

**The IMF's COVID-19
Crisis Capacity
Development
Initiative**

**Report on Activities
as of March 18, 2021**

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The COVID-19 Crisis Capacity Development Initiative (CCCDI) was launched in June 2020 by IMF Managing Director Kristalina Georgieva to help meet countries' urgent capacity development needs and boost the IMF's response to the crisis.

While addressing these urgent needs, the work of the Initiative is also linked to important global themes, notably: halting inequality and boosting inclusive growth; governance and accountability in the crisis response; incorporating climate indicators into macroeconomic frameworks to support a green recovery; and leveraging digitalization and high frequency data.

IMF Capacity Development meets the urgency of the COVID-19 crisis

In 2020 we provided timely advice for our member countries as "how to notes" for policymakers:

-  Social protection and health expenditures
-  Digital solutions for direct cash transfers
-  Debt management and revenue mobilization
-  Transparency and accountability in emergency response

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IMF Capacity Development for a smarter, greener, and more inclusive recovery

We will continue to meet the urgent needs of member countries to build forward better:

-  Leverage digitalization to mobilize domestic revenues, create safety nets, and accelerate cash transfers
-  Incorporate climate indicators into macroeconomic frameworks
-  Improve tax policies to arrest inequalities and boost inclusive growth

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The inaugural meeting of the Coordination Committee of the CCCDI was held on March 18, 2021 to update partners on the Initiative and discuss the work program. The meeting was delayed relative to earlier plans, reflecting a need to finalize a sufficient level of contributions to enable a broad suite of projects to commence. With funding secured and the work program identified, the meeting was productive and articulated the next steps clearly. Indeed, the work program sets out activities across a range of workstreams, modalities, and regions, all of which is aimed at helping countries respond to urgent needs and recover from the COVID 19 crisis.

The role of the contributing partners to the CCCDI is highly appreciated. Regarding financing, roughly \$25 million of the targeted \$100 million for the Initiative had been raised as of the time of the Coordination Committee meeting.

Since then, and as signaled during the meeting, additional commitments have been secured with new partners, and these will be announced in the coming weeks.



Financial Update

The first workplan of the CCCDI will now go forward, and following finalization within the RBM system, begin implementation May 1, 2021. As of March 18, 2021, the first workplan of USD\$9.05m has been circulated (See Table 1), and the internal IMF process commenced to begin implementation on May 1, 2021. The final budget estimates for these RCDC workstreams and standalone projects will vary slightly from the amounts circulated, once final project plans and detailed budget calculations have been entered into the IMF's management system for CD programming (CDMAP).

Liquidity within the CCCDI subaccount is sufficient to finance the workplan, and as new partners join, additional workplans will be circulated. Table 2 shows the financial contributions made and pledged to the Initiative as of February 28, 2021, including both contributions being made directly into the subaccount, and those being made into partner bilateral subaccounts that are directed towards COVID 19-related projects and workstreams. Of the US\$9.6m received into the subaccount at present, US\$9.05m has been programmed, as noted above. As additional partners join the Initiative and make additional contributions, augmented workplans will be circulated. Table 3 shows the current cash flow status of the CCCDI subaccount.

Accountability and Reporting

The Initiative is designed to be a responsive and flexible instrument that enables IMF capacity development to go forward as well as provide accountability to partners throughout its duration. Quarterly *Coordination Committee* meetings will present case studies, discuss emerging issues, and provide insight from delivering project managers and beneficiary authorities. At the outset, these meetings will be predominantly forward looking, but as implementation ramps up, we expect to move towards a more results-based, reporting posture. As with other IMF capacity development delivery, monthly financial statements will be available

on the *Partners Connect* platform. Detailed project proposals will also be available for information on Partners Connect.

Annual financial and narrative reporting will consist of a CCCDI specific summary and overview, as well as i) narrative reports for all standalone projects, and ii) the annual reports of those RCDCs where workstreams are financed by the Initiative. Note, these reports will include the COVID-19 related projects that are financed by the Japanese and Swiss subaccounts, which run adjacent to the subaccount. Any *external evaluations* of RCDCs that occur during the lifetime of the Initiative will be circulated to partners, and the *audit* of the CCCDI subaccount takes place within the regular audit of the IMF, where the Selected Fund Activities subaccount as a whole is audited.

**Table 1 - Workplan CCCDI Subaccount 1/
International Monetary Fund
COVID-19 Crisis Capacity Development Initiative FY21-22**

(In millions of U.S. Dollars)

| Region/ Country | Capacity Development Description | Delivery Modality | Budget Envelope |
|---|---|--------------------|-----------------|
| Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania (including Zanzibar), and Uganda) | Revenue Mobilization, PFM, Monetary Policy and Foreign Exchange, Financial Sector Supervision, Statistics and High Frequency Data for Nowcasting, Cybersecurity | RCDC AFE | 2.50 |
| Africa (Sub-Saharan Africa) | Capacity development on greening macro-frameworks, debt management, and improved forecasting | RTC ATI | 0.75 |
| Africa (Ghana, Cabo Verde, Nigeria, Sierra Leone, Liberia and The Gambia) | Support countries to integrate gender related issues in annual and medium term budget processes given devastating impact of COVID19 on women | RCDC AFW2 | 0.54 |
| | Trade facilitation, border controls, risk management, safeguarding revenues and business continuity. | RCDC AFW2 | 0.30 |
| | Incorporate Climate into infrastructure and appraisal (Ghana) | RCDC AFW2 | 0.41 |
| Africa (Angola, Botswana, Comoros, eSwatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, and Zimbabwe) | Business Continuity and Disaster Recovery Assistance | RCDC AFS | 0.12 |
| Africa (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal and Togo) | Integrate debt management and cash management to exit from COVID19 crisis | RCDC AFW | 0.04 |
| | Collection of statistics and data related to COVID19 and public policy response to the crisis | RCDC AFW | 0.03 |
| | Assessing credit risks at Banks affected by the crisis | RCDC AFW | 0.02 |
| | Exiting from the crisis - financial supervision and regulation | RCDC AFW | 0.02 |
| Nicaragua, Honduras, El Salvador, and the Dominican Republic | Training for officials in 4 countries focused on improved macro-fiscal forecasting to address crisis | RCDC CAPTAC-DR | 0.50 |
| Central America, Panama, Dominican Republic | Improve tax administration and compliance to boost domestic revenues and promote more inclusive growth | RCDC CAPTAC-DR | 0.08 |
| Morocco | Forecasting Policy and Analysis | Standalone project | 0.33 |
| Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank & Gaza, Yemen. | Boost domestic revenues impacted by COVID | RCDC METAC | 0.31 |
| Jordan | PFM, Cash Management, addressing Liquidity Pressures | Standalone project | 0.10 |
| Tajikistan | Strengthen tax administration and tax collection | Standalone project | 0.06 |
| Yemen | Strengthen core tax functions impacted by crisis | Standalone project | 0.02 |
| Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka | Work with 6 member countries to assess cyber-regulatory frameworks to strengthen financial and payment systems in the face of greater cyber-risks | RCDC - SARTTAC | 0.05 |
| Focus Area | Capacity Development Description | Delivery Modality | Budget Envelope |
| Supreme Audit Institutions (Global - select RCF/RFI recipient countries) | Build capacity of supreme audit institutions to make reports on emergency spending more transparent and accountable | Standalone project | 1.23 |
| Tax Policy (Global LICs, MICs, EMEs) | Better manage domestic revenue mobilization given COVID; tax policy changes to ensure equity and fairness of tax systems, reforms | Standalone project | 1.10 |
| Expenditure Policy (Global LICs, MICs) | Capacity Development for Ministries of Finance evaluating public spending allocations, adequacy, efficiency and sustainability of funds, with a focus on SDGs | Standalone project | 0.55 |
| TOTAL | | | 9.05 |
| 1/ Workplan covers only projects financed by CCCDI subaccount. | | | |

**Table 2 - All contributions to CCCDI
International Monetary Fund
COVID-19 Crisis Capacity Development Initiative
FY 2021 - FY 2023**

As of February 28, 2021
(In millions)

| Partners | Notes | Agreement/Amendm t Signed Date ^{1/} | Currency | Agreement Amount | Agreement US\$ | In U.S. Dollars | | |
|---|-------------------------------------|---|----------|---------------------|-------------------|--|-----------------------------|----------------------|
| | | | | | | Contribution Received ^{2/} | Contributions ^{2/} | Future ^{2/} |
| Contributions disbursed into CCCDI Subaccount | | | | | 13.3 | 9.6 | - | 3.6 |
| Germany | | 1/5/2021 | EUR | 6.0 | 7.3 | 3.6 | - | 3.6 |
| Korea | | 2/17/2021 | USD | 4.0 | 4.0 | 4.0 | - | - |
| Spain | | 12/22/2020 | USD | 2.0 | 2.0 | 2.0 | - | - |
| Contributions disbursed through other subaccounts | | | | | 12.1 | 10.0 | - | - |
| Japan | <i>through Japan subaccount</i> | 11/26/2020 | USD | 10.0 | 10.0 | 10.0 | - | - |
| Switzerland | <i>3/ through CCAMTAC and Swiss</i> | Pledged | CHF | 2.0 | 2.1 | - | - | - |
| Total | | | | | 25.4 | 19.6 | - | 3.6 |

1/ May also refer to agreements that are under negotiation and approval date for Capacity Development Partnership agreements (e.g. flexible/umbrella agreements).

2/ The U.S. dollar conversion is based on latest month-end rate or is set to zero for completed installment.

3/ Exact amount of contribution to be confirmed.

**Table 3 - Cash Flow Statement CCCDI Subaccount
International Monetary Fund
COVID-19 Crisis Capacity Development Initiative FY21-22**

As of February 28, 2021
(In millions of U.S. Dollars)

| | FY 2021 | FY 2022 <i>projections</i> | Total |
|---|------------|-------------------------------|------------|
| Contributions ^{1/} | 9.6 | 3.6 | 13.3 |
| Interest Earned | 0.0 | - | 0.0 |
| Total Cash Available | 9.6 | 3.6 | 13.3 |
| Estimated workplan as of March 31, 2021 ^{2/} | - | 9.1 | 9.1 |
| Cash Balance | 9.6 | 4.2 | 4.2 |

1/ Contributions are net of transfers and return of funds.

2/ Note - does not include projects financed by Japanese and Swiss subaccount COVID 19-related contributions