

SWITZERLAND-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

ANNUAL REPORT 2022



SWITZERLAND-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

Subaccount under the IMF
Framework Administered
Account for Selected
Fund Activities

ANNUAL REPORT 2022



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ACRONYMS AND ABBREVIATIONS

AFR	IMF African Department	FIRST Initiative	Financial Sector Reform and Strengthening Initiative
AFRITAC	Africa Regional Technical Assistance Center	FMI	Financial market infrastructure
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism Fund	FSSF	Financial Sector Stability Fund
BSC	Banking supervision committee	FSSR	Financial Sector Stability Review
C-PIMA	Climate public investment management assessment	FX	Foreign exchange
CB	Central Bank	FY	Fiscal year
CCAMTAC	Caucasus, Central Asia, and Mongolia Regional Capacity Development Center	GFS	Government finance statistics
CCCDI	COVID-19 Crisis CD Initiative	ICD	IMF Institute for Capacity Development
CD	Capacity development	IDB	Inter-American Development Bank
CFM	Capital Flow Management Measures	IFRS	International financial reporting standards
D4D Fund	Data for Decisions Fund	IMF	International Monetary Fund
DIAN	<i>Dirección de Impuestos y Aduanas Nacionales</i>	IT	Information technology
DMF	Debt Management Facility	ITD	IMF Information Technology Department
EU	European Union	LEG	IMF Legal Department
EUR	IMF European Department	LOU	Letter of understanding
FAD	IMF Fiscal Affairs Department	LTX	Long-term consultant
		MCD	IMF Middle East and Central Asia Department

MCM	IMF Monetary and Capital Markets Department	RMTF	Revenue Mobilization Thematic Fund
MEF	<i>Ministerio de Economía y Finanzas, Peru</i>	RTAC	Regional Technical Assistance Center
METAC	Middle East Regional Technical Assistance Center	SDC	Swiss Development Cooperation
MNRW	Managing Natural Resource Wealth	SDGs	Sustainable Development Goals
MoF	Ministry of Finance	SECO	State Secretariat for Economic Affairs, Switzerland
MTBF	Medium-term budget framework	SEE Fund	Southeastern Europe Fund
MTDS	Medium-term debt management strategy	SOE	State-owned enterprise
MTFF	Medium-term fiscal framework	SPR	IMF Strategy, Policy, and Review Department
MTRS	Medium-term revenue strategy	STA	IMF Statistics Department
NBU	National Bank of Ukraine	STX	Short-term consultant
OECD	Organisation for Economic Co-operation and Development	TA	Technical assistance
OIC	IMF Office of Innovation and Change	TADAT	Tax Administration Diagnostic Assessment Tool
PFM	Public financial management	TSA	Treasury single account
PIMA	Public investment management assessment	UGPP	<i>Unidad de Gestión Pensional y Parafiscales</i>
RA	Revenue administration	WB	World Bank
RCDC	Regional Capacity Development Center	WHD	IMF Western Hemisphere Department
		WRI	World Resources Institute

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THE PARTNERSHIP AT A GLANCE

THE PARTNERSHIP AT A GLANCE

The Swiss Confederation, represented through its State Secretariat for Economic Affairs (SECO), is one of the largest and longest-standing partners of International Monetary Fund (IMF) capacity development (CD). In fiscal year 2022 (FY2022), Switzerland contributed CHF25 million—of which CHF7 million are subject to sufficient additional CD that would require SECO financing—to two new bilateral programs, one for eastern and one for southern countries.¹ In addition, SECO contributed a total of CHF13 million to three multi-partner funds: Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT); the Middle East Regional Technical Assistance Center (METAC); and the Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC). Together, these new contributions made Switzerland the second largest partner of IMF CD for FY2019-21.

SECO-financed CD will continue to focus on 19 priority countries in most

of eastern Europe; southeastern Europe; and central Asia and select countries in Africa, Asia and the Pacific, and Latin America. Additional Swiss priority countries can also be supported to complement activities. A wider group of countries is supported through SECO's contribution to seven regional capacity development centers (RCDCs) in Africa, Central Asia, and the Middle East. Thematic focus of the CD collaboration is on public financial management (PFM), revenue administration (RA) and tax policy, macro-fiscal policy, financial market supervision and regulation, and financial market development and central banking. Further, SECO supports the cross-cutting areas of climate, resource efficiency and gender equality, and governance, when linked to core areas of IMF CD.

The CD partnership between Switzerland and the IMF goes beyond financing. At the strategic level, SECO and the IMF share a strong

belief in the fundamental power of economic institution-building for sustainable development. This is reflected in a common interest and strong collaboration on increasing the impact of CD and making it last, as well as learning together from independent evaluations of IMF CD. Also, IMF CD informs SECO's bilateral relationships with beneficiary countries through regular staff exchanges at the country level.

This twelfth Annual Report on IMF CD activities financed by Switzerland covers the period from May 1, 2021, through April 30, 2022. It serves as a detailed report on the financial status and operations of activities financed through the bilateral Switzerland Subaccount in FY2022, gives an overview on the thematic and regional funds to which Switzerland is a contributor, and provides an overview of the IMF-SECO CD partnership.

¹ "Eastern countries" refers to SECO priority countries in central and eastern Europe, "southern countries" to all other SECO priority countries. See also Map 1.

IMF CAPACITY DEVELOPMENT: AN OVERVIEW

IMF CAPACITY DEVELOPMENT: AN OVERVIEW

Strong economic institutions foster effective policies that lead to economic stability, inclusive growth, and job creation. That is why, for more than 50 years, the IMF has provided technical assistance (TA) and training to finance ministries, tax authorities, central banks (CBs), and other economic institutions. This assistance helps countries strengthen public finances, modernize monetary and exchange rate policies, buttress financial systems, advance macroeconomic frameworks and policymaking, develop legal systems, improve governance, and enhance the compilation and dissemination of macroeconomic and financial data (for core areas of IMF CD, see Table 1). Such assistance also helps countries make progress toward their sustainable development goals (SDGs).

In recent years, the IMF has been increasingly helping countries to

meet challenges like income and gender equality, climate change, and digitalization. In late 2021, the IMF Board approved a budget augmentation that over the next three fiscal years (FY2023 to FY2025) will increase the IMF's budget by 6 percent in real terms. This increase will be directed to new priority areas for which the IMF has or is developing specific strategies:² fragile and conflict-affected states (55 percent of budget augmentation), climate (21 percent), digital finance (25 percent), and others. These new transformational areas will be embedded in the IMF's core CD areas.

IMF CD accounts for about one-third of the IMF's spending, and external partners such as SECO play a vital role and finance more than half of IMF CD activities, including much of its support to RCDCs, thematic funds focused on development priorities, and bilateral projects. The other

half is financed through the IMF's internal resources.

IMF CD is integrated with its surveillance activities. It is initiated at the request of member countries and tailored to their specific needs and circumstances. IMF CD is delivered to countries through targeted in-person and remote visits, as well as blended CD activities, from IMF headquarters staff; long-term placement of resident advisors; a global network of regional CD centers; classroom and online training for officials; and free and open online learning courses.

Two years into the pandemic crisis, the IMF continued to provide mostly virtual CD delivery while starting to resume in-person missions, supporting 178 of its member countries in their emergency response to the crisis with about 2,500 technical assistance missions.

TABLE 1. CORE AREAS OF IMF CAPACITY DEVELOPMENT

Fiscal Policy and Management	Tax policy and RA, expenditure policy, macro-fiscal frameworks, PFM, fiscal institutional frameworks, and fiscal risk
Monetary Policy and Financial Systems	Monetary and exchange rate policy, financial stability analysis and macroprudential policy, financial sector supervision and regulation, debt management, and crisis management
Legislative Frameworks	Laws and regulations on economic and financial policies and institutions, and AML-CFT
Macroeconomic and Financial Statistics	External sector, government finance, monetary and financial, national accounts and price statistics, and data dissemination standards
Macroeconomic Frameworks	Macroeconomic diagnostics and analysis, forecasting and modeling, financial programming, and macroeconomic policies

Source: IMF Institute for Capacity Development, 2022.

² [The IMF Strategy for Fragile and Conflict-Affected States \(2022\)](#), [IMF Strategy to Help Members Address Climate Change Related Policy Challenges—Priorities, Modes of Delivery, and Budget Implications \(2021\)](#), and [IMF Strategy Toward Mainstreaming Gender \(2022\)](#).

THE PARTNERSHIP ON CAPACITY DEVELOPMENT BETWEEN SECO AND THE IMF

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Since 1997, through SECO, Switzerland has contributed \$186.8 million to IMF CD for its constituency and other priority countries. This long-standing partnership covers both bilateral and multipartner arrangements, supporting both country-specific and region-wide efforts (Table 2).

Significant new contributions in FY2022 made Switzerland the second largest contributor to IMF CD (Figure 1) based on three-year rolling averages. In FY2022 SECO contributed CHF25 million—of which CHF7 million is subject to sufficient demand for financing—to two new bilateral programs, one for eastern and one for southern countries. In addition, SECO contributed a total of CHF13 million to three multipartner funds: AML/CFT, METAC, and CCAMTAC.

Bilateral Collaboration: The bilateral collaboration focuses on CD for SECO priority countries in Europe and Central Asia, Africa, Asia Pacific, and Latin America (Map 1) to promote efficient public finances and a well-developed financial sector, thereby contributing to the framework conditions for economic growth and sustainable prosperity. The new phase of the bilateral collaboration with its programs for selected southern

and eastern countries is being planned, with one project already approved as of April 30, 2022, and many more under development. This portfolio is expected to include projects in core areas of IMF expertise with long-term advisors supporting SECO priority countries; it will also explore new cross-cutting areas of climate change, gender, and digitalization. Typically, activities under the bilateral program involve local experts and a long-term engagement. In addition, the bilateral program provides the flexibility to help invest in new CD areas often not (yet) covered by the IMF's thematic funds and regional CD centers. Project planning and implementation involve collaboration and information exchange between local SECO offices and IMF staff.

Thematic Funds: SECO contributes to all of the IMF's main thematic funds for CD: In addition to renewed contribution to AML/CFT, it is a supporter of the Debt Management Facility (DMF), the Data for Decisions Fund (D4D Fund), the Financial Sector Reform and Strengthening Initiative (FIRST Initiative), the Financial Sector Stability Fund (FSSF), Managing Natural Resource Wealth (MNRW), the Revenue Mobilization Thematic Fund (RMTF), the Southeast Europe Fund (SEE) –

see Box 1 – and the Tax Administration Diagnostic Assessment Tool (TADAT). Through an additional contribution to the SEE Fund, SECO also supports the COVID-19 Crisis CD Initiative (CCCDI), which helps countries as they steer their economies through the pandemic crisis and prepare for an inclusive recovery and complements the IMF's emergency lending programs by improving capacity in critical economic institutions and delivers hands-on CD.

Regional CD Centers: SECO is a major contributor to the IMF's RCDCs, which deliver much of the IMF's CD on the ground. Tailored to each region's priorities, the centers work closely with member countries and development partners and respond quickly to emerging needs. RCDCs are part of an IMF workstream-integrated CD plan for that country. Close cooperation and sustained follow-up support to institutions such as finance ministries, CBs, and statistical agencies help support traction and ownership and contribute to their success. In addition to the new contributions in FY2021 to CCAMTAC, which serves many of Switzerland's constituency countries, and METAC, SECO is supporting all regional CD centers in Africa.

TABLE 2. THE SECO-IMF PARTNERSHIP

Modalities	Signed Agreements (millions of \$)	Period Covered (calendar year)
Bilateral Accounts	94.4	
• Old Bilateral Program ¹	18.7	1996-2012
• LOU East	12.8	2009-15
• LOU South	12.0	2010-15
• Conference	0.1	2013
• 2016-2020 Program	23.2	2016-23
• Anti-Corruption Challenge	0.3	2020-22
• Program East (New)	7.6	2021-30
• Program South (New)	19.7	2021-30
Multipartner Accounts - Thematic Funds	72.8	
• AML/CFT Phase I	5.0	2009-15
• AML/CFT Phase II	6.5	2014-20
• AML/CFT Phase III	5.2	2020-26
• DMF II	2.5	2014-20
• DMF III	1.8	2019-24
• D4D Phase 1	4.2	2018-23
• FIRST Phase II	2.2	2007-14
• FIRST Phase III	5.1	2013-17
• FIRST Phase IV	3.2	2018-22
• FSSF Phase I	4.0	2017-22
• MNRW Phase I	5.0	2011-17
• MNRW Phase II	7.2	2016-21
• TADAT Phase I	1.3	2014-19
• TADAT Phase II	1.0	2019-24
• Revenue Mobilization Phase I	5.0	2011-17
• Revenue Mobilization Phase II	7.0	2016-21
• SEE Phase 2	6.7	2019-23
Multipartner Accounts - Regional TA Centers	43.7	
• AFRITACs	4.9	2003-08
• AFRITAC East Phase III	1.0	2009-15
• AFRITAC East Phase IV	1.0	2015-20
• AFRITAC East Phase V	1.0	2020-25
• AFRITAC West	1.0	2009-17
• AFRITAC West Phase IV	0.5	2017-22
• AFRITAC West II Phase I	5.2	2013-19
• AFRITAC West II Phase II	3.1	2019-24
• AFRITAC South Phase I	3.0	2011-17
• AFRITAC South Phase II	5.1	2017-22
• METAC Phase IV	4.5	2016-22
• AFRITAC Central Phase III	1.5	2017-22
• CCAMTAC Phase I	6.4	2021-26
• METAC Phase V	5.4	2023-27
TOTAL	210.9	

Source: IMF Institute for Capacity Development, 2022.

¹There were seven signed Letters of Understanding (LOUs) and 21 approved projects.

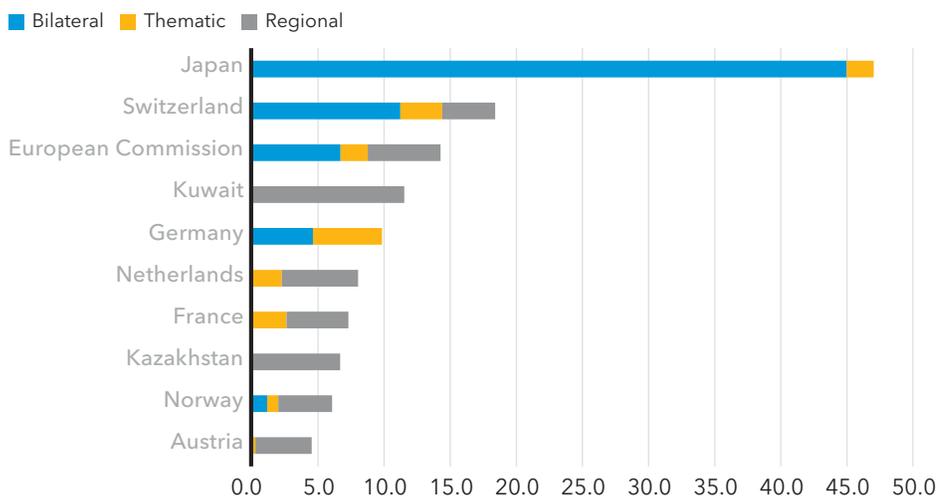
Innovative Initiatives: Beyond traditional CD, SECO partners with the IMF on new and innovative initiatives such as the Climate Innovation Challenge, launched in 2021 (Box 2), and the Anti-Corruption

Challenge, launched in 2019 (Box 3). The Anti-Corruption Challenge, which concluded at the 2021 Annual Meetings, has led to tangible outcomes: a blockchain project for wage bills in Guinea-Bissau is being

implemented, an activity on beneficial ownership and financial disclosures data has supported Colombia and now is also being piloted in Nigeria, and a working paper on public procurement corruption risks was published.

FIGURE 1. CONTRIBUTIONS: SIGNED AGREEMENTS, FY2019-22

Three-Year Averages–Top 10 Partners (In Millions of US dollars)



Source: IMF Institute for Capacity Development, 2022.

MAP 1. SWISS CONSTITUENCY AND SECO PRIORITY COUNTRIES



Source: IMF Institute for Capacity Development, 2022.

BOX 1. PUBLIC FINANCIAL MANAGEMENT AND REVENUE ADMINISTRATION IN SOUTHEASTERN EUROPE

- Phase II of the Southeastern Europe PFM and RA, Project (December 2018 to December 2022) continued to support RA and PFM reforms in southeastern Europe. The six beneficiary countries—Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia—are prioritizing reforms toward building effective and resilient fiscal institutions, designing fair and transparent tax systems and mobilizing revenue, and increasing efficiency in line with reform commitments under the IMF Staff Monitored Program. The beneficiaries are also working toward EU accession and are committed to improving the sustainability of reforms supported by CD. During FY22, CD activities under the project continued to support the authorities in addressing the impact of the pandemic, while also pursuing longer-term reforms. With improving health conditions, the authorities also started to resume longer-term reform efforts.
- In RA, CD focused on building capabilities in all core RA processes and providing strategic advice on medium-term reform agendas. In addition to strengthening reform capabilities, adopting more data-driven and risk-based approaches, and better managing large taxpayers, attention was given to key administrative functions by enhancing audit methodologies and improving the arrears management function and debt collection procedures, all contributing to sustained revenue mobilization. Key reform achievements include the following: Albania and Kosovo consolidated their debt collection functions by reducing the number of field offices, segmenting tax debt, and ensuring standardized approaches to manage the highest-risk debts; Bosnia and Herzegovina, Serbia, and Kosovo have made substantial progress in their application of compliance risk management methodology and approaches, with Albania and Serbia focusing on improving the compliance of large taxpayers and high-wealth individuals by developing special citizenship by investment programs per taxpayer segment; and Serbia started implementing its comprehensive transformation program with the newly designed business model that will be enabled by the new information technology system. In Montenegro and North Macedonia, progress has been slower due to local conditions and the lack of a medium-term reform plan to drive reforms respectively.
- In PFM, fiscal risk management continued to be the main area of CD support. While the impact of the pandemic has lessened somewhat, new shocks in the energy sector have stressed once again the importance for fiscal sustainability of developing strong frameworks for managing fiscal risks. Some state-owned enterprise (SOE)-related risks have materialized, requiring increased budget support, and underscoring the importance for ministries of finance across the region to improve their SOE monitoring and reporting practices. In Bosnia and Herzegovina, support enhanced authorities' analytical capacity on SOEs' financial performance using the Fiscal Affairs Department (FAD)-developed SOE Health Check tool; with ongoing support from FAD, Kosovo now prepares quarterly reports on the performance of public enterprises and is moving toward setting up a fiscal risk unit; Montenegro started enhancing the MoF's SOE financial oversight capacities; Albania improved its fiscal risk statement and its coverage of SOEs and public-private partnerships; and Serbia finalized work on risk calculation methodologies for four risk groups (local governments, SOEs, court decisions, and natural disasters) implementing earlier CD.

BOX 2. CLIMATE INNOVATION CHALLENGE

The IMF, with sponsorship from SECO, organized an innovation challenge on the economic and financial stability aspects of climate change. Participants of the Climate Innovation Challenge included country authorities, civil society organizations, IMF staff, and other international financial institutions around the world. The 45 proposals received were crafted around practical solutions to further integrate climate into the IMF's core activities.

Five winning teams were selected in May 2022 and are now working to develop pilot solutions for their proposals, focusing on practical tools related to climate change and disaster resilience, including macroeconomic modeling, scenario analysis, and a machine learning-based toolbox for policy action. These teams are planning to complete their pilots—with examples of how to leverage them for CD—by early 2024.

Winning Teams

Model-Based Macroeconomic Frameworks for Assessing Climate Impact

This team is developing model-based frameworks to quantitatively assess the macroeconomic and distributional effects of climate policies and transition risks in low-income countries. The frameworks will provide a dynamic toolkit tailored to country-specific calibration and policy analysis and address the macroeconomic impact of natural disasters and climate shocks, transmission channels of macro-climate policies on macroeconomic stability, and policy trade-offs associated with building resilience to climate change.

DMXi—Scenario Analysis to Integrate Climate Change in Your Country's Macro Framework

DMXi is a proposed approach to the growing needs for a tool to solve multiple scenarios for



macroeconomic forecasting. It will be compatible with existing frameworks and able to capture the impact of climate change in country-specific macroeconomic frameworks.

Monitoring Disaster-Related Trade Disruptions from Space

The team's online platform uses satellite-based vessel data and big data analytics to track spillovers from trade disruptions due to climate extremes. A user-friendly portal will allow policymakers to monitor local and global spillovers from port disruptions and explore how supply chains are exposed to port closures. The data-driven insights will provide an early

warning system and help countries build resilience to climate change.

Machine Learning-Based Toolbox for Climate Policy Analysis

To reach the net-zero goal, the level of carbon emissions has to fall substantially at a speed rarely seen in history, highlighting the need to identify structural breaks in emission patterns and understand the driving forces. This team's machine learning-based framework addresses these issues and provides a user-friendly toolbox to facilitate the design of country-specific and granular climate policy advice.



The Climate Innovation Challenge judges at the hybrid Pitch Event on May 26, from left to right: Francesco Luna (OIC); Andrew Berg (ICD); Rosmarie Schlup (SECO); El Bachir Boukherouaa (ITD); and Patrizia Tumbarello (STA). Not pictured: Kristina Kostial (SPR) and Carter Brandon (WRI).

BOX 2. CONTINUED

Adapting External Sector Assessments to Climate Change

The team's data and analytical tools introduce climate change considerations when evaluating trade balances and exchange rate misalignment. The tools map a country's climate vulnerability, mitigation, and adaptation strategies, spending patterns, and external borrowing capacity to estimate climate financing needs. The data-driven insights will allow the IMF and policymakers to better understand the macroeconomic impact of climate change and underpin international climate finance efforts.

Please visit [IMF.org/CIC](https://www.imf.org/CIC) to learn more about the challenge and the winning teams.



Above, Teams 3 and 6, with their certificates, pose alongside OIC organizers. Onscreen at left: Kristina Kostial, Coordinator of the IMF's Climate Work, announces the winners. (Photo: Cory Hancock/IMF.)

BOX 3. ANTI-CORRUPTION CHALLENGE

The [Anti-Corruption Challenge](#), funded by SECO and led by the IMF, was launched in 2019 and received more than 120 proposals from over 30 countries. The challenge concluded with the [New Economy Forum: Fighting Corruption with Technology](#) at the 2021 Annual Meetings of the IMF and the World Bank Group (WB), where the four winning teams presented practical technological solutions to fight corruption.

What's New

The *Blockchain* project in Guinea-Bissau, led by the IMF in collaboration with Ernst and Young, the authorities, and international partners, is being implemented and will enable access to reliable and timely information on public sector personnel and salaries to better inform official decision

making, track effective outcomes, and help close gaps in the inefficiencies identified in the wage bill. The design of the solution has been completed, and the project team is ready to use real data and operationalize the solution. The team also secured additional external funding for the project.

The team behind *Joining the Dots with Public Officials: Cross-Matching Beneficial Ownership and Financial Disclosures Data to Identify Red Flags* launched the project's [findings](#) publicly at an [event](#) with civil society organizations in Bogota in April 2022 while working on the second pilot country, Nigeria. The team is conducting preliminary analysis and engaging with partners from local civil society organizations. To scale up the disclosure tool to other interested

countries in sub-Saharan Africa and further engage with local stakeholders, the team has also applied for the U.S. State Department grant.

The *Public Procurement Corruption Risks* team produced a [working paper](#) outlining a methodology and results in assessing corruption risks in public procurement and their impact on relative prices, using large databases on government contracts and tenders. The team is currently working on a paper on the use of the [Corruption Cost Tracker](#) tool, which covers 34 countries and incorporates corruption risk analytics for COVID-19-related products.

Please visit [IMF.org/ACC](https://www.imf.org/ACC) to learn more about the challenge and the winning teams.

BILATERAL PROGRAM: PORTFOLIO OVERVIEW AND RESULTS

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Since 1997, SECO has supported six main bilateral programs for a total of \$94 million.³ Out of these, two new programs for selected eastern and southern countries—Program East and Program South—are under preparation, and two ongoing programs, under a Letter of Understanding (LOU) South and a LOU Global, are under implementation.

CD activities that are financed under these programs are aligned with Swiss development cooperation (SDC) in these countries and at the same time follow the IMF's demand-driven and country-owned approach to CD. This model of cooperation supports close trilateral information exchange on the ground among staff from CD recipient authorities, SECO, and the IMF.

Projects are guided by strategic logframes (Annexes 5 and 6) that set out eligible activity clusters, the range of potential projects, and indicative outcomes and indicators. Outcomes and indicators for individual projects are customized to the situation on the ground and are reported in annual progress reports.

THE NEW PROGRAMS FOR EASTERN AND SOUTHERN COUNTRIES

In FY2022 SECO and the IMF agreed on an extension of the bilateral collaboration on CD through two new programs, one for countries of the global south (Program South) and one for countries of its IMF constituency

and in Eastern Europe and Central Asia (Program East).

The findings and recommendations of an independent evaluation of the previous activities under the LOUs East, South, and Global informed the design of the new program. Recommendations center on improving country ownership through cooperation during project design and implementation, managing for results to strengthen impact, and communication between project teams and SECO field staff.

All bilateral programs are implemented in accordance with operational guidelines. These guidelines have been updated, building on the evaluation's recommendations.

Extensive consultations between SECO and the IMF's various CD departments that will deliver future CD—Fiscal Affairs Department (FAD), Monetary and Capital Markets Department (MCM), and Legal Department (LEG)—played a pivotal role in shaping the strategic direction of Program East and Program South. The consultations encompassed both strategic and operational discussions. In February and March of 2021, the focus was on defining the strategic direction and establishing operational principles. Subsequently, in May 2022, further consultations were held to assess the project portfolio.

To complement the consultations in May, a joint seminar titled "Impactful CD: Charting the Path from Theory to Change" was organized. The seminar

explored the experiences and benefits of integrating development initiatives with a theory of change, specifically within the context of IMF CD. It provided insights into how this concept can drive meaningful transformation. In addition, SECO provided a lecture titled "Greening the Financial System: A Donor's Perspective" and discussed MCM's recent progress on the IMF moving into the areas of green finance and climate-related financial risks. Furthermore, SECO participated in a session on partner coordination during the 2022 RCDC retreat in October, further emphasizing its commitment to fostering effective collaboration in the field.

Overall, these extensive consultations between SECO and the various CD departments within the IMF, along with the accompanying seminar and participation in partner-coordination sessions, significantly influenced the strategic direction and operational principles of Program East and Program South.

Thematic focus areas of CD for the first time include the cross-cutting areas of climate change, gender equality, digitalization, and governance, while at the same time supporting core thematic areas of IMF CD: PFM, RA and tax policy, fiscal risk management, financial market supervision and regulation, financial market development, and central banking.

³ In addition, it has supported the Anti-Corruption Challenge and a conference in 2013 for an additional \$0.4 million.

The geographic focus continues to be on 19 SECO priority and constituency countries, mostly in Europe and central Asia but also in Africa, Asia Pacific, and Latin America. Additional countries can be eligible in the context of complementary measures in line with the thematic or cross-cutting areas and in priority countries of SDC.

The programs East and South will be guided by a logframe, which is still under development. The logframe will help staff and CD recipients to plan, monitor, adapt, and evaluate CD. It will describe how and why CD outcomes are expected to happen. The logframe will include program-level indicators on the number of countries covered, coordination between SECO and the IMF, and progress made on advancing the approach to CD as well as project-level indicators that will represent the most important project objectives financed under the programs.

In FY2022 a first project under Program South was approved, the Egypt FAD MTRS Funding Program. The four-year program, which commenced on May 1, 2022, is assisting the Egyptian government in implementing a medium-term revenue strategy (MTRS). It will strengthen Egypt’s institutional capacity and

modernize its overall tax and customs operations to be able to restore pre-COVID-19 compliance levels. The project, for the first time under the bilateral program, features a flexible and agile implementation approach with an inception phase and milestones that are tied to future funding.

In addition to this project, a workplan foresees that the new program would finance fiscal affairs CD on gender- and climate-sensitive budgeting, the digitalization of PFM, strengthening fiscal risk management, PFM projects in Colombia and Peru, and revenue administration CD in Peru. On governance, the workplan foresees a project on developing results-based anticorruption reforms and in the financial sector projects that support follow-up activities on financial sector stability reform diagnostic work in Vietnam and Tajikistan. At the end of FY2022, some these projects were under preparation. The full work plan can be found in Annex 4.

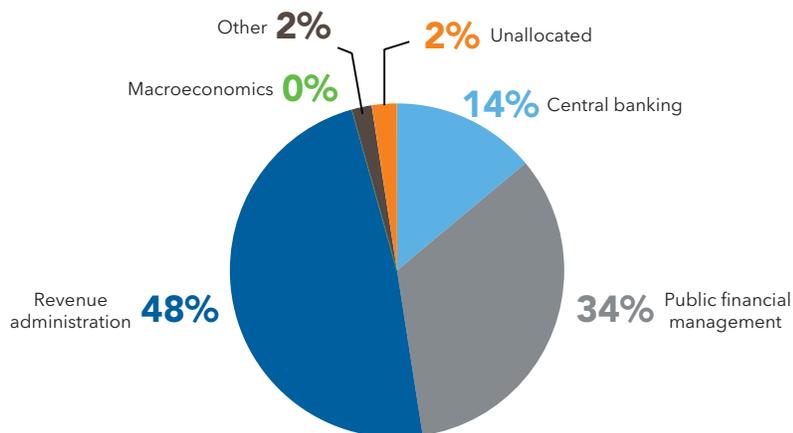
LOU SOUTH

LOU South has supported 21 projects, including an independent evaluation and documentation of success stories in southern regions since 2015. All projects except for the last one on RA in Colombia have closed. As of

April 2021, \$12.1 million (98 percent) of the funds had been committed to three priority sectors—RA (48 percent), PFM (34 percent), and central banking (14 percent; Figure 2)—of which \$11.6 million (95 percent) has been expensed. Most of the funding went to countries in the Western Hemisphere (64 percent), followed by Africa (16 percent) and the Middle East and Central Asia (11 percent; Map 2). Annex 6 provides an overview on the financials for LOU South.

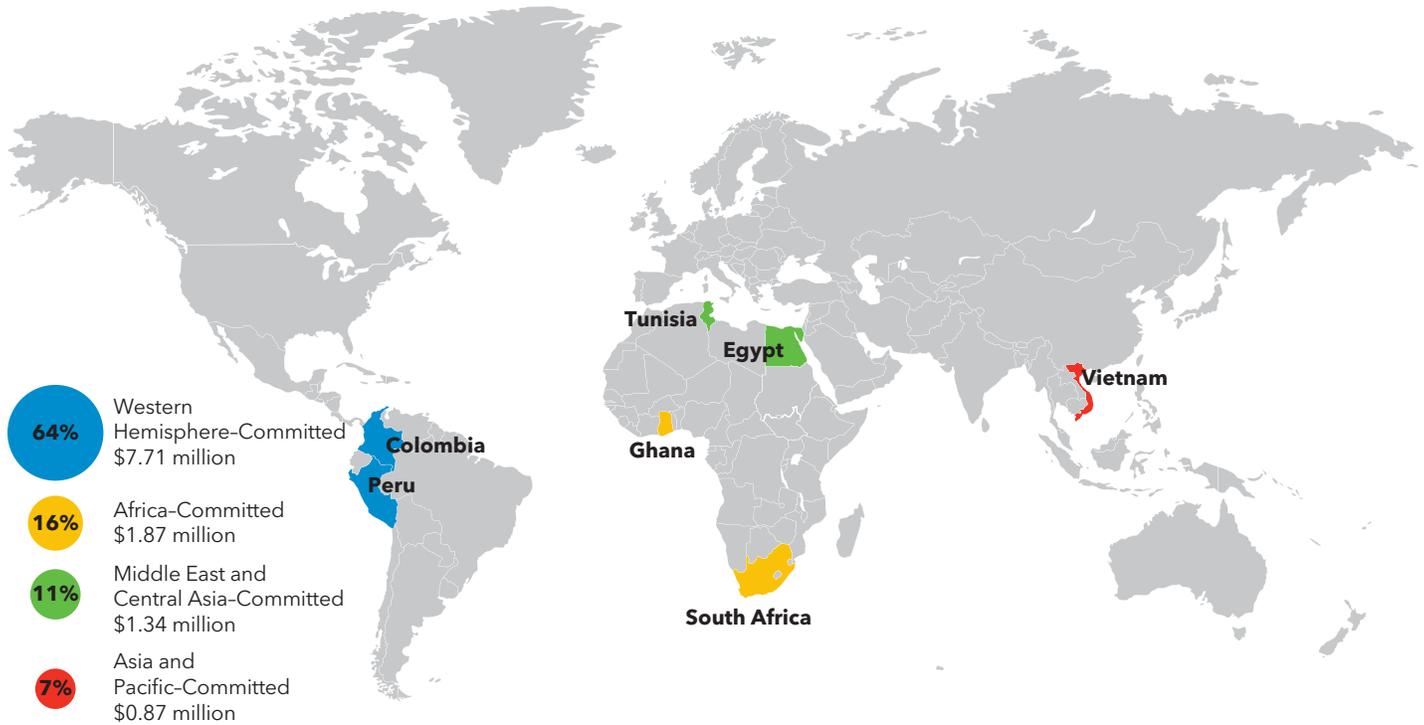
The remaining active project in **Colombia** targets resource mobilization and strengthening of management in the tax and customs administration to raise revenue that contributes to long-term and inclusive growth. During the reporting period, a virtual headquarters mission focused the integration of the new large taxpayers unit into the general operation of the tax and customs agency. A complementary remote short-term consultant (STX) assignment carried out a review of the selection processes for large taxpayers. Annex 1 provides a project profile for the project. Originally planned to finalize in February 2020, the project was extended at no additional cost until December 2022 at the request of the authorities, because the tax and customs agency was in the midst of

FIGURE 2. LOU SOUTH: DISTRIBUTION OF FUNDS BY TOPIC



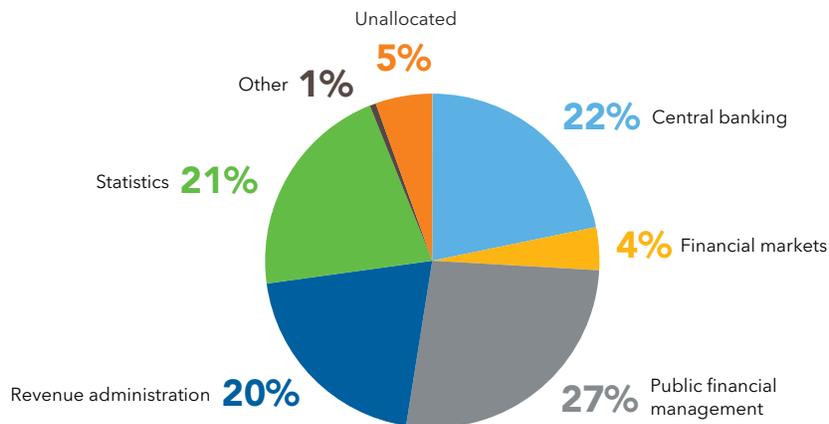
Source: IMF Institute for Capacity Development, 2022.

MAP 2. COMMITMENTS UNDER THE SOUTH PROGRAM



Source: IMF Institute for Capacity Development, 2022.

FIGURE 3: GLOBAL PROGRAM: DISTRIBUTION FUNDS BY TOPIC



Source: IMF Institute for Capacity Development, 2022.

a major transformation driven by a medium-term technological project, and IMF interlocutors for arranging additional CD activities had changed.

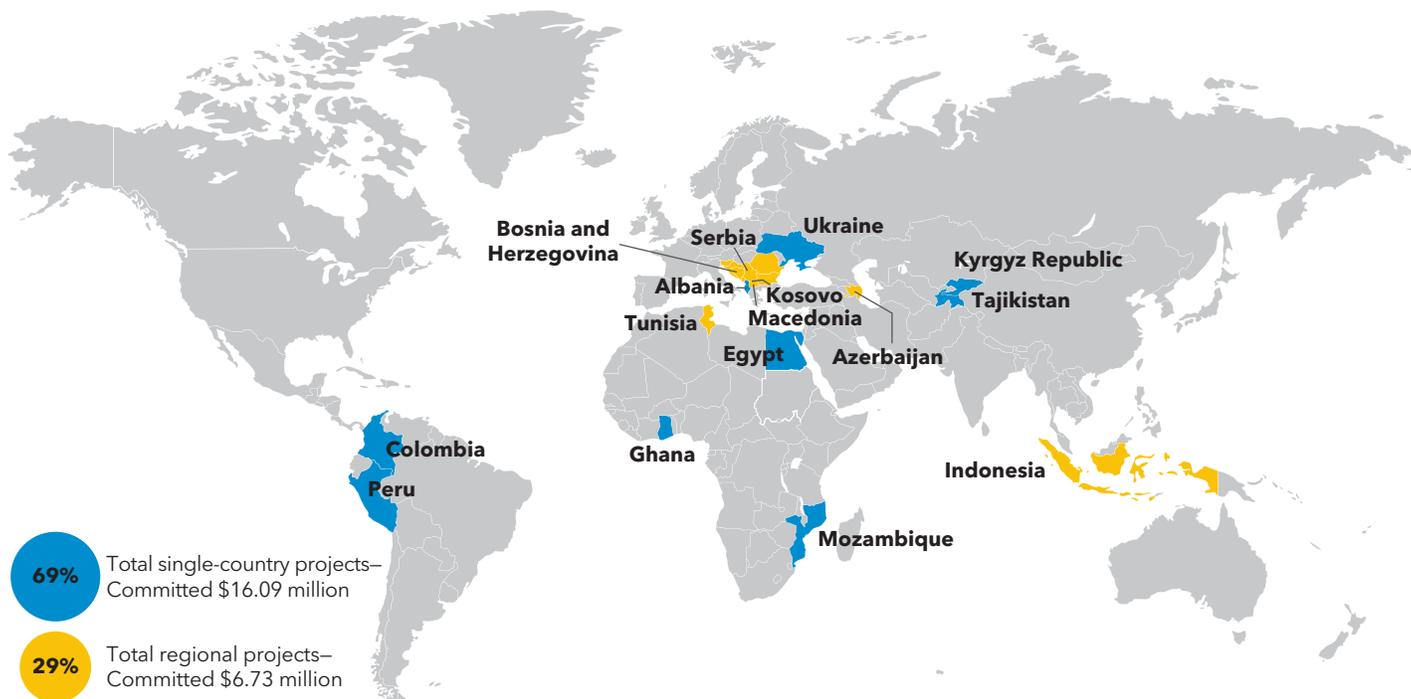
LOU GLOBAL

Projects under LOU Global started in June 2016. As of April 2021,

\$22.82 million (95 percent) of the funds available have been committed to projects on PFM (27 percent), central banking (22 percent), statistics (21 percent), RA (20 percent), and financial markets (4 percent; Figure 3). Of these committed funds, \$16.4 million (68 percent) have been expensed. Sixty-nine percent

of the funding went to country programs, and 29 percent went to regional programs (Map 3). Of the 18 approved projects (which include the climate innovation challenge and the independent evaluation), 13 have closed. Annex 1 provides project profiles for the remaining active projects. Annex 7 provides

MAP 3. COMMITMENTS UNDER THE GLOBAL PROGRAM



Source: IMF Institute for Capacity Development, 2022.

an overview on the financials of LOU Global, most of which are expected to close in FY2023.

Out of the remaining six active projects, three closed in FY2022: one in southeastern Europe, one in Colombia, and one in Peru:

The project on **improving capacity for government finance statistics (GFS) in southeastern Europe** assisted the governments of Albania, Bosnia and Herzegovina, Kosovo, Macedonia, and Serbia to compile annual and monthly GFS data between 2016 and 2022. The project aimed to strengthen the ability of the authorities to understand economic developments and underlying fiscal position, formulate and implement macroeconomic policies, capture and assess fiscal risks, promote fiscal transparency, and ensure compliance with EU requirements (for lessons learned and results, see Box 4).

A PFM project in **Colombia** focused on further strengthening treasury and debt management, fiscal transparency and fiscal risk management, government accounting and fiscal reporting, and financial management information systems. It has helped Colombia to bring their PFM systems closer to the standards of the Organisation for Economic Co-operation and Development (OECD) when setting up the bases of PFM reform in areas such as the treasury, the alignment of fiscal reports, or the fiscal risks framework. Joint effort by the IMF and SECO helped improve coordination with other donors.

The third project that closed in FY2022 has supported **Peru** since 2016 with PFM reform priorities identified in the Peru 2015 Fiscal Transparency Evaluation. This project aimed at strengthening capacity for policy-based budget preparation,

management of fiscal risks, improved fiscal reporting, and improved asset and liability management. The project has contributed to PFM modernization (Box 5).

Three projects—in Mozambique, Ukraine, and Egypt—are still ongoing:

The largest still-active project supports **Mozambique** with PFM reforms. By further improving budget processes and fiscal transparency, this project will better protect from fiscal risks, promote macroeconomic stability, and safeguard domestic revenues. Enhanced PFM can help the country address climatic, epidemiologic, and security challenges. A memorandum of understanding governing the entire project was signed by the Government of Mozambique, the IMF, and SECO in December 2021, representing the official kickoff of the project. The signing ceremony for

BOX 4. LESSONS LEARNED AND RESULTS FROM THE IMPROVE CAPACITY FOR GOVERNMENT FINANCIAL STATISTICS IN SOUTHEASTERN EUROPEAN COUNTRIES

Under the project, provided CD to improve capacity for GFS and public sector debt statistics in Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, and Serbia. The project was originally scheduled to conclude in June 2019 but was extended to April 30, 2022.

Key Lessons Learned

Continuity is critical. Over the course of the project, progress has been aided enormously by consistency of STA personnel on both the CD project management and delivery sides, and of personnel within country agencies. This has enabled the building of strong relationships and a deepening of knowledge that contributed to the effective delivery of the project.

Incentives matter. Southeastern European countries' aspirations to join the EU have motivated them to improve their fiscal statistics to meet the requirements of the European System of Accounts Transmission

Programme. The TA, which has been closely coordinated with Eurostat, has leveraged these requirements to strengthen compilation and reporting of data to the IMF as well. The demanding requirements of EU data standards have therefore incentivized the authorities in the region to positively engage with the project and further build on progress made with the ongoing technical assistance from Eurostat.

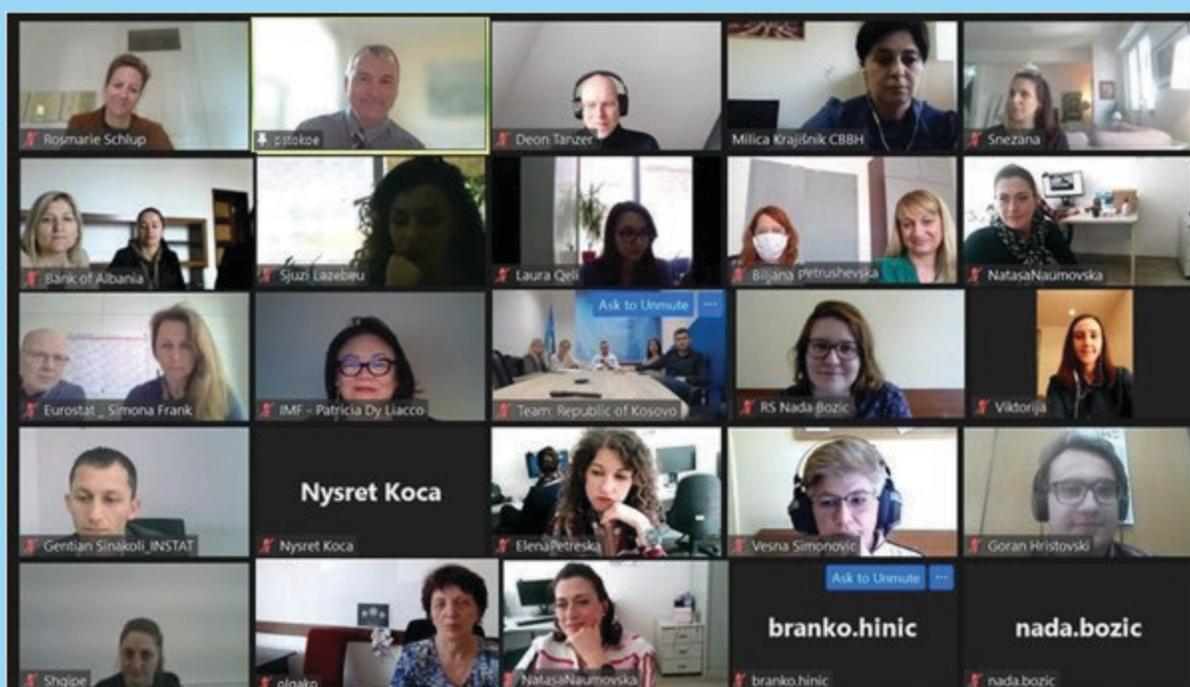
Remote CD can be effective. The change in engagement modality from in-person to remote missions due to the pandemic, while creating significant challenges and delaying the conclusion of the project, did not seriously hamper delivery over the final stages. Helped by existing relationships and by a generally good level of technology and internet access, the missions and the final regional workshop were successfully delivered on a remote basis and the project objectives were achieved.

Success Story: High-Frequency Data for Fiscal Monitoring in Serbia

Challenge: Much of the fiscal data collected by the IMF Statistics Department (STA) and Eurostat becomes available with a lag. Annual GFS data is reported with a 9- to 12-month lag, as is much of the detailed GFS data under the European System of Accounts Transmission Programme. However, more timely data are required for fiscal analysis and monitoring.

Approach: As part of the project's work program, the authorities received assistance to compile both annual GFS in line with the Government Finance Statistics Manual 2014 and monthly data to be disseminated online and/or shared directly with the IMF European Department (EUR).

Results: While progress has been made in all five countries, Serbia has achieved the most significant improvements, as budgetary data for the general and central



Online Group Photo from Final Closing Workshop.

BOX 4. CONTINUED

governments are published monthly on the Serbian National Summary Data Page. The data are published with a one-month lag and include indicators on revenues, expenditures, and financing in the Government Finance Statistics Manual 2014 presentation. Dissemination on the National Summary Data Page enables the data to be machine read by the IMF for inclusion in the high-frequency International

Finance Statistics and to be accessed by EUR.

IMF contribution: The authorities from Serbia and the other participating countries, especially the MoFs (who are generally responsible for the compilation of GFS) have drawn upon the SECO-financed GFS TA to support the compilation of high-frequency GFS data.

The IMF's technical experts have helped implement robust technical solutions to allow high-frequency data to be produced quickly. When fully implemented, as in Serbia, the project will provide policymakers in other beneficiary countries with high-quality and timely data to better assess high-frequency fiscal developments.

BOX 5. PUBLIC FINANCIAL MANAGEMENT IN PERU

The COVID-19 crisis has been an opportunity to implement urgent reforms in the areas of treasury fungibility, improve information flows between the entities and the *Ministerio de Economía y Finanzas* (MEF), and enhance budget flexibility in practice. The PFM project for Peru quickly adapted to the remote environment and has successfully delivered more activities than the previous years, on average. Peru has also absorbed more CD than comparable countries; the authorities have adapted quickly to the new CD delivery modalities, which have made

it possible for CD to reach more MEF staff and include more FAD headquarters staff and experts.

In this regard, innovative approaches are being used, such as calls with other countries' MoFs to learn from their experience, webinars and interviews on selected topics (Colombia on the recent emergency package, Spain on accounting), training with large numbers of MEF officials sitting in the virtual room at the same time (with averages of 30 to 40 people), and missions led

in the virtual environment with high engagement.

To date, all the areas of the project have made significant progress, with most milestones achieved. However, the related outcomes will need more time and continuous engagement from the counterparts, including political support and all the government levels' involvement. To maintain the pace of PFM modernization, the authorities and FAD have initiated a successor project. This project will benefit from having a resident advisor like the first phase of the finalized project.

the memorandum of understanding received high visibility in the social media.⁴ While still ongoing, the project has already helped further strengthen institutional capacity on fiscal discipline and policymaking.

The second project that is still active beyond FY2022 supports the MoF and the National Bank of **Ukraine** with the management and oversight of banks

under majority state control. Key areas of support include enhancing banks' governance structure, improving banks' oversight, planning and facilitating privatization, and dealing with large nonperforming loans. The project finances a long-term advisor and backstopping from headquarters. Due to the COVID-19 pandemic, the project was extended to May 31, 2023. The project had been delayed due to the

war in the Ukraine, but CD delivery is still taking place.

A CD project for Egypt is the last active project and aims to support the Egyptian authorities in implementing targeted PFM reforms to support Egypt's broader fiscal reform agenda. Key areas of support include the strategic orientation and management of the medium-term budget framework

⁴ A video of the signing can be found here: <https://www.imf.org/en/Videos/view?vid=6287170306001>.

Social media links:

- IMF Africa Facebook page: <https://www.facebook.com/IMFAfrica/videos/494311508553511>

- IMF CD Facebook page: <https://www.facebook.com/IMFCapacityDevelopment/videos/317987823618956>

(MTBF) and annual budgets, including gender-relevant information, strengthening fiscal risk management, and developing a more comprehensive legal framework covering all stages of the PFM cycle. Following the authorities' shift of preference away from an long-term consultant (LTX) and toward other modalities for delivery of the assistance, headquarters-led missions and STX visits have been the main delivery modalities since the project inception. During FY2022, an assessment of Egypt's infrastructure governance and public investment institutions including climate aspects based on the public investment management assessment (PIMA) and climate public investment management assessment (C-PIMA) analytical frameworks was delivered.

Overall, LOU Global is expected to wind down over the next few years as the remaining three ongoing projects end.



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- IMF CD Tweets
<https://twitter.com/i/status/1471375527478894592>
<https://twitter.com/i/status/1471435055549407233>
<https://twitter.com/i/status/1471405730850762755>
 - IMF CD LinkedIn page
<https://www.linkedin.com/feed/update/urn:li:activity:6877142079928172545>

FISCAL YEAR 2023: LOOKING AHEAD

FISCAL YEAR 2023: LOOKING AHEAD

SECO and the IMF are looking forward to intensifying their strategic dialogue and continuing their collaboration on CD in FY2023. Focus will be on further learnings on CD impact through partner country ownership and a continued strong dialogue between IMF technical experts and SECO country offices in the field.

Central to the way forward, the IMF, SECO, and prospective recipients of SECO-financed CD will work together in creating a strong project portfolio for the new bilateral program for selected southern and

eastern countries. This portfolio is expected to include projects in core areas of IMF expertise with LTXs supporting SECO priority countries but also explore new cross-cutting areas of climate change, gender, and digitalization.

Planned activities in FY2023 will include a strategic and operational consultation in Washington, DC; knowledge exchanges to explore ideas in the areas of results-based management; political economy analysis; and/or possibly others that have the potential to improve the impact and sustainability of CD.

ANNEXES

Annex 1. Project Profiles LOU South (as of April 30, 2022)

COLOMBIA

Western Hemisphere Department

FAD_COL_2017_02

Revenue Administration Project (SECO)

Pecho, Miguel

February 6, 2017–April 30, 2023

\$0.92 million

KEY OBJECTIVES

The project targets mobilizing resources and strengthening management of tax and customs administration in Colombia to raise revenue that contributes to long-term and inclusive growth. It consolidates results achieved by the tax and customs agency (Dirección de Impuestos y Aduanas Nacionales; DIAN) under previous projects. In addition, the social security agency (Unidad de Gestión Pensional y Parafiscales; UGPP) and the gambling tax agency (Coljuegos) will benefit from advice on how to use risk management to manage corporate priorities and compliance effectively.

The project is structured around the following three strategic objectives: (1) strengthen RA, management, and governance arrangements; (2) strengthen core tax administration functions; and (3) strengthen core customs administration functions. It will consolidate the results achieved by DIAN under previous projects. In addition, UGPP and Coljuegos will benefit from advice with a view to managing corporate priorities and compliance through effective risk management.

Annex 2. Project Profiles LOU Global (as of April 30, 2022)

COLOMBIA (WHD)

FAD_COL_2017_04

Improving Fiscal Transparency Project

Hurtado Arcos, Ramon

October 1, 2016–November 30, 2021

\$1.4 million

KEY OBJECTIVES

This project aims to assist the Colombian MoF to strengthen its PFM systems and bring them closer to OECD standards. The project is focusing on further strengthening treasury and debt management, fiscal transparency, fiscal risks management, government accounting, fiscal reporting, and financial management information systems.

The project serves three strategic objectives: (1) improve coverage and quality of fiscal reporting; (2) strengthen identification, monitoring, and management of fiscal risks; and (3) improve integration of the asset and liability management framework. The project is built on the outcomes and lessons learned from the previous SECO-financed project, which focused on strengthening treasury and debt management. The project also has a regional component to support the Colombian authorities in their participation in the Forum of Latin American Treasurers, which is a joint initiative supported by the IMF, WB, and Inter-American Development Bank (IDB).

PERU (WHD)

FAD_PER_2017_04

Public Financial Management Project

Alonso Albarran, Virginia

October 1, 2016–November 30, 2021

\$1.68 million

KEY OBJECTIVES

This project aims to support the MoF of Peru in strengthening the PFM system.

The project is structured around the following four strategic objectives, which respond to the PFM reform priorities identified in the IMF's Fiscal Transparency Evaluation assessment: (1) comprehensive, credible, and policy-based budget preparation; (2) strengthen identification, monitoring, and management of fiscal risks; (3) improve coverage and quality of fiscal reporting; and (4) improve integration of the asset and liability management framework.

EUROPEAN COUNTRIES

STA_EUR_2017_01

STA Improve Capacity for GFS in South Eastern European Countries

Stokoe, Philip

June 1, 2016–April 29, 2022

\$2.13 million

KEY OBJECTIVES

Through this project, the IMF provides ongoing TA and training to improve capacity for GFS in southeastern European countries, covering Albania, Bosnia and Herzegovina, Kosovo, Macedonia, and Serbia. The project aims to strengthen the ability of the authorities of the targeted countries to: (1) better analyze and understand the respective country's economic developments and underlying fiscal position, (2) formulate and implement appropriate macroeconomic policies, (3) capture and assess fiscal risks, (4) promote fiscal transparency, and (5) ensure compliance with EU requirements under the Excessive Deficit Procedure and European System of National and Regional Accounts Transmission Programme in the countries' quest for ultimate EU membership.

EGYPT
Middle East and Central Asia Department (MCD)
FAD_EGY_2019_01

Budget Reform and Management of Fiscal Risks
Charaoui, Jacques
March 1, 2019–February 28, 2023

\$2.38 million

KEY OBJECTIVES

This project aims to support the Egyptian authorities in implementing targeted PFM reforms to support Egypt's broader fiscal reform agenda.

This project will focus on the following:

- Improving the strategic orientation of the medium-term budget framework and the annual budgets, strengthening integration between the two, and improving capacity and coordination within the MoF and across line ministries
- Improving the expenditure planning process with enhanced consideration for efficiency in policy and service delivery, including in areas related to public investment management
- Improving budget documentation, including in relation to information on resources and performance by program and gender-based data
- Broadening the coverage of both budget documentation and fiscal reporting, including in relation to the public corporation sector, thereby enabling greater transparency and better-informed fiscal risk management across the entire public sector
- Strengthening the identification, analysis, management, and disclosure of fiscal risks, and incorporating the implications of fiscal risks into the policymaking and budget formulation process
- Developing a more comprehensive legal framework covering all stages of the PFM cycle, including on oversight of the public corporation sector

UKRAINE (EUR)
MCM_UKR_2020_01

Strengthening Financial System Stability - Phase II
Effio, Jose Roberto
March 1, 2020–May 31, 2023

\$2.93 million

KEY OBJECTIVES

The purpose of the second phase of this TA program is to further deepen the institutional capacities at Ukraine's MoF and the National Bank of Ukraine (NBU) to strengthen the financial system's stability. Building on the progress made under the previous project, MCM_UKR_2018_02, funded by Government of the Kingdom of the Netherlands, TA was extended to support the financial sector reforms and secure their sustainability to the greatest extent possible.

The specific objectives are to: (1) assist the MoF and the NBU in dealing with the unusually large nonperforming loans in the Ukrainian banking system, especially regarding the four Banking Supervision Committees (BSCs); (2) ensure that the BSCs are run on sound commercial principles by enhancing the governance structure through the well-functioning and independence of the new supervisory boards; and (3) create in-house capacity at the MoF for effective shareholding management while planning for and facilitating the privatization of the BSCs.

MOZAMBIQUE (AFR)

FAD_MOZ_2021_01

Strengthening PFM Capacity in Mozambique

Palmeira Bardella, Felipe

May 1, 2020–April 30, 2023

\$3.1 million

KEY OBJECTIVES

The purpose of the project is to sustain reforms that are key to enhancing fiscal discipline, strengthening institutional capacity, and fostering governance and transparency. It will help improve strategic resource allocation and spending efficiency in Mozambique through a set of CD activities implemented by the IMF and funded by SECO. The project will also ensure continued coordination of CD across donors in Mozambique through the IMF's resident representative office.

The project includes three pillars:

- 1 Comprehensive, credible, and policy-based budget preparation and strengthened management of fiscal risk
- 2 Improved budget execution and control, and strengthened asset and liability management
- 3 CD coordination

Climate Change

OIC_IMF_2022_01

Office of Innovation and Change (OIC) Climate Challenge

Walker, Tristan

May 3, 2021–July 28, 2023

\$0.48 million

KEY OBJECTIVES

The IMF's Innovation Lab (iLab) proposes a crowdsourcing challenge that will focus on the economic and financial stability aspects of climate change and environmental sustainability. International organizations, country authorities, civil society organizations (CSOs), and academia will be invited to submit ideas that have the potential to enhance IMF CD, policy advice, and operational impact in areas where economic and financial policies intersect with climate change. IMF staff will be invited to join proposals or to submit projects themselves. Sponsoring departments at the IMF and potential external partners will provide subject matter expertise to frame the challenge topic areas and evaluate proposals. The winning proposals will receive seed funding and iLab support for proof-of-concept implementation. The exact timeline of the challenge can be aligned with other events on climate to amplify messaging.

Annex 3. Project Profiles Program South, New (as of April 30, 2022)

EGYPT (FAD)

FAD_EGY_2022_01

Egypt Fiscal Affairs Department MTRS Funding Program
de Mets, Patrick
May 1, 2022-April 30, 2026

\$4.0 million

KEY OBJECTIVES

The Egyptian Council of Ministers endorsed the MTRS in December 2020. The MTRS sets out the government's roadmap for reforming Egypt's taxation system. The four-year SECO-funded project aims to assist with the successful implementation of the MTRS. This CD project is expected to help Egypt achieve sustained revenue improvements and stronger administrative institutions. The project is designed to strengthen Egypt's institutional capacity and modernize its overall tax and customs operations to be able to restore pre-COVID-19 compliance levels and facilitate their further improvement. Key objectives are (1) improved tax and nontax revenue policy, (2) strengthened RA management and governance arrangements, (3) improved tax and customs administration functions, and (4) improved legislation.

Annex 4. Workplan for the New Bilateral Program

ANNEX 4 TABLE 1. FISCAL AFFAIRS DEPARTMENT

Country/Region	Sector	Summary	Beneficiary Institution	Objectives
Colombia	PFM	After the success of previous IMF-led CD projects that benefited from SECO financing (both in treasury management and fiscal transparency), the authorities have expressed interest in further support of the implementation of structural PFM reforms including in areas of public investment and multiannual budget.	Ministries of Finance/Planning Ministry	Build capacity in the areas of macro-fiscal analysis, budget management, fiscal risk management, treasury and cash management, public investment management, and government accounting with regional components.
Peru	PFM	Peru undertook a legal reform to modernize the overall PFM system in 2018 with the support of the previous IMF-led CD project that benefited from SECO financing. A new project has been launched to continue progress achieved so far and broaden the scope, including to public investment.	Ministry of Economy and Finance	Build capacity in the areas of MTBF including investment, treasury management, fiscal risks management, subnational governments public finance, accounting, and fiscal reporting.
Egypt	RA	The Egyptian government has now adopted a MTRS to implement tax system reform. The strategy includes tailored, short-term initiatives to ensure revenue streams are safeguarded to help finance the significant additional spending needs arising from the COVID-19 crisis and aims to build a stronger tax capacity (i.e., a higher and sustainable tax-to-GDP ratio in the longer term.)	Ministry of Finance/ National Tax and Custom Agencies	The project will aim to support the authorities to (1) improve the tax policy setting, (2) strengthen the tax legal framework, (3) strengthen RA management and governance, and (4) improve taxpayer compliance management and core tax and customs functions.
Peru	RA	The Peruvian authorities are eager to continue the modernization of the country's revenue administration, especially on compliance risk management and custom and tax processes. The project ensures the sustainability of the progress achieved over time. Following SECO's request, an exit strategy will be developed.	RA	The project aims at mobilizing additional revenues and reducing tax evasion and will focus on improving the tax authority's (SUNAT's) compliance risk management model to address the most serious compliance risks. Strengthening the coordination and effectiveness of customs and tax processes will be a key project component.
SECO and Swiss priority countries	Gender- and climate-sensitive budgeting	This program will assist countries in incorporating transformative priorities of gender equality and climate change mitigation and adaptation in PFM and RA processes. Both gender equality and climate change are cross-sectoral concerns that have implications for sustainable development and human well-being.	MoFs and line ministries (planning and environment)	The objective of the project is to support countries in designing and implementing gender- and climate-sensitive PFM and RA policies and practices. Depending on the preexisting level of capabilities, the project will provide tailored support based on FAD's analysis of gender budgeting, green PFM framework, and C-PIMA. This tailored support will take the form of targeted technical assistance, workshops, and peer-to-peer exchanges.

ANNEX 4 TABLE 1. (CONTINUED)

Country/Region	Sector	Summary	Beneficiary Institution	Objectives
SECO and Swiss priority countries	Digitalization of PFM	Digital technologies offer scope for transformative changes to enhance and modernize business processes in all areas of PFM. The project will support target countries in two areas: (1) fiscal transparency portals and related data and (2) integration of digital money into PFM.	MoF	<p>The project would support two main objectives: (1) building institutional capacity and tools to ensure the appropriate adoption of digital innovations in PFM and (2) leveraging digital innovations for data-based analysis informing decisions along the PFM cycle on cross-cutting priorities.</p> <p>The project would achieve the above objectives by organizing regional peer-to-peer learning events and providing targeted CD to selected countries.</p>
SECO and Swiss priority countries in the Caucasus and Central Asia region and Africa	Strengthening fiscal risk management	Recent shocks, including the COVID-19 pandemic and the energy and food price shock, have further underscored the importance of understanding and managing fiscal risks, triggering significant fiscal risk realizations. At the same time policymakers lack adequate information on risk exposures of public finances as well as adequate legal mandates to act. This program aims to assist selected countries in the Caucasus and Central Asia region and Africa to strengthen fiscal risk identification, analysis, monitoring, management, and reporting. Better understanding of fiscal risks and sound management of them contribute to macroeconomic stability and fiscal sustainability and credibility.	MoFs, Debt Management Offices	<p>The objective of the program is to help countries strengthen processes for the identification and reporting of fiscal risks; provide them with the tools they need to monitor and assess fiscal risks; and support them in strengthening institutional, legal, and regulatory frameworks to better control and manage risks. The CD support under this program will consist of technical advice, capacity building and training, and development of tailored CD tools to help countries (1) identify the scale and nature of their fiscal risks, (2) assess their possible fiscal implications, (3) strengthen regulatory and institutional arrangements for fiscal risk management, (4) enhance fiscal risks disclosure, and (5) incorporate fiscal risks into debt management and MTFs.</p>

ANNEX 4 TABLE 2. LEGAL DEPARTMENT

Country/Region	Sector	Summary	Beneficiary Institution	Objectives
Bosnia and Herzegovina and Mozambique	Anticorruption and rule of law	Anticorruption programs exist in both countries but have produced limited results to date. Country authorities have indicated an interest and willingness to engage with the IMF on developing results-based anticorruption reforms along the lines defined in the 2018 IMF Policy on Strengthened Engagement on Governance.	Ministries of Justice, Supreme Audit Agency, Anticorruption Agency, Financial Intelligence Unit.	<p>The objective of this CD project is to build capacity in the two countries to:</p> <ul style="list-style-type: none"> • Establish prioritized, outcome-focused anticorruption programs • Adopt improvements in the clarity and effectiveness of the legal and organizational framework for anticorruption • Define and implement enhanced rules and practices in accountability, transparency, and sanctioning corrupt behavior • Improve the clarity, effectiveness, and integrity of property rights and the enforcement of contracts

ANNEX 4 TABLE 3. MONETARY AND CAPITAL MARKETS DEPARTMENT

Country/ Region	Sector	Summary	Beneficiary Institution	Objectives
Vietnam	Financial Sector Stability Review (FSSR) follow-up	Vietnam, a lower-middle income country, requested an FSSR in late 2020. The FSSR diagnostic work has already started with the scoping mission, which took place in May 2021 and identified the key workstreams to be covered in the main diagnostic mission. The authorities agreed that the main mission (expected to take place in November 2021) will look at vulnerabilities and capacity gaps in the following six workstreams: (1) financial stability and macroprudential framework, (2) banking sector stress testing, (3) banking sector regulation and supervision, (4) financial crisis management, (5) capital markets regulation and supervision, and (6) Fintech oversight.	TBD	The FSSR follow-up TA project will address capacity needs that are identified across these six workstreams, after close coordination with other financial sector TA providers with notable presence in Vietnam, especially the World Bank and the Asian Development Bank. The follow-up TA project is expected to have a 2- to 3-year horizon and might combine peripatetic short-term missions with the placement of a resident advisor. The project size may range from \$600K to \$1.3 million, depending on whether the FSSR will recommend (and the authorities request) the placement of a resident advisor. Funding of the FSSR follow-up TA by SECO would be much appreciated, as the FSSF funds for follow-up TA projects are already fully allocated for the current phase.
Tajikistan	FSSR follow-up	Tajikistan, a low-income country, requested an FSSR earlier this year. Given the high number of currently ongoing FSSRs, the start of the diagnostic work is slated for later in FY2022. The diagnostic is likely to cover the typical areas of an FSSR, such as banking supervision and regulation, financial stability and macroprudential framework, macro stress testing, bank resolution and crisis management, the oversight of financial market infrastructure, and financial sector statistics.	TBD	The FSSR follow-up TA project will address capacity needs in these areas that are identified by the diagnostic work and summarized in the medium-term TA roadmap, after close coordination with other financial sector TA providers active in Tajikistan as well as the with the IMF's new regional technical assistance center, CCAMTAC. The FSSR follow-up project will also build on the lessons learned and results from the past TA, for example, the banking supervision TA bilaterally supported by SECO 2017-20. The follow-up TA project is expected to have a 2- to 3-year horizon and might combine peripatetic short-term missions with the placement of a resident advisor. The project size may range from \$1 million to \$1.3 million, as it is highly likely that the FSSR will recommend and the authorities will request the placement of a resident advisor in one of the identified priority areas, such as macroprudential policymaking. Funding of the FSSR follow-up TA by SECO would be much appreciated, as the FSSF funds for follow-up TA projects in the current phase are already fully allocated.

Annex 5. Logframe: LOU Global

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Fiscal Sector: Public Financial Management				
Improve budget preparation.	<ul style="list-style-type: none"> • More credible MTFFs are included in budget documentation and better integrated with the annual budget process. • A more comprehensive and unified annual budget is published. 	<ul style="list-style-type: none"> • MTFFs have been prepared and there linkage with the annual budget is clear. • Budget documentation and public access to key fiscal information are available. 	<ul style="list-style-type: none"> • IMF project assessments • Reports/ documents from beneficiary countries • External evaluation of the SECO LOU • Reports/ documents from other institutions, such as the World Bank (WB), SECO, and Inter-American Development Bank (IDB) • IMF/WB Annual Meetings 	<p>Assumptions: The political climate is conducive to implement reforms. There is political will and capacity to implement reforms. The macroeconomic situation is stable and sustainable.</p> <p>Risks: Political instability can slow down and even stop the implementation of reforms. Continuous rotation of managers and staff undermines the absorptive capacity and provokes permanent discontinuity. Lack of coordination among capacity-building partners duplicates efforts and delivers contradictory advice. The deterioration of the fiscal situation may impact the availability of resources to finance reforms.</p> <p>Risk Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff. Implement continual/regular high-level engagement and monitoring. Implement regular coordination among capacity-building institutions to ensure a proper exchange of information and coherent advice. Ensure careful alignment of reforms with the main priorities of the government.</p>
Improve coverage and quality of fiscal reporting.	<ul style="list-style-type: none"> • The quality and comprehensiveness of fiscal reports are enhanced. 	<ul style="list-style-type: none"> • Fiscal and accounting reports follow international accounting and statistics standards. 		
Improve integration of assets and liabilities management framework.	<ul style="list-style-type: none"> • More central government revenues and expenditures are deposited and disbursed through a treasury single account (TSA). • Cash and debt management are better integrated. • Disclosure and management of state assets are improved. • Cash flow forecast in the central government is more accurate and timely. 	<ul style="list-style-type: none"> • Coverage of TSA is expanded. Active cash management is implemented. Accuracy of cash flow forecast is improved. Annual accounts include more financial and nonfinancial assets and liabilities. 		
Strengthen identification, monitoring, and management of fiscal risks.	<ul style="list-style-type: none"> • Disclosure and management of contingent liabilities and other specific fiscal risks are more comprehensive. • Central fiscal oversight and analysis of public corporation are strengthened. 	<ul style="list-style-type: none"> • Fiscal risk statements are prepared and presented as part of the budget documents. A strategy to manage fiscal risks is defined. 		
Strengthen PFM laws and institutions.	<ul style="list-style-type: none"> • The capacity of the MoF to meet its PFM responsibilities is enhanced. 	<ul style="list-style-type: none"> • Performance against full Public Expenditure and Financial Accountability (PEFA) Indicator set plus fiscal transparency evaluation and other diagnostic tools. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Fiscal Sector: Revenue Mobilization				
Strengthen RA management and governance arrangements.	<ul style="list-style-type: none"> A reform strategy and a strategic management framework are adopted and institutionalized. 	<ul style="list-style-type: none"> Strategic and operational plans are prepared, adopted, and institutionalized. Key performance indicators are regularly reported and monitored. The reform plan is adopted and well communicated, and reform management capacity is in place. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB, SECO, and IDB IMF/WB Annual Meetings 	<p>Assumptions: The political climate is conducive to implement reforms. There is political will and capacity to implement reforms. The macroeconomic situation is stable and sustainable.</p> <p>Risks: Political instability can slow down and even stop the implementation of reforms. Continuous rotation of managers and staff undermines the absorptive capacity and provokes permanent discontinuity. Lack of coordination among capacity-building partners duplicates efforts and delivers contradictory advice. Deterioration of the fiscal situation may impact the availability of resources to finance reforms.</p> <p>Risk Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff. Implement continual/regular high-level engagement and monitoring. Implement regular coordination among capacity-building institutions to ensure a proper exchange of information and coherent advice. Ensure careful alignment of reforms with the main priorities of the government.</p>
	<ul style="list-style-type: none"> Organizational arrangements enable more effective delivery of strategy and reforms. 	<ul style="list-style-type: none"> A clear organizational structure along functional lines and/or taxpayer segments is established and operating. 		
	<ul style="list-style-type: none"> Support functions enable more effective delivery of strategy and reforms. 	<ul style="list-style-type: none"> Improved human resources strategies and practices support the tax administration. Improved information and communications technology strategies and systems support the tax administration. 		
	<ul style="list-style-type: none"> Corporate priorities and compliance are better managed through effective risk management. 	<ul style="list-style-type: none"> Compliance risks are identified, assessed, ranked, and quantified through intelligence and research. A compliance improvement program is in place to mitigate identified risks. Compliance risk mitigation activities are monitored and evaluated. Institutional risks are identified, assessed, and ranked. 		
	<ul style="list-style-type: none"> Tax/customs administrative procedures are legally established. 	<ul style="list-style-type: none"> Tax administration procedures and codes are updated to international good practices. 		
Strengthen core tax administration functions.	<ul style="list-style-type: none"> Integrity of the registered taxpayer base is strengthened. 	<ul style="list-style-type: none"> Reliable taxpayer information is available. 		
	<ul style="list-style-type: none"> Taxpayer services initiatives to support voluntary compliance are strengthened. 	<ul style="list-style-type: none"> Service delivery standards are in place and routinely monitored, and performance against standards improves over time. Taxpayer perceptions of service are monitored and improve over time. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Strengthen core tax administration functions. (continued)	<ul style="list-style-type: none"> A larger proportion of taxpayers meet their filing obligations as required by law. 	<ul style="list-style-type: none"> The on-time filing ratio improves over time. Management of filing compliance improves over time. 		
	<ul style="list-style-type: none"> A larger proportion of taxpayers meet their payment obligations as required by law. 	<ul style="list-style-type: none"> The on-time payment ratio improves over time. Management of refunds improves over time. Management of tax arrears improves over time. 		
	<ul style="list-style-type: none"> Audit and other verification programs more effectively ensure completeness and accuracy of reporting. 	<ul style="list-style-type: none"> Automated cross-checking is used to verify return information. Sound methodologies are used to monitor the extent of inaccurate reporting and tax gaps. 		
Strengthen core customs administration functions.	<ul style="list-style-type: none"> Foreign trade operators meet their reporting and payment obligations. 	<ul style="list-style-type: none"> Alignment of customs procedures (including transit) with international standards and the regional integration objective improve over time. An increasing percentage of cargo manifests and declarations are electronically received and processed by customs, and reconciliation procedures are strengthened. Traceability of goods and customs actions in the customs systems is strengthened. 		
	<ul style="list-style-type: none"> Customs control during the clearance process more effectively ensures the accuracy of declarations. 	<ul style="list-style-type: none"> Risk-based control selectivity is applied more consistently over time. The rate of physical inspections decreases over time. Effective application of procedures based on international standards for valuation, origin, and the tariff classification of goods improves over time. 		
	<ul style="list-style-type: none"> Audit and antismuggling programs more effectively ensure enforcement of customs laws. 	<ul style="list-style-type: none"> A larger share of trade is controlled progressively through a properly designed postclearance audit program. The framework to control special regimes and exemptions is strengthened. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Economic and Financial Statistics				
Strengthen compilation and dissemination of data according to the relevant internationally accepted statistical standards, including developing/improving statistical infrastructure, source data, serviceability, and/or metadata.	<ul style="list-style-type: none"> Data are compiled using the coverage and scope of the latest manual/guide. 	<p>The scope covers Inter-Secretariat Working Group on National Accounts-recommended tables:</p> <ul style="list-style-type: none"> Annual supply and use tables Balance sheets, revaluation, and other volume changes in asset accounts for all sectors <p>For the residential property price index, major categories of residential properties are included.</p>	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from authorities, including at the IMF/WB Annual Meetings 	<p>Assumptions: Willingness and support of high-level national officials to adopt and implement national action plans, and to develop capacities to compile and disseminate fiscal statistics in line with inter-national standards.</p> <p>Cooperation from country authorities and enterprise officials to provide necessary information.</p> <p>Readiness of the authorities to receive TA.</p> <p>Risks: Resources (staff and financial) are insufficient to collect data for, design, and put into production a compilation system.</p> <p>Unwillingness to provide appropriate source data on a timely basis.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building.</p>
	<ul style="list-style-type: none"> Source data are adequate for the compilation of the national accounts. 	<ul style="list-style-type: none"> Source data needed to compile annual estimates are comprehensive and reasonably approximate the definitions, scope, classifications, valuation, time of recording required; and timely. Source data needed to compile quarterly estimates are comprehensive and reasonably approximate the definitions, scope, classifications, valuation, and time of recording required, and timely. Data are discrete and noncumulative. 		
	<ul style="list-style-type: none"> Macroeconomic data sets used by policymakers have been made more intersectorally consistent (reduced discrepancies). 	<ul style="list-style-type: none"> National accounts statistics are consistent or reconcilable with government finance statistics, external sector statistics, and monetary and financial statistics. 		
	<ul style="list-style-type: none"> Source data are adequate for the compilation of price statistics. 	<ul style="list-style-type: none"> Source data needed to compile the Residential Property Price Index are adequate. 		
	<ul style="list-style-type: none"> Data are compiled using the concepts and definitions of the latest manual/guide. 	<ul style="list-style-type: none"> GFS are compiled following the GFSM 2001/GFSM 2014 framework, concepts, and definitions, and public sector dept statistics are compiled following the Public Sector Dept Statistics Guide 2011 framework, concepts, and definitions. 		
	<ul style="list-style-type: none"> Data are compiled using the coverage and scope of the latest manual/guide. 	<ul style="list-style-type: none"> The scope of flows includes all transactions of general government (or public sector) units, and the scope of stocks includes all financial assets and liabilities of general government units. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Strengthen compilation and dissemination of data according to the relevant internationally accepted statistical standards, including developing/improving statistical infrastructure, source data, serviceability, and/or metadata. (continued)	<ul style="list-style-type: none"> Data are compiled using the sectorization of the latest manual/guide. 	<ul style="list-style-type: none"> Institutional sectors are defined in accordance with <i>GFSM 2001/GFSM 2014</i> guidelines. GFS are compiled for the general government (or public sector), and its subsectors. A comprehensive list of general government (or public sector) units exists, is maintained, and is disseminated. 		
	<ul style="list-style-type: none"> Higher-frequency data have been compiled and/or disseminated internally and/or to the public. 	<ul style="list-style-type: none"> GFS and debt data for general government (or public sector) operations are compiled and disseminated on a quarterly basis. 		
Financial Supervision and Regulation				
Contribute to financial stability by enabling beneficiary countries to implement sound policies in the areas of: financial supervision and regulation, crisis management, and CB modernization.	Beneficiary countries have done the following: <ul style="list-style-type: none"> Strengthened banking regulations and prudential norms Effective and efficient supervisory authorities/ central banks and sound banking and financial systems that align with international best practice 	<ul style="list-style-type: none"> New regulations are revised and adopted by regulatory authorities. Upgraded regulations are effectively enforced by supervisory/regulatory authorities. Processes and manuals for key supervisory functions are established and effectively implemented. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project.</p> <p>IT systems are in place to effectively capture data and produce relevant reports.</p> <p>Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project, and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>
	<ul style="list-style-type: none"> Regulation of insurance companies and risk-based supervision capability of the insurance supervisor have been strengthened. 	<ul style="list-style-type: none"> Supervisory ratings are assigned to a majority of insurers, and are used as various tools, such as communication with the senior level of the insurance sector, the decision of timing and scope of onsite inspections, and the approval of dividends. 		
	<ul style="list-style-type: none"> Supervisory effectiveness has been improved through enhanced capacity in international financial reporting standards (IFRS) knowledge related to provisioning. 	<ul style="list-style-type: none"> Regulatory and supervisory provisioning guidelines are more closely in line with international standards (IFRS and Basel principles) and best practices. Supervisors are better equipped with IFRS knowledge in assessing provisioning practices by banks. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Contribute to financial stability by enabling beneficiary countries to implement sound policies in the areas of: financial supervision and regulation, crisis management, and CB modernization. (continued)	<ul style="list-style-type: none"> Banks have strong capital and liquidity positions that adequately cover their risks and contribute to financial system stability. 	<ul style="list-style-type: none"> Basel II/III requirements are incorporated into the legislative and regulatory framework. Banks comply with the new requirements. 		
	<ul style="list-style-type: none"> the regulatory framework, supervisory tools, and capacity to address key risks in the securities sector have been strengthened. 	<ul style="list-style-type: none"> Regulatory and supervisory frameworks are more closely aligned with international best practices as evidenced by increased compliance with International Organization of Securities Commissions principles. 		
Financial Crisis Management				
Contribute to financial stability by enabling beneficiary countries to implement sound policies in the areas of financial supervision and regulation, crisis management, and CB modernization.	<ul style="list-style-type: none"> A framework for resolving failing financial institutions in accordance with international best practices has been introduced. 	Using the FSBs Key Attributes of Effective Resolution Regimes: <ul style="list-style-type: none"> Legislation is drafted (within agreed timelines) for implementing a special resolution regime. Responsibility is assigned to a resolution authority or authorities, with adequate resources and independence. Enabling regulations, policies, and procedures are implemented. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project. IT systems are in place to effectively capture data and produce relevant reports.</p> <p>Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project, and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>
	<ul style="list-style-type: none"> A new deposit insurance system has been introduced in accordance with international best practices and harmonized with banking law, particularly regarding bank resolution. 	Using the IADI/BCBS Core Principles for Effective Deposit Insurance Systems: <ul style="list-style-type: none"> Legislation is drafted with a timetable for implementing the DIS. Enabling regulations, policies, and procedures are addressed. 		
	<ul style="list-style-type: none"> A framework for high-level officials of financial safety net participants to make effective contingency planning for crisis prevention, preparedness, and management is in place. 	<ul style="list-style-type: none"> A proper legal and operational framework is ensured for the financial safety net to resolve banks while preventing spillovers into a crisis. A high-level crisis management committee is established to make contingency plans for their individual agencies, which will be rolled up into a national contingency plan. 		
	<ul style="list-style-type: none"> A framework to reduce private debt overhangs has been implemented. 	<ul style="list-style-type: none"> Nonperforming loan growth is negative. Impairment growth is negative. Credit growth is positive. The number of long-term debt restructuring settlements is increasing. 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Systemic Risk Analysis				
Improve financial stability via early detection of, and effective and timely responses to, the emergence of systemic risk.	<ul style="list-style-type: none"> Indicators of systemic risk are in place and the capacity of the CB or relevant agency to produce and analyze these indicators is strengthened. 	<ul style="list-style-type: none"> There is a list of indicators of systemic risk with proven ability to flag emerging threats. CB can identify main threats to systemic stability based on those indicators. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project. IT systems are in place to effectively capture data and produce relevant reports. Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>
	<ul style="list-style-type: none"> The stress testing capability of the CB is enhanced. 	<ul style="list-style-type: none"> Stress testing tools are incorporated into CBs' supervisory work. CB can identify vulnerabilities of the banking system under stress. 		
	<ul style="list-style-type: none"> CBs make sound financial stability decisions by effectively analyzing and assessing risks to the financial system, and creating a structure on which effective financial sector decisions are made. 	<ul style="list-style-type: none"> A functional Financial Stability Unit within the central bank is in place, and timely financial stability reports are produced, providing a comprehensive assessment of risks and vulnerabilities in the financial system. 		
Monetary Policy				
Strengthen monetary policies.	<ul style="list-style-type: none"> Capital Flow Management Measures (CFMs) have been removed. 	<ul style="list-style-type: none"> Capital flows are free of CFMs to the appropriate degree depending on the relevant country circumstances. CFMs are removed except on some short-term transactions, which need to remain controlled for financial stability reasons. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project. IT systems are in place to effectively capture data and produce relevant reports. Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>
	<ul style="list-style-type: none"> A formal inflation targeting regime has been adopted. 	<ul style="list-style-type: none"> The CB announces its objective to formally adopt an inflation targeting regime. An inflation target is announced (either a point or a band). 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Strengthen monetary policies. <i>(continued)</i>	<ul style="list-style-type: none"> An effective macroprudential policy framework has been established. 	<ul style="list-style-type: none"> A macroprudential policy body is established with the mandate to implement macroprudential policy. A legal framework is in place. The institutional framework ensures willingness to act, fosters ability to act, and promotes effective cooperation. The body has the relevant resources, information, and tools at its disposal, and can map its assessment of risks into the implementation of appropriate tools. The authorities are taking appropriate macroprudential policy action to mitigate systemic risk. 		
Central Banking Operations				
Enhance the effectiveness of monetary policy implementation and strengthen CBs' operational framework within the monetary policy regime of choice.	<ul style="list-style-type: none"> The capacity of the CB to implement monetary policy effectively in the context of the given monetary policy regime has been strengthened. 	<ul style="list-style-type: none"> An effective operational strategy (specification/ positioning of the operating target, and counterparty types), consistent with the monetary framework and country circumstances, is established. A liquidity forecasting framework to guide monetary operations is in place. A set of monetary instruments necessary to meet the operating objective is established. An effective liquidity management strategy utilizing the monetary instruments to achieve the operating target is in place. The collateral framework is articulated, including risk mitigation measures consistent with CB risk appetite. Short-term money markets are functioning and sufficiently deep to facilitate monetary transmission. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project. IT systems are in place to effectively capture data and produce relevant reports.</p> <p>Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project, and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Enhance the effectiveness of monetary policy implementation and strengthen CBs' operational framework within the monetary policy regime of choice. <i>(continued)</i>	<ul style="list-style-type: none"> The capacity of the authorities to implement foreign exchange (FX) operations efficiently and in a manner consistent with their chosen monetary policy and FX regime has been developed. 	<ul style="list-style-type: none"> A strategy for conducting FX operations including intervention is established, with clear criteria for its use and consistent with the FX regime. Appropriate tools are available to transact and allocate FX and facilitate price discovery. The exchange rate is sufficiently flexible for the chosen FX regime. Financial, operational, and reputational risks associated with FX operations are adequately managed. 		
	<ul style="list-style-type: none"> Inflation control has been improved. 	<ul style="list-style-type: none"> A legal mandate is in place to pursue the objective of price stability. A monetary policy committee or equivalent is responsible for setting monetary policy. The CB has implemented the Forecasting and Policy Analysis System. There is analytical and technical capacity to undertake forecasting and analysis. The CB manages the policy rate effectively and guides inflation expectations. The CB is transparent regarding its policy implementation. 		
	<ul style="list-style-type: none"> An effective government securities market infrastructure has been established consistent with the level of market development. 	<ul style="list-style-type: none"> The government securities market is used effectively, as evidenced by a structured issuance program, an auction calendar, primary market data (bid-to-cover ratio, auction tail analysis, timeliness of auction announcements), and secondary market data (number of transactions, average value of transactions, spreads, and timeliness of trade execution). 		

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Enhance the effectiveness of monetary policy implementation and strengthen CBs' operational framework within the monetary policy regime of choice (<i>continued</i>)	<ul style="list-style-type: none"> The CB has been advised and assisted in introducing a new or redenominated national currency, thereby replacing outstanding cash currency in circulation. 	<ul style="list-style-type: none"> A currency conversion is launched following the implementation of a time-bound action plan within an agreed-upon budget. 		
	<ul style="list-style-type: none"> The CB has been advised and assisted in adopting IFRS as its formal financial reporting framework. 	<ul style="list-style-type: none"> A timetable for IFRS adoption is accepted by the Bank 		
	<ul style="list-style-type: none"> The CB and other relevant authorities have been advised and assisted in developing and reforming the national payment system. 	<ul style="list-style-type: none"> A national payments strategy has been adopted and a time-bound action plan has been implemented. Payment, clearing, and settlement systems are developed in line with international standards. An oversight unit is in place at the CB that coordinates with other relevant authorities supervising Financial Market Infrastructures (FMIs). 		
	<ul style="list-style-type: none"> The legal and operational capability of the central bank to provide lender of last resort have been developed/strengthened. 	<ul style="list-style-type: none"> In line with best principles set out in WP/00/14, "Draft Working Paper on Lender of Last Resort—Lessons from the Crisis." 		
Debt Management				
Minimize the cost of public debt subject to risks (and foster development of domestic debt markets).	<ul style="list-style-type: none"> The implementation of a medium-term debt management strategy (MTDS) that is consistent with sustainability and leads to a robust portfolio has been formulated and supported. 	<ul style="list-style-type: none"> Participants deliver presentations that demonstrate their knowledge of the MTDS framework. MTDS is being used effectively, as evidenced in regular reporting such as quarterly bulletin and annual debt management reports. 	<ul style="list-style-type: none"> IMF project assessments Reports/ documents from beneficiary countries External evaluation of the SECO LOU Reports/ documents from other institutions, such as the WB IMF/WB Annual Meetings 	<p>Assumptions: The authorities continue to prioritize work in this area. Donor funding is sufficient and TA will be available to support the project. IT systems are in place to effectively capture data and produce relevant reports.</p> <p>Key inputs from industry are received and an adequate level of industry buy-in is achieved.</p> <p>Risks: Staff turnover and retention of trained staff. Lack of political will and commitment to the project and a lack of cooperation on the part of industry.</p> <p>Mitigation: To have a lasting impact, focus on strategic advice and hands-on capacity building. Incentivize authorities to implement administrative reforms that contribute to a more stable staff.</p>

Strategic Objective	Outcomes	Sample Indicators	Means of Verification	Assumptions/Risk/ Mitigation
Minimize the cost of public debt subject to risks (and foster development of domestic debt markets). <i>(continued)</i>	<ul style="list-style-type: none"> An effective government securities market infrastructure has been established consistent with the level of market development. 	<ul style="list-style-type: none"> The government securities market is used effectively, as evidenced by a structured issuance program, an auction calendar, primary market data (bid-to-cover ratio, auction tail analysis, timeliness of auction announcements), and secondary market data (number of transactions, average value of transactions, spreads, and timeliness of trade execution). 		
	<ul style="list-style-type: none"> International market access has been enabled for issuance of international bonds. 	<ul style="list-style-type: none"> Issuance of bonds in the international market; or Approval of an action plan to implement steps leading to the issuance; or Decision not to proceed with international bond issuance. 		
	<ul style="list-style-type: none"> An effective debt portfolio risk analysis has been developed that is carried out periodically, and an effective risk management framework has been put in place on the basis of risk assessment to inform debt management strategies and fiscal sustainability, leading to a robust debt portfolio. 	<ul style="list-style-type: none"> A risk management framework is being used effectively, as evidenced in regular reporting such as quarterly bulletin and annual debt management reports. Risk management targets as set out in debt management annual reports are met or variances are credibly explained. 		
	<ul style="list-style-type: none"> An effective market infrastructure for Islamic securities has been established that is consistent with the level of market development. 	<ul style="list-style-type: none"> Issuance of Islamic securities; or Approval of an action plan to implement steps leading to the issuance. 		

Annex 6. Financials for LOU South

FINANCIALS UP TO APRIL 30, 2022

International Monetary Fund Switzerland Global Capacity Building Activities: 2016-2021 Bilateral - Progress Report- Summary Report As of April 30, 2022 (in millions of \$)									
Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
AFRICA						2.10	1.87	...	
Ghana	MCM_GHA_2014_02	Strengthening Regulatory and Supervisory Capacity	Closed	03/03/2014	30/11/2016	0.42	0.42	...	
Ghana	MCM_GHA_2011_01	Strengthening Regulatory and Supervisory Capacity (Bank of Ghana)	Closed	18/04/2011	31/01/2014	0.73	0.71	...	
Ghana	MCM_GHA_2011_02	Enhance Financial Stability Analysis and Reporting	Closed	18/04/2011	31/01/2014	0.41	0.38	...	
Ghana	LEG_GHA_2011_01	Tax Law Reform	Closed	01/05/2011	30/04/2015	0.29	0.17	...	
South Africa	FAD_ZAF_2010_01	Strengthening Fiscal Policy Analysis at the National Treasury	Closed	02/08/2010	30/06/2011	0.24	0.19	...	
ASIA AND THE PACIFIC						1.39	0.87	...	
Indonesia	MCM_IDN_2010_02	Enhance Bank of Indonesia Supervisory Capacity	Cancelled	07/06/2010	31/12/2011	0.25	0.00	...	...
Vietnam	FAD_VNM_2010_01	Strengthening Tax Policy and Administration	Closed	29/06/2011	31/10/2013	1.13	0.87	...	...
MIDDLE EAST AND CENTRAL ASIA						3.55	1.34	...	
Egypt	FAD_EGY_2015_02	Strengthening Budget Formulation	Closed	01/03/2016	30/06/2018	0.52	0.44	...	...
Egypt	FAD_EGY_2015_03	Tax Administration	Closed	01/03/2016	30/04/2017	0.52	0.39	...	...
Tunisia	FAD_TUN_2014_03	Tax Policy and Administration	Closed	01/02/2014	30/04/2016	1.30	0.22	...	...
Egypt	FAD_EGY_2010_02	Strengthening the Tax Administration Reform Agenda	Cancelled	14/12/2010	30/04/2015	0.49	0.14	...	...
Egypt	FAD_EGY_2010_03	Strengthening Fiscal Management Capacity	Cancelled	28/02/2011	30/04/2014	0.73	0.15

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Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
WESTERN HEMISPHERE						8.42	7.23	0.24	
Colombia	FAD_COL_2017_02	Revenue Administration	Approved	06/02/2017	31/12/2022	0.92	0.67	0.24	74%
Peru	FAD_PER_2017_01	Revenue Administration	Closed	01/10/2016	30/04/2021	1.40	1.39	...	...
Colombia	FAD_COL_2009_01	Modernizing Debt and Treasury Management	Closed	10/07/2010	30/04/2013	0.95	0.80	...	...
Colombia	FAD_COL_2013_01	Public Financial Management	Closed	29/08/2013	30/04/2016	0.50	0.44	...	...
Regional	FAD_PER_2010_02	Support for Treasury and IFMIS Modernization	Closed	01/11/2010	31/12/2014	2.34	2.05	...	...
Regional	FAD_WHD_2015_01	Consolidating Reform of Tax and Customs Administration	Closed	01/09/2014	31/12/2015	0.80	0.69	...	...
Regional	FAD_WHD_2011_01	Reform and Modernization of Tax & Customs Administration	Closed	28/02/2011	30/04/2014	1.51	1.20	...	...
OTHER						0.34	0.23	...	
	ICD_IMF_2015_01	Evaluation Report	Closed	03/09/2014	31/01/2015	0.21	0.15	...	
	ICD_CHE_2013_01	Video Production of SECO Funded Success Stories	Closed	18/06/2012	30/09/2014	0.13	0.08	...	
Subtotal						15.80	11.55	0.24	

Agreement Summary

Contributions to Date	12.00
Net Transfers	-
Interest Earned	0.11
Total Inflows (A)	12.11
Expenses	11.55
Remaining Budget (including projects pending approval)	0.24
Total Outflows (B)	11.79
Future Contributions (based on signed agreements) (C)	-
Total Available and Future Contributions (A-B+C)	0.32

^{1/} The remaining balance for closed projects is zeroed out upon project completion.

Annex 7. Financials for LOU Global

FINANCIALS UP TO APRIL 30, 2022

International Monetary Fund Switzerland Global Capacity Building Activities: 2016–2021 Bilateral - Progress Report- Summary Report As of April 30, 2022 (in millions of \$)									
Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
AFRICA						4.13	1.64	2.41	
Ghana	MCM_GHA_2017_01	Strengthening Regulatory and Supervisory Capacity at the Bank of Ghana	Closed	18/10/2016	31/12/2020	1.03	0.95	...	...
Mozambique	FAD_MOZ_2021_01	Strengthening PFM Capacity in Mozambique	Approved	01/05/2020	30/04/2023	3.10	0.69	2.41	...
SOUTHEASTERN EUROPE						9.48	6.82	1.58	
Albania, FYR Macedonia, and Serbia	FAD_EUR_2017_02	Southeast Europe Revenue Administration	Closed	01/01/2017	31/12/2018	3.20	2.34	...	...
Albania	MCM_ALB_2017_03	Monetary Policy Advisor to the Bank of Albania	Closed	16/01/2017	31/07/2018	0.53	0.57	...	...
Albania	MCM_ALB_2019_01	Albania: Banking Regulation and Supervision	Closed	01/06/2019	30/09/2020	0.69	0.43	...	...
Albania, Bosnia and Herzegovina, Kosovo, Macedonia, and Serbia	STA_EUR_2017_01	STA Improve Capacity for GFS in South Eastern Europe	Approved	01/06/2016	29/04/2022	2.13	2.05	0.08	96%
Ukraine	MCM_UKR_2020_01	Strengthening Financial System Stability - Phase II	Approved	01/03/2020	31/05/2023	2.93	1.43	1.50	49%
MULTI-REGION						1.84	1.39	-	
Colombia, Indonesia, and Peru	STA_IMF_2017_04	Sectoral Accounts and Balance Sheets Compilation	Closed	01/06/2016	31/12/2020	0.89	0.80	...	...
Colombia, Peru, Tunisia, and Ukraine	STA_IMF_2017_05	Improve Capacity for Residential Property Price Indexes	Closed	01/06/2016	31/12/2020	0.96	0.59

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Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
MIDDLE EAST AND CENTRAL ASIA						6.21	3.43	1.93	
Egypt	FAD_EGY_2019_01	Budget Reform and Management of Fiscal Risks	Approved	01/03/2019	28/02/2023	2.38	0.44	1.93	19%
Kyrgyz Republic	MCM_KGZ_2017_01	Banking Supervision and Regulation	Closed	09/04/2017	08/07/2019	1.12	0.99	...	...
Tajikistan	MCM_TJK_2017_02	Strengthening Bank Supervision	Closed	29/04/2017	30/04/2021	0.97	0.88	...	...
Tajikistan	MCM_TJK_2018_02	Strengthening Monetary and Exchange Rate Policy and Operations at the NBT	Closed	01/07/2018	30/04/2021	0.82	0.25	...	...
Azerbaijan, Kyrgyz Republic, and Tajikistan	STA_MCD_2017_01	Central Asia Fiscal Transparency (GO)	Closed	01/06/2016	30/04/2020	0.92	0.86	...	...
WESTERN HEMISPHERE						3.08	2.98	-	
Colombia	FAD_COL_2017_04	Improving Fiscal Transparency Project	Closed	01/10/2016	30/11/2021	1.40	1.34	...	...
Peru	FAD_PER_2017_04	Public Financial Management	Closed	01/10/2016	30/11/2021	1.68	1.64	...	...
OTHER						0.62	0.15	0.47	-
Switzerland	ICD_CHE_2019_01	SECO Governance and Evaluation	Closed	01/05/2018	30/09/2020	0.14	0.14	...	...
OIC Climate Change	OIC_IMF_2022_01	OIC Special Program	Approved	03/05/2021	28/07/2023	0.48	0.01	0.47	2%
Switzerland	ICD_IMF_2022_02	SECO Annual Report	Approved	31/12/2021	30/12/2022	0.00	0.00	0.00	17%
Subtotal						25.36	16.41	6.40	

Agreement Summary

Contributions to Date	24.09
Net Transfers	(0.86)
Interest Earned	0.77
Total Inflows (A)	24.00
Expenses	16.41
Remaining Budget (including projects pending approval)	6.40
Total Outflows (B)	22.82
Future Contributions (based on signed agreements) (C)	-
Total Available and Future Contributions (A-B+C)	1.18

^{1/} The remaining balance for closed projects is zeroed out upon project completion.

Annex 8. Financials for the Program South (new)

FINANCIALS UP TO APRIL 30, 2022

International Monetary Fund Switzerland South Program (New) Bilateral - Progress Report- Summary Report As of April 30, 2022 (in millions of \$)									
Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
MIDDLE EAST AND CENTRAL ASIA									
Subtotal									
Agreement Summary									
Contributions to Date			7.56						
Net Transfers									
Interest Earned			0.00						
Total Inflows (A)			7.56						
Expenses									
Remaining Budget (including projects pending approval)			-						
Total Outflows(B)			-						
Future Contributions (based on signed agreements) (C)			11.29						
Transfer to SEE									
Total Available and Future Contributions (A-B+C)			18.86						

^{1/} The remaining balance for closed projects is zeroed out upon project completion.

Annex 9. Financials for the Program East (new)

FINANCIALS UP TO APRIL 30, 2022

International Monetary Fund Switzerland East Program (New) Bilateral - Progress Report- Summary Report As of April 30, 2022 (in millions of \$)									
Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
Agreement Summary									
Contributions to Date			3.24						
Net Transfers			-						
Interest Earned			0.00						
Total Inflows (A)			3.24						
Expenses			-						
Remaining Budget (including projects pending approval)			-						
Total Outflows(B)			-						
Future Contributions (based on signed agreements) (C)			4.11						
Transfer to SEE									
Total Available and Future Contributions (A-B+C)			7.35						

^{1/} The remaining balance for closed projects is zeroed out upon project completion.

Switzerland-IMF Partnership
on Capacity Development

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