European Union-International Monetary Fund
CAPACITY DEVELOPMENT PARTNERSHIP

In addition to its large financial support to the Catastrophe Containment and Relief Trust (USD 202 million), the Poverty Reduction and Growth Trust (USD 103 million), and Somalia debt relief, the European Union supports multiple IMF regional capacity development centers, thematic funds, and bilateral programs to help low- and middle-income countries achieve the Sustainable Development Goals. This partnership relies on 4 pillars: collect more, spend better, cooperation in Africa, and cooperation on a global scale.

European Union Funding for IMF Capacity Development

Over the 2005-2024 period, the European Union contributed USD 396 million to IMF Capacity Development programs.

A Large, Global Support for IMF Regional Capacity Development Centers

By supporting all IMF regional capacity development centers in Africa, as well as centers in the Caribbean, Central America, the Middle East, Central Asia, the Caucasus, Southeast Asia, and the Asia-Pacific, the European Union provides decisive support to long-term, tailored, and locally delivered capacity development responding to countries’ development needs.

Tackling Major Development Challenges Through Thematic Funds

The European Union supports several IMF multi-donor thematic funds that tackle global economic and financial challenges like collecting more and spending better, improving economic policymaking, and modernizing resource management. Some funds also provide targeted support to Somalia and Southeast Europe.

6 Thematic Funds supported by the European Union

<table>
<thead>
<tr>
<th>THEMATIC FUND</th>
<th>OBJECTIVE</th>
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<tbody>
<tr>
<td>Revenue Mobilization Thematic Fund</td>
<td>Help countries meet their development objectives by increasing domestic revenue mobilization.</td>
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<tr>
<td>Data for Decisions</td>
<td>Put more and better data in the hands of decision-makers, thereby enhancing evidence-based macroeconomic policies and supporting the achievement of the SDGs.</td>
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<tr>
<td>Tax Administration Diagnostic Assessment Tool</td>
<td>Provide an objective assessment of the health of key components of a country’s system of tax administration to improve tax administration functions, processes, and institutions.</td>
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<tr>
<td>Managing Natural Resources Wealth</td>
<td>Help countries build capacity to manage their resource wealth effectively and sustainably.</td>
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<tr>
<td>Somalia Country Fund</td>
<td>Support Somalia’s efforts to strengthen its operating and technical capacity to make economic and financial institutions become more effective, transparent, and accountable.</td>
</tr>
<tr>
<td>Southeast Europe</td>
<td>Support countries in Southeast Europe in applying best international practices in public financial management, revenue administration and tax policy, and support their preparations in the EU accession process.</td>
</tr>
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</table>
Key Achievements and Success Stories

Promoting Green, Gender, and Program-Based Budgeting

Mainstreaming of green and gender budgeting, and promoting program-based budgeting, in several countries in Africa and Latin America.

Introducing new tools to assess the country-specific macro-fiscal impact of climate change in Kenya, Rwanda, and Uganda, helping Togo produce an annual green budget, and launching gender-sensitive budgeting in Cameroon and Costa Rica.

Funded by the EU-IMF Public Financial Management Partnership Program and bilateral EU-funded programs.

Updating SDG Costing Tools and Developing a Climate Module of the Tools

The climate-related extension of the SDG costing tools released in March 2024 enables the assessment of spending needs to achieve the Sustainable Development Goals in the five climate action goal targets while accounting for countries’ vulnerabilities to climate-related events and natural disasters.

Funded by the EU-IMF Public Financial Management Partnership Program.

Modernizing Fiscal Institutions in the Western Balkans, Eastern Europe, and the Caucasus

Securing progress in fiscal reforms in the Western Balkans and in the Eastern Partnership countries in line with the EU accession process, modernizing tax administrations and public investment in these regions, and assessing climate fiscal risks.

Supported by the EU-funded program for the EU’s Eastern Partnership Countries and the program for Southeast Europe jointly funded by the EU and Switzerland.

Reaching Major Fiscal Milestones in Somalia

Somalia secured debt relief after reaching the Heavily Indebted Poor Countries Completion Point in December 2023. This was made possible thanks to successful reforms to strengthen government spending and revenue collection.

Supported by the Somalia Country Fund.

Making Public Investment More Efficient in Order to Meet Climate Goals

Creating the Climate Public Investment Management Assessment (C-PIMA) to help countries leverage public investment more effectively to meet their climate objectives.

Funded by the EU-IMF Public Financial Management Partnership Program. The C-PIMA has been implemented in 50 countries worldwide, and effectively complements the IMF Resilience and Sustainability Trust.

Funded by the EU-IMF Public Financial Management Partnership Program.

Improving Customs and Revenue Mobilization in Central America

- Narrowing the gap to adopt the World Trade Organization/Trade Facilitation Agreement standards and enhancing transparency in customs administrations
- Improving traceability of goods and increasing data register to facilitate trade and reduce operational risks including corruption and customs fraud in El Salvador, Honduras and Guatemala.

Implemented by the EU-funded Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic.