

SCHEMATIC DIAGRAM: CD STRATEGY REVIEW

KEY TRENDS

Changing
Country Needs

Lessons from
the Pandemic

Implementation
of Past CDSRs

Reliance on
External Financing

Expanding
CD Footprint

Growing Importance
of Specialist Skills

VISION

Flexibility | Integration | Tailoring

Prioritization
and Integration

Modalities

Funding Model

Field Presence

Monitoring
and Evaluation

HR Policies

STRATEGY

Over 40 bilateral and multilateral partners finance about one half of the IMF's capacity development efforts around the world.



Learn more about IMF CD
and our top IMF Partners at
IMF.org/capdev.



Capacity Development STRATEGY REVIEW

CAPACITY DEVELOPMENT HEALTH CHECK

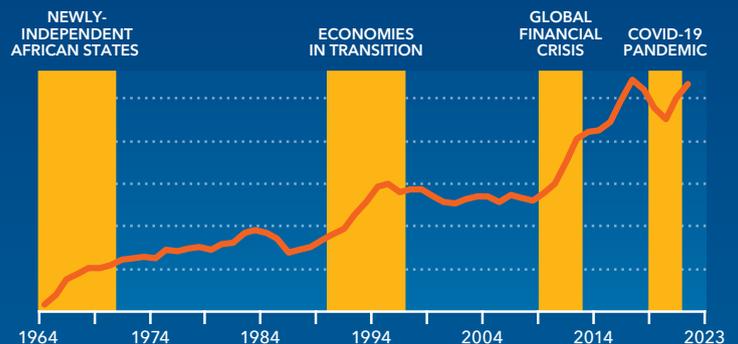
Every five years, the IMF undertakes a comprehensive review of its capacity development (CD) strategy. As a core function of the Fund, CD accounts for around one-third of our direct work with member countries and supports them to develop human capacity and build institutions for sound macroeconomic policies.

Regular reviews of our CD strategy are vital to ensure that the Fund's CD continues to be of high quality and well-focused on the priority needs of member countries. The past two CD strategy reviews in 2013 and 2018 led to a series of reforms to increase the efficiency and impact of CD, while strengthening its internal governance.

The 2024 review builds upon these reforms to advance the evolution of the Fund's CD. It calls for CD to become more flexible, better integrated with the Fund's economic analysis and lending activities, and well-tailored to respond to member needs. This review benefitted from the recent independent evaluation of IMF CD and a wide range of inputs, including internal and external consultations with stakeholders, surveys of recipients and development partners, staff background studies, and recommendations of an External Advisory Group.

Fund Capacity Development Spending Over Time

(Index 1964=100, in FTE)

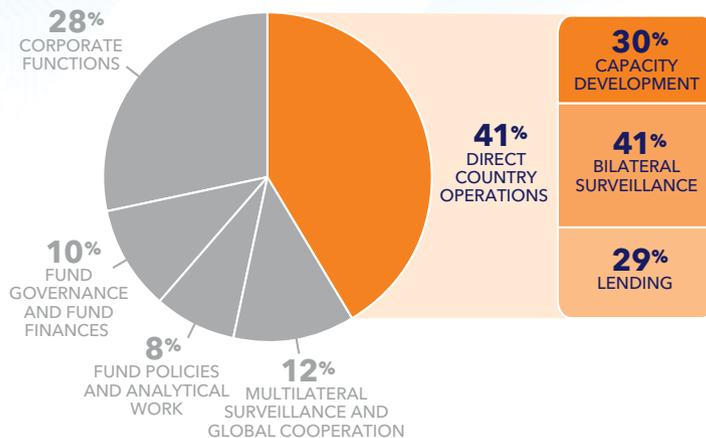


Source: Fund staff estimates.

The strategic vision for the Fund's CD is informed by its comparative advantages and the Fund's surveillance priorities amid a changing global CD landscape, characterized by elevated uncertainties from higher debt, geopolitical tensions, climate change and digitalization. The reform proposals of the current review center around the **SIX KEY AREAS**:

- strengthening CD prioritization and integration,
- enhancing the funding model,
- strengthening monitoring and evaluation,
- modernizing modalities,
- increasing field presence, and
- reviewing our human resources policies.

Country Operations Spending by Major IMF Activities, FY2023
(percent of total)



Source: Fund staff estimates. Excludes minor miscellaneous items and travel.
Note: Country operations spending excludes Activities related to policy, analytics, and other output areas

CD F-I-T FOR PURPOSE

After this review, the IMF will further fortify its CD to ensure it remains a highly effective and integrated pillar of IMF support to member countries. To summarize, our goals for the medium-term are:



Flexibility

To ensure we strike the right balance with programmatic and short-term CD, we will strengthen monitoring and reporting as well as strengthening our agility to factor in new priorities.



Integration

We will aim to improve coverage of CD in staff reports for countries benefiting from extensive CD along with stocktaking opportunities to strengthen capacity for integration with policy advice and IMF programs.



Tailoring

Tailoring has led to better results, as supported by external evaluations and staff analysis. It has also helped reinforce ownership throughout the project lifecycle. Modernizing modalities, including by leveraging technology, can further increase the efficiency, tailoring, and impact of CD. Moreover, tailoring to country circumstances and closer collaboration are key drivers of CD effectiveness.

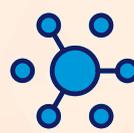
Comparative Advantages of IMF Capacity Development



DEMAND-DRIVEN, provided to members on request. It is not conditional upon lending.



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



CONVENING POWER that allows IMF to link member's domestic policy agendas effectively with global trends, coordinate with other development partners, and direct CD to support key reforms.



Noteworthy **DIAGNOSTIC** and **ASSESSMENT TOOLS** that draw upon the IMF's technical expertise and comprehensive coverage and often forms the basis for follow-up CD even from other providers.



Comprehensive **POLICY-ORIENTED TRAINING** that we offer to government officials on macroeconomic policy.