



# IMF POLICY PAPER

## REVIEW OF THE FUND'S CAPACITY DEVELOPMENT STRATEGY—BACKGROUND PAPERS

April 2024

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## REVIEW OF THE FUND'S CAPACITY DEVELOPMENT STRATEGY—BACKGROUND PAPERS

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### CONTENTS

|  |           |
|--|-----------|
| Glossary   | 4         |
| <b>CD DELIVERY MODALITIES</b>                                      | <b>7</b>  |
| A. Overview  | 7         |
| B. Introduction  | 8         |
| C. The New Normal  | 9         |
| D. Path Forward  | 13        |
| <b>BOX</b>   |           |
| 1. The New Normal for Other CD Providers                           | 12        |
| <b>FIGURES</b>   |           |
| 1. CD Delivery Modalities by Activity Count, FY2021–FY2023         | 9         |
| 2. Delivery and Participation in IMF Online Courses, FY2022–FY2023 | 11        |
| <b>ANNEXES</b>   |           |
| I. Delivery Modalities Terminology                                 | 17        |
| II. Transition to the New Normal in CD Departments                 | 21        |
| III. RCDC Case Studies of the New Normal                           | 31        |
| IV. Blended Training Case Studies                                  | 35        |
| References   | 45        |
| <b>EVALUATION AND IMPACT</b>                                       | <b>46</b> |
| A. Overview  | 46        |
| B. Introduction  | 47        |
| C. The State of M&E at the Fund                                    | 48        |
| D. Tailoring, Effectiveness, and Impact of CD                      | 54        |
| E. Conclusion  | 65        |

**FIGURES**

|   |    |
|---|----|
| 1. Distribution of Evaluation of CD Completed between FY2018–FY2023           | 50 |
| 2. Improvement in Data Completeness   | 52 |
| 3. Increase in Single Country Project   | 52 |
| 4. Evidence of Tailoring in Project Design                                    | 56 |
| 5. Text Mining of CD Country Strategy Notes                                   | 56 |
| 6. Factors influencing RBM Outcome Ratings                                    | 58 |
| 7. CARTAC Outcome Results vs. Resources Person Days                           | 59 |
| 8. ICD Course Learning Gains  | 60 |
| 9. Factors Influencing Learning Gains of ICD Courses                          | 60 |
| 10. Average Differences in Outcome Improvements Between Treated and Untreated | 62 |
| 11. Long-Run Impact of CD on Tax Revenue                                      | 62 |
| 12. Impact of CD on VAT Revenues  | 63 |
| 13. Correlation Matrix Macroeconomic Variables & Completed CD Projects        | 64 |

**ANNEXES**

|  |    |
|--|----|
| I. RBM Risk Assessment and CD-Surveillance Integration                           | 67 |
| II. Analysis of Evaluations  | 69 |
| III. Comparing Internal and External Evaluations                                 | 72 |
| IV. MOPAN Findings: Organizations Learning from and Applying Evaluation Findings | 74 |
| V. The Fund’s RBM Framework  | 75 |
| VI. Synchronous Training Survey Results  | 77 |
| VII. The Propensity Score Matching Technique                                     | 81 |
| References   | 82 |

|  |           |
|--|-----------|
| <b>RCDC MODEL AND FIELD PRESENCE</b>                           | <b>84</b> |
| A. Overview  | 84        |
| B. Introduction and Background                                 | 85        |
| C. Do RCDCs have Sufficient Geographical and Topical Coverage? | 87        |
| D. How can RCDCs Support Better Synergies?                     | 89        |
| E. How to Strengthen RCDCs’ Governance?                        | 91        |
| F. How to Support Funding Sustainability?                      | 93        |

**FIGURES**

|  |    |
|--|----|
| 1. Growth of Regional Capacity Development Centers of the IMF      | 87 |
| 2. RCDC CD Delivery Spending by Modality, FY2023                   | 89 |
| 3. External Funding Commitments to RCDCs, Current Multi-Year Phase | 94 |
| 4. Projected Liquidity Balances                                    | 95 |
| 5. CD Delivery Spending  | 97 |

**ANNEXES**

|                                   |     |
|-----------------------------------|-----|
| I. Geographical Coverage of RCDCs | 99  |
| II. RCDCs Governance Structure    | 101 |
| III. RCDCs Funding Model          | 104 |

|            |     |
|------------|-----|
| References | 106 |
|------------|-----|

**HR POLICIES** 107

|                                       |     |
|---------------------------------------|-----|
| A. CD Staffing Model                  | 107 |
| B. Issues                             | 111 |
| C. Work Underway to Address HR Issues | 113 |

**BOXES**

|                                    |     |
|------------------------------------|-----|
| 1. 2012–2015 Technical Track Pilot | 116 |
| 2. The TA Officer Job Family       | 117 |

**FIGURES**

|  |     |
|--|-----|
| 1. Share of Staff by Incumbent Type (FY2013–FY2023)        | 107 |
| 2. HQ Specialists—Employment Type (2024)                   | 109 |
| 3. CD Staff by Personnel Type                              | 110 |
| 4. Economist Hiring: Fungible vs. Specialist FY2018–FY2022 | 111 |

**TABLE**

|   |     |
|---|-----|
| 1. Summary of Key Features of Three Career Tracks | 108 |
|---|-----|

|            |     |
|------------|-----|
| References | 118 |
|------------|-----|

**MAPPING THE FUND'S POSITION VIS-A-VIS OTHER CD PROVIDERS** 119

|   |     |
|---|-----|
| A. Overview                                 | 119 |
| B. Introduction                             | 120 |
| C. Comparative Advantages of the Fund       | 120 |
| D. Views of Recipients and Stakeholders     | 121 |
| E. Views of the Development and CD Partners | 126 |
| F. Views of the IMF's CD Departments        | 129 |
| G. Conclusion                               | 144 |

**FIGURES**

|                          |     |
|--------------------------|-----|
| 1. Usefulness of Fund CD | 123 |
| 2. Coordination          | 123 |
| 3. Desirability          | 124 |
| 4. Additionality         | 124 |

|            |     |
|------------|-----|
| References | 146 |
|------------|-----|

## Glossary

|           |  |
|-----------|--|
| AD        | Area Department  |
| AFC       | Africa Regional Technical Assistance Center - Central Africa                         |
| AFE       | Africa Regional Technical Assistance Center - East                                   |
| AFR       | African Department   |
| AFRITAC   | Africa Regional Technical Assistance Center  |
| AFS       | AFRITAC South  |
| AFW       | AFRITAC West   |
| AFW2      | AFRITAC - West 2   |
| AI        | Artificial Intelligence  |
| AML/CFT   | Anti-Money Laundering/ Combatting the Financing of Terrorism                         |
| APD       | Asia and Pacific Department  |
| ATI       | Africa Training Institute  |
| BAM       | Bank Al Maghrib  |
| BdF       | Banque de France   |
| BIS       | Bank for International Settlements   |
| CAPTAC-DR | Central America, Panama, and Dominican Republic Regional Technical Assistance Center |
| CARTAC    | Caribbean Regional Technical Assistance Center                                       |
| CBDC      | Central Bank Digital Currencies  |
| CCAMTAC   | Caucasus, Central Asia, and Mongolia Regional Capacity Development Center            |
| CCB       | Committee on Capacity Building   |
| CD        | Capacity Development   |
| CDD       | Capacity Development Department  |
| CDMAP     | Capacity Development Management and Administration Program                           |
| CDOT      | Capacity Development Office in Thailand (formerly TAOLAM)                            |
| CDSR      | Capacity Development Strategy Review   |
| CEF       | IMF-Middle East Center for Economics and Finance in Kuwait                           |
| CMAP      | Climate Macroeconomic Assessment Program   |
| CPAT      | Climate Policy Assessment Tool   |
| C-PIMA    | Climate Module of the Public Investment Management Assessment                        |
| CSN       | Country Strategy Notes   |
| D4D       | Data for Decision  |
| DRM       | Domestic Revenue Mobilization  |
| DSGE      | Dynamic Stochastic General Equilibrium   |
| EAG       | External Advisory Group  |
| EBRD      | European Bank for Reconstruction and Development                                     |
| EC        | European Commission  |

|          |   |
|----------|---|
| EU       | European Union  |
| EUR      | European Department                                     |
| FAD      | Fiscal Affairs Department                               |
| FB       | Field-Based Work  |
| FCS      | Fragile and Conflict-Affected States                    |
| FDPI     | Financial Development and Financial Inclusion           |
| FIN      | Finance Department                                      |
| FM       | Fungible Macroeconomist                                 |
| FMI      | Financial Market Institution                            |
| FPAS     | Forecasting and Policy Analysis Systems                 |
| FPP      | Financial Programming and Policies                      |
| FSAP     | Financial Sector Assessment Programs                    |
| FSSF     | Financial Sector Stability Fund                         |
| FSSR     | Financial Sector Stability Review                       |
| GFS      | Government Finance Statistics                           |
| HQ       | IMF Headquarters  |
| HQX      | Headquarter-Based Expert                                |
| HRD      | Human Resources Department                              |
| ICD      | Institute for Capacity Development                      |
| ICDGP    | ICD Global Partnerships Division                        |
| ICDIP    | ICD Institute Training Program Division                 |
| IDB      | Inter-American Development Bank                         |
| IEO      | Independent Evaluation Office                           |
| INTOSAI  | International Organization of Supreme Audit Institution |
| ITD      | Information Technology Department                       |
| ITP      | Institute Training Program                              |
| IWG      | Interdepartmental Working Group                         |
| JFCF     | Job Family Career Framework                             |
| JICA     | Japan International Cooperation Agency                  |
| JVI      | Joint Vienna Institute                                  |
| LEG      | Legal Department  |
| LIC      | Low-Income Country                                      |
| LIDC     | Low-Income Developing Country                           |
| LLMIC    | Low and Lower-Middle Income Country                     |
| LTX      | Long-Term Expert  |
| LWOP/IOF | Leave Without Pay in the Interest of the Fund           |
| MCD      | Middle East and Central Asia Department                 |
| MCM      | Monetary and Capital Markets Department                 |

|         |  |
|---------|--|
| METAC   | Middle East Regional Technical Assistance Center             |
| MIP     | Management Implementation Plan                               |
| MoF     | Ministry of Finance  |
| MOOC    | Massive Open Online Courses                                  |
| MOPAN   | Multilateral Organization Performance Assessment Network     |
| MPAF    | Monetary Policy Analysis and Forecasting                     |
| OECD    | Organization for Co-operation and Development                |
| OTA     | Office of Technical Assistance                               |
| PCT     | Platform for Collaboration on Tax                            |
| PDM     | Public Debt Management                                       |
| PFM     | Public Financial Management                                  |
| PFTAC   | Pacific Financial Regional Technical Assistance Center       |
| PIM     | Public Investment Management                                 |
| PIMA    | Public Investment Management Assessment                      |
| PSDS    | Public Sector Debt Statistics                                |
| PTP     | Peer-To-Peer   |
| RBM     | Results-Based Management                                     |
| RC      | Review Committee   |
| RCDC    | Regional Capacity Development Center                         |
| RTAC    | Regional Technical Assistance Center                         |
| RTC     | Regional Training Center                                     |
| SARTTAC | South Asia Regional Training and Technical Assistance Center |
| SC      | Steering Committee   |
| SCS     | Specialized Career Stream                                    |
| SE      | Specialist Economist   |
| SECO    | State Secretariat for Economic Affairs                       |
| SOE     | State-Owned Enterprise                                       |
| SPR     | Strategy, Policy, & Review Department                        |
| SRC     | Senior Review Committee                                      |
| SRP     | Supervisory Review Process                                   |
| STA     | Statistics Department  |
| STI     | Singapore Regional Training Institute                        |
| STX     | Short-Term Expert  |
| TA      | Technical Assistance   |
| TIMS    | Travel Information Management System                         |
| UNODC   | United Nations Office on Drugs and Crime                     |
| VfM     | Value for Money  |
| WHD     | Western Hemisphere Department                                |

# CD DELIVERY MODALITIES<sup>1</sup>

## A. Overview

**1. The Fund’s CD delivery modalities continue to evolve to a *new normal* in the aftermath of the COVID-19 pandemic.** This new normal approach is characterized by a mix of different modalities of CD delivery (defined hereinafter as blended CD) that makes it possible to tailor technical assistance (TA) and training to the needs and specificities of member countries to optimize impact and reach. The convergence towards the new normal with a blend of virtual, in-person, peer-to-peer (PTP), synchronous, and asynchronous CD delivery modalities has also engendered an increase in engagements with member countries, providing the foundations for a more programmatic approach to CD delivery by the Fund’s CD departments (CDDs) in close coordination with area departments (ADs). This programmatic approach emphasizes the achievement of well-defined CD objectives with a well-sequenced series of TA activities and training over a longer program period, and the evaluation of those activities through a Results-Based Management (RBM) framework.

**2. Early experience with blended CD has been positive.** Blended delivery has been used by all CDDs, including through a variety of experimental approaches where foundational training courses are delivered asynchronously to a cohort of participants prior to a more advanced synchronous training and/or TA. Anecdotal evidence suggests high satisfaction by country authorities and points to the need to continue investing in this approach. Greater use of virtual engagements for TA has also allowed more continuous engagement with the authorities, wider participation of both Fund staff and the authorities, greater integration with surveillance and lending activities, and an expanded coverage of some previously underserved countries with travel limitations. Peer-to-peer engagements have also gained momentum, particularly in regional CD centers (RCDCs), and are supported by greater collaboration between regional training centers (RTCs) and regional technical assistance centers (RTACs).

**3. Virtual CD delivery has its limitations.** These include resource demands associated with virtual CD delivery in different time zones, authorities’ availability, and accessibility (the latter impacted by in-country conditions such as network connectivity), or institutional constraints (e.g., sharing confidential working files electronically). These limitations are more evident in low-income countries (LICs) and fragile and conflict-affected states (FCS) where CD needs are more pressing. In addition, in-person delivery has a positive impact on relationship building and personal engagement of CD recipients that is hard to emulate in virtual engagements.

<sup>1</sup> Co-led by Paul Austin (STA) and Joannes Mongardini (MCM) with contributions from an inter-departmental working group that included Eva Jenkner (AFR); Kenichiro Kashiwase, Piyaporn Sodsriwiboon (APD); Rossen Rozenov (EUR); Margaret Cotton, Michelle Stone, Gerardo Una, and Christophe Waerzeggers (FAD); Sami Ben Naceur, Michaela Denk, Nina Dsa, and Natalia Malysheva (ICD); Hervé Tourpe (ITD); Cory Hillier (LEG); Norbert Funke and Holger Floerkemeier (MCD); Brenda Sylvester and Chloe Zhang (MCM); Bogdan Lissovlik (STA); and Alina Carare and Paula Beltran Saavedra (WHD).



**4. The overall finding of this paper is that further development of blended CD is essential for the Fund to continue to modernize its CD delivery.** This paper offers proposals in five key areas designed to support a more structured and institution-wide approach to identifying the optimal blend of modalities depending on the context and mainstreaming blended modalities.

**5. The budgetary implications of these proposals will be borne over time.** Financial support from partners is already financing the shift to the new normal; the availability of funds will determine the speed of the transition. Additional resources may be necessary to develop foundational online and blended courses and to align systems/processes to the new normal to better support the planning, management, and reporting of hybrid and blended delivery. Furthermore, more frequent engagements and virtual participation of wider range of staff and experts may increase costs. On the other hand, savings might be generated over time from cost-effective delivery, including from lower travel costs. That said, these changes will unfold over time in a prioritized fashion and it is therefore too early at this stage to quantify the overall budgetary implications. presence in design and delivery—including leveraging RCDCs and local or regional expertise.

#### Key Proposed Actions

- A programmatic approach to CD should become the standard for the Fund's CD engagements where possible, with one-off activities remaining an essential element in specific circumstances to support agility and responsiveness to country needs.
- Tailor choices over CD delivery modalities to member countries' circumstances and requirements, with a view to harness the full potential of blended CD delivery modalities where feasible.
- Address requirements for effective virtual/hybrid/face-to-face delivery, including by seeking ways to optimize impact and reach at the design stage.
- Review the training curriculum to better align to the needs of a programmatic CD delivery, with a blend of online foundational modules and more advanced in-person courses or country-tailored TA.
- Align internal support systems/processes to blended CD activities, including the budget, Capacity Development Management and Administration Program (CDMAP), expert contracting, and IT support.

## B. Introduction

**6. The Fund's CD delivery modalities continue to evolve to a *new normal* in the aftermath of the COVID-19 pandemic.** This new normal is characterized by a mix of different channels of CD delivery (defined hereinafter as blended CD), from the traditional in-person delivery to hybrid, virtual, and peer-to-peer engagements; and from synchronous to asynchronous training.<sup>2</sup> This new blend of CD modalities makes it possible to better tailor CD delivery to the needs and specificities of member countries and to optimize impact and reach. The new normal is likely to continue to evolve

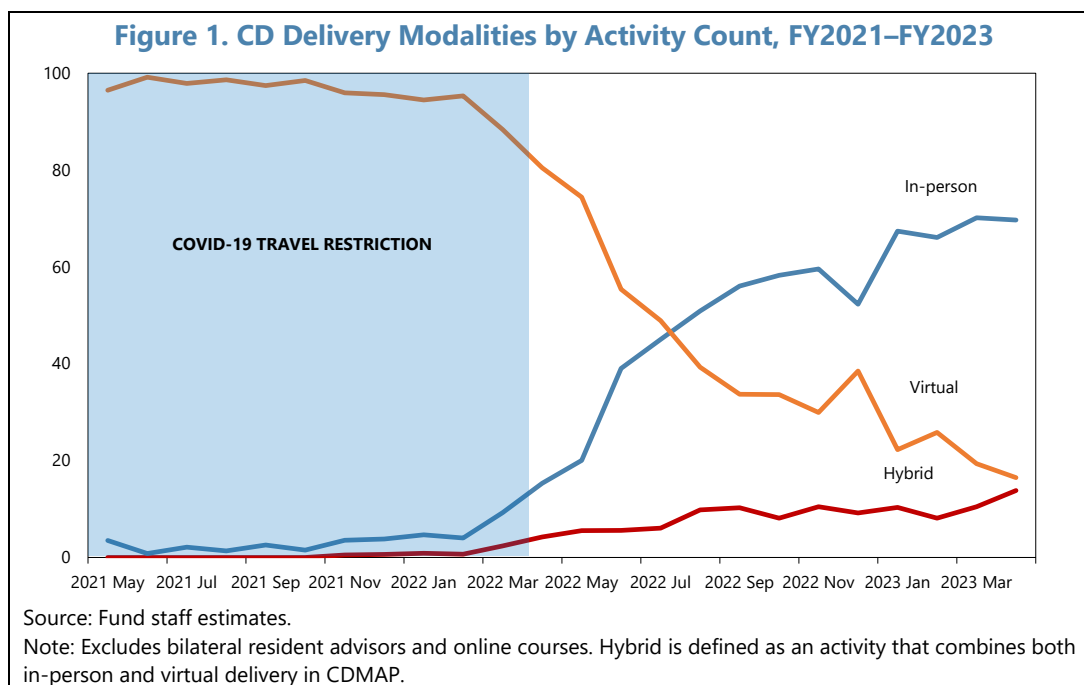
<sup>2</sup> Annex I provides a glossary of the terminology used throughout this paper.

as CDDs continue to innovate and experiment and as new delivery technologies are deployed to better tailor CD to member countries' needs.

### C. The New Normal

**7. Prior to 2020, the Fund's CD delivery modalities were predominantly face-to-face.** The great majority of CD activities were delivered in person, either in member countries or at headquarters (HQ). A few departments, notably Fiscal Affairs (FAD), ICD, and Monetary and Capital Markets (MCM), had started experimenting with hybrid and virtual TA, but these represented a small share of the total CD activities. Online training made up almost a third of the Fund's training program in the three years prior to the pandemic. Delivery modalities also varied between HQ-based TA and training, and field-based delivery through RTCs and RTACs. The share of CD activities delivered through RCDCs was on the rise as more RTCs and RTACs became operational over the last two decades.

**8. The COVID-19 pandemic forced all face-to-face CD delivery activities to turn virtual.** Following the onset of the pandemic, the Fund moved quickly in the second quarter of 2020 to virtual delivery. While there were significant challenges to virtual delivery, particularly for HQ-based staff working on countries with a significant time zone difference or on low-income economies and FCS with poor IT infrastructure, the virtual modality was the only delivery channel available to continue supporting member countries in their CD priorities. Accordingly, Fund staff and member countries adapted to this new delivery channel, gaining useful experience of its benefits and limitations. Virtual delivery continued to be the main delivery modality throughout FY2022 as well (Figure 1).



**9. Following the lifting of the COVID-related travel restrictions in early 2022, the Fund’s CD delivery modalities are now converging to a new normal.** In FY2023, the Fund gradually resumed in-person delivery, which accounted for about 70 percent of all CD activities at the end of FY2023. Conversely, virtual delivery declined from close to 100 percent to less than 20 percent at end of FY2023, while the number of hybrid CD activities continued to rise, accounting for over 10 percent of all activities. It should be noted though that hybrid CD activities are likely to be undercounted, given that some virtual activities ahead or after an in-person activity (e.g., to discuss the scope of the engagement with the authorities, to request additional information, or to follow-up on specific recommendations after the in-person activity) went unrecorded.

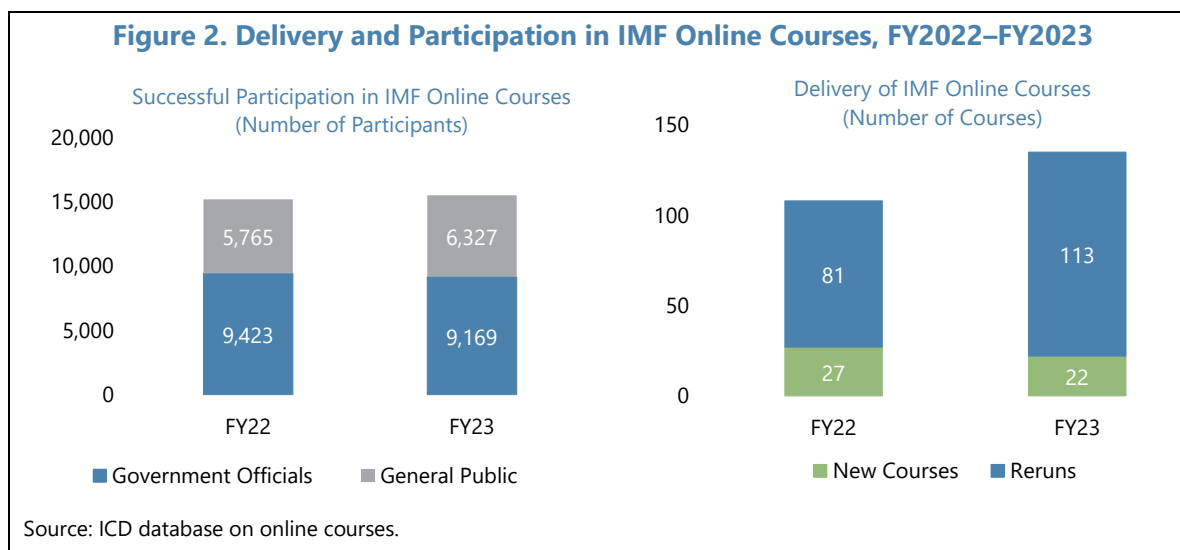
**10. The delivery of CD has shifted further toward a more programmatic approach** (Annex II). This programmatic approach utilizes a well-sequenced series of TA activities and training to achieve well-defined medium-term CD objectives. Departments delivering TA have made greater use of virtual or hybrid engagements for short-term interactions with the authorities before and after in-person activities. This type of more frequent engagement greatly facilitates the delivery of programmatic TA and is moving closer to the type of continuous engagement that member countries favor, in coordination with ADs. TA departments have also started working with ICD to integrate asynchronous foundational learning modules (in the form of online training material, including video content) in their TA delivery.

**11. RCDCs are also adapting their CD delivery to the new normal** (Annex III). This has taken the form of (a) peer-to-peer learning in analytical areas and TA delivery; (b) blended courses and cohort training in collaboration between RTCs and RTACs;<sup>3</sup> (c) the tailoring of programmatic CD in FCS; (d) blended TA delivery in emerging markets; and (e) regional notes to strengthen peer-to-peer learning and good practices. Overall, these new modalities have strengthened the impact and reach of RCDCs’ CD delivery and have been very well received by RCDC member countries.

**12. Notwithstanding the end of the COVID-19 travel restrictions, Fund online courses remain popular** (Figure 2). The Fund’s 2023 training catalogue lists 85 courses offered in a classroom setting and 87 massive open online courses (MOOCs). The MOOCs covered 16 workstreams and were delivered by six departments in one or multiple runs per year. In addition, 285 microlearning videos are available on YouTube. These asynchronous learning modules can convey foundational concepts to government officials prior to or in support of TA engagements or as a prerequisite for advanced in-person courses. While the delivery of online courses has increased in FY2023, reflecting mainly an increase of course reruns, the number of participants (government officials and the general public) has remained broadly constant. This suggests that demand for Fund online courses remains strong, notwithstanding the resumption of in-person courses.

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<sup>3</sup> Blended courses contain asynchronous and synchronous learning elements, typically in the form of short online modules and in-person (or virtual) training. Cohort training is a sequence of training courses in various modalities for a specially selected cohort of country officials that progress through the sequence. Blended courses as well as cohort training are offered by multiple RCDCs. The combination of both aspects into a blended cohort training has been implemented jointly at CCAMTAC (an RTAC) and at the Joint Vienna institute (an RTC).



**13. CDDs and RTCs are also experimenting with blended training** (Annex IV). These courses include both asynchronous (e.g., self-study materials and learning activities) and synchronous (e.g., live virtual and in-person delivery) learning components. Based on course evaluations, the blending of these delivery modalities has resulted in higher course participant satisfaction as well as preliminary evidence of greater impact (learning gains) and reach of blended CD training.

**14. The new normal has also facilitated further integration of CD and surveillance.** The use of virtual engagements enables participation by CD experts in Article IV Consultation discussions and program engagements. Conversely, desk economists can also more easily participate in virtual CD activities that make them aware of the ongoing technical recommendations to improve capacity in member countries.

**15. A return to in-person delivery is beneficial in some circumstances.** Virtual delivery can be more difficult and less effective when internet connectivity is poor (e.g., in FCS) or time differences from HQ are large (e.g., in Asia). CD recipients tend to be more engaged for longer time spans and more likely ready to share sensitive information during in-person or hybrid activities. Initial CD activities kicking off a CD project tend to build a sounder foundation for the project when delivered in-person, allowing the CD team to establish a trusted relationship with the recipients. Virtual delivery is very useful for follow-up activities, in particular, for more frequent check-ins on implementation progress and to provide ad-hoc assistance between in-person or hybrid engagements.

**16. Other institutions providing CD activities are experiencing a similar trend to the new normal.** Representatives from the Banque de France (BdF), the European Commission (EC), and Eurostat, the Inter-American Development Bank (IDB), and the World Bank (WB), all indicated that they have seen a resumption of in-person CD delivery in their respective institutions, but the use of hybrid and virtual deliveries is significantly higher than pre-pandemic. They also stated that they are considering ways to blend different CD modalities, including synchronous and asynchronous delivery (Box 1).

### Box 1. The New Normal for Other CD Providers

**The Fund’s experience with the new normal is broadly in line with other CD providers.** Fund staff met with representatives of the BdF, EC (jointly with Eurostat), IDB, and WB. These representatives confirmed a strong post-pandemic resumption of in-person CD delivery mixed with the extensive use of virtual and hybrid modalities. They also pointed to experimentation with blended modalities, including synchronous and asynchronous learning. The discussions yielded the following conclusions:

**Pandemic experience.** The pandemic forced all providers to shift to virtual CD modalities. Some counterparts (BdF) noted a silver lining in that the online technology enabled greater CD reach, particularly in the training segment. Accordingly, the total number of participants in courses and webinars increased beyond pre-pandemic levels. However, virtual engagements lacked some of the critical benefits of in-person activities, such as networking and close informal interactions conducive to trust-building (IDB, WB).

**Post-pandemic developments.** In-person delivery resumed in the second half of 2022. Some providers (IDB, WB) stressed that the resumption of in-person CD reflected recipient countries’ demand. That said, all providers noted elements of a more staggered return to traditional in-person activities. This reflected a delayed resumption of field-based work in higher risk locations and reduced willingness of experts to travel given the increased options of virtual delivery.

**The new normal.** All CD providers noted that the following trends were likely to persist:

**(1) Virtual/hybrid modalities:** All providers agreed that virtual and hybrid modalities are new essential ingredients of any future CD delivery.

**(2) Blending:** Providers agreed that each CD engagement could be a mix of virtual, hybrid, and in-person modalities paired with synchronous or asynchronous elements to maximize CD impact and reach. In particular, the start of every CD activity is likely to be almost always virtual (EC, IDB).

**(3) Drivers:** Key factors driving the CD modality would include (EC, IDB, WB) (a) relative cost savings (e.g., virtual modality has made long travel impractical for short delivery); (b) profile of engagement (e.g., higher-level engagements may justify in-person delivery); (c) complexity of engagement (e.g., it is difficult to undertake testing of software online); and (d) networking externalities (e.g., leveraging collaboration between key stakeholders is best facilitated through in-person engagements).

**(4) Thematic and regional factors:** Providers felt that no CD topics were ex-ante particularly amenable to either virtual or in-person modalities, except for foundational training that was clearly best done online (IDB, EC). From a regional perspective, providers felt that cost-benefit analysis needed to be context specific, particularly in countries with large differences in time zones and network connectivity issues.

**(5) New investment in IT needs:** Providers emphasized that leveraging virtual modalities and optimizing the mix would entail substantial investment in IT skills and infrastructure (WB).

**Key differences with Fund CD.** Several distinctive features could imply some divergence in CD modalities between the Fund and other providers. First, the IDB/WB’s greater local footprint provides more leeway for increased granularity of CD engagement. Second, the IDB/WB’s less centralized structure is more conducive to greater experimentation. Third, the BdF, the EC, and the IDB, do not experience some of the time zone constraints involved in global CD delivery.

Contributor: Bogdan Lissovolic (STA).

**17. Blended CD delivery is likely to be the way of the future for both TA and training.** The use of blended delivery modalities—with a mix of virtual, hybrid, peer-to-peer, and in-person delivery channels—is likely to improve the effectiveness of programmatic TA delivery going forward. The additional flexibility associated with the use of different technologies allows for a more

continuous engagement with country authorities and greater integration between CD, surveillance, and lending, in close coordination with ADs. It also enables the TA to be tailored to member country circumstances, including for FCS whose specific needs and priorities are outlined in Country Engagement Strategies. The experience in Fund CDDs with blended CD delivery has so far been very positive as it allows continuous engagement supplementing field-based TA with potentially less costly remote TA. However, it also requires significant resources to design, plan, and implement a blended CD approach. This includes significant investments in foundational modules, the redesign of the training curriculum, content development, and delivery technologies. Blended CD learning also increases the use of standardized foundational training modules that can be delivered both asynchronously and synchronously depending on the needs of the beneficiary, while increasing the focus on more advanced in-person TA delivery. The well-tailored mix of synchronous and asynchronous delivery also enables an appropriate CD follow-up. In the case of training, the asynchronous delivery of foundational courses and associated testing help guarantee the minimum basic knowledge of course participants to take in-person courses successfully. In the same vein, asynchronous courses and testing could ensure a basic understanding of the necessary concepts needed for a successful CD delivery of more advanced material. They also can help further tailor/customize the in-person training and TA that follows.

## D. Path Forward

**18. As the Fund’s CD delivery converges to this new normal, the rebalancing of delivery modalities provides opportunities for enhancing agility, deepening CD impact, and fostering closer integration with surveillance and lending.** Drawing on the lessons of both the COVID-19 pandemic and the still evolving new normal, the following proposals aim to modernize the Fund’s delivery of CD while effectively helping countries build strong institutions and boost skills to formulate and implement sound macroeconomic and financial policies.

### Proposal I: Enhance Programmatic Approach

**19. A programmatic CD approach should become the standard for the Fund’s CD engagements where possible.** CD is best delivered in a programmatic way through a well-sequenced approach aligned to surveillance and lending priorities and the absorption capacity of recipient countries. This implies a multi-year engagement that leverages a blended CD approach to provide the most effective TA or training delivery, or a combination of the two. In this respect, a programmatic approach would make use of both virtual and in-person delivery, as well as synchronous and asynchronous modalities, which would best fit the recipient. Additionally, the use of different CD modalities should facilitate the integration of programmatic CD with the Fund’s lending and surveillance work. Nonetheless, stand-alone training and one-off TA activities should continue to be an essential component of the overall Fund CD delivery in specific circumstances—not least to retain its agility to respond to country demands and support evolving Fund surveillance and lending priorities.

## Proposal II: Foster Flexibility in Delivery Modalities

**20. Flexible choice of CD delivery modalities.** To best support country reform outcomes, choices over CD delivery modalities should be tailored to current circumstances and requirements. Staff has developed a model based on a systematic methodology to choose modalities driven by the phase and purpose of the engagement and the available resources. The model is grounded in three key principles:

- Flexibility is key both in the short term and to allow refinement over time;
- Country needs, preferences, and circumstances should drive the delivery modality; and
- Principles-based rather than rules-based decision making is needed to allow tailoring.

These principles should underline the CD programs of the Fund's CDDs.

## Proposal III: Strengthen IT Capabilities of Field Offices

**21. Clearly identify and address the requirements for effective virtual/hybrid/face-to-face delivery.** The prerequisites for effective virtual and in-person delivery will vary and will need to be tailored to the country circumstances, the workstream/content of the CD activities, the phase and purpose of the CD, and the key people who need to be involved. For example, virtual delivery is more cumbersome, and sometimes less effective in countries with poor internet connectivity (e.g., FCS) or with large time differences from HQ (e.g., Asian countries). While resident representative offices can provide space and internet connectivity for CD recipients to participate in courses or workshops, strengthening or upgrading the IT capabilities and conference room facilities of Fund field offices would enable better use of hybrid and virtual CD delivery by HQ staff and resident advisors and provide greater opportunities for PTP engagements. A concerted effort is also needed to help upgrade the recipient country institutions' own IT capabilities, in coordination with development partners, which would help boost different CD delivery modalities.

## Proposal IV: Periodically Recalibrate the Training Curriculum

**22. Align the training curriculum to the needs of blended CD.** The growth in online training products and the availability of a wider range of delivery modalities justify a careful reassessment and, where needed, a redesign of the overall training curriculum. This will require a considered institution-wide approach and could include consideration of further emphasizing online courses for foundational training leading to greater focus of in-person methods for more advanced and specialized (including PTP) training; and a review of all online courses to ensure their content remain relevant and current. More focused selection of participant cohorts could also be considered—in consultation with the recipient authorities—for following a semi-structured curriculum and leading, where appropriate, to country-specific customized CD engagements.

## Proposal V: Further Improve Support Systems and Processes

**23. Ensure adaptability of supporting systems and processes.** The broader range of CD delivery modalities places a greater burden on project and budget managers. Identifying ways to streamline processes, including methods of categorizing and tracking CD delivery, and to improve support, including through additional training for project managers, will therefore be important. Budgets will need to allow shifts between modalities within project execution according to changing circumstances. A redesign of expert contracts may be needed in some cases (e.g., to facilitate concurrent contracts). For in-person training, shifting towards more cohort-driven attendance at more specialized courses will require evolutions in participant management. This needs to be taken into consideration in the design and implementation of technology solutions that support CD, such as CDMAP and the Fund Integrated Training Solution (FITS), currently in the planning and scoping phase. Finally, Fund in-office presence guidelines would benefit from clarity on the treatment of time spent by HQ staff conducting virtual CD activities outside of Fund business hours.

**24. One way to mainstream these proposals and assess their requirements and results could be to run a pilot in select CDDs for select workstreams.** The pilot would enable the systematic development, documentation, and evaluation of a programmatic, sequenced approach to CD delivery, tailored to the country-specific circumstances. In some cases, this would mean starting with asynchronous and/or virtual CD delivery to set the foundational knowledge through training modules, followed by in-person CD delivery focused on more advanced knowledge transfer, and follow-up virtual delivery to verify knowledge acquisition as well as practical applicability. In other cases, initial in-person activities, building the basis for a successful longer-term engagement, followed by virtual follow-up activities, and possibly additional in-person activities as required throughout the project, may be necessary. The pilot would inform an assessment of the implications of a blended approach on all aspects of CD delivery, including:

- Where to draw expertise in the design and development of blended engagements; departments should have access to experts in the design of blended CD, both hands-on and in a consultative form;
- How TA and training activities are captured in CDMAP, including the appropriate recording, reporting, and monitoring of ad-hoc virtual activities with country authorities; the IT systems needed at HQ and in field offices and recipient countries' institutions to support effective synchronous and asynchronous CD delivery (Proposals 3 and 5);
- The scope for further development of foundational courses and cohort-based training (Proposal 4);
- The impact of blended CD delivery on RCDC and RTC work programs, and scope for closer integration (Proposal 4); and
- The overall resource implications with respect to funding, especially for externally financed CD, and regarding skills and staffing.



Through the pilot, the effectiveness of blended CD could be measured—using the Fund’s RBM tool—against the more traditional approaches used in other workstreams. The assessment could explore the blend of modalities that are most effective under different circumstances, serving as a foundation for harmonizing different approaches to blended CD.

**25. The proposals are likely to have budgetary implications, which will evolve over time.**

Financial support from partners is already financing the shift to the new normal; the availability of funds will determine the speed of the transition. Additional financial support may be necessary for CDDs to develop more foundational online and blended courses in collaboration with the Institute for Capacity Development Department (ICD) and to align systems/processes to the new normal to better support the planning, management, and reporting of hybrid and blended delivery. Despite this upfront implementation cost, savings might be generated over time, since reuse and maintenance of online courses is likely more cost-effective than repeated in-person delivery of the same learning content. Moreover, some share of TA delivery is likely to remain virtual, with potential savings on travel. On the other hand, maintaining more frequent engagements with authorities and including a wider range of staff and experts may add to the cost. It is therefore too early at this stage to quantify the overall budgetary implications.

## Annex I. Delivery Modalities Terminology<sup>1</sup>

1. In its delivery of CD services to countries, the IMF has moved away from considering CD as either TA or training and now emphasizes a range of delivery modalities that should, as far as possible, be integrated. The full spectrum of delivery modalities is defined as blended CD, which includes field assignment of staff/experts for periods ranging from days to years; activities fielded from HQ; online, classroom, and customized training; PTP learning and technical workshops; and discussions at HQ or remotely. Blended CD has resulted in more granularity in the components of CD and in an alignment of classifications towards new modalities of delivery that rapidly evolved during the pandemic. With a view to ensuring that information on these modalities is consistent and comparable across CDDs, an understanding of the terminologies is important. As shown in Annex I Table 1 below, the components of CD are (a) CD Delivery, (b) Management and Administration, and (c) Analytics and Development. These components and classifications are integrated into the CDMAP. This glossary of terms on CD modalities focuses on the CD delivery component and draws on CDMAP as the primary source.

**Annex I. Table 1. Fund Classification of CD Components and Activities**

| CATEGORIES OF CD ACTIVITIES |  |  |                            |                                   |
|-----------------------------|--|--|----------------------------|-----------------------------------|
| <b>CD COMPONENTS</b>        | <b>CD Delivery</b>                     | <b>Direct CD Delivery</b>                                  | <b>Delivery Modalities</b> | Duty station-based work           |
|                             |  |  |                            | Field-based work                  |
|                             |  | <b>CD backstopping</b>                                     |                            | Resident advisor                  |
|                             |  |  |                            | Interactive learning and workshop |
|                             |  |  |                            | Online learning*                  |
|                             | <b>Management &amp; Administration</b> | CD project management                                      |                            |                                   |
|                             |  | CD strategy, governance, and oversight                     |                            |                                   |
|                             |  | Fundraising and donor relations for CD                     |                            |                                   |
|                             |  | Financial oversight of external funding for CD             |                            |                                   |
|                             |  | CD knowledge, data, information, and technology management |                            |                                   |
|                             |  | CD budget, planning, operations, and reporting             |                            |                                   |
|                             |  | RCDC and Thematic Fund administration                      |                            |                                   |
|                             | <b>Analytics &amp; Development</b>     | Development of CD tools                                    |                            |                                   |
|                             |  | Development of training courses or other learning material |                            |                                   |
|                             |  | Development of general CD technical materials              |                            |                                   |

\*Note: This only includes the delivery of online learning while the development of online learning material is part of the *Analytics and Development* component.

<sup>1</sup> Prepared by Paul Austin (STA).

## CD Components

- *CD Delivery* relates to the Fund work to prepare, deliver, and report on CD activities, regardless of whether they are delivered in-country, off-site, or remotely.
- *Management and Administration* refers to strategic oversight, management, and administration of the Fund’s CD activities.
- *Analytics and Development* includes research and analytical work on the development of assessment tools or analytical guides, technical notes, manuals, as well as training courses to support future CD delivery.

**2. CD delivery comprises direct CD delivery and CD backstopping.** Categories of CD delivery are further stratified by delivery modalities as follows: (a) duty-station based work (DS); (b) field-based work (FB); (c) resident advisor; (d) interactive learning and workshop (IL); (e) online learning (OL); and (f) peer-to-peer learning (PTP). The definitions of these modalities are provided in Annex I Table 1. CD backstopping is assumed delivered only from the duty station and can pertain to any CD modality delivered by experts. The scope of **direct CD delivery** activities (formerly missions) is guided by the CDMAP official guidelines on CD modalities such as the Staff Guidelines on CD Prioritization and Work Planning and builds upon refining the CDMAP CD Activity Report query to remove non-direct delivery activities.

CD direct delivery encompasses:

|                  |  |
|------------------|--|
| <b>In-person</b> | All activities with ‘Field-based work’ (FB) modality; <sup>2</sup>   |
| <b>Virtual</b>   | All activities with the following modalities: ‘Duty Station-based work,’ ‘Interactive Learning and workshops,’ and ‘Peer-to-peer engagement;’ <sup>3</sup> and |
| <b>Hybrid</b>    | Combined in-person and virtual delivery of CD activities (FB, IL, PP) and combined virtual and in-person/on-site participation in CD activities.               |

An additional layer of classification is the delivery timing: synchronous and asynchronous defined as follows:

**Synchronous learning:** Learning occurs in real time, either in-person or virtually, and is usually accompanied by a form of live interaction between the instructor and learners and/or among the learners. Examples: classroom training or Webex live session, webinars, group instant messaging (WhatsApp), etc.

<sup>2</sup> With ‘Travel Indicator’ toggle on in CDMAP.

<sup>3</sup> With ‘Virtual’ toggle on in CDMAP.

**Asynchronous learning:** Learners work independently in a self-paced manner but within a given timeframe on the learning platform. The interaction between learners and instructors does not occur in real time. Examples: reading a textbook or article, watching a recorded lecture, emails, announcements in Moodle, etc. This is equivalent to the online learning CD modality.

**3. Blended CD delivery supports country reform outcomes using a systematic methodology** to decide the optimal delivery approach for CD programs, projects, and activities delivered through a flexible combination of remote, in-person, and blended CD engagements that encourage area departments' integration and reflect the phase and purpose of the engagement, within the resources available. It can therefore combine synchronous and asynchronous delivery of CD activities.

A breakdown of CD activities by delivery modality, mode, and timing is presented in Annex I Table 2.

|                          | <b>Duty Station</b> | <b>Field-Based</b> | <b>Resident Advisor</b> | <b>Interactive Learning &amp; Workshops</b> | <b>Peer-to-Peer Engagement</b> | <b>Online Learning</b> |
|--------------------------|---------------------|--------------------|-------------------------|---|--------------------------------|------------------------|
|                          | Synchronous         |                    |                         |   |                                | Asynchronous           |
| In-person (face-to-face) |                     | •                  | •                       | •   | •                              |                        |
| Virtual                  | •                   |                    | •                       | •   | •                              |                        |
| Hybrid                   |                     | •                  |                         | •   | •                              |                        |

With the move away from defining CD as either TA or training, there has also been an increasing focus on learning experiences and interactions with implications for both how TA and training (in the traditional sense) are now delivered. In the context of training, the following definitions apply:

| <b>FACE-TO-FACE</b>  | <b>VIRTUAL</b>   | <b>ONLINE</b>  | <b>HYBRID</b>   | <b>BLENDED</b>  |
|--|--|--|---|---|
| Driven by instructor-learner and learner-learner interactions; 0% of content delivered online. | Driven by instructor-learner and learner-learner interactions, but virtually and in real time. | 100% of content is delivered online on a learning platform, typically without any instructor presence. | Both in-person and virtual participants join the live training with the instructor at the same time in real time. | A combination of synchronous and asynchronous learning components to create a seamless experience for learners. |

Annex I. Table 3. Definition of CD Modalities

| CD Modality                        | Description  | Delivery Mode                |
|------------------------------------|--|------------------------------|
| Duty station-based work            | Preparation and delivery of CD support to beneficiary countries' officials, primarily through a combination of diagnostic and technical advice, at the staff/expert's duty station (i.e., involving no travel). Includes desk review of and remotely provided technical advice on legislation; operational manuals, guidelines, or procedures; draft official reports; and research papers, etc. Excludes other desk work undertaken in the context of preparation for delivery of CD activities or external expert backstopping under other modalities, which should be included in those modalities.   | In-person / Virtual          |
| Field-based work                   | Preparation and delivery of CD support to beneficiary countries' officials, primarily through a combination of diagnostic and technical advice, provided on a non-resident basis, at the beneficiary country (or a remote location, other than the staff/expert's duty station). <i>(This modality requires supplemental information on HQ-led vs. RCDC-led work).</i>   | In-person / Hybrid           |
| Interactive learning and workshops | Preparation and delivery of synchronous learning activities and/or technical advice delivered in-person or remotely. Includes structured content learning activities and workshops. <i>(This modality requires supplemental information on (1) single-country vs. multi-country; (2) structured content course vs. workshop; (3) in-person vs. remotely provided; and (4) HQ-led vs. RCDC-led work).</i>   | Virtual / In-person / Hybrid |
| Peer-to-peer engagement            | Facilitation of peer-to-peer engagements, through which officials from beneficiary country learn from peers in another country, under the supervision of and with complementary guidance from Fund staff or experts. Includes facilitation of communities of practice, study tours (beneficiary country officials visit officials of a peer country), and internships (high potential junior staff from a beneficiary country is assigned to work in an IMF office on a specific topic for a predetermined period). <i>(This modality requires supplemental information on (1) single-country vs. multi-country; (2) in-person vs. remotely provided; and (3) HQ-led vs. RCDC-led work).</i> | Virtual / In-person / Hybrid |
| Online learning                    | Preparation and delivery of asynchronous computer- or mobile device-based learning activities, including courses, modules, and videos, with structured learning content, conducted via the internet or in a digital environment. <i>(This modality requires supplemental information on single- vs. multi country).</i>  | Virtual                      |
| Resident advisor                   | Preparation and delivery of CD support to beneficiary countries' officials, primarily through a combination of diagnostic and technical advice or training, provided on a long-term basis, by an expert residing in the beneficiary country or being stationed in an RTAC serving such a beneficiary country (i.e., excludes support provided by regional advisors). The resident advisor can be assigned to a specific country or work regionally through an RTAC.  | In-person                    |

Source: CDMAP Reference Guide CD Modalities.

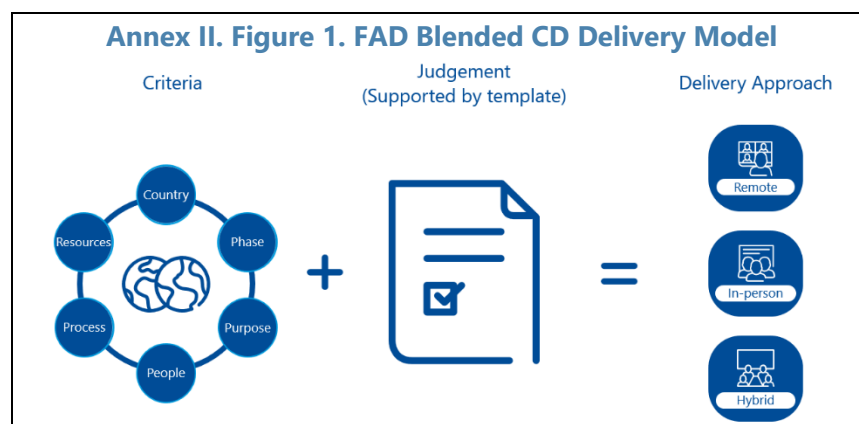
## Annex II. Transition to the New Normal in CD Departments

**1. The transition to the new normal has manifested itself in different ways in the Fund.** Some departments have adopted new CD delivery modalities, while others have experimented with integrating online learning courses as part of their programmatic approach to CD delivery. This Annex summarizes the experiences so far in each of the CD departments.

### A. Fiscal Affairs Department<sup>1</sup>

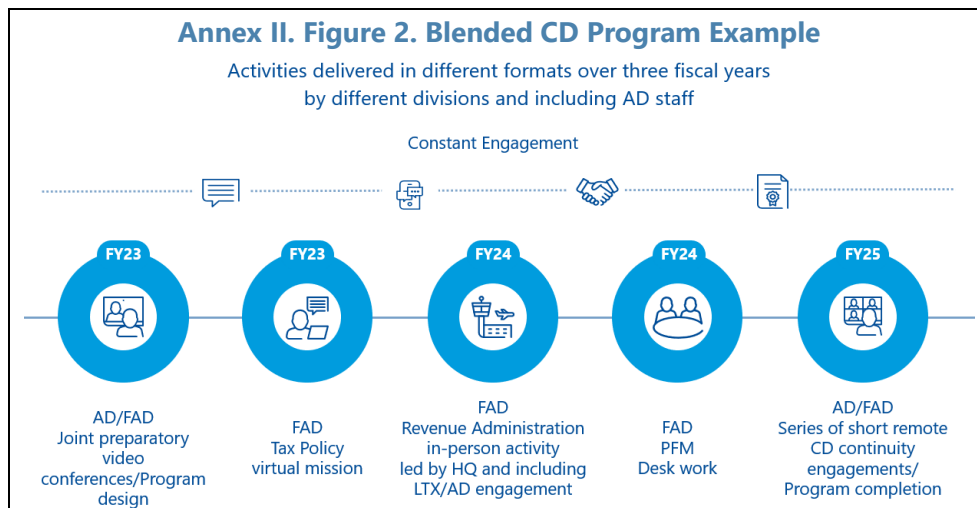
**2. FAD’s new CD strategy for FY23–FY27 helps enhance the impact of FAD CD delivery.** The strategy takes a country-centered approach to deepen synergies across CD, surveillance, and lending, and envisages a wider range of CD modalities to increase CD quality and consistency, efficiency, and effectiveness. FAD’s new blended CD delivery model, developed as part of the CD strategy, will support country reform outcomes using a structured approach to decide the optimal delivery modes for CD programs, projects, and activities. It includes a flexible combination of remote, in-person, and hybrid delivery modalities across the range of CD products and services FAD delivers. The blended CD delivery model reflects the phase and purpose of the project/program within the resources available and will make use of the broad toolkit of FAD products and services.

**3. The new blended CD model identifies the criteria that staff need to consider when designing and delivering CD projects and activities** (Annex II Figure 1). While in-person CD is preferred by most countries and generally is more impactful in terms of country engagement, there are instances where blending CD delivery approaches allows more frequent and innovative interactions; more cost-effective options; or more effective delivery, e.g., as may occur by including AD staff or additional experts if all, or part of, the CD is delivered remotely. Once the relevant factors are identified, they are weighed against each other, and a decision is made on the optimum delivery approach. The flexibility in this principles-based model encourages and enables innovation and tailoring of FAD’s CD to best meet the needs of country recipients.

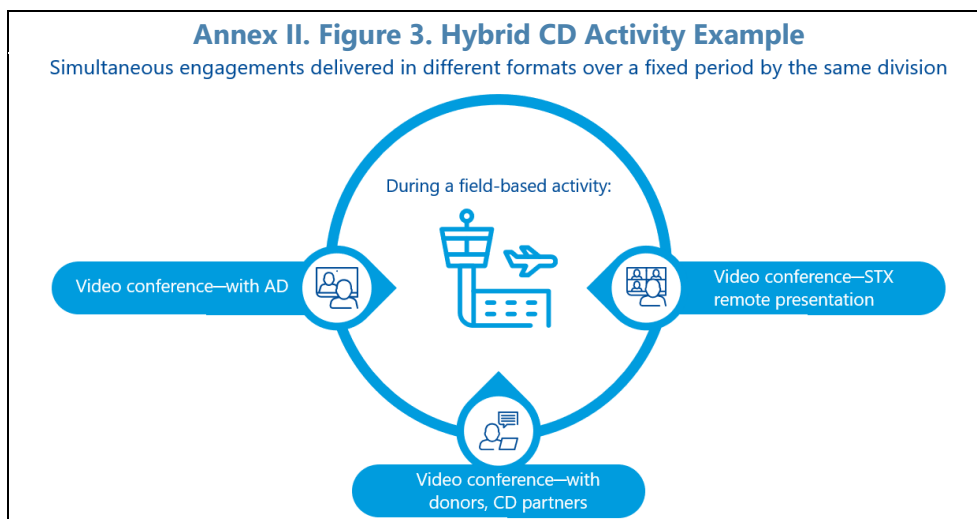


<sup>1</sup> Prepared by Margaret Cotton, Michelle Stone, and Gerardo Una (FAD).

**4. Applying the blended CD delivery model will help FAD prioritize and sequence CD activities in multi-year programs and achieve the right balance and combination of TA and training.** Considering how each individual activity will be delivered using the six criteria from Annex II Figure 1 helps plan the right balance and combination of TA and training over the life of the CD program (Annex II Figure 2).



**5. Moreover, applying the blended CD model criteria at the activity level helps identify opportunities for innovation and improved delivery.** For example, as depicted in Annex II Figure 3, FAD CD engagements now regularly combine traditional in-person delivery with new approaches including pre-engagement and post-engagement through virtual tools, some IMF staff contributing in person and others joining virtually, experts/country peers/area department colleagues joining some in-person meetings, virtual participation in donor coordination activities, in-person workshops with some experts joining remotely and incorporating online self-paced training courses and facilitated online courses into CD programs. These innovations and opportunities from blended CD modalities help ensure the right people are involved at the right time and in the optimum modality—thus achieving cost efficiency and supporting diversity and inclusion objectives.



FAD has achieved early success in applying this blended CD model:

- In Sri Lanka, FAD conducted a remote CD activity that provided real-time support to the Inland Revenue Department to implement recommendations and work on test cases. Despite the challenging time zones, this was possible following earlier in-country diagnostic assessments and benefitted from the country's smooth internet connectivity.
- In another example, FAD delivered a multi-country hybrid training to Southeast Europe, which included two sessions of virtual presentations and in-person meetings that enabled meaningful interaction with the participants. Using the hybrid approach provided an opportunity to discuss the Public Financial Management (PFM) reform agenda and address internal procedures involving CDMAP, candidate selections and related tasks that could not be overcome another way.
- In a third example, FAD conducted a hybrid TA activity to Maldives to formulate a medium-term revenue strategy successfully using the blended model, which balanced intensive in-person engagement with multiple counterparts and allowed a highly specialized short-term expert (STX) to join remotely from Europe, in a situation where health concerns prevented the STX from travelling.

**6. New CD modalities and approaches bring opportunities to improve the impact but also come with challenges.** Challenges exist for workload management, governance and oversight, and documenting and administering CD. CD staff are required to balance longer and overlapping CD engagements and the inclusion of more stakeholders, which adds complexity. Moreover, current costing models for remote and hybrid activities are lacking where standard cost assumptions may not exist or may not be accurate. Blending CD approaches also creates challenges for quality reporting and monitoring of remote short-duration continuous engagement activities. In keeping with its CD Strategy, FAD is also developing appropriate governance and reporting mechanisms for these new CD modalities, along with better knowledge management tools to help staff manage an increased project management burden. FAD's post-implementation review of its new CD delivery approach (scheduled for FY2025) will be cognizant of these challenges.

## B. Institute for Capacity Development<sup>2</sup>

**7. From the previous face-to-face model of CD delivery, the pandemic drove the need to innovate and leverage technology to ensure uninterrupted delivery to member countries.**

Building on this, ICD has successfully experimented with new and improved delivery modalities and introduced and implemented several initiatives to better support CD.

**8. Blended CD.** Over the past two years, CD departments have experimented with blended modalities, benefiting from rapid advances in the science of learning, instructional design, and educational technology. By October 2023, ICD has collaborated with RTCs and successfully

<sup>2</sup> Prepared by James Knight and Nina Dsa, with contributions from Natalia Malysheva and Rebeca Hassan (ICD).



experimented with three courses in a blended format: Monetary Policy Analysis and Forecasting (MPAF) with STI, Financial Development and Financial Inclusion (FDI) with ATI, and Financial Programming and Policies (FPP) with the Joint Vienna Institute (JVI). Well-designed and engaging blended courses result in improved learning outcomes and enhanced learner satisfaction. For example, learners and instructors benefit from self-study pre-work, which enables a common baseline for participants, while online learning analytics can show precisely where learners are struggling, enabling tailored support during in-person delivery. In October 2023, the first blended FPP at HQ was delivered for 42 global participants. Insights from this pilot will inform future course deliveries at HQ.

**9. While it may take more upfront time and effort to create new blended training courses, content can be reused on an ongoing basis, reducing the cost of future delivery.**

Blended delivery can also be useful for TA by ensuring that all participants have similar levels of understanding on a specific topic to make the TA activity more efficient. This could shift some of the time spent working during a TA activity on delivering training to before the TA activity, or support training during an activity to a consistent standard. For more information on the benefits of blended training and detailed case studies, please refer to Annex IV.

**10. Modular online courses.** ICD’s online learning program has adopted a flexible, modular approach to content. Under this approach, it is delivered in self-contained pieces that can be taken in a non-linear fashion. This approach has the potential of enabling personalized learning paths for learners and is more supportive to implementing blended CD. As an example, the Virtual Training to Advance Revenue Administration (VITARA) series is a suite of 14 focused, self-contained modules. Shorter, more targeted content is conducive to increased learner engagement and higher learning gains.

**11. Microlearning.** The suite of microlearning videos on the IMF Institute Learning Channel has been very successful at delivering “bite-size” learning to over 15,000 subscribers. During the first two years of the microlearning channel, videos were primarily repurposed from online courses. Most recently, ICD started producing dedicated microlearning videos more aligned with specific needs, as illustrated in the pilot use case below.

**12. A pilot is the “Public Debt Management 101 Series:” two microlearning playlists, targeted at LICs with low capacity that have limited knowledge of core concepts in debt management.** These playlists are a series of 3–4 minute on-demand videos organized by theme and complexity. They have been extremely successful, and going forward they are to be used in a blended fashion by MCM in TA and training.

**13. Improving face-to-face delivery.** Leveraging active learning strategies, improving and updating course materials, and creating better cohesion between instructors will improve both learning engagement and learning outcomes. While ICD has already created guidance material for facilitators, additional efforts will be made to enhance face-to-face training.

**14. Needs analyses.** Moving forward, ICD aims to incorporate a needs analyses phase into course design to ensure training is targeted and relevant for learners. It involves gathering information, analyzing various factors, and determining the knowledge, skills, and attitudes (competencies) learners need to be able to do their jobs better. ICD is currently designing a needs analyses pilot workshop for a set of courses. At a high level, it will help determine the most effective and efficient form training should take.

**15. Closer involvement in TA.** With training as an important component of TA, there may be an opportunity to develop a stronger integration between the two. For example, where the same training topics need to be delivered repeatedly, or in cases of high attrition of TA recipients, or where more fundamental concepts need to be taught before a training engagement, ICD can play an increasingly important role not only in training delivery, but also in training design.

**16. Monitoring and evaluation.** Given the growing number of CD delivery modalities, it is vital to ensure a robust monitoring and evaluation framework to assess effectiveness and impact. To this end, ICD will continue working with CDDs to use evidence-based and data-driven recommendations to inform and improve overall CD design in the context of the existing RBM Framework (see the Background Paper on Evaluations and Impact).

### C. Legal Department<sup>3</sup>

**17. CD delivery in LEG takes advantage of the full set of delivery modalities available.** For single country CD projects, LEG is engaged in field-based work and desk-based work. For multi-country CD projects, LEG uses the full suite of modalities including interactive learning, and PTP workshops. LEG adopts a tailored approach to CD delivery when choosing between the type of CD engagement, as well as when deciding upon the mode of delivery (e.g., in-person, virtual, hybrid or any other form of blended delivery). LEG continues to take a flexible and innovative approach to CD delivery post pandemic, which includes a mixture of virtual and in-person delivery; greater use and promotion of regional networks (PTP engagement); and even greater customization of modalities to reflect the unique needs of specific CD recipients (e.g., FCS).

**18. LEG continues to pursue a mixture of virtual and in-person CD engagements.** LEG CD delivery is based on a combination of HQ and STX delivery, primarily implemented through in-person and hybrid TA activities, blended with desk work and training. During the pandemic and afterwards, new engagement modalities tailored to country specific circumstances have been employed when delivering CD. In most areas of LEG CD during the restricted travel period through the pandemic, TA activities were undertaken on a remote basis. However, as conditions eased, diagnostic TA started with virtual scoping followed by hybrid activities. For example, in governance diagnostic assessments, diagnostics initially moved into full remote mode (e.g., Sudan and Mali), then moved to virtual scoping activities followed by hybrid activities (e.g., Zambia and Mauritania). A hybrid CD delivery modality continues to be pursued beyond the pandemic to optimize time spent on the ground (especially in high-risk locations), respond to the capacity limitations of the

<sup>3</sup> Prepared by Cory Hillier and Eric Hutton (LEG).

authorities and to use resources more effectively. This pattern of CD delivery and sequencing was also followed in LEG's traditional CD areas (central bank independence and governance, financial stability including reforming the legal frameworks for crisis management and resolution, sound public finances, revenue mobilization, and AML/CFT).

**19. LEG now makes greater use of regional capacity and networks to leverage CD delivery.**

When looking at planned spending for 2022 vs. 2023, PTP activities grew from roughly 15 percent of planned multi-country spending to 20 percent of planned spending.<sup>4</sup> While the bulk of LEG's CD is undertaken through single country projects, a significant amount is conducted as multi-country work, including promoting regional networks in cooperation with RCDCs. This is common for training activities in the areas of law that LEG covers, which typically target senior level qualified lawyers in central banks, financial sector supervisors, tax authorities, ministries of finance, and supreme audit institutions. Training—which may be bilateral or regional/multilateral—is conducted in the form of seminars, workshops, or other course offerings at either HQ or RTCs, each of which has been delivered online (e.g., online course on Foundations of Central Bank Law); in hybrid mode (e.g., STI course on Legal Developments Arising from Fintech); or in person (e.g., joint LEG/FIN seminar at JVI on Safeguards Assessments of Central Banks, and training at IMF-Middle East Center for Economics and Finance in Kuwait (CEF) on Unmasking Control: A Guide to Beneficial Ownership Transparency). Bespoke workshops have also been designed and delivered in a hybrid or blended mode to meet emerging CD demand and profile LEG's latest analytical work (e.g., joint LEG/FAD SARTTAC workshop following the release of the 2023 Policy Paper on International Corporate Tax Reform). CD training is also being increasingly designed by LEG with the aim of enhancing peer-to-peer learning. For example, LEG has developed the core anti-corruption course "Confronting Corruption: Legal, Organizational, and Strategic Approaches," which will be offered in IMF-Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) and Caribbean Regional Technical Assistance Center (CARTAC). The course will promote experience-sharing and regional network-building among anti-corruption officials. This follows successful hybrid and blended CD on related topics (e.g., joint FAD/LEG regional trainings on fiscal governance and corruption at ATI). To further foster collaboration with RCDCs in CD delivery, LEG placed the first long-term anti-corruption expert in Africa Regional Technical Assistance Center – South (AFS), a practice now being considered in other legal areas. This enables enhanced field presence, more regular and continuous support to member countries using a variety of flexible modes of engagement, and better integration with other CD initiatives (e.g., enhanced integration of anti-corruption approaches in areas like AML and fiscal governance).

**20. LEG tailors CD delivery modalities to the individual circumstances of CD recipients.**

The needs and preferences of authorities remain the key considerations in determining the type and mode of CD delivery. This also includes logistical considerations such as the presence of reliable internet connections and feasibility to bridge different time-zones when seeking to structure CD delivery using blended approaches. The final modality is also set in close dialogue with other stakeholders (e.g., other CDDs, RCDCs). This is especially the case for FCS. For example, three FCS

<sup>4</sup> Actual spending is not available broken down in this manner at this time, but planned spending does serve as a particularly good proxy for actual spending.

countries—Mozambique, Solomon Islands, and Cameroon received a flexible tailored LEG CD to strengthen capacity of supreme audit institutions to effectively audit COVID-19 expenditure—a governance safeguard measure undertaken in the context of IMF financing during the COVID-19 pandemic.

**21. Despite the implementation of hybrid and blended CD delivery approaches, most of LEG’s CD engagements continue to benefit from at least some level of in-person interaction.**

Field-based work accounted for more than half of planned spending for single-country CD in 2023, and interactive learning and PTP engagement accounted for nearly 70 percent of multi-country planned spending. The challenge continues to be striking the right balance between in-person and remote forms of delivery for each CD engagement. For this purpose, LEG identifies the full range of relevant facts and circumstances, from the preference and level of capacity and capabilities of the authorities to the nature of the discussions to be undertaken and the stage of CD delivery (e.g., more sensitive, or more complex issues are often best tackled in person, while follow-up work can often be more effectively done through a blended CD approach). The greater use of remote or blended engagements has also led to a larger integration of LEG CD in surveillance and lending (e.g., LEG CD staff have participated in more Article IV consultations remotely while the country team was in the field).

## D. Monetary and Capital Markets Department<sup>5</sup>

**22. MCM has seen a significant increase in hybrid and virtual CD activities in the aftermath of the COVID-19 pandemic.** In line with the rest of the Fund, hybrid and virtual CD deliveries in MCM accounted for over 20 percent each of all CD activities toward the end of FY2023, while in-person CD delivery accounted for more than half of all CD delivery.<sup>6</sup> Hybrid activities are also likely to be undercounted as virtual engagements with country authorities precede and follow the traditional in-person CD delivery.

**23. During the COVID-19 pandemic, MCM increased its presence online, through the development and delivery of Massive Open Online Courses (MOOCs).** Making the MCM expertise available online to government officials from around the world has been an efficient way of scaling up CD in areas of high demand and has opened the way for more impactful capacity building. An important area of focus has been that of debt management, where MCM has developed a few online learning products. The Medium-Term Debt Management Strategy (MTDSx) online course, developed in collaboration with the World Bank and funded by the Debt Management Facility, is currently available on the EdX platform, both in [English](#) and [French](#), and has trained over 3,000 learners, including almost 1,500 government officials. Another online course, “Debt Management, Debt Reporting, and Investor Relations,” which was piloted in-person in January 2020, is currently under development and anticipated to be completed in FY2024. New

<sup>5</sup> Prepared by James Knight and Joannes Mongardini (MCM).

<sup>6</sup> See [MCM Capacity Development Annual Report 2023](#).

online courses are planned to be developed in the areas of local currency bond market development and implementing a debt management strategy through annual borrowing plans.

**24. MCM has also been piloting a new series of [microlearning videos](#) on debt management.** These videos focus on core concepts, such as the objectives of debt management, the importance of debt management transparency, basic bond algebra, and the time value of money. At three to four minutes long, each video tackles one core concept in an easy-to-digest fashion and is easily accessible on different types of devices. Such learning videos can be flexibly combined with other CD modalities (e.g., classroom training and TA), increasing the efficiency and impact of CD delivery. Additional videos will be developed, with a focus on basic skills for debt managers in LICs and FCS.

## E. Statistics Department<sup>7</sup>

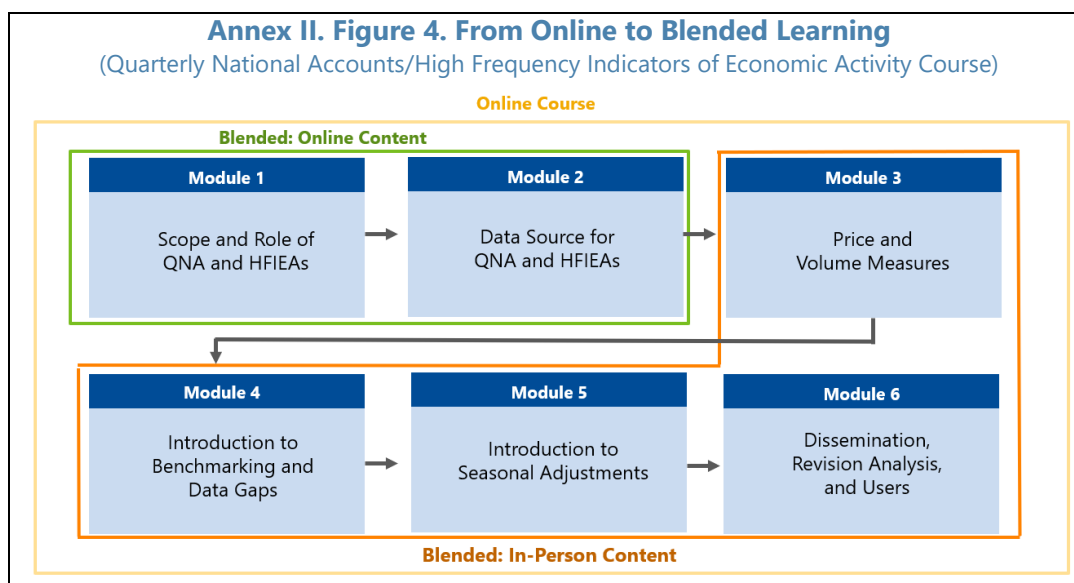
**25. Innovations in CD delivery during the pandemic have positioned STA to adopt new modes of engagement to strengthen the agility, efficiency, impact, and integration of its CD program.** While ramping up online learning was envisaged before the pandemic—with distinguishing courses by basic and advanced levels as a driver—virtual engagements during the pandemic have provided scope for developing a more integrated approach to TA and training, while enabling wider access to STA training.

**26. In FY2020, STA launched a new structured online learning curriculum to exponentially enhance its global reach of training in key macroeconomic statistics topics.** To date, eight online courses, produced with financing from the Data For Decisions Fund, have attracted over 11,000 participants—with over half from low- and lower-middle income countries (LLMICs)—and with one in six active participants from FCS. Four new online courses, covering producer price index, residential property price index, monetary and financial statistics, and institutional sector accounts, are planned for delivery by end-FY2025. The statistics online learning curriculum has also provided content for the YouTube IMF Institute Learning Channel, with video clips on statistical topics and promotional content representing almost half of the available videos on the channel.

**27. STA's online learning courses are foundational and are an essential component of its blended learning activities.** During FY2022–FY2023, STA delivered 17 blended interactive and learning regional workshops across 3 workstreams: external sector, government finance, and national accounts. Four blended learning workshops are planned for FY2024, reflecting country authorities' expressed preference for more in-person engagements as travel resumed. As illustrated in the case of the quarterly national accounts/high frequency indicators of economic activity course (Annex II Figure 4), which was first delivered in collaboration with ATI, the blended learning approach allows self-paced (asynchronous) transfer of knowledge on methodological concepts and principles using online learning materials. This is followed by synchronous sessions tailored to the application of concepts and principles by using case studies and breakout groups. Participants who fall behind in the asynchronous training receive follow-up emails to motivate re-engagement. With

<sup>7</sup> Prepared by Paul Austin, with contributions from Steffi Schuster to Box 1 (STA).

the positive experience of blended learning courses potentially closing the performance gap between traditional, in-person training and remote training, blended courses will continue to be a part of STA’s CD delivery modality.



**28. Designing blended learning courses requires an up-front investment of resources.** However, once developed, course re-runs are less resource intensive. They are more cost-effective over time and help ensure that all participants have similar levels of competence when attending the synchronous components of the course, leading to better learning gains for all participants. The online learning (foundational) courses have also enabled a redesign of STA’s training curriculum, with in-person STA courses at HQ and at RTCs targeted towards advanced level training.

**29. STA’s CD delivery has also been strengthened by closer integration between TA and training at the country level.** As national statistics-producing agencies in several countries faced challenges in rebuilding eroded institutional and staff capacities during the pandemic, a “return-to-basics” became an underlying driver of CD demand in FY2023. As demand for hands-on technical support ramped up, many countries requested that bilateral CD activities dedicate sessions for training. This was particularly the case for government finance and public sector debt statistics, which accounted for the largest share of STA single country TA activities with an embedded training component (Annex II Box 1).

**30. STA’s CD projects cover both multiyear as well as one-off activities.** As STA staff re-engage authorities through in-person mode in FY2024, the share of CD activities delivered remotely is expected to be low. Going forward, a combination of in-person and virtual delivery is expected to increase particularly for projects with multiyear activities. Further, building on its experience of ad hoc virtual engagements with authorities during the pandemic, STA has observed an increase in virtual engagements with country authorities before and after in-person CD delivery. These engagements are likely under-recorded.

**31. STA’s CD to develop policy-relevant climate statistics is actively embracing the new normal.** STA has conducted to date two virtual training courses to provide an overview of macro-indicators relevant for climate change. The first course held in collaboration with SARTTAC covered 10 South and East Asia countries, while the second course held in collaboration with Africa Training Institute (ATI) covered 28 countries of Sub-Saharan Africa (one with CEF planned for December 2023; and with JVI in July 2024). Given that the indicators cover a range of topics—such as monitoring of mitigation plans, risk analysis, fiscal measures, and investment needs assessments—country presentations were an integral part of the course delivery format, accounting for more than 30 percent of the structured learning time. Peer-to-peer learning was effectively used to foster horizontal relationships between similarly placed participant countries and were critical to understanding institutional arrangements, human resources need, interagency coordination, and specific partnerships that are central to developing a statistical strategy for climate change. With climate change presenting a complex challenge for the official statistical systems across the world, peer-to-peer learning is facilitating exchange of information and know-how among countries.

### Annex II. Box 1. Integrating Training and Technical Assistance on GFS/PSDS

**In delivering CD on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS), STA utilizes an integrated approach of combining TA and training for single country activities.** The key advantages of this approach are (1) training is targeted to addressing issues directly relevant to the statistics-compiling agency; (2) more staff are trained compared to regional workshops; and (3) the reach may extend beyond data compilers to raise awareness among key stakeholders (i.e., including source data providers, policy data users and management). The impact of this approach is illustrated by the following selected country cases:

- For **Burkina Faso**, the activity (July 2023) resulted in strengthened capacity of GFS compilers, as well as raising awareness of the usefulness of the GFS Manual 2014 methodology among data source providers and users. The activity trained more than 50 representatives from the local Court of Auditors, the civil society, and the GFS Committee.
- A GFS and PSDS activity in **Cambodia** (April 2023) aided the authorities in further improving compilation and dissemination of the two datasets to support fiscal analysis. The activity included a two-day GFS workshop attended by key source data providers and data users including the General Department of National Treasury, General Department of the Budget, and the National Bank of Cambodia. The workshops covered the GFS functional classification, macroeconomic statistics consistency, and fiscal analysis.
- An offsite activity was conducted for **Iraq** (May 2023) to provide training on PSDS and TA on GFS. The activity targeted (1) training on PSDS methodology, compilation, and reporting; (2) PSDS gap assessment and areas for improvements; (3) improvements to the GFS functional classification, mapping and compilation for budget reports; and (4) training on the GFS compilation tool and its integration with PSDS. The mix of participants enabled close analysis of the accounting and recording of GFS and PSDS that revealed sources of statistical quality issues. As part of their training, participants compiled a quarterly PSDS for 2021. The workshop received the highest overall satisfaction rating (a 5.0 score).

**Strengthening national compilers’ capabilities has also fostered a more programmatic approach,** with progress continuing beyond the direct CD delivery activity—including through continuous staff engagements to improve the consistency between complex yet critical statistics like GFS and PSDS.

Contributor: Steffi Schuster (STA).

## Annex III. RCDC Case Studies of the New Normal<sup>1</sup>

**1. This Annex provides a snapshot of innovative delivery modalities in RCDCs.** Innovation in delivery has been an important way to sustain and enhance field-based CD delivery throughout the pandemic and beyond. Some characteristics of the new modes of engagement that can inform delivery across the Fund include a combination of virtual and in-person engagements; the pooling of resources across regions; new vehicles for peer-to-peer learning and promoting regional networks; and tailored approaches in FCS. The following examples provide a sense of this new normal in different RCDCs.

### A. Examples from Africa Regional Technical Assistance Center—West 2 (AFW2)

**2. A tailored mix of virtual, hybrid, and in-person activities.** As the pandemic accelerated the adoption of information communication technologies throughout the region, this enabled experts to employ new engagement modalities tailored to country circumstances. In the area of tax administration, this has included monthly follow-up with senior executives; a hybrid activity to help Sierra Leone develop their three-year Strategic Plan and Medium-Term Revenue Strategy where a team of experts—some in-country, some virtual—worked together to deliver support; and a hybrid activity on Risk Management and Effective Use of Third-Party Data in Liberia where the first part was delivered virtually, helping to optimize time spent on the ground.

**3. Interregional hybrid or virtual workshops.** As travel restrictions forced regional workshops and seminars online, this facilitated greater interregional collaboration. For instance, hybrid workshops organized jointly by the three English-speaking RCDCs in Sub-Saharan Africa (AFE, AFS, and AFW2) have become a common staple in monetary policy operations and have covered topics of broad relevance such as Forecasting and Policy Analysis Systems (FPAS), FX Policy and Operations, and Digital Money. Virtual modalities have also helped deepen collaboration with regional institutions, such as the West African Institute for Financial and Economic Management (WAIFEM) and the Macroeconomic Financial Management Institute of Eastern and Southern Africa (MEFMI). Advantages of this approach include greater inclusivity (apart from a higher number of participants that can be accommodated, the share of female participants has increased); cost-effectiveness; and enhanced peer-to-peer learning and networks, because of an interregional workshop on Performance-Based Budgeting (PBB), several countries from the region have visited countries in AFE and AFS to benchmark their systems.

### B. Examples from CCAMTAC

**4. Peer-to-peer learning in analytical areas.** As multiple shocks hit the global economy and region, demand for bilateral TA in advanced modelling to analyze policy scenarios by far exceeds

<sup>1</sup> Prepared by Eva Jenkner (AFW2), Norbert Funke (CCAMTAC), Holger Floerkemeier, and Anastasia Janzer-Araji (both METAC).



CCAMTAC’s resources. As follow-up to a three-day virtual workshop organized by CCAMTAC, ICD, and MCM, CCAMTAC launched a Dynamic Stochastic General Equilibrium (DSGE) modeling club, with a strong peer-to-peer learning element. The club, organized by CCAMTAC’s macroeconomic advisor, brings together teams from the CCAMTAC region who want to learn, develop, and implement DSGE models in policy institutions for practical advice of economic policies. The goal for 2022–2023 has been to develop a very basic DSGE model. The Club, which meets virtually every two months, hosted regional and international speakers from within the region and the IMF. In addition, selected IMF staff taught the participants how to introduce energy commodities to DSGE models, presented the Model for Integrated Policy Analysis, and introduced participants to machine learning and its use in empirical estimation. An in-person event is tentatively scheduled for next year.

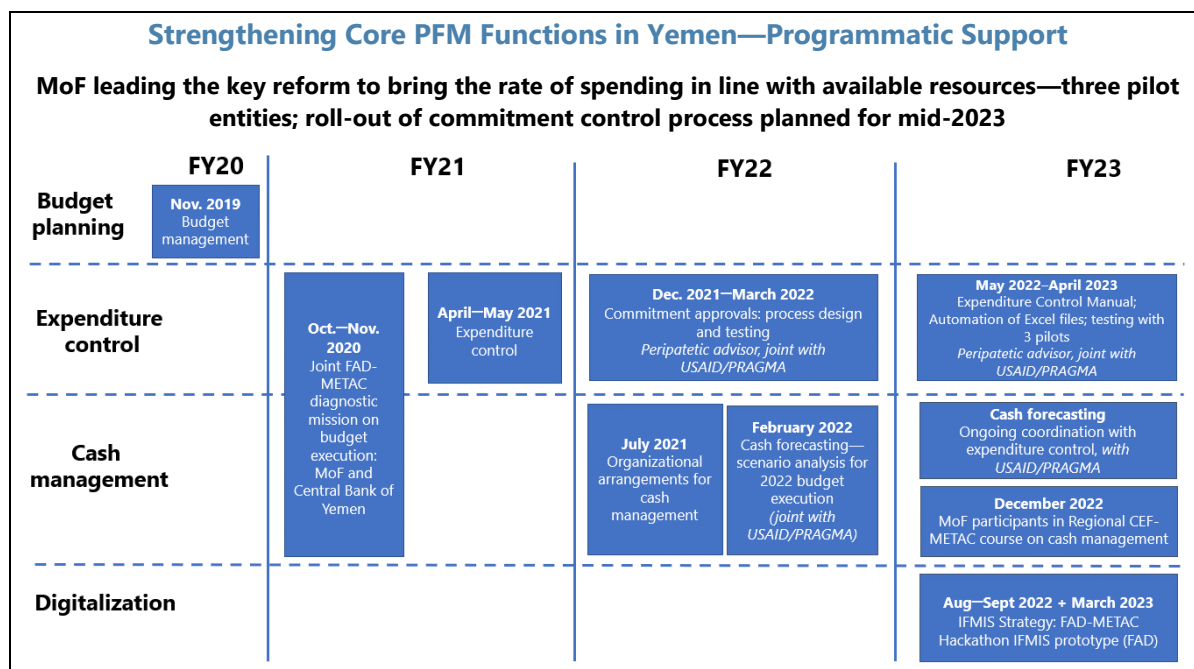
**5. Blended cohort-training and fostering collaboration between RTCs and RTACs.** The demand for basic economic training is high. Developing professional networks may provide a small contribution to counter fragmentation. CCAMTAC and JVI are launching a newly developed joint blended macroeconomic cohort training for 30 young officials from CCAMTAC countries and Moldova, consisting of two online segments and two two-week face-to-face workshops, one in Almaty and one in Vienna. With an estimated 150 hours of training over an eight-month period, the new cohort training aims at providing junior officials with a comprehensive understanding of macroeconomic analysis and linkages, the business cycle, how to diagnose internal and external imbalances, and economic policies to address them. In addition, participants will have an opportunity to develop a strong peer network across the region.

**6. Strengthening TA with small-group peer-to-peer learning.** A first PTP engagement in banking supervision and regulation, conducted at CCAMTAC in Almaty, brought three jurisdictions together to discuss issues surrounding licensing practices, challenges, and possible solutions. The overall goal was to provide a discussion platform for the authorities to exchange views and experience on bank and non-bank licensing practices. During the three-day engagement, supervisors from Georgia, Kazakhstan, and Mongolia had engaging discussions covering both regulatory and operational aspects of licensing processes. Participants also discussed Basel Core Principles related to licensing and challenges in their application, legal and operational frameworks, and operational challenges. The discussions were substantial in depth and specific topics included assessments of significant ownership, background checks, and assessing fitness and probity of the board and management, among others.

## C. Examples from METAC

**7. Programmatic CD approach in fragile contexts.** Since 2022, METAC has supported the Yemeni Ministry of Finance (MoF) in strengthening expenditure control under a programmatic approach. Through a series of interconnected TA, METAC assisted the MoF in defining workflows and producing a first version of the “Commitment Control Manual,” which was finalized at end-2022. In parallel, METAC provided training—and at a later stage—tested the new procedures with three pilot entities (Customs Agency, Ministry of Public Works, University of Aden/Ministry of Higher

Education). In the spring of 2023, METAC assisted the MoF in the preparation of an Excel-based tool to facilitate communication among line ministries. In the context of ongoing conflict and severe capacity constraints, which are obstructing information flow between the MoF and line ministries, METAC also contributed to an FAD-led Hackathon event in Amman, where a prototype of a communication tool for the exchange of financial information was developed. With support from development partners, work continued in FY2024 to bring the Hackathon IT prototype to scale.



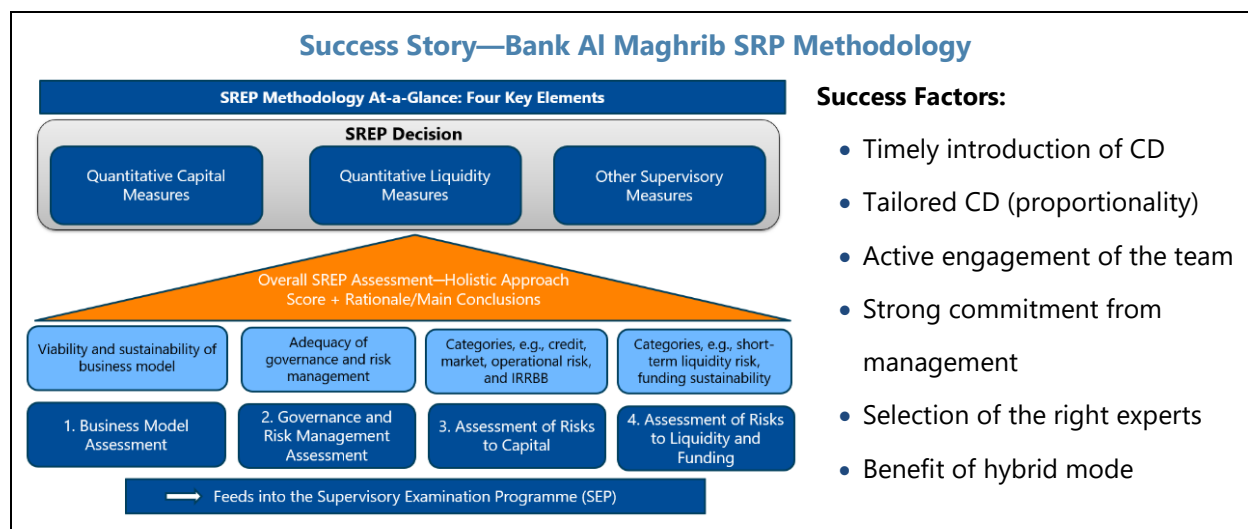
**8. Blended delivery of Supervisory Review Process (SRP) CD to the Bank Al Maghrib.**

METAC successfully completed the development of the Supervisory Review and Evaluation Process Methodology SRP with the Bank Al Maghrib (BAM). The multi-step project was achieved in record time, through a series of consecutive virtual and in-person activities to keep close interaction with authorities. The project started in June 2021 with a presentation of the European Supervisory Mechanism methodology as an example for BAM to develop its own SRP methodology. In July 2022, a METAC activity reviewed the draft SRP methodology developed by BAM and proposed a three-phase rating assessment process. Based on this, a comprehensive SRP manual was developed, and a pilot test was conducted. METAC also provided training to BAM’s supervisors on SRP methodology and proposed some further recommendations to enhance implementation. BAM was the first METAC member country to implement SRP. —

**9. Offsite activities for high-risk-location member countries.**

To ensure continuity of CD delivery to countries with weak security or ongoing armed conflict, METAC has been holding TA activities in offsite locations since 2014. In FY16, METAC’s Steering Committee approved that METAC bears the travel cost of up to six officials, significantly reducing the authorities’ constraints in participating in offsite activities, such as difficulties obtaining clearance or shortage in funds. Given the large number of METAC member states that are classified as high-risk-location and/or have

been subject to conflict, a large share of METAC’s CD is delivered offsite. Offsite CD delivery involves higher security-related costs and an increased administrative burden. In addition, flexibility in the choice of activity location, duration, and number of participants is crucial to reap the full benefits of the CD delivery.



**10. Regional notes present lessons from recent CD activities (METAC).** The purpose of regional notes is to enhance PTP learning and disseminate good practices across METAC’s members. They (a) summarize results and key takeaways of regional workshops and/or surveys; (b) present CD experiences and recommendations; and (c) can be drafted in cooperation with development partners and/or CD users in member countries. For instance, METAC’s regional note on [Delivering PFM Capacity Development in Fragile and Conflict-Affected States](#) gives an account of emerging lessons and provides examples of tangible results at the country or regional level. Understanding these particularities can help to design suitable technical assistance and achieve sustainable outcomes.

## D. Conclusion

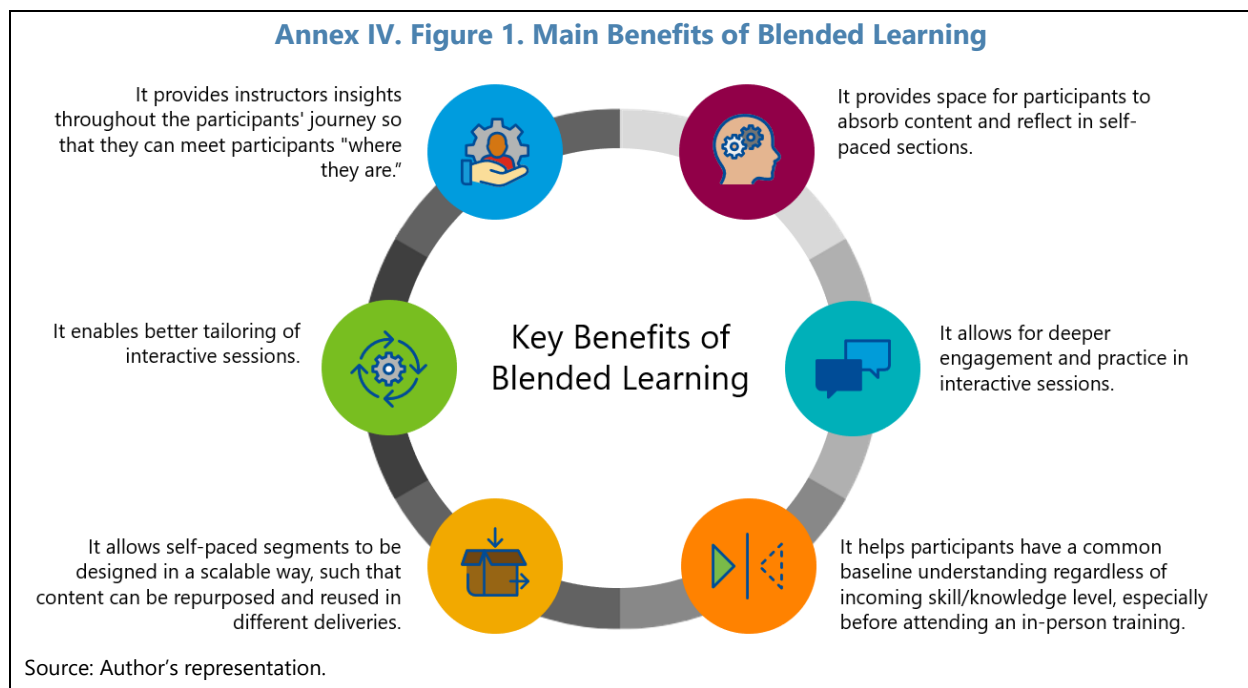
**11. An expanded toolbox of CD delivery modalities is helping to provide more inclusive, cost-effective, and potentially more impactful CD to members.** Peer-to-peer learning is gaining traction, as authorities and the international community are dealing with increasingly complex issues and resource constraints. While usage of technology and online modalities have helped sustain CD through the pandemic and have become part of the new normal, it is important to recognize the limits of virtual or asynchronous delivery. In low capacity and fragile contexts members express a strong preference for in-person engagements. CD delivery solutions that work best for our members will be those that make full use of the expanding set of innovative modalities at our disposal and maintain flexibility in their application.

## Annex IV. Blended Training Case Studies<sup>1</sup>

1. **The Institute for Capacity Development (ICD) started experimenting with blended learning in 2021** and to date has completed a total of seventeen deliveries with STA covering nine course topics, and five deliveries for ICD across three course topics, with additional deliveries currently in progress.
2. **This note presents four case studies:** (a) STA’s Sectoral Classification course; (b) Financial Development and the Financial Inclusion; (c) Financial Programming and Policies; and (d) MPAF courses offered by ICD. These case studies discuss the design of the ‘blend,’ learning gains and areas of improvement, and approaches to develop/deliver each course.

### A. What is Blended Learning?

3. **Blended learning is a combination of synchronous and asynchronous learning components** that mutually support one another to create a seamless and coherent experience for participants. The main benefits of blended learning are shown in Annex IV Figure 1.



These benefits are illustrated through the case studies below.

<sup>1</sup> Prepared by Nina Dsa (ICD).

## B. Case Studies

### Case Study I: Sector Classification

**Background:** To pilot blended learning, ICD helped STA to create a structural framework that could be used as a standard approach across all blended offerings. Typically for STA courses, online course content that has already been developed for MOOC in collaboration with ICD becomes the starting point and is leveraged for blended training. This approach allows STA to:

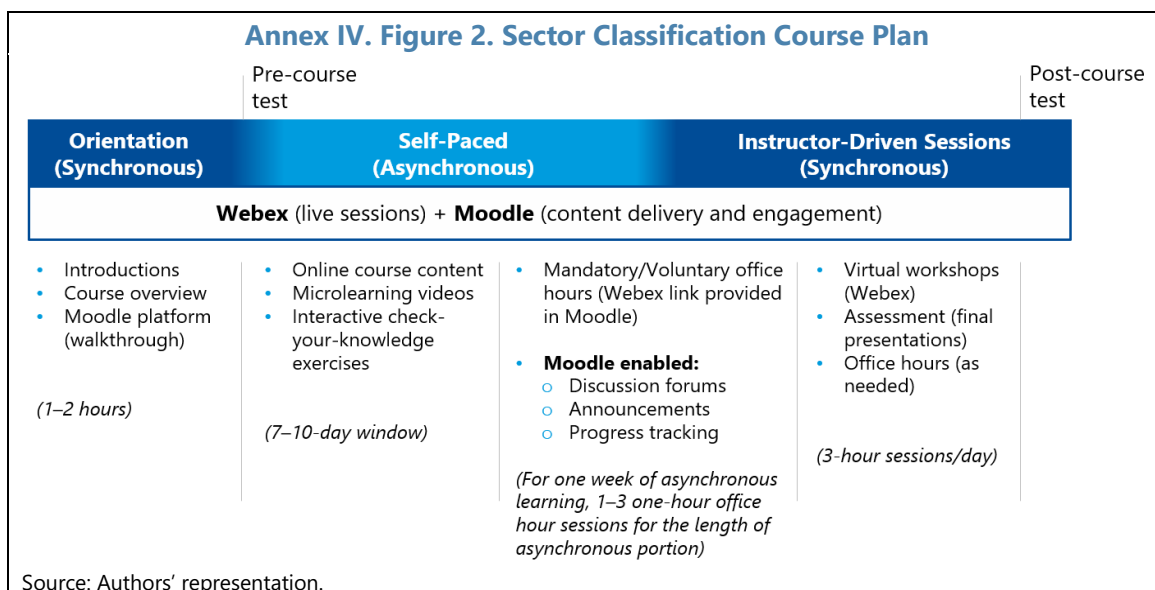
- (1) Scale and deliver more blended courses quickly; and
- (2) Focus on quality instructor time and participant engagement over and above content development.

**Course goal:** The goal of the sector classification course was to give participants with a range of economic statistics backgrounds, basic background knowledge on sector classification concepts, and practical experience in applying those concepts and principles using exercises and case studies.

**Course design:** The training was divided into two weeks (Annex IV Figure 2). The first week was virtual-asynchronous and the second week was virtual-synchronous. The synchronous portion of the course was delivered virtually because Fund in-person training had not resumed at the time the blended course was offered. The course began with a virtual orientation session, which included introductions, a course overview, and a walkthrough of how to use the Moodle platform.

**Week 1 (virtual-asynchronous):** After the orientation, during the first week of the course, participants went through online study materials and exercises provided on Moodle at their own pace and were supported by instructors through virtual office hour sessions and online discussion forums. To proceed to the second week of the training, participants had to complete a quiz online at the end of the first week; 21 out of 24 participants satisfied this requirement.

**Week 2 (virtual-synchronous):** During the second week of the course, participants attended a virtual workshop, through WebEx, where the instructors built on the first week's learning by applying the concepts and principles to case studies, which increased in complexity over the course of the week. Breakout rooms were used to maximize discussions on individual cases. For the penultimate day of the virtual workshop, based on the analysis of a real entity in their own countries, participants were required to work together in country groups to prepare presentations. The course instructors allocated time through virtual office hours to help support the participants in this exercise. The course concluded with participants having to prepare a report on an entity in their own country, which they had to classify based on the principles and practices learned.



**Evaluation highlights:** The course participants demonstrated a good understanding of the learning material through the presentations, the final written reports, and the discussions during the workshop. However, the grasp of the learning goals was not well demonstrated through the pre- and post-course quiz, where only a modest improvement in scores was observed (with an average pre-test score of 59 percent and an average post-test score of 62 percent). It is believed that this was largely due to the quiz questions being too challenging and/or confusingly phrased, rather than a lack of learning by the participants. The course received an overall ranking of 4.7/5, a ranking of 4.6/5 for the blend (i.e., how the synchronous and asynchronous components lent themselves to the overall learning experience), and a ranking of 4.8 for the Moodle platform (e.g., how easy the platform was to use or navigate, etc.).

Areas of improvement were identified as follows:

- Participants indicated the course would have been enhanced if the second week was offered in-person (as opposed to a virtual format).
- Participants spent more time on the self-paced portion than the time mentioned in the course program (more than four hours in total).

### Case Study II: Financial Development and Financial Inclusion

**Background:** The FDFI course was a joint effort between ICD and ATI to pilot blended training because:

- Course content had already been developed for the online course (FDFIx) (60 percent of the content from the online course was leveraged for the blended training in the form of text, infographics, interactivities, and videos),

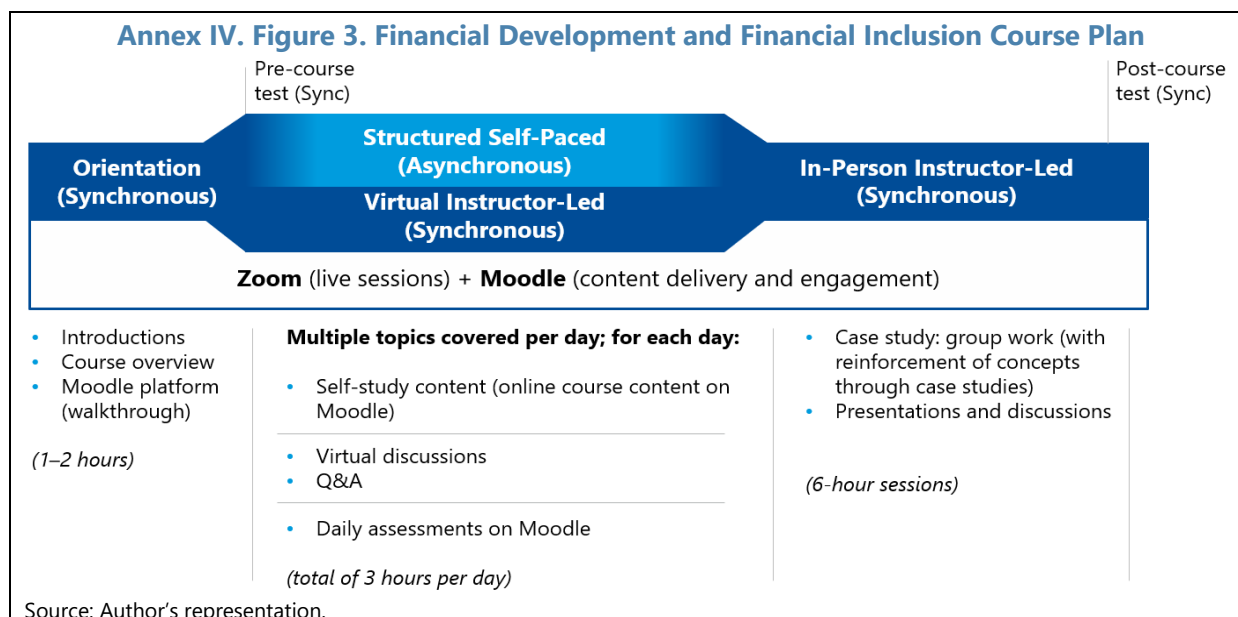
- The team that developed the online course were still in the department, and therefore, it would be possible to leverage their expertise for the blended training, and
- The STX who developed most of the case studies and delivered the in-person FDFI course in all the RTCs was also available for both development and delivery of the blended training.

**Course goal:** The goal of the course was to ensure that the participants were able to think deeply about financial development and inclusion to design related policies in their countries to bring about real change. This goal drove the design of the blend.

**Course design:** Given the end-goal for the course, it was imperative that:

- (1) The fundamental concepts of FDFI were made very clear at the outset; and
- (2) The in-person sessions were completely application-oriented in that participants could work through actual case studies and apply the concepts that they learned earlier in a meaningful manner.

**The training was divided into two weeks** (Annex IV Figure 3). The first week was virtual (synchronous and asynchronous) and the second week was in-person. The course began with an orientation that informed the participants about the structure of the training, helped familiarize them with Moodle, and provided troubleshooting support. As part of the orientation session, the participants also took a pre-course test.



**Week 1 (virtual—synchronous and asynchronous):** Each day of Week 1 had two cycles of asynchronous and synchronous engagement. The asynchronous part of each cycle asked participants to learn on their own for no more than 45 minutes at a time, followed by a period of synchronous engagement in the form of virtual instructor-led sessions of about the same length. In

the virtual instructor-led sessions, the instructors dived deeper into the topics that participants learned on their own. These sessions also had a highly interactive, participant-driven section—where they went well beyond asking for clarifications and had discussions of real-world issues and problems that the participants were facing. At the end of each day, all participants were required to attempt an assessment.

**Week 2 (in-person):** The participants worked on one case study each day of the in-person week. The instructors found that it was possible to dive straight into the case studies because the participants had already warmed up to each other due to their interactions in Week 1 and were conceptually ready to take on the cases. These case studies led to healthy debates, experience sharing, and solutioning. This was followed by peer presentations that were assessed on parameters like content, presentation, individual contribution, and teamwork. The program culminated in a scored post-course assessment.

### What worked?

- (1) **Flipped classroom:** In traditional classrooms, instructors spend a lot of time bringing participants to a uniform level of understanding through lectures. For FDFI, it was determined that lectures, which are one-way communication, were not the best use of instructor-led time, so a “flipped classroom” strategy was used—participants were taught basic concepts through asynchronous training material before they could attend the in-person training, which was then used for case studies, hands-on practice, and experience sharing.
- (2) **Scaffolding:** Self-paced learning was scaffolded with virtual instructor-led sessions, where content was extended to more country-specific discussions.
- (3) **Participant engagement strategies:** Participant engagement was driven by the following design decisions for the course:
  - (a) Using daily assessments and social pressure as a commitment device.
  - (b) Having successful completion of Week 1 as a pre-requisite for attending Week 2, with participation in Week 2 was conditioned on fulfilling three criteria:
    - (i) Completing the daily assessments;
    - (ii) Ensuring attendance of at least 80 percent during the virtual sessions; and
    - (iii) Ensuring active participation.
  - (c) Creating social presence by enabling them to engage regularly with instructors and peers even in the asynchronous portion.

Finally, learning was bolstered by systematically reinforcing key concepts. For example, in addition to covering the material asynchronously in Week 1, participants received reinforcements:

- (1) During synchronous/virtual interactions with instructors;
- (2) Through the daily assessments; and



(3) In the Week 2 discussions and final presentations.

**Evaluation highlights:** Twenty-three participants from 15 Sub-Saharan African countries attended the course. The team of instructors noted a uniquely high level of engagement by participants and high-quality classroom discussions during both weeks. The course was very well received by participants, with an overall rating of 4.5/5 and significant learning gains based on pre- and post-test of 25 percentage points. Participants found the course materials relevant to their work and praised the knowledge of instructors. They also found instructors very active in encouraging discussion (4.6/5).

Areas of improvement were identified as follows:

- Week 2 discussions required greater flexibility on the part of instructors, in turn requiring greater familiarity with the material and experience working in these areas.
- The FDFix materials used in Week 1 proved very useful in this first blended delivery, but this would need to be updated, and eventually more tailored material will need to be developed as well.
- Logistical issues such as time differences, connectivity issues, work demands encroaching on participants' time and focus also needed consideration.

A modified version of the blended version of the course has been offered twice subsequently, once at AFS and once at the Joint Vienna Institute. For both, due to preexisting logistical decisions, the first week of the course was in-person instead of virtual. The format of a self-study asynchronous week with synchronous discussions piloted by the initial offering was mirrored. However, this time instructors were present in the room. Upon completion of these offerings, it was decided to experiment further on the course by creating a streamlined and focused standalone MOOC to provide the introductory material in the course and open application to a carefully designed in-person synchronous component only to those who have successfully completed it. This FDFI 2.0 is planned to launch in October 2024.

### **Case Study III: Financial Programming and Policies**

**Background:** Unlike some other ICD courses, the online counterpart of the course, FPP.1x, could not be leveraged for a blended course. This is because FPP.1x was the very first course created by ICD in 2013–2014 and was made without instructional design, does not include polished visuals or videos or additional modalities such as interactive elements, and requires content updates.

Therefore, the process to blend the FPP course began from scratch—by reexamining every aspect of how the current content is delivered, to clarify the connection of all content to learning objectives, and to create a skeletal map of the essentials for FPP that can then be adapted for different modalities. Utilizing this, lectures were streamlined and redesigned and accompanying speaking notes were created to ensure quality and consistency across all deliveries.

The expected result of this exercise was not only a better structured and blended external FPP course, but also the ability to create a new online FPP course using the redesigned materials and scripts. The objectives map, speaking notes, and visuals acted as the content necessary to create new learning material for asynchronous use, to go along with a new structure of the Moodle site. Moreover, these could also act as the ideal content building blocks for standalone modular online courses.

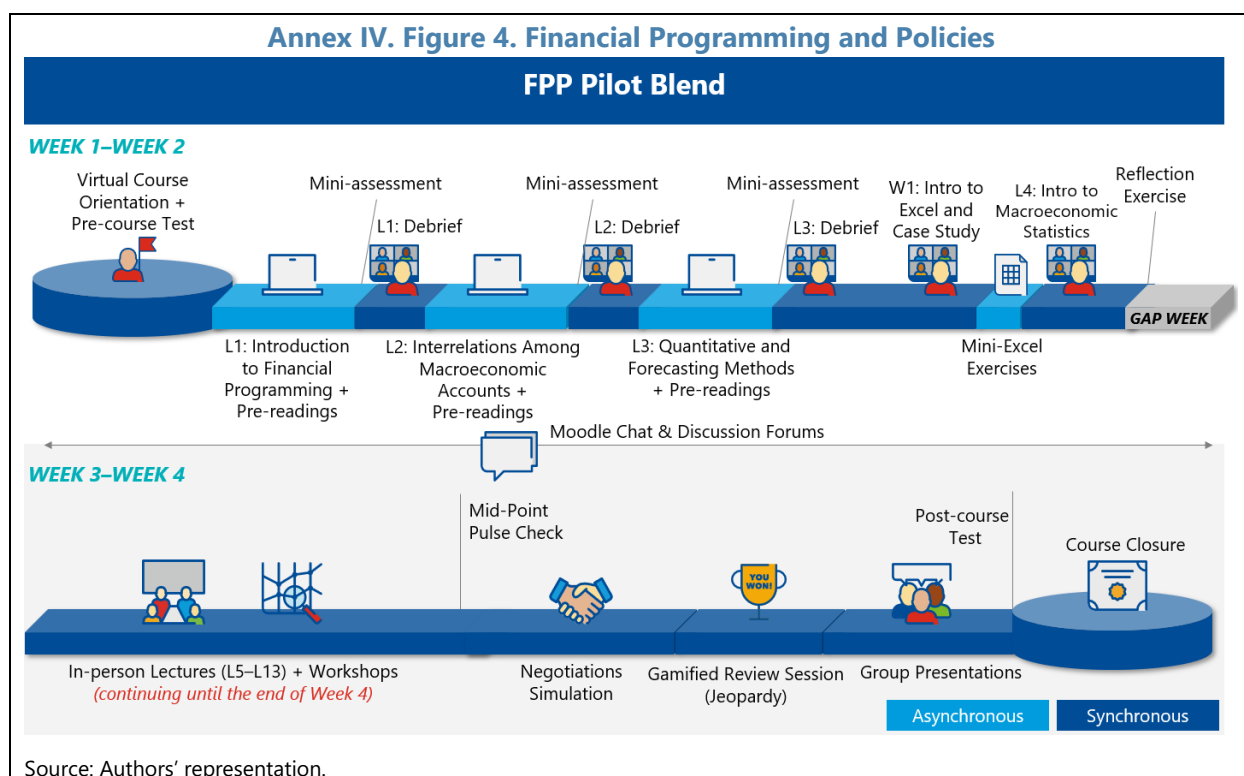
The expectation is that this newly developed material can be further leveraged for other outputs such as FPP TA. Also, the creation of new slide templates may even improve face-to-face training more generally.

**Course goal:** The goal of the FPP course was to provide participants with a comprehensive understanding of financial programming and its practical application in macroeconomic analysis and policymaking. Additionally, the course also offered participants practical experience in applying theoretical concepts step by step, culminating in the preparation of an adjustment scenario for a workshop case study.

**Course design:** The training was divided into four weeks. The first two weeks were virtual-asynchronous and the next two weeks were in-person. Like the FDFI course, this course began with an orientation that provided an overview of the course, familiarized participants with Moodle, and included the pre-course test.

**Weeks 1 and 2 (virtual-asynchronous):** After the orientation, during the first week of the course, participants went through online study materials, completed mini-assessments, and participated in online discussion forums provided on Moodle at their own pace. Virtual sessions took place on alternate days to discuss the materials assigned for the previous day. A few “satellite” Excel exercises were also provided to better prepare participants for the in-person weeks. Week 2 ended with a reflection and feedback survey that allowed participants to share their feedback on Weeks 1 and 2, enabling instructors to address areas of difficulty in the in-person section.

**Weeks 3 and 4 (in-person):** The in-person weeks included lectures, workshops aligned to a comprehensive case study, a negotiation simulation exercise, game-based (Jeopardy) review sessions, and group presentations. By shifting the coverage of macroeconomic accounts to the virtual-asynchronous weeks, the in-person lectures could focus more on analytical discussions. The workshops were updated to end-2022 to make the case study more recent and relevant. The negotiation simulation exercise helped enhance participants' experience with program scenarios. Participants were divided into small teams that acted in either authorities or IMF country team roles. These teams prepared adjustment programs and then engaged in a role-play negotiation about their program. Teams were provided with separate guidance briefs for the negotiation exercise. This exercise led to competitive discussions and promoted deeper learning by designing and negotiating alternative adjustment programs.



**Evaluation highlights:** Participants' comments revealed that the course was extremely useful in enhancing their knowledge of the macroeconomic framework, and they found it relevant for their immediate and future work. They particularly appreciated content relevance, knowledgeable lecturers, practical workshops, and the negotiation simulation. The course was enthusiastically received, with an overall value score of 4.5, learning gains of 23.9 percentage points, and extremely high ratings of counselors (lecturers knowledgeable (4.8) and lecturers encouraged discussions (4.8)). The share of participants scoring at least 60 percent increased from 39.3 percent on the pre-test to 89.3 percent on the post-test. –

Areas of improvement were identified as:

- Despite expanding the course to four weeks, a few participants suggested extending the course duration further. A couple of participants also suggested reordering virtual modules; as a result, in subsequent deliveries, the module on overview of macroeconomic accounts has been moved after the introductory module on financial programming.
- A few participants suggested further streamlining the case study, given the limited time for each workshop. A simplified Excel file for the case study can also further highlight the interrelationships among key macro indicators.

Immediately after the delivery of the FPP course at JVI, this updated blended course was also delivered as part of the Internal Economics Training curriculum to Fund economists (September 2023) and to external participants (October 2023) at HQ. As a next step, all three

deliveries will be collectively reviewed and compared to draw lessons to provide a roadmap for further improving the course's effectiveness, relevance, and learning outcomes for future cohorts.

### **Case Study IV: Monetary Policy and Forecasting**

**Background:** Before the blended MPAF course, ICD delivered two, largely overlapping versions of the MPAF course: in-person and online. Although the lecture videos in the virtual delivery of MPAF were streamlined and edited to improve the quality of the online content, the experience suggested that there was little interaction between these two modalities—most applicants for the in-person delivery had not taken the online version of the course.

The in-person MPAF course introduces participants to quarterly projection macroeconomic models to be used in central banks' FPAS. The in-person delivery excels in its hands-on workshops, during which the participants address real-time developments and design, simulate, and present realistic macroeconomic scenarios. The in-person course is demanding, with the expected initial level of knowledge exceeding that of many emerging market and low-income country participants.

MPAF's online counterpart, MPAFx, provides an excellent and detailed repository of selected introductory material and has been utilized mostly as a standalone online course. Attempts to use MPAFx, or its segments, as either a hard prerequisite or a "strongly recommended" prerequisite for the in-person course have not been very successful—the online course segments are long, requiring substantial time investment for participants. MPAFx is essentially a three-in-one course, requiring participants to learn MATLAB/IRIS coding, some econometrics, and economic concepts—that is why many participants have been overwhelmed into inaction.

Therefore, the objectives for creating a blended version of the MPAF course were to (1) bring all participants to the same baseline with the topic and flatten the bi-modal distribution of the pre-course test; (2) establish a link with the MPAFx course—the online modules of the blended course would direct participants to the valuable online material deposited in MPAFx; and (3) create space in the in-person sessions for more policy-relevant discussions and hands-on practices.

**Course goal:** The main goal of the course was to enable participants to adeptly customize a simple economy model, incorporating the monetary policy transmission mechanism and potential shocks. Additionally, participants would gain proficiency in using modern central bank tools for monetary policy analysis and forecasting, engaging in nowcasting, near-term forecasting, and developing medium-term projections while identifying and addressing risks in alternative scenarios. Ultimately, participants would be equipped to initiate the construction of a personalized model for monetary policy analysis using their national data upon returning home.

**Course design:** The blended MPAF course consisted of online self-paced learning for ten days, followed by a two-week in-person course at STI. The online portion of the course included newly recorded videos, reading materials, and six synchronous virtual sessions (office hours and Q&A) with the teaching team. A three-week gap between the online and in-person sections was necessary for

completion of travel arrangements. All selected participants completed the compulsory (pre-requisite) online part and only one eventually declined the invitation to attend the in-person part due to work commitments. Eighty percent of participants were from agencies with ongoing ICD FPAS/macro-framework technical assistance.

**Evaluation highlights:** The course was enthusiastically received, with an overall value score of 4.9, the highest for any MPAF team at STI, and learning gains of 23 percentage points. The share of participants scoring at least 60 percent increased from 12 percent on the pre-test to 52 percent on the post-test (the highest ever at STI).

Areas of improvement were identified as follows:

- Several participants suggested a short module introducing MATLAB and IRIS in the asynchronous portion of the course.
- Participants inquired about the interplay between monetary policy and financial stability objectives. This question may be addressed by adding relevant slides to a few lectures during the in-person sessions and suggesting a simple modeling solution through the credit risk premium.

After this pilot course was launched in STI April 2023, a second delivery took place in JVI in October 2023. For this delivery, minor changes were made to the structure of the course (i.e., adjustments to the questions posted in the discussion board) to reflect on the end-of-course survey and instructors' observations. The current blended MPAF course will need little or no changes to be made for future offerings.

## C. Conclusion

**4. While it may take more upfront time and effort to create a blended course (depending on whether the content needs to be created from scratch or can be leveraged from existing modalities), it saves time down the line with content able to be repurposed for future deliveries.** Additionally, blended learning also allows for greater flexibility and creates more opportunities to adapt to the participants' needs. For example, in the case of FDFI, after participants raised the issue of taxes on mobile payments, this topic was easily added as a case study in the course. The blended modality could also be useful in TA by making sure all participants have similar levels of competence to make subsequent TA activities more efficient. This would also address the challenge of having to spend part of the time during a TA activity on repetitive training.

**5. Teaching a blended course may also require more upfront time and effort than a face-to-face course;** both in terms of preparation and follow-up with participants after each session (i.e., monitoring participants' progress on the platform, answering participants questions, and setting up virtual Q&A sessions). This is because the role of the instructor extends from teaching to engaging; the instructor acts as the glue that keeps the participants engaged before, during, and after the training.

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# EVALUATION AND IMPACT<sup>1</sup>

## A. Overview

**1. The 2022 IEO evaluation found that Fund CD has contributed effectively to building institutional capacity for formulating and implementing sound macroeconomic and financial policies.** The membership valued the high quality of Fund CD and welcomed efforts made towards tailoring CD to recipient countries' context. Several quantitative studies in this background paper provide additional evidence on tailoring, effectiveness, and impact of Fund CD. Enhancing the effectiveness and impact of CD requires further refinements to prioritization and delivery, deepening ownership, and improvements in the monitoring and evaluation framework.

**2. The Fund's Monitoring and Evaluation (M&E) framework for CD has seen significant progress over the past decade.** The Fund's multipronged M&E framework enables learning and responds well to internal and external accountability needs. The framework aims to capture results information across a diverse array of CD with a view to inform strategic decision making. Broadly, it includes a revamped results-based management (RBM) monitoring system, and periodic evaluation of CD performance over the medium-term.

**3. Going forward, the Fund should continue to improve its M&E, including through increasing internal evaluations and enhancing the strategic focus of evaluations.** The quality of evaluations has seen significant improvement over the years, though there remains room for improvement. At present, there is scope to improve long-term impact assessment of Fund CD—especially given the focus of external evaluations (Annex III). Increasing the number of internally conducted evaluations and broadening their scope to include more strategic considerations can enhance the usefulness of evaluations. In addition, the 2022 IEO evaluation notes a lack of strategic planning for evaluations due to a bottom-up approach to identifying topics in evaluation exercises. The development of the program of evaluations should, therefore, be done with strategic considerations, including addressing learning gaps and enhancing synergies between internal and external evaluations.

**4. In addition, there is a need to establish explicit mechanisms to utilize monitoring and evaluation data for CD prioritization.** Creating formal channels to systematically utilize RBM data and evaluation learnings for decision making in CD prioritization and project design, broader dissemination, and an effective internal and external communication of RBM will facilitate the use of such information for strategic purposes. For instance, regular reporting to the CCB of evaluation recommendations and staff's proposed response can support an outcome-oriented culture and

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<sup>1</sup> Co-led by Emmanuel Lartey, Lina Karaoglanova, Valeria Mensah (all ICD) with contributions from Kaihao Cai, Elorm Darkey, Mohamed Afzal Norat, Oral Williams (all AFR); Azziza Chinue Trotter (CARTAC); Lohith Chittamuru, Enkhzaya Demid, Tadeusz Galeza, Anton Manzano, Hayden Schmidt, Daniela Tort, Shanshan Wang (all ICD); Antonio Bassanetti, Anna Bordon (all MCD); Alain Gaugris (STA).

facilitate periodic high-level reporting to the Board. Continuing to focus evaluation on generating learning, and improving RBM data quality will be key to supporting such efforts.

**5. Strengthening country engagement in the design and implementation of CD interventions can also boost ownership by recipient countries.** Despite significant progress towards increasing country focus of CD project design, more effort is required to strengthen ownership by authorities through explicit discussions on the design of CD projects and targeted results. This would enhance tailoring of CD interventions and ensure ownership over the life cycle of a project.

**6. The Fund can also consider the development of higher-level strategic results frameworks that can overarch CD project-based results frameworks.** The RBM framework, which is currently focused on project-level CD outcomes, can be further enhanced by developing impact-level results, including macroeconomic variables, across topical areas of work streams. Such a framework would, for instance, enable better monitoring and assessment of impact in terms of variables that align with surveillance objectives, thereby fostering integration of CD with surveillance and lending. This enhanced level of RBM would also feed into evaluations in gauging CD impact.

**7. Evaluation and staff analysis highlight measures that can further enhance tailoring, effectiveness, and impact of Fund CD.** The 2022 IEO evaluation and quantitative analysis have also highlighted useful lessons for Fund CD. These include the need to: strengthen institutional ownership of CD among beneficiary countries; tailor CD to low-capacity countries, improve integration of TA with training as well as CD and surveillance; and the importance of steady field presence in design and delivery—including leveraging RCDCs and local or regional expertise.

#### Key Proposed Actions

- Increase internal evaluations and broaden their scope.
- Create formal channels for incorporating monitoring and evaluation results into strategy development.
- Require explicit agreement with country authorities on targeted results and resource commitments for programmatic CD.
- Develop strategic frameworks for articulating and tracking results above project level.

## B. Introduction

**8. The Independent Evaluation Office (IEO) reaffirmed Fund CD is relevant, effective, and valued by members.** The 2022 IEO evaluation of CD found that overall, Fund CD has supported member countries in building institutional capacity to formulate and implement sound macroeconomic and financial policies, in a very wide range of country circumstances. The membership also valued the high technical quality of Fund CD and welcomed efforts towards tailoring CD to recipient context.



**9. This paper builds on the 2022 IEO evaluation, providing additional context and analysis to highlight progress since 2018 CD Strategy Review.** The 2018 CD Strategy Review highlighted among others, the need to increase the impact of Fund CD, including through strengthening integration with surveillance and lending, better tailoring to country context and focusing on implementation and outcomes. This paper sheds light on the progress made in these areas; and the findings are the result of analyses ranging across the full spectrum of the Fund’s monitoring and evaluation (M&E) tools and the growing volume of data they produce.

**10. The paper has two sections.** The first part assesses the state of M&E in the Fund, highlighting progress since the 2018 CD Strategy Review and areas for further strengthening. The second part addresses issues on CD Tailoring, Effectiveness, and Impact, leveraging evaluation findings and econometric analysis that use Result-Based Management (RBM) data.

### C. The State of M&E at the Fund

**11. The Fund’s M&E framework for CD has continued to evolve to better meet the Fund’s accountability and learning needs.** The includes internal and external evaluations, RBM, assessment of training, as well as other tools such as annual progress reports. Used in concert, these components allow the Fund to review the impact and effectiveness of its CD.<sup>2</sup> RBM provides immediate self-assessment information to inform more agile and responsive CD, while pre- and post- training testing and surveys provide useful information about the progress of individual learners. Evaluations then provide an in-depth assessment of CD across a longer time horizon. No single tool provides a full view of the impact and effectiveness of CD, but when reviewed together within the context of each country’s CD journey, these components offer a useful appraisal of progress. The 2022 IEO evaluation of the Fund’s CD acknowledged that the Fund now boasts a “wide-ranging multipronged M&E framework” that is flexible and tailored to the Fund’s unique focus on CD and is built to inform learning and accountability needs. There is, however, more work to be done.

**12. The M&E framework is leveraged for CD and surveillance integration.** The updated RBM policy and the rollout of a new system for budgeting, prioritization, and management of Fund CD in 2022—the Capacity Development Management and Administration Program (CDMAP), introduced a formal mechanism to the project design process that requires area department involvement from the start of a project. Project managers from CD departments lead the design of project’s targeted results and milestones but must now obtain endorsement from area department country teams before projects can be executed. In addition, M&E data are becoming more readily available and complete with continuous improvements in practices and systems. Data availability and frequency

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<sup>2</sup> Impact answers the question of “what difference does the intervention make?” and is defined as “the extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.” Effectiveness answers the question “Is the intervention achieving its objectives?” and is defined as “the extent to which the intervention achieved, or is expected to achieve, its objectives and its results, including any differential results across groups.” OECD (2021), “Understanding the six criteria: Definitions, elements for analysis and key challenges”, in *Applying Evaluation Criteria Thoughtfully*, OECD Publishing, Paris, <https://doi.org/10.1787/c249f611-en>.

has increased, including through the introduction of internal data dashboards which CD data dashboards have, made it easier for area departments to quickly access a wide range of CD data. Further, the focus on risk assessment leverages country team insights, supports effective CD delivery and informs surveillance, thus strengthening CD-surveillances linkages (Annex I). To fully support CD and surveillance integration, risk assessment practices must continue to develop.

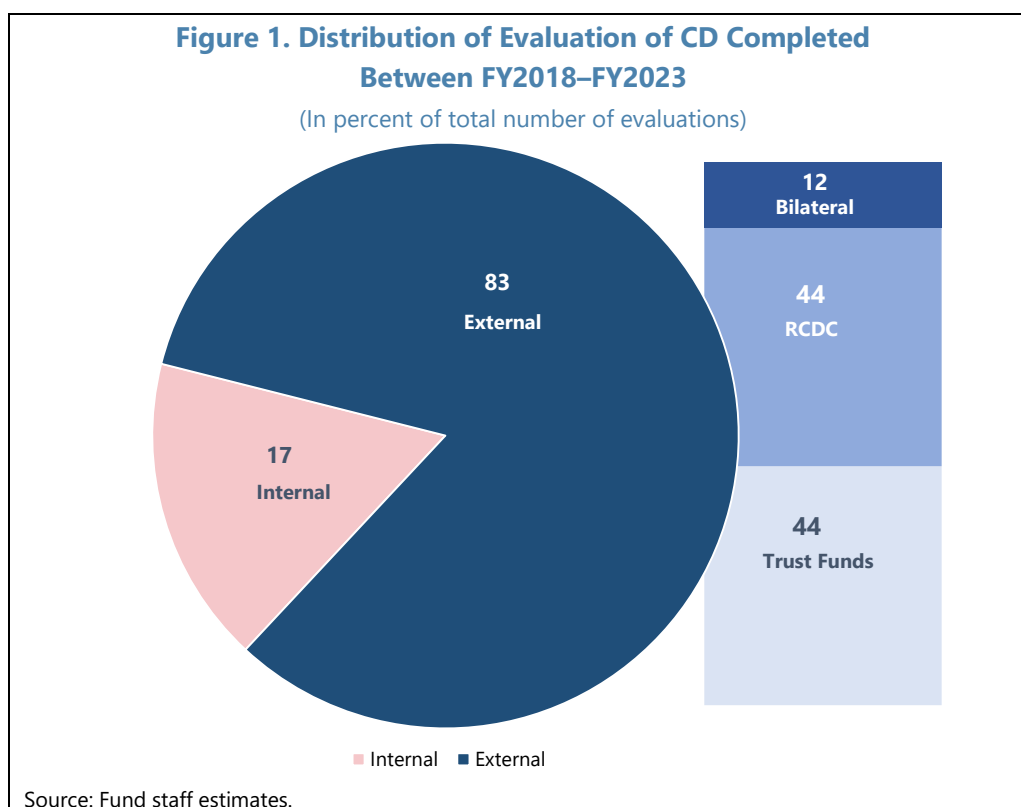
## Evaluation

**13. Evaluations are a well-established part of CD within the Fund.** The Common Evaluation Framework, established in 2017 and updated in 2020, governs the design and execution of evaluations of Fund CD. The Framework provides a standardized approach across evaluations, incorporates lessons learnt from the Fund’s previous evaluation efforts, mandates the use of RBM data as key information sources, and is based on the Organization for Economic Co-operation and Development (OECD) Development Assistant Committee (DAC) criteria (an industry best practice). The 2022 IEO evaluation acknowledged that the Framework is, in fact, more methodical than the evaluation frameworks of other International Financial Institutions (IFIs) and features an important balance between providing guidance and enabling flexibility to support adaptable evaluations. To support a strategic approach, evaluations are planned on a rolling three-year basis and the workplan is approved by the Committee on Capacity Building (CCB). 30 evaluations (Annex II) were completed since the 2018 Review of the Fund’s Capacity Development Strategy, of which 25 were external and five were internal (Figure 1).<sup>3</sup> However, as the IEO evaluation highlights, there are dimensions of evaluations in the Fund that can be further strengthened.

**14. Internal and external evaluations vary in their purpose, scope, and other characteristics.** As external evaluations are often requirements in funding agreements with donors and fully funded by external sources, their volume and frequency are naturally higher than internal evaluations—for which resources are limited in the flat real budget. While a diverse set of independent firms, procured competitively, conduct external evaluations to ensure an independent review of CD activities, external evaluations are standardized as per the Framework in terms of evaluation methodology and reporting, and undergo extensive review processes for quality assurance. Yet, the IEO found that external evaluations tend to be more focused on process, and ‘compliance with donors’ requirements’ than broader lessons learned and issues of greater applicability. Internal evaluations led by Fund staff, on the other hand, are relatively fewer (Figure 1), but there is greater flexibility to align their scope and utility to the strategic needs of the institution. Further, internal evaluations typically assess the design and implementation of CD and tend to focus more on learning gaps and lessons that can inform future CD.

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<sup>3</sup> Internal evaluations are those funded with IMF resources, designed, and executed by an IMF team. External evaluations are those funded by donors, and while designed and overseen by an IMF team, these evaluations are executed by independent evaluation firms procured through a competitive process.



**15. Improving the strategic complementarity, planning and focus of evaluations would be valuable, including through increasing a share of internal evaluations.** At present, the scope to assess the long-term impact of Fund CD through evaluations alone is limited—especially given the focus of external evaluations (Annex III). To help fill such gaps, internal evaluations, given their flexibility and profile, could be leveraged, including through an increase in the number of internal evaluations as well as broadening in scope. Further, the 2022 IEO evaluation, pointed to a lack of strategic planning for evaluations because of a “bottom-up” approach to identifying evaluation topics. Thus, it would be useful to develop the program of evaluations with strategic considerations, including addressing learning gaps in evaluations and enhancing the synergies between internal and external evaluations. Still, efforts should continue to introduce more strategic themes into the externally financed evaluation program, building on the experience of combining evaluations of several RCDCs with a focus on common themes.

**16. Enhancing the learning-focus of evaluations should continue.** There has been a general trend among most development organizations in acknowledging that learning should be a key goal of evaluations in addition to accountability. The 2020 update to the Framework, thus, took an important step to emphasize the need for learning-focused evaluations. Yet, practice has not fully caught up with the new policy. Whether internal or external, the Fund’s evaluations should avoid a compliance-based approach and cultivate opportunities for introspection and learning. These are increasingly being underscored in evaluation Terms of References (ToR) and should continue.

**17. Further, there is need for formal mechanisms to discuss and operationalize evaluation findings.** Despite the relative strengths of internal and external evaluations, challenges remain with the dissemination and the application of evaluation findings across the institution. Systematically harvesting and using evaluation learnings to inform the prioritization process and individual project managers' design of CD remains elusive. The challenges of using evaluation findings to fuel learning and inform decision making, are however, not unique to the Fund (Annex IV). To strengthen the loop between evaluation and decision making, regular reporting to the CCB, recommendations of recent evaluations and staff's proposed response would be useful. This can support an outcome-oriented culture in the CCB's strategic resource allocation discussions, area departments' CD prioritization, and project design. It would also facilitate periodic high-level reporting to the Board on evaluation findings.

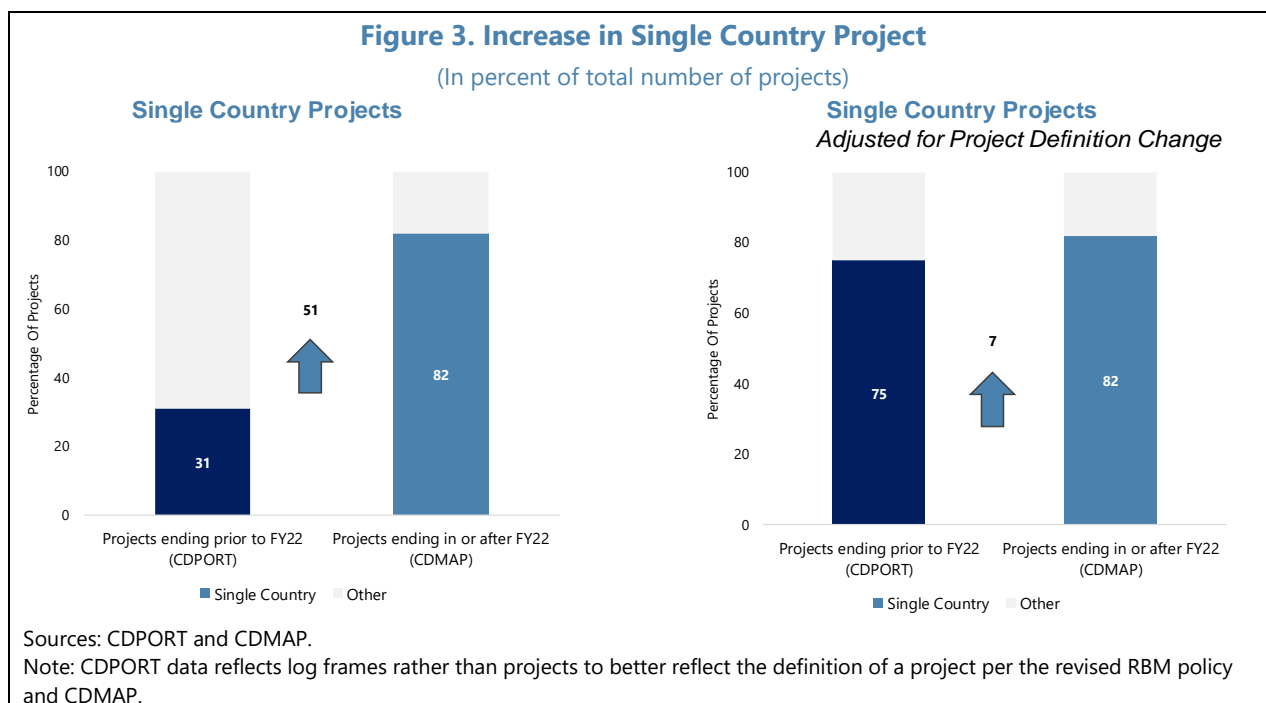
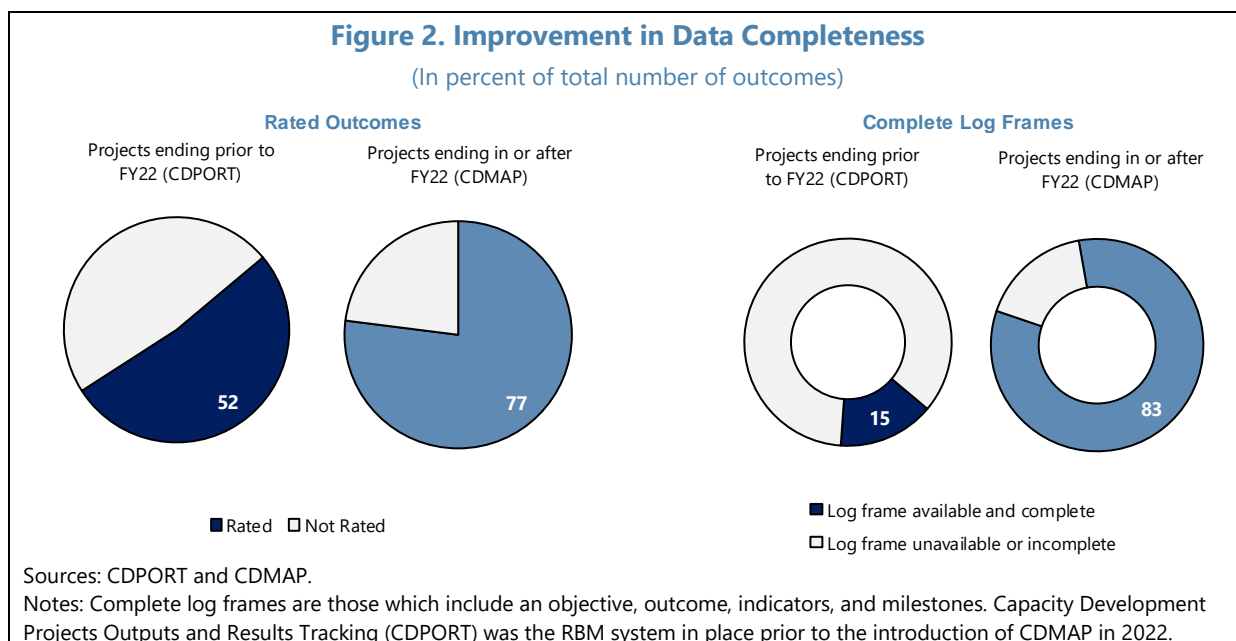
**18. Effective communication and dissemination of evaluation findings are key to transparency, accountability and learning.** External evaluations tend to be disseminated more widely than internal evaluations. The findings and recommendations are distilled periodically into more digestible information and shared with the CCB and the Executive Board. However, these efforts have not been sufficiently systematic to support the CD prioritization process, design of activities, and CD and surveillance integration. As the Fund's evaluation efforts mature, it may be possible to harness artificial intelligence (AI) tools to quickly query the vast volume of evaluation findings using pattern recognition of natural language, to inform project design and CD prioritization.

## Results-Based Management

**19. The Fund's RBM system has matured over time.** The Fund has been implementing RBM for over a decade, although a formal and widely applicable policy only took shape in 2017 when the RBM Governance Framework was established. A revised RBM Governance Framework in 2020 reflected a decade of lessons learnt and expanded to cover all CD delivery work. RBM is now systematically built into CD design and management (Annex V), and the quality and volume of RBM data have improved. The introduction of CDMAP has also facilitated compliance with the RBM Governance Framework, aiding the production of higher quality, more complete RBM data that can be easily and quickly accessed to support project management, portfolio management, and strategic decision making (Figure 2). With the advent of CDMAP, data on CD spending along with other project characteristics can be linked to RBM data, enabling more robust internal reporting and analyses. The improvement in data quality was also highlighted in the 2022 IEO evaluation, which noted significant progress since the 2018 review. While such initiatives have improved the RBM approach, further work is needed to close the remaining data gaps.

**20. Country-focus is built into the Fund's RBM system.** To capture country-ownership and focus during the early project design process, the Fund's RBM catalog reflects objectives and outcomes from the perspective of the CD recipient, rather than the Fund. Additionally, projects cannot be designed unless there is documented demand for CD from the recipient, which is tracked in CDMAP. Thus, a recipient-focus setup is encoded into project initiation and log frames. This is further supported by the RBM policy which not only lays out the need for authority involvement in

project design and management, but also provides background resources that can be shared with authorities to support such discussion. To further cement a country-focused design, the concept of a project was redefined in the revised RBM Governance Framework and CDMAP to reinforce a country-focused mindset, culture, and CD design process. As a result, more projects (in the case of technical assistance) are defined with a single-country focus, driven by the specific demand submitted by country authorities, and the result frameworks are streamlined to those objectives, which can be realistically achieved in the medium term (Figure 3).



**21. Still, there is need to further strengthen country ownership of targeted results through explicit discussion and agreement with authorities.** Achieving full recipient participation and buy-in in the design of CD, is critical but often difficult to achieve. In a review of RBM systems among IFIs and donor organizations, the OECD found that recipient country ownership of targeted results was among one of the enduring challenges faced by many organizations implementing RBM for projects.<sup>4</sup> In the Fund, while the IEO evaluation acknowledged significant progress made in this area, it also noted there is room for improvement. Beyond the already existing measures, it is necessary for project managers to make a concerted effort to engage authorities in the design of projects if stronger ownership is to be achieved. Staff propose to seek authorities' commitment before commencing a project. It could take the form of the authorities explicitly endorsing the RBM log frame for programmatic CD projects as part of the design or initial implementation phase with regular review through the project lifecycle. Such early buy-in would safeguard appropriate tailoring of CD and help reinforce ownership throughout the project life cycle.

**22. In addition, improving the strategic focus of the results framework would enhance the RBM and yield benefits for CD-surveillance integration and evaluations.** Currently, the Fund's RBM is focused on project-level results (with varying degrees of consistency) across functional workstreams. Therefore, RBM has not yet evolved to articulate higher-level outcomes and impacts, for example, with respect to macroeconomic variables, which is important for CD-surveillance integration. Some strategic result frameworks have already been articulated in the context of large externally funded vehicles (thematic trust funds) which track results at a higher level, either in terms of economic impact or portfolio performance. However, these are only constructed in an ad hoc manner, mainly to meet requirements for funding vehicles. Thus, the Fund's RBM framework would benefit from having higher-level outcomes built in, including macroeconomic linkages, and having consistency across workstreams. This can be achieved through the development of a strategic results framework at the level of workstreams. Such a framework would enable the aggregation of results across regions and/or across projects, for instance, for a given workstream and group of countries in monitoring macroeconomic outcomes and objectives. It would also provide relevant and robust data for evaluations—particularly in gauging long term impact of CD.

### Evaluation of Training Activities

**23. The Fund has substantially grown its training initiatives, and many lessons from the pandemic have been integrated.** Initially offered as traditional classroom learning, the Fund's training activities expanded into asynchronous online learning in 2013, which has since trained over 160,000 learners. More recently, in response to the travel restrictions resulting from the COVID-19 pandemic, synchronous training via virtual and hybrid modes was added to the mix to better reach members where they are. The adaptation of training modalities during the pandemic period has presented lessons which staff took forward by exploring ways to "blend" various modalities to leverage their comparative advantages (see Background Paper on Modalities).

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<sup>4</sup> OECD (2018).

**24. The Fund’s training activities are rigorously evaluated using a combination of surveys and testing.** A robust set of evaluation methods are applied in assessing online, virtual, and in-person training delivery and is in line with industry standards. Courses are designed with results in mind, outlining course learning objectives as well as the expected skills and knowledge participants should gain on completing the training. Initial post-course surveys capture reactions to the training, ascertaining participants’ perception of training usefulness and effectiveness. Follow-up surveys are also conducted for ICD training to help assess the degree to which newly acquired knowledge and skills are applied on the job. This includes a questionnaire to gauge the frequency at which newly learned tasks are performed (knowledge transfer) as a result of the training. Finally, pre-, and post-course tests are used to evaluate participants’ baseline knowledge before completing the training and to measure the learning gained. The difference between post- and pre-course test scores determines the training effectiveness. It is worthy of note that evaluations are conducted on a course-by-course basis and are currently only administered on a subset of Fund courses.

**25. Going forward, the formal approach of evaluating the results of training and learning programs, which currently applies to a subset of courses, should be extended to all training.** The rich data on training evaluations could be used more fully to evaluate the curriculum and adjust delivery modalities as needed. In addition, periodic outreach to directors in charge of training in member countries can provide valuable information on training design, traction, and impact on the participants, which could help improve training outcomes.

## D. Tailoring, Effectiveness, and Impact of CD

**26. A mix of evidence, including CD evaluations and staff analysis, can shed light on tailoring, effectiveness, and impact of CD.** The analysis in this section is informed by the findings from 30 evaluations (25 external, 5 internal) reviewing CD implementation between 2013 and 2023. (Annex II), complemented by the internal RBM data and analysis of staff reports and internal documents.

### Is Fund CD Tailored?

#### *Evaluation Findings*

**27. The Fund is tailoring its CD efforts, but there is room for further strengthening.** The IEO evaluation of CD highlights that recipient authorities generally perceive that the Fund’s CD reflects their needs and priorities. This is consistent with the mechanisms for tailoring identified through the evaluations. While there are mechanisms to tailor CD, such as country and regional strategies informing CD prioritization, tailoring mechanisms could be further expanded to include considerations at the institutional level, increase ownership and deepen country engagement. For instance, the IEO evaluation also mentions the limited involvement of authorities in the formulation of CD country strategies, and a lack of clarity regarding how various Area and CD departments

assess the absorptive capacity of beneficiaries—highlighting the need for improved systematic engagement with authorities.

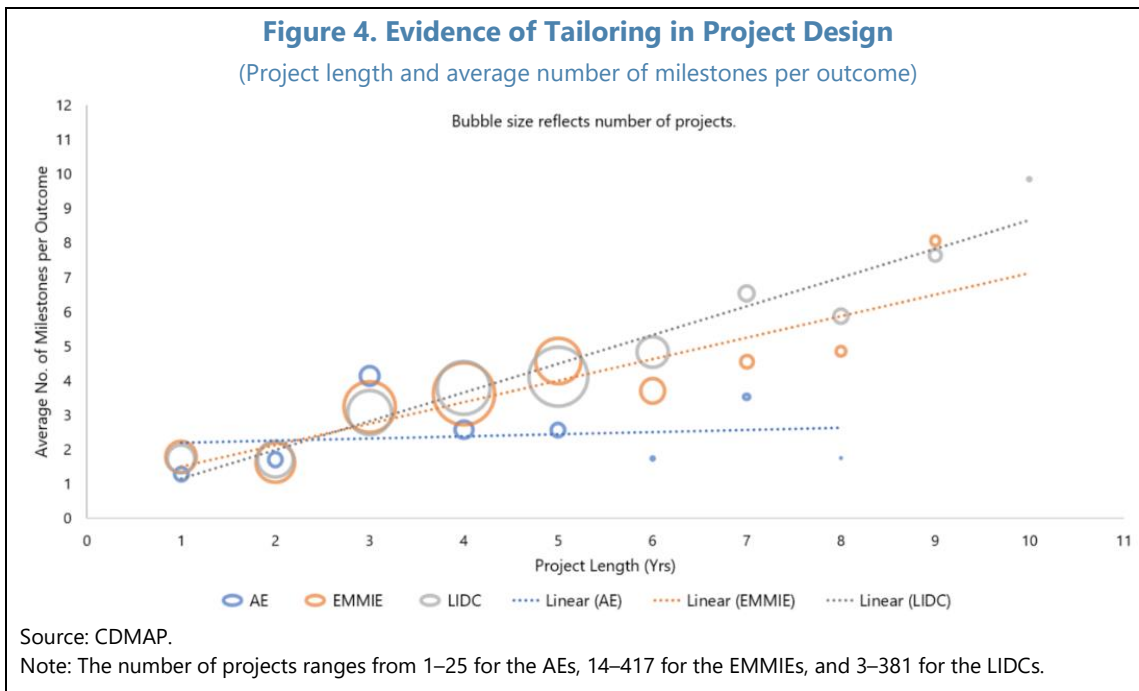
**28. A deeper consideration of beneficiary systems and constraints can strengthen tailoring.** External evaluations have underscored the need to assess and carefully consider beneficiaries' institutional constraints that prevent them from undertaking and sustaining CD reforms over time. Some of the institutional constraints identified include staff turnover, absence of effective knowledge transfer mechanisms, inadequate funding for optimal operations, lack of coordination among government agencies, bureaucratic oversight and procedural challenges, shifting management priorities, and authorities' access to essential tools like reliable internet and electricity, all of which are factors that impact CD implementation but are not sufficiently considered through the existing tailoring mechanisms. For instance, external evaluations of AFRITAC West (AFW) and AFRITAC South (AFS) noted that, in some cases, CD delivery replicated tools developed or applied successfully in other countries, without paying enough attention to institutional absorption capacity when applied to new CD beneficiaries. In addition, evaluations conducted during FY18–FY21 have also offered the idea of moving from 'CD delivery' to a 'change management' approach, where change management tools are incorporated in designing CD and in completing a systemic analysis of beneficiary institutional capacity. For example, the Data for Decision (D4D) evaluation recommended training CD project managers in concrete change management methodologies while MNRW evaluation proposed to support governments in better communicating reforms to support broader consensus and a collective commitment across political cycles. Such approaches, where feasible, could increase the likelihood that the short-term effects of CD activities will translate into longer-term impact both in terms of organizational change and policy improvements.

**29. Leveraging field-based staff as well as peer-to-peer approaches can further enhance tailoring efforts.** Some evaluations, including Revenue Mobilization Trust Fund (RMTF), D4D, and AFRITAC Central (AFC) pointed out that CD programs that included local experts were more effective in improving tailoring and appreciated by the beneficiaries. Experts from the region were considered to have a better understanding of the political economy and better equipped culturally to translate the intervention in face of the institutional capacity limitations. Engaging local experts was also seen to enhance sustainability and increase knowledge sharing. In addition, a few evaluations emphasized the effectiveness of peer-to-peer training and workshops; given that including peer-to-peer engagement in CD design is considered to be an effective way to promote recipient ownership of CD focused on cross-cutting issues such as gender and climate.

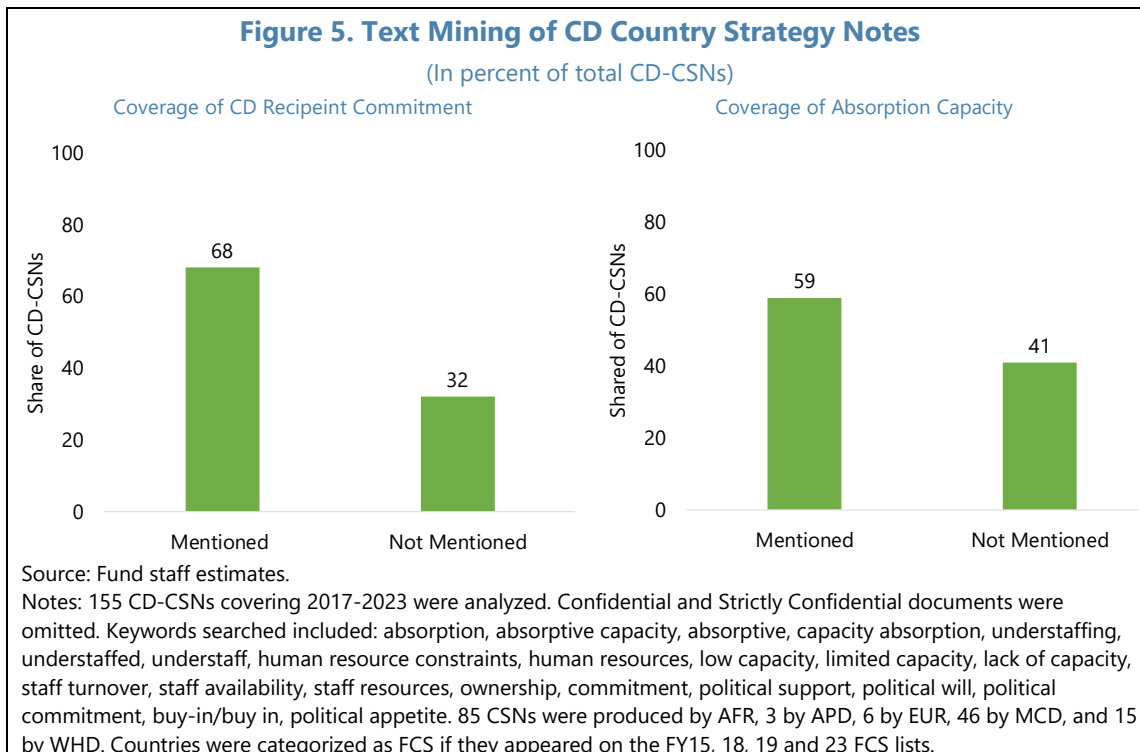
### ***RBM Data Analysis Findings***

**30. Project log frame data suggests there is some tailoring in project design, although there are differences across country income groups** (Figure 4). A simple analysis of RBM log frames covering the period 2001 to 2023 (2,870 projects and 15,370 milestones) reveals tailoring of milestones to CD recipient needs and characteristics. On average, projects supporting LIDC CD recipients incorporate more milestones per outcome than those supporting AE recipients, allowing for a more step-by-step engagement? Projects supporting LIDCs also tend to be designed with longer durations.





**31. Text mining analysis of CD Country Strategy Notes (CSNs) signals trends that also suggest tailoring** (Figure 5). A keyword search of CSNs during FY17–FY23 suggests recipient commitment and absorptive capacity are being considered in more than 50 percent of CSNs. CSNs for Fragile and Conflict State (FCS) were more likely to discuss these topics.



## Is Fund CD Effective?

### *Evaluation Findings*

**32. Evaluations found the Fund’s CD to be effective in improving recipient capacity, and highlighted factors that can enhance effectiveness.** A review of evaluations found the Fund’s CD is generally rigorous, practical, timely, reform-orientated, and superior to the CD of other development partners working in the areas of the Fund’s expertise. Internal evaluations discussed in detail the extent to which IMF CD has contributed to improvements in beneficiaries’ institutional capacity. Many external evaluations, particularly those covering Regional Capacity Development Centers (RCDCs), highlight CD achievements in the context of FCS. Several evaluations covering the pandemic period have also noted that Fund CD responded adequately, rapidly adjusting CD delivery mechanisms based on changing needs. In addition, evaluations note that steady field presence combined with local expertise positively impacted CD effectiveness while lack of local expertise, frequent expert turnover and long gaps between expert rotations negatively impacted the continuity of activities. Further, external evaluations found that training—online and in-person, is most valuable when supporting and connected to TA reforms, and that one-off training or workshops are not as effective. For FCS, while more costly, in-person training was considered more effective in transferring knowledge.

**33. There is also some evidence that Fund CD provides good value-for-money (VfM).** VfM analysis have concluded that TA, though resource intensive, provides good VfM, especially when knowledge of the local context was applied, and local or regional experts were engaged. Similarly training also provides good VfM given the low cost of training over the broad portfolios of the programs assessed. Efforts to assess VfM in evaluations were made based on a cost efficiency analysis approach (reviewing labor inputs—staff person in weeks), qualitative analysis, and results from interviews that reflect perceptions among member countries. It is worth noting that the concept of VfM is not easy to define and its metrics are difficult to obtain, thus, there is diversity in methodologies. And, given that a standard approach for determining VfM is not prescribed by the Fund, evaluators’ methodologies vary.

### *RBM Analysis Findings*

**34. An econometric analysis of project and RBM data suggests CD spending, institutional quality, RCDC projects and mature projects are positively associated with better CD outcomes.** Using CDMAP data, an analysis found a positive association between CD spending and outcomes.<sup>5</sup> Increased spending often translates into larger and longer projects, supporting the notion that longer-term and more involved CD delivery might need to be prioritized over one-off interventions

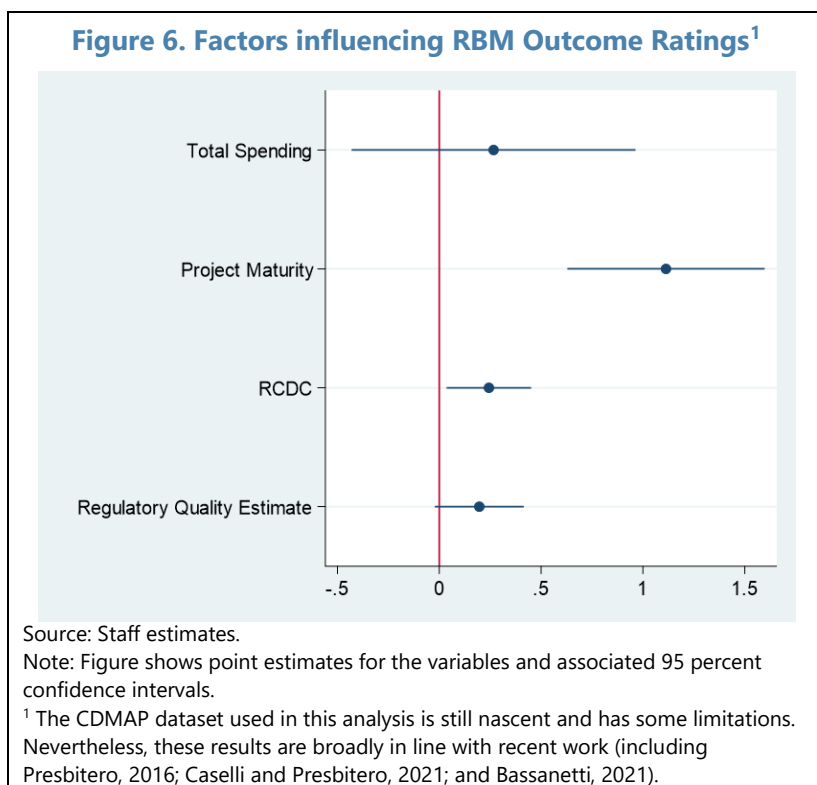
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<sup>5</sup> Lartey and Mensah, forthcoming adopt Bassanetti (2021)’s strategy to estimate a probit model and an ordered probit model using CDMAP data. The analysis utilizes RBM data covering 1,124 projects in execution spread across Fund CD regions and workstreams in 150 countries to examine the linkages between CD spending, country and project characteristics and the likelihood of achieving RBM outcomes.

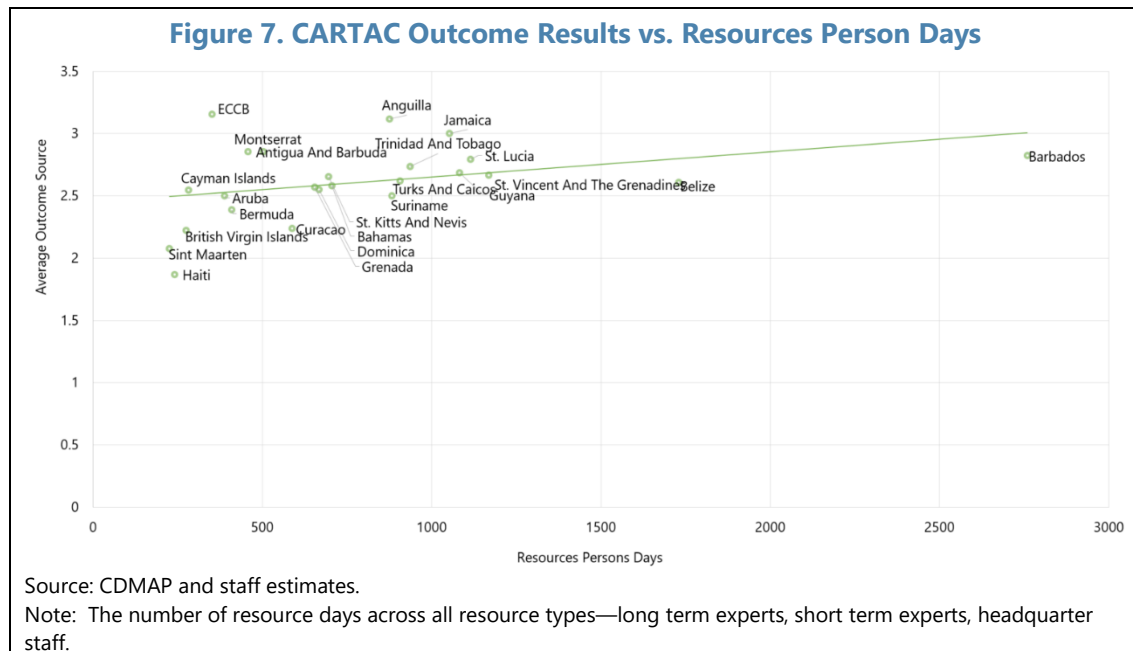
to achieve better results. The analysis also found regulatory quality, a measure of existing institutional capacity, is positively associated with the probability of achieving targeted CD

outcomes—highlighting the need for tailoring to the lowest capacity recipients, for example in FCS. In addition, projects with activities implemented by RCDCs show a higher likelihood of attaining target outcomes. This corroborates evaluation findings which highlight the importance of field presence and the RCDC’s unique local expertise, which enables them to better tailor CD and quickly respond to recipient needs. Further, projects that are nearer their completion have a higher likelihood of attaining target outcomes, which is intuitive and underscores the importance of seeing projects through. This

finding can inform the sequencing of projects during the CD prioritization and planning processes, where results of projects in early stages should be interpreted with care (Figure 6).



**35. Another analysis focused on a subset of projects in the regional TA center in the Caribbean (CARTAC) suggests some positive correlation between intensive CD and better results.** A simple correlation plot of average outcome ratings and staff time spent delivering CD by CARTAC provides anecdotal evidence that more intensive CD may be associated with better results, as there appears to be a positive relationship between number of resource days executed and the average outcome results achieved across CARTAC member countries between January 2017 and June 2023 (Figure 7). This positive association is, however, influenced by outlier observations, which highlight the challenges of assessing value-for-money.



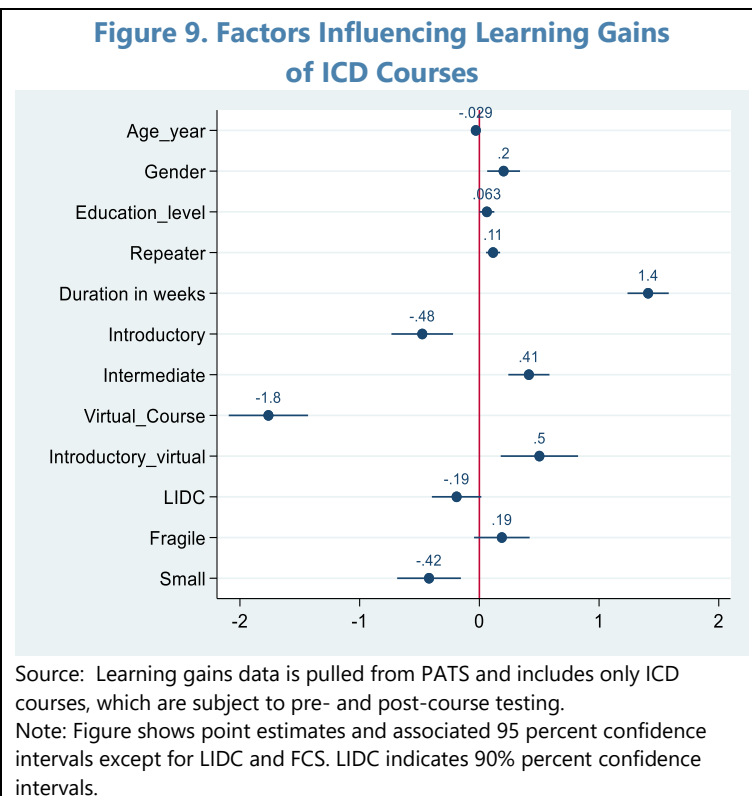
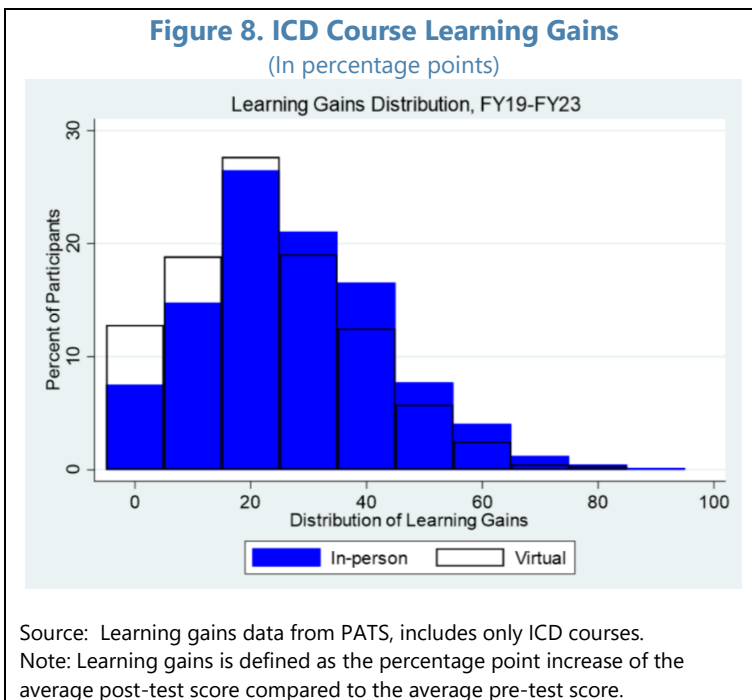
### Training Data Analysis Findings

**36. Post-training survey results suggest Fund training is perceived as overwhelmingly useful and is reaching those who need it the most** (Annex VI). Follow-up survey data covering synchronous IMF Institute courses delivered by ICD between Calendar Year 2015 and 2021 showed approximately 90 percent of respondents found knowledge and skills learned in training were useful or very useful for their jobs. In addition, participants from low-income and FCS countries expressed they had higher levels of knowledge transfer to their professional environments compared to participants from higher income countries, with a more pronounced effect for in-person participants. Participants from FCS countries and IMF program countries also demonstrated a higher likelihood of utilizing their knowledge in collaboration with the Fund. Similarly, among online and asynchronous training participant survey respondents, 90 percent agreed or strongly agreed that the course(s) they took allowed them to apply new methodology, tools, or technologies to their work, 95 percent agreed or strongly agreed that the online course(s) helped them to carry out their work more effectively.

**37. Ongoing training engagement supports better learning performance.** The learning history, quantified by the number of IMF courses taken prior to the evaluated training event, consistently predicted better performance, highlighting the importance of ongoing engagement with training participants.

**38. An analysis of ICD synchronous training highlights learning gains for participants.**

Learning gains were observed for both in-person and virtual participants between FY19 and FY23, though they were higher for in-person courses (Figure 8). The standard target for learning gains is a 15 percent increase, which most participants surpassed. Econometric analysis of test score data further shows that modality, length of training, and recipient characteristics are also associated with learning gains (Figure 9). Learning gains are lower for virtual courses—although less severely for introductory courses than for intermediate and advanced courses. This finding supports prioritizing virtual training offerings for foundational topics in contrast to more specialized or advanced content. Participants of longer courses and those who attended more than one course saw larger learning gains. Participants from lower income countries and with lower levels of education saw smaller learning gains. Relatedly, learning gains were generally smaller for introductory courses, which likely target lower-capacity participants, than intermediate and advanced courses. These findings are also in line with the econometric analysis and evaluation findings, which suggested that those with the least capacity may see lower results.



## Is Fund CD Impactful?

### *Evaluation Findings*

**39. Evaluations show Fund CD is generally impactful, and further highlight factors that enhance impact.** Overall, evaluations rated Impact and Sustainability of CD as ‘modest to good’, with higher ratings assigned primarily in internal evaluations and external evaluations focused on thematic funds. This could be explained by the type of CD activities covered, with thematic funds focusing on a fewer workstreams and sequenced interrelated activities compared to the regional vehicles. Further, evaluations also highlight that when TA is provided in the context of surveillance or program, TA activities tend to be prioritized, recipient commitment is easier to attain, and resource availability is more likely to sustain reforms (see AFS evaluation). Similarly, training is more impactful when it is provided in the context of on-going CD efforts and properly sequenced to support specific reforms. Cross-workstream collaboration in RCDCs and taking a harmonized and integrated approach to CD design also enhances impact. Evaluations also point to some factors that could enhance the impact of Fund CD, including the need to put more effort behind building ownership and commitment among authorities by engaging recipients at the right institutional levels to enhance impact (see AFC evaluation). Furthermore, evaluations emphasized the importance of engaging the country authorities at the right level; and ensuring frequent and timely follow-up interactions to create and maintain momentum. CD is also more impactful when it is designed to help recipients maintain reforms in the longer-term through integrated, well-sequenced CD compared to delivering independent and one-off activities. Additionally, improving the continuity of the Fund CD team and reducing expert turnover also supports relationship building that can support ownership.

### *Econometric Analysis Findings*

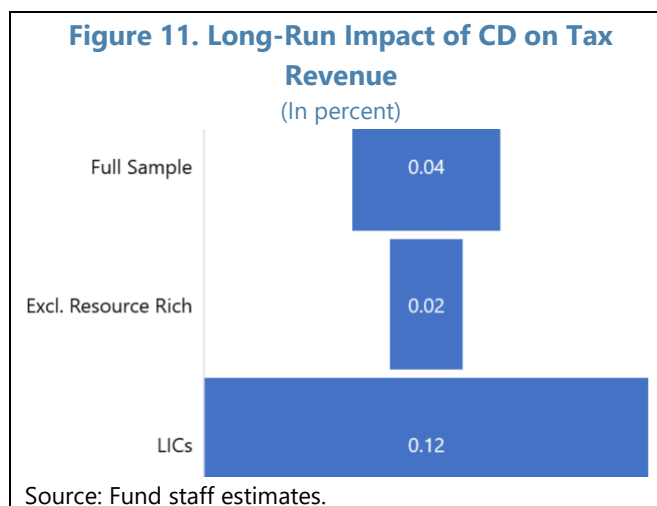
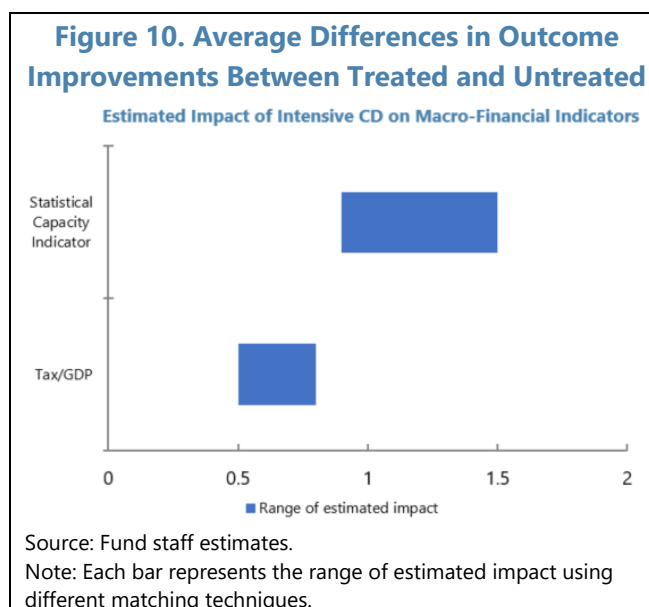
**40. Econometric analysis using Propensity Score Matching techniques suggests intensive CD, delivered to LIDCs over several years, has impact on macro-financial variables over the short- to medium-term** (Annex VII). The methodology compares countries that received intensive CD—defined by volume provided above the median of the sample—with other broadly similar countries that did not.<sup>6</sup> The analysis focuses on some of the main IMF CD workstreams in the statistical, fiscal, and financial areas and their impact on macro-level outcome indicators. Controlling for the potential effects of confounding factors on the selected macro-financial indicators, the analysis indicates that LIDCs with intensive CD in (a) statistical areas and (b) tax policy and revenue administration achieved on average larger and statistically significant increases in, (i) the Statistical

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<sup>6</sup> The choice to limit the analysis to LIDCs allows to concentrate on a less heterogeneous group of countries in terms of broad features, CD needs, and absorptive capacity, thereby facilitating the identification of the impact of CD. By concentrating on LIDCs, the analysis still accounts for around a half of IMF CD delivery.

Capacity Indicator and (ii) the tax-to-GDP ratio, respectively, compared to similar countries that received less intensive or no CD (Figure 10).<sup>7</sup> Also, preliminary results for countries that received intensive CD in financial supervision and crisis management, macroprudential policies, and systemic risk analysis point to sounder financial stability indicators (capital adequacy ratios and, to a lesser extent, NPL ratios) than comparable countries that received less intensive or no CD.<sup>8</sup>

**41. Further econometric analysis finds that CD interventions increase tax-to-GDP ratio, with a significant impact in the long run.** The analysis focused on assessing the impact of CD activities in revenue administration and tax policy on tax revenues.<sup>9</sup> CD was found to increase tax revenue, with the greatest impact accruing to LICs (Figure 11). This result suggests that while CD and the tax ratio may move apart in the short run—owing to shocks and or institutional factors—they tend to converge over time; and that it takes time to build institutional capacity. Additional analysis explored the types of taxes that are impacted by CD in revenue administration and tax policy.<sup>10</sup> Preliminary results suggest CD improved VAT revenues-to-GDP ratio (Figure 12) such that the ratio, on average, increases by about one percent for a 10 percent increase in the volume of CD. These findings suggest the need to strengthen institutions that bolster revenue mobilization.



<sup>7</sup> The statistical capacity indicator is obtained from the Statistical Performance Indicators database of the World Bank and reflects three dimensions: statistical methodology, source data, and periodicity and timeliness.

<sup>8</sup> Significant limitations in the availability of financial soundness indicators for LICs impact the sample size and quality of this part of the analysis, whose results should therefore be interpreted as preliminary.

<sup>9</sup> The study, by Chami, Darkey and Williams (2021), utilized annual data for 115 countries and dynamic specifications of the cross section Auto Regressive Distributed Lag (CS-ARDL) model.

<sup>10</sup> With a focus on consumption-based taxes for a sample of 103 countries, this encompassed exploring various estimation techniques that safeguard that the CD variable is not being influenced by a third variable.

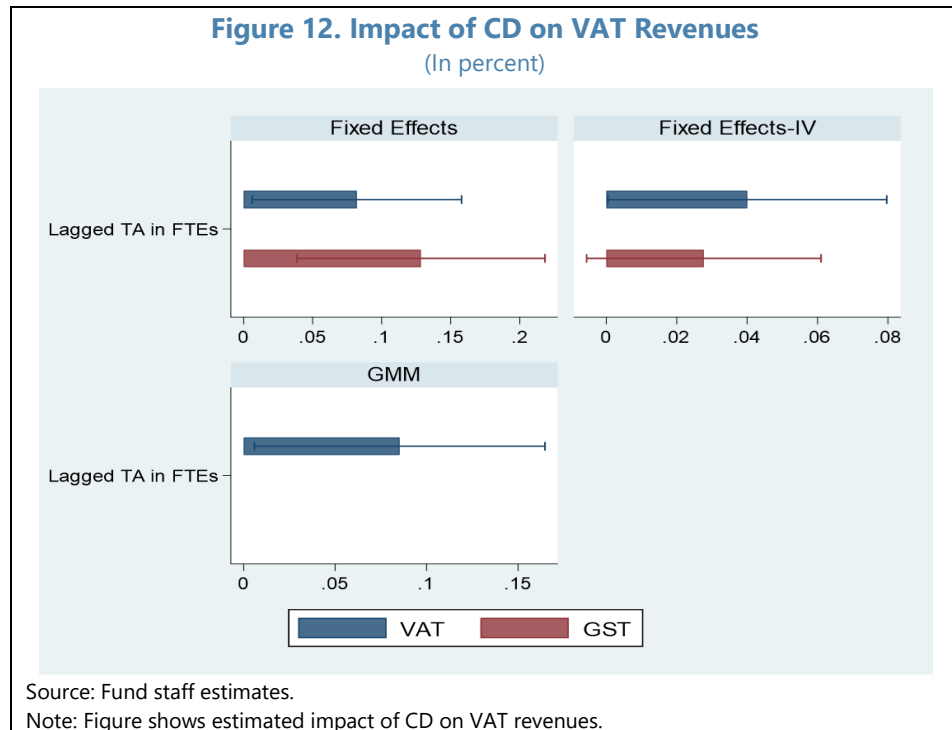
## RBM Data Analysis Findings

### 42. Correlation analysis indicates positive impact of long-term CD in Sub-Saharan African countries.

While revenue administration CD support in the short term is unlikely to deliver large improvements in tax-to-GDP ratio, over the longer-term CD support through programmatic multi-year, multi-modality CD should be able to make a positive impact, and even more so after two or three programmatic cycles of CD support.

Evidence from simple correlation analysis (Figure 13) linking CD support in revenue administration with three variables: tax-to-GDP (aggregate), tax on income- and capital gains-to-GDP (sub-aggregate), and domestic taxes on goods and services-to-GDP (sub-aggregate), suggests a positive association between CD support and income and

capital gains tax revenue generation across different groups of AFR countries.<sup>11</sup> There is a positive but weak association with tax-to-GDP ratio, and no association with taxes on goods and services except for middle-income countries. The positive association between CD and revenue from tax on income and capital gains is robust across three different macroeconomic growth variable forms and supports earlier work by Chami and others (2021) and Bassanetti (2021).<sup>12,13</sup>



<sup>11</sup> Completed CD projects with final outcome ratings are ideal data for such analysis. However, CDMAP is only three years old and has few CD projects that have been completed and those CD projects are unlikely to have a full set of complete log frame data. Therefore, completed project data from CDPORT were used in the correlation analysis.

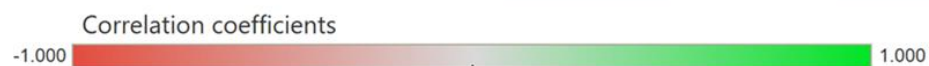
<sup>12</sup> The three variable forms were used to filter out and remove trend-like non-stationarities which could create an upward bias of correlations over time.

<sup>13</sup> A positive correlation between stronger institutions and tax-to-GDP ratio is also reported in the recent IMF SDN on tax capacity and tax potential (IMF, 2023).



**Figure 13. Correlation Matrix Macroeconomic Variables & Completed CD Projects**

| Country grouping                      | Methods                               | Tax revenue to GDP | Taxes on income, profits and capital gains to GDP | Domestic Taxes on goods and services to GDP |
|---------------------------------------|---------------------------------------|--------------------|---|---|
| Full Sample of SSA                    | Averages of simple annual growth rate | 0.06               | 0.56  | -0.12                                       |
|                                       | Compound six-year annual growth rate  | 0.18               | 0.56  | 0.10  |
|                                       | Simple end-period growth rate         | 0.05               | 0.56  | 0.07  |
| FY22 Non-Fragile                      | Averages of simple annual growth rate | -0.25              | -0.15   | 0.01  |
|                                       | Compound six-year annual growth rate  | -0.23              | -0.19   | 0.01  |
|                                       | Simple end-period growth rate         | 0.43               | 0.49  | -0.15                                       |
| FY23 Non-Fragile                      | Averages of simple annual growth rate | 0.47               | 0.48  | -0.23                                       |
|                                       | Compound six-year annual growth rate  | 0.48               | 0.52  | -0.15                                       |
|                                       | Simple end-period growth rate         | 0.43               | 0.49  | -0.15                                       |
| Low income but not resource intensive | Averages of simple annual growth rate | -0.93              | 0.99  | -0.53                                       |
|                                       | Compound six-year annual growth rate  | -0.95              | 0.95  | -0.53                                       |
|                                       | Simple end-period growth rate         | -0.95              | 0.96  | -0.52                                       |
| Low income country                    | Averages of simple annual growth rate | -0.84              | 0.62  | -0.76                                       |
|                                       | Compound six-year annual growth rate  | -0.86              | 0.70  | -0.43                                       |
|                                       | Simple end-period growth rate         | -0.84              | 0.71  | -0.44                                       |
| Middle Income                         | Averages of simple annual growth rate | 0.74               | 0.50  | 0.11  |
|                                       | Compound six-year annual growth rate  | 0.68               | 0.49  | 0.21  |
|                                       | Simple end-period growth rate         | 0.69               | 0.49  | 0.18  |
| Non-Resource-Intensive Countries      | Averages of simple annual growth rate | 0.55               | 0.53  | -0.19                                       |
|                                       | Compound six-year annual growth rate  | 0.56               | 0.55  | -0.07                                       |
|                                       | Simple end-period growth rate         | 0.52               | 0.52  | -0.07                                       |
| Oil Importers                         | Averages of simple annual growth rate | 0.47               | 0.48  | -0.23                                       |
|                                       | Compound six-year annual growth rate  | 0.48               | 0.52  | -0.15                                       |
|                                       | Simple end-period growth rate         | 0.43               | 0.49  | -0.15                                       |
| Other-Resource-Intensive Countries    | Averages of simple annual growth rate | -0.89              | -0.50   | -0.91                                       |
|                                       | Compound six-year annual growth rate  | -0.90              | 0.07  | -0.94                                       |
|                                       | Simple end-period growth rate         | -0.88              | 0.06  | -0.92                                       |



Source: CDPORT and staff estimates.

Note: CDPORT 2013-2019, covers 12 AFR countries with 449 revenue administration completed CD projects with outcome ratings.

## E. Conclusion

**43. The Fund’s M&E has marked significant milestones over the past decade, but there is room to do more.** With developments including the update of the Framework, the revision of the RBM Governance Framework and the implementation of CDMAP, M&E in the Fund has evolved since the 2018 CD strategy review. The maturing M&E has also had positive implications for CD-Surveillance integration—including stronger collaboration between country teams and project managers on risks and facilitating country teams' access to a wide range of CD data. There is, however, room for improvements that will further strengthen the M&E framework.

**44. Staff analyses indicate that Fund CD is well-tailored, effective, and impactful, highlighting some lessons.** Evaluations have generally found the Fund’s CD to be of high quality, and effective in improving recipient capacity. Several econometric analyses that leverage RBM data broadly support these findings, further highlighting CD is impactful in the long run despite some data limitations. These analyses have underscored important lessons for enhancing the tailoring, effectiveness, and impact including the need to: strengthen institutional ownership of CD among beneficiary countries, steady field presence in design and delivery via leveraging RCDCs and local or regional expertise, tailor CD to low-capacity countries, and improve integration of TA with training as well as CD and surveillance.

**45. Strengthened country engagement in the development of the results frameworks will be important going forward.** Country ownership of CD can be challenging but is essential for success. Engaging authorities in the design of projects, including explicit discussion and agreement with authorities on targeted results, would be necessary if stronger ownership is to be achieved. Such early buy-in would safeguard appropriate tailoring of CD, including at the institutional level and help reinforce ownership throughout the project lifecycle.

**46. There is scope to improve data quality and the strategic focus of the RBM framework.** Despite improvements in data volume and quality, there is a need to close remaining gaps through increasing compliance in RBM data entry and maintenance. Further, the Fund’s RBM in its current form is not structurally geared towards monitoring higher-level outcomes in terms of macroeconomic indicators and long-term impacts on economic growth and financial stability. There is a case for developing strategic results frameworks that can articulate higher-level indicators for assessing results. These would enable better monitoring of impact, including on macroeconomic variables aligned with surveillance objectives. More broadly, they would also help embed RBM in regional and country-level strategies. Improving the data quality and strategic focus of the RBM would also help improve evaluations as evaluations leverage RBM data.

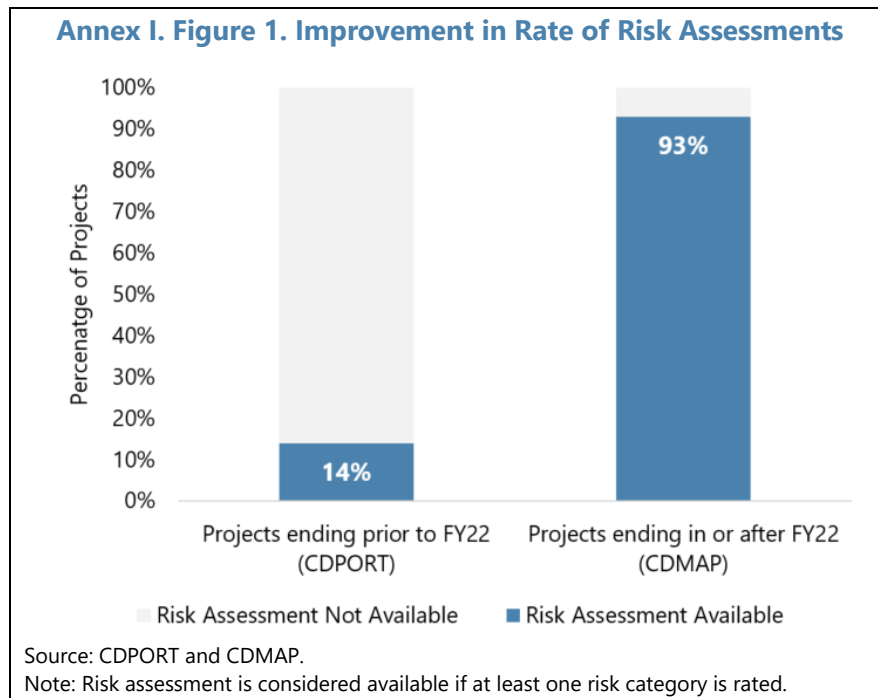
**47. Adopting a more strategic planning of evaluations, including increasing internal evaluations would enhance their usefulness.** As the Fund focuses more on learning from evaluations, a strategically planned program of evaluations that leverages the relative strengths of internal and external evaluations and focuses on filling learning gaps will be important. In doing this, it would be useful to increase the number of internal evaluations and broaden their scope to include

more strategic considerations. This would enable a more in-depth understanding of the longer-term impact of Fund CD.

**48. Systematic communication and broader dissemination of findings would help boost the use and effectiveness of evaluations.** There are gaps in systematically harvesting and using evaluation learnings to inform project design and CD prioritization. Thus, there remains a need for formal mechanisms to utilize evaluation findings for decision making on effective prioritization and tailoring of projects. Also, efforts should be made to enable greater dissemination of CD results, including to the Board. Evaluation recommendations of recent evaluations and staff’s response on actions would provide important insights to CCB discussions.

## Annex I. RBM Risk Assessment and CD-Surveillance Integration

**1. Focus on risk assessments in RBM, which supports effective CD delivery and informs surveillance, has increased.** Risks and mitigation measures form an important ex-ante and ex-post CD evaluation tool as part of the RBM log frame. The design of a project and the completion of CD activities are opportunities for the project manager to assess risks in consultation with the country team. Risk categories currently assessed include (a) political support; (b) management support and technical staff commitment; (c) resource adequacy; (d) external/climate conditions; and (e) other risks. Risks are assessed on a four-point scale in terms of impact and probability: low, medium, high, and very high. Risk mitigation strategies are then outlined to help manage risks. The assessment of risks has significantly improved from prior years with the help of CDMAP and the revised RBM policy (Annex 1. Figure 1). The RBM policy now requires risk assessment and mitigation planning at the start of a project and at least once annually. CDMAP supports this policy by making completion of the risk assessment and mitigation measures fields a requirement. Finally, the RBM Dashboard includes a data quality report that highlights gaps in risk assessments and enables corrective actions.



**2. Project managers should continue to work with country teams to support the development of risk assessment practices.** While formal mechanisms to support systematic risk assessments are now in place, a review of risks and mitigation data shows these data may not always be complete, detailed or tailored to support effective implementation and better integration (Annex I. Table 1). The 2022 IEO evaluation also noted this limitation. These suggest there is room for improvements, including strengthening CDD and country team interactions on risk assessments. While CDMAP functionality and policy guidance have been designed to support this, the Fund will need to further investigate the kinds of change management initiatives and additional resources

that will be required to strengthen CD area department and country authority focus and collaboration on risks and mitigation strategies.

| <b>Annex I. Table 1. CDMAP Generic Risk and Mitigation Example<sup>1</sup></b>   |  |
|--|--|
| <b>Risks</b>   | <b>Areas of Improvement</b>  |
| <p><b>External Climate/Conditions</b><br/> <b>Description:</b> Relationship between authorities and the IMF<br/> <b>Mitigation Measures:</b> Close coordination with the country team<br/>           Probability: <b>Medium</b><br/>           Impact: <b>High</b><br/>           Risk Assessment: <b>High</b></p>                               | <ul style="list-style-type: none"> <li>• Risk description and mitigation measures are generic and vague. It provides insufficient country-context as to the specific relationship problem. Without this information, generic mitigation measures are unlikely to be effective.</li> </ul>  |
| <p><b>Management and Technical Support Commitment</b><br/> <b>Description:</b> Coordination with local stakeholders<br/> <b>Mitigation Measures:</b> Advance planning activities, meetings and information requests<br/>           Probability: <b>Medium</b><br/>           Impact: <b>High</b><br/>           Risk Assessment: <b>High</b></p> | <ul style="list-style-type: none"> <li>• References to local stakeholders are vague and do not outline specific issues for coordination.</li> <li>• Mitigation measures require additional information for proper interpretation.</li> <li>• Information about authorities' specific limitations or capacity gaps are not identified.</li> </ul> |
| <p><b>Political Support</b><br/> <b>Description:</b> Support and commitment of high-level officials<br/> <b>Mitigation Measures:</b> Close coordination with country team<br/>           Probability: <b>Medium</b><br/>           Impact: <b>High</b><br/>           Risk Assessment: <b>High</b></p>   | <ul style="list-style-type: none"> <li>• Description lacks specificity, including which institutions are being targeted.</li> <li>• Mitigation measures are generic and opaque with no indication of what coordination and outreach has already taken place with the country team and authorities.</li> </ul>                                    |
| <p><b>Resource Adequacy</b><br/> <b>Description:</b> Availability of scarce resources<br/> <b>Mitigation Measures:</b> Coordination with country team and other departments<br/>           Probability: <b>Medium</b><br/>           Impact: <b>High</b><br/>           Risk Assessment: <b>High</b></p>   | <ul style="list-style-type: none"> <li>• Description and mitigation lack clarity, not articulating whether lack of resources is related to capital or human capacity issues.</li> </ul>  |
| <p>Source: CDMAP.<br/> <sup>1</sup> Based on a review of risk assessment for projects in the Africa region.</p>  |  |

## Annex II. Analysis of Evaluations

1. **The scope of the evaluation period reviewed through 30 evaluations considered in this Background Paper is, on average four years, covering 10 years of CD implementation (FY2013–FY2023).** All evaluations reviewed were conducted between FY2018–FY2023, and include 5 internal evaluations, and 25 external evaluations of CD, of which 11 are for Regional Capacity Development Center (RCDC), 11 for Thematic Funds (TF), and 3 for bilateral accounts. Four external evaluations were developed for the first time for new subaccounts created around 2017 (FSSF, D4D, MNRW, and SARTTAC). External evaluations of CD included assessments on the impact of the COVID-19 pandemic in the implementation of CD activities and the IMF response.

| Annex II. Table 1. List of Evaluations of CD Completed Between FY2018–FY2023 and Reviewed for this Assessment |                           |   |
|---|---------------------------|---|
| Type of Evaluation  | Vehicle / Lead Department | Subaccount / Evaluation   |
| Internal  | STA/ICD/AFR               | Internal Evaluation of External Sector Statistics in AFR Countries  |
|   | MCM                       | Eastern Caribbean Currency Union (ECCU) Financial Stability TA Program Evaluation                                 |
|   | MCM                       | Africa Regional Debt Management TA Program Evaluation   |
|   | FAD/AFR                   | Evaluation of FAD Advice on Treasury Single Account and Cash management in selected Sub-Saharan African countries |
|   | FAD/AFR                   | Domestic Revenue Mobilization in AFR Countries  |
| External  | RCDC                      | The Regional Technical Assistance Center in Central Africa (AFC) Phase III  |
|   |                           | The Regional Technical Assistance Center in South Africa (AFS) Phase II   |
|   |                           | The Regional Technical Assistance Center in West Africa (AFW) Phase IV  |
|   |                           | South Asia Regional Training and Technical Assistance Center (SARTTAC) Phase I                                    |
|   |                           | The Caribbean Regional Technical Assistance Center (CARTAC)   |
|   |                           | The Pacific Financial Technical Assistance Centre (PFTAC) Medium-Term Evaluation                                  |
|   |                           | The Middle East Regional Technical Assistance Center (METAC): Phase IV  |
|   |                           | The Regional Technical Assistance Center in West Africa II Phase I  |
|   |                           | The Central America, Panama, and the Dominican Republic Technical Assistance Centre                               |
|   |                           | The Regional Technical Assistance Center in East Africa Phase IV  |
|   |                           | The Africa Training Institute (ATI)   |

| Annex II. Table 1. List of Evaluations of CD Completed Between FY2018–FY2023 and Reviewed for this Assessment (concluded) |                           |   |
|---|---------------------------|---|
| Type of Evaluation  | Vehicle / Lead Department | Subaccount / Evaluation   |
| External  | Thematic Funds            | Data for Decisions (D4D) Phase I  |
|   |                           | Financial Sector Stability Fund (FSSF) Phase I                                  |
|   |                           | Managing Natural Resource Wealth Trust Fund (MNRW) Phase I                      |
|   |                           | Revenue Mobilization Trust Fund (RMTF) Phase II                                 |
|   |                           | South-Eastern Europe Trust Fund (SEE) Phase II                                  |
|   |                           | Tax Administration Diagnostic Assessment Tool (TADAT) Phase II                  |
|   |                           | Anti-Money Laundering/ Combatting the Financing of Terrorism (AML/CFT) Phase II |
|   |                           | Somalia Country Fund  |
|   |                           | Tax Administration Diagnostic Assessment Tool (TADAT) Phase I                   |
|   |                           | Debt Management Facility (DMF) Phase II   |
|   |                           | Financial Sector Reform Strengthening Initiative (FIRST) Phase III              |
|   | Bilateral                 | The Netherlands Constituency Partnership Program Phase I                        |
|   |                           | Switzerland Technical Assistance Subaccount, (SECO)                             |
|   |                           | Japan Technical Assistance Subaccount (JSA) Independent Evaluation              |

Source: Staff analysis.

| Annex II. Table 2. Summary of DAC Ratings per Subaccount Type <sup>1</sup> |           |                        |               |            |        |                |
|--|-----------|------------------------|---------------|------------|--------|----------------|
| Type   | Relevance | Coherence <sup>2</sup> | Effectiveness | Efficiency | Impact | Sustainability |
| <b>RCDC</b>  | 3.7       | 3.2                    | 2.9           | 2.8        | 2.4    | 2.6            |
| <b>TF</b>  | 3.5       | 3.2                    | 2.9           | 3.0        | 2.7    | 2.5            |
| <b>Bilateral</b>   | 3.1       | n/a                    | 2.9           | 2.6        | 2.5    | 2.4            |
| <b>Internal<sup>3</sup></b>  | 4         | n/a                    | 3.5           | 2.8        | 2.8    | 2.8            |

Source: Staff analysis based on 30 Evaluations of CD activities from 2013–2023.

<sup>1</sup> Includes comparable qualitative assessments, heat map, or 4-points metrics.

<sup>2</sup> Coherence was added to the DAC criteria recently and therefore is not covered by evaluations that ended prior 2021.

<sup>3</sup> Only one evaluation included comparable rating heat map for DAC criteria assessments, the evaluations for MCD: Debt Management.

**Annex II. Table 3. DAC Scores per RCDC, TF, and Bilateral Evaluations**

(External evaluations of CD conducted between FY2018–FY2023)

| Type      | Subaccount           | Relevance | Coherence | Effectiveness | Efficiency | Impact         | Sustainability |
|-----------|----------------------|-----------|-----------|---------------|------------|----------------|----------------|
| RCDC      | AFC III              | 3.7       | 3.7       | 2.5           | 2.5        | 2.2            | 2.4            |
| RCDC      | AFW IV               | 3.7       | 3.8       | 2.8           | 2.5        | 1.9            | 2.3            |
| RCDC      | AFS II               | 3.6       | 3.0       | 2.8           | 2.7        | 2.1            | 2.2            |
| RCDC      | SARTTAC I            | 3.5       | 2.4       | 2.6           | 2.2        | 2.0            | 2.5            |
| RCDC      | CARTAC               | 3.8       | N/a       | 2.9           | 2.8        | 2.6            | 2.3            |
| RCDC      | PTAC                 | 3.6       | N/a       | 3.4           | 2.8        | N/a            | 2.8            |
| RCDC      | METAC IV             | 3.7       | N/a       | 2.8           | 2.6        | 2.5            | 2.2            |
| RCDC      | AFRITAC              | 3.8       | N/a       | 3.1           | 3.4        | 3.1            | 3.1            |
| RCDC      | East IV              | 3.5       | N/a       | 3.0           | 2.5        | N/a            | 2.5            |
| RCDC      | AFW2 II              | 3.8       | N/a       | 3.5           | 3.5        | 2.5            | 3.0            |
| RCDC      | CAPATAC-DR           | 3.8       | N/a       | NA            | 3.6        | N/a            | 3.2            |
| TF        | TADAT II             | 3.2       | 3.4       | 3.5           | 3.5        | 3.1            | 3.1            |
| TF        | TADAT I              | Unclear   | N/a       | Unclear       | Unclear    | Unclear        | Unclear        |
| TF        | MNRW I               | 3.4       | 3.1       | 3.5           | 2.6        | 2.3            | 2.2            |
| TF        | RMTF II              | 4.0       | 3.0       | 2.5           | 3.0        | 2.0            | 2.0            |
| TF        | D4D Fund I           | 3.3       | 2.8       | 2.8           | 3.3        | 2.3            | 2.3            |
| TF        | SEE II               | 3.6       | 3.1       | 2.5           | 2.3        | 2.3            | 2.3            |
| TF        | FSSF I               | 3.9       | 3.9       | 3.0           | n/a        | 2.9            | 3.0            |
| TF        | AML/CFT II           | 3.5       | n/a       | 2.7           | 3.2        | 3.0            | 2.0            |
| TF        | Somalia Country Fund | 3.5       | n/a       | 2.9           | 3.3        | 3.5            | 3.0            |
| TF        | DMF II               | High      | n/a       | Moderate      | Moderate   | n/a            | Moderate       |
| TF        | FIRST                | n/a       | n/a       | n/a           | n/a        | n/a            | n/a            |
| Bilateral | Netherlands          | Excellent | n/a       | Good          | Good       | Modest to good | Modest to good |
| Bilateral | SECO                 | 3.1       | n/a       | 3.0           | 2.5        | 2.4            | 2.6            |
| Bilateral | JSA                  | 2.2       | n/a       | 2.7           | 2.3        | n/a            | 2.0            |

Source: Staff analysis based on 30 Evaluations of CD activities from 2013–2023.



## Annex III. Comparing Internal and External Evaluations

| Component                   | Internal Evaluations   | External Evaluations  |
|-----------------------------|--|---|
| Requirement                 | <ul style="list-style-type: none"> <li>Not required.</li> </ul>  | <ul style="list-style-type: none"> <li>Mandatory for 90% of the externally financed subaccounts, as stated in the terms and conditions of each subaccount.</li> <li>Required to start 40 months after the phase has started.</li> <li>Must be conducted by an independent evaluator.</li> </ul>   |
| Scope of the assessment     | <ul style="list-style-type: none"> <li>May review several TA activities under a few linked workstreams.</li> <li>Emphasized lessons learned up front.</li> <li>Made fewer recommendations, no specific limit required.</li> </ul>  | <ul style="list-style-type: none"> <li>Traditionally reviews all workstreams within a subaccount. A few recent pilots have narrowed down the scope.</li> <li>Recent evaluations increasingly emphasize lessons learnt over ratings per DAC criteria, but a focus on ratings persists.</li> <li>Must include at least 10 recommendations.</li> </ul>   |
| Evaluation Period covered   | <ul style="list-style-type: none"> <li>4–10 years.</li> </ul>  | <ul style="list-style-type: none"> <li>3–4 years.</li> </ul>  |
| Quality Assurance Mechanism | <ul style="list-style-type: none"> <li>No consistently structured or required review.<sup>1</sup></li> </ul>   | <ul style="list-style-type: none"> <li>Overseen by an inter-departmental review committees known as Evaluation Sub-Committee (ESC) established for each evaluation.</li> </ul>  |
| Dissemination of findings   | <ul style="list-style-type: none"> <li>Limited. No historical repository of internal evaluations exists, but recent evaluations are published in the IMF Intranet. Only two out of five internal evaluations were accessible to staff on the intranet, due to security classifications.</li> <li>Some evaluations are disseminated through departmental seminars.</li> </ul> | <ul style="list-style-type: none"> <li>Extensive and external dissemination through: <ul style="list-style-type: none"> <li>Online publication of the main report, in the respective subaccount webpage (almost all).</li> <li>Partner's Connect (site with information and data on CD efforts financed by donor-partners)<sup>2</sup> (all).</li> <li>IMF Intranet publication (all).</li> <li>Presentation to donor-partners during the Steering Committee Meetings (all).</li> </ul> </li> </ul> |

| <b>Annex III. Table 1. Comparing Internal and External Evaluations (concluded)</b>  |  |   |
|---|--|---|
| <b>Component</b>  | <b>Internal Evaluations</b>  | <b>External Evaluations</b>   |
| <b>Purpose of evaluations:</b>  |  |   |
| Accountability  | <ul style="list-style-type: none"> <li>Meet their reporting and accountability goals to the department that commissions it.</li> </ul>   | <ul style="list-style-type: none"> <li>Largely meet their reporting and accountability goals to donor-partners.</li> </ul>  |
| Systemic Response mechanism <sup>3</sup>  | <ul style="list-style-type: none"> <li>No information was found.</li> </ul>  | <ul style="list-style-type: none"> <li>Includes an IMF Response and an Action Plan, which facilitate the follow up of the Evaluation's recommendations over time. The Actual Plan informs the design of the subsequent Program Document (PD) and may also become an Annex to the PD.</li> </ul> |
| CD design and Learning  | <ul style="list-style-type: none"> <li>No formal mechanisms are in place to know the extent of which evaluation enhances learning across CD activities, but lessons learned from evaluations may influence the future design.</li> </ul> | <ul style="list-style-type: none"> <li>No formal mechanisms are in place to know the extent of which evaluations enhance learning across CD activities, but the lessons learned may influence the future design of the CD being evaluated and may also permeate more broadly.</li> </ul>        |
| <p><sup>1</sup> Lamdany, Ruben (2022) IEO. The IMF and Capacity Development—Monitoring, Evaluation, and Effectiveness.</p> <p><sup>2</sup> Online partner portal for secure, reliable timely financial and non-financial information of all partner funded subaccounts.</p> <p><sup>3</sup> The 2018 CD Strategy Review recommended to establish a systemic response mechanism.</p> |  |   |

## Annex IV. MOPAN Findings: Organizations Learning from and Applying Evaluation Findings

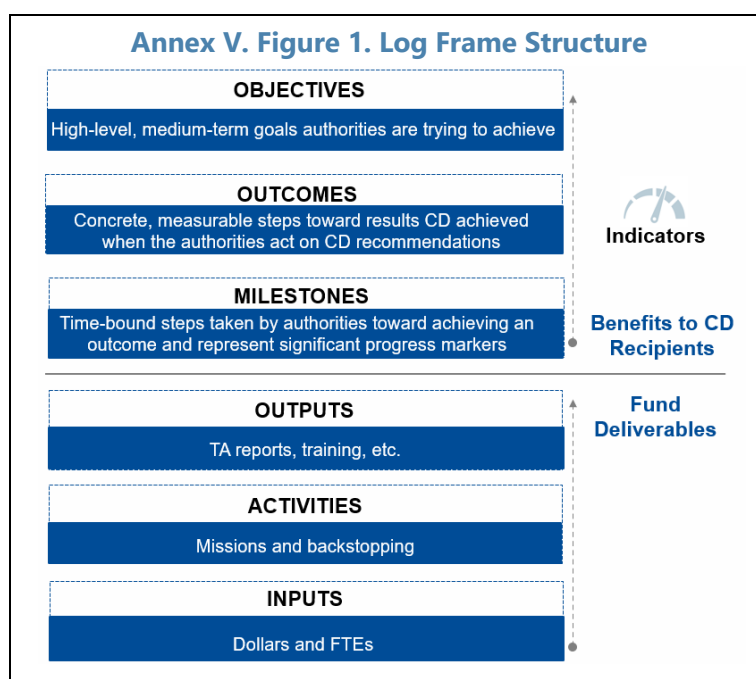
**1. The challenges of using evaluation findings to fuel learning and inform decision making are not unique to the Fund.** A review of Multilateral Organization Performance Assessment Network (MOPAN) assessments published in 2021 and 2022 suggests most organizations are still struggling to learn from and systematically use evaluation findings to support decision making and project design.

| Annex IV. Table 1. MOPAN Findings: Organizations Learning from and Applying Evaluation Findings <sup>1</sup> |   |
|--|---|
| Organization   | Findings  |
| Global Fund to Fight AIDS, Tuberculosis and Malaria  | <ul style="list-style-type: none"> <li>Organization's culture of learning needs strengthening and steps to strengthen approach to learning from evaluations have only recently been endorsed.</li> <li>Evaluation results are not consistently shared internally or externally, particularly at the country level.</li> </ul>   |
| United Nations Environment Programme   | <ul style="list-style-type: none"> <li>There are internal mechanisms and incentives in place to feed evaluation lessons and recommendations into new strategic plans and projects.</li> <li>A repository of evaluations and their recommendations is available online and publicly accessible.</li> <li>Nevertheless, in practice, project evaluation findings are not informing design of new operations.</li> </ul> |
| African Development Bank   | <ul style="list-style-type: none"> <li>Lessons learnt are not systematically incorporated during new project design.</li> </ul>   |
| United Nations Children's Fund   | <ul style="list-style-type: none"> <li>While accountability mechanisms to ensure that evaluation recommendations are tracked exist, mechanisms for systematic learning and application of evaluation findings to program design are not in place.</li> </ul>  |
| International Labour Organization  | <ul style="list-style-type: none"> <li>Vehicles exist for to integrate lessons learnt into corporate strategies but not during individual project design</li> <li>Evaluation reports and performance data are disseminated to stakeholders.</li> </ul>  |
| United Nations Development Programme   | <ul style="list-style-type: none"> <li>Lessons from evaluations are not systematically integrated or applied, though currently taking steps to develop processes and products to improve this.</li> <li>Organization's culture of learning (especially from failure) needs strengthening.</li> </ul>  |
| United Nations Office for the Coordination of Humanitarian Affairs   | <ul style="list-style-type: none"> <li>Mechanism for tracking evaluation follow-up actions and recommendations is in place.</li> <li>No requirement to demonstrate how lessons from past interventions are applied when designing new projects.</li> </ul>  |

<sup>1</sup> <https://www.mopaonline.org/assessments/>

## Annex V. The Fund’s RBM Framework

**1. RBM policy and implementation within the Fund are aligned with RBM best practices and principles.** A foundational component of RBM is the logical framework, or log frame. The Fund’s RBM policy requires all CD projects to develop a project log frame(s). Log frames represent a series of steps causally linking the project resources to outputs and finally, medium- and longer-term results. The log frame structure used by the Fund includes high-level objectives, medium-term outcomes, indicators to measure outcome achievement, and milestones which are smaller steps CD recipients will take to support the achievement of outcomes and ultimately objectives (Annex V. Figure 1). Ratings are also a part of the log frame and are updated throughout a project’s lifecycle to provide an overall numerical assessment of results.



**2. The RBM system is well designed to meet the Fund’s unique needs and address the challenge of assessing capacity development improvements.** Many development organizations, including partners who finance Fund CD, use some form of RBM to design and manage their interventions. Each tailors the approach to best fit the nature and scope of their work and organizational structure. A relative newcomer to RBM, the Fund similarly adapted its system to reflect its mandate and focus to harness the lessons learnt and best practices from the broader development community. As also noted in the 2022 IEO evaluation, the Fund has successfully tailored its RBM to fit the needs of designing and managing CD, which will support effective implementation. In doing so, the Fund has been at the forefront of refining a results framework that measures improvements in institutional capacity, an inherently challenging undertaking. In particular, the Fund’s RBM system is centered solely on CD, the results of which are significantly more difficult to measure and monitor compared to most other development work, which tends to focus on lending and financing, with technical assistance being a smaller part of the focus. These

organizations' traditional interventions produce more easily quantifiable results, for example public health outcomes and infrastructure improvements.

**3. The Fund's RBM framework enables tailored CD while simultaneously standardizing aspects of CD design that reflect the Fund's areas of expertise.** The Fund's log frame structure employs a combination of standardized and custom elements. Due to the specialized and focused nature of the Fund's work, objectives, and outcomes for CD as well as indicators used to measure outcomes are standardized in a catalog. This standardization allows for a common language and comparison of results across projects. However, the elements of the log frame meant to support tailoring and project management, the milestones, are custom designed for each project. This mix of custom and standard elements is also common in other organizations' frameworks to varying degrees. Other aspects of the log frame design also offer opportunity for tailoring, including the number of objectives, outcomes, and milestones selected, the specificity and difficulty level of milestones, as well as the country-specific baseline and target values recorded for outcome indicators. Indicator baselines and targets are set at the start of a project to record the value of an indicator before CD delivery (the baseline) and what the desired value (target) should be after CD delivery is completed and successful. Progress against an outcome is measured by comparing the indicator value during project implementation or at the end of the project to the baseline and target.

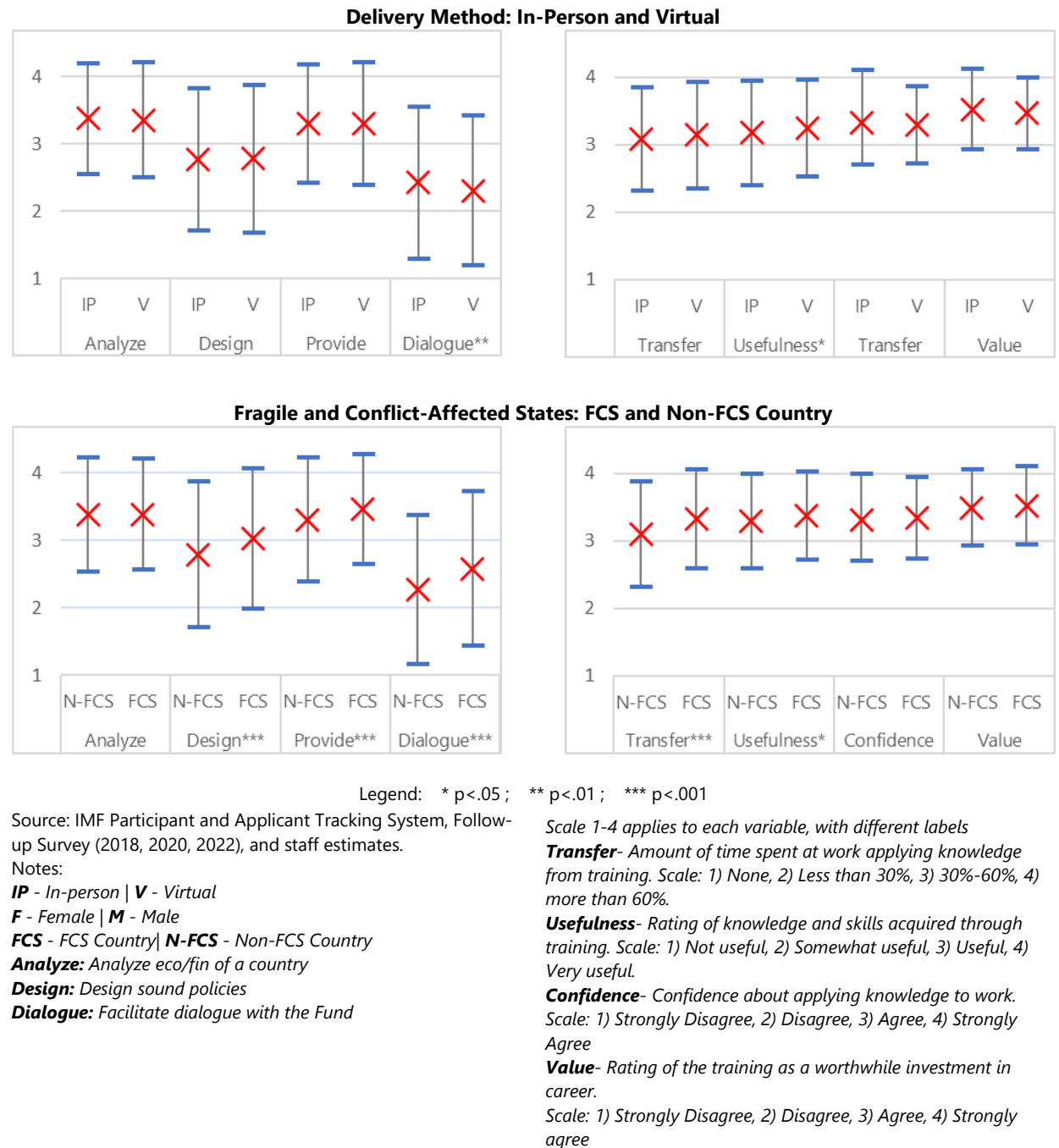
**4. RBM has led to a growing focus on results.** With the revision of the RBM Governance Framework and launch of CDMAP, CD delivery has become increasingly focused on medium-term results, moving away from mission- and output-focused delivery. This was acknowledged by the 2022 IEO evaluation which noted that the use of RBM has strengthened the results-orientation of CD delivery. This evolution toward results (project outcomes) and away from inputs and outputs is a leading practice. In contrast with other providers' systems, which track inputs and outputs along with results, the Fund's RBM policy focuses solely on the project results.

## Annex VI. Synchronous Training Survey Results

### Follow-up Survey Results: 2015–2021

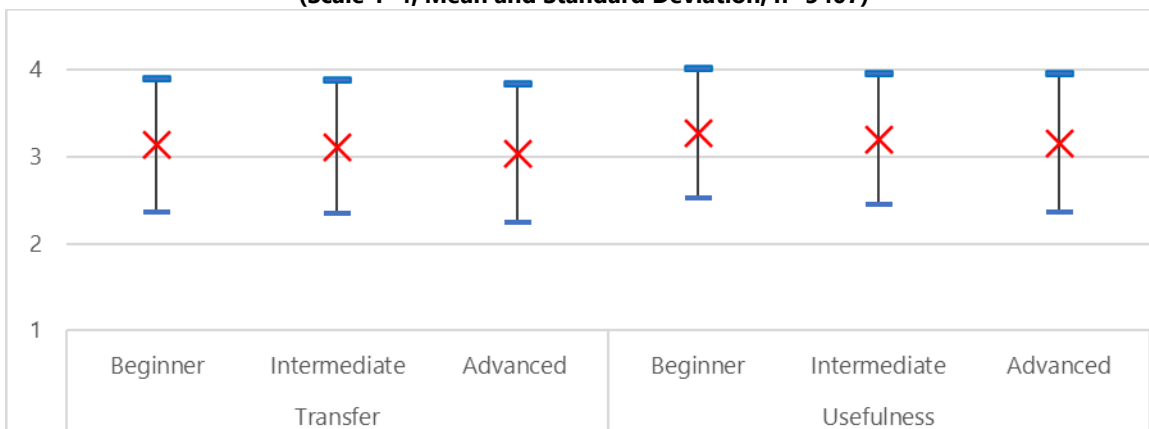
The sample consists of all participants who undertook ICD training between 2015 and 2022, with a minimum one-year interval since survey completion.

**Annex VI. Figure 1. Group Differences in Actual Transfer of Knowledge, Rating of Usefulness, Confidence about New Skills, and Value of Training, by Selected Indicators**

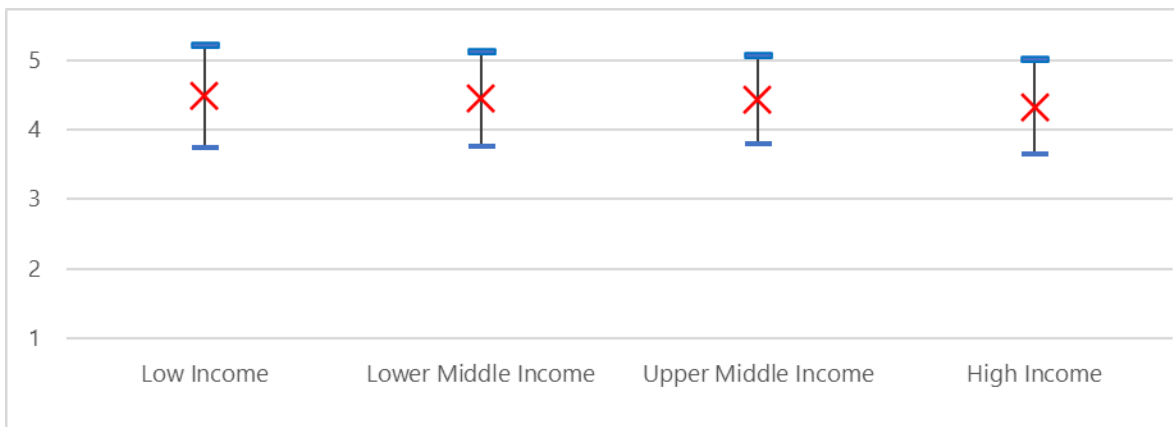


**Annex VI. Figure 2. Course Level Impact on Knowledge Transfer and Opinion About the Institute**

**Rating of Usefulness and Actual Transfer of Knowledge to Workplace by Course Difficulty Level (Scale 1–4, Mean and Standard Deviation, n=5407)**



**Opinion About the Institute by Income Level (Scale 1–5, Mean and Standard Deviation, n=3257)**



Source: IMF Participant and Applicant Tracking System, Follow-up Survey (2018, 2020, 2022), and staff estimates.

**Annex VI. Table 1. Predictors of Transfer of Knowledge from Training to Work**

| Variable   | Transfer Enablers | Transfer Barriers |
|--|-------------------|-------------------|
| Gender (M=1)   | -0.040            | -0.025            |
| Delivery method (VT=1)                                   | -0.041            | -0.029            |
| Course type (Tool=1)                                     | -0.042            | -0.002            |
| Course duration (days)                                   | 0.006             | 0.004             |
| Opinion about INS (1-5)                                  | 0.080***          | 0.090***          |
| Program (1y lead=1)                                      | -0.027            | -0.035            |
| FCS country (FCS=1)                                      | 0.147**           | 0.121**           |
| Income (1=LIDC, 2=EMDV, 3=ADV)                           | -0.127***         | -0.117***         |
| Number of completed OL courses                           | -0.003            | -0.002            |
| Number of completed Non-OL courses                       | 0.028*            | 0.024             |
| Learning gain (0-1)                                      | -0.438***         | -0.447***         |
| Participant age  | 0.000             | -0.002            |
| Enablers: Job responsibilities require                   | 0.418***          |                   |
| Enablers: Sufficient knowledge from training             | 0.211***          |                   |
| Enablers: Support from managers                          | 0.100**           |                   |
| Enablers: Time/resources to apply training               | 0.011             |                   |
| Enablers: Already had customized tools                   | 0.175**           |                   |
| Enablers: Support from colleagues                        | 0.032             |                   |
| Barriers: Job responsibilities NOT aligned with training |                   | -0.575***         |
| Barriers: Not sufficient knowledge from training         |                   | -0.117            |
| Barriers: No time/opportunity to apply training          |                   | -0.209***         |
| Barriers: Tools are difficult to customize               |                   | -0.004            |
| Barriers: No necessary infrastructure                    |                   | -0.046            |
| Barriers: Resistance from others                         |                   | 0.053             |
| Constant   | -6.958            | -12.517           |
| N  | 2329              | 2329              |
| r <sup>2</sup> _a  | 0.155             | 0.143             |
| Legend: * p<.05; ** p<.01; *** p<.001                    |                   |                   |

Source: IMF Participant and Applicant Tracking System, Follow-up Survey (2018, 2020, 2022), and staff estimates.

Notes: Transfer- Amount of time spent at work applying knowledge from training. Scale: (1) None, (2) Less than 30%, (3) 30%-60%, (4) more than 60%.



**Annex VI. Table 2. Predictors of Rating of Training Usefulness**

| Variable   | Usefulness_Enablers           | Usefulness_Barriers |
|--|-------------------------------|---------------------|
| Gender (M=1)   | -0.013                        | -0.006              |
| Delivery method (VT=1)                                   | -0.015                        | -0.004              |
| Course type (Tool=1)                                     | 0.028                         | 0.068*              |
| Course duration (days)                                   | 0.009                         | 0.008               |
| Opinion about INS (1-5)                                  | 0.154***                      | 0.162***            |
| Program (1y lead=1)                                      | 0.031                         | 0.026               |
| FCS country (FCS=1)                                      | 0.039                         | 0.024               |
| Income (1=LIDC, 2=EMDV, 3=ADV)                           | -0.104***                     | -0.098***           |
| Number of completed OL courses                           | -0.006                        | -0.004              |
| Number of completed Non-OL courses                       | 0.030**                       | 0.028*              |
| Learning gain (0-1)                                      | -0.015                        | -0.013              |
| Participant age  | 0.001                         | 0.000               |
| Enablers: Job responsibilities require                   | 0.392***                      |                     |
| Enablers: Sufficient knowledge from training             | 0.285***                      |                     |
| Enablers: Support from managers                          | 0.069*                        |                     |
| Enablers: Time/resources to apply training               | 0.088**                       |                     |
| Enablers: Already had customized tools                   | 0.093                         |                     |
| Enablers: Support from colleagues                        | -0.033                        |                     |
| Barriers: Job responsibilities NOT aligned with training |                               | -0.524***           |
| Barriers: Not sufficient knowledge from training         |                               | -0.115*             |
| Barriers: No time/opportunity to apply training          |                               | -0.249***           |
| Barriers: Tools are difficult to customize               |                               | -0.135**            |
| No necessary infrastructure                              |                               | -0.025              |
| Barriers: Resistance from others                         |                               | -0.033              |
| Constant   | 61.166                        | 62.102              |
| N  | 2341                          | 2341                |
| r2_a   | 0.191                         | 0.16                |
| Legend:  | * p<.05; ** p<.01; *** p<.001 |                     |

Source: IMF Participant and Applicant Tracking System, Follow-up Survey (2018, 2020, 2022), and staff estimates.

Notes: Usefulness - Rating of knowledge and skills acquired through training. Scale: (1) Not useful, (2) Somewhat useful, (3) Useful, and (4) Very useful.

## Annex VII. The Propensity Score Matching Technique<sup>1</sup>

- PSM is an estimation technique that addresses the challenges of selection bias and unobservable characteristics of agents in an impact evaluation analysis where the intervention was not randomly assigned.
- In a standard impact evaluation analysis based on a randomized control trial, there are two groups, namely the treatment and the control groups, with both groups being exposed to the same set of factors that could impact the outcome; the difference between the two groups being that only the former is the object of the intervention. The treatment group is randomly selected, and the impact of the intervention is assessed using the difference-in-differences estimation technique. This technique estimates the before-and-after difference in the treatment group's outcome, and then the before-and-after difference in the control group's outcome, with the latter capturing the change in the outcome variable that occurred without any intervention. The difference between the before-and-after differences for the two groups is the estimated impact of the intervention. The random assignment of the intervention, in particular, is a way of circumventing the issue of selection bias which impinges on the validity of estimates of impact evaluation when the treatment group is nonrandomly assigned.
- In the case where a random assignment of the treatment is not feasible, as in a capacity development (CD) intervention, the PSM statistical technique can be used to identify a comparable control group using variables that are predictors of the likelihood of receiving treatment (i.e., of receiving the CD intervention). Specifically, the approach generates propensity scores, which are estimates of the probability of being treated, and matches units in the treated group to units in the control (non-treated) group using proximity of propensity scores. Thus, a matched set is a pair of units, one in the treatment group and one in the control group, with similar propensity scores (i.e., with similar features, apart from the treatment). This approximates a random experiment, and a difference-in-difference technique is subsequently applied to estimate the impact of the intervention.
- In the context of the impact of intensive CD, the PSM approach provides estimates that can be considered valid, as it minimizes biases associated with selection of countries into CD interventions. The estimated impact, therefore, isolates the effect of CD intervention on the outcome variable in the treated countries from the potential effect of all other factors on that outcome variable. The possibility remains, however, for the estimated impact of the intervention to be biased as the construction of the control group depends on which predictors exert greater influence in the estimation of the probabilities of receiving treatment. The results, therefore, should be considered with caution.

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<sup>1</sup> Sources (1) Imai, K. and Van Dyk, D.A. (2004). Causal Inference with General Treatment Regimes: Generalizing the Propensity Score. *Journal of the American Statistical Association*, 99 (467), 854-866; (2) Lunceford, J.K. and Davidian, M. (2004). Stratification and weighting via the propensity score in estimation of causal treatment effects. A comparative study. *Statistical Methods*, 23(19), 2937–2960; and (3) Shaikh, A. M. Simonsen, M. Vydacil, E.J. and Yildiz, N. (2009). A Specification Test for the Propensity Score Using Its Distribution Conditional on Participation. *Journal of Econometrics*, 151 (1), 33-46.

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# RCDC MODEL AND FIELD PRESENCE<sup>1</sup>

## A. Overview

1. **This background paper considers the recommendation of [the IEO Evaluation of the IMF and Capacity Development](#) to “leverage further the advantages of Regional Capacity Development Centers (RCDC) and put them on a sustainable footing.”** The IEO assessed that the RCDC model and the field-based CD delivery have become a cornerstone of the Fund’s CD delivery, and the model is highly appreciated by the membership for its effective results and efficient delivery.
2. **[Management’s Implementation Plan \(MIP\) to the IEO Evaluation](#) highlights that RCDCs are critical to the Fund’s CD delivery, providing a strong field presence and ensuring tailored and responsive support to members.** [The Fragile and Conflict States \(FCS\) Strategy](#) also recognizes the critical role of field presence in strengthening CD delivery, and the number of field-based CD experts is being increased as part of its implementation. Therefore, enhancing RCDCs’ sustainability and governance, including clarifying the roles of headquarters (HQ) and RCDCs, is a central element of the CD Strategy Review. Ensuring stable funding for the centers by expanding external financing and broadening the donor base remains important for RCDCs to improve reliability of funding and provide planning certainty. At the same time, exploring the mobilization of IMF financing of the centers and building on what has been put in place as part of the recent budget augmentation would be important steps in putting RCDCs on a more sustainable footing.
3. **RCDCs have grown organically over time to effectively become a structural element of the Fund’s CD delivery.** As such, the CD Strategy Review provides an important opportunity to consider actions to further boost RCDCs’ effectiveness, efficiency, and impact, and their further integration into IMF CD operations. To this end, staff considered longstanding strategic issues under three main categories: mandate (including coverage), governance, and funding, and identified proposals aimed at further strengthening the Fund’s field delivery mainly focusing on RCDCs. The proposals seek to entrench RCDCs as the field offices of Fund CD delivery and reinforce their mandate, governance, including clarifying respective roles of HQ and RCDCs, and funding stability. The human resource (HR) issues that are touched upon here are taken up in more depth in another dedicated background paper. A synopsis of the recommendations follows below (Box 1), with further details in the report.

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### Key Proposed Actions

**Recognize RCDCs as integral part of the Fund structure responsible for field-based delivery of CD with IMF funding support for their sustainability.** Several options can be considered in this regard to strengthen funding sustainability.

**Increase funding flexibility by diversifying gradually RCDC external funding sources.**

**Reflect on RCDC’s coverage, relative size, and location every five years** as part of CD Strategy Reviews, and as needed, seek further studies to support strategic decision-making.

**Retain area department leadership of RTACs and ICD leadership of RTCs and clarify role of steering committees** empowering CD recipient and donor ownership, engagement, and coordination.

**Develop an RCDC Playbook to provide guidelines and good practices to:**

- Facilitate closer integration between RTCs and RTAC curricula.
- Harmonize roles and responsibilities and existing good practices across RTACs.
- Seek ways to increase delivery from the field to bolster CD effectiveness and distill best practices from proposed pilots of deploying Fund staff in the field in a variety of CD-related roles.
- Ensure effective integration of field staff funded by non-RCDC vehicles.

## B. Introduction and Background

**4. The RCDC model is a cornerstone of the Fund’s CD field presence.** It supports a more programmatic approach to CD, fostering greater country/regional engagement and ownership, and aiding donor coordination. The IEO report recommended to strengthen RCDC governance structure, ensure greater balance in funding across regions and provide for a stronger role for internal IMF financing where needed. The FCS Strategy seeks to enhance delivery in FCS by strengthening field presence through increased numbers of long-term experts (LTXs) in relevant RCDCs and in-country resident advisors.

**5. This background paper focuses on enhancing the Fund’s field presence with a specific focus on RCDCs.** While field presence is not confined to RCDCs, long-term experts (LTXs) who deliver from the centers grew over time to significantly outnumber those who deliver individual country projects. About 80 percent of resident experts deliver CD from RCDCs, making them chief part of the Fund’s field presence. Even though this paper does not delve into country-specific CD programs, it is acknowledged that they remain important depending on the context, which defines whether they are best delivered by country-based (bilateral) LTXs or peripatetic expert interventions. These bilateral LTXs are particularly instrumental in countries where the institutional capacity base is significantly lower and/or intensive Fund assistance is needed to support reform programs, for example, in FCS context. Bilateral LTXs and RCDC-based LTXs complement each other in meeting member countries’ CD needs.

**6. The paper takes a closer look at issues surrounding the mandate, coverage, governance, and funding model of RCDCs.** The proposals in this paper are built on collective departmental discussions as well as a stock taking study of relevant Fund policies and documents.

## 7. The Fund’s field-based CD delivery through RCDCs has proven to be highly effective.

Management’s response to the IEO Evaluation highlights that RCDCs are critical to the Fund’s CD delivery, providing a strong field presence and ensuring tailored and responsive support to members, and urged exploring options for further increasing IMF financing of the centers. The IEO report also acknowledged that while originally envisaged to be temporary and limited to certain situations, RCDCs are now seen as a central element of the Fund’s engagement with CD users. The independent evaluations of RCDCs’ CD in the past 10 years also confirm the overall effectiveness and membership’s appreciation of the CD (see Background Paper on Monitoring and Evaluations). Overall, the RCDC model is working well, and is highly appreciated by CD users in member countries and development partners.

## 8. The gradual expansion of RCDCs over the past two decades has been a defining trend in the IMF CD delivery (Figure 1).

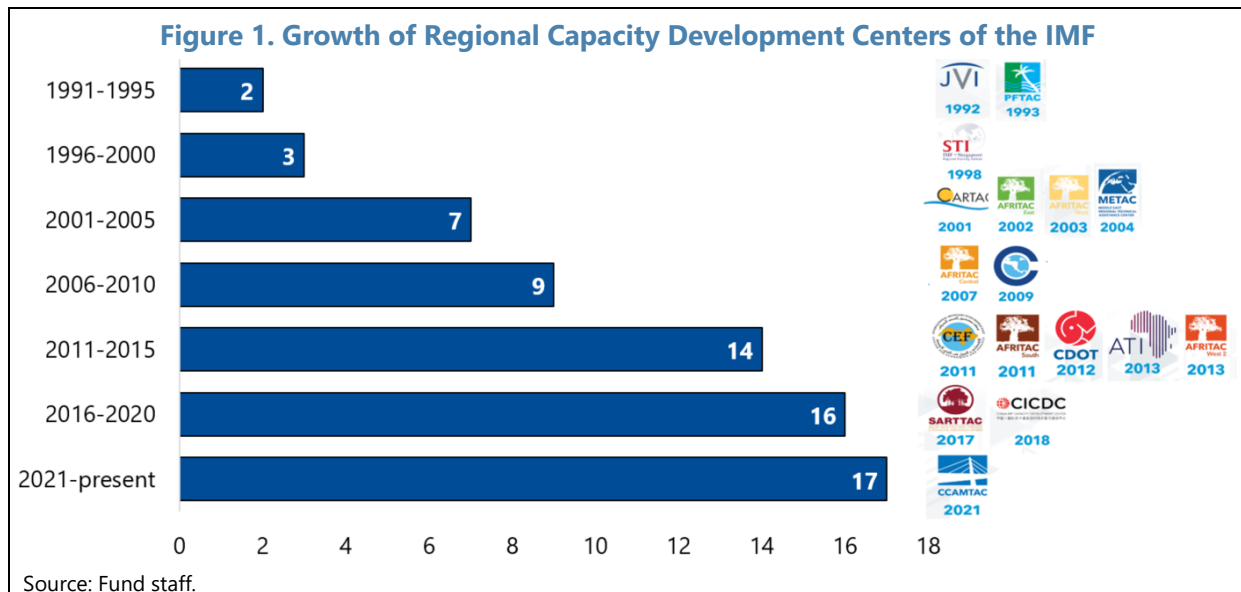
By end FY2023, around 44 percent of direct CD delivery (excluding management, administration, and analytics) was through the global network of RCDCs. Eleven Regional Technical Assistance Centers (RTACs) together with five regional training centers (RTCs) and one CD office in Thailand (CDOT), are part of a global network of Regional Capacity Development Centers (RCDCs) that supports much of the Fund’s CD work on the ground.<sup>2,3</sup> Together, they serve 165 countries and territories and 79 percent of the IMF membership. Most of the FCS (42 countries), small developing states (SDS) (34 countries) and LIDCs (59 countries) are covered by RCDCs. RCDCs serve 88 percent of the emerging market and middle-income economies (EMMIE). EMMIE Countries that are not covered by RCDCs are all in the Western Hemisphere: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

## 9. RCDCs have played an increasingly important role in targeted and well-tailored CD delivering results to the recipient member countries.

They are an important extension of the Fund in the field and are acknowledged for being regional knowledge hubs and platforms for peer-to-peer learning and communication with CD recipients. CD results and impact are driven by frequent and intensive hands-on engagement that arises from sustained field presence, which supports stronger ownership, better tailoring, and improves integration of surveillance and lending ([Bassanetti, 2021](#)). Evaluations and econometric analysis of results-based management (RBM) data support RCDCs as producing better CD outcomes; accordingly, “projects with at least some activities supported by RCDCs are more likely to have higher outcome ratings” (Evaluations and Impact CD Strategy Review Background Paper).

<sup>2</sup> The 10 RTACs are the Pacific Financial Regional Technical Assistance Center (PFTAC, 1993), the Caribbean Regional Technical Assistance Center (CARTAC, 2001), African Regional Technical Assistance Center (AFRITAC) East (2002), AFRITAC West (2003), the Middle East Regional Technical Assistance Center (METAC, 2004), AFRITAC Central (2007), the Central America, Panama, and Dominican Republic Regional Technical Assistance Center (CAPTAC-DR, 2009), AFRITAC South (2011), AFRITAC West 2 (2013), and the Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC, 2021). In addition, the South Asia Regional Training and Technical Assistance Center is currently the only integrated TA and training center (SARTTAC, 2017).

<sup>3</sup> The six RTCs are the Joint Vienna Institute (JVI, 1992), the IMF-Singapore Regional Training Institute (STI, 1999), the African Training Institute (ATI, 2013), the IMF–Middle East Center for Economics and Finance in Kuwait (CEF, 2011), CICDC (2018, trains primarily government officials from China), and Capacity Development Office in Thailand (CDOT).



### C. Do RCDCs have Sufficient Geographical and Topical Coverage?

**10. RCDCs have developed organically over the years driven by availability of external funding.** As a result, there are geographical overlaps as well as gaps in coverage. Geographical coverage by RTCs is more extensive than that for RTACs in general (see Annex I for country coverage of RCDCs). The gaps and overlaps in country coverage of RCDCs are discussed extensively in De Lannoy (2022).

**11. Some RCDC gaps exist, but overall, much of the demand for CD has been adequately covered by HQ and other donor-funded CD programs, including thematic trust funds with global coverage.** The gaps can be in part explained by the presence of financially strong members and/or CD programs delivered by other development partners. Staff noted the availability of other sources of CD in all regions except for South America.

**12. However, the need for a RCDC, particularly for training, has been becoming more pronounced in South America.** ICD and other CDDs currently organize multi-country classroom training at CARTAC and CAPTAC-DR, in the absence of a dedicated RTC in the region. Courses are also being offered at the Center for Latin American Monetary Studies (CEMLA) and the Association of Supervisors of Banks of Americas (ASBA), focusing on financial and monetary policy, but only covering part of the CD spectrum. While CD from HQ has been available, it is not a comparable substitute for a field delivery that provides specialized training courses, peer-to-peer learning, and cross cultivation of knowledge. Donor interest and availability of member country resources has been limited. Nevertheless, staff's discussions suggested there may be a merit in exploring further the case for a training center in the region based on unmet demand.

**13. Drawing on the lessons from the pandemic and leveraging virtual and hybrid modalities of delivery can support under-served geographical areas/topics.** While virtual



modalities are not a substitute for in-person delivery, they can be flexibly used, including in hybrid form, and delivered from HQ (e.g., when the time difference between HQ and CD recipient country is not large to allow remote CD delivery) and RCDCs to address gaps. More broadly, making more foundational training available online can help address the large demand that cannot be met with in-person courses (see Background Paper on Modalities).

**14. At the topical level, there is increasing demand in the new priority areas (in particular, climate and digitalization).** CD departments need time to build up required expertise to be able to provide high-quality CD and value-added policy advice. Thus, the growing demand in the new priority areas will be met gradually. These new priority areas are being incorporated into existing workstreams as specialist expertise builds up, starting with provision from HQ.

**15. Gaps in RCDC coverage do not necessarily indicate a gap in the Fund CD coverage, but a periodical assessment of gaps would be beneficial.** As the economic landscapes evolve, demand in regions could potentially grow or develop in different directions in the future. In this context, it would be important to put in place processes the Fund follows to assess needs and consider crucial decisions periodically, such as to whether to open a new center or modify/close an existing one within available resourcing.

**16. The Committee for Capacity Building (CCB) is the appropriate strategic forum to periodically reflect on RCDC's coverage, relative size, and location.** The five-yearly CD Strategy Reviews provide an opportunity to deliberate on gaps and evolving needs at a high-level as well as to advise on follow-on actions, such as the formation of working groups to assess criteria for establishing a new RCDC. These criteria would include CD demand, ownership, absorptive capacity, and supply, similar CD needs, geographic proximity, common language, institutional traditions, membership in regional organizations, political proximity, and availability of funding, including donor interest and potential host and member country contributions. Strategic discussion would also need to recognize resource availability, with any net additional resourcing to be considered against other priorities as part of the broader strategic planning and budget process.

### Proposed Actions

- **Reflect on RCDC's coverage, relative size, and location every five years, and as needed, seek further studies to support strategic decision-making.** This current review pointed to a gap in CD coverage and a potential for an RCDC in Latin America and options for a training center can be explored. This would involve a follow-on working group (WHD, CDDs, OBP, and ICD) to assess the medium-term training and technical assistance (TA) demand in this region, build an indicative budget, and explore alternative financing sources as well as donor interest towards a proposal for consideration and approval by CCB and management.
- **Leverage virtual and hybrid modalities** of CD delivery to support under-served regions/countries.

## D. How can RCDCs Support Better Synergies?

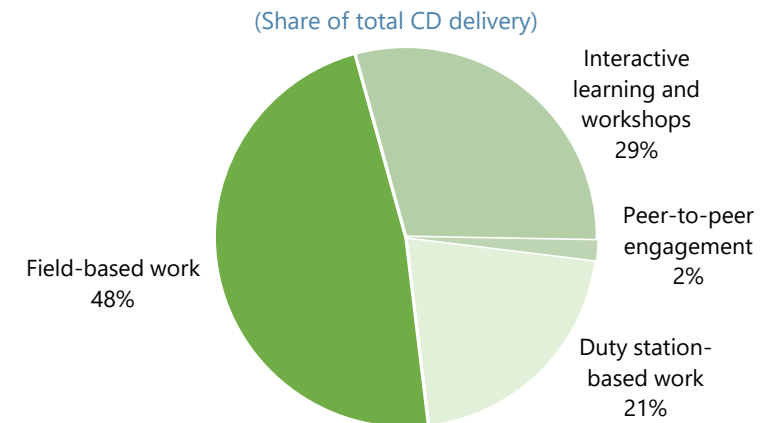
**17. In principle, the mandate of RTACs and RTCs are delineated, the former delivering predominantly TA and the latter providing training.** Typically, RTCs focus on more foundational training (macro, specialized webinars) to build human capital while RTACs support specific TA programs and associated training, with heavy emphasis on institution building. CD delivery modalities are covered more in depth in a dedicated background paper.

**18. In practice, most RCDCs already provide both TA and training.** RTACs traditionally focus on TA but do provide a significant amount of more specialized and targeted training embedded in TA in addition to a few IMF Institute courses. On the other hand, some RTCs are now adding a relatively small but growing number of macroeconomic frameworks TA projects to their operations. As the IEO reports, there is a blurred distinction between TA and training with the concept of CD covering both activities (De Lannoy, 2022; and Enoch, 2022).

In addition, SARTTAC, was designed explicitly as an integrated center covering training and TA given its catchment area, South Asia, which was devoid of an RTAC or RTC. RCDCs employ/integrate in their delivery of CD all modalities as needed (Figure 2). The network of RCDCs, based on their organic growth, will likely continue to develop when regional CD needs arise and funding is available to support them.

**19. The effectiveness of RTCs and RTACs could be enhanced through more systematic coordination and integration of programs and modalities.** Synergies between HQ, RTC and RTAC programs can be improved within regions through prioritization and well-coordinated project design weaving them together as part of tailoring CD to members' needs. Regular interaction between HQ and RCDC teams on CD progress and challenges could help enhance the traction and commitment by the authorities, and their effective use of CD advice. The synergies among the centers can effectively be cross cultivated. Overall, the Fund is making some strides in improving coordination of the curriculums of RTCs with RTACs (e.g., joint training programs between METAC and CEF, and CCAMTAC and JVI); however, there is more space for closer and centralized coordination, which could be led by the area departments (ADs). For training courses, RTACs and RTCs can coordinate more to improve the selection of participants particularly of members of the

**Figure 2. RCDC CD Delivery Spending by Modality, FY2023**



Source: Fund staff calculations.

Notes: Field-based work refers to CD provided on a non-resident basis, at the beneficiary country (other than the staff/expert's duty station.) Duty station-based work includes CD support from the staff/expert's duty station (i.e., involving no travel, such as desk review of legislation, operational manuals, guidelines, or procedures; draft official reports; and research papers, etc. Excludes preparation for delivery of CD activities or external expert backstopping.)

core/technical groups working in the ongoing TA projects. In general, there is also a need for sharing of existing good practices which would help harmonize approaches.

**20. The pandemic highlighted the potential for blending CD modalities and maximizing the impact of both technical assistance and training.** It allowed staff to experiment with innovative approaches for delivering CD, reach larger audiences with its online offerings and enhanced integration of CD with surveillance and lending through participation of ADs in CD activities and experts in surveillance and programs. The use of virtual modalities where possible could significantly enhance RTC and RTAC collaboration in regions as well as accessibility and integration of training programs. In addition, RTCs are continuously enhancing peer-to-peer learning opportunities globally through webinars (for example, finance series and climate series by ATI), and they could bring in country examples from different regions.

**21. Future structure of RCDCs will remain needs based.** The IEO background paper on training asserted that unintegrated RTAC and RTCs equally coordinate and work well together as the integrated model (De Lannoy, 2022, p. 16). This is also supported by the staff's experiences.

**22. Delivery support from HQ will be necessary for new workstreams or topics until more field expertise is developed in areas such as climate and digitalization.** There may be a business case for deploying Fund HQ staff in the field to support effective delivery due to efficiencies related to proximity and flexibility when justified by the volume of field delivery in a given workstream and potential value added of backstopping and CDD-RCDC-CD recipient coordination closer to the field. However, careful consideration should be given to coordination with CD delivery departments (CDDs) at HQ to maintain consistency of advice and quality control as well as complementarities with other donor-funded programs.

**23. Any increase in field-based staff would need to ensure close coordination with RCDCs through area departments (ADs) as well as other relevant departments.** The decision on field-based and HQ-based staff should be based on the business case, country needs, capacity, resource implications, and the Fund's comparative advantage in CD delivery. While enhancing the field presence through staff in charge of direct CD delivery (currently at HQ) is broadly being advocated, the question of moving other strategic HQ functions (backstopping and managerial positions) to the field would have implications for budget, HR model, and the division of responsibilities between CD and AD staff in the field which will all have to be explored. Any movement of HQ staff should thus be first considered on an institutional pilot basis and be closely integrated with RCDCs and ADs and other relevant departments. The implementation should align with broader HR policy developments and take into consideration the HRD resources required in the day-to-day administration of the field-based staff and experts. These setup and evaluation of such pilots could be addressed by the CCB.

### Proposed Actions

- **Deepen integration with HQ and coordination of RTC and RTAC work programs to improve synergies in CD delivery.** Developing an RCDC Playbook to provide good practices

would help facilitate closer integration with HQ, and between RTCs and RTACs curricula and systematic year-round interaction among CDDs, ADs, Resident Representatives (RRs), and RCDCs, clearly define roles and responsibilities, and support closer integration in developing the work program and related budgets. During CD prioritization and design, RTC and RTAC programs should be considered in unison in responding to the authorities' capacity building needs in a tailored fashion. In this regard, ADs' providing greater input into regional training needs and curricula would help better tailor training programs to member country needs. To provide greater input by ADs and reflect regional training needs, a point person position or role in AD's senior leadership team could be considered.

- **Distill best practices from an institutional pilot of deploying Fund staff in the field, who can provide comparative advantage of CD delivery in the field.** The proposed pilot in de-concentration should aim at enhancing efficiencies through proximity and agility, especially in regions with large time difference from HQ (e.g., APD, AFR, and MCD), and facilitating further the integration of HQ and RCDC delivery with a country-centric approach to CD. Implications related to the governance structure and HR would need to be carefully considered.

## E. How to Strengthen RCDCs' Governance?

**24. RCDCs are Fund offices established without separate legal personality and follow IMF policies and procedures.**<sup>4</sup> The governance structure (Annex II) aims to promote accountability, member country ownership, and coordination with partners. The Steering Committee (SC) members provide strategic guidance, endorse workplans and budgets, and directors manage the RCDC offices and operations in coordination with the ADs and CDDs; ADs set strategic priorities for countries; and CDDs set sectoral work plans and backstop CD delivery.

**25. RCDCs have become a core part of the Fund's CD delivery.** They are considered by the membership as field extensions of the Fund due to their establishment and oversight by the Fund. However, their staffing and operational funding are not fully harmonized with that of the Fund's HQ CD delivery. Given the importance of RCDCs in CD, a core mandate of the Fund, it is key to establish RCDCs as integral parts of the Fund's CD delivery structure, with the attendant implications for governance.

**26. It is important to distinguish between RTACs and RTCs when assessing the governance structure.** RCDC's governance is very different compared to HQ; these field offices report to both Fund Management and SCs. Also, while both RTC and RTAC Directors have managerial responsibilities, the degree of managerial authority or autonomy varies. RTCs have more autonomy than RTACs as they do not have a matrix management structure. Exceptions are SARTTAC, which includes both training and TA and has an RTAC set-up, and ATI, which has both a multi-donor and matrix management structure.

<sup>4</sup> JVI is an exception as it is an independent international organization established initially as a venture of six international organizations (IMF, EBRD, IBRD, OECD, EIB, and WTO) and the Austrian Authorities. The IMF and Austria have renewed the memorandum of understanding on the continuation of the JVI every four years since 2002.

**27. There are several challenges and opportunities related to the current RTAC governance model:**

- **Fragmentation of funding sources and reporting are caused by the increasing placements of LTXs financed by thematic vehicles with different reporting requirements.** While this practice provides some additional flexibility to fill funding gaps, governance will need to be adjusted accordingly where all those contributing should be informed and the work, irrespective of funding, should be integrated in the reporting.
- **There are differing backstopper and LTX management practices across CDDs.** The role of the backstopper requires clarification with each CDD developing minimum guidance consistent across departments and expected interaction with ADs and RTACs (existing STA, LEG and FAD internal guidance notes for backstoppers can be a useful starting point). Differing departmental processes on LTX performance assessments and roles of RTAC directors in recruiting staff and evaluating LTX performances would also need to be harmonized, as well as differences between the reporting of LTX performance at the majority of RTACs (to both CDD and director) and RTCs (director and/or deputy director)
- **SC composition and meeting format could be further enhanced to support more active engagement and coordination at the center of the governance model.** The composition of the members can be optimally configured to include key CD providers in the region, who are currently invited as observers, and management of central banks and ministries of finance in members countries in addition to donor partners, who may also appreciate simplifications along these lines as long as they still can fulfill their oversight and accountability requirements. Further streamlining would be useful as the thematic vehicles complement the regional funding structure of RTACs.
- **Directors' job expectations cover strategic management of the RCDC, in cooperation with area and TA departments, as well as the operational management of the center.** Core responsibilities include, among other things, hiring of new staff and day-to-day staff management; budget management (envelope allocation and CDMAP); maintaining financial controls over the office's administrative payments; relationship building, communications outreach, and overall engagement with member country authorities as well as with existing and potential donors; field fundraising; coordinating reporting and RBM adherence; planning, conducting, and overseeing steering committee meetings; and designing regional CD strategies to ensure prioritization of resources and surveillance integration.

**Proposed Actions**

- **Enable RTACs to move more towards becoming delivery offices that can be supported by different funding sources rather than regional funding mechanisms.** In the case of LTXs stationed in RTACs but funded by other funding vehicles, governance arrangements need to ensure that their work is well coordinated and integrated, and the funding vehicles are accountable to the members they serve as well as donor partners. Work pressures of RTAC

directors can be alleviated by introducing deputy director positions (when justified by the size of the center and extent of responsibilities) and greater harmonization of CDD practices in HQ.

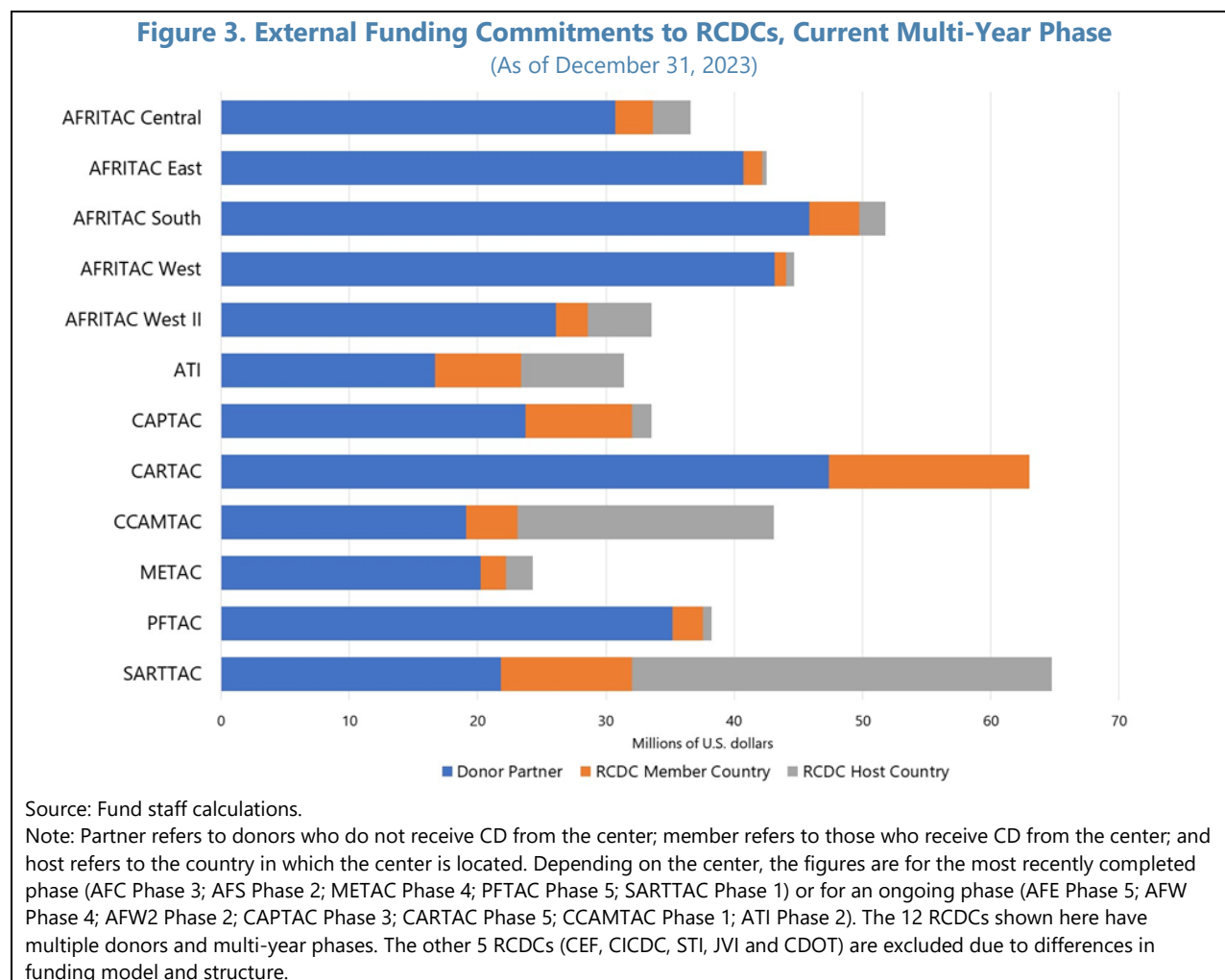
- **Further harmonize roles and responsibilities and existing good practices across RTACs** by developing guidelines and emphasizing best practices to:
  - Clarify the relationship between RTAC directors and LTXs and better define roles and responsibilities to facilitate systematic year-round interaction among HQ departments, RCDCs, LTXs, and ResReps;
  - Enhance the role of the backstopper in the relevant CDD divisions to integrate LTXs' CD delivery better into the Fund's surveillance work (all field-based CD delivery needs to be back-stopped by CDDs);
  - Further facilitate integration by ADs' participation in key CD missions (as warranted) and training virtually, and vice versa, by considering field-based staff (LTXs) consultation in key program or surveillance missions as warranted; and
  - Harmonize across CDDs' performance management and recruitment practices, including clarifying and enforcing the role (and involvement) of RCDC directors (Please see CDSR background paper on HR Policies).
- **Pursue a more systematic approach for SC meetings to yield further stakeholder engagement and coordination.** Being mindful of donor fiduciary responsibilities and potential impact on funding from members and partners, SC meetings could be designed/set up more effectively to engage members. This could be considered on a case-by-case basis and include increasing more active engagement, reducing administrative burden, and considering more targeted check-ins with members. LTXs should be full participants in the SC irrespective of their funding and their work should be integrated into the SC reports.

## F. How to Support Funding Sustainability?

**28. The separate and organic development of RCDCs over the last 30 years has led to important differences in their funding models.** Most RTACs are funded by a combination of external donors, member countries and the Fund's own resources, usually a contribution to cover the salary of the director and center overheads (see Annex III for more information on RCDC funding model). RTCs have different funding arrangements, with some fully funded by their host countries (CEF and CICDC, funded by Kuwait and China respectively) and others being multi-donor arrangements (SARTTAC and ATI). JVI is unique in that only around 60 percent of courses are organized and funded by the IMF, with the remainder organized by Austria and other training partners.

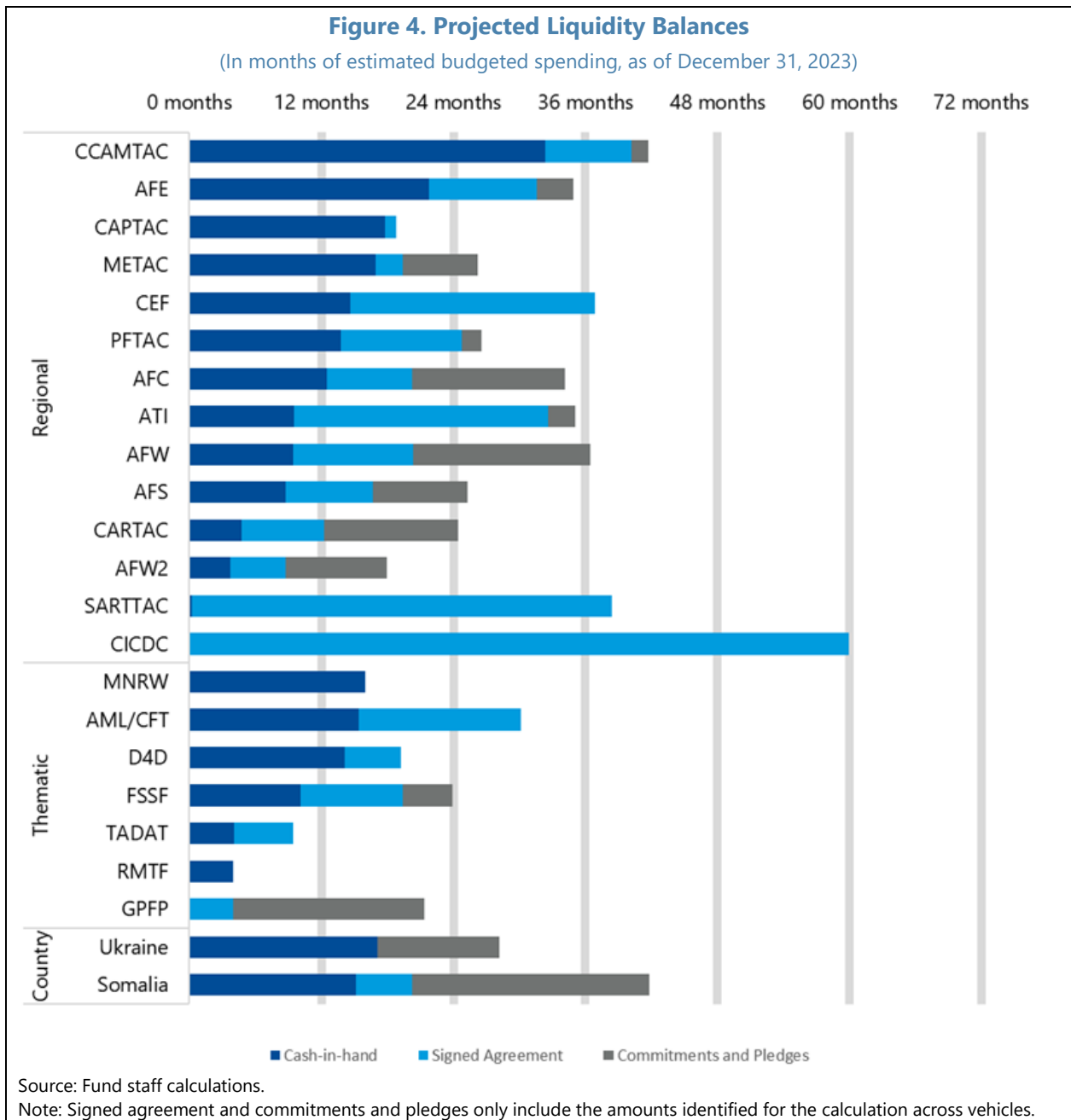
**29. The current external partner driven funding model facilitated the expansion of the global RCDC network.** Donor partner contributions represent between 30 and 90 percent of

external funding for the 12 RCDCs—10 RTACs, SARTTAC, and ATI, which all have multi-donor arrangements and similar governance models (Figure 3). For these 12 centers alone, external funding constitutes 93 percent on average. In FY2023, about half of the Fund’s external funding for CD came from the Fund’s four largest partners—Japan, the EU, Switzerland, and Germany—both in terms of annual paid contributions and new signed agreements. Commitments from member countries play an important role in some RCDCs (e.g., SARTTAC, CCAMTAC).



**30. Available liquidity for RCDCs is generally manageable but is unevenly distributed across vehicles** (Figure 4). The IMF’s Framework Administrative Account for Selected Fund Activities (SFA) account at the Bank for International Settlements (BIS) holds a sizeable contribution from partners, reflecting ongoing partner support. This provides a desirable buffer and reflects the advantages of the Fund’s established upfront financing model. Half of the funding vehicles (12) have liquidity positions covering at least 12 months of expected expenditures in cash and an additional eight when considering signed contributions agreements. This provides reassurance of short-term liquidity coverage (up to one year) for over 85 percent of the funding vehicles. However, this liquidity is not fully fungible across funding vehicles and some RCDCs that are starting new phases

have more immediate fundraising needs. This accentuates the need to improve fungibility of funding vehicles.



**31. The five-yearly funding cycles of RCDCs introduce uncertainty over financing.** Five-year funding cycles increase financing risks due to on-off fundraising patterns, non-alignment with funding partners’ shorter development aid budget cycles, a need to shorten or extend the funding cycles depending on the funding situation, and obsolescence of program documents as the base for fundraising efforts. On the other hand, the phased model provides clarity of communication of long-term funding needs, allows to adjust workplans in response to feedback from evaluations, generates



a sense of urgency that helps fundraising during phase renewals, and helps to secure multi-year commitments, which mitigate financing risks.

**32. The funding position is less comfortable for a number of RCDCs.** During FY2024, four RCDCs (AFC, AFS, PFTAC, and SARTTAC) have started new phases, leading to an additional fundraising ask of almost \$200million. In FY2025, six RCDCs will start a new phase leading to an additional fundraising ask of more than \$224 million (excluding CICDC and ATI for which future budgets are still to be determined).

**33. RCDC delivery is also aided by co-located and cross-funded experts financed by sources other than the RCDC, which creates financing flexibility.**<sup>5</sup> Co-located and cross-funded advisors from thematic funding vehicles and in some cases by Fund’s own budget developed over time in an ad-hoc way.<sup>6</sup> Currently, there are 171 Fund LTXs in the field; 119 of those are funded by RCDCs. Sixteen LTXs located in RCDCs have been funded by other sources, ten of which were placed in AFRITACs, and three more are planned or under consideration. While funding flexibility is a clear benefit of these LTX postings, greater coherence and clarity about governance and accountability are needed for deciding how to allocate CD to various vehicles and countries of coverage for co-located LTXs, as well as for efficiency and effectiveness of CD delivery from the centers.

**34. This small shift toward co-locating experts may support the argument that RCDCs can serve members more effectively if framed as delivery platforms rather than funding vehicles for a particular region.** Going forward, diversifying the RCDC funding model would be beneficial for sustainability. While any changes introduced to the funding model may have a potential impact on fundraising efforts by the Fund (at least in the short term), there are also multiple benefits from gradually moving to a system where RCDCs are delivery vehicles that can be funded from multiple vehicles. This flexibility is already in train via new umbrella funding arrangements, which allow resources to be allocated more efficiently in line with needs. The new EU umbrella fund, AFRITAC funding from Germany and Switzerland, the FCDO umbrella agreement (SIMF), and umbrella funding from China and Korea provide examples. This also supports the view that RCDCs ought to be considered as integral and permanent part of the Fund offices. It would also provide more flexibility in terms of delivering CD to currently underserved regions and/or countries. However, increased field presence would also have implications for indirect budgetary costs as well as additional resources for the support functions that administer field staff work and other field office payments.

**35. Moving towards greater use of thematic funds and other sources in RCDCs would require time.** Any shift from regional funding vehicles towards vertical thematic funds has administrative difficulties but also in view of the potential impact on fundraising. Disadvantages of retiring RTACs as funding vehicles include that (a) this would complicate channeling member

<sup>5</sup> “Co-located” refers to LTX who report to HQ, are located at RCDCs, and are funded by thematic trust funds or other non-RCDC resources. “Cross-funded” refers to RCDC LTX that are funded by transferring resources from thematic trust funds or other non-RCDC resources to a RCDC.

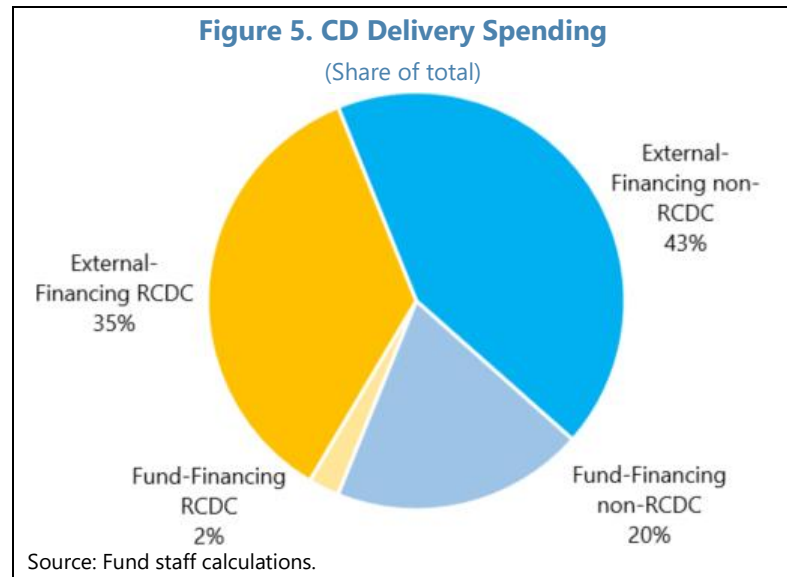
<sup>6</sup> As in the case of deployment of LTXs following the Fund’s FCS strategy.

contributions, which are a strong commitment of recipients' ownership of Fund CD; and (b) CD budgets that are currently arranged around regional priorities would be shifted towards thematic priorities, and they would no longer be centrally managed. This will require close collaboration between CDDs and ADs as part of the prioritization process via the CCB.

**36. The utilization of the Fund's resources could align better with RCDC's increasingly central role in the delivery of CD.** Currently, only two percent of the Fund-financed overall CD delivery spending is being utilized to sustain RCDCs, compared to 20 percent used on other CD delivery in FY23 (Figure 5).

**37. The RCDC network should be recognized as an integral element of the Fund's CD structure and funding**

**arrangements should support their sustainability.** RCDCs should be viewed as IMF field offices responsible for field delivery of CD. Staff discussions considered several options to support this objective.



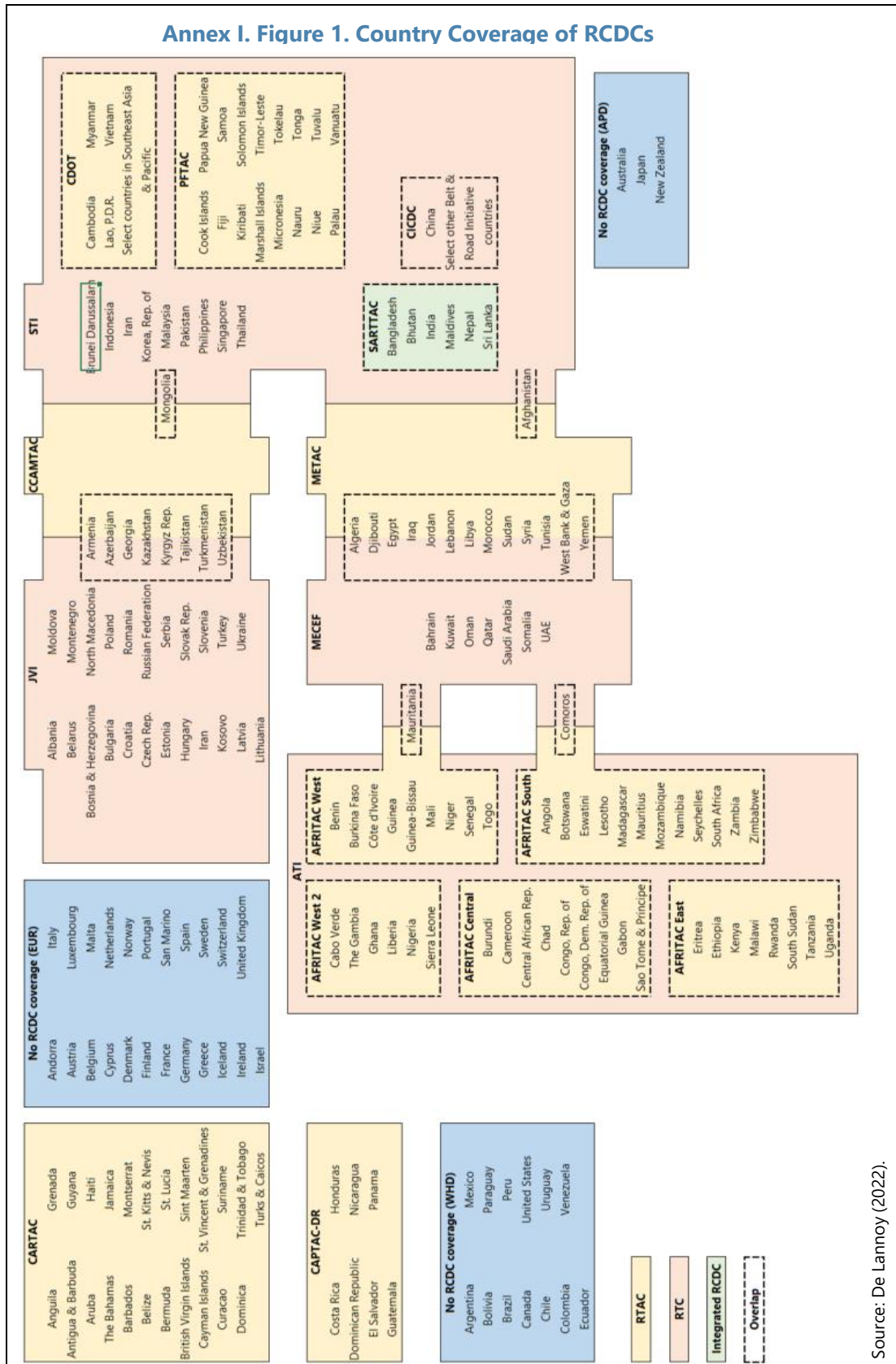
### Proposed Actions

- IMF01 funding could help support RCDCs as Fund field offices.** In that regard, and building on the approach taken during the recent budget augmentation, the IMF could consider continuing to deploy more IMF01 funding for RCDCs to promote stability and predictability of their funding structure. This will highlight the importance of CD alongside surveillance and lending and may resonate well with partners as external funding would focus on CD delivery while the Fund covers overhead and administrative costs of the centers. However, given the flat budget environment and existing budget constraints, identifying such resources through internal reprioritization will be challenging. The Fund may consider using some of the current IMF01 CD budget envelope in RCDCs primarily focusing on key vulnerabilities in specific centers where the donor base is less strong for direct delivery and operational costs. Pros: Relatively uncomplicated as reallocation could happen as part of the CD prioritization process. Cons: This would reduce fungibility and availability of IMF01 resources to fill gaps, including in HQ CD. There are challenges related to moving HQ spending, which is mainly on personnel, to the field, and this would also need to tie to reforms to the employment framework.
- Gradually, increase flexibility of funding and planning ingraining RCDCs more as delivery centers than funding mechanisms.**

- Make the regional funding vehicles continuous rather than phased, which implies moving away from a rigid five-year planning and funding cycle, which has been found to be inflexible, inefficient and with often disjointed fundraising to a rolling plan schedule, aligned with the three-year medium-term workplan, without compromising the Fund’s multi-year prefunding model (e.g., by formulating prefunding goals spanning a number of years, which provide a rolling fundraising “ask”).
- Consolidate thematic funds and move increasingly to umbrella funds to cover CD delivery by CDDs and RCDCs. To further increase the flexibility of allocation and prioritization of CD across regions, current efforts should be continued to further (e.g., Fiscal Fund and EU umbrella fund for RTACs in AFR also covering ATI) and facilitate the integration of existing and future funding vehicles with RCDC work programs and budgets. The move to more thematic or vertical funds would provide more flexibility in allocation of CD based on demand and institutional priorities, and also facilitate delivering CD in currently underserved areas. Alongside this effort, the Fund should continue to explore all external funding sources and effective ways to leverage regional priorities of donors.
- Consider an ultimate endpoint of a transition from regional to vertical trust funds as the main sources of RCDC financing, which will take time. To smoothen the transition and counter any adverse impact of fundraising, given that some large donors have clear regional preferences, further consolidation of regional trust funds could be considered in the interim as part of the transition.

# Annex I. Geographical Coverage of RCDCs

Annex I. Figure 1. Country Coverage of RCDCs



Source: De Lannoy (2022).

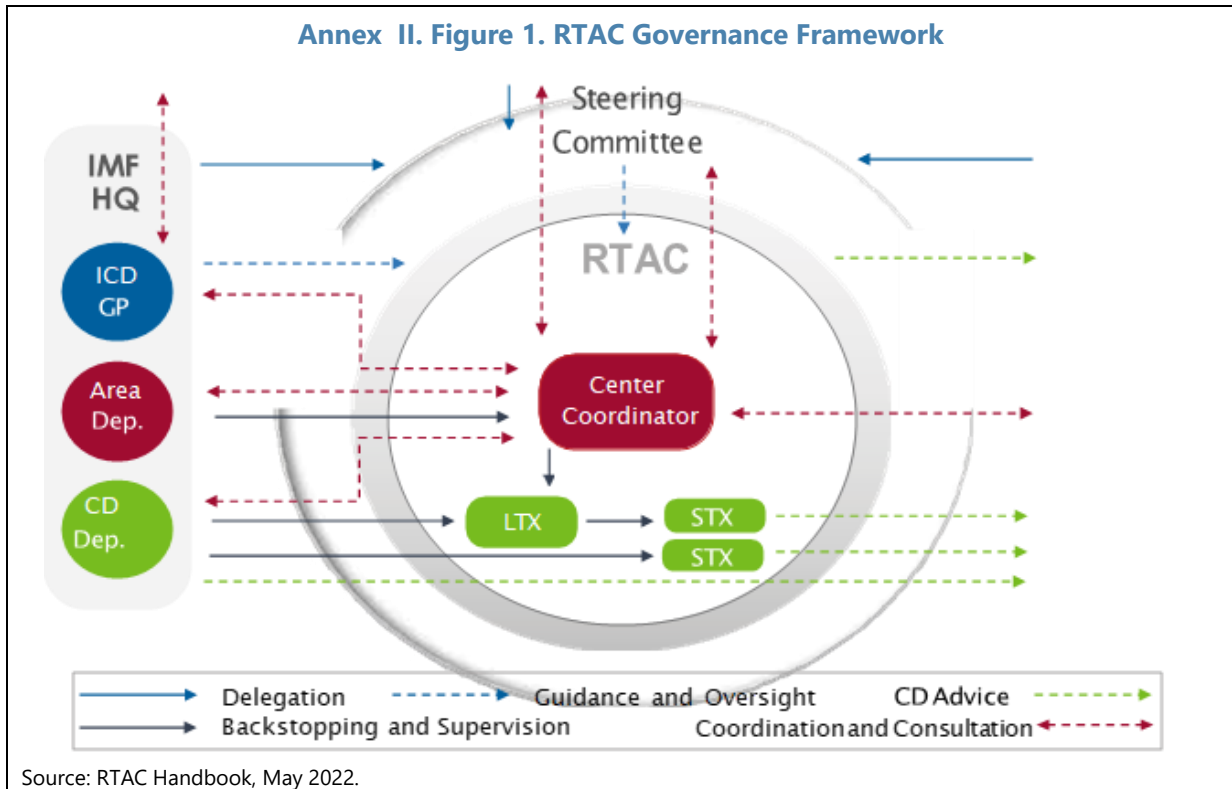
Annex I. Figure 2. Geographical Distribution of RDCs



Source: Fund staff.

## Annex II. RCDCs Governance Structure

1. **The governance framework for the RTACs is articulated in the RTAC Handbook**, and the RTACs largely align with the guidelines relating to the establishment of a steering committee, its role, composition, role of the SC members, director, and HQ (the respective AD and CDDs) decision-making framework (see RTAC Handbook for more on governance and operational guidance for the RTACs). There is less consistency where the RTCs are concerned. In all cases, the IMF is represented by ICD, the following can be said:



2. **No such handbook exists for RTCs** (JVI, ATI, CEF, CDOT, and STI), but they follow a similar overall format with the development of strategic priorities for training and activities in support thereof, including through the endorsement of an indicative annual work plan, guided by the annual meeting of (a) an Executive Board (JVI); (b) Steering Committee (ATI and CEF); (c) Advisory Committee (CDOT); and (d) Executive Committee (STI). There are, however, some notable differences:

3. **Composition:** While, in all cases, the 'SC' comprises representatives of participating donors and the IMF, in some cases:

- Beneficiary countries are included as members (e.g., ATI and CDOT).
- Observers (regional development bank, World Bank, OECD) are also invited.
- Area departments are represented (not the case for JVI).

**4. Chair:** Where the 'SC' is chaired by the RTC Director in the cases of ATI and STI; for JVI the chair alternates between the IMF and Austrian authorities. For CEF, the Kuwaiti Government chairs; and for CDOT the chair rotates between members.

### Roles and Responsibilities

| <b>Annex II. Box 1. RCDCs Versus HQ-Led Delivery</b> |  |
|--|--|
| RTAC Director  | <ul style="list-style-type: none"> <li>• Implements the work program reflecting the sectoral and country strategies established at HQ</li> <li>• Consults with the SC on annual work programs and amendments to them</li> <li>• Contributes to formulation of strategic priorities and sectoral strategies</li> <li>• Formulates the annual workplan and budget using CDMAP in coordination with the CDDs through the Ras and ICDGP (details on the process are outlined in <a href="#">CDMAP Guidance for RTACs</a> note)</li> <li>• Takes the lead in fundraising (in close cooperation with ICDGP) and managing relations with donor partners based in field offices of RTAC member countries</li> <li>• Is invited as a member of Ras interview panels</li> <li>• Takes the lead with member countries contributions requests</li> </ul> |
| Area Departments (AD)                                | <ul style="list-style-type: none"> <li>• Set RTAC strategic priorities for sectors and topics and for countries and the region</li> <li>• Designate one staff member as the principal IMF representative on the RTAC SC</li> <li>• Take the lead in selecting RTAC Directors in cooperation with ICDGP and CDDs</li> <li>• Supervise the Director</li> <li>• Take the lead in fundraising and managing relations with member countries and regional organizations</li> </ul>   |
| Capacity Development Departments (CDDs)              | <ul style="list-style-type: none"> <li>• Undertake diagnostic assessments</li> <li>• Set the sectoral strategy (e.g., sequencing, delivery modalities) for TA to specific countries and regions</li> <li>• Ensure quality control over the CD delivered by RTACs in terms of quality of advice, adherence to Fund policies, format of report to be shared with the Director to ensure consistency, and delivery of mission outputs</li> <li>• Select RAs in consultation with AD/Directors</li> <li>• Supervise RAs</li> <li>• Participate in RTAC SC meetings if needed</li> <li>• Vet <u>and contract</u> STXs and maintain the roster of experts</li> </ul>   |
| Institute for Capacity Development (ICD)             | <ul style="list-style-type: none"> <li>• Take the overall lead in fundraising efforts and managing relations with the RTAC host country and donor partners [ICDGP]</li> <li>• Ensure consistency in application of Fund policies and procedures across RTACs [ICDGP]</li> <li>• Facilitate coordination among Fund departments on RTAC-related issues [ICDGP]</li> <li>• Provide financial information to guide the formulation and execution of work programs [ICDGP]</li> <li>• Organize independent evaluations of RTAC performance [ICDGP]</li> </ul>  |

**Annex II. Box 1. RCDCs Versus HQ-Led Delivery (concluded)**

- Monitor expenses by activity, check availability of funds, and fiduciary oversight of budget execution [ICDGP]
- Advise on the eligibility of costs and IMF02 charging policies [ICDGP]
- Provide Resource Allocation Plan (RAP) data and support and guidance on RBM, log frames, and evaluation framework [ICDSE]
- Set RTAC training priorities in terms of sectors, topics, countries, and regions [ICD functional divisions]

Source: RTAC Handbook, May 2022.



## Annex III. RCDCs Funding Model

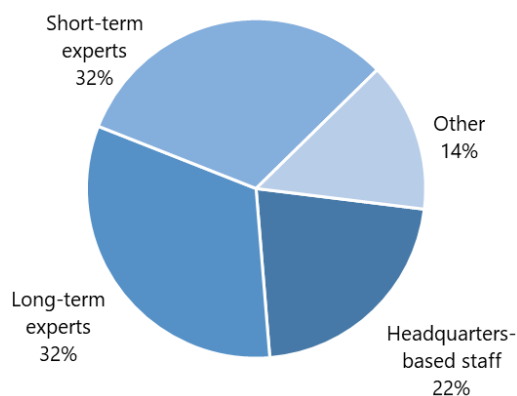
**1. RTACs are primarily financed by contributions from donor partner governments, multilateral or regional organizations, and member countries as well as host countries.**

Consultations with donor partners to set up a financing arrangement can have long gestation periods, often require multilateral discussions between the IMF, the donor partner, and its embassies or field offices. While the primary responsibility for mobilizing external resources for CD sits with ICDGP, several departments and offices at HQ and the field are involved in the fundraising process.

**Annex III. Figure 1. RCDCs CD Delivery Spending Breakdown, FY2023**

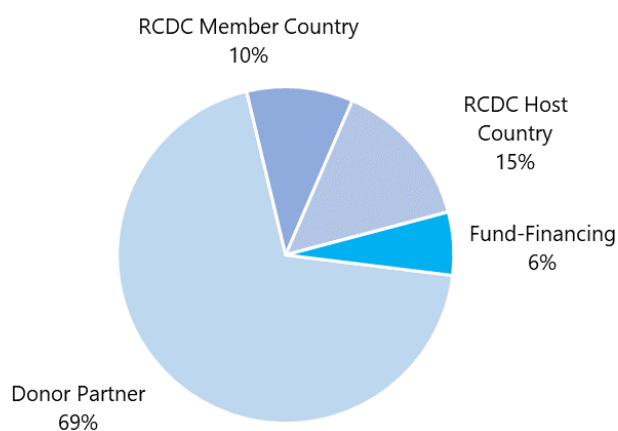
**CD Delivery Spending by Resource Type**

(In percent of total)



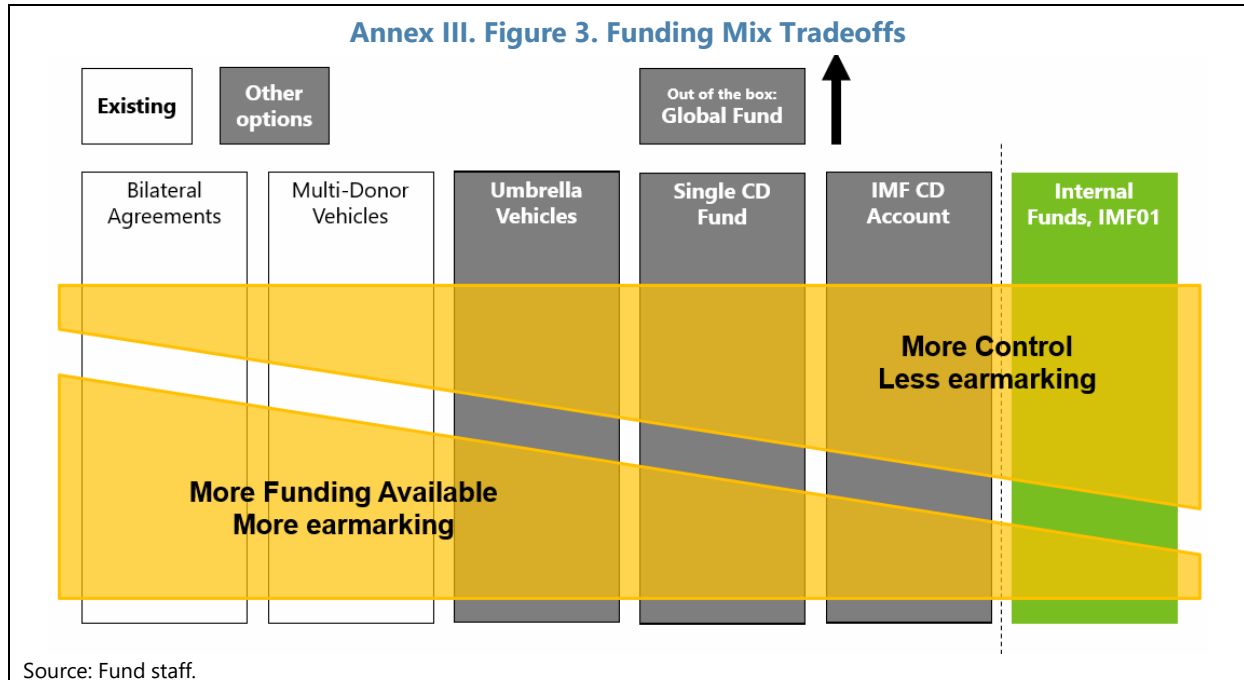
Source: Fund staff calculations.

**Annex III. Figure 2. Funding Structure for Current Operating Phases of RCDCs**



Source: Fund staff calculations.

**2. Increasingly, cross-funding between vehicles better uses overall available liquidity and makes external funding more flexible.** Currently, 15 long-term advisors located in RCDCs are funded by other sources, 9 of which are placed in AFRITACs. About half of the advisors were funded by the COVID-19 Crisis Capacity Development Initiative (CCCDI). Four advisors focus on debt issues, three on AML/CFT, three on tax administration, and two on macro-fiscal issues. There is one advisor each on resilience, resource mobilization, and customs administration. In addition, another advisor on debt management to be financed by Japan Technical Assistance Sub-Account (JSA) is scheduled to start this fiscal year in SARTTAC and three more advisors are under consideration.



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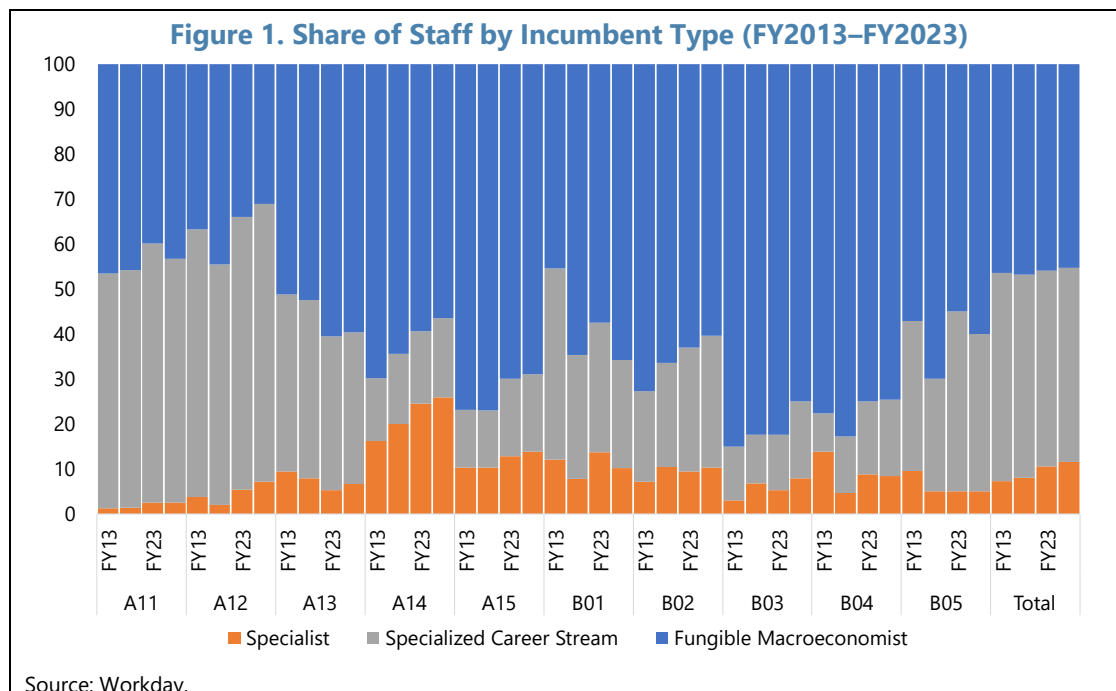
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# HR POLICIES<sup>1</sup>

## A. CD Staffing Model

**1. The Fund’s staffing model has evolved with the growth of CD.** The IEO evaluation of Fund CD provides a comprehensive analysis of these changes (Stedman, 2022). The Fund had traditionally relied on “fungible macroeconomists” (FMs) for its surveillance and program work. FMs have been hired either through the Economist Program or as mid-career professionals and rotate through different assignments. This generalist approach puts premium on versatility and, while broadening experiences for staff, did not provide for deep expertise in specific areas. To address this critical need for effective CD delivery and management, the Fund introduced “specialist economists” (SEs), who focused on specific topics. Currently, SEs now make up around 20 percent of the Fund’s economist staff, up from [15] percent a decade ago. Within the SEs, the largest share is held by Financial Sector Experts (43 percent), followed by Fiscal (36 percent), and Statistics (22 percent). There is also a small cadre of financial sector experts and counsels in LEG and FIN providing CD. Most SEs are recruited as mid-career professionals, and a large share of them is at the senior economist A14 level (Figure 1). In addition to SEs, a number of staff specialized career (SCS) streams (SCS) in CD departments are also involved in the management and administration of CD. Table 1 has a summary of features for the staff career streams with a focus on hiring and career progression.



<sup>1</sup> Co-led by Kentaro Katayama (FAD), Barbara Sloboda (HRD), and Matt Davies (ICD), with contributions from Teresa Rose Curristine (FAD); Roberto Guimaraes-Filho, Sujatha Korappath, Anna Vlassova Njie (HRD); Padma Sandhya Hurree Gobin (STA); Kristel Grace Poh (LEG); Holger Floerkemeier and Norbert Funke (MCD); Piyaporn Sodsriwiboon and Yinqiu Lu (APD); Christian Josz (WHD); Yan Sun (ICD); and Veronica Bacalu, Oana Croitoru, and Tsegereda Mulatu (MCM).

| <b>Career Stream</b>  | <b>Recruitment</b>  | <b>Promotion</b>   |
|---|---|--|
| <b>Fungible Macroeconomist (FM)</b>   | <ul style="list-style-type: none"> <li>Centrally coordinated by HRD, EPs and mid-career pipeline are approved by the Economist Committee.</li> <li>Through EP or mid-career pipeline only.</li> <li>Can apply to any job in the Fund once hired (FM, SE, as well as SCS).</li> <li>Freeze on external hiring to grade A14.</li> </ul> | <ul style="list-style-type: none"> <li>Department led through A14 and A15; candidates nominated for promotion to A15 reviewed and endorsed by the RC.</li> <li>RC-List for B1-Level Roles. B3/B4 to SRC.</li> <li>Can apply to SE and SCS vacancies but cannot bypass RC-List process for FM B-level jobs.</li> <li>Mobility and experience requirements apply.</li> </ul> |
| <b>Specialist Economists (Fiscal Expert, Financial Sector Expert, Statistical Expert)</b> | <ul style="list-style-type: none"> <li>Department led.</li> <li>Must stay in specialist track (unless qualifies for the fungible mid-career pipeline) and can only apply to SE jobs once hired.</li> <li>No restrictions on external hiring to grade A14.</li> </ul>  | <ul style="list-style-type: none"> <li>Department led unless for managerial promotion, then RC/SRC apply.</li> <li>Can only apply for specialist vacancies.</li> </ul>   |
| <b>Specialized Career Stream (SCS)</b>  | <ul style="list-style-type: none"> <li>Department led.</li> <li>Must stay in SCS track (unless they make it to the mid-career pipeline).</li> </ul>   | <ul style="list-style-type: none"> <li>Department led unless for managerial promotion, then RC/SRC apply.</li> <li>Can only apply to SCS vacancies.</li> </ul>   |

**2. As CD program has grown and evolved in terms of complexities and modalities, the Fund has sought to balance expertise retention with flexibility.** CD has relied on contractual appointments, both long and short term, reflecting the need for flexibility and scalability due to the changing nature of CD demand and priorities and the risks associated with the external financing (see Funding Model section of the main paper). The 2013 CD Strategy Review highlighted this increasing reliance on contractual employees and its impact turnover and quality and continuity of CD. In 2014, the launch of Categories of Employment led to significant reforms across the board, aiming to balance workforce flexibility with the ability to attract and retain talent. Changes included a new policy for staff appointments and path for consideration for an open-ended appointment. In this connection, several staff positions for SEs were added given the longer-term need for CD delivery.

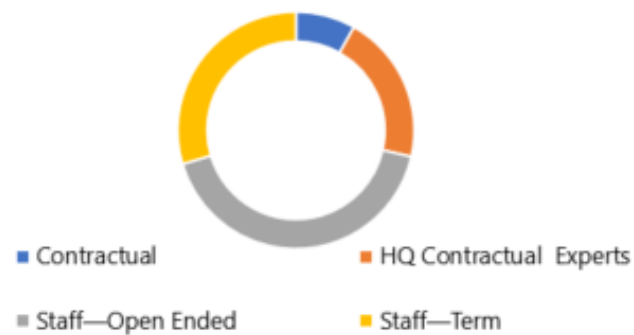
**3. Staff and contractuels are involved in CD delivery** (Figures 2 and 3). They are mainly employed by the Fund’s functional departments (FAD, MCM, STA, LEG, SPR, and ICD). Additionally, in response to a growing demand for SEs, non-CD functional departments and area departments have been allowed to hire SEs on an exceptional basis and ring-fenced to the new augmentation areas, e.g., climate change. The CD delivery workforce includes:

- **Economist staff (SEs and FM)s.**

Around 60 percent of staff economist time spent on CD is by SEs. FMs also provide training and TA on macro issues; FMs also develop and implement regional and overall CD strategies. SEs are recruited for their in-depth expertise in specific areas within CD departments, with little overlap in their qualifications with other specialist roles. SEs, who deliver CD,

also often work on policy, surveillance, and lending (as part of interdepartmental teams on policy matters, in FSAPs or providing input to area department teams). They also backstop field experts and regularly undertake cross-country and thematic analytical work as well as develop diagnostic frameworks and document best practices.

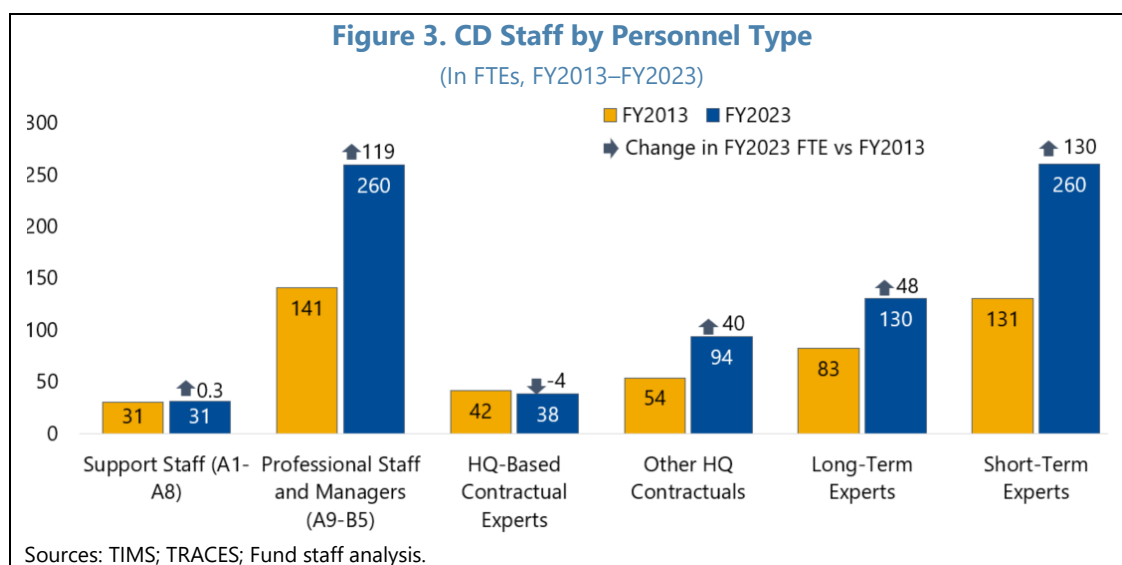
**Figure 2. HQ Specialists—Employment Type (2024)**



Sources: Workday; Fund staff estimates.

- **Headquarters-based experts (HQX) are hired on two-year contracts renewable for a maximum of two additional years, consistent with the 4-year limit for all IMF HQ-based contractual staff.** These experts are hired specifically for CD delivery and are eligible for expatriate benefits unlike other contractuels. These experts primarily deliver TA and training, and they backstop experts in the field. HQX contracts enable the Fund to bring in experts in core and emerging subject areas while maintaining workforce flexibility. Nevertheless, many HQXs can be competitively selected to staff positions by applying for externally advertised SE vacancies. As not all departments use HQXs, some CD delivery is also undertaken by employees on regular long-term contractual appointments, which do not qualify for expatriate benefits.
- **Long-term experts (LTXs) are field-based employees with contractual appointments.** They are selected and posted in the field by CD departments typically on rolling 1- or 2-year contracts, without an overall time limit. LTXs often move between locations on consecutive contracts, and as in the case of HQXs, some also are competitively selected into HQ positions (staff or contractual expert). About two-thirds of LTXs are advisors in RCDCs where they deliver CD, backstop short-term experts, and contribute to cross-country work of the RCDC. The remainder are based in member countries delivering TA to a specific institution such as a central bank, statistical agency, or revenue authority.
- **Short-term experts (STX) are hired on contract for variable terms but with the option to engage in multiple contracts each year** (generally capped at 150 days) and often serve the

Fund for many years as there is no overall limit. STX contracting has been fully decentralized to hiring departments since 2012. STXs are identified and vetted by departments and included on a roster pending need (IMF, 2018). They are used to supplement the longer-term workforce, for detailed technical implementation support, and for highly specialized topics. STX contracts are normally for specific missions, either as part of a HQ/RCDC-led team or to provide follow up implementation support directly to members, backstopped by HQ, RCDC economists or contractuels.



#### 4. CD management and administration also relies on SCS staff and contractuels.

Economist staff, both specialists and FMs, including as directors of RCDCs, manage the corporate function and delivery of CD. Around 30 percent of total time recorded to CD in FY23 was by SCS employees. The growing and changing business needs, funding model risks, and the need for skills replenishment are key factors behind the composition of the SCS workforce supporting CD, one-third of which being on contractual appointments. Such appointments are consistent with the Fund's overall staffing model and not unique to CD departments. A key group in the SCS working on CD is TA officers (see Box 1). Around 75 percent of them are staff with the remainder on contractual appointments. In addition to TA officers, CD management and administration draws on project officers, as well as office analysts and coordinators representing budget, information and knowledge management, data management, finance, instructional design, language service and administrative job families. For SCS staff supporting CD, there are opportunities to rotate departments, consistent with the fungibility of their skills.

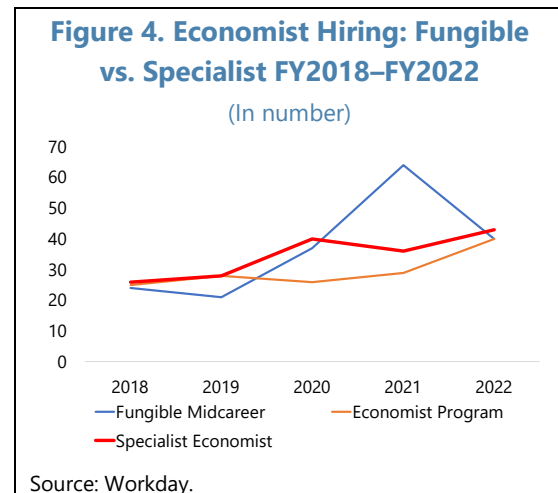
**5. Locally engaged employees are crucial for CD management and administration in the field.** There are around 135 locally engaged employees in RCDCs. They perform a wide range of functions including project and course administration, budget management and finance; results-based management and office administration. In common with the broader group of local employees of the Fund, there are a range of different contractual arrangements (e.g., tenure)

covering these employees. They play a critical role in continuity of field CD operations given the regular turnover of international staff in RCDCs.

## B. Issues

### Specialist Economists

**6. As CD has grown and business needs have evolved, the Fund has remained an attractive employer for SEs and FMs.** SEs join the Fund as midcareer hires. Since 2018, the number of mid-career FM and SE hires was broadly similar, with the exception of 2021 due to crisis hiring of FMs (Figure 4). Separations of SEs—on average [10] percent per year—tend to be higher than that of FMs (Staff Recruitment and Retention Experience in CY2022), reflecting that SEs come in as experienced professionals (older working age) and have, on average, shorter tenures. Despite their higher turnover rate, the 2022 Staff Engagement Survey shows that SEs have a strong intention to remain with the Fund, similar to that of FMs. This may reflect the fact that A14 SE roles tend to offer greater autonomy than for FMs due to frequent mission and project leadership opportunities.



**7. There are structural differences in the size and grade distribution between the economist streams.** As noted above, SEs are typically hired midcareer as A14 senior economists. In contrast, FMs are brought in either through the Economist Program at A11 or as midcareer hires which, unlike for SEs, are capped at A13 for FMs. As a result, the share of SE individual contributors at A14 (80 percent) is much higher than for FMs (50 percent). At the same time, there is a higher share of management positions amongst FMs (31 percent) than among SEs (21 percent). This reflects the higher span of control in CD departments and staffing decisions made by CD departments, who can move management positions between SE and FM within their budget envelope and staffing complement to best meet business demands.

**8. Career progression for SEs reflects their specialization and the structure of CD departments.** As noted above, CD departments have higher spans of control than area departments. In terms of the path to managerial grades, progression to the B-level is job-specific rather than through the broader competitive Review Committee list process required for FMs. SEs are mostly restricted to managerial jobs within their narrow specialization. Additionally, A15 and B-level opportunities for SEs are open for competition to FMs, but not vice versa. Despite a somewhat narrower path concentrated in fewer departments, there has been an increase in the share of A15 positions in recent years (Figure 1). HRD is now actively monitoring promotion metrics across the broader economist workforce.



**9. The Fund recognizes that specialization requires depth and does not impose a mobility requirement or expectation on SEs.**

For those SEs who wish to move and broaden their experiences, depending on the area of expertise and prior experience, there has been some mobility across departments and into SCS roles. Mobility to area departments is highly limited, however, given the model of staffing core country work with FMs. SEs with the macro background and skills can get re-classified to FM by clearing the midcareer economist panel, after which they can then be selected to an FM vacancy anywhere in the Fund. Around 30 specialist economists took the mid-career panel and were re-classified as FMs between 2013 and 2023, indicating some opportunity for mobility.

**10. There are limited opportunities for field assignments.** Specialist field positions are predominately occupied by contractual long-term experts, a limited number of slots have recently become available for SEs and FMs to execute these roles while remaining on staff (see below), with an annual cap reflective of budget constraints. Resident representative posts are only available to fungible economists. However, for hard to fill postings, ADs are permitted to recruit specialists on mobility assignment programs or temporary swap arrangements. Most RCDC director positions are filled by FMs, reflecting the recruitment choice of ADs, but there have been cases where more open advertisement has led to well-qualified specialists being selected.

**11. The Fund piloted a technical track in 2012–2014** (Box 1). Its evaluation noted some successes but noted that the pilot limited scope hindered its impact. The 2017 HR Strategy therefore considered a broader expert track proposal which would enhance the former program’s capacity and effectiveness. However, given the flexibility under the current career paths framework and competing priorities in HRD, the “Expert Track” as envisioned in the 2017 HR Strategy was not taken forward.

### Field-Based Employees in CD Delivery

**12. The HR model for field-based employment is decentralized, providing flexibility to departments.** Decisions regarding field-based employees (long- and short-term experts and local employees) are decentralized at the level of the funding departments (area departments for local RCDC employees, ICD for local RTC employees, and functional departments for LTXs). While there are well-defined policies for HQ-based staff working in the field, the managing of LTXs and local employees remains decentralized, and there are gaps in and differing application of personnel policies.

**13. The decentralized model creates governance challenges, including potential inefficiencies and operational risks.** The processing of LTX contracts entails four different systems (PeopleSoft, Workday, TIMS, and CDMAP) and eight teams, across the hiring department, HRD and FIN, with multiple handovers and lacking defined procedures. Contracts are linked to specific roles, locations, and funding sources, which can cause administrative complications when LTXs change roles. More broadly, LTX administration and support remains a challenge given the decentralized governance and differing processes and practices across CD departments. While HRD has taken actions to improve the recruitment process (including workflows and responsibilities of all parties)

and some departments have taken steps to improve performance management, there is still a need to buttress the LTX framework by ensuring more consistent practices across departments and enhancing governance. Similarly, for short-term experts, the decentralized governance and practices could also be improved as observed by the Office of Internal Audit (IMF, 2018d).

### Specialized Career Stream Employees

**14. The SCS staff working on CD are a subset of a broader group of SCS staff but face common issues mostly related to mobility opportunities.** The 2022 Engagement Survey revealed that SCS staff have concerns with the lack of opportunities for promotion and mobility. CD-related SCS positions are categorized and graded differently, which creates some impediments for inter-departmental mobility. Overall, there are more than 25 SCS job families, and some grade bands and titles that are misaligned across SCS job families. Box 2 provides an example of this for the TA officer group. Ad hoc mobility assignments have been used to broaden the experience available to CD SCS staff, including across CD departments and to non-CD roles. A significant share of SCS employees in CD departments (around 40 percent) are on contractual appointments, reflecting the need to maintain flexibility given the reliance on external financing for the current level of CD. This can cause challenges in terms of turnover and continuity.

**15. The Job Family Career Framework (JFCF) initiative has helped mobility across the Fund.** The initiative culminated in the launch of Career Playbooks in 2020, featuring 10 job functions and 34 job families (including several, which are core to the delivery and management of CD). While some, e.g., Budget and Resource Management Job Family were well defined in the JFCF, work on other key job families and functions, including the key TA officer (TAO) family did not get completed (see Box 2). For the job families for which the work was completed, the Career Playbooks provide detailed descriptions of key technical competencies and a basic map indicating the degree of overlap across the different job functions.

## C. Work Underway to Address HR Issues

**16. Substantial work is underway to address HR issues.** The broader HR strategy, initiated in 2017, focused on performance management, career development, workforce planning, talent sourcing and recruitment, including for SEs. Implementation includes a continuous effort to adapt to changing demands, balance core macroeconomic and specialist skills, and address operational and strategic challenges in human resource management. Key initiatives are:

- **Broadening RCDC leadership opportunities.** RCDC leadership roles, have been traditionally filled by FMs, even though SEs are well qualified to take on such roles and are allowed by HR policies. As these positions are mapped to ADs, the question of ‘absorbing’ an RCDC director after the assignment is completed has hindered AD’s openness to considering SEs for such positions. ADs have recently been encouraged to open RCDC management vacancies for SEs and ensure that the conditions for considering SEs are included in the announcement, i.e., “This position is open to fungible and specialist economists. Should a specialist economist be selected, he/she will return to their home department at the end of the assignment.” Consistent

adherence to this practice will enable movement of SEs to the field without impacting the underlying staffing composition of ADs.

- Buttressing career path for CD staff under the existing framework.** As a first step in addressing issues with career growth for SEs, HRD is working with departments to ensure that they use the existing flexibility (given their budget) under the current career paths framework to create management positions for SEs—which obviates the need for the Expert Track envisaged in 2017. Relatedly, to support CD work and create appropriate incentives for FMs to value CD work, the Review and Senior Review Committees now explicitly recognize CD in their talent review and personnel decision processes.
- Enabling mobility of FMs and SEs to deliver CD in the field.** As noted above, when the Fund’s TA program originated in the early 1960s, HQ staff undertaking such assignments were required to take Leave Without Pay in the Interest of the Fund (LWOP/IOF), effectively interrupting their staff appointments, to undertake these assignments as contractual employees. In 2019, HRD revised the policy, allowing staff assigned to be Regional Advisors in RCDCs or RTCs to remain in staff appointments. However, no similar change was proposed for assignments as resident advisors in a bilateral arrangement with a member country. Staff undertaking such assignments were and are still required to take LWOP/IOF/CD and take on a contractual position as LTXs. At the time of the 2019 policy change, HRD committed to re-evaluate, after two-years’ experience with the policy, whether any potential conflict of interest issues can be mitigated to enable the policy to extend to staff taking up bilateral country assignments. Since then, a total of 16 staff (including a number of FMs) took on regional advisor assignments in RCDC, and three staff were selected as resident advisors and took on LTX appointments. A proposal is under consideration to extend to staff taking up resident advisor assignments in bi-lateral arrangements, while departments will manage staff return within their flat budget envelope.
- Locally engaged employees.** A review is currently underway that aims to systemize and harmonize processes governing field-based local employees (it does not include field-based LTXs). The FY2024 work plan is to review the local employment processes with the goal of simplifying and harmonizing administrative practices. The projects included in the review are building blocks to a greater alignment of local employment practices in the future and include (a) standardizing contract templates and providing guidance on contract duration; (b) developing clear job descriptions with corresponding competencies for all positions in the field, and implementing an APR process for local employees; (c) providing a virtual English language training, increasing awareness of training courses available online, and expanding virtual soft skills training; (d) performing an assessment to set consistent salary adjustment practices (merit increases, hyperinflation) across field offices; (e) performing assessment to align sick leave policy (no. of days from 12 to 15) with HQ practices; and (f) assessing the costs and benefits of enhancing the Medical Benefits Plan offered to local employees and reviewing the potential to enhance Fund insurance policies for local employees (i.e., life insurance, accidental death and dismemberment insurance, and short-term and long-term disability insurance).

- **Career development and mobility for SCS.** Coming from the 2022 Engagement Survey, a recent initiative is intended to enhance career opportunities and mobility for SCS staff, which will benefit those in CD. SCS departments, supported by HRD, are creating a career mobility and development forum, complemented by a platform that will allow posting of opportunities and facilitate information sharing. Additionally, HRD will start work on harmonizing grade bands across SCS job families. Early reactions from departments show strong support and include several specific recommendations. There is a plan to hold SCS Mobility Forums/Fairs and to help match demand and supply, departments will be asked to advertise mobility assignment program (MAP)/external exchange (SWAP)/stretch assignment opportunities and staff to register interest and agree on a matching mechanism (with HRD guidance).
- **Skills and experiences inventory.** To allow for better tracking and planning of CD expertise across the Fund, HRD plans to expand the Talent Inventory to include crisis and CD experiences. Currently, experiences in LIC and FCS countries are in the databased and macro financial experiences and parameters are being defined so that it can be captured, aggregated, and reported out. It is envisaged that other expertise, such as CD experiences can also similarly be aggregated for searchability and reporting. CD departments are supplementing this work with their own initiatives.

**17. Full implementation of these measures should enhance the HR environment for CD staff.** However, a number of areas remain longer term priorities, most notably actions relating to field-based experts and enhancing the status of CD work within the institutional culture. The main CDSR paper makes some proposals in this regard.

### Box 1. 2012–2015 Technical Track Pilot

**In 2011, management requested that a working group explore alternative career growth opportunities for staff with specialized expertise, to address the need to motivate and support staff towards non-managerial, intellectual leadership roles.** In response to the recommendations made by the Working Group, the Technical Track was launched on a pilot basis in 2012. The objective was to “allow exceptionally qualified individual contributor staff to advance to grades A15–B2 as a way of providing status and remuneration commensurate to their external reputation and contribution to the Fund” and acknowledge the “increased emphasis on advisory work in specialized areas.” The pilot program allowed up to 10 individuals to progress beyond grade A14 based on institutional needs, specialized expertise, contributions, performance against competencies, and external recognition as experts. The program was implemented in FAD, LEG, MCM, RES, and STA.

Key features and assumptions:

- **Very targeted framework** that allowed exceptionally qualified individual contributors recognized for their high level of expertise, external reputation, and performance to advance to Grades A15–B2 in a non-managerial track.
- **Business need.** An institutional need for the area of specialization that was of critical importance to the institution needs to be established.
- **Rigorous process.** Each promotion/selection of a candidate was evaluated on its own merits, through a rigorous assessment against a set of criteria. The Review Committee was involved in each selection.
- **Grades.** Positions in the technical track were classified according to the Fund’s existing grade structure (A15–B2 grade band).
- **Titles were used to denote the non-managerial nature of the positions** and to provide recognition of the high level of technical specialization required (“principal” and “lead”).
- **Budget neutrality.** Given the Fund’s budgetary environment, it was key to limit the Technical Track’s impact on the Fund’s staffing structure, avoid grade inflation and over-crowding of managerial positions. Hence (1) the small size of the tech track; (2) the fact that A14 and A15 positions need to be upgraded to allow for the selection; and (3) positions reverted back to previous grade if the incumbent leaves.

**After a three-year implementation period, the Technical Track was reviewed.** Despite its reported success, the evaluation revealed that its narrow scope and limited capacity (only 10 positions) hindered its impact on addressing broader career development concerns. For a dual career track framework to be successful, it should have a broader scope to provide recognition and growth to more employees while maintaining controls to avoid grade inflation and undue impact on the wage bill.

### Box 2. The TA Officer Job Family

**A 2018–2019 review of the TAO role identified several ‘types’ this role played and different grade levels, depending on their department and function.** TAO roles exist in two job families: budget and resource management and talent acquisition and management. There is some overlap in the functions across the two job families.

- Twenty-four TAOs are mapped to the budget and resource management job family across FAD, ICD, LEG, MCM, and STA, of which 13 are at A13–A14.** Most of these more senior positions are mapped to ICD and represent a distinct role in developing and managing the external partnerships that support the Fund’s CD work, including through fundraising activities, coordinating outreach with external partners and donors, and managing the respective accounts (“trust fund management”). Other TAOs in ICD and other departments perform a non-uniform set of responsibilities that span project management, budget/program development and monitoring, workplan implementation, and expert hiring. This is reflective of the somewhat organic evolution of the TAO group both as a result of increase in CD delivery and administration by functional departments, as well as devolution of short-term and long-term experts hiring and related activities from HRD to departments (mostly functional TA) over a decade ago.
- Nine TAOs mapped to the talent acquisition and management job family span grades A9–12 in MCM and LEG.** These TAO roles are involved in coordinating the selection recruitment and contract management of experts, providing HR and operational guidance on Fund policies and procedures, including on the recruitment and retention of LTXs. In other CD providing departments, these functions are undertaken by TAOs and coordinators in the budget and resource management family.
- Contractual TAOs also perform a mix of responsibilities** based around the TAO roles described above. They represent around a quarter of total TAOs spread across CD departments.

#### TA Officer Grade Structure (January 2024)

| Grade       | Count |
|-------------|-------|
| Contractual | 12    |
| A9-10       | 13    |
| A11-12      | 7     |
| A13-A14     | 13    |
| Total       | 45    |

Source: Workday.

**The heterogeneity across departments in classification and grading indicates a need to clarify and systematize SCS job families.** This is an issue that is broader than CD work and encompasses a range of SCS roles. In the CD area, there is also scope to define the support level role in the administrative streams, which could provide an effective pipeline for officer level positions linked to CD work.

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# MAPPING THE FUND'S POSITION VIS-A-VIS OTHER CD PROVIDERS<sup>1</sup>

## A. Overview

1. **Fund capacity development (CD) is closely linked with its institutional mandate, focusing on key areas to promote economic stability and sustainability.** Although the Fund has a relatively modest footprint compared to the total size of CD activities globally, demand for Fund CD is strong and its impact is appreciated by members. The value of Fund CD is confirmed by the findings of surveys of the Fund's development partners, CD recipients and other stakeholders, and by the External Advisory Group (EAG).
2. **Echoing the Independent Evaluation Office (IEO) findings, Fund CD has a number of strengths,** which include (i) close integration between CD, surveillance, and lending; (ii) convening power in member countries and among development partners; (iii) the standalone demand-driven nature of Fund CD; (iv) diagnostic and assessment tools; and (v) policy-oriented macro training (IMF, 2022a). These are reinforced by Fund membership's high level of familiarity with the core CD products and the appreciation for the quality of Fund CD.
3. **CD beneficiaries, stakeholders, and recent evaluations underscore the impact and usefulness of Fund CD.** A range of evidence confirms Fund CD has unique comparative advantages and expertise in technical assistance (TA) and training in the core areas of its competence. Fund CD also enjoys the institutional convening power and agenda-setting role which improve its traction, as acknowledged and appreciated by other development partners. Continued focus on aligning CD assistance with the evolving country priorities is by far the most frequently mentioned measure to further increase the impact of CD.
4. **Effective coordination and collaboration with other development partners should continue to play an important role in minimizing overlaps and increasing synergies in the global CD architecture,** especially in new priority areas amid a rapidly changing global landscape. Collaboration can facilitate mainstreaming of the new priorities, help improve delivery, implementation, and impact of Fund CD. As emphasized in previous strategy reviews, improved CD dissemination and communication can support coordination and collaboration (IMF, 2018 and 2013). These measures, however, can present challenges and come with an extra cost, and thus require sufficient flexibility in application, to cater to the local context.

<sup>1</sup> Prepared by an Institute for Capacity Development (ICD) team co-led by Roman Didenko and Faisal Ahmed, with research assistance from Enkhzaya Demid and survey assistance from AidData, a research lab at the College of William and Mary's Global Research Institute, and in consultations with various CD providers and Fund's CD partners. Barbra Licudine and Nia English provided excellent coordination and support.



## B. Introduction

**5. The recent IEO evaluation characterized Fund CD as relevant, valued, and broadly effective.** According to the evaluation, recipients, donors, and the wider membership saw Fund CD as being of the highest technical quality in the areas of the Fund’s core expertise. CD stakeholders also noted Fund CD became better tailored to the recipient needs and the country context.

**6. Fund CD is guided by its institutional mandate and member needs.** The IMF is one of a wide range of organizations that provide CD to its global membership. Other providers include multilateral organizations (e.g., the World Bank, the United Nations, and the OECD), regional entities (such as the European Commission, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank), bilateral government agencies (including finance ministries, central banks, and development ministries), and civil society organizations. As the recent IEO evaluation noted, the Fund provided only 2 percent of total global CD support by development partners across all developing countries in 2020. Given the evolution of Fund priorities, changing global context, and member needs, mapping Fund CD vis-à-vis other providers can help assess its comparative advantages, informing CD prioritization and collaboration to increase its impact.

**7. This background paper provides some contextualization of Fund CD relative to other providers.** The assessment is informed by a broad-based survey of CD recipients and other CD providers and a survey of the Fund’s CD partners. Furthermore, staff conducted extensive outreach consultations with other CD partners and received inputs from CD delivery departments on various CD workstreams. The paper is structured as follows. Section I provides a high-level summary of the Fund’s comparative advantages. Section II reports the major findings of the survey of CD recipients and other stakeholders. Section III highlights the views of the Fund’s various CD partners. Section IV covers major CD workstreams by the IMF’s CD delivery departments. Section V concludes.

## C. Comparative Advantages of the Fund

**8. Drawing on a range of evidence, this paper surveys information on CD to distill the Fund’s comparative advantages.** Deciphering comparative advantages of Fund CD has several benefits. The notion of comparative advantages vis-à-vis other providers can serve as a guiding strategic principle for medium-term CD prioritization. It can also inform potential coordination and cooperation with other providers to increase developmental impact in the member countries. Although Fund CD can add value in many areas, maximization of its impact requires prioritization of the areas where the Fund has comparative advantages.

**9. Close integration of Fund CD with its surveillance and lending is central to its comparative advantage vis-à-vis other providers.** This is particularly important in crisis situations where the Fund’s ability to quickly mobilize high quality technical advice reinforces its financial support. As noted in the IEO evaluation, CD-surveillance integration has been improving, particularly in heavy-user countries, but there is scope for further deepening. Area department teams regularly rely on CD to enhance country engagement and traction.

**10. CD can leverage the Fund’s convening power and high level of access to senior policy makers in member countries.** This allows the Fund to link member’s domestic policy agendas effectively with global trends, and direct CD to support key reforms. It is also highly valued by other CD providers and helps leverage their impact. [Listening to Leaders](#), a policy report by AidData, ranked the Fund as the most influential partner in shaping how national leaders prioritize their economic policy agenda (Custer and others, 2021).

**11. Fund CD is demand driven.** CD activities are anchored in the Articles of Agreement, which allow the Fund to perform “financial and technical services” consistent with the Fund’s purposes to member countries on request (IMF, 2020). Unlike many development partners, Fund CD provision is not conditional upon lending, allowing for more control over its prioritization and for CD to be informed by the Fund’s surveillance agenda and strategic priorities. Furthermore, CD delivery is voluntary for both the member countries and the Fund. This principle serves as the cornerstone for the Fund’s internal medium-term CD planning and prioritization cycle. The Fund is also able to promptly use its own resources for specific CD engagements of urgent or critical nature.

**12. Fund CD includes a set of diagnostic and assessment tools that can help design and coordinate the broader reform agenda.** The development and application of the tools draws on the Fund’s highly valued technical expertise and comprehensive country coverage, and these are the Fund’s greatest perceived value additions in the CD areas. Often, these also form the basis for follow-up CD programs from other providers.

**13. The Fund has a strong comparative advantage in macroeconomic policy-oriented training of government officials.** Very few other providers offer a similar product, and it is highly valued by member institutions. By improving human capital in key national agencies, this training has a national and global public good aspect.

**14. While the features noted above reflect relative strengths of Fund CD, the Fund is often not the exclusive provider.** Other CD providers also share some of these features. Applying the logic of the theory of comparative advantage, it is instructive to enquire how to balance the opportunity costs of engaging in various areas of CD delivery and prioritize among them, how to ensure that the emphasis remains on the areas of absolute and/or comparative advantage, how best to explore synergies with other development partners to maximize mutual gains and impact of CD.

#### D. Views of Recipients and Stakeholders

**15. A double-blind survey conducted by AidData corroborated earlier findings on the value of Fund CD** (see text box on CD Survey). The double-blind design of the survey ensured that the results were not biased by the respondents’ knowledge of the agency that has commissioned the survey. The beneficiaries’ positive views on Fund CD are in line with the conclusions of the IEO evaluation survey, CD outreach discussions carried out by staff with a range of development partners, and the Fund’s CD delivery departments’ self-assessment.

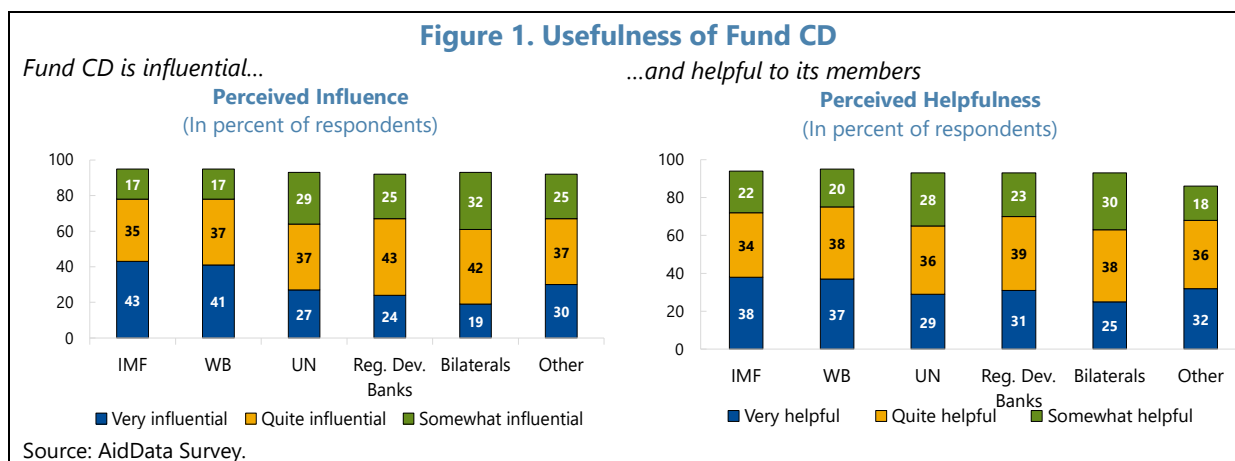
**16. Fund CD is considered both influential and helpful.** The size of the Fund’s CD footprint vis-à-vis other providers is relatively modest, with only 13 percent of respondents indicating they received CD from the Fund in the past five years, compared to 41 percent who said they received assistance from the UN or 29 percent who received assistance from the World Bank. That said, Fund CD ranks among the highest in terms of influence and helpfulness of its CD interventions. Specifically, the Fund’s efforts to shape domestic economic and financial policy through CD was ranked as “very influential” by the highest number of respondents (43 percent), comparable only to the World Bank (41 percent), and ahead of others (around 25 percent of respondents) (Figure 1). Overall, nearly 95 percent of respondents considered the Fund’s CD engagements influential. Furthermore, Fund CD ranks the highest among CD providers as “very helpful” (38 percent) in supporting implementation of economic and financial policy changes. These findings are consistent with the AidData survey of recipient countries for the IEO evaluation: CD recipient countries clearly saw IMF CD as effective in achieving its stated near-term objectives (93 percent), in building institutional capacity (94 percent), and as having a sustained impact (90 percent).

#### CD Survey

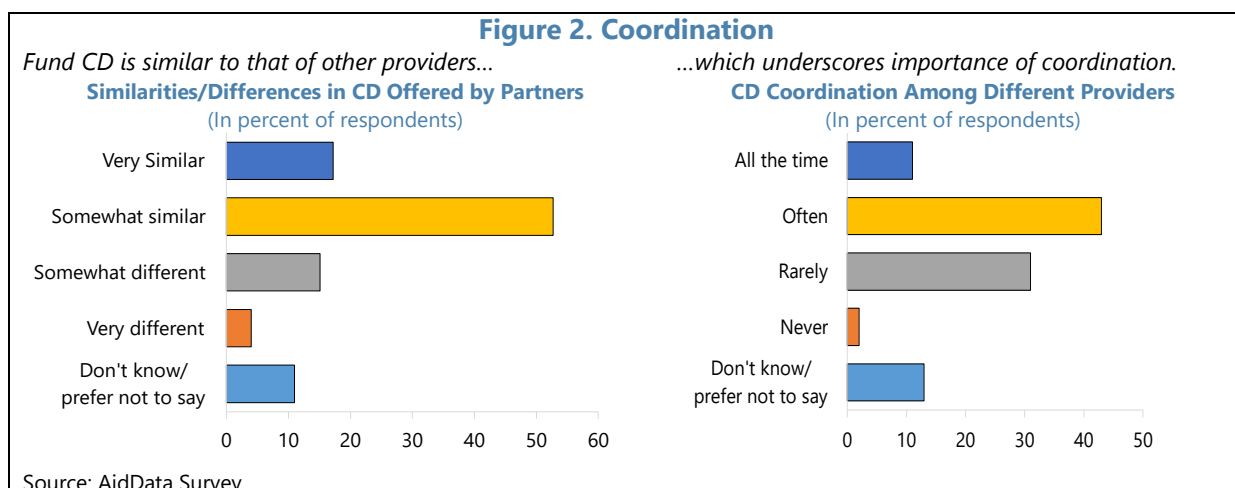
- A 20-question CD survey conducted in June–July 2023 by AidData, an international development research lab at the College of William and Mary’s Global Research Institute.
- The sampling frame was designed by AidData and included over 22,000 individuals in low- and middle-income countries.
- The survey received over 1,100 responses (5 percent response rate), broadly representative of the overall sample from 60 countries.
- The majority of the respondents (60 percent) were government officials, followed by independent CD experts (23 percent), and in-country representatives of development partners (17 percent).
- Over half of the responses came from African region (AFR, 53 percent), followed by Asia & Pacific (APD, 23 percent), European countries (EUR, 11 percent), Middle East & Central Asia (MCD, 7 percent), and Western Hemisphere (WHD, 6 percent).
- Nearly 80 percent of the responses came from countries prioritized by the IMF as heavy users of Fund CD.

**17. Overall level of familiarity of the respondents with the core of Fund CD was high.**

Around 40 percent of respondents indicated they were most familiar with public financial management (PFM), some 20 percent with macroeconomic statistics, around 16 percent with macroeconomic diagnostics and forecasting. Respondents were also familiar with other topics including revenue mobilization (14 percent), financial sector stability, financial supervision or regulation (13 percent), Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT, 11 percent), and central banking (8 percent). In terms of having direct experience with receiving CD in these areas, one-third indicated they received CD on PFM, followed by macroeconomic diagnostics and forecasting (18 percent), macroeconomic statistics (17 percent), financial sector stability, supervision or regulation (16 percent), revenue mobilization (13 percent), AML/CFT (13 percent), central banking (7 percent) and other topics (37 percent). Only around 20 percent of respondents indicated they were not deeply familiar with any of the economic and financial policy areas.

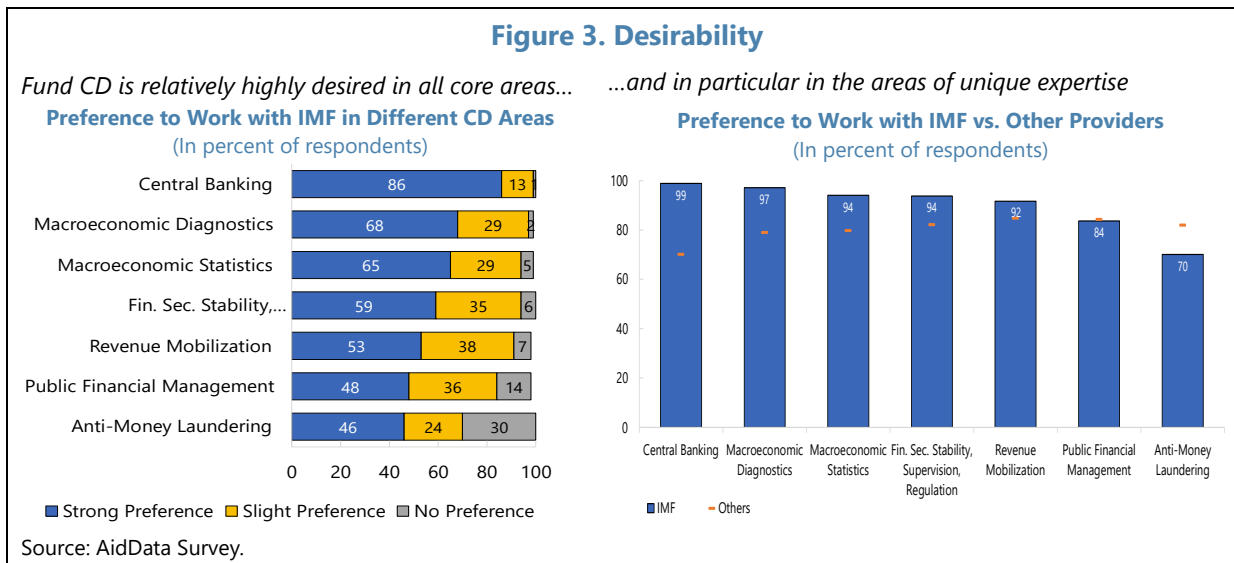


**18. Respondents noted similarity across CD products of different providers and highlighted the importance of coordination.** Nearly 70 percent of respondents indicated that CD products offered by different providers are either somewhat or very similar, and 20 percent said they are either somewhat or very different. Almost unanimously (96 percent), the respondents highlighted the importance of coordination among CD providers in their countries. While 44 percent of the respondents noted that they observe coordination taking place often, one-third reported CD coordination occurs rarely or never at all (Figure 2). This finding reinforces the need for effective coordination of all CD activities among development partners, an important and long-standing lesson for the overall development architecture.

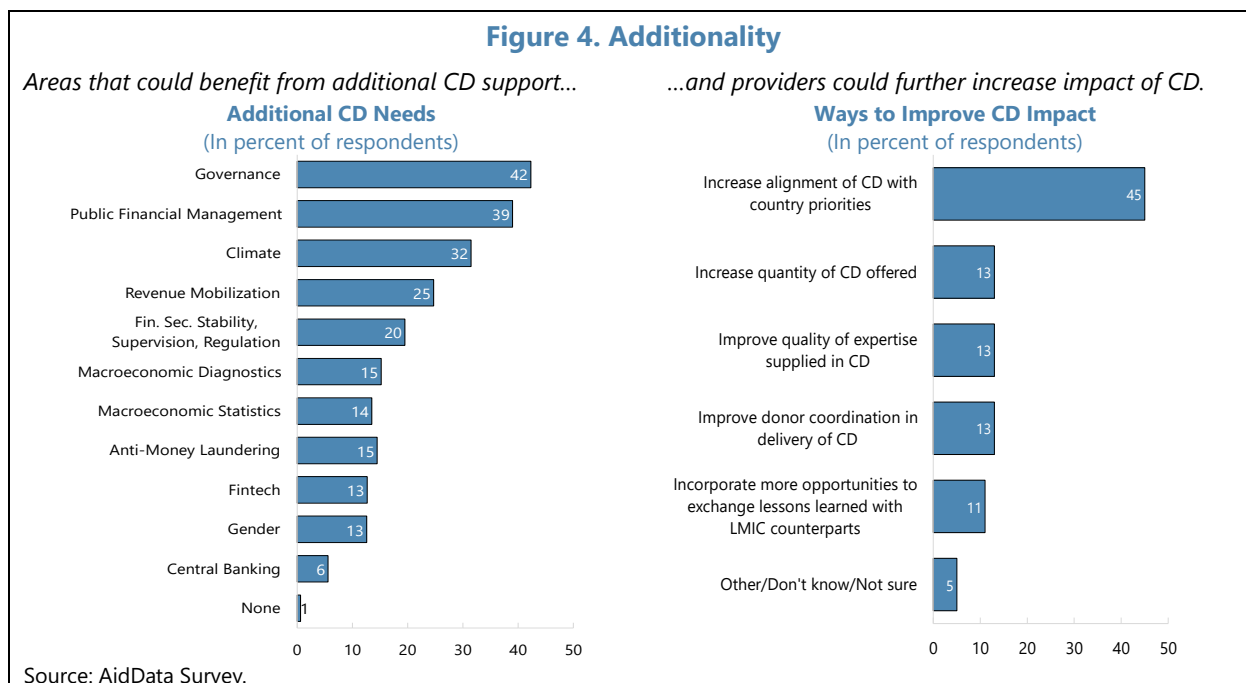


**19. Fund CD is highly demanded, particularly in areas where the Fund possesses well recognized and/or unique expertise.** The survey respondents indicated their high regard for Fund CD in most topical areas—both in areas that other CD providers are active (e.g., PFM) and in areas with limited number of providers (e.g., central banking). This inquiry into specific CD areas included drill-down survey questions to respondents, who indicated they possessed expertise in the respective areas (Figure 3). The respondents registered their clear preference for Fund CD in central banking, macroeconomic diagnostics and statistics, financial sector stability, regulation and

supervision, and revenue mobilization. At the same time, the majority of respondents listed the Fund as a highly desired provider for CD in the areas of PFM and AML/CFT.



**20. Survey respondents cited governance, PFM (including debt), and climate work as the top three areas where additional support might be useful.** Other key areas included revenue mobilization, financial stability, supervision and regulation, macroeconomic diagnostics/forecasting, and statistics (Figure 4).



**21. Close alignment of CD assistance with country priorities is by far the most frequently cited measure for increasing the impact of CD.** Over 40 percent indicated this would be the most useful step that CD providers could take to improve their CD activities related to economic and financial policy. Other measures include increasing the volume of CD delivery and ensuring high quality of expertise provided through CD. In parallel, improving donor coordination and incorporating more opportunities for knowledge exchange among counterparts in lower-middle income countries on their policy initiatives and experience with CD assistance would also contribute to the greater impact of CD engagements.

### External Advisory Group Feedback

**22. The External Advisory Group (EAG) have also provided their views on the Fund’s comparative advantage in CD.**

According to the EAG, the Fund’s strengths include its deep access to key government institutions, high-quality CD, and its ability to source trainers from other reputable institutions. In their view, the Fund could improve its CD by being mindful of the wider ecosystem for policy formulation and implementation, including through engagements with academia or the media.

The Fund’s ability to provide ongoing support in a systematic manner is a key area of comparative advantage, and increased engagement with non-governmental stakeholders would be beneficial in this regard. There are also several opportunities to make training more effective, including by leveraging online training to increase enrollment and participant flexibility, by incorporating more theoretical and econometric aspects into material, and by tailoring courses to the recipients.

#### External Advisory Group

- Formed to complement the 2023 CD Strategy Review (CDSR) and offer independent perspective and insights on Fund CD.
- Consisted of four members selected for their knowledge of CD and the Fund, diverse experience, regional, and professional backgrounds.
- Provided feedback on issues raised in the 2023 CDSR, particularly with regard to the progress made since 2018 and the direction of travel.

**23. The EAG suggested clarifying the Fund’s role in the new priority areas as a primary producer or a user of knowledge.** While the EAG did not identify any specific area where the Fund should be doing less CD, they suggested the Fund should look for ways to better coordinate with other organizations on newer priorities (e.g., gender, climate, digitalization) to avoid overlap and duplication. On these newer priorities, the emphasis should be on applying macro-criticality test and tailoring CD delivery to ensure its effectiveness. The Fund is seen by the EAG as well positioned to be a primary producer of knowledge on digitalization. On the other hand, in climate or gender, the Fund can embed these topics through its core areas of competence by leveraging the work done by other development partners with comparative advantage of the primary producers of knowledge in these areas. Above all, the Fund should focus on its core mandate, incorporating new priority areas when they reach the level of macro-criticality.

## E. Views of the Development and CD Partners

### Partners Survey Results

**24. The survey suggests a general consensus that Fund CD adds most value in the “traditional” core areas of Fund expertise.**

Macroeconomic analysis and forecasting, public financial management, domestic revenue mobilization, cash and debt management, monetary policies, financial sector regulation and supervision, good governance, as well as stronger statistical capacity and legal underpinning for reforms all feature prominently in the responses of all survey participants. CD partners expressed their strong preference for the Fund to focus on its core areas. At the same time, the partners welcome engagement and see a valuable role for the Fund to play in the new priorities and focus areas such as digitalization (e.g., central bank digital currency), climate, fragile and conflict-afflicted states (FCS), and gender issues. Lastly, some respondents considered advice on geoeconomic fragmentation, Article IV reports, financial sector assessment programs (FSAP)—all of these not considered CD in the strict sense—as highly valuable, highlighting the complementarity and synergies between CD and other Fund activities (surveillance and lending).

#### Development Partners Survey

- Conducted by the Fund’s Global Partnerships Division in ICD in the summer of 2023.
- Received descriptive responses from over 20 of the Fund’s long-established and new development [partners](#) (40+ agencies that have made financial contributions to the external pool supporting the Fund’s CD).
- The questionnaire focused on strengths and priorities of Fund’s CD, collaboration with other providers, and impact assessment.

**25. CD partners are supportive of a strategy with periodic and evolutionary shifts towards underserved areas and away from those with limited value added.**

Commenting on CD provided by Fiscal Affairs Department (FAD), some partners suggested greater emphasis on public investment management while others suggested more CD on “greening” PFM. As to CD provided by Monetary and Capital Markets Department (MCM), greater emphasis on financial supervision capacities and central bank communications was suggested. Furthermore, partners urged a holistic approach to mainstreaming new priorities in the core areas of expertise. On climate, given the respective agencies’ comparative advantages and resource scarcity, some partners viewed the Fund’s CD adding most value on strengthening member countries’ fiscal resilience to climate-related shocks, macroeconomic effects of climate policies, analytical work on energy security, and climate stress testing of financial sector institutions. Furthermore, partners highlighted the importance of tailoring. For example, recognizing the FCS are often the ones in most need of CD assistance but are also the ones hardest to reach and gain traction with, partners strongly encouraged more tailoring to the country context.

**26. Development partners typically diversify and complement their engagement with the Fund by engaging with other CD providers working in similar topical areas.**

Many of the Fund’s CD partners have bilateral CD arrangements (sometimes through other branches of the government or government agencies) with select country authorities, which serves well to facilitate

complementary CD engagements by the Fund and vice versa. Among notable development partners who support CD in various macro and sectoral issues are the World Bank, other multilateral development banks, OECD, Bank for International Settlements (BIS), UN agencies, Alliance of Financial Inclusion (AFI), Instituto de Estudios Fiscales (IEF), and private development consulting companies. In some cases, the Fund’s development partners are also themselves beneficiaries of TA from other agencies. All this provides fertile ground for coordination and collaboration on CD in a mutually beneficial way.

**27. CD partners expressed their support for various Fund CD initiatives.** The partners expressed their appreciation of the value of IMF diagnostic tools in setting the stage for CD engagements and of the increase in the role of e-learning tools in complementing CD delivery. Opportunities to expand cooperation often arise from the initiatives in new priority areas in which the Fund leverages its own resources with external financing. For example, one of the partners initially supported the Revenue Mobilization Thematic Fund (RMTF) but later expanded their support to two regional CD centers (RDCs) and the COVID-19 Crisis CD Initiative. Some partners emphasized the preference for relying on umbrella thematic CD funds like Global Public Finance Partnership (GFPF) (as opposed to mere deployment of long-term advisors) but cautioned against over-harmonizing CD financing vehicles at the expense of ability for some of them to specialize or support new CD ventures.

**28. Partners envisage continued evolution in Fund CD over the medium term.** They consider a focus on core areas of expertise, close attention to member needs, and increased responsiveness to the Board and other stakeholders’ important priorities. At the same time, in terms of delivery modalities, the consensus is for further enhancing the hybrid delivery model that emerged post-pandemic to maximize through. Partners also mentioned that post-pandemic and amid a higher-for-longer interest rate environment, the Fund should respond to the likely increase in demand for CD and diagnostics on such topics as governance, fiscal transparency, and debt management. They would also like to see clear linkages between specific topical CD (such as, for example, technical CD on tax administration) and broader developmental objectives, particularly in low-income countries (LICs) and FCS. In terms of geographic and topical coverage, partners often have their bilateral or regional and topical preferences. To meet these, a network of global partnerships with a broad base of partners becomes an indispensable asset in minimizing excessive dependence on a small number of external financing sources. Overall, some partners would favor a more sustainable funding model with lower risk of over-dependence on external financing.

**29. Partners expressed support for the Fund’s CD coordination practices and suggested further improvement.** No issues regarding how the Fund coordinates on CD with its established development partners were reported, but some noted that the same is not always the case with other CD providers. The partners appreciate the Fund’s efforts to strengthen coordination in the field and note that holding regular face-to-face briefing sessions for the partners and stakeholders resident in the country by the Fund’s CD mission chief is highly appreciated. Ideally, there would be a robust and comprehensive international framework for CD collaboration and coordination with other multilateral development banks (MDBs)/IFIs would be very helpful. But even smaller steps like



the Fund's more active engagement with existing coordination mechanisms (e.g., the [Platform for Collaboration on Tax](#)) would be beneficial. Some partners also noted the positive externality of collaboration and coordination that arises from the creation of broad multi-donor thematic vehicles like the new GPPF.

**30. Dissemination of information on Fund's CD can help improve coordination.** More active information sharing would help avoid duplication of effort and better calibrate CD delivery by other providers. Furthermore, best practice notes could also be prepared to highlight the cases of successful coordination, which could be scaled up (e.g., see Box 8 in the Overview Paper, profiling the case of Haiti, including the successful implementation of targeted joint monitoring matrix with key development partners). The Fund's resident representative in the country can also help improve coordination. Partners emphasize the need for the Fund resident representatives to play a close and substantive role in CD preparation and delivery. RCDCs are a good vehicle for regional coordination, and this should be utilized more by the Fund to serve as platform for peer-to-peer discussions and interactions among policy practitioners. That said, coordination mechanism needs to appropriately be flexible to respond to the local context. For instance, in absence of in-country resident representatives, experts in RCDCs who are closer to the ground can help area departments' coordination efforts.

**31. CD partners support more integrated, flexible, and tailored assistance to increase traction and impact.** In particular, many emphasized the importance of flexible implementation, with stronger reliance on available technologies (i.e., for hybrid or blended delivery), as well as coordination and engagement of other partners (both traditional such as the World Bank and non-traditional such as Civil Society Organizations). Integration of CD and surveillance/lending is fundamental for ensuring alignment with countries' priorities and local contexts. Partners support the view that continuous monitoring of demand for training can help calibrate training courses to the changing policy environment. Also, a greater leverage of the Fund's training alumni network could facilitate cross-pollination of ideas and knowledge, and ultimately improve impact. To this end, a networking platform could help better sustain training gains. Last but not least, regular monitoring and evaluation of CD delivery, growing quality and coverage of results-based management data should over time demonstrate progress in achieving the objectives and fulfilling the vision outlined for the Fund's CD.

### **Outreach Consultations with Development and CD Partners**

**32. Consultations with global CD partners (e.g., WB, European Union) and regional development banks (Asian Development Bank, African Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development) shed additional light on the Fund's comparative advantages.** While there may be some overlaps between the Fund or WB or DBs CD in a few areas, the collaboration is strong and there is a desire to further strengthen it. The Fund's CD is valued for its strategic high-level technical advice, on the basis of diagnostics and assessments, which partners like the WB, the ADB or other regional banks can complement with more intensive implementation assistance, often linked to their own projects or lending programs. The division of labor is clearer on monetary and financial sector CD where

coordination with the WB is more structured (owing to the joint nature of broad-based diagnostics such as FSAPs) and less so in select fiscal/new priority areas (e.g., climate), where overlaps are greater, including in funding sources. That said, there are ongoing efforts to better coordinate in some of the new priority areas (e.g., on digital/cross-border transaction with the WB). In terms of coordination, other CD providers see the Resident Representatives playing a critical role for successful CD coordination.

**33. Development partners expressed their appreciation for the unique feature of Fund CD—its integration with surveillance and lending.** Many observed that Fund’s high-level diagnostics and tools when combined with broader policy direction from surveillance and program operations provide very helpful guidance in designing overall reform and a roadmap for engaging other development partners, avoiding duplication, and improving CD synergies. Also noted was the importance of the Fund’s high-level influence for driving important reforms, with opportunities to engage in sectoral reforms arising during the Fund’s program arrangements. Partners urged care in ensuring that CD in the core Fund area retains their focus, while mainstreaming new global policy priorities (e.g., climate). Having a longer time horizon, especially in FCS, and covering areas where others lack expertise (financial, statistics) at greater intensity would increase the impact. Finally, field presence significantly aids collaboration with other partners and in this regard both RCDCs and Resident Representatives provide a very helpful coordination mechanism.

## F. Views of the IMF’s CD Departments

**34. This section summarizes the CD departments’ views on the Fund’s footprint in select workstreams.** The mapping exercise sought inputs from FAD, ICD, LEG, MCM, and STA.

### Public Financial Management (FAD)

**35. PFM CD focuses on sound budget institutions to support the formulation and implementation of fiscal policy.** It encompasses a wide range of topics that includes, macro-fiscal management and forecasting, fiscal risk management, budget planning and preparation, public investment management, budget execution, cash and debt management, and accounting and fiscal reporting. FAD also assists countries in digitalizing PFM processes and tools and developing PFM reform plans and revamping institutional arrangements, including the development and strengthening of legal framework for PFM and organizational restructuring. The overarching objective is to make the budget formulation process more strategic and policy oriented, budget

#### CD Departments’ Contributions

- Each of the Fund’s CD departments contributed sectoral notes on their select areas of CD engagement.
- FAD notes covered CD in (i) public financial management, (ii) domestic revenue mobilization, and (iii) climate.
- MCM looked into (i) central bank operations, (ii) financial sector regulation and supervision, and (iii) digital money.
- STA covered (i) real sector statistics, and (ii) external sector statistics.
- LEG analyzed (i) financial and fiscal law, (ii) governance and anti-corruption, and (iii) AML/CFT.
- ICD covered macroeconomic training and TA.

execution more robust, public investment more efficient, the analysis and management of fiscal risks more comprehensive, and fiscal reporting more comprehensive, reliable, and transparent. Emerging topics, such as climate change, gender, and digitalization of PFM, are increasingly occupying a greater share of FAD's CD work.

**36. FAD also provides expenditure policy CD,** including wage bill management, fuel subsidy reforms, pensions, public finances for education and health policies, social protection, expenditure reviews and sustainable development goal costing. In addition, FAD builds capacity in the ministries of finance by providing training as part of medium-term CD engagements.

**37. There is presence of other development partners in the delivery of PFM CD.** They operate in several of the sub-topics of the PFM workstream, especially at the regional/country level where they have established presence in the field. At the same time, the share of the Fund's PFM CD is assessed to be relatively higher in macro-fiscal issues and policies, PFM strategies and action plans, fiscal risks, and core PFM functions (budget preparation and execution, treasury and cash management, accounting, and reporting). FAD also provides substantial support on public investment issues, with attention to budgeting of public investments. On expenditure policy, the share of Fund CD is highest in AFR region, which has been systematically prioritized for delivery of this assistance.

**38. Other CD providers tends to cluster around their priority geographic or country grouping areas.** The World Bank, the EU, GIZ, African Development Bank (AfDB), and France (through AFD and Expertise France) are most actively working in the PFM area in FCS and highly indebted LICs in AFR. In addition, USAID, UK Department for International Development (DFID), Norway, Sweden, UNDP, and UNICEF are also active on PFM CD delivery in these countries. PFM CD work in EUR is largely focused on Southeast and East European countries with the EC, SECO, and some individual countries like the Netherlands or Finland among the active players, along with the World Bank, OECD Sigma, EBRD, and local offices of the EC. The main other players on PFM in APD are the World Bank and the Asian Development Bank (ADB). The World Bank, the EU, USAID, GIZ, ADB, SECO, and France are all active in the MCD countries. The World Bank is one of the main other providers of CD on expenditure policy work across the globe (although the focus of its engagements is often short term, and Inter-American Development Bank (IADB) is active on this topic in WHD.

**39. There is scope for both overlaps and complementarities with other development partners in the PFM CD space.** The most likely areas of overlap are budget preparation, state-owned enterprise (SOE) governance and oversight, internal controls, accounting, and fiscal reporting. At the same time, with good coordination, there is substantial complementarity. Some success stories include cases where FAD provides comprehensive assessment of a country's PFM/Public Investment Management (PIM), and other partners focus on the implementation of identified reforms at the institutional level or where FAD focuses on building capacity in the ministry of finance while other partners complement that with CD to other sectoral ministries or subnational governments. Cooperation with other providers also works well on the development of PFM strategies and action plans. Another case of effective complementarity is when other providers work

on such essential elements of PFM framework as procurement or audit, which are typically excluded from the Fund’s scope of CD on PFM. Also important are the cases where other development partners step in with financing either the Fund’s CD activities or PFM infrastructure and tools.

**40. Comparative advantages of the Fund’s PFM CD stem from its strategic focus, strong linkages to surveillance and lending, and high credibility with the authorities.** Fund CD in PFM is recognized for its strategic focus on macro-critical issues, taking a system-wide view of reform needs, and linking reform actions to policy priorities. It introduces modern PFM practices, often based on its own analytical work, relies on a strong knowledge base, with experts drawn from all regions of the world, as well as strong quality assurance practices through its sizeable in-house expertise. A focus on core PFM functions and a set of expenditure policy sub-topics (i.e., wage bill management, fuel subsidy reform, sustainable development goal costing, as well as pensions, social protection and public finances for education and health policy) has helped with the credibility with the country authorities, particularly in the LICs. Last but not least, the Fund’s commitment to flexibility and diversity of CD delivery modalities and financing are part of its comparative advantage.

**41. Key approaches to effective coordination and collaboration in the PFM workstream include regular interactions, joint work, and information sharing.** In particular, virtual or in-person interactions with other providers to share CD objectives, conclusions, and recommendations, to define and coordinate follow-up activities have proven useful. Joint delivery of Public Investment Management Assessment (PIMA) and the Climate Module of PIMA (C-PIMA) with the World Bank has worked well. Collaboration with the World Bank on debt management, GovTech and digitalization of public finance, and with the UN Women on gender budgeting have been helpful. Close collaboration at the time of developing PFM strategies is of crucial importance to the eventual success of CD delivery (e.g., PFM strategy and action plan for the Democratic Republic of the Congo was a successful joint effort of the authorities, the IMF, the World Bank, and all other development partners involved). However, coordination challenges may stem from the divergence in the agenda of different development partners, including from, for example, the horizon of engagement of development partners. Despite challenges with absorptive capacity, there have been cases of similar CD requests channeled to more than one provider which results in overlaps and even in conflicting recommendations.

### **Domestic Revenue Mobilization (FAD)**

**42. Domestic Revenue Mobilization (DRM) includes CD on tax policy and revenue administration with complementary CD on tax law design and drafting by LEG.** The tax policy, revenue administration (covering tax and customs), and tax law workstreams are highly integrated to support countries with their tax system reform. Key areas for tax policy CD are identifying and analyzing the revenue and economic implications of policy options, or measures to change the tax mix for equity and efficiency objectives. Revenue administration CD focuses on strengthening tax and customs administration capacity, particularly increasing compliance, implementing tax policies, adopting robust governance and strategic management frameworks, as well as modernizing core

operational functions. Lastly, legal CD focuses on drafting of laws and regulations in all areas of taxation, often during joint FAD/LEG CD activities.

**43. The Fund accounts for a significant share of global CD delivery in the DRM workstream.** In some other areas, such as aspects of international taxation and customs administration operations, Organization for Economic Co-operation and Development (OECD) and the World Customs Organization (WCO) hold dominant positions respectively, due to the nature of their specialization and standard setting role. Other providers include the World Bank, UN, regional development banks and tax organizations. Furthermore, some CD providers have been expanding their footprint in the DRM CD. Examples include, OECD's G20 Inclusive Framework serving as a steppingstone to provide CD beyond its core areas, UNDP has recently announced a new DRM program, ADB and African Tax Administration Forum (ATAF) both expanding their DRM CD. Bilateral CD through various organizations is also not uncommon. On customs administration, the volume of CD by other providers is large, but it is largely focused on trade modernization and illicit trade connected to organized crime and terrorism. Meanwhile, the Fund increasingly connects its customs CD to the DRM objective.

**44. Comparative advantages of the Fund's CD on DRM stem from the depth of its expertise and quality.** Very few development partners have as extensive in-house CD delivery capacity as the Fund. Furthermore, integration with the Fund's surveillance and lending functions and strong linkage between CD on revenue and expenditure are fundamental features that allow the Fund to provide integrated advice across the policy, administration and legal aspects of the tax system reform. FAD's CD strategy for FY23–FY27 envisages further steps to adapt CD delivery to the future demands by encouraging further integration with the Fund's area department work, making CD delivery model more flexible, tailored and agile. In particular, this involves customization of CD delivery to the country context.

**45. Coordination with other providers in the DRM area is important for efficiency and impact.** Given the strategic nature of the Fund's CD, other partners often look to the Fund take the lead on coordination. In this context, the [Platform for Collaboration on Tax](#) (PCT) has been serving as a tool for exchange of information on CD and analytical work between the four major players in the DRM CD area: the IMF, the World Bank, the UN, and the OECD. Coordination with other providers tends to take place at the country level through coordination groups and CD debriefings. FAD regularly engages on DRM with international and regional organizations, which helped develop and implement global DRM tools—Tax Administration Diagnosis Assessment Tool (TADAT), International Survey on Revenue Administration (ISORA) and Virtual Training to Advance Revenue Administration (VITARA)—with OECD, Inter-American Center of Tax Administrations (CIAT), and Intra European Organization of Tax Administrations (IOTA). Lastly, the coordination of the Fund DRM CD with development banks often facilitates financing for reforms recommended by the IMF (e.g., the World Bank support for the procurement of Integrated Tax Administration System (ITAS) in Sierra Leone and Liberia while the AfDB doing the same in Zimbabwe).

**46. That said, ensuring effective collaboration across the spectrum of CD providers in DRM needs continued attention.** The adoption of the [Addis Ababa Action Agenda](#) has served as a

nudge to expand DRM CD across the globe and created a highly competitive space with the growing number of providers, which in turn makes CD coordination more complex (UN, 2015). Specifically, the large CD providers often have no central CD monitoring function making it difficult to maintain a stable partnership. It is not always easy to see the full picture of all providers' activities even though the PCT's online integrated platform has gone a long way of providing a regular snapshot of the four participants' work in DRM CD.

## Climate (FAD)

**47. The Fund provides climate CD through a number of avenues, including mitigation support, PFM, and macro-fiscal analysis.** The Climate Policy Assessment Tool (CPAT) is used to provide analysis of the environmental, fiscal, economic, and distributional impacts of carbon pricing and a wide range of other mitigation policies. The CPAT and other models/databases (e.g., Vehicle Feebates Model, Border Carbon Adjustment Model, the Fossil Fuel Subsidy Database, and nationally determined contribution (NDC) conversions) underpin CD delivery to member countries in designing and implementing policies to achieve their climate goals. Green PFM framework helps to mainstream climate objectives into the overall PFM architecture and processes and the climate module of the Public Investment Management Assessment tool (C-PIMA) helps to identify steps to make PIM more climate-responsive. The Fund also provides streamlined comprehensive climate fiscal policy diagnostics and has developed the Climate Macroeconomic Assessment Programs (CMAP) to enable comprehensive climate diagnostic assessments. It should be noted that other Fund departments (e.g., MCM, STA) also provide climate-related CD.

**48. Climate considerations are now integral to core CD workstreams.** For example, tax policy advice often considers how revenue enhancing reforms can achieve environmental and climate mitigation objectives. This could focus on mitigation policies integrated in general tax reforms or on the rates and scope of existing excises that can be adjusted to better reflect the externality cost of fossil fuel consumption. Tax policy design for fossil extraction increasingly also focuses on how carbon taxation of direct greenhouse gas emissions can be incorporated into the fiscal regime to encourage a switch toward improved technology and relatively less emitting fossil fuels during the energy transition. There is increasing demand from member countries for advice on the tax policy regimes for minerals that are viewed as being critical for the energy transition.

**49. The Fund plays a leading role in analytics and country analysis and increasingly so in mitigation policies.** On climate PIM/PFM CD, the Fund is a substantial provider among the development partners. The Fund has also been in working towards mainstreaming climate across the traditional CD areas, in close coordination with the World Bank. For example, both CPAT and CMAP (initially known as CCPA) are joint World Bank-IMF products. Meanwhile, other providers' climate CD delivery may both overlap with and complement Fund CD. Apart from the World Bank, the main other providers are the regional development banks. Given that the development banks traditionally have strong in-country presence, they are well placed to accompany the implementation of PFM/PIM reforms related to climate.

**50. Comparative advantage of Fund CD in climate stems from its analytical strength.**

Another source of comparative advantage is the integration of Fund CD with other operations, including the recently established RST.

**51. Coordination and collaboration are critical, given the cross-cutting nature of the climate topic.** This is also important to avoid inconsistent advice on key climate areas. Joint analytic work, including model development, is a good practice in this regard. The World Bank participation in the PIMA/C-PIMA missions also ensures common understanding of PFM/PIM weaknesses and facilitates development of a reform strategy and action plan. Country-level coordination is most effective in supporting on-the-ground implementation of CD advice, for example on the environmental tax reforms or the fiscal regime for natural resource extraction.

**Central Bank Operations (MCM)**

**52. Central bank operations CD focuses on domestic market operations, central bank governance, and foreign exchange operations and market development.** Domestic market operations CD focuses on monetary policy implementation and operations, emergency liquidity assistance, collateral frameworks, and money market development. Central bank governance CD covers governance and operational risk management, currency issuance and management, central bank accounting, and transparency code. And foreign exchange operations and market development CD includes foreign exchange reserves management, foreign exchange operations of the central bank, and development of the foreign exchange market. In addition, complementary CD is delivered in collaboration with other divisions with MCM and/or LEG, including central bank legislation reform, digital money and central bank digital currency (CBDC), financial market infrastructure, and climate policy and collateral frameworks, amongst others.

**53. Other providers in this CD workstream offer complementary assistance, albeit they often have a more thematic or regional focus.** For instance, Deutsche Bundesbank provides an array of training courses for central bankers from around the world, the BIS provides CD on reserves management, and the Bank of England on monetary operations. Other providers include boutique consulting firm OGREsearch that focuses on monetary policy analysis and operations and the US Treasury. Complementary work is also done by Riksbank, Norges Bank, and the World Bank, and by FrontClear that particularly focuses on money market development in sub-Saharan Africa. Regional institutions like Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) also conduct training in reserves management and financial sector development.

**54. The Fund's comparative advantages stem from its network and depth of expertise and in-house tools.** In addition, a broad scope of experts working at the Fund and a pool of high-quality external experts, including current staff from central banks and supervisory authorities, with a plethora of experience that the Fund can rely upon through its external expert roster enable agile response to any CD demand in the central bank operations workstream from the member country authorities. This also facilitates coordination and collaboration with other CD providers, including through joint workshops. Cross-country information from the Fund's internal database also serves as an input to CD design.

## Financial Sector Supervision and Regulation (MCM)

**55. The Fund provides CD and policy advice on prudential regulation and supervision.** In this workstream, Fund CD focuses on the regulation and supervision of banking, insurance, and securities markets. Fund CD is informed by the Fund’s participation in the international standard-setting bodies, including on new developments such as fintech, cybersecurity and climate-related financial risks. While driven by country demand, Fund CD in this workstream tends to adopt in a programmatic way by taking a longer-horizon view. Specific areas of CD support in this workstream include Basel II and Basel III implementation, risk-based supervision (RBS), International Financial Reporting Standards (IFRS) 9 and in particular expected credit losses, cyber security and operational resilience, fintech (e.g., e-money, open banking, crypto-assets, stablecoins, peer-to-peer lending), regulation and supervision of securities intermediaries, insurance regulation and supervision (IFRS 17), and governance diagnostic assessments (GDA) in sequence with other CD engagements.

**56. The Fund’s comparative advantage stems from its global membership, close links with the international financial standard setters and staff expertise.** The multi-faceted relationship the Fund has with the members through its surveillance, lending and CD operations (as well as FSAP and financial sector stability review (FSSR) assessments) strengthens the Fund’s comparative advantage in this workstream. In addition, the Fund participates in the Financial Stability Board (FSB) and sectoral international financial standard setters and their technical working groups on development of global financial policy and international standards. The Fund conducts assessments of implementation of these international standards through four core principles assessments in its FSAPs (i.e., Basel Core Principles, International Association of Insurance Supervisors, International Organization of Securities Commissions, International Association of Deposit Insurers) across advanced, emerging, and developing economies.

**57. Fund CD in this workstream also benefits from Fund’s diagnostic tools and programmatic approach to CD delivery.** The overarching CD strategy is developed in coordination with the Fund’s area department country teams and guided by the Financial Sector Stability Review. FSSRs include diagnostic reviews, CD roadmaps and workplans, and follow-up projects tailored to the needs of recipient countries.

**58. This CD workstream is served by a number of other providers.** The World Bank, the Toronto Center, the US Treasury’s Office of Technical Assistance (OTA), and the Financial Stability Institute of the BIS are the main other providers of CD in this workstream. Notably, the Toronto Center and the OTA predominantly provide foundational training in bank supervision while their CD activities are limited in both in volume and in coverage of countries. The World Bank’s CD ranges from placing bank supervision experts in countries to providing technical assistance on a wide range of topics but its CD is limited by availability of donor funding unlike the Fund which utilizes both external and its own resources. The complementarity with the World Bank’s CD is clear in that it focuses on the financial market development and in some cases can also support market infrastructure financing and development. Meanwhile, the BIS provides foundational training (with free access to the authorities in LICs). This allows the Fund CD to focus on the more pressing technical issues in financial regulation and supervision.



**59. The Fund collaborates with many of the providers.** Effective coordination and collaboration include the Fund’s work with the World Bank and the BIS. For example, FSSR missions are coordination with the World Bank, including resulting TA workplans that ensure complementarity. Every year for more than 30 years, the Fund has been co-organizing with the U.S. Federal Reserve Board and the World Bank an international conference targeting mid-level supervisors. The Fund and the BIS co-organize a bi-annual symposium on TA that brings together TA providers, recipients as well as donors to discuss current and future TA needs. Nevertheless, challenges remain with regard to the availability of experts to meet the spikes in CD demand in fast-growing areas such as non-bank financial intermediation or fintech and cyber risk. The collaboration with the World Bank could benefit from further formalization of arrangements.

### **Digital Money (MCM)**

**60. The Fund actively participates in the policy dialogue and delivers CD on digital money.** Central Bank Digital Currencies (CBDCs) is one of the key areas of engagement with specialized advice and technical support offered on CBDC feasibility assessment, design, pilot testing, implementation, and supervision. In addition, the Fund has also been assisting member country authorities with adoption of other forms of digital money (e.g., e-money and stablecoins). These developments come hand-in-hand with improvements in financial market infrastructure such as setting up an instant payment system or opening access to payment systems for non-bank payment service providers. To assist member countries, the Fund supports drafting of national payments strategies and applicable regulations, developing payment supervisory and oversight frameworks. The Fund has also developed an [approach](#) to regulation of unbacked crypto assets or stablecoins (IMF, 2023b and 2022b).

**61. There are many other players in the broader area.** With respect to more traditional types of digital money (such as e-money) and related financial market institutions (FMIs), the share of CD delivery is approximately equally split between the Fund and the World Bank and there exists a potential for overlap. However, the World Bank is more active in working with the FCS, in particular on infrastructure development projects which the World Bank can also finance at least to some extent. In contrast, the Fund focuses more on countries’ CD requests on assessing macro-financial implications of issuing CBDC or adopting other types of digital money. Other institutions also work on CBDCs, including BIS which, however, does not directly serve LICs, Japan International Cooperation Agency (JICA) which provides digital money assistance in select countries in Asia. ADB is also supporting regional explorations on digital money with some Pacific states.

**62. Comparative advantages of the Fund’s CD in this area relate to its broad membership and experience with assessment of macro-financial implication of digital money.** The Fund’s traditional involvement in development of international standards for FMIs, its role as the assessor of countries’ financial sectors through FSAPs, and its ability to quickly build in-house expertise on digital money adoption are also factors in its comparative advantage. Through conducting FSAPs in advanced economies, the Fund keeps abreast of developments in these countries with respect to CBDC projects and is therefore well placed to channel experiences with digital money adoption from advanced economies to emerging markets and developing economies and LICs.

**63. There is a growing need for coordination of CD in digital money.** This could take the form of an international forum to share experiences and lessons, including on a wide array of policy implications. There is also a need for deeper investigation and coordination among international partners on digital money work, including but not limited to CD. To this end, there is a growing list of cases when CBDC CD delivery was organized jointly with the World Bank (e.g., Morocco and Haiti). Meanwhile, BIS representatives took part in the Sub-Saharan Africa regional conference on CBDC and crypto assets. However, reliance on information coordination efforts might prove insufficient due to the large numbers of country CD requests in this area. A coordination mechanism for the institutions to list their bilateral engagement and share views regarding CD traction would minimize risks of overlap and focus the efforts on countries where assistance is most needed and/or have a higher chance of achieving its objectives, in particular in the case of FCS.

### **Real Sector Statistics (STA)**

**64. Fund CD on real sector statistics focuses on improving the methodological framework and compilation practices for the datasets.** This work is underpinned by manuals and compilation guides that the IMF has produced in collaboration with other international agencies and covers the following areas: national accounts (quarterly GDP, annual GDP, financial accounts and balance sheets by institutional sector, and high-frequency indicators of economic activity), consumer price index, producer price index, residential property price index, commercial property price index, and export-import price indices. An intensive training program—mostly delivered through RCDCs and in collaboration with national statistical agencies—has been designed to support the TA in this area. The broader institutional priorities and data needs, especially in low- and lower middle-income economies and FCS, provide strategic guardrails for the Fund’s CD in this workstream. For example, the upcoming updates of the international statistical standards for national accounts will call for CD on data gaps for surveillance and policy analysis in the area of wellbeing and sustainability, digitalization, climate change, and informal economy.

**65. The Fund is a key provider of CD in real sector statistics among international agencies, both in terms of the range of core topics and the number of countries served.** STA’s TA in real sector statistics is geared towards addressing the methodological framework and compilation techniques for the core datasets. This strategic focus on methodology and compilation is meant to provide national statistical systems the basic framework to compile the statistics. The CD provided by other agencies may then cover additional areas relating to data collection that support the compilation of the statistics and includes CD to conduct household and economic surveys, and to develop business registers,. For example, the World Bank’s long-running Living Standards Measurement Study and the Bank’s CD on source data development that focuses on establishing business registers and supporting economic and household survey programs are very useful complements to the Fund’s CD on national accounts and consumer price index. On the use of Big Data, coordination with other CD providers will be necessary. The Fund is preparing training on the use of Big Data for macroeconomic statistics, which is to be led by IMF Big Data Center of Excellence to be established by STA in FY2025.

**66. The Fund’s real sector statistics CD is fully integrated with the work on methodological development.** This is a source of comparative advantage in that the country authorities are assisted through the Fund’s CD in adopting the latest standards that address important data gaps related to surveillance, lending, and broader policy developments. The Fund’s STA is a member of Inter-Secretariat Working Group on National Accounts (ISWGNA) that provides strategic vision, direction, and coordination for the methodological development and implementation of the System of National Accounts (SNA). It is also a member of Inter-Secretariat Working Group on Price Statistics (IWGPS) and a member of the Governing Board of the International Comparison Program (ICP). This allows for productive collaboration with other major players in this area such as Eurostat, OECD, UN Statistics Division, ILO, and the World Bank. Availability of external financing for the Fund’s CD in this area (particularly through Data for Decisions (D4D) Fund) is a source of agility and enables STA to adapt and respond to the increasing CD demands given the importance of timely availability of accurate data for economic policymaking.

**67. Coordination, nevertheless, remains important, given resource constraints both on the side of national statistical agencies and CD providers.** STA’s long-term experts placed in the field play an important role in promoting coordination with the World Bank and other CD providers to prevent overburdening the national statistical agencies, avoid duplication of advice, and jointly identify the priority areas for CD. Recently, the Fund’s STA and the World Bank have implemented a more formalized coordination mechanism that allows the Fund to review the World Bank project concepts and work programs. Lists of contact points and regular meetings between HQ-based staff of the two institutions to identify priority areas for source data development and the timing of the data collection exercises. Looking ahead, the Fund could seek a more active role in designing the household budget surveys, given their importance for national accounts and for building the weights of the consumer price index.

### External Sector Statistics (STA)

**68. External sector statistics (ESS) CD helps member countries produce reliable and timely data for macroeconomic policymaking.** To address the call for comprehensive analysis of cross-border capital flows for macroeconomic surveillance, in addition to the Balance of Payments, the ESS CD includes compilation of various cross-border position data, such as International Investments Position (IIP) statistics, Quarterly External Debt Statistics (QEDS), Reserve Template, Coordinated Direct Investment Survey, Coordinated Portfolio Investment Survey data, and other ESS data sets with enhanced granularity. The ESS TA covers a broad range of issues from closing data gaps and safeguarding sound methodology to efforts to address legal and institutional constraints, such as promoting solid legal basis for production and dissemination of specific ESS datasets, ensuring resource availability, knowledge sharing, and fostering inter-institutional ESS source data provision.

**69. The Fund has an agile approach to ESS CD delivery combining various delivery modalities.** The ESS technical assistance delivery is complemented by training activity, most frequently in a blended form, combining synchronous and asynchronous training. The new trend in ESS training is to supplement lectures with customized compilation exercises, where participants are using their own country data. An intensive training program is mostly delivered through RCDCs.

However, ESS CD delivery is greatly enhanced due to the availability of multilateral (e.g., through Data for Decisions (D4D) Fund) and bilateral (e.g., Japan Technical Assistance Sub-Account and others) external financing. Availability of external financing allows the Fund to create and maintain countries' capacity to measure wider scope of the ESS and timely address emerging data needs (e.g., new labor and capital mobility trends, cross-border activities of multinational corporations, cross-border transactions related to countries' role in the global value chain, digital money, etc.).

**70. The Fund has a comparative advantage in providing ESS CD.** It is the sole or a primary author of the Balance of Payments Manual (BPM) and its related compilation guide, Remittances Compilation Guide, External Debt Guide, and the Guidelines for the Reserve Asset Template. It is a contributor to the Manual on Statistics of International Trade in Services and helps establish data standards on foreign direct investment. While the Fund is the sole provider of comprehensive ESS CD, it coordinates with other CD providers on specific issues—with the World Bank on QEDS and UNCTAD on Trade CD. STA's long-term experts placed in the field play a significant role in promoting coordination with the other CD providers and promoting complementarity of the ESS CD with the other CD workstreams.

**71. The Fund fosters coordination and collaboration with other development partners on methodological issues.** STA leads the IMF Committee on Balance of Payments Statistics that advises on methodological revisions and endorses collection of new data to address ESS data gaps. The Committee, and other working groups ensure productive collaboration on methodological issues with the Bank for International Settlements, European Central Bank, European Commission-Eurostat, Organization for Economic Co-operation and Development, UN Conference on Trade and Development, UN Statistics Division, and the World Bank. This is essential for the ongoing update of the BPM6, which will among others is to ensure that the IMF's data needs and key topics for surveillance (digitalization, climate, well-being, external sustainability, informal economy) are addressed in the updated manuals. Going forward, the Fund will provide CD to support members in adopting the new standards and producing relevant data the IMF surveillance and lending activities.

### **Financial and Fiscal Law (LEG)**

**72. Fund CD focuses on legal policy, design and drafting of legal frameworks for central banks, financial institutions and markets, as well as fiscal policies and institutions.** The financial and fiscal law CD is provided either on a standalone basis or in support of IMF-supported programs. Frequently, the delivery takes place in close coordination with either the Fund's MCM or FAD departments. TA is complemented by training activities in the same areas of law, typically targeting senior level lawyers in central banks, ministries of finance, financial sector supervisory agencies, tax administration authorities, and supreme audit institutions.

**73. CD on financial law cover monetary and macroprudential legal frameworks and financial sector regulation, supervision, resolution, and safety net.** In particular, the Fund's LEG provides advice to member countries on legal topics related to central bank governance, mandate, autonomy, transparency, payment system, issuance of CBDC, emergency liquidity assistance frameworks. Financial sector legal topics in CD cover the soundness and stability of financial

institutions and include advice on the alignment of legal regimes for financial institutions with international good practices, to the extent it is appropriate in the relevant members' circumstances. In addition, this also included advice on legal topics related to the regulation and supervision of financial institutions (with an emphasis on banks), deposit guarantee schemes, and resolution regimes.

**74. CD on fiscal law covers tax frameworks and PFM legal frameworks.** On taxation, LEG CD covers all main areas of tax administration and collection. Specifically, the areas of Fund expertise include taxation of income and profit, value added taxes (VAT) or goods and services taxes (GST), customs and excise taxes, environmental taxation, tax administration and procedures in international taxation, including international trade-related issues, as well as tax law frameworks for specific sectors (e.g., natural resources, financial sector, and securities and capital markets). On PFM, legal CD focuses on constitutional issues and advice on the adoption of legal and regulatory frameworks to promote fiscal and debt sustainability, transparency, and sound public finances. This encompasses the legal foundations of the budget process, fiscal responsibility frameworks, public debt management (PDM), public investment management, SOEs, and sovereign wealth funds.

**75. The Fund's comparative advantage is aided by its role in the global policy agenda development.** In certain areas, such as central bank legal framework reform and tax law reform, the breadth and depth of the Fund's LEG expertise is unique. Overall, the Fund's key role in the global policy agenda development in multiple areas—such as central banking, tax, banking and bank resolution legal frameworks, and PFM/PDM legal frameworks—enables it to provide integrated legal advice (e.g., on the governance of central banks with the dual mandate of ensuring price stability and contributing to financial stability, on the role of central banks when managing sovereign wealth funds, and on the development of local currency bond markets). The wide geographic reach, access to cross-cutting expertise within the Fund, and CD integration with Fund surveillance and lending are all contributing factors to the comparative advantage of the Fund's CD.

**76. Other providers include multilateral regional development banks and select country authorities.** The World Bank engages in legal reform related to banking and bank resolution, public debt management, state-owned enterprises, public-private partnerships, and public investment, and in certain aspects of international tax law reform. The ADB also provide CD on legal reform, including financial sector legal framework. The EBRD provides legal TA on overlapping subject matters, such as public-private partnerships and corporate governance. Country authorities themselves sometimes provide TA on overlapping topics to that of the Fund's CD (e.g., Pacific Financial Regional Technical Assistance Center (PFTAC) countries have been exchanging TA on law reform; the EU has "twinning" program for EU member states focusing on key aspects of the *aquis communautaire*). Complementarity with the Fund's CD typically arises when legal advice is provided to support policy recommendations provided by other institutions, when there are differences in the subject matter coverage or objectives of legal advice provided by others, and when coordination takes place at the international and cross-institutional level on matters related to international standards and good practices.

**77. Coordination and collaboration focused on seeking complementarity and leveraging synergies.** Coordination with CD providers outside the Fund at both project-specific and programmatic basis. For example, the Fund’s LEG is an active participant in the work of the PCT. LEG has also been working with the World Bank on many occasions (e.g., legal aspects of the public debt management reform) and effectively collaborating with the OECD, the UN, UNIDROIT Working Groups on Bank Insolvency, Basel Committee on Banking Supervision (BCBS), and FSB. While internal collaboration is well-established practice and tends to work smoothly, coordination and collaboration with outside providers could benefit from better formalization, in particular with regard to CD partner and provider coordination in member countries that benefit from multiple sources of CD.

### **Governance and Anti-Corruption (LEG)**

**78. Fund CD focuses on governance diagnostic assessments, direct CD on anti-corruption/rule of law, and regional training on the topic.** Governance diagnostics (GD) are meant to provide a holistic assessment of corruption and to map out recommendations for addressing corruption vulnerabilities. Direct CD engagements can then help with drafting anti-corruption legislation and regulations, building institutional frameworks with particular focus on asset declaration, conflict of interests, anti-corruption agencies, and strengthening judicial integrity. Regional training on governance and anti-corruption has been delivered through the regional training centers. In response to the COVID-19 pandemic, the Fund has also offered country-tailored CD on implementation of emergency spending-related safeguards, including measures aimed at publishing beneficial ownership information for procurement decisions and undertaking ex-post audits.

**79. Given the Fund’s mandate, CD in this workstream has a narrowly defined scope.** It is primarily focused on macro-critical weaknesses and associated corruption vulnerabilities in fiscal governance, financial sector oversight, central bank governance and operations, rule of law (i.e., contract enforcement and protection of property rights) and AML/CFT. Nevertheless, governance and anti-corruption CD delivery has increased consistently in the recent years. This is a reflection of the Fund’s comparative advantages due to its unique expertise in the priority areas and close integration of CD with surveillance and lending. Governance Diagnostics are increasingly playing a role in setting a strategic baseline for CD engagements.

**80. Several other CD providers operate in this area, including international and regional organizations, government aid agencies, and non-governmental organizations.** The World Bank, the UN Office on Drugs and Crime (UNODC), Organization for Economic Co-operation and Development (OECD), United Nations Development Program (UNDP), and International Development Law Organization (IDLO) all have a broader mandate and support variety of initiatives in governance and anti-corruption. Others, like the International Organization of Supreme Audit Institutions (INTOSAI), are offering targeted CD on strengthening governance. Regional organizations like the EU, the Council of Europe, the OSCE, and the Association of South-Eastern Asian Nations Parties Against Corruption (ASEAN-PAC), as well as the regional development banks (ADB, EBRD, and IADB) are providing similar assistance but typically focus on their respective

membership constituencies. The list of government agencies active in this workstream includes USAID (USA), GIZ (Germany), NORAD (Norway), Foreign Commonwealth and Development Office (UK), SDC (Switzerland), SIDA (Sweden), and JICA (Japan). Lastly, NGOs like the Basel Institute of Governance, American Bar Association, International Bar Association, CEELI Institute, Development Alternatives Incorporated, Creative Associates International and others receive donor funding to implement governance and anti-corruption projects.

**81. Coordination with other partners is key to ensuring effective and sustainable reforms.**

The highly fragmented nature of the CD landscape in this area creates potential for occasional overlap in CD activities. In addressing these challenges, the Fund's strong convening power has been instrumental to ensure productive collaboration. For example, while the Fund assists member states in developing regulatory and institutional frameworks, other providers, such as the World Bank, UNDP, EU, Council of Europe, provide trainings, support communication, provision of software and hardware for implementation. The Fund has also joined forces at the institutional level with the World Bank, UNODC, EU, OECD, and INTOSAI to ensure that CD activities routinely benefit from analysis, reports, and advice of these organizations, particularly on issues related to public procurement, SOEs, implementation of safeguards in emergency financing scenarios, anti-corruption, and the rule of law. At the operational level, collaboration with regional multilateral development banks and other development partners has enabled close coordination of CD efforts, facilitated gathering of inputs for surveillance purposes, and contributed to successful implementation of reforms.

**AML/CFT (LEG)**

**82. Fund CD assists member countries building their capacity in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).** This workstream includes TA, training, and knowledge sharing activities tailored to the specific needs of countries. CD engagements focus on enhancing the effectiveness of countries' AML/CFT frameworks, , improving countries' understanding of money laundering and terrorism financing (ML/TF) risks, strengthening the capacity of supervisors of financial and non-financial sectors (e.g., lawyers, accountants), enhancing the governance and capacity of financial intelligence units, using AML/CFT measures to support the fight against proceeds of corruption and tax crimes, analyzing and mitigating cross-border illicit financial flows, and bolstering international cooperation.

**83. The Fund's comparative advantages in AML/CFT CD reflects a set of factors.** First, Fund employs staff with specialized AML/CFT CD expertise and takes an interdisciplinary approach that is crucial for addressing the diverse aspects of AML/CFT. Second, the Fund's near-universal membership grants it a global perspective and reach, enabling the wide dissemination of AML/CFT best practices and learning from diverse experiences. Third, close integration with surveillance and lending inform the Fund's policy dialogue with its members and highlight the negative macroeconomic implications of financial crimes. Fourth, the Fund's strong partnerships with other international organizations, like the Financial Action Task Force (FATF), the World Bank, the United Nations, and Egmont Group of Financial Intelligence Units facilitate the coordination of global efforts in AML/CFT.

**84. Several international organizations complement the Fund’s AML/CFT CD.** The FATF sets global AML/CFT standards and provides training through regional bodies and its Busan training center, collaborating closely with the Fund. The World Bank integrates AML/CFT CD into its development programs, focusing on legal and regulatory framework strengthening, aligned with poverty reduction goals. The United Nations Office on Drugs and Crime (UNODC) offers CD and supports the implementation of international conventions against organized crime, jointly conducting training programs with the Fund. Regional development banks like the Asian, African, and Inter-American Development Banks offer financial resources and technical assistance to enhance AML/CFT systems regionally. These organizations work synergistically, each bringing unique expertise and resources to establish robust AML/CFT frameworks globally. Finally, private sector firms such as Deloitte, KPMG, PricewaterhouseCoopers, Ernst & Young, and various consultancies provide specialized AML/CFT CD, consulting services, and technological solutions, assisting in mutual evaluation preparations and addressing identified deficiencies. These firms collaborate with governments, financial institutions, and regulators to enhance AML/CFT system effectiveness.

**85. The Fund actively engages and consults with other development partners.** Coordination occurs through multilateral and bilateral meetings at FATF and its regional bodies' plenaries and events, as well as through ongoing dialogue with counterparts during the Fund's lending programs, Article IV, and FSAP consultations. The Fund also works closely with FATF, particularly in standard setting and mutual evaluation. The good practices on effectiveness of CFT policies that have been developed through collaboration with various international organizations (UNODC, UN Counter Terrorism Executive Directorate, and Europol) and incorporate insights from FATF Secretariat and CFT experts are detailed in a recent [publication](#) (IMF, 2023a). However, coordinating with other providers poses challenges like information sharing barriers due to data privacy or security concerns, divergent priorities and approaches among different providers, and resource constraints. To overcome these, the IMF focuses on establishing clear coordination mechanisms such as regular meetings, joint planning sessions, and effective information sharing with relevant entities.

### **Macroeconomic Training and TA (ICD)**

**86. The Fund delivers macroeconomic training and TA to develop institutional capacity for macroeconomic analysis and forecasting.** Macroeconomics training accounts for about half of total CD delivery by the Fund’s ICD, with the core curriculum including Financial Programming and Policies (FPP), Macroeconomic Diagnostics (MDS), Fiscal Policy Analysis (FPA), Fiscal Frameworks (FF), Fiscal Sustainability (FS), Model-Based Monetary Policy Analysis and Forecasting (MPAF), Monetary and Fiscal Policy Analysis with DSGE Models (DSGE), Macroeconometric Forecasting and Analysis (MFA), Monetary Policy (MP), Exchange Rate Policy (ERP), and Managing Capital Flows: Macroeconomic Analysis and Policies (MCF). TA in this workstream helps develop a range of models and tools for structured macroeconomic forecasting and policy analysis in a range of institutional settings. This workstream also supports the integration of these frameworks into the decision-making process of CD-recipient institutions. It should be noted that MCM also provides some CD related to modeling, forecasting and policy analysis.



**87. The Fund accounts for a substantial share of macroeconomic training provided globally.** This share is somewhat higher in emerging economies than in the developing countries. Relative to other development partners, the Fund provides a range of tools of varying sophistication that facilitate increased tailoring, ownership, and absorption. The slight tilt in favor of CD on more sophisticated tools reflects the Fund’s specialization and the fact that foundational frameworks are also offered by other providers, which include the World Bank, regional development banks, as well as some bilateral partners. In this context, it should be noted that support from bilateral development partners, including within the central bank networks, can be quite flexible and tailored to the needs of specific counterparty, which highlights scope for potential collaboration. In other words, the work by other providers could facilitate and complement that of the Fund (e.g., collaboration with SECO on assistance to the Ministry of Economy of Uzbekistan, and with IADB on assistance to the MoF of the Dominican Republic).

**88. The Fund’s comparative advantages stem from quality of CD and its integration with surveillance.** At present, only the World Bank can offer similar high-quality tools but the Fund’s experience and capacity to tailor its assistance to the specific country needs remains strong.

**89. Coordination with other providers has been generally successful.** On some occasions, CD recipients successfully served as facilitator of direct coordination with other providers working in the same or in related areas. However, challenges to successful coordination often arise due to confidentiality clauses with the recipient of assistance, lack of flexibility in the TORs once approved, and insufficient appreciation on of the potential benefits of cooperation between different CD providers.

## G. Conclusion

**90. Fund CD is closely linked with its mandate, focusing on key areas to promote macro-financial stability and economic sustainability.** Although relative to total global CD support the Fund has a relatively modest footprint, demand is strong and impact is appreciated, given its focus and certain comparative advantages. In the core macro areas, the Fund enjoys several unique comparative advantages.

**91. A range of evidence shows Fund CD is highly regarded by CD beneficiaries and development partners.** One of the key comparative advantages of Fund CD stems from its integration with surveillance and lending. In this context, collaboration and coordination with the other development partners is critical for increasing the efficiency and impact of Fund CD, including in the new priority areas.

**92. Furthermore, the Fund’s convening power along with its expertise in the core areas reinforces the unique position of Fund CD vis-à-vis other development partners.** CD providers value the agenda-setting nature of Fund CD and often seek to lever their own work by partnering with the Fund or supporting implementation of its strategic advice. Within the core areas, Fund CD is guided by its surveillance and lending mandates, while being informed by and in coordination with other global and regional development partners. In the new priority areas, coordination with

other CD providers can and should inform how the Fund mainstreams them in its core areas, consistent with the Fund's place and the role it plays in the broader landscape of technical assistance and training services available to member countries.

**93. Across the board, CD recipients in member countries, CD providers, development partners, and the Fund's CD departments emphasize the importance of coordination.** Apart from the recognized benefits of avoiding overlap and duplication and ensuring additionality of CD efforts, effective coordination of CD work with other providers could also be perceived as a way for the Fund to dynamically maintain and adjust the boundaries of its own CD engagements vis-à-vis other providers. Fund's CD and area departments are aware of this and dedicate substantial efforts to coordination, collaboration and cooperation on CD delivery, albeit to a different extent and with various levels of success across workstreams surveyed. In the next five years, work should continue on making coordination more systematic, including through further leveraging the Fund's increasing field presence.

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