



Enhancing the Value of IMF Capacity Development

2024 Capacity Development Strategy Review (CDSR)

JUNE 19, 2024

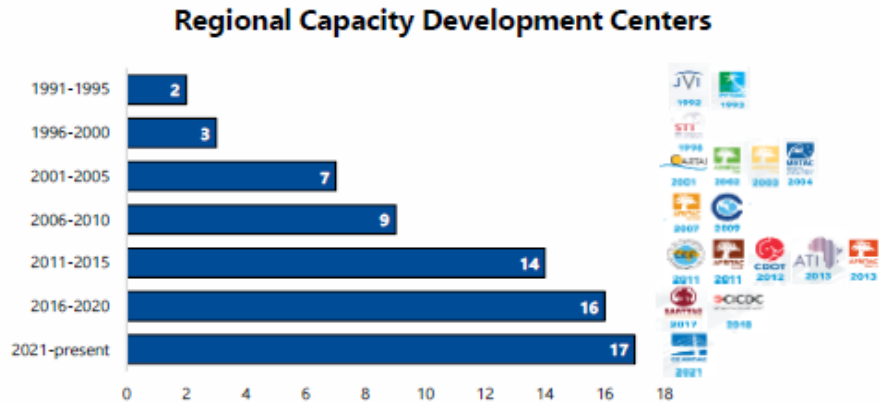
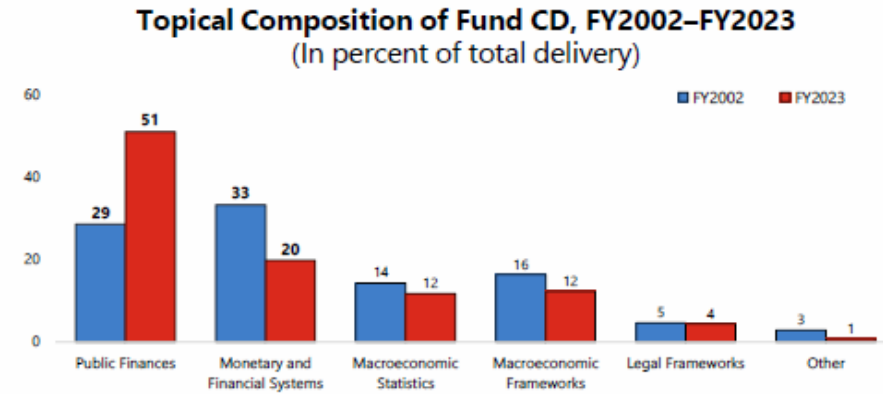
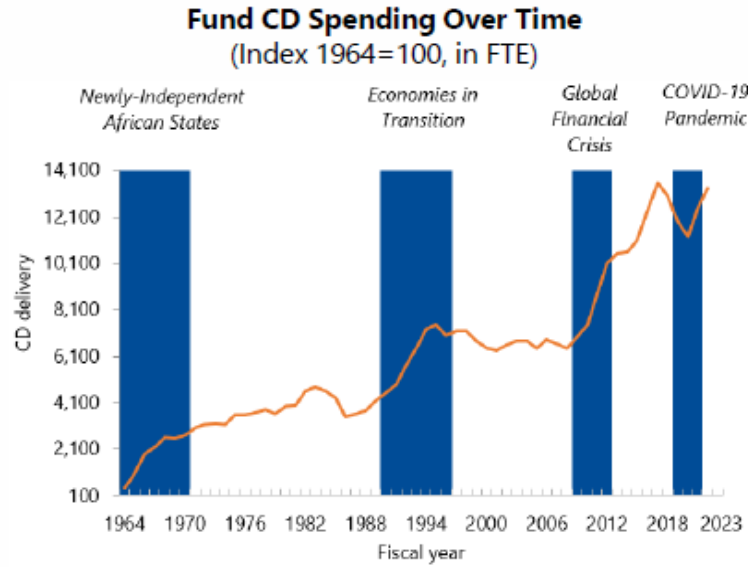
D4D FUND STEERING COMMITTEE MEETING

Franck Bousquet

Deputy Director, Institute for Capacity Development, IMF

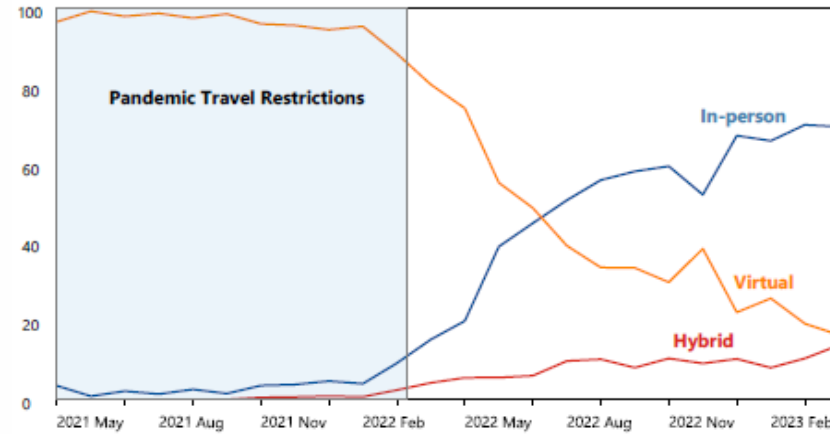
Evolution of Fund CD

In order to see where we are going, we must not only remember where we have been, we must understand where we have been. -- Ella Baker



CD Modalities During COVID-19 Pandemic

(In percent of total activities)



Comparative Advantages of Fund CD



DEMAND-DRIVEN

provided to members on request, not conditional upon lending



INTEGRATED

with surveillance and lending, which is critical in crisis situations, where the Fund's ability to quickly mobilize high-quality technical advice reinforces its financial support



CONVENING POWER

that allows the Fund to link members' domestic policy agendas effectively with global trends, coordinate with other development partners, and direct CD to support key reforms



DIAGNOSTIC and ASSESSMENT TOOLS

that draw upon the Fund's technical expertise and comprehensive coverage and often form the basis for follow-up CD, including by other providers

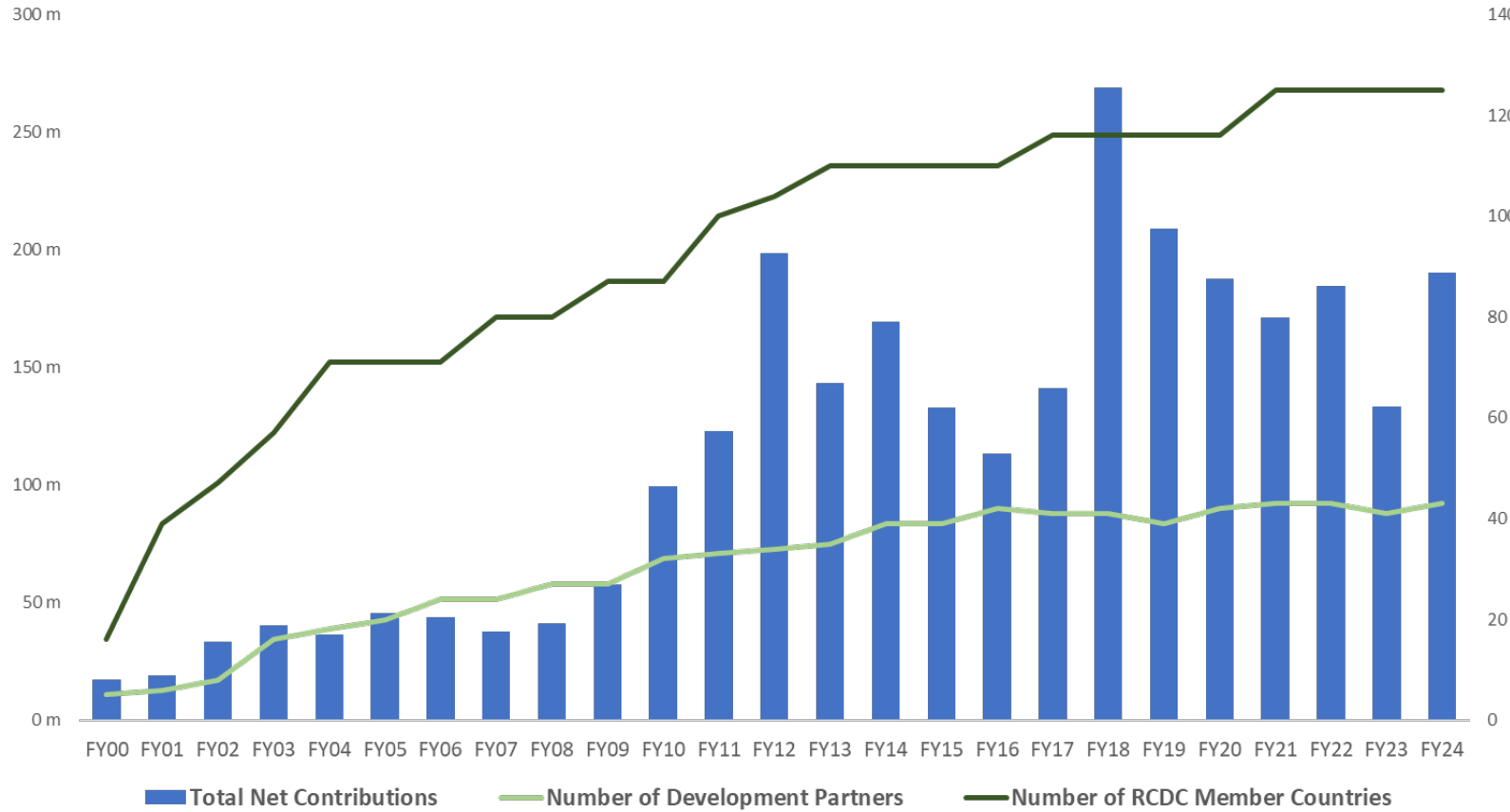


POLICY- ORIENTED TRAINING

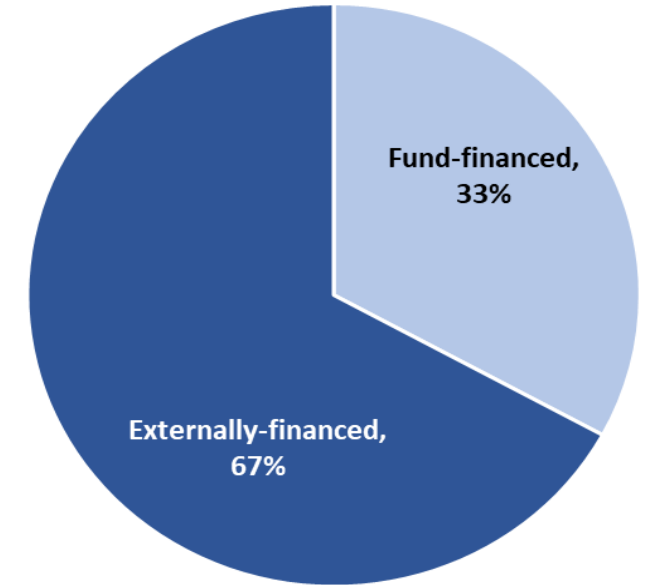
offered to government officials on macroeconomic policy

External support - a growing source of CD funding - has enabled the Fund to meet increased CD demand

External Funding and CD Partners, FY2000-present



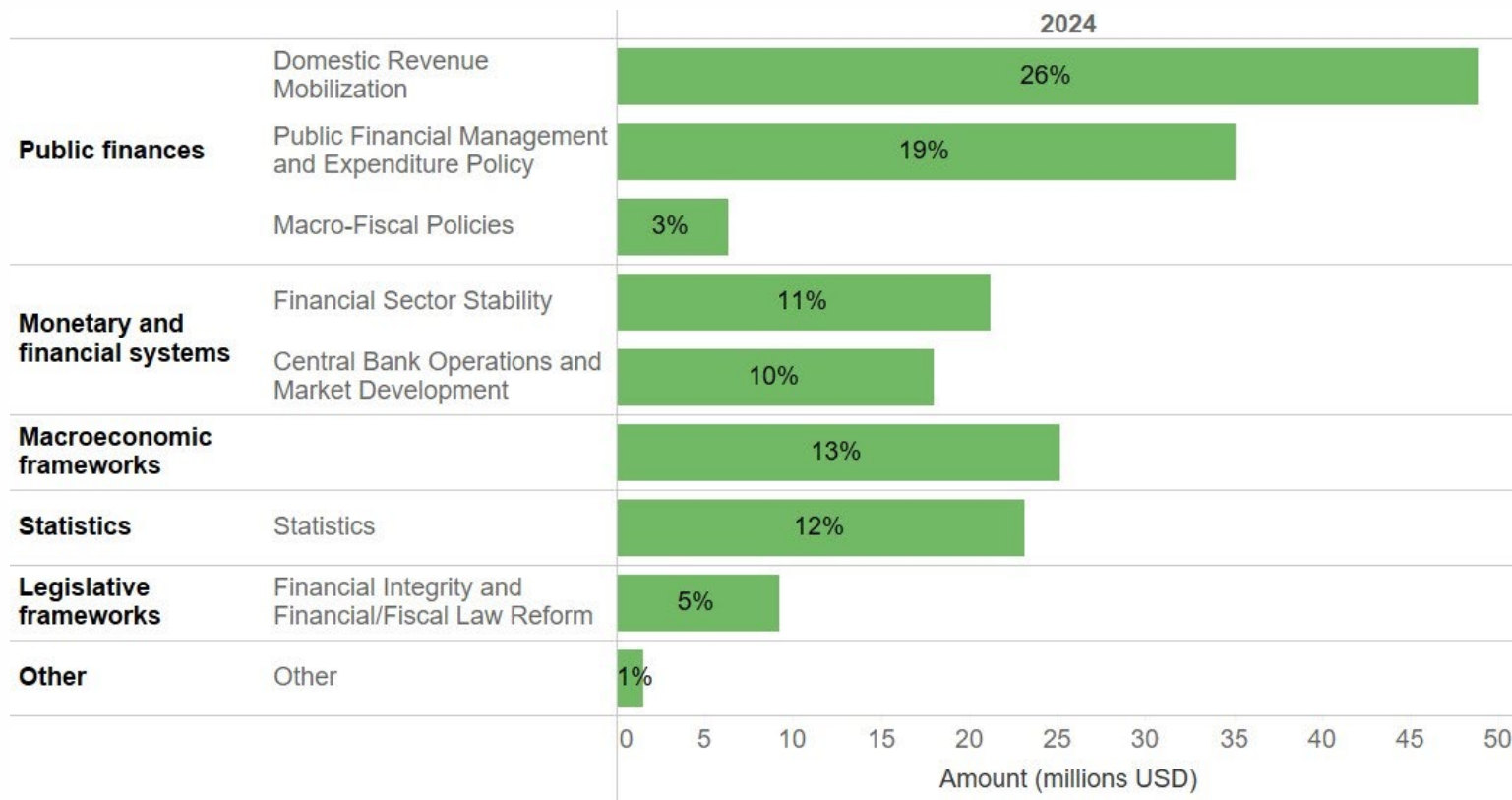
FY24 CD Spending



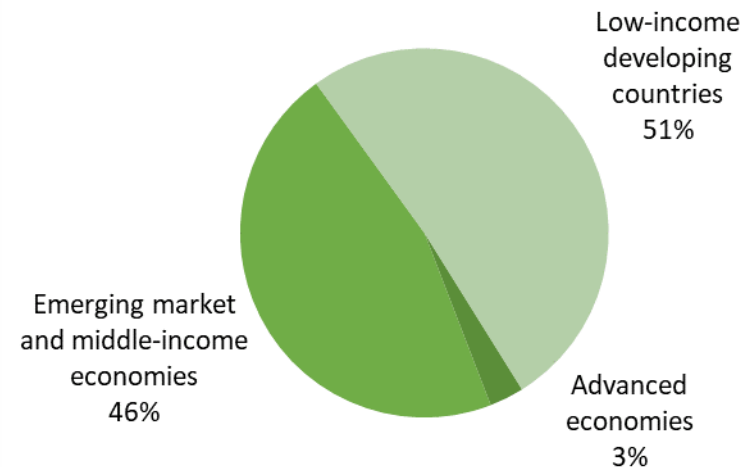
Sources: Staff analysis based on historical contributions data from CDIMS and CD spending data from CDMAP.

CD in the Fund's core thematic areas continues to dominate benefiting mostly low and emerging market countries...

FY24 CD Spending by Major Thematic Area
(Share of total CD delivery spending, percent)



FY24 CD Spending by Income Group
(Share of total CD delivery spending, percent)



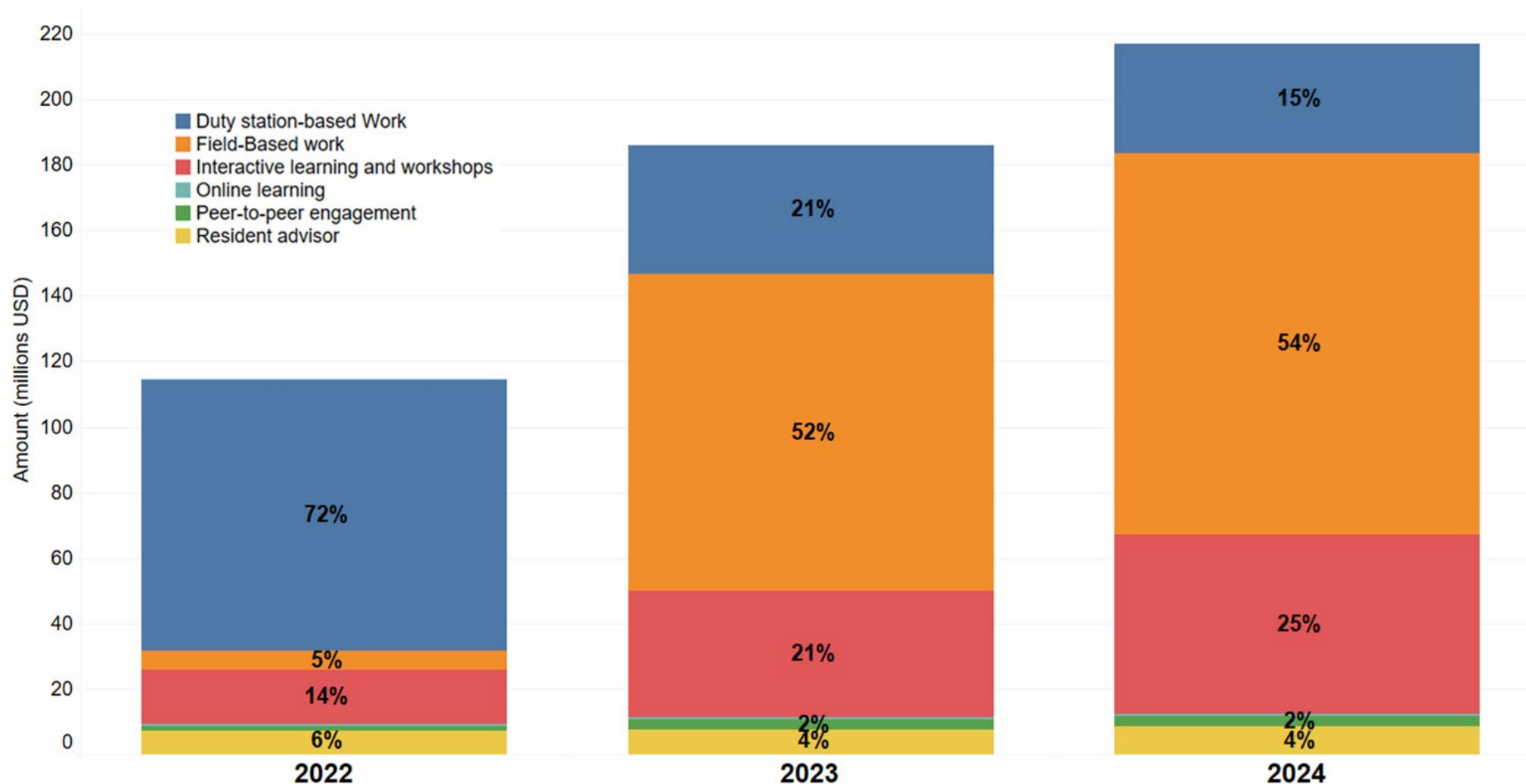
Sources: CDMAP (data as of April 30, 2024); and staff calculations.

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

Returning to CD delivery in the field

Delivery by modality globally

(percentage share of total outturn, in millions USD)



Sources: CDMAP (data as of April 30, 2024); and staff calculations.

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

Delivery in newer priority areas continues to rise

Through long-term engagement and in coordination and collaboration with partners, the implementation of strategies in these areas will enhance the Fund's effectiveness



Fragile and Conflict Affected States (FCS)

Support FCS to achieve macro-economic stability, promoting sustainable and inclusive growth, and strengthening their resilience:

- Building on the IMF's comparative advantage and integrating policy advice CD and lending
- Tailor IMF engagement to the specific fragility and conflict contexts
- Leveraging partners to amplify the IMF's impact



Gender Mainstreaming

Integration of gender into the IMF's core activities of surveillance, lending, and capacity development.

- CD in gender budgeting, new course on macroeconomics and gender, gender data hub, promote gender disaggregated data
- Collaboration/partnerships with traditional donors, UN Women, Gates Foundation, Hewlett Foundation



Mainstreaming Climate Action

Climate-informed policy advice, CD, better information and data, lending, and scaled up climate finance work

- Climate CD spans all areas of the Fund's expertise
- RCDCs increasing delivery in climate related CD
- Lending through the Resilience and Sustainability Trust aims to address longer-term structural challenges

CDSR Strategic Vision

If you don't know where you're going, you'll end up somewhere else. -- Yogi Berra



Flexibility: To help members address changing economic challenges.



Integration: To maximize traction of CD and IMF policy advice and lending.



Tailoring: To ensure CD is consistent with country circumstances and absorption capacity, and coordinated with other partners.





Key CDSR Proposals

Strengthening Prioritization and Integration

- Broadly maintain current size of CD relative to surveillance and lending while allowing flexibility.
- Integrate CD strategies for heavy users into staff reports; brief board on Regional Strategy Notes.

Enhancing the Funding Model

- Continue seeking to broaden donor base and increase flexibility of funding vehicles.
- Establish a stabilization mechanism to further mitigate risks of external funding.
- Maintain and modify the charging policy for high-income countries

Enhancing Impact

- Seek explicit agreement on targeted results with country authorities,
- Introduce a strategic results framework; enhance focus of evaluations on impact;
- Introduce formal mechanisms for monitoring and evaluation to inform CD strategy and priorities.

Modalities

- Modernize CD delivery, by leveraging new technologies and effectively utilizing blended delivery tailored to country specific circumstances.
- Review of external training curriculum

Field Presence

- Recognize Regional Capacity Development Centers (RCDCs) as an integral part of the Fund's CD delivery model, strengthen their governance and financing structure and regularly review their coverage.
- Continue to enhance field presence and consider broadening the scope of functions located in the field.

HR Policies

- In the short term and within the existing policy framework take measures to bolster career paths for specialized economists and specialized career staff.
- Modernize and harmonize expert recruitment and management practices.
- Over the medium term, undertake a strategic review of CD HR structure and policies in HQ and field

Key Takeaways

The Fund remains agile

- The CDSR has given us a clear strategic roadmap to help ensure Fund CD is **F.I.T** for purpose.
- D4D is at the leading edge in terms of operationalizing some of the CDSR recommendations:
 - ❑ Consolidation of a large number of bespoke bilateral projects into a more flexible and responsive multi-donor delivery mechanism
 - ❑ Integration of D4D CD with surveillance and lending
 - ❑ Working in coordination with the RCDCs with some flexibility to finance LTXs in the field.
- External financing remains essential to helping meet growing demand