MONETARY AND
CAPITAL MARKETS

CAPACITY DEVELOPMENT ANNUAL REPORT

2020

"Strengthening economic foundations can have the greatest long-term impact on the economic and social wellbeing of people."

Antoinette Sayeh

Deputy Managing Director,
International Monetary Fund

PREFACE

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As part of our mission to improve livelihoods through the pursuit of global economic and financial stability, the IMF provides Capacity Development (CD)—technical assistance (TA), training, and hands-on practical advice—to help governments strengthen public institutions and implement sound policies. The IMF's CD work represents about one-third of our activities and is part of our core mandate—alongside surveillance of the international monetary system and financial support to member countries.

Together, these efforts help governments and their staff gain the tools and confidence they need to build and implement modern policy frameworks that ensure long-term stability, spur inclusive and balanced growth, and enable many of our low-income countries to advance progress towards meeting the Sustainable Development Goals (SDGs).

The impact of COVID-19 on the global economy has highlighted just how critical the role of sound economic institutions is in times of crises. As countries navigate the fallout of the crisis and start the road to recovery, policymakers will need to create platforms for resilient, sustainable, and inclusive policies, and CD is often at the forefront of this process. Just as we have done for more than 50 years, the IMF will continue to support our membership with technical guidance, policy-oriented training, and capacity building during this challenging period.

IMF CD covers a broad range of macroeconomic, financial, and structural issues, including development areas in line with the SDGs—e.g., income and gender inequality, climate change, and corruption as well as enabling countries to benefit from digitalization. While our priority is to focus on low-income, fragile, conflict-affected, and small states, demand for our CD has risen significantly since the pandemic, and the Fund has already provided CD to more than 85 percent of our member countries, including emerging and advanced economies, in just the last few months.

Our ability to do this—to deliver TA and training on such a large scale—is due in large part to our many donor partners, who finance more than half of the Fund's CD operation. I am very grateful for their continued support and look forward to collaborating with our donor partners and aid agencies on the IMF's COVID-19 Crisis Capacity Development Initiative—which has been designed to address the critical pandemic-related CD needs of our membership.

As we look ahead and take steps to restore the state of the global economy, I would like to take a moment and look back on some of our accomplishments in CD during the past year. This report by the IMF's Monetary and Capital Markets Department (MCM) provides an overview of the Fund's capacity building in the monetary and financial sectors during fiscal year 2020 (FY2020) and highlights several case studies reflecting the diversity in our engagements.[1]

I am especially pleased to see the efforts being made to promote financial inclusion by embracing opportunities in fintech, help financial institutions manage cyber risks, and enhance transparency in public debt management. I know that some of this work has already laid the foundation for recovery, and I am hopeful that together we will continue to build on these achievements for years to come.

[1] This report was prepared by staff from MCM's Technical Assistance Strategy Division under the guidance and supervision of Jennifer Elliott. The core team comprised Veronica Bacalu, Sangeeta Nambi, Vassili Prokopenko, Jie Ren, and Anna Vlassova. Many MCM staff provided input to the report.

PREFACE

Tobias Adrian

Financial Counsellor and Director,
Monetary and Capital Markets Department

MCM provides capacity development to IMF member countries on a variety of monetary and financial sector issues. We engage primarily with: (i) central banks to modernize their monetary and exchange rate frameworks; (ii) financial sector regulators and supervisors to support sustainable financial inclusion; and (iii) finance ministries to enhance public debt management and market development. In FY2020, we made significant progress in these areas while also addressing emerging CD needs and other priorities outlined in the IMF's CD Strategy. The year, however, ended unlike any other as the world was left facing extraordinary challenges against the backdrop of the COVID-19 pandemic.

Recognizing that it is, first and foremost, a public health crisis, the dire effects of the pandemic on the state of the economy were truly unprecedented. As governments began to impose lockdowns to contain the outbreak, economic activity saw dramatic slowdowns on a global scale. The abrupt tightening of financial market conditions left many countries, especially the poorest and most vulnerable, in need of immediate financial assistance and crisis-related policy advice. At the same time, the IMF was transitioning to fully remote operations and learning how to navigate the "new normal," while rushing to evacuate staff and field experts to their homes ahead of forthcoming travel bans.

Naturally, traditional CD delivery (e.g., on-site missions and deployment of field-based experts) declined drastically during this period, but our CD engagements never ceased, even amidst the difficulties imposed by the pandemic. On the contrary, I am proud to note how quickly the Fund was able to step up and find innovative solutions to address the critical needs of our members virtually. In MCM, for example, we rapidly produced a set of COVID-19 guidance notes on tackling crisis response and disseminated them through a series of online webinars for hundreds of participants across many regions. Given their high demand, these webinars still take place regularly and will continue into the coming months.

On a personal note, I would like to thank all MCM staff, resident advisors, and short-term experts for their tireless efforts and unwavering dedication to serve the Fund's membership in these difficult circumstances. I also share these achievements with our CD recipient counterparts, the many colleagues from IMF country teams and other departments, and the Fund's donor partners, whose collective commitment makes our success possible.

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ACRONYMS AND ABBREVIATIONS

AD	IMF Area Department
AFRITAC	IMF Regional Technical Assistance Center in Africa
AFC	AFRITAC Central
AFE	AFRITAC East
AFS	AFRITAC South
AFW	AFRITAC West
AFW2	AFRITAC West 2
BIS	Bank for International Settlements
BM	Bank of Mozambique
BNM	Bank Negara Malaysia
BOA	Bank of Albania
BOT	Bank of Thailand
BOU	Bank of Uganda
BSL	Bank of Sierra Leone
BSS	Bank of South Sudan
CAPTAC-DR	IMF Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic
CARTAC	IMF Caribbean Regional Technical Assistance Centre
CBDC	Central Bank Digital Currency
CBM	Central Bank of Myanmar
CBS	Central Bank of Somalia
CCAMTAC	IMF Caucasus, Central Asia, and Mongolia Technical Assistance Center
CD	Capacity Development
CDB	Caribbean Development Bank
CDMAP	CD Management and Administration Program
CDOT	IMF Capacity Development Office in Thailand
CEF	IMF Middle East Center for Economics and Finance
CFS	Countries in Fragile Situations
COM	IMF Communications Department
CPSS-IOSCO	Committee on Payment and Settlement Systems—International Organization of Securities Commissions
DMF	Debt Management Facility
EAC	East African Community
EME	Emerging Market Economy
Fintech	Financial Technology
FIRST	Financial Sector Reform and Strengthening Initiative
FMI	Financial Market Infrastructures
FMIP	Financial Market Infrastructures & Payments
FSAP	Financial Sector Assessment Program

FSSF	Financial Sector Stability Fund
FSSR	Financial Sector Stability Review
FTE	Full-Time Equivalent
FY	Fiscal Year
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HQ	IMF Headquarters
ICD	IMF Institute for Capacity Development
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPF	Integrated Policy Framework
JVI	Joint Vienna Institute
LEG	IMF Legal Department
LLMIC	Low- and Lower-Middle-Income Country
LTX	Long-Term Expert
MCM	IMF Monetary and Capital Markets Department
MNO	Mobile Network Operator
MNRW	Managing Natural Resource Wealth Trust Fund
NB	Norges Bank
NBU	National Bank of Ukraine
NPS	National Payments System
OECD	Organization for Economic Cooperation and Development
PFMI	Principles for Financial Market Infrastructures
PFTAC	IMF Pacific Financial Technical Assistance Center
PSP	Payment Service Provider
RAP	Resource Allocation Plan
RBF	Reserve Bank of Fiji
RBM	Results-Based Management
RES	IMF Research Department
RTAC	IMF Regional Technical Assistance Center
RTC	IMF Regional Training Center
SARTTAC	IMF South Asia Regional Training and Technical Assisttance Center
SDG	Sustainable Development Goal
SEACEN	South East Asian Central Banks Research and Training Centre
SECO	Swiss State Secretariat for Economic Affairs
SMP	Staff-Monitored Program
STA	IMF Statistics Department
STI	Singapore Regional Training Institute
STX	Short-Term Expert

SECTION I

MCM CD DELIVERY IN FY2020

This report sets out MCM CD activities—consisting of technical assistance (TA) and training—in FY2020 with a look at CD delivery trends from multiple angles, including regional, topical, modality, and financing perspectives.

The report comes at a challenging time for the global economy and for the delivery of capacity development, as the COVID-19 crisis continues to grip many countries, disrupt economic activity, and prevent travel. As in past years, we discuss our CD strategy, survey our delivery, and highlight new CD areas such as fintech, cybersecurity, and modeling, including through case studies. Recognizing the extraordinary events of this year, the report also reflects on the operational disruption to CD work caused by the COVID-19 pandemic. The report discusses the evolving CD needs of member countries in this unprecedented time, and what the current crisis means for our current and future CD operations.

SECTION I

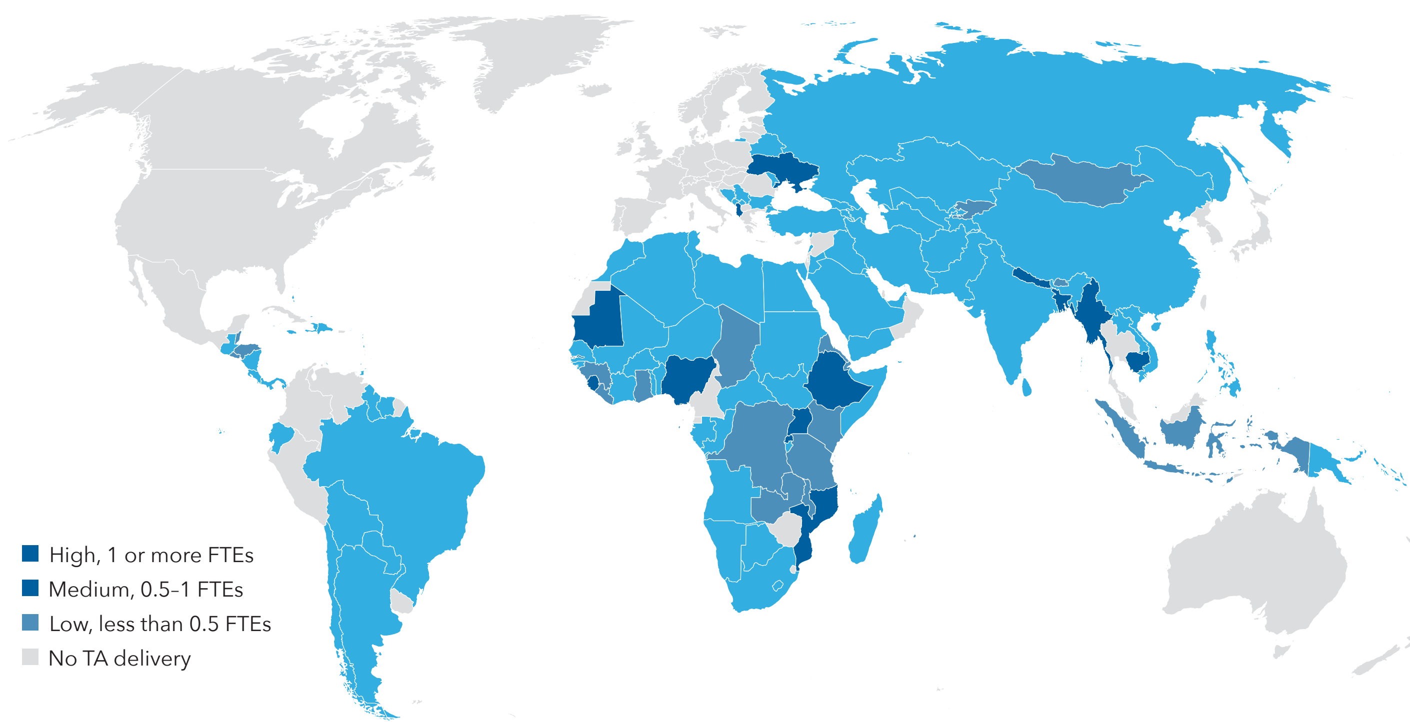
A

CD DELIVERY TRENDS: STRONG DELIVERY ACROSS THE BREADTH OF FINANCIAL SECTOR TOPICS

MCM CD activities in FY2020 were rich and diverse.[2] Thanks to the strong support from all stakeholders—including member countries, donors, cooperating institutions, and other partners—our CD activities remained focused on member needs, and the global intensity of MCM CD delivery in FY2020 demonstrates our persistent outreach to member countries in all regions across the globe (Figure 1). Several countries (e.g., Curacao, Equatorial Guinea, Micronesia, Niger, Turkmenistan, and Turks and Caicos Islands) were added to the list of CD recipients in FY2020 from no CD in FY2019. Also, CD delivery intensified from low to medium in some countries (e.g., Belize, Djibouti, El Salvador, Eritrea, Indonesia, Mauritius, and Sao Tome and Principe).

[2] FY2020 covers the period from May 1, 2019 to April 30, 2020.

FIGURE 1. GLOBAL INTENSITY OF MCM CD FIELD DELIVERY, FY2020



MCM CD activities were abruptly impacted in the last quarter (Q4) of FY2020 by the COVID-19 pandemic. During first three quarters of FY2020, our CD activities followed the usual course, but then the wide-scale global travel restrictions and evacuation efforts in the wake of COVID-19 crisis led to almost a complete halt of field delivery of CD in Q4. Although MCM has adapted rapidly to the crisis, resorting to various virtual/remote methods (e.g., video- and tele-conference, webinar, online fora) as the primary mode of CD delivery, the COVID-19 pandemic raises many complex challenges to our CD activities, as discussed in section III of this report. The amount of CD delivered in Q4 of FY2020 halved to 11.4 full-time equivalents (FTEs), which was only 18 percent of the total CD delivered in FY2020 (compared to 27 percent in FY2019).[3] As a result, the total CD delivery in FY2020 was lower than planned and relative to FY2019: less missions (836) and lower volume of total CD delivery (63 FTEs) compared to FY2019 (1,092 missions and 75 FTEs) (Figures 2, 3, and 4). In this connection, CD delivery to countries in fragile situations (CFS) also dropped slightly from 16 FTEs in FY2019 to 12 FTEs in FY2020, accounting for 19 percent of total CD delivery in FY2020.[4] It is worth noting that the share of CD to the CFS remained broadly steady since FY2011 as MCM maintains active engagement with these countries by focusing on their challenges and providing capacity building support and policy advice tailored to their unique needs.

[3] One FTE, or full-time equivalent, also referred to as "person-year," reflects the resources of one person working full-time for one year.

[4] These countries face particularly challenging economic problems, reflecting their limited administrative capacity and vulnerability to political, security, and other shocks.

FIGURE 2. TRENDS IN MCM CD DELIVERY, FY2011–20
(In FTEs and number of missions)

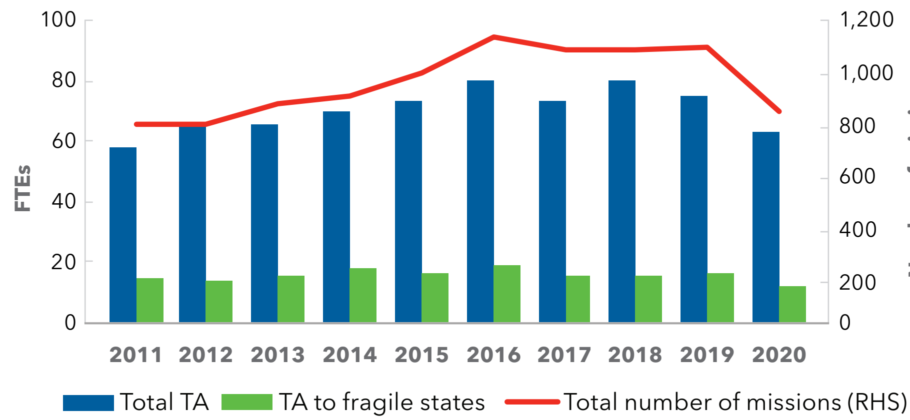


FIGURE 3. MCM CD FIELD DELIVERY BY QUARTER, FY2020
(In FTEs)

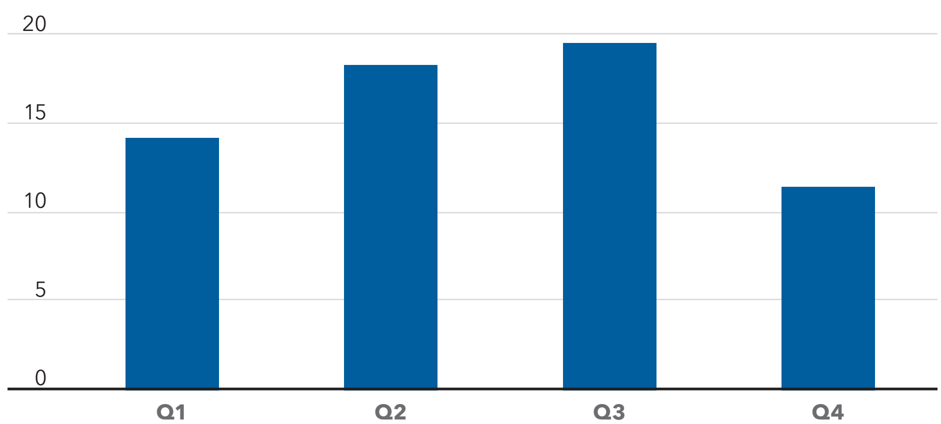
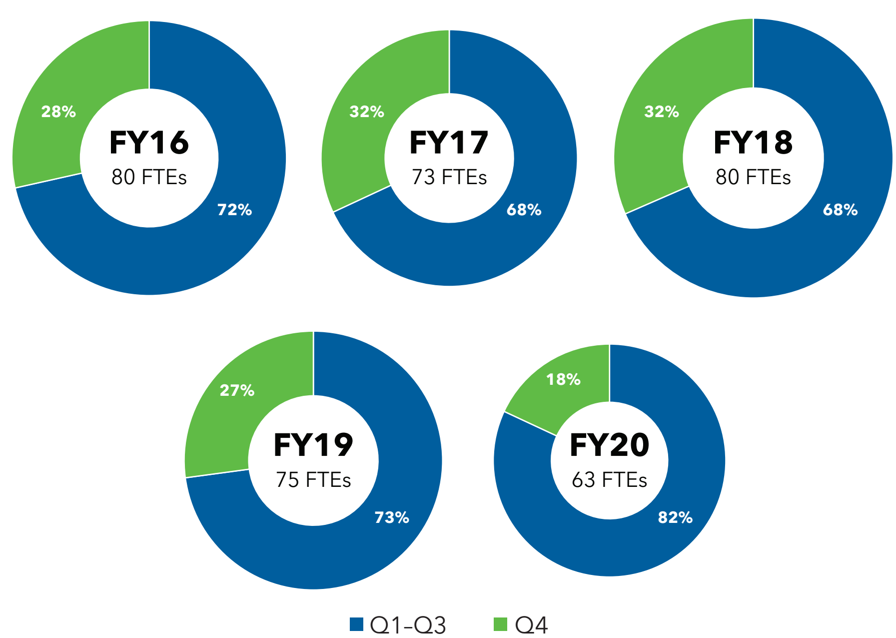


FIGURE 4. MCM CD FIELD DELIVERY BY QUARTER, FY2016–20
(In percent of total FTEs)



CD remains one of the core functions of MCM—vital to advancing financial stability goals worldwide. During FY2020, CD activities accounted for 23 percent of total MCM staff time allocated by various functions (Figure 5). A large pool of external experts, comprising long-term experts/resident advisors (LTXs) and short-term experts (STXs), backstopped by HQ staff, continued to contribute to MCM CD. These experts together accounted for the lion's share (92 percent) of the total CD field delivery in FY2020 (Figure 6). In particular, MCM LTXs—stationed across the globe at national official institutions (usually central banks) or various Regional Technical Assistance Centers (RTACs)—accounted for 56 percent of the total.

As in the past, Africa remained by far the largest recipient of MCM CD in FY2020. Around 41 percent of MCM CD was delivered to Africa, which was significantly higher than the share of the second largest region (Asia and Pacific, 24 percent). While Western Hemisphere countries are third major recipients of MCM CD, TA demand from these countries has slowed since FY2016. At the same time, Europe and Middle East and Central Asia have maintained steady level of CD—though slowed a bit in recent years (Figures 7 and 8). CD operations in all regions dropped in FY2020 compared to FY2019 due to unprecedented events and disruptions caused by the COVID-19.

Many of the top-10 MCM TA recipient countries remained the same in FY2020 as in FY2019, with Ukraine maintaining the top rank (Figure 9). MCM adopts and maintains a comprehensive and programmatic (multi-year) approach to these top TA recipient countries, which typically face significant financial sector or monetary policy vulnerabilities, and supports most of them with placement of LTXs. The ten largest TA recipient countries together received around 30 percent (or 18.5 FTEs) of total MCM TA delivery in FY2020. A few new

FIGURE 5. MCM STAFF TIME ALLOCATION BY FUNCTIONS, FY2020

(In percent of total FTEs)

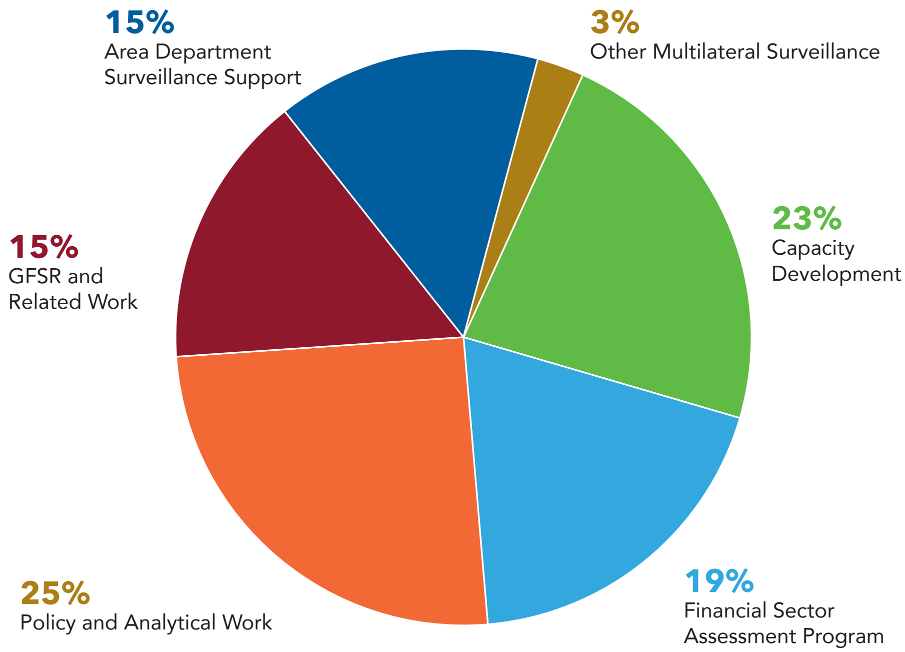


FIGURE 6. MCM CD FIELD DELIVERY BY RESOURCE TYPE, FY2020

(In percent of total FTEs)

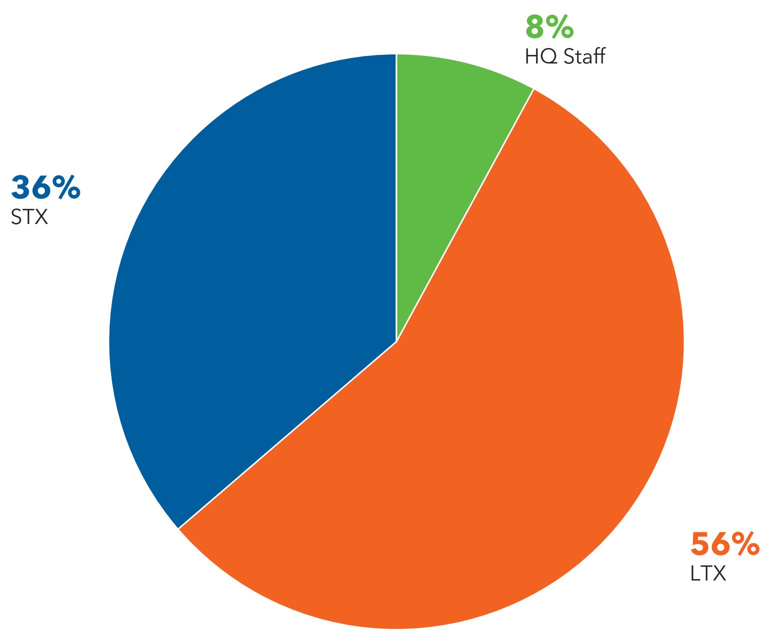


FIGURE 7. MCM CD FIELD DELIVERY BY REGION AND BY TOPICS, FY2020

(In percent of total FTEs)

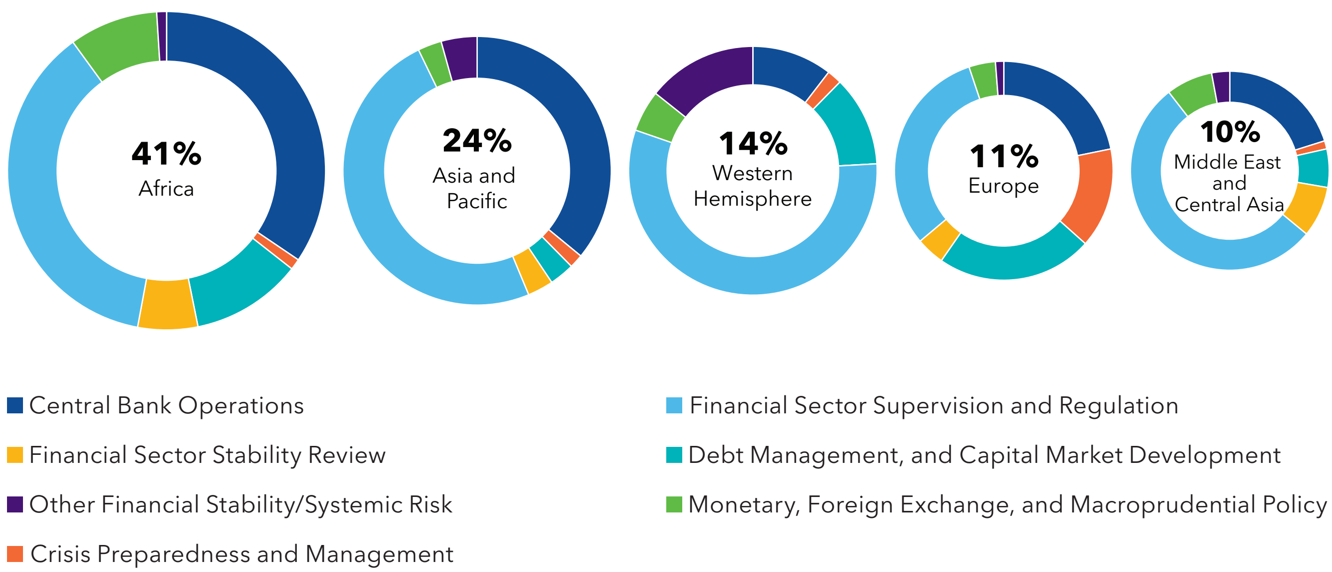


FIGURE 8. TRENDS IN MCM CD FIELD DELIVERY BY REGION, FY2016–20

(In FTEs)

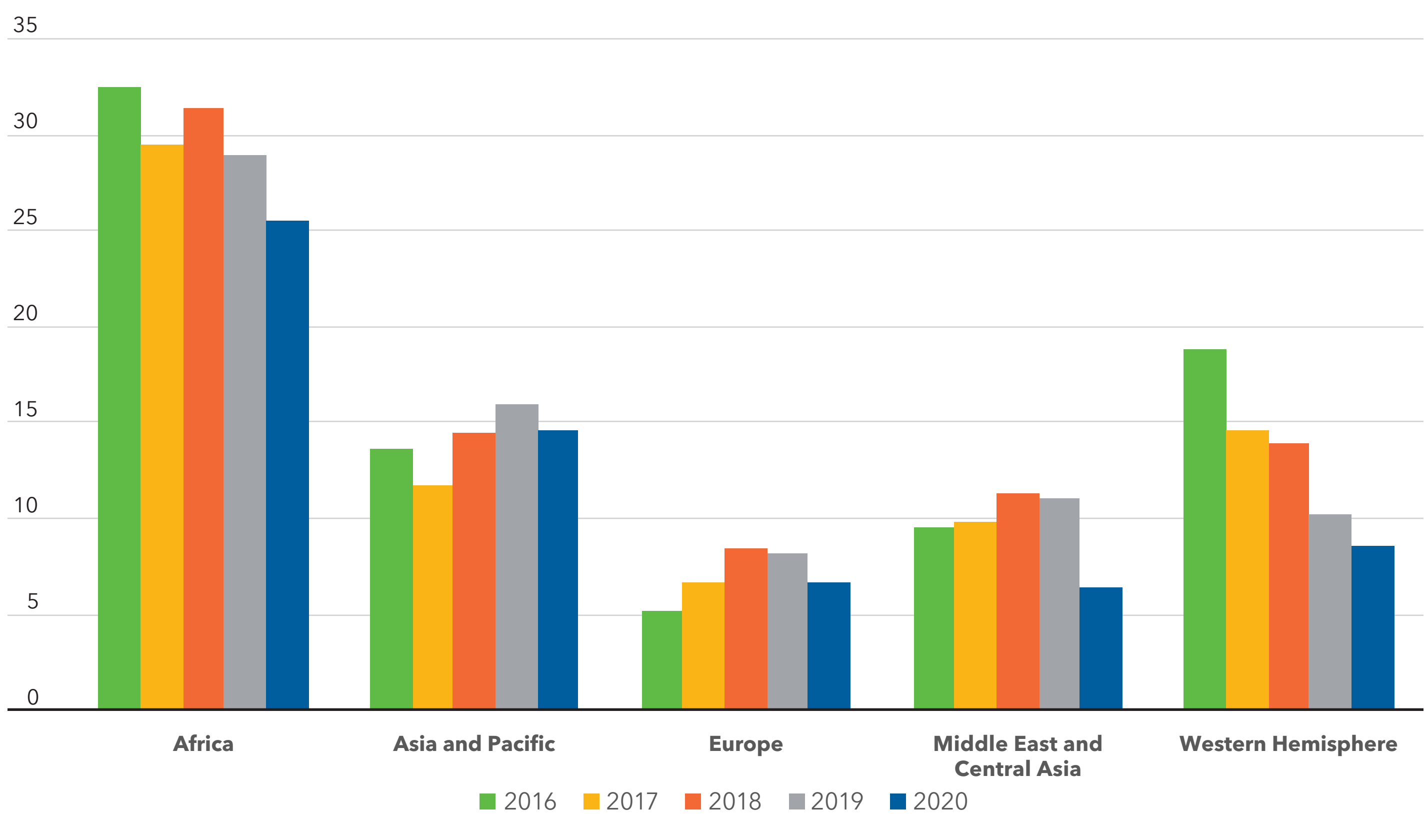
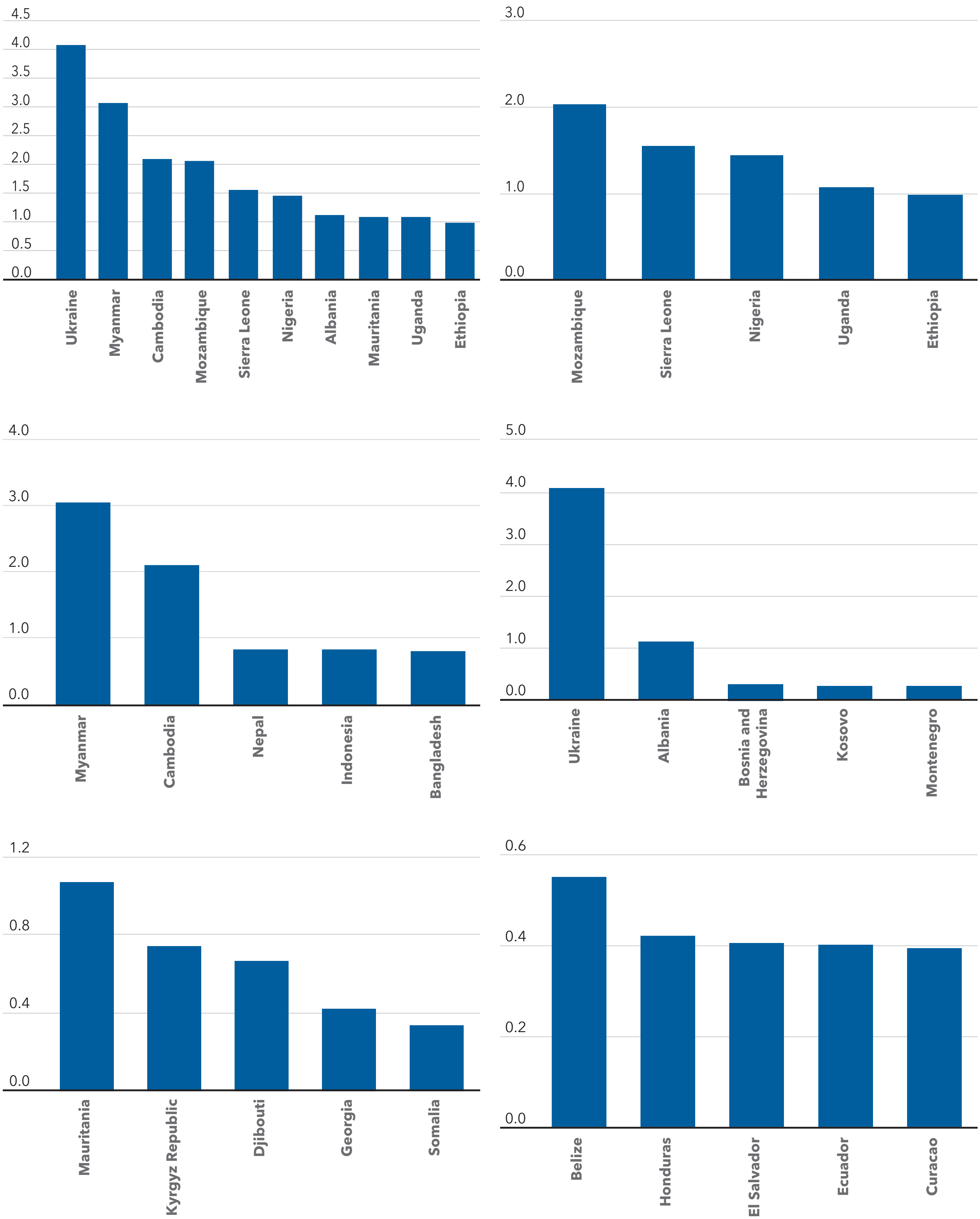


FIGURE 9. MCM TOP CD RECIPIENT COUNTRIES GLOBALLY AND BY REGION, FY2020

(In FTEs)



countries entered in the top-10 list in FY2020 (Ethiopia, Mauritania, and Uganda).

Demand for CD on financial sector regulation and supervision has been persistently high. This topic area accounts for the highest share (43 percent) of total delivery in FY2020 (Figure 10). The second highest area of TA delivery is central bank operations (29 percent). Other areas include debt management and capital market development (10 percent), and monetary, foreign exchange, and macroprudential policy (6 percent). In parallel, a growing number of low- and lower-middle-income countries (LLMICs) are requesting support under MCM's Financial Sector Stability Review (FSSR).

External donor funding to support MCM CD delivery continues to be high and growing (Figure 11, Box 1). While a bulk of the donor funding is allocated to RTAC activities, the share shifted more towards non-RTAC activities (57 percent) in FY2020 compared to past years. This reflected an increase in funding under the Financial Sector Stability Fund (FSSF), which now ranks top among all trust funds and bilateral donor partnerships in FY2020 (Figure 12). The share of FSSF is expected to continue increasing in the near term as the FSSR follow-up projects are taking off. In addition, generous support from many other donors (particularly, Canada, FIRST, Japan, Norway, and Switzerland) facilitated MCM to carry out its multiple CD programs.

Training continued to be an essential part of MCM CD work. MCM collaborates and partners with other IMF departments (e.g., ICD, RES, STA, LEG), donor agencies, RTACs, and Regional Training Centers (RTCs) to provide training in the form of workshop/seminar, hands-on exercises, and teaching/coaching.

FIGURE 10. MCM CD FIELD DELIVERY BY TOPIC, FY2020

(In FTEs)

FIGURE 11. MCM CD FIELD DELIVERY BY FUNDING SOURCE, FY2014–20

(In percent of total)

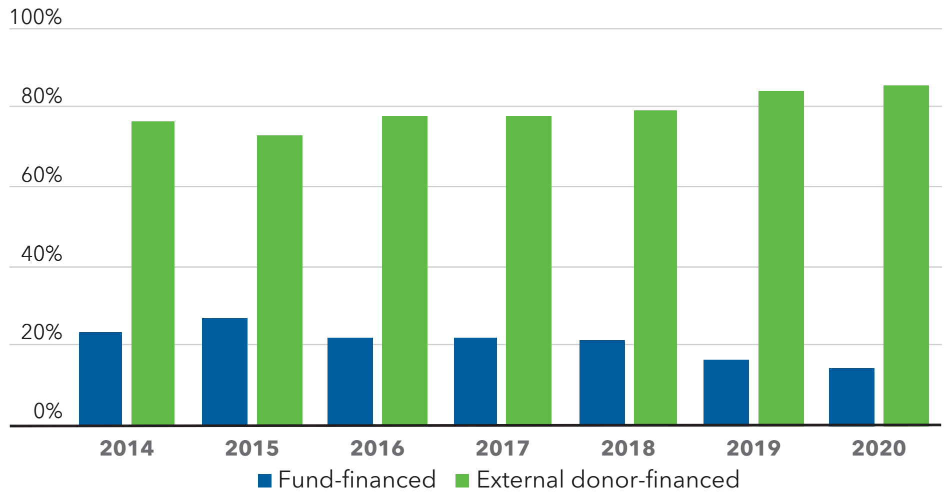
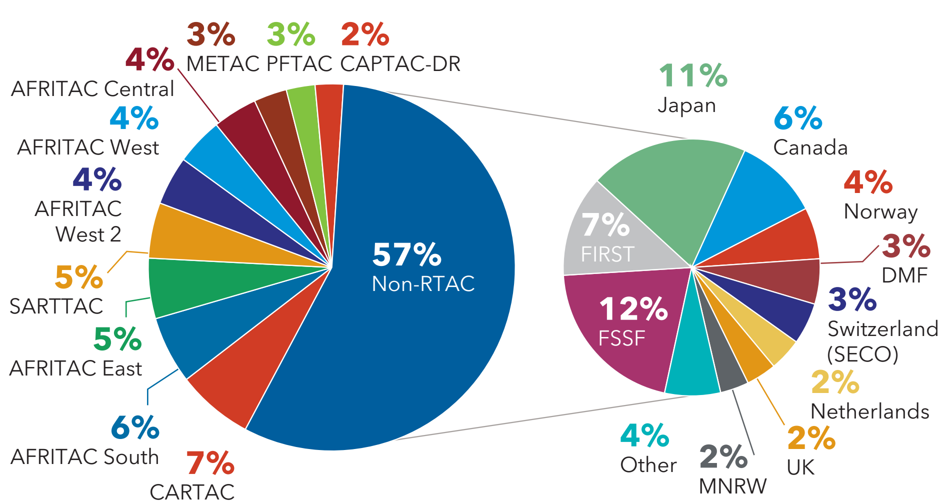


FIGURE 12. DONOR-FUNDED ACTIVE MCM CD PROJECT SPEND, FY2020

(In percent share of U.S. Dollars)



BOX 1. EXTERNAL DONORS OF MCM CD

External donors finance 86 percent of MCM CD field work. All RTACs are funded by external donors, including host and member countries' contributions, and a large number of bilateral or multilateral country projects are also donor-financed. The donors include bilateral partners and multi-donor trust funds. Bilateral partners are single-country agencies that finance MCM CD projects which are regarded as priority for these countries. Multi-donor trust funds—each itself financed by different agencies or institutions—support either a single CD recipient on a broad range of topics or CD in a specific thematic area for a range of countries. Successful partnerships with external donors, which are facilitated by the IMF's Institute for Capacity Development (ICD), are critical for ensuring smooth CD delivery.

Largest Bilateral Contributors to MCM CD, FY2020

Japan | Canada | Norway | Switzerland | The Netherlands | United Kingdom

Top MCM CD Trust Funds and their Contributors, FY2020

DMF: African Development Bank, Austria, European Commission, Germany, Japan, The Netherlands, Norway, Russia, Switzerland, United Kingdom

FIRST: Germany, Luxembourg, The Netherlands, Switzerland[1]

FSSF: China, European Investment Bank, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom

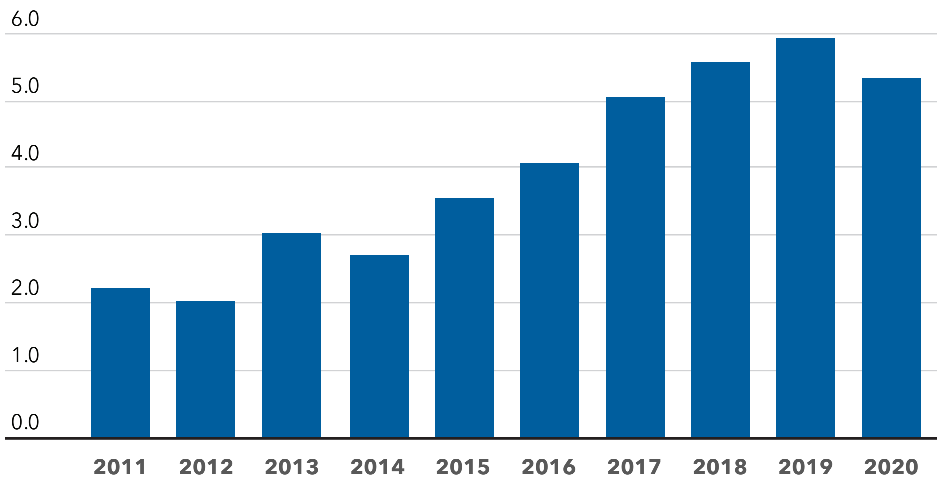
MNRW: Australia, European Commission, The Netherlands, Norway, Switzerland, United Kingdom

[1] Programs supported by these donors have been delivered during FY2020. As of mid-August 2020, FIRST donors were Germany and Switzerland.

These initiatives contributed to a steady increase in MCM's training delivery from 2.2 FTEs in FY2011 to about 6 FTEs in FY2019 (Figure 13).[5] In FY2020, new training courses were added (Box 2), although the overall volume of training dropped slightly to 5.3 FTEs due to the COVID-19 situation.

[5] The methodology for estimating FTEs of trainings has been revised this year to incorporate all activities covering training, seminars, and workshops. This allows for broader coverage of training activities and provides a more complete picture of the FTEs spent on conducting training.

FIGURE 13. MCM TRAINING FIELD DELIVERY, FY2011-20
(In FTEs)



Participants at the Training Course on Debt Management, Debt Reporting, and Investor Relations, CEF, Kuwait, February 2020

BOX 2. NEW TRAINING COURSE ON DEBT MANAGEMENT, DEBT REPORTING, AND INVESTOR RELATIONS

In FY2020, MCM launched a new training course on "Debt Management, Debt Reporting, and Investor Relations." The development of this course was part of MCM's initiative focused on the G20 agenda of improving transparency in public debt management, one of the CD topical growth areas. The first course took place at the IMF Middle East Center for Economics and Finance (CEF) in Kuwait in February 2020. It attracted 33 participants from 14 countries in the region. The five-day workshop focused on key principles and practices in sovereign investor relations. The course's lectures provided a grounding in the core principles of this area, and workshop participants were required to put the material into practice by participating in mock investor meetings and delivering investor presentations, simulating the experience that a debt manager might face when addressing a wide range of questions from market participants. While that experience was challenging for some participants, all of them engaged actively in the process. MCM has followed up with a Working Paper in this area, *Sovereign Investor Relations: From Principle to Practice* (forthcoming), which provides sovereign debt managers with resources for strengthening their transparency and market communications—important activities in both normal and distressed times.

Donor funding supported about two-thirds of the training events/missions undertaken during FY2020 (Figure 14). At the regional level, Africa was the largest recipient of MCM training (43 percent) in FY2020 followed by Asia and Pacific (18 percent) (Figure 15). MCM continued to support the activities of the Toronto Centre for Financial Sector Supervision by co-hosting panels on topical issues—particularly on new growth areas of CD—on the sidelines of the IMF Annual and Spring Meetings.[6] The October 2019 panel on "Big Data Meets Artificial Intelligence" discussed the implications of technological developments for financial markets, supervisors, and sustainable development, while the April 2020 Virtual Executive Panel "Supervising in the New Normal" discussed the use of stablecoins to facilitate financial stability and inclusion during the COVID-19 pandemic.

FIGURE 14. MCM TRAINING BY FUNDING SOURCE, FY2016–20
(In FTEs)

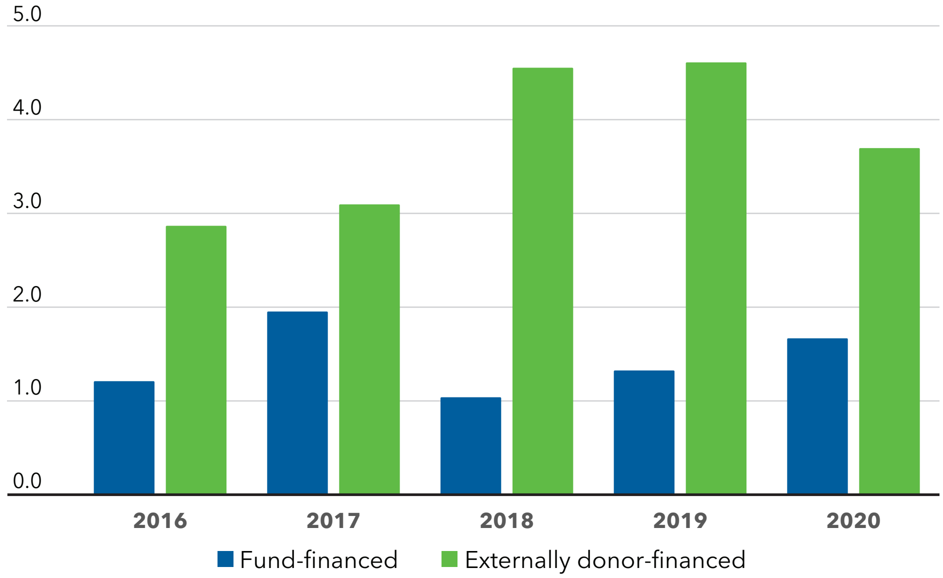
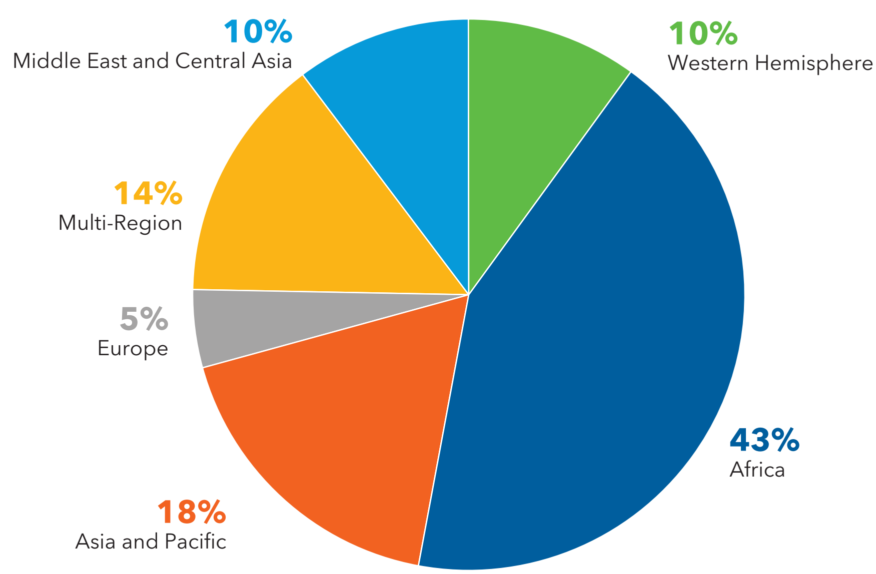


FIGURE 15. MCM TRAINING BY REGION, FY2020
(In percent of FTEs)



[6] Toronto Centre for Financial Supervision is an independent non-profit organization established in 1998 with the support from IMF and several other developing agencies (in particular, Global Affairs Canada, the Swedish International Development Cooperation Agency, and the World Bank). Toronto Centre promotes financial stability and provides practical training to financial sector regulators and supervisors, particularly in emerging markets and low-income countries.

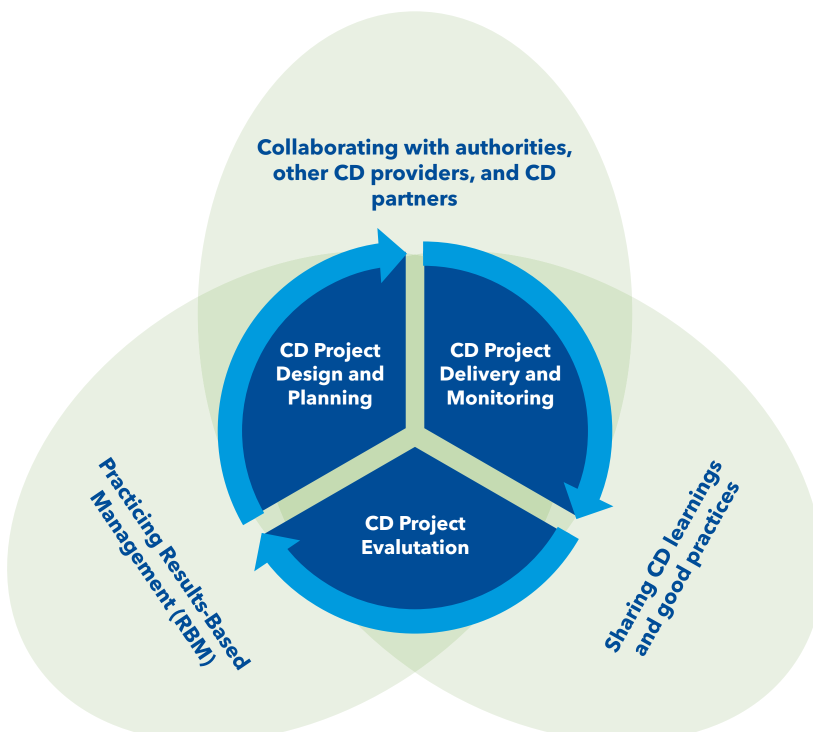
SECTION I

B

IMPROVING OUTCOMES WITH A STRATEGIC APPROACH

CD delivery is a key component to achieve MCM's mission of improving financial stability around the globe. Most MCM CD is delivered to low-income developing countries and focuses on supporting effective financial sector regulation and supervision, central banking operations, and debt management, central to financial stability. MCM continued to diversify its tools to better target and deliver its CD activities. FSSR has been one of such tools targeted at LLMICs. More recently, MCM has been developing a new CD analytical tool to provide countries with a systematic approach to an appropriate policy mix to achieve domestic and external financial stability objectives (Section IV C).

FIGURE 16. MCM CD PROJECT LIFE CYCLE: THE NUCLEUS OF RBM IMPLEMENTATION



MCM CD delivery is aligned with the Fund-wide priorities set by the IMF Capacity Development Strategy.[7] The share of MCM CD delivered to CFS has been relatively steady at around 20–25 percent of the total MCM CD in recent years, with Myanmar and Sierra Leone being among the top five MCM TA recipients in FY2020. The topical growth areas—including debt sustainability, cyber risks, and fintech—are rising as a share of total CD delivery and are expected to further increase over the medium term. Also, MCM is expanding its efforts to collaborate and contribute to relevant work programs for promoting financial inclusion, equality, addressing gender issues (Box 3), and managing climate change/global warming risks, in line with Fund's agenda to support the SDGs.[8]

[7] IMF Capacity Development Strategy and Policies: 2018 Review of the Fund's Capacity Development Strategy.

[8] 2019 Board Paper "Review of Implementation of IMF Commitments in Support of the 2030 Agenda for Sustainable Development."

BOX 3. PROMOTING GENDER-BALANCED LEADERSHIP FOR FINANCIAL STABILITY

Research shows that public and private organizations with gender-diverse teams have higher productivity and profitability, benefit their constituencies and clients more equitably, and have higher employee commitment and retention. As governments and regulatory bodies face increasingly complex challenges in an interconnected world, having women in leadership roles alongside men is an economic and governance imperative.

IMF staff's work (SDN 15/17 and 18/05) underscores that a more inclusive financial sector governance structure can be important for financial stability. Increasing gender diversity on boards in the financial sector is associated with stronger financial outcomes, reduced risk, and enhanced resilience. However, in both central banks and supervisory financial institutions, the share of women at decision-making levels is acutely low.

Recognizing the criticality of empowering women to achieving economic stability and promoting growth as part of the Fund's core mandate, MCM has partnered with Women's World Banking for a planned series of programs.[1] MCM hosted a Fund-wide panel event with Women's World Banking to highlight the case for gender-balanced leadership within financial sector institutions and to explore actionable steps to support progress in this area. The high-level conversation on *Gender-balanced Leadership: Guarding Financial Stability in Crisis Times*, brought together a diverse, esteemed panel of champions: Mary Ellen Iskenderian, President and CEO of Women's World Banking, Dr. Monique Nsanzabaganwa, Deputy Governor of National Bank of Rwanda, and Dr. Paul Oluikpe, Head of the Financial Inclusion Secretariat of the Central Bank of Nigeria. The event was kicked off by inspired words on the Fund's commitment to gender balance from Deputy Managing Director Sayeh.

The discussion brought forth palpable insights from institutions who have measurable impact in the realm of gender diversity:

- There is a strong business case for gender balance, which is core to strengthening governance in the financial sector.
- Understanding organizational gaps and undertaking actions that promote gender-balanced managerial successions should be important parts of financial sector institutions' reform agendas.
- To make CD advice sustainable, panelists and participants suggested to invest CD resources in helping central banks and supervisory agencies to strengthen their diversity and inclusion functions.
- Our engagement should help in identifying and developing talented future women leaders.

Gender-balanced leadership is well-placed to create and implement policies that perpetuate better economic gains as well as a virtuous cycle: women and other typically marginalized groups are better heard and represented, and their needs are better met, and this can lead to better opportunities for the next generation of women to join the ranks of leadership.

[1] Women's World Banking is a nonprofit organization that designs and invests in the financial solutions, institutions, and policy environments globally to create greater economic stability and prosperity for women, their families, and their communities.

MCM CD delivery is guided by the MCM TA Strategy, which was adopted in 2011 and is updated every three years.[9] The current MCM TA Strategy is built on three pillars: (i) enhancing capacity to respond to our membership needs; (ii) fostering knowledge creation, management, and dissemination; and (iii) strengthening governance and accountability (Figure 16).

It envisages to focus on strengthening the value-added of TA work in each stage throughout the TA life cycle: (i) diagnostics, design, and planning; (ii) delivery; and (iii) evaluation. The intention is to strengthen quality of delivered CD within a broadly stable budget envelop.

ENHANCING CAPACITY TO RESPOND TO OUR MEMBERSHIP NEEDS

Effective CD delivery is enhanced when country authorities are fully engaged and committed to the work, CD is aligned with surveillance goals, and it is coordinated across multiple providers. MCM works to increase the impact of CD through integration with the area departments' (AD) work on Article IV surveillance or program engagement with the member countries as well as through tailoring the CD activities to the specific country needs. At the same time, the CD remains sufficiently flexible to build and adjust expertise as CD priorities change.

MCM TA design and planning reflect the demand from country authorities and the strategic objectives of ADs. The allocation of CD is framed by the Resource Allocation Plan (RAP) that is discussed and agreed with the ADs on an annual basis. The RAP is adjusted throughout the year reflecting new CD requests received from the authorities (for example at the Annual or Spring meetings or during the Fund missions), insufficient absorptive capacity, or engagement of other TA providers. The insufficient country ownership of some planned CD activities is also an important factor behind the RAP adjustments.

MCM CD is integrated with the AD surveillance and program activities through many avenues. Around 50 MCM economists or financial sector experts are members of the area department teams working on the countries that typically face significant financial sector challenges. The presence of MCM staff in the AD teams helps inform the analysis and serve as a basis for follow-up TA. The Financial Sector Assessment Programs (FSAPs) and FSSRs are also useful tools in ensuring effective CD-surveillance integration.

MCM coordinates the design of CD activities with other related CD providers. The specific form of coordination depends on the intensity of provided TA. Specifically, three types of coordination arrangements can be distinguished: (i) annual stakeholder meetings for large-volume TA recipients; (ii) reliance on AD country teams for small (less intensive) TA recipients; and (iii) post-FSSR coordination meetings for countries undertaking the FSSR. In Ukraine and Myanmar, CD coordination with other providers is key, since these two countries are not only the largest MCM CD recipients, but also have large related CD projects delivered by numerous other TA providers.

Launched by MCM as a uniquely designed CD tool in 2017, the FSSR addresses the challenge of tailoring CD to improve traction and coordinating across a range of CD providers to enhance CD prioritization and absorption (Section II). The FSSR takes a programmatic approach to TA delivery and makes it more agile, responsive, and flexible to the changing priorities and diverse country needs. The long-term strategy employs a holistic approach to TA design, delivery, and implementation that integrates a focused diagnostic assessment of gaps and vulnerabilities with a well-sequenced and prioritized reform strategy through a TA Roadmap and Project Implementation Plan that usually covers three years. The goal is to ensure substantial buy-in and ownership from authorities, effective coordination of activities of contributing stakeholders, and close monitoring to ensure effectiveness and impact. Three years in running, the FSSR has quickly become the cornerstone of MCM CD work.

MCM pays close attention to CD monitoring and evaluation. All donor-funded CD projects are subject to periodic assessments that are prepared by the MCM CD project managers. The assessments summarize the projects' progress and accomplishments during implementation and at completion. In FY2020, MCM has also started expanding this exercise to internally funded projects.[10] In addition to project assessments, MCM has a TA evaluation program, which is based on the OECD Development Assistance Committee criteria (Box 4). The MCM TA evaluation program was instituted by the 2011 MCM TA Strategy, with eight TA evaluations conducted so far.

FOSTERING KNOWLEDGE CREATION, MANAGEMENT, AND DISSEMINATION

Knowledge creation, management, and dissemination contributes to more effective and impactful CD. Sharing experiences and exchanging views on good practices amongst the country authorities and MCM experts helps maintain high quality of TA work. This cross-country analysis can also lead to identification of possible new risks and challenges where the existing expertise

[9] MCM Technical Assistance Strategy update 2017–20: https://www.imf.org/external/np/mcm/2017/taar2017.pdf.

[10] The first interim internally funded TA assessment was conducted for a project on implementation of inflation targeting in the Kyrgyz Republic.

BOX 4. ASSESSMENTS AND EVALUATIONS: KEY TOOLS FOR CD GOVERNANCE

MCM EVALUATION FRAMEWORK

While CD project assessments are instrumental in monitoring progress and making any necessary adjustments to a given project, ex-post CD project evaluations offer a broader dimension to assess results independently with a view to extract lessons learned and help improve future provision of TA more generally. These project assessments are important sources of information that feed into the project evaluation.

In line with the Common Evaluation Framework for IMF CD, the MCM TA evaluations are conducted by MCM staff and external experts who have not been involved in the evaluated CD project management and delivery. This ensures an independent and objective view on the CD project design, implementation, and results achieved.

The TA evaluations are conducted based on the six criteria developed by the OECD Development Assistance Committee (DAC). The criteria include: (i) **relevance**, or a measure of how appropriate the CD program and its objectives were for the country or institution; (ii) **coherence**, or compatibility of CD with other CD activities in a country, sector, or institution; (iii) **effectiveness**, which seeks to capture the extent to which the specific objectives of the CD program were met, or are expected to be met, taking into account their relative importance; (iv) **efficiency**, which measures the outputs versus inputs, usually requiring an assessment whether the approach or process followed was appropriate; (v) **impact**, which refers to the changes—direct and indirect, intended and unintended—produced by the program; and (vi) **sustainability**, which is an indicator showing whether the benefits of the CD are likely to continue after the project has ended.

Conclusions and lessons learned from TA project evaluations are extracted to fortify future TA project design, execution, and monitoring.

AFRICA REGIONAL DEBT MANAGEMENT TA PROJECT EVALUATION IN FY2020

In FY2020, MCM conducted a self-evaluation of a Japan-funded TA project that aimed at building public debt management capacity over the medium-term in six African countries—Cote d'Ivoire, Djibouti, Ethiopia, Ghana, Mozambique, and Rwanda.

The evaluation focused more specifically on Ghana and Côte d'Ivoire as these countries were the principal recipients of TA under the project. In Ghana, the project helped to significantly improve the Ministry of Finance's capacity for public debt management, focusing on deeper domestic markets. In Côte d'Ivoire, improvements in debt management were achieved effectively leveraging complementary TA by AFRITAC West and the World Bank. Other beneficiary countries received limited TA from the project making results attribution difficult. The low levels of TA delivery in Djibouti, Ethiopia, Mozambique, and Rwanda reflected the existence of other TA providers and/or vehicles from which MCM provided debt management-related TA.

Overall, the evaluation team drew important lessons and recommendations for future MCM TA. A key lesson-learned and recommendation that related to the design of regional projects was to ensure that countries within multi-country programs are likely to have regional and/or other synergies. Similar needs and geographic proximity facilitate economies of scale, the installation of a regional long-term expert, and promote cross-country learning opportunities. Regional projects should ensure consistency of advice across countries and aim to leverage regional experiences.

may not be sufficiently developed. The growing importance of fintech, for example, necessitated MCM to step up efforts to build and expand expertise in this area. Dedicated staff focus their activities on the fintech-related issues, particularly central bank digital currencies, developing capacity to be able to meet the emerging demand for TA in this area. The development of an Integrated Policy Framework (IPF), which considers the joint role of monetary, exchange rate, macroprudential, and capital flow management policies, and as a well-suited tool for MCM CD activities, is another new area. The CD work on fintech and IPF is discussed in more details in Section IV of this report.

In FY2020, MCM continued making significant efforts to foster knowledge creation and management. This included a symposium to discuss capacity building in the financial sector organized jointly with the Bank for International Settlements (BIS) in November 2019 (Box 5); the sixth annual Long-Term Expert (LTX) Workshop—which traditionally provides an opportunity to share insights across a variety of topics among our resident advisors and staff—that took place in February 2020 (Box 6); and the annual MCM TA Forum, which in FY2020 was dedicated to CD delivery to CFS (Box 7).

BOX 5. 2ND IMF-BIS SYMPOSIUM: CAPACITY BUILDING IN THE FINANCIAL SECTOR

In November 2019, MCM hosted the 2nd IMF-BIS Symposium on capacity building in the financial sector, a unique collaboration between providers of CD in the financial sector. The symposium brought together 61 participants from financial sector standard setters, national authorities, public agencies, international organizations, and regional supervisory groups, collectively representing the donors, providers, and recipients of financial sector CD. Participants shared experiences in enhancing capacity building by better identifying current and future CD needs, promoting good practices in CD delivery, and fostering cooperation between standard setters, CD recipients, CD providers, and donors. The main takeaways from the symposium were as follows:

1. Prioritization: In a constantly changing environment, where demand for CD remains high and supply is finite, prioritization of efforts is important.

2. Proportionality: Standard setters are now using the concept of proportionality, not only in setting expectations, but also in ensuring that the basic risk-regulatory relationships are not ignored.

3. Profession: Implementing proportionality regimes require greater skills and judgment. There was a call for developing banking supervision as a profession rather than an occupation through a global certification program, and for development of training material in support of this objective.

4. Problems in the banking sector: Several of our members are lagging behind in crisis preparedness and the design of financial safety nets. Issues such as an enabling legal framework, design of safety nets appropriate for new nonbank fintech intermediaries and building capacity of the judiciary are critical for CD success.

5. Prospects of engagements: While the focus should be on core and "new frontier" topics, cybersecurity, fintech, climate change, and gender equality are no longer deemed as key emerging issues. On some of these issues, quicker progress in developing a policy framework and risk assessment methodology is necessary before CD efforts can be scaled up. This called for engagement with new stakeholders including those from the private sector.

6. Products: The relative merits of blended approaches (e-learning, regional discussions and face-to-face training) were underscored. Suggestions for customizing e-learnings and project-based outputs to make it more effective were also discussed.

7. Performance: There was a general recognition that further efforts on measuring performance—implementing results-based financing and management and moving from outputs to outcomes—could enhance traction of CD.

8. Purse: Donors' accountability to their own taxpayers was highlighted. Good practices such as incorporating policy dialogue in a programmatic context, strategic planning with credible results framework, and agreement with recipients on CD objectives could enhance project design; while noting that incorporation of political economy in project design is harder to achieve.

9. Platform: A call for greater cooperation and collaboration among CD providers and donors was made including through the creation of a shared platform on on-going and planned CD initiatives. While there are clear advantages for sharing information about CD requests and activities in a single platform, there were also strong reservations relating to confidentiality, and the practicalities of managing and maintaining what would become a huge database.

BOX 6. ANNUAL MCM LTX WORKSHOP: COLLABORATION AND CROSS-FERTILIZATION

Long-term advisors working directly with country authorities offer some of the highest impact CD in the financial sector. In FY2020, MCM had 35 LTXs placed around the world either in RTACs or at central banks and supervisory agencies on a bilateral basis. The continuous presence of an LTX lends itself to close relationships with staff of recipient agencies, building trust that in turn improves traction, tailoring, and ownership. LTXs are recruited for their knowledge and experience in their technical field and for their ability to effectively work in challenging environments.

The annual MCM LTX workshop brings together all our advisors and HQ staff to share experiences and discuss policy views and implementation through CD. This year, the workshop discussed CD design contrasting the approaches in the FSSF, RTACs, and bilateral work, and had sessions on emerging issues, including on central bank digital currencies and the evolution of analytical approaches to cyber risk. One of the flagship events was a high-level discussion between Kristalina Georgieva, IMF Managing Director, and Randal Quarles, Vice Chair of the U.S. Federal Reserve Board and Chair of the Financial Stability Board, who provided a macro-level view of regulatory reforms after the global financial crisis and current challenges to central banking and financial stability.

The workshop was also an opportunity to introduce and/or get LTXs up to speed on large-scale project initiatives, including CDMAP, operational changes, trainings (like this year's writing seminar), and security. The workshop remains an important touch point in the year, a critical means of connecting to LTXs, improving operations, and ensuring consistent CD quality.

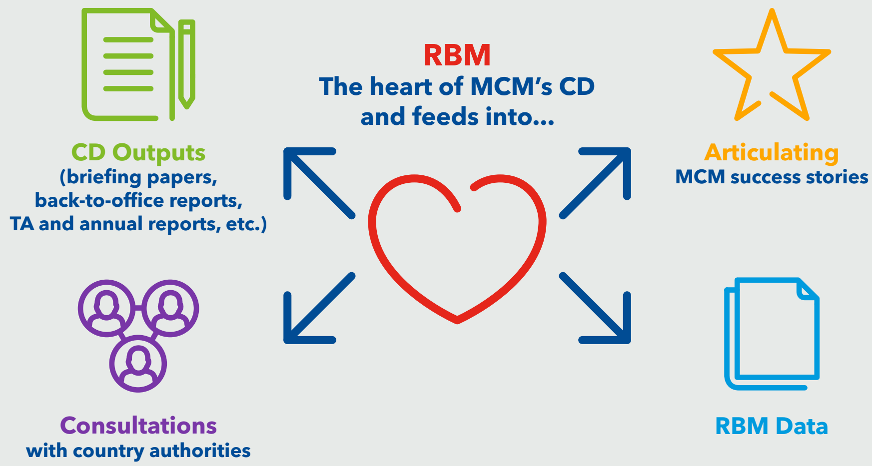
BOX 7. MCM TA FORUM ON CD DELIVERY TO CFS

CD delivery to CFS was the topic of the annual MCM TA Forum in FY2020. The delivery of CD in CFS is some of the most important work the IMF does. As a critical pillar in the Fund's overall work in CFS complementing surveillance and lending, CD is always closely coordinated with the AD country teams to ensure targeting to the pressing needs of a country. The forum explored MCM's CD experiences and lessons learned by LTXs working in CFS on how to mitigate challenges and how to drive for lasting results.

The CD landscape can be far less predictable in CFS requiring a custom-tailored and more flexible approach. In many CFS, financial infrastructures, basic institutions, and staff capacity may need to be rebuilt, and CD engagement may be intermittent with extended pauses depending on the conditions on the ground. CD implementation can take much longer due to country circumstances, characteristically low absorption levels, periodic suspensions of TA delivery, and inability to provide in-country missions (even before the global COVID-19-related travel restrictions).

Although the delivery of CD in CFS faces multiple and complex challenges, the discussants emphasized that it can also be very rewarding when novel and country-specific CD modalities are undertaken. This requires strong coordination among stakeholders, developing suitable CD frameworks, and monitoring their implementation. Effective CD delivery to CFS also requires MCM's quick adaptation of expertise, hands-on, and sustained support as well as innovative delivery approaches. All MCM LTXs working on CFS agreed—the rewards outweigh the challenges.

BOX 8. RESULTS-BASED MANAGEMENT IMPLEMENTATION: LOOKING BEYOND DATA



The Results-Based Management (RBM) framework is the IMF's key tool in ensuring a systematic approach to monitoring implementation and assessing the outcomes of CD initiatives. RBM is a tool to inform management decisions and communicate the achievement of results to internal and external stakeholders. MCM's practices have been aligned with the RBM framework since its Fund-wide rollout in FY2017.

Since FY2017, MCM has implemented several initiatives to operationalize RBM framework. MCM has: (i) adopted and integrated logical framework (i.e., logframe) elements into all medium-term CD programs; (ii) developed an RBM database capable of not only tracking compliance with monitoring and updating logframe elements in CDPORT, but also facilitating an in-depth analysis of the underlying data to guide decision-making including on the coverage of CD topics, countries, and institutions; (iii) trained MCM staff and experts on how to develop medium-term projects that are anchored in the RBM framework; (iv) enhanced the usability of the framework by periodically updating the RBM catalogues to take into account advances in operational and policy interfaces; and (v) developed RBM into a scalable tool to meet the growing complexity and expanding need for global TA.

MCM continues to further solidify RBM as the integrated tool of our CD. Going forward MCM will be seeking for an innovative approach to seamlessly integrate RBM with CD initiatives by further expanding the coverage of RBM data and strengthening the review process, including the review of the RBM logframes.

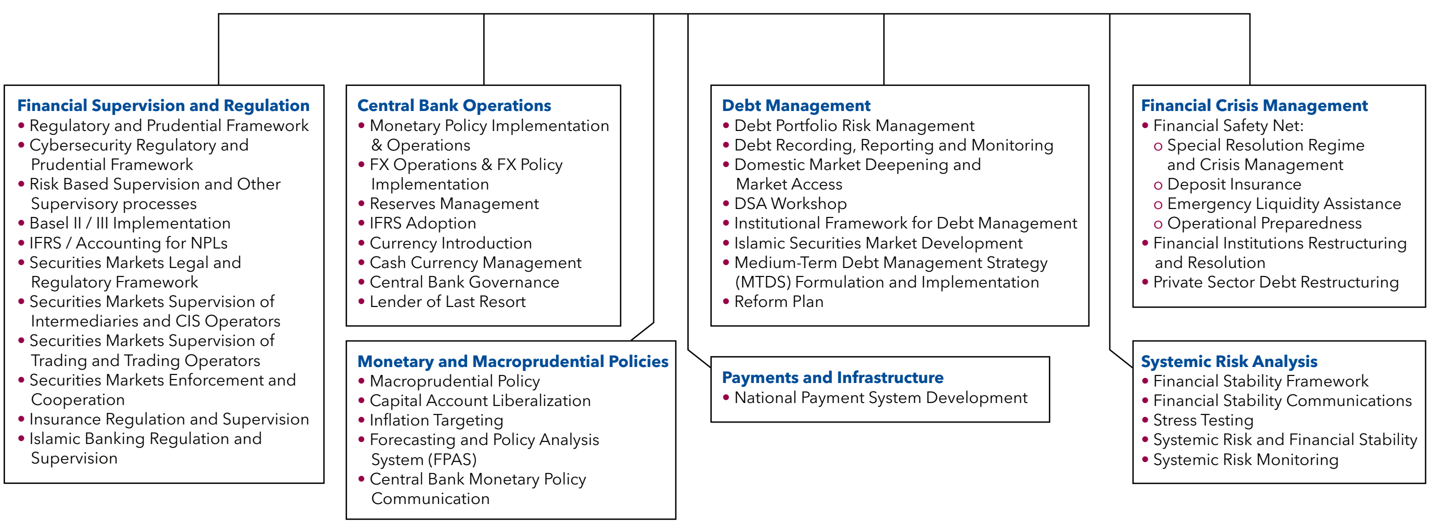
The triennial MCM TA strategy update and the annual MCM TA reports are the flagship publications on MCM CD activities and key tools for the dissemination of our work. The TA strategy update outlines the vision and main objectives of MCM CD activities for the coming three years. The TA annual reports highlight TA work over the preceding year and set the stage for TA activities going forward. Both TA strategy update and TA annual reports contain rich sets of case studies that illustrate CD activities in various countries and draw lessons for future work. MCM also encourages the country authorities to publish most non-confidential TA reports, which helps spread best practices and provides cross-country lessons. MCM has also stepped up its TA outreach via the IMF Capacity Development Facebook and Twitter accounts as well as through the MCM LinkedIn account "IMF Market Insights".

STRENGTHENING GOVERNANCE AND ACCOUNTABILITY

MCM is continuously making efforts to enhance the planning, management, monitoring, and reporting of CD activities to ensure high quality output. Since 2017, MCM has successfully implemented a RBM framework which established a catalogue of standardized results and verifiable results indicators (Box 8). RBM is now at the heart of MCM CD work, with the design and delivery of all MCM TA projects being crafted using this standard catalogue. At present, MCM is cooperating with other departments on implementation of the Capacity Development Management Administration Program (CDMAP), which is one of the Fund's five Modernization Programs, aimed at streamlining the administration of CD projects and ensuring that CD is fully integrated with the surveillance and lending activities (Box 9).

FIGURE 17. RBM CATALOGUE FOR MCM TECHNICAL ASSISTANCE AND TRAINING

(MCM RBM Taxonomy, as of August 2020)



BOX 9. CDMAP–IMPLICATIONS FOR STAKEHOLDERS IN MCM TA AND TRAINING

The CDMAP is a Fund-wide platform for management of CD that is aimed at providing staff with new capacity, skills, and tools that would help ensure the highest quality support to the Fund's membership. CDMAP is built on a holistic approach to CD management to better leverage automation, keep up with technological advances, establish more efficient decision-making and easier adaptation to ever-evolving realities of the world, and harness relevant information and knowledge in CD operations.

CDMAP introduces standardized processes and systems for the provision of CD. The modernization targets to improve the efficiency of CD operations by providing access to Fund staff on comprehensive data on budget, planning, and performance results. The first phase was launched in August 2020, and two additional phases are planned for 2021.

The internally gained CD efficiency is expected to bring a range of benefits to all CD stakeholders:

- **Member countries** will have their CD needs met more effectively through more efficient management of CD as easier access to data and streamlined processes surrounding CD operations will enable better informed strategic decision-making and prioritization. The expected CD efficiency will also help facilitate the integration of CD, surveillance, and lending activities; leading to addressing member-countries' needs under the Fund's overall mandate in a more harmonized way.
- **Donor partners** will benefit from improvements in CD information management that will make ad hoc inquiries and regular reporting more comprehensive and faster coming—which, in turn, will support efforts in raising the visibility of donor partners. Furthermore, as CDMAP will facilitate a more integrated use of the Fund's own resources with external funding, the ensuing country-specific results-focused CD projects are expected to better align the deployment of limited CD resources with the Fund and partner strategic priorities.
- **Fund staff** will take advantage of enhancements in their daily management of CD, including: (i) build a pipeline of CD requests for each country, taking into account priorities and resource implications; (ii) provide a comprehensive view of all CD operations in a country; (iii) prepare detailed work plans and budgets, taking into account all delivery modalities required to address member country needs; (iv) track results (RBM) and financial performance of CD delivery; and (v) benefit from harmonized processes for management and delivery of CD activities across the Fund, both at HQ and in the field.

SECTION II

FINANCIAL SECTOR STABILITY REVIEW (FSSR)

SECTION II

A

OVERVIEW

In November 2017, MCM in cooperation with STA launched a new integrated and demand-driven CD instrument—FSSR. The objective of FSSR is to assist LLMICs to identify and address weaknesses in their financial stability frameworks. This should help mitigate risks that may come with financial inclusion and deepening. The FSSR contains two mutually supportive modules, offering countries (i) a diagnostic review of financial sector vulnerabilities and risks and related follow-up CD; and (ii) targeted TA missions and workshops on financial sector statistics to strengthen evidence-based decision making and reporting. The FSSR is financed through a Financial Sector Stability Fund (FSSF) supported by contributions from donor partners. Current FSSF donors are Sweden, Switzerland, Italy, China, the United Kingdom, Luxembourg, Saudi Arabia, Germany, and the European Investment Bank.

Effective coordination of FSSR activities is an essential condition for success. At the global level, the FSSR is overseen by a Steering Committee (comprising donor partners, the IMF and the World Bank Group) that provides strategic guidance, sets policies and priorities, endorses annual work plans, and monitors program performance. This vehicle has proven to be an effective avenue for robust collaboration between the institutions on financial sector stability, inclusion, and deepening in developing countries. The IMF and World Bank Group have also set up a framework for information sharing and coordination on the FSSR and hold regular meetings both at the managerial and technical levels to discuss the findings and recommendations and to coordinate follow-up CD work.

SECTION II

B

FY2020 FSSR DIAGNOSTIC AND FOLLOW-UP TA

In FY2020, five FSSR diagnostics were completed and four FSSR follow-up TA projects were approved. The five FSSRs completed in FY2020 included Djibouti, Gambia, Guinea (all CFS) as well as Bangladesh and Rwanda. These FSSRs developed TA roadmaps in a range of topical areas, including financial sector regulation and supervision, macroprudential policy analysis and stress testing, contingency framework, payment system oversight, and financial inclusion. This brought the total number of completed FSSR diagnostic reviews since the inception of the program to 16. The Sierra Leone FSSR is expected to be completed shortly (in a remote format, see below), and another 5–7 diagnostic missions are in the pipeline for completion by April 2022. In FY2020, the FSSF Steering Committee also endorsed four FSSR follow-up TA projects (Cambodia, Guinea, Kosovo, and Sri Lanka).

The high number of completed FSSR diagnostic reviews and the pipeline of follow-up TA projects would intensify delivery in the coming years, but the impact of COVID-19 may cause a delay. The pandemic may also change the composition of financial sector CD demand by member countries. In this regard, FSSF donors have showed a thorough understanding of the challenges posed by COVID-19 and generously agreed to extend the initial duration of the program by two years, to the end of FY2024. The FSSF Steering Committee also agreed to increasing the flexibility of the program in a number of dimensions, which should allow the Fund to be more agile in responding to emerging CD needs of LLMICs and CFS, where financial sectors may become particularly strained in the wake of the COVID-19 pandemic.

Mission team photo from FSSR Diagnostics completed in FY2020, Bangladesh

Mission team photos from FSSR Diagnostics completed in FY2020 (Djibouti, Gambia, Guinea, and Rwanda)

SECTION II

C FSSF-SUPPORTED TRAINING INITIATIVES

In addition to FSSR activities, the FSSF supports MCM CD work on LLIMCs through two important training initiatives. The FSSF is co-financing the Supervisory and Regulatory Online Course (SROC) for banking supervisors—which is organized by MCM in partnership with the Financial Stability Institute of the Bank for International Settlements (BIS)—and the Annual Cybersecurity Supervision Workshop.

The SROC is MCM's most prominent online training tool. The objective of this structured online course is to provide participants with a comprehensive overview of key aspects of banking regulation and supervision in a cost-effective way. The course is mainly targeted at entry-level banking supervisors, as well as at experienced supervisors who wish to refresh their knowledge. The course consists of a set of e-learning tutorials, case studies prepared by IMF staff, and a series of webinars delivered jointly by MCM and BIS experts. The first SROC was launched in September 2019 and completed in February 2020. The total duration for this course was about 70 hours, running over five months. A total of 446 banking supervisors from 102 countries participated in the course, and 299 participants (67 percent) received a certificate for successful completion. Encouraged by the feedback, the BIS and IMF are currently preparing for the launch of the second SROC program.

The Cybersecurity Supervision Workshop is organized by MCM on an annual basis. The workshop discusses practical tools to enhance cyber resilience. The last workshop in December 2019 was a widely acknowledged success (Box 10). The two-and-a-half-day workshop covered a range of topics relevant to financial sector supervisors—from practical experience on developing cyber regulation to cyber mapping exercises attempted by several countries; from data, the cloud, and implications for cybersecurity to cyber resilience of Financial Market Infrastructures (FMIs).

BOX 10. CYBERSECURITY SUPERVISION ANNUAL WORKSHOP: APPROACHES TO BUILDING CYBER RESILIENCE

The last Annual Cybersecurity Supervision Workshop took place in Washington, DC in December 2019. It brought together supervisory authorities, private-sector practitioners, and international institutions to explore the complex challenges of cybersecurity in the financial system. The event comprised 110 participants (the most sizeable since its inception—20 percent of which were women), including 75 supervisors from 58 jurisdictions.

The highlight of the event was an interactive cyber crisis simulation exercise that helped illustrate the main policy choices and regulatory responses including containment options, information sharing, response, and recovery issues. The half-day cyber crisis simulation was unequivocally praised by all participants for being practical and thought-provoking. During the simulation, the participants experienced an interactive scenario of cyber incident-inflicted banking crisis and were asked to react to the unfolding events based on their experience, country crisis manuals and regulation. The exercise revealed the potential scope of consequences that a cyber incident in a financial sector might have and gaps in current regulation practices, including on data gathering, cooperation within and across institutions and communication.

As background, this flagship workshop creates an international forum for financial sector agencies to share experiences and build capacity in supervision of cybersecurity risk. The reach of the workshop—specifically the ability to target LLMICs—has made it a cost-effective and wide-reaching tool for CD, knowledge sharing, best practice dissemination, and a platform for further collaboration.

SECTION III

LIVING IN THE COVID-19 ERA

SECTION III

A

IMPACT ON MCM CD

The rapid spread of COVID-19 brought a renewed demand for MCM CD in core areas and required MCM to pivot CD delivery to a challenging virtual environment. The dire economic consequences of the pandemic at the same time drove strong demand for advice across core MCM areas of expertise. On the other side, this high demand appeared at the time when avenues of CD delivery narrowed down considerably. MCM staff and experts could not travel to the most affected countries, while the lockdowns and other restrictions meant that country authorities were also working from home, creating further complications.

MCM CD has quickly adapted to the new environment. Most LTXs were evacuated to their home countries or third-country locations, and MCM CD work was quickly reprioritized based on the immediate needs of membership. With significant support from staff and experts, the focus switched to immediate country needs, while adjusting delivery modalities. A series of COVID-19 special series notes was produced, and MCM intensified cooperation with ADs on technical issues that arise in the context of surveillance or program discussions.

CD delivery continued in a remote format. While remote CD delivery began on a very limited scale in March 2020, the course changed rapidly due to the realization that world-wide travel bans are going to be in place in the foreseeable future. In response, MCM adopted alternative measures to continue CD operations via remote options (e.g., virtual teleconference, webinar, desk review, work from home, etc.) as needed. In March-April 2020, MCM managed to deliver more than 62 CD activities remotely to assist member countries around the globe mainly in response to crisis-related demands. Almost all missions taking place remotely relied on established relations with member country authorities (Boxes 11 and 12), although with some exceptions. In Sri Lanka, for example, the authorities and the new LTX agreed to start the work remotely, until it becomes possible for the expert to physically relocate to the country (the LTX started his assignment in August 2020).

BOX 11. SIERRA LEONE FSSR: ADJUSTING TO COVID-19

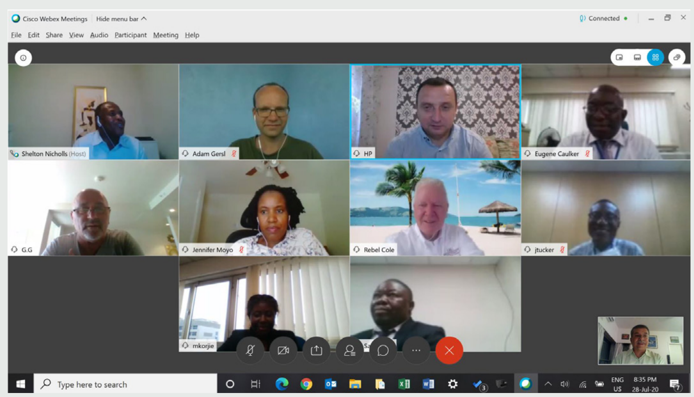
FSSF

The main objective of Sierra Leone FSSR that started in late 2019 was to develop a well-sequenced TA roadmap to help the authorities implement priority financial sector reforms. Six topical areas were covered: (i) bank and nonbank supervision; (ii) systemic risk, financial stability, and macroprudential policy; (iii) stress testing; (iv) financial crisis management and safety nets; (v) financial market infrastructure; and (vi) financial inclusion.

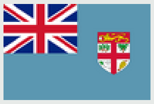
Following a short scoping on-site mission in December 2019, the project had to shift to a virtual delivery mode from March 2020 as travel restrictions were imposed. Various changes to the normal FSSR workflow were required to accommodate virtual CD delivery.

FSSR team members were scattered across various global locations (Austria, India, and USA), but successfully connected virtually. The remote format of the mission afforded sufficient flexibility of structuring dialogue on policy reform and CD with numerous stakeholders: the AFR Sierra Leone country team, the LTX on central bank modernization, the World Bank FIRST project manager, the World Bank FSAP Developmental Module mission members, as well as the LTX on bank supervision from AFW2. The virtual platform allowed for active discussion on how to avoid duplication and devise complementary CD initiatives to support financial sector policy reforms. The virtual meetings also afforded a deeper engagement between the FSSR and AFR teams, contributing to CD-program integration.

The Bank of Sierra Leone (BSL) was very engaged in mobilizing its technical staff for the FSSR discussions and taking action to address its recommendations. BSL has since intensified the use of its high-frequency data reporting tool to monitor the performance of the banking sector during the COVID-19 crisis. Also, during this period in accordance with the BSL Act of 2019, the Second Deputy Governor was appointed to oversee financial stability arrangements. Additional success factors for the remote meetings included clear meeting agendas, preparation and circulation of documents ahead of meetings, active collaboration using IMF Box to share data and documents among team members and with BSL, and regular emails, WhatsApp calls, and other contacts with all stakeholders. The development beforehand of a strong relationship between the FSSR team and the authorities was essential in building trust and gaining buy-in for policy reform and follow-up CD initiatives.



BOX 12. FIJI TA ON STRESS TESTING: ADJUSTING TO COVID-19



In November 2019, an MCM TA mission helped improve the capacity of the Reserve Bank of Fiji (RBF) to implement solvency stress tests. The team reviewed the RBF's existing stress-testing framework, and tailored stress-testing models developed by MCM to the specific features of Fijian banking system and economy. MCM experts provided multiple training sessions to the staff of the RBF's financial stability and supervision departments. Fiji's economy is highly reliant on tourism revenues and is also vulnerable to adverse weather events, which in turn impact the condition of the banking sector. The team and the authorities also discussed the risks that could emerge by the possible climate change, which may, in the future, result in direct cyclonic hits causing devastating damage to the economy and financial system.

In the wake of the COVID-19 pandemic, the MCM TA work on stress testing to RBF has continued. From April 2020, the engagement shifted to the remote format relying on WebEx meetings and e-mail exchange. The already established relationship between the stress testing team from RBF and the MCM team was critical for ensuring smooth continuation of the work on refining the existing stress testing framework and undertaking a new scenario-based solvency stress test. The TA has also helped the RBF to assess the likely impact on bank balance sheets from the COVID-19 pandemic.

MCM TA mission with the management team of RBF's supervision and financial stability departments

MCM LTXs are playing an important role during this crisis period. The lack of established relationships is a significant drawback to remote CD delivery but the existing LTXs have close and often long-standing relationships. Some MCM LTXs decided to remain in their assigned countries providing ongoing critical hands-on support to the authorities. In parallel, MCM LTXs in various RTACs are also actively engaged in helping counties remotely when feasible on a range of financial sector issues. In addition, they are also responding to new requests/inquiries from the countries in the region in the context of growing uncertainties and fear of financial crisis stemming from negative impact on the economy arising from COVID-19-related risks.

MCM staff produced about 30 guidance notes on specific topics arising during the crisis in the areas of debt management, foreign exchange liquidity, central bank operations, and financial sector supervision. These notes (Special Series on COVID-19) were designed to convey Fund staff's views on a range of monetary and financial sector (and also fiscal, legal, and statistical) topics including on how the central bank should consider intervening in monetary and financial markets to maintain orderly conditions, what considerations should guide the regulatory and supervisory responses to the crisis, what cybersecurity issues should be considered while working remotely, etc. A joint MCM-World Bank position paper was also prepared for member authorities regarding the financial regulatory and supervisory implications of COVID-19. All these notes aim to serve as a foundation for financial regulators and supervisors to build upon in their respective contributions to public policy and development of their own responses to the pandemic.

In order to convey the main messages of these notes in an efficient way in a short period of time, a series of COVID-19-related webinars were launched (Box 13). The webinars were organized in partnership with our RTACs or other regional CD partners such as Joint Vienna Institute (JVI), Singapore Regional Training Institute (STI), and Center of Excellence in Finance (Slovenia). A dedicated team was set up in MCM TA Strategy

Division to drive the process. For each webinar the core team was complemented by the relevant country managers, LTXs from the region and their respective functional backstoppers, panelists from the MCM functional divisions, and RTAC center coordinators. For multilingual webinars, simultaneous interpretation was provided. Each webinar was a result of great collaboration effort of many different participants.

More than 30 webinars were organized in less than three months. The webinars covered seven different topics, with the highest demand for financial sector regulatory and supervisory responses, central bank support to financial markets, cybersecurity of remote work, and debt management. The webinars were held in all RTACs, including the yet virtual IMF Caucasus, Central Asia, and Mongolia Technical Assistance Center (CCAMTAC). The webinars were attended by the authorities from more than 130 countries (mostly central banks, ministries of finance, and other supervisory agencies). The relevant MCM notes were translated to and the events were organized in five different languages: English, Russian, Spanish, French, and Portuguese; some translated to several languages. Each webinar was typically attended by 30–70 high-level officials, although one webinar on Cybersecurity of Remote Work attracted 430 participants (see below).

BOX 13. COVID-19-RELATED WEBINARS

A series of COVID-19 centered webinars became an important channel for disseminating MCM technical advice to member countries on various topics. The webinars achieved several objectives:

- Roll out the messages of the MCM Special Series on COVID-19 in all the regions covered. The notes discussed the potential responses to the new situation, identifying potential responses to crisis conditions and discussing downside risks. The webinars were instrumental in informing the country authorities—who were under pressure to make immediate steps to cope with the consequences of the pandemic—about MCM's stance in a timely manner.
- Share collected global responses with authorities. MCM functional divisions collected individual country response ranging from financial sector supervisory and regulatory responses through central bank support to financial markets to responses in debt management. By sharing this information, the webinars supported the authorities in their decision making.
- Reach out to CD recipients and learn about their challenges and potential CD needs. As all planned in-field missions and workshops were postponed or cancelled, the webinars helped MCM and the RTACs to reconnect with CD recipients and understand their new priorities.
- Provide a forum for peer-to-peer discussion. The webinars were held at a regional level, in cooperation with the RTACs. The events were interactive, with country presentations and roundtable discussions, enabling the local authorities to exchange their experiences and learn from each other.
- Explore innovative modalities for CD delivery. It was clear that to bridge the physical distances, CD needed to be switched to remote mode. However, there was relatively limited experience with such events. The series of pandemic-related webinars provided a fast and steep learning curve on how to deliver important messages efficiently to a wide range of recipients.

SECTION III

B OUTLOOK

The remote CD and webinars are helping to fill the vacuum until in-person delivery can resume. Despite the challenges, the bilateral CD has continued through remote engagements particularly in Fund program countries. However, in the short-term, remote bilateral CD is not likely to match the amount of in-field CD delivered in recent years. Staff has quickly gained experience in using available technologies and managing the challenges of connectivity. Design and strategy for remote delivery is quickly evolving, with early lessons learned. Remote CD support proved to work well for shorter and targeted advice on technical issues where there are robust, established relationships between the counterparts, together with an agreed CD reform strategy, and the existence of some baseline capacity. CD that requires intense interactions of a large mission team—especially if the team members have no prior relationships with the counterparts—with different country authorities, such as diagnostics (for example, FSSRs), or CD that requires views of multiple external counterparts (for example, banks and other market participants), or CD that is aimed at institutional building may be more challenging to be effectively delivered remotely. As the authorities focus on pandemic mitigation (which often means operating with reduced staff) and crisis response, the capacity to launch new FSSR missions, even in a remote format, may be limited. Some countries, for example, asked to postpone the FSSR scoping mission while the local quarantine measures are in place. At the same time, opportunities have emerged in remote delivery that suggest that even after the pandemic, more remote delivery will take place or be blended into more traditional field delivery. Well-targeted webinars or short bilateral engagements on particular topics (perhaps as precursors to in-field work) could potentially remain an efficient tool to spread important messages at a regional level, as the need might arise, in the future.

The remote CD delivery requires to overcome several other important challenges. These include: (i) authorities' capacity of receiving CD remotely during the crisis period (e.g., limited bandwidth and inadequate access to technology during lockdown); (ii) experts may also face technology constraints, given they do not have the support of the Fund's Information Technology Department; (iii) it may be more difficult to build trust and discuss sensitive and confidential issues by virtual mode; (iv) engagement of key personnel is key to traction and this may be harder to ensure online; (v) language barriers may be magnified online; (vi) adjustment to time differences, including when mission members themselves are spread across different time zones, may require engagement beyond regular office hours; and (vii) mission planning becomes even more important in the remote context.

While waiting to restart in-field CD delivery, MCM strives to mitigate the impact of these challenges. MCM is working closely with ADs and country authorities in order to prioritize CD areas and to ensure effective delivery of CD via remote modes in the near term. The remote modality often requires relying more on pre-mission surveys/questionnaires. As travel remains uncertain over the longer horizon, but CD demand is high, consideration is given to adopting the delivery of blended TA, or TA that can be delivered with less frequent in-field missions and more remote missions than in the past and that combines different formats of engagement tailored to country needs and circumstances.

SECTION IV

NEW CD AREAS

SECTION IV

A

MEETING THE GROWING DEMAND FOR INNOVATIVE PAYMENTS CD

Financial technology ("fintech") is emerging as a core driver of every aspect of today's financial system and economic landscape. Fintech offers the prospect of accelerating the integration of finance and the real economy, provides the potential for broader access to finance, reduced costs of financial services, and increased efficiencies. Fintech will affect the viability of today's financial sector business models and the effectiveness of current policies, regulations, and norms that have shaped modern finance. At the same time, fintech brings a new set of risks to the financial system.

Increasing demand for fintech CD is emerging from member countries. The rapid and continuous pace of new technological innovations have challenged many member countries to consider payments modernization plans, experiment with and conduct research on emerging technologies, and review associated laws and regulations to ensure effective oversight. Several central banks have established fintech departments that address questions such as: (i) how will digital technology change financial services; (ii) how are digital payments changing financial services by extending the use of data; (iii) how is fintech integrating with businesses and supporting the real economy—a topical issue in the COVID-19 environment since the use of contactless payments can reduce the risk of virus transmission through the handling of banknotes; and (iv) what is the impact on macro and micro policies and regulations.

MCM has actively moved forward to respond to the rising and pressing requests from member countries in these CD topical growth areas. It strengthened staffing and expertise to provide, among others, TA to member countries focusing on identifying and managing risks related to payments, currencies, and infrastructures, while fostering fintech's potential benefits and exploring new solutions.

Over the last year, several workshops/training courses focused on fintech developments and the impact on laws, regulations, and oversight practices to ensure effective payment systems oversight. For example, an IMF mission visited the Middle East Center for Economics and Finance in Kuwait City to deliver a course on "Selected Issues in the Regulation of Fintech" in February 2020. The topics included: fintech developments and regulatory challenges; P2P lending; crypto-assets regulation; the international institutional response; stablecoins; and central bank digital currency (CBDC). Other workshops addressed: (i) retail payments regulation, licensing, and oversight; (ii) fintech in payments, covering issues related to cash and instant payments, regulation, and infrastructures; and (iii) the Principles for Financial Market Infrastructures (PFMI).

Bilateral TA was provided to several African, Central Asian, and European countries to strengthen the payment systems oversight function of central banks. The missions reviewed the current regulatory, oversight, supervisory, and licensing arrangements for payment systems and nonbank payment service providers (PSPs); identified payment activities, associated risks, and impact from technology; and identified gaps against international standards and practices. In addition, an MCM mission visited Kenya, Rwanda, Tanzania, and Uganda to take stock of regulation, supervision, and oversight of mobile network operators (MNO) offering mobile payment products, and of the different approaches being followed or considered to provide user protection in the event of a failure of an MNO or a bank holding mobile money trust balances. Given that mobile payments have become a key feature of the payment system in East Africa, lessons can be learned about different country approaches, which may feed into the IMF's future CD support to other countries.

More central banks are exploring CBDC with many actively considering the pros and cons of issuing retail CBDC. In that regard, IMF staff presented a working paper on Cash Use Across Countries and the Demand for Central Bank Digital Currency at a National Bank of Ukraine (NBU) CBDC Conference in February 2020. The presentation, part of the IMF's capacity building efforts for the NBU, contributed to the exploration of the economic issues around retail CBDC issuance.

MCM plans to further extend its CD delivery in PFMI and fintech. The focus will be on (i) analyzing the safety and efficiency of payment systems, central securities depositories, securities settlement systems, and central counterparties; (ii) enhancing the supervision and oversight of financial market infrastructures; (iii) strengthening the regulation and supervision of nonbank PSPs; (iv) training on the application of the PFMI and the analysis of financial stability implications from fintech on payments, clearing and settlements arrangements; and (v) determining whether to issue a retail CBDC and, if so, covering the key considerations.

The intention is to ramp up CBDC CD via regional workshops and on a bilateral basis, particularly to emerging economies and low-income countries. An important component of CBDC CD will be the creation of a CBDC information sharing platform to be accessible to all member countries. In addition, the preparation of a CBDC handbook is underway, covering cross-country experiences, theoretical considerations, business model and design issues, plus governance and risk management.

SECTION IV

B

ENGAGING ON CD TO STRENGTHEN CYBERSECURITY

MCM initiatives on strengthening cybersecurity help identify, disseminate, and enhance good international practices. CD modalities consist of three pillars in this topical growth area: (i) an annual workshop, (ii) regional workshops in cooperation with our RTACs, and (iii) bilateral TA projects (Figure 18). During FY20, MCM delivered one global cybersecurity risk workshop, three regional workshops and six bilateral TA missions. Key metrics of the MCM cybersecurity CD program since its inception in 2017 are shown in Figure 19.

- The workshop on cybersecurity risk has been organized by MCM on an annual basis since 2017. The workshop focuses on emerging and developing economies with the objective to provide a forum for sharing the experience of addressing cyber risk, and on equipping supervisors with practical tools to enhance cyber resilience in their own jurisdictions. The last global workshop took place in December 2019 in Washington, DC (Box 10).
- The annual workshop is complemented with periodic regional workshops that are targeted at the needs of regions covered by RTACs.
- Bilateral TA projects encompass a deep-dive analysis and recommendations for improvement of cybersecurity risk management within the regulatory and supervisory framework of a given jurisdiction. This TA provides advice to the individual country authorities on enhancing their approach to cybersecurity risk supervision. The focus is on strategies to improve supervisory processes and regulatory standards and help develop supervisory skills and specific tools and techniques that support the supervisory process.

FIGURE 18. THREE PILLARS OF MCM CYBERSECURITY CD

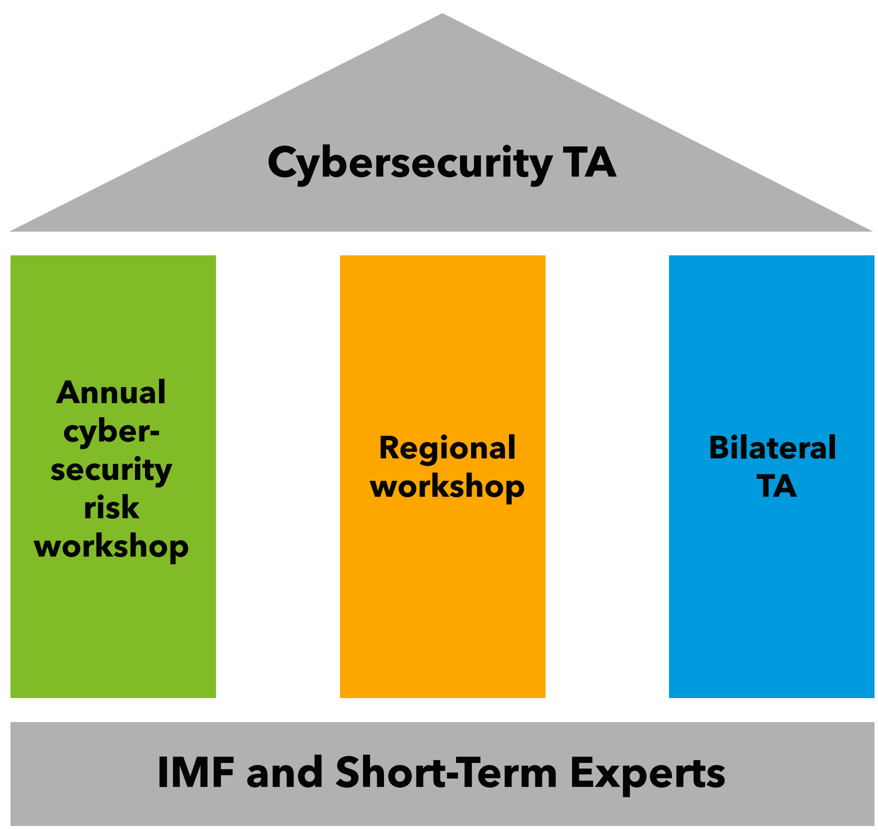
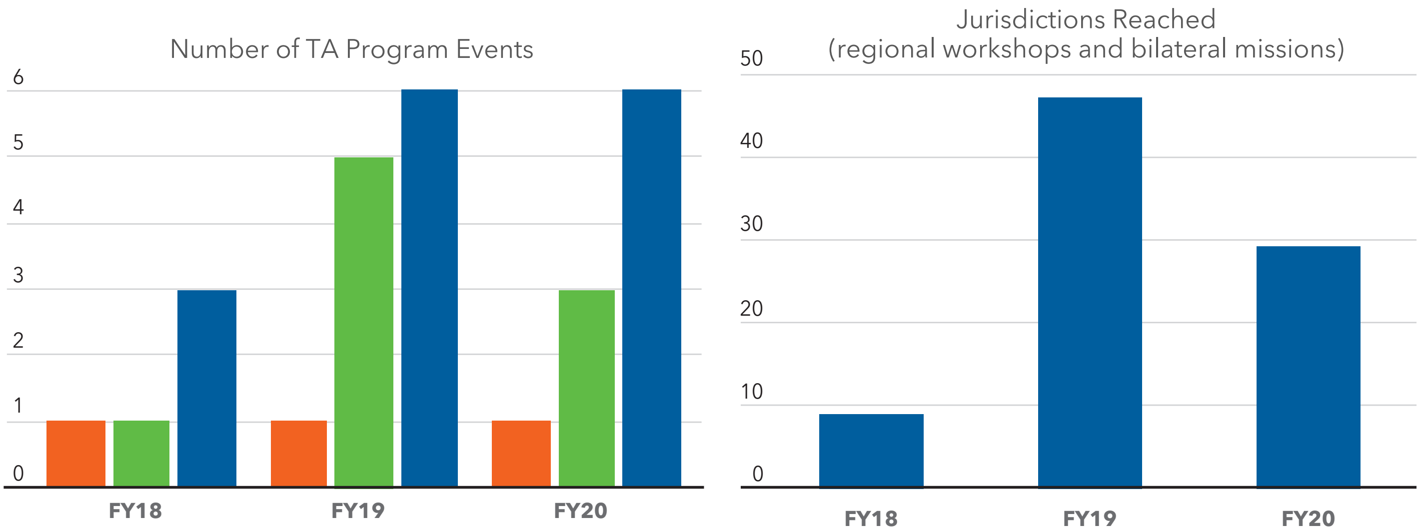


FIGURE 19. KEY METRICS OF THE MCM CYBERSECURITY CD PROGRAM



Three regional workshops took place in FY20, two of which were organized jointly with two different RTACs/TA centers. The SARTTAC/CDOT and AFW/AFC workshops—which included jurisdictions covered by these different RTACs—focused on emerging trends and good practice in cybersecurity risk supervision and helped participants build professional networks in their regions. The PFTAC workshop developed a joint model prudential cybersecurity standard for the participating jurisdictions.

Bilateral missions were conducted to Ghana, Guatemala, Malawi, Mauritania, Mongolia, and Nigeria. For example, the TA in Malawi supported the development of cybersecurity risk management guidelines for banks and on-site and off-site cybersecurity risk supervision tools and delivered an in-house training for on-site examiners on cybersecurity risks. As another example, the mission in Mauritania helped develop the structure and outline of information and communication technology risk management guidelines for the financial sector and enhanced the existing off-site and on-site supervision methodologies in line with international good practice.

The malicious cyber activity has increased sharply during the COVID-19 pandemic. Many financial sector firms and authorities have moved to teleworking, while financial institutions have also rapidly increased the reliance on online channels in their interactions and communications with clients. These circumstances have put pressure on supervisors, especially in developing and emerging economies, which further increased demand for capacity development.

In response, MCM shifted focus of CD work on cybersecurity to the issue of increased remote interactions. A series of webinars discussing the related cybersecurity issues were launched. As an example, the webinar on the cybersecurity risks of working remotely organized in collaboration with the Singapore Regional Training Institute (STI) and the South East Asian Central Banks Research and Training Centre (SEACEN) attracted over 430 participants, the largest audience on record for STI-hosted webinars. Similar webinars have been also run through several RTACs. Remote bilateral CD work on this topic is currently planned for several jurisdictions.

SECTION IV

C

LAUNCHING WORK ON AN INTEGRATED POLICY FRAMEWORK (IPF)

The IMF staff is currently developing an Integrated Policy Framework (IPF) that will guide authorities in considering the joint role of monetary, exchange rate, macroprudential, and capital flow management policies. The goal is to provide a systematic approach to selecting an appropriate policy mix to help countries manage difficult trade-offs and achieve domestic and external objectives.

In FY2020, MCM began CD work in this area. The first TA missions on open economy monetary policy models were initially planned to take place in Malaysia and Thailand. The TA projects were aimed at strengthening the monetary policy decision-making process at the Bank Negara Malaysia (BNM) and Bank of Thailand (BOT) by developing and estimating small-scale open economy models that tailor to the monetary policy framework and macrofinancial and external linkages of these countries. More specifically, the models represented a simplistic tool aimed at capturing certain country characteristics, such as currency mismatches and the extent to which inflation expectations are well-anchored. The models intend to incorporate risk-on/risk-off behavior of investors and different assumptions about exchange rate pass-through. This includes both an "expenditure-switching" channel as well as a (possibly nonlinear) "balance sheet" channel of a large depreciation to analyze when the exchange rate could act as a shock amplifier rather than a shock absorber. The models can potentially be used to analyze various policy options if interest rates hit an effective lower bound. The models are expected to initially focus on interest rate and foreign exchange (FX) intervention policies but will later be extended to include macroprudential/capital flow management measures as well as endogenous risk mechanisms to investigate possible growth and financial stability trade-offs.

Regrettably, the TA missions have been put on hold due to the COVID-19 crisis, but the modeling work has continued. While MCM staff has continued its research and analytical work to develop the framework that can be operationalized for CD, staff has held several video conferences with both BNM and BOT to discuss the estimated model and solicit the authorities' comments. As the covered material is highly technical in nature, it is important to deliver the missions in-field rather than remotely. Also, the on-site missions would help ensure a successful initialization of this CD program. At the time of writing, missions to Malaysia and Thailand in early 2021, the health situation permitting, are planned.

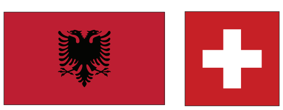
SECTION V

CASE STUDIES

A

ALBANIA: SAFEGUARDING STABILITY OF THE FINANCIAL SYSTEM

By Sipho Makamba



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

During the first 18 months of the project, BoA developed macroprudential policies largely based on Basel III and regulations and guidance issued by European Systemic Risk Board. The main elements of the policy included construction of a systemic risk heat map with the support from two MCM missions, introduction of a quarterly macroprudential commentary for the use of BoA's top management, introduction of combined buffer framework comprising capital conservation buffer, counter cyclical capital buffer, 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 banking book are under an

IMF Expert on Central Bank Operations, IMF Bank Supervision Resident Advisor, and BoA Governor

IMF Bank Supervision Resident Advisor at a holiday gathering with the Governor, Deputy Governor, and senior staff of the BoA

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 non-financial corporate ownership of Albanian banks. With the finalization and testing of the SREP Framework, BoA is now ready to implement Pillar 2 of 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 the regulations that are at draft stage as substantial work in that direction has already been completed.

SECTION V

B

CAPTAC-DR: STRENGTHENING FINANCIAL SUPERVISION

By Jose Roberto Effio

One of the key objectives of CAPTAC-DR is to support its member countries in bolstering their institutional capacity in financial supervision. CD projects focus on risk-based bank supervision, consolidated and cross-border supervision, and prudential and regulatory frameworks for banks, including alignment with the international standards (i.e., Basel, IFRS). Some emerging topics—particularly financial inclusion and supervision of cyber risk—and the insurance sector supervision are also included in the CD work. The projects involve both TA and training activities.

CD is delivered to national and regional supervisory authorities.

MCM LTX and CAPTAC-DR Center Coordinator

The LTX plays an important role in ensuring a continuous engagement—both remotely and in person—with countries' counterparts and with the Superintendents Regional Council. The work of LTX is complemented by periodic STX missions whenever needed.

Building on the significant progress achieved and following the delivered CD advice, member countries have a packed working agenda. Efforts should continue to adopt best international standards and adapt best international practices.

"Thank you for the training on COVID 19 and Insurance Stress Testing. It was very timely. Following the workshop, the FSC has conducted a top down stress test using 2018 data and vulnerabilities have been identified. The pandemic scenario was modified slightly based on internal discussions."

Financial Services Commission of Jamaica

"We will now work with our models, implementing the new scenarios and analyzing the effects on the individual insurers."

Bank of Guyana

SECTION V

C

CARTAC: WORK ON INSURANCE STRESS TESTS

By Ralph Lewars

The insurance industry plays a very influential role in the financial sectors of most CARTAC member countries, accounting for roughly 20 percent of regional GDP. Most of the large firms have region-wide footprints and are highly interconnected with banks and other nonbank financial institutions, which may result in the transmission of contagion and financial stresses through inter- and intra-group exposures. Contagion could also flow from the insurance company to other members or affiliated entities. The sector's portfolios are concentrated in few asset classes.

The CARTAC has provided TA and training on insurance stress testing since 2015. The Financial Analysis and Stress Testing (FAST) model was developed and shared with several insurance supervisors across CARTAC member countries. The FAST model provides for the application of top-down stress scenarios consisting of one or more shocks on company-by-company data. The scenarios have been calibrated and refined through discussions with and feedback from supervisors at regional and bilateral workshops. The model does not specify economic scenarios, per se, only the changes in various parameters.

Following the onset of the COVID-19 pandemic, CARTAC decided to incorporate potential pandemic stress parameters in the insurance sector stress testing model. These include a combination of the pandemic's effects on life and health claims, the economic downturn scenario, and the catastrophe scenario's effects on technical provisions, related party defaults, and expenses.

Between March and June 2020, CARTAC conducted several remote workshops with insurance supervisors from 14 of the 23 CARTAC member countries to discuss potential stress scenarios arising from the COVID-19 pandemic and the potential effects it might have on the insurance sector. Post-workshops follow-up TA included: responses to follow-up questions, review of action plans and country specific scenarios for conducting the stress tests to incorporate the potential impact of the pandemic, and feedback on draft industry questionnaire survey to assess impacts and action plans in response to the pandemic. Arrangements have been made to have follow up discussions with each supervisory agency to discuss the results from the pandemic scenarios conducted.

CARTAC workshop in Jamaica in September 2019

SECTION V

D

EASTERN AND SOUTHERN AFRICA: OVERVIEW OF A FOUR-YEAR PROJECT TO STRENGTHEN FINANCIAL MARKET INFRASTRUCTURES & PAYMENTS

By Faith Stewart

AFRITAC East AFRITAC South

The LTX position for the Financial Market Infrastructures & Payments (FMIP) topic area—the first of its kind shared among two RTACs—was created in 2016 to support AFS and AFE member countries' efforts to modernize their payment systems and adopt the international standards, the 2012 CPSS-IOSCO Principles for financial market infrastructures (PFMI). The concept of a shared LTX for two RTACs provided an opportunity to effectively gauge demand, leverage TA resources, and monitor and adapt to emerging trends in the payments space. Through TA missions, seminars, workshops, and other peer learning events, this project enabled progress on several fronts: enhancing oversight policy frameworks, strengthening legal and regulatory frameworks, improving risk management and oversight practices, and increasing proficiency in conducting FMI assessments. Thanks to these efforts, more than half of the 20 member countries (up from 2 in 2016) have now attempted at least one assessment and FMI risk management and oversight practices continue to improve.

Participants at the Joint Regional Fintech Seminar in Pretoria, South Africa, 2019

Fintech, especially mobile money developments, have assumed systemic relevance across the regions and are now a focus of national payment systems (NPS) oversight. FMIP TA provided guidance to strengthen fintech supervision and upgrade oversight frameworks to reflect these developments. The regional Fintech Seminar organized in South Africa in 2019 allowed countries to compare current practices, learn from the international experiences of IMF staff and external experts and adapt suitable regulatory and policy approaches to harness these developments. MCM, in conjunction with AFE, also spearheaded a stocktaking analysis of e-money services in the East Africa Community (EAC) region. These findings will help inform Fund policy and TA guidance for risk management and oversight of e-money institutions and other service providers.

The diversity of member countries in terms of size (e.g., Seychelles versus Tanzania), language (16 Anglophone, two Lusophone and two Francophone), and the different levels of development

LTX and AFE Participants with Bank of Ghana staff, hosts of the Professional Attachment, 2017

made the LTX's experience both exciting and challenging. The twin portfolio provided an opportunity to compare a wider range of practices and gain insights into some of the country/region-specific factors that have a bearing on the nature and pace of reforms. Our TA leveraged these insights to customize advice and help achieve country-specific milestones.

AFE/AFS's flexible and strategic approach to capacity building proved effective in advancing legal and other aspects of NPS reforms. In 2017 AFE/AFS, jointly with the LEG conducted a regional workshop for the legal professionals tasked with drafting and advising on payment-related laws and regulations. This 'legal workshop'—the first of its kind—was a strategic initiative to not only strengthen compliance with Principle 1 (Legal Basis) of the PFMI but, critically, build internal capacity to undertake legal reforms in a context where LEG is constrained to provide bilateral TA or draft laws for the (up to 20) AFE/AFS member countries. The workshop and the concept were well-received. In the words of one participant "Facilitators have been able to demystify some of the complex concepts pertaining to FMIs, clarifying linkages, unpacking the issues relating to the implementation of the PFMI and the importance of an underlying sound and clear legal framework."

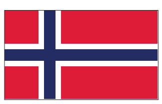
AFE arranged a professional attachment which served as a de facto orientation program for newly appointed heads of payment systems departments in Ethiopia, Kenya, and Uganda. Delegates lauded the event as 'timely, relevant and useful' and subsequently implemented several 'lessons learned' to amend regulations, reorganize NPS departments, and improve oversight practices.

SECTION V

E

MOZAMBIQUE: INSIGHTS INTO THE BANK OF MOZAMBIQUE MODERNIZATION PROJECT

By Jennifer Moyo



The Bank of Mozambique (BM) modernization project is financed by Norway and managed by the IMF with technical collaboration with the Norges Bank (NB). The first phase (Phase I) runs from October 2017–September 2020, expected to be followed by Phase II spanning from October 2020 to September 2023. The project has a broad set of medium-term objectives to enhance capacity and strengthen governance at BM and support its modernization efforts.

The CD project aims to: (i) strengthen central bank governance, organization and management; (ii) improve monetary and foreign exchange policy, operations, and communications; (iii) enhance financial stability analysis, reporting, communication, and the financial stability framework; (iv) modernize the national payment systems and its oversight function; and (v) make currency management more efficient.

Distinguishing features of this CD project are its holistic approach and the technical cooperation between two central banks with project management provided by MCM. This arrangement provides the BM access to the expertise and experience of the NB, while the overall CD program management, including its quality control, is done by MCM staff. Through a series of expert visits covering a wide range of areas, a Resident Advisor who coordinates multiple work streams on site and MCM oversight and backstopping, the project has produced high quality CD valued by the authorities.

IMF staff and experts at the rooftop of the BM

The project has demonstrated agility in its delivery modality in the face of the COVID-19 pandemic. Since March 2020 the project has continued its support of the authorities' efforts and have undertaken remote technical assistance missions in several areas including cash currency management, financial stability, payment systems as well as monetary policy and business cycles analysis.

An in-country interim assessment undertaken in January 2020 indicated that a lot has been accomplished. There is enhanced capacity at the BM to strengthen governance, an area critical for the central bank's modernization efforts. The Resident Advisor has effectively facilitated the integration of experts' advice into the operations of the BM and is considered a trusted advisor. Going forward, it will be important to further consolidate and deepen the gains through phase II of the CD project expected from September 2020.

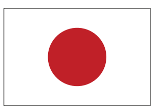
IMF staff and experts at the rooftop of the BM

SECTION V

F

MYANMAR: SWITCHING TO REMOTE TA MODALITY DUE TO COVID-19

By Attila Csajbok



Three MCM LTXs are currently working at the Central Bank of Myanmar (CBM) providing TA on: (i) banking supervision; (ii) foreign exchange policy; and (iii) central bank accounting and internal audit. In addition, the LTX on monetary operations working at the Capacity Development Office in Thailand (CDOT) covering the region has been heavily engaged with CBM. All these activities are funded by the government of Japan.

Central bank accounting and internal auditing training

The pandemic is having a negative impact on the Myanmar economy. The CBM has eased its monetary policy and extended regulatory forbearance. In April, the authorities requested an emergency financial support from the IMF in the form of a Rapid Credit Facility. During this period, the MCM LTXs were heavily involved in giving advice to CBM as well as interacting with the IMF country team from AD.

Shortly before Myanmar airspace closed to contain the spread of COVID-19, all three LTXs relocated to their home countries. They kept in touch with their counterparts via emails, videoconference, and chat platforms/apps, and used multiple communication channels to stay connected with local staff.

As an example, the LTX on accounting and internal audit summarized her approach to the remote working modality, experience with the authorities' responsiveness, challenges, and mitigation options as follows:

Approach: (i) plan ahead and agree with the authority on key tasks for the forthcoming months and clarify the expectations for the LTX; (ii) test all the technology that is needed for communication and stay

MCM LTX with CBM Staff at a Monetary and FX policy workshop

connected—staying connected is essential; (iii) leverage the expertise of LTXs, MCM staff, and Fund-wide knowledge, e.g., various policy notes and tools.

Responsiveness: (i) the CBM is very positive and appreciative of the guidance that helps to respond to COVID-19, which strengthens the engaging working relationship; (ii) the CBM is open-minded to teleworking as this seems to be a new norm in the near future, although CBM staff cannot work from home because they either lack computers or have no internet access at home.

Risks and challenges: (i) steady but slower implementation pace, for example longer turnaround time for data, research, and analysis work; partly that is because CBM operated at 50 percent staff capacity from late March to June (staff worked every other day) to mitigate the risk of contagion at the workplace, and key staff was given additional crisis-related responsibilities; (ii) even though the country was not strongly impacted by COVID-19, senior management has been giving priority to reviewing and approving policy work related to COVID-19 response.

Mitigation: (i) stay connected with staff by multiple technology-based ways: daily emails, teleconference via WebEx and MS Teams, one-on-one quick chats or texts with key staff via Messenger/WhatsApp, leveraging the local interpreters in case of more urgent requests of data or clarifications; (ii) stay alert to new or additional TA needs from the authority; although meeting those needs means extra work, it does create very positive working atmosphere and strengthens the working relationships in a difficult time; (iii) develop a quarterly-based detailed work plan of key tasks to clarify on expectations of work outputs from the authority staff and their expectation from the LTX. But be open minded and flexible when changes are needed.

The LTXs would like to return to their duty station in Myanmar as soon as possible and they are continuously evaluating the possibility to do so, in the light of developments of travel and quarantine restrictions.

CBM videoconference meeting on FX auctions

SECTION V

G

SOMALIA: LAYING THE FOUNDATIONS TOWARD A MODERN CENTRAL BANK

By Abdullah Haron and Ashraf Khan

Somalia Trust Fund

As a crucial step in rebuilding society, the Somali authorities have embarked on a broad financial sector reform initiative, laid down in its Financial Sector Roadmap for Somalia 2018–20. The Roadmap assigns a key role to the Central Bank of Somalia (CBS), and MCM TA has been focusing on modernizing the central bank in a truly integrated manner, covering the key functions of the central bank: a strong and resilient internal organization, financial stability arrangements, including supervision, and the foundations for future monetary policy. The reform of the CBS' governance, organization, accounting, reporting, and auditing, and the development of financial sector, helped underpin performance under four successive Staff-Monitored Programs (SMPs) with the IMF (beginning in 2016) and supported Somalia's path to the Heavily Indebted Poor Countries (HIPC) Initiative Decision Point. The strategic plan and transition plans were benchmarked against international best practices, as were the elements of strengthening the banking licensing and supervisory framework. This integration of CD into the IMF program design has significantly enhanced traction, which is expected to continue under the new IMF program with Somalia.

Fishermen at the port of Mogadishu, Somalia

The pace of this reform initiative supported by MCM TA was made possible through strong support from CBS' leadership as well as from donors through the Somalia Trust Fund. Coordination of donors, Somalia country team, and Resident Representative in the same assistance space proved critical, reducing information asymmetries and building consensus between different TA providers.

The utmost priority of MCM TA, following the IMF re-engagement with Somalia in 2013, was to help enhance the governance structure of the CBS in line with the rule of law and the application of international good practices. Over time, the CBS has taken steps to develop a proper policy framework for financial reporting, auditing and internal controls, and—in line with its transition plan—it has recently hired three Executive Managers to implement the revised CBS structure and outline priorities.

In parallel, to help build capacity to regulate and supervise the banking sector, MCM adopted a combination of diagnostic TA followed by focused hands-on and remote assistances and complemented by peripatetic missions by STXs. This enabled MCM to swiftly adjust CD priorities in the banking regulation and supervision. CBS's capacities have been significantly boosted with 11 trained supervisors—and likely recruitment of seven more in the short-term—who have recently completed their second round of on-site examinations. Additionally, efforts to develop capabilities to supervise banks providing Islamic financial services have been enhanced, reflecting the needs of a large part of the Somali population, while minimizing risks emanating from this sector.

Work continues on the reform of the Somali Shilling, the long-awaited overhaul of Somalia's domestic currency. The introduction of the new Somali Shilling banknotes would provide society with a much needed legitimate cash currency. Building on the earlier assistance of MCM, the IMF and World Bank teams are coordinating the provision of future TA support.

The new Governor, appointed in 2019, has pushed through much-needed reforms of the governance and organization of the CBS. A function-based organization model is now being implemented, grouping the CBS policies and operations into three homogeneous functional groups: (i) on monetary, financial, and regulatory policies; (ii) on currency and banking operations; and (iii) on financial administrative and support services. This will help the central bank focus on its core policy functions.

"The IMF technical assistance provides a strong foundation for the CBS's oversight of the financial services industry, ensuring its sustainable development for future generation of Somalis."

–Abdirahman M. Abdullahi, Governor, Central Bank of Somalia

SECTION V

H

SOUTH AFRICA: CAPITAL ACCOUNT LIBERALIZATION AND MACROPRUDENTIAL POLICY


By Annamaria Kokenyne and Tjoervi Olafsson

In practice, South Africa has a more open financial account than most other emerging market economies (EMEs) with external assets and liabilities summing to 300 percent of GDP (de facto indicator). However, based on their existing regulations (de jure indicator) the country is more restricted than the median EME, reflecting the highly complex foreign exchange regulatory framework which predates the IMF's institutional view. The authorities plan to move forward with capital flow liberalization in the context of the country's intention to adhere to the OECD Codes of Liberalization and have requested TA to help design a strategy. The TA follows a structure that has been successfully implemented in other countries (such as China) with experts from countries that have undergone a similar process sharing their experiences with the authorities in a workshop, which took place in Pretoria in November 2019.

City of Pretoria skyline, South Africa

In the workshop, experts discussed the experiences of Brazil, Chile, Iceland, Israel, and Korea, focusing on three areas related to capital flow liberalization:

- Main policy considerations underlying the decision on liberalization; the macroeconomic, institutional, and financial stability context in which the liberalization took place; the sequence of removing capital flow management measures; and the pitfalls and benefits of liberalization;

- The challenges of macroeconomic management and financial stability concerns in the context of an open capital account and the policy responses implemented in response to capital flow volatility; and

- The process of and lessons learned from adhering to the OECD including the challenges of complying with the obligations under the Codes while managing risks related to capital flow volatility.

The IMF Institutional View on the Liberalization and Management of Capital Flows was also presented, as well as the role of macroprudential policy in responding to large and volatile capital flows based on a 2017 Board Paper. The presentations triggered a lot of interest and many questions that helped to clarify some of the concerns the authorities have with respect to the appropriate path and pace of liberalization.

The November 2019 workshop is expected to be followed up in FY2021 with another TA which aims to help the authorities in developing a roadmap for liberalization and strengthening the related regulatory framework.

SECTION V

I

SOUTH SUDAN: BUILDING CENTRAL BANK CAPACITY FOR IMPLEMENTING MONETARY POLICY

By Claney Lattie

In FY2020, MCM briefly resumed on-site CD missions to Juba assisting the Bank of South Sudan (BSS) in strengthening its capacity for monetary policy implementation under the South Sudan Trust Fund. Key elements of the BSS's institutional mandate and decision-making structure for monetary policy are broadly in place, as these transitioned from institutions of the former Sudan when South Sudan became independent in 2011. The TA therefore focused on building the capacity of BSS staff to put in place an operational framework that allows for effective monetary policy implementation. The immediate operational changes included: (i) preparing an economic balance sheet for frequent analysis of the evolution of reserve money which is the operational target of the framework; and (ii) organizing relevant financial data to facilitate ongoing monitoring of bank balances, which is the monetary variable that can be directly influenced by central bank within the revamped reserve requirements framework. The progress made in implementing these reforms, together with the introduction of additional tools for monetary policy implementation, would represent a major step for BSS's contribution to the broader macroeconomic objectives for reducing inflation. These improvements also support the transition of the BSS operational framework to the East African Monetary Union, which envisages the harmonization of monetary policies and implementation over the medium-term within the East Africa Community Regional Integration.

Addressing the challenges of inadequate data, inefficient foreign exchange policy, shallow financial sector, and inadequate payments infrastructure are additional issues for consideration to support the imminent reforms in the operational framework. Some of these challenges are currently being addressed through complementary MCM CD in banking supervision and regulation and debt management operations. Through continued collaboration between the authorities and MCM, these other challenges can be systematically addressed through appropriately sequenced reforms agreed with the authorities.

Thatched-roof huts on the outskirts of Juba, South Sudan

SECTION V

J

SWEDEN: REFORM OF THE CENTRAL BANK ACT

By Ashraf Khan

Central banks have undergone significant changes in the years following the global financial crisis of 2008. Many central banks expanded their involvement with issues relating to financial stability, adding to a host of other central bank functions–varying from financial integrity to consumer protection.

The central bank of Sweden, the Riksbank, is no exception. Established in 1668–which makes it the oldest central bank in the world–it is tasked with "maintaining price stability and promoting a safe and efficient payment mechanism," and as such "promoting stability in the Swedish financial system as a whole."

Given that the current law on the Riksbank dates back to the 1980s, a parliamentary committee was established to ensure that "the Riksbank will have the powers to take independent and forceful action to undertake the central public policy tasks that are crucial to a well-functioning economy." In November 2019, the committee published its report, which noted that parts of the Riksbank Act were outdated, leading to a lack of clarity.

The Riksbank sought assistance from MCM in the form of a review of the proposed amendments to the Riksbank Act. A team of MCM experts examined proposals relating to the Riksbank's governance, independence, instruments, and internal organization, and held discussions with its management and staff, as well as with its key stakeholder, the Swedish Ministry of Finance.

This analysis and discussions fed into a set of recommendations (see Sweden: Technical Assistance Report-Proposed Amendments to the Riksbank).

Old Town of Stockholm, Sweden

FIGURE 20. CENTRAL BANKS' OBJECTIVES AND INSTRUMENTS

Source: IMF, 2019, Update of the Monetary and Financial Policies Transparency Code. IMF Policy Paper No. 19/011. Washington, DC: International Monetary Fund.

Most importantly, it was suggested to avoid linking specific central bank instruments to objectives (such as a delineation between instruments for financial stability, and for price stability), as this could hamper the Riksbank's ability to independently assess and apply the relevant instruments to achieve its objectives (Figure 20). This would hold especially for emergency situations, where speed and effectiveness are crucial even more so when there are various domestic agencies involved in addition to the central bank. It was also stressed that the independence comes with the need for accountability over the Riksbank's actions.

SECTION V

K

UGANDA: OVERCOMING PANDEMIC OBSTACLES

By Serdar Guner

FSSF

Following the 2018 FSSR, MCM launched a multi-year FSSR follow-up TA project with the Bank of Uganda (BOU). This project is focused on several workstreams, including enhancements to risk-based supervision processes and procedures, review and update of corporate governance and licensing practices for financial institutions, and training of BOU staff on best supervisory practices. The TA referred to in this case study has been delivered in coordination with the World Bank and other stakeholders.

Since its creation in 1966, the BOU has established a supervisory framework with experienced staff and support functions in place to deliver its supervisory mandates. It is because of this inherent awareness for its supervisory mandate that the BOU fully supported the TA project and informed its allocation of dedicated resources to each of the identified workstream. This support was central to the rollout of the TA, and as a result placed the BOU in a position that enables it to navigate the challenges posed by the COVID-19 pandemic.

In the initial phases of the TA, the focus was on updating licensing and supervision functions, processes and procedures that included Islamic Banking, a relatively new introduction within the Ugandan banking sector. Under the supervision function, emphasis was on updating corporate governance regulations and enhancing off-site supervision, two factors necessary and critical to laying the groundwork for enhancing and advancing existing risk-based supervisory methods. Once the review of several regulations and operating procedures were completed, the development of a comprehensive offsite supervision framework commenced. At this juncture, the primary goal was to expand the scope and depth of existing offsite analysis. This was done by using additional financial stability and performance indicators, and peer grouping comparisons. The expectation is that insights and inferences from this "new" offsite analysis become central and critical inputs to the existing on-site examination processes and procedures. A key deliverable is to transition offsite analysis to be the central pillar in risk profiling of individual financial institutions, and to the application of the principle of proportionality within the existing supervisory framework.

This initial focus on the TA on enhancing the offsite supervision function proved to be vital during the COVID-19 period, where containment measures prompted remote working arrangements and elevated the importance of offsite data processing. Progress on this workstream enabled the supervision department to conduct expanded offsite analysis using a much wider set of financial indicators. In tandem with the development of this framework, and as the COVID-19 containment measures started affecting work arrangements in Uganda, the BOU introduced tools to manage remote working arrangements. These tools allowed supervisory teams to work collaboratively within virtual workspaces and helped to advance the TA work without cancellation or postponement of any planned TA activities.

Local market close to Entebbe, Uganda

The COVID-19 crisis has presented challenges to the delivery of the TA, especially where deliverables hinged on face-to-face interactions with stakeholders. However, the established relationship between the LTX and the authorities, coupled with the launch of new collaboration tools—which boosted online connectivity between different stakeholders—helped achieve progress under this project. In fact, the offsite supervision TA workstream will be concluded faster than was originally planned. In addition, these collaborative tools were critical to the provision of several virtual training sessions to the BOU staff by the LTX. With the continued strong support of the authorities and equipped with these new remote working tools, the project is helping the BOU advance its supervisory and regulatory reforms.

SECTION V

L

WEST AFRICA: ENHANCING REGULATORY FRAMEWORK AND SUPERVISORY PROCESSES

By Eric Lemarchand

AFW plays a central role in helping the authorities of the Francophone West Africa to strengthen the regulatory and supervisory frameworks. Over the last few years, regular training and regional seminars covered a wide range of topics, such as credit risk control, issues related to cybersecurity or IT, on-site controls, and supervision of weak banks. CD support is delivered mainly through hands-on TA by the AFW resident advisor and short-term experts.

In Mauritania, TA focused on revising the solvency and liquidity ratios to transpose the relevant Basel III provisions. The new requirements entered into force at the beginning of 2020 and was effectively implemented by the banks.

In Guinea, the major TA projects included the reform of the accounting plan and the financial and statistical reporting by the banks to the central bank. This was a prerequisite for the review of prudential ratios which is currently under development (a remote mission conducted in June 2020 resulted in significant progress in that area). Technical assistance also reviewed the periodic rating system for banks, which became operational in 2019.

For the authorities of the Monetary Union of West African States (WAEMU), AFW TA supported the implementation of a risk-based system of periodic assessments of banks. The regulatory work focused on assistance in defining liquidity and funding norms derived from Basel methodologies (Liquidity Coverage Ratio and Net Stable Funding Ratio). TA has also facilitated the development of supervisory guideline on stress testing and risk disclosure (Pillar III). Support for the definition of a transition strategy to IFRS standards for credit institutions active in WAEMU was also provided as well as TA on macroprudential framework.

Seminar on Prudential Reforms in Conakry, Guinea

APPENDIX I. IMF Regional Technical Assistance Centers (as of April 30, 2020)

RTAC	Location	Member Countries
AFRICA		
AFRITAC Central (Central Africa Regional Technical Assistance Center)	Libreville, Gabon	Burundi, Cameroon, Chad, Central African Republic, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Sao Tome and Principe
AFRITAC South (Regional Technical Assistance Center for Southern Africa)	Ebene Cybercity, Mauritius	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe
AFRITAC West (West Africa Regional Technical Assistance Center)	Abidjan, Côte d'Ivoire	Benin, Burkina Faso, Cote d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo
AFRITAC West 2 (second African Regional Technical Assistance Center in West Africa)	Accra, Ghana	Cabo Verde, The Gambia, Ghana, Liberia, Nigeria, Sierra Leone
East AFRITAC (Regional Technical Assistance Center for East Africa)	Dar es Salaam, Tanzania	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Uganda
ASIA AND PACIFIC		
PFTAC (Pacific Financial Technical Assistance Center)	Suva, Fiji	The Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu
SARTTAC (South Asia Regional Training and Technical Assistance Center)	New Delhi, India	Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka
MIDDLE EAST		
METAC (Middle East Regional Technical Assistance Center)	Beirut, Lebanon	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, Yemen
WESTERN HEMISPHERE		
CARTAC (Caribbean Regional Technical Assistance Centre)	Bridgetown, Barbados	Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands
CAPTAC-DR (Central America, Panama and the Dominican Republic Regional Technical Assistance Center)	Guatemala City, Guatemala	Costa Rica, The Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama

APPENDIX II.
MCM Long-Term Resident Expert Placement (as of April 30, 2020)

Affiliation	Country Location	Topic	Donor Partner
AFRITAC Central	Gabon	Financial Regulation and Supervision	Multi-Donor
AFRITAC Central	Gabon	Debt Management	Multi-Donor
AFRITAC East	Tanzania	Financial Regulation and Supervision	Multi-Donor
AFRITAC East*	Tanzania	Central Bank Operations	Multi-Donor
AFRITAC West	Cote D'Ivoire	Financial Regulation and Supervision	Multi-Donor
AFRITAC West	Cote D'Ivoire	Debt Management	Multi-Donor
AFRITAC West 2	Ghana	Financial Regulation and Supervision	Multi-Donor
AFRITAC West 2*	Ghana	Central Bank Operations	Multi-Donor
Bank of Albania	Albania	Financial Regulation and Supervision	SECO
Bank of Mozambique	Mozambique	Central Bank Operations	Norway
Bank of Sierra Leone	Sierra Leone	Central Bank Operations	FIRST
Bank of the Republic of Haiti	Haiti	Financial Regulation and Supervision	FIRST
Bank of Uganda	Uganda	Financial Regulation and Supervision	FSSF
CAPTAC-DR	Guatemala	Financial Regulation and Supervision	Multi-Donor
CAPTAC-DR*	Guatemala	Central Bank Operations	Multi-Donor
CARTAC	Barbados	Financial Regulation and Supervision	Multi-Donor
CARTAC*	Barbados	Financial Stability	Multi-Donor
CDOT	Thailand	Monetary and Foreign Exchange Operations	Japan
Central Bank of Sri Lanka*	Sri Lanka	Macroprudential Policy and Stress Testing	FSSF
Central Bank of Mauritania	Mauritania	Monetary and Foreign Exchange Operations	Canada
Central Bank of Myanmar	Myanmar	Monetary and Foreign Exchange Operations	Japan
Central Bank of Myanmar	Myanmar	Financial Regulation and Supervision	Japan
Central Bank of Myanmar	Myanmar	Accounting and Internal Audit	Japan
ECCU/ECCB	St. Kitts	Financial Regulation and Supervision	CDB
METAC	Lebanon	Financial Regulation and Supervision	Multi-Donor
National Bank of Cambodia*	Cambodia	Macroprudential Policy and Stress Testing	FSSF
National Bank of Cambodia	Cambodia	Financial Regulation and Supervision	Japan
National Bank of Cambodia	Cambodia	Monetary and Foreign Exchange Operations	Japan
National Bank of Ethiopia	Ethiopia	Debt Management and Monetary Policy	United Kingdom
National Bank of Ukraine	Ukraine	State-Owned Banks Governance	SECO
National Bank of Ukraine	Ukraine	NPL Resolution	SECO
National Bank of Ukraine	Ukraine	Financial Regulation and Supervision	Canada
National Bank of Ukraine	Ukraine	Project Management	Canada
Nepal Rastra Bank	Nepal	Financial Regulation and Supervision	FIRST
PFTAC	Fiji	Financial Regulation and Supervision	Multi-Donor
SARTTAC	India	Monetary and Foreign Exchange Operations	Multi-Donor
SARTTAC	India	Financial Regulation and Supervision	Multi-Donor

*Vacant post with ongoing recruitment (at April 30, 2020)

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See you next year!

MCM TA Team

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