evaluations are often broad in scope, including all thematic areas of delivery plus the governance arrangements supporting the program (e.g., governance of regional CD centers and thematic trust funds, reporting arrangements). For regional CD centers and thematic trust funds, these evaluations are usually conducted midway through each funding cycle. In addition, external evaluations are also done for some bilateral subaccounts.

³ See background note on Integration of CD and Surveillance.

Box 5. Challenges and Lessons from the RBM Literature¹

Challenges:

- **It requires fundamental change.** An evidence-based outcome focus requires changes in how an organization is managed and delivers services, usually requiring behavioral and cultural change.
- **It takes years.** At least four to five years are needed to get the system up and running and many organizations have been working towards it for much longer.
- **It costs.** If the challenge is seen mainly as one of measurement, or one that can be addressed in a year of hard work or carried out using existing resources, progress will likely be slow, spotty, and not last.

Lessons:

- **Foster the right climate** through strong leadership, incentives for people to gather and use results information, a learning culture and capacity to adapt, and valuing evidence-based outcome information.
- **Set realistic expectations** for the role of RBM: informing, not determining, decisions.
- **Get buy-in and use performance data** through a sustained bottom-up and top-down approach.
- **Set reasonable performance expectations for outcomes** while being clear about the results chain and whether expectations are predictive or stretch targets, and consulting with the beneficiaries.
- **Be selective** in what information is gathered and used to avoid information overload.
- **Avoid distorting behavior** by focusing on higher level outcomes, closely related to the true objectives of the activities, and regularly reviewing and updating the performance indicators to ensure they remain relevant, useful, and are not causing perverse behavior.
- **Define accountability for outcomes carefully** with respect to the contribution of the program to shared outcomes and consider factors outside the control of implementers.
- **Pay attention to measurement, attribution, and data quality.** Accept the inherent uncertainty in measurement, follow good practices in developing measures, experiment to find robust measures, and use evaluations to make sense of performance measures and the attribution of outcomes to actions.
- **Credibly report performance** as the more reporting focuses on outcomes, the greater the need to report a performance story, rather than numbers alone.
- **Link financial and performance information** by determining the costs of the results.

¹ Based on Mayne, "Challenges and Lessons in Implementing Results-Based Management," *Evaluation*, 13(1), 87–109, 2007.

- **CD department-led evaluations.** CD departments, sometimes with involvement of area departments, perform a range of informal and formal evaluations of their CD operations with the goal of assessing the effectiveness, impact and relevance of CD advice and extracting lessons learned. These evaluations include regular inspection and assessment visits to intense TA users, self-evaluation of projects, and topical evaluations to distill lessons on policy advice, allocation of resources or delivery mechanisms.

10. The adoption of a CEF in 2016 was a foundational step to strengthen evaluation (Annex VI). The CEF was adopted in 2016 to streamline practices, increase comparability by adopting a common approach for CD evaluations across departments, and strengthen the focus on results achievement in-line with RBM. The CEF mandates that all evaluations follow the [OECD Development Assistance Committee \(DAC\) evaluation criteria](#) of relevance, impact, effectiveness,

efficiency, and sustainability. It provides flexibility to adapt evaluations to reflect the wide range of CD activities. It is expected to make evaluations shorter, more focused, and comparable, and allow information from evaluations to be used more effectively to alter practices or shift targeting of resources. More detailed staff guidelines will be issued shortly, following the initial experience with the new framework.

11. Key challenges in strengthening the Fund’s evaluation function under the CEF include:

- **Building out a more strategic evaluation program.** It will be important to define a balanced evaluation program that meets both donor accountability needs and the Fund’s learning and accountability objectives. These issues will also form an essential element of the CCB’s agenda going forward.
 - **Donor-mandated evaluations.** From 2013–2017, 25 out of 30 were external evaluations commissioned in relation to externally financed programs, reflecting requirements in agreements with donor partners and the availability of funding for these evaluations. They have provided important feedback on issues such as program governance, RBM and results reporting, and delivery of CD. That said, the evaluations can be repetitive in their findings and recommendations. With the increase in the number of externally financed programs and the commitment to carry out an external evaluation of each funding cycle of major externally financed programs, the planning of evaluations is largely driven by the obligations made to donor partners. Consulting with donor partners to address issues around duplication in evaluations would be useful.
 - **Internally funded evaluations.** A key challenge will be to leverage existing budget resources to define an effective agenda for internally funded evaluations.
- **Align self-evaluation of TA projects with the CEF.** It is envisaged that all TA projects will complete a self-assessment questionnaire conducted at the end of projects to record performance information in a manner that is compatible with the CEF. The use of systematic self-evaluations is also one of the good practices identified in peer institutions.
- **More systematic response mechanism.** Following formal donor-mandated evaluations, relevant CD departments or regional CD center coordinators generally develop action plans that detail how the Fund plans to follow up on recommendations and subsequently report to the relevant steering committee periodically on progress against the action plans. The response mechanism should be systematized for all formal evaluations and its implementation monitored. Systematic responses to evaluation is also one of the good practices identified in peer institutions. Earlier periodic [reviews](#) of evaluations, may also hold lessons for this framework.
- **Central repository and reporting.** To facilitate access to published evaluations, a new page will be established with the “Capacity Development” section of the IMF’s website for such evaluations. This should complement an in-house central repository of all internal and external evaluations and the respective responses to the evaluation reports. It would also be expected that a summary of key findings from these reports will be incorporated into future CD reviews.

D. Summary of Recommendations

12. Key recommendations to strengthen the monitoring and evaluation framework include:

- RBM.** The build-out of the Fund’s RBM framework has accelerated in recent years but remains a work in process. Intensive efforts across departments will need to be maintained to ensure the change in the institutional culture can be further embedded and results information is systematically collected to strengthen monitoring, cooperation, and decision making. This could involve a review of incentives to strengthen the focus on results, developing and rolling out project management and RBM training for all new CD delivery staff, and establishing an interdepartmental RBM network to effectively share good practices within the institution. Agreeing with the authorities on CD design and result frameworks upfront and using them as a communication tool throughout implementation should become standard practice.
- Engine room.** Following a recent Office of Internal Audit advisory review requested by ICD, an updated program to build out CD management and administration processes and systems has been launched (CDMAP), building on the substantial progress achieved in setting up the foundational RBM framework in recent years, but also reflecting important lessons learned. This should be continued with a view to providing adequate tools to monitor and report various aspects of CD, including results, increasing transparency and harnessing potential efficiency gains through both harmonization of business practices and modernized systems. Overall, this should contribute to making the CD governance framework more effective and enhancing the role of area departments in monitoring CD. Data on the effectiveness of CD could also feed into the risk assessment at an institutional level.
- Evaluation.** The foundational work on the CEF will need to be followed up to (i) clarify response and follow-up mechanisms to external evaluations; (ii) develop a central repository for evaluations and include a link to all published evaluations on the CD landing page; (iii) build-out a medium-term evaluation plan that is driven by both internal strategic considerations and donor accountability needs; (iv) begin using evaluations as an input to the prioritization process driven by the CCB; (v) roll-out new self-evaluation template to all projects; and (vi) issue staff guidelines for the rollout of the CEF.

To support the rebalancing of the evaluation program, CD departments will need to continue to consider closely the best use for internal evaluation resources. Increased consultation with area departments and across departments through the CCB on this agenda will help with effective targeting. Willingness of donors to explore more flexible use of evaluation resources, e.g., to pool some evaluation resources to support a three-year rolling evaluation program with reports being made accessible to all donor partners or to focus on specific themes in evaluations of certain donor funded programs (e.g., review CD on banking supervision in Africa instead of a comprehensive work program and governance evaluation for a regional CD delivery center).

Annex I. CD Responsibilities of the Executive Board and the Managing Director

1. The distinctive but complementary roles of the Executive Board and the Managing Director rest upon the general allocation of responsibilities as set out in the Fund's Articles.

- Article XII, Section 3(a) provides that “[t]he Executive Board shall be responsible for conducting the business of the Fund.”
- Article XII, Section 5(b) provides that “[t]he Managing Director shall [...] conduct, under the direction of the Executive Board, the ordinary business of the Fund.”

2. This delineation of responsibilities between the Executive Board and management has evolved through the adoption of general decisions by the Board or through practice.

- The Executive Board provides strategic direction and oversight through (i) regular reviews of, and policy guidance for, the Fund's CD policies and activities; and (ii) the budget process.
- The Executive Board also approves nonmembers and international organizations for eligibility to receive CD from the Fund.
- Within this framework, management implements the Executive Board's overall strategic direction and, with staff, conducts the operations related to the Fund's CD activities.

Annex II. History of Results Monitoring and RBM in the Fund

The following provides a brief history of results monitoring and RBM at the Fund based on past TA and CD reviews as well as IEO evaluations.

- [2002 Review of Technical Assistance](#). The review recommends that the Fund acquire a TA management system and systematize TA monitoring. The [Board stresses](#) the need for greater standardization in approaches used by departments for planning, monitoring, and evaluation, and requested additional information on the actual effectiveness and impact of TA.
- [2005 IEO Evaluation of IMF Technical Assistance](#). The evaluation recommends that staff define ex-ante results frameworks and use the TA management system to strengthen tracking of progress. The [Board endorses](#) recommendations to develop more systematic approaches to track progress on major TA activities and to identify reasons behind major shortfalls.
- [2008 Enhancing the Impact of Fund Technical Assistance](#). The review emphasizes that substantive reforms are underway to enhance the impact of TA, proposes to move toward “results-focused” project management (though within the existing decentralized CD management framework) and introduces common terminology for results frameworks. The [Board stresses](#) the importance of measuring the performance of Fund TA for institutional accountability and governance and supports the move toward results-focused management of TA projects, whereby project success would be assessed against benchmarks on outputs and outcomes, in line with international best practice.
- [2011 Report of the Task Force on the Fund’s Technical Assistance Strategy](#). Recommendation to systematize focus on outcomes and the introduction of RBM, starting in RTACs and thematic trust funds.
- [2013 The Fund's Capacity Development Strategy—Better Policies Through Stronger Institutions](#). The review recommends a comprehensive RBM framework to cover all Fund CD and systematize focus on outcomes. The [Board supports](#) the plan to continue with implementation of results-based management, with increasing emphasis on outcomes and clear objectives.

Annex III. RBM at Peer/Partner Institutions

1. RBM frameworks used by peer and donor partner institutions provide useful comparators as the Fund builds out its own system. For this review, the RBM of a multilateral (World Bank) and a bilateral partner (Switzerland) were analyzed. The following provides a brief description of the key elements of their RBM frameworks.

Swiss State Secretariat for Economic Affairs (SECO)

2. The implementation of RBM in SECO started in the early 2000s and has progressed gradually over the last 15 years. SECO's RBM was not introduced in one big reform but has gradually evolved. The drivers for introducing RBM were the internal desire to strengthen the sustainability of its development intervention and communication with its partners and the demand for accountability in the use of public resources by Parliament and civil society.

- **Coverage.** SECO applies results chains for projects of CHF1 M (about \$1.1 million USD) or more. A pre-defined set of 26 Standard Indicators is included selectively in results frameworks. The Standard Indicators are used to track progress at an aggregate level, mainly for external results reporting. Implementing partners are required to report along the structure of the results frameworks. SECO's RBM is not supported by a project management software.
- **Dynamic processes.** Results frameworks are reviewed periodically over the course of a project and adjusted if necessary. This is usually done during a midterm evaluation or an internal review, or if progress reports indicate that a deviation from the originally expected results frameworks are necessary in a changed context. SECO recognizes that complex circumstances may require an "inception phase," during which a results framework is defined.
- **Progress reports and evaluations are expected to assess results against results frameworks.** Major deviations are expected to be explained. SECO submits an annual results report to the Federal Council and Parliament, describing major results achieved as well as challenges encountered across the portfolio. It strives to achieve a balance between the dual purposes of accountability and learning.
- **Risk management.** SECO's RBM is complemented by a risk management system with clearly defined categories. Risks are periodically reassessed and tracked at project, country and institutional level. High risks are added to a risk register and monitored systematically on a quarterly basis.

World Bank

3. The World Bank has made continuous efforts to strengthen its M&E systems over the last two decades.

- **RBM.** At the inception of each project, a results framework is developed. This effort to rationalize project design and to "think hard" about project logic is considered a decisive step towards project success. During project preparation, World Bank teams work with borrowers to set up Management and Information Systems and gather the necessary baseline information.
- **Evaluation:**
 - **Self-evaluation.** During project implementation, Bank staff conduct bi-annual self-evaluations of the project with an Implementation Supervision Report. In this report, the project manager formally takes the pulse of the project, by rating whether the project is likely to achieve its development objective. This embedded process aims to generate feedback loops into the operation and guide course corrections or more radical changes to the project plan. Upon completion, the project manager is tasked with producing a comprehensive Implementation Completion Report (ICR), assessing implementation and results. The self-evaluation is then validated by the Internal Evaluation Group (IEG).
 - **IEG review.** The IEG systematically rates projects with a dual objective: tracking institutional progress on improving monitoring and evaluation (a long-standing commitment) and creating an incentive for better performance "that would ultimately improve the quality of evaluations and the operations themselves."
 - **Corporate scorecards are the apex of the institution's accountability framework.** They comprise 22–25 indicators across three tiers: long-term development outcomes, client results (from projects implemented by clients and partners) and performance (impact, strategic context, operational delivery for clients, financial sustainability, and managing talent). The latter are assessed against targets and use a traffic light system.
- **Processes and systems.** An Operations Portal provides a one stop shop for managers to see the progress of their projects from conception to ICR, with a well-documented work flow, sign off processes, and document retrieval.

Annex IV. Internal and External Evaluations, 2013–2020

Internal and External Evaluation Reports	
2013	
Internal	STA— Bhutan: Report on the Statistics Technical Assistance and Training Evaluation mission
Internal	STA— Macedonia: Report on the Statistics Technical Assistance and Training Evaluation Mission
External	East AFRITAC Phase III
External	CAPTAC-DR Phase I
External	West AFRITAC Phase III
2014	
External	FIRST, Phase II
Internal	MCM—Bangladesh, Maldives, and Nepal: Evaluation Report of the MCM Technical Assistance Project on Banking Supervision
External	METAC, Phase III
External	Japan Subaccount
2015	
External	Swiss Subaccount, 2009-2015
External	Tax Policy and Administration Topical Trust Fund (TTF), Phase I
External	Managing Natural Resource Wealth Topical Trust Fund (TTF), Phase I
Internal	STA— Guatemala: Report on the Statistics Technical Assistance and Training Evaluation
External	AFRITAC South Phase I
External	Pacific Financial Technical Assistance Center (PFTAC), Phase IV
External	Evaluation of the Fragile States Project
External	Caribbean Regional Technical Assistance Center (CARTAC), Phase IV
2016	
External	Final Evaluation of the Project Strengthening Capacity in VAT Implementation and Budget Formulation; The Gambia
External	Central AFRITAC, Phase II
External	South Sudan Trust Fund

Internal and External Evaluation Reports (concluded)

2017

External	FIRST, Phase III Operations (2013-2017)
External	Africa Training Institute
External	CAPTAC, Phase II
External	AFRITAC West 2, Phase I
External	Japan Subaccount
External	Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT), Phase II
External	Debt Management Facility II Trust Fund, Phase II
External	Somalia Trust Fund
External	Tax Administration Diagnostic Assessment Tool
Internal	FAD—Building Fiscal Capacity in Fragile States
Internal	FAD/AFR—Domestic Revenue Mobilization in AFR Countries
Internal	MCM—Malawi/Zambia: Central Bank Operations

2018

External	East AFRITAC, Phase IV
Internal	FAD/AFR—Treasury and Cash Management
Internal	MCM—ECCU: Financial System Strengthening
Internal	MCM—Bhutan: Financial Supervision, Stability, and Central Bank Operations

2019

External	METAC, Phase IV
External	PFTAC, Phase V
External	Netherlands Capacity Development Partnership Program
Internal	STA/AFR—Joint Capacity Development Evaluation
Internal	MCM—AFR: Domestic Debt Market Development
Internal	MCM—Ukraine: Central Bank Operations

2020

External	Managing Natural Resource Wealth, Phase II
External	Revenue Mobilization, Phase II
Internal	MCM—Tunisia: Bank Supervision OR Algeria: Liquidity Management
Internal	MCM—Monetary Operations coupled with FPAS work
Internal	MCM—Myanmar: Banking Supervision and Central Bank Operations

Annex V. Findings and Recommendations from Evaluations, 2014–2017

1. This annex summarizes the major findings and recommendations from 15 CD evaluations completed since the 2013 review.¹

- All evaluations note a high degree of satisfaction with the technical competence of IMF CD, based on client surveys.
- A review of these evaluations reinforced the importance of the CEF reforms to support shorter reports focused on major issues, comparability of results under common methodologies and definitions, focus on achievement of objectives defined ex-ante, and clear identification of project/program risks up front.
- Many evaluations conclude that results (whether the advice is adopted and whether advice has a positive effect) are conditional on factors outside the control of those delivering assistance. Two of the most prominent factors are the commitment to reform by the key authorities and the capacity of their staff and availability of resources to implement and sustain reforms.
- Evaluations call on the IMF to increase pre-CD screening against these risk factors and call for increased efforts to measure achievement of results. The latter recommendation is being addressed through implementation of RBM and CEF.
- IMF staff prepared responses to recommendations for five of the RTAC evaluations, the ATI evaluation, two thematic fund evaluations, and one bilateral evaluation, of which five are currently published online or included in published Annual Reports. Examples include [AFRITAC South](#) and [ATI](#). The new Common Evaluation Framework provides for more systematic tracking and review of responses to recommendations from all evaluations.

A. Summary of Major Findings

2. Evaluations conducted between 2014–2017 praised the technical quality of IMF CD, based in part on client surveys. All evaluations compliment the overall quality of IMF CD. For example, the METAC Evaluation (2014) concluded that “The interviewed beneficiaries of METAC assistance and the survey respondents were generally very satisfied with the flexibility and high quality of the METAC assistance.” Similarly, the FIRST Evaluation (2014) concluded that “Surveyed FIRST clients were positive about the TA received. The majority of respondents indicated that the quality of the legal-regulatory advice, strategies, methodologies and tools, and capacity building activities was Good or Very Good.”

¹ This includes all 2014 and 2015 evaluations and the 2016 Central AFRITAC, FIRST, and 2017 ATI evaluation. However, all but the ATI evaluation were completed in the period prior to the adoption of the CEF.

3. DAC Criteria. Evaluations typically report their findings using ratings based on the five DAC criteria: Relevance, Effectiveness, Impact, Efficiency, and Sustainability. Ratings ranged between 2.4 and 3.8 on a scale of 1–4 (Table A5.1).

- **Relevance received the highest average score.** For the 11 (of 15) evaluations that reported ratings, the average of all ratings was 3.1. However, the average score for relevance was 3.5. This difference is statistically significant (at the 10 percent level). The high rating for relevance suggests that the TA delivered was largely viewed as consistent with the reform priorities of the authorities; that there was close engagement between Fund staff and the recipients; and that the assistance addressed important needs and policy constraints.
- **Achievement of objectives (i.e., effectiveness) was given an average rating of 3.0.** The degree to which projects achieved their objectives was determined by the degree to which project milestones, operational targets, and outputs or outcomes were delivered. Several evaluations noted that the evidence for achievement of outputs was stronger than for achievement of outcomes.² This finding is also apparent from the sub-ratings for effectiveness. For example, for AFRITAC South (2015) and AFRITAC Central (2016), the average rating for effectiveness regarding outputs (3.7) is higher than for outcomes (3.1).³
- **Ratings for the remaining DAC criteria (impact, efficiency, and sustainability) were all close to 3.0 and not statistically distinguishable.** Moreover, variations in the definitions of DAC criteria used across evaluations has, in the past, limited the extent to which ratings can be usefully compared across RTACs and Thematic Funds. Looking ahead, the Common Evaluation Framework requires greater consistency in the definitions to ensure comparability.

4. Most evaluations concluded that achieving results often hinged on factors outside the control of the CD delivering departments. More than half the evaluations explicitly cited such conditioning factors. For example, the midterm evaluation of the Tax Policy and Administration Trust Fund (2015), cited three factors as potential impediments to achieving success: (i) lack of broad based commitment to reform, (ii) insufficient resources allocated to the reform effort, and (iii) capacity issues with management and staff. The midterm evaluation of the Managing Natural Resources Trust Fund (2015) cited external events (elections, legislation approvals by parliament, changes in government, continuity of relevant officials), shocks (Ebola), and the presence of multiple internal stakeholders with different objectives, as important challenges for the implementation of TA advice. Furthermore, issues within the partnering governments (consistency of reform objectives within the government, commitment, capacity, interagency cooperation) often required substantial

² Dividing effectiveness into outcome and output components is not standard practice in reporting the DAC criteria but was nevertheless done for the AFS and AFC evaluations.

³ Examples of outputs include the development of a public financial-management strategy, or issuance of new guidelines and supervisory processes for financial institutions. Outcomes associated with these could include indicators of improved efficiency of public expenditures, or lower rates of nonperforming loans in financial institutions.

additional effort from IMF advisors, more than anticipated at project inception. Five items were explicitly mentioned in at least two evaluations as obstacles to project success:

- Lack of commitment by the authorities; political uncertainty
- Weak capacity of the implementing agency; insufficient resources
- Turnover of long-term experts
- Turnover of local staff
- Lack of security

5. Several general themes emerged from evaluation recommendations (Boxes 1 and 2).

Responses to the recommendations were also provided by Fund staff for all five RTAC evaluations as well as two of the thematic fund evaluations—TPA and Managing Natural Resources Wealth (MNRW)—and one Bilateral Fund (SECO).

- **All the RTAC evaluations called for a greater focus on results and some suggested greater engagement of the steering committees on assessing results (Box 1).** RTAC evaluations typically addressed issues specific to the individual RTAC, but common themes included suggesting a more programmatic, or medium-term approach to planning activities, use of country strategies, as well as stronger recording and reporting of results to allow for more substantive engagement of the steering committee. Staff responses tended to agree with these recommendations and noted that many of the issues raised were being addressed through the implementation of the comprehensive RBM initiative.
- **The Thematic Fund evaluations recommended devoting greater resources to pre-project screening (Box 2).** Given the repeated finding that the likelihood of success depended on exogenous factors, several Thematic Fund evaluations called for (i) better diagnostic work including more detailed risk assessments and country-needs assessments, (ii) pre-project confirmation of broad-based commitment by the authorities to the outcomes, not just one or two well-placed individuals, and (iii) pre-project confirmation that resource allocation and staff capacity would be sufficient to support the intended outcomes (MNRW, TPA). Both MNRW and TPA agreed to devote more time and resources in the future to pre-project scoping activities.

Box 1. Major Recommendations of RTAC Evaluations 2014–2017

- 1. Manage towards the achievement of substantive, longer-term objectives.** Three of five RTAC evaluations reviewed included this recommendation. For example: “deliver strategically important multicountry, multiyear programs of technical assistance that are carried through to completion independently of the tenures of individual advisors;” and “IMF should develop medium-term strategies informed by capability assessments for each country.”

 - Staff responses agreed with this recommendation. Country strategies and annual work plans are moving towards formulation of objectives and outcomes over a multiyear horizon, backed up by increased use of log frames and measurable indicators developed under RBM.
- 2. Improve focus on results.** All RTAC evaluations recommended greater focus on outcome indicators and results. One evaluation recommended refinement of milestones, updating of topical indicators, and development of targets in consultation with recipients. Another noted, “systems are less important than investing in the measurement of results.” Other recommendations include “Define clear and measurable performance indicators and targets;” “Shift monitoring and reporting from input-output to the assessment of the likelihood of achieving expected results;” and “Strengthen further its RBM through better linkage of outcomes with TA, more focused risk definition, and ensuring log frames cover the entire results chain.”

 - Staff responses noted that the RBM initiative and the Common Evaluation Framework were being implemented to respond to calls for improved focus on results and more consistent evaluation.
- 3. Steering committee meetings should shift focus to strategic questions, priorities, and results achieved, instead of review of work plan and activities.** Two of five RTAC evaluations recommended greater engagement of the steering committee on prioritization and results, with a focus on more strategic advice, reduction in the volume of information requested, exploration of options to consolidate information, highlighting specific reasons for nonachievement of targets and presentation of key performance indicators.

 - Staff responses accepted this recommendation and noted that many of the proposed strengthening actions were in progress or had been put in place. Increased use of the outcome indicators being developed under RBM are expected to further facilitate more substantive discussion of results in steering committee meetings.
- 4. Improve governance of steering committee.** Three evaluations called for more engagement by steering committee members, including calls for steering committee members to better represent the views of organizations they represent. Another suggested, “Appoint beneficiary member countries’ heads of finance departments and central banks or, in their absence, their deputies, as voting members of the steering committee.”

 - In response, RTAC staff have acted to ensure early circulation and discussion of draft program documents and annual work plans and encourage representation of both ministries of finance and central banks at steering committee meetings.
- 5. Other recommendations.** Highlighted importance of diversified funding sources and touched on RTAC-HQ roles and outreach.

Box 2. Major Recommendations—Thematic Funds and Bilateral Donor Evaluations, 2014–18

- 1. Adopt programmatic approach.** Projects should shift towards a programmatic approach and adopt an explicit project orientation, involving longer-term commitment, rather than a series of one-off missions.

 - There was no formal response on the report containing this recommendation. That said, this recommendation is consistent with reforms underway.
- 2. Improve pre-project risk assessment.** Projects should assess the capacity and receptivity of authorities prior to TA and conduct risk assessment.

 - Recommendation accepted. Staff overseeing the three cases where this recommendation appeared endorsed increased funds for scoping missions and a revision of project proposal templates to include a section on risks
- 3. More extensive project planning.** Projects should invest more time outlining goals and objectives in advance, including planning through the implementation stage, and should specify termination criteria in advance.

 - Recommendation accepted in one of the cases where this recommendation was made, with acknowledgment that a large-scale shift in resources to project scoping would have to weigh the opportunity costs.
- 4. Adopt common performance rating methodology.** Institute methodology for rating project performance. Commence every program with an entry workshop to develop clear and measurable objectives at the outcome level (not just the activity level).

 - Recommendation accepted. Project proposal template has been revised.
- 5. Complement TA with training.** Training should be used as a complement, and in some cases, pre-condition, for TA engagement.

 - Recommendation accepted. The new phase of the TPA (renamed to the Revenue Mobilization Trust Fund) is currently developing an on-line course on revenue forecasting and a concept note for an on-line course on tax administration.

Table A5.1. Average Ratings of DAC Criteria in External Evaluations, 2014–2017

	RTACS ¹					Thematic Trust Funds			Bilateral Sub-Accounts		Training Institutes	Average
	METAC	AFS	CARTAC ²	PFTAC ²	AFC	Tax Policy Administration ³	MNRW	FIRST3 ⁴	Japan Administered Account ⁵	Switzerland TA Sub-Account ⁶	ATI ⁷	
Relevance	3.0	3.7	3.4	3.6	3.6	3.2	3.4	3.3	3.6	3.5	3.8	3.5
Effectiveness/Outcomes		3.2			3.0		2.6					2.9
Effectiveness/Outputs		3.7			3.7							3.7
Effectiveness	2.6		2.8	2.8		2.4		2.8	3.3	3.5	3.6	3.0
Impact	3.6		2.8	2.8			2.9			3.4	3.6	3.2
Efficiency	3.0	3.5	2.9	3.0	3.0	2.7	3.0	3.3	3.4	3.4		3.1
Sustainability	2.7	3.1	2.7	2.8	2.5	2.7	3.0	3.2	3.5	2.9	3.2	2.9

Sources: See Annex IV for full list of evaluation reports.

¹ Regional Technical Assistance Centers.

² Rescaled to 1-4 to ensure consistency across centers.

³ Average of 7 country ratings.

⁴ Average ratings of 37 projects, rescaled to 1-4 scale.

⁵ Survey of Officials in Participating Countries.

⁶ Average of 7 projects.

⁷ Africa Training Institute.

Annex VI. Common Evaluation Framework—Key Elements

Produce shorter, more focused, and more comparable evaluations:

- Specify clearly the objectives of all CD activities to be evaluated;
- Apply a four-step common framework (thought process) to all evaluations;
- Ensure clarity and consistency in definition and application of internationally-accepted OECD DAC evaluation criteria;
- Use standardized Terms of Reference templates to reduce workload and sharpen the focus of evaluations.

Improve the information supporting evaluations:

- Consistent with the new results focus of all IMF CD, ensure that all CD activities have a data collection plan in place before the start of the CD activity;
- Obtain ex-post information from TA providers and users and other stakeholders;
- Extend the use of pre- and post-course tests to all IMF training courses;
- Revise the end-of-course and follow-up survey questions for training to be more results-oriented;
- Maintain a channel for regular reviews of training course content;
- Seek information from IMF country teams on the extent to which they observe tools learned in IMF training being applied at the country level.

Maintain the current level of resources allocated to evaluation, but use these scarce evaluation resources more efficiently:

- Establish reasonable accountability standards without evaluating everything;
- Introduce a CD evaluation work plan with a rolling three-year horizon, revised annually;
- Decide what and how to evaluate based on potential value of the information, cost, and achievement of accountability standards.

Use the information from evaluations to alter practices and/or shift resources:

- Introduce quantitative scoring to complement qualitative information in evaluations to facilitate comparisons and aggregation;
- Ensure evaluations are easily accessible upon completion and findings are broadly shared among Fund staff;
- Incorporate evaluation results when setting CD priorities at the November meetings of the CCB.

Short Notes

I. INTEGRATING TA AND TRAINING¹

1. The 2013 CD Strategy Review recognized the important synergies between TA and training. TA helps identify the training needs of government officials and strengthens the impact of training on policy-making. Training, in turn, strengthens member countries' capacity to absorb and implement TA, and by providing exposure to best practices, may elicit demand for additional TA. Coordinating, sequencing, and, increasingly, merging TA and training can enhance their cost-effectiveness, increase traction with the authorities, and expand the scope, reach, and durability of their impact. Against this background, the 2013 review proposed:

- Monitoring the experience at ATI with integrating TA and training;
- Seeking opportunities to coordinate further TA and training, including through enhanced communication across departments; and
- Offering training to Fund staff that complements external training and TA so staff can support absorption of TA advice.

2. This note takes stock of progress since 2013 on integration, draws lessons from experience, and proposes avenues for further improvements. It begins with a description of delivery modalities, highlighting the continuum between TA and training; then discusses alternative mechanisms for integration, focusing on concrete experiences. Given the substantial expansion of efforts to integrate the full range of CD delivery modalities, the review looks at experiences at a range of locations. It concludes with lessons and options for further integration.

A. Delivery Modalities

3. While there are differences between TA and training, the boundaries are growing less distinct and the terms perhaps less useful. These functions have traditionally been recorded separately for administrative and budget purposes (Box 1).

Increasingly, however, they can be thought of as underlying a continuum of delivery mechanisms defined by several dimensions, which allow for flexible CD packages combining various modalities:

"Efforts to strengthen institutions and to boost skills of officials are often combined, whether explicitly or explicitly. Many TA-labeled activities have a training component and many training-labeled activities cover design of effective institutions." *2014 CD Policies and Procedures.*

¹ Prepared by a team led by Rodrigo Cubero (ICD) comprising Natalia Aivazova (AFR), Nataliya Ivanyk (STA), Niels Maehle (MCM), and Stephane Schlotterbeck (FAD).

Box 1. Definition of Training for Administrative and Budget Purposes

Training is recorded in the Fund’s database systems to include:

- All events within the IMF Institute training program;
- All single-country events outside the Institute training program that are similar in content to activities that departments deliver within the program; or
- All multi-country events outside the Institute training program that take place in a classroom setting and include at least 10 participants.
- Training does not include single-country events that are delivered as part of a TA engagement and that are not similar in content to activities that departments deliver under the Institute training program.

- **Focus and purpose.** Traditionally, TA has emphasized the development of institutional and policy capacity processes and rules, while training has focused on building human skills by disseminating theories, frameworks, and tools. However, CD projects are increasingly defined to include some elements of both. Training is often used to support TA implementation, while training itself is increasingly being delivered through a variety of modalities, including in some cases a focus on building capacity in specific organizations (Box 2).
- **Geographic scope.** TA has tended to be country-specific, while standard IMF training, whether classroom training or online, traditionally tended to target regional or global audiences. However, the Fund is increasingly providing country-specific training, tailored to the needs of a specific country (or organization). TA is also sometimes delivered at a regional level, e.g., FAD’s ongoing project with CARTAC to establish a Regional Tax Audit Team in the Caribbean.
- **Recipient group.** TA typically works with smaller groups, while classroom training usually serves larger groups. Country-specific training, like TA, often works with small teams. “In-between” modalities, such as peer-to-peer workshops and seminars, tend to work with around 10 officials, although this can vary. Online training is generally designed to reach very large groups.
- **Departmental roles.** With increasing recognition of the complementarity of different CD modalities and supply-side synergies in delivering TA and training in a particular subject area, specialization by department in TA or traditional training is becoming less desirable. Departments can increasingly be identified more by their area of expertise than by any particular mode of delivering CD to countries. Thus, ICD provides CD on macroeconomic analysis and policies, modeling, forecasting, and financial sector issues using a variety of modalities. Other CD departments provide TA and specialized training in their respective areas of expertise. Online training is coordinated by ICD and provided by several departments, including ICD.

Box 2. Customized Training

All training modalities (excluding online) involve substantial tailoring to particular circumstances:

- **Classroom training is always tailored to the needs of the participants to some degree.** The topics covered in classroom training vary by region. In many cases, workshops and case studies are also region-specific. Country-specific courses use data from the country in question and incorporate country-specific issues. Participation of area and other functional departments and RTACs can help provide necessary country-specific knowledge efficiently.
 - ICD and SPR collaborated on an *Early Warning Exercise* course, using examples and data from India.
 - In Nigeria, ICD and AFR offered a three-day training on exchange rate policy (based on the Exchange Rate Policies Course) to officials from several ministries and agencies.
- **Workshops and seminars can promote CD on specific topics.** They can be country-specific or regional and involve both CD and area departments with a major peer-to-peer element. For example, ICD workshops are typically one to three days long and draw on existing material and area and CD department expertise. They can be standalone or embedded in a larger CD project.
 - STI and CDOT provided a macro-financial workshop, with APD country teams and officials from Cambodia, Lao PDR, Myanmar and Vietnam; STI provided a similar workshop, with APD country teams, to officials from Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka.
 - ATI held a high-level peer-to-peer seminar on “Modernizing Monetary Policy Frameworks.”
 - ICD prepared a three-day seminar on financial surveillance and policy related to the China FSAP.

Customized training (CT) as such goes further by aiming to train teams in their institutional context to support policy making. The focus is on learning by doing, to help organizations build specific capacities that feed directly into the policy-making progress. CT projects therefore should define objectives and milestones under an RBM log frame, unlike classroom training.

- **These goals may require extended projects to see the needed increase in institutional capacity.**
 - In Sri Lanka, ICD has helped the central bank develop a macroeconomic FPAS and undertake institutional reforms to integrate FPAS into monetary policy decision making. Similar projects are underway in several countries in sub-Saharan Africa (associated customized training to staff country teams is being provided under the Internal Economics Training program in several of these cases).
 - Customized FPP/macro-fiscal training has been provided in several Central African Economic and Monetary Community countries by ICD in close collaboration with AFR and RTACs via a combination of training modalities, in order to help the authorities produce and use macroeconomic frameworks. In the Central African Republic (CAR), for example, a key group of officials participated in an online and a follow-on classroom course with regional colleagues; they subsequently joined with a larger group of CAR officials in a one-week in-country CT exercise aimed at building and using a CAR macro-framework for policy analysis.
 - In Georgia and Armenia, a mix of classroom and customized training is being delivered to their Ministries of Finance to help them do model-based macro/fiscal policy analysis and forecasting.
- **Occasionally, CT may involve multi-country training with a peer-to-peer element.**
 - CARTAC provided, at regional and in-country levels, customized versions of the FPP and Fiscal Analysis and Forecasting courses to all eight Eastern Caribbean Currency Union (ECCU) member states to strengthen macroeconomic policy analysis in the region’s ministries of finance, with courses followed by TA visits to support implementation.

B. Mechanisms for Integration: Process and Delivery Modalities

4. Improving coordination and knowledge sharing. Since 2013, several procedural and institutional mechanisms have strengthened coordination and integration.

- **Interdepartmental governance processes.** The 2013 review paper looked forward to the addition of training to regional strategy notes and to the Fund-wide RAP as a mechanism to improve interdepartmental coordination on TA and training. This was implemented with the FY19 cycle, allowing training to be considered explicitly as a complementary channel to TA.
- **Role of regional centers.** Regional centers have been at the forefront of integration efforts.²
 - **RTACs.** RTACs increasingly complement TA with selected training, often with the support of RTCs. For example, as part of a TA project for customs risk management in Central America, CAPTAC-DR organized two workshops in FY18 for officials in the region. Workshops were used to help design the TA project. Under JSA financing, CDOT and the Singapore Training Institute (STI) provided integrated training and TA to develop macro-frameworks in Myanmar, Lao PDR, and Cambodia. The frameworks and country data have been integrated into in-country Financial Programming and Policies (FPP) courses in the region (typically offered jointly by CDOT and STI).
 - **Integrated CD centers.** The co-location of the Africa Training Institute (ATI) with AFRITAC South under one director allows for stronger coordination of ATI's training with AFRITAC South's TA, but also with TA activities across the other four AFRITACs. In 2017, SARTTAC was established as the first fully integrated training and TA center. In both cases, the physical proximity of lecturers and TA experts and the dual mandates support more integrated planning and facilitates collaboration and exchange of ideas, with TA advisors often participating in courses and TA projects benefiting from the expertise of lecturers.
- **Internal training and information sharing to support TA.** ICD and Research Department (RES) have delivered dedicated training to area department country teams on modeling and forecasting, typically through parallel customized training/TA for the authorities. This includes training provided by ICD (in close coordination with area departments) to country teams for Ghana, Malawi, Rwanda, Tanzania, Uganda, and Sri Lanka on forecasting and policy analysis system (FPAS), in the context of integrated TA and training packages to the country authorities. A broader range of initiatives is underway to strengthen knowledge sharing, from technical notes to broad-based initiatives to strengthen accessibility of TA documents and broader CD information.³

5. Flexible delivery modalities. Staff have expanded experimentation in delivery modalities to tailor activities to meet members' needs.

² See Notes from the Field, e.g., East AFRITAC estimates that 40 percent of its activities are now training, closely integrated with its TA delivery.

³ See companion notes on Communications and Dissemination of TA Information.

- **Combining training modalities.** The development of modules for online and classroom training courses allows for a more flexible deployment of training materials. Online courses can build a foundation of basic knowledge and are increasingly being used as a prerequisite for classroom training. Online courses such as the Debt Sustainability Analysis courses developed in cooperation with FAD, MCM, RES, and ICD have been used to provide a foundation of skills on which TA can later build. Peer-to-peer workshops can help increase the traction of training by allowing country authorities to learn from each other. In the coming period, ICD will convene a working group to consider how to leverage online training further to modernize delivery.
- **Customized training (Box 2).** Demand for customized training has increased since 2013, with several departments and RTACs developing targeted programs to meet this demand.
- **ICD training for trainers.** ICD provides peer-to-peer seminars with interested member-country agencies to share experiences on how to set up and organize staff training programs, drawing on experience with the Fund’s Internal Economics Training.
- **Integration of training and TA.** Experimentation with integration has also taken various forms.
 - **Embedding training in TA.** TA deliveries often involve some process-oriented, hands-on training, such as workshops with practical exercises. Demand for such training is increasing.
 - **Combining TA and classroom training.** Integrating TA with classroom training can increase the impact and durability of the Fund’s CD. Because these courses are programmed well in advance and are thus less flexible, integration calls for close coordination within and between departments to (i) coordinate the selection, timing, and sequencing of courses, so that they build the required skills in time to support target TA activities; and (ii) selecting participants strategically to include TA-receiving teams. Examples include:
 - STA’s external sector statistics TA for Georgia in 2008, where a range of training activities were coordinated to support TA;
 - the planning by ICD of a classroom course on forecasting to be delivered at the Bank of Jamaica (BoJ) in 2018 to support an ongoing MCM/CARTAC project on monetary policy modernization at BoJ; and
 - SARTTAC’s planning of an MCM monetary policy and operations course to support monetary policy modernization TA in South Asia.
 - **Broader packages of CD.** Various forms of CD delivery, including workshops and peer-to-peer events, can be bundled together to strengthen impact.
 - ICD and MCM developed a joint project, combining TA, CT, and country-specific training, to strengthen capabilities in monetary policy formulation and implementation for the Reserve Bank of Malawi.

- Several projects integrate CT and TA on modernizing monetary policy frameworks, including in Belarus, Ghana, Mozambique, Rwanda, Sri Lanka, Tanzania, and Uganda.

C. Lessons and Challenges for Integration Going Forward

6. Key lessons from experience since 2013 include:

- **Regional centers have played a key role in integration.** RTACs have been instrumental in identifying and prioritizing CD needs, and in coordinating the selection, timing, and delivery mode of different knowledge transfer tools to support TA and surveillance. This is perhaps not surprising as the close, ongoing dialogue with recipient countries has identified such integration as a key priority for members.
- **Inclusion of training in the RAP/RSN process will help ensure effective planning.** Early evidence suggests that incorporation of training into the annual planning cycle will help identify early on projects where training can support TA, with clear prioritization by area departments. The adoption of a three-year horizon as part of the new RAP process will also help departments to think more carefully about the sequencing of various CD activities. The challenge will be how to maintain, within a flat resource envelope, sufficient flexibility to respond to emerging but urgent needs.
- **Cost-effective, flexible delivery will require close coordination within and across departments.** Increased flexibility also implies increased complexity, particularly in cases with multiple delivery departments. Likewise, newer modes of delivery create uncertainty for planning and resource allocation. Continued communication and careful planning on the selection of courses and target audience, timing, sequencing, and mode of delivery are needed to ensure prioritization and that synergies across CD modalities are efficiently and effectively captured. Coordination from the design stage is particularly relevant to combine different delivery modalities (online and classroom training, CT, and TA).
- **The modular approach to online and classroom courses and increased emphasis on CT will facilitate integration.** The organization of course materials into stand-alone modules will allow for more nimble deployment of training resources in support of TA. However, the development of online modules requires significant resources upfront. As online training material expands, mechanisms to allow easier access and dissemination within the Fund and to the authorities should also be explored.
- **Area department teams can play a key role in identifying opportunities for integration.** Ensuring strong, ongoing two-way engagement between country teams and CD departments, including and beyond the formal RAP/RSN discussions, is necessary to raise awareness of the value of training in support of TA and surveillance and to inform area departments of tentative plans for training. This is particularly relevant for countries not directly covered by an RTAC.

II. CD AND EMERGING ISSUES⁴

A. Introduction

1. **CD and emerging issues.** While CD work on these issues remains modest to date, the growth in analytical work by the Fund on new issues—such as technology, energy, inequality, gender, and climate change—may also lead to increasing requests for new types of CD. This note looks at the experience with CD on macro-critical emerging issues in recent years and discusses the challenges and lessons learned from these early experiences, recognizing the legal foundation for the Fund’s mandate on these issues (Box 1).

Box 1. Legal Foundations for Treatment of Emerging Issues

- **Surveillance and lending.** Under Article IV, Section 1 of the [Articles of Agreement](#) and the Fund’s [Integrated Surveillance Decision](#), the Fund examines the extent to which each member’s policies promote their domestic and balance of payments stability, including fostering orderly economic growth. Members may also agree to discuss other issues important to their own domestic objectives. In terms of use of Fund resources (UFR), the [Guidelines on Conditionality](#) only permit measures that are critical for resolving the member’s balance of payments difficulties or achieving medium-term external viability. Macro-criticality, in the context of both surveillance and UFR, refers to areas that are essential to achieve members’ goals as noted above; and
- **CD.** The provision of “technical services” is voluntary for both the Fund and the member. The only legal limitation on the topics for Fund CD is the requirement in Article V, Section 2(b) that it be “consistent with the purposes of the Fund” as outlined in Article I. These purposes include “the promotion...of high levels of employment and real income and to the development of the productive resources of all members” (Article I(ii)). As Fund expertise will naturally be strongest in areas covered by surveillance and lending, from a policy standpoint, CD should be integrated with the Fund’s other two core functions to take advantage of synergies.

B. Emerging Issues in Recent Work

2. **Staff have provided targeted CD in emerging issues, working with other organizations:**

- **Energy.** A course on Macroeconomic Management in Resource-Rich Countries, which now includes an online option, supports officials who design and execute policies on macroeconomic management of natural resources. An online Energy Subsidy Reform course delivered annually since FY15 provides a comprehensive discussion of energy subsidy issues; a similar class was also offered at the Joint Vienna Institute (JVI) in 2016.
 - A workshop on energy subsidy reform has been held annually in Kuwait since 2013 on issues such as the quantification of energy subsidies and design of a reform strategy.

⁴ Prepared by a team led by Wasima Rahman-Garrett (ICD) comprising Racheeda Boukezia (FAD) and Clifford Blair (LEG).

- Since FY15, TA has been provided to Tanzania and Uganda from AFRITAC East to develop their fiscal frameworks for managing oil and gas revenues, to Sri Lanka to move towards automatic pricing mechanisms in the fuel and electricity sectors, and to Brunei Darussalam to develop a fuel subsidy reform strategy and design mitigation measures.
- AFRITAC East and RES also held a workshop on debt sustainability and growth in resource-rich economies for Kenya, Tanzania, and Uganda in FY16.
- STA is implementing a project in resource-rich countries with TA and training on revenue and national accounts statistics to improve statistics on nonrenewable natural resources.
- **Technology.** The Fund’s evolving digital strategy recognizes the important macroeconomic implications of technology and automation and seeks to develop appropriate and timely policy advice and analytical tools:
 - **Cyber issues.** A group led by MCM, ITD, LEG, and SPR is developing a strategy to embed cyber risk in risk assessment through monitoring, scenario planning and mapping. MCM has developed an approach to capacity development, working to articulate cyber risk best practices (developed in advanced economies) for LICs, mapping cyber risks, and establishing tools for regulators and supervisors. MCM held a workshop in December 2017, co-sponsored by the National Bank of Belgium, for authorities from 60 middle- and low-income countries on the supervision of cyber risks; the workshop will be repeated for the cohort in December 2018. Bilateral TA was delivered to two LICs in the first quarter of 2018. Regional workshops for supervisors will be delivered at four RTACs in FY19 and bilateral TA is expected to increase.
 - **Fintech.** In response to increased interest in fintech issues from member countries, MCM is developing a new course on Financial Market Infrastructures and Fintech (FMIF) with a first delivery at STI in April 2018. This course aims to strengthen the authorities’ oversight capacity to assess compliance with the international standards for infrastructures that facilitate the clearing, settlement, and recording of monetary and other financial transactions. The FMIF course builds on the successful delivery of similar workshops at IMF regional TA centers in Africa and Central America since 2014. Lectures on fintech have been included in courses on Financial Sector Surveillance, Financial Development and Financial Inclusion, and Financial Markets and Instruments since 2016. A lecture on virtual currencies, a subset of fintech, will be included in the Monetary Policy course in FY19. Fintech issues have been featured in MCM roundtables and seminars with senior supervisors across the membership, including high-level events organized in collaboration with the Federal Reserve Board and the World Bank. MCM plans to provide further guidance for capacity development in the areas of crypto-assets regulation and use of technology by supervisors.
 - **Digitalization.** In April 2017, FAD, with the Bill and Melinda Gates Foundation, held a seminar on the technological advances in public finances and their importance for fiscal policymaking and management. The *April 2018 Fiscal Monitor* also tackled opportunities and challenges

from ‘Digital Government.’ STA, as part of the overarching strategy on data and statistics at the Fund is examining how best to assess measurement of the digital economy.

- **Inequality.** The Fund provides training on inclusive growth and on financial development and inclusion. The Inclusive Growth course, created in 2013, includes a module on demographics and gender added in 2015 and a lecture which discusses the links between corruption and inclusive growth, tools to measure corruption, and policies to fight it. This course is targeted for officials involved in the economic planning, monitoring, and evaluation of policy strategies to reduce poverty and inequality and promote job creation and is scheduled for delivery in all five regions in CY18. A revised and expanded unit on gender issues and a unit on climate change are expected to be added in FY19. Since 2013, about 1,100 government officials have benefitted from external training on inclusive growth issues, including Financial Development and Financial Inclusion, especially in the MCD and AFR regions. In TA, distributional analysis is an integral part of the assessments provided during FAD’s expenditure policy missions, in particular when social spending and energy subsidy reforms are considered. Capacity development is also supported by providing workshops and courses on energy subsidy reform (as was done recently in Haiti and Kuwait) and by tools made available on a [dedicated webpage](#).
- **Gender.** CD activities on gender include peer-learning events with support from external partners, regional workshops on gender budgeting, and advice on gender budgeting as part of FAD TA missions. In November 2017, for example, AFR and SPR organized a peer learning event in Rwanda with IMF staff and stakeholders (including over 170 representatives from over 20 countries in the region, academics, and civil society organizations) on best operational practices for closing gender gaps. Workshops have been conducted with FAD support on gender budgeting, including most recently in CAPTAC-DR, CARTAC, JVI, and SARTTAC from end-2017 to March 2018. FAD has also advised countries on gender budgeting as part of public financial management (PFM) missions since 2016, including as part of program budgeting in Cambodia, in the context of PFM reforms in Niger, and as part of a budgeting project in Ukraine.
- **Climate change.** Over the past few years, the Fund has provided technical advice on climate mitigation, particularly on carbon pricing, and increased support to small states exposed to climate-related natural disasters (PFTAC/CARTAC Notes from the Field). For example, the Climate Change Policy Assessments in St. Lucia and Seychelles in 2017 examined the country’s mitigation, adaptation, and climate financing strategies. Since 2016, TA was given to Guatemala and Colombia on the design and impact of carbon taxation, and to Jamaica to reform environmental taxation as part of a broader tax policy mission on rebalancing revenues toward consumption, environmental, and property taxes.

C. Considerations

3. Several factors should be considered in the provision of CD in these areas. These include demand from member countries; macro-criticality; the degree of in-house expertise in the area; cost; synergies with surveillance and UFR; and collaboration and partnerships with other

providers.⁵ In addition, the “**FINE**” model—defined in a [2011 review](#) to ensure TA is **F**ocused on the Fund’s strengths in macroeconomics; **I**ntegrated with core surveillance and program responsibilities; **N**imble to respond to crises; and **E**ffective in providing outcome-focused advice that responds to members’ evolving needs—is also relevant as the Fund navigates how to deliver CD in these areas, particularly in the context of constrained resources. For example, on integrating surveillance and CD, as detailed in a [recent report](#), FAD has developed an integrated framework for its work on gender budgeting that is closely linked with surveillance issues, with regional workshops largely included in the CD RAP and coordinated with Fund departments.

4. Challenges. Based on the experiences of departments so far, these include limited overall resources and growing demand; the need for specialist expertise to provide high quality advice; and the rapidly evolving nature of issues, such as fintech and cyber risks. To address these issues, departments are:

- **Building out internal expertise** for areas that are macro-critical such as fintech, as internal expertise is a prerequisite for the Fund to offer CD advice, avoid reputational risks, and be able to collaborate effectively with partners. For example, given the growing demand from members for advice from the Fund on managing cyber risks, MCM recruited one specialist and is in the process for recruiting a second, to work with MCM staff and ITD, SPR, and LEG to provide TA on cyber security and to develop a pool of external experts from other institutions. On fintech, staff are currently building in-house expertise, supplemented with external experts and collaboration with other providers.
- **Resource constraints.** Given limited overall resources for CD in these emerging areas, it is important to ensure continued prioritization, while leveraging staff experience and the knowledge and expertise of other providers and partners. Collaboration with other institutions, developing strategic partnerships, and identifying external experts and training them to understand the IMF perspective is useful. For example, to further address resource constraints, FAD has also worked with IMF training institutes to deliver gender workshops and developed STATA-based tools for staff or external experts on energy subsidies.

⁵ See Background Note on Coordination of Fund CD with Other CD Providers.

III. TECHNOLOGY IN CD DELIVERY¹

“Our world is about to be transformed by a technical revolution. From automation to artificial intelligence, mobile technology to social media, machine learning to the cloud, technology is changing the way we learn.”

Christine Lagarde launching the Capacity Development Technology Challenge

A. Introduction

1. Technology plays a pivotal role in the Fund’s CD delivery. The availability of new tools and the evolution in infrastructure in member countries has led to:

- Knowledge-sharing with wider audiences, including the broader public, member country officials, and specialists;
- Significant scaling up of the volume of training to member country officials; and
- Enriching delivery modalities, including by providing richer information on cross-country experiences, making it easier to connect peers and experts, and distilling complex advice into practical tools.

2. Content. This paper provides an update on technology-linked delivery since 2013 and considers how the Fund can further boost the use of technology to deliver CD services in ways that are both most useful to members and cost effective.

B. Update Since 2013

3. Online learning. The program, launched in 2013, is successfully delivering on its four objectives:

- **Scale up the volume of training to government officials.** Since its launch, online learning has contributed to the bulk of the nearly 70 percent increase in the number of government officials trained. In FY18, online learning accounted for about 30 percent of all training participants.
- **Share knowledge with the wider public through massive open online courses (MOOCs).** So far, online courses have attracted over 42,000 active participants. Almost 12,000 government officials and 10,000 members of the public from 192 countries have successfully completed an online course.

¹ Prepared by a team led by Jolanta Stefanska (STA) comprising Christiane Roehler (FAD), Hunter Monroe (MCM), and Barrie Williams (OBP).

- **Complement classroom training with advance preparation.** Online courses show evidence of learning as participants score significantly higher on average (18 percentage points) on end-of-course tests, compared with pre-course test performance. Additionally, preliminary research suggests that performance in classroom training is stronger for those participants who have successfully completed an online course.
- **Improve absorption of TA by offering online training on related topics.** The strategy for curriculum development emphasizes developing courses that include introductory or intermediate material, especially tools for analysis; that draw on Fund experience with country examples and case studies; and that exploit TA-training synergies.

4. Distilling and disseminating specialized knowledge. Technology has started to play a role in maintaining ongoing virtual dialogue between the Fund, member countries, and other stakeholders. For example:

- **Customized webinars and web conferences** leverage technology to reach larger groups of a specialized audience in dispersed locations, or member country officials in far-away or locations with security concerns. Staff have begun to experiment with these technologies to facilitate regular and active stakeholder engagement between the Fund and its key audiences and to enrich peer-to-peer exchange at a relatively low cost. In 2017, for example, ICD delivered, on a pilot basis, a three-hour webinar on “Economic Issues in Regional Integration” for Brazil’s Central Bank, which included two short lectures combined with a workshop.
- **Use of videoconference and email** allowed FAD to provide fiscal TA to Liberia during the Ebola crisis.
- The creation of **websites, blogs, games, apps, educational videos, podcasts**, and use of **social media** is also helping to disseminate knowledge. For instance, FAD has a long-established PFM [blog](#) that facilitates sharing with its expert community and the public. It is also pioneering a mobile phone application with an introduction to the Tax Administration Diagnostic Assessment Tool (TADAT) and the first gaming application of the Fund, addressing its new flagship topic for mobilizing domestic revenues: “Medium-Term Revenue Strategy.” COM and ICD are sponsoring outreach using social media, while STA is promoting an e-learning series of videos covering varying aspects of the Government Finance Statistics Manual 2014. APD is also piloting a collaboration site in the Association of South East Asian Nations (ASEAN) region.

5. Improved technology infrastructure has opened new areas where the members are seeking assistance. Examples include:

- FAD’s “hackathons” have helped member countries brainstorm about technological solutions. With the support of the Gates Foundation, hackathons in Uganda, Senegal and Cote d’Ivoire employed crowd sourcing techniques to bring together a diverse group of individuals to identify gaps, find innovative solutions and write first IT specifications to address challenges in tax administrations.

- Easy access to database technology also has made it possible for FAD to develop and provide access to 85 specialized databases and numerous tools for generating evidence to underpin TA advice. These databases and tools store and organize cross-country information about institutions and administrative practices in member countries, permitting the analysis of fiscal transparency, the efficiency frontier for a public investment management assessment (PIMA), the impact of revenue administration practices on revenue collection, the structure of expenditures or the extent of energy subsidies.

C. Looking Ahead

6. Building on experience. Continued exploration of short, on-demand learning should be considered, including in the form of short modules, educational videos, podcasts, and mobile learning (mLearning), as mobile continues to grow and dominate as the preferred way to access and consume content. In parallel, the Fund should make use of the rich analytics generated by these platforms to assess their effectiveness. ICD also has a project underway to use MOOC big data to take a “live data” approach for online course management, introducing an innovative way to assess CD needs. Machine learning algorithms can also be used to perform text analysis of posts in the discussion forum and provide additional insights into participants’ experiences and the depth of peer-to-peer exchanges.

7. Advances in video conferencing technology. The adoption of cloud-based video conferencing software is affordable and offers a convenient way to communicate and enable collaborative opportunities online, without the constraints of location. Virtual reality technology could also be explored, as it is rapidly making its way into the mainstream and allows participants to interact in a shared experience or reality.

8. Leverage the advent of web-based applications and new cloud-based technology to explore new areas of CD. Considering the internet bandwidth and reliability limitations in some parts of the world, recent technology development—progressive web apps (PWA)—could be leveraged in the context of mobile learning as it is optimized for (but not limited to) mobile devices. The new overarching strategy on data and statistics endorsed by the Board in 2018 promotes a vision for data and statistics at the Fund which integrates country websites developed under the IMF’s data dissemination initiatives into a universal network that publishes data for the common good—the global data commons. STA, in close collaboration with area departments, has been assisting countries to adopt cloud-based technologies to disseminate data on their National Summary Data Page (NSDP) in the machine-to-machine Statistical Data and Metadata Exchange (SDMX) format. These initiatives, which would have been impossible without modern technology and TA, will give all members an opportunity to publish data needed by the Fund for surveillance.

9. Use of cloud technology for sharing data frameworks and compilation tools. Country officials value cross-country experiences drawing on lessons from other countries and the IMF develops much of its training and TA knowledge by studying country cases. New cloud-based database technology makes it possible to maintain extensive databases of both structured and

unstructured information, relate and correlate this information, create targeted reports, provide easy access and share this information with dispersed audiences. Country specific tools for data compilation can be easily extended to other members on demand.

10. Information management and big data. The new Data for Decisions (D4D) Fund targets putting more and better data in the hands of decision makers to enhance evidence-based macroeconomic policies and support achievement of the Sustainable Development Goals (SDGs). The Fund will provide advice on statistical information management practices and related technical environment to help statistical offices, central banks, and ministries to streamline, standardize, and automate their data management practices and infrastructure and enhance countries' ability to compile and disseminate macroeconomic and financial statistics. At the same time, big data is becoming a more viable option for countries to strengthen their statistics by complementing and replacing traditional data. The Fund could develop statistical TA in this area to help countries understand options that would benefit them and how to implement such options. The new strategy on data and statistics states that the use of big data in the Fund should be supported by CD in the following ways: (i) learning from country authorities that lead on the use of big data to facilitate peer learning across the membership, and (ii) sponsoring visits of member countries' statistical office staff leading in the use of big data to countries interested in learning to use big data to produce statistics. Best practices learned by compilers could then be used to customize CD by the Fund.

IV. CAPABILITY ASSESSMENT PROGRAM¹

A. Introduction—Capacity Assessment Program Pilot

1. One of the recommendations in the 2013 CD Strategy paper was to pilot a “Capability Assessment Program” (CAP) and assess its value.² The CAP was voluntary and its purpose was to assess the ability of central banks and ministries of finance to effectively formulate and implement sound monetary and fiscal policies. These pilots used a high-level assessment process, i.e., an assessment at the general institutional level, without going into technical details of individual operations. CAPs aimed at complementing existing more detailed diagnostic tools such as ROSCs or Public Expenditure and Financial Accountability (PEFA) assessments and were supposed to be informed by the findings and conclusions of macroeconomic policy assessments and other surveillance instruments, such as Article IV consultations and FSAPs. The assessments aimed at providing country authorities with information and analysis to set their overall CD priorities in macroeconomic areas, in consultation with their multilateral and bilateral development partners.

2. Two countries, Libya and Tunisia, volunteered for the pilot stage of the CAP, which took place over 2013–15.

- **In Libya, the CAP was comprehensive, covering both the Central Bank and the Ministry of Finance.** A concluding report was presented to the authorities providing a high-level summary of the findings and recommendations of the monetary and fiscal CAP modules, developed by Fund staff. The concluding report summarized the two modules, identified cross-cutting themes across the monetary and fiscal institutions, and addressed training needs. However, the security situation in Libya posed a significant challenge to implementing the CD plan to follow up on the recommendations of the CAP report.
- **In Tunisia, the CAP covered an assessment of the Central Bank.** As with the CAP for Libya, a concluding report was presented to the authorities providing a high-level summary of the findings and recommendations. The concluding mission also included, in addition to Fund staff members, an external advisor with substantial and well-recognized policy-making experience. However, the economic problems and frequent changes of the government in 2013–15 did not allow the authorities to respond promptly to CAP recommendations.

In both the Libya and Tunisia pilot cases, the authorities indicated their appreciation for the exercise which helped them identify institutional priorities and training needs going forward.

3. Outside the pilot framework, staff also conducted a capability assessment for the central bank and finance ministry in Somalia. As with the CAP pilots for Libya and Tunisia, the

¹ Prepared by an interdepartmental team led by Alexei Kireyev (MCD) comprising Vincent Koukpaizan (FAD) and Stephen Swaray (MCM).

² The CAP exercise was funded by the U.K. Department for International Development (DFID).

exercise in Somalia involved discussions of the assessments with the authorities, an action plan, and coordination with donors. Notwithstanding some of the same challenges faced in Libya and Tunisia related to progress on implementation, logistics, and donor coordination, considerable progress has been made in Somalia since 2013 to rebuild the capacity of the finance ministry and central bank to undertake such tasks as preparing and monitoring an annual budget, implementing national currency reform, and strengthening central bank governance.

B. Lessons Learned

4. **Most stakeholders (authorities, Fund staff, and donors) found value in the CAP.** The authorities generally placed a high priority on capacity building, which donors were keen to help with, particularly in areas where their countries could provide technical support. In the Tunisia case, the presence of a senior external consultant with extensive first-hand experience in managing change in the public sector was seen as particularly useful.
5. **The CAP exercise also emphasized the synergies between TA and training.** Training was a full part of the exercise with the participation of ICD in the concluding missions and the identification of specific training courses and venues in the plans. A number of IMF courses through the Middle East Center for Economics and Finance in Kuwait and METAC, as well as IMF HQ, were identified to respond to priority needs and officials from Libya and Tunisia have been given priority in participation.
6. **However, the pilot cases demonstrated challenges with the CAP concept.** While it was appropriate to select countries going through a deep political and economic transformation as pilot cases, the pilot exercises for Libya and Tunisia may have been done too early in their transitions. Given other pressing demands on the authorities in the economic and political spheres at that time, there were long lags between each stage of the exercise. At the same time, the need to conduct some field visits off-site reduced the opportunity to conduct outreach and build consensus within organizations. The pilot cases also demonstrated the importance of ownership by the authorities for the recommendations, including the need for the authorities to draft their own roadmap for reforms. However, this can be challenging, especially in countries where capacity constraints may be an issue.³ Finally, the framework itself proved to be quite resource intensive at the staff level.

C. Proposed Way Forward

7. **Staff see merit in leveraging elements of the CAP in the Fund's CD work.**
 - **Role of the mission chief.** Given the strategic nature of the CAP, the active engagement of the area department mission chief was seen as critical, including to emphasize to the country

³ See External Study, "A Review of the IMF's Efforts to Strengthen Individual and Institutional Capacity" where the importance of effective leadership and country ownership are singled out as the most important elements to ensure the success of capacity building efforts.

authorities the importance of institutional capacity to successful implementation of technical advice from the Fund.

- **Flexible approach.** The experience in Somalia was instructive in its use of targeted elements of the CAP exercise tailored to the needs in that case. The CAP’s comprehensive approach may not be effective in many cases, suggesting a more modular approach should be explored.
- **Supporting tools.** Since the CAP pilots started in 2013, CD departments have developed several assessment and diagnostic tools.⁴ These tools can be used to clarify various aspects of the institutional frameworks for fiscal ministries and central banks which can identify reform priorities for CD. Such assessments can be valuable not just for post-conflict and fragile states to rebuild weak institutions, but also useful for countries where institutions are relatively strong to help inform sequencing and prioritization of CD.

8. To maximize impact, the Fund should draw on the experiences and expertise of others.

For instance, the Fund could help to put countries that want to improve their institutional capability in touch with peer countries that have successfully done so. Other CD providers and partners are likely to need to engage as part of the country’s strategy to build institutional capability, drawing on the Fund’s diagnostics and assessment, especially in areas where the Fund does not have expertise, e.g., on civil service reforms, that are core to the institutional weaknesses identified.

⁴ See Background Study on CD and Surveillance Integration.

V. COORDINATION WITH OTHER CD PROVIDERS¹

1. Coordination among CD providers is needed to promote sequenced, consistent, and complementary CD and to avoid duplication. With substantial coordination underway, this note considers what works, what are the challenges, and how to enhance coordination (Box 1).

Box 1. Current Coordination Arrangements

Formal coordination arrangements have increased. This growth reflects the increase in multi-donor trust funds and a focus on the SDGs. Coordination takes place at many levels:

- **Institutional level.** For example, a formal agreement exists between the IMF and the World Bank (WB) and other memoranda of understanding (MoUs) have been signed up with other institutions.
- **Thematic level.** Joint topical trust funds include the FIRST and the Debt Management Facility (DMF) with the WB. The Tax Policy Platform of the IMF/WB/United Nations has a joint analytical agenda on SDG revenue mobilization. Joint diagnostic and other CD tools include the Public Expenditure and Financial Accountability and the Medium-Term Debt Management Strategy (MTDS) framework, joint with the WB. Specific cooperation with development partners (WB, regional development banks, and key bilateral aid agencies) targets strengthening the overall CD approach towards fragile and conflict-affected states, for example, to finance debt management capacity-building efforts for LICs, including through the IMF/WB DMF.
- **Regional level.** RTACs regularly engage with donors and other CD providers. Training is also often coordinated with other international financial institutions (IFIs), e.g., at the Center for Economics and Finance in Kuwait and at the JVI, which also cooperates with regional central banks. ICD and STA also coordinate with other organizations' training centers, e.g., the Center for Latin American Monetary Studies, the West African Institute for Financial and Economic Management (WAIFEM), and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). ICD has joint training programs with MEFMI, WAIFEM, and the South African Reserve Bank. SARTTAC and STI deliver courses in Asia jointly with the South East Asian Central Banks (SEACEN) and the Malaysian Research and Training Centre.
- **Country Level.** Country teams regularly meet with other CD providers, resident representatives participate in donor committees, and other CD providers have participated in Fund missions. WB staff, for example, have participated in 24 PIMA missions and regularly share missions in the areas of financial sector reform and public debt management with Fund staff. More recently, some area departments have included information on other CD providers' work programs in their country strategy notes.

A. What is Working?

2. There are many examples of effective coordination approaches. The list below highlights examples of good coordination approaches and information sharing.

¹ Prepared by a team led by Teresa Curristine (FAD) comprising Myrvin Anthony (MCM), Oana Croitoru (ICD), and Lisbeth Rivas (STA). A series of structured interviews were conducted with IMF staff in CD and area departments in late 2017. Other inputs were obtained from Fund and other CD providers' documents.

Institutional Level

- **MoUs**, e.g., between STA and the Economic Commission for Latin America and the Caribbean, facilitates coordination in compiling statistics in various countries in the region.

Thematic Level

- **Annual meetings** with other CD providers to discuss CD delivery in regions or specific countries, e.g., World Customs Union meeting with IMF/IDB/WB.
- **Joint working groups** in specific technical areas e.g., the Inter-Secretariat Working Group on National Accounts (Eurostat, IMF, OECD, UN, and WB), the Advisory Expert Group on National Accounts (Eurostat, IMF, OECD, UN, WB, and member countries experts), the Balance of Payments Committee (IMF, Bank for International Settlements, the European Central Bank, Eurostat, OECD, UN), IMF Government Finance Statistics Advisory Committee (Eurostat, IMF, OECD, WB, International Public Sector Accounting Standards Board, compilers, users, and academia), the Global Conference on the G-20 Data Gaps Initiative (IMF, Financial Stability Board, and G-20 countries officials), and the Statistical Forum (policy makers and academics).
- **Informal information-sharing arrangements**, e.g., public debt management matrix for sharing future work plans with the WB.
- **Jointly-developed CD tools**, e.g., the MTDS framework and the TADAT, which is supported by international donors, the WB, and the European Commission.

Country Level

- **Country-led coordination structures** in Rwanda, country authorities are playing an active role in prioritizing the overall agenda for CD in line with the government-led development vision. The authorities have established an overall division of labor among the various CD providers (IMF, WB, UNDP, ILO, the Food and Agriculture Organization (FAO), ADB, and multiple donor countries), based on their individual ability to provide the preferred aid modality within the given sector and the local priorities. To facilitate continuous oversight of CD projects, local coordinators have been appointed within the key government institutions.
- **Resident representative participation** in donor coordination committees (e.g., Bosnia and Herzegovina):
- **Resident CD coordinator**. In countries with high CD usage such as Mozambique and Ukraine, a dedicated resident expert has been assigned to manage the coordination of Fund CD in the country and to coordinate with other CD providers.
- **Thematic country coordination committees**, e.g., the coordination committee for financial sector TA in Myanmar. Participants in this committee coordinate their TA delivery and share their

plans, programs, and advice. They established sub-sectoral groups to implement work plans and develop milestones for monitoring performance.

- **Joint country meetings**, where all major IFIs present to the government the main findings of their recent TA and future work plans. e.g., recent meeting in Brazil with the IMF/ WB/IDB.
- **Country reform strategies** developed by the Fund, working with the country and other CD providers to deliver the plan, e.g., in Uganda, the IMF developed the Medium-Term Revenue Mobilization Strategy and coordinated with other CD providers on delivery.
- **Joint/coordinated delivery**. The Bank for International Settlements and the Fund are working together in delivering courses to help strengthen the expertise and skills of financial regulators and supervisors, including in relation to financial technology.
- **Informal information sharing arrangements**. For example, between Fund CD managers and the respective counterparts in other providers (e.g., WB).

B. What are the Challenges?

3. Despite these positive examples, coordination has been challenging in some countries and thematic areas. In interviews conducted for this note, staff highlighted difficulties arising from duplication of efforts and countries being overwhelmed with recommendations and advice, sometimes contradictory, from several CD providers. Addressing these challenges is complex, including because the Fund, while a large player in some topical areas (e.g., tax policy, revenue administration, and macroeconomic statistics) is a small player compared to other CD providers, including other IFIs, accounting for about two percent of total CD provided by IFIs. Coordination challenges can arise from:

- Poor communication, lack of information exchange, and difficulty finding relevant contact points in other institutions or in-country with information on TA provision.
- Complexity of coordination in countries with high CD demands and multiple CD providers.
- Differences among CD providers in working approaches, level of expertise and views on best advice or practices.
- Competition among CD providers and misaligned incentives, including the absence of effective incentives for coordination.
- Lack of resources set aside to manage coordination by the Fund or others.

C. Moving Forward—Enhancing Coordination

4. Effective coordination requires significant resources and evidence suggest this works best when tailored to the individual country and thematic area. Factors to consider in

developing an approach include the level of economic development, institutional capacity, the volume of CD needs and current delivery, the level of risk, and the absorption capacity of the country. Keeping in mind these factors, the initiatives listed below build on existing good practices:

- **A country-driven and managed CD coordination structure/committee**, especially for countries with large CD needs. This could increase country ownership of TA and the traction of TA programs and recommendations. In countries with low institutional capacity, it may be challenging for the country to take the lead. In these cases, an approach with greater support from donors and providers, including the Fund, may be appropriate.
- **Greater Fund presence on the ground in high volume CD countries.** This could take several forms, including a role for the resident representative in CD coordination committees, having RTACs play a more active role in coordinating with other CD providers, or through a resident CD coordinator.
- **More coordination at the thematic level**, for instance, participation in periodic meetings of groups of CD providers (yearly or more frequently, as necessary) to discuss CD delivery and plans. These could take the form of in-country, thematic coordination committees e.g., with revenue administration officials and other CD providers.
- **From the outset, have coordination throughout the CD cycle**, especially in fragile and low-income states from the diagnostic stage, to developing CD plans to delivery and impact evaluations.
- **Enhanced communication and information sharing** with other CD providers. Currently much communication takes place on an informal and as-needed basis. However, the implementation of more formal arrangements can be costly due to resource constraints on all sides (staff, country, other providers). Such systems may also introduce rigidities that do not keep up with changing circumstances on the ground. Potential options for improving coordination include:
 - In line with the recommendations in the note to strengthen the integration between surveillance and CD, area department mission chiefs and resident representatives—in their upgraded coordinating role—can step up contact with other CD providers active in their countries and could facilitate the dialogue on CD planning and coordination, as necessary.
 - In countries which are high CD users, this could include annual meetings among IFIs and CD providers, using videoconferencing as necessary. To facilitate the discussion, it would be useful to compile shared matrices (plans) with details on major CD plans. This could be developed and maintained by the country authorities and shared with IFIs and CD coordination committees.
 - Taking advantage of improving systems solutions and virtual/online platforms to improve communications and help develop topical and/or country-specific online contact lists including for individuals responsible for TA coordination at major CD providers, which could

be regularly updated by each participating party. This would be especially important for program countries and heavy users of CD.

- In-country, **joint CD providers annual meeting with the government**, where all major CD providers present to the government the findings of their recent CD and planned work (as in Brazil). This is especially important when new governments come to power. The Fund could be represented by the resident representative or functional TA coordinator where appropriate.

VI. CD PARTNERSHIPS¹

1. External funding has expanded significantly in recent years, albeit at a slowing pace, playing an increasingly key role in the Fund’s CD efforts (Box 1). Externally financed CD has grown at an average rate of 16.3 percent since 2011 or 14.3 percent in real terms. The share of external financing in direct CD spending rose from about 40 percent in FY11 to over 50 percent in FY18 (Figure 1). This increase also reflects modest growth in internally funded CD (which has been flat on a real basis since FY13).

Box 1. Donor Partnerships and Funding

CD activities, unlike surveillance and program work, are funded by both the Fund’s own resources and donor financing. The Fund’s medium-term budget sets an overall envelope for Fund- and donor-financed CD, with the amount of Fund-financed CD considered alongside demand for other Fund activities.

External and internal funding play complimentary roles in supporting the Fund’s overall CD work. Given that external funding is often available only to certain countries and/or topics, it is best suited to medium-term CD efforts. Internal funding is more flexible and can be directed to under-resourced or unforeseen demands.

Decisions on whether to finance specific CD activities using internal or donor financing are guided by the following Board-approved principles outlined in [IMF Policies and Practices on Capacity Development](#):

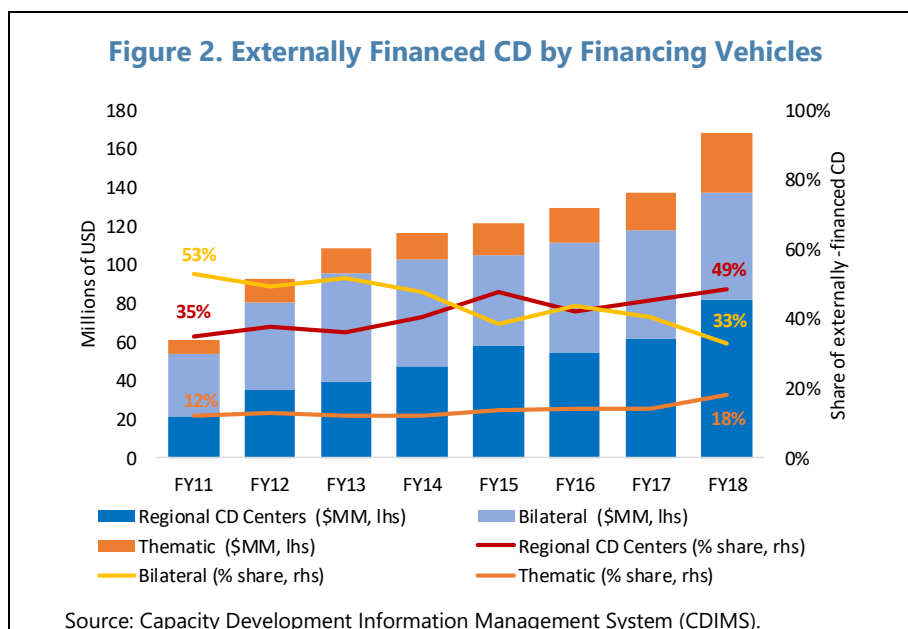
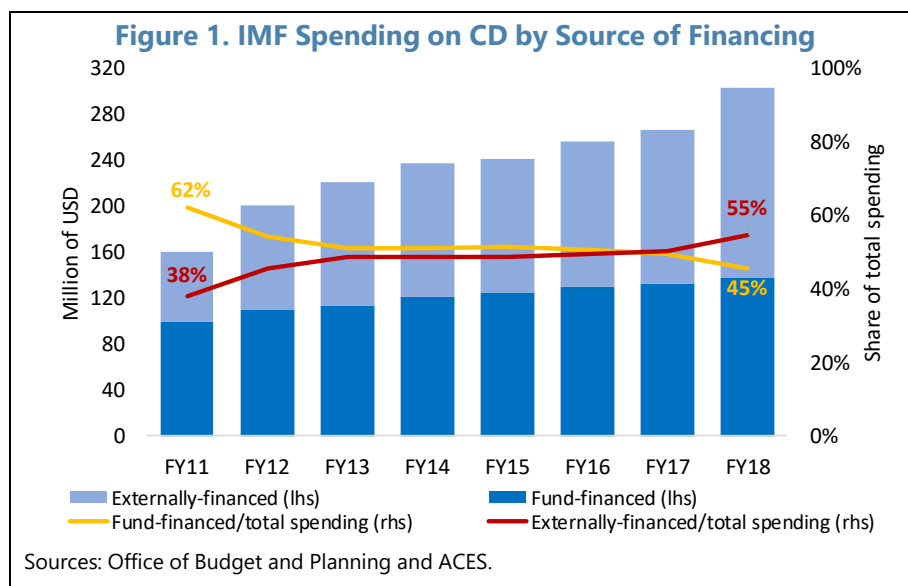
- *Fund’s role.* Fund financing of CD should be considered in the following cases: (i) in countries or on topics where donor funding is not available, including in program cases; (ii) when a quick reaction is required; or (iii) when Fund expertise in particular areas needs to be maintained.
- *Donors’ role.* Donor financing of CD should be considered in the following cases: (i) when donor interests are consistent with Fund priorities and objectives; and (ii) when sufficient space is available in the Fund’s budget to cover co-financing costs.
- *Additionality.* Donor financing should result in additional delivery of CD to members.

The policy for charging for donor-financed CD activities was established in 2009 in the context of the [Framework Administered Account for Selected Fund Activities](#) and has largely remained unchanged since then. In 2015, the Fund implemented a policy where Fund resources for CD to advanced economies (subsequently revised to “high-income countries”) is limited to critical needs (e.g., crisis cases), where no external funding can be found or below a threshold of US\$250,000. In addition, a recent working group formed to look at cost-recovery options concluded that the Fund’s overall cost-recovery model remains broadly appropriate, but that cost-recovery practices should be updated to align with advances in cost accounting. Any changes in actual charging practices will be communicated in advance to the Executive Board.

2. Recent increases in external funding were largely channeled through newly created multi-partner vehicles (MPVs) that complement bilateral programs (Table 1). To match specific interests and preferences of donors while minimizing administrative costs, the Fund increasingly tailored its CD instruments along regional and thematic lines. A global network of regional CD centers allows for better customization to the needs of each region, closer coordination with other

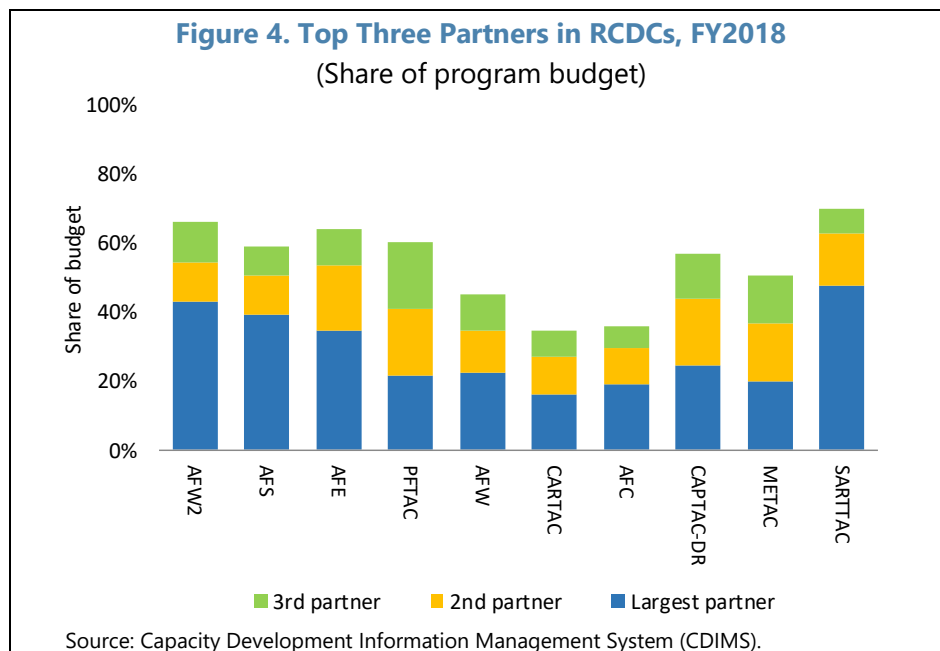
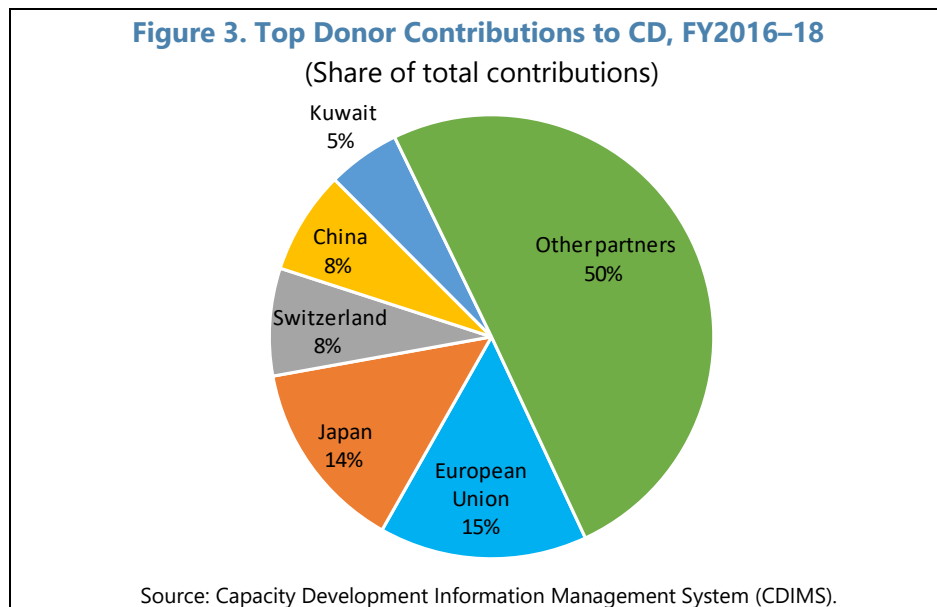
¹ Prepared by an ICD team led by Yasemin Bal Gunduz with input from Nathalie Carcenac and based on work by a team led by Eva Jenkner.

CD providers, and enhanced ability to respond quickly to emerging needs. The thematic funds reflect macroeconomic policy and management priorities and are aligned with key global development needs and initiatives, including the 2030 Agenda for Sustainable Development.² In FY2018, roughly 70 percent of externally funded CD was delivered through such MPVs and the remainder through single-donor bilateral programs (Figure 2). In the case of RTACs, around 20 percent of funding is contributed by beneficiary countries themselves.



² Revenue Mobilization (RMTF, 2011); TADAT (2014); Managing Natural Resource Wealth (MNRW, 2011); AML/CFT, 2009; Financial Sector Stability Fund (FSSF, 2017); Debt Management Facility II (DMF II, 2014); Financial Sector Reform Strengthening Initiative (FIRST, 2002); Data for Decisions (D4D, 2018); and two country funds supporting two fragile states (South Sudan, 2012; and Somalia, 2015).

3. The number of CD partners (“donors”) has also grown in recent years. However, a few donors account for the bulk of external CD funding. Over the past seven years, the Fund’s five largest contributors (Japan, the EU, Canada, the UK, and Switzerland) have provided about 60 percent of external funds, which raises risks related to concentration of partners and potential rollover risks (Figure 3). Several of these maintain a strong preference for funding bilateral programs and some of the Fund’s top-ten donors contribute almost exclusively to a single CD initiative (e.g., Austria’s support to JVI). Similarly, while funding for RTACs has increased with the growth in the number of centers, several RTACs have concentrated funding sources, which may leave them vulnerable to shifts in donor preferences and delays in donor disbursements (Figure 4).



4. Substantial fundraising efforts will continue to be needed. Advanced country donors, which provide most of the Fund’s external CD funding, continue to face resource constraints. Their commitment to fostering economic development notwithstanding, many of these traditional donors are facing fiscal pressures, adverse exchange rate and commodity price shocks, new demands on their resources, and/or funding uncertainties. At the same time, nontraditional donors, both official and private, have been expanding their development cooperation through bilateral channels and support to multilateral organizations.

5. Against this backdrop, staff have been focusing on risk mitigating measures to meet fundraising goals, strengthen partnerships, and support efficient, transparent use of resources. Key elements include:

- **Donors.** Fundraising for Fund CD is hampered by the fact that the Fund is sometimes not viewed as a traditional “development partner.” Staff have been taking a broad institutional approach to highlight the Fund’s role as an effective development partner aligned with global initiatives such as the SDGs. The aim is to diversify the donor base, with a focus on strategic bilateral donors (e.g., expanding and deepening CD partnerships with existing donors as well as using opportunities arising from new donors or those that are expanding their development cooperation), multilateral institutions, and private entities.
- **Vehicles.** While the Fund’s matrix model of thematic and regional vehicles is straightforward, there is scope for further refinement to enhance its completeness, flexibility, integration, and alignment with global development priorities. This includes (i) seeking greater funding certainty, e.g., through broader funding envelopes that cover multiple MPVs; (ii) more consolidation and flexibility, e.g., steering more donor resources into MPVs and away from smaller, less strategic bilateral arrangements; (iii) closer integration across the three types of CD funding vehicles—regional, thematic, and bilateral—to strengthen CD delivery; and (iv) in due course, a fully completed structure of regional and thematic MPVs that is in line with strategic CD priorities, capacities, and resource constraints.
- **Operations.** Much time is spent on handling small donor funds and donor-specific requests, therefore, there is a need to free up resources for higher-value engagement with donors to promote more cost effectiveness in funding. In particular, there is scope for efficiency gains from standardizing and simplifying CD procedures to improve efficiency and transparency in CD management, fundraising, and delivery, including by leveraging new technologies (e.g., continued standardization across funding instruments, more flexible umbrella funding arrangements, a simplified process for small-scale agreements, revising the policy and procedures for charging advanced economies for TA, more transparent information on IMF “co-financing” and “pricing” of IMF products to partners, and a strengthened external reporting mechanism).
- **Communications.** Notwithstanding encouraging trends, public awareness of IMF CD remains weak. To some extent, this can be traced back to a past lack of systematic external

communication on CD, low penetration of the IMF's CD webpage, and, not least, low awareness of the reach and benefits of Fund CD even within the Fund itself. The objective is to strengthen external engagement and communications by systematically embedding CD in outreach activities and communication, using social media to raise the profile of CD, and fostering a "CD community." This includes a key role for IMF management to enhance the visibility of CD and of partners externally, and internal engagement to strengthen buy-in and support.

Table 1. Fund Vehicles for Capacity Development

Vehicle	Est.	Location	Partners	Member Countries (RCDCs) / Eligibility (Thematic Funds)	Current Funding Cycle (Phase I–V)
Regional Capacity Development Centers					
Joint Vienna Institute (JVI)	1992	Austria	Austria (primary member) and international partners/donors	30 countries in central and southeastern Europe, the Caucasus, and Central Asia	...*
Pacific Financial RTAC (PFTAC)	1993	Fiji	ADB, Australia, EU, Korea, New Zealand	16 Pacific island countries and territories	V: Nov. 2016–Apr. 2022
Singapore Training Institute (STI)	1998	Singapore	Australia, Japan, Singapore	37 countries in the Asia-Pacific region	...*
Caribbean RTAC (CARTAC)	2001	Barbados	Canada, CDB, EU, Mexico, U.K.	22 Caribbean countries and territories	V: Jan. 2017–Apr. 2022
AFRITAC East (AFE)	2002	Tanzania	EIB, EU, Germany, Netherlands, Switzerland, U.K.	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda	IV: July 2015–Apr. 2020
AFRITAC West (AFW)	2003	Côte d'Ivoire	China, EIB, EU, France, Germany, Luxembourg	WAEMU plus Guinea and Mauritania	IV: Jun. 2017–Apr. 2022
Middle East RTAC (METAC)	2004	Lebanon	EU, France, Germany, Netherlands, Switzerland	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, and Yemen	IV: May 2016–Apr. 2021
AFRITAC Central (AFC)	2007	Gabon	China, EIB, EU, France, Germany, Netherlands	CEMAC group plus Burundi and Democratic Republic of Congo	III: Nov. 2017–Apr. 2022
Central America, Panama, & Dominican Republic RTAC (CAPTAC-DR)	2009	Guatemala	EU, Canada, Luxembourg, Mexico	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama	II: May 2014–Apr. 2019
AFRITAC South (AFS)	2011	Mauritius	Australia, China, EIB, EU, Germany, Netherlands, Switzerland, U.K.	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, and Zimbabwe	II: Aug. 2017–Apr. 2022
Middle East Center for Economics and Finance (CEF)	2011	Kuwait	Kuwait	Arab League member countries	...*
IMF Capacity Development Office in Thailand (CDOT)	2012	Thailand	Japan, Thailand	Core beneficiaries are Cambodia, Lao PDR, Myanmar, and Vietnam	...*
Africa Training Institute (ATI)	2013	Mauritius	Australia, China, EIB, Germany, Korea, Mauritius	45 countries in sub-Saharan Africa	I: Jun. 2013–Apr. 2019 II: May 2019
AFRITAC West 2 (AFW2)	2013	Ghana	AfDB, Australia, Canada, China, EIB, EU, Switzerland	Cape Verde, The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone	I: Nov. 2013–Apr. 2019
South Asia Regional Training & Technical Assistance Center (SARTTAC)	2017	India	Australia, EU, India, Korea, U.K.	Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka	I: Jan 2017–Apr. 2022
China-IMF Capacity Development Center (CICDC)	2018	China	China	China and other member countries	...*

Table 1. Fund Vehicles for Capacity Development (concluded)

Vehicle	Est.	Location	Partners	Member Countries (RCDCs) / Eligibility (Thematic Funds)	Current Funding Cycle (Phase I–V)
Thematic Funds					
Financial Sector Reform & Strengthening Initiative (FIRST)	2002	...	Phase III: Germany, Luxembourg, Netherlands, Switzerland, U.K. Phase IV: Germany, Switzerland (joint with WB)	Worldwide	III: July 2012–June 2018 (extended to Dec. 2020) IV: July 2018– Dec. 2022
Debt Management Facility (DMF II)	2014	...	African Development Bank, Austria, EU, Germany, Netherlands, Norway, Russia, Switzerland (joint with WB)	Focus on low-income countries and selected lower middle-income and upper middle-income countries	II: Apr. 2014–Dec. 2019 III: Jan 2020
Anti-Money Laundering/ Combating the Financing of Terrorism (AMLCFT II)	2009	...	France, Japan, Luxembourg, Netherlands, Norway, Qatar, Saudi Arabia, Switzerland, U.K.	Priority on low-income and lower middle-income countries	II: May 2014–Apr. 2020
Managing Natural Resource Wealth (MNRW)	2011	...	Australia, EU, Netherlands, Norway, Switzerland	Resource-rich low and lower middle-income countries	II: Jan. 2017–Jan. 2022
Tax Administration Diagnostic Assessment Tool (TADAT)	2015	...	EU, Germany, Japan, Netherlands, Norway, Switzerland, U.K.	All countries at all income levels, both national and subnational levels	II: May 2019–Apr. 2024
Revenue Mobilization (RM)	2016	...	Australia, Belgium, Denmark, EU, Germany, Japan, Korea, Luxembourg, Netherlands, Norway, Sweden, Switzerland	Low and lower middle-income countries	II: Jan. 2017–Jan. 2022
Financial Sector Stability Fund (FSSF)	2017	...	China, EIB, Italy, Luxembourg, Saudi Arabia, Switzerland, U.K.	Focused on low and lower middle-income countries	I: Nov. 2017–Oct. 2022
Data for Decisions (D4D)	2018	...	China, EU, Korea, Luxembourg, the Netherlands, Switzerland	Mainly low and lower middle-income countries, with special focus on fragile states (may engage in other countries with statistical CD needs)	I: May 2018–Apr. 2023
Country Trust Funds					
South Sudan	2012	...	Norway	South Sudan	I: Nov. 2012–Apr. 2020
Somalia	2015	...	Arab Fund for Economic and Social Development, Canada, EU, Italy, U.K., U.S.	Somalia	I: Feb. 2015–Apr. 2021
Source: Fund staff.					
Note: ...* — These RCDCs have specific funding arrangements, which are not based on 5-year funding cycles.					

VII. CD COMMUNICATIONS¹

A. Backdrop

1. **At the time of the 2013 review, Directors observed that the Fund’s CD activities are relatively less well known than other areas of Fund work.** They considered that further efforts to promote this line of work, which was generally well appreciated by members, could be helpful. Since then, communication has helped increase awareness of this core mandate and enabled a better understanding of the tangible impact the Fund has in its member countries. Partner support is also being visibly recognized.

2. **The focus on communication efforts in the initial period since 2013 was on CD-focused platforms,** including a [CD page](#) on the IMF external website and videos highlighting CD-related activities in-country, high-level seminars during the Spring and Annual Meetings, and “introduction to IMF CD” sessions with civil society and media. RCDCs began launching websites and social media platforms to connect with the local community. The launch of MOOCs provided an opportunity to engage new audiences.

B. Taking CD Communications to the Next Level

3. **Beginning in November 2015, the Fund embarked on a concerted effort to transition CD communications to a higher level to support its partnership efforts.** This effort aimed to present a unified, holistic view of IMF CD, speak to broader audiences through accessible messages and appropriate platforms, and provide greater visibility to CD partners.

4. **An example of this effort is the more prominent focus on CD work and partner support in Fund management speeches and events.** Their engagement has generated positive social media traction, as well as attention from notable media such as *Jeune Afrique* and [The Banker](#) highlighting the Fund’s CD efforts. Local media have also covered regional CD events, such as [the opening of regional CD centers](#).

5. **At the same time, established Fund communication platforms—such as Finance & Development magazine, podcasts, and blogs—are featuring more CD-related stories.** Other platforms have been refreshed to appeal to a broader audience, such as the external [CD website](#) and an [animated video primer](#) on IMF CD that, in 2017, was among the most-watched IMF videos on Facebook and YouTube. CD providing departments also elevated their



¹ Prepared by an interdepartmental team led by Amit Khetarpaul (COM) comprising Oana Croitoru, Joanna Swirczsz, and Irina Kouropatkina (all ICD).

communications via platforms such as partner-focused videos and how-to notes. Printed promotional brochures have been improved to feature accessible messages and partner visibility. Each of these platforms also focuses on storytelling, bolstered by an internal CD story competition in 2016.

6. Dedicated social media platforms have also been launched to share updates on CD work and developments. This includes RCDCs, which have been building social communities and furthering outreach to a broader audience. So far, CD-focused Facebook and Twitter accounts have attracted more than 21,000 and 12,000 followers, respectively, and RCDC social media accounts continue to grow their audiences. Digital platforms have also magnified the reach of CD-related training and information. For instance, MOOCs have attracted more than 42,000 active participants from 192 countries.



7. Engagement with policymakers and stakeholders has also been elevated. The launch of a dedicated physical space to showcase CD efforts and partners (“CD Experience”) has become a fixture of the Spring and Annual Meetings, and the “Postcard Series” talks bring together country officials, partners, and IMF staff to share stories of CD collaboration. Informational sessions for CSOs and media are also regularly conducted during the meetings.

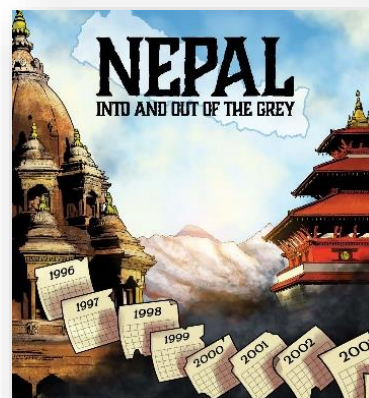
8. Organization of high-level CD events is another important part of the communications strategy. For instance, the Collect More, Spend Better seminar at the 2016 Spring Meetings and the Good Governance for Sustainable Infrastructure CD discussion at the 2017 Annual Meetings highlighted the significant role of CD in economic development; the Technology, Innovation and Inclusive Growth seminar at the 2016 Annual Meetings and the Driving Digital Financial Inclusion in Africa talk during the 2017 Spring Meetings showcased the Fund’s thought leadership on technology and development.



C. Looking Forward

9. Despite progress, challenges remain. While awareness of CD work is increasing, it continues to be the least-understood core activity of the Fund. Lack of understanding of CD activities and their tangible benefits to the country among broader audiences poses an ongoing challenge for CD communications. To address these challenges, future CD communications will be centered on the following areas:

- Global development effort.** To support partnership efforts and to facilitate greater uptake of policy advice, the IMF will intensify efforts to reinforce its CD activities as part of the broader global development effort. The Fund will focus its messages on the benefit of CD to countries, i.e., the importance of strengthening government institutions to address a rapidly changing global landscape. It will also highlight the linkage of its CD activities with the SDGs and to issues prioritized by the global development community, such as inequality, gender, climate change, and technology.
- Storytelling to bring CD to life.** The Fund has already begun to illustrate how CD improves lives through website stories, videos, as well as during the “Postcard Series.” This effort will be intensified in the coming years via innovative platforms such as graphic novels, as well as by publicizing CD stories more frequently via social media platforms. Identifying and socializing news-worthy examples will help media cover the Fund’s CD work more effectively. More content will also be developed in languages other than English, including on the CD website and in IMF training materials, and publicized via targeted social media activities.
- Audience-focused efforts.** To facilitate greater uptake and ownership of IMF advice, the Fund will strengthen the knowledge of policy issues among CSOs and media by arranging quarterly training sessions on relevant policy issues. Videos of such training programs could also be posted on IMF.org for further traction. The Fund will also intensify partner-focused activities, by continuing to provide partners with greater visibility in Fund communications products, inserting references to partnerships in communications, and organizing joint events.
- Integration between CD, surveillance and lending.** The Fund will develop a series of issue-specific (e.g., IMF CD in AML/CFT) and region-specific summaries of CD efforts for management, staff, and the public, as part of broader information sharing efforts on CD. In addition, CD activities will be highlighted on country pages of IMF.org, beginning with priority cases.
- Keeping current with communications technology.** The communications world is changing rapidly. For instance, current platforms may become outdated or less relevant over time. To keep up with these changes, CD communications will continue to evolve to adapt to new platforms and/or content-types, as needed.



VIII. DISSEMINATION OF TA DOCUMENTS¹

1. **Fund dissemination policy.** In 2008, the Executive Board endorsed [staff proposals](#) to support greater dissemination of TA information. Subsequent staff operational guidelines came into force in 2009, with an [update](#) in 2013. The guidelines cover policies on dissemination to Fund staff, to the Executive Board, and outside the Fund, including the World Bank, donors and CD providers beyond the World Bank, as well as the broader public (Table 1).
2. **TA reports.** Under current policies, TA reports are generally available to staff. They are routinely disseminated to the Executive Director (ED) for the recipient country when they are transmitted to the authorities, unless the country objects. They may be disseminated to other EDs and donors sixty days after the transmittal of the report to the authorities, unless the TA recipient explicitly objects or provides explicit permission for them to be provided more quickly.
3. **Knowledge management and accessibility of documents to staff:**
 - **Knowledge management.** CD departments are expected to provide reports to the IR, from which they can be accessed by all staff. However, recent reviews by KMU demonstrate significant gaps in this practice historically, reflecting ad hoc work practices, cumbersome procedures and inadequate incentives for knowledge sharing. At the same time, there is no system to alert staff and ED offices when a TA report is uploaded. Reports classified as strictly confidential are not maintained in the IR and currently there is no Fund-wide framework for their maintenance. Moreover, practices for declassification of TA reports, which should occur automatically after two years under Fund policy, depend too much on action by the report's author, who may move on to new assignments or leave the Fund.
 - **Current initiatives to address gaps.** To foster innovative and integrated analysis of TA and surveillance outputs, KMU, together with ITD and the Communications Department (COM), have started facilitating text mining projects through creating a common, text-analytics ready database of all Article IV reports and published TA reports, allowing departments to mine that content for various ad hoc projects. FAD is also experimenting with text mining and text extraction on the content of their TA reports. The next phase is to move to a broad institutional text mining strategy, which would include TA reports. KMU is also working on improving internal discoverability and dissemination of TA reports within the Fund. The unit also plans to work with LEG and ICD to strengthen guidelines on TA report declassification to clarify CD department responsibility to ensure compliance and is reviewing systems to prompt reminders that actions are needed. In addition, the unit is working with CD departments to systematically identify missing TA reports for HQ-based missions from FY2015–17 and ensure they are placed in the IR. Future work will include reports from RCDCs. Furthermore, KMU is collaborating with ITD to simplify the process of storing TA reports in

¹ Prepared by an interdepartmental team led by Stephanie Medina-Cas (STA) comprising Jim Beardow (COM), Pheabe Morris (LEG), and Nicolas Million (ICD).

the IR. Staff can access TA reports from the IR, with many TA reports also available through the Knowledge Exchange (KE) platform (which draws from the IR) when departments tag the report for KE purposes in the Fund's document management (DM) system. As of mid-March 2018, there were 8,434 TA reports on the KE site, including 2,151 reports from FY2015–17.

- **Current measures to enhance dissemination and usability of TA reports.** A Fund-wide initiative to replace the current DM System—the backbone of the document system from which the IR and KE platform are drawn—is underway. The new DM system improves metadata that will make it easier to find TA reports. KMU and ITD have also started a text mining project. They have created a database of all Article IV reports and provided tools for departments to mine the content to better assess how member countries are utilizing Fund policy advice. The next phase is to digitize and incorporate TA reports into the text mining database so that departments can perform similar analyses of these datasets. A database of TA recommendations is also being developed by KMU and ITD.
- 4. Accessibility to donors and other CD providers.** Currently, TA reports from an increasing number of RTACs are available to donors through a secured website, with other reports linked to donor-financed activities available by requests. Feedback from recent discussions indicate that donors want more timely and easier access to TA reports on CD activities that they help finance. ICD, working with KMU, will look at adding TA reports to its new platform for sharing CD information with donors, Partners Connect, in FY2019. Dissemination of TA reports to the public also affords more opportunity to acknowledge donor contributions, highlights CD as a major Fund work stream, and encourages investment in and engagement with countries through the sharing of data. In this way, enhanced dissemination can improve donor relations.
- 5. Accessibility to the public.** Under the current policy, staff are expected to proactively encourage the TA recipient to consent to publish TA reports.² This is based on the principle that publication helps to increase accountability of TA provision and support better information sharing among recipient countries, development partners, and civil society.
- **Procedures.** Current policy requires explicit consent of the TA recipient and approval by the authoring department, in consultation with the relevant area department. Departments generally send TA reports to the authorities under a transmittal letter that explicitly seeks agreement to publish the report. Some teams also request the authorities' consent to publication when on mission. Where members have agreed to publication, the report is circulated to the Executive Board for information. Deletions may be proposed if the relevant material is not in the public domain and is highly market sensitive, or if it reveals policy intentions whose premature disclosure would undermine the ability of the TA recipient to implement the proposed policy. Factual corrections and corrections to ensure that the

² Like other Fund documents, TA reports classified as strictly confidential are not published.

views of the TA recipient and Fund staff are accurately characterized may also be introduced prior to final publication.

- **The share of TA reports published remains extremely low.** The Secretary’s Department indicates that only 82 TA reports have been published during the period 2015–17, versus some 2,500 final TA reports deposited in the IR during the same period. FAD has published the greatest number of reports, followed by STA. Beyond the measures noted above, there has not been a concerted interdepartmental push to increase publication rates. Reports that are published have not been easy to find on the Fund’s external website as there is no dedicated section for TA reports. COM is currently working to introduce such a section on the Fund’s CD page, along with other relevant CD documents, including Technical Notes and CD evaluations.³
- **Wider publication of TA reports would be beneficial.** Increased publication of TA reports would create a publicly accessible, online repository that would improve coordination with donors and other TA providers, raise the visibility of CD activities, permit staff to use country cases in advising other countries, and spread best practices to the membership and public at large. In this context, countries that are facing specific challenges can use published reports for countries in similar circumstances as a resource as they flesh out policy options.
- **There is broad consensus among staff that further efforts are needed to support publication.** Recently, AFR, which serves several member countries that are heavy users of TA, have worked with CD departments to encourage publication. STA has also introduced a new TA report template that aims to facilitate publication (Box 1). An interdepartmental working group is also examining ways to boost publication, consistent with the Fund’s voluntary framework. The framework recognizes that there will be circumstances where the member may wish to maintain confidentiality and an excessive focus on publication may put at risk the Fund’s role as trusted advisor to its members.

Box 1. Statistics Department’s New TA Report Template

STA revamped its TA report template to aim it at a broad audience and improve the usefulness for primary users. The objective was also to make TA reports more understandable to senior policy makers to enhance buy-in. The new reports clarify and streamline analysis and recommendations. They also reflect RBM with reference to objectives and outcomes to be achieved. The new template introduces flexibility on the length and format of the reports. It also facilitates publication through improved transparency and marketing; for example, it is consistent with the Fund style for Board documents. These efforts are bearing fruit as STA published 18 reports in 2017 and 21 reports in the first quarter of 2018.

The new template contains a summary of mission outcomes and priority recommendations, optional analytical sections, and a detailed technical assessment and recommendations. The summary section is written in nontechnical language and links to surveillance activities. It is aimed at senior officials, area departments, and the general public. The technical part includes the detailed technical assessment, action plan and recommendations. The audience includes the technical counterparts and desk economists.

³ See companion note on Communications.

- **The working group is considering how best to address impediments to publication with available resources.** For example, many reports are produced in languages other than English (23 percent in 2017 by STA). The current policy requiring translation of all non-English TA reports going to the Board creates translation costs for publication, e.g., translating a 25-page document costs some \$4,000–6,000. Publication in some cases will require higher editorial quality, especially for reports written by short-term experts. Other issues that will need to be considered in future include publication of CD evaluations and follow-up action plans and, as it becomes available, results information.
- 6. New public products support dissemination of key CD findings.** In 2016, new series for FAD's ['How-To Notes'](#) and LEG's ['Tax Law Technical Notes'](#) were introduced. These new series augment the existing IMF ['Manuals and Guides,'](#) which are produced by STA to provide member countries with a toolset to implement TA, e.g., the Government Finance Statistics Manual. Broader efforts include publication by MCM of 50 country case studies over the past three years in the TA Strategy Update 2017–20, and in the FY15 and FY16 MCM TA Annual Reports.

Table 1. Dissemination of TA Information to Potential Recipients

CATEGORY OF TA INFORMATION	DISSEMINATION OF TA INFORMATION TO RECIPIENTS					
	Inside the IMF		Outside the IMF			
		Executive Directors	Direct TA Recipient	World Bank	Donors and Other TA Providers ¹	General Public (Publication)
The Fact of and Subject-Matter of TA (Not considered confidential, unless TA recipient requests otherwise)	Available under Fund's General Administrative Order No. 35, Rev. 2	Available in staff reports	Available	Ordinarily available ^{4,5}	Ordinarily available ^{2,3}	May be made publicly available
Information Related to the Administration of TA² (Not considered confidential, unless TA recipient requests otherwise)	Available under Fund's General Administrative Order No. 35, Rev. 2	Available ² (results of TA evaluations available annually under the Fund's TA Evaluation Program)	Available	Ordinarily available ^{2,3}	Ordinarily available ^{2,3}	May be made publicly available
Information Forming the Basis of TA Advice (Considered confidential and generally not made available beyond Fund staff)	Available under Fund's General Administrative Order No. 35, Rev. 2	Not made available	Available except for confidential information internally generated by Fund staff or provided by third parties. In the latter case, available if third party consents.	For coordination purposes and to exploit synergies, may be made available ³ with (i) the prior consent of the TA recipient (and the prior consent of a third party if the latter provided information on a confidential basis) and (ii) the approval of TA authoring department ^{2,7}	For coordination purposes and to exploit synergies, may be made available ³ with (i) the prior consent of the TA recipient (and the prior consent of a third party if the latter provided information on a confidential basis) and (ii) the approval of TA authoring department ^{2,5}	Generally not made publicly available
Final TA Advice (Considered confidential and may be made available only with the consent of the TA recipient)	Available under Fund's General Administrative Order No.35, Rev. 2	(a) <i>Executive Director for the country of the TA recipient:</i> Available ² (b) <i>Other Executive Directors and members of their staff.</i>	Available. (staff should encourage the TA recipient to share this information with other agencies or instrumentalities within the TA recipient)	(a) <i>Final TA advice provided to Members:</i> Available ^{2,3} under the Fund-Bank Concordat (unless TA recipient objects after being consulted by the authoring TA department)	Available ^{2,3} with the consent of the TA recipient obtained on a 60-day nonobjection basis ⁶ if "legitimate interest" ⁷ and the understanding that the information should be kept confidential ³	Staff should proactively encourage TA recipient to explicitly consent ² to publication on its own website and/or on the Fund's external websites, pending

Table 1. Dissemination of TA Information to Potential Recipients (concluded)

		Available with the consent of the TA recipient obtained on a 60-day nonobjection basis ^{2, 6}	With direct TA recipient's consent Fund staff may share final TA advice with other agencies or instrumentalities of the member country, nonmember, or international agency, as the case may be, on a nonobjection basis.	<u>(b) Final TA advice provided to Nonmembers and international agencies:</u> Available ³ with the explicit consent of the TA recipient.	Ex ante irrevocable consent. In some cases of externally financed TA, management reserves the right to approve a request for TA to be financed by donor(s) only if the TA recipient provides its <i>ex ante</i> irrevocable consent to share all TA reports from that project with the relevant donor(s).	approval by the authoring TA department. Publication subject to special policy on deletions and corrections prior to publication.
<p>¹ The term "donor" includes members of a steering committee, such as for regional technical assistance centers or topical trust funds funded through multi-donor accounts. The term "other TA provider" means any official bilateral or multilateral agency or instrumentality of the public sector that provides TA.</p> <p>² Unless the TA recipient specifically indicates otherwise or withdraws its consent any time prior to dissemination (except for the cases when ex-ante irrevocable consent was granted).</p> <p>³ Upon request made orally, in writing, or by electronic means, i.e., a click on a secured website.</p> <p>⁴ Including but not limited to details regarding the project framework, monitoring and evaluation, budget figures, funding source, terms of reference and timing of missions. In this category, Fund staff would not disclose information about third parties that they would normally regard as confidential (e.g., information on the terms of employment of TA expert).</p> <p>⁵ In consultation with the relevant area department.</p> <p>⁶ Which should not prevent the TA recipient from giving its explicit consent to disseminate before the end of the 60-day period, when there is a need to speed the process of sharing the TA report.</p> <p>⁷ As determined by the authoring TA department in consultation with the relevant area department. This includes donors financing the project or engaging in related activities with the recipient.</p> <p>⁸ See Appendix C for a model communication containing the standard language to be used. Alternatively, such language could be inserted on a case-by-case basis into a contribution agreement signed with a donor.</p>						

Notes from the Field

OVERVIEW

1. This section of the report presents a series of short “notes from the field,” authored by teams in RCDCs. These notes do not cover all RCDCs, nor do they present a comprehensive report on field activities. Rather, they seek to provide examples of how field-based offices are innovating, with support from HQ-based staff, to better meet member needs. They cover a geographically diverse sample of centers and, in each case, focus on themes selected by the authors. Key issues covered in the series include the role of RCDCs in:

- Increasing flexibility in delivery to meet member needs, including through greater integration of TA and training and customization.
- Strengthening linkages between surveillance and CD.
- Addressing special challenges in support for fragile and small states.
- Enhancing coordination with other CD partners.
- Using RBM and evaluation techniques.
- Leveraging peer-to-peer learning.

2. In addition, two “spotlights” complement these notes—one from a former mission chief of Myanmar, highlighting the specific challenges of IMF CD operations in a fragile state and a second focusing in on IMF collaboration with the Center of Excellence in Finance, located in Slovenia.

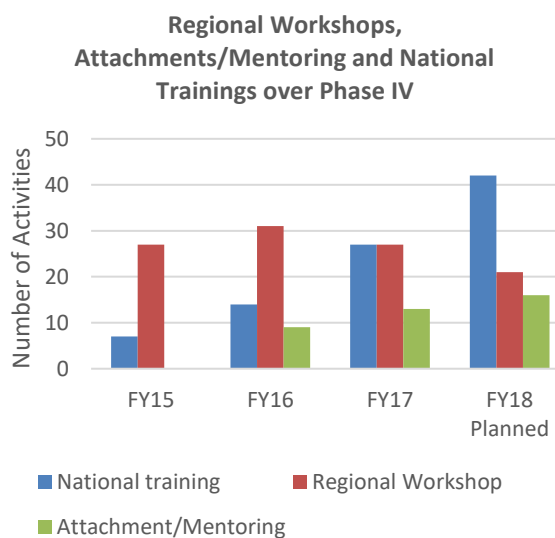
I. AFRITAC EAST: RESPONDING FLEXIBLY TO MEMBER COUNTRIES' TRAINING NEEDS^{1,2}

1. Training is at the core of East AFRITAC's activities and absorbs an increasing share of the Center's resources. The share of human resources dedicated to training increased from about a quarter in FY 2016 to about a third in FY 2017 and reached about 40 percent in FY 2018.³ Training complements TA and is increasingly delivered through a continuum of modalities that are tailored to respond to the authorities' diverse needs. East AFRITAC, like other RCDCs, is well placed to provide training tailored to member countries' needs, establish regional peer-to-peer relationships, and reach a greater number of officials. This note elaborates on the modalities of training at East AFRITAC, training integration with TA, collaboration with other institutions, and evolving mechanisms to assess the effectiveness of training.

A. Training Modalities

2. Training is delivered by East AFRITAC through a range of modalities that seek to respond to diverse needs.

- Stand-alone training events are increasingly delivered at the country level. They typically last 1–2 weeks and are mainly specific, hands-on, and closely related to the areas where East AFRITAC provides TA. For instance, training on risk-based supervision in the financial sector may involve groups of participants doing assessments on their computers of existing banks and insurance companies. A few national training events are more general courses tailored to country circumstances and delivered with ATI.
- East AFRITAC also hosts a small number of traditional courses by ICD each year to complement the courses offered online, at ATI, and HQ. They allow for further tailoring to East African circumstances and interests. For example, a recent regional training course on exchange rate policy combined East AFRITAC's knowledge of the region and



¹ Authored by Hervé Joly and Eric Lautier (AFR).

² AFRITAC East member countries are Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda. Its external partners are EU, Germany, Netherlands, Switzerland and U.K.

³ These numbers do not include training that is embedded in TA delivery, as described below.

ICD's training expertise to teach participants how to do an external balance assessment using the data from one of the member countries.

- East AFRITAC partners with other parts of the IMF to provide customized training. For example, the FPAS program, financed by East AFRITAC and delivered by ICD, provides highly customized training to build analytical and modelling capacity in central banks of four countries (Malawi, Rwanda, Tanzania, and Uganda) and provide the foundations for better monetary policy decision-making. Likewise, East AFRITAC, ATI, and the IMF resident representative in Kigali partnered in July 2017 to provide a highly customized course on financial programming and policies to Rwandan officials. ATI's expertise in macroeconomic management in resource-rich countries was also tapped earlier to offer regional training customized for a set of East African countries who were on the verge of becoming natural resource producers.
- Regional workshops are another important modality of training. They last one or two weeks, typically gather about 30 officials from member countries, and cover issues of common interest. During these workshops, participants typically make presentations on country practices and learn from experts about good practices at the international level. These workshops also provide a platform for peer learning and networking. Some of these workshops are organized jointly with other AFRITACs or regional organizations.
- Attachment/mentoring events are an opportunity for knowledge transfer. This modality involves officials participating in an East AFRITAC mission or being placed for a brief period in another country's administration that has implemented a reform of interest. Demand from member countries for this modality of learning is on the rise.

3. Training is also often embedded in TA missions. Training provided during TA missions is mostly informal and evolves from discussions on authorities' progress. This informal training is hands-on and specific, and its format varies depending on TA areas and circumstances, for instance:

- TA missions in revenue administration usually include practical training through case studies from the region on how to implement reforms.
- TA missions on monetary operations typically include informal training on liquidity forecasting or the role of the repo market; this is typically delivered during discussions with the authorities to clarify concepts and objectives.
- TA missions on financial market infrastructures (FMIs) systematically include informal training on the application of the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions (CPSS-IOSCO) Principles for FMIs.
- TA missions on real sector statistics are largely conducted in a workshop mode, where officials are assisted in the processing of their work files.

- Joint working sessions are usually the preferred format during missions in public financial management supporting the drafting of documents (e.g., draft regulations or guidelines), allowing for on-the-job training.
- On-the-job training is also an integral part of macro-fiscal TA missions; for instance, a recent mission to Malawi provided a mix of general training on financial programming concepts and hands-on training on updating, maintaining, and running the customized financial programming tool developed for the Ministry of Finance.

B. Integration of TA and Training

4. East AFRITAC demonstrates that training and TA are highly complementary. The topics covered by country-level training events and regional workshops are closely related and overlap with areas of TA provision.

- For instance, persistent problems with the accuracy/reliability of taxpayer registers were identified in assessments conducted with TADAT in several East AFRITAC member countries. To address this common issue, East AFRITAC fielded 16 TA missions to its member countries over the past three years. This was also the topic of a regional workshop held in December 2017. The workshop was an opportunity for participants to share their recent experiences in addressing registration weaknesses and to benefit from the experience of international experts. At the conclusion of the workshop, delegates designed an action plan for their respective countries, whose implementation East AFRITAC agreed to monitor and support through further TA and training, as needed.
- Similarly, regional workshops may cover themes identified as new areas of need during TA missions (e.g., a workshop was held in February 2017 on designing PFM reform strategies) and workshop discussions may subsequently lead to TA requests in the same area from member countries (e.g., Ethiopia requested such support after the February 2017 workshop).
- The close integration and complementarity between TA missions and training is even more evident in the case of country-level training events. Such training is expected to build capacity to support the implementation of the recommendations made by TA missions.

C. Collaboration with Other Institutions

5. Partnering with other institutions allows for better coordination of CD offerings and leveraging East AFRITAC's resources. For instance, East AFRITAC organizes joint regional workshops with the East African Community (EAC) Secretariat in support of EAC regional integration. MEFMI has also been a long-standing partner in delivering joint workshops, for instance on real sector statistics. Collaboration with the Toronto Centre has been active in financial sector supervision, allowing East AFRITAC to tap their expertise in the insurance sector. Collaboration with the Common Market for Eastern and Southern Africa (COMESA) Monetary Institute has also

increased significantly in the past year, with the joint organization (together with AFRITAC South) of a workshop on financial sector supervision.

D. Assessing the Effectiveness of Training

6. With training absorbing an increasing share of its resources, East AFRITAC has stepped up the assessment of the effectiveness of its training activities in line with the IMF’s Common Evaluation Framework. End-of-workshop surveys are filled out by all participants and measure their satisfaction with the course content, modalities, facilitators and facilities. Knowledge transfer evaluation has been introduced to measure participants’ learning during the more formal training activities (e.g., regional workshops with a high training component) with pre- and post-course tests, as is done for ICD courses. The first evaluations conducted suggested significant proficiency gains during those selected workshops. Impact evaluation surveys of workshop participants and their sponsors seek to assess whether long-term and sustained changes occur on the job after training. Impact evaluation surveys are anonymous and conducted online. The latest such survey targeted 440 participants in regional workshops held in FY 2017 and their 179 sponsors. Participants who answered the survey considered that the knowledge gained in workshops had been critical to their daily work. Most participants (87 percent) reported using the content of the training in their day-to-day work. Sponsors who responded also considered the training useful and reported significant improvements in participants’ capacity.

7. A comprehensive assessment of the effectiveness of training, however, requires close collaboration with beneficiary institutions. Firstly, participation in East AFRITAC’s annual impact evaluation survey, while on the rise, remains relatively low.⁴ Higher participation would strengthen the significance of the results. Secondly, many factors beyond the control of the training provider affect the effectiveness of training, such as human resources policies in beneficiary institutions and their attitude towards change. A member country’s central bank asked East AFRITAC to help it assess how to increase the impact of training received from its staff (whether from East AFRITAC or other institutions). The Center, together with ICD, MCM, and HRD, provided broad advice and shared the experience of the IMF in this area. A point of particular interest was the development of a structured training curriculum, covering both technical and managerial issues, which helps clarify expectations and align the demand for training with the needs of the institution.

⁴ Participation increased from 15 percent of contacted workshop participants and their sponsors in 2016 to 35 percent in the 2017 survey.

II. AFRITAC SOUTH AND AFRICA TRAINING INSTITUTE: EFFECTIVENESS THROUGH DEEPER INTEGRATION^{1,2}

1. ATI and AFRITAC South have been focusing on deeper integration of their activities for more effective CD. Their co-location facilitates delivery of a continuum of CD activities from standard courses to customized training, peer-to-peer learning and traditional TA. This note focuses on recent efforts at ATI/AFRITAC South (and between ATI and the AFRITACs more broadly) to deepen the synergies between training and TA and to integrate those efforts with the Fund’s policy advice, especially in the context of surveillance.

A. TA and Training Integration

2. Co-locating, under one director, the training center for sub-Saharan Africa (ATI) and one of the continent’s five regional TA centers (AFRITAC South) was an explicit decision reflecting a commitment to increase integration of TA and training. This arrangement facilitates a continuum of CD activities from standard courses, to customized training, peer-to-peer learning and technical assistance. Specifically, it allows for:

- On-the-ground exchange of ideas. The physical proximity of resident lecturers (ATI) and advisors (AFRITAC South) facilitates dialogue on how best to sequence CD in each area;
- Cross-pollination. ATI courses include guest lectures/workshops by AFRITAC South advisors, while AFRITAC South’s hands-on seminars/workshops often have guest presentations by and discussions with ATI lecturers and/or AFRITAC South advisors from other areas of expertise. ATI’s ability to customize and regionalize training with country examples—both policy and data—is facilitated by country-specific TA;
- AFRITAC/ATI coordination and collaboration: the experience gained from TA delivery and direct communication of TA priorities through the AFRITACs informs the choice of ATI courses and has led to a recognition that training needs to be more hands-on and applied. Some inroads have been made by increasing the number of courses by CD-delivering departments outside ICD, but more needs to be done. Sub-regional or in-country customized training combines ATI and AFRITAC trainers and has included AFR resident representative participation.

3. Examples of integration of TA and training include:

- Madagascar’s request for TA to address revenue compliance risks and develop risk-based auditing, which followed AFRITAC South regional training on data-matching for customs and tax.

¹ Authored by Effie Psalida and Gillian Nkhata (AFR).

² AFRITAC South member countries are Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe; its external partners are Australia, EU, Germany, Netherlands, Switzerland, and U.K. ATI have 45 member countries in Sub-Saharan Africa, and its external partners are Angola, Australia, China, Korea, Mauritius, Seychelles, and Togo.

- Seychelles' request for TA on developing a framework for Management Control and Assurance, following AFRITAC South regional training on Customs Administration and Integrity in April 2017. This TA was delivered in June 2017, resulting in the implementation of a pilot of Management Profiles which underpins the framework.
- An innovative experiment by AFRITAC South in Lesotho to conduct on-the-job training for banking supervisors in the context of a TA mission (Box 1).
- Collaboration in a recent AFRITAC South course on national accounts statistics with an ATI economist and AFRITAC South macro-fiscal advisor who provided insights from the perspective of data users.
- A South African statistician's participation in a TA mission to Swaziland as an observer and to share his agency's experience.

Box 1. Integrating TA and Training: The Case of Lesotho

On a recent bank supervision TA mission at the central bank in Lesotho, the team realized that capacity gaps and a lack of banking supervision experience were key vulnerabilities. The team delivered presentations on risk assessment and supervision processes to the supervisory staff, including orienting them to on-site examinations from a risk-based perspective, interest rate risk (including simple value-at-risk) and recent developments in international supervisory practice. A series of smaller informal meetings with the on-site examination team complemented the training.

Stakeholders agreed the mission would also accompany on-site examiners in their examination of a large bank. As part of this exercise, on-the-job training was delivered. With support from the mission team, the supervisors studied the risk profile of the bank and framed critical questions on issues of policy, identification, measurement, and control and mitigation of different categories of risk. The results were visible right away. On the first day of the visit, the bank CEO and his senior team—most with years of experience in the bank's South African headquarters—openly challenged the supervisors. By the third day, the CEO and his team were engaging more responsively, providing all needed material and detailed replies to the supervisors' questions. This practical approach was beneficial to the supervisors for this and future examinations. The on-site examination report highlighted several weaknesses in the operations of the subsidiary which the CEO and his team indicated were an eye opener for them as well as for the South African parent. Feedback from the on-site supervisors was extremely positive.

To support dissemination of good practice, the AFRITAC South Resident Advisor presented this approach in a recent MCM workshop for long-term experts at HQ. It is an innovation that can be easily replicated and which enhances the effectiveness and sustainability of developing capacity.

4. Going forward, efforts to further integrate TA and training will include more activities in collaboration with AFRITACs and other partners. For instance, in November 2018, ATI is slated to collaborate with three AFRITACs (AFRITAC East, AFRITAC South and AFRITAC West 2) on a course on modeling for monetary policy analysis and forecasting (MPAF) for countries that either have received TA in this area or plan to receive it soon. ATI will also deliver a highly customized course in collaboration with the MEFMI and macroeconomic modeling and forecasting for WAIFEM. These examples are also linked with surveillance priorities. Other opportunities to increase collaboration between ATI and AFRITACs will be explored through the participation of ATI at the AFRITAC steering committee meetings.

5. The main challenges for better integration of TA and training are modulating delivery to absorptive capacity constraints and weak coordination at recipient institutions. In many cases, communication is inadequate and the officials nominated for training and those directly involved in TA do not necessarily work closely together. ATI plans to set up post-course networks, for example through an online forum that could bring together course graduates and TA recipients. In addition, in-country and customized training sessions will continue to be organized as needed.

B. Integrating CD and Surveillance

6. ATI/AFRITAC South support broader efforts within AFR to foster greater integration of CD with surveillance, including in collaboration with other AFRITACs. For instance:

- In Botswana, an AFRITAC South PFM advisor joined the 2015 Article IV mission where a plan was agreed for TA support from AFRITAC South to Botswana. Since then, AFRITAC South has carried out several TA missions covering macro-fiscal forecasting, PIMA, and State-Owned Enterprises (SOE) fiscal risk analysis. In addition, staff missions have drawn on these TA recommendations in their policy advice, as reflected in the [2017 Article IV report](#), which summarizes the harmonization of surveillance and policy priorities with TA.
- In a number of sub-Saharan African countries, surveillance dialogue called for a shift from targeting monetary aggregates to key policy rates to avoid large swings in inflation. To do this, central banks require specific technical capacities for analysis, model building, interpreting and maintaining data, and communication of monetary policy. Accordingly, ATI has been collaborating with three AFRITACs (AFRITAC East, AFRITAC South, AFRITAC West 2) to provide customized training on Monetary Policy Analysis and Forecasting (MPAF-CT), which focuses on building capacities in model-based macroeconomic forecasting and policy analysis. These activities have been sequenced to complement TA provided to the AFRITACs. The effort will train multiple staff from each central bank, to help build institutional capacity and the ability to integrate the knowledge into policymaking and surveillance.
- The timeliness and accuracy of macroeconomic data also needs enhancements. Classroom or online courses (e.g., monetary policy analysis and forecasting) and workshops, and customized training (to build analytical and modeling skills) and TA (e.g., in liquidity management, foreign exchange operations, financial market development), represent a continuum of activities supporting surveillance objectives. Key to success is ownership (e.g., strengthening resources in research/modeling units; transparency in policy communication). It also requires effective targeting, delivery to the right people, appropriate sequencing, and sustained delivery.

7. Key challenges to integrating CD and surveillance include (i) cases where uncertain political commitment limit implementation at the policy level of recommendations at the technical level, and (ii) high turnover of country officials constrains the impact of CD at the institutional level.

III. CAPTAC-DR: ENHANCED DELIVERY AND FOCUS ON RESULTS^{1,2}

CAPTAC-DR has worked actively to frame its work based on a principle of putting countries first—with ongoing efforts to enhance delivery and focus on results.

1. **CAPTAC-DR focuses on countries' policy priorities and regional integration goals to guide CD interventions.** For this reason, CAPTAC-DR conducts frequent consultations with individual countries, the three regional councils (central bank governors, finance ministers, and banking superintendents), WHD country teams, and other CD partners to identify priority areas where CD can help enhance policy frameworks and integration strategies of member countries.
2. **In this context, CAPTAC-DR has taken several steps to make its work more effective and sustainable.** The Center has been working with staff at HQ to integrate its CD work more closely with surveillance and program work, integrate TA with training, and use the results-based management framework to strengthen focus on strategic goals.

A. Integration of CD with Surveillance and Program Work: Sharpening Advice

3. **Intensified integration with surveillance has resulted in more tailored advice.** Drawing on the WHD Regional Strategy Note, close coordination between CAPTAC-DR and HQ-based WHD staff has sharpened CD advice and made it more tailored to the institutional constraints prevailing in countries. Discussions prior to Article IV missions have increased the contribution of CAPTAC-DR regional advisors to policy notes and staff reports (including boxes and analytical notes). These discussions have also increased the strategic input from country teams into the Center's work program.

4. **The increased emphasis on integration has influenced the Center's work agenda.** In Honduras, for example, CAPTAC-DR staff joined program discussions to advise on actions to update the base-year of the national accounts and consumer prices and review early steps for the transition

CAPTAC-DR—Guiding Principles

- Putting countries first leads to ownership and stronger CD implementation.
- An integrated approach to CD and surveillance is beneficial.
- Training is a powerful tool for networking and sharing best practices and can help implement TA advice.
- Greater awareness on emerging topics leads to stronger members' demand for training.
- Coordination with other TA providers raises members' absorption and yields greater returns per unit of CD delivered.
- Results-based CD supports focus on strategic goals.

¹ Authored by Mario Garza (WHD).

² CAPTAC-DR member countries are Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, Panama, and the Dominican Republic. Its external partners are Canada, EU, Mexico, and Luxembourg.

to an inflation-targeting regime. They also contributed to policy advice on financial safety nets (Panama), the analysis on inflation trends and fiscal transparency (Guatemala), and the consistency of national accounts and external sector statistics (Nicaragua) during Article IV consultations. CAPTAC-DR has reallocated resources to build regional capacity in analysis of financial stability and monitoring of systemic risks, which are priorities identified by WHD and member countries.

B. Integration of TA and Training: Facilitating Capacity Building

5. CAPTAC-DR has steadily refocused its training towards facilitating the adoption and sustainability of TA advice. CAPTAC-DR seeks to share best practices and international experience and to build stronger policy frameworks through regional and customized training. This training supports harmonized practices across the region, offering medium-term direction and serving as a knowledge-sharing hub for officials (Box 1). One example is regional training on customs standards aligned to the trade facilitation agreement with the World Trade Organization (WTO). The Center is also integrating issues on financial inclusion, gender budgeting, and supervision of AML/CFT frameworks.

6. Training for individual countries has become more flexible. In response to authorities' requests, the Center designed training on fiscal transparency (Guatemala) and base-year updating for national income accounts (the Dominican Republic), delivered in collaboration with the Center for Latin American Monetary Studies. The Center also delivered training on government finance and public debt statistics (in each member country) to build capacity for fiscal analysis, and plans training on forecasting and policy analysis (Nicaragua). Looking ahead, the Center plans to utilize technology more extensively to make training available to more officials (through on-line sessions) and beyond the classroom (through chat forums).

C. Coordination with Other CD Partners: Achieving Synergies

7. Collaboration with other partners has strengthened CD delivery. Taking advantage of CAPTAC-DR as a regional resource, intensified consultation with other institutions has reinforced synergies, reduced duplication, and improved capacity absorption by countries. Further deepening of coordination between authorities and CD partners, however, could make interventions more effective and sustainable across the region.

- **In Guatemala,** CAPTAC-DR has actively supported the government's strategy to revitalize tax administration after the 2015 political crisis, including by facilitating a clear division of tasks among CD partners, such as the World Bank, IDB, EU, the U.S. Treasury (OTA), and USAID, among others.
- **In the region,** CAPTAC-DR facilitated the adoption of a customs strategy for integrated risk management and extensive training on customs was made possible with collaboration from the IDB, the U.S. Customs and Border Protection (US-CBP), the World Customs Organization (WCO), and the tax offices of Argentina, Bolivia, Mexico, Uruguay, and Spain.

- ***In the Center itself***, synergies among workstreams contribute to effective CD delivery. An example is the recent joint training provided in the areas of government finance statistics and public financial management, which is expected to trigger further collaboration with other CD partners in the region. Moreover, further collaboration with CD partners will require more efforts to share information on CD delivery plans and execution.

D. Results-Based Management: Clarifying Goals

8. Outreach has yielded important dividends.

- ***Consultation.*** Early consultation with the member countries of CAPTAC-DR clarified key goals: (i) the authorities' most important CD needs guide the Center's interventions; (ii) a careful sequencing of outcomes and milestones designed with the authorities is a more effective and efficient tool to deliver results; and, most importantly, (iii) clarifying CD strategic objectives help unify stakeholders' efforts.
- ***Response.*** As the Honduras' Finance Minister has stated, "The focus on verifiable results provides a clear course of action for official technical teams and helps them coordinate with other CD providers." Member countries are steadily embracing the focus on results, which in turn, facilitates the adoption of CAPTAC-DR's advice. This is a reversal from the initial misperception of the RBM framework as "hidden" conditionality from the Fund. CAPTAC-DR's outreach on the scope of the results-based management framework was essential to resolve this misperception.

9. Monitoring of milestones progress has informed project implementation. Costa Rica and El Salvador proposed that CAPTAC-DR should report quarterly on progress and resource execution. This monitoring supports sharing of success stories, identification of lags and obstacles to project implementation, and over time, is expected to guide the authorities in their efforts to advance projects for capacity building.

10. Looking ahead, the expectation is that the results-based management system will further strengthen the performance of capacity building in the region and will guide the allocation of CAPTAC-DR's resources to projects with greater gains in terms of CD results. This process will, of course, be oriented to achieve the policy priorities set for the region.

Box 1. CAPTAC-DR Training Strategy

The Center has increased its focus on facilitating implementation of TA advice and sharing best practice in policy frameworks.

Public Finances

- **Tax administration.** Training has served to upgrade core aspects of tax collection capacity and VAT controls in member countries, while also catering to the region's increasing priority of adopting electronic invoicing. In some of these courses, there has been collaboration with USAID and tax offices of Chile, Mexico, Peru, Spain, and the United States.
- **Customs.** As the region signed trade facilitation agreements with the WTO, the Center has trained regional officials to apply a new integrated risk management approach for the region and develop capacity to formulate policies to close regulatory gaps relative to WTO standards. Collaborating partners included the IDB, World Bank, USAID, WCO, and customs representatives from Argentina, Bolivia, Uruguay, Mexico, Spain, which provided an excellent forum to share lessons and experiences from different development of administrations.
- **Public financial management.** Training has facilitated the establishment of a treasury single account and the management of financial assets and liabilities. A regional seminar on gender budgeting in Costa Rica provided new methodologies for budget formulation, while customized training in Guatemala led to development of an agenda to implement advice on fiscal transparency.

Financial Sector

- **Central banking.** Training assisted member countries in refining monetary operations, developing systemic risk monitoring, and analysis of financial stability. With the support from ICD, courses on economic modelling for policy-making were conducted.
- **Financial supervision.** Seminars helped enhance various aspects of financial supervision and the adoption of Basel standards. Seminars on AML initiatives gathered significant interest from supervisory bodies eager to learn about the international best practices. With collaboration from the IMF, CAPTAC-DR provided a regional seminar on financial inclusion linked to national strategies recently established.

Macroeconomics Statistics

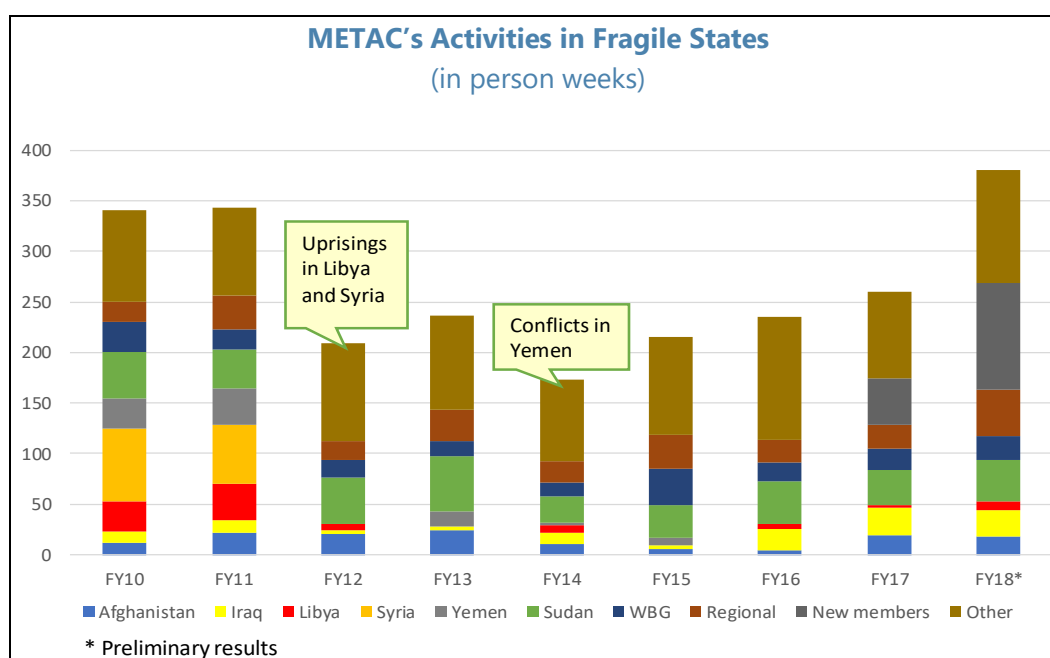
- **Real sector.** Training facilitated improved national accounts compilation and alignment with international best practices. Other courses sharpened officials' skills to ensure adequate harmonization across statistical series, for instance, among national accounts, external sector statistics, monetary and financial statistics, and public finances statistics.
- **Public finances.** Workshops guided countries in taking gradual steps to strengthen compilation and dissemination of key government finance and debt statistics and improve capacity for fiscal analysis.

IV. METAC: SUPPORT TO FRAGILE STATES— CHALLENGES AND SOLUTIONS^{1,2}

1. METAC has considerable experience providing CD to fragile states. Half of the Center’s 14 member countries are fragile states, and 5 are among the highest risk locations in the world. CD needs have been particularly high in METAC fragile states, calling for continued and multifaceted support to build strong and self-sustaining institutions.³ The Center’s flexibility and innovative approach has helped maintain and strengthen institutional capacity in several fragile states. Nevertheless, conflicts and weak absorptive capacity have made CD provision challenging in many countries.

A. Conflicts

2. Since 2011, conflicts in the Middle East have had a significant impact on METAC’s CD delivery to fragile states. Until 2011, the bulk of the Center’s CD activities went to fragile states, given sizeable needs. With the eruption and spreading of conflicts, METAC had to drastically reduce its activities in Iraq, Libya, and Syria, as well as in Afghanistan. The provision of CD to fragile states bottomed out in FY14, following the eruption of conflicts in Yemen. At that point, CD to these countries focused on regional workshops.



¹ Authored by Taline Koranchelian (MCD).

² METAC member countries are Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, and Yemen. Its external partners are EU, France, Germany, Netherlands, and Switzerland.

³ These are Afghanistan, Iraq, Libya, Sudan, Syria, West Bank and Gaza, and Yemen.

3. METAC has sought alternative ways to boost CD in the region, particularly as needs have increased. First, the Center offered more TA to nonconflict-affected fragile and nonfragile states. Second, it shifted its CD to conflict-affected countries to off-site locations with remote follow-up and intensified hands-on training to maintain these countries' institutional capacity until the conflicts end.⁴ Third, it expanded its services to other countries in the region and in May 2016, Algeria, Djibouti, Morocco, and Tunisia joined METAC.

4. To sustain or increase CD to conflict-affected countries, METAC established several procedures. The initial experience of organizing missions in off-site, third-country locations has helped maintain institutional capacity and strengthen engagement with country authorities. Nevertheless, it was difficult for countries to finance the travel costs of their officials. To overcome this obstacle, METAC began to cover the cost of travel and accommodation for officials participating in off-site missions and its steering committee agreed on the following set of principles to ensure efficient use of donor resources for such missions:

- METAC covers the costs of travel and accommodation of up to six officials. Whenever the authorities wish to send more than six officials, they will have to cover the costs of the additional staff.
- A mission can take place only after the authorities confirm that the sequenced operational recommendations of the previous mission have been implemented.
- Missions should not exceed one week.

5. Conducting CD missions in third-country locations has been effective. Although engagement with Syria and Yemen is still suspended, METAC's support to conflict-affected countries tripled between FY15 and FY18. Support to Afghanistan and Iraq is now higher than ever, with tangible results. Both countries have started to strengthen their large taxpayer offices to ensure compliance of large businesses. Afghanistan is developing a risk-based customs clearance process that can be used in all border crossings and inland customs depots, while Iraq has developed a commitment control to ensure funds are available for critical public services and advanced in financial regulatory reform to bolster prudential standards and bank supervision.

6. Continuous engagement and hands-on training have been critical for effective CD, though coordination with development partners in the field has been challenging. Combining TA with hands-on training has helped build officials' skills and facilitated the implementation of technical recommendations. METAC has also organized national workshops in off-site locations for selected officials, who then trained their teammates (e.g., Iraq's financial regulatory reform). Nevertheless, identifying and continuously coordinating with development partners on the ground has been challenging, given that METAC missions to conflict-affected countries take place in third country locations. While METAC has coordinated remotely with some partners, remaining up-to-date on all relevant donor activities has not been easy. Another challenge has been confirming

⁴ Off-site missions have been organized in Azerbaijan, Jordan, and Lebanon.

that previous missions' recommendations have been implemented, partly because of difficulties in communications logistics.

B. Absorptive Capacity

7. Despite the Fund's efforts to boost CD in fragile states, low absorptive capacity has been a major constraint. Following the 2015 IMF review of its engagement with countries in post-conflict and fragile situations, MCD identified Sudan and West Bank and Gaza as pilots for scaled up capacity building frameworks. Accordingly, METAC reached out to these countries to boost its support on implementation of reforms. Nevertheless, the outcomes were mixed.

8. The low absorptive capacity reflected two main factors: First, the high turnover of country officials—particularly at junior levels—in light of political instability and security problems has hampered implementation of TA recommendations. It also made it difficult to follow up on previous CD activities. More broadly, country official turnover resulted in institutional memory loss. Second, the availability of the thinly stretched human capital in these countries dealing with multiple development partners has created challenges to organize missions in a timely way.

9. METAC has adapted its CD activities to these constraints. To maintain institutional capacity in the wake of high country official turnover, METAC has intensified its hands-on training and national workshops, to continuously build the capacity of new officials. It has also organized some study tours for officials in other Middle Eastern and North African countries. The Center has prioritized its activities and paced its missions, while collaborating with other development partners. In some instances, the Center also helped the authorities develop specific reform strategies and/or translate them into concrete action plans that could be supported by development partners. Given connectivity challenges in some countries in the region, greater use of technology for CD delivery (e.g., videoconferencing) has not proved successful.

10. The Center's responsiveness and flexibility has helped achieve good outcomes. For instance, both Sudan and West Bank and Gaza have built modern credit registries to allow small enterprises to gain access to credit. Sudan has strengthened the government's management of its resources by establishing a Treasury Single Account. It has also improved risk management at Khartoum International Airport, reducing cargo clearance times and boosting revenues. West Bank and Gaza has improved the quality of its national accounts and price statistics in line with international methodological requirements.

C. Lessons Learned

11. Overall, METAC's experience in fragile states has been rewarding and generally effective, but there were lessons learned:

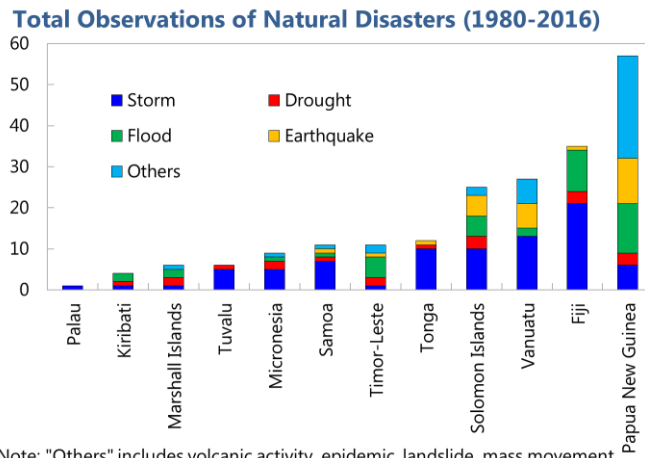
- Flexibility in both the content and modalities of CD are needed to address countries' constraints.

- Quick results should not be expected; patience and sustained support are critical to build self-sustaining capacity. Sometimes, it is also important to recognize that continued support may be needed for long periods.
- Hands-on training has critical value: focused, subject-specific, and practical training is key for reform implementation.
- Having regional experts who understand local constraints and speak the language is critical to tailor assistance to individual country needs and capacity.

12. Close coordination with development partners is even more important than in other countries, especially to avoid stretching the officials' capacity. For instance, in West Bank and Gaza, such coordination has helped donors to pace their assistance and tackle complementary issues. For conflict-affected countries, such coordination may be more challenging, though remote engagement remains a good approach.

V. PFTAC AND CARTAC: HELPING SMALL STATES ADDRESS CHALLENGES¹

1. Countries in the Pacific Islands face an array of challenges. The region, comprised of small, geographically dispersed island states with limited economic resources and opportunities, is one of the most vulnerable to natural disasters (e.g., droughts, cyclones, and seismic events triggering volcanoes, earthquakes, and tsunamis) further exacerbated by climate change. Such shocks can be particularly destructive (sometimes approaching 100 percent of GDP) and put additional strains on the limited resources and capabilities to rebuild and recover. Given their small size, these countries are limited in resources and have small administrations with few staff who often have multiple responsibilities, presenting prioritization challenges.



2. PFTAC was established in 1993 as the Fund's first RCDC to provide CD to 16 Pacific countries.² CD is tailored to the region's challenges, focusing on PFM, revenue administration, financial sector supervision, macroeconomic statistics, and macroeconomic programming and analysis. Close integration between PFTAC-delivered CD and surveillance is helping Pacific Islands strengthen resilience to natural disasters and climate change while pursuing inclusive growth.

A. Role of CD in Disaster Resilience and Climate Change

3. The starting point is to recognize the inevitability and impact of natural disasters and to begin to shift thinking from solely responding to crisis aftermath to better preparedness. APD and the Government of Fiji, which held the 2017 co-presidency of the Conference of the Parties to the United Nations Framework Convention on Climate Change, convened a High-Level dialogue and workshop in April 2017 on *Building Resilience to Natural Disasters and Climate Change*. Hands-on modeling during this training event built on assistance under PFTAC's macroeconomics program, helping ten countries develop or expand their medium-term macroeconomic frameworks. It also

¹ Authored by David Kloeden (APD), Celeste Kubasta (FAD), and Wendell Samuel (WHD).

² PFTAC's membership comprises the 13 IMF member states of the Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu, and Vanuatu, plus the 3 New Zealand Realm jurisdiction of Cook Islands, Niue, and Tokelau. Its external partners are ADB, Australia, EU, Korea, and New Zealand.

provided a forum to exchange views among senior policy makers. Similar work to build resilience to natural disasters is also being pursued in the Caribbean region through CARTAC (Box 1).

Box 1. CARTAC and Building Resilience to Natural Disasters in the Caribbean¹

The Caribbean region, which consists mainly of small states, is one of the world’s most prone to natural disasters. This concern has been underscored by the passage of devastating hurricanes in recent years, with Hurricane Maria causing damage of over 200 percent of GDP in Dominica in 2017, while Hurricane Ivan caused a similar level of damage to Grenada in 2005. The countries are also vulnerable to external shocks, with the Caribbean experiencing the slowest regional recovery from the 2008-09 recession. Building resilience would, thus, help these countries bounce back more easily from natural disasters and external shocks. The December 2016 Board paper, [Small States—Building Resilience to Natural Disasters](#), proposed several measures to help build resilience, and CARTAC will help countries to adopt some of these initiatives going forward.

Some countries have already started to adapt resilience-building initiatives with CARTAC support. For example, Grenada and Jamaica have adapted fiscal rules that would help build more resilient fiscal frameworks. They incorporate hurricane escape clauses that provide flexibility by deferring interest and principal payments if the country is hit by large natural disasters. CARTAC has assisted Grenada with training materials for the committee that monitors the fiscal rules, which can be easily adapted for other countries that implement fiscal rules in the future. Meanwhile, CD is being provided to other Caribbean countries to help develop and implement fiscal rules, for example St. Kitts and Nevis, which established a growth and resilience fund (GRF) after receiving CD from CARTAC and FAD on fiscal rules within a medium-term fiscal framework to place funds in and utilize the GRF. The main aims of the GRF are to provide for ex-ante resilience building activities to reduce the risk of natural disasters, lower their cost when risks materialize, and to provide ex-post financing of such events.

Other resilience-building activities through CARTAC include:

- Assessment in January 2018 of the resilience of financial institutions in Dominica following the passage of Hurricane Maria;
- A workshop in June 2018 on “Inclusive Insurance—Increasing Access to Insurance for the Underserved Population” to address the challenges for post-hurricane recovery in the Caribbean given low insurance penetration; and
- A workshop planned in FY19 on building more resilient macroeconomic frameworks.

¹ CARTAC’s members are Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos. Its external partners are Canada, EU, and U.K.

4. Climate change resilience requires adequate fiscal buffers to enable timely recovery and rebuilding. Sound PFM institutions and capacity are crucial for governments to have the resources and space to respond properly. It is also important that infrastructure be rebuilt to be stronger to withstand subsequent disasters and to avoid a vicious cycle of destruction and rebuilding. Through its PFM program, PFTAC has been helping in several ways, including through traditional efforts to strengthen budget planning and execution; the deployment of modern tools such as PIMA, which was completed in Timor Leste and recently in Kiribati; and work with

development partners and member countries on updating and developing asset registers that facilitate utilization of innovative insurance instruments.

5. Robust PFM systems are a prerequisite for Pacific nations to tap increasing climate financing. The CD that PFTAC provides in the PFM domain also plays a key role in donor coordination and constitutes a core component of the PFTAC program. Various providers of PFM CD in the region look at PFTAC as the authority on assessing the state of PFM systems through PEFA assessments that are either led or facilitated by PFTAC. Donors then coalesce around the ensuing PFM reform roadmaps and decide on a division of labor in assisting the country reforms. In many cases, these PFM reform roadmaps provide the foundation for budget support.

6. Domestic revenue mobilization is also crucial to building buffers and ensuring fiscal sustainability. The region has made progress over the last decade, much of it with PFTAC support at the country level, but also through the formation of the Pacific Islands Tax Administration Association (PITAA), which provides regional solutions and training. An FAD review of revenue reforms in 2017, with a focus on five Pacific case studies, revealed increases in tax-to-GDP outcomes, modernized tax policies and legislation, strengthened administrative capacity and better taxpayer compliance. While several countries are now well positioned, reforms are yet to be launched in several others, including in some countries that are facing a loss of trade taxes given recently agreed regional trade agreements. Together with FAD, PFTAC has been at the forefront of deploying the tools to support this agenda, with a TADAT assessment that has contributed to the transformation of Fiji's revenue administration, and the recent development of a Medium-Term Revenue Strategy to underpin reform in Papua New Guinea. Given large unmet demand, PFTAC donors are looking to provide additional funding to scale-up the revenue program.

7. Other revenue sources require new approaches and upskilling. Several Pacific countries are endowed with rich resources: from immense mineral reserves in Papua New Guinea and oil and gas reserves in Timor Leste, to renewable resources, such as timber in the Solomon Islands, and rich migratory fishing resources enjoyed across much of the Pacific. In February 2018, PFTAC organized a sub-regional workshop in the Republic of the Marshall Islands (RMI) on Fishing Revenue Forecasting and Management for analysts and senior management from the fisheries agencies, ministries of finance, statistics offices, and central banks from several countries in the region, including the Federated States of Micronesia, Kiribati, Palau, Papua New Guinea, RMI, Solomon Islands, and Tuvalu, plus Cook Islands and Tokelau. The event was a joint effort between the PFTAC Macroeconomics and PFM programs, in partnership with the Government of RMI and with co-financing from the AsDB. This was a relevant topic for this innovative workshop given that fishing revenues are a significant but volatile revenue source for several Pacific nations. The event facilitated a common understanding of how to exploit these rich natural resource bases sustainably, while optimizing the benefits to citizens in the short and long run. A consensus was reached that transparency and reliable data are crucial to effective fishery sector management and ensuring optimal contributions for national budgets.

8. Inclusive growth requires a stable and well-supervised financial environment. Only seven PFTAC countries have central banks; the remainder use the Australian, New Zealand, or U.S.

currency with small financial sector regulators. The PFTAC financial sector supervision program plays a critical role in building supervisory frameworks and capacity in these institutions. It also plays a key role in integrating and coordinating the work program with CD provided on AML/CFT, particularly around the challenges to Correspondent Banking Relationships (CBR) that are putting pressure on remittances channels—a macro-critical issue for countries like Samoa and Tonga. In early 2018, roundtable meetings in Australia, New Zealand, and Fiji on CBR brought banks, money transfer operators, and regulators together to explore solutions to CBR challenges.

B. Other CD Challenges and Solutions for Small States

9. **Small institutions in small states require innovative approaches for effective CD.**

Microstate statistical offices commonly have just two or three statisticians who are often stretched to provide core macroeconomic indicators such as GDP and balance of payment statistics, let alone the increasing demands for social and other statistics associated with the SDGs. In some cases, these countries have opted for capacity supplementation (i.e., outsourcing of certain functions) by other partners to ensure crucially needed data is produced. In the Northern Pacific (Marshall Islands, Micronesia, and Palau), such supplementation is provided by the U.S. Graduate School, an organization supporting these nations in the context of their compact agreements with the U.S. government.

10. Reform principles and strategies in larger economies can be equally applicable in small states if appropriately calibrated and customized. Structuring even a small tax administration around functions (e.g., taxpayer services and audit) rather than tax types (e.g., VAT and income tax) is even more imperative given limited resources. For small state PFM systems, it is important to prioritize the performance areas measured by a PEFA to ensure emphasis is placed on ‘core PFM’ so that a foundation is in place where resources and capacity are spread thinly, and reform objectives are realistic to ensure that some progress can be made.

11. Absorptive capacity is paramount in small states—beneficiaries can be overwhelmed by excessive or uncoordinated CD. Institutions with only a few staff cannot afford to have them frequently attending training. Online learning offers new opportunities to extend the reach of Fund CD and to strengthen integration of surveillance and traditional CD delivery methods. The recently launched PFMx online course is of great interest in the Pacific and could extend the reach and depth of PFTAC’s PFM program. Regional CD Centers like PFTAC (and CARTAC in the Caribbean) have played key roles in facilitating important reforms, such as VAT implementation, adoption of International Public-Sector Accounting Standards (IPSAS), overhaul of government charts of account, and moving to the latest statistical standards. At the same time, internships, attachments, and young professional programs can help build and nurture a pipeline of the next generation of analysts, forecasters, financial regulators, statisticians, tax officials, and policy makers.

VI. SARTTAC: CUSTOMIZING CD DELIVERY^{1,2}

1. SARTTAC opened in February 2017 as the Fund’s first fully integrated CD center. It is learning by doing, and its design offers opportunities to experiment with CD delivery modalities. Training can be followed with TA (and vice-versa) and training and TA can be combined in packages customized to members’ needs. In turn, such customization bridges and integrates training with TA. SARTTAC implements its program through resident TA experts involved in design and delivery of the training program—both specialized courses in their sectors and standardized training led by HQ. Customization is part of a demand-driven approach, supported by SARTTAC’s majority reliance on member country financing (with India providing the largest share).

2. Customization builds capacity in a more tailored fashion, reflecting local needs and absorptive capacity. There is strong demand from member countries to customize from general policy frameworks to hands-on practical “how-to” CD, supported by case studies on the policy challenges they are confronting. This can be reflected in the content, modality, duration, and location of delivery. Improving the relevance and presentation of topics via regional/country specific data, analytical tools that are tailored to country specific circumstances, and focused on pertinent policy issues with accompanying practical workshops, are key to improving absorption of SARTTAC’s delivery (Box 1). A virtuous feedback loop is created between training and TA, with follow up in both areas typically involving SARTTAC staff working with a local cohort.

3. SARTTAC has seen strong demand for customization for various purposes.

- *Linkage with institutional reforms.* From the perspective of SARTTAC’s member countries, customized CD provides a more targeted approach to developing the capacity of the organization to better deliver on its mandate. At a broader level, the knowledge and skills acquired from the CD activity can be used on the job for policy analysis. CD activities by SARTTAC and ICD such as developing macro-fiscal units in Finance Ministries and developing capability for monetary policy formulation and implementation through an FPAS, are good examples of the linkages to institutional reforms.
- *In-country training* using case studies is favored by members to train a larger number of participants as a cohort. Such delivery can be resource intensive and requires flexibility to, for example, collaborate with recipient institutions and local training institutions where feasible.
- *Support for surveillance or programs* occurs in collaboration with HQ-based staff, for example, in work on tax reform, FPAS in Sri Lanka, and collaboration on training for Indian officials with ICD and the resident representative. SARTTAC’s early experience, in line with the latest ICD survey of government agencies sponsoring training participants, suggests shorter courses or staggering

¹ Authored by Sukhwinder Singh (APD) and Mangal Goswami (ICD).

² SARTTAC member countries are Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka. Its external partners are Australia, European Union, India, Korea, and U.K.

longer training helps attract the most suitable candidates. This must be balanced with the absorptive capacity of participants, higher fixed costs, and challenges in tailoring the curriculum.

Box 1. Examples of SARTTAC Customization

- **Macroeconomic Diagnostics (MDS) (January 2017) for a cohort of Indian IES officers.** The standard template of the MDS course was customized by using the India case study across all the modules of the course, providing the officers a hands-on tool to evaluate their economy. This will be repeated for the next cohort of officers.
- **External Sector Assessment for the Reserve Bank of India (October 2017).** The Reserve Bank of India requested targeted training to enhance RBI staff capacity to conduct macro and external sustainability analysis. Presentations were complemented by hands-on workshops using templates with country case studies including South Africa, Turkey, and India. The technical analysis was combined with a short discussion on the IMF's decision-making process to lend to a sovereign country with balance of payments pressures.
- **FPP in Bangladesh (November 2017).** This one-week FPP focused on the initial stages of a financial program to derive and diagnose a four-sector baseline scenario. It used recent data for Bangladesh and exercises referred to current country issues, in consultation with APD. The authorities indicated a core group of participants will expand the framework where necessary, keep it updated, and further integrate it into their analytic work. SARTTAC and Bangladesh Bank will also jointly develop a financial programming manual tailored for use by Bangladeshi officials.
- **A two-week FPP for the IES officers (December 2017).** The standard FPP template was customized to India data and to include interest-rate based monetary policy with flexible exchange rates. This delivery focused on current issues of stabilization and growth in India. An integrated financial programming workbook for India was also developed. This delivery formed the basis for a more refined and updated case study on India that the Department of Economic Affairs may use for their own analytical work. SARTTAC also plans to develop instructional materials that are tailored for use by officials in the region.
- **Collaboration with the RBI Academy (November 2017).** This course, informed by the recent India FSAP report, was designed by MCM and SARTTAC to address challenges faced by RBI's supervisors. It was composed of three main blocks: banking regulatory developments, such as capital and liquidity requirements, including ongoing discussions on the Basel Committee agenda; authorization of internal models for the calculation of regulatory capital; and the impact of and challenges for appropriate International Financial Reporting Standards (IFRS) 9 implementation. Further targeted CD will drill down on IFRS 9 and other topics (e.g., stress tests, especially on liquidity).
- **Fiscal Risks in Emerging Market Economies (November 2017).** This workshop, done in collaboration with CDOT, combined attendance from the four major ASEAN members (Indonesia, Malaysia, Philippines and Thailand) with India and Sri Lanka. In many areas, but especially on fiscal risk reporting (and formal fiscal risk statements), Southeast Asia has more advanced practices. The Indian participants welcomed exposure to those practices and experiences with Private Public Partnerships (PPPs), and added the subnational perspective on fiscal risk monitoring.
- **Fiscal Analysis and Forecasting (FAF) for Sub-National Governments from India (April 2018).** SARTTAC has been providing training and TA, mainly in PFM and statistics, to India's states. This was a tailored course with officials mainly from the Finance Ministries of Indian states which, given weaker initial capacity, focused on core modules (e.g., revenue and expenditure forecasting). A case study was developed based on India, using central government data. The course also featured state presentations on their current practices, which will serve as input for customizing future FAF courses to the interests and needs of the subnational audience.

- *Attachments* match officials to other administrations that have implemented similar reforms or with experts from the desired peer or who have detailed operational knowledge. For example, SARTTAC attached staff of India's statistics agency to the U.K.'s Office of National Statistics to learn about developing an integrated system for compilation of national accounts statistics. Attachments between recipient countries can be particularly useful in proxying home country conditions. Although not an attachment per se, including officials from the region who have faced similar policy challenges in delivering CD has also proven to be an effective way of sharing experiences between peers who have faced similar operational challenges, e.g., RBI staff lecturing at SARTTAC-SEACEN training courses in monetary policy and operations.

4. **Effective customization builds on country collaboration. Customization requires:**

- Availability of *data and information*, which in turn requires member country collaboration. This information is needed early to build workshops and case studies.
- Understanding the *institutional context* to ensure applicability of the analytical tools and policy analysis. In many cases, especially for the less developed and frontier market economies, data gaps preclude the application of standard templates used for the more developed markets. In such cases, tailoring involves crafting a streamlined version of the generic framework and adapting analytical tools. SARTTAC has developed a skeletal framework from which local officials can build as they learn the tools and gain ownership, such that it can be used for policy work.

5. **There are several mitigating factors to the resource challenges faced in customization.**

- *Classroom and online training* serve as an important pre-cursor to CT to provide conceptual frameworks and common lessons from cross-cutting issues.
- *Collaboration* with other IMF centers in the region, e.g., to support delivery for countries at similar stages of delivery, leverages the combined resource pool of professional staff. For example, planning is underway to use the MDS case studies developed for the frontier economies (e.g., Vietnam, Sri Lanka), to support a peer-to-peer learning platform, drawing on the participant base from Cambodia, Lao PDR, Myanmar, Vietnam, and South Asian frontier economies (Bangladesh, Sri Lanka, Bhutan, Nepal). SARTTAC also partners with STI and CDOT to support targeted training, e.g., India joined advanced fiscal risks training at CDOT.

6. **There are several challenges and lessons learned from SARTTAC's early experience in tailoring its CD.**

- *Challenges.* The key challenge is balancing the value from more integrated and tailored support with the associated resource implications. Another issue is ensuring customization does not degenerate into a pure replication of country conditions, losing perspective on the analytical frameworks, cross-cutting issues with international examples, and potential gains from peer learning from regional training and from building communities of practice. Customization of training requires high quality data and well-articulated country examples. Effective CD requires

sustaining the engagement through cohort groups and institutionalizing organizational changes e.g., establishing a macro-fiscal or modeling unit. High turnover can sometimes undermine these preconditions. Tailoring training delivery to the needs of senior staff can also be challenging, requiring a balance between high-level topical issues and delivering succinct analytical content.

- *Lessons.* The key lesson is that customization should not be undertaken for its own sake. It must be linked to some institutional changes that ensure the investment in capacity is utilized and is sustainable. Greater tailoring of delivery is in demand and valuable for knowledge transfer as it moves from the general to the specific and allows more targeted focus on “how to” aspects of policy formulation and implementation. Effectiveness requires flexibility from the Fund to organize content and modes of delivery. Given resource intensity, such efforts need to be carefully selected, including through deepening collaboration between APD country teams and CD teams. Some effective mechanisms for customization include attaching officials across jurisdictions that have faced similar policy challenges, involving regional experts in missions or training as has been the practice at SARTTAC, and using synergies across RCDCs to target training for similar groups of countries. However, excessive customization may risk losing insights from international experience and from peer learning in a regional context.

VII. CAPACITY DEVELOPMENT OFFICE IN THAILAND: LESSONS FROM BUILDING MACROECONOMIC FRAMEWORKS^{1,2}

Capacity Development Office in Thailand (CDOT) is supporting development of macroeconomic frameworks with local officials in Myanmar, Lao P.D.R., and Cambodia to empower them to develop stronger analytical foundations for policymaking. These efforts are important to building the local capacity needed to ensure strong macroeconomic fundamentals in a rapidly growing region and to meet new and more complex challenges in their countries' economic transition.

1. **CDOT has been supporting the development of macroeconomic frameworks in Myanmar, Lao P.D.R., and more recently in Cambodia.** These activities have taken place under two Japan-supported projects on strengthening macroeconomic management. A “core group” of officials in each country was formed to construct macroeconomic frameworks with the assistance of a CDOT-based macroeconomic advisor, using the IMF’s financial programming framework as a broad blueprint. The groups have evolved in terms of members and focus, generally comprising 20–40 officials in each country from central banks, ministries of finance and planning, statistical agencies, and government research bodies, who have policy or technical responsibilities in macroeconomic management and who contribute their time voluntarily.
2. **Currently, the core groups are learning how to update and employ the macro-framework.** This includes incorporating global and regional outlooks; using them for forecasting and scenario analyses; and beginning to link outputs to other country frameworks and forecasts, notably medium-term fiscal frameworks, debt sustainability analyses, and monetary forecasts. This work is typically done at two- to three-day meetings, led by CDOT’s macroeconomic advisor and convened roughly quarterly in each country. Meetings and discussions are highly participatory and involve sharing data (and dealing with gaps), checking the consistency of internal forecasts, and ensuring a well-reasoned narrative for outputs. The advisor also typically takes time during the meeting to review aspects of recent CDOT-STI training under the project or provide other topical training to expand the knowledge base of core group members so that they are motivated to build-out and refine the macro-framework.
3. **Ensuring that the core group activities under this project are demand driven and benefit from high-level support has been important in building traction.** In Cambodia, the group’s success is underpinned by support from an array of officials charged with macroeconomic management. All groups have also fostered dialogue among agencies, notably between central banks and ministries of finance, where formal coordination mechanisms may be weak or at a nascent

¹ Authored by David Cowen (APD).

² CDOT was previously known as Technical Assistance Office for Lao PDR and Myanmar (TAOLAM). Its member countries are Cambodia, Lao PDR, Myanmar, and Vietnam (core beneficiary countries), plus other countries in the Southeast Asia and the Pacific Islands region under select projects. Its external partners are Japan and Thailand.

stage. In this context, agencies have been compelled to exchange data, and as noted above, work toward better understanding internal forecasts and analysis. Group members also often interact with other providers of CD in their day-to-day activities—from CDOT, elsewhere in the IMF, and external partners. In the case of CDOT, local knowledge gained through CD in areas such as government finance and external sector statistics, PFM, and monetary operations has improved the quality of core group interaction and output. The groups will need to leverage support from both inside and outside the IMF to adapt frameworks to incorporate areas such as credit cycles, given rapid financial sector growth and rising debt levels, as their countries manage further economic transition.

4. The activities, and associated development of macroeconomic frameworks, have yielded other benefit for both the beneficiary countries and the Fund. Country frameworks have been used in tailored courses on FPP provided by CDOT and STI in Myanmar, Lao P.D.R., and Cambodia. Vietnam has also provided its framework for this purpose. For the latter two countries, a joint FPP course was offered, fostering peer-to-peer learning. While customization necessitates extra course preparation time, an important benefit is discussing a country case study that has immediate relevancy to the participants' professional responsibilities. Use of the macroeconomic frameworks in FPP courses and selectively in other training also allows CDOT to test their robustness and identify areas for future improvements. In Myanmar, core group members who have received FPP training are also used as mentors in future offerings of FPP courses. This helps reinforce their own knowledge, bridge occasional language barriers among trainees, particularly around technical issues, and build self-confidence as future policy makers.

5. These activities have also played a role in helping integrate the IMF's work on CD and surveillance. This integration is key in transition economies, where reform needs center around development of policy frameworks, improvements in data availability, and fostering internal coordination mechanisms—each of which is typically touched upon by the country core groups and in the IMF's surveillance dialogue. To foster this integration, core groups have been convened during recent IMF surveillance missions in Myanmar and Lao P.D.R. to exchange views in an informal setting on features and shortcomings of macroeconomic frameworks and near-term outlooks and risks. In Myanmar, presentations by the group have become a regular feature of the Article IV consultation and other surveillance missions, providing the IMF with a complete picture on the macroeconomic outlook from the local perspective.

6. Looking ahead, efforts are needed to ensure the groups become self-sustaining and improve policy dialogue and coordination. CDOT's engagement is expected to evolve from teaching fundamentals to coaching groups, as one important lesson in the past few years is that lasting results will only come by better empowering officials to impart their own knowledge. This holds whether group members are reaching out to incoming junior staff or more senior officials, with the ability of groups to produce clear, technically sound, and internally consistent outputs while also building members' own potential as thought leaders. In Myanmar, where roughly three-quarters of the group is female, its activities bring the added dimension of ensuring more inclusiveness in decision-making. Through continued support from CDOT and complementary technical assistance and training provided by others in the IMF and elsewhere, the further development of macroeconomic frameworks is expected to provide a good foundation to help sustain growth and enhance resiliency in an exceptionally dynamic region.

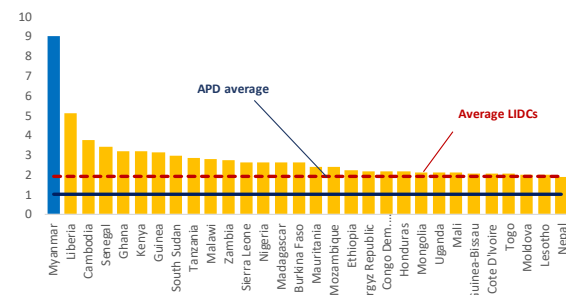
VIII. SPOTLIGHT: CAPACITY DEVELOPMENT IN MYANMAR¹

The Fund’s experience in Myanmar demonstrates some of the unique challenges in CD in fragile states with low capacity. Meeting these challenges will require close integration of CD with surveillance, effective delivery through blending training with TA, and careful prioritization and sequencing. In fragile situations, effective CD is a continuous process underpinned by long-term relation-building.

1. Fund CD in Myanmar scaled up rapidly starting in 2011 when the country embarked on far-reaching economic reforms and opening up.

This historic transition created an enormous demand for CD. The Fund and other donors responded—Myanmar has become the largest recipient of Fund CD. The overarching objective for Fund CD in Myanmar has been to strengthen capacity in policy analysis, formulation and implementation, supported by better data, increased automation (or IT infrastructure), and greater intra- and inter-agency ownership and coordination. The need to integrate CD with surveillance is evident as strong CD support is critical to progress on the policy front.

TA Delivery to LIDCS, FY2017
(Person-years of field delivery)



Sources: Travel Information Management System (TIMS); and staff calculations.

Notes: TA volume is measured in person-years of field delivery. An effective person-year of field delivery of technical assistance is defined as 260-262 working days of Fund staff or experts. Country data do not fully capture TA delivery through regional groups.

2. Early integration was anchored by surveillance priorities and the objectives of a Fund-supported program.

As Myanmar began to reduce its restrictions on foreign trade and investment, emerging balance of payments pressures called for a revamp of its exchange rate regime to ensure a sustainable external position. Effective monetary operations were also required to control high inflation that was running at 21 percent on average in the decade prior to 2011. Meanwhile, Myanmar’s private banking sector was expanding rapidly, along with rapid entry of foreign banks, in an outdated regulatory environment. Moreover, to address the large infrastructure gaps and skill shortages, Myanmar needed a significant increase in government revenue to finance public investment and social spending. These and other policy priorities identified in Fund surveillance and the staff monitored program (2013–14) guided the Fund’s CD efforts. With Fund assistance, Myanmar set up a foreign exchange auction system to determine the official exchange rate, established an autonomous central bank, assembled and trained a core bank supervision team (including in the area of AML/CFT), established a treasury department and a large taxpayer office, and improved major macroeconomic statistics, among many other achievements.

¹ Authored by Yongzheng Yang (APD).

3. More recently, CD integration with surveillance has taken a more systemic approach. In 2017, the country team, working with CD departments, CDOT, STI and OAP, prepared a Fund CD strategy note for Myanmar, taking stock of progress and mapping out medium-term CD priorities. The note was discussed together with the team’s 2017 surveillance agenda in a PCM-style meeting, with participation of SPR, CD departments, CDOT and STI. The meeting helped the surveillance and CD teams deepen understanding of the connections between CD and surveillance priorities and strengthened the consensus and ownership among departments. The final CD strategy note was circulated to all CD departments with plans for annual updates and midyear reviews as needed. The note was used as the starting point for the surveillance team to define and facilitate its dialogue with the authorities on how to integrate CD with surveillance and how to make CD delivery more effective, and it was also used as a guide for interdepartmental coordination.

4. Close cooperation between surveillance and CD teams has been a major focus to operationalize CD-surveillance integration and to ensure effective delivery. A key feature of this cooperation has been face-to-face interactions between the surveillance and CD teams in HQ, both before and after CD missions. These interactions allow the surveillance team to share surveillance perspectives with CD missions, while post-mission debriefings help the surveillance team understand potential challenges and consequences of implementing CD recommendations, as well as the need for follow up. Cooperation between APD and STA on a TA mission on the compilation of financial soundness indicators (FSIs) was a good example. The APD and STA teams discussed the need and plans for this TA prior to the mission, and an informative debriefing enabled the APD team to appreciate the limitations of the compiled FSIs for surveillance. Overlapping CD and surveillance missions have been encouraged to lend mutual support. FAD’s revenue CD team, for instance, has made consistent efforts to have overlapping missions with surveillance missions in order to strengthen engagement with senior government officials on revenue reforms. Coordination with CDOT missions has been a routine exercise for surveillance missions so that CDOT experts and surveillance teams can support each other and resolve problems together during missions.

5. Given Myanmar’s low absorptive capacity, attention has been given to CD prioritization and sequencing. CD departments—FAD, LEG, MCM, and STA—first established roadmaps for reforms through stocktaking exercises to guide prioritization and sequencing. In the area of domestic revenue mobilization, for instance, a phased approach was adopted to reap early benefits through improvements in tax administration while preparing the ground for tax policy reform. Myanmar has been the largest donor-funded Revenue Mobilization Trust Fund (RMTF) project and to provide critical support in a low capacity environment, the project has included resident experts as part of the project. The IMF has essentially acted as a lead advisor on revenue administration and coordinated donor support. PFM reform initially focused on institution building by helping the authorities establish a treasury department, along with efforts to improve capacity in cash flow management. As noted earlier, initial TA in the financial sector focused on assisting the authorities to establish a market-based exchange rate regime, a monetary policy framework, a basic framework of bank regulation and supervision, and an AML/CFT regime. Similarly, initial Fund TA targeted improvement in an essential set of macroeconomic statistics.

6. The integration of training with TA has also been key to the overall effectiveness of CD in Myanmar.

In a low-capacity environment like Myanmar, the line between TA and training is blurry. Decades of isolation, language barriers, and lack of formal economic education have meant that Myanmar counterparts often face great challenges in understanding TA findings and recommendations without prior training. Thus, TA experts often have to blend training with TA and take a hands-on approach to TA. For instance, TA on monetary operations often involves explaining fundamental concepts to the counterparts and working through spreadsheets step by step (e.g., on liquidity forecasting). A TA mission on central bank accounting started with a test for the officials on concepts before discussing TA findings and recommendations. The APD team and CDOT have also cooperated in training during surveillance missions, with the team meeting with a newly established interagency core macroeconomic group trained by a CDOT expert. The team discussed macroeconomic forecasts with the trainees with a view to increasing their capacity, which in turn helped them better understand macroeconomic TA delivered by the same expert.

7. A good example of bringing together surveillance, training and TA was a CD seminar for the Myanmar parliament held in late 2016.

Following the historical general elections in late 2015, most parliamentarians were first-time politicians with little experience in economic affairs and their need for CD was great. Leveraging the well-established tradition of regular surveillance dialogue with parliamentarians, CD and Fund staff from APD (including the Resident Representative Office, CDOT, and OAP), COM, FAD, MCM, STA, and STI delivered a CD seminar that attracted some 60 parliamentarians as well as a number of government officials. The interactions between parliamentarians, policymakers and Fund surveillance and CD teams provided a valuable opportunity to discuss technical and policy issues in an integrated manner, consistent with Fund policies on engagement with parliamentarians.

8. The effectiveness of CD in fragile states like Myanmar depends on continuous engagement and a long-term relationship with counterparts.

The completion of mission reports is often just the first step in the CD process. In this regard, long-term resident advisors can play an instrumental role, as their daily assistance can be essential to CD implementation. In addition, combining training with TA by resident advisors on a regular basis helps foster trust and improve sustainability. Continuous support by long-term resident advisors has been vital to the significant progress that Myanmar has made in strengthening bank supervision and revenue administration. CDOT's timely responses to CD requests and frequent visits to Myanmar have been key in strengthening relations and flexibly addressing CD needs. Recent progress in government finance statistics, cash management, and external sector statistics reflects the efficacy of this approach. Frequent CD missions and a large presence of long-term resident advisors have also made it important to establish a network of communication among Fund staff, often with the resident representative as the interlocutor, to coordinate activities and provide feedback.

9. Cooperation with other development partners has been important in increasing Fund CD effectiveness and helping Myanmar achieve its CD objectives.

While there is no standard approach and the mechanism has depended on the circumstances, Fund CD teams may play leading roles in coordination in some cases. In the financial sector, for example, because of the large number

of development partners involved, there is a formal coordination mechanism—the Committee for the Coordination of Financial Sector Technical Assistance to Myanmar (COFTAM), co-chaired by the Fund (MCM) and the Central Bank of Myanmar—to share information and devise a division of labor annually. In the revenue area, FAD has taken the lead without a formal mechanism; this has worked well given the smaller number of development partners and a proactive approach to cooperation.

IX. SPOTLIGHT: IMF COLLABORATION WITH THE CENTER OF EXCELLENCE IN FINANCE^{1,2}

1. For over 15 years, the IMF has partnered with the Slovenian-based Center of Excellence in Finance. The center is an international institution with a membership made up of countries in South Eastern Europe with close ties and common activities with a variety of partners. Its mandate is to support CD of finance officials through learning.

2. The center currently hosts two FAD TA advisors, covering PFM and revenue administration, and an STA TA advisor covering government finance statistics. There has also been cooperation in central banking through the hosting of learning events designed and presented by MCM. More recently, collaboration with MCM has included a well-received program on crisis preparedness for securities regulators, an area that is underdeveloped in the region. The center provides office space and administrative support and in return the Fund contributes to the design and delivery of workshops and learning events.

3. The Fund's TA programs at the center are externally financed. FAD's advisors are funded through an EU-financed program covering six EU pre-accession countries, while the STA advisor is financed through a Swiss SECO grant and covers most of the same countries.

4. The collaboration allows for cost-effective support to the region. The presence of Fund advisors close to client countries has helped develop a deep understanding of the challenges faced by their counterparts, including capacity constraints and political priorities. The center and JVI also cooperate regularly to ensure that countries in the region receive the training they need to develop their individual and institutional economic management capacities. This collaborative model has received positive feedback both from country authorities and donors.

5. The ongoing cooperation between the Fund and the center was strengthened in 2017 by the signing of an MoU between the two institutions. The MOU formally lays out how the partnership will continue to collaborate consistently with both parties' mandates and policies including: continued hosting of resident advisors; co-organization of events centered on peer-learning to strengthen regional institutional capacities; co-sponsorship of projects related to CD in South East Europe; and exchange of information.

6. This collaboration is an illustration of how the Fund can leverage its relationships with other institutions to enhance effectiveness of regional CD delivery. It demonstrates the benefits of partnerships in the designs and delivery of CD, combining the expertise of the Fund with regional knowledge and infrastructure of institutions such as the Center of Excellence in Finance.

¹ Authored by Brian Olden (ICD).

² Member countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia, and Turkey. Its external partners are Belgium, France, Germany, the Netherlands, Slovenia, and U.S.