MONETARY AND
CAPITAL MARKETS

CAPACITY DEVELOPMENT ANNUAL REPORT 2021

"The Fund will tailor CD delivery to continue responding to the pandemic while stepping up work on medium-term agendas to build stronger institutions for a more sustainable and resilient recovery. This will be done through virtual and in-country CD, once travel restrictions are lifted; updated training curricula, peer-to-peer workshops, and webinars; and expanded online learning. We will reflect on the experience with virtual CD, including the challenges posed by time differences and connectivity limitations. We will continue to strengthen the Fund-wide governance of CD, including by deepening the integration of CD with surveillance and lending and modernizing CD management and administration through intensified results-based management. We will reflect on the funding of CD and the partnerships it relies on and continue to diversify our partnership base to mitigate funding risk."

The Managing Director's Global Policy Agenda, Spring Meetings 2021: Bolstering the Recovery, Countering the Divergence (IMF.org)

In the monetary and financial sector, the International Monetary Fund's (IMF) capacity development efforts focus on working with (i) central banks to modernize their monetary and exchange rate frameworks and policies, (ii) financial sector regulators and supervisors to strengthen financial systems and supervision and support sustainable financial inclusion, and (iii) finance ministries to enhance public debt management and support sovereign debt market development. These efforts underpin macroeconomic and financial stability in our member countries, fueling domestic growth and international trade.

PREFACE

Antoinette Sayeh

Deputy Managing Director,
International Monetary Fund

Capacity Development (CD) is one of the Fund's core activities, alongside surveillance and lending, that helps member countries build strong economic institutions. IMF CD is aligned with our mandate for global economic stability and prosperity, the Sustainable Development Goals (SDGs), and other global initiatives that aim to strengthen the capacity of government institutions to conduct more effective economic policies. CD is demand driven and accounts for about a third of the IMF's activities. Half of IMF CD goes to low-income developing countries and a quarter to fragile and conflict-affected states (FCS). More than half of IMF CD is externally funded by our partners through bilateral and multilateral arrangements. The IMF delivers CD through bilateral projects and a range of regional and thematic multi-partner vehicles.

Since the start of the global pandemic (COVID-19), the IMF has provided CD support and policy advice to most Fund member countries to address immediate challenges encountered during the lockdown. Virtual CD support for longer-term objectives also continued. The economic fallout caused by the pandemic could be with us for many years to come, and the IMF is committed to supporting its member countries to strengthen economic institutions which are critical to the formulation and implementation of effective policies.

The FY 2021 Annual Report highlights MCM's continued engagement in responding to member countries' critical needs in support of financial and monetary stability despite the difficult circumstances of COVID-19.[1] I am pleased to see how the IMF's Monetary and Capital Markets Department's core activities contributed to increased integration with surveillance and lending mandates, with a continued prioritization of CD activities on low-income, fragile, conflict-affected, and small states; while also harnessing the emerging areas of CD demand in the areas of climate change, gender, and fintech. As the recovery progresses, CD remains an important backbone by which our member countries can build on towards an inclusive and more durable growth.

[1] This report was prepared by staff from MCM's Technical Assistance Strategy Division led by Veronica Bacalu and Sipho Makamba under the guidance and supervision of Jennifer Elliott and Aditya Narain.

PREFACE

Tobias Adrian

Financial Counsellor and Director,
Monetary and Capital
Markets Department

It is my pleasure to look back on our past year in capacity development in the MCM Annual Report.

Reflecting back on the year we had, I take great pride in what we have achieved. CD is at the core of what MCM does—we are here to help our member countries build resilient financial sectors and much of that is long-term institution building that we do through CD. The level of activity in this past year tells a story of strong engagement in difficult circumstances—country authorities were grappling with the financial fallout of COVID-19, and priorities were shifting quickly, but the commitment to continuing work on financial sector resilience did not stop. The silver lining to the crisis has been our ability to be agile and responsive using technology—adapting to the virtual environment, adding to our toolkit with webinars and online training, and using our technology to engage more continuously with our country authorities. MCM long-term resident advisors have been key to our continued strong engagement with country authorities as they have mastered their CD planning and delivery by leveraging on their relationships and the trusted advisor role that became even more important in the mostly remote work environment.

As our report illustrates, we continue to take the best of the lessons learned and focus on our core areas but with a new emphasis on digitalization, for example, and a greater use of virtual modalities. Our CD work continues to be in high demand, and we look forward to further working closely with our member countries to ensure high-quality outcomes under the results-based framework.

I would like to thank our authorities for putting their trust in us, and I would like to especially thank our donor partners for entrusting us with their resources too. My final thank you is to all of the staff of MCM who bring their hard work, deep expertise, and commitment to this important work.

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SECTION VI

Case Studies

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BOXES

ACRONYMS AND ABBREVIATIONS

ABP	Annual Borrowing Plan
AD	IMF Area Department
AFRITAC	IMF Regional Technical Assistance Center in Africa
AFC	AFRITAC Central
AFE	AFRITAC East
AFS	AFRITAC South
AFW	AFRITAC West
AFW2	AFRITAC West II
APD	IMF's Asia and Pacific Department
AT	Analytical Tool
BIS	Bank for International Settlements
BOU	Bank of Uganda
BSL	Bank of Sierra Leone
CAPTAC-DR	IMF Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic
CARTAC	IMF Caribbean Regional Technical Assistance Centre
CBDC	Central Bank Digital Currency
CBS	Central Bank of Somalia
CCAM	The Caucasus, Central Asia, and Mongolia
CCAMTAC	The Caucasus, Central Asia, and Mongolia Regional Capacity Development Center
CD	Capacity Development
CDMAP	The Capacity Development Management and Administration Program
CDOT	IMF Capacity Development Office in Thailand
DMF	The Debt Management Facility
ELA	Emergency Liquidity Assistance
FCS	Fragile and Conflict-affected States
Fintech	Financial Technology
FIRST	The Financial Sector Reform and Strengthening Initiative
FMI	Financial Market Infrastructures
FSAP	Financial Sector Assessment Program
FSSF	Financial Sector Stability Fund
FSSM	Financial Sector Statistics Module
FSSR	Financial Sector Stability Review
FTE	Full-time Equivalent
FY	Fiscal Year
GDP	Gross Domestic Product
GFC	Global Financial Crisis
HQ	IMF Headquarters

ICD	IMF Institute for Capacity Development
IEO	IMF Independent Evaluation Office
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JVI	Joint Vienna Institute
LCBM	Local Currency Government Bond Market
LEG	IMF Legal Department
LLMIC	Low- and Lower-Middle-Income Country
LIC	Low-income County
LMO	Liability Management Operations
LTX	Long-Term Expert
MCM	IMF Monetary and Capital Markets Department
MEFMI	The Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MNRW	Managing Natural Resource Wealth Trust Fund
MOOC	IMF Massive Open Online Course
MTDS	Medium-term Debt Management Strategy
NBU	National Bank of Ukraine
NPL	Nonperforming loan
OECD	The Organisation for Economic Co-operation and Development
PICs	Pacific Island Countries
PFMI	Principles for Financial Market Infrastructures
PFTAC	IMF Pacific Financial Technical Assistance Centre
RBM	Results-based Management
RCDC	Regional Capacity Development Center
SARTTAC	IMF South Asia Regional Training and Technical Assistance Center
SCDI	State-Contingent Debt Instrument
SDG	Sustainable Development Goal
SDN	Staff Discussion Note
SEACEN	South East Asian Central Banks Research and Training Centre
SECO	Swiss State Secretariat for Economic Affairs
SMP	Staff-Monitored Program
STA	IMF Statistics Department
STI	Singapore Regional Training Institute
STX	Short-Term Expert
TA	Technical Assistance
TWG	BSP Technical Working Group

SECTION I

MCM'S CD MANDATE

SECTION I

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MCM'S CD MANDATE

The MCM CD Annual Report 2021 covers CD delivery to member countries during the fiscal year 2021 (FY21), a full year under the COVID-19 pandemic. Consistent with past annual reports, this report discusses MCM CD delivery during the unprecedented times of pandemic-induced crisis and highlights new growing CD areas such as financial technology (fintech), cybersecurity, digital currencies, payments, and climate change, including through case studies that illustrate our CD priorities and approaches. Recognizing the extraordinary events of the past year, the report also reflects on the operational challenges to CD work caused by the COVID-19 pandemic.

MCM's CD is guided by the Fund's CD policies. The most recent 2018 Review of the Fund's Capacity Development Strategy set two mutually reinforcing objectives of enhancing the impact and efficiency of CD. The CD delivering process is informed and guided by broader Fund policy, including The Managing Director's Global Policy Agenda (GPA) that defines the strategic direction of CD taking into consideration the evolving challenges facing the global economy (Figure 2). MCM contributes to all the areas defined in the GPA. The IMF's Interdepartmental Committee on Capacity Building regularly reviews the Fund's CD considering member countries' demand and overall Fund's priorities. Our CD also benefits from following the recommendations of the Fund's Independent Evaluation Office (IEO) that conducts regular evaluations of all aspects of our CD and helps ensure alignment with best practices. The IEO recommendations feed into designing and delivering a higher quality CD. In addition, MCM CD also benefits from the recommendations of the external evaluations funded by donor partners.

MCM's CD activities are guided by the MCM TA Strategy that is aligned with the Fund-wide strategic CD direction. The MCM's CD Strategy was adopted in 2011 and is updated every three years with the most recent one having covered 2017–20. MCM's 2017–20 CD strategy emphasized the focus on strengthening the value-added of MCM's CD work in each stage of CD life cycle, while stressing the need for agile responses to new CD needs, innovations in knowledge creation, management, and dissemination, and maintaining appropriate governance and accountability frameworks. The strategy served well in facing the current challenges when the modalities

FIGURE 1. CD GUIDANCE FRAMEWORK

MCM'S CD MANDATE

GPA
GLOBAL POLICY AGENDA

The April 2021 Agenda includes:

- Carefully calibrated policies and stronger international cooperation to safely exit the crisis
- Transformative policies aiming for fast convergence toward a green, digital, and inclusive future
- CD will contribute to strengthening institutions and policy implementation capacity

CCB
THE COMMITTEE OF CAPACITY BUILDING

Current priorities include:

- Support for FCS
- Financial market deepening for low-income countries
- Improved financial supervision/ regulation and monetary policy frameworks in emerging and some lower-income countries
- Strengthening CD to countries of Caucasus and Central Asia and Mongolia region

CD
CAPACITY DEVELOPMENT

MCM's core areas include:

- Financial sector supervision and regulation
- Central bank operations and payment systems
- Debt management and capital market development
- Monetary, foreign exchange, macroprudential policies, and capital flow management
- Crisis preparedness and management
- Financial stability/systemic risks

Source: IMF.org

of CD delivery caused by the COVID-19 pandemic had to be adjusted enormously. The main challenges to CD delivery emanated from uncertainties surrounding the evolution of the COVID-19 pandemic, which impacts all aspects of CD delivery from funding constraints to effectiveness of remote modality; the availability of financial and human resources, especially if demand rises, and the ability of country authorities to devote sufficient resources and attention to engagement on reforms.

SECTION II

HIGH-QUALITY TECHNICAL ASSISTANCE IN SUPPORT OF FINANCIAL STABILITY GOALS

SECTION II

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HIGH-QUALITY TECHNICAL ASSISTANCE IN SUPPORT OF FINANCIAL STABILITY GOALS

MCM recognizes that developing buy-in of country authorities who ultimately bear responsibility for undertaking reforms is key to delivering effective and impactful CD and therefore seeks to ensure CD work is designed around country requests. Experience and analysis suggest that the lack of ownership by stakeholders and the inability and "unwillingness" of CD recipients to translate policy advice into a well-sequenced set of complementary and focused actions can impede the success of CD. MCM works with member countries' areas of interest and seeks to ensure there is sufficient support for CD activities. In working with the authorities, MCM strives to adhere to its special role of trusted advisor, available when the authorities need assistance. Developing strong and effective CD relationships with authorities necessitates listening, understanding, translating theory into practice, and communicating clearly. It also presumes being available for consultation at a short notice, providing cross-country experiences, and training CD recipients adequately. MCM values relations with the authorities and appreciates that trust has a catalytic impact on CD absorption.

The success of CD delivery also depends on the appropriateness of the advice given to country and institutional circumstances. Common factors that may impede success include insufficient attention to the institutional, organizational, and managerial capacity in recipient countries; high staff turnover and the lack of absorptive capacity and adequate resources, especially in low income and FCS, to implement advice systematically; and inadequate customization of toolkits to meet the needs of less complex economic and financial environments. These factors are particularly pronounced in FCS, which creates challenges in effectively applying the results-based framework in these countries.

Tailoring CD to country needs compels us to employ a range of CD formats. Diversifying approaches to the way we respond to concrete needs expands the potential for a successful engagement. For example, often, and especially during a crisis, the authorities may turn to MCM with a concrete and focused question that must be resolved urgently. Being open to such a consultative role is key to deep engagements and trust. Regional workshops may bring together peer learning, sometimes prompting follow-up work on a bilateral basis. Longer projects over a period of years, including with the use of in-the-field advisors are appropriate to meet goals of implementing reforms. Such projects may include work with partner agencies, use of long-term advisors in the field, peripatetic missions carried out by short-term experts or other combinations. The key is to meet the specific needs with the right CD format.

The Financial Sector Stability Review (FSSR) is MCM's flagship programmatic CD product that is country-tailored, closely coordinated with authorities and CD partners (see Section VI, Case Study on Sierra Leone and Uganda: Key Lessons in Strengthening CD-Surveillance Integration). The FSSR allows for an in-depth analysis of financial sector vulnerabilities combined with an analysis of the countries CD needs and priorities to address those vulnerabilities. The FSSR diagnostic results in a CD roadmap for the medium term that lays out needs, including those CD needs that will be delivered by other providers, and then translates those into follow-up CD activities, in a project implementation plan that usually covers three years. The goal is to ensure substantial buy-in and ownership from authorities, effective coordination of activities of contributing stakeholders, and close monitoring to ensure effectiveness and impact. Launched in late 2017, the FSSR has quickly become a cornerstone of MCM CD work.

Expertise In Core Topic Areas and Evolving Needs

MCM relies on a strong pool of qualified experts to deliver high-quality advice. Recognized expertise is a key defining feature of the Fund's overall CD brand and reputation and underpins the credibility of our advice and CD activity. HQ staff bring a high degree of knowledge and experience to CD work and are recruited from central banks, academia, supervisory agencies and within the IMF. CD is also delivered by expert resident advisors or long-term experts (LTX) placed in member country institutions or in the Fund's Regional Capacity Development Center (RCDCs) and by short-term experts (STX), and MCM follows the same high-standard requirements when employing these experts. LTX hiring is subject to the same rules as those applied to staff. Depending on the CD demand and availability of expertise, the number of LTXs has been ranging from 45 LTXs in post-global financial crisis (GFC) years to 30 LTXs during the pandemic. STXs are drawn from a deep pool of individuals with long experience in the financial sector, including current and former officials of central banks, ministries of finance, debt management and supervisory agencies. Experts are interviewed and due diligence is undertaken to ensure their fitness for the prospective work. The use of outside experts is key to our ability to keep up with the most recent advances in the financial sector and central banking. MCM partners with more than 100 Official Sector Agencies across the globe to tap their qualified and diverse expertise to meet the TA and training needs of Fund member countries.

FIGURE 2. MCM'S CORE AND NEW GROWING AREAS OF CD

MCM provides CD across core areas of its mandate as well as emerging and growth topics (Figure 2). The demand for building capacity in MCM's core areas of expertise—comprising supervision and regulation, central bank operations, debt management, monetary, foreign exchange, macroprudential, and capital flow management policies, systemic risk analysis, and financial crisis management—has been steadily high in recent years. This demand has not abated despite the pandemic. In addition, new areas and themes have emerged in recent years that are closely related to the core areas and inter-twinned across many topics. These include fintech-related supervisory and payments issues, cyber risks, digital currencies, climate-related risks, financial inclusion, and gender-related issues in finance. As demand for advice in the growth areas has been rising, MCM has been building expertise, tools, and approaches to meet the needs in these areas. The evolving priorities and shifts in CD workstreams' focus are summarized below.

FINANCIAL SUPERVISION AND REGULATION

Building capacity in the financial sector supervision and regulation is a core area of MCM expertise that delivers the highest share of MCM CD (see Section VI, Case Studies on Haiti, METAC, PFTAC, Philippines, and Zimbabwe). MCM provides CD in a wide range of financial regulation and supervision topics and for different financial institutions (banks, nonbank financial institutions, securities, insurance). Basel II/III implementation, risk-based supervision, implementation of the Basel Core Principles for Effective Banking Supervision are central

"The support Georgia gets from the MCM CD is multidimensional. For the National Bank of Georgia, which requires specific skills that is not common to be found on the market, the CD trainings and missions proved to be very beneficial. We have received invaluable contribution from IMF experts in strengthening our financial stability framework, developing macroprudential strategy and enhancing policy communication. These together with the TA on stress testing was especially timely and helped us efficiently model COVID-19 shock impact on financial sector and plan immediate actions, resulting in resilience of the banking sector to pandemic-related shock. The TA mission on Foreign Exchange Policy Framework and Communications gave us useful and clear direction to enhance our communication and implementation of monetary and exchange rate policies. Furthermore, we are also benefitting from the MCM TA in the area of CBDCs, which, I believe, will be another example of successful cooperation between MCM and the NBG."

–Koba Gvenetadze, Governor, National Bank of Georgia

themes of TA delivery in the banking sector. MCM supports countries in developing and strengthening financial conglomerate regulation and supervision and assisting its member countries in other highly technical areas such as implementation of IFRS-9 and Expected Credit Loss approaches and Islamic banking.

The COVID-19 pandemic has highlighted that the financial stability benefits of timely and consistent implementation of the GFC reforms remain extremely relevant. The international standards developed after the GFC, the substantial increases in capital and liquidity requirements, and the built-in flexibility of the new regulation, have helped to maintain the resilience of the banking sector, minimize risks to financial stability and facilitate the flow of credit to the real economy. Supporting our member countries as they implement these regulatory reforms and strengthening the supervision framework remains key component of the MCM CD program in this area.

Training activities for financial supervisors are an important means of conveying advice and support to member countries on financial sector regulation and supervision topics. In addition to designing country-specific and regional training programs, MCM delivered training on multi-national and regional level as well as through online courses. The Supervisory and Regulatory Online Course for Banking Supervisors (SROC), for example, in partnership with the Financial Stability Institute has been successfully delivered for the last three years to over 1,000 participants from 100 countries.

MCM responded to challenges and changing needs of financial supervisors following the COVID-19 shock by preparing several guidance notes on regulatory and supervisory responses and supervisory actions/priorities. These notes covered supervisory issues across banking, insurance, and securities and aim to serve as a foundation for regulators and supervisors to build upon in their respective contributions to public policy and development of their own responses to the pandemic. Additionally, MCM prepared a joint position note with the World Bank for member countries regarding the financial regulatory and supervisory implications of COVID-19. This work formed the basis of bilateral and regional CD work.

To ensure international and regional coordination during COVID-19 pandemic, MCM partnered with LTXs to organize a series of virtual roundtables and webinars held in RCDCs. MCM staff presented on regulatory and supervisory policies to deal with the impact of the pandemic. The presentations included IMF recommendations and diverse practices across different countries. RCDC member countries participated in roundtable discussions on crisis policies and challenges, in addition to open question and answer sessions.

CYBERSECURITY

Building capacity among supervisors to manage cyber risks is one of the CD priorities of MCM. To meet growing demand from supervisors around the globe for technical advice on strengthening resilience to cyber risks, MCM has considerably stepped up building its expertise and increased CD delivery in this area through a number of diverse products and activities focused on the delivery of CD.

MCM's new Staff Discussion Note (SDN) on "Cyber Risk and Financial Stability" highlights major gaps that, if effectively addressed, could considerably reduce cyber risk and help safeguard global financial stability. An IMF Blog post "Cyber Risk is the New Threat to Financial Stability" highlighted the paper's calls for incorporating cyber risk into financial stability analysis; enhanced consistency in supervisory and regulatory approaches; stronger information on global cybercrime; and improved crisis preparation. The SDN also highlighted the Fund's CD efforts, which assist low-income and vulnerable countries in improving resilience and strengthening their systems for the benefit of everyone in this interconnected world.

MCM has adopted a three-pillar approach to providing CD on cybersecurity: the annual workshop on cybersecurity risk, funded by the Financial Sector Stability Fund (FSSF), focuses on emerging and developing economies with the objective to provide a forum to share experiences on addressing cyber risks and equipping supervisors with practical tools to enhance cyber resilience; periodic regional workshops targeted at regions covered by RCDCs; and bilateral CD projects that offer a deep-dive tailored analysis and recommendations to country authorities.

MCM CD strategy for cyber resilience focuses on low-income countries (LICs) and other low-capacity financial systems, that are typically the weakest nodes in global networks. As part of the strategy, new tools are envisaged for capacity development, including an online cyber course and a cyber supervision toolkit. The new tools are expected to increase the efficiency of CD delivery and facilitate wider reach and bespoke CD initiatives particularly for emerging market economies and LICs.

CLIMATE RISKS

Building capacity in tackling climate financial risks has emerged as high priority on MCM agenda. Central banks and supervisory authorities have become increasingly aware that climate-related financial risks are likely to be material and can be a threat to financial stability and price stability, but the journey to tackle climate financial risks has just started. During the next few years, it will be important to continue and accelerate the work to develop comprehensive supervisory guidelines, methodologies, risk indicators, and regulations for financial institutions. Supervisors will need to address the existing data gaps so as to ensure that they are able to effectively identify, assess, and address climate-related risks as part of their ongoing supervisory activities. This will take time, as we are deepening our understanding of the risks, and standards and methodologies being developed. But, for this effort to be successful, it is key to start building capacity now, as currently there is a structural lack of knowledge and skills to effectively assess climate risks in central banks, supervisory authorities, and financial institutions. MCM is adding the climate-risk angle to our financial sector supervision program and firming partnerships to increase supervisory capacity to tackle climate risk.

Delivering CD on climate risks is emerging as a high priority. So far, the focus has been on building expertise in this area, organizing regional webinars jointly with RCDCs, as well as participating in other high-level forums. One of such high-level webinars convened by the Toronto Centre for Global Leadership in Financial Supervision with leadership by MCM management explored ways to address climate change, and its potential impact on financial stability, in the context of COVID-19. The panelists concluded that central banks

Webinar on Innovative Ways to Address Climate Change and Sustainability Agenda by the Toronto Center and MCM during the 2020 Annual Meetings.

and finance ministries will be pivotal in helping mobilize green investments, and that policies are needed to help manage climate risk and to help cushion against the impact of climate change. Work is starting in the area of central bank operations that aims at building capacity of central banks to develop a strategic roadmap to better reflect climate and transition risks in their policies and balance sheets.

CENTRAL BANK OPERATIONS

Building capacity in central bank operations has been at the core of MCM mandate from the very beginning of its existence as the Central Banking Service. Over the years, this function has encompassed institutional and operational building of many aspects of central banking ranging from monetary operations frameworks and foreign exchange operations to central bank governance, banknote management, and managing the balance sheet and financial reporting.

Recent shifts in CD priority areas and CD tools to strengthen central bank operations are driven by the need to respond to current challenges facing central banks by guiding member countries on monetary policy conduct. These challenges relate to the ongoing changes in central bank mandates, more complex policy operations—including unconventional ones—in response to more complex macrofinancial environment, including climate change. The industry and the academic community have developed tools (non-linear econometrics, dynamic risk modeling, machine learning and big data, etc.) routinely applied in the financial sphere. At the same time, the technical level of our counterparts in member country central banks has also increased, stimulating the demand for technically advanced CD. Against the backdrop of a strong and persisting demand to build capacity in central bank operations, MCM continues tailoring the CD modalities and delivery to country needs and relying on placement of LTXs in single countries and in most RCDCs.

The main evolving areas of analytically driven central banking CD are:

- **Forecasting and modeling for central banking.** In FY21, MCM introduced modern forecasting techniques for liquidity management and the calibration of monetary operations.[2] The newly developed models were tested in Botswana, Djibouti, Jordan, Namibia, and the United Arab Emirates. One important innovation of this work is to forecast the conditional distribution of the variables that allows the policy maker to factor risk into their decisions. This approach is applied to liquidity forecast for the calibration of operations and the reserve requirement in different operational settings. Work has also started on assessing the impact of the change in macroeconomic variables "at-risk" (inflation, gross domestic product (GDP), and others) on central bank balance sheets. This is particularly relevant for central banks that have considerably increased their balance sheet size in the COVID-19 crisis. Finally, an advanced modeling framework based on Value-at-Risk estimate is used to identify optimal foreign exchange intervention triggers. The model was published in WP 2021/32, and several countries were interested in implementing this model. MCM and the IMF Information Technology Department produced a set of free and open-source software to help central banks implement the new quantitative tools and delivered hands-on training.
- **Managing systemic liquidity in fixed arrangements or transitioning to a floating exchange rate.** Many of our member countries operate fixed exchange rates without capital controls. MCM has developed a conceptual framework for liquidity management that is supportive of the exchange rate and monetary arrangements as well as market development and provided practical recommendations on methods to determine the policy rate and the interest rate corridor, forecast liquidity, calibrate instruments, and design the collateral framework as well as emergency liquidity assistance (ELA). This framework was first presented in a training course in the Center for Economics and Finance in Kuwait (CEF). Some of our member countries have received tailored advice on the transition from fixed to flexible exchange rate arrangements usually accompanied by assistance with developing capacity to implement inflation targeting.
- **Diagnostic tools for market development.** Working with countries to develop interbank markets and improve functioning of existing markets has been at the core of our central bank operations CD. This work typically involves much interaction with private sector market players, whom we interview during CD engagements. However, the quality of the information gleaned in interviews has had certain limitations due to the small pool of interviewees and the lack of rigorous methodology, and these were exacerbated during the remote working period. MCM responded to the challenge by developing comprehensive and systematic market survey, with an appropriate data infrastructure for collection and analysis. These surveys were used for both financial and non-financial institutions in Botswana, Costa Rica, Malaysia, and the United Arab Emirates. The surveys collect a set of feedbacks and systemically process the information received. This new approach has been particularly

[2] FY21 covers the period from May 1, 2020 to April 30, 2021.

useful for articulating our advice and triggered a lot of interest from the authorities.

- **Revamping collateral and ELA frameworks.** The COVID-19 crisis considerably increased the demand for liquidity, leading central banks to take additional risks to fulfill their financial and price stability mandates. MCM provided timely advice via a set of "COVID-19 notes" and seminars on how to broaden the collateral framework in an orderly fashion with particular attention given to the treatment of credit claims and less liquid assets. Advice on ELA was also refined focusing on the conditionality and monitoring framework, including funding plans and public communication. MCM staff developed a template for ELA in fully dollarized economies where the resources for providing liquidity are limited, emphasizing the importance of good governance and strict conditionality.

- **Digital central banking.** MCM is working to understand and provide advice on the implications of currency digitalization of central bank operation and risk management, including collateral provision. Besides the conceptual work, LTXs in each RCDC are proactively engaging with their counterparties on the implication of digital currency for policy implementation as part of the mainstreaming of the digital issue.

BOX 1. CENTRAL BANK'S GUIDE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)—CREATING VALUE THROUGH SOUND GOVERNANCE

The Central Bank's Guide to International Financial Reporting Standards (IFRS) provides central banks with a comprehensive model for enhancing consistency and transparency in reporting their financial position.

The initiative—a Financial Sector Reform and Strengthening Initiative (FIRST) funded project—kicked off in late 2019 with the English version being published by mid-2021. The goal of the project was to develop a tool that can be used by central bank staff and stakeholders as well as by IMF experts in delivering TA programs.

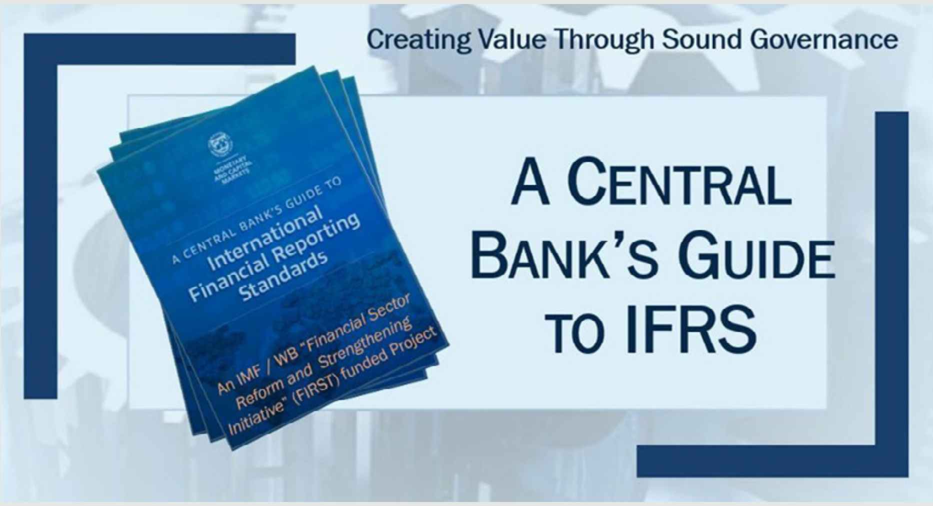
The guide was a collaborative project involving 3 technical experts and 13 participants from central banks of varying size and complexity and with representation from each region globally. Participants were chosen from central banks currently compliant with IFRS as well as those who have embarked on the journey to full compliance.

Based on a critical review of some 30 published IFRS-compliant central bank financial statements and the collaborative efforts of the central bank experts, the guide offers a model set of IFRS financial statements with accompanying accounting policies and full note disclosures.

The guide's easy to follow structure will be of interest to central bank board members, audit committees, operational and accounting staff, as well as external stakeholders and academics alike, whether they apply IFRS or not. For central banks seeking assistance in adopting IFRS, the guide provides a complete view of good practices financial reporting.

The guide aligns critical central bank financial disclosures—providing a more complete and meaningful description of the accounting policies, financial risks, and the financial impact on the operations of the central bank.

The project involved participants from 13 central banks with global coverage and represents a great example of collaboration among the IMF and central banks to produce a know-how product as a public good.



FINTECH

Fintech, the advance of digital money in particular, has transformed today's financial system and economic landscape. Fintech has the potential to facilitate broader access to finance, reduce the costs of financial services, and boost efficiencies. The emergence and growth of fintech and digital money has impacted financial sector business models and testing the effectiveness of current policies, regulations, and norms. At the same time, this digitalization brings a new set of risks to the financial system that needs to be addressed. The pandemic has accelerated digital money and payment advances since the use of contactless payments and online services were widely expanded in the pandemic as these technologies can reduce the risk of virus transmission.

Demand for fintech and digital money CD is growing exponentially, and MCM is committed to strengthen its capacity to provide CD on diverse aspects of fintech. This rapidly growing topical area involves expertise and collaboration across the full range of MCM's areas of work, namely, central bank digital currencies (CBDC), oversight, financial market infrastructures, cybersecurity, and central banking.

MCM has responded to the pressing demand for advice on fintech and digital money by strengthening staffing and expertise and developing research and analysis on fintech issues. Technical advice to member countries focuses on identifying and managing risks related to payments, currencies, financial market infrastructures, and oversight, while fostering fintech's potential benefits and exploring new solutions. Initial CD activities focused on workshops and training on topics including approaches to regulating and supervising fintech, the regulation of crypto-assets and stablecoins, the development of central bank digital currencies, the increasing use of Regulatory Technology ("RegTech") and Supervisory Technology ("SupTech"), and the regulatory implications of new innovations such as electronic money, mobile money, peer-to-peer lending, and Insurance Technology ("InsurTech"), as well as new policies and regulatory tools such as open banking and the use of regulatory sandboxes. On CBDC, bilateral technical assistance has been provided in a number of countries that focused on helping set up the conceptual and analytical frameworks on CBDC, learning about best practices from other countries' experiences, and understanding cross-border implications of CBDC and privately issued digital currencies. This CD also assesses interrelated issues, such as the adequacy of legal, regulatory, and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework foundations and reviews cyber-security considerations underpinning the decision whether to issue CBDC or not (Box 2).

MCM delivered a first hands-on advice on regulation and supervision of crypto assets (see Section VI, Case Study on Albania: Crypto Assets–Safeguarding Stability In Nonbank Financial Sector). Authorities of many countries are beginning to consider developing regulatory frameworks around crypto assets as the size and risk from crypto markets continues to grow. This CD allowed MCM to share recently developed policy advice in a hands-on manner. MCM comes to these projects not only with the ability to provide technical advice on relevant issues but also with a global view of different crypto regulatory regimes, as well as with sound background on the regulation and supervision of nonbank sectors which is very valuable for authorities.

BOX 2. THE RISE OF DIGITAL MONEY

As interest in public and private forms of digital money grows, as new offerings proliferate, and as adoption picks up, capacity development requests in this space are rising rapidly. An internal survey pointed to expectations of growing demand for capacity development and training in the areas of CBDC, payment strategies, digital risk management, legal issues, regulatory and supervisory frameworks including AML/CFT, as well as privately issued digital money, and digital strategies. The survey identified these needs as arising across member countries. MCM plans to play its part in the overall IMF strategy to step up efforts to serve the needs and interests of member countries in digital money. Specifically, MCM plans to work with other departments to:

- Significantly increase capacity development and training from HQ and RCDCs over the medium term.
- Engage with countries bilaterally to provide targeted frameworks to analyze the appropriateness and feasibility of leveraging digital forms of money. Moreover, assist countries regulate the space appropriately, and establish strong legal foundations. In addition, help countries evaluate the institutional set-up to support the introduction and regulation of new forms of digital money.
- Work with countries to evaluate the macrofinancial implications of digital money adoption at home and abroad, and to consider means of limiting currency substitution and strengthen the effectiveness of capital flow management measures.
- Assist countries in evaluating risks, including to cyber security and operations.
- Provide regional trainings and workshops.
- Organize peer-to-peer learning networks, in collaboration with other international organizations, for member countries to discuss experiences, pitfalls, and lessons, and explore common solutions in well-defined and rapidly moving areas such as the design and policy implications of CBDC.
- Systematically compare cross-country experiences and help spread design and policy lessons from the experience of such countries as the Bahamas, Canada, China, the Eastern Caribbean Currency Union, Estonia, Sweden, Singapore, Thailand, and the United Kingdom.
- Help countries collect and analyze data from their pilot projects to inform key policy questions.
- Create and maintain a strong online presence, including via the IMF's web site and social media channels, consistently highlighting the Fund's work in digital money, offering resources to the Fund's membership such as simple videos explaining key concepts.

DEBT MANAGEMENT

Capacity development activity on debt management assists member countries in the challenges of issuing and refinancing debt, developing medium-term debt management strategy (MDTS), and improving functioning and liquidity of local currency bond markets. The growing challenges of debt management resulted in new growth areas of demand for technical assistance, such as liability management operations (LMO) to mitigate refinancing risks, issuance of environmental, social, and governance bonds for instrument and investor diversification and reporting practice, and investor relations for improved debt transparency. TA and training have been effectively supported by published papers and knowledge products as well as the newly developed tools prepared jointly with the World Bank. As the pandemic took hold, CD was mainly centered around debt management response to COVID-19 and on new emerging themes in debt management. CD through advisory support and training on several debt management topics were provided in a virtual format to the beneficiary countries across the world.

Advisory support has been provided on the highly demanded areas that included:

- MTDS and its update and implementation.
- Annual Borrowing Plan (ABP).
- Local Currency Government Bond Market (LCBM) Development and its assessment framework.
- Monitoring of public debt liabilities.

Training activities have covered all regions in a variety of core and new areas related to debt management:

- During FY21, for example, MCM created and delivered a massive open online course (MOOC), in conjunction with IMF Institute for Capacity Development (ICD) and the World Bank, on developing a MTDS. As a CD instrument, it acts as a stepping-stone for participants to in-person and virtual MTDS training. The MOOC course is delivered through the IMF's edX platform and provides a grounding in the use of the MTDS framework and use of the Analytical Tool (AT). The first iteration of the course, for government officials, ran in January to February 2021, with 175 participants passing the course and registering some of the largest learning gains seen in IMF online training. The second run of the course, which started in May 2021, was made open access, allowing the general public to participate.

- Focused training course on "Debt Management, Debt Reporting, and Investor Relations" is being provided to enhance debt transparency by the sovereign. The course provides capacity building for debt managers on sound practices in debt reporting and investor relations to support debt management operations and improve public debt transparency. The course uses the *Revised Guidelines for Public Debt Management* as the foundation for discussing the key requirements and benefits of publishing comprehensive, accurate, and timely data on public debt, including through regular debt reports or bulletins. Officials are trained on the importance of transparency for effective investor relations, market development, and sound debt management.

The following themes have evolved in debt management recently and relevant papers will provide direction for MCM CD in this area as follows:

- **Issues in Sovereign Domestic Debt Restructuring.** This paper provides guidance on how debtor countries can mitigate the adverse effect from domestic debt restructuring. The restructuring process of sovereign domestic debt may afford more flexibility compared to external debt restructurings, but it faces unique challenges. Specifically, financial stability considerations underpinned by an inherently stronger sovereign-bank nexus play an important role in the design of domestic debt restructurings, requiring the policy response to include measures to safeguard financial stability.
- **Role of State-Contingent Debt Instruments (SCDIs) in Sovereign Debt Restructurings.** This paper provides a foundation for CD on developing targeted SCDIs for countries. SCDIs can play an important role in preventing (inefficient and costly) debt restructurings. In an uncertain macroeconomic outlook (such as one due to the COVID-19 pandemic), effective design of SCDIs can target specialized situations and improve the outcomes of debt restructurings.
- **Developing Government LCBMs.** This guidance note provides a comprehensive and systematic framework for LCBM development which helps country authorities to design a proper sequence of policy actions. Developing a robust and efficient LCBM can help to improve macro fundamentals, diversify government funding sources, and manage a country's risks by insulating its domestic economy from global capital market volatility.

BOX 3. DEBT MANAGEMENT: NEW CD TOOLS

In FY21, MCM, in coordination with the World Bank, prepared the following new CD tools:

- **ABP Tool**—an Excel-based tool that will make MTDS training more effective by giving hands-on exercise on how to generate an annual borrowing plan linked to the Medium-Term Debt Management Strategy Analytical Tool (MTDSAT). MCM introduced this ABP tool at the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) Regional Workshop on MTDS (April 2021), and it was very well-received by the participants and experts.
- **LCBM Diagnostic Framework Tool**—an Excel-based tool that will help the authorities or TA providers analyze the country's development stage of LCBM in a systematic way. This tool helps to identify the area where the most help is needed by calculating the development stage of each building block in a heatmap. This tool will help design effective TA roadmap based on each country's specific diagnosis. The tool was introduced in a joint IMF-WB-MEFMI mission one-week virtual workshop for 38 debt management officials from 10 MEFMI member countries (Angola, Botswana, Eswatini, Kenya, Lesotho, Malawi, Mozambique, Uganda, Zambia, and Zimbabwe). The workshop was carried out with funding from the third phase of The Debt Management Facility, as a pilot of a new training course in this area.

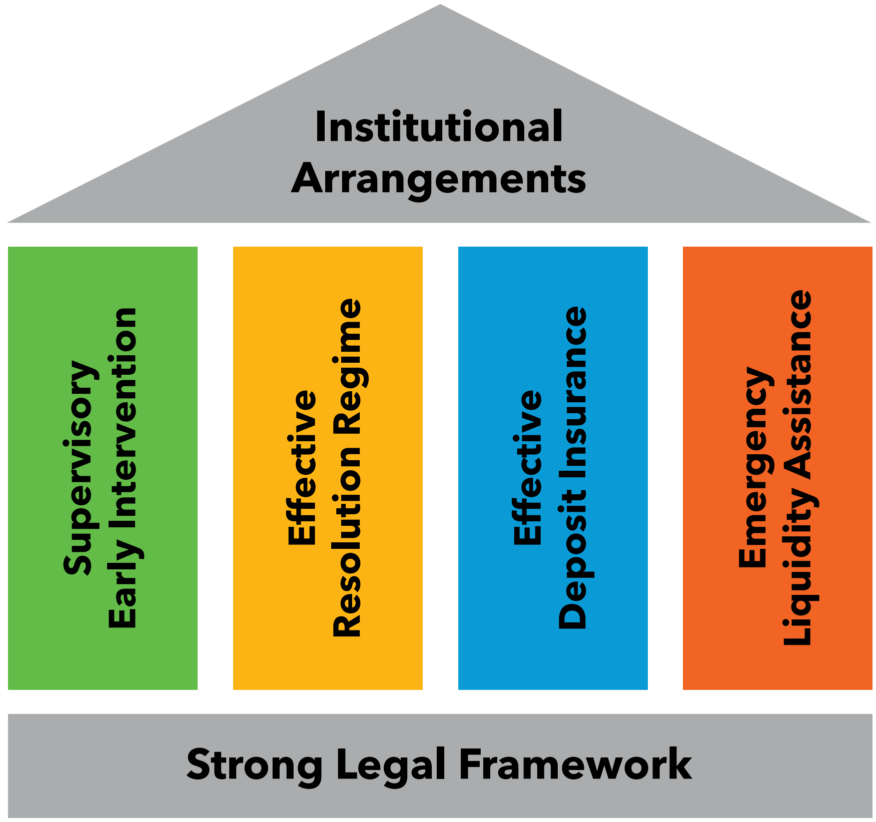
FINANCIAL CRISIS MANAGEMENT AND BANK RESOLUTION

The unprecedented nature of the COVID-19 shock has underscored the critical importance of effective financial sector safety nets. While exceptional policy measures have helped to dampen the fallout of the COVID-19 pandemic, risks for financial firms have not fully abated as a gradual unwinding of exceptional fiscal support, payment moratoria and temporary regulatory flexibility may adversely impact asset quality and capitalization, and result in financial institutions becoming undercapitalized—with fragile states and low-income countries being particularly vulnerable given smaller buffers and/or other preexisting weaknesses.[3] Having an effective financial safety net—comprised of a supervisory early intervention framework, a resolution regime, deposit insurance and arrangements for the provision of central bank liquidity assistance (Figure 3)—will enable country authorities to effectively handle distress by stemming contagion, resolving failing institutions and protecting smaller depositors that, generally speaking, are unable to effectively monitor risk-taking by banks.[4]

Against this backdrop, MCM CD in the area of financial crisis management has predominantly focused on strengthening safety net components and building operational capacity for operating these. By assessing the components of countries' financial safety nets through bilateral engagement, providing guidance on the optimal utilization, MCM staff has sought to encourage a greater alignment with international standards,[5] support country authorities' timely efforts to strengthen their capabilities for dealing with weak or failing banks early and, more broadly, aid contingency planning efforts. As strengthening financial safety nets and preparing contingency plans can take considerable time, prioritizing the necessary reforms is generally advisable. Regional trainings and seminars, retooled for virtual delivery in view of travel-related disruptions and delivered through the Fund's Capacity Development Centers (e.g., Joint Vienna Institute; the Middle East Center for Economics and Finance; the IMF-Singapore Regional Training Institute (STI); IMF Regional Technical Assistance Center in Africa (AFRITAC) South; and The Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)) and via partner organizations such as the Association of Banking Supervisors of the Americas, have allowed for cost-effective engagement with a large number of country authorities. The ongoing development of an online training course on bank resolution, together with the Bank for International Settlements' Financial Stability Institute, is expected to further expand the reach of MCM's crisis management-related trainings.

As the pandemic wanes, measures for tackling high levels of nonperforming loans (NPL) are becoming an important focal point of CD initiatives. With corporates in several systemically important economies already facing high vulnerabilities before the COVID-19 shock, and firms in

FIGURE 3. THE FINANCIAL SAFETY NET



[3] IMF, Unwinding COVID-19 Policy Interventions in Banking Systems, March 2021.
[4] IMF, Managing Systemic Banking Crisis, February 2021.
[5] Notably the Key Attributes of Effective Resolution Regimes for Financial Institutions, issued by the Financial Stability Board in October 2014; and the (revised) Core Principles for Effective Deposit Insurance Systems that have been issued by the International Association of Deposit Insurers in November 2014.

contact-intensive industries (e.g., retail, leisure, hospitality, entertainment, and travel) having experienced a sharp decline in demand for their products and services, banks may be confronted with elevated levels of NPL that can erode their solidity and undermine credit intermediation through higher lending rates and reduced lending volumes. This, in turn, requires supervisory agencies to, among others, ensure the timely recognition of loan losses; foster the creation of specialist units for loan workouts; encourage the development of (bank-specific) timebound NPL reduction strategies; and alleviate potential impediments to effective NPL resolution—including barriers to the development of distressed asset markets. By leveraging best practices for dealing with distressed assets, MCM-delivered CD (in some cases in conjunction with efforts undertaken by the IMF Legal Department to reform insolvency frameworks and improve the effectiveness of debt enforcement regimes) support authorities' efforts to improve oversight of banks with high NPL and develop NPL reduction strategies that are tailored to country-specific circumstances (e.g., macroeconomic conditions, magnitude of the NPL overhang, fiscal and financial sector buffers, type of distressed assets, legal and judicial constraints, etc.).

MONETARY POLICY AND MACROPRUDENTIAL FRAMEWORKS

Strengthening monetary policy frameworks and understanding the interaction of monetary, macroprudential, and other types of policies have been at the forefront of MCM's work. Based on the research and analysis conducted in collaboration with other relevant departments, MCM has spearheaded the provision of technical advice in these areas. It developed guidance on assessing the impact of monetary and macroprudential policies on financial stability, including in the context of developments that have emerged during the global crisis. MCM also takes the lead in advising central banks on monetary operational frameworks in normal and unconventional times as well as on operationalizing macroprudential policy. This work is closely interconnected with such areas as capital flow management and capital account liberalization, exchange rate intervention, foreign exchange restrictions, and reserves management, as well as central bank organization and independence. MCM provides such CD, in the context of FSSRs, where macroprudential policy is amongst the core areas considered, as well as through LTXs (e.g., in Sri Lanka, Cambodia, and at the IMF Caribbean Regional Technical Assistance Centre (CARTAC)), as well as through HQ-led missions. Assistance includes adequate data collection and monitoring, adoption of tools to analyze the developments, as well as building institutional capacity. Demand for resident advisors in monetary modeling and strengthening the macroprudential framework in individual countries and in RCDCs is expected to increase placing a particular pressure on resources including on strengthening the expert roster. CD on methods to communicate with general public and markets on monetary policy and financial stability-related issues has emerged as a key CD area and is expected to be in high demand in the future.

MONETARY POLICY MODELING

To improve the monetary policy analysis capability at the central banks, especially those with an inflation targeting framework, an MCM modeling team has been developing and estimating a small open economy dynamic stochastic general equilibrium model for analyzing the transmission of interest rate and exchange rate shocks and assess policy interactions and tradeoffs. More specifically, the empirical model—a type widely used in monetary policy analysis by advanced central banks—includes balance sheet frictions and other frictions that help it match the data for a large set of emerging economies and small advanced economies. The effects of various shocks depend critically on initial conditions (e.g., debt level, depth of foreign exchange markets, etc.) as well as how well inflation expectations are anchored.

The team has been working closely with Bank Negara Malaysia and Bank of Thailand via virtual technical conference calls since 2020 and is in the process of finalizing the model estimation part, after which the team plans to help install the estimated models at these central banks and provide training to their staff.

FINANCIAL STABILITY

Country authorities continue to express a high demand for tools and approaches to help them with understanding financial stability risks across a range of dimensions and how to communicate these risks to the public. CD in financial stability analysis remains in high demand. Basic solvency and liquidity stress testing of banks is now ongoing work at most central banks and supervisors, and CD supports these ongoing efforts. More specific and targeted tools are also being called for. For example, liquidity and foreign exchange market conditions in the COVID-19 shock brought to the fore the need to understand liquidity and foreign exchange market vulnerabilities by enhancing data collection and developing stress testing tools, with many such requests coming from country authorities. We continue to enhance our ATs, tailoring those to the needs of developing countries and work with countries to improve data collection and implementation of ATs. We have seen an increase in interest in communication of financial stability risks and policies as authorities are challenged to address increasingly complex circumstances and will continue to provide advice and assistance on communication to central banks and other agencies.

CAPITAL FLOW MANAGEMENT

MCM is leading the work and related CD on capital flow management that is at the core of MCM (and the IMF's) mandate. This important area is closely interlinked with monetary policy and foreign exchange operations and covers foreign exchange arrangements, exchange and trade systems, and capital controls of the IMF member countries. This work is based on the institutional view on the liberalization and management of capital flows, including on the conditions in which it is appropriate to use capital flow management measures. The approach is designed to guide advice to countries, clarify trade-offs between policy options to maximize benefits and address risks, and assist with the development of policies that take into account the impact of capital flows on financial stability across borders.

CD activities in this workflow often cover restrictions on current international payments and transfers and issues related to multiple currency practices. Member countries are continuously seeking advice regarding the operation of foreign exchange markets, controls on international trade and on capital transactions, and measures implemented in the financial sector, including prudential ones. The MCM publication (one of the oldest at the Fund) on the Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) database is mandated by the IMF Articles of Agreement and provides a yearly description of foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries. Provision of CD in this area often goes hand-in-hand with CD in central bank operations and monetary and macroprudential policies.

GENDER-BALANCED FINANCIAL SECTOR POLICIES

MCM has started activities to help countries promote gender-balanced policies in the financial sector. This work will be further developed and will be supported by analytical underpinnings and operational guidance. Working in close coordination with the IMF's Senior Advisor on Advancing the Fund's Gender Work and partnering with other organizations that analyze and promote gender equality in diverse areas of finance is high on MCM's agenda.

MCM CD has thus far focused on the financial inclusion aspects of gender and on building awareness of the need for gender diversity in financial sector leadership. IMF staff's work (SDN 15/17 and 18/05) underscores that greater inclusion of women as users, providers, and regulators of financial services would have benefits beyond addressing gender inequality. Narrowing the gender gap would foster greater stability in the banking system and enhance economic growth.

MCM has held several activities to start building awareness of the need for gender-balanced leadership in the financial sector.

- Recognizing that in both, central banks and supervisory financial institutions, the share of women at decision-making levels is acutely low, MCM has partnered with Women's World Banking for a planned series of CD activities.[6] A Fund-wide panel under the auspices of IMF Deputy Managing Director Antoinette Sayeh highlighted the case for gender-balanced leadership within financial sector institutions and explored actionable steps to support progress in this area.
- MCM has organized two workshops with help from South Asia Regional Training and Technical Assistance Center (SARTTAC) and The Middle East Regional Technical Assistance Center (METAC) to engage with authorities of the two regions in raising awareness about gender issues in finance. The discussion brought forth useful insights from institutions who have measurable impact in the realm of gender diversity. Participants shared a view that there is a strong business case for gender balance to strengthen governance in the financial sector. They were willing to understand organizational gaps and undertake actions that promote gender-balanced managerial successions and suggested CD resources in helping central banks and supervisory agencies to strengthen their diversity and inclusion functions.

[6] Women's World Banking is a nonprofit organization that designs and invests in the financial solutions, institutions, and policy environments globally to create greater economic stability and prosperity for women, their families, and their communities.

SECTION II

B

INTEGRATION OF CD WITH SURVEILLANCE AND IMF PROGRAMS

MCM focuses on integrating its CD with the area department (AD) surveillance and use of Fund resources activities using various avenues. Integration has been an institutional priority for the IMF for some time, with work ongoing. Efforts strengthened considerably in the face of the global crisis caused by the pandemic and is set to deepen further with allocating and shifting more resources towards the priority groups of countries and regions, including FCS and the Caucasus, Central Asia, and Mongolia.

- About 80 MCM economists and financial sector experts (FSEs) are members of the AD country teams in countries that typically face significant financial sector challenges. The presence of MCM staff in the teams helps inform the AD analysis and serve as a basis for accompanying or follow-up CD.

- The Financial Sector Assessment Programs (FSAPs) and the FSSRs are also useful tools in ensuring effective CD-surveillance integration. The former is a surveillance tool with strong links to CD as countries often seek MCM's technical advice to address FSAP recommendations. The FSSR, is a CD tool that helps identify the gaps in the authorities' capacity to promote financial policies aimed at stability and growth and develop a medium-term CD delivery plan that is aligned with an agreed reform agenda for implementation with support from MCM.

At the organizational level, the dedicated country managers and regional advisors play a critical role in establishing and maintaining an effective cooperation with the AD teams. They contribute to the development of CD strategies and work programs for countries and RCDC and serve as a day-to-date points of contacts for ADs, authorities, and MCM. The CD-surveillance nexus is also discussed at the monthly meetings of MCM TA Strategy Division with each functional division of MCM. Staff from functional divisions also keep regularly in touch with AD teams on any issues that may come up during their surveillance or program missions, as well as to follow up on earlier CD recommendations and challenges in implementation.

SECTION II

C

FLEXIBILITY OF DELIVERY

MCM employs a full range of CD modalities to achieve results. Developing capacity and delivering advice benefits from a range of modalities, any of which may be used singly or in combination effectively to deliver strong outcomes. MCM uses a blend of virtual engagements and in-person missions, TA and trainings, knowledge management products, toolkits and 'how-to' guides, regionally based workshops and TA, large scale courses, continuous engagements using peripatetic advisors, and long-term advisors combined with HQ staff as well as small, targeted advisory sessions.

The shift to remote or virtual delivery during the pandemic has many positive benefits for our CD delivery. Despite the unprecedented challenges, both, the authorities and MCM adapted quickly to CD operations via diverse remote options (e.g., virtual teleconference, webinar, desk review, work from home, etc.) and mostly overcame the numerous challenges facing remote modality of interaction. Many remote missions built on established relations with member country authorities, and LTXs played key role in maintaining these. Technology constraints on the part of the authorities lengthened the TA activities and alternative sources that included utilizing resident representatives' offices were found. In some cases, CD priorities were revised to address immediate demands such as cybersecurity regulation and a broad topic of how to continue effective supervision with significant operational restrictions. Advance preparation and coordination and adaption to different needs were key to overcoming the difficulties in remote modality interaction. Contacts and consultations with the authorities became even more regular via the remote modalities giving the possibility to MCM experts to provide very targeted advice on a non-stop basis. Virtual CD delivery has proven an excellent means of maintaining CD engagements during travel restrictions, with both MCM and our recipient authorities adapting to new technologies. Our experience to-date with virtual and remote modalities is that in many cases these are less effective than in-person work but will serve to complement in-person engagements when travel resumes.

MCM is committed to maintaining the best combination of remote and in-person delivery to meet the needs of the member countries in CD. While we have effectively moved our work to the virtual platforms, we have learned and adjusted along the way. Based on the experience so far, a lot of scoping and preparatory work can be done remotely in an efficient way. This ensures that both sides are better prepared for the mission. New approaches are also being explored to enable more prolonged engagements under projects that would take into consideration the absorptive capacity and the pace of implementation of the recommendations over a longer period of time.

Adequate attention continues to be given to training. A combination of technical advice and training via missions and remote tools and activities can become a productive way to build capacity. To this end, MCM' experience with its online courses created in conjunction with ICD, has been very successful with very high attendance and excellent feedback. The volume of online training is expected to continue to grow.

SECTION II

D PARTNERSHIPS FOR IMPACTFUL CD

External and internal coordination of CD activities is crucial for success. Cooperation and coordination of CD with important external stakeholders, such as the donors and other CD providers ensure efficiency and complementarity and create synergies in absorption of CD and recommended reforms progress. Cooperation within the Fund—with ADs, across capacity delivering departments, and with the IMF's Institute for Capacity Development (ICD)—helps with CD prioritization and its integration with surveillance and lending. The IMF Executive Board plays an important role in guiding and facilitating engagements with country authorities.

MCM coordinates its CD activities with relevant CD providers. A key aspect for coordinated approach to CD management is governance surrounding CD planning, delivery, and analysis. The specific form of coordination depends on the scope and intensity of provided assistance. Specifically, five main types of coordination arrangements can be distinguished: (i) regular stakeholder meetings for large-volume CD recipients; (ii) regular high-level forums with donors and CD providers; (iii) donor coordination in some country cases where more than one donor supports CD to that country; (iv) reliance on AD country teams for smaller (less intensive) CD recipients; and (v) post-FSSR coordination meetings for countries undertaking the FSSR. The World Bank continues to be the main partner for coordination of CD delivered to our member countries to ensure efficient use of resources and synergies created by the respective mandates and division of labor between the two institutions. Among the areas of close cooperation with the World Bank are debt management (Section IV, Box 9) (Section VI, Case Studies: Cameroon: Debt Management CD to Strengthen Capacity to Manage Public Debt Portfolio Risk and to Boast Debt Transparency; Training and Developing the Government Securities Market—Comoros, El Salvador, Kuwait, Mongolia; Developing Medium-Term Debt Management Strategy and Debt Reporting—Ecuador, El Salvador; CD on debt reporting—Niger, Eastern and Southern Africa region (MEFMI) and PFTAC: Public Debt Management Program) and financial stability issues identified during FSSRs (Section V). MCM also partners with multiple other CD providers for targeted assistance and events (see below). The virtual coordination of CD activities enables both higher frequency of coordination and broader participation.

- **In countries with a limited volume of CD activities and CD providers, the coordination is usually done by the country teams in the IMF ADs.** Setting up formal coordination arrangements in these countries may be inefficient and impractical. The country teams, including IMF resident representatives, have a systematic view about developments on the ground regarding TA by other providers, which enables them to assure adequate coordination.
- **MCM organizes and/or participates in exchange of views and experiences regarding the evolving CD needs, best practices, and outcomes in regular high-level CD forums.** Usually these involve representatives of all CD stakeholders and provide a platform for strategic discussions in a clearly defined area of expertise. For example, the bi-Annual high-level IMF-Bank for International Settlements (BIS) Symposium on financial supervision capacity—attended by representatives of CD providers, recipients, and donors—promotes commonly shared goals in developing capacity of financial sector supervisors. Participants share experiences and views on ways to enhance capacity building

by better identifying the changing needs, promoting good practices, and fostering global cooperation between standard setters, CD recipients, providers, and donors. Under the BIS-IMF initiative a new online course was created for bank supervisors and funded by the FSSF. The high-level fora help shape MCM's strategic vision towards CD.

- **The primary vehicle for CD coordination in large recipient countries are the annual meetings of stakeholders.** These country-specific events are attended by the recipient country authorities, CD providers, and donors. The objective is to update and agree on a TA matrix, which outlines the division of labor for TA providers in the forthcoming year. The involvement of recipient authorities is very important since their buy-in and consent on who is doing what is essential for successful CD. The recipient authorities may lead these coordination fora, or the organization can be done largely by MCM. For example, in Ukraine, the largest MCM CD recipient in recent years, the International Affairs Department of the National Bank of Ukraine (NBU) takes the lead in CD coordination. It maintains strong links with the NBU's functional departments and has an up-to-date view on progress with CD projects and the emerging needs. MCM regularly takes part in the annual donor conference that involves about 30 representatives of CD providers and donors. For several years, MCM had placed a resident CD project manager who helped coordinate the large CD portfolio from Ukraine. On the other hand, in Myanmar, one of the largest recipients of MCM CD prior to February 2021, the annual donor coordination forum (COFTAM) was predominantly organized by the Fund and aimed at enabling effective coordination of MCM CD with that of other partners, improving effectiveness and reducing overlap. MCM TA Strategy Division has been facilitating CD coordination in-between the annual donor meetings. The virtual environment allows for both higher frequency of such meetings and broader participation.
- **MCM CD under the FSSR has built-in mechanisms for coordination, especially with the World Bank (Section IV).** The FSSR report, with a proposed multi-year roadmap, is discussed with the representatives from the World Bank to minimize gaps and overlaps and maximize synergies with the World Bank's financial sector capacity building agenda. In developing the CD roadmap, the FSSR mission team also hold discussions with representatives from other relevant CD providers.

MCM is partnering with other CD providers to optimize resources and strengths, use innovative forms of collaboration, and shape the CD topics at the forefront of MCM's expertise. MCM is supporting the activities of the Toronto Centre for Financial Sector Supervision, including by co-hosting panels on topical issues, particularly on emerging areas of CD, such as fintech, inclusion, gender, and green economy. In the same vein, MCM has started collaborating with Women's World Banking by organizing a high-level forum and regional workshops in RCDCs on gender leadership issues.

MCM assigns high importance to strengthening CD cooperation within the Fund. The main avenues for joint and coordinated actions include:

- Close cooperation on shaping CD priorities and modalities of delivery by contributing to the work of CCB and contributing to the Fund-wide working group on FCS Strategy.
- The Capacity Development Management and Administration Program (CDMAP) implementation, including by contributing to the Community of Practice discussions.
- Joint missions with the IMF's Fiscal Affairs Department on debt management capacity through treasury cash management and developing local securities market.
- Joint work with the IMF's Legal Department on establishing legal frameworks in supervision and regulation, crisis management and resolution, and central bank governance.
- Close cooperation and joint missions with the IMF's Statistics Department (STA) on FSSR diagnostics to strengthen the authorities' capacity to produce financial sector data.

BOX 4. EXTERNAL DONORS OF MCM CD

Successful partnerships with external donors, which are facilitated by the ICD, are critical for ensuring smooth CD delivery. External donors finance over 80 percent of MCM CD field work that includes RCDCs' activities and a number of bilateral or multilateral country projects. Bilateral donors are single-country agencies that finance MCM CD projects which are regarded as priority for these countries. Multi-donor trust funds—each itself financed by different agencies or institutions—support either a single CD recipient on a broad range of topics or CD in a specific thematic area for a range of countries.

Largest Bilateral Contributors to MCM CD, FY2021

Japan	Canada	Switzerland	Norway	The Netherlands	United Kingdom

Top MCM CD Trust Funds and their Contributors, FY2021

DEBT MANAGEMENT FACILITY	**DMF:** African Development Bank, Austria, European Commission, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom, United States
FIRST Initiative	**FIRST:** Germany, Luxembourg, The Netherlands, Switzerland, United Kingdom[1]
FSSF	**FSSF:** China, European Investment Bank, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom
MNRW TRUST FUND	**MNRW:** Australia, European Commission, The Netherlands, Norway, Switzerland, United Kingdom

[1] These are the partners of FIRST Phase III that ended December 2020; FIRST Phase IV partners include Germany and Switzerland only.

SECTION II

E COMMUNICATION AND DISSEMINATION OF CD

MCM disseminates CD information through a broad range of channels and uses the recent technological advances to diversify the reach out. In line with the MCM Knowledge Management Strategy, MCM TA reports are disseminated Fund-wide through the Knowledge Exchange Countries platform and the Institutional Repository. MCM also encourages the country authorities to publish non-confidential TA reports, which helps spread best practices and provides cross-country lessons. MCM has been increasing the dissemination of more educational materials including short videos, podcasts, and online products for public through social media and other outlets.

Informing the IMF Executive Board regularly on MCM CD activities, challenges, trends, and priorities is high on MCM's agenda. The presentations and subsequent discussions help take stock of our CD work and share the lessons we draw from our experiences and get the IMF Executive Board's candid feedback that helps strengthen our strategic approaches and steer CD to member countries' needs in a coordinated way. It also helps involve the IMF Executive Board members, who represent member countries, into strengthening CD demand management. The recent presentation to the IMF Executive Board on Building Capacity in Monetary and Financial Policies in FCS is an example of constructive discussion and strong endorsement of MCM's activities in FCS ahead of the forthcoming new Fund strategy of engagement with FCS (Section III on FCS).

SECTION II

F

STRONG EMPHASIS ON CD GOVERNANCE

MCM has a strong review and oversight process in place to ensure that CD is held to high standards and is strongly aligned with overall MCM work. We continue to build on our RBM framework, along with project assessments and evaluations to gauge absorption and impact of CD, allowing us to adjust our priorities, modalities, and design for maximum results.

MCM strengthens CD outcomes by enhancing CD monitoring, assessment, and evaluation. Beginning in 2017, MCM has successfully implemented a RBM framework which established a catalogue of standardized results and verifiable results indicators (Box 5). RBM is now at the heart of MCM CD work, with the design and delivery of all MCM TA projects being crafted using this standard catalogue. MCM is continuously improving the catalog of logical frames for all its workstream to be able to better frame the projects and reflect the framework in CDMAP. All donor-funded CD projects are subject to periodic assessments that are prepared by the MCM CD project manager. The assessments summarize the projects' progress and accomplishments during implementation and at completion. In FY19, MCM has also started expanding this exercise to internally funded projects.[7] In addition to project assessments, MCM participates in CD evaluation program, which is based on the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee criteria (Box 6). MCM started its CD evaluations in 2006 and embedded them in the CD framework with the adoption of the MCM CD Strategy in 2011, with a total of seventeen CD evaluations conducted so far.

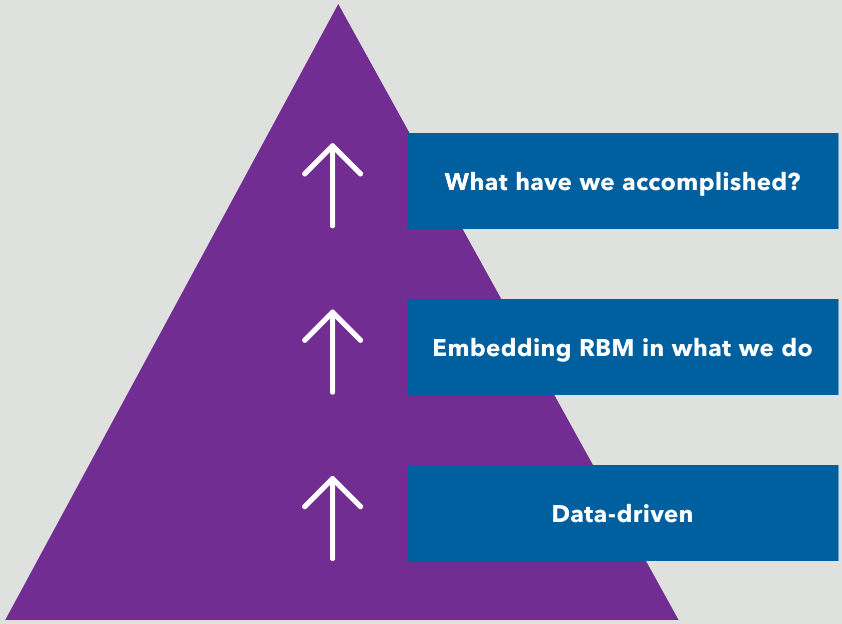
[7] The first interim internally funded TA assessment was made for a project on implementation of inflation targeting in the Kyrgyz Republic.

BOX 5. EMBRACING RBM IN MCM

Over the years, MCM has continually pursued results-oriented planning, managing, and reporting on our CD to various stakeholders. The Fund-wide rollout of RBM in 2017 allowed us to align and formalize our RBM practice in a standardized manner. RBM implementation allows us to (i) have a clear roadmap of CD activity; (ii) strengthen our CD prioritization and engagement with ADs and other capacity development departments using CDMAP as the universal vehicle; (iii) deepen the authorities' involvement, commitment, and buy-in at all stages of CD; and (iv) enhance coordination and communication between MCM TA Country Managers and Functional Divisions on designing CD. With the phased implementation of CDMAP, the RBM approach got another boost across the Fund. Going forward, MCM will increasingly focus on CD quality and effectiveness by leveraging the critical role of RBM throughout CD life cycle.

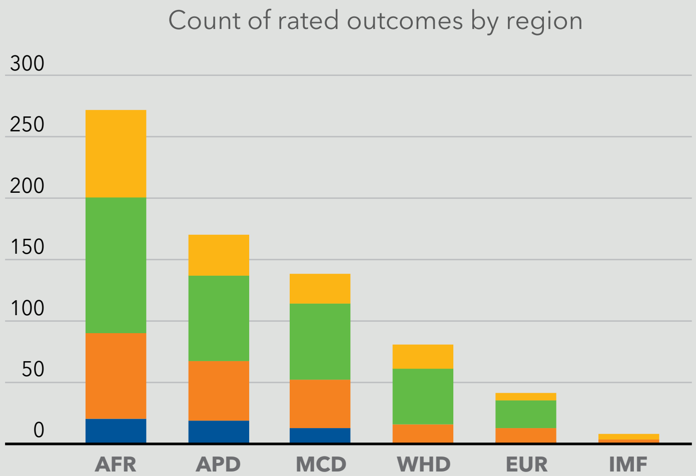
RBM implementation can be characterized as three-dimensional. First, **quantitative monitoring** allowing us to take stock in terms of CD activity milestones and outcomes and link those data points with progress made by CD recipients.

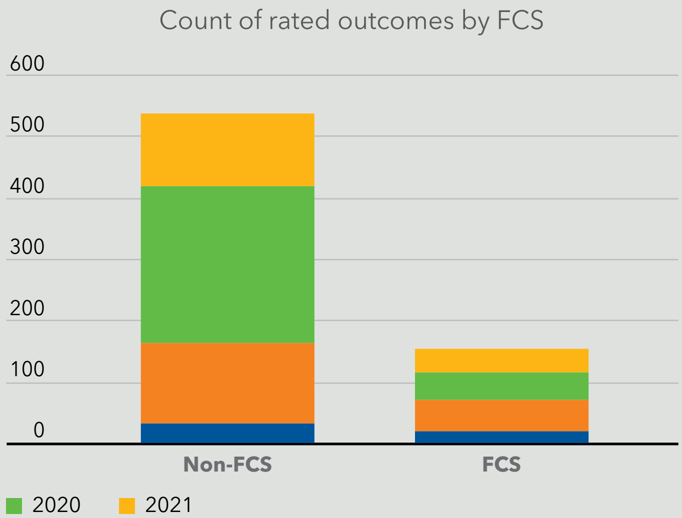
THREE-DIMENSIONS OF RBM IMPLEMENTATION



This quantification allows us to track compliance and facilitate an in-depth analysis of the underlying data to guide decision making, including on the coverage of CD topics, countries, institutions, as well as progress made on the ground. The update of the catalog of standardized results and verifiable result indicators enhanced the quantification and operationalization of RBM. The resulting RBM logframes effectively feeds into TA recommendations.

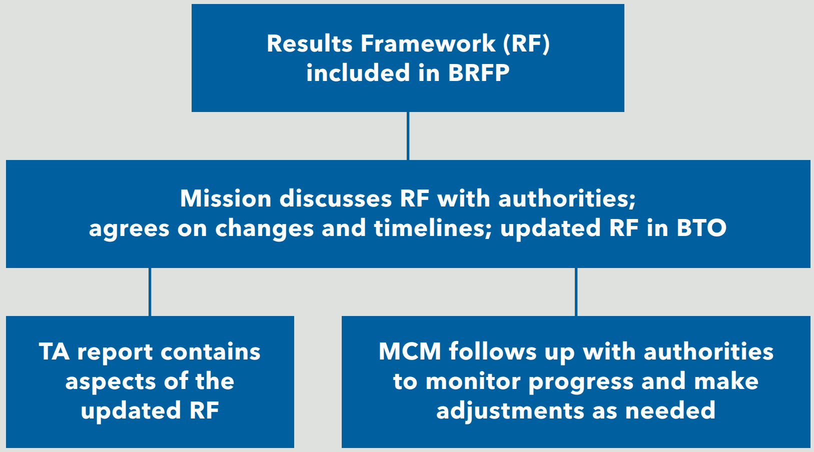
The figures immediately below illustrate how outcomes and milestones were distributed by regions and fragile states during 2018–21. The count reflects the amount of CD provided to different regions and some groups of countries, e.g., FCS. As of April 2021, MCM TA and training portfolio comprised 205 internally and externally funded CD projects, which included 1,160 objectives, 2,186 outcomes, and 6,217 milestones. The second dimension is **embedding RBM in the**





TA output—briefing papers (BRFP), back-to-office (BTO) reports, and TA reports. This dimension can be used to strengthen CD recipient buy-in, which is critical for CD impact.

The third dimension, **accomplishments**, is at the center of our CD mandate. MCM plans to undertake several pilot studies to strengthen the effectiveness of the RBM framework. The results of these pilots would (i) enable better assess progress; (ii) help analyze what worked and what didn't; and (iii) allow us to extract lessons and adapt our CD delivery as needed.



BOX 6. ASSESSMENT OR EVALUATION?

While CD project assessments are instrumental in monitoring progress and making any necessary adjustments to a given project, ex-post CD project evaluations offer a broader platform to assess results independently with a view to extract lessons learned and help improve future provision of TA more generally. The project assessments are important sources of information that feed into the project evaluation.

In line with the Common Evaluation Framework for IMF CD, the MCM CD evaluations are conducted by MCM staff and external experts who have not been involved in the evaluated CD project management and delivery. This ensures an independent and objective view on the CD project design, implementation, and results achieved.

The CD evaluations are conducted based on the six criteria developed by the OECD Development Assistance Committee. The criteria include: (i) *relevance*, or a measure of how appropriate the CD program and its objectives were for the country or institution; (ii) *coherence*, or compatibility of CD with other CD activities in a country, sector, or institution; (iii) *effectiveness*, which seeks to capture the extent to which the specific objectives of the CD program were met, or are expected to be met, taking into account their relative importance; (iv) *efficiency*, which measures the outputs versus inputs, usually requiring an assessment whether the approach or process followed was appropriate; (v) *impact*, which refers to the changes—direct and indirect, intended and unintended—produced by the program; and (vi) *sustainability*, which is an indicator about whether the benefits of the CD are likely to continue after the project has ended.

Future CD project design, monitoring, and execution benefit from conclusions and lessons drawn from CD project evaluations.

SECTION III

COUNTRY GROUP PRIORITIES

SECTION III

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COUNTRY GROUP PRIORITIES

Fragile and Conflict-Affected States

Building capacity in FCS has been high on MCM's agenda. MCM delivered CD to all FCS over the last 10 years. FCSs are among MCM's top ten CD beneficiaries, with Myanmar, Sierra Leone, South Sudan, Nepal, and The Democratic Republic of Congo being the highest among the FCS recipients. Over the past ten years, MCM's CD to FCS accounted for about 25 percent of the IMF's total CD in these countries. More than half of MCM's total FCS CD spending was in the Africa region with substantial amounts in Asia Pacific and the Middle East and Central Asia. Seven FSSRs out of 22 were conducted in FCS countries, namely in Djibouti, The Gambia, Guinea, Kosovo, Sierra Leone, West Bank and Gaza, and Zimbabwe. FSSR engagements with Democratic Republic of Congo and Tajikistan have just started.

Recent CD remained strong despite challenges during the COVID-19 pandemic. A third of TA missions were in FCS in FY21. Webinars and short virtual engagements early in the crisis evolved into longer virtual work. The COVID-19 crisis opened up opportunities for virtual engagements where mission activity had previously been constrained due to travel and security concerns. For example, MCM was able to deliver more TA and had more regular contacts with the authorities of Yemen, Libya, and Iraq on supervision and regulation through our resident advisor in the METAC working virtually. Other regions, such as Pacific Islands, have also made notable progress in strengthening different aspects of financial supervision and regulation with the help from the resident advisor in IMF Pacific Financial Technical Assistance Centre (PFTAC). CD to this group of countries has also peaked in the areas of financial risk analysis and debt management with support from HQ and the newly placed resident advisor.

Core MCM areas where institutional building needs are high are central to our work in FCS, but we also respond to the growing demand in new areas. Financial sector regulation and supervision, central bank operations, and debt management continue to be in high demand, and they remain critical workstreams for institutional building and supporting stronger financial systems. Many fragile countries have recently expressed strong interest in new CD areas, such as tackling cyber risks, developing mobile payments and payment strategies that are efficient and well regulated, exploring e-money solutions, developing the fintech-related regulatory framework, and understanding the implications of climate change and transition to a low-carbon economy for the financial sector.

MCM CD engagement in FCS is long term in nature, demanding a gradual and well-sequenced pace of reforms with a focus on long-term institutional building. Institutional building is slow and is often interrupted by acute short-term needs. Staying engaged is key to building trust even when progress is limited. MCM's substantial expertise and trusted relationships with many FCS help maintain stable engagements. For example, banking supervision TA from the RCDC to Burundi helped maintain continued relationship with the authorities during the time when their engagement with the IMF was limited.

The uniqueness of each FCS calls for a carefully tailored and appropriately paced CD planning and delivery. First-best advice may not work, requiring flexibility, willingness and creativity in problem solving. Providing granular advice and careful prioritization go together with the incrementality of reforms. MCM tries to design the results-based framework in FCS in close coordination with the authorities by including realistic milestones, outcomes, and timelines. The achievement of milestones is directly linked to their granularity and sequencing, and often is extended over a longer time horizon in FCS than in other countries.

CD modalities in FCS need to stay agile and respond to evolving needs. Traditional mission-based delivery is critical but can be usefully combined with hands-on training, peer-to-peer learning, professional attachments, dedicated online courses, and "How-to" knowledge products. Delivery of thematic workshops, short virtual meetings on pointed issues, and desk review of documents further enhance engagements. Going forward, the 'blended model' will broaden the reach of CD (for example, to junior staff audience in a recipient institution) and allow the CD to be continuous. One example of combined CD modalities is the recent approach to CD on building resilience to cyber risks in LICs and FCS that includes traditional mission-based delivery, regional workshops and seminars, and culminates in an annual cybersecurity event funded by the FSSF. Other examples where peer-to-peer CD was delivered successfully include such areas as enhancing risk management at central banks and currency reforms.

MCM relies heavily on resident advisors ("LTXs") who have been crucial for our work in FCS during the pandemic. MCM had 30 resident advisors in total at end-April 2021, of which 21 in RCDCs with FCS or directly in these countries. LTXs have been very efficient and adjusted quickly to the remote modality of work building on their existing relationship and using flexible modalities of maintaining permanent contacts with the authorities.

CCAMTAC Countries

Despite the COVID-19 challenges, MCM maintained robust CD activities in the Caucasus, Central Asia, and Mongolia (CCAM) region in FY21. Georgia and Uzbekistan were the largest CD recipients, with nine remote TA missions on various topics including bank supervision, stress testing, monetary operations, capital account liberalization, debt management, and capital market development. Uzbekistan has also undertaken an FSSR, and an associated FSSR follow-up TA project was approved in May 2021. TA on bank regulation and supervision was delivered to Kazakhstan, the Kyrgyz Republic, and Mongolia; TA on central bank operations was delivered to Armenia and the Kyrgyz Republic; and Mongolia benefited from TA on debt management. MCM has also launched TA projects on CBDC in Georgia and the Kyrgyz Republic. A diagnostic mission took place to five countries in the region (Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, and Turkmenistan) aimed at identifying potential gaps and weaknesses in the monetary and foreign exchange operational frameworks which could be addressed with TA from CCAMTAC that was opened in January 2021 (Box 7).

MCM is delivering CD in the CCAMTAC region by complementing CCAMTAC activities by CD delivered from the IMF headquarters. While CD on central bank operations and financial sector regulation and supervision are substantially handled by CCAMTAC, CD on strategic or emerging issues—such as fintech, climate change, or debt management—are provided from the IMF headquarters. CD on debt management, contingency arrangements, as well as the FSSR work will also be done from headquarters, with follow-up implementation support from the center (at present, Tajikistan is scheduled to undertake an FSSR in FY22).

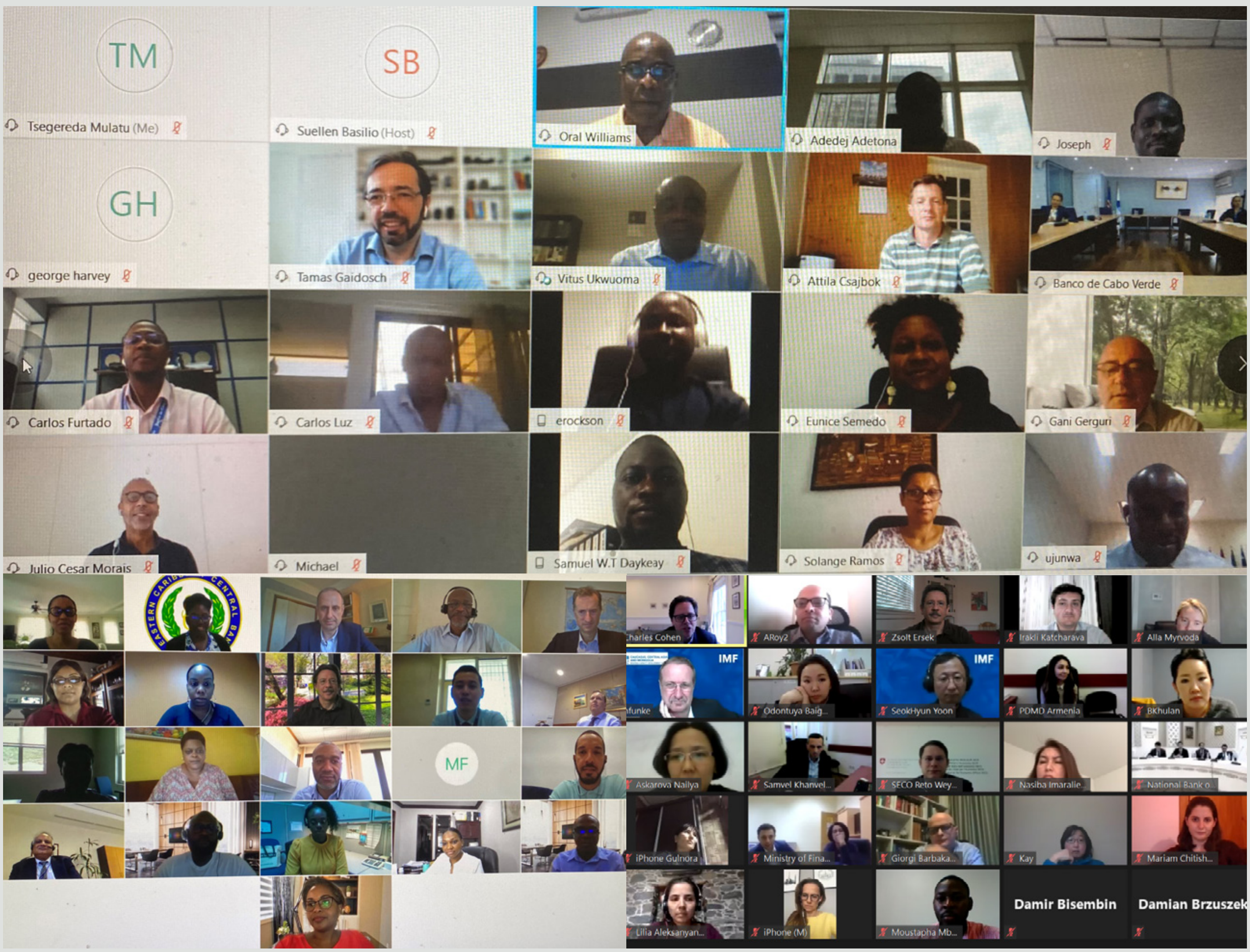
BOX 7. CCAMTAC: REVAMPING CD TO THE CCAM REGION

The IMF operates 17 RCDCs worldwide to coordinate a range of TA, training, and peer-learning activities. These centers are close to member countries, tailored to regional challenges, and ensure sustained on-the-ground support. Some are focused on TA, others on training, and two cover both. With RCDCs in Africa, Central America, the Caribbean, the Middle East and North Africa, Southeast Asia, the Pacific Region, and more recently, China and South Asia, the Caucasus, Central Asia, and Mongolia region represented an important gap in coverage.

Recognizing this, IMF management approved the establishment of CCAMTAC in early 2019, and Almaty, Kazakhstan, was selected to host the center in October 2019. The center formally opened remotely in January 2021, after some delays due to the outbreak of COVID-19 pandemics.

Going forward, CCAMTAC will play an important role in delivering MCM CD to the countries in the region. The new center will help the authorities strengthen monetary and financial sector policies, ensuring robust and effective central banks or regulatory agencies contributing to sound economic growth and development needs. The work of CCAMTAC will be tailored to individual country needs which is crucial in this very diverse region that comprises lower-middle income and fragile countries (the Kyrgyz Republic, Tajikistan, Uzbekistan), emerging market economies (Armenia, Georgia), and large commodity exporters (Azerbaijan, Kazakhstan, Mongolia, Turkmenistan).

CCAMTAC has a center director, seven advisors, and local staff. The advisors cover macroeconomic frameworks and analysis, public finance management, revenue administration, central bank operations, financial supervision, government finance statistics, and real sector statistics. The advisors will also engage short-term experts for specific assignments. CCAMTAC will hold workshops and other peer-to-peer events to mutually reinforce and expand training by the Joint Vienna Institute (JVI) and other IMF training centers in Washington, Singapore, and China.

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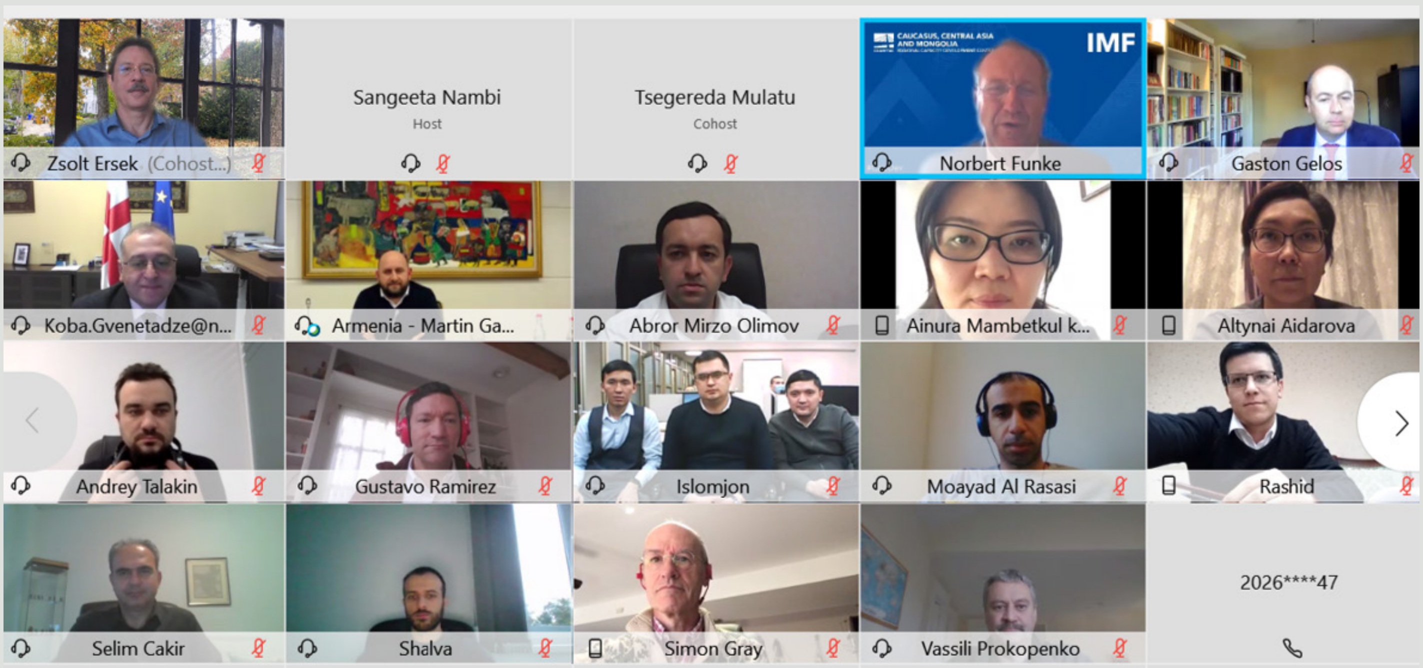
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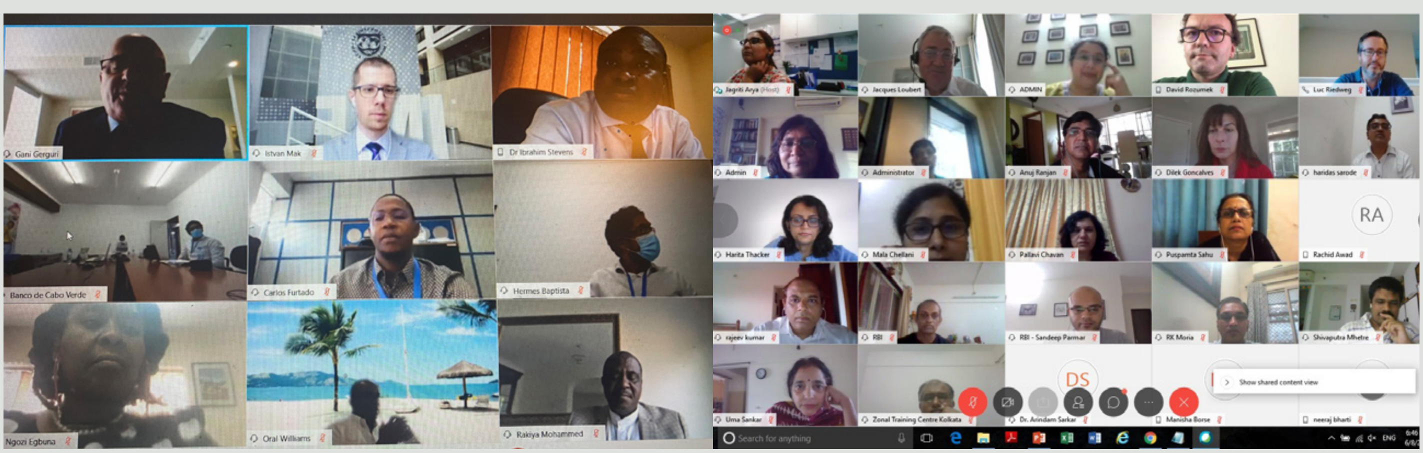

SECTION IV

STRONG DELIVERY AMID THE PANDEMIC

SECTION IV

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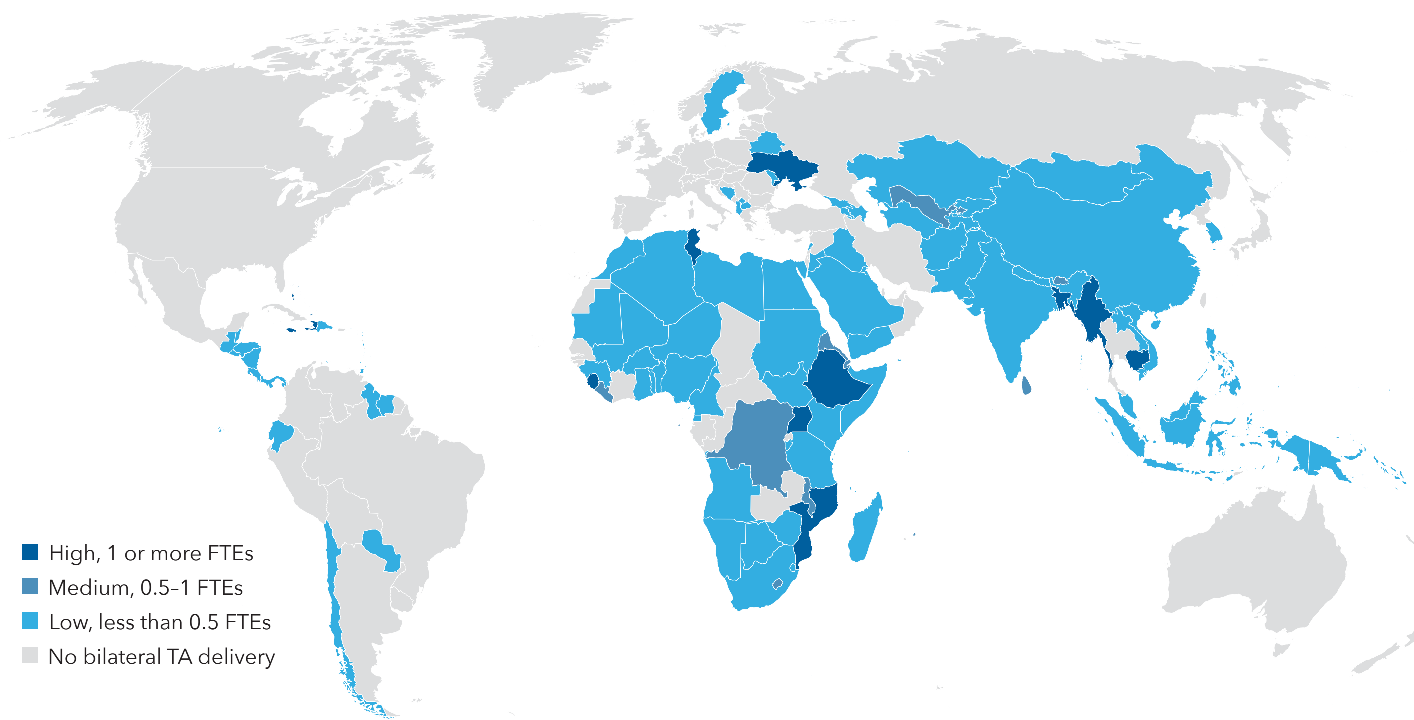
STRONG DELIVERY AMID THE PANDEMIC

Despite the challenges of the on-going global pandemic, MCM CD delivery remained strong in fiscal year 2021. In FY21, MCM managed to deliver about 690 CD missions remotely to assist member countries around the globe in response to crisis-related demands. In addition, bilateral missions were complemented by a considerable number of regional engagements and webinars (Box 8 on COVID Notes webinars), creating additional CD complementarities. Our CD work proved agile and member-focused with outreach to member countries in all regions across the globe. The global intensity of MCM TA delivery in FY21 exhibits our efforts to extend support to all countries in need for MCM support while maintaining the correct balance in the level of CD demand vs. delivery (Figure 4). For example, CD demand and execution in some countries (e.g., Cambodia, Mozambique, Myanmar, and Ukraine) was higher (more than one FTE) in FY21 compared to others

FIGURE 4. GLOBAL INTENSITY OF MCM BILATERAL TA FIELD DELIVERY, FY21[8]



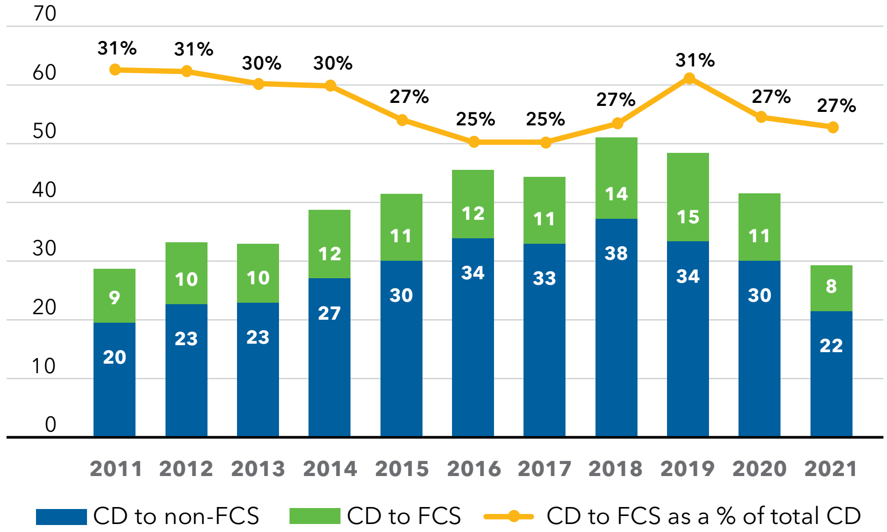
[8] This year, the global heat map in FTEs is based only on direct delivery of CD to single countries (i.e., bilateral CD) without considering regional multi-country CD, the measurement of which is done centrally by ICD in USD.

(e.g., Afghanistan, Belarus, Madagascar, and Pakistan) with lesser intensity (less than 0.5 FTEs).[9]

To support member countries MCM continued its CD activities in FY21 in the virtual environment necessitated by lingering COVID-19 pandemic. Our CD operations, comprising TA and training, remained fully remote during FY21 in the face of continued travel suspension and the uncertainties associated with CD demand and delivery challenges. As a result, total CD delivery measured in USD dropped relative to FY20 (Figure 5). However, the share of CD to FCSs remained relatively high accounting for about 27 percent of total TA delivery.

[9] FTE (Full-time equivalent) refers to time allocated to CD activities and is used as the unit of measure for CD work.

FIGURE 5. TRENDS IN MCM TA DELIVERY, FY11–21 (IN MILLIONS OF USD)



Source: ICD ACES

BOX 8. MCM COVID-19-RELATED WEBINARS

More than 60 webinars have been held with authorities across the globe to discuss timely and relevant issues related to the COVID-19 crisis, based on a series of topical notes prepared by MCM. The webinars were held in collaboration with RCDCs, reaching authorities from 130 countries, attended by 30–70 participants per event, and in five languages (Arabic, English, French, Portuguese, and Spanish). The webinars provided a unique opportunity for country authorities to access IMF expertise and share common issues and responses. The webinars had the added benefit of breaking down barriers to delivery of virtual CD by demonstrating the power of technology and the virtual setting as a platform. The webinars were time and cost-efficient and proved very interactive. With practically no limits on the number of participants, the reach out to relevant authorities was considerable. In several cases, the events were useful in exploring TA needs and fed back into CD design and implementation.

Main messages. At the outset of the pandemic the main messages for the financial supervisors were to: (i) use flexibility embedded in regulation while upholding minimum standards; (ii) limit moral hazard by keeping the measures well targeted and making clear these are temporary; (iii) provide guidance on asset classification and provisioning; (iv) preserve banks' capital resources by temporarily limiting the distribution of capital; and (v) promote transparency and coordinate well globally, regionally, and locally to maintain financial stability. One year into the pandemic the question about how and when these intervention measures can be unwound came to the forefront. The main messages were (i) reverse measures not compatible with international standards (if any); (ii) start using stress tests, complemented by sensitivity analysis and reverse stress tests, to inform decision making; (iii) maintain flexibility to restore capital levels in case of breach; (iv) strengthen arrangements for bank and NPL resolution; and (v) rebuild buffers once the recovery is firmly under way. Supervisors should continue to adjust their priorities and focus on the most meaningful risks (most likely credit risk, operational resilience, liquidity risk).

On *cybersecurity*, the risks of weak infrastructure, extensive cloud usage, video conferencing platforms and phishing were discussed in detail, together with the potential remedial measures. Financial supervisors were encouraged to strengthen off-site supervision, contingent on resources and data availability. On-site supervision was to be redesigned to be temporarily less intrusive, as "contactless" as possible and more risk focused (e.g., on remote access).

The webinars on *central bank support to financial markets* discussed how to design a market support program, including triggers for intervention, key features, program types (price- or volume-based) and the related operational considerations (collateral framework, eligible counterparties). The suggestions were based on the analysis of a new intervention database developed by MCM to see how countries with different exchange rate and monetary policy frameworks ease stress in short-term funding markets, FX market, securities markets and in longer-term funding markets.

The webinars on d*ebt management responses* described in detail the available emergency facilities such as Rapid Credit Facility, Rapid Financing Instrument and Catastrophe Containment and Relief Trust. MCM experts provided up-to-date information and answered questions about the G20 Debt Service Suspension Initiative. It was emphasized that communication with monetary, fiscal, regulatory authorities and market participants would be critical. Debt Management Strategy and Borrowing Plans should be reviewed; market management tools (such as bond exchanges) needed to be used where possible; risk monitoring must be enhanced; and debt managers should be responsive and adapt plans as appropriate.

Beginning in early 2020, MCM promptly adjusted to remote CD delivery mode with new technology and tools. Despite the challenges arising from evolving pandemic situation and changing needs of the member countries, MCM's quarterly CD delivery remained steady at around 13.2 FTEs on average throughout FY21 (Figure 6), thanks to the dedication of a pool of MCM staff, experts, and continued cooperation from the country authorities and external donors, and partners. While 90 percent of CD delivery was conducted by the external experts, comprising LTXs and STXs, the share of staff time dedicated to CD work (direct delivery, backstopping experts, and project management) amounted to 10 percent in FY21 (Figure 7). In addition, IMF Regional Capacity Development Centers and Regional Training Centers provided persistent CD support to country authorities with support from both LTXs and STXs.

During FY21, MCM CD activities at the regional level remained robust, maintaining the past trend of Africa ranking as the top beneficiary, followed by Asia and the Pacific (Figure 8A and 8B). Countries in the Western Hemisphere and Middle East and Central Asia regions continued to receive steady level of CD while the share to Europe dropped (to 9 percent)

FIGURE 6. MCM TA FIELD DELIVERY BY QUARTER, FY2021 (IN FTES)

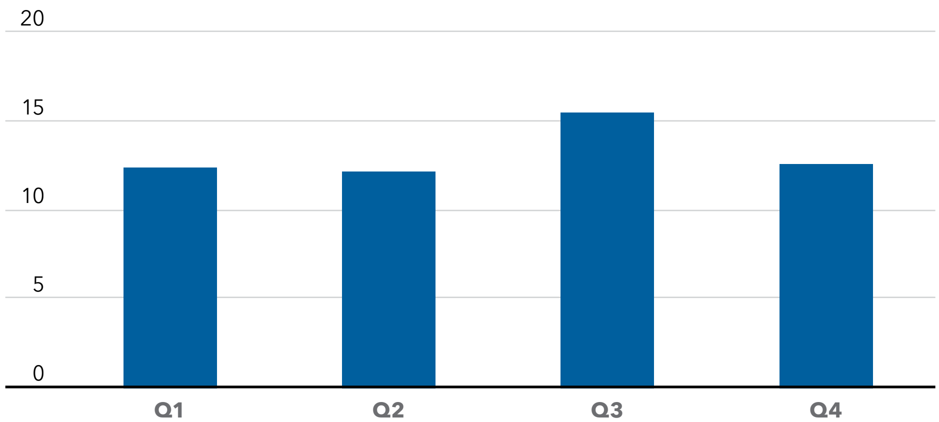


FIGURE 7. MCM CD FIELD DELIVERY BY RESOURCE TYPE, FY21 (IN PERCENT OF TOTAL FTES)

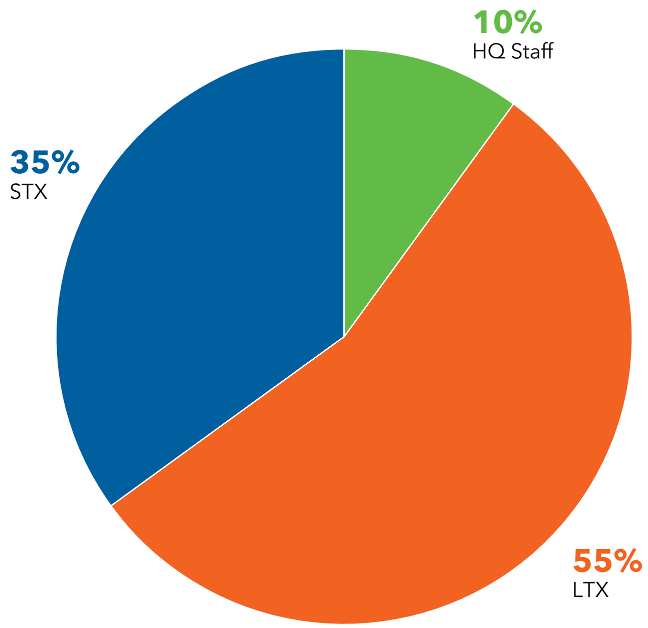


FIGURE 8A. MCM TA FIELD DELIVERY BY REGION, FY18–21 (IN MILLIONS OF U.S. DOLLARS)

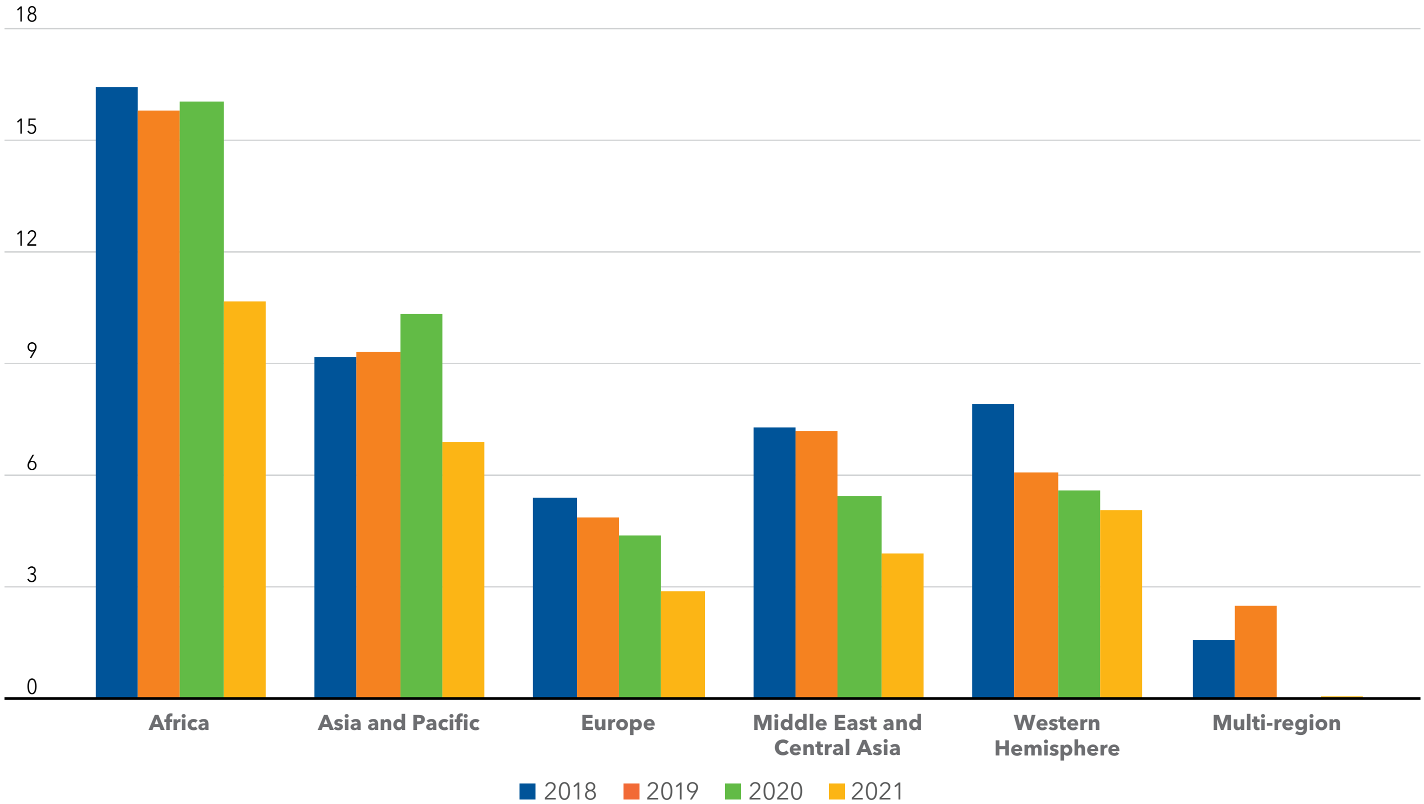


FIGURE 8B. GLOBAL MAP OF MCM TA FIELD DELIVERY BY REGION, FY21 (IN FTES)

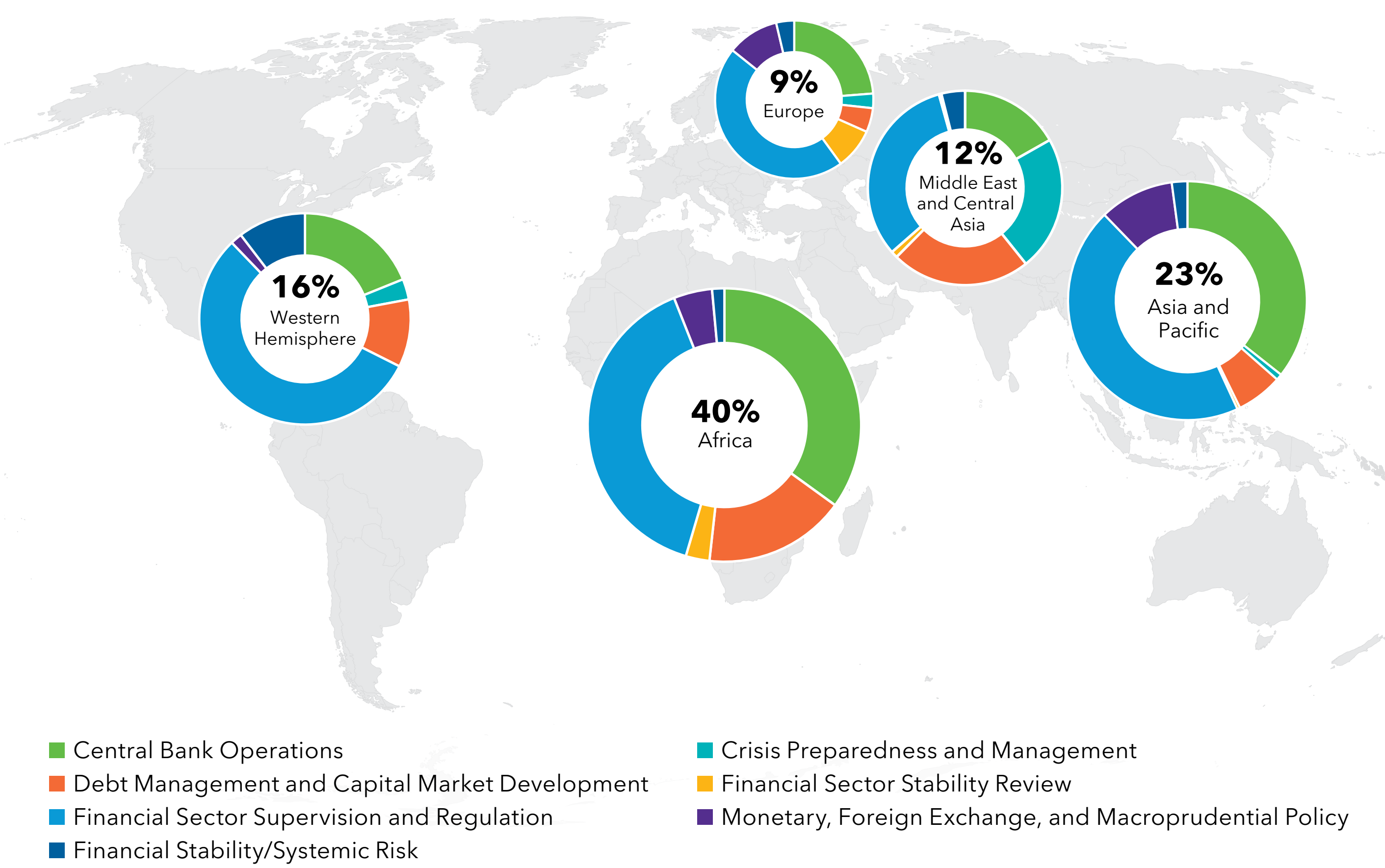


FIGURE 9. MCM TOP TA RECIPIENT COUNTRIES GLOBALLY AND BY REGION, FY21 (IN FTES)

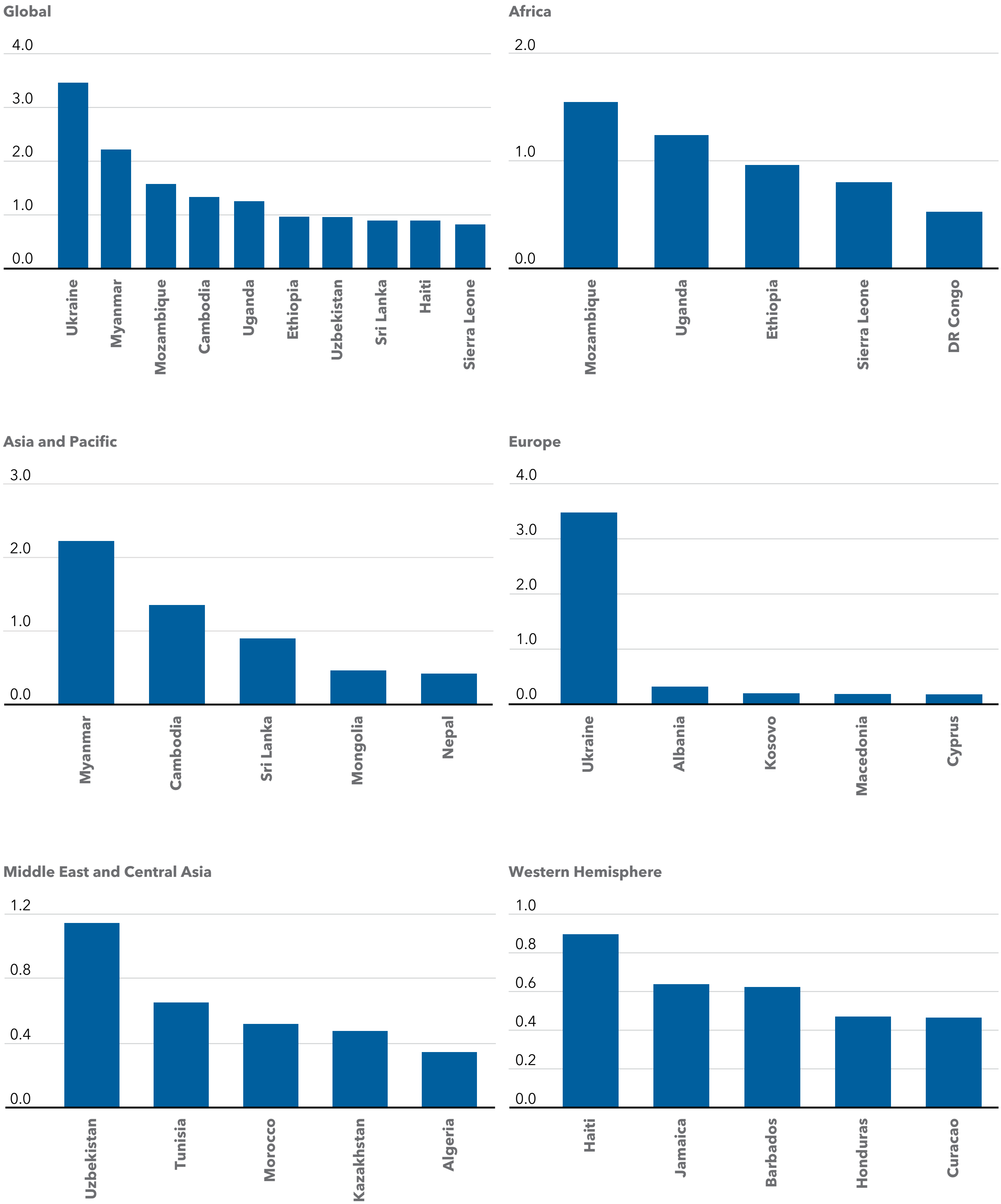
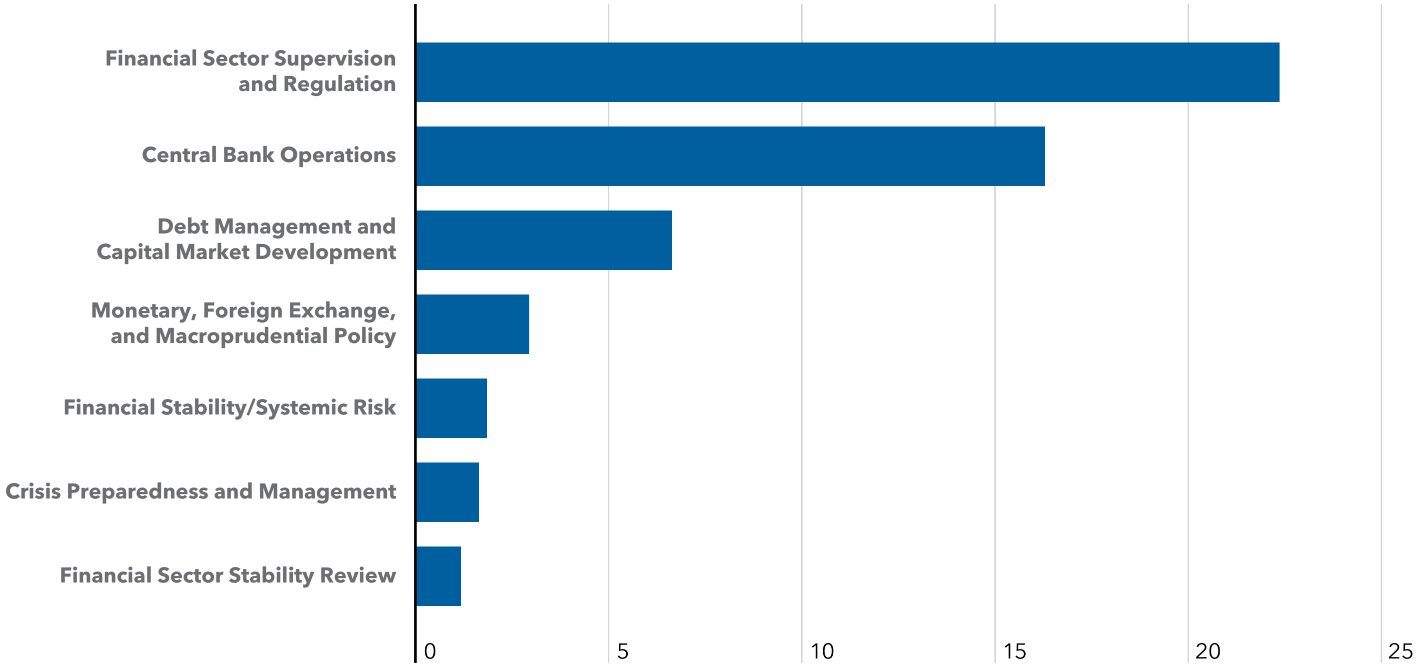


FIGURE 10. MCM CD FIELD DELIVERY BY TOPIC, FY21 (IN FTES)



in FY21 partly due to demand hesitations, particularly in some smaller countries (e.g., Montenegro, Serbia) against the backdrop of COVID-related challenges.

In FY21, the top 10 beneficiary countries globally received about 27 percent (equivalent to 14.4 FTEs) of total CD with 3 new countries joining the list (Haiti, Sri Lanka, and Uzbekistan). In terms of geographical allocation, Haiti, Mozambique, Myanmar, Ukraine, and Uzbekistan secured top recipient positions in their respective regions supported by comprehensive and programmatic (multi-year) TA programs and placement of long-term resident advisors to build capacity in promoting sound monetary and financial sector policies (Figure 9).

Demand for MCM CD on financial sector supervision and regulation stayed persistent with largest share (42 percent) of total delivery in FY21 (Figure 10). Countries also requested support for building capacity in central bank operational issues (31 percent), especially in new areas such as fintech, cybersecurity, and regulations for digital currency. In parallel, MCM CD continued in other areas of high interest such as debt management and capital market development, monetary, foreign exchange, macroprudential policy, and FSSRs.[10] Crisis management and systemic risk assessment also remained active but with relatively less demand than before due partly to the waning down of global financial crisis episodes during 2007–13.

A major proportion of MCM CD in FY21 (82 percent) was funded by external donors maintaining steady trend since 2015 (Figure 11). The virtual mode of TA delivery during FY21, however, contributed to a small drop (about 4 percent lower than FY20 level) in utilization of external funding partly due to relatively less usage of external experts for missions in the wake of COVID-19 crisis. Among the major external donors, Japan contributed highest (14 percent) to MCM CD activities in FY21, followed by the FSSF (11 percent).[11] Simultaneously, several other donor partners and funding mechanisms, particularly, the Financial Sector Reform and Strengthening Initiative (FIRST), Switzerland, and the Debt Management Facility (DMF) enabled MCM to carry out its multiple CD programs designed to assist our member countries. External donors remained the main funding vehicle for CD activities undertaken by the RCDCs, accounting for 46 percent of total in FY21 (Figures 11 and 12).

Training remained a vital component of MCM CD during FY21 by offering hands-on learning opportunities for the participants from member countries to various seminars, workshops, and courses on financial sector and monetary policy issues. In collaboration and partnership with other departments (e.g., ICD, IMF's

[10] The FSSR diagnostic is an assessment tool designed to support low and lower-middle-income countries (LLMICs) with comprehensive follow-up TA program.

[11] Represented by trust funds and bilateral donor partnerships and targeted for the LLMICs.

Research Department, STA, LEG), donor agencies, and RCDCs, MCM training activities accounted for about 4 FTEs in FY21 (Figure 13) which is slightly lower than FY20 level in line with the drop in total CD delivery.[12] MCM training activities greatly benefitted from external donor funding (77 percent) during FY21 (Figure 14). The regional distribution of MCM training in FY21 remained similar to FY20 with Africa (56 percent) and Asia and Pacific (18 percent) countries attracting biggest share of total training operations (Figure 15).

[12] The methodology for estimating FTEs of trainings has been revised in 2020 to incorporate all projects with key words including training, seminar, and workshop in the mission description. This method allows a wider coverage of training activities and provides us a more complete picture of the FTEs spent on conducting training (for example, in FY19, MCM training field delivery recorded 2.8 FTEs in the 2019 TA Annual Report, while under this methodology it is revised to 5.92 FTEs).

FIGURE 11. MCM TA FIELD DELIVERY BY FUNDING SOURCE, FY15–21 (IN PERCENT OF U.S. DOLLARS)

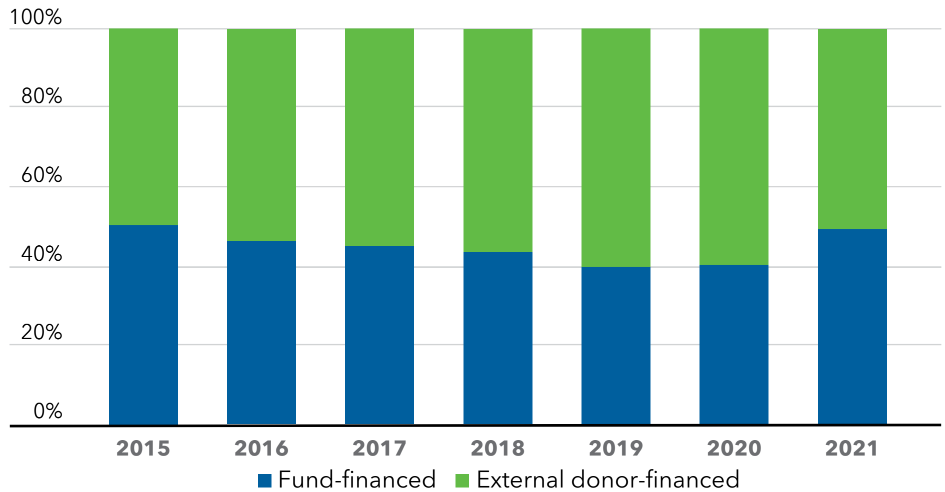
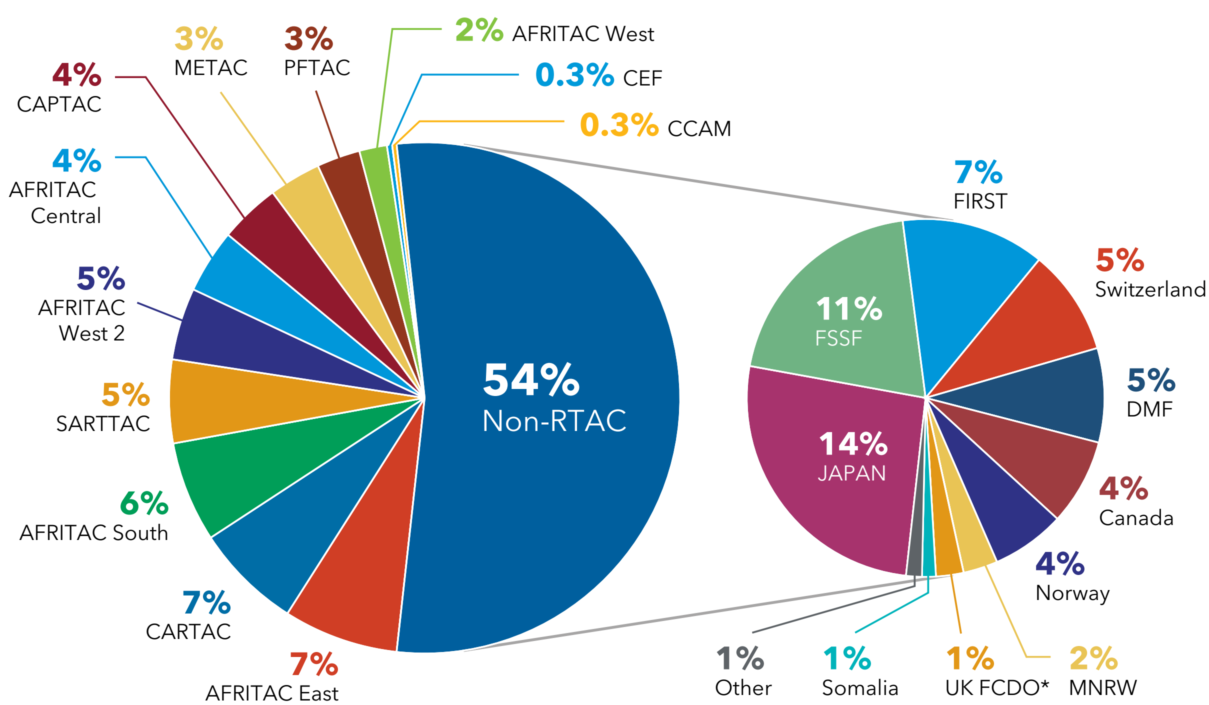


FIGURE 12. DONOR-FUNDED ACTIVE MCM TA PROJECT SPEND, FY21 (IN SHARE OF U.S. DOLLARS)



* The Foreign, Commonwealth & Development Office is a department of the Government of the United Kingdom.

FIGURE 13. MCM TRAINING FIELD DELIVERY, FY11–21 (IN FTES)

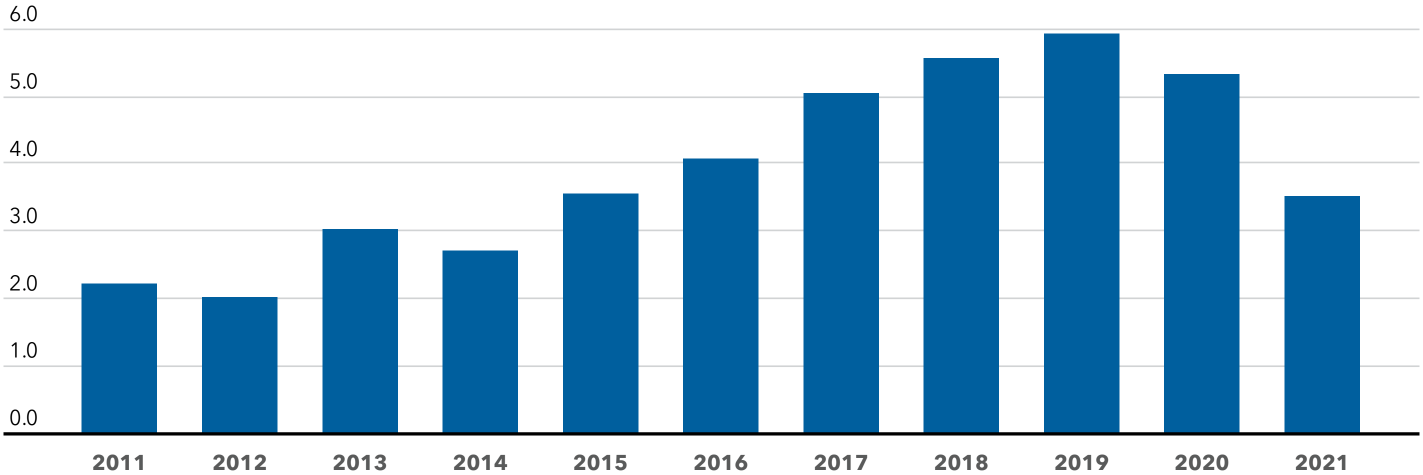


FIGURE 14. MCM TRAINING BY FUNDING SOURCE, FY17–21 (IN FTES)

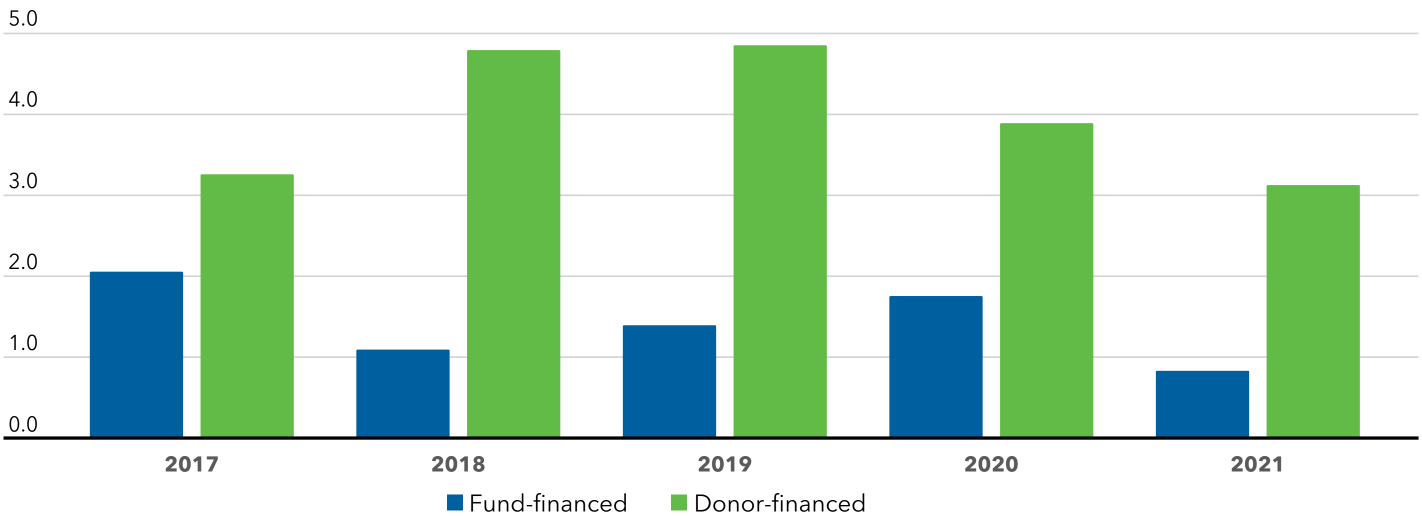
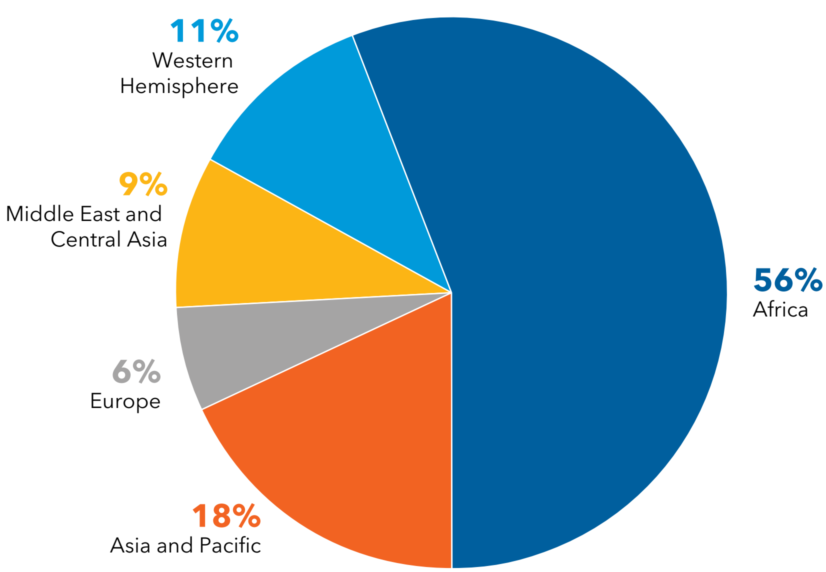


FIGURE 15. MCM TRAINING BY REGION, FY21 (IN PERCENT OF FTES)



BOX 9. TRAINING ON DEVELOPING LCBM: WORKSHOPS AT THE MEFMI AND THE JVI

"It was very enlightening, as it identified a lot of areas and was useful in determining the stages of LCBM in our member countries. The authorities would benefit from using the tool in their assessment of market development and to identify areas that require more attention"

Stan Nkhata, Director, Debt Management Programme, MEFMI

Jointly with the World Bank and in partnership with MEFMI and with the JVI, MCM delivered virtual seminars on developing LCBM. The seminar was structured on the recently published Guidance Note on Developing Local Currency Government Bond Markets, developed jointly by the IMF and the World Bank. The mission team delivered presentations on the six building blocks related to Money Market, Primary Market, Secondary Market, Investor Base, Legal and Regulatory Framework, and Market Infrastructure that supports market development. The event was the first of many such envisaged workshops to disseminate the Guidance Note to member countries. The course helped to develop a deeper understanding of the interlinkages between each building block and the associated challenges around their development. The participants used the tool to present assessments of LCBMs in their respective countries as well as to evaluate the main challenges faced and identify possible remedial policy actions. Overall, the officials found the event to be very effective in enhancing their professional development and useful for applying the knowledge gained to promote financial market development.

Participants from both training events appreciated the workshops and provided feedback in an anonymous survey:

"The course is one of the best courses I have had in relation of the money & capital market development. It is really useful."

"It was very enlightening, as it identified a lot of areas covered in the course and was useful in determining the stage of our LCBM."

"The first but very interesting and useful course on LCBM developments."

"Thank you much for your work. It was actually very interesting for me to participate in this course. I have learned a lot of useful things for myself."

SECTION V

FINANCIAL SECTOR STABILITY REVIEW—MCM'S FLAGSHIP TOOL FOR PROGRAMMATIC CD

SECTION V

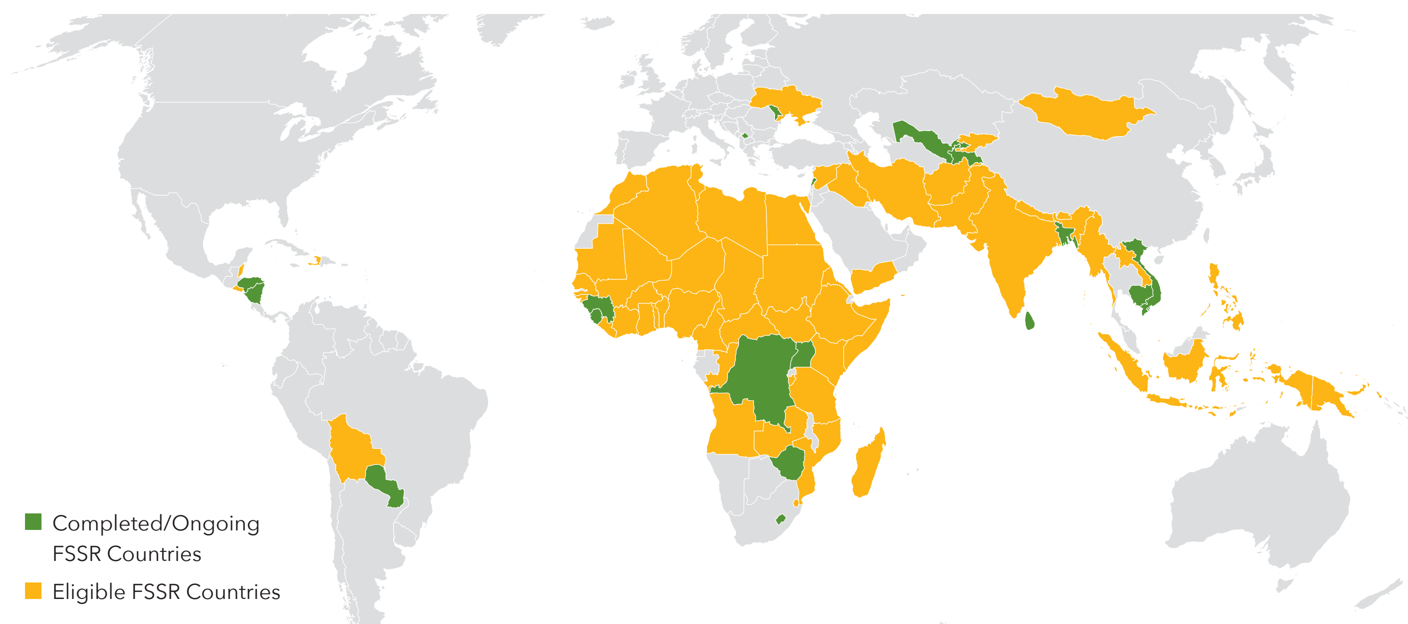
A FINANCIAL SECTOR STABILITY REVIEW—MCM'S FLAGSHIP TOOL FOR PROGRAMMATIC CD

The FSSF supports carrying out the IMF's FSSRs, which combine a diagnostic review followed by hands-on CD delivery. The FSSR is a standalone diagnostic instrument that is intended to work with the authorities to develop a medium-term CD delivery plan that is aligned with an agreed reform agenda for the financial sector, with a focus on issues that are most pertinent to financial stability in the country context. The FSSR helps to detect risks and vulnerabilities in countries' financial sectors as well as capacity gaps in regulation and supervision. The diagnostic work done by the FSSR lays the ground for a multi-year follow-up CD project which is based on key FSSR findings and is also funded by the FSSF. It is complemented by targeted CD to help countries improve their financial sector statistics and thus strengthen evidence-based decision making (Box 10). The approach ensures that ownership of the FSSR recommendations is established before proceeding with the follow-up CD in the country. From the FSSF's inception to August 2021, FSSR diagnostics in 16 LLMICs have been completed Figure 16).[13]

Despite the challenges posed by the COVID-19 pandemic, MCM, with STA support, successfully continued with the execution of FSSR diagnostics. From the onset of the pandemic to July 2021, four FSSR diagnostics

[13] These are in addition to the four "precursor" FSSRs, which were completed in the pilot phase, prior to the establishment of the FSSF in 2017.

FIGURE 16. FSSR COUNTRIES (AS OF AUGUST 2021)



(Lesotho, Moldova, Sierra Leone, and Uzbekistan) have been completed, all of them remotely. FSSR scoping missions (which constitute the first step of a diagnostic engagement) were completed in other two countries (Cabo Verde and Vietnam), with their main missions scheduled to follow shortly in mid-2021. All of the FY21 diagnostic activities were completed remotely, and the remote modality for FSSR diagnostics is expected to remain at least for the first half of FY22.

Adapting the FSSR diagnostic process to the virtual environment was a learning process from both the Fund's and the authorities' side. Initially the approach was to postpone FSSR diagnostic missions until travel becomes possible again. However, as it gradually became clear that travel would not quickly resume, and both the Fund and recipient countries accumulated substantial knowledge on the practical feasibility of remote engagements, the initial "wait and see" approach gave way to a willingness to do the FSSRs remotely. As a result, remote diagnostic activity picked up in the fall of 2020 and additional countries in our pipeline confirmed that they are willing to start and complete the FSSR diagnostic process entirely remotely.

Knowledge dissemination and learning is promoted through online and face-to-face training. These efforts are aimed at offsetting often high attrition rates in staffing in central banks and supervisory agencies and strengthening institutional capacity in a sustained manner. Learning, particularly peer learning, is also an important element of the FSSF, including through workshops. MCM learning products supported by the FSSF currently include the BIS-IMF SROC, a hugely popular online training for bank supervisors, which completed its second year in 2021. The FSSF also support an annual cybersecurity workshop and an online cybersecurity course for financial supervisors from LLMICs (currently under development).

FSSF is supporting MCM's important training initiatives. The second BIS-IMF SROC was launched in September 2020 and completed in February 2021. The SROC program was developed in early 2018 as a pilot program and since then has delivered a large scale of online training programs to over 1,000 supervisors and 100 countries over 3 years. The SROC is a 70-hour course that runs over 5 months. The structure consists of tutorials developed by the Financial Stability Institute (FSI Connect tutorials), IMF case-study modules, and a series of live webinars. The case-study modules developed by MCM are an important element of the course as they show real-life implementation examples of Basel standards and supervisory tools in different countries. The course featured a total of 12 live webinars co-hosted by MCM and FSI staff members.

This year, over 400 banking supervisors from 90 countries participated in the course. The course will be updated this year to incorporate relevant COVID-19-related measures in case studies in addition to the latest Basel implementation practices. Discussions are underway with the BIS to include a module on supervising climate-related financial risks in the course from next year.

The Fourth Annual Cybersecurity Workshop for financial supervisors from LLMICs on building cyber resilience was held virtually from December 7–9, 2020. The first-ever remote cyber workshop was attended by 153 participants from 62 countries, with the large attendance and diversity of participants made possible by the workshop delivered virtually. The workshop elaborated on the global cyber risk threat landscape and current regulatory initiatives. It was conveyed to participants that cybersecurity has inevitably gained greater prominence in the international regulatory discussions given the global switch to remote working and increased digitalization in the delivery of financial services. A central theme throughout the workshop was the criticality and promotion of mechanisms for sharing information on incidents with relevant domestic and international stakeholders. Many participants emphasized the value of the CD provided by the IMF and noted that they will continue looking for support in regulation and supervision of cyber risk.

In 2021, MCM started its work to launch a cybersecurity supervision online course for financial sector supervisors who have no formal educational background in information technology or cybersecurity. Planned to be hosted on the IMF edX online learning platform, the course will advance participant's understanding of cyber risk, its relation to the financial sector and its potential impact on financial institutions and financial stability. The course is expected to be run in 2022.

The Financial Sector Statistics Module (FSSM) of the FSSF is carried out by the STA and aims at developing statistics needed to assess financial sector stability risks and vulnerabilities and risks stemming from cross-sectoral exposures both within an economy and with the rest of the world. The module includes two parts. The financial soundness indicators (FSI) part assists with the compilation of consolidated financial statements, which are needed to compile FSIs. The balance sheet analysis (BSA) part focuses on improving balance-sheet data for three sectors—financial, external, and government—to enable the creation of an integrated system of sectoral financial balance sheets. This supports the identification and monitoring of risks and spillovers, including the build-up of cross-sectoral interconnectedness and exposures—an important input for macrofinancial policymakers. In addition to CD in these two areas, STA also supports MCM's FSSRs by participating in the diagnostic missions. In FY21 STA carried out 34 missions under the FSSM (14 on FSI and 20 on BSA) and participated in 5 FSSR diagnostic missions lead by MCM.

Coordination with the World Bank remained strong and took advantage of the opportunities presented by the virtual environment. Recognizing the potential synergies between the FSSR and the FSAP Development Module, the Fund and the World Bank regularly exchange information at the managerial level on their evolving pipelines and corresponding strategies. In countries where both diagnostics are scheduled to take place, respective mission chiefs are encouraged to get in touch and start coordinating from the onset of mission planning. In FY21, the virtual modality made it possible for World Bank staff to participate as observers in some of the meetings of FSSR diagnostic missions in Lesotho, Moldova and Uzbekistan (with the permission of the respective authorities).

BOX 10. FSSR COVERAGE OF FCS

FCS are at the forefront of the Fund's attention, and this has intensified as the impact of the COVID-19 pandemic compounded existing economic issues, limited administrative capacity and other vulnerabilities. While FSSR eligibility is based on designation as an LLMIC (linked to the World Bank's annually updated Income Ratings List), there is significant overlap with FCS. Currently, 81 countries are categorized as LLMICs, of which 35 (43 percent) are FCS according to the Fund's current list. In May 2020, the FSSF Steering Committee agreed to extend FSSF eligibility to all FCS, practically adding the outlying seven countries (Iraq, Kosovo, Lebanon, Libya, Maldives, Marshall Islands, and Tuvalu) that are fragile but not LLMICs.[14] With this extension, the share of FCS in the pool of FSSF-eligible countries grew to 48 percent (Chart 1). This additional flexibility allows the Fund to respond more agilely to emerging CD needs of fragile countries, where financial sectors may become particularly strained by the ramifications of the COVID-19 pandemic.

[14] Kosovo is an FCS but is no longer considered an LLMIC as it graduated in income rating. The FSSR was conducted in FY19, prior to the status change.

FSSR diagnostics continue to showcase our commitment to fragile states: Seven out of the 16 completed FSSF-funded diagnostics (44 percent) have been to FCS (Chart 2). In the follow-up TA implementation, FCS received an even higher proportion of attention, with 6 out of the 11 currently running FSSR follow-up TA projects (55 percent) launched in fragile countries (Chart 3). Assistance to FCS will continue to be an important factor in the selection and prioritization of FSSR requests, and the Fund will continue to pay attention to the proper representation of FCS in FSSF-funded TA delivery.

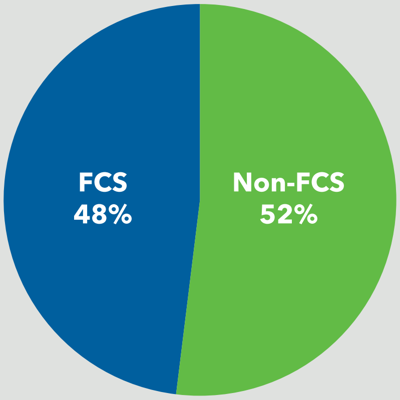


CHART 1
FSSF-eligible countries

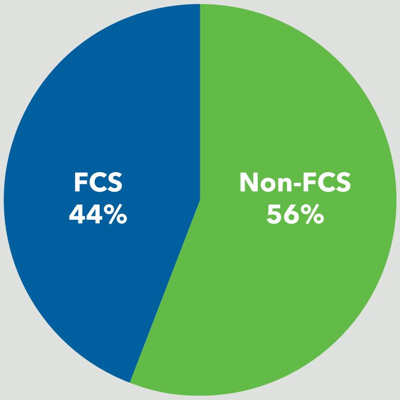


CHART 2
Countries with completed FSSR diagnostics

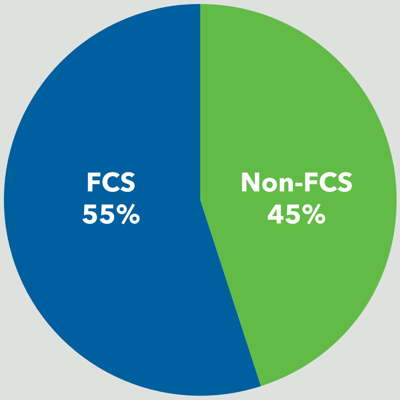


CHART 3
Countries with FSSR follow-up CD programs

FIGURE 17. LTXS' GLOBAL PRESENCE–MCM IN THE FIELD

- Banking Supervision and Regulation (14)
- Monetary and Foreign Exchange Operations (8)
- State-Owned Banks Governance (1)
- Payment Systems/FMI/Fintech (1)
- Central Bank Modernization (1)
- Debt Management (4)
- Financial Stability (1)
- Macroprudential Policy/Stress Testing (1)
- NPL Resolution (1)
- FPAS (1)
- Accounting and Internal Audit (1)
- Government Securities Market Development and Monetary Policy Design and Implementation (1)

There are five Africa Regional Technical Assistance Centers (AFRITACs): West, West II, East, Central, and South. CAPTAC-DR is the Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic; CARTAC is the Caribbean Regional Technical Assistance Centre; METAC is the Middle East Regional Technical Assistance Center; PFTAC is the Pacific Financial Technical Assistance Center, and SARTTAC is the South Asia Regional Training and Technical Assistance Center. CDOT is the IMF Capacity Development Office in Thailand. And recently opened, The Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) is the RTAC based in Kazakhstan.

*Experts who joined in FY22, prior to the publication of this report.

BOX 11. SHARING EXPERIENCES: THE SEVENTH ANNUAL MCM LTX WORKSHOP

The Seventh Annual MCM LTX Workshop was held virtually for the first time on March 1–5, 2021. Although everyone missed being together in person, there was strong participation and collaborative spirit from our 30 globally placed LTXs (Figure 17). The workshop featured highly sought topics such as COVID-19-related policy interventions in supervision and central bank operations, climate risk, government securities, and the impact of digital financial services, and cybersecurity on the financial sector.

The week brought together experts in the field and headquarters staff for exchanges on policy and operational issues relevant to CD and the effectiveness of delivering capacity development in a virtual environment. LTXs highlighted the importance of flexibility, coordination, and the ability to leverage existing relationships. The workshop included an IMF-wide exchange on the impact of our CD program and a centerpiece CD product, the FSSR. The session focused on two country cases, Sierra Leone and Uganda. Area department colleagues participated in a lively discussion of how capacity development is integrated with IMF economic surveillance and lending. The final session featured a novel "Ask a B4, Deputy Director" session, giving LTXs the opportunity to engage with their MCM senior management on all issues pertaining to CD. MCM greatly values the work of LTXs' in-country CD support to member countries and the generous support of the donor partners that make the LTXs' work possible. The workshop was promoted on the MCM Market Insights LinkedIn and the #IMFCapDev Twitter and Facebook.

Tobias Adrian, Financial Counsellor and Director, MCM; Aditya Narain, Deputy Director, MCM; LTXs - Oumar Dissou, AFRITAC Central; Kristin Gulbrandsen, Mozambique; Ralph Lewars, CARTAC; and Jacques Loubert, SARTTAC.

IMF Capacity Development advisors share experiences at the Annual IMF Monetary and Capital Markets Long-Term Experts Workshop.

SECTION VI

CASE STUDIES

SECTION VI

A

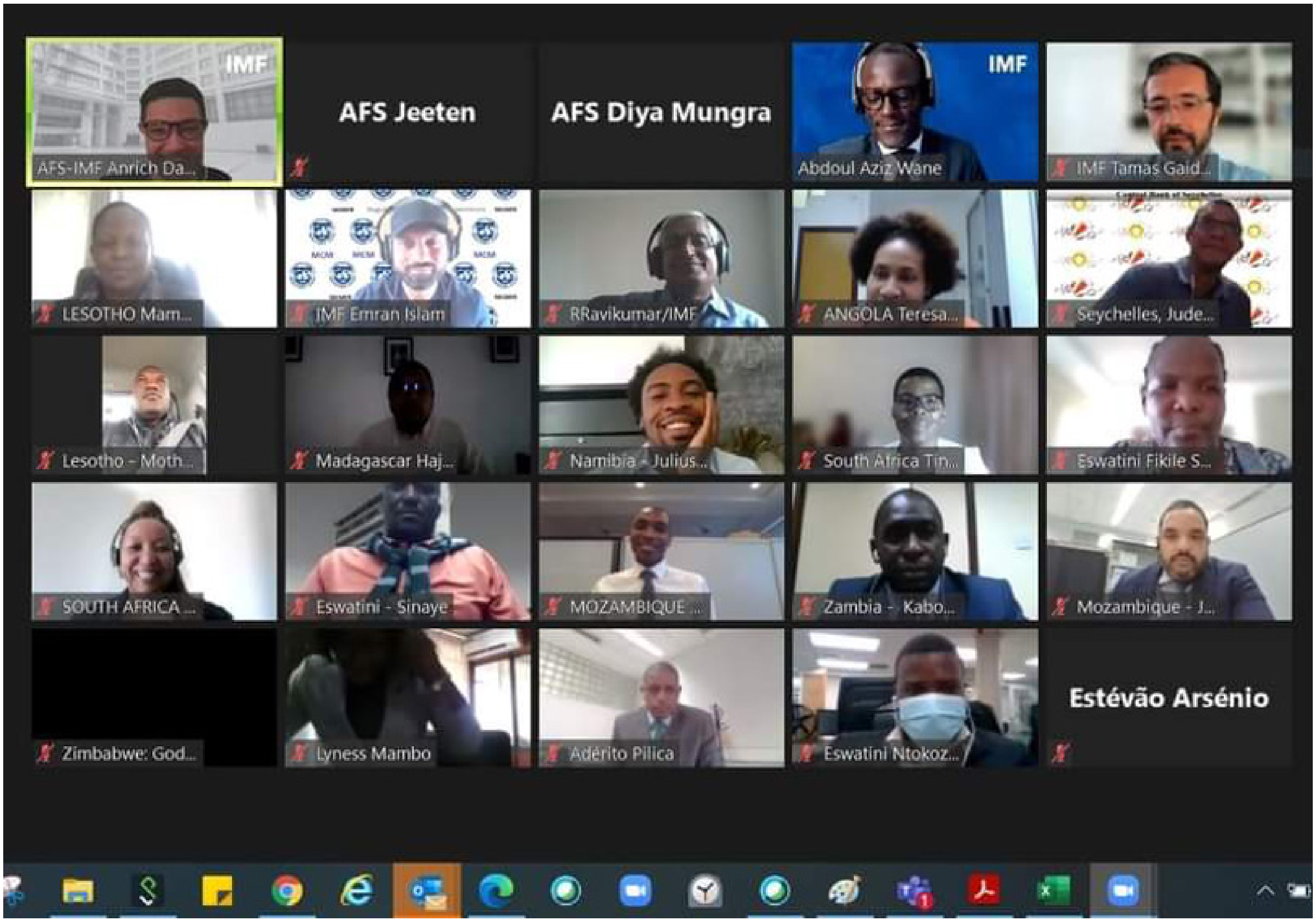
CD IN AFRITAC SOUTH ON FINANCIAL MARKET INFRASTRUCTURES AND FINTECH

Anrich Daseman

During FY21 a dedicated LTX was appointed to provide TA on Financial Market Infrastructures (FMIs) and fintech for AFRITAC South (AFS). This role was previously shared between AFS and AFRITAC West with specific focus on FMIs only. As the demand for fintech-related TA increased in the region, the revised role uniquely includes fintech within the expanded scope of the portfolio.

The main strategic objective for the FMI and fintech TA cluster is the development and implementation of reforms in national payment systems to enhance the safety and efficiency of the financial system. A key area is to build capacity to enhance FMI assessment proficiency to improve compliance to the *Principles for Financial Market Infrastructures* (*PFMIs*) and providing guidance for the oversight and supervision of national payment systems. In alignment with MCM, TA delivery further supports the digital transformation of member countries by sharing knowledge and developing guidance on the regulation and supervision of fintech in payments.

Since the appointment in September 2020, the AFS advisor has provided bilateral TA missions to 6 of the 13 AFS countries and organized and hosted 2 regional workshops on a multilateral basis for the period. The bilateral engagements included providing guidance on the implementation of the national payment system oversight policy for Botswana, reviewing the completed FMI assessments for the Eswatini and Namibia to improve their compliance to the PFMIs and building their proficiency to conduct assessments, providing payment system oversight training to Madagascar and Seychelles, and also participating in a legal TA mission for Botswana to review the existing National Payment System Act, which included the guidance on creating an enabling framework for setting up a regulatory sandbox for payment system innovations. For the multilateral engagements, regional webinars were held on the topics of digitizing payment, regulatory and policy perspectives and cybersecurity and resilience for FMIs.



AFS webinar on strengthening cybersecurity and resiliency for FMIs.

During FY21, the priority areas for AFS countries remained on training and capacity building for FMI assessment proficiency and strengthening the oversight and supervisory expertise.

The delivery of TA in fintech matters has been limited during the first period, and the demand remains high for CD in this area. As countries implement primary reforms and CD needs in FMIs and payments in the shorter term, fintech topics will mature, and CD delivery could be increased in the medium- to longer-term view.

SECTION VI

B

ALBANIA: CRYPTO ASSETS: SAFEGUARDING STABILITY IN NONBANK FINANCIAL SECTOR

Cristina Cuervo

Parma Bains

Albania stands out as a jurisdiction that has taken an early step in building a comprehensive crypto asset framework involving several domestic authorities. The Albania Financial Services Authority (AFSA), the regulatory and supervisory body in charge of the nonbank sector in the country, requested assistance from MCM to implement its recently enacted Fintoken Act. This Act regulates crypto assets and related activities from a conduct, prudential, and anti-money laundering perspective, and the TA concentrated on the first two elements, while a parallel project from LEG is taking care of the latter.

AFSA has been very involved in the legislative process and is now immersed in the process of drafting regulations under the Act but lacks licensing and supervisory expertise on crypto-related issues and has a nascent enforcement practice. MCM's mission discussed with AFSA for the regime to be implemented, focusing on its potential challenges and practical implementation issues relating to licensing of firms and their subsequent supervision. The mission provided training on a number of topics that were of particular interest to

Tirana, Albania: city view.

the staff of AFSA, and offered several recommendations related to internal processes, outreach, monitoring, and engagement.

Crypto-related activities appear to be still small in the country, but the passing of this legislation has the potential to legitimize this market which could result in the growth of consumer demand and increasing reputational risk for the authorities. In this context, strengthening its licensing, supervisory, and enforcement activities will be key for AFSA to be able to face the potential developments of this market in the near future. During this relatively short virtual mission, the CD activity focused on high-level issues while trying to address specific technical questions and concerns raised by AFSA staff. Any future assistance should focus on crypto monitoring and supervisory aspects to enhance AFSA's capacity for risk detection, as well as further building on their enforcement program not only for crypto assets but generally for all their supervised activities.

Learnings from the work with AFSA can help inform future CD on the regulation of crypto assets.

TAXONOMY	
NON-FUNGIBLE TOKENS	• Usually centrally issued • Right to ownership of specific product • Collectible and non-substitutable
UTILITY TOKENS	• Centrally issued • Right to a product/service • Accepted across multiple ecosystems • Transferable • Can be used as a means of exchange
SECURITY TOKENS	• Centrally issued • Meets the definition of a security in each respective jurisdiction • Within the regulatory perimeter
PAYMENT TOKENS	• Usually decentralized • Designed to be used as a means of exchange • Limited rights for the token holder • No single issuer to enforce rights against • Transferrable
NON-ASSET-BACKED STABLECOINS	• Designed to be value stable • Stability mechanism is usually an algorithm
ASSET-BACKED STABLECOINS	• Designed to be value stable • Stability mechanism can be backing or collateralization with a commodity, fiat currency or multiple currencies
CENTRAL BANK DIGITAL CURRENCIES	• Centrally issued by a state or central bank • Designed to be value stable • Stability mechanism is usually sovereign fiat currency

SECTION VI

C

CAMEROON: DEBT MANAGEMENT CD TO STRENGTHEN CAPACITY TO MANAGE PUBLIC DEBT PORTFOLIO RISK AND TO BOAST DEBT TRANSPARENCY

Oumar Dissou

By The IMF through its regional capacity development center for francophone central African countries (AFRITAC Central) provides TA in debt management for Cameroon aimed at strengthening the capacity of the authorities to assess, monitor, and manage public debt portfolio risks and boosting debt transparency. Against this background, in August 2020, the IMF assisted the authorities on updating their MTDS, which identified the refinancing of the Eurobond due in three installments from 2023 to 2025 as the main vulnerability in the debt portfolio. A follow-up TA mission in January 2021 explored with the authorities the costs and benefits of three financing strategies to refinance the Eurobond, reviewed with the authorities the process step-by-step for issuing in international markets, and provided a roadmap for operationalizing the recommended refinancing strategy.

The authorities responded positively to the mission's recommendations. The roadmap served as a basis for the execution plan developed by the authorities with the assistance from external advisors hired to support issuance on international markets. The successful execution of the refinancing operation in June 2021 marked an important milestone in the Government of Cameroon's objective to keep debt sustainable over the medium-term and to achieve a public debt portfolio that is resilient to a range of financial and macroeconomic shocks.

The Cameroonian authorities greatly appreciated the IMF's support, in particular the approach to defining the refinancing strategy and the sound advice received. They are looking forward to continued IMF support on strengthening their capacity and practices in public debt management.

SECTION VI

D

CARTAC: INCLUSIVE INSURANCE–ADVANCING FINANCIAL INCLUSION AND DEALING WITH CLIMATE RISKS: INNOVATION AND PROPORTIONALITY

Ralph Lewars

The region has been identified as one of the most disaster-prone regions, with the annual average cost of damage from natural disasters estimated at about 2.5 percent of GDP.[15] Low insurance penetration, especially among low-income households has been identified as one of the challenges for post-hurricane recovery.

In late 2020, CARTAC in collaboration with the Toronto Centre, Access to Insurance Initiative (A2ii), and the International Association of Insurance Supervisors (IAIS) conducted a Regional Workshop on Inclusive Insurance–Advancing Financial Inclusion and Dealing with Climate Risks.

Thirty-three insurance supervisors from 14 CARTAC member countries participated in the workshop. The training delivered during the workshop served to enhance understanding of the application of proportional approach to regulation and oversight to improve access to micro insurance by the underserved and most vulnerable segments of the population. By combining presentations, case studies, including country examples from the region, and group discussions, participants were equipped to understand and implement lessons learned evidenced by the action plans developed to address issues covered during the workshop.

Key learning outcomes were how to: (i) apply robust supervisory principles and effective monitoring tools to foster the development of an inclusive insurance market; (ii) adopt proportional approaches that enable financial innovation, balancing the prudential, stability, integrity, and consumer protection objectives; (iii) enhance supervisory risk assessments and response capabilities for dealing with climate-related and other environmental risks and improve resilience; and (iv) enable innovation for the development of new insurance products and distribution channels to facilitate inclusion of the marginalized or underserved segments of the population. The workshop served to spur initiatives to introduce regulations for microinsurance in Belize and Guyana; and legislative provision for parametric insurance (St. Lucia, Belize). Some central banks have expressed interest in integrating climate-related

[15] Economic Losses, Poverty & Disasters 1998–2017

and environmental risks into prudential supervision.

Key recommendations to mitigate implementation risks were the following: (i) supervisors should collaborate with key stakeholders (industry, relevant government agencies) to create a supportive policy environment for inclusive and climate risk insurance; and (ii) supervisors should play an active role in developing public education program and outreach activities aimed at the underserved and vulnerable segments of the population on the benefits of microinsurance products to mitigate their exposure to climate-related and other environmental risks.

SECTION VI

E

TRAINING AND DEVELOPING THE GOVERNMENT SECURITIES MARKET–COMOROS, EL SALVADOR, KUWAIT, MONGOLIA

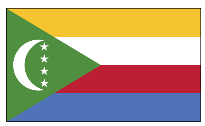
Guilherme Pedras

Samer Saab

Alla Myrvoda

Kay Chung

COMOROS



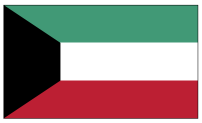
At the request of the Central Bank of Comoros (BCC), a TA mission from the MCM held virtual meetings with officials from the BCC, the Ministry of Finance, and local credit institutions (BIC and Exim Bank) in Moroni from April 5–14, 2021. The main aim of the mission was to (i) assess gaps in meeting the minimum requirements for introducing a government securities market; and (ii) propose a sequenced roadmap of reforms. A medium-term roadmap has been developed to guide the development of a domestic government securities market. The plan is elaborated in four phases from 2021 to 2024 and seeks to build on and exploit synergies with other TA initiatives running concurrently, including the proposals to reform the monetary policy framework.

MCM mission provided capacity development to the Public Debt Management Office (PDMO) of Comoros to strengthen their capabilities to establish a framework for the integration of debt management and cash liquidity buffer investment. The mission provided a broad model to assess monthly cash flows that incorporates borrowing requirements and the debt portfolio structure and recommended adjusting the process for the Annual Funding Plan to allow for a timely recalibration of the cash liquidity buffer. The mission recommended the PDMO to further develop the treasury bill (T-bill) market to improve access of non-resident investors and have a more resilient access to a cash management instrument (i.e., T-bill), thus easing the requirement to keep a large cash liquidity buffer. The authorities requested follow up support on the development of the T-bill market, help with model calibrations and the integration of the more active cash investments with the debt management framework and preparation of an investment framework.

EL SALVADOR

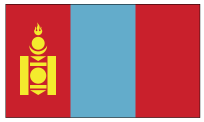
In response to a request from the Central Bank of El Salvador, and in coordination with the Ministry of Finance, a TA mission visited San Salvador to assist the authorities in developing the domestic government debt market, focusing on increasing foreign investor participation and strengthening investor relations. The mission provided initial recommendations on reforms and measures geared at domestic debt market development, including standardization of securities, introduction of a MTDS and an ABP, and implementation of an investor relation program to increase interaction with market participants.

KUWAIT



The authorities—encompassing the market regulator, the central bank, and the debt management office—requested technical support from the IMF to identify measures to promote the development of the local bond market and in particular the gaps in the legal and regulatory framework. The mission (April 19–May 2, 2021) was conducted jointly with LEG. It undertook a preliminary assessment of Kuwait's tax law framework and flagged the key legal instruments in regard to public debt management, financial market infrastructure, dematerialized securities holding, and secondary market transactions that could be developed, while also exchanging views on international good practices to support domestic bond market development. In that front, the mission provided recommendations to guide the authorities in the process of issuing bonds in the domestic bond market. It flagged that a MTDS should be published, followed by an ABP calendar designed with a strong focus on market development objectives. On the more operational side, specific measures were suggested to implement a market-based auction mechanism for government bonds.

MONGOLIA



An IMF MCM team carried out two virtual TA missions to Mongolia in 2020 and 2021 to help the authorities analyze potential Liability Management Operations (LMOs) and formulate a strategy to restart its domestic government bond issuance. These two TAs made a significant contribution to strengthen their sovereign debt portfolio management strategy and to provide a solid foundation for government bond issuance policies. These TAs were delivered in coordination with the World Bank and funded by the Debt Management Facility. TA on LMOs provided extensive training to the Mongolian debt management office (DMO) officials on the fundamentals of international bond issuance and buyback strategies, helped them to assess the cost-risk tradeoffs of feasible financing options, and discussed broader post-COVID debt management challenges. Given the increased financing needs from the COVID-19 crisis, it is important for the Mongolian DMO to produce a solid annual borrowing plan and effectively communicate it to the market. The LMO the authorities conducted following the MCM TA won several regional recognitions, including Best Liability Management Asset Asian Awards 2020 and International Financial Law Review (IFLR) Asia Pacific Awards, 2021.

From this LMO exercise, the Mongolian DMO realized they needed a realistic domestic market development plan that would reduce their reliance on external funding in the medium term. This follow-up TA (January 2021) provided extensive training to DMO officials on the fundamentals of annual borrowing plans, issuance techniques and auction rules, investor relations, and arranged the Philippines DMO to share their experiences in retail bond issuance. The MCM have offered to provide more TAs with these issues, and the authorities have expressed interest in further engagement.

TRAINING EVENTS

The two events held so far on the LCBM framework were highly successful. Participants from both events praised the workshop for their contribution to their daily work and to help them on promoting the development of their domestic debt markets. A sample of feedback is provided below (some responses were anonymous):

"The course is one of the best courses I have had in relation of the money & capital market development. It is really useful."

"It was very enlightening, as it identified a lot of areas covered in the course and was useful in determining the stage of our LCBM. The authorities would benefit from incorporating it in their assessment of market development and to identify areas that require more attention."

"The knowledge/skills learned during the course will be used in your job and your professional development."

"The first but very interesting and useful course on LCBM developments."

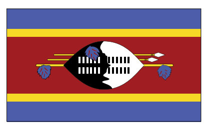
"Thank you much for your work. It was actually very interesting for me to participate in this course. I have learned a lot of useful things for myself."

SECTION VI

F

ESWATINI: STRENGTHENING NONBANK FINANCIAL INSTITUTIONS

Cristina Cuervo



MCM has been providing assistance to the Financial Services Regulatory Authority (FSRA) of the Eswatini since February 2018 as part of a project to strengthen the regulation and supervision of Nonbank Financial Intermediaries (NBFIs). The FSRA has a broad mandate, regulating and supervising securities intermediaries, insurance firms and pension funds, as well as credit cooperatives, which make up the universe of NBFIs in Eswatini. This sector has grown in recent years and is considerably larger than the banking sector in terms of total assets. The significance of NBFIs to the financial system emphasizes the need for them to be properly regulated and supervised, but the FSRA lacks a comprehensive and up-to-date regulatory framework and required an upgrade of its supervisory practices.

MCM TA aimed to achieve four goals: (i) to develop, harmonize, and modernize the legal framework which has significant gaps; (ii) improve the regulatory framework by introducing new regulations or guidelines to fill gaps or deal with emerging issues, (iii) to strengthen the off-site supervisory framework by improving data collection and analysis, risk assessment and implementing a consistent intervention approach and (iv) strengthen on-site supervision by making better use of the off-site framework to improve risk targeting and enhancing its capacity to perform on-site assessments.

Over the course of almost three years (an initial timeline of two years was extended to better accompany the legislative process and eventually also due to COVID-19 pandemic), three experts visited the FSRA regularly, to review the regulatory and supervisory frameworks of each of the three NBFI areas (securities, insurance/pension and credit cooperatives) and worked alongside the staff of the authority to draft or revise legislation and regulations, as well as to develop off-site and on-site supervisory practices and enhance specific areas as needed. The experts were supported by a legal drafter and a project manager who were hired locally and financed by the FSRA and were instrumental in keeping progress on track and making sure drafting timelines were respected by the authority.

This work was highly effective and at the end of the project, 85 percent of its milestones had been completed.

Key achievements included: drafting of critical improvements to NBFI laws and regulations, including to meet key international standards such as the International Organization of Securities Commissions Multilateral Memorandum of Understanding concerning Exchange of Information (IOSCO MMoU); development of and upgrades to a number of FSRA guidelines; implementation of a comprehensive FSRA Supervisory Manual covering all key aspects of the supervision process; training for FSRA staff on key techniques of off-site and on-site supervision; improvements in collection and assessment of data; and improvements in FSRA intervention actions.

Significant issues still remain, particularly the delay in the passing of most of the legislation drafted under the project. This could pose risks to the effectiveness of the project if not solved in due course, as it prevents the FSRA from imposing and enforcing appropriate minimum regulatory standards. Going forward, the FSRA should continue to work towards consistently utilizing the newly enhanced supervisory practices and developing a rigorous discipline for promptly intervening where problems are detected. Against this backdrop, CD priorities are likely to remain focused on strengthening supervisory practices towards a consistent risk-based approach, as well as developing a more effective enforcement program, an area that takes authorities significant time and effort to enhance.

SECTION VI

G

DEVELOPING MEDIUM-TERM DEBT MANAGEMENT STRATEGY AND DEBT REPORTING–ECUADOR, EL SALVADOR

Guilherme Pedras

ECUADOR

The mission assisted the authorities in preparing a MTDS document, which was a Structural Benchmark under the IMF program at the time. The mission team emphasized the need for the MTDS document to provide medium-term guidance for the debt composition and stressed the importance of the document to be used as an important step to improve communications with investors and promote investor relations activities more broadly. The mission discussed the ideal structure for the Ecuador MTDS document, as well as the features of documents from several other countries that could be useful to the authorities. In undertaking its tasks, the mission also flagged features of the debt management office structure to allow for more analytical work to be undertaken. Based on the missions' contributions, Ecuador published its MTDS document in the first quarter of 2021.

EL SALVADOR

The mission provided virtual TA and training to El Salvador on LMO in the context of MTDS to reduce refinancing risk of the external debt portfolio, particularly in the context of refinancing the 2023 Eurobond. The mission provided a stylized timeline and steps for LMO implementation and recommended using such transaction as an opportunity to build institutional capacity in the Ministry of Finance.

SECTION VI

H

HAITI: BUILDING SUPERVISORY CAPACITY IN A FRAGILE AND CONFLICT-AFFECTED STATE

Patrick Le Clerc

The TA provided by MCM to the Bank of the Republic of Haiti (BRH) aims to upgrade its banking supervision framework and strengthen its capacities in this crucial area for the development on sound financial basis of the country, affected by severe fragilities—political instability, social unrest, daily insecurity in a context of gang war, earthquakes, and climate change.

Port-au-Prince: building of the Bank of the Republic of Haiti.

This MCM TA program, set up with FIRST Initiative funding, started in 2017 in the form of short-term missions by a peripatetic advisor, was boosted in 2019 by its conversion in a full-time resident advisor mission, carried out for one year, first residentially then remotely due to the COVID crisis, and is currently continuing part-time remotely. This support is delivered by the same expert from the inception, with the occasional support of specialists on specific subjects. The main objectives are the following:

- Update the regulatory framework according to international best practices proportionate to the level of risks and complexity in Haiti.
- Provide clear criteria for licensing of financial institutions.
- Strengthen the BRH supervisors' approach and methodology, suited and proportionate to the nature of activities, size and complexity of the Haitian banking system.
- Complete and implement a timely and reliable supervisory reporting.
- Enhance the on-site and off-site supervisors' capacity regarding technical topics, practical conditions for implementing the risk-based

DSBIF top managers.

approach in their respective work, and ways and means to tighten the coordination between the two functions.

The progress of the program was slowed down by the worsening of political situation and recurrent difficulties, amplified by the COVID-19 crisis, resulting in a serious economic crisis, and a strong instability of the exchange rate (depreciated by more than 50 percent in four years), and now by another major earthquake. These difficulties highly limited the availability of the BRH to implement the program and reduced its absorption capacities of the technical assistance provided.

Despite this context, and thanks to the real adhesion and persistent efforts of the top management and team of the BRH Banking Supervision Department, significant progress has been made so far. Thus:

- The upgrading of the regulatory framework is well on track, with seven new regulations enacted, six transmitted for final approval to the BRH Board, and two other ready to be send for comments to the profession and other stakeholders, together with the final version of a new banking chart of accounts.
- The BRH has acquired an integrated banking supervision software, whose full deployment is near completion to replace common office tools and paper processes.
- The on-site banking supervision methodology has been largely revised, in particular on the inspection preparation process and the format of the reports, and through the development of methodological guides and assessment grids for the main risks, currently being finalized.
- The development of a risk and rating matrix of supervised institutions is underway using the risk assessment grids prepared for the on-site inspections.
- Regarding the off-site banking supervision, the revision of the methodology and of the content of the analysis reports has been undertaken and is going forward, with concrete and positive results.
- The capacity building of supervisors, made difficult by the remote modality of CD, remains ensured by regular support by telephone, by email, and the organization of videoconferences and workshops.

SECTION VI

METAC: ADAPTING TO A NEW NORMAL—EXPERIENCE OF CD DELIVERED DURING THE COVID-19 PANDEMIC

Didier Casier

"Under the umbrella of the METAC program, the Central Bank of Egypt has greatly benefitted from capacity development efforts in numerous areas."

–Tarek Amer, Governor, Central Bank of Egypt

METAC countries have technical capacity constraints that include limited skilled human resources, technical absorption capacity, low retention rates of scarce skilled officials and lack of advanced information technology and communication equipment. When the pandemic restrictions were introduced, the switch to virtual CD delivery presented various challenges, and each challenge became a learning process for the improvement of the next CD activity. Below is an account of how METAC countries adapted to the new normal and the lessons from CD delivered.

Intensive use of communication tools (video conferencing) in TA delivery. At an initial stage, technology constraints, lack of broadband and inadequate equipment impacted the length of TA activities. TA activities had to be spread over various weeks with authorities working from home. Some countries leveraged the IMF Resident Representatives' IT and communication facilities, and this was useful. Subsequent missions were planned, organized, and performed more easily. The WebEx video-communication tool was instrumental for success in virtual TA delivery and proved to be user friendly, functioning in all METAC countries in a satisfactory manner. Two institutions postponed the planned TA activities to a time when on-site TA activities could be resumed. Their view was that TA activities would be less effective to the development of new skills and capabilities among their staff.

Advance preparation, coordination, and adapting to different needs. In the virtual TA delivery environment, adequate advance mission preparation is key. Pre-mission stock take surveys/questionnaires focusing on collecting and analyzing relevant background information that are used during the TA activity to prepare were intensified. The time dedicated to coordination between the LTX and the STX, the mission, and the authorities, and the mission and the interpreters also became more important than in the case of in-person TA delivery. To meet the authorities' capacity development expectations, the activities delivered through WebEx sessions spread over various weeks, to provide the same level of intensity and quality of interactions as in on-site TA activities. The training component integrated in the TA activity was adapted to the specific characteristics and challenges of a virtual training. Key success factors included: (i) being able to manage the

Didier Casier (LTX) and Youssef Yazbeck (STX) delivering TA to Central Bank of Sudan on Large Bank Exposures

challenges of connectivity, (ii) having sound existing relationships between the counterparts, (iii) an agreed CD reform strategy and TA roadmap, (iv) an existing project management structure, (v) TA activities spread over a longer period of time and (vi) ongoing work, reactivity to questions raised and interactions in between WebEx sessions.

Flexibility to address evolving needs. The LTXs' previous work and pre-existing relationships with the authorities facilitated the performance of virtual engagements. Following a flexible, reactive, and demand-driven approach allowed the LTX to adapt the workplan to focus on the authorities' immediate CD needs, address emerging CD priorities, and in a later stage realigning to the TA projects and roadmaps. MCM produced COVID-19 special series notes to assist financial regulators to respond to the pandemic. The relevant notes were shared with the various METAC authorities, presented at regional webinars, and discussed at the authorities request during the performance of virtual TA activities. The discussions of COVID-19 special series notes were useful to highlight their ongoing challenges, the actions taken and the new priority CD needs. Authorities appreciated the COVID-19 topical notes produced by MCM and found them to be useful in addressing the immediate challenges related to the crisis.

Specifically, the authorities were keen to benefit from MCM policy advice and guidance related to: (i) the revision of business continuity plans with a focus on what actions could be taken to enhance the pandemic preparedness and minimize the potential adverse effects of the spread of COVID-19 on the banks' activities and operations; (ii) the appropriate regulatory and supervisory response to deal with the impact of COVID-19 pandemic with the purpose to maintain the balance between preserving the financial stability, maintaining the banking system soundness and sustaining the economic activity; (iii) the formulation of supervisory expectations on dealing with the implications of the pandemic outbreak, in particular through banks' portfolio reviews and risk assessments on a regular basis to measure the impact of COVID-19 on their financial conditions and their response to distressed borrowers; (iv) the enhanced prudential reporting, with a focus on forborne loans, relying on the definition of clear criteria for acceptable loan restructuring and ad-hoc reporting of stock and flows for affected loans; (v) increased engagement between banks and banking supervisors; and (vi) the cybersecurity of remote work.

Most authorities have expressed TA needs that are aligned with existing TA projects/roadmaps for their FY22 workplan.

Providing TA to FCS requires focus on institutional capacity building and long-term objectives of building financial stability and supporting a stronger financial system. Within an environment of persisting fragilities, the CD engagement: (i) is long term in nature; (ii) likely to be more intensive for achieving the expected results; (iii) should include significant training on a regular basis; (iv) should address key prerequisites; (v) should focus on building blocks of the regulatory and supervisory frameworks; (vi) needs to recognize and integrate the existing constraints; (vii) needs to rely on carefully tailored advices to country circumstances; (viii) follow an appropriately paced approach; and (ix) coordinate with development partners to ensure that CD gaps are addressed, and overlaps are avoided. Involving the authorities adequately in the CD process and seeking their commitment is important for the success factor of the delivered TA.

SECTION VI

J

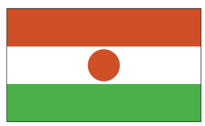
CD ON DEBT REPORTING– NIGER, EASTERN AND SOUTHERN AFRICA REGION (MEFMI)[16]

Guilherme Pedras

Chaker Soltani

James Knight

NIGER



The mission supported the authorities in strengthening the public debt reporting and in particular in defining the content and presentation of a website dedicated to the publication of public debt information. The mission (i) offered a training on the best practices on debt reporting; (ii) presented practical cases on debt reporting across countries in the region and other countries; (iii) proposed recommendations to improve debt recording, reporting, and monitoring. The mission helped to prepare the terms of reference related to the content and structure of a public debt website and proposed the format of documents and information to be published on the website. The authorities have started the preparation of the proposed debt website and have already published the annual debt management report FY20 and the MTDS report 2021–23.

[16] MEFMI is a regionally owned institute currently with 14 member countries: Angola, Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Eswatini, Tanzania, Uganda, Zambia, and Zimbabwe.

MEFMI DEBT REPORTING TRAINING

MEFMI

Macroeconomic and Financial Management Institute of Eastern and Southern Africa

A joint IMF-WB-MEFMI mission delivered a two-week virtual workshop for 30 debt management officials from 10 MEFMI member countries (Angola, Botswana, Kenya, Lesotho, Malawi, Mozambique, Tanzania, Uganda, Zambia, and Zimbabwe). The workshop was carried out with funding from the third phase of the DMF, as a pilot of a new training course in this area, in the context of improving debt transparency in line with the joint IMF-WB multipronged approach on reducing debt vulnerabilities. The workshop highlighted the importance of, and approach to, good quality debt reporting and monitoring within government. Presentations covered all relevant aspects of reporting and monitoring, including relevant institutional arrangements. Alongside the presentations, the course included daily quizzes, regular exercises, and peer-to-peer roundtable discussions to maintain active participation.

SECTION VI

K

PFTAC: PRIORITIZING SUPERVISION CD IN THE PACIFIC DURING THE PHASE VI PROGRAM CYCLE

Rajinder Kumar

PFTAC is preparing to move into its Phase VI program cycle (expected to run from November 2022 to April 2028).[17] A working group with representation from the Pacific Island Countries (PIC) and other TA providers present in the region and supported by the FSS Advisor at PFTAC, conducted a comprehensive survey of the PICs' supervisory priorities that should be the focus of the PFTAC's CD activities during its next program cycle. The survey involved asking PICs to rank each of 40 potential CD activities grouped across 10 financial supervision topics as 'High', 'Medium' or 'Low' priority according to their own country situation. The survey received an overwhelming response with 11 countries submitting the inputs. The working group considered the responses received from the PICs and, with some moderation, produced an overall priority list for the region with the following activities emerging as top ten priorities for the region. These priorities were later endorsed by the Steering Committee of PFTAC.

[17] The exact period yet to be confirmed.

	TA ACTIVITIES
1.	Monitoring of systemic risks
2.	Preparation/review of supervision manual
3.	NPL resolution
4.	Preparation of Financial Stability Report
5.	Supervisory stress testing of financial institutions
6.	Bank resolution
7.	Basel III Liquidity standards (liquidity coverage ratio, net stable funding ratio and liquidity risk monitoring tools)
8.	Strengthening off-site supervision
9.	Early intervention in weak banks
10.	Development of prudential and risk management standards for non-banking credit institutions

Fiji: Meeting at PFTAC.

The main objective of preparing the priority list is to identify the TA activities that PFTAC should consider on thematic basis for implementation across majority of the PICs. However, while considering provision of TA for specific countries, the basis will be their individual priority. That means a thematic project will not be offered to them if it does not figure in their priority list. In a country, a project that has been indicated as 'High Priority' by the respective supervisory authority will be taken up first regardless of the priority of the region. Nonetheless, the results of the survey would help PFTAC select the topics for developing example standards/frameworks which can be adapted by individual PICs to their local specificities. The prioritization and thematic identification would also help in identifying the topics for workshops and conferences during the early years of Phase VI.

PFTAC conference facility

SECTION VI

L

PFTAC: PUBLIC DEBT MANAGEMENT PROGRAM

Briar Ferguson

PFTAC

The inaugural PFTAC Public Debt Management Program commenced in March 2021 with the appointment of the RCDC's first public debt management advisor. With increasing debt stocks and more complex debt portfolios throughout the region, debt and debt management are becoming areas of greater macro-critical concern for PICs. This places greater importance on delivering effective TA in the region to address these issues and to ensure that effective debt management frameworks are in place, contributing to overall debt sustainability.

The PFTAC debt management program is designed to strengthen the debt management capabilities of member countries by: (i) building capacity in debt-related analyses and reporting; (ii) strengthening the institutional arrangements for debt management; (iii) building capacity to implement debt and risk management strategies; and (iv) improving the functioning and depth of domestic debt markets.

Given the embryonic stage of debt management in much of the region, the main areas for capacity development are related to the fundamentals of debt management. These include limited recording and reporting; basic understanding of risk and debt analysis; lack of documented policies and procedures; inadequate legal frameworks and institutional arrangements. For those countries with domestic market access, there are structural and institutional issues resulting in illiquid and underdeveloped markets.

The FY22 program will focus on developing capacity in debt management fundamentals including debt recording and reporting, strengthening institutional arrangements, and developing knowledge in risk and debt analysis, including building capacity in the MTDS framework and accompanying AT. For the small number of countries with domestic market access, TA will be provided to support the development of the domestic market. The program will be responsive to the requirements of member countries, as assistance is required. At the regional level in FY22, there are plans to organize a workshop focusing on Debt Reporting and Monitoring. A training event will also be held in conjunction with the High-Level Dialogue of Pacific Policy in February 2022.

Key constraints to effective capacity development in the region include the absorptive capacity of member countries, and the need for virtual missions in the near term. To address these constraints, missions and training can be split into smaller windows, reducing the risk of virtual fatigue, and allowing participants to undertake required daily tasks. The use of online training courses and scheduled drop-in sessions on key subjects can also support the delivery of virtual and traditional TA delivery. There is however a segment of countries that are not open to virtual TA due to technological constraints and other factors, where in-country assistance will be delayed until the resumption of travel.

SECTION VI

M

THE PHILIPPINES: PRIORITIZING CD DURING COVID-19

Anastassiya Marina

"I am confident that the IMF, through the MCM, will continue to provide the necessary support to the concerned BSP units in bringing these TA missions into fruition."

–Benjamin E. Diokno, Governor, Bangko Sentral ng Pilipinas

COVID-19 severely hit the Philippine economy. Real GDP declined by 9.6 percent in 2020. A moderate economic recovery started in the third quarter of 2020, supported by an easing of containment measures and policy stimulus. While the second COVID-19 wave that started in March 2021 has weighed on the economy, the authorities and IMF expect that the recovery would continue in the second half of 2021 and throughout 2022. The authorities introduced a comprehensive policy package to combat the COVID-19 crisis. MCM CD, in coordination with the IMF Asia and Pacific Department (APD) and ICD, was aimed to support the authorities' endeavors to maintain financial stability and economic recovery.

In response to CD priorities given the COVID-19 challenges, MCM has provided advice in a wide range of CD topics in FY21. These included the pre-pandemic and emerging priorities after the COVID-19 shock, in particular: (i) enhancement of the supervisory capacity in the environment of swiftly changing priorities; (ii) MTDS in light of rising financing challenges; (iii) complexities in communicating monetary policy decisions while balancing the tradeoffs between openness, clarity, and information efficiency; and (iv) a central bank's response to rapid financial technological innovations and declining need for and use of cash.

TA ON SUPERVISORY PRIORITIES THROUGH THE COVID-19 CRISIS

This is a joint CD effort between the IMF and the World Bank, delivered in two blocks. The first block, led by the IMF, focused on "Lessons Learned for Supervision from the COVID-19 Pandemic Crisis" and was anchored in the "IMF Special Series on COVID-19–Note on Supervisory Actions and Priorities in Response to the COVID-19 Pandemic Crisis". MCM and APD held a series of virtual meetings with the Bangko Sentral ng Pilipinas (BSP) and about 50 managers and staff from BSP attended the workshops. The second block, coordinated and delivered by the World Bank, discussed 'Supervisory Rating System' in the context of the current crisis. The MCM and WB advice helped lay down the foundation for the BSP to adjust supervisory practices in light of the extraordinary measures taken during the pandemic and to start considering strategies for exiting from these measures as well as implementing the 2020 FSAP recommendations.

TRAINING ON THE AT FOR DEVELOPING A MTDS IN PARTNERSHIP WITH JAPAN

The training introduced the AT for developing an MTDS and evaluating new sources of financing to meet country's borrowing needs. Issues pertaining to new financing instruments, Libor transition, and bond market trading platforms were discussed. A total of 19 participants were drawn from the International Finance Group in the Department of Finance, the Bureau of Treasury, and BSP.

TA ON EFFECTIVENESS OF THE MONETARY POLICY COMMUNICATION

In addition to discussions with BSP staff, MCM and APD met with external stakeholders, including the Department of Finance, the National Economic Development Authority, and representatives of the banking industry, academia, and press. The virtual discussions and desk review of the inflation report, monetary policy speeches, and press releases resulted in the formulation of a possible work plan for strengthening monetary policy communication that the BSP and MCM intend to review in the second half of 2021.

DISCUSSIONS WITH THE BSP ON CBDC

In a number of virtual meetings since May 2020, MCM and APD have been sharing knowledge and experiences with the BSP Technical Working Group (TWG) on CBDC. The goal of the ongoing dialogue is to support the BSP TWG in its two main tasks of conducting an exploratory study on the CBDC and coming up with recommendations on how the BSP would proceed in this area.

SECTION VI

N

SIERRA LEONE AND UGANDA: KEY LESSONS IN STRENGTHENING CD-SURVEILLANCE INTEGRATION

Shelton Nicholls

During FY21, MCM intensified its efforts to strengthen CD-Surveillance integration with a view to helping member countries implement policy reforms in an effective and sustainable way. A key focus of the integration is (a) identifying capacity gaps constraining policy implementation; (b) engaging stakeholders to build consensus on policy reforms and capacity development needs; (c) improving alignment and prioritization of CD initiatives to reform priorities and institutional capacity through close collaboration with AD teams, functional divisions and country authorities; (d) deploying targeted TA and training to support policy advice and (e) monitoring and evaluating progress with the implementation of key recommendations and policy reforms. Sierra Leone and Uganda are good examples of effective integration of CD and surveillance.

SIERRA LEONE

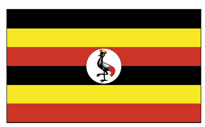
Sierra Leone is resuming its ECF program with a focus on safeguarding financial stability, strengthening the monetary policy framework, and addressing external vulnerabilities following receipt of emergency support from the IMF, the World Bank, and other partners to mitigate the negative impact of the COVID-19 pandemic. The highly collaborative engagement between the FSSR, the FIRST financed project on central bank operations, ongoing technical assistance support from AFRITAC West on monetary policy and bank supervision; and the Sierra Leone country team has led to an open and effective dialogue with the country authorities and significantly strengthened the link between policy advice and CD prioritization.

The FSSR mission undertook a review of the constraints to CD implementation based on a detailed stocktaking of the progress of past TA recommendations that covered a wide range of topical issues including monetary operations, debt management, financial sector legislation and regulation (bank and nonbank sectors), central bank governance, financial stability, payments systems infrastructure, and stress testing. This stocktaking facilitated a very fruitful dialogue between the IMF and the authorities on the most impactful reforms and the various constraints curtailing a faster pace of implementation of policy advice. Major constraints impacting the implementation of policy advice have revolved around insufficient staff resources and inadequate institutional arrangements. Overall, Sierra Leone has made solid progress with the passage of financial sector legislation, the development of a risk-based supervisory framework for the banking sector, implementation of a structured monetary policy regime and strengthening of some core aspects of central bank governance. The Bank of Sierra Leone (BSL) has also been increasing staff resources to build capacity and has enhanced institutional arrangements on financial stability through establishment of a Financial Stability Department and the appointment of a deputy governor with direct responsibility for financial stability.

The close coordination of the FSSR mission team and the Sierra Leone country team facilitated strong CD-surveillance integration on many levels and helped calibrate policy advice on the monetary and financial sector to ensure better alignment with the macroeconomic framework. Recommendations (including on upgrading of the prudential guidelines and supervisory frameworks, strengthening financial stability governance, and enhancing FMI oversight) have been incorporated into the IMF country team's staff reports. There has been strong buy-in from the authorities since the priorities in the FSSR TA roadmap have been closely aligned with the ongoing discussions on the ECF program.

Another important pillar of effective CD-surveillance integration has been the close collaboration between the authorities, the Sierra Leone country team, and the FSSR mission team on prioritizing and sequencing follow-up CD. FSSR follow-up TA activity, which commences in FY22, will focus on (i) strengthening financial sector supervision with the assistance of a resident advisor at the BSL; (ii) finalizing and issuing upgraded prudential guidelines; (iii) consolidating the stress-testing framework; (iv) operationalizing the Financial Policy Committee (FPC) which has responsibility for financial stability and macroprudential policy; and (v) developing systemic risk and financial stability indicators. The enhancement of the FMI oversight is being covered by the resident advisor on monetary policy operations/FMI at AFRITAC West.

UGANDA



The authorities in Uganda requested an ECF arrangement to sustain the post-COVID-19 crisis recovery and support policy implementation of the National Development Plan III (NDP III). The development plan places significant emphasis on safeguarding macroeconomic and financial stability, strengthening governance, fostering private sector development, and generating more inclusive growth.

In support of these reform efforts and based on the findings of the FSSR which undertook a diagnostic review of the health of the financial sector in 2016, the Bank of Uganda (BOU) has been making solid progress with the implementation of the FSSR medium-term TA follow-up plan which remains at the center of its ongoing reform activities. These activities focus on (a) strengthening bank regulation and supervisory frameworks and (b) implementing financial stability analysis and stress tests and (c) strengthening monetary policy operations and the FMI oversight.

With the support of a resident advisor on bank supervision and ongoing support from AFRITAC East, the BOU is making solid progress with the implementation of key reforms in bank supervision and regulation. It has upgraded its corporate governance framework for regulated financial institutions, finalized, and rolled out a new analytical framework for off-site examinations, finalized a risk-based licensing policy and refined the supervisory risk assessment matrix. The authorities have also made progress in laying the foundation for the implementation of Internal Capital Adequacy Assessment Process (ICCAP).

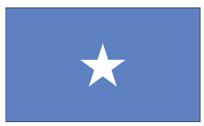
The BOU has also increased staff resources on stress testing and has been conducting microprudential stress tests on a quarterly basis and macroprudential stress tests semi-annually. It has enhanced its scenario analysis, developed a systemic risk dashboard and heatmap, conducted an impact analysis of the implications of COVID-19 and developed a cash-flow liquidity stress model. It is currently working closely with MCM to enhance FX systemic liquidity stress testing.

On financial market infrastructures, Uganda has upgraded its National Payments Act to encompass digital services and is working closely with IMF headquarters and AFRITAC East to enhance the FMI oversight. It is also highly engaged with AFRITAC East on strengthening the Forecasting and Policy Analysis System (FPAS) in support of monetary policy implementation.

SECTION VI

SOMALIA: INTEGRATION OF CD AND SURVEILLANCE AND COOPERATION WITH THE WORLD BANK

Abdullah Haron



Following IMF's re-engagement with the Federal Government of Somalia in 2013, MCM in close coordination with Somalia Country Team promptly stepped in to provide much needed CD for building a well-functioning central bank in this fragile state. MCM is implementing a comprehensive CD program with the primary goal of establishing a fully operational central bank. Three primary areas supported by the Somalia Trust Fund are: (i) central bank organization, transparency, and governance; and its accounting, internal audit, and risk management functions; (ii) banking supervision and regulation; and (iii) currency reform.

MCM has been working closely with MCD in assessing Somalia's financial sector vulnerabilities and identifying priorities as the CD gradually intensified and expanded further. Specifically, MCM and MCD identified broad structures of financial sector reforms based on the Central Bank of Somalia's (CBS) Financial Sector Roadmap 2016–20, of which structures formed key elements of the past IMF's Staff Monitored Program (SMP) and the basis for TA. Regular discussions between the department and subsequently with the authorities were made on the possible action plan, including important decisions that need to be taken by policymakers and institutional arrangements that have to be put in place over the period, and more generally on the governance and organizational structure of the CBS. This is to ensure that the Somali stakeholders "owned" the IMF-supported program in the best interest of the country.

MCM's collaboration with MCD and other TA providers was critical to Somalia's successful implementation of the TA plan and integration of CD with surveillance. The CD program for Somalia followed a coordinated, practical, prioritized, and sequential approach to gain traction and to ensure realistic timetable for implementation. The pace of delivery needed flexibility to address challenging circumstances including security risks and finding alternative off-site locations, and slow absorption capacity due to knowledge and skills gaps (more so during the COVID-19). Considering these factors, the mode of TA delivery was tailored to specific needs of the CBS and relied on hands-on training modules with a combination of field visits and desk review by MCM staff and experts and periodic conference calls with the authorities as needed. In addition, MCM and MCD coordinated with other TA providers on TA topics to avoid overlap and to ensure consistency. For example, MCM and MCD took the lead in the policy dialogue on currency reform at the initial stage by providing practical advice on logistics, accountability framework, communication, anti-counterfeiting, and budget, as well as reviewing relevant CBS documents. When the World Bank took over the project in 2019, collaboration between MCM and MCD continued to ensure consistency in the financial sector reform and to help the World Bank to minimize the risk associated with the project. In summary, the collaboration between MCM and MCD, and other stakeholders helped Somalia to successfully begin receiving debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in March 2020 when the IMF Board approved a three-year financing program for Somalia. The CD activities and the medium-term development strategies for Somalia reflect the priorities and reforms needed for Somalia to reach the HIPC Completion Point. In the monetary and financial area, these include further work on financial systemic risk analysis and on monetary policy and operations to support the currency reform. This collaboration continues to facilitate the execution of the CBS' Financial Sector Roadmap for 2021–24.

SECTION VI

P

ZIMBABWE: FLEXIBLE PLANNING—EXPERIENCE OF CD DELIVERED BY AFRITAC SOUTH

Benjamin Stefanou

"I wish to express my profound gratitude for the technical assistance extended by AFRITAC South to our Banking Supervision Department. I also wish to specifically thank the technical experts for their invaluable guidance and commitment. It is pleasing to note that the training is timely and will enhance the efficacy of our supervisory toolkit given the constraints imposed by the COVID-19 restrictions on conventional on-site examinations. The experiential knowledge and capabilities gained from the engagement will reinforce our supervision and regulatory techniques and methodologies".

–Dr. John P. Mangudya, Governor, Reserve Bank of Zimbabwe

AFRITAC South

The COVID-19 pandemic required a flexible and cooperative approach to CD planning for AFS in FY21, with member countries' priorities drastically changing early in the pandemic, and then evolving as they learnt how to effectively work within new conditions. With that AFS reaffirmed its approach to delivering effective tangible durable CD through listening to what member countries' needs, and priorities were; coordinating work with MCM; and delivering practical user-friendly assistance. AFS' work with the Reserve Bank of Zimbabwe (RBZ) on conducting remote examinations due to operational restrictions arising from the pandemic, is a good example of this.

Early in the pandemic AFS reached out to all member countries to discuss changing priorities. Idea was that whilst AFS will continue with its agreed work plan where possible, it also needed to be flexible in delivery of CD. This led to a significant amount of resources and attention spent on COVID-19 pandemic response information and guidance (led by MCM), and also revised CD priority areas such as cybersecurity regulation and a broad topic of how to continue effective supervision with significant operational restrictions. A specific request on this area came from the RBZ on conducting remote supervisory examinations.

The RBZ had amended its examination process for remote work and requested guidance from AFS on how to effectively implement a remote examination framework. Being a relatively new concept (in a pandemic context), AFS arranged for bank supervisors with recent experience undertaking and establishing frameworks for remote examinations in response to pandemic conditions, to provide information and guidance to RBZ supervisors on international practices in remote examinations; and review and provide feedback on the RBZ's revised examination framework.

The key messages delivered to the RBZ supervisors, for structuring and undertaking examinations remotely, were:

- Supervisors should take time to establish reliable communication between counterparts to facilitate meeting conferencing, remote walkthroughs, large file sharing and possible remote system access.

- Scope of examinations should be adjusted based on the ability to effectively access and assess required counterparts and information.
- Allow significantly more time to undertake the examination remotely, as would be scheduled for in-person examinations.
- Remote modality makes it harder to communicate effectively for all counterparts, which could lead to misunderstandings, misinterpretations, lack of information, and ineffective assessment, so need to put extra emphasis on written communication, preparation of meetings and information sharing.
- Where supervisors rely more heavily on internal control functions' assessments, they should be especially investigative about conclusions and consider the internal controls functions' ability to effectively assess operations if also working remotely.
- Communicate the limitations of remote examination work clearly in the closing meetings and examination report.

This practical information and timely guidance from recent supervisory experience was key to this successful CD.

FY21 required close contact with member countries and a lot of flexibility in CD delivery. The CDC model has exemplified effective CD delivery in this context, through its ability to deliver specific and timely CD during the pandemic. By AFS engaging directly with member countries and proactively adjusting CD delivery to revised priority areas; MCM taking the lead on and effectively managing pandemic response support; and both AFS and MCM continuing to implement established medium-term supervision reform plans; AFS has continued delivering tangible, practical, and durable CD to our member countries. With countries still being significantly impacted by the pandemic, and as they start to emerge from its impacts, the ability of AFS (and other RCDCs) to flexibly deliver practical CD in accordance with member countries' changing priorities will still be a key factor in the value we add to our member countries. Long-standing reform on Basel framework and RBS implementation should continue. However, areas such as cybersecurity, provisioning, and problem asset management, and how to effectively supervise financial institutions through remote or disrupted operating conditions, will benefit from AFS guidance and assistance.

Harare, Zimbabwe

APPENDICES

APPENDIX I.
IMF Regional Capacity Development Centers

RCDC	Location	Member Countries
AFRICA		
AFRITAC Central (Central Africa Regional Technical Assistance Center)	Libreville, Gabon	Burundi, Cameroon, Chad, Central African Republic, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Sao Tome and Principe
AFRITAC South (Regional Technical Assistance Center for Southern Africa)	Ebene Cybercity, Mauritius	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe
AFRITAC West (West Africa Regional Technical Assistance Center)	Abidjan, Côte d'Ivoire	Benin, Burkina Faso, Cote d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo
AFRITAC West II (second African Regional Technical Assistance Centre in West Africa)	Accra, Ghana	Cabo Verde, The Gambia, Ghana, Liberia, Nigeria, Sierra Leone
East AFRITAC (Regional Technical Assistance Center for East Africa)	Dar es Salaam, Tanzania	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Uganda
ASIA AND PACIFIC		
PFTAC (Pacific Financial Technical Assistance Centre)	Suva, Fiji	The Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu
SARTTAC (South Asia Regional Training and Technical Assistance Center)	New Delhi, India	Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka
MIDDLE EAST		
METAC (Middle East Regional Technical Assistance Center)	Beirut, Lebanon	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, Yemen
CCAMTAC (Caucasus, Central Asia, and Mongolia Technical Assistance Center)	Almaty, Kazakhstan	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan
WESTERN HEMISPHERE		
CARTAC (Caribbean Regional Technical Assistance Centre)	Bridgetown, Barbados	Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands
CAPTAC-DR (Central America, Panama and the Dominican Republic Regional Technical Assistance Center)	Guatemala City, Guatemala	Costa Rica, The Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama

APPENDIX II.
MCM Long-Term Resident Expert Placement (as of April 30, 2021)

Affiliation	Country Location	Topic	Donor Partner
AFRITAC Central	Gabon	Banking Supervision and Regulation	Multi-Donor/DMF
AFRITAC Central	Gabon	Debt Management	Multi-Donor/DMF
AFRITAC East	Tanzania	Banking Supervision and Regulation	Multi-Donor
AFRITAC East	Tanzania	Forecasting and Policy Analysis Systems	Multi-Donor
AFRITAC East	Tanzania	Monetary and Foreign Exchange Operations, and Financial Market Infrastructures (FMIs) and Payments	Multi-Donor
AFRITAC South	Mauritius	Banking Supervision and Regulation	Multi-Donor
AFRITAC South	Mauritius	Monetary and Foreign Exchange Operations	Multi-Donor
AFRITAC South	Mauritius	Payment Systems / FMI / Fintech	Multi-Donor
AFRITAC West	Cote D'Ivoire	Banking Supervision and Regulation	Multi-Donor
AFRITAC West	Cote D'Ivoire	Debt Management	Japan
AFRITAC West 2	Ghana	Banking Supervision and Regulation	Multi-Donor
AFRITAC West 2	Ghana	Monetary and Foreign Exchange Operations	Multi-Donor
Bank of Mozambique	Mozambique	Central Bank Modernization	Norway
Bank of Uganda	Uganda	Banking Supervision and Regulation	FSSF
CAPTAC-DR	Guatemala	Banking Supervision and Regulation	Multi-Donor
CAPTAC-DR	Guatemala	Monetary and Foreign Exchange Operations	Multi-Donor
CARTAC	Barbados	Banking Supervision and Regulation	Multi-Donor
CARTAC	Barbados	Debt Management	Multi-Donor/Canada
CARTAC	Barbados	Financial Stability	Multi-Donor
CDOT	Thailand	Monetary and Foreign Exchange Operations	Japan
Central Bank of Sri Lanka	Sri Lanka	Macroprudential Policy and Stress Testing	FSSF
Central Bank of Myanmar	Myanmar	Accounting and Internal Audit	Japan
METAC	Lebanon	Banking Supervision and Regulation	Multi-Donor
Ministry of Finance, Ukraine	Ukraine	State-Owned Banks Governance	SECO
Ministry of Finance, Ukraine	Ukraine	NPL Resolution	SECO
National Bank of Cambodia	Cambodia	Banking Supervision and Regulation	Japan
National Bank of Ukraine	Ukraine	Banking Supervision and Regulation	Canada
PFTAC	Fiji	Banking Supervision and Regulation	Multi-Donor
PFTAC	Fiji	Debt Management	Japan
SARTTAC	India	Monetary and Foreign Exchange Operations	Multi-Donor
SARTTAC	India	Banking Supervision and Regulation	Multi-Donor

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See you next year!

MCM TA Team

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