



MONETARY AND CAPITAL MARKETS

CAPACITY DEVELOPMENT ANNUAL REPORT 2024

“Driven with aspiration to lift prosperity for all, the IMF is fully committed to meeting the evolving needs of our membership. We serve our members with policy advice, financial lifelines, and capacity development to help safeguard their economic and financial stability, a foundation for inclusive and sustainable growth.”

“We continue to assist members in building capacity to implement good policies. The recent review of our Capacity Development (CD) Strategy shows that through tailored support we enable members to develop skills and build strong institutions that can better respond to economic challenges. The strategy aims to make CD more flexible and better integrated with IMF policy advice.”

Global Policy Agenda, Spring 2024

PREFACE



Gita Gopinath

First Deputy Managing Director,
International Monetary Fund

IMF's capacity development (CD) reinforces the Fund's institutional mandate for global macroeconomic and financial stability by enhancing human capital and institutions in member countries and empowering them to make the best policy choices given their particular conditions. As a global institution, we have a duty to ensure that all members benefit from the latest knowledge and best practices and put them to best use for macroeconomic and financial stability, prosperity, and sustainability.

At the IMF, we regularly review our CD strategy to ensure that our capacity building continues to be of high quality and attuned to the priority needs of member countries. The third quinquennial review of the Fund's CD strategy, concluded in April 2024, has called for continued efforts in making the Fund's CD more flexible in responding to members' emerging needs, integrating with surveillance and lending, and tailoring CD to countries' circumstances. We are fully committed to continuing sharpening our focus in CD delivery, innovating in more flexible modalities of engagement with member countries, and fully leveraging our complementary mandates in the best interest of the global community.

The IMF's Monetary and Capital Markets (MCM) Department, as a global leader in building capacity in monetary and financial sector

policies and practices, continues its decades-long tradition of responding to the needs of member countries, ranging from advice in the traditional areas of monetary operations and banking supervision and regulation, to spearheading innovations in fintech- and climate-related financial risks, while maintaining the highest quality of technical support. In my multiple interactions with country authorities' representatives, I am pleased to take note of the strong continued appreciation for MCM CD and the gratitude they express to MCM staff. I also note that MCM's CD support continues to be integrated into Fund surveillance and lending and tailored to the evolving needs of our member countries, especially low- and lower-middle-income countries (LLMICs) and fragile and conflict-affected states (FCS). I would like to thank the many IMF donors and partners, whose unwavering support has made these accomplishments possible and look forward to continuing this successful cooperation. As we all know, the success of building sustainable institutions lies in long-term commitment and support.

MCM's 2024 Annual Report provides an overview of MCM's CD activities during fiscal year 2024, highlighting the main achievements, made possible by the invaluable funding support from donor partners, as well as presenting some examples where MCM CD was particularly impactful.

PREFACE



Tobias Adrian

Financial Counsellor and Director,
Monetary and Capital
Markets Department

Looking back at FY24, I feel very grateful for the trust and appreciation that our member countries continue to have for the technical expertise and advice of the IMF's Monetary and Capital Markets (MCM) Department. The demand for MCM's CD remained very strong during the last fiscal year, with CD delivery and spending surpassing pre-pandemic levels. The presence of our long-term experts on the ground has expanded significantly since the pandemic, as we strived to secure the best expertise for hands-on support. Our CD delivery modalities have evolved to a new normal, which leverages both in-person activities, as well as hybrid and blended modalities, carried out by top experts for the most efficient and impactful outcomes. The deployment of blended modalities has also allowed us to optimize the use of the funds provided by our generous donors. In line with our current MCM CD strategy (2022-25), CD delivery has increasingly adopted a programmatic approach, featuring well-sequenced activities aimed at achieving clear medium-term goals, which enable countries to sustainably build skills and capacity in the financial sector. We have also continued to tailor our technical assistance (TA) and training to meet the specific needs of our members, optimizing impact, and deepening

the integration with surveillance and lending. The continuous high demand and positive feedback we have received from country authorities fuel our staff's energy and commitment to continuously improve and serve our members.

MCM's 2024 Annual Report provides a snapshot of the more than 1,000 CD activities undertaken by MCM in FY24 and brings into the spotlight our support both in core topics, such as central banking, financial sector supervision and regulation, crisis management, debt management, monetary and macroprudential policy, and financial stability analysis, as well as in emerging priorities, such as digital money, fintech and climate-related financial risks.

I am proud of these accomplishments. On behalf of myself and the rest of MCM management, I express my deepest gratitude to MCM staff, long-term and short-term experts for their continued dedication and engagement. I also extend my thanks to both our donor partners and recipient countries for their trust and support, as only together can we build sustainable institutions that can withstand future challenges and risks.

MCM stands ready to contribute our best expertise to a more stable and prosperous world!

This report was prepared by the staff from the Technical Assistance Strategy Division of the Monetary and Capital Markets Department of the IMF under the guidance and supervision of Miguel Savastano and Oana Croitoru. The core team comprised Dana Andreicut, Betty Afework, Veronica Bacalu, Beto Habe, Abdullah Haron, Sangeeta Nambi, Hazel Quinonez, Ibrahima Sangare, and Chloe Zhang.

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ACRONYMS AND ABBREVIATIONS

AD	IMF Area Department	FSSR	Financial Sector Stability Review
AFRITAC	IMF's Regional Technical Assistance Center in Africa	FTE	Full-Time Equivalent
AFE	AFRITAC East	FY	Fiscal Year
AFS	AFRITAC South	HQ	IMF Headquarters
AFW	AFRITAC West	IFRS	International Financial Reporting Standards
AFW2	AFRITAC West II	ICD	IMF Institute for Capacity Development
CAPTAC-DR	IMF's Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic	IMF	International Monetary Fund
CARTAC	IMF's Caribbean Regional Technical Assistance Centre	LLMIC	Low- and Lower-Middle-Income Country
CBDC	Central Bank Digital Currency	LTX	Long-Term Expert
CCAMTAC	IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center	MCM	IMF Monetary and Capital Markets Department
CD	Capacity Development	METAC	IMF's Middle East Regional Technical Assistance Center
CDMAP	The IMF's Capacity Development Management and Administration Program	MTDS	Medium-Term Debt Management Strategy
CDSR	Capacity Development Strategy Review	PFTAC	IMF's Pacific Financial Technical Assistance Centre
CDOT	IMF's Capacity Development Office in Thailand	RBM	Results-Based Management
DRC	Democratic Republic of the Congo	RCDC	Regional Capacity Development Center
FCS	Fragile and Conflict-Affected States	SARTTAC	IMF's South Asia Regional Training and Technical Assistance Center
FPAS	Forecasting and Policy Analysis Systems	STX	Short-Term Expert
FSSF	Financial Sector Stability Fund	TA	Technical Assistance

SECTION I

MCM CD DELIVERY:
EXCEEDING PRE-COVID
LEVELS

A

FISCAL YEAR 2024
AT A GLANCE

During fiscal year 2024 (FY24), the Monetary and Capital Markets (MCM) Department continued to assist the IMF membership build capacity in monetary and financial stability against an increasingly complex global backdrop. As the global economy grappled with inflationary pressures, new challenges in the financial sector, and rising debt vulnerabilities, MCM stepped up efforts to respond to the high demand for support from member countries. It did so by increasing the number of capacity development (CD) activities and expanding the programmatic institution-building engagements, all delivered in a variety of modalities. Yet again, strong ownership from the authorities proved to be a key ingredient to successful CD outcomes.

The MCM CD delivery in FY24 exceeded pre-COVID levels and totaled 1,037 activities (Figure 1), which fully reflected the “new normal” of adapting delivery

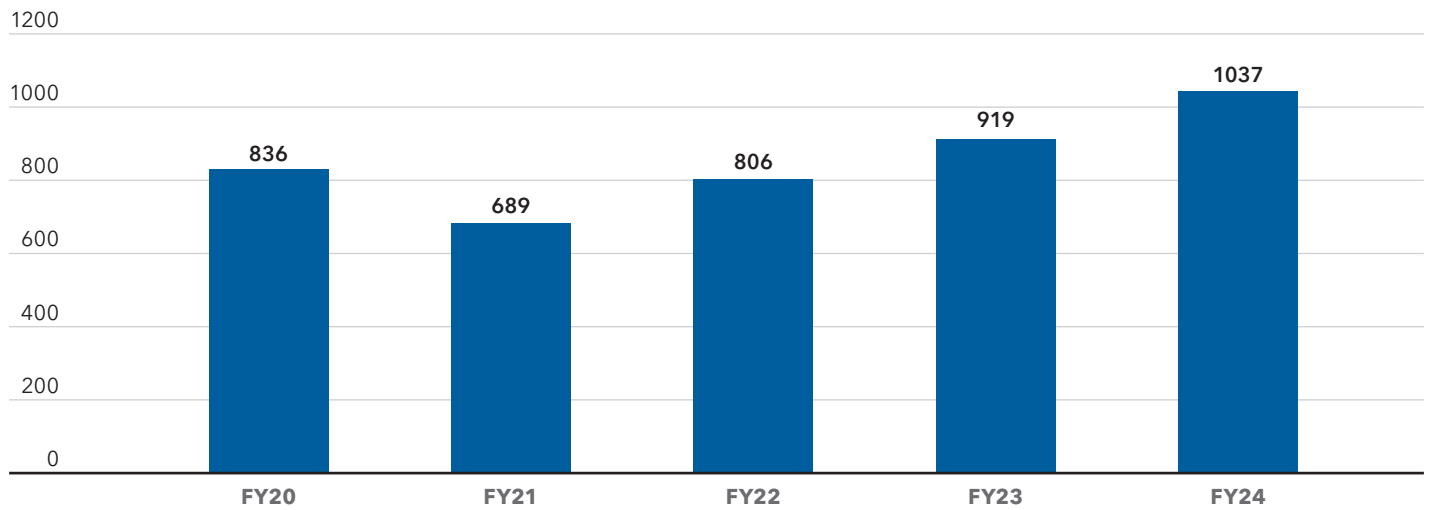
modalities (Figure 2).¹ About half of all CD engagements were delivered in person (52 percent), while the rest were delivered either in virtual or hybrid format (37 and 11 percent, respectively). Progress with blended delivery of CD, which combines real-time engagement (in person or virtual) with asynchronous CD delivery (self-paced online learning), has also advanced. While measuring accurately blended CD is work in progress,

¹ The FY24 activity count includes the following categories: direct delivery, management and administration, and analytics and development. In FY22, the IMF adopted a new administrative system for planning and tracking CD (Capacity Development Management and Administration Program (CDMAP)). CDMAP introduced methodological changes to CD data that create a structural break in FY22. The comparison with pre-COVID delivery is made relative to FY20 (comprising May 2019–April 2020), with pandemic-related travel restrictions after April 2020. COVID years include FY21 and FY22.

demand for this approach to CD delivery keeps growing.

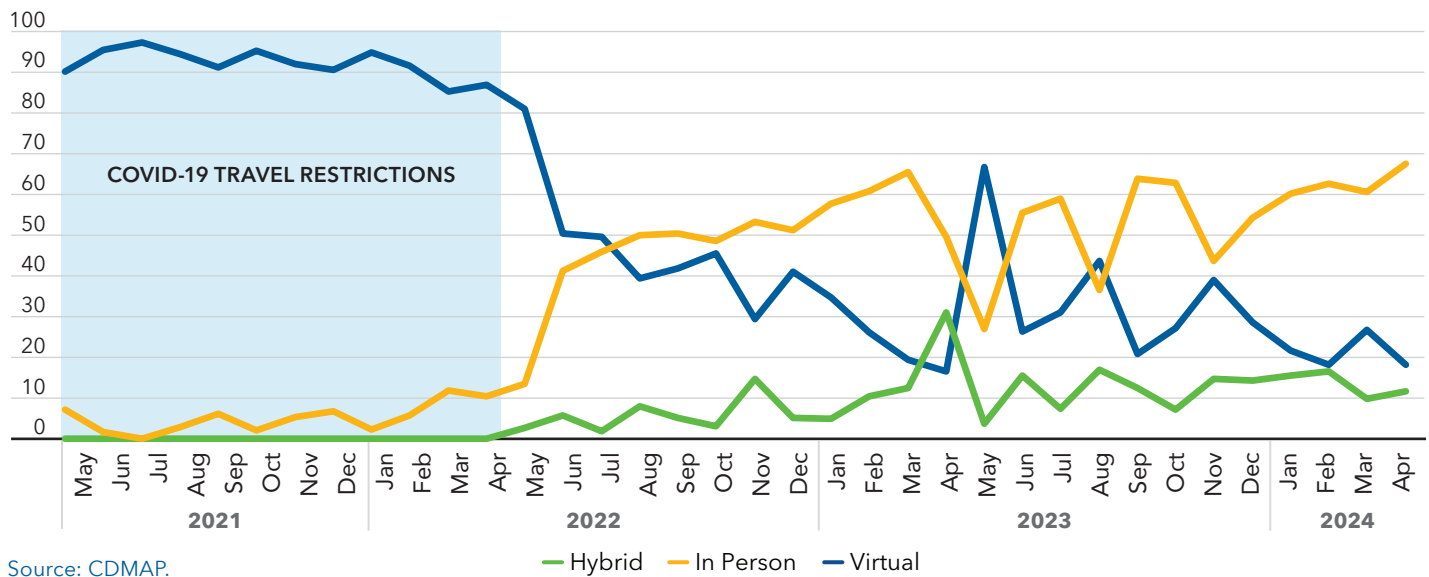
As in previous years, MCM’s CD covered a broad range of topics in FY24 (Figure 3), spanning both core and emerging priority areas (Box 1). There was particularly strong demand for technical advice in central bank operations and debt management, while demand for new CD priority areas, including climate change and digital money also increased. Delivering CD to fragile and conflict-affected states (FCS) remained high on the country priority list (Figure 4). MCM continued to further enhance its expertise in the growing number of topics, while remaining highly attuned to the views from the field, ensuring that our CD focus and modalities remained in sync with the needs of the membership. Africa remained our top CD recipient, followed by Asia and the Pacific Islands region, Middle East and Central Asia, Western Hemisphere, and Europe (Figure 5).

FIGURE 1. NUMBER OF MCM CD ACTIVITIES



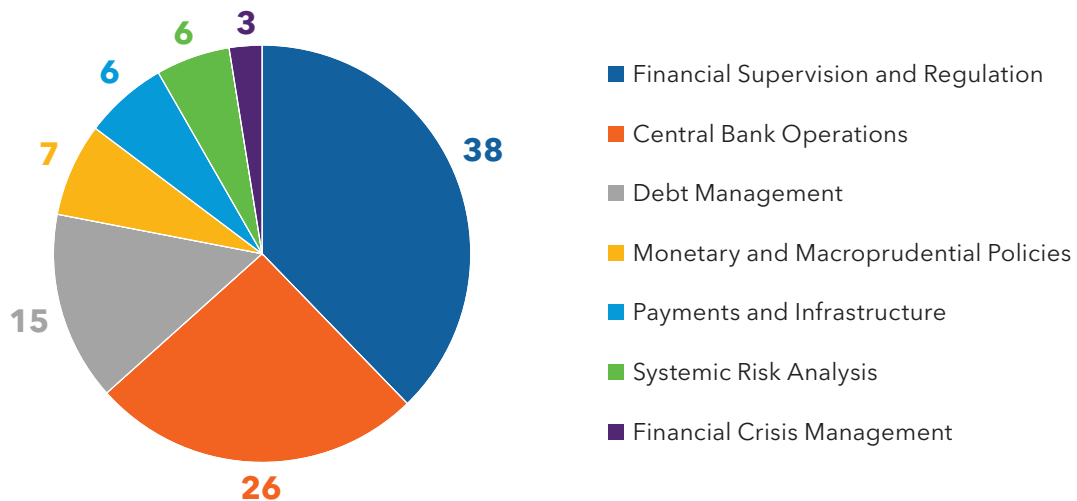
Source: CDMAP (CD Management and Administration Program) and TIMS.

FIGURE 2. MCM CD DIRECT DELIVERY BY MODALITY (PERCENT OF TOTAL)



Source: CDMAP.

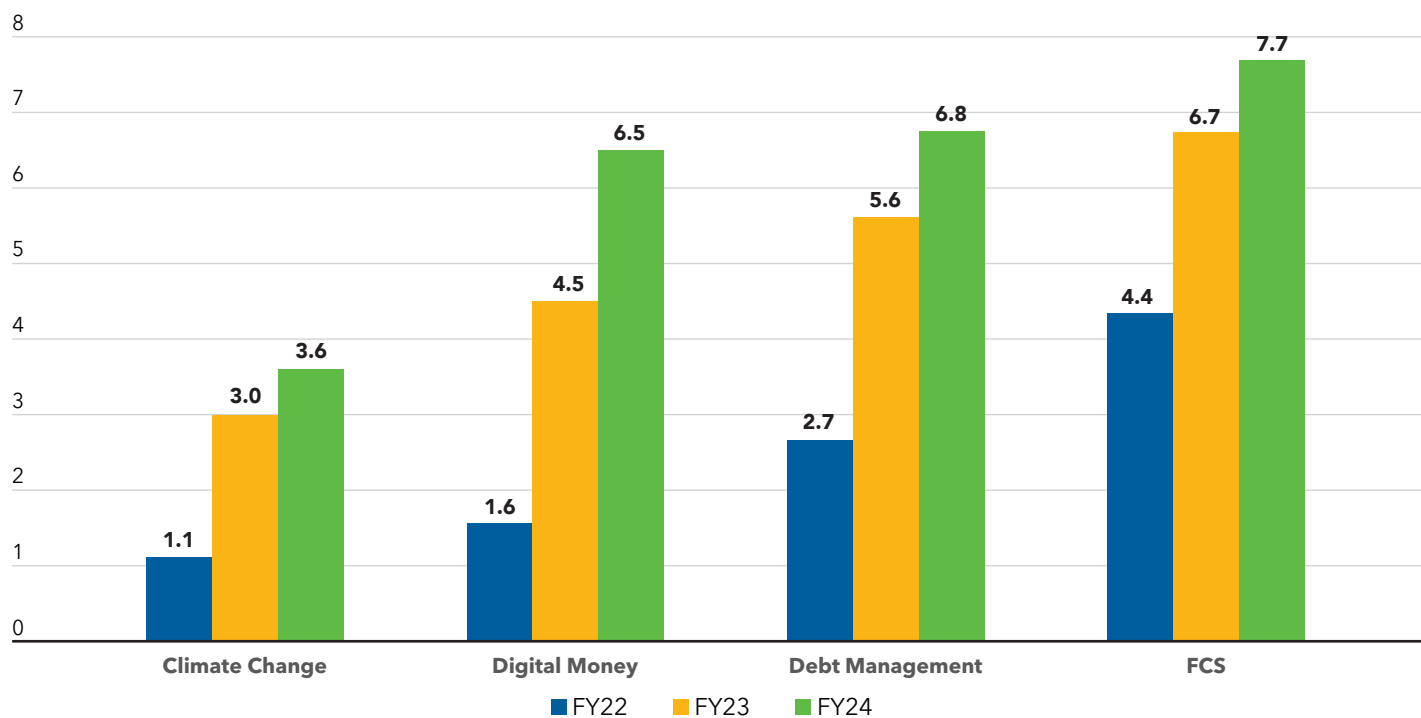
FIGURE 3. MCM CD DIRECT DELIVERY BY CORE WORKSTREAM, FY24 (PERCENT OF TOTAL)



Source: CDMAP.

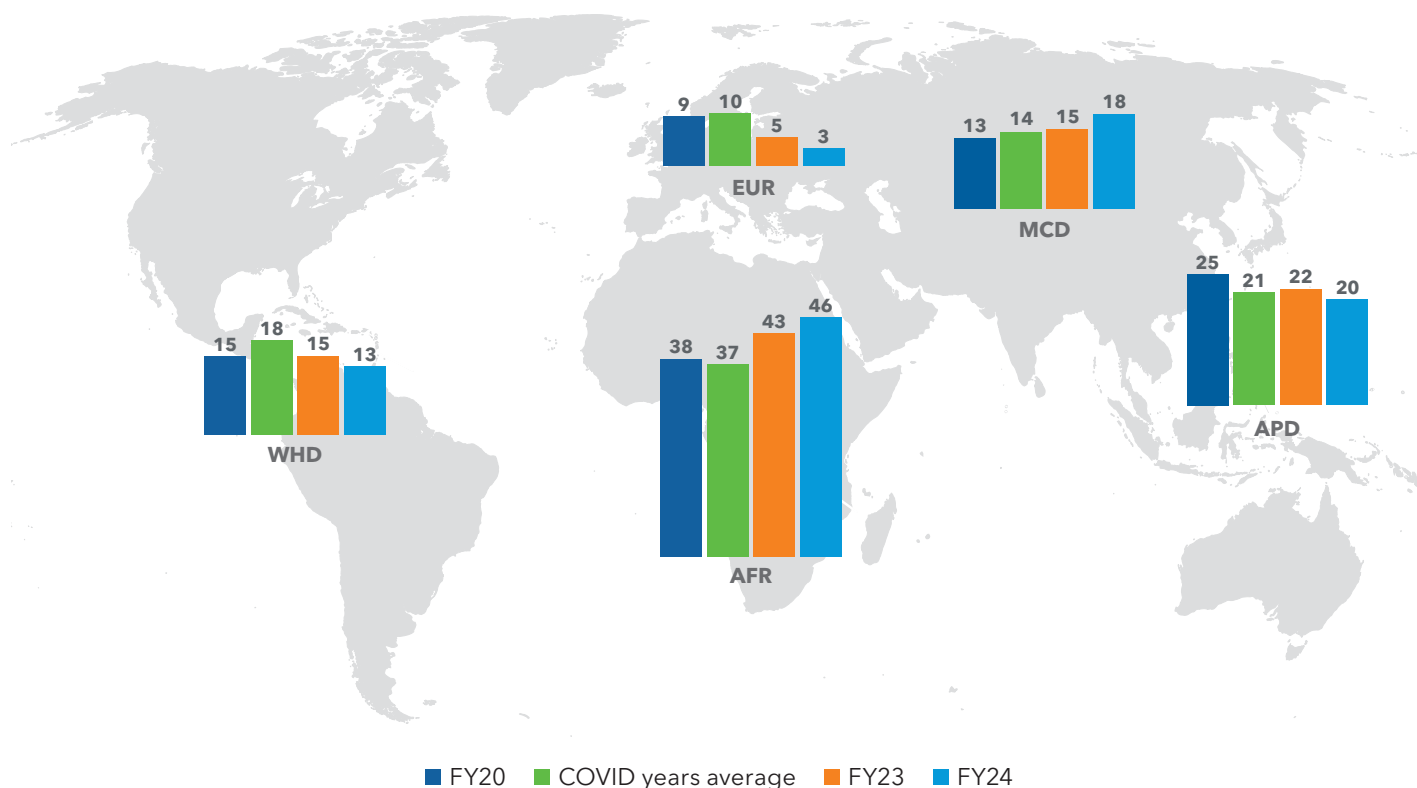
Note: For all charts with a percentage breakdown, the percentages may not add up to a hundred due to rounding.

FIGURE 4. MCM CD DELIVERY IN PRIORITY AREAS (MILLIONS OF USD)



Source: CDMAP.

FIGURE 5. MCM CD DIRECT DELIVERY BY REGION (PERCENT OF TOTAL)



Sources: CDMAP, ICD/ACES, and IMF Staff.

BOX 1. LOOKING BACK: AS THE IMF TURNS 80, MCM CAPACITY DEVELOPMENT APPROACHES 60

CD is a key activity of MCM, which is the second largest department delivering CD in the IMF. Since its inception in 1965 as a Central Banking Services unit, MCM has evolved and expanded to a multi-functional department that brings together a unique combination of expertise in monetary and financial sector and capital markets (Figure 6). This diversity enhances the quality and impact of its CD work. MCM CD has progressed alongside the IMF, responding to the evolution of the global landscape (Figure 7).

Almost 60 years later, MCM continues to help countries maintain and restore financial stability, by adapting to new challenges and developing medium-term reform strategies to strengthen financial sector resilience, develop financial markets, and improve regulatory and supervisory frameworks. Looking back, we have learned a lot from our

membership and from our experts on the ground and adapted to a changing global world, both in terms of topical expertise as well as delivery modalities.

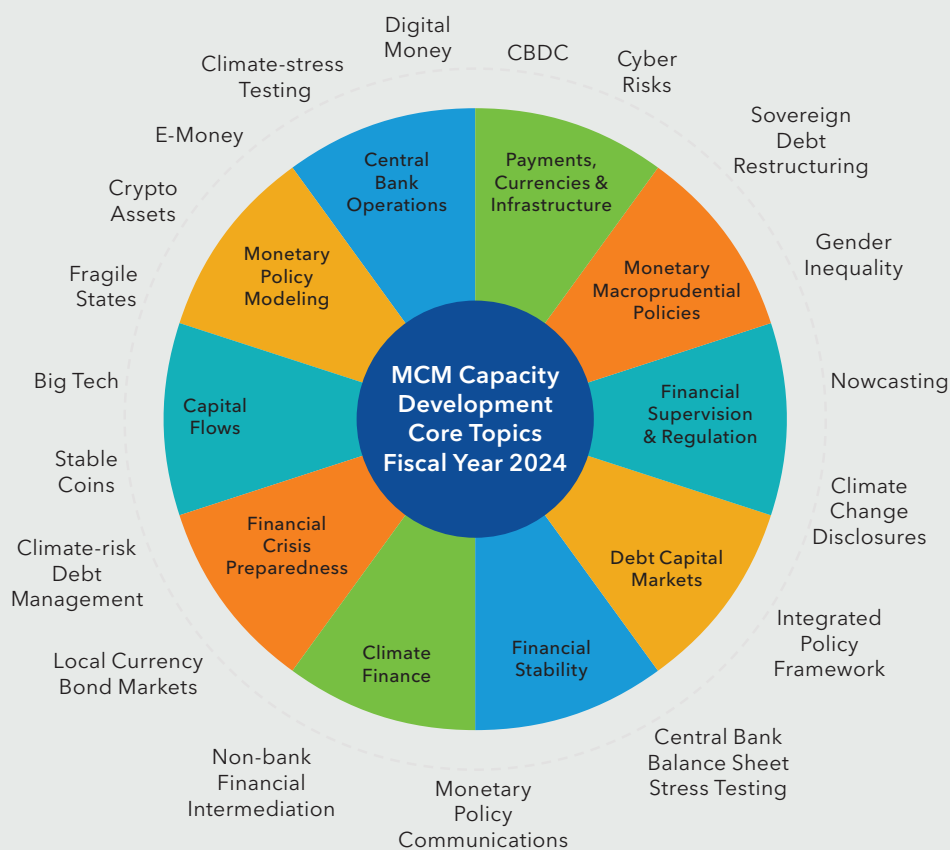
The latest MCM CD strategy, [“Supporting Financial Resilience Through Disruption and Change”](#) (2022-25), outlines MCM’s approach to supporting global financial and monetary stability amid challenges brought about by the COVID-19 pandemic, fast-moving technological advances, and complex global developments. It also outlines the overarching principles for MCM CD delivery: close alignment with IMF and MCM priorities, strengthening partnerships, adapting delivery modalities, enhancing expert capacity, and improving governance and transparency.

Demand for CD in MCM’s core areas—financial supervision and regulation, central bank operations,

debt management, financial crisis management, monetary and macroprudential policies, systemic risk, and payments and infrastructures—has shaped CD delivery trends.

Over the last decade, spending on MCM’s CD has exceeded \$0.4 billion. The African region has received 40 percent of this CD, followed by the Asia and Pacific region (20 percent), the Western Hemisphere (17 percent), the Middle East and Central Asia (15 percent), and Europe (8 percent). This allocation reflects the demand for MCM CD (Figure 8). About a quarter of the spending on MCM’s CD delivery was channeled to fragile and conflict-affected states. The top 10 recipients of MCM CD in this 10-year period were: Ukraine, Myanmar, Cambodia, Mozambique, Ghana, Sierra Leone, Uganda, Democratic Republic of the Congo, Somalia, and Nigeria.

FIGURE 6. MCM CD WORK AREAS



Source: IMF Staff.

FIGURE 7. FUND CD ENGAGEMENT OVER TIME (INDEX 1964 = 100, IN FTE)

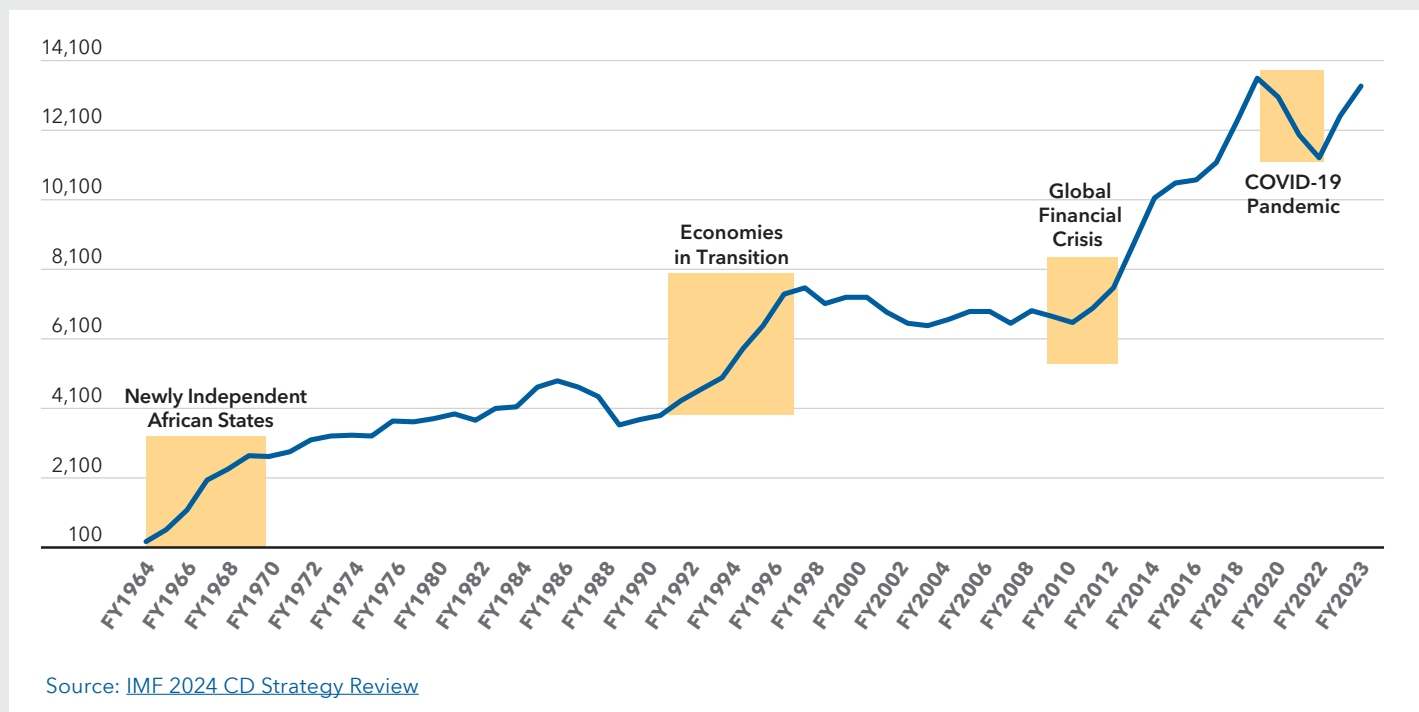
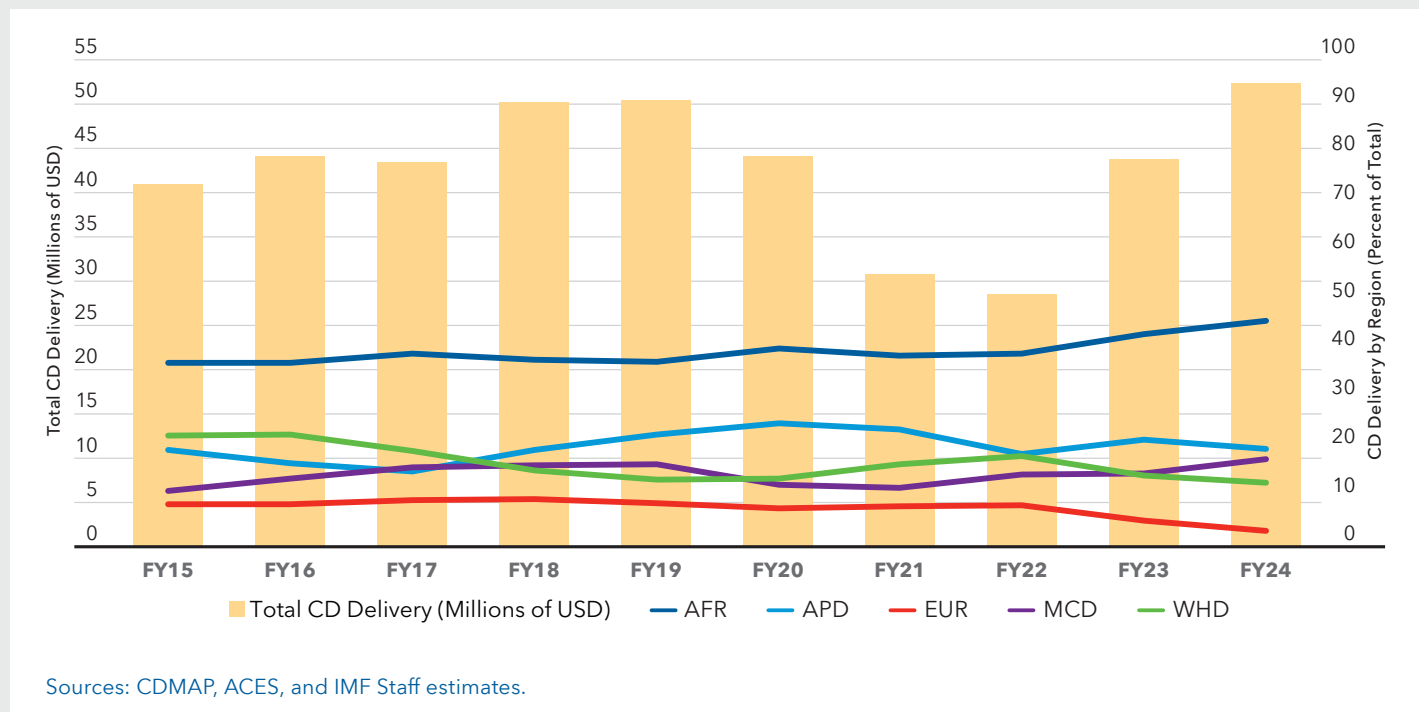


FIGURE 8. MCM CD TRENDS BY REGIONS (MILLIONS OF USD AND PERCENTAGE OF TOTAL)



MCM CD DELIVERY IN FY24

Driven by strong demand, MCM CD delivery increased robustly in FY24, reaching 1,037 activities across 143 countries, up from 919 across 137 countries in FY23. In US dollar terms, total CD spending rose by nearly 20 percent to \$52.1 million in FY24 from \$43.6 million a year earlier, also exceeding pre-COVID CD spending.

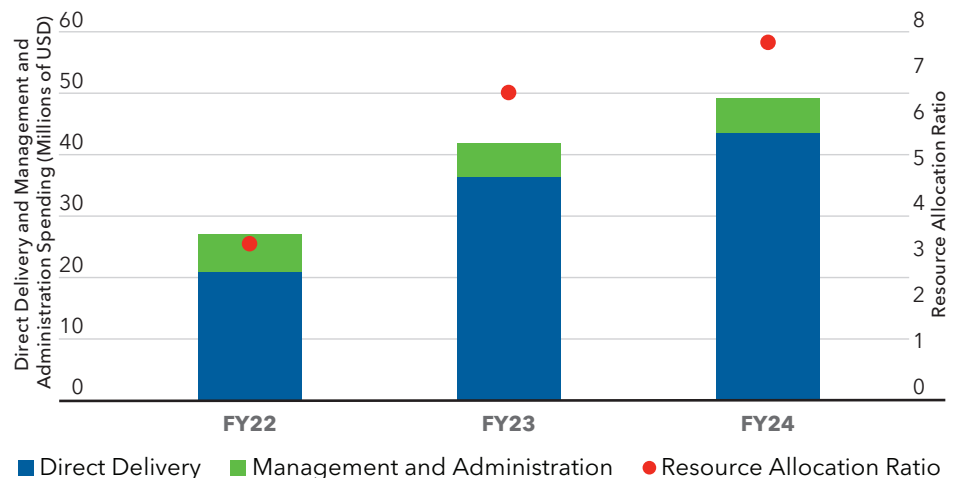
Over the last three years, efficiency in allocating CD resources has increased, as reflected by the resource allocation ratio, measured as the proportion of direct delivery to spending on management and administration (Figure 9).

HOW DID MCM DELIVER CD?

Delivery of MCM CD can be grouped into two main categories: technical assistance (TA) and training.

- **Technical assistance.** In FY24, three quarters of MCM's CD was in the form of TA (Figure 10). The top areas of delivery were financial supervision and regulation, central bank operations, debt management, and monetary and macroprudential policy, reflecting a strong demand for CD in MCM core areas. FY24 also saw an increase in TA delivery on emerging topics, such as climate and digital money.

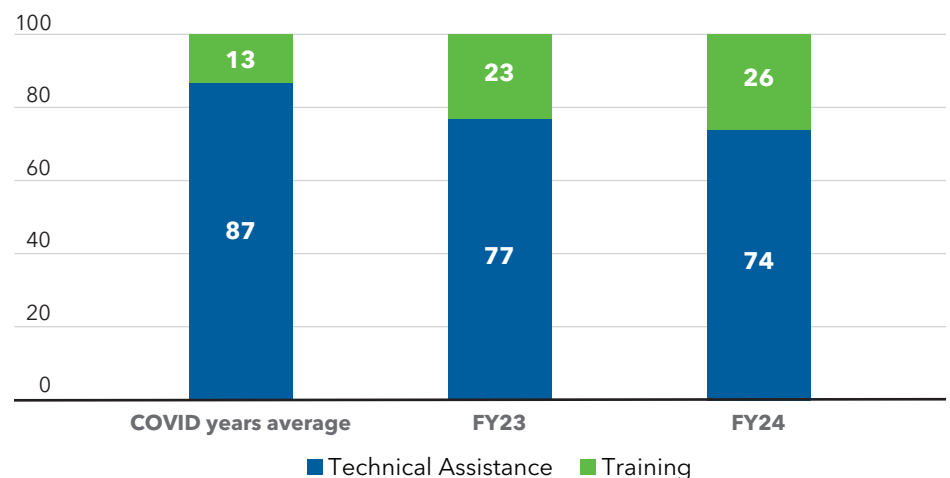
FIGURE 9. MCM CD DELIVERY AND RESOURCE ALLOCATION RATIO



Sources: CDMAP and IMF Staff.

Note: Resource Allocation Ratio = Direct Delivery/Management and Administration.

FIGURE 10. MCM TA AND TRAINING DIRECT DELIVERY (PERCENT OF TOTAL)



Source: ICD/ACES; CDMAP and IMF Staff estimates.

- **Training.** Training remained in high demand and represented a quarter of all direct CD delivery by MCM. Virtual training represented 57 percent, while in-person and hybrid modalities of training accounted for 36 and 7 percent, respectively. Training in financial supervision and regulation was in high demand, exceeding a third of total direct delivery. Training in emerging topics accounted for a third of the total.

Innovative CD Approaches

In FY24, MCM continued to combine the two traditional modalities of CD delivery to enhance engagement and maximize impact in areas of high demand. Concretely, MCM delivered several regional programs and courses to disseminate general knowledge on selected topics and followed up with tailored bilateral engagements. Two examples of this approach were the Africa Training Institute course on incorporating climate risk into regulatory and supervisory frameworks (page 38) and the programmatic MCM cyber risk regulation and supervision program (page 34).

Another example of an innovative CD approach aimed at disseminating knowledge and sharing expertise is the rollout of the [Central Bank Digital Currency \(CBDC\) Virtual Handbook](#), which can be followed by more tailored TA.

Programmatic CD

Programmatic CD, whereby engagements span several years and involve sequenced TA delivery, have proved particularly effective in many of our member countries. These engagements help build capacity gradually and ensure that knowledge and skill transfer are durable. Key recent examples include the multi-year central bank modernization project in Mozambique (page 24), the multi-year engagement on the monetary policy framework in Lao P.D.R. (page 21), and the case of Somalia, where continuous

CD is helping rebuild the country's financial system oversight infrastructure (page 22). MCM's flagship programmatic CD product, the Financial Sector Stability Review (FSSR) also illustrates the effectiveness of sequenced and well-prioritized TA (page 14). Programmatic CD is particularly successful where ownership of the authorities is strong and backed by their willingness to allocate staff resources to absorb the advice and put it into practice.

Field Presence and Long-Term Experts

Field presence, delivery by long-term experts (LTXs), short-term experts (STXs), and MCM staff, continued to be critical for the effectiveness of TA and training. The proximity of LTXs to country authorities helps deliver continuous tailored advice, while residency in the region provides stability and fluid access, which are key to ensuring traction. MCM's LTXs are either placed in a member country or assigned to 1 of the 17 Regional Capacity Development Center (RCDCs) of the IMF, where they serve a group of countries through region-wide training and bilateral assistance. At the end of April 2024, MCM had 39 LTXs, 25 placed in RCDCs and 14 in individual countries (Figure 11).

The majority of LTXs from MCM are stationed in Africa, followed by the Asia and Pacific region (Figure 12). The contribution of LTXs and STXs to total MCM CD has increased over the years and during FY24 accounted for two-thirds of the total (Figure 13). To maintain close contact with policy developments at the IMF headquarters (HQ) and build a strong peer-to-peer network, MCM's LTXs attend a one-week workshop in Washington, D.C. once a year. The last MCM LTX workshop took place in November 2023 (Box 2).

ON WHAT TOPICS DID MCM DELIVER CD?

MCM CD continued to respond to a strong demand for CD in several core and emerging areas:

- **Financial Supervision and Regulation.** It remained the area with the strongest demand for MCM expertise and accounted for about 40 percent of the overall MCM CD delivery in FY24. MCM support covered a broad range of topics, including the implementation of international standards (the Basel framework and the International Financial Reporting Standards– IFRS9 on credit classification and loan loss provisioning and IFRS17 on insurance contracts), as well as the rapid development and implementation of supervisory frameworks for cybersecurity, climate-related financial risks, and risk-based supervision (RBS). CD on these topics was delivered in many countries, with The Gambia, Ghana, the Democratic Republic of the Congo, Rwanda, and Cambodia among the top beneficiaries.
- **Central Bank Operations.** Demand for CD on central bank operations increased significantly during FY24 and reached about one-fourth of the MCM total. The Democratic Republic of the Congo, Seychelles, Cambodia, and Uzbekistan were the top recipients of CD in this workstream. MCM CD covered a broad range of areas, including liquidity monitoring tools, monetary and foreign exchange operations, emergency liquidity assistance, central bank governance, risk-based internal audit practices, and foreign reserves management.
- **Public Debt Management.** The main recipients of MCM CD on public debt management in FY24 were Mauritania, Oman, Bangladesh, Suriname, and the Solomon Islands. Areas covered by this CD included medium-term debt management strategies, development of local currency bond market, and debt recording and reporting.

BOX 2. ADVISING THE ADVISORS: 10TH ANNUAL MCM LTX WORKSHOP

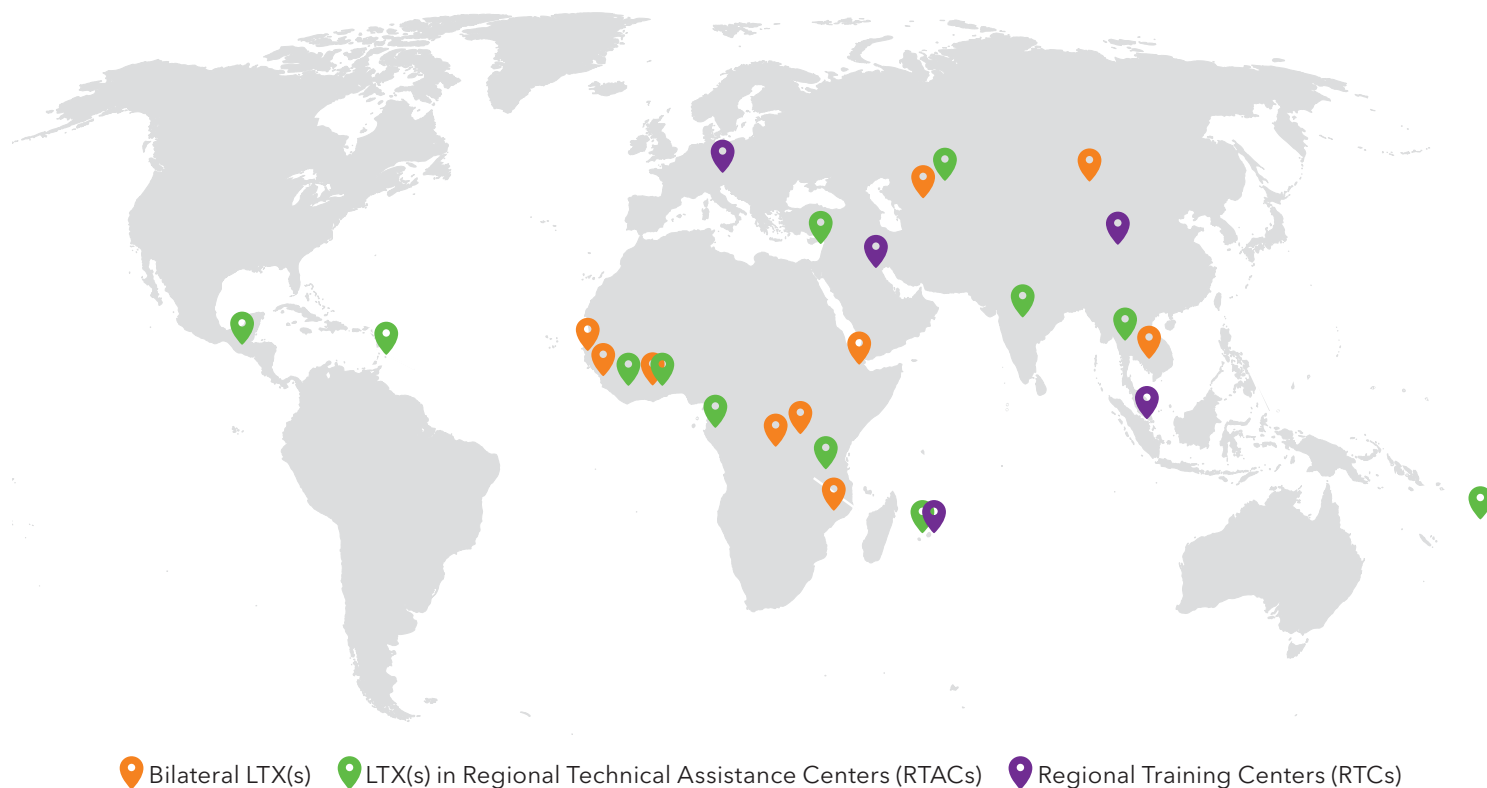
The Tenth Annual Workshop for LTXs from MCM brought together 39 experts from 21 duty stations around the world in November 2023. The workshop had sessions on the strategic directions in CD delivery at the Fund and the new areas and programs of CD delivery in MCM (e.g., Financial Sector Stability Review). In particular, the workshop discussed the prospects for using artificial

intelligence and machine learning in MCM; elements of effective policies for fintech and crypto assets; and cross-border payments and CBDCs. The agenda also included sessions on how to run a successful TA mission, how to write an impactful TA report, and how to apply blended modality. The workshop also featured a Q&A session with MCM management as well as a discussion on “LTX Views

from the Field,” where LTXs share their views about a specific topic—this year on traction and impact of CD. The Managing Director attended the workshop and expressed her deep appreciation for the LTXs’ work. She called on them to continue assisting member countries in building capacity for more resilient financial sectors.

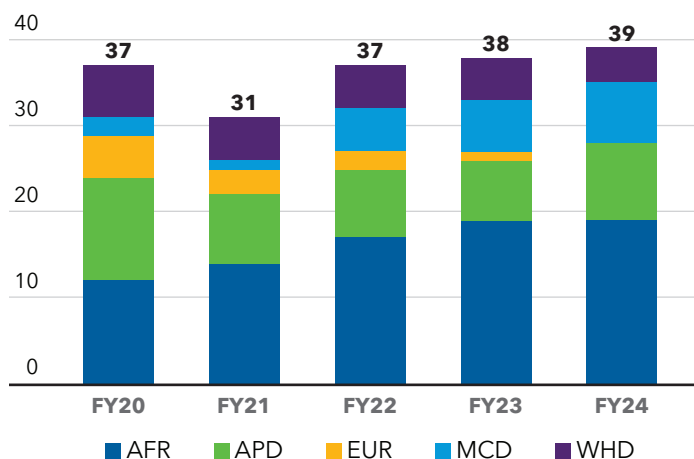


FIGURE 11. PRESENCE IN THE FIELD: MCM RCDC-BASED AND BILATERAL LTXS (AS OF APRIL 2024)



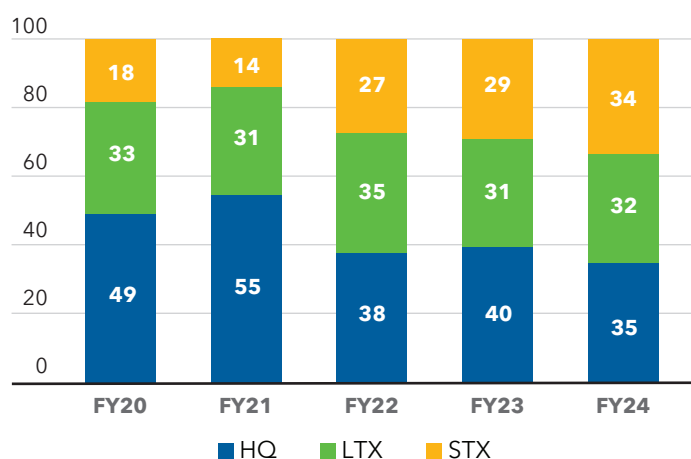
Source: IMF Staff.

FIGURE 12. MCM LTXS DISTRIBUTION BY REGION (NUMBER)



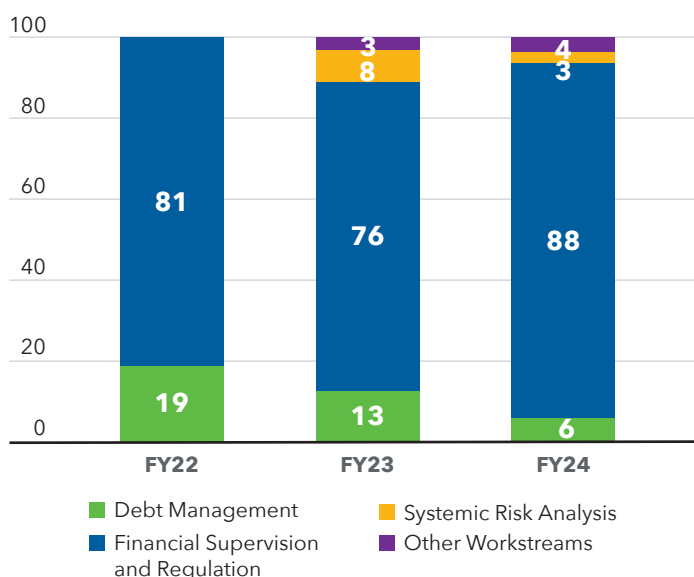
Sources: CDMAP and IMF Staff.

FIGURE 13. MCM CD DIRECT DELIVERY BY RESOURCE TYPE (PERCENT OF TOTAL)



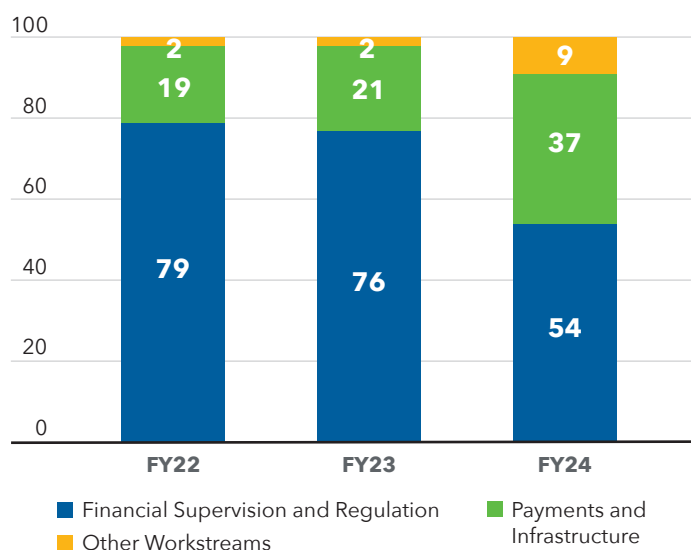
Sources: CDMAP and IMF Staff.

FIGURE 14. MCM CLIMATE-RELATED CD BY WORKSTREAM (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

FIGURE 15. MCM DIGITAL MONEY CD BY WORKSTREAM (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

- Monetary and Macroprudential Policies.** MCM CD in this area focused on macroprudential frameworks and the adoption of Forecasting and Policy Analysis Systems (FPAS). In FY24, FPAS CD was delivered to Sierra Leone, Uganda, and Tanzania. There was also high demand for CD on monetary policy analysis and communication.
- Financial Stability and Systemic Risk Analysis.** MCM delivered TA on macro-stress testing frameworks

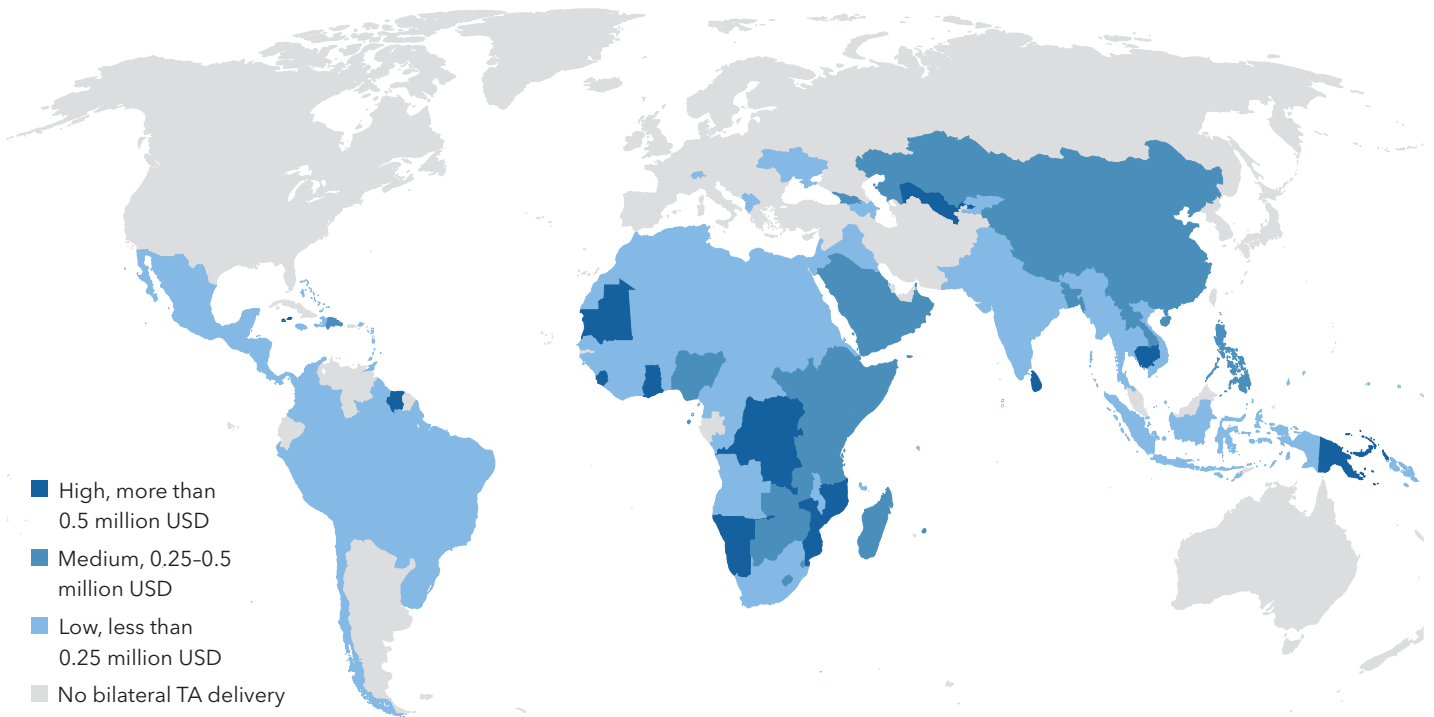
for banks and non-bank financial institutions, the development of specific tools (e.g., risk heat maps, models for solvency, liquidity and interconnectedness, household and corporate risk analysis) and financial stability analyses and reports. Recipients of CD in these areas during FY24 included Cabo Verde, India, Indonesia, Moldova, Sierra Leone, and Uruguay.

- Capital Flow Management.** In FY24, MCM assisted several member countries develop measures

for the liberalization of capital flow management.

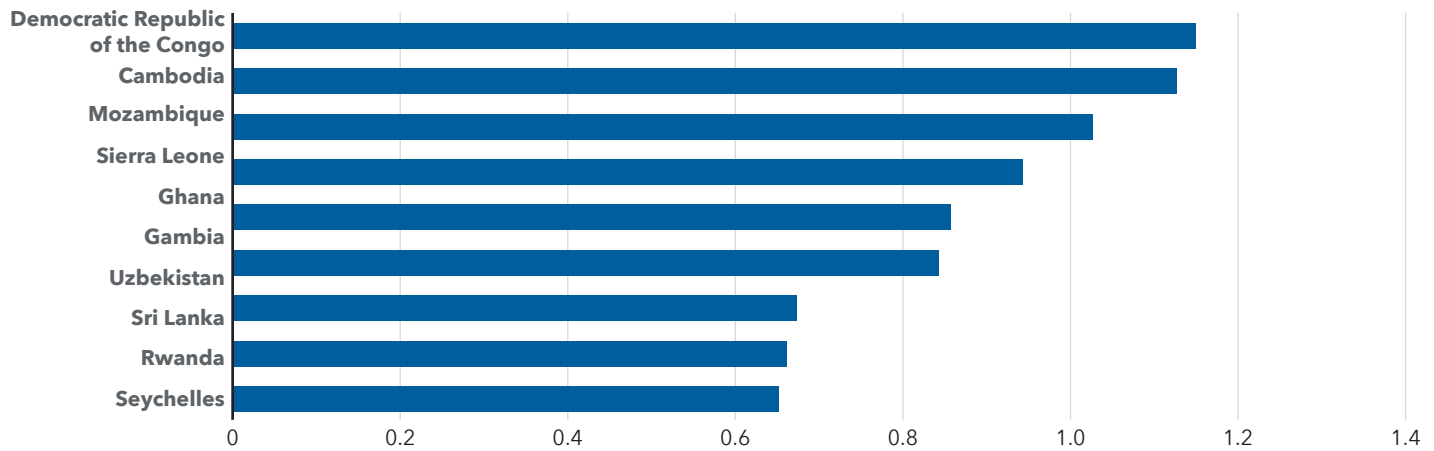
- Crisis Management.** MCM delivered TA on strengthening crisis preparedness and management frameworks, including bank resolution frameworks, and enhancements to the financial safety net.
- Climate change-related CD.** The bulk of climate-related CD in FY24 was in the area of financial supervision and regulation (Figure 14).

FIGURE 16. GLOBAL COVERAGE OF MCM CD DELIVERY, FY24 (MILLIONS OF USD)



Sources: CDMAP and IMF Staff.

FIGURE 17. TOP MCM CD RECIPIENTS, FY24 (MILLIONS OF USD)



Sources: CDMAP and IMF Staff.

MCM leveraged the IMF RCDCs to deliver multi-country engagements in South Asia, East Africa, and the Caribbean regions.

- Digital Money and Financial Markets Infrastructure.** In FY24, MCM delivered CD on financial supervision and regulation of digital products and payments infrastructure (Figure 15). On CBDC, MCM fielded 21 TA missions and delivered 4 regional training sessions.

On non-CBDC areas, TA and training sessions covered oversight and supervision of various fintech-related topics including e-money, crypto assets, and stablecoins. In addition, several chapters of the [CBDC Virtual Handbook](#) were completed.

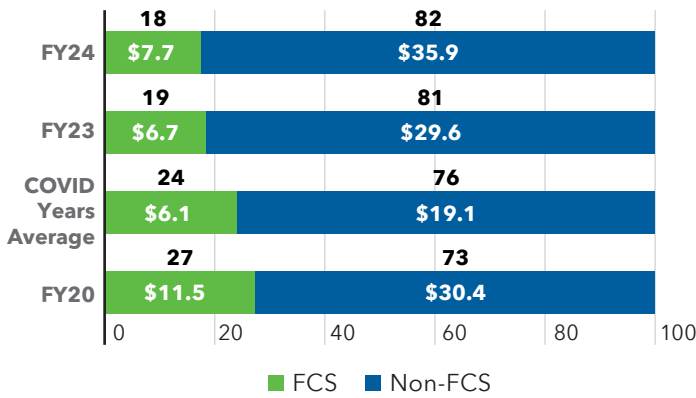
WHERE DID MCM DELIVER CD?

Africa remained the main recipient of MCM’s CD in FY24 (Figure 16). Compared to FY23, demand for MCM

CD increased in both Africa and the Middle East and Central Asia. MCM CD delivery to Ukraine also resumed in FY24.

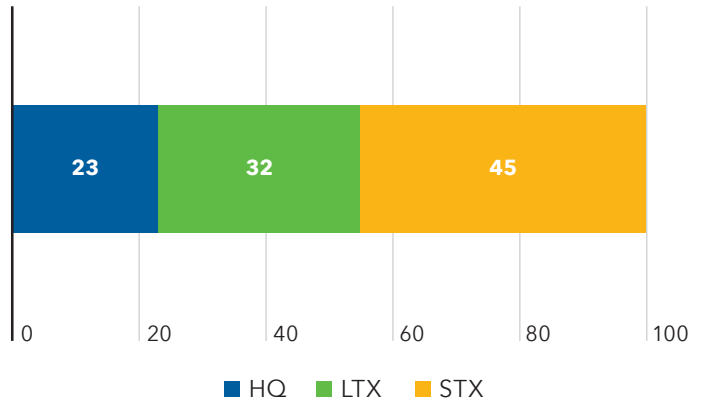
The Democratic Republic of the Congo was the top recipient of MCM CD (Figure 17). The authorities’ interest and commitment to upgrade their capacity to safeguard the country’s financial stability was met with strong support from MCM through the Central Africa RCDC (AFRITAC Central), IMF

FIGURE 18. MCM CD DIRECT DELIVERY TO FCS AND NON-FCS COUNTRIES (MILLIONS OF USD AND PERCENT OF TOTAL)



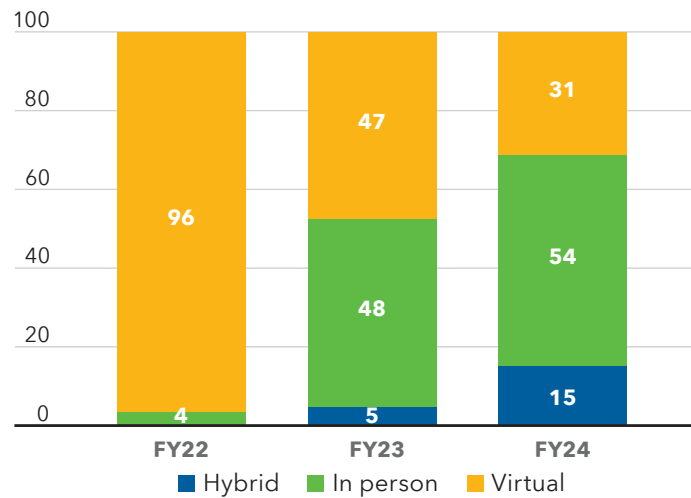
Sources: CDMAP and IMF Staff.

FIGURE 19. MCM CD DIRECT DELIVERY TO FCS BY RESOURCE TYPE, FY24 (PERCENT OF TOTAL)



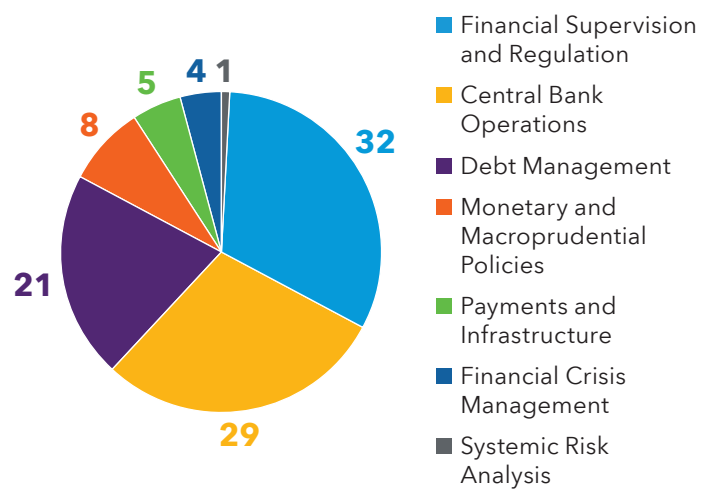
Sources: CDMAP and IMF Staff.

FIGURE 20. MCM CD DIRECT DELIVERY TO FCS BY MODALITIES (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

FIGURE 21. MCM CD DIRECT DELIVERY TO FCS BY WORKSTREAM, FY24 (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

headquarters, and a bilateral LTX. A major achievement was the creation of a Financial Stability Department within the Banque Centrale du Congo facilitated by the bilateral LTX.

Cambodia was the second largest recipient of MCM CD, with the National Bank of Cambodia continuing to receive TA from MCM under three large projects. Two of these were financed by Japan, strengthening

bank regulation and supervision and improving monetary operations, and the other one by the Financial Sector Stability Fund (FSSF), creating the macroprudential and financial stability functions at the central bank.

Mozambique remained a top CD recipient from MCM on account of a central bank modernization program supported by Norges Bank (Norway). This comprehensive project started in

2017, and its second (and last) phase concluded in April 2024. In FY24, there were 16 engagements under the program in the form of hands-on TA, training, and study visits, carried out remotely and onsite. Beyond the central bank modernization program, Mozambique also received from MCM a large volume of CD on banking supervision and debt management.

Working with FCS

CD delivery in FCS remained a priority for MCM. FCS face a range of challenges, including low absorption capacity, weak institutions, limited supply of public goods, extreme poverty, and instability. With 185 CD activities carried out across FCS in FY24, MCM CD delivery to the group accounted for about one-fifth of MCM's direct delivery (Figure 18).¹

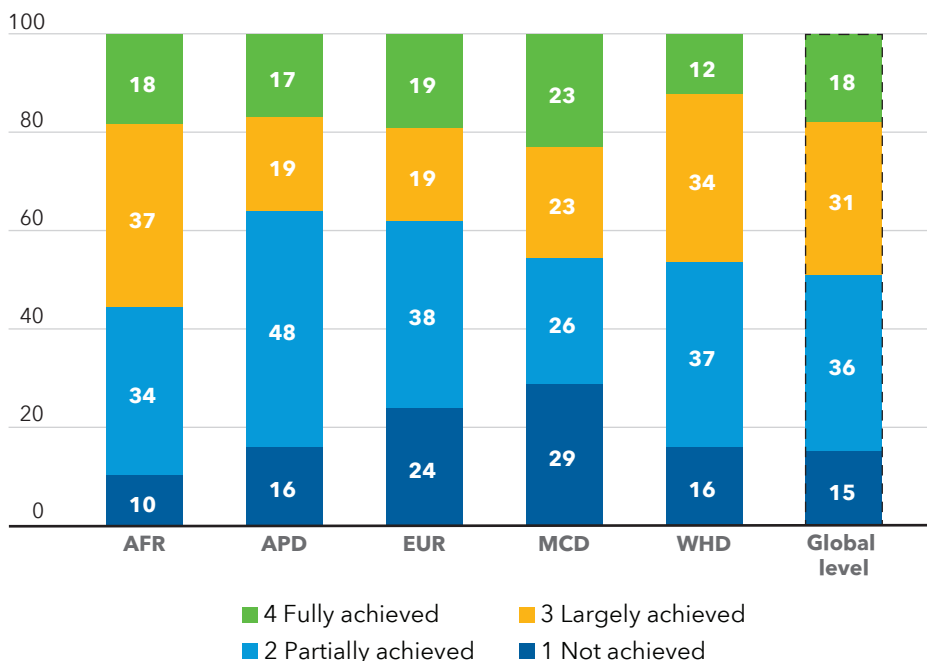
In-person engagements in FCS continued to increase in FY24, with 54 percent of CD to these countries delivered in the field. LTXs played an important role in CD delivery in FCS (Figure 19). MCM added two new resident advisors to work on FCS: an expert on financial supervision and regulation based in METAC and an expert on monetary and foreign exchange operations based in AFRITAC Central. The reliance on hybrid modalities to deliver CD to FCS also increased (Figure 20).

In terms of subject areas, FCS demand for MCM's CD has continued to be very strong on financial supervision and regulation, followed by central bank operations, and debt management (Figure 21). The top CD recipient among FCS was the Democratic Republic of the Congo, with CD activity particularly intense in the fields of banking regulation and supervision and financial stability.

During FY24, MCM's CD work remained anchored in the Fund's 2022 FCS Strategy. The FSSR remained a key

¹ There is a break in time series data due to an IMF-wide methodological change (the discontinued distribution of multi-country CD to individual countries) starting with FY22, as well as annual changes in the lists of FCS countries.

FIGURE 22. GLOBAL AND REGIONAL RBM OUTCOME RATINGS, FY24 (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

strategic vehicle for the delivery of CD to FCS and LICs in general. In addition, MCM successfully launched medium-term TA workplans with CD recipients, to help sequence the authorities' TA demands. During FY24, TA workplans were prepared for Guinea, Kosovo, Ukraine, and Yemen. In addition, Country Engagement Strategies prepared by Area Departments contributed to strengthening the collaboration across IMF departments.

CD Outcomes

MCM continues to use the Results-Based management (RBM) framework to assess the results of its CD, in close collaboration with country authorities. Although the short time-series and the different practices across CD delivery teams present some challenges, the RBM framework is a

critical component of the monitoring and evaluation system for CD activities in MCM. Strong ownership from the authorities, along with trust enhancing relationships between them and MCM staff, are critical for the impact and effectiveness of MCM CD.

At the aggregate level, 85 percent of the rated CD outcomes in FY24 were either "partially" or "largely/fully" achieved. The Africa region had the highest percentage of outcomes rated as "partially" or "largely/fully" achieved (90 percent), followed by the Asia and Pacific region and the Western Hemisphere region (84 percent each). The percentage of outcomes regarded as "partially" or "largely/fully" in every region was similar to the one recorded in FY23, except for EUR, where the percentage rose from 56 percent to 76 percent (Figure 22).



FINANCIAL SECTOR STABILITY REVIEW (FSSR)

The FSSR is MCM's flagship CD program and continued to be the key platform for CD delivery to LLMICs and FCS in FY24. The FSSR's strength lies in its programmatic approach, which starts with a diagnostic of the country's capacity to identify, monitor, and mitigate financial stability risks, followed by a multi-year TA program. This program is developed in full partnership with the recipient country and in close collaboration with other CD providers.

The FSSR is funded by the [FSSF, a multi-partner trust fund established in 2017](#). Phase I of the FSSF will finalize in December 2024, while Phase II started in May 2024 and will continue until April 2029. There will be an overlap between the two phases from May to December 2024 to help facilitate the transition. During Phase I, the FSSF has established a solid track record in assisting LLMICs and FCS in strengthening the frameworks that

underpin financial stability. As of April 2024, a total of 23 FSSR diagnostics had been delivered (11 of them in FCS) (Figure 23). Out of the 15 follow-up TA projects that were underway during FY24, 3 projects were completed or closed (Sri Lanka, Uganda, and West Bank and Gaza), leaving 12 active follow-up projects at end-FY24 (Box 4).¹ An independent evaluation of Phase I commissioned by the Steering Committee of the FSSF concluded that the program had broadly met its objectives and supported its renewal for another phase. Recipients of the FSSR are also supportive of the program, as they noted in a Capacity Development Talk during the 2023 IMF-World Bank Annual Meetings (Box 3). Phase II will build upon the experiences gained during the first phase and start working on the strong pipeline of requests already received.

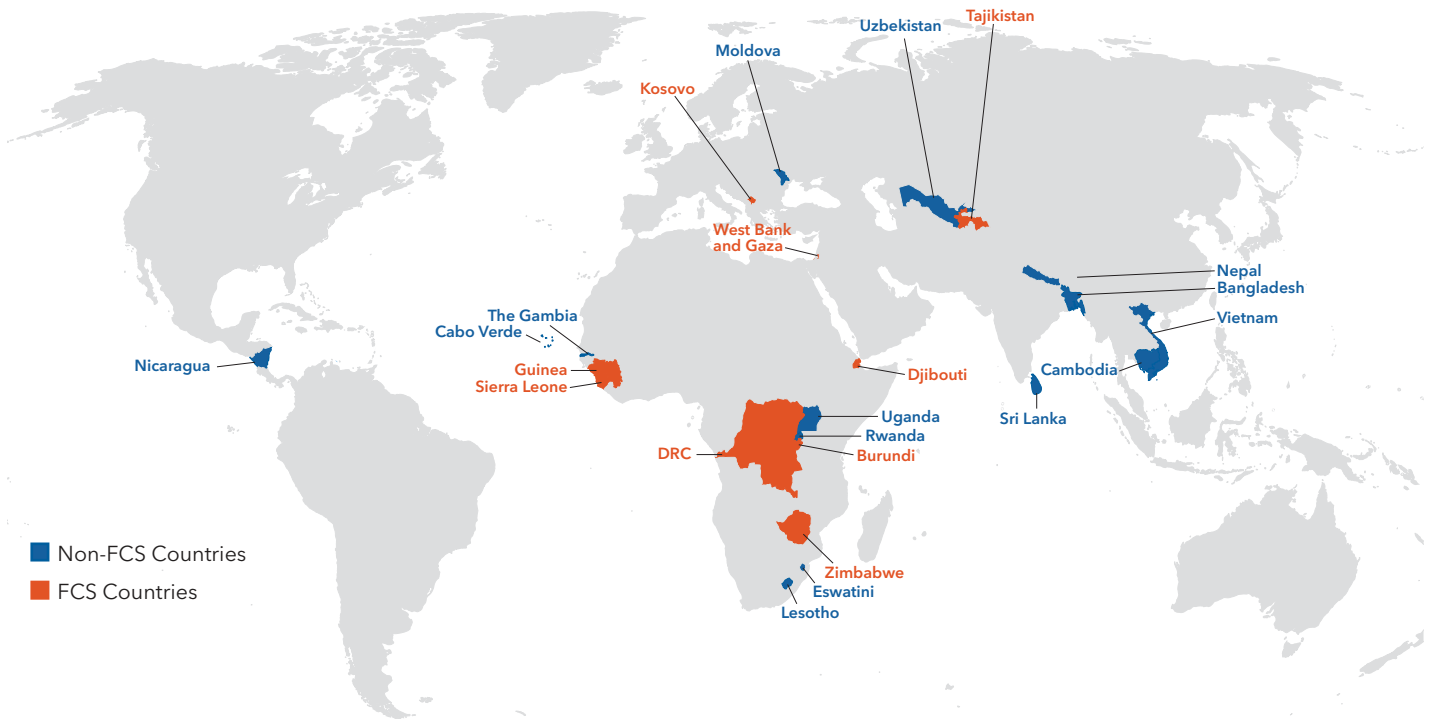
¹ The follow-up TA project for Tajikistan is financed bilaterally by Switzerland.

MCM's FSSF CD activities in FY24 reached a total of \$5.4 million, up from \$4.1 million in FY23. The increase was driven by a strong execution of FSSR follow-up TA projects.² Two FSSR diagnostics (Burundi and Eswatini) were completed, and work on two other diagnostics (Papua New Guinea and Somalia) was initiated.

Bilateral CD work was complemented by multilateral CD activities, namely, the sixth edition of the Supervisory and Regulatory Online Course, the third edition of the Cyber Risk Supervision Online Course, and the seventh annual Cybersecurity Workshop targeted at LICs. These CD modalities are particularly efficient as they enable the training of hundreds of government officials at the same time, while also providing foundational knowledge that can be leveraged in future TA.

² Concretely, the FSSF financed the work of seven LTXs, as well as increased in-person CD delivery.

FIGURE 23. FSSR ACTIVITIES, AS OF FY24



Sources: CDMAP and IMF Staff.

Note: Countries highlighted as FCS are based on their FCS status at the time of their FSSR diagnostics.

BOX 3. CAPACITY DEVELOPMENT TALK: STRENGTHENING FINANCIAL SECTOR STABILITY IN FRAGILE AND LOW-INCOME COUNTRIES

Recipients of FSSRs expressed strong appreciation for the program in a Capacity Development Talk held during the 2023 Annual Meetings in Marrakesh. The governors of the central banks of The Gambia (Buah Saidy) and Sierra Leone (Ibrahim Stevens) welcomed the FSSR diagnostic work and highlighted the important role it had played in

identifying and addressing gaps in the financial sector stability frameworks of their respective countries. Governor Saidy strongly encouraged other LICs to take advantage of the FSSR’s medium-term capacity building approach to strengthen financial sector oversight. Governor Stevens commended the multi-step structure of the FSSR, which

allowed central banks to identify key gaps, establish priorities for tackling them, and start addressing them in a well-prioritized sequence. He stressed that having received a resident advisor to support the implementation of the CD program had been extremely beneficial.



CD Talk panel discussions during the 2023 Annual Meetings in Morocco. Oana Croitoru, Division Chief, MCM; Governor Buah Saidy, the Central Bank of the Gambia; Governor Ibrahim Stevens, the Central Bank of Sierra Leone.

BOX 4. FSSR: DEVELOPMENTS DURING FY24

Diagnostics

- **Burundi:** The FSSR diagnostic identified low oversight capacity at the Banque de la République du Burundi (BRB), reflecting high staff turnover and frequent changes in management, as well as significant skill gaps, as the country grappled with many years of instability and conflict. The FSSR acknowledged that despite significant CD delivered to BRB during 2014–20, the high staff turnover had affected the transfer of knowledge and slowed the absorption. To remedy this problem, the authorities have decided to hire qualified staff in key functions. MCM will support these efforts by providing intensive training to

the new staff and preparing them for a gradual transition towards risk-based supervision, and later providing training on asset valuation and provisioning and systemic risk analysis, including stress testing. The FSSR follow-up TA workplan, a well-prioritized and sequenced multi-year program of TA, is currently being finalized.

- **Eswatini:** The FSSR diagnostic found that large non-bank financial institutions (NBFI) were an important source of systemic risk. It also concluded that household indebtedness and the strong sovereign-financial nexus in both the bank and NBFI sectors warrant close monitoring. The FSSR follow-up

TA workplan will support the authorities' efforts to reduce these risks by providing TA on systemic risk monitoring, stress testing and scenario analysis, financial safety nets and crisis management, and supervision and regulation of insurance companies.

Follow-up TA projects

Work on follow-up TA projects continued in the following countries during FY24: Cabo Verde, Cambodia, Democratic Republic of Congo, Djibouti, The Gambia, Guinea, Kosovo, Lesotho, Rwanda, Sierra Leone, Sri Lanka, Uganda, Uzbekistan, West Bank and Gaza, and Zimbabwe.

DONOR PARTNERS' SUPPORT

MCM commitment to support IMF members' efforts to preserve monetary and financial stability is facilitated by the strategic partnerships with many donor partners (Table 1). These collaborations enable MCM to leverage expertise and resources in addressing complex monetary and financial stability challenges in our membership.


In FY24, two-thirds of MCM CD spending was funded by partners. Nearly half of the external financing received by MCM supported the CD delivered through RCDCs (Figure 24).¹ These CD hubs are essential for meeting the IMF's goal of providing timely and suitable advice to member countries. The other external funding is housed under trust funds and "bilateral financing", which are allocated to MCM to deliver TA in certain areas to specific countries or regions.

Selected Achievements Made Possible by Donor Partners

Achievements facilitated by the steadfast support of donor partners in FY24 include the following:

¹ Bilateral and topical trust funds represent 53.3 percent of total; non-RCDC 46.7 percent.

TABLE 1. SUPPORT OF MCM PARTNERS IN FY24 (OTHER THAN THAT PROVIDED THROUGH RCDCS)

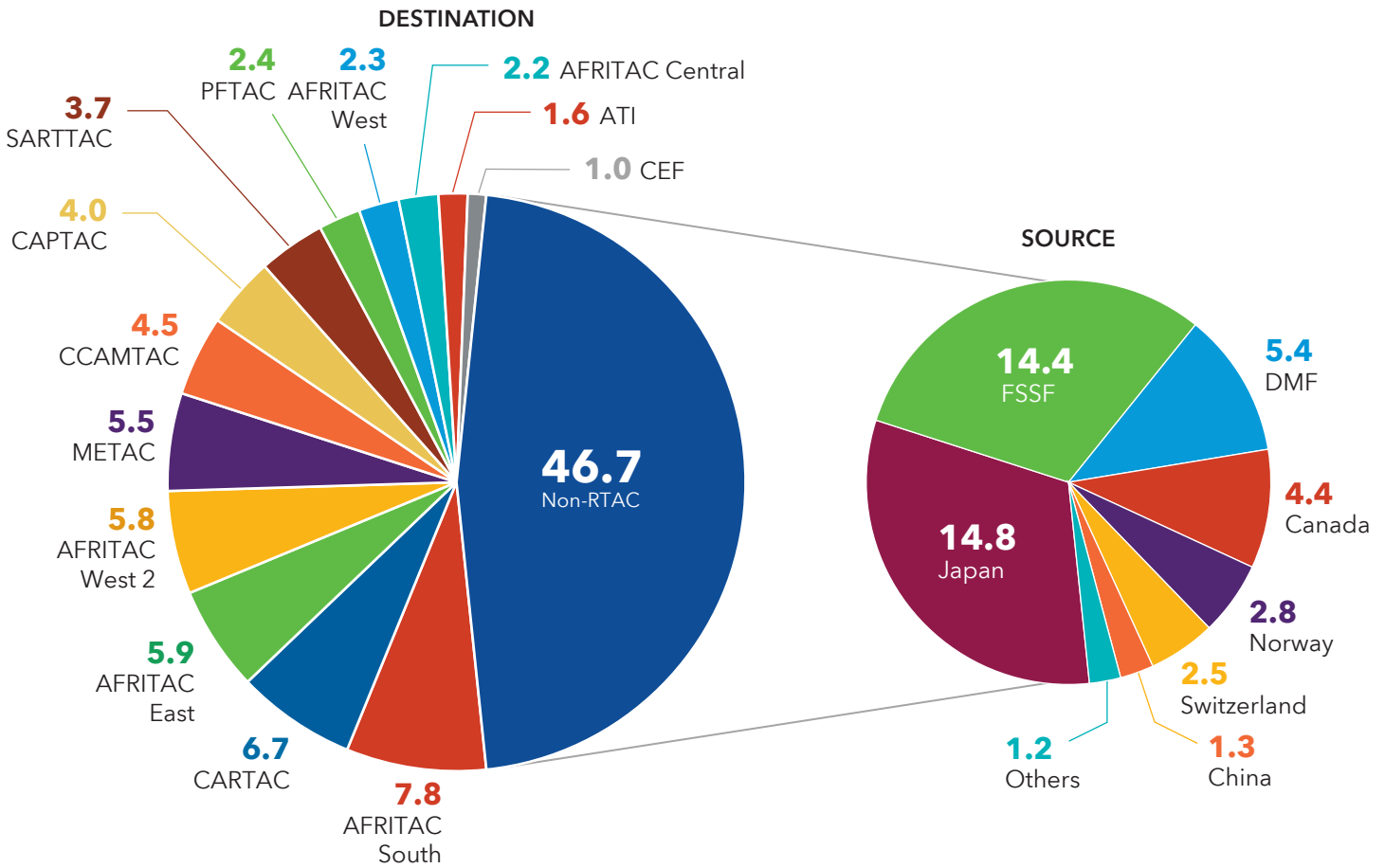
	Partners	Millions of USD
	Japan	5.19
	Financial Sector Stability Fund	5.06
	Debt Management Facility	1.90
	Canada	1.56
	Norway	0.97
	Switzerland	0.88
	China	0.44
	Others	0.41

Source: CDMAP.

- **Japan-financed** projects approved in FY24 made it possible to: (a) support the Bank of Mongolia's efforts to expand its macroprudential policy toolkit; (b) strengthen public debt management in Sri Lanka, Maldives, and Lao P.D.R.; (c) deliver CD on CBDC to many regions

and countries, and completing five chapters of the [CBDC Virtual Handbook](#). In November 2023, IMF Managing Director Kristalina Georgieva introduced the virtual CBDC Handbook at the [Singapore Fintech Festival](#), which was attended by 66,000 participants.

FIGURE 24. MCM'S DONOR-FUNDED CD SPENDING, FY24 (PERCENT OF TOTAL)



Sources: CDMAP and IMF Staff.

Thematic Trust Fund Partners	
	FSSF: China, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom, and European Investment Bank (all Phase I)
	DMF: Austria, Canada, European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United States, and African Development Bank
	Financial Sector Reform and Strengthening Initiative: Switzerland*
	Somalia Country Fund: Canada, European Union, Italy, Sweden, and United Kingdom

*This is the partner post-Phase IV, which ended in December 2022 and had Germany as the other partner. Phase III, which ended in December 2020, included Germany, Luxembourg, the Netherlands, Switzerland, and United Kingdom.

- **Phase II of the FSSF.** The Steering Committee approved Phase II of the FSSF and the firm commitment of many partners to fund the new phase enabled MCM to plan the delivery of FSSR diagnostics and TA workplans to meet the strong demand from members.
- **Norway** continued financing the comprehensive modernization program of the central bank in **Mozambique**. Major achievements during FY24 included: (i) the launch of a new real-time gross settlement system; (ii) the introduction of a new banknote and coin series; (iii) a new fully functional macro stress testing model; and (iv) a renewed quarterly projection model to support monetary policy decision making.
- An initiative to increase MCM CD delivery on climate-related issues was supported by **Germany**. With this funding, during FY24, MCM conducted six regional engagements on supervision of climate-related financial risks, provided TA for establishing climate risk analysis frameworks, and developed a targeted results framework for monitoring the related CD activities.
- CD on debt management continued at a strong pace, financed by the **Debt Management Facility** and additional support from **Japan** and **The Netherlands**.
- The external evaluation of the **Somalia Country Fund** was finalized in FY24, and the initiative received excellent grades in the areas of relevance, coherence, and effectiveness of the program.



MD Kristalina Georgieva at Singapore Fintech Festival, Singapore EXPO, November 2023.

SECTION II

TARGETED AND TAILORED CD IN ACTION: CASE STUDIES

Responding to strong demand for CD in FY24, MCM continued its engagements in core and emerging topics focusing on member countries' needs, strategic priorities, using diverse modalities and cooperating with multiple stakeholders to strengthen the integration of CD with other IMF activities.

LAO PEOPLE'S DEMOCRATIC REPUBLIC (P.D.R.): MULTI-YEAR ENGAGEMENT WITH THE CENTRAL BANK ON MONETARY POLICY



Giorgi Barbakadze

MCM Long-Term Expert, CDOT



The multi-year capacity development engagement with the Bank of Lao

P.D.R. (BOL), facilitated by the Capacity Development Office in Bangkok (CDOT) is a prime example of collaborative efforts by CDOT advisors in monetary and foreign exchange (FX) operations (MCM), and in macroeconomic frameworks (IMF's Institute for Capacity Development), supported by the CDOT Director (APD).

After organizing a series of regional and in-country training activities, CDOT developed and delivered a two-pillar CD program to the BOL, which included: (i) bolstering monetary policy implementation by developing tools to align market conditions with the desired monetary policy stance; and (ii) improving the monetary policy framework (pre-FPAS) by refining BOL's decision-making processes.

The BOL demonstrated strong ownership of this multi-year program by establishing an internal core group, led by the Deputy Governor, that

maintains active engagement with CDOT advisors.¹ Since endorsing the multi-year workplan in July 2023, the BOL made considerable progress. Key achievements include: the introduction of a seven-day instrument to absorb liquidity at the policy rate, periodical issuance of three- and six-month BOL bills and deposits, reducing the ratio of eligible bonds maintenance in the reserve requirement, establishing a liquidity monitoring framework, and setting up a liquidity monitoring and forecasting group to monitor market liquidity and estimate one-week ahead liquidity demand. Also, to enhance the policy making process, the BOL developed macroeconomic diagnostic tools, inflation analysis and Near-Term Forecasting models.

The TA program is well integrated with IMF surveillance. During Article IV consultations, the country team has stressed the importance of modernizing the monetary operations framework and the staff reports update the progress achieved in this task.

¹ At the time when this report was written, the Deputy Governor was serving as an Acting Governor.



BOL Senior Management, BOL Pre-FPAS Core Group and IMF TA Team, Vientiane, Lao P.D.R., January 2024.



BOL staff, CDOT MCM advisor, and external MCM expert, Vientiane, Lao P.D.R., January 2024.

SOMALIA: FROM CONFLICT TO STABILITY, THE PATH TO THE HIPC COMPLETION POINT



Abdullah Haron

Senior Financial Sector Expert,
MCM TA Strategy Division



Somalia reached the completion point of the Heavily

Indebted Poor Countries (HIPC) Initiative in December 2023, marking a pivotal achievement in its economic recovery and development journey.

Somalia's return to macroeconomic stability has been fraught with numerous obstacles, including the devastation caused by a prolonged conflict. Recognizing the critical need for a well-functioning central bank in the path to recovery, the IMF stepped in with TA targeted on three key areas: currency reform, central bank operations, and banking supervision; most TA was funded through the Somalia Country Fund (SCF).

MCM has worked closely with the Somali authorities to strengthen central bank operations and enhance the regulatory and supervisory framework for the financial sector. Recognizing the need for skilled personnel, MCM has organized extensive training programs for central bank staff. These programs covered the foundations of central bank operations, accounting

and auditing, banking supervision, and financial stability assessments, equipping central bank staff with the basic knowledge necessary to conduct monetary policy and oversee the financial sector. Together with the IMF's Legal Department, MCM also reviewed the new legislation on central banking and financial sector matters produced by the authorities (amendments to the 2012 Central Bank of Somalia Act and revisions to the 2012 Financial Institutions Law).

MCM is also delivering training and TA in debt management, payment systems and mobile money oversight. MCM's CD in these areas is closely coordinated with the World Bank.

The FSSR planned for FY25 will provide the opportunity to develop a multi-year TA work program. It has been agreed that the diagnostic mission will cover five areas: (i) mapping the financial system; (ii) regulation and supervision of banks and microfinance institutions; (iii) mobile money oversight and financial innovation; (iv) oversight of payment and settlements systems; and (v) compiling monetary and financial statistics and financial soundness indicators.



TA Mission on Banking Supervision to Somalia, April 2024.



MOZAMBIQUE: THE BANK OF MOZAMBIQUE MODERNIZATION PROGRAM



Zsolt Ersek

Senior Financial Sector Expert,
MCM TA Strategy Division



The modernization project of the central bank of Mozambique, financed by Norway, is an example of MCM's role as facilitator and partner of capacity development cooperation. The TA under the program was delivered through a resident LTX and a series of visits by STXs, as well as study visits by Bank of Mozambique (BM) staff to Norway and other countries. The project ran from October 2017 to April 2024, and the intention is to continue the work in a few remaining areas during FY25.

Five elements of this CD program are worth highlighting: (1) the modernization program was comprehensive in nature, encompassing different central bank functions; (2) the program envisaged a relatively long horizon for delivery, allowing for sufficient time to absorb the new knowledge and to accomplish results; (3) the Norges Bank experts became trusted advisors of the BM; (4) the support of Norges Bank was generous in terms of resources and modalities; and (5) both BM management and staff demonstrated strong commitment to the reform program.

Considerable progress has been achieved in the following areas:

FPAS. BM is currently using robust nowcasting, near-term forecasting, and a medium-term quarterly projection model to support monetary policy decision making. The presentation and discussion of forecasts are now an integral part of the formulation of monetary policy at the BM.

Monetary Policy Implementation and Operations. The new near-term forecasting models, together with the upgraded liquidity management framework inform the BM's liquidity management and allow for effective sterilization of excess liquidity, thereby strengthening the monetary transmission mechanism.

Financial Stability. BM staff are now able to conduct macroprudential solvency stress tests and produce reports on their results for BM management.

National Payment System. The successful introduction of the national payment system in November 2023 marked a major milestone in the reform program.



IMF project assessment team with Bank of Mozambique Governor Rogério Zandamela, March 2024.

Cash Currency Management.

BM introduced a new series of banknotes and coins supported by TA in all phases of the project (from initial design through procurement procedures to the communication strategy). In addition, a new cash currency policy framework gave a more prominent role to commercial banks, which will enhance the efficiency of the cash cycle.

Central Bank Governance. The BM's operational risk management framework now includes: (i) a risk appetite statement approved by the BM Board in October 2023; (ii) a methodology document approved by the Board in September 2023; (iii) defined processes for Risk and Control Self-Assessments; (iv) defined processes for incident management; and (v) improved reporting of operational risks and incidents.

D

DEBT MANAGEMENT:
CURRENT THEMES
AND TOOLS**Marie Kim**

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Capacity building on debt management assists member countries in addressing challenges related to issuing and refinancing debt, developing robust debt management strategies, and improving the functioning and liquidity of local currency bond markets. MCM CD includes a diverse toolkit that addresses a wide range of both traditional and emerging challenges in debt management:

- **The Medium-Term Debt Management Strategy (MTDS)** framework and the accompanying **Analytical Tool** constitute the first step for countries to formulate and implement a debt management strategy based on a comprehensive analysis of debt portfolio costs and risks. A complementary Annual Borrowing Plan Tool helps countries translate the MTDS into an actionable borrowing plan. The suite of debt management strategy frameworks and tools forms the basis for delivering bilateral TA, supported by regional training events, online learning tools and microlearning videos.
- **The Local Currency Bond Market Development Framework** provides a diagnostic of the stage of development of six pillars of domestic capital markets (the money

market, the primary bond market, the secondary bond market, the investor base, the legal and regulatory framework, and the financial market infrastructure) and proposes to the authorities a prioritized and sequenced reform plan for taking their markets to the next level. Work on LCBM is supplemented by an analytical tool, a regional training schedule, a library of on-demand microlearning videos, and a massive open online course (MOOC, currently under development).

Uzbekistan is a country that has recently received MCM TA on both MTDS and LCBM. The government of Uzbekistan anticipates that its access to concessional external financing will decline in the years ahead and is preparing to transition to market-based financing. A key objective of the authorities is the development of a robust domestic government bond market. MCM and the World Bank have supported these efforts through TA on the LCBM framework; by following the TA recommendations Uzbekistan has been able to borrow domestically the equivalent of 30 percent of GDP in just a few years.

Bangladesh is another country that has received MCM TA on debt management. Like Uzbekistan,

Bangladesh will have less access to concessional external financing in the years ahead. MCM and World Bank TA has focused on strengthening the debt management framework through a risk-based MTDS and the development of the LCBM to enhance the resilience of the debt portfolio. Through programmatic CD, Bangladesh has built local capacity in debt management and shown a

strong commitment to following up on TA recommendations.

- With more complicated debt instruments and an increase in market financing, debt transparency and investor relations play an increasingly important role in debt management. Often, work in this area starts with the publication of a debt bulletin that forms the basis for more targeted investor relations and

communications. This TA includes bilateral TA and training events that offer **guidance on implementing sound practices in debt reporting and investor relations** to support debt management operations and improve public debt transparency. The TA is supplemented by a newly developed MOOC on debt management, debt reporting and investor relations.



Discussion of mission findings with the Ministry of Finance of Bangladesh.

DEMOCRATIC REPUBLIC OF THE CONGO AND SRI LANKA: MACROPRUDENTIAL POLICY IN ACTION



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Erlend Nier

Advisor



Demand for CD on macroprudential policy and financial stability remains strong, including from LICs. Some of this demand arises from previous FSSR diagnostics that identified gaps in these areas. Closing these gaps often requires: (i) modifying the institutional arrangements to make room for macroprudential policy; (ii) developing a macroprudential strategy tailored to the country; and (iii) assisting with the calibration of specific tools. MCM has provided advice in these areas to many countries, sometimes with the support of LTXs. Two countries where MCM CD on strengthening macroprudential policy frameworks in FY24 has been noteworthy are the Democratic Republic of the Congo (DRC) and Sri Lanka.

STRENGTHENING FINANCIAL STABILITY IN DRC

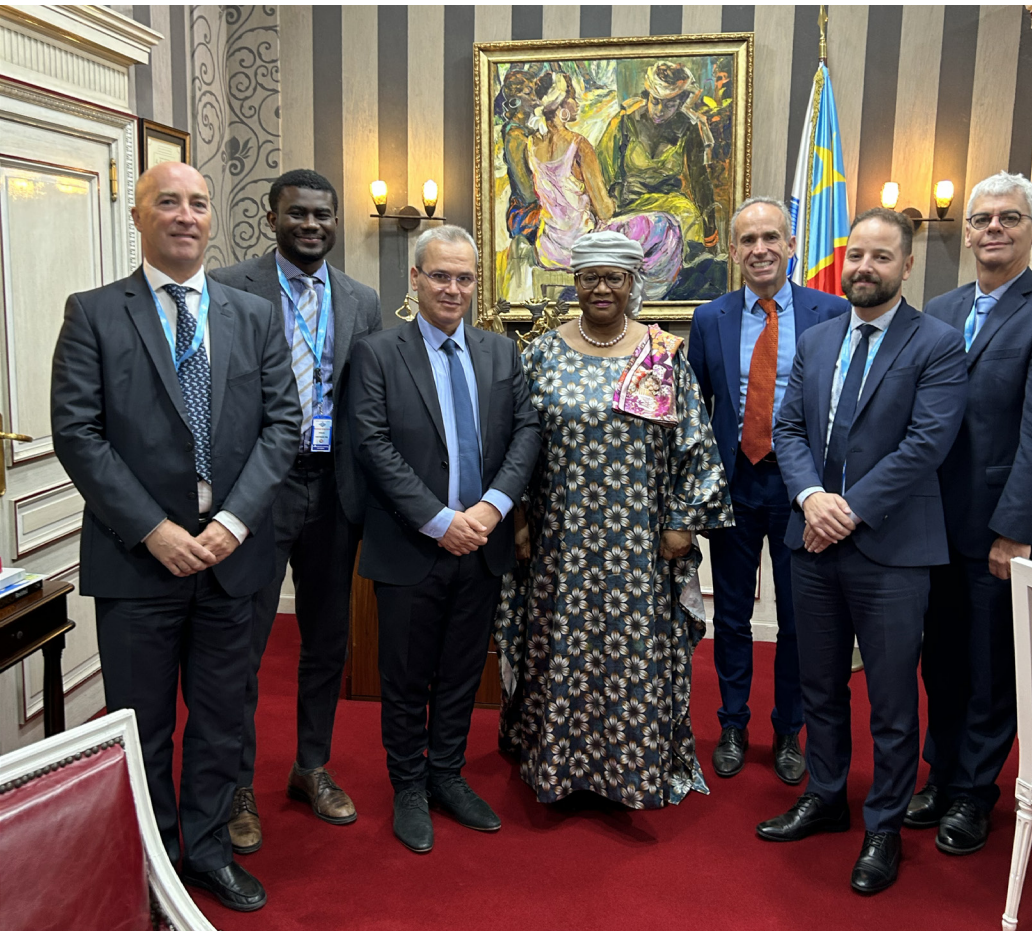
MCM supported the Central Bank of the Congo (CBC) by helping to establish a Financial Stability Department and a macroprudential unit, and by commenting on the law for establishing and organizing the Financial Stability Committee (FSC).

In response to the recommendations of the 2022 FSSR, the TA helped the DRC authorities establish a Financial Stability Department to support the work of a newly formed FSC, as well as a macroprudential unit. Work is ongoing on the establishment of new decision-making structures on macroprudential policies, alongside the agreement signed between the Ministry of Finance and the CBC. The new framework designates the CBC as the macroprudential authority and specifies collegiate decision-making structures involving the Ministry of Finance. Altogether, MCM's TA contributed to aligning the macroprudential policy framework of DRC with international standards and prepared the ground for implementing macroprudential policy tools.

OPERATIONALIZING MACROPRUDENTIAL POLICY IN SRI LANKA

MCM helped the Central Bank of Sri Lanka (CBSL) operationalize the macroprudential policy framework by deploying macroprudential instruments to improve the resilience of the financial system.

The MCM CD assisted the authorities implement one of the remaining recommendations of the 2019 FSSR,



IMF team with DRC Governor Malangu Kabedi Mbuyi, October 2023.



Central Bank of Sri Lanka Governor Dr. P. Nandalal Weerasinghe and former MCM LTX, October 2023.

including by allocating an LTX to assist them on macroprudential policy and stress testing. The work on the macroprudential framework had two strands. The first one focused on operationalizing the macroprudential framework, in line with the CBSL Act. It focused on concrete proposals to divide the roles and responsibilities between macroprudential and

banking supervision authorities regarding the use of macroprudential tools. These recommendations are expected to put the Financial Stability Committee at the center of the coordination and development of macroprudential policies, fostering cooperation among the various relevant entities. The second strand was on data, indicators, and tools to

calibrate macroprudential instruments. The CD also helped authorities prepare for the implementation of the countercyclical capital buffer, capital surcharges for systemically important banks (D-SIB buffer), borrower-based measures, and sectoral capital measures. As a result of this work, the authorities are now well prepared to implement macroprudential policies.

MAURITANIA: ENHANCING CENTRAL BANK OPERATIONS IN THE CONTEXT OF A FUND PROGRAM



Joelle El Gemayel

Deputy Division Chief, MCM Central Bank Operations Division



MCM TA to the Central Bank of Mauritania (CBM) supported the country's

commitment under a three-year IMF program approved in January 2023 to adopt a more flexible exchange rate regime. The multi-year TA program focused on creating the conditions for an interbank market for foreign exchange and developing capacity for liquidity management at the CBM. The TA is being delivered through a peripatetic expert program, whereby STXs conduct periodic onsite missions. To maximize interactions and work progress during the onsite visits, virtual calls and exchanges are being held before and after the missions. Throughout the implementation of MCM TA program, close coordination has been maintained with the country team.

The TA program has been progressing well with several key achievements to date. These include the successful introduction of an interbank foreign exchange (FX) market operated through an electronic platform in

December 2023. Since its introduction, the CBM has intervened occasionally to keep exchange rate movements within a pre-set band, and the FX market has functioned smoothly. The program also includes a robust short-term liquidity framework, which underpins the substantial absorption of excess liquidity through conventional and Islamic monetary policy tools. Supported by MCM TA, the CBM created a Credit Department entirely dedicated to the rating of private credit claims. Financial statements of large corporates from several banks were received, and the BCM finalized the regulatory framework for the mobilization of the credit claims, including the rating methodology.

Further priorities include assistance with the development of a yield curve in the domestic money market and support for automating the liquidity forecasting framework. This will focus on the evaluation of banks' precautionary reserves, development of a system that allows a quick overview of the CBM balance sheet and banks' reserves and improving data visibility and understanding.



Discussions between the BCM Governor Mohamed Lemine Ould Dhehby, his staff, and the MCM team, 2023.

COLOMBIA: IMPROVING MODELING OF EXPECTED CREDIT LOSSES



Marco Gross

Senior Financial Sector Expert,
MCM Payments, Currencies,
and Infrastructure Division



MCM TA to the Superintendencia Financiera de Colombia (SFC) assisted the

regulatory authority in developing and operationalizing a model for the estimation of Expected Credit Losses (ECLs) for banks.¹

The Colombian authorities plan to adopt an ECL provisioning regime compatible with IFRS 9, using the new model. Most Colombian banks do not have their own models for provisioning, except the largest banks with sizeable exposures outside Colombia. As a result, banks rely on the models and implied provision requirements provided by the SFC. The proposed new model may replace the SFC's current models for provisioning. The new model is designed to be compatible with IFRS 9 standards, as it incorporates economic cycle dependency and is based on ECLs with a lifetime horizon for certain asset quality classes. The authorities may use the model to keep informing the provision requirements in a top-down

¹ A subset of the banks in Colombia is referred to as credit institutions; these institutions were also within the scope of the model development.

manner. Banks will be encouraged, however, to develop and employ their own IFRS 9-compatible ECL models as well. The SFC will benchmark these bank-developed models against the new ECL model, approving or disapproving them based on a comparative assessment.

The new ECL model is simulation-based, combining macro and micro bank data. Its purpose is to simulate the ECL distributions across all bank portfolios and determine the provision requirements. It leverages the SFC's comprehensive and very valuable historical loan-level credit register data for the Colombian banks. It simulates many macroeconomic scenarios (several thousands) which are translated into bank-portfolio-specific risk parameter distributions. These, in turn, result in distributions of expected credit losses at the bank-portfolio level. The Colombian authorities are considering introducing a countercyclical capital buffer in the future and then potentially retiring the current countercyclical provisioning scheme. The new ECL model can inform provision requirements, as of now, and be informative for countercyclical capital considerations also in the future.



Bogota at night.

CYBER RISK: PROGRAMMATIC APPROACH TO CD ON REGULATION AND SUPERVISION



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Rising cybersecurity risk in financial systems requires a proactive practical response from MCM and its member countries. The ability of cyber attackers to undermine, disrupt, and disable information and communication technology systems used by financial institutions poses a significant threat to financial stability and requires attention. In response to the increasing importance of these risks, MCM has developed a programmatic multi-year approach to creating regulatory and supervisory capacity that focuses on regional coordination and cooperation.

This approach was piloted in the Pacific Financial Technical Assistance Center (PFTAC) member jurisdictions several years ago. It required an innovative approach comprising an introductory cyber risk training for supervisors, a joint regulation development workshop, and a series of on-the-job sub-regional cyber risk examination support training sessions. PFTAC, the authorities, and several supervised financial institutions agreed to onsite examinations where the lead authority was joined by supervisors from the

sub-region and IMF staff as observers. Supervisors were rotated so that everyone had the opportunity to take part in two examinations. As a result, most jurisdictions participating in the pilot passed cyber risk regulation based on a common core guidance. Supervisory practices became more harmonized, and supervisors gained a shared understanding and hands-on experience with cyber risk.

Based on the experience gained in PFTAC, the approach was updated with the addition of a financial sector cyber strategy development component for a sub-regional group of AFRITAC South (AFS) member countries (Botswana, Mauritius, Mozambique, Namibia, Zambia, and Zimbabwe). Phase 1 of this work started in mid-2021 and was completed in mid-2024. Because the region comprises much larger and diverse constituencies, the on-the-job training component was delivered to every country individually.

The experience with these two projects has allowed MCM to develop a blueprint that can be applied to other regions.

KEY PHASE 1 OUTCOMES– INCREASED FOCUS ON CYBERSECURITY RISK ACROSS THE AFS REGION

Cyber Risk Regulation Capacity Development

New cybersecurity prudential regulations developed:

- Botswana and Mauritius: Issued May 2023
- Mozambique: Draft undergoing stakeholder consultation
- Namibia: Draft undergoing final review—expected to be issued in 2024
- Zambia: Issued June 2023
- Zimbabwe: Draft undergoing final review—expected to be issued in 2024
- Supervisors Trained: 75 supervisors trained in the development of effective cybersecurity prudential regulation

Cyber Risk Supervision Capacity Development

Skills and experience to undertake effective cybersecurity risk onsite examinations developed for supervisors, through classroom and on-the-job training for examination teams covering the practical effective assessment of cybersecurity risk management and controls at commercial banks:

- Fifty-five supervisors trained in effective prudential supervision of cybersecurity.
- Eleven guided onsite cybersecurity examinations conducted across six countries.
- Cybersecurity risk onsite examination manual developed as part of the overall IMF MCM cyber toolkit, for AFS Cyber Group to use.

Cyber Strategies for the Financial Sector

Cybersecurity strategies for the financial sector developed for Mauritius, Mozambique, and Namibia, together with the establishment of cybersecurity councils, information sharing mechanisms and incident reporting.

Creating Regional Expertise



Workshop on Prudential Supervision of Cybersecurity, June 2022 and IMF Approach to Cyber Resilience, July 2022.

METAC: STRENGTHENING BANK CORPORATE GOVERNANCE



Nehmat Hantas

MCM Long-Term Expert, METAC

Implementing good governance in banks is key to promoting financial stability. Demand for building capacity on bank corporate governance has been on the rise in countries covered by the IMF Middle East Regional Technical Assistance Center (METAC) as supervisors are keen to foster good governance and reduce the risks to which banks are exposed.

In May 2024, METAC and the IMF Center for Economics and Finance jointly organized a regional course on “Bank Corporate Governance and Board Effectiveness.” The objective was to raise participants’ awareness of bank corporate governance and discuss implementation challenges. The course was attended by 33 participants from 12 countries (including 10 METAC members): Algeria, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Tunisia, Saudi Arabia, Syria, and Yemen and provided an opportunity to learn about best practices, share country experiences, and exchange advice on how to overcome the existing challenges.

While there is no one-size-fits-all approach to overcoming the problems raised by weak bank governance, knowing how to identify the problems and learning from other country

experiences constitute basic pillars for building a good governance culture. Despite their heterogeneity in background, profile, progress, and vulnerabilities, participants shared experiences on institutional challenges in strengthening corporate governance in the banking sector in the region. These challenges include:

- **State-Owned Banks:** Bank board directors lack independence when they are appointed by finance ministries and central banks and lack experience or qualifications in banking; this is often a source of conflicts of interest.
- **Family-Owned Banks:** Major shareholders, who are generally dominant and politically connected, influence the functioning of the board and undermine its effectiveness.
- **Identification of Ultimate Beneficiary Owner:** An opaque ownership structure, especially common in FCS, poses challenges to supervisors in identifying Ultimate Beneficiary Owner.
- **Weak Governance Infrastructure:** The lack of appropriate legal, regulatory, and institutional



Regional Course on Bank Corporate Governance and Board Effectiveness, May 2024.

foundations outside the perimeter of the banking sector can slow down the progress in bank corporate governance.

- **The Stance of Supervisors:** Supervisors may be reluctant, in the absence of political support, to invest time and resources to improve corporate bank governance due to potential conflicts with the banking industry and the uncertain outcome.
- **Lack of Board Independence and Expertise:** Strengthening bank boards with independent and experienced directors proves challenging given the low capacity of board candidates or the low traction

to participate in boards whose role could be undermined.

- **Capacity of the Supervisor and the Banking Sector Staff:** There is a need to enhance the knowledge and expertise of supervisors on best practices in corporate governance.

The course discussed some practical steps that supervisory authorities can take to overcome the challenges and raise the standards of bank corporate governance. These include strengthening the regulatory requirements of board independence and fit and proper criteria, enhancing supervisory interventions through conducting thematic reviews of corporate governance, increasing the

frequency of contact and discussions with board members, and empowering the supervisor by providing sufficient independent and adequate training.

There was a common understanding among participants that well-governed banks contribute to an efficient and cost-effective supervisory process, require less intervention, and help invest supervisory resources into mitigation of key emerging risks, thus enhancing risk-based supervision. The participants appreciated the value of the course, its relevance to their work, the breadth of the topics covered, and the platform the course provided for building a network and exchanging experiences.

ATI AND CARTAC: CLIMATE RISK CD IN ACTION



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MCM is increasing its climate-related CD activities in response to increased demand from the membership. MCM's efforts are currently focused on CD in the areas of supervision and regulation of climate-related financial risk, tools to identify and assess climate-related risk and their impact on the financial sector, the climate risk information architecture, and sustainable debt issuance.

In FY24, MCM conducted two regional activities to promote a discussion of the financial implications of climate-related risk: in December 2023, MCM and the Africa Training Institute (ATI) organized a course on incorporating climate risk into the regulatory and supervisory framework, and in February 2024 MCM and the Caribbean Regional Technical Assistance Centre (CARTAC) organized a regional workshop on increasing awareness of climate-related risks to financial stability.

ATI COURSE

Developing climate risk supervision frameworks is a high priority for sub-Saharan Africa, where jurisdictions are at different stages of establishing climate risk supervision. Thanks to the interactive format of the course, all participants could relate to the

topics discussed. The course aimed to provide guidance on concrete steps in establishing climate-related risk supervision covering major issues that need to be tackled to develop supervisory capacity and tailor supervisory expectations for banks. Specific topics included: understanding the application of regulatory frameworks for effective supervision of climate-related financial risks, preparing data surveys for banks, establishing reporting frameworks, discussing risk issues pertaining to climate change with banks, and developing supervisory tools for capturing climate-related financial risks.

All discussions highlighted the importance of the consistent application of international standards across the membership. The primary focus was on the Basel Committee for Banking Supervision standards, which overlap with the guides issued by the Network of Central Banks and Supervisors for Greening the Financial System and the disclosure standards adopted by the International Sustainability Standards Board. A wide variety of guest speakers from various regions presented the latest findings and cutting-edge supervisory approaches, while some participants also shared



CARTAC workshop on climate-related financial risks, February 2024.

country-specific approaches including their customization to the specific climate risk landscape and financial system characteristics.

CARTAC WORKSHOP

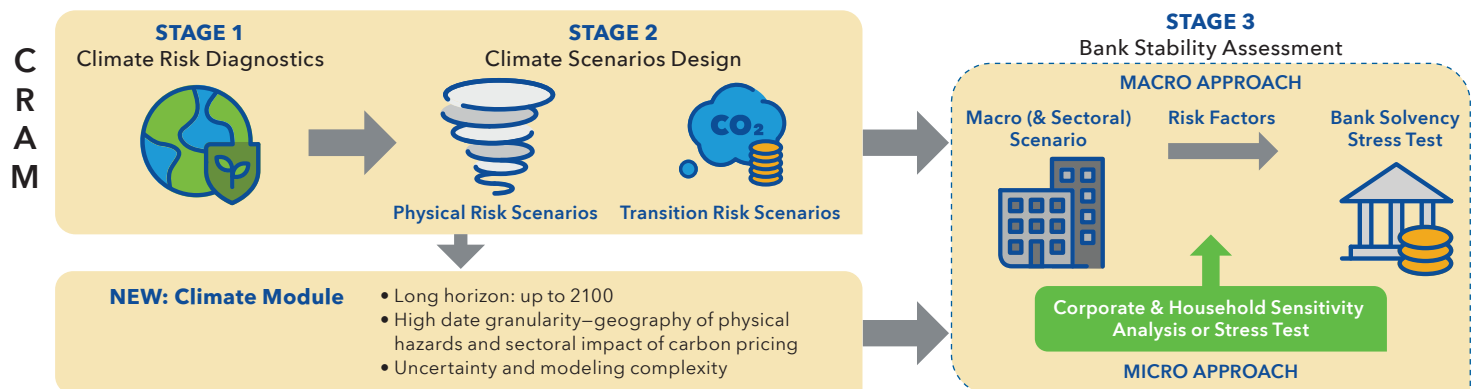
The Caribbean region is particularly vulnerable to climate-related financial risks, mainly physical risks, due to the high frequency and severity of climate-related events. Integrating climate-related financial risks into financial stability analytical frameworks is therefore essential for supervisory authorities. The three-day workshop organized by MCM and CARTAC aimed at bolstering regional cooperation and enhancing awareness of both

physical and transition risks and their implications for financial stability.

The workshop delineated the three-stage approach to climate risk analysis that is being proposed by the IMF: climate risk diagnosis, climate scenario design, and bank stability assessment. It also discussed prerequisites, essential data, and practical concepts for implementing climate risk analysis, tailored to countries' specific circumstances and data availability (Figure 25). Additionally, it acknowledged the challenges of integrating climate risks into financial stability assessments, such as long-term horizons, the necessity for high data granularity, and added modeling

complexity and uncertainties. One key insight from the workshop was the vast differences in capacity among Caribbean countries to conduct robust climate risk assessments independently. Challenges like data scarcity, low technical expertise, and limited human and financial resources pose significant barriers to comprehensive assessments and evidence-based policy development. Another key takeaway was the importance of interdisciplinary collaboration among economists, financial sector experts, and climate scientists in addressing climate-related financial risks effectively from a financial sector oversight perspective.

FIGURE 25. THREE-STAGE APPROACH TO CLIMATE RISK ANALYSIS



Source: IMF Staff.

MOLDOVA: REVISING THE BANK LIQUIDATION FRAMEWORK



Joao Marques

Senior Financial Sector Expert,
MCM Financial Crisis Preparedness
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The National Bank of Moldova (NBM) requested assistance from MCM and the IMF's Legal Department (LEG) to assist in the design of a new bank liquidation framework.

The MCM/LEG mission analyzed different bank liquidation models and focused on the distribution of responsibilities among administrative authorities and courts. Staff recommended that the new framework preserved a significant role for the NBM in bank liquidation, alongside clearly defined responsibilities for the courts. It also recommended that the legislation includes features to enhance

the effectiveness of a liquidation framework (see the [report](#)).

The meetings with the NBM staff were engaging, and the discussions were candid and open. Staff of the Resolution Division of the NBM participated very actively in all the meetings, and this allowed the MCM/LEG mission to understand better the pressure points of the liquidation framework in Moldova, critical for tailoring the Fund's advice on best practices to Moldova's context. The mission was supported by the Board of Directors and management of the NBM, whose knowledge and interest in the topics discussed were critical for the success of the mission.

GOVERNORS' TESTIMONIALS



“The collaboration between the MCM Department and the National Bank of the Republic of North Macedonia has been longstanding and covers a wide range of important central banking areas. It has brought numerous benefits, including enhancing the skills and knowledge of our staff and strengthening our capacity to effectively fulfill our mandate and responsibilities. The MCM assistance was crucial in establishing our new fully fledged Forecasting and Policy Analysis System, as a foundation for well-informed monetary policy decision making. The support resulted in a major overhaul of the overall analytical underpinning of the decision making process and a transition towards model-based, structured, and consistent MP decision making. The collaboration in the field of financial stability, as well as corporate governance, has yielded great benefits for us, as well. Overall, the support from the MCM has played an important role in building the institutional capacity, resilience, and public trust in the central bank, ultimately benefiting the broader economy.”

Anita Angelovska-Bezhoska, Governor, National Bank of the Republic of North Macedonia



“The Joint Technical Assistance Project by the Norges Bank and IMF began in 2017 with approximately 70 missions over the last 6 years. It was a very intensive, challenging, and complex Project, but not enough to break the mutual commitment and enthusiasm. Not even COVID-19 was able to interrupt the Project dynamics, which has remained active in virtual mode during the health crisis.

I would like to stress that we are very pleased with the success of this Project, and I am also pleased to use this opportunity to express our heartfelt gratitude for having benefited from such a fruitful Technical Assistance Project!”

Rogério Lucas Zandamela, Governor, Banco de Moçambique



“With the PFTAC Technical Assistance program in both 2023 and 2024, the Central Bank of Solomon Islands (CBSI) has enhanced its risk-based supervision framework, which involved reviewing/developing new prudential standards, new prudential returns, and a supervision manual for the banking sector.

The TA program also provided comprehensive trainings for CBSI staff on implementation of risk-based supervision framework, including assessment of financial risks faced by banks. The knowledge learned and skills gained from the trainings have equipped CBSI supervisors to effectively conduct offsite and onsite supervision of banks. The TA program also creates huge opportunity for supervisors to grow their supervision skills and effectively implement the supervision framework so that banks operate in a safe and sound manner, thus fostering stability of the country’s financial system.”

Luke Forau, Governor, Central Bank of the Solomon Islands

SECTION III

CD GOVERNANCE
AND STRATEGY: AIMING
AT HIGH-QUALITY AND
IMPACTFUL CD

A

CD STRATEGY

MCM's capacity building work remains anchored in IMF and MCM policies and priorities. The 2024 CD Strategy Review (CDSR) (Box 5) was finalized

in April 2024 and will guide MCM's future CD work. In line with the CD Strategy, MCM's work will enhance its focus on strengthening programmatic

CD delivery, improving the tailoring and impact of CD, and investing in new CD delivery modalities, such as blended CD delivery.

BOX 5. THE 2024 IMF CAPACITY DEVELOPMENT STRATEGY REVIEW

The [2024 CDSR](#) builds on the reforms from past reviews and aims to foster the Fund's CD by making it more flexible, better integrated with the Fund's surveillance and lending activities, and well-tailored to members' needs as follows:

- (1) **Flexibility** aims to strengthen the Fund's agility to help members address changing economic challenges and respond to their new priorities, including through better monitoring and reporting on CD;
- (2) **Integration** calls for aligning CD with policy priorities identified

in surveillance and program engagements; and

- (3) **Tailoring** ensures CD is consistent with the country circumstances and absorption capacity and coordinated with other partners.

Flexibility, integration, and tailoring will ensure that Fund CD remains well-suited for purpose in a rapidly evolving world. This strategic vision reflects the Fund's CD comparative advantages and surveillance priorities amid a changing global CD landscape, characterized by elevated uncertainties from higher indebtedness, geopolitical

tensions, as well as climate change and digital revolution.

The medium-term horizon outlines further work in six key areas: strengthening CD prioritization and integration to respond to members' evolving needs, enhancing the funding model to reduce risks, strengthening monitoring and evaluation in order to measure the impact of Fund CD, modernizing modalities, increasing field presence to strengthen the effectiveness of the global network of RCDCs, and reviewing human resources policies for staff working on CD.

INTERVIEW WITH MIGUEL SAVASTANO, DEPUTY DIRECTOR, MCM



CD is a long-term journey. The dual purpose of CD is to transfer knowledge and build capacity in areas where member countries lack both.



We spoke to Miguel Savastano, MCM Deputy Director overseeing MCM's TA Strategy Division, about the MCM CD highlights in FY24 and about the challenges, opportunities, strategy, and the ethos guiding MCM capacity building.¹

FY24 started soon after the March 2023 banking sector turmoil amidst continued inflationary pressures, growing debt vulnerabilities, and geopolitical fragmentation—certainly not an easy backdrop for CD delivery. How did MCM CD respond? And what CD highlights do you consider notable in FY24?

FY24 was a very productive year for MCM CD. This was the first year in which we exceeded the pre-pandemic levels of CD delivery of FY20. Despite the difficult global backdrop, MCM was finally able to deliver more CD activities than before the pandemic. MCM was also able to combine effectively many delivery modalities, ranging from in-person to hybrid and

virtual missions. We have been able to make the most of the pre- and post-pandemic technologies and modalities. We would deliver in-person CD where we thought it was most appropriate and utilize all the technical innovations ushered in by the pandemic, making virtual and hybrid delivery very impactful.

The demand for MCM CD remains very strong and persistent; the areas in highest demand are always those related to the core of MCM: bank supervision and regulation, bank resolution frameworks, central bank operations, exchange rate management. The main challenge we face is to continuously adapt the criteria we apply to accommodate those demands and to make room for the new demand for MCM advice on emerging topics such as digital money, cyber risks, and climate. While making room for the new topics, our delivery of CD continued to help member countries.

In addition to responding to high demand from the membership, we also took the time to step back and reflect on the strategy that makes MCM CD most impactful. We worked on several initiatives, which we hope to bolster going forward:

¹ The MCM TA Strategy Division is 1 of 15 divisions in the department. The division leads, manages, and helps implement MCM's TA strategy, ensuring close integration with other MCM activities and meeting the needs of CD recipients.

MIGUEL SAVASTANO
MCM Deputy Director



First, consolidated TA workplans now better define the country-specific programmatic approach to MCM TA delivery, with the aim of optimizing the impact and reach of our CD in line with the authorities' demand, priorities, and absorption capacity.

Second, we sought to increase the visibility of our CD—both internally and externally—and build strong partnerships with our key stakeholders. This includes a CD Forum organized jointly with Banque de France in April 2024 that helped enhance international cooperation in CD delivery and broaden the network of highly qualified external experts working for MCM.

And third, we also took steps to ensure that our CD delivery is rooted in clear and well-established processes that are well-documented and available to our staff and external experts, to ensure consistently high-quality CD outputs. In this context, we are developing an MCM CD Manual to

strengthen CD governance to maintain quality outputs. We also updated the Handbook for the FSSR, our flagship product for programmatic CD targeted at low and lower-middle-income and fragile countries. Notably, FY24 was a significant year for the FSSR, as it marked the transition between Phase I and Phase II of the FSSF, the trust fund financing our successful FSSRs.

You mentioned that delivery modalities have evolved since the pandemic. Where do you see in-person delivery being most needed and impactful? And what type of CD lends itself best to the virtual world?

Over the past few years, we have learned that MCM can deliver substantive CD work remotely, but that there are some types of our CD that are only effective when done in person. A very clear case is the work on Fragile and Conflict-Affected States. For these members there is no close substitute to in person CD delivery. These countries

have severe absorption capacity constraints, inadequate staffing, and challenging internet connectivity. In-person missions allow MCM staff to understand the severity of these constraints and adapt the technical advice to the reality on the ground; this cannot be done by remote missions. For this reason, we find the work of our LTXs invaluable. Their proximity to the countries and their ready availability to assist the authorities overcome technical and logistical challenges gives enormous traction to MCM CD.

On the other end of the spectrum, we are able to take advantage of innovations and efficiencies offered by virtual engagements. One example that comes to mind is the Supervisory and Regulatory Online Course (SROC), which MCM delivers jointly with the Financial Stability Institute of the Bank for International Settlements. The SROC has trained well over 2000 government officials since its launch. It has been widely

accessible and offered foundational knowledge in supervisory issues, which can then be leveraged for additional country-specific TA. We developed an analogous course on Banking Resolution, also with the BIS, a couple of years ago. We are very fortunate to have both the ability to travel once more, as well as the technological capacity to deliver remotely. And we will make good use of all modalities to help our membership.

How do you see the role of CD evolving as emerging areas such as climate-related risk and digitalization gain more prominence?

CD in the IMF is a demand-driven activity. As such, the main criteria to distribute resources among the various areas where MCM has expertise is the strength of the demand. Because MCM has been delivering CD for more than 50 years we have a pretty good idea of the areas where demand for MCM is very strong. These areas are bank supervision and regulation, bank resolution frameworks, central bank operations, exchange rate management, debt management. Those are the areas where MCM needs to have the largest number of staff of the highest quality to meet the demand from our members. If there are new areas where our members seek advice from MCM, the department has to strike a balance between allocating resources to meet the new demands and making sure that it is able to continue meeting the strong demand in the existing areas. This problem is not easy to solve, and it cannot be solved in one year or two, it takes time.

How do you help sequence and prioritize CD demands from countries who have a significant number of CD needs?

We provide demand-driven CD and strive to address all our members' needs. However, sequencing and prioritization are key. At the end of the day, we want our CD to be impactful

and deliver lasting change. We have several tools at our disposal to make sure this happens:

First, MCM centralizes its CD management in a dedicated division, which enables us to focus on country-level engagement and strategy. Each country has a dedicated country manager who oversees the list of CD demands and delivery, and who maintains regular contact with the authorities and the IMF country teams. Such a holistic view of the country work makes country managers well-placed to advise on sequence and priorities of CD. Country managers are also well-placed to assess the traction of past CD and advise on new requests in light of such experience.

Second, we also have an ongoing dialogue at a senior level between senior MCM management and central bank governors and ministers of finance. These exchanges take place during the Spring and Annual Meetings (or other dedicated forums) and provide an opportunity to take stock of past CD and discuss future needs.

Third, as I said before, another important tool at our disposal are the TA workplans, which require a programmatic approach to CD, taking into account country circumstances, the authorities' needs, and absorption capacity. TA workplans are mandatory following the delivery of an FSSR to a country, and we are rolling out TA workplans to a broader list of recipients.

Finally, we very much rely on the insights and suggestions our LTXs share, as they have a first-hand view of the reality on the ground.

How do you measure the success of MCM CD?

CD is a long-term journey. The dual purpose of CD is to transfer knowledge and build capacity in areas where member countries lack both.

The success of this endeavor is very difficult to measure. The shorter the period one seeks to analyze, the more difficult it is to assess success. What one can assess in a short horizon is progress in meeting short-term objectives or goalposts. For this we rely on the ongoing dialogue with the authorities and our experts on the ground and on results-based management framework, which is very much part of our CD projects' design and delivery. Every CD project has a logical framework, which contains objectives, outcomes, and milestones. The experts delivering our CD are responsible for discussing with the authorities the intended objectives of the CD project, selecting the right indicators, and monitoring them periodically following the CD delivery. Information received from the IMF country team can also be a helpful input to the results-based management process.

A large share of MCM CD relies on donor funding. How do you assess the current funding climate and how do you address potential challenges?

Donor support has become essential for the delivery of CD in MCM and in the Fund. We are very thankful for the partners that have helped finance MCM CD; about two-thirds of all the CD MCM delivers is being financed from donors. We have regular engagements with our partners and regularly provide assessments of our CD. We believe that collaboration and accountability are key to successful partnerships and are mindful of partner funding priorities.

We work closely with our colleagues in the IMF's Institute for Capacity Development to help us navigate the partner landscape. MCM relies on the dedicated fundraising experts in the Institute for Capacity Development, and they rely on us to relay the successes and challenges through the lens of the beneficiaries.

BOX 6. JOINT BANQUE DE FRANCE–MCM REGIONAL CD FORUM, PARIS, APRIL 2024

In collaboration with the Banque de France, MCMTA organized a one-day Regional CD Forum in Paris in April 2024. The Forum was an outreach and recruitment initiative aimed at enhancing international cooperation in CD delivery, facilitating the exchange of peer-to-peer knowledge across CD providers, and broadening the network of experts within the MCM expert roster. The event was attended by about 40 participants in person and 50 participants online. Many of MCM's LTXs joined the event online.

The participants discussed the impact of building capacity in the area of monetary and financial stability and how best to collaborate in leveraging expertise and experience in a

fast-evolving world. There was a strong sense that partnerships among central banks, the IMF, and other suppliers of technical assistance are increasingly important. These partnerships ensure complementarity of expertise and increase synergies in identifying technical and policy solutions to many emerging challenges (e.g., cyber and climate risk, fast-paced fintech innovations), for the benefit of the broader community of policy makers around the world.

The three recipient central bank governors participating in the panel discussion were very appreciative of the TA support received from MCM, through the FSSF vehicle and beyond. They emphasized how much

developing a programmatic approach to TA delivery has been beneficial to entrenching acquired expertise and building local capacity over the medium and long term.

Following the workshop, numerous attendees approached MCM to express their interest in joining the department's expert roster. Several central banks expressed appreciation for the opportunity to learn from the Banque de France's experience in lending expertise in the form of STXs and LTXs to MCM. As a result of the event, several central banks are now interested in developing a more systematic approach to TA collaboration with MCM.



The Forum included representatives of the Banque de France, Bank of England, Deutsche Bundesbank, Bank of International Settlement, Bank of Japan, European Central Bank, Federal Reserve Board, Federal Reserve Bank of New York, National Bank of Belgium, National Bank of Hungary, National Bank of Finland, Monetary Authority of Singapore, Swiss National Bank, Central Bank of Congo, National Bank of North Macedonia, Central Bank of the Gambia, and Central Bank of Somalia, April 2024.

APPENDICES

APPENDIX I.

IMF Regional Capacity Development Centers

(RCDCs comprise Regional Technical Assistance Centers and Regional Training Centers)

Regional Technical Assistance Centers (RTACs)	Location	Member Countries
AFRICA		
AFRITAC Central (Central Africa Regional Technical Assistance Center)	Libreville, Gabon	Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, and São Tomé and Príncipe.
AFRITAC South (Regional Technical Assistance Center for Southern Africa)	Ebene Cybercity, Mauritius	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, and Zimbabwe.
AFRITAC West (West Africa Regional Technical Assistance Center)	Abidjan, Côte d'Ivoire	Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo.
AFRITAC West II (second African Regional Technical Assistance Center in West Africa)	Accra, Ghana	Cabo Verde, The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.
AFRITAC East (Regional Technical Assistance Center for East Africa)	Dar es Salaam, Tanzania	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, and Uganda.
ASIA AND PACIFIC		
PFTAC (Pacific Financial Technical Assistance Center)	Suva, Fiji	The Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu.
SARTTAC (South Asia Regional Training and Technical Assistance Center)	New Delhi, India	Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka.
CDOT (IMF Capacity Development Office in Thailand)	Bangkok, Thailand	Myanmar, Cambodia, Lao P.D.R., and Vietnam. Select capacity development projects based in CDOT also cover other countries in Southeast Asia and the Pacific Island region.
MIDDLE EAST		
METAC (Middle East Regional Technical Assistance Center)	Beirut, Lebanon	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, and Yemen.
CCAMTAC (Caucasus, Central Asia, and Mongolia Technical Assistance Center)	Almaty, Kazakhstan	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan.

APPENDIX I. (continued)

Regional Technical Assistance Centers (RTACs)	Location	Member Countries
WESTERN HEMISPHERE		
CARTAC (Caribbean Regional Technical Assistance Centre)	Bridgetown, Barbados	Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos Islands.
CAPTAC-DR (Central America, Panama and the Dominican Republic Regional Technical Assistance Center)	Guatemala City, Guatemala	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.
ATI (Africa Training Institute)	Port Louis, Mauritius	ATI started operations in June 2013. Courses are offered in English and French and are open to officials from 45 sub-Saharan African member countries.
CEF (IMF-Middle East Center for Economics and Finance in Kuwait)	Kuwait City, Kuwait	CEF started operations in 2011. Courses are for officials from Arab League member countries. They are offered in Arabic or English (generally with interpretation into Arabic). The CEF also leads conferences, symposia, and seminars to foster discussion among a broad audience on pressing economic policy challenges facing the Arab world.
CICDC (China-IMF Capacity Development Center)	Beijing, China	CICDC started operations in April 2018. These courses serve officials in China and other countries, including those part of the “Belt and Road” Initiative.
JVI (Joint Vienna Institute)	Vienna, Austria	Established in 1992, JVI organizes courses for officials from countries in Central, Eastern, Southeastern Europe, the Caucasus and Central Asia, and other countries. It has further expanded its offerings to include more advanced courses in macroeconomics and finance.
STI (IMF-Singapore Regional Training Institute)	Singapore	In collaboration with the Government of Singapore, STI was established in 1998 and organizes courses for officials from countries in the Asia-Pacific region.

APPENDIX II.

MCM Long-Term Resident Expert Placement (as of April 30, 2024)

Affiliation	Country Location	Topic	Donor Partner
AFE & AFS	Tanzania	Debt Management	IMF COVID_19 Crisis Capacity Development Initiative/Canada
AFRITAC Central	Gabon	Banking Supervision and Regulation	Multi-Donor
AFRITAC Central	Gabon	Debt Management	Debt Management Facility (joint IMF/World Bank)
AFRITAC East	Tanzania	Banking Supervision and Regulation	Multi-Donor
AFRITAC East	Tanzania	Monetary and Foreign Exchange Operations, and Financial Market Infrastructures and Payments	Multi-Donor
AFRITAC South	Mauritius	Banking Supervision and Regulation	Multi-Donor
AFRITAC South	Mauritius	Monetary and Foreign Exchange Operations	Multi-Donor
AFRITAC South	Mauritius	Payment Systems / Financial Market Infrastructures / Fintech	Multi-Donor
AFRITAC West	Côte D'Ivoire	Banking Supervision and Regulation	Multi-Donor
AFRITAC West	Côte D'Ivoire	Debt Management	Japan
AFRITAC West 2	Ghana	Banking Supervision and Regulation	Multi-Donor
AFRITAC West 2	Ghana	Monetary and Foreign Exchange Operations	Multi-Donor
Banque Centrale de Djibouti	Djibouti	Financial Supervision and Regulation	IMF Financial Sector Stability Fund
Bank of Ghana	Ghana	Financial Supervision and Regulation	State Secretariat for Economic Affairs of Switzerland
Bank of Mozambique	Mozambique	Central Bank Modernization	Norway
Bank of Sierra Leone	Sierra Leone	Banking Supervision and Regulation	IMF Financial Sector Stability Fund
Bank of Sierra Leone	Sierra Leone	Monetary Policy and Financial Stability	Financial Sector Reform and Strengthening Initiative
CAPTAC-DR	Guatemala	Banking Supervision and Regulation	Multi-Donor
CARTAC	Barbados	Banking Supervision and Regulation	Multi-Donor
CARTAC	Barbados	Public Debt Management and Climate Finance	Multi-Donor/Canada
CARTAC	Barbados	Financial Stability	Multi-Donor
CCAMTAC	Kazakhstan	Monetary and Foreign Exchange Operations	Multi-Donor
CCAMTAC	Kazakhstan	Financial Supervision and Regulation	Multi-Donor
CDOT	Thailand	Monetary and Foreign Exchange Operations	Japan
Central Bank of Congo, Dem. Rep.	Congo, Dem. Rep.	Macprudential Policy	IMF Financial Sector Stability Fund
Central Bank of Mongolia	Mongolia	Monetary Policy	Japan
Central Bank of The Gambia	The Gambia	Banking Supervision and Regulation	IMF Financial Sector Stability Fund
METAC	Lebanon	Banking Supervision and Regulation	Multi-Donor

APPENDIX II. (continued)

Affiliation	Country Location	Topic	Donor Partner
METAC	Lebanon	Monetary and Foreign Exchange Operations	Multi-Donor
METAC	Lebanon	Banking Supervision and Regulation	Multi-Donor
National Bank of Cambodia	Cambodia	Banking Supervision and Regulation	Japan
National Bank of Cambodia	Cambodia	Macroprudential Policy/Stress Testing	IMF Financial Sector Stability Fund
National Bank of Cambodia	Cambodia	Central Bank Operations	Japan
National Bank of Rwanda	Rwanda	Banking Supervision and Regulation	IMF Financial Sector Stability Fund
National Bank of Uzbekistan	Uzbekistan	Macroprudential Policies	IMF Financial Sector Stability Fund
PFTAC	Fiji	Financial Sector Supervision	Multi-Donor
SARTTAC	India	Monetary and Foreign Exchange Operations	Multi-Donor
SARTTAC	India	Banking Supervision and Regulation	Multi-Donor
SARTTAC	India	Public Debt Management	Japan

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See you next year!

MCM TA Team



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