



IMF Capacity Development State of Play

D4D Fund Steering Committee

June 6th, 2023

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Key Messages

FY23

- Execution rates of budgets are projected to be back to pre-pandemic levels.

FY24 Outlook

- Strong CD demand expected, particularly given increased program activity (including RSF) and Ukraine reengagement.
- Full budget utilization anticipated but downside risks.

Shifts in regional distribution

- Increased shares of MCD and APD countries in total CD delivery expected.
- Work on major thematic areas dominates with enhanced focus on priority areas.

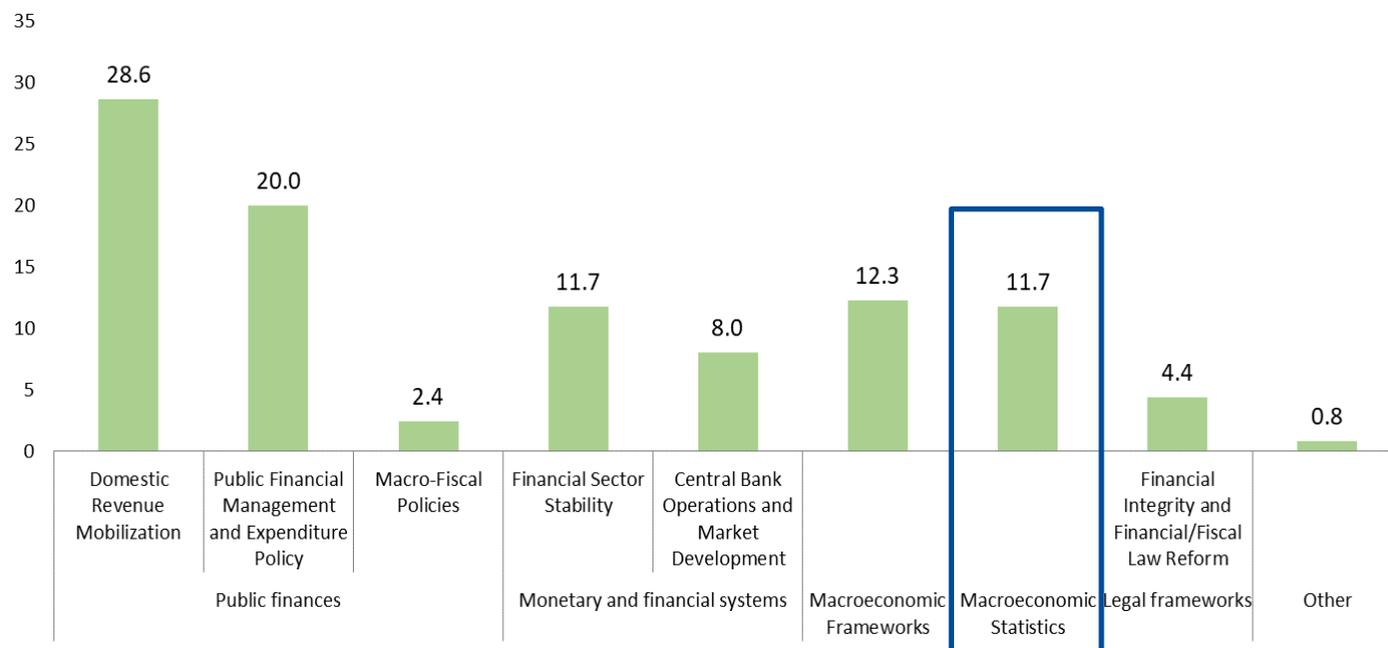
Some uncertainty remains

- Budget utilization remains difficult to predict due to evolving delivery patterns.
- Timing and nature of new programs.

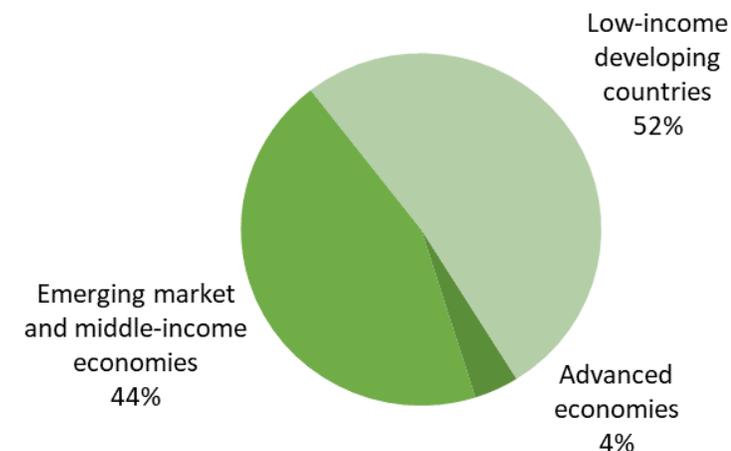
Looking back: FY23 CD Delivery

CD delivery continues to focus on Fund core areas and traditional recipient groups

FY23 CD Spending by Major Thematic Area
(Share of total CD delivery spending, percent)



FY23 CD Spending by Income Group
(Share of total CD delivery spending, percent)

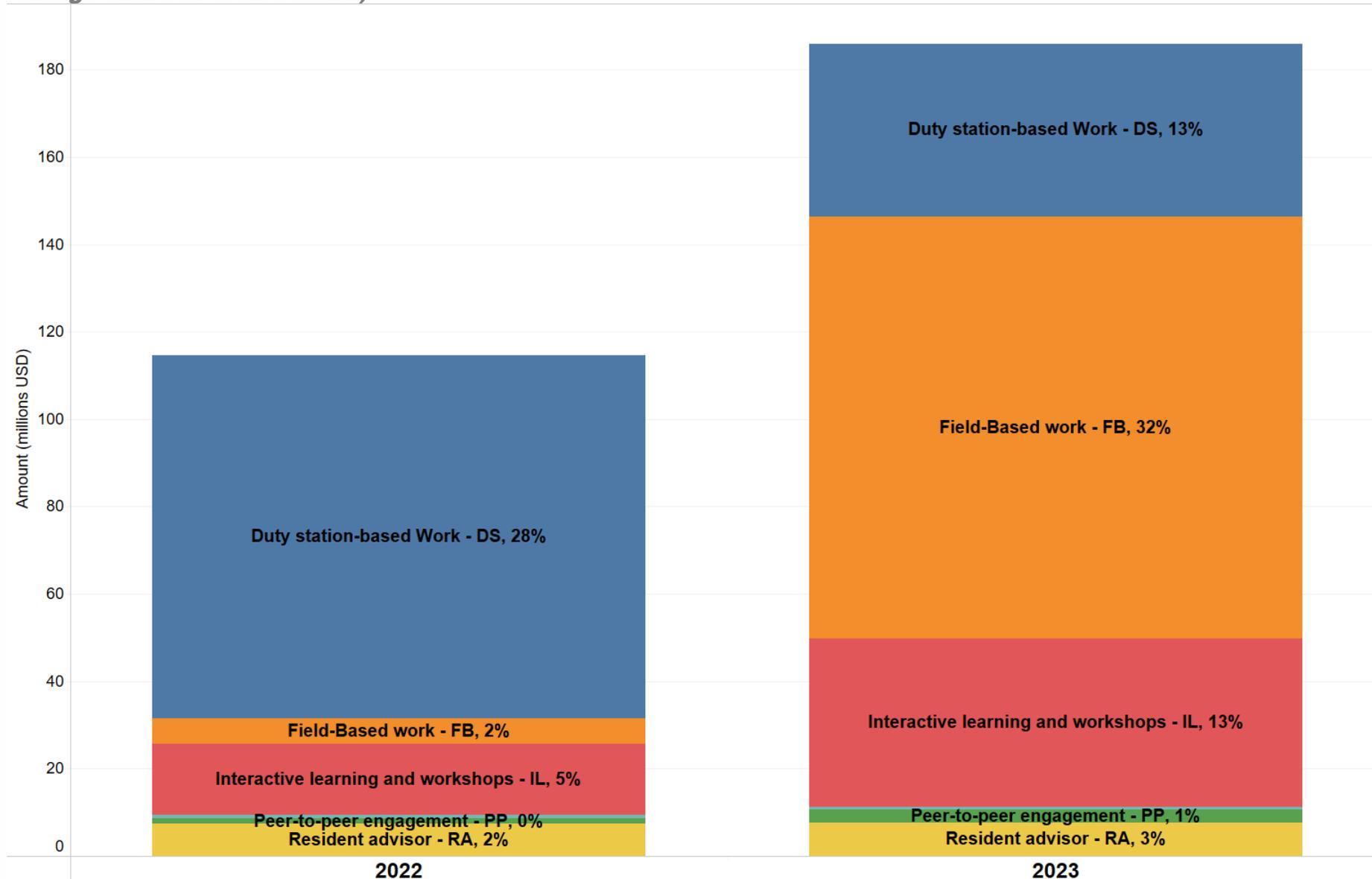


Sources: CDMAP; and staff calculations.

Note: Figures include CD delivery only. Management and Administration as well as Analytics and Development spending is excluded.

IMF CD delivery by modality, FY22-23

(percentage share of total outturn)



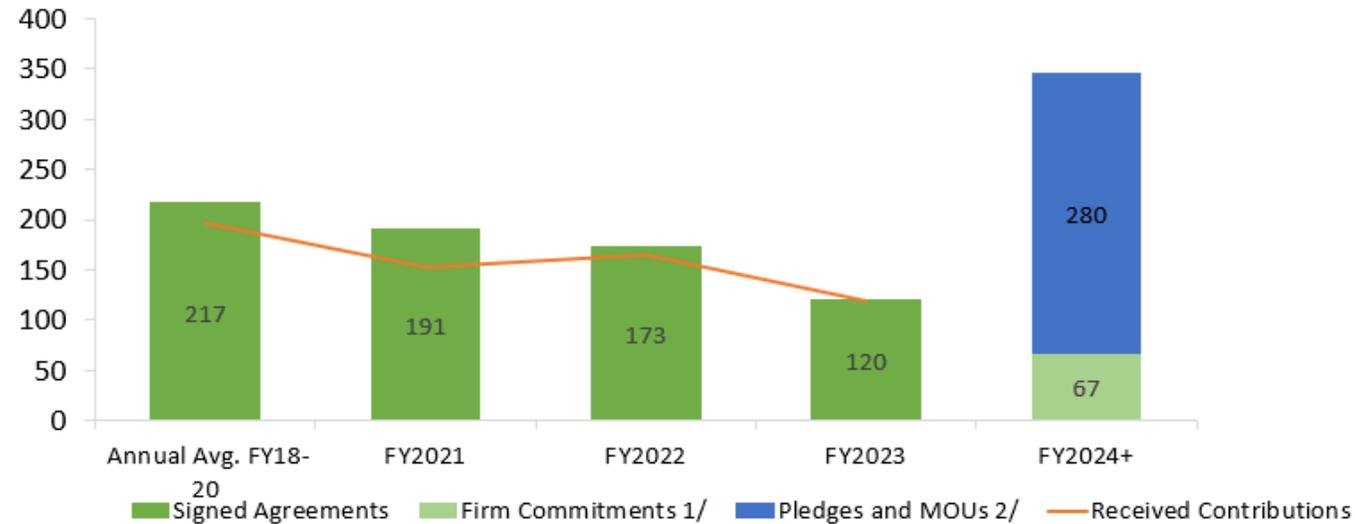
Source: Based on actuals in CDW, May 2023.

Note: Figures include CD direct delivery only. Management and Administration as well as Analytics and Development spending is excluded.

CD Fundraising Progress

- External fundraising from established and emerging partners reached an exceptionally high \$467 million in FY23 (including firm commitments and pledges/MoUs to be signed in FY24).
- Nevertheless, determined fundraising efforts will be required to cover multi-year budget envelopes for vehicles and cross-cutting initiatives starting new phases in the years ahead.

In millions of USD



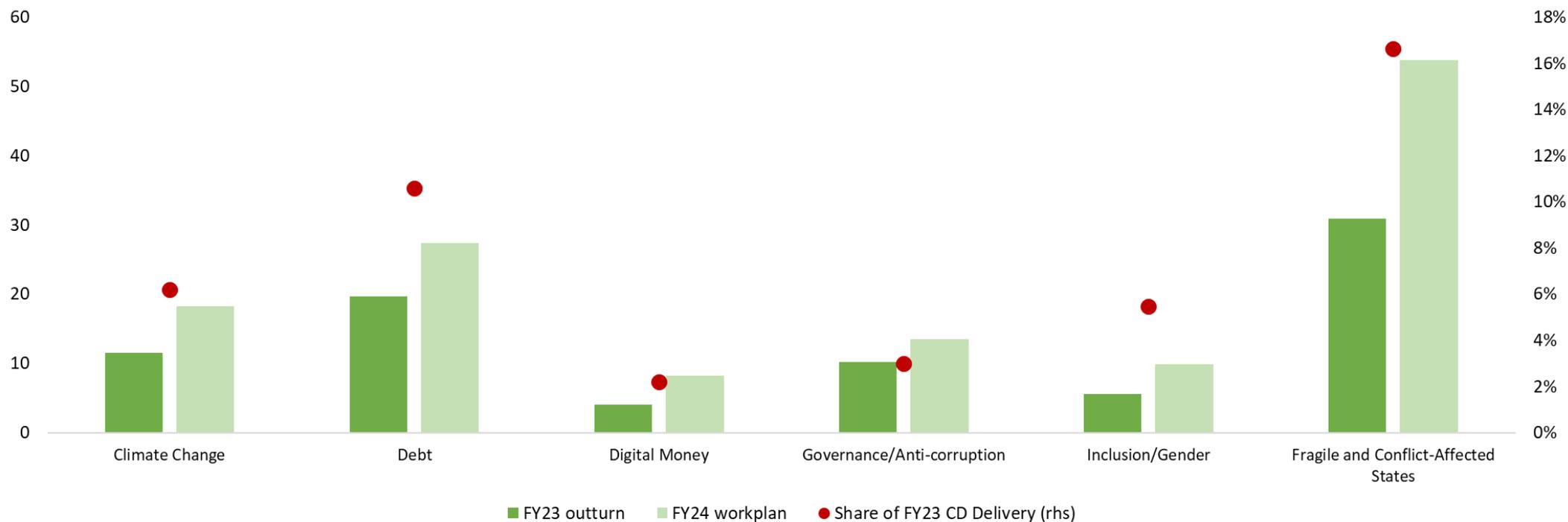
Source: Capacity Development Information Management System (CDIMS).

^{1/} Expected to be signed shortly.

^{2/} Funding agreement expected to be finalized within this fiscal year.

Delivery in transformational areas increased

CD Delivery in Priority Areas, FY23-24
(In millions USD)



Source: Departmental submissions in CDMAP.

Insight from Regional Strategy Notes:
Digitalization, gender, climate change, governance are areas of growing need for CD

Transformational areas

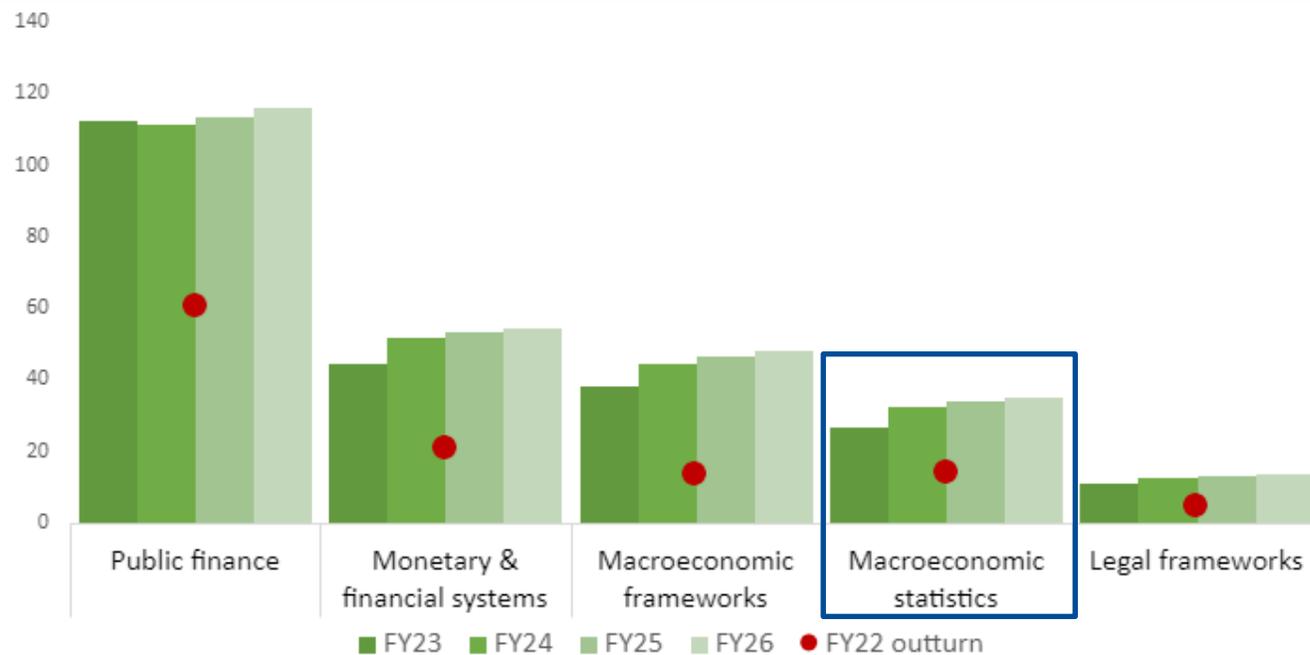
- We will **integrate the transformational areas** – climate change, gender, digitalization, and renewed focus on support for FCS – across our CD portfolio including our thematic funds and regional centers.
- The **Resilience and Sustainability Trust** is a new element to the **climate strategy** designed to address longer-term, structural challenges. Capacity Development is an essential component of the RSF.
- The IMF's engagement on **mainstreaming gender** in macroeconomic analysis and policy fills an important gap in the global agenda.
- We experience increasing demand for CD related to **digitalization**, including Central Bank Digital Currencies (CBDCs), tax collection, revenue administration, and G2P transfers.
- With the planned allocation of 30 additional LTX to FCS through internal and external resources, we will expand our field presence and tailored support to **FCS**.

Looking ahead:
CD Priorities in Workplans for FY24-26

Delivery will continue to be concentrated in core areas

- As the impact and recovery from the pandemic on member states linger, CD will continue to address near-term vulnerabilities and the long-term crisis damage while beginning to refocus on Fund core areas

CD Delivery Spending by Major Thematic Area, FY22-26
(In millions of USD)



Insights from

Regional Strategy Notes:

- Addressing post-pandemic challenges will continue to be a priority, with major thematic areas as key
- Effective CD will depend on adaptive delivery (including though hybrid or blended modalities) and improved coordination between CD departments, AD country teams and RCDCs

Source: Departmental submissions in CDMAP.

Note: Figures include CD delivery only. Management and Administration as well as Analytics and Development spending is excluded.

Competing pressures will affect spending patterns

➤ Dynamics

- New facilities and rising program requests intensifying new demands in Fund core areas
- Reinforcing debt sustainability critical priority
- Surveillance and lending objectives also emphasize importance of transformational areas (FCS, climate, digitalization, gender, governance, etc.)



➤ Considerations

- Ukraine: when, where, how, and how much?
- Priority given to program countries and FCS
- Continue to match external funding with demand

Monitoring and Evaluation

The IMF's Monitoring & Evaluation framework has been enhanced considerably to better assess CD

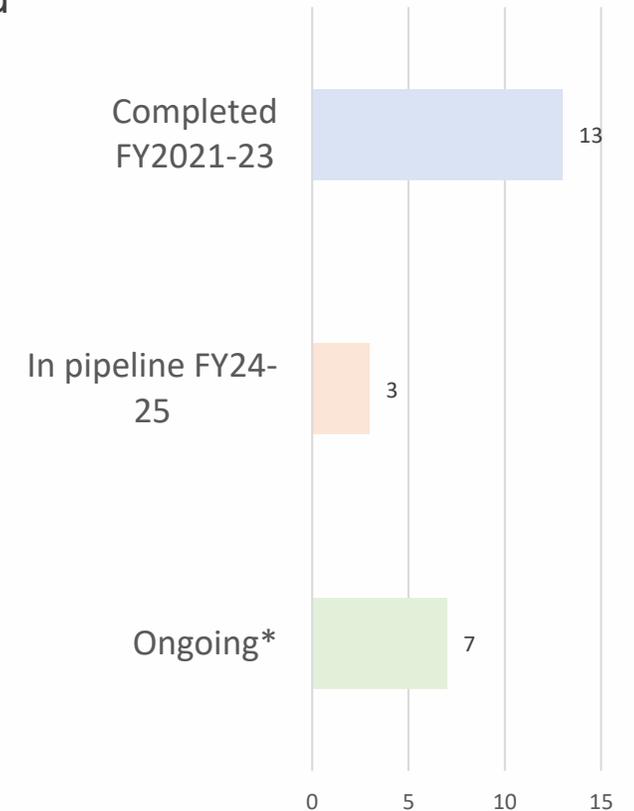
➤ Key elements to IMF's M&E

- RBM embedded with a new monitoring and management tool (CDMAP) to plan and monitor inputs, outputs, and outcomes of CD
- Project assessments by the capacity development departments
- External evaluations of CD

➤ Evaluations of CD allow a deeper dive into results and impact

- **Foster learning**, enhance accountability and ensure IMF's compliance with fiduciary oversight and responsibility
- **Assess** relevance, coherence, effectiveness, efficiency, impact, and sustainability of CD interventions (**OECD-DAC Criteria**)
- **Constantly improving**: evaluations of CD are becoming shorter, more focused on issues of wider applicability and lessons learned rather than processes
- **Pilot Thematic Evaluation**: AFW2, CAPTAC-DR and ATI in one joint in-depth evaluation of CD performance focused on tax revenue administration and custom administration to obtain more specific and useful lessons for RCDC CD delivery

23 subaccounts undergo an independent, mid-term evaluation of CD every 3-5 years



*Includes 3 RCDC in one thematic Evaluation

2023 Capacity Development Strategy Review

2023 Capacity Development Strategy Review

Seeks to further increase the impact of Fund CD and address recommendation that emerged from the 2022 IEO Evaluation. It builds on the 2013 and 2018 CD reviews.

Guided by an Externally Advisory Group, inter-departmental working groups, background papers, and outreach to recipients and providers. The review process started in 2022 and will be carried out through 2023.

Pillars of the Capacity Development Strategy Review

Why?

Enhancing the strategic and Prioritization Framework of CD

How?

Modernizing CD Delivery

What?

Ensuring the size, composition, and funding of CD is in line with the proposed strategic framework.

To what effect?

Assessing Effectiveness and impact of CD

Annex on CD Strategy Review

Why? – Enhancing the Strategic and Prioritization Framework

Current Objective and Principles

Objective

To help countries build strong institutions and boost skills to formulate and implement sound macroeconomic and financial policies

Principles

Core Competence

Results and Impact

Demand

Comparative Expertise

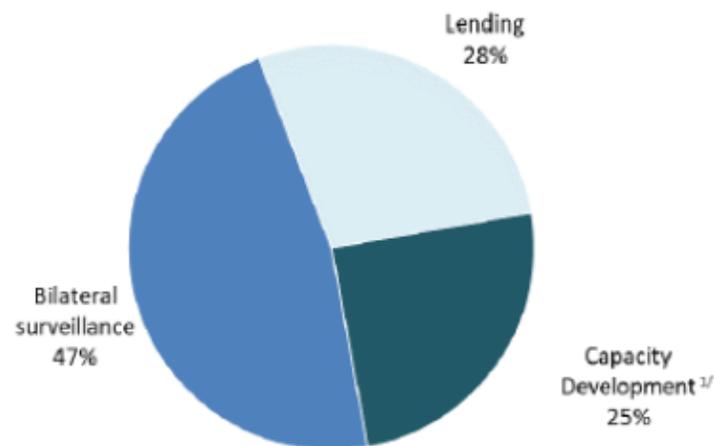
Integration with Other Core Activities

- The review aims at updating and clarifying the **objective and principles of Fund CD**:
 - More detailed guiding principles on CD objectives
 - Defined board engagement around principles
 - Mapping of Fund's comparative expertise
 - Identification of opportunities for collaboration
 - Assessment of progress toward integrating CD with surveillance and lending
 - Indication of whether recommendations require further enhancement of systems

What? – Ensuring the Size, Composition, and Funding of CD is in line with the Proposed Strategic Framework

- The review provides a chance to reflect on the **size**, **composition**, and **funding** of CD:
- Desirable CD spending relative to other core activities
- Ensuring impactful delivery
- Current composition of Fund CD against proposed new principles
- CD funding model, funding options, and modalities

Figure 1. Country Operations Spending by Major IMF Activities, FY 2022

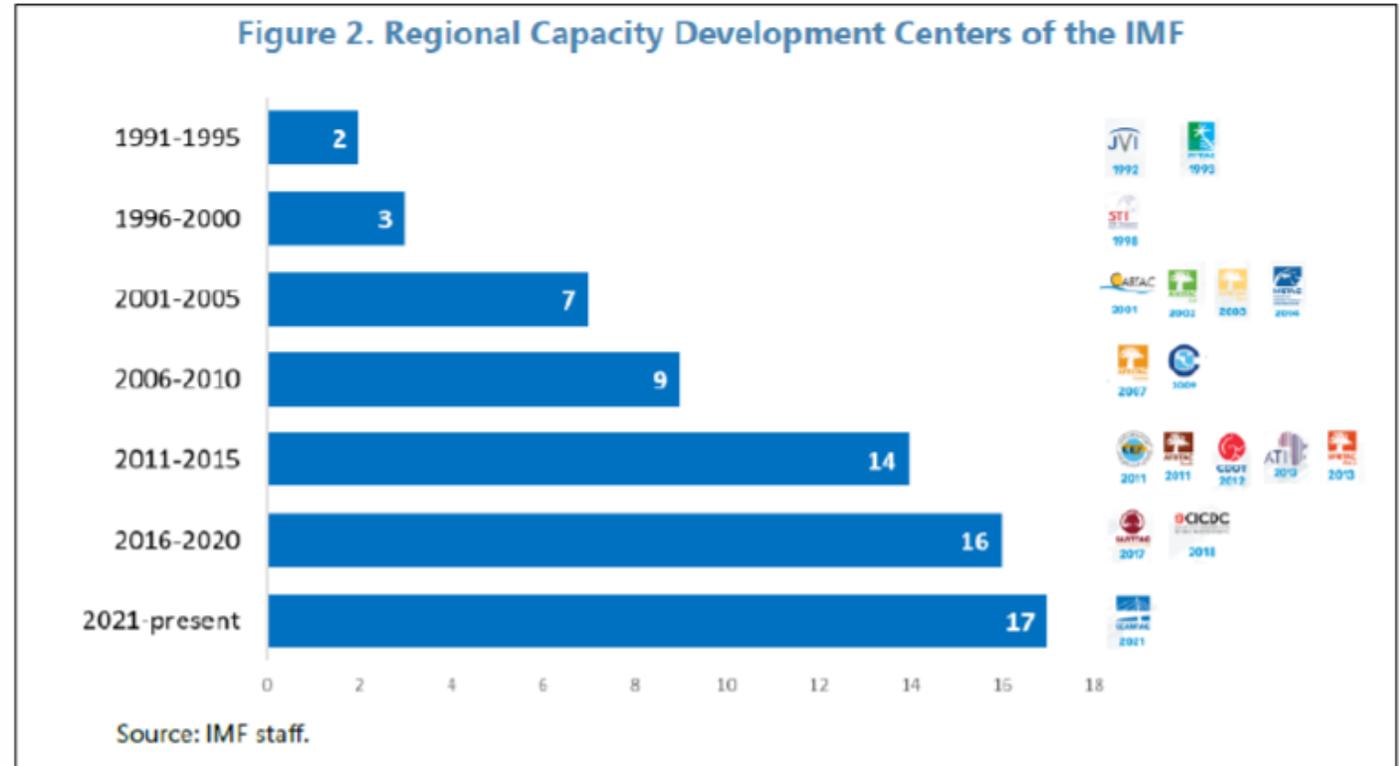


Source: IMF staff estimates. Excludes minor miscellaneous items and travel.

^{1/} Direct delivery only. Excludes CD activities related to policy, analytics, and other output areas.

How? – Modernizing CD Delivery

- The review provides an opportunity to build on past success and consider **effective combinations of modalities**:
 - Modernized delivery models (e.g., blended learning, hybrid engagements)
 - Field presence impact and efficiency
 - HR policies related to CD work and specialists



To What Effect? – Assessing Effectiveness and Impact of CD

- The review provides an opportunity to **analyze assessments of CD effectiveness/impact** to better inform planning, design, and prioritization of CD:
 - Mechanisms for more systematic usage of existing M&E tools
 - Summarized findings, recommendations, and action plans from evaluations
 - Approaches to assessing absorptive capacity and measures to promote country buy-in and commitment