

SWITZERLAND-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Confederation

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

ANNUAL REPORT 2021



SWITZERLAND-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

Subaccount under the IMF
Framework Administered
Account for Selected
Fund Activities

ANNUAL REPORT 2021



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ACRONYMS AND ABBREVIATIONS

AFR	IMF African Department	FAD	IMF Fiscal Affairs Department, IMF
AFRITAC	Africa Regional Technical Assistance Center	FATF	Financial Action Task Force
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism	FIRST Initiative	Financial Sector Reform and Strengthening Initiative
BoA	Bank of Albania	FIU	Financial intelligence unit
BoG	Bank of Ghana	FMIS	Financial Management Information System
BRC	Banco de la República Colombia	FY	Fiscal Year
BSC	Banks under Majority State Control	GFS	Government Finance Statistics
CCAMTAC	Caucasus, Central Asia, and Mongolia Regional Capacity Development Center	IFMIS	Integrated Financial Management Information System
CD	Capacity Development	iLab	IMF Innovation Lab
CDMAP	CD Management and Administration Program	IMF	International Monetary Fund
CSO	Civil Society Organization	IT	Information Technology
DANE	National Administrative Department of Statistics (Colombia)	LEG	IMF Legal Department
EU	European Union	LOU	Letter of Understanding
EUR	IMF European Department	MCD	IMF Middle East and Central Asia Department

MCM	IMF Monetary and Capital Markets Department	PIMA	Public Infrastructure Management Assessment
MEF	Ministry of Economy and Finance	PPP	Public-private partnership
MNRW	Managing Natural Resource Wealth Thematic Fund	RBM	Results-based management
MoF	Ministry of Finance	RPPI	Residential Property Price Index
MTEF	Medium-term expenditure framework	SECO	State Secretariat for Economic Affairs, Switzerland
NBT	National Bank of Tajikistan	SEE Fund	Southeastern Europe Fund
NBU	National Bank of Ukraine	STA	IMF Statistics Department
NBKR	National Bank of Kyrgyz Republic	SNA	System of National Accounts
NBRNM	National Bank of the Republic of North Macedonia	SUNAT	Superintendencia Nacional de Administración Tributaria
OECD	Organisation for Economic Cooperation and Development	TA	Technical Assistance
OIC	IMF Office of Innovation and Change	TADAT	Tax Administration Diagnostic Tool
PFM	Public Financial Management	UN	United Nations
PPRAM	PPP Fiscal Risk Assessment Model	UNDP	United Nations Development Program
		WHD	IMF Western Hemisphere Department

TABLE OF CONTENTS

ii
**ACRONYMS AND
ABBREVIATIONS**

1
INTRODUCTION

3
**THE IMF-SECO
PARTNERSHIP**

7
**BILATERAL PROGRAM:
PORTFOLIO OVERVIEW
AND RESULTS**

8 LOU South

9 LOU Global

18
EVALUATION

20
**LOOKING FORWARD:
PREPARATIONS FOR THE
NEXT PHASE**

22
ANNEXES

23 **Annex 1.**
Project Profiles LOU South

24 **Annex 2.**
Project Profiles LOU Global

29 **Annex 3.**
Program Logframe: LOU East
and South

31 **Annex 4.**
Financial for LOU South

33 **Annex 5.**
Financials for LOU Global

FIGURES

- 4 **Figure 1.**
Partner Contributions: Signed Agreements FY2019-21
- 8 **Figure 2.**
LOU South: Distribution of Funds by Topic
- 10 **Figure 3.**
LOU Global: Distribution of Funds by Topic

BOXES

- 6 **Box 1.**
Anti-Corruption Challenge
- 11 **Box 2.**
Improving Fiscal Transparency Project in Colombia
- 11 **Box 3.**
Public Financial Management in Peru
- 12 **Box 4.**
Public Financial Management in Mozambique
- 13 **Box 5.**
Albania: Safeguarding Stability of the Financial System
- 14 **Box 6.**
Building Capacity on Residential Property Price Indexes
- 15 **Box 7.**
Financial Accounts in North Macedonia - Filling an Important Data Gap
- 16 **Box 8.**
Development and Dissemination of Sectoral Accounts and Balance Sheet Statistics in Colombia

TABLES

- 2 **Table 1.**
The SECO-IMF Partnership
- 5 **Table 2.**
The SECO-IMF Partnership

MAPS

- 9 **Map 1.**
Priority Countries and Commitments under the South Work Program
- 10 **Map 2.**
Priority Countries and Commitments under the Global Work Program

INTRODUCTION

INTRODUCTION

This eleventh Annual Report on International Monetary Fund (IMF) capacity development (CD) activities financed by Switzerland through its State Secretariat for Economic Affairs (SECO) covers the period from May 1, 2020, through April 30, 2021. It serves as a detailed report on the financial status and operations of activities financed through the bilateral Switzerland Subaccount in Fiscal Year (FY) 2021. It synthesizes lessons learned from CD delivered during the reporting period and provides an outlook on the planned future collaboration. It also provides a short overview of the IMF-SECO CD partnership and lists thematic and regional funds in which Switzerland is a contributor.

The IMF provides CD—strategic and hands-on technical assistance (TA), policy-oriented training, and peer-learning opportunities—to help countries design and implement sound economic policies and build

sustainable and resilient institutions. These efforts are an important contribution to countries' progress toward the United Nations (UN) Sustainable Development Goals. CD focuses on the IMF's core areas of expertise, such as public finances, financial sector stability, and economic statistics (Table 1). The IMF also provides CD in cross-cutting issues within its areas of expertise, such as income inequality, gender equality, governance and anti-corruption, and climate change. The IMF is uniquely positioned to support its membership with its global reach, institutional experience, and world-class expertise.

As a core function of the IMF, CD accounted for about 25 percent of IMF spending in FY2021, decreased from 30 percent in FY2020 due mainly to reduction of travel costs because of the COVID-19 pandemic and the need to shift CD delivery to a virtual mode. CD is driven by IMF member

country demand and requested by country authorities. IMF country teams and technical experts develop and implement integrated policy advice and reform strategies of governments' institutions tailored to countries' specific needs.

In response to the COVID-19 pandemic, the IMF has provided real-time policy advice and CD to more than 175 countries. On CD, the IMF reacted quickly to the COVID-19 pandemic by adapting its CD delivery to the new remote environment imposed by the pandemic. It has continued to help member countries address new challenges such as finding digital solutions for direct cash transfers as well as for tax compliance and revenue collection, protecting health expenditures and other social spending, and preparing for the challenges posed by climate change. Participation in the IMF's free online courses has increased sharply.

TABLE 1. THE SECO-IMF PARTNERSHIP

Fiscal Policy and Management	Tax policy and revenue administration, expenditure policy, macro-fiscal frameworks, public financial management, fiscal institutional frameworks, and fiscal risk
Monetary Policy and Financial Systems	Monetary and exchange rate policy, financial stability analysis and macroprudential policy, financial sector supervision and regulation, debt management, and crisis management
Legislative Frameworks	Laws and regulations on economic and financial policies and institutions, and anti-money laundering/combating the financing of terrorism
Macroeconomic and Financial Statistics	External sector, government finance, monetary and financial, national accounts and price statistics, and data dissemination standards
Macroeconomic Frameworks	Macroeconomic diagnostics and analysis, forecasting and modeling, financial programming, and macroeconomic policies

Source: IMF Institute for Capacity Development 2021.

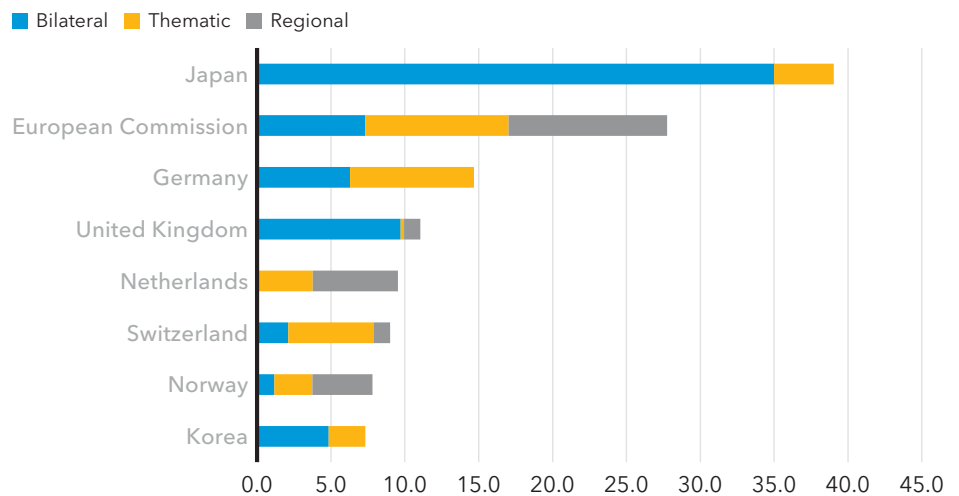
THE IMF-SECO PARTNERSHIP

THE IMF-SECO PARTNERSHIP

Since 1997, through its SECO, Switzerland has partnered with the IMF to finance CD–TA and training– for its constituency and other priority countries. This long-standing partnership covers both bilateral and multipartner arrangements, supporting both country-specific and region-wide efforts (Table 2). It also includes new and innovative initiatives such as the IMF Innovation Lab’s (iLab’s) Anti-Corruption Challenge (see Box 1).

Switzerland is the fifth-largest contributor to IMF CD (Figure 1) based on three-year rolling averages of signed contributions. In FY2021, Switzerland made new contributions of CHF5.5 million to the Southeastern Europe (SEE) Fund, CHF5 million to Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), and US\$3 million to the Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC).

FIGURE 1. PARTNER CONTRIBUTIONS: SIGNED AGREEMENTS FY2019-21
Three-Year Averages - Top 8 Partners (In Millions of US dollars)



Source: IMF Institute for Capacity Development, 2021.

SECO-financed activities are embedded in the broad strategic framework that governs cooperation between SECO and the IMF. This programmatic approach was adopted to (1) better reflect SECO and IMF strategic orientations, (2) improve alignment with SECO’s internal controls

and project cycle management requirements, and (3) enhance the impact and sustainability of interventions. The main goal of all IMF activities is to promote economic stability and sustainable growth, and thus help reduce poverty in member countries.

TABLE 2. THE SECO-IMF PARTNERSHIP

Modalities	Signed Agreements (millions of US\$)	Period Covered (calendar year)
Bilateral Accounts	67.1	
• Old Bilateral Program ¹	18.7	1996-2012
• LOU East	12.8	2009-15
• LOU South	12.0	2010-15
• Conference	0.1	2013
• 2016-2020 Program	23.2	2016-23
• Anti-Corruption Challenge	0.3	2020-21
Multi-Partner Accounts - TFs	72.8	
• AML/CFT Phase I	5.0	2009-15
• AML/CFT Phase II	6.5	2014-20
• AML/CFT Phase III	5.2	2020-26
• Debt Management Facility II	2.5	2014-20
• Debt Management Facility III	1.8	2019-24
• D4D ²	4.2	2018-23
• FIRST Phase II	2.2	2007-14
• FIRST Phase III	5.1	2013-17
• FIRST Phase IV	3.2	2018-22
• FSSF ³	4.0	2017-22
• MNRW Phase I	5.0	2011-17
• MNRW Phase II	7.2	2016-21
• TADAT Phase I	1.3	2014-19
• TADAT Phase II	1.0	2019-24
• Revenue Mobilization (Tax Policy & Administration) Phase I	5.0	2011-17
• Revenue Mobilization (Tax Policy & Administration) Phase II	7.0	2016-21
• SEE Phase 2	6.7	2019-21
Multipartner Accounts - RTACs	35.1	
• AFRITACs	4.9	2003-08
• AFRITAC East Phase III	1.0	2009-15
• AFRITAC East Phase IV	1.0	2015-20
• AFRITAC East Phase V	1.0	2020-25
• AFRITAC West	1.0	2009-17
• AFRITAC West Phase IV	0.5	2017-22
• AFRITAC West II Phase I	5.2	2013-19
• AFRITAC West II Phase II	3.1	2019-24
• AFRITAC South Phase I	3.0	2011-17
• AFRITAC South Phase II	5.1	2017-22
• METAC ⁴	4.5	2016-21
• AFRITAC Central Phase III	1.5	2017-22
• CCAMTAC Phase I	3.2	2021-26
TOTAL	175.0	

Source: IMF Institute for Capacity Development 2021.

¹ There were seven signed LOUs and 21 approved projects.

² Data for Decisions Fund.

³ Financial Sector Stability Fund.

⁴ Middle East Regional Technical Assistance Center.

BOX 1. ANTI-CORRUPTION CHALLENGE



ANTI-CORRUPTION CHALLENGE

MEET THE TEAM:

Enhancing Transparency in Wage Bill Practices: Leveraging Blockchain

Our Blockchain solution mitigates wage bill vulnerabilities to corruption by obtaining timely and comprehensive employment data to support fiscal planning and by strengthening auditing systems. We link officials' appointments to approved budgets by connecting different information sources into a shared ledger, providing officials a tamper-proof audit trail to address inconsistencies.

IMF INNOVATION




ANTI-CORRUPTION CHALLENGE

MEET THE TEAM:

Joining the Dots with Public Officials: Cross-Matching Beneficial Ownership and Financial Disclosures Data to Identify Red Flags

This project identifies corruption risks associated with politically exposed persons. By combining public officials' financial disclosures with beneficial ownership data and other public information, the system generates red flags signaling potential transparency issues such as conflict of interests and other risks.

IMF INNOVATION

Funded by SECO, IMF staff led by the iLab and Legal Department (LEG) sourced proposals from country authorities, other international organizations, and Civil Society Organizations (CSOs) to raise awareness of governance vulnerabilities and severity of corruption, create behavioral change through the use of digital solutions, and increase transparency to enable good governance and tackle corruption in the public sector. The challenge was launched during the IMF Annual Meetings in 2019. It received more than 120 proposals from more than 30 countries around the world, from which four winning proposals were chosen.



ANTI-CORRUPTION CHALLENGE

MEET THE TEAM:

Public Procurement Corruption Risks: Harnessing Big Data for Better Fiscal Governance and Growth

Our intelligence tool uses big data analytics and peer-reviewed methods to identify corruption risks in micro-level public procurement processes and estimate their impact on prices. The user-friendly portal allows policy makers to explore how different policy scenarios could generate macro-level efficiency savings.

IMF INNOVATION

Meet the four winning teams of the IMF's anti-corruption challenge

The project team developed and piloted in Colombia a dynamic tool capable of incorporating different data sets (that is, asset declaration and beneficial ownership) and integrating them into the system's automated forms of data collection and learning programming logic (machine learning). In this way, within a gradual curve of complexity, the system will be able to identify new risks of corruption by taking into account the rules of analysis and patterns of the red flags already detected and registered in the database's historic records. The project is now being implemented in Nigeria.



ANTI-CORRUPTION CHALLENGE

MEET THE TEAM:

Optimizing the Detection of Beneficial Ownership of High-Risk Firms in Brazil

Our tool has two main objectives: optimizing the detection of public contractors owned by a straw man for perpetrating procurement and fraud; and detecting links between high-risk public contractors and firms associated with money laundering activity carried out by violent OC groups. This tool will be used by Brazilian law enforcement agencies fighting corruption and ML.

IMF INNOVATION

The project team developed a dashboard to assess the risks of corruption in procurement. The dashboard is a great tool to assess governance vulnerabilities related to procurement sector and design reforms as appropriate. In addition, the team finalized a working paper on the methodology and results.

The Blockchain project in Guinea-Bissau led by the IMF in collaboration with Ernst and Young, the authorities, and United

Nations Development Program (UNDP) is being implemented and will enable access to reliable and timely information on personnel and salaries to make better decisions, track effective outcomes, and help close gaps in the inefficiencies identified in the wage bill. It is currently being piloted in Guinea Bissau.

The project team created a solid and actionable prototype tool for automating and optimizing the detection of shell companies bidding in public procedures and of their potential beneficial owners in Brazil. The tool has been piloted in Brazil and has identified red flags related to many companies, including those the government procures from under emergency spending.

BILATERAL PROGRAM: PORTFOLIO OVERVIEW AND RESULTS

OPERATIONS AND FINANCIAL PERFORMANCE

Switzerland supports a large portfolio of bilateral CD projects. In 2009-10 SECO contributed about US\$25 million through two letters of understanding (LOUs) to support Swiss priority and constituency countries. An LOU East,¹ which closed in FY2018 and therefore is not covered anymore under this Annual Report, financed 14 projects in Eastern regions. An LOU South² has supported 21 projects, including an independent evaluation and documentation of success stories in Southern regions. One of its last two active projects in Peru has closed with the end of the FY; the other ones in Colombia are expected to close in FY2022. Since 2016, a follow-up program under an LOU Global has been financing 18 projects worldwide.

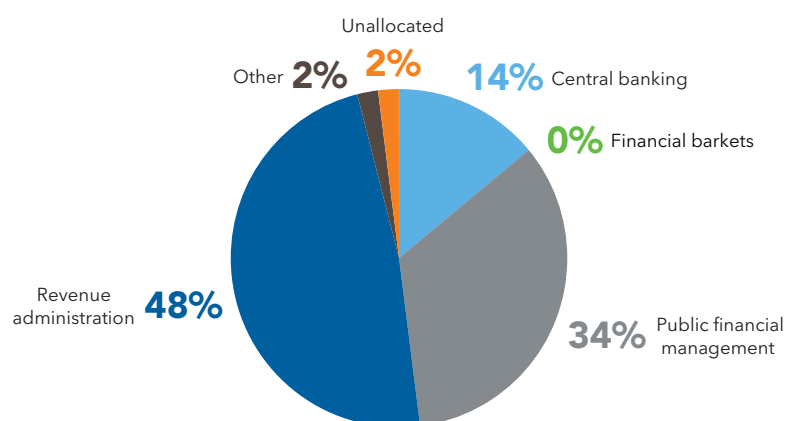
These projects are aligned with Swiss cooperation in these countries and at the same time follow the IMF's demand-driven and country-owned approach to CD. This model of cooperation supports close trilateral information exchange on the ground among staff from CD recipient authorities, SECO, and the IMF.

Projects are guided by strategic logframes (Annexes 1 and 2) that set out eligible activity clusters, the range of potential projects, and indicative outcomes and indicators. Outcomes and indicators for individual projects are customized to the situation on the ground and are reported on in annual progress reports.

LOU SOUTH

As of April 2021, US\$11.8 million (97 percent) of the LOU South funds has been committed to three priority sectors—Revenue Administration (48 percent), Public Financial Management (PFM) (34 percent), and Central Banking (14 percent) (see Figure 2)—of which US\$11.5 million (95 percent) has been expensed. Most of the funding went to countries in the Western Hemisphere (64 percent), followed by Africa (16 percent) and the Middle East and Central Asia (11 percent) (see Map 1). Of the 21 projects approved in the program (including the evaluation and production of success stories), 19 have closed. Annex 4 reviews activities financed by the LOU South program in more detail.

FIGURE 2. LOU SOUTH: DISTRIBUTION OF FUNDS BY TOPIC³



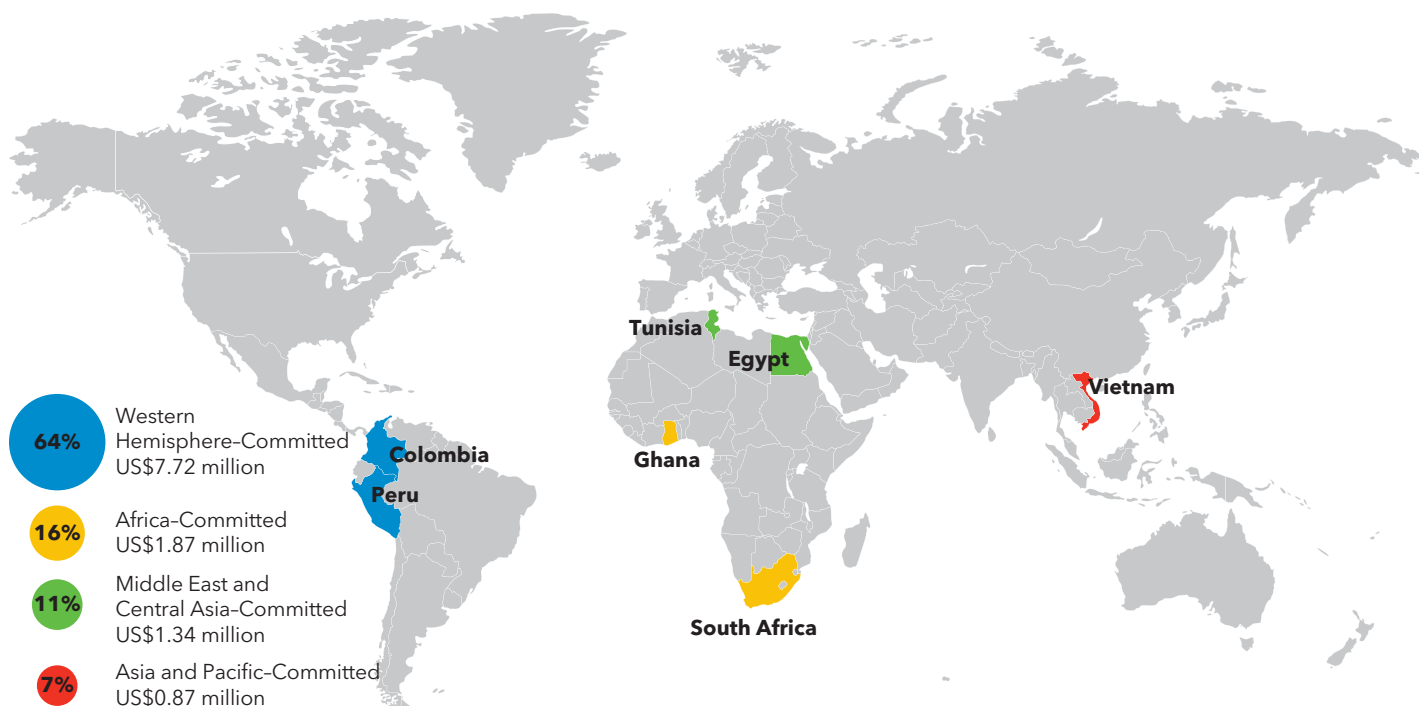
Source: IMF Institute for Capacity Development, 2021

¹ Priority and constituency countries East: Albania, Azerbaijan, Bosnia-Herzegovina, Kosovo, the Kyrgyz Republic, Macedonia, Serbia, Tajikistan, Turkmenistan, and Ukraine. LOU East concluded in FY2018.

² Priority countries South: Colombia, Egypt, Ghana, Indonesia, Peru, South Africa, Tunisia, and Vietnam.

³ Based on approved budgets for ongoing projects and on expenses for closed projects because the remaining balance for closed projects is zeroed out upon project completion.

MAP 1. PRIORITY COUNTRIES AND COMMITMENTS UNDER THE SOUTH WORK PROGRAM



Source: IMF Institute for Capacity Development 2021.

The remaining two projects provided CD on revenue administration to two countries in the Western Hemisphere. Notable results include the following:

- In **Colombia**, a SECO-financed project targeted strengthening of management in tax and customs administration to raise revenue that contributes to long-term and inclusive growth. In 2020, an assessment conducted using the Tax Administration Diagnostic Assessment Tool (TADAT) revealed core strengths and weaknesses of the tax administration system to be addressed in the future. The authorities requested a new project extension until the end of 2021, with a focus on large taxpayer management.
- In **Peru**, a revenue administration project targeted resource mobilization and strengthening management in tax and customs administration by enhancing organizational structures, improving risk management and compliance, and enhancing customs processes. The revenue

administration (Superintendencia Nacional de Administración Tributaria or SUNAT) implemented most of the IMF recommendations related to planning, strategic indicators, management control, tax administration risk management, information management, organizational arrangements, and trade facilitation. In 2019, the SUNAT exceeded the revenue collection goal and increased customs receipts, and the digital transformation process took significant steps toward its consolidation.

LOU GLOBAL

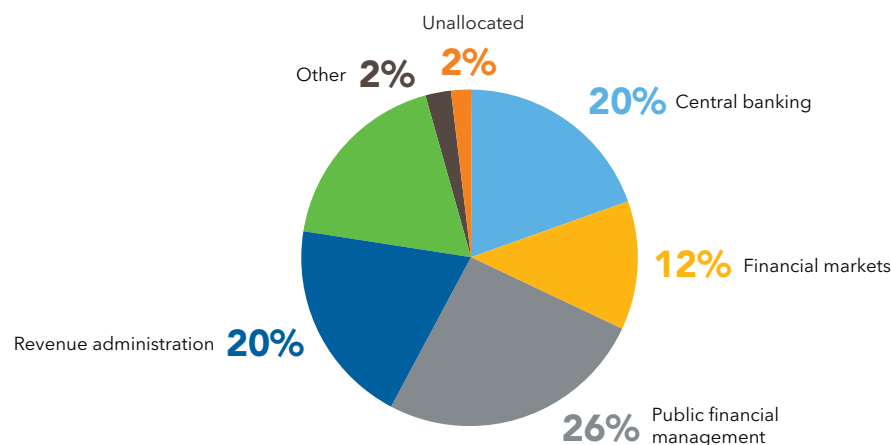
Projects under LOU Global began in June 2016. As of or April 2021, US\$23.6 million (98 percent) of the funds has been committed to projects on PFM (26 percent), central banking (20 percent), revenue administration (20 percent), and statistics (18 percent) (see Figure 3). Of these committed funds, US\$14.9 million (63 percent) has been expensed. Seventy-two percent of the

funding went to country programs, and 29 percent went to regional programs (see Map 2). Of the 18 approved projects, nine have closed. Annex 5 reviews activities financed by the LOU Global in more detail.

In FY2021 under this program the IMF has delivered CD to two countries in the Western Hemisphere through two projects on PFM:

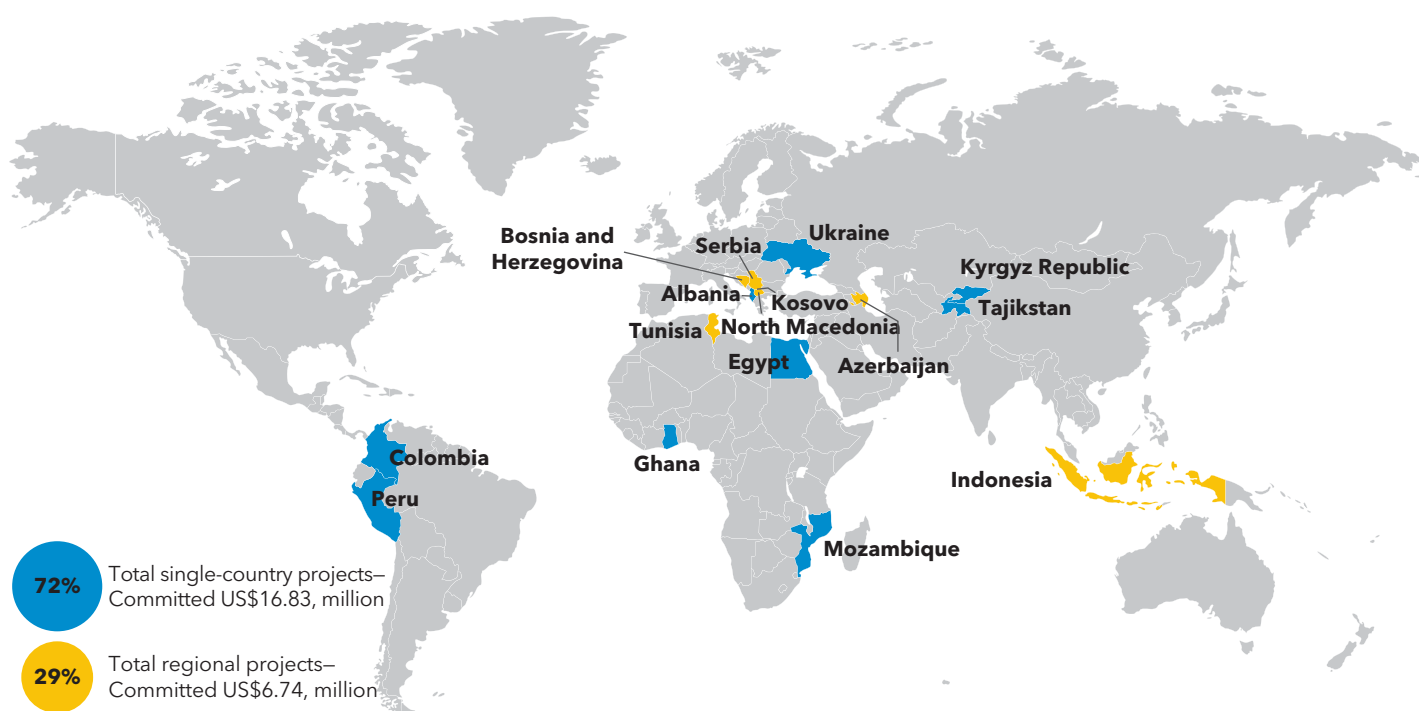
- In **Colombia**, a CD project assisted the Colombian Ministry of Finance (MoF) to strengthen its PFM system and bring it closer to the Organisation for Economic Cooperation and Development (OECD) standards. The rules to harmonize the budget classification across the general government have been issued together with the required adjustments to the information technology (IT) system at the level of the central government. The accounting normative framework is in place. An Integrated Treasury Conceptual Model has been developed for improved integration

FIGURE 3. LOU GLOBAL: DISTRIBUTION OF FUNDS BY TOPIC⁴



Source: IMF Institute for Capacity Development, 2021

MAP 2. PRIORITY COUNTRIES AND COMMITMENTS UNDER THE GLOBAL WORK PROGRAM



Source: IMF Institute for Capacity Development 2021.

of asset and liabilities management. Weaknesses in managing fiscal risks have been identified, and CD activities are being delivered to strengthen the government fiscal risks framework (see Box 2).

- In **Peru**, a public financial management project contributed to the Treasury making progress on fungibility of the accounts, efficiency of the treasury operations, digitalization of payments, and

liquidity management in general. Progress has been made on the Medium-Term Budget Framework, with three-year budget ceilings effectively used, and on assessing fiscal risks (see Box 3).

⁴ Based on approved budgets for ongoing projects and on expenses for closed projects because the remaining balance for closed projects is zeroed out upon project completion.

BOX 2. IMPROVING FISCAL TRANSPARENCY PROJECT IN COLOMBIA

Although the virtual environment due to the COVID-19 crisis slowed the delivery of CD, it also provided an opportunity to experiment with innovative solutions and has led to close communication between the IMF and SECO and within the MoF.

The virtual environment led to closer communication between project managers of SECO-funded projects in Peru and Colombia to find innovative ways to build synergies that can benefit the two countries. As a result of this collaboration, an increased number of experiences and international examples provided for one country were shared with the other country (for instance, work done in Colombia on the recent emergency package was shared with Peru, and the presentation made for Colombia on Spain's conceptual and operational accounting model was also delivered to Peru).

Another successful result in delivering remote CD has been the virtual participation of other units of the MoF that were not directly connected to the main objective of the CD activity and were previously not associated in mission activities. An example is the CD activity delivered on cash reporting, which started with a general request from authorities on cash reporting and culminated in a technical note on how to align cash reporting to accounting and statistical international standards. This guidance focused not only on the necessary information itself—the type of data to be provided by each unit—but also on the procedures to be followed by each unit to collect it. It helped produce more accurate and comprehensive information, as the needs and different uses of the information required by each unit were taken into account.

Finally, it is worth noting the importance of having on board the Financial Management Information System (FMIS) units in virtual meetings where all the operational units are present. This will allow the FMIS units to discuss and take note of the information technology (IT) needs demanded from the operational units and will prevent the likely overlapping of similar requests from different units and unnecessary implementation of partial but not fully developed solutions of the FMIS system.

BOX 3. PUBLIC FINANCIAL MANAGEMENT IN PERU

The recommendations made during the project are gradually being implemented with constant support from the IMF. New areas have arisen during the year in relation to Treasury and fiscal risks management due to the impact of the COVID crisis. The PFM reform package approved by the legislature in September 2018 that consisted of nine legislative decrees in all the PFM areas is still considered the framework for the PFM reform. This implementation has taken a gradual approach.

The COVID crisis has been an opportunity to implement pressing reforms in the areas of treasury fungibility, improving information flows between the entities and the Ministry of Economy and Finance (MEF), and enhancing budget flexibility in practice. Medium-term budget ceilings to guide the budget preparation have been approved by the council of ministers. The project quickly adapted to the remote environment and has successfully delivered more activities than in the previous years on average. Peru has also absorbed more CD than other similar countries during the first half of the year, also adapting quickly on its side and taking advantage of the possibilities of reaching more MEF staff with remote delivery.

In this regard, innovative approaches are being used, such as calls with other countries' ministries of finance to learn from their experience, webinars and interviews on selected topics (Colombia on the recent emergency package, Spain on accounting), trainings with large numbers of MEF officials sitting in the virtual room at the same time (with averages of 30–40 attendees in main meetings), and missions led in the virtual environment with high engagement.

To date, all areas of the project have made significant progress, and most of them are completed from the perspective of the project. However, the related outcomes will need more time and continuous engagement from the counterparts, including political support and involvement from all government levels.

Under LOU Global, CD has been delivered to two African countries. Notable results of CD delivered to two countries include the following:

- In **Ghana**, the resident advisor supported the Bank of Ghana (BoG) in strengthening the regulatory and supervisory capacity. The advisor helped improve the transition to the implementation of the more recent Basel accords (that is, Basel II and parts of Basel III) and improve the organizational framework and practices by used supervisors of risk-based supervision. Ghana has been making positive strides in reforming its bank supervisory and regulatory framework.
- In **Mozambique**, the PFM project aims to enhance fiscal responsibility and strengthen institutional capacity. The project funded a long-term macro fiscal resident advisor to provide support to the Macro Fiscal Unit in the MoF on strengthening macro-fiscal capacity and strategic budgeting. In 2021, key achievements included the preparation of enhanced macro-fiscal forecasts for the 2022

budget cycle, incorporating the fiscal risk statement into budget documentation, and the training of MoF staff in assessing risks related to public private partnerships.

In Southeastern Europe, the program supported projects in two countries. Results include the following:

- **Albania:** The project TA to the Bank of Albania (BoA) supported the medium-term reform program of strengthening banking regulation and supervision. The Bank of Albania developed macroprudential policies largely based on Basel III and regulations and guidance issued by the European Systemic Risk Board. Several elements of Basel III standards, including those relating to large exposures, leverage ratio, market risk, and interest rate risk in the banking book, are under an advanced stage of preparation (see Box 4).
- **Ukraine:** A project supports the MoF of Ukraine to deal with large nonperforming loans in the Ukrainian banking system

and governance of banks under majority state control (BSC). Despite the pandemic and remote work, the BSCs' governance reform process has continued to make good and steady progress, the Ministry of Finance has demonstrated strong leadership, and the established legal framework has proven to be flexible and robust enough to overcome most challenges. Work on internal governance and the commercialization of BSCs has significantly advanced.

In the Middle East and Central Asia, the program supported two countries:

- In **Egypt**, a project aims to support the authorities in implementing targeted PFM reforms to support Egypt's broader fiscal reform agenda. Despite the challenges of virtual delivery during FY2021, the IMF supported the update of the fiscal risk statement outline to reflect recent economic and fiscal developments, including the COVID-19 impacts, and undertook an in-depth review

BOX 4. PUBLIC FINANCIAL MANAGEMENT IN MOZAMBIQUE

This project aims to sustain reforms that are key to enhancing fiscal responsibility, strengthening institutional capacity, and fostering governance and transparency. It seeks to improve strategic resource allocation and spending efficiency. The project funds a long-term macro-fiscal resident advisor who provides technical support to the Macro Fiscal Unit in the Ministry of Finance. The new resident advisor took up his functions in FY2021. He has been providing support on medium-term fiscal framework, macroeconomic and fiscal forecasting, and embedding fiscal policy objectives into the budget preparation and approval cycle.

The project also funds a TA coordinator working in the IMF's Resident Representative's Office to enhance partner outreach and coordination, support IMF staff to ensure the consistency and integration of recommendations emerging from several CD activities, cochair the PFM group with development partners and other PFM TA providers to ensure complementarity, and support the authorities to effectively implement IMF recommendations.

On the CD delivery front, the project funded a CD mission and follow-up activities with strong focus on managing fiscal risks stemming from public-private partnerships (PPPs) (November 2020–March 2021): (1) training on PPP fiscal risk management and the use of PFRAM tool (the PPP Fiscal Risk Assessment Model jointly developed by the IMF and the World Bank), and (2) support for the effective application of PFRAM to Mozambican PPP projects and its utilization for effective fiscal risk management. Achievements in 2021 include the preparation of enhanced macro-fiscal forecasts for the 2022 budget cycle; incorporating the fiscal risk statement into budget documentation; and training of MoF staff in applying PFRAM to assess PPP-related risks and the development of an analysis of PPP risks to be included in the next fiscal risk statement.

of the draft Unified Public Finance Law. In FY2022, a CD assessing Egypt's infrastructure governance and public investment institutions, based on the Public Infrastructure Management Assessment (PIMA) analytical framework, was delivered. The program was extended for one additional year, until February 2023.

- **Tajikistan:** Support to the National Bank of Tajikistan (NBT) has been working to improve its monetary policy operations framework and to move toward an Inflation Targeting framework. The support on strengthening its supervision of the banking sector to NBT aimed to enhance financial stability through

sound and effective functioning of banks in Tajikistan. In both cases, the COVID-19 pandemic has disrupted the implementation of reforms because of authorities' focus on the crisis response.

BOX 5. ALBANIA: SAFEGUARDING STABILITY OF THE FINANCIAL SYSTEM

The three-year multtopic TA project—which ended in September 2020—made a perceptible contribution to the strengthening of financial stability, banking regulation, and supervision in Albania. Financed by the Financial Sector Reform and Strengthening (FIRST) Initiative (July 2017–May 2019) and SECO (June 2019–September 2020), the project was centered on a resident advisor, Rajinder Kumar. BoA's strong commitment to utilization of TA reflects its efforts to make the regulatory and supervisory frameworks aligned with that of the EU, which, apart from strengthening the competitiveness of the banking system, will also potentially contribute toward Albania's alignment with EU regulations.



IMF bank supervision resident advisor at a holiday gathering with the governor, deputy governor, and senior staff of the Bank of Albania.

During the first 18 months of the project, BoA developed macroprudential policies largely based on Basel III and regulations and guidance issued by the European Systemic Risk Board. The main elements of the policy included construction of a systemic risk heat map with the support of two Monetary and Capital Markets Department (MCM) missions; introduction of a quarterly macroprudential commentary for BoA's top management to use; introduction of combined buffer framework comprising capital conservation buffer, counter cyclical capital buffer, and systemic risk buffer; identification of systemically important banks; and calibration of capital surcharge for them.

In the regulatory space, the TA project focused on enhancing and aligning the BoA's prudential regulatory frameworks with Basel III. Several elements of Basel III standards, including those relating to large exposures, leverage ratio, market risk, and interest rate risk in the banking book, are under an advanced stage of preparation. In addition, the TA recommendations sought to strengthen the regulations surrounding consolidated supervision and related party transactions to address the challenges arising from nonfinancial corporate ownership of Albanian banks. With the finalization and testing of the Supervisory Review and Evaluation Process Framework completed, BoA is now ready to implement Pillar 2 of the Basel capital framework, which, in conjunction with the stress testing guidelines issued in 2019, will go a long way in strengthening supervision of the banking system. Draft guidelines on Internal Liquidity Adequacy Assessment Process are also under preparation. Despite COVID-19 disruptions, BoA is committed to finalizing all regulations that are at draft stage as substantial work in that direction has already been completed.

Finally, LOU Global supported four regional programs. Notable results include the following:

- In **Colombia, Peru, Tunisia, and the Ukraine**, TA has been provided to improve capacity for the development and dissemination of Residential Property Price Indexes (RPPIs). Peru and Ukraine had compiled and published a RPI prior to the project commencement. This project brought these data to meet international standards. Colombia has successfully compiled and disseminated an RPI under the assistance provided for the first time (see Box 5). In addition, the RPI practical compilation guide has proven to be an essential tool

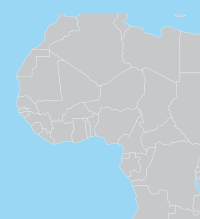
to spread the key methodology underpinning the compilation of the RPI to many countries, as is the case for Georgia (see Box 5).

- In five **Southeastern European countries (Albania, Bosnia and Herzegovina, Kosovo, Serbia, and North Macedonia)**, a government finance statistics (GFS) project has allowed countries to move toward independently compiling good quality data and to disseminate data reliably and consistently on both government operations and debt to Eurostat, the IMF, and the World Bank (for North Macedonia, see Box 6).
- **Colombia, Indonesia, and Peru** have successfully developed estimates of annual and quarterly

sectoral accounts and balance sheets statistics. Colombia and Peru have disseminated the provisional estimates and are now moving to regular production and dissemination⁵ (for Colombia, see Box 7).

- In three **Central Asia and South Caucasus countries (Azerbaijan, Kyrgyz Republic, and Tajikistan)**, CD was provided to assist the authorities in adopting the latest international standards to compile fiscal statistics. The three countries have improved their capacity to produce sound fiscal statistics that support fiscal analysis, evidence-based policymaking, and IMF surveillance.

BOX 6. BUILDING CAPACITY ON RESIDENTIAL PROPERTY PRICE INDEXES



The Second Phase of the G20 Data Gaps Initiative and guidance on Financial Soundness Indicators identify real estate statistics, in particular price changes on residential property, as a critical input into financial stability policy analysis and macroprudential measures. Under this project, the National Administrative Department of Statistics Colombia (DANE) successfully met its objective of compiling a quarterly RPI, with TA from the IMF's Statistics Department and SECO funding. These data were released for the first time on October 15, 2021.⁶ DANE has secured access to necessary administrative data and has built the methodology to compile an RPI for Bogotá with hedonic models based on the MF Statistics Department's (STA's) recommendations. The RPI for Bogotá will be used as a baseline model to extend the coverage to other key cities.

The Residential Property Price Index Practical Guide



The Guide was prepared by STA for data compilers and demonstrates how to compile and disseminate RPPIs. Compilers have expressed the need for practical guidance to complement the theoretical content of the *Handbook*, particularly when transitioning from less to more sophisticated methods. The Guide includes a series of step-by-step instructions that make use of a synthetic data set built by the Central Statistics Office Ireland adapted by STA and R scripts developed specifically for the RPI compilation. This work will help countries with less resources to implement more sophisticated methods because the R codes can be adapted to any data. Georgia was one of the countries that benefited from the Guide to begin compilation and disseminations of the RPI.

⁵ The data for Peru are available here: https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitaless/Est/Lib1808/libro_ingles.pdf

⁶ Available at <https://www.dane.gov.co/index.php/en/statistics-by-topic-1/prices-and-costs/indice-de-precios-de-la-vivienda-nueva-ipvn>



GEOSTAT compiles a quarterly RPPI, disseminated since mid-May 2020. GEOSTAT was lacking programming skills and methodology knowledge to compile the RPPI. The R scripts and the practical descriptions of the methods prepared for the Guide gave GEOSTAT the tools and skills to compile the RPPI with stratification and the characteristics hedonic method.

BOX 7. FINANCIAL ACCOUNTS IN NORTH MACEDONIA - FILLING AN IMPORTANT DATA GAP

Challenge

During the global financial crisis, it became clear to policymakers that there were insufficient data across many dimensions, including balance sheets. Following the crisis, the IMF, other international partners, and G20 countries started the Data Gaps Initiative, encouraging countries to fill some of these gaps. In the meantime, IMF country teams and STA worked together to encourage more use of balance sheet analysis in surveillance. For countries in the western Balkans aspiring to European Union (EU) membership, there are the additional, and more long-standing, EU reporting requirements, which require compilation of data on stocks and flows of financial assets and liabilities for all sectors of the economy, including the general government and its subsectors.

Approach

For the authorities in North Macedonia, filling this data gap to provide the information necessary to meet EU reporting requirements and the granular data needed for balance sheet analysis, has been an ongoing project for the past several years. This work has been led by the Statistics Department at the National Bank of the Republic of North Macedonia (NBRNM), which already compiles North Macedonia's monetary and balance of payments statistics.

Results

The work culminated in December 2020 with the first publication of North Macedonia's annual financial accounts data for 2013-19. These granular balance sheet data provide the first comprehensive look at the general government financial balance sheet in North Macedonia, one of the key outcomes sought under the SECO-financed GFS TA program. This work conducted by NBRNM also places the government balance sheet in the wider context of the North Macedonia economy, enabling an analysis of balance sheet trends over the past several years, which shows the evolution in the financial net worth of the North Macedonia central government over the past seven years, and wider trends in assets, liabilities, and net worth of the rest of the North Macedonia economy.

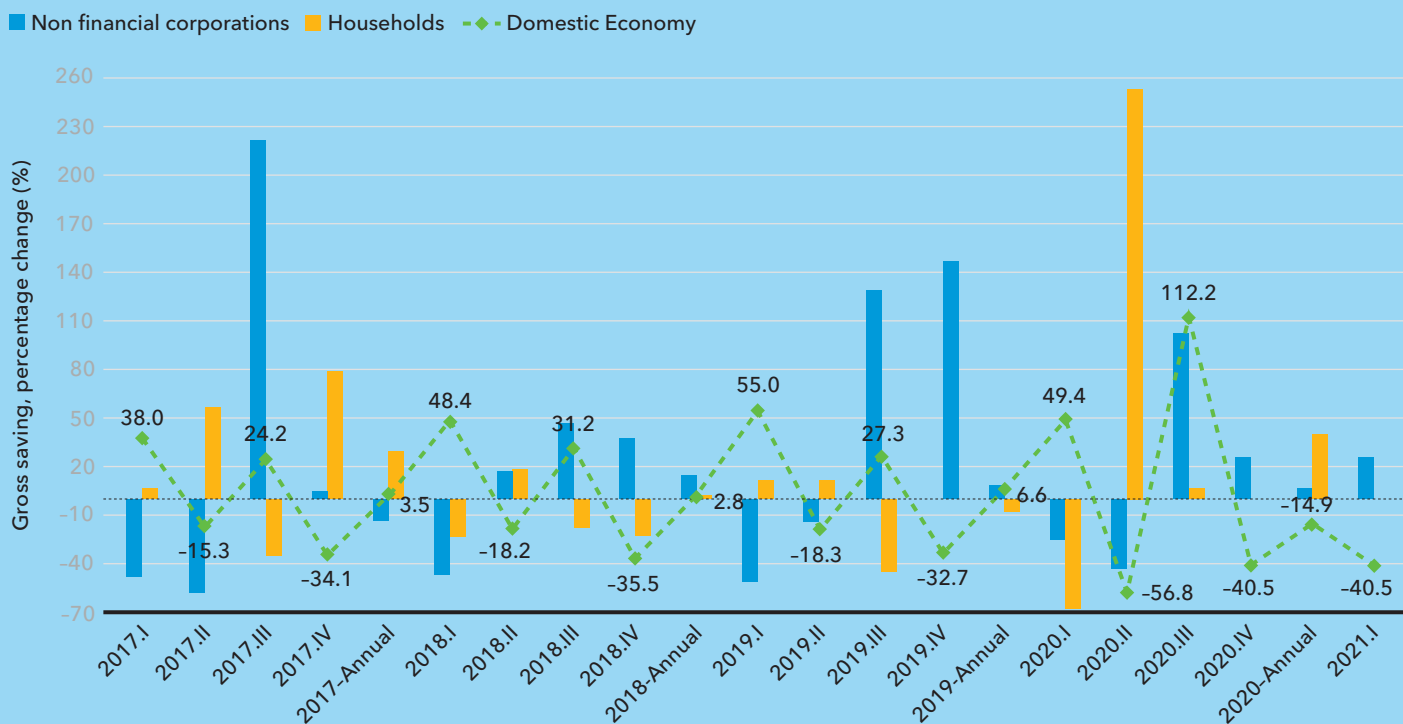
IMF Contribution

The NBRNM has drawn upon the SECO-financed GFS TA (and some additional IMF TA) to support its work, with frequent discussions and meetings on compilation approaches, methodological issues, and estimation techniques. The technical expertise that the IMF has provided has helped strengthen the knowledge, capacity, and confidence of the team at NBRNM and has resulted in a robust data product. This is an important tool for policymakers both inside and outside the country, as well as for those seeking to better understand financial trends in North Macedonia's economy during the last decade.

BOX 8. DEVELOPMENT AND DISSEMINATION OF SECTORAL ACCOUNTS AND BALANCE SHEET STATISTICS IN COLOMBIA

Funded by SECO and with TA provided by the IMF, the DANE and the Banco De La República Colombia (BRC) have developed a series of quarterly sectoral accounts and balance sheets statistics. With some deliverables remaining, the project has been a resounding success for Colombia. Sectoral accounts and balance sheet statistics provide users with an integrated framework through which to understand the interrelationships between the real and financial sectors. They are critical to help the central bank, other policymakers, and private sector analysts detect systemic risks, vulnerabilities, and possible contagion from economic shocks and thus strengthen the foundation for evidence-based economic policymaking.

Gross Saving for the Domestic Economy and the Household and Nonfinancial Corporations Sectors (2017: Q1 to 2021: Q1)



Source: DANE

The estimates, which were published on June 30, 2021, include quarterly (and annual) series from 2017: Q1-2021: Q1 for the full set of accounts in the 2008 System of National Accounts (SNA). The data are presented for each institutional sector and the rest of the world for the current accounts, capital account, and financial account.

Achievements under this project have been due, in large part, to the joint output of DANE and the BRC with the support of Colombia's National General Accounting Office and other data providers. The successful collaboration of these agencies working toward a common goal, agreeing to take on an additional complicated task, and working together on a multiyear project is a remarkable achievement. DANE's and BRC's success can be attributed to several factors, least of which has been the ongoing strong support from their management, the commitment of the national accounts' staff, and ongoing interagency collaboration among the vital data-providing partners. Although under constraints to develop this new data product alongside their regular statistical production, DANE's national accounts team has also been committed to building technical capacity in this frontier area of statistics and to producing the relevant data. Finally, Colombia had useful source data and benefited from having a well-developed national accounts system at the beginning of the project.

Nevertheless, the authorities had to overcome several challenges to meet the project's objectives. First, the project required source data on an ongoing and consistent basis from several agencies in Colombia with responsibility for the various sectors. Moreover, these data needed to be cross-checked and harmonized with existing economic statistics. The entire process, including developing technical capacity, developing data sources, collecting data, and compiling the estimates, required a

significant amount of time and human resources. The final challenge remains the inevitable logistical issues of implementing ongoing statistical production and resolving some foreseeable data challenges stemming from the pandemic.

Going forward, DANE and BRC will continue to improve the estimates and their presentation with input received from users while striving to implement a strategy to maintain momentum and to shift the focus to the medium-term goal of regular production and improvement of the data, including ensuring sufficient human resources dedicated to this workstream. Given that both analyzing the estimates in the ongoing releases and confronting the data with the economic reality are key elements on the feedback loop with data providers, continued capacity building now becomes a key priority.



EVALUATION

EVALUATION

In line with the governance of the IMF's externally financed CD and the Terms and Conditions of the Switzerland Subaccount, an independent evaluation was conducted. The next phase of cooperation will build on lessons learned from past CD and the recommendations of this evaluation.

Overall, the evaluation rated the program as good, with high scores on relevance and efficiency, intermediate scores on effectiveness and sustainability, and a more modest score on impact.⁷ The evaluation notes that the program has done a good job implementing the recommendations of the previous evaluation from 2014. Main findings and recommendations from the evaluation include the following:

- **Operational Guidelines as a successful tool that should evolve together with the strategic and operational maturity of the program.** The Operational Guidelines of the bilateral program have been updated, taking

into account the evaluation's recommendations. They build on a shared commitment to designing impactful funding programs and to working together to enhance program design to clearly reflect how change will be achieved, how recipients will be involved, and how flexibility for adaptive management will be provided.

- **Improved communication between project teams and SECO field staff.** The IMF and SECO have renewed their strong commitment to collaboration and information sharing and have agreed for long-term advisors and SECO country offices to meet and exchange information on a regular basis.
- **Strengthened impact and country ownership through project design and planning.** Going forward, project design and planning will be further strengthened, including through needs assessments and analysis of the political economy. In addition, the IMF and SECO will

explore on a pilot basis the use of inception phases to better involve CD recipients in funding program design and definition of results frameworks.

- **Enhanced use of logframes and results-based management (RBM) for stronger country ownership.** The IMF and SECO are committed to ensuring that authorities remain involved in RBM throughout the project, for instance, through discussion of results frameworks with beneficiaries, including during inception phases. In addition to these findings, the program will be adapted to be compatible with IMF CD Management and Administration Program (CDMAP) and the SECO requirements for overall performance measurements, which will be further discussed at the annual operational consultations. The operational guidelines were furthermore adapted to allow for increased flexibility with budget reallocation.

⁷ The full evaluation is available at: <https://www.imf.org/-/media/Files/capacity-development/Partners/evaluation-imf-seco-cd-development-program.ashx>

LOOKING
FORWARD:
PREPARATIONS
FOR THE NEXT
PHASE

LOOKING FORWARD: PREPARATIONS FOR THE NEXT PHASE

SECO and the IMF have worked together to extend the collaboration for another five years, with the signing of a new LOU expected to take place in 2021. The extension of the collaboration was approved by the Swiss Federal Council in May 2021. The strategic direction of the next phase of the collaboration has been shaped through extensive consultation between SECO and the IMF's various CD departments Fiscal Affairs Department (FAD), MCM, LEG, and potentially others—that would deliver future CD.

Thematic focus areas of CD for the first time will include the cross-cutting areas of climate, resource efficiency and gender equality, digitalization, and governance. SECO will continue to support core thematic areas of IMF CD: PFM, revenue administration and tax policy, macro-fiscal policy, financial

market supervision and regulation, financial market development, and central banking.

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

A tentative workplan for the new program foresees projects on mainstreaming climate change into PFM frameworks, the digitalization of PFM, macro-fiscal policy, PFM projects in Colombia and Peru, and revenue administration CD in Egypt and Peru in the area of fiscal affairs. Regarding

governance, the workplan foresees a project on developing results-based anticorruption reforms. In the financial sector, it foresees follow-up activities on Financial Sector Stability Reform diagnostic work in Vietnam and Tajikistan. Project assessments and preparations are on the way.

Most of the ongoing activities of LOU South and LOU Global are expected to wrap up in FY2022. The last remaining project of LOU South on revenues administration in Colombia is planned to close at the end of 2021 with a remaining budget of US\$0.3 million. Seven activities under LOU Global are ongoing, with three of them expected to close during FY2022. The remaining allocated budget under LOU Global is US\$8.7 million. In addition, US\$0.4 million has not been allocated as of the end of FY2022.

ANNEXES

Annex 1. Project Profiles LOU South

PERU

Western Hemisphere Department (WHD)
FAD_PER_2017_01

Revenue Administration Project
Rojas, Enrique
October 1, 2016–April 30, 2021

US\$1.4 million

KEY OBJECTIVES

The project targets mobilizing resources and strengthening management in tax and customs administration in Peru to raise revenue to contribute to long-term and inclusive growth. This project consolidates results achieved by the tax and customs agency and lessons learned during previous SECO projects.

The project is structured around the following three strategic objectives: (1) strengthen revenue administration, management, and governance arrangements; (2) strengthen core tax administration functions; and (3) strengthen core customs administration functions. It will consolidate the results achieved by the tax and customs agency (Superintendencia Nacional de Aduanas y de Administración Tributaria) under previous projects.

COLOMBIA (WHD)

FAD_COL_2017_02

Revenue Administration Project (SECO)
Antonio Anson
February 6, 2017–December 31, 2021

US\$0.92 million

KEY OBJECTIVES

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

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

Annex 2. Project Profiles LOU Global

COLOMBIA (WHD)

FAD_COL_2017_04

Improving Fiscal Transparency Project

Hurtado Arcos, Ramon

October 1, 2016–November 30, 2021

US\$1.4 million

KEY OBJECTIVES

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

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

EUROPEAN COUNTRIES

FAD_EUR_2017_02

Southeast Europe Revenue Administration

Jensen, Allan Leon/Vesperman, Stephen

January 1, 2017–December 31, 2018

US\$3.2 million

KEY OBJECTIVES

This project supported tax administration reform in Albania, former Yugoslav Republic of Macedonia, and Serbia. Each country is striving to have a modern contemporary administration of its tax system to improve efficiency and effectiveness in preparation for EU accession. The project focused on supporting institutional and taxpayers' compliance management reforms, with initiatives designed to drive change at both strategic (for example, strategic planning, risk analysis, compliance strategy development) and operational (for example, audit and tax arrears enforcement) levels. These CD efforts also addressed, where possible, administrative weaknesses identified in the IMF Tax Administration Diagnostic Tool assessments completed for each country in 2016.

This project was a component of a broader IMF CD program in revenue administration for Southeast Europe, which also included CD activities financed by the EU. This project closed at the end of 2018. A successor joint EU/SECO program started January 1, 2019.

PERU (WHD)

FAD_PER_2017_04

Public Financial Management Project

Alonso Albarran, Virginia

October 1, 2016–November 30, 2021

US\$1.68 million

KEY OBJECTIVES

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

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

ALBANIA

European Department (EUR)
MCM_ALB_2017_03

Monetary Policy Advisor to the Governor of the Bank of Albania
Prokopenko, Vassili
January 16, 2017–July 31, 2018

US\$0.53 million

KEY OBJECTIVES

This project provided TA to the BoA on monetary policy design and implementation at a critical juncture when policy rates had reached a historic low, while economic growth and inflation was picking up slowly from low levels. Structural issues including the persistently high euroization and promoting capital and financial markets development also presented a challenge to monetary policy implementation. The development and implementation of a comprehensive de-euroization strategy yielded concrete results. Additionally, a framework to estimate the optimal banking system liquidity deficit has been developed and instruments to steer the actual deficit with the optimal range have been identified. The framework has been adopted and is currently used for decision making relating to the size of refinancing operations and the portfolio of domestic financial assets.

This project is now closed.

GHANA

African Department (AFR)
MCM_GHA_2017_01

Strengthening Regulatory and Supervisory Capacity at the
Bank of Ghana
Nicholls, Shelton Michael
October 18, 2016–December 31, 2020

US\$1.03 million

KEY OBJECTIVES

This project provides TA in banking supervision to the BoG. In particular, the project focuses on (1) the implementation of the Basel II/III framework, (2) the development of a strategy and framework for the implementation of Pillar 2 of the Basel framework, and (3) the improvement of risk-based supervision processes and practices.

TAJKISTAN

Middle East and Central Asia Department (MCD)
MCM_TJK_2017_02

Strengthening Bank Supervision
Bartholomew, Philip Fred
April 29, 2017–April 30, 2021

US\$0.97 million

KEY OBJECTIVES

This project supports the NBT in strengthening its supervision of the banking sector. At the strategic level, the results expected from this project will contribute to enhancing financial stability in Tajikistan. The project envisioned enhancing the NBT's regulatory framework and supervisory oversight for banks on the basis of the recommendations outlined in the 2015 Financial Sector Assessment Program Update. TA has focused on implementation of the revised framework, assessment and assistance in implementation, and identifying the remaining gaps in the framework.

KYRGYZ REPUBLIC (MCD)

MCM_KGZ_2017_01

Kyrgyz: Banking Supervision and Regulation
El Gemayel, Joelle
April 9, 2017–July 8, 2019

US\$1.12 million

KEY OBJECTIVES

This project aims to assist the National Bank of the Kyrgyz Republic (NBKR) in strengthening bank regulation and supervision. In particular, the project assists the NBKR in implementing the following:

- In concept and in practice, a forward-looking methodology for conducting risk-based supervision on a comprehensive, consolidated basis
- Its Strategic Action Plan to address the recommendations on (1) quality enhancements of banking supervision and regulation, and (2) capacity building in line with the 2013 Financial Sector Assessment Program report.

EUROPEAN COUNTRIES

STA_EUR_2017_01

STA Improve Capacity for GFS in South Eastern European Countries

Stokoe, Philip

June 1, 2016-December 31, 2021

US\$2.13 million

KEY OBJECTIVES

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

INTERNATIONAL MONETARY FUND

STA_IMF_2017_04

Sectoral Accounts and Balance Sheets Compilation

Hammer, Cornelia Lotte

June 1, 2016-December 31, 2020

US\$0.89 million

KEY OBJECTIVES

This project provides TA on sectoral accounts and balance sheets in Colombia, Indonesia, and Peru. Sectoral accounts and balance sheets, using the framework of the 2008 SNA, are critical to help detect systemic risks, vulnerabilities, and possible contagion from economic shocks. As such, they offer the authorities a much deeper knowledge of the economy, the interrelationship between the real sectoral accounts and the financial accounts, and the vulnerabilities in sectors that may spill over to other sectors. The project will thus foster an integrated framework to better understand the transmission and absorption of economic and financial shocks in beneficiary countries, and strengthen the foundation for evidence-based economic policymaking.

INTERNATIONAL MONETARY FUND

STA_IMF_2017_05

STA Improve Capacity for Residential Property Price Indexes

O'Hanlon, Niall

June 1, 2016-December 31, 2020

US\$0.96 million

KEY OBJECTIVES

Under this project, the IMF Statistics Department provides TA to improve capacity for the development and dissemination of Residential Property Price Indexes (RPPIs) in Colombia, Peru, Tunisia, and Ukraine. The project's main objective is assisting the participating countries in developing the capacity in their national agencies to compile and disseminate RPPIs in line with the guidelines and best practices outlined in the Handbook on Residential Property Price Indices.

MIDDLE EAST AND CENTRAL ASIA COU (MCD)

STA_MCD_2017_01

STA Central Asia and South Caucasus Fiscal Transparency (GO)

Jablonska, Ivana

June 1, 2016-April 30, 2020

US\$0.92 million

KEY OBJECTIVES

This project provides TA and training to improve fiscal statistics in the central Asia and South Caucasus region covering Azerbaijan, Kyrgyz Republic, and Tajikistan. The project aims to strengthen the ability of the authorities to (1) better analyze and understand the respective countries' economic developments and underlying fiscal position, (2) formulate and implement appropriate macroeconomic policies, (3) capture and assess fiscal risks, and (4) promote fiscal transparency.

By the end of the project, the three countries are expected to have improved capacity and fiscal statistics for analysis, policymaking, and IMF surveillance.

TAJIKISTAN (MCD)

MCM_TJK_2018_02

Strengthening Monetary and Exchange Rate Policy and Operations at the NBT

Nasser, Abdul

July 1, 2018–April 30, 2021

US\$0.82 million

KEY OBJECTIVES

NBT is working to improve its monetary policy operations framework and move toward an Inflation Targeting framework with the help of the IMF's Monetary and Capital Markets department. The project aims to improve the NBT's capacity and infrastructure to improve market-based monetary and foreign exchange operations, and to develop building blocks necessary for a smooth transition from monetary targeting to an IT framework.

ALBANIA (EUR)

MCM_ALB_2019_01

Banking Regulation and Supervision

Prokopenko, Vassili

July 1, 2018–September 30, 2020

US\$0.69 million

KEY OBJECTIVES

This project aims to assist the BoA in strengthening the regulatory and supervisory frameworks for banks. This will contribute to systemic financial stability and sustained economic growth.

This project builds on the achievements of the predecessor project on safeguarding stability of the financial sector in Albania, which was funded by the FIRST Initiative. The predecessor project focused on three objectives: (1) building a more effective risk-based supervision of banking institutions, (2) advancing the implementation of the Basel II/III framework, and (3) improving the BoA's financial stability framework and the tools to contain the systemic risk.

EGYPT (MCD)

FAD_EGY_2019_01

Budget Reform and Management of Fiscal Risks

Jacques Charaoui

March 1, 2019–February 28, 2022

US\$2.4 million

KEY OBJECTIVES

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

This project will focus on the following:

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

UKRAINE (EUR)

MCM_UKR_2020_01

Strengthening Financial System Stability - Phase II

El Gemayel, Joelle

March 1, 2020-May 31, 2023

US\$2.93 million

KEY OBJECTIVES

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

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

MOZAMBIQUE (AFR)

FAD_MOZ_2021_01

Strengthening PFM Capacity in Mozambique

Felipe Palmeira Bardella

May 1, 2020-April 30, 2023

US\$3.1 million

KEY OBJECTIVES

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

The project includes three pillars:

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

Climate Change

OIC_IMF_2022_01

Office of Innovation and Change (OIC) Climate Challenge

Walker, Tristan

May 3, 2021-July 28, 2023

US\$0.45 million

KEY OBJECTIVES

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

Annex 3. Program Logframe: LOU East and South

Cluster of Activity	Range of Potential Activities	Outcomes	Indicators
Macroeconomic policymaking	<ul style="list-style-type: none"> Capacity building at the central bank and the relevant government entities Facilitation of data exchange institutionalization and policy measures coordination among relevant entities Introduction of macroeconomic modeling and forecasting techniques 	<ul style="list-style-type: none"> Improved capacities for macroeconomic analysis, policy formulation, and forecasting at the entities responsible for fiscal and monetary policymaking Improved interagency coordination of policy measures Reduction of the local economies' crisis vulnerability Institutionalization of policy advice by trained economists Effective inflation control 	<ul style="list-style-type: none"> Number of trained staff Setup of a macroeconomic model at the relevant agencies Availability and exchange of key macroeconomic data Continuous self-assessment and monitoring of the countries' macroeconomic situation Policy advice papers Establishment of an intergovernmental fiscal and monetary policy coordination body Macroeconomic fundamentals, particularly the inflation rate
Public financial management ¹	<ul style="list-style-type: none"> Budget preparation frameworks Budget classification, including implementation of international standards Program and performance-based budgeting Expenditure tracking and medium-term expenditure framework (MTEF) Accounting and reporting systems Cash management Debt management Macroeconomic and fiscal frameworks Natural resource management Tax and customs administration reform Natural resource management Tax and customs administration reform Core tax and customs administration functions and operations Taxpayer services Customs procedures Risk-based compliance and enforcement mechanisms Natural resource management Internal and external audit Public internal financial control 	<ul style="list-style-type: none"> More effective control and governance mechanisms in PFM, taking account of international codes and good practices Improved systems and procedures for budgeting, treasury operations, and expenditure planning and control with appropriate safeguards related to oversight and auditing Enhanced reliability and timeliness of reporting of government financial operations Improved capacity for revenue and budget management Enhanced revenue mobilization Improved legal and institutional framework for the issuance and management of government securities 	<ul style="list-style-type: none"> Adoption and implementation of a modern legal and regulatory framework Implementation of an MTEF Implementation of a program and performance-based budgeting framework Implementation of a comprehensive budget and accounting classification system, including of the Government Finance Statistics Manual (GFSM) 2001 Implementation of a modern debt management, cash management, and banking framework Adoption of International Accounting Standards Implementation of an Integrated Financial Management Information System (IFMIS) Production of timely and accurate fiscal reporting Implementation of a modern intergovernmental fiscal relations framework Increases in tax-to-GDP ratio Enactment new tax laws and taxpayer units Implementation of full self-assessment systems for tax administration Integration of the management of domestic taxes under one accountability structure Setup of medium taxpayer offices Implementation of special taxation regime for small taxpayers Implementation of automated systems for integrated tax administration Increased proportion of imported goods cleared through the green channel Implementation of a compliance and enforcement strategy for customs administration Regular internal and independent external budget audits Volume of traded government securities Improved monitoring of the internal and external debt situation and debt sustainability analysis Improved auction procedures Improved data management and monitoring for government securities

¹ In addition to these structural benchmarks, selected Public Expenditure and Financial Accountability (PEFA) indicators will be used to monitor progress.

Cluster of Activity	Range of Potential Activities	Outcomes	Indicators
Financial markets development	<ul style="list-style-type: none"> • Central bank supervisory powers • Risk-based supervision frameworks • Capital adequacy frameworks • Systemic liquidity management • Supervision of nonbank financial intermediaries • Islamic banking • Government securities 	<ul style="list-style-type: none"> • Improved legal and institutional framework for financial sector supervision and for the issuance and trade in securities • Improved data management • Increase of the number and volume of traded securities • Development of a yield curve 	<ul style="list-style-type: none"> • Increased compliance with the Basel core principles for effective banking supervision • Increased compliance with the Basel I capital adequacy framework, including the incorporation of a capital charge for market risk • Strengthened risk-based supervision frameworks including improvements in both onsite and offsite supervisory methodologies and the development of enhanced risk assessment criteria • Appropriate regulatory frameworks for nonbank financial institutions and emerging areas of financial sector activity such as Islamic banking • Financial volume of the domestic debt market • Number and maturity of new introduced securities (government and private sector) • Development of the secondary market for government securities • Improved auction procedures • Improved data management and monitoring for government securities
Central banking operations	<ul style="list-style-type: none"> • Monetary policy frameworks, instruments and management, and conduct of monetary operations • Inflation targeting, forecasting, and core inflation measurement • Systemic liquidity forecasting • Domestic interbank, money market, and debt market • Debt monitoring, including medium-term asset liability management and medium-term debt strategies • Payments and settlement systems, including standards for mobile payments 	<ul style="list-style-type: none"> • Improved monetary operations, and debt management and payment systems • Enhanced capacities at the central banks • Improved inflation control 	<ul style="list-style-type: none"> • Modernization of national payment systems: formation of SWIFT user group, establishment of a clearing house, implementation of multilateral netting, implementation of CPSIPS (Core Principles for Systemically Important Payment Systems)-compliant regulatory and oversight regime, and popularization of creditpush instruments • Systemic liquidity forecasting: development of an effective liquidity forecasting framework and methodology for forecast error analysis • Inflation forecasting and real exchange rates: publication of inflation and exchange rate indicators • Primary and secondary market development: guidelines on vertical and horizontal repurchase transactions, modification of auction bidding processes, and online bidding • Central bank policy communication: adopting and issuing a communication strategy document • Increased financial services accessibility • Debt management: public debt database, treatment of debt operations in the treasury ledgers in accordance with best international public accounting practices, and debt sustainability analysis
Anti-money laundering/ combating the financing of terrorism (AML/CFT)	<ul style="list-style-type: none"> • Improvement of the institutional basis • Capacity building for relevant agencies • Financial intelligence unit (FIU) institution building • Reports on effectiveness and efficiency of the AML/CFT regime 	<ul style="list-style-type: none"> • Preparation of a national AML/CFT Strategy • Improvement of the legal basis • Strengthened institutional and procedural public infrastructure for AML/CFT 	<ul style="list-style-type: none"> • AML/CFT regulatory frameworks to bring supervision on par with the requirements of new and revised legal frameworks and international standards and best practices • Financial Action Task Force (FATF) and FATF-style regional bodies assessments • Module IV report on the effectiveness of the AML/CFT regime • Annual statistics and reports of government agencies • Enhanced FIU skills and competence
Pensions Systems	<ul style="list-style-type: none"> • Pension system design • Institutional capacity building • Improvement of macroeconomic, financial, and institutional sector preconditions necessary for a multipillar reform 	<ul style="list-style-type: none"> • Development of national laws and constitutional amendments • Setup of a technical unit responsible for pension system management • Introduction of a sustainable multi- or single-pillar system • Increased pension participation 	<ul style="list-style-type: none"> • Number of trained staff • Establishment of pension portfolios • Regular transfer of workers' and firms' pension charges • Regular disbursement of pension payments to the retired • Volume of paid pensions for the aged • Poverty reduction among the aged • Increased national savings

Annex 4. Financial for LOU South

International Monetary Fund Switzerland Global Capacity Building Activities: 2016-2021 Bilateral - Progress Report- Summary Report As of April 30, 2021 (in millions of US Dollars)									
Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
AFRICA						2.10	1.87	...	
Ghana	MCM_GHA_2014_02	Strengthening Regulatory and Supervisory Capacity	Closed	3/3/2014	11/30/2016	0.42	0.42	...	...
Ghana	MCM_GHA_2011_01	Strengthening Regulatory and Supervisory Capacity (BoG)	Closed	4/18/2011	1/31/2014	0.73	0.71	...	...
Ghana	MCM_GHA_2011_02	Enhance Financial Stability Analysis and Reporting	Closed	4/18/2011	1/31/2014	0.41	0.38	...	...
Ghana	LEG_GHA_2011_01	Tax Law Reform	Closed	5/1/2011	4/30/2015	0.29	0.17	...	...
South Africa	FAD_ZAF_2010_01	Strengthening Fiscal Policy Analysis at the National Treasury	Closed	8/2/2010	6/30/2011	0.24	0.19	...	...
ASIA AND THE PACIFIC						1.39	0.87	...	
Indonesia	MCM_IDN_2010_02	Enhance Bank of Indonesia Supervisory Capacity	Cancelled	6/7/2010	12/31/2011	0.25	0.00	...	...
Vietnam	FAD_VNM_2010_01	Strengthening Tax Policy and Administration	Closed	6/29/2011	10/31/2013	1.13	0.87	...	...
MIDDLE EAST AND CENTRAL ASIA						3.55	1.34	...	
Egypt	FAD_EGY_2015_02	Strengthening Budget Formulation	Closed	3/1/2016	6/30/2018	0.52	0.44	...	...
Egypt	FAD_EGY_2015_03	Tax Administration	Closed	3/1/2016	4/30/2017	0.52	0.39	...	...
Tunisia	FAD_TUN_2014_03	Tax Policy and Administration	Closed	2/1/2014	4/30/2016	1.30	0.22	...	...
Egypt	FAD_EGY_2010_02	Strengthening the Tax Administration Reform Agenda	Cancelled	12/14/2010	4/30/2015	0.49	0.14	...	...
Egypt	FAD_EGY_2010_03	Strengthening Fiscal Management Capacity	Cancelled	2/28/2011	4/30/2014	0.73	0.15	...	...

International Monetary Fund
 Switzerland Global Capacity Building Activities: 2016-2021
Bilateral - Progress Report- Summary Report
 As of April 30, 2021
 (in millions of US Dollars)

Region/ Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
WESTERN HEMISPHERE						8.42	7.19	0.30	
Colombia	FAD_COL_2017_02	Revenue Administration	Approved	2/6/2017	12/31/2021	0.92	0.63	0.29	68%
Peru	FAD_PER_2017_01	Revenue Administration	Approved	10/1/2016	4/30/2021	1.40	1.39	0.01	99%
Colombia	FAD_COL_2009_01	Modernizing Debt and Treasury Management	Closed	7/10/2010	4/30/2013	0.95	0.80	...	...
Colombia	FAD_COL_2013_01	Public Financial Management	Closed	8/29/2013	4/30/2016	0.50	0.44	...	...
Regional	FAD_PER_2010_02	Support for Treasury and IFMIS Modernization	Closed	11/1/2010	12/31/2014	2.34	2.05	...	...
Regional	FAD_WHD_2015_01	Consolidating Reform of Tax and Customs Administration	Closed	9/1/2014	12/31/2015	0.80	0.69	...	...
Regional	FAD_WHD_2011_01	Reform and Modernization of Tax & Customs Administration	Closed	2/28/2011	4/30/2014	1.51	1.20	...	...
OTHER						0.34	0.23	...	
	ICD_IMF_2015_01	Evaluation Report	Closed	9/3/2014	1/31/2015	0.21	0.15	...	...
	ICD_CHE_2013_01	Video Production of SECO Funded Success Stories	Closed	6/18/2012	9/30/2014	0.13	0.08	...	...
Subtotal						15.80	11.50	0.30	

Agreement Summary

Contributions to Date	12.00
Net Transfers	-
Interest Earned	0.11
Total Inflows (A)	12.11
Expenses	11.50
Remaining Budget (including projects pending approval)	0.30
Total Outflows(B)	11.80
Future Contributions (based on signed agreements) (C)	-
Total Available and Future Contributions (A-B+C)	0.31

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

Annex 5. Financials for LOU Global

International Monetary Fund Switzerland Global Capacity Building Activities: 2016-2021 Bilateral - Progress Report- Summary Report As of April 30, 2021 (in millions of US Dollars)									
Region/Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/ Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
AFRICA						4.13	1.06	2.99	
Ghana	MCM_GHA_2017_01	Strengthening Regulatory and Supervisory Capacity at the BoG	Closed	10/18/2016	12/31/2020	1.03	0.95	...	...
Mozambique	FAD_MOZ_2021_01	Strengthening PFM Capacity in Mozambique	Approved	5/1/2020	4/30/2023	3.10	0.11	2.99	...
SOUTHEASTERN EUROPE						9.48	6.14	2.26	
Albania, FYR Macedonia, and Serbia	FAD_EUR_2017_02	Southeast Europe Revenue Administration	Closed	1/1/2017	12/31/2018	3.20	2.34	...	...
Albania	MCM_ALB_2017_03	Monetary Policy Advisor to the BoA	Closed	1/16/2017	7/31/2018	0.53	0.57	...	...
Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia	MCM_ALB_2019_01	Albania: Banking Regulation and Supervision	Closed	6/1/2019	9/30/2020	0.69	0.43	...	...
	STA_EUR_2017_01	STA Improve Capacity for GFS in South Eastern Europe	Approved	6/1/2016	12/31/2021	2.13	1.90	0.23	89%
Ukraine	MCM_UKR_2020_01	Strengthening Financial System Stability - Phase II	Approved	3/1/2020	5/31/2023	2.93	0.90	2.02	31%
MULTI-REGION						1.84	1.40	...	
Colombia, Indonesia, and Peru	STA_IMF_2017_04	Sectoral Accounts and Balance Sheets Compilation	Closed	6/1/2016	12/31/2020	0.89	0.80	...	...
Colombia, Peru, Tunisia, and UK	STA_IMF_2017_05	Improve Capacity for Residential Property Price	Closed	6/1/2016	12/31/2020	0.96	0.60	...	...
MIDDLE EAST AND CENTRAL ASIA						6.21	3.33	2.69	
Egypt	FAD_EGY_2019_01	Budget Reform and Management of Fiscal Risks	Approved	3/1/2019	2/28/2022	2.38	0.34	2.04	14%
Kyrgyz Republic	MCM_KGZ_2017_01	Banking Supervision and Regulation	Closed	4/9/2017	7/8/2019	1.12	0.99	...	...

International Monetary Fund
Switzerland Global Capacity Building Activities: 2016-2021
Bilateral - Progress Report - Summary Report
As of April 30, 2021
(in millions of US Dollars)

Region/Country	Project ID	Project Description	Status	Start Date	End Date	Latest Approved/Proposed Budget	Expenses	Remaining Balance ^{1/}	Execution (%)
Tajikistan	MCM_TJK_2017_02	Strengthening Bank Supervision	Approved	4/29/2017	4/30/2021	0.97	0.88	0.08	91%
Tajikistan	MCM_TJK_2018_02	Strengthening Monetary and Exchange Rate Policy and Operations at the NBT	Approved	7/1/2018	4/30/2021	0.82	0.25	0.57	30%
Azerbaijan, Kyrgyz Republic, and Tajikistan	STA_MCD_2017_01	Central Asia Fiscal Transparency (GO)	Closed	6/1/2016	4/30/2020	0.92	0.86	...	...
WESTERN HEMISPHERE						3.08	2.83	0.25	
Colombia	FAD_COL_2017_04	Improving Fiscal Transparency Project	Approved	10/1/2016	11/30/2021	1.40	1.25	0.15	89%
Peru	FAD_PER_2017_04	Public Financial Management	Approved	10/1/2016	11/30/2021	1.68	1.58	0.10	94%
OTHER						0.62	0.14	0.48	
Switzerland	ICD CHE 2019 01	SECO Governance and Evaluation	Closed	5/1/2018	9/30/2020	0.14	0.14	...	...
OIC Climate Change	OIC_IMF_2022_01	OIC Special Program	Approved	5/3/2021	7/28/2023	0.48	...	0.48	0%
Subtotal						25.36	14.90	8.67	

Agreement Summary

Contributions to Date	24.09
Net Transfers	(0.86)
Interest Earned	0.76
Total Inflows (A)	23.99
Expenses	14.90
Remaining Budget (including projects pending approval)	8.67
Total Outflows (B)	23.57
Future Contributions (based on signed agreements) (C)	-
Total Available and Future Contributions (A-B+C)	0.42

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



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on Capacity Development

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