



# IMF POLICY PAPER

## CD GUIDANCE NOTE

January 2026

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- The **Staff Report**, prepared by IMF staff and completed on January 15, 2026 for the Executive Board's information on January 16, 2026.

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**International Monetary Fund**  
**Washington, D.C.**



## CD GUIDANCE NOTE

### EXECUTIVE SUMMARY

**Capacity Development (CD), comprising technical assistance (TA) and training, fosters macroeconomic stability and growth by improving human capital and institutions in member countries.** The IMF regularly reviews its CD Strategy to ensure that CD continues to be of high quality and well focused on the needs of its members. The [2024 CD Strategy Review \(CDSR\)](#) called for CD to become even more flexible, integrated with surveillance and lending, and tailored to respond to member needs. Flexibility, integration, and tailoring ensure Fund CD remains fit for purpose in a rapidly evolving world.

**This CD Guidance Note provides a one-stop source of information and reference materials on Fund CD-related policies, practices, and procedures.** In line with the [Management Implementation Plan \(MIP\) on the Independent Evaluation Office's \(IEO\) 2022 Evaluation of CD](#), this Guidance Note supersedes the [2019 IMF Policies and Practices on Capacity Development](#) and serves to operationalize the recommendations of the 2024 CDSR. It also integrates relevant earlier guidance to staff related to CD delivery and management.

**This Guidance Note is expected to be of use primarily to IMF staff, Executive Directors and their staff, country authorities, and development partners.** Its publication will align the approach to CD with that taken in strategic reviews of other IMF activities by providing a unified and streamlined operational direction to staff and will inform the general public about the relevant guidance on CD.

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## Glossary

AD	Area Department
CCB	Committee on Capacity Building
CEF	Common Evaluation Framework
CD	Capacity Development
CDD	CD Department
CDMAP	CD Management and Administration Program
CDSR	CD Strategy Review
FCS	Fragile and Conflict-Affected States
HQ	Headquarters
ICD	Institute for Capacity Development
IEO	Independent Evaluation Office
KE	Knowledge Exchange
MIP	Management Implementation Plan
M&E	Monitoring and Evaluation
MTB	Medium-Term Budget
MTB-CD	Medium-Term Budget for CD
MTW	Medium-Term Workplan
OGN	Operational Guidance Note
RCDC	Regional Capacity Development Center
RBM	Results-Based Management
RSN	Regional Strategy Note
RTAC	Regional Technical Assistance Center
RTC	Regional Training Center
SDS	Small Developing State
SRF	Strategic Results Framework
STX	Short-Term Expert
TA	Technical Assistance
TF	Thematic Fund

## ABOUT CD GUIDANCE

**1. This CD Guidance Note provides a one-stop source of information and reference materials on Fund CD-related policies, practices, and procedures.** It supersedes the [Policies and Practices on Capacity Development](#) (2019), retaining its broad principles and reflecting recent updates to CD policies including the conclusions of the 2024 CDSR approved by the Board in April 2024 and other recent updates to CD policies and practices.

## MANDATE AND OBJECTIVES

**2. The IMF's [Articles of Agreement](#) establish the legal foundation for its CD work.** Article V, Section 2(b) allows the IMF to provide, upon request, “financial and technical services” that are consistent with the IMF’s purposes as set forth in Article I. In accordance with the Articles, it is open to any Fund member to request CD. At the same time, CD is voluntary for both the member and the Fund. That is, CD is only provided to the country authorities if requested, and the Fund is under no obligation to honor the request. CD may also be extended to nonmembers and staff from [international organizations](#) may participate in Fund training, with prior approval from the Executive Board. In such cases, CD delivery would follow the principles laid out in this guidance—notably with regard to ensuring alignment with surveillance and lending objectives of the Fund. Relatedly, the [2012 Integrated Surveillance Decision \(ISD\)](#) operationalizes the IMF’s surveillance mandate by defining its scope.

**3. Consistent with its mandate, the main objective of Fund CD is to help member countries build institutions and boost skills for sound macroeconomic and financial policies.** Some of these efforts also aim to deepen the dialogue between the Fund and member country experts on specialized aspects of macroeconomic and financial policy issues, complementing policy discussions between member countries and the Fund related to surveillance or Fund-supported programs. Strong institutions with skilled officials help in promoting economic stability and sustainable growth, as envisaged in the Fund’s Articles of Agreement. In addition, all Fund CD activities must be conducted in a manner that respects the Fund’s principles of political neutrality and noninterference in the domestic affairs of member countries, focusing solely on agreed technical objectives and avoiding any involvement in domestic political processes.

## SCOPE AND MODALITIES

**4. The Fund’s CD program works to achieve its objectives of strengthening institutional capacity and building individual capability through increasingly flexible approaches to delivery:**

- Strengthening institutional capacity helps member countries put in place or enhance effective institutions, legal frameworks, and policies to promote economic stability and growth. It also

allows experts in member countries and the Fund to have in-depth exchanges of views on particular aspects of policy design and implementation.

- Building individual capability helps strengthen the skills of officials to analyze economic developments and contributes to formulating and managing effective macroeconomic and financial policies. It also enhances the Fund's dialogue with authorities on policy issues and facilitates sharing policy experiences of member countries through peer-to-peer learning.
- Efforts to strengthen institutions and to boost skills of officials are often combined in a complementary manner. Increasingly, opportunities are sought to exploit synergies and promote effectiveness and impact by combining delivery modalities.

**5. The Fund provides CD in the areas of its mandate and competence.** Core areas—such as revenue administration, public financial management, macroeconomic statistics, financial supervision and regulation, macroeconomic frameworks, financial stability, central bank and monetary operations, debt management, tax policy, as well as anti-money laundering and countering the financing of terrorism (AML/CFT), anticorruption, rule of law, and legal reform—will continue to account for the bulk of CD delivery. In the event a member requests CD outside these core areas, the CD prioritization process (described in the Prioritization section) will be followed and informed by whether the Fund has the relevant expertise and comparative advantage to deliver such CD. All Fund CD should target high-impact activities.

**6. The Fund's CD activities are driven by demand from its member countries.** Their planning and implementation require recipient countries' involvement and ownership to ensure effectiveness and impact. To gauge ownership, implementation of past recommendations can be one input into the decision to provide additional CD, along with other relevant factors such as important changes in country circumstances. Country ownership can also be enhanced by collaborative evaluation and monitoring efforts of past and current CD activities.

**7. The Fund delivers its own CD and retains responsibility for the quality and integrity of CD advice.** It stands by the TA and training it delivers regardless of the mode of delivery and exercises quality control. All CD engagements must comply with the Fund's policies on intellectual property, confidentiality, and data protection, as set out in the Fund's By-Laws and internal agreements with member countries. The Fund neither funds other CD providers nor delegates delivery of CD to independent contractors. At the same time, the Fund engages and closely collaborates with multiple CD partners that contribute external financing to Regional Capacity Development Centers (RCDCs), global Thematic Funds (TFs), and bilateral funding programs.

**8. Fund CD is integrated with the policy dialogue between member countries and the Fund that takes place under surveillance or Fund-supported programs.** Policy dialogue can inform discussions with country authorities on areas where provision of CD by the Fund may be most useful or where needs may be pressing. For instance, it may help identify areas where achievement of high-priority policy objectives (e.g., raising domestic revenue, adopting a more robust monetary policy framework, putting in place macroprudential measures to limit financial risk) is being seriously

constrained by current institutional capacity. Conversely, provision of CD can help identify capacity constraints that deserve consideration when assessing the attractiveness and feasibility of different policy options and implement program conditionality. Use of detailed analysis of a particular issue (e.g., energy subsidy reform, debt management) found in TA reports for a broad range of countries can also help enrich the Fund's policy advice under surveillance or Fund-supported programs.

**9. The Fund cooperates closely with other providers of CD.** Given a tight focus on core areas of expertise and limited resources, the Fund seeks to avoid duplication in coverage and to enhance complementarity with other CD providers. This coordination is done at various stages and through different modalities. For example, in the case of RCDCs and global TFs, the Steering Committee structure is helpful to facilitate strategic dialogue, information sharing, and coordination, as it regularly brings together key stakeholders. In deciding on CD provision, the Fund considers whether other providers are engaged in similar efforts. For example, the IMF and World Bank committed to collaborating, coordinating, and complementing each other when possible and appropriate at a country/project level (under terms set out in the 1989 Concordat between the Bank and the Fund and subsequent frameworks, outlined in the [operational guidance](#) on information sharing).

## CD GOVERNANCE

**10. The Executive Board and management exercise distinct but closely related functions in regard to the Fund's CD activities,** in accordance with the Articles of Agreement. All CD governance structures and processes must comply with the Fund's internal rules, including the By-Laws, Rules and Regulations, and relevant Board decisions.

**11. The Executive Board provides strategic direction and oversight,** including with respect to the overall envelope for externally financed CD and the size of CD relative to other outputs of the Fund, through (i) regular reviews of and policy guidance for the Fund's CD policies and activities; (ii) the budget process; and (iii) the risk management process, including risk assessment reports and endorsement of risk mitigation strategies. Within this framework, management conducts the operations related to the Fund's CD activities and establishes CD policies in some areas in consultation with the Board.

- In the CD strategy reviews, the Executive Board receives information on the key features of the Fund's CD activities, analysis on the implementation of existing policies and principles governing CD work, and information on the evaluation of CD activities. The Board then sets strategic direction, takes decisions on policy changes and, respecting the demand-driven nature of CD activities, expresses views on broad priorities.
- As part of the annual Fund-wide medium-term budget (MTB) process, the Executive Board receives information on CD outturns, as well as on planned CD financing and CD priorities and delivery. In approving the Fund's MTB, the Board also establishes the overall budget space for externally financed CD spending on the basis of integrated consideration of internal and external resource availability.

- The Board has a regular, dedicated opportunity to discuss implementation of multi-year CD priorities, integration of CD activities with Fund-wide priorities, and consideration of enterprise risks during the period when the overall budget is being formulated.
- To better inform the Executive Board on broad priorities for CD and strengthen the strategic role of the Board, staff also periodically provide information to and engage with the Executive Board on CD activities, strategic directions, and delivery against priorities, including through informal briefings by CD and area departments (ADs).
- The conclusions of Executive Board reviews, together with this Guidance Note and conclusions of budget discussions, give staff multi-year, top-level guidance that underpins all Fund CD activities. These reviews include broader policy and strategy on core topics, which recognize the need to consider CD as an integral aspect of the Fund's role vis-à-vis the membership.
- Consistent with the recommendations of the [2024 CDSR](#) and in line with Fund surveillance guidance documents, CD activities are reflected in Article IV consultations when relevant and country-level CD is systematically integrated into surveillance and program reviews, providing further opportunity to inform the Board on CD and its links to overall country engagement.

**12. Management translates the strategic direction and the overall Fund budget set by the Executive Board into procedures and practices that govern CD activities** through an integrated Fund-wide process for setting priorities in departmental accountability frameworks and for budget formulation. This includes management approval each year of the medium-term departmental CD spending envelopes, prior to the formulation of detailed CD medium-term workplans (MTW).

**13. Management also chairs the quarterly CD Forum**, a complementary platform for high-level dialogue between management and staff on pertinent current policy issues in CD delivery, in particular with regard to CD outcomes and integration of CD with surveillance and lending. Each CD Forum meeting is normally centered around country case presentations by AD country teams and CD departments (CDDs). Any systemic issues that may arise in the CD Forum discussions (e.g., CD design for fragile and conflict-affected states (FCS) or mainstreaming digital approaches in fiscal CD) are then referred to the Committee on Capacity Building (CCB).

**14. The interdepartmental CCB is a central element of CD governance architecture at the Fund.** The CCB is chaired by a deputy managing director and has a secretariat provided by ICD. The CCB's main responsibility is to advise management on strategic issues related to the Fund's CD activities, including prioritization, impact, and external fundraising.

**15. The CCB provides a regular forum for senior staff to discuss and advise management on CD strategy**, including but not limited to the following areas:

- *Providing strategic input to resource allocation and prioritization.* The CCB provides strategic input at the beginning of the annual MTB for CD (MTB-CD) cycle, thus influencing the process of setting CD-spending envelopes for regions and workstreams, including proposals for shifts in



regional and/or topical shares. Approval of the envelopes by management is subsequently completed by a written procedure, with a CCB discussion only needed if there are outstanding interdepartmental issues.

- *Steering the follow-up to the ICD-led CD strategy reviews.* The CCB discusses and provides guidance on major issues and risks that may arise in the implementation of strategy recommendations.
- *Responding to emerging issues in CD.* The CCB considers emerging issues of strategic importance for Fund CD. This may include topics that are surfaced during the CD Forum discussions, strategies for cross-cutting areas (e.g., CD on debt-related issues), RCDC regional coverage and fundraising challenges, CD-related enterprise risks, or response to shocks to CD demand or external financing.
- *Setting the evaluation agenda and improving CD outcomes.* To strengthen the linkage between resource allocation and evaluations, the CCB identifies areas for internal evaluations, drawing from its strategic discussions, analytical work prepared by ICD or other departments, and from emerging results-based management (RBM) information. Informed by internal and external evaluation findings, the CCB also provides guidance on actions to improve CD outcomes (e.g., the sequencing of CD, provision based on assessments of capacity levels and absorptive capacity).

**16. Every fall, at the beginning of annual CD prioritization cycle, the CCB holds a meeting to provide initial strategic input for CD resource allocation,** which takes place within the broader context of the MTB process and reflects the conclusions of CD strategy and related policy reviews, the Board work programs, the International Monetary and Financial Committee (IMFC) communiqués, and the Global Policy Agenda (GPA). This also takes into account information on CD delivery outcomes and budget execution outturn in the preceding fiscal year, country needs and CD demand as identified in programs and surveillance, other Fund strategies (e.g., FCS strategy), as well as updates to the external fundraising strategy and outlook. Its conclusions inform departments' indicative resource allocations to regions and workstreams within the Fund's internal CD management and administration program (CDMAP) used by staff.

**17. At the beginning of each fiscal year, the CCB holds a meeting to advise management on topical strategic issues for CD.** These may include implementation of the most recent CD strategy review, considering results and analysis from completed CD evaluations and future evaluation planning, and issues arising from CD Forum discussions or analytical work prepared by ICD or other departments. The CCB may also have ad hoc meetings throughout the year to consider major operational developments related to CD.

**18. Guided by the CCB and deliberations on departments' accountability frameworks and budgets, ADs and CDDs formulate and agree on medium-term CD delivery plans** (see also the Prioritization section). This is done in an annual process where:

- ADs, in consultation with CDDs, update Regional Strategy Notes (RSNs) that outline short- and medium-term priorities for the region and inform priority rankings for proposed CD projects.
- On the basis of the RSNs and ADs' CD demand rankings, CDDs (involving RCDCs) develop detailed CD MTWs. The workplans indicate delivery of CD activities by recipient region, country, core workstream, funding source, CD modality, and delivery CD department.
- Externally funded staff positions are subject to limits due to the risks that they create between long-term staff obligations and the less certain nature of external financing, which presents risks to the internally financed budget for CD. The budgets for externally financed positions are set in the annual Fund-wide MTB process, with the limits set taking into account sustainability and minimization of risks.
- In planning and budgeting for Fund-financed CD, departments should maintain consistency between departments' internally financed CD spending plans in CDMAP, and the CD budget agreed as part of the annual Fund-wide MTB process.

**19. CDDs are responsible for actual CD delivery and for CD quality control,** following the formulation of the CD MTW. CDDs deliver their work programs in countries and/or regions by leveraging an optimal mix of resources, including HQ-based staff and a diverse pool of experts, from short-term hires to long-term resident advisors. This strategic blend is designed to maximize efficiency while achieving measurable results. Quality control also encompasses developing, guiding, and backstopping work programs for experts placed at RCDCs, ensuring integration with CDDs' other delivery programs, consistency, and responsiveness to country-specific needs.

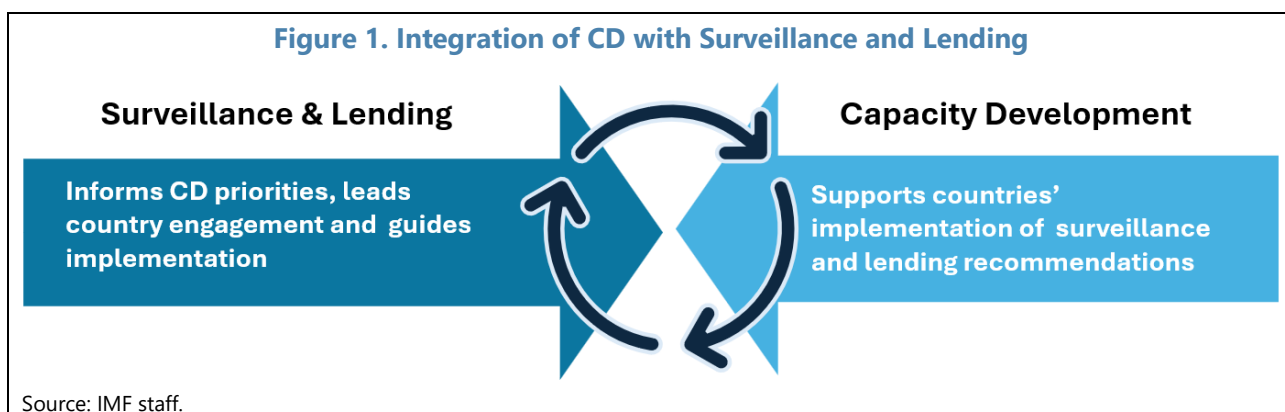
**20. RCDCs are an integral part of the Fund's CD delivery model.** They are also integrated into the overall CD governance structure, and their work planning is part of the Fund-wide annual MTW process. In this regard, there is a distinction between regional TA centers (RTACs) and regional training centers (RTCs), which is reflected in their respective governance arrangements:

- RTAC are led by ADs, reflecting their leading role in single-country TA engagement. The RTAC director, in consultation with CDDs, is responsible for coordination of the work program across workstreams and its alignment with the AD priorities. A staff handbook provides internal guidance on administrative arrangements, stakeholder responsibilities, and recommended practices.
- RTCs are under ICD leadership, while operating in close partnership with ADs and other CDDs. This reflects their prevailing focus on multi-country training and economies of scale from centralizing operational support for such training. RTC directors in consultation with CDDs and ADs ensure that regions, and in some cases individual countries, receive courses from relevant CD departments on topics and with a mix of modalities that the authorities prioritize.
- In some special cases, an RCDC can have a dual RTAC/RTC mandate (e.g., SARTTAC), which implies AD leadership in the RTAC and ICD leadership in the RTC part of the center operations.
- Through approval of program documents, workplans, and working budgets, RCDC steering committees perform an essential accountability and ownership function in the Fund's CD delivery

model. They focus on reporting results, discussing regional issues and synergies, consulting on future priorities, and ensuring Fund CD is well coordinated with relevant development partners. The membership of RCDC steering committees normally includes the IMF, contributing CD partners, as well as the recipient countries (in the case of RTACs), who can convey their CD demand via the committee meetings.

## INTEGRATION WITH SURVEILLANCE AND LENDING

**21. The 2024 CDSR emphasized CD should be integrated with surveillance and lending to enhance effectiveness and impact.** A close integration of CD with surveillance and lending (Figure 1) is necessary to ensure that CD is not a standalone effort but is woven into the fabric of policy dialogue and advice provided to member countries. The [2021 Comprehensive Surveillance Review](#) (CSR) highlighted that modern surveillance frameworks require granular policy advice that is timely, topical, and targeted. In this context, CD integration helps foster that granularity of policy advice, ensuring that there is a continuum between CD and surveillance. Integration of surveillance with CD can also help tailor policy advice to members' implementation capacity and result in more concrete and actionable advice, thus improving traction.



**22. The [2022 Guidance Note for Surveillance under Article IV Consultations](#) identifies good practices to support CD integration.** It emphasizes that when institutional and capacity weaknesses constrain the adoption of recommended policies, these constraints should be covered in surveillance, and, if the Fund has technical expertise, CD can help address them. For instance, where capacity constraints prevent achieving surveillance objectives, country teams are expected to develop a coherent CD strategy, in collaboration with CDDs, and discuss it with the authorities. This ensures that CD resources are directed to areas of greatest impact. For country-level engagements, the 2024 CDSR retired Country Strategy Notes (CSNs) as standalone documents—previously required for heavy CD users—in favor of more substantive coverage in staff reports for such countries. The coverage, for instance, may include how CD supports reform objectives, CD ownership and implementation challenges. In 2024, CD was covered in 90 percent of the Article IV and program reports—a significant increase from 55 percent in 2018. For FCS, CD strategies will be embedded in the Country Engagement Strategy (in line with the [2022 FCS Strategy](#) and the 2023 [Staff Guidance Note](#) on the Implementation of the IMF Strategy for FCS); and for small developing states (SDSs) in

the Country Engagement Box (see Annex II of the [2024 Guidance Note on the IMF's Engagement with SDS](#)).

**23. In the program context, the 2024 [Operational Guidance Note \(OGN\) on Program Design and Conditionality](#) emphasizes that capacity constraints and CD are central to designing realistic and effective conditionality.** Overly ambitious conditionality in low-capacity environments risks program failure. The 2024 OGN thus recommends aligning conditionality with absorptive capacity and using CD to strengthen implementation overtime. In this regard, the provision of CD is complementary to program design. For instance, CD diagnostics can help identify capacity gaps and inform decisions on the scope and sequencing of conditionality.

**24. CD integration is a two-way street.** CD engagements can serve both to inform and to be a conduit for granular policy advice for a modern surveillance framework. CD also plays a critical role in supporting program implementation. On the other hand, inputs from surveillance dialogue and program design inform CD prioritization and provide broader context for design and delivery. At the same time, integration of CD with surveillance and lending must respect the legal boundaries of Fund operations. CD activities should not create binding obligations for member countries beyond those permitted under the Articles of Agreement. Confidentiality of CD-related information shared during surveillance and lending must be maintained in accordance with Fund policy.

**25. Effective integration of CD with surveillance and lending requires close coordination within the Fund.** Surveillance and lending work involves close and continuous country engagement. Country teams must consider institutional and individual capacity gaps in the development of policy advice and preparation of lending programs, drawing on inputs from CDDs. As such, ADs lead the CD prioritization and resource allocation process in the Fund to ensure that CD can be prioritized in accordance with the surveillance and lending objectives, helping member countries implement policy advice (see also the Prioritization section). CDDs in turn design and implement CD projects at the country level, in close coordination with the respective country teams.

## PRIORITIZATION

**26. Prioritization is essential because the Fund, even with CD partners' support, does not have the resources to meet all requests for its CD.** A prioritization framework, based on country demand and the Fund's overall strategic priorities, should guide the allocation of scarce resources across regions, countries, and topic areas, as well as between short- and medium-term needs. This framework recognizes that the Fund is legally obligated to ensure equitable treatment of all members in the allocation of CD resources, consistent with Article V, Section 2(b) and Board guidance. Partner-funded CD must comply with the Fund's policies on external financing, including due diligence and anti-money laundering safeguards.

**27. The principles underlying the Fund's prioritization framework include:**

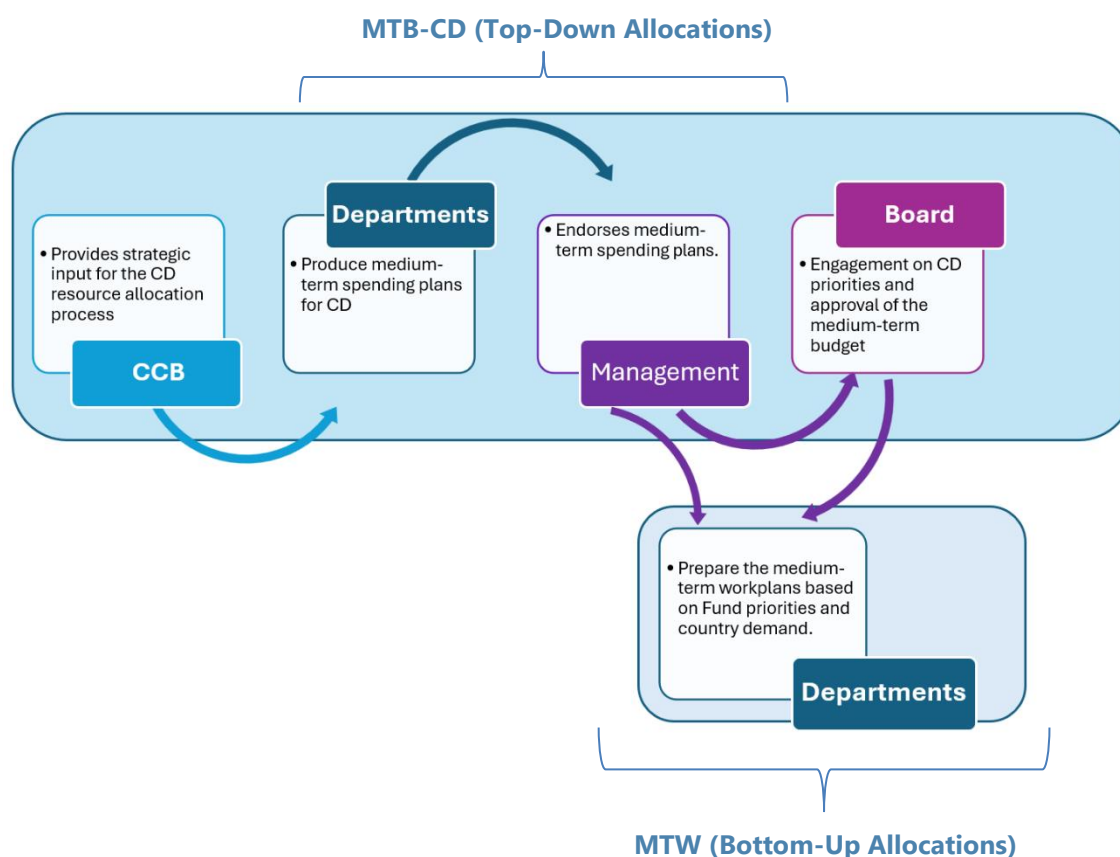
- As noted above, the Board provides strategic direction and oversight into CD priorities.

- At the institutional level, decisions need to be made on the size of CD activities in relation to other key output areas of the Fund as well as on the broad composition of CD across regions and topics. This is best done through the Fund's strategic planning and MTB processes. As noted above, the CCB provides guidance to departments on the institutional priorities for CD, and the guidance is then integrated into the process that sets Fund-wide priorities, departmental accountability, and budget formulation.
- At the country level, prioritization should reflect country demand and the country's own reform strategy. Country authorities play a leading role throughout the CD process, with due consideration to institutional and capacity constraints. Such a country-centered approach requires ADs to be in the leading role on the Fund's overall country engagement, including establishing country strategies and priorities for CD, taking into account the authorities' own strategy and, where relevant, the reform commitments under an IMF-supported program, as well as absorptive capacity, working in collaboration with CDDs. In this context, ADs, including resident representatives and RCDC directors, play a key role in engaging member countries on their CD needs and conveying information about demand to CDDs. Through their provision of CD activities, CDDs are also in frequent dialogue with member countries about their CD needs. Discussions with country authorities provide crucial inputs into the elaboration of RSNs and the MTW.

**28. These principles, which reinforce the integration of CD with surveillance and lending, are embedded in the Fund-wide MTB process.** An annual prioritization cycle occurs within the broader context of the Fund-wide MTB processes, requiring a strong coordination of CD and surveillance/lending functions. The first part of this process—the top-down prioritization—involves the CCB providing strategic guidance for CD resource allocation, the preparation/update of RSNs by the ADs, and the preparation of aggregate medium-term CD spending proposals by the CDDs, for discussion with management and the Executive Board. The second part of the process—the bottom-up prioritization—involves work planning where departments work together to identify and prioritize CD demand and prepare CD projects for the MTW. The process also takes into account the ongoing projects that were prioritized in previous years.

**29. Overall, the annual CD prioritization exercise is an iterative process overseen by the CCB,** which reflects the membership's views on priorities for Fund work, Board decisions on the Fund's overall MTB, and individual members' requests for CD. Through the RSNs, the MTB-CD and MTW, country demand, Fund priorities, and resource constraints are translated into specific CD deliverables.

Figure 2. CD Planning and Prioritization Process



Source: IMF staff.

## DELIVERY

**30. CD is delivered at the request of member countries through various modalities.** These modalities are frequently part of multi-year CD programs to an individual country or a group of countries, although ad hoc or one-off engagements are not excluded. The modes of delivery include duty station work and virtual or field-based missions by HQ staff, work by short-term experts (STX) or resident advisors/long-term experts (LTX) including from RCDCs; online, classroom, and customized training; peer-to-peer learning and technical workshops; and discussions at Fund headquarters (HQ) or remotely from HQ or RCDC. Staff should recognize the complementarity of different delivery modalities and leverage them, whenever feasible, in order to improve efficiency in CD delivery and traction of its recommendations.

**31. The following general guidelines should apply to the delivery of CD:**

- Fund CD represents TA or training—often complementing each other—that is of the highest quality, reflecting international best practices and complemented by the Fund’s analytical work.

Fund CD is tailored to the country's needs and reflective of its absorptive capacity. It also allows for follow-up support to help ensure implementation, integration in policy decision-making, and sustainable impact. Fund CD activities, regardless of the mode of delivery, are planned in close collaboration with the recipient countries' authorities.

- Fund CD is delivered by HQ staff and/or by external experts that are selected, contracted, and backstopped by the Fund. The Fund maintains a roster of experts with a proven track record and familiarity with international leading practices in areas specific to the Fund's CD activities. As the effectiveness of CD delivery depends to a large extent on the quality of the experts, the Fund retains full control over the selection of experts and the content of CD, regardless of the mode of delivery or source of financing. Fund CD activities are subject to quality control. While a large share of CD is delivered by HQ-based Fund staff, experts in the field also have direct access to the wide expertise of Fund staff. Their work is facilitated by strong quality control processes, including backstopping of experts and regular supervision by the relevant CDD, the review process, and feedback from the authorities and the surveillance teams in the ADs. Experts also work in consultation with ADs to develop an understanding of countries' circumstances and offer appropriate advice. These processes also help to integrate CD more fully into the Fund's analytical activities and policy dialogue.

**32. Continued efforts are expected to be made to enhance the impact and efficiency of CD** through further strengthening integration with the Fund's surveillance and lending operations, and by tailoring strategies to each country's institutional capacity and specific needs, while focusing on implementation and outcomes. Such strategies should inform and be informed by the Fund's broader country engagement and reporting, particularly for heavy users of CD, including to ensure optimal timing for CD delivery and that the volume of Fund CD does not exceed the authorities' absorptive capacity.

**33. Lessons from the COVID-19 pandemic-induced shift in CD delivery practices inform the optimal mix of delivery modalities.** The pandemic forced a shift from in-person CD to virtual, helping to sustain CD delivery during that period. This shift demonstrated there are opportunities and challenges with virtual delivery, which staff should consider in planning CD interventions. Notably, technology helps to shrink distances, reach countries where travel may temporarily be infeasible, facilitate data collection and better preparation for in-person CD engagements, and advance CD integration. At the same time, virtual delivery can be more difficult and less effective when internet connectivity is poor or the time differences from HQ are large. Furthermore, in-person interactions with CD recipients also tend to help establish stronger trust and ensure more personalized knowledge transfer, including with regard to sensitive information.

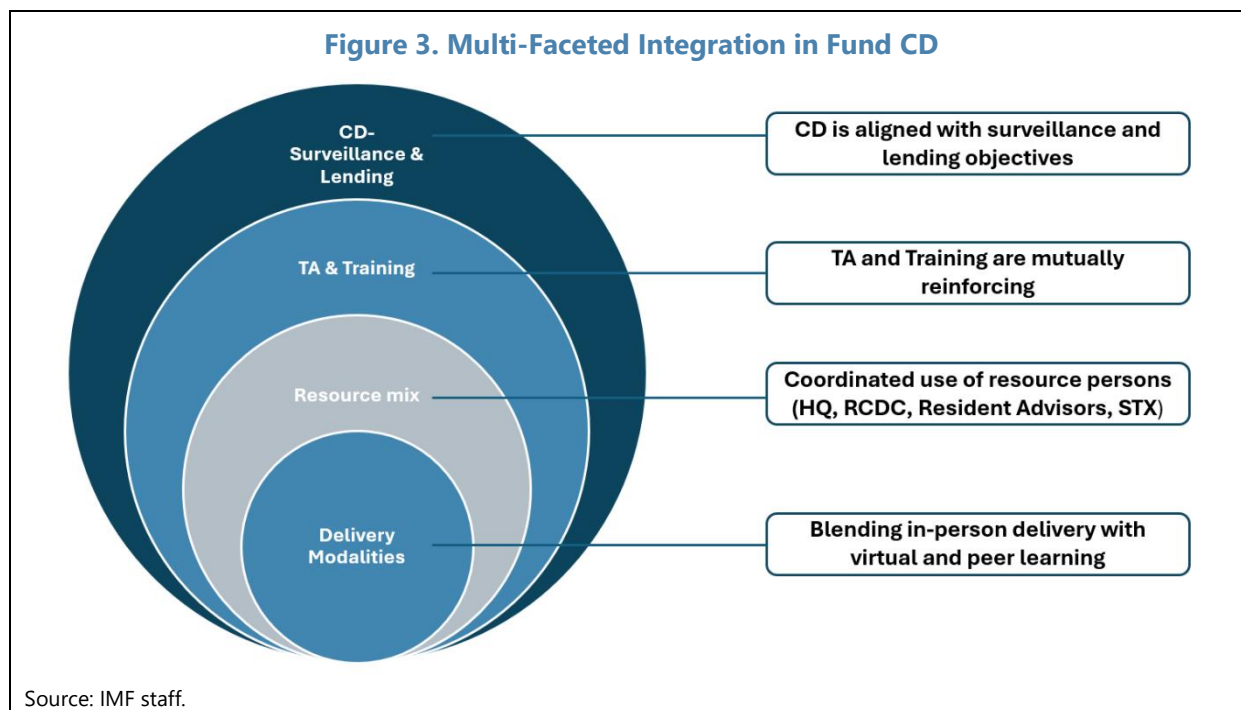
**34. Blended delivery allows the Fund to strike the right balance in furthering the integration of CD with surveillance and lending, as well as deepening its impact.** Given that in-person delivery resumed post-COVID and is preferred by most counterparts, staff should consider complementing in-person TA delivery with virtual activities and self-paced online learning as needed, to deepen engagements. Staff should consider flexible blended delivery modalities—with a mix of



online courses, virtual, hybrid, peer-to-peer and in-person delivery channels in programmatic CD, tailored to country needs—to improve the effectiveness of TA.

**35. Innovation and flexibility in delivery are also necessary to enhance the country-centered programmatic approach to CD, supporting multi-faced integration of CD (Figure 3).**

In line with the recommendations of the past CD strategy reviews, Fund CD is country-focused and designed in a programmatic way, through a well-sequenced series of TA activities and training to achieve defined medium-term CD objectives—aligned to surveillance and lending priorities.



To maximize CD effectiveness, staff should also leverage the relative strength of various resources—including approved Artificial Intelligence (AI) tools—and modalities available to respond to each country's context. This would require being strategic in the deployment of training and TA, in-country resident advisors, RCDCs, or HQ staff; and self-paced online, virtual, in-person or hybrid forms of delivery.

**36. The 2024 CDSR underscored the importance of RCDCs and their integration with HQ for effective CD design and delivery.** The global network of RCDCs has become fundamental to the Fund's CD model helping to boost the Fund's field presence and is also instrumental to ongoing efforts at broadening the scope of CD functions located in the field. In line with the 2024 CDSR, RCDCs are recognized as part of the Fund, and not as temporary funding vehicles. RCDCs are reliant on external financing, which presents risks for CD delivery—including prioritization risks from diverging priorities between members and CD partners. Thus, the financing of RCDCs is being diversified to facilitate continuity of delivery. The 2024 CDSR also recommended further integration of RCDCs with HQ, while maintaining strong ownership of member countries.



## COORDINATION, COMMUNICATION, AND DISSEMINATION

**37. Effective internal consultation and information sharing on CD activities is critical to support the country-centered model of CD delivery.** The Fund is investing in better processes and information systems, including internal communication and Knowledge Management Initiatives (KMIs), and the CDMAP to strengthen access to and improve the quality of CD data, documents and tools across departments and workstreams. Staff should also take note of the mechanisms discussed in the preceding sections (e.g., CD prioritization and integration) as they facilitate internal communication and coordination.

**38. Exploring and systematizing good practices on coordination with other CD providers, notably with the World Bank, regional development banks and key bilateral aid agencies, is critical.** Effective coordination supports efficiency gains and helps sustain the impact of CD. It ensures consistency of policy advice, mitigates risks of duplicating efforts, helps better leverage available resources and expertise at both the authorities' and providers' end. Notably, effective coordination is most important at the time of preparation of action plans and logical frameworks (or log frames, i.e., series of steps causally linked to inputs, outputs, and results of a CD project), and interdepartmental missions where technical synergies can be reaped. The Fund already has some mechanisms in place for external partners, which include good practices that staff can leverage. These include select joint missions, for example, with the World Bank; country-level coordination mechanisms with both HQ and field participation; steering committees of RCDCs and global TFs (including the Debt Management Facility that is a joint initiative with the World Bank), global initiatives such as the [Platform for Collaboration on Tax](#) and the [Joint Domestic Revenue Mobilization Initiative \(DRMI\)](#).

**39. The dissemination of CD information must be done in accordance with the dissemination policy and associated guidance.** The [2022 Updated Framework on the Dissemination of CD Information](#) and the [Staff Operational Guidance on Dissemination](#) spell out current procedures to enhance dissemination of CD information to various constituencies, including the recipient agency and other agencies within the recipient country, Executive Directors' offices, Fund staff, World Bank staff, CD partners and other CD providers, as well as the general public. The updated framework introduced key reforms to help increase publication and dissemination to support peer learning and coordination, contribute to the global public good, and improve accountability with stakeholders. These include (i) the expansion of the scope of TA information to be disseminated—to include training and other forms of CD output; (ii) an introduction of the publication of high-level summaries (HLS) of strategic final output based on a 30-day lapse-of-time basis; (iii) a reduced lapse-of-time for consent from 60 days to 30 business days when sharing final CD information with financing partners and the Executive Board; and (iv) norms reducing time between completing a mission/activity, producing the report, and submitting the final report to the Fund's repository.

**40. Fund staff and country authorities work together towards the goal of increasing dissemination and publication of CD information**—as envisaged by the policy. This should include discussion between staff and authorities on dissemination and publication of the outputs during project implementation and the timely preparation, review and approval of CD information—both within the Fund and with CD recipient authorities. In this context, Fund staff are responsible for obtaining explicit consent from member authorities before publishing or sharing sensitive CD information externally.

## MONITORING, EVALUATION, AND IMPACT

**41. Monitoring and evaluation (M&E) is used to review CD activities to ensure accountability; to assess their relevance, coherence, efficiency, effectiveness, impact and sustainability; and to distill lessons on how to strengthen future activities.** It is recognized that M&E is key to ensuring that CD activities are high quality and effective. Regular reviews of CD content are expected to be an integral part of CD-delivering departments' work processes. All M&E activities should seek input from recipient authorities to ensure that their views are fully taken into account. In addition, all personal data collected during monitoring and evaluation must be handled in accordance with good international practices and Fund policy.

**42. The Fund's framework for M&E comprises a range of tools designed to meet the Fund's accountability and learning needs.** Internal and external evaluations, RBM, training assessments, and other progress reports are used to track progress and results in Fund CD.

**43. The RBM framework supports results-focused project design, project management and decision making.** It is used throughout the project life cycle, supports evaluation, and systematizes the tracking of outcomes using indicators. The RBM framework applies to all CD activities, whether internally or externally financed. This framework assists in steering and managing projects, ensures that staff and authorities remain focused on goals, supports reporting to CD partners, and lays the foundation for evaluations. In line with the 2024 CDSR recommendations, for programmatic CD, teams are to have an explicit discussion and agreement with authorities on results targeted in RBM before commencing a project.

**44. Evaluation comprises both internal and external evaluations, which vary in their purpose and scope, with the latter being typically required in funding agreements with CD partners.**<sup>1</sup> Evaluations rely on a number of different instruments including (i) Fund-wide evaluations to assess overall policies and activities; (ii) departmental evaluations to assess the impact of CD activities; (iii) CD partner-mandated evaluations; and (iv) evaluations by the Fund's IEO. Departmental and CD partner-mandated evaluations should apply the Fund's 2020 Updated [Common Evaluation Framework](#) (CEF), and evaluation results should be used to support learning and accountability and inform CD prioritization, design, and implementation.

<sup>1</sup> The costs of these externally mandated evaluations are covered as part of the funding agreement, while internal evaluations do not have a dedicated source of funding.

**45. Fund-wide evaluations.** The Fund regularly conducts a strategic review of CD activities, as is done in other main areas of the Fund's work. Such a review should have backward- and forward-looking components including:

- For the backward-looking component, the review should consider the prioritization, funding, delivery, and monitoring and evaluation of CD as set out in this Guidance Note.
- For the forward-looking component, the review should provide the opportunity to outline reforms to increase the impact of CD. Emphasis needs to be on making CD more effective and efficient while building on its strengths.

**46. Departmental evaluations.** Departments undertake formal and informal evaluations which should be guided by clear criteria for selection of relevant topics and, for project-based evaluations, the CEF. Their focus may be not only on country cases but also on thematic areas. Different evaluation techniques may be employed, such as the conduct of surveys following CD activities as well as visits to countries that are large recipients of CD. These evaluations may be conducted by staff and external subject-matter experts.

**47. CD partner-mandated evaluations.** Evaluations of RCDCs, TFs, and some bilateral funding subaccounts are mandated and conducted by independent external evaluators usually midway through each arrangement's five-year funding cycle. In addition, occasional CD partner-led external evaluations on their support to Fund CD can take place.

**48. All CD evaluations are guided by the [2020 Updated CEF for IMF CD and Guidance Note](#),** which provides a standardized approach across evaluations, including mandating the use of RBM data as key information sources. To support a strategic approach, internal evaluations are planned on a rolling three-year basis and the workplan is approved by the CCB. Meanwhile, external evaluations are normally planned 40 months after the start of a 5-year phase, but timelines may shift based on portfolio execution.

**49. While no single tool provides a full view of the impact and effectiveness of CD, combining these components offers a useful appraisal of progress when reviewed within the context of each country.** For instance, staff could utilize RBM data for immediate self-assessment information on CD projects to inform more agile and responsive CD, and evaluations for an in-depth assessment of CD across a longer time horizon. This approach underscores the need for high-quality RBM data to be effective. For the Fund's training activities, a combination of post- and pre-course testing and follow-up surveys provide insights into the progress of individual learners.

**50. As the 2024 CSDR recommended, a Strategic Results Framework (SRF) can help with better alignment between the RBM and higher-level surveillance objectives.** Staff are developing and piloting a SRF that builds on the RBM's project level results by introducing two more levels of indicators, which articulate (i) progress indicators that measure intermediate outcomes and the direct results of Fund CD across a number of projects; and (ii) high-level macroeconomic and

development outcomes to which Fund CD contributes across a number of workstreams. Experience with this pilot approach will inform the development and implementation of a Fund-wide SRF for CD.

## PARTNERSHIPS AND FUNDING

**51. CD activities are funded by both the Fund's own resources and external financing.** The Fund's overall MTB process considers together Fund- and externally financed CD. The amount of Fund-financed CD is derived from the Fund's overall budget process, taking into account the demand for other Fund activities. External financing has been a key facilitator of the expansion of Fund CD, enabling the Fund to meet the growing demand for CD from member countries.

**52. Engaging with CD partners is beneficial:**

- Partnerships promote coordination on CD and allow the Fund to scale-up its CD delivery to meet the increasing demand from members, particularly in low-income and lower-middle-income countries.
- CD partners also appreciate the high quality and continuity of Fund CD and value the consistency and complementarity with Fund surveillance and lending.
- Beyond financing, partnerships promote accountability of the Fund for both resources and results. This allows CD partners to integrate Fund CD with their own planning and resource allocation more directly, which helps increase the overall effectiveness of support to members.
- Lastly, partnerships improve visibility and help to communicate results and intended outcomes of Fund CD to the global audiences.

**53. Internal and external financing of CD are not perfect substitutes for each other.** External financing is affected by CD partners' preferences for CD activities in particular countries or regions, on particular topics, or through particular vehicles. This is the reason why the Fund's CD prioritization process is not built around funding availability considerations. Compared to external financing, internal resources are more flexible and allow for an agile response, including to crisis-related priorities that might emerge in members' CD demand.

**54. The Fund needs to make decisions on whether to finance CD activities using internal or external financing.** These decisions should be guided by the following Board-approved principles:

- *Fund's role.* Fund financing of CD should be considered in the following cases: (i) in countries or on topics where external funding is not available, including program cases; (ii) when a quick reaction is required; or (iii) when Fund expertise in particular areas need to be maintained.
- *CD partners' role.* External financing of CD should be considered in the following cases: (i) when CD partners' interests underpin CD demand from members and are consistent with Fund priorities and objectives; (ii) when sufficient space is available in the Fund's budget to cover

related indirect costs; and (iii) when sufficient space exists under the overall limit for externally financed CD expenditure set by the Board in the context of the MTB.

**55. The Fund has a self-financing policy in place for CD to high-income members, first established in 2015 and updated most recently as part of the 2024 CDSR.** The policy applies to high-income economies defined as the countries that fall into the top two deciles of the world distribution of per capita gross national income. Since 2015, the Fund has been requiring high-income members to self-finance CD they receive under specific conditions. In 2017, an update was introduced to establish a threshold for the policy to only apply when delivery costs exceed US\$250,000. The use of internal Fund resources for CD to advanced economies is limited to critical needs—normally interpreted to be related to a Fund-supported financing arrangement—where no external funding can be found. Some countries also voluntarily contribute to the cost of CD they receive. The 2024 CDSR recommended modifications to the charging policy to ensure appropriate incentives for countries that are contributors to Fund CD and to facilitate technical dialogue between Fund specialist staff and country authorities that are critical for the development of CD advice and tools. In line with this, effective June 1, 2025, high-income economies that contribute to external financing of Fund CD are not subject to the self-financing requirement provided that the amount of their contribution exceeds the cost of CD provided to them (i.e., they must be net contributors to the Fund’s CD financing). The US\$250,000 threshold for application of the CD charging policy remains unchanged and is applicable to the total amount of CD provided to the recipient country across all delivery departments in a given fiscal year. In the event that a CD partner country’s authorities decide they still want to self-finance their CD (e.g., in light of their own policies), this is still permissible under the Fund’s charging policy.

**56. New externally financed initiatives (e.g., a new thematic fund or a significant increase in a CD partner’s contribution to a bilateral account) are subject to an interdepartmental review and management clearance process.** Furthermore, in certain cases (e.g., setting up a new TF, which requires creation of a new sub-account or modification of an existing one) approval is required by the IMF’s Executive Board. This process is meant to ensure that, prior to seeking financing from CD partners, the initiative is aligned with the Fund’s institutional objectives and internal budget constraints. The process is also intended to provide assurances to CD partners that, if and when external financing is provided for a new CD initiative, the Fund will be ready to use such financing.

**57. Given the significant growth of the Fund’s CD activities, the sustainability and fungibility of external financing is critical, and related risks need to be closely monitored and managed.** As the fundraising environment is becoming more challenging and some funding vehicles face future funding uncertainties, the Fund has been relying on a strategic fundraising roadmap, which aims, inter-alia, to address high-priority funding needs of specific funding vehicles through concrete action plans; diversify and broaden the CD partner base; and increase funding flexibility by negotiating broader umbrella agreements and funding vehicles, limiting bilateral agreements, and enhancing funding complementarity across funding vehicles.