

MONETARY AND CAPITAL MARKETS

IMF CAPACITY DEVELOPMENT IN MONETARY AND FINANCIAL STABILITY

2026 ANNUAL REPORT

"We continue to assess CD priorities and budgets to ensure alignment with the Fund's overall priorities, strategic direction, and needs of the membership by providing country-tailored CD that also reinforces the Fund's surveillance and lending. Building on the April 2024 CD Strategy Review, we are strengthening our CD work by mitigating risks associated with external financing while enhancing the flexibility and diversity of funding resources. Further analysis is underway on the design and funding of a future CD Stabilization Mechanism."

The Managing Director's Global Policy Agenda, Spring 2026

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PREFACE

This report presents the IMF's capacity development (CD) work in monetary and financial stability during the fiscal year 2026 (FY26)—covering May 2025 through end-April 2026. Unless otherwise noted, all CD figures and data refer to IMF CD in these areas. It highlights technical assistance (TA), training, and technical advice delivered through the Monetary and Capital Markets Department (MCM), in close partnership with country authorities, IMF country teams, IMF Regional Capacity Development Centers (RCDCs), and development partners.

The report reflects the collective efforts of IMF colleagues who designed, delivered, monitored, and reported on this work.[1] We are grateful for their contributions, review, and guidance, and for their continued commitment to strengthening the quality, relevance, and impact of IMF CD.

We also thank member country authorities and partners for their engagement, feedback, and collaboration. Their partnership is central to helping build stronger institutions and more resilient financial systems, and implement sound monetary and financial policies.

The theme of this year's report is "Building resilience. Delivering Impact". The report is organized around three areas: impact, FY26 in focus, and stories from the field.

[1] This report was prepared by staff of the IMF's Monetary and Capital Markets Department, Technical Assistance Strategy Division, under the guidance and supervision of Marina Moretti and Oana Croitoru. The work was led by Silvia Iorgova, and the core team comprised Betty Afework, Dana Andreicut, Kateryna Botsu, Sebastien Clanet, Jose Roberto Effio, Rebeca Hassan, Moses Kitonga, Ibrahima Sangare, and Brenda Sylvester. Coordination and project management support were provided by Vanessa Guerrero, Jagpreet Kaur, Noella Nandy, and Ameerah Sharafaddeen.



The MCM TA Team.

LETTER FROM FDMD DAN KATZ



Dan Katz
First Deputy Managing Director,
International Monetary Fund

Capacity development (CD) complements IMF's surveillance and lending activities by helping member countries deliver macroeconomic and financial stability through stronger institutions. It is one of the core pillars of IMF support to members—bringing global knowledge and expertise to bear on country-specific challenges, particularly in low- and lower-middle-income countries and fragile and conflict-affected states, where capacity needs are greatest.

The IMF's Monetary and Capital Markets Department (MCM) has contributed to this effort for over 60 years, focusing on monetary and financial stability. Its technical assistance (TA) supports member countries across core areas—central bank operations, financial stability, including supervision and regulation, and sovereign debt management—while adapting to new priorities such as digitalization and climate-related financial risks.

Over the past year, the IMF continued to support members while adapting to evolving risks and a complex global environment. With more than 1,000 CD activities across 140 countries, the IMF demonstrated the relevance and agility of its engagement—scaling up support, staying closely engaged with country authorities, and introducing new delivery modalities. Its work helped members address pressing monetary and financial stability challenges in an increasingly uncertain and fragmented global landscape.

A key priority was to further integrate CD with IMF surveillance and lending. MCM staff worked closely with IMF country teams to ensure that technical support was available to address the risks, vulnerabilities, and reform priorities identified through surveillance and lending engagements. In turn, CD helped countries implement policy recommendations and reform commitments, strengthening institutions and supporting more durable policy outcomes.

Innovation remained central to the IMF's CD work in monetary and financial stability. Newly designed tools helped strengthen monetary operations, policy, and communication frameworks; technical advice was delivered in novel areas such as crypto asset regulation and cloud computing supervision, and digital technologies including artificial intelligence (AI) were leveraged to sharpen analysis and enhance delivery. These efforts are part of the IMF's commitment to remain at the frontier of policy and analytical support and better equip counterparts to address emerging challenges.

These results reflect the dedication, expertise, and collaborative spirit of IMF staff, as well as the sustained support of donors and partners, to whom we are deeply grateful. Looking ahead, the IMF will continue to deliver high-quality expertise, deepen partnerships, and innovate—helping members build stronger institutions, enhance policymaking capacity, and safeguard monetary and financial stability.

ACRONYMS AND ABBREVIATIONS

AFRITAC	African Regional Technical Assistance Center
AI	Artificial Intelligence
BCU	Banco Central del Uruguay
BIS	Bank for International Settlements
BPNG	Bank of Papua New Guinea
BROC	Bank Resolution Online Course
CAPTAC-DR	Central America, Panama, and the Dominican Republic Regional Technical Assistance Center
CARTAC	Caribbean Regional Technical Assistance Center
CBDC/ CBDCs	Central Bank Digital Currency / Central Bank Digital Currencies
CBK	Central Bank of Kosovo / Central Bank of Kenya, depending on context
CBN	Central Bank of Nigeria
CBS	Central Bank of Somalia / Central Bank of Syria, depending on context
CBSI	Central Bank of Solomon Islands
CCAMTAC	Caucasus, Central Asia, and Mongolia Regional Capacity Development Center
CD	Capacity Development
CDMAP	Capacity Development Management and Administration Program
CEMAC	Central African Economic and Monetary Community
CICDC	China-IMF Capacity Development Center
DMF	Debt Management Facility
DMFAS	Debt Management and Financial Analysis System
DMIR	Debt Management, Debt Reporting, and Investor Relations
DMO	Debt Management Office
DMW	Digital Money Window
DRC	Democratic Republic of Congo
DSA	Debt Sustainability Analysis
FAD	Fiscal Affairs Department
FCS	Fragile and Conflict-Affected States
FPAS	Forecasting and Policy Analysis System
FSAP	Financial Sector Assessment Program
FSSF	Financial Sector Stability Fund
FSSR	Financial Sector Stability Review
FSI / FSIs	Financial Soundness Indicator(s)
FX	Foreign Exchange
FY	Fiscal Year
HQ	Headquarters
ICMC	Inter-Institutional Crisis Management Coordination
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Information Technology
LCBM	Local Currency Bond Market Development
LIC-DSF	Low-Income Country Debt Sustainability Framework
LLMICs	Low- and Lower-Middle-Income Countries
LTX / LTXs	Long-Term Expert(s)
MCM	Monetary and Capital Markets Department
METAC	Middle East Regional Technical Assistance Center
MOOC / MOOCs	Massive Open Online Course(s)
MOU	Memorandum of Understanding
MTDS	Medium-Term Debt Management Strategy
NBG	National Bank of Georgia
PBO	Parliamentary Budget Office
PD	Primary Dealer
PDMO	Public Debt Management Office
PNG	Papua New Guinea
RBM	Results-Based Management
RBS	Risk-Based Supervision
RCDC / RCDCs	Regional Capacity Development Center(s)
SARTTAC	South Asia Regional Training and Technical Assistance Center
SEACEN	South East Asian Central Banks
SPR	Strategy, Policy, and Review Department
SRF	Strategic Results Framework
SROC	Supervisory and Regulatory Online Course
STX / STXs	Short-Term Expert(s)
TA	Technical Assistance
UNCTAD	United Nations Conference on Trade and Development
USD	U.S. Dollar
WB	World Bank

SECTION I

IMPACT

IMF CD **helped countries advance toward stronger financial systems and greater stability**– from establishing the Marshall Islands Monetary Authority, the world's newest central bank, and rebuilding monetary and supervisory capacity in Syria and Libya, to strengthening crisis preparedness in Uzbekistan, systemic cyber resilience in Mexico, and debt recording and transparency in Guinea-Bissau.

SECTION

1

RELEVANCE, IMPACT, INTEGRATION, AND TAILORING AT THE CORE

The CD model remained anchored in four core principles: relevance, impact, integration with IMF surveillance and lending, and advice tailored to country needs.

CD delivery remained closely aligned with members' needs through **coordinated engagement with country authorities, IMF country teams, and other CD providers**, while adjusting as priorities and country circumstances evolved. Integration with IMF surveillance and lending is built into the CD cycle, with ongoing consultations with country teams ensuring that surveillance-identified country risks and vulnerabilities inform policies and CD priorities. CD support, in turn, helps translate policy recommendations into tailored country-level reforms. Increasingly, the IMF uses multi-year programmatic TA workplans to anchor delivery in country capacity and priorities, strengthening the sustainability of impact of CD support.

CD support helped member countries build technical expertise and adopt good international practices in monetary and financial stability and debt management.

- **Monetary and financial stability** remained the largest pillar of CD delivery, spanning financial regulation and supervision; operational aspects of central banking; monetary policy formulation and modelling, including Forecasting and Policy Analysis System (FPAS); macroprudential policy; systemic risk analysis; payments and financial market infrastructures; and financial crisis preparedness.
- **Debt management** focused on enhancing debt management practices, including medium-term debt management strategies, local currency bond market development, institutional arrangements and governance, and debt transparency.

SUSTAINED EXPANSION IN RAPIDLY EVOLVING AREAS

CD delivery scaled up in fast-evolving areas of rising demand.

Member countries increasingly sought support on virtual assets, payment systems oversight, and AI tools for central bank communication. In fiscal year 2026, the IMF delivered nine bilateral missions on **crypto asset regulation**, complemented by regional engagements with the supranational institutions of the Central African Economic and Monetary Community (CEMAC); a regional course for Central American authorities on fintech regulation and supervision; and a workshop for authorities from the Caucasus, Central Asia, and Mongolia on the economics of central bank digital currencies (CBDCs) and nonbank payment service providers. Work on **adopting artificial intelligence (AI)** to enhance central bank communication and supervisory activities advanced through 15 pilots and advisory engagements, while **cross-border payments** support involved four regional workshops benefiting 28 countries.

DEEP REACH ACROSS DIVERSE COUNTRY CONTEXTS

Robust demand supported strong CD delivery across regions.

IMF CD maintained a broad geographic footprint, supporting institution building and financial sector reforms across diverse country contexts. Field-based long-term experts (LTXs) helped scale up delivery and tailor support to country needs.

- In **Africa**, engagement was anchored by the IMF's five African Regional Technical Assistance Centers (AFRITACs) and, in selected countries, by the flagship Financial Sector Stability Review (FSSR) program and sequenced follow-up TA workplans. Stories from the field illustrate how support strengthened debt recording and reporting in Guinea-Bissau (p.30) and helped build a multi-agency framework for debt sustainability analysis in Kenya (p.32).
- In **Asia and the Pacific**, LTXs and medium-term TA workplans supported authorities in addressing country-specific institutional and financial sector challenges. Field experiences from New Guinea and Sri Lanka demonstrate how TA helped strengthen the financial stability framework (p.38) and operationalize the public debt management office (p.44), respectively.
- In the **Middle East and Central Asia**, engagement remained strong across a range of workstreams despite security-related disruptions. CD delivery expanded in the Caucasus and Central Asia, with Uzbekistan emerging as the region's fourth-largest CD recipient. Field examples showcase the IMF's re-engagement with the new Central Bank of Syria leadership (p.46) and the application of a comprehensive medium-term approach to capacity building in Somalia (p.42).
- In the **Western Hemisphere**, CD support was delivered largely through the CAPTAC-DR and CARTAC regional technical assistance centers, with robust engagement across the region. Paraguay, Suriname, and Guatemala received the highest levels of support, focused on financial supervision and regulation, central bank operations, and debt management. Highlights included crisis management coordination in Curaçao and Sint Maarten (p.28), cyber resilience in Mexico (p.34), and AI-supported central bank communications in Uruguay (p.48).
- In **Europe**, Bosnia and Herzegovina, Ukraine, and Kosovo received the highest level of support, focused primarily on financial supervision and regulation and central bank operations. Field examples showcase support to Kosovo in strengthening its crisis management framework (p.28).

Engagement continued with fragile and conflict-affected states (FCS), where CD demand remained structurally high.

In FCS, sustained, multi-year **TA has been essential to expanding the reform horizon**, strengthening institutions, and advancing financial sector reforms despite sizable capacity constraints, extreme poverty, political instability, and security risks. Anchored in the IMF's 2022 FCS Strategy, CD support has played a critical role in strengthening institutional capacity in central banks, financial supervisory authorities, and debt management units in ministries of finance.

Recognizing the specific challenges facing FCS—including weak institutions, limited absorptive capacity, uneven reform traction, and high staff turnover—the IMF has adapted **CD delivery through flexible modalities, tailored training programs, and focused, hands-on technical advice**. Sustained engagement with senior policymakers has been critical to building reform ownership, while broader knowledge transfer has helped strengthen technical capacity across institutions. This approach centers on developing practical tools, methodologies, and institutional frameworks that reflect country circumstances and can be implemented gradually over time.

HIGHLIGHTS OF FY26 OUTCOMES AND IMPACT

Monitoring country implementation progress and recalibrating CD priorities remained central to the CD cycle.

CD progress and impact are tracked through the **results-based management (RBM) framework**, as well as **internal assessments** and **external evaluations**. Together with close engagement with IMF country teams, these mechanisms help recalibrate priorities and follow-up workplans as country needs evolve, reinforcing the sustainability of MCM's medium-term programmatic commitments.

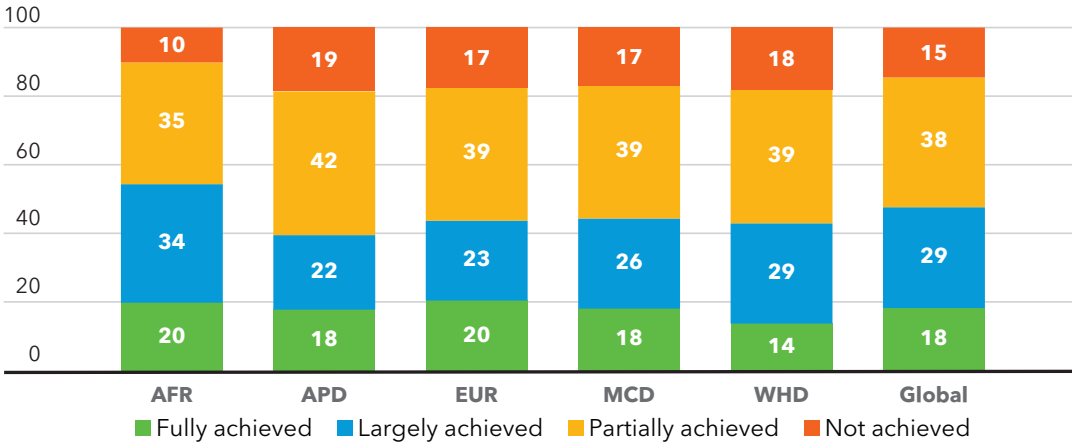
FY26 CD outcomes remained strong overall.

Under the IMF's RBM framework, 85 percent of rated CD outcomes were at least partially achieved: 47 percent were "fully" or "largely achieved," and 38 percent were "partially achieved"; outcomes rated "not achieved" stood at 15 percent (Figure 1). Unachieved outcomes were largely concentrated in early-stage projects or reflected delays due to capacity constraints, changing country circumstances, or security-related disruptions, particularly in FCS.

Across regions, Africa posted the strongest execution, with 90 percent of outcomes at least partially achieved. Europe, the Middle East and Central Asia followed at 83 percent, the Western Hemisphere at 82 percent, and Asia and the Pacific at 81 percent.

Work is underway to develop a Fund-wide strategic results framework to provide a comprehensive approach to assessing the results and impact of Fund CD.

FIGURE 1. CD OUTCOME RATINGS BY REGION, FY26
(in percent of total)



Source: CDMAP

PROGRAMMATIC CD AS A STRUCTURED, MULTI-YEAR COMMITMENT

Impactful programmatic CD remained anchored in the FSSR.

The FSSR–the flagship CD program on financial stability–remained a key vehicle for supporting low- and lower-middle-income countries and FCS. Financed by the Financial Sector Stability Fund (FSSF), a multi-partner trust fund established in 2017 and now in its second funding phase (2024-2029), the FSSR combines an upfront diagnostic mission with a sequenced, multi-year TA program developed in close collaboration with country authorities. This programmatic approach helps countries identify and address financial stability vulnerabilities and build stronger financial sector frameworks.

Since the launch of the program, 33 FSSRs have been completed. **The program has supported tangible reforms in recipient countries**–from stronger risk-based supervision and new financial stability departments and frameworks to more robust financial safety nets. Key achievements during the FSSF's first funding phase (2017-2024) are highlighted here. The program's impact was highlighted at the FSSF Steering Committee meeting in Paris in June 2026, where the Governor of the Central Bank of the Democratic Republic of Congo (DRC) noted tangible progress in laying the foundation for a deeper, safer financial system, including with support from a resident financial stability advisor.

Beyond the FSSR, many **LTXs design and deliver programmatic CD through their sustained engagement with country authorities**, complemented by headquarters (HQ)-led peripatetic TA programs.



Dialogue with the Governor of the Central Bank of the DRC at the FSSF Steering Committee, Paris, June 2026

DONOR PARTNERSHIPS POWERING CD DELIVERY

Donor funding helped scale CD delivery across core and emerging areas.

Two milestones shaped donor support in FY26: FSSF Phase II and Japan Digital Money Window (DMW) Phase II. **FSSF Phase II** reinforced the fund's role as the FSSR's financing backbone, supporting $3.6 million in activities related to financial stability, backed by $26.5 million in new donor pledges by China, Germany, Luxembourg, the Republic of Korea, Saudi Arabia, Sweden, and Switzerland. It also broadened coverage to include climate-related financial supervision, crypto and digital money, and CD to FCSs. In parallel, German-funded climate initiatives continued to support IMF CD on climate-related financial risks, supervision, climate information architecture, and sustainable finance. **DMW Phase II** extended the Japan-IMF Subaccount window through April 2029, broadening support beyond CBDC and cross-border payments to crypto, virtual assets, and stablecoins, covering Africa, Asia and Pacific, Central Asia, and FCS. Japan remained the largest donor supporting monetary and financial stability issues, with FY26 CD support amounting to $8.5 million.

ADAPTABLE CD DELIVERY IN CHALLENGING ENVIRONMENTS

Adaptability remained a core strength of the CD delivery model.

SUSTAINED CD ENGAGEMENT IN THE MIDDLE EAST UNDER SECURITY CONSTRAINTS

In FY26, CD delivery was sustained across Middle East Regional Technical Assistance Center (METAC) member countries—including Iraq, Libya, Syria, West Bank and Gaza, and Yemen—despite severe access and logistical constraints stemming from regional conflicts. Delivery combined virtual TA missions, hybrid workshops, and CD activities in third-country locations, with LTXs operating from METAC's Beirut offices and in-person engagements temporarily shifted from Gulf Cooperation Council member locations to North African countries, including Egypt, Tunisia, or Morocco. Where field missions were not feasible, work focused on document reviews, supervisory data analytics, and regulatory drafting, with on-site validation deferred until conditions allowed. Across more than 60 activities, joint efforts by the banking supervision LTXs, HQ staff, and country authorities helped strengthen risk-based supervision and sustain reform momentum under acute operational stress, supporting more resilient banking systems and, ultimately, economic recovery.

SECTION II

FY26 IN FOCUS

SECTION II

A

CD DELIVERY IN FY26

CD AT A GLANCE

140 Beneficiary Countries IN **5** Regions

31 Fragile and conflict-affected states SERVED

34 Regional advisors PROVIDING HANDS-ON SUPPORT

1,033 CD Activities TA, TRAINING, WORKSHOPS, PEER-TO-PEER ENGAGEMENTS

2,528 Policymakers TRAINED

In FY26, CD delivery achieved its **highest post-pandemic budget execution in absolute terms**. Demand for TA on financial sector reforms surged across regions, while geopolitical fragmentation, high public debt, fast-moving financial innovation, and renewed security constraints reshaped where and how support was delivered.

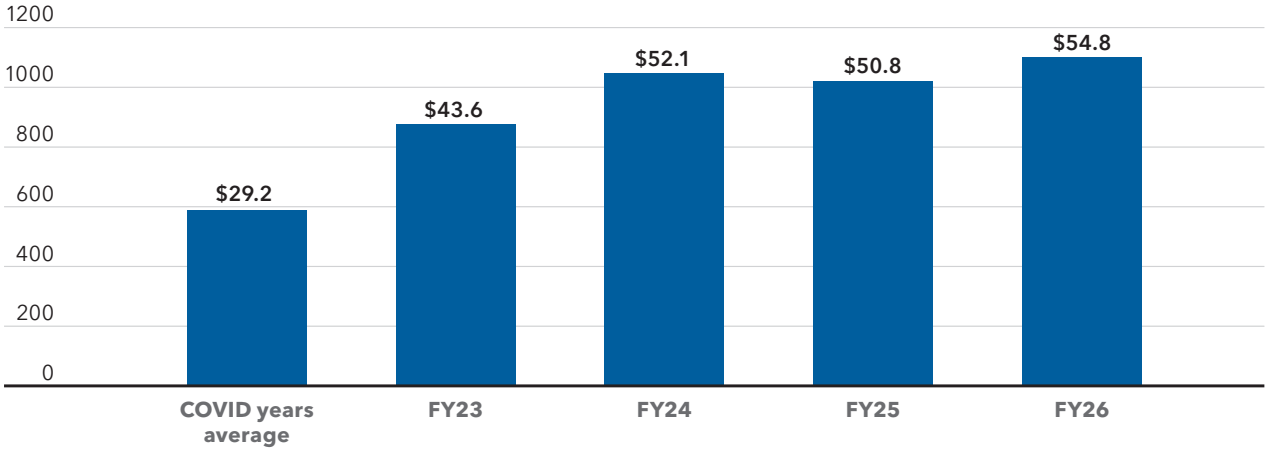
Delivery of **IMF CD in monetary and financial sector issues continued unabated**, with 1,033 CD activities across 140 countries, territories, and regional institutions, and total spending reaching $54.8 million (Figure 2). Both measures exceeded FY25 levels—up from 1,024 activities and $51 million—reflecting strong demand for CD and continued responsiveness to evolving country needs.[1]

CD remained **anchored in core monetary and financial sector stability areas, while also responding to rising demand in emerging topics**. The three core workstreams—financial supervision and regulation, central bank operations, and debt management—jointly accounted for 74 percent of CD delivery, with additional support focused on monetary policy modeling, macroprudential policy, and oversight of payments and financial market infrastructure (Figure 3).

[1] In FY22, the IMF introduced Capacity Development Management and Administration Program (CDMAP), a new system for planning and tracking CD. Its methodological changes created a structural break in FY22. CD activity counts include direct delivery, management and administration (M&A), and analytics and development (A&D), with TA missions accounting for the largest share of total activities.

FIGURE 2. CD DELIVERY SPENDING

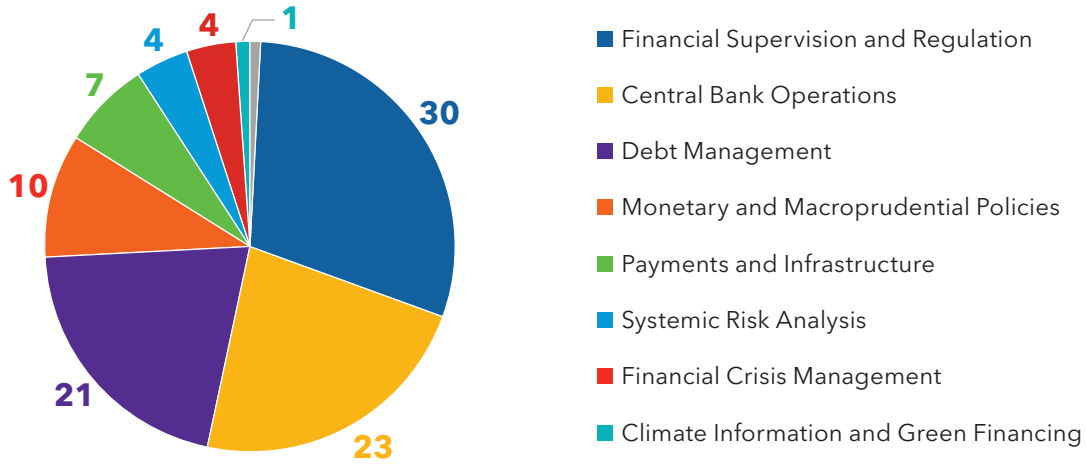
(in millions of U.S. dollars)



Source: CDMAP

FIGURE 3. DIRECT DELIVERY BY WORKSTREAM, FY26[1]

(in percent of total)



Source: CDMPAP

[1]Direct delivery includes TA missions and training.

Africa remained the top CD recipient in FY26, accounting for 41 percent of direct delivery, followed by Asia and the Pacific (23 percent), the Middle East and Central Asia (17 percent), the Western Hemisphere (14 percent), and Europe (4 percent) (Figure 4).

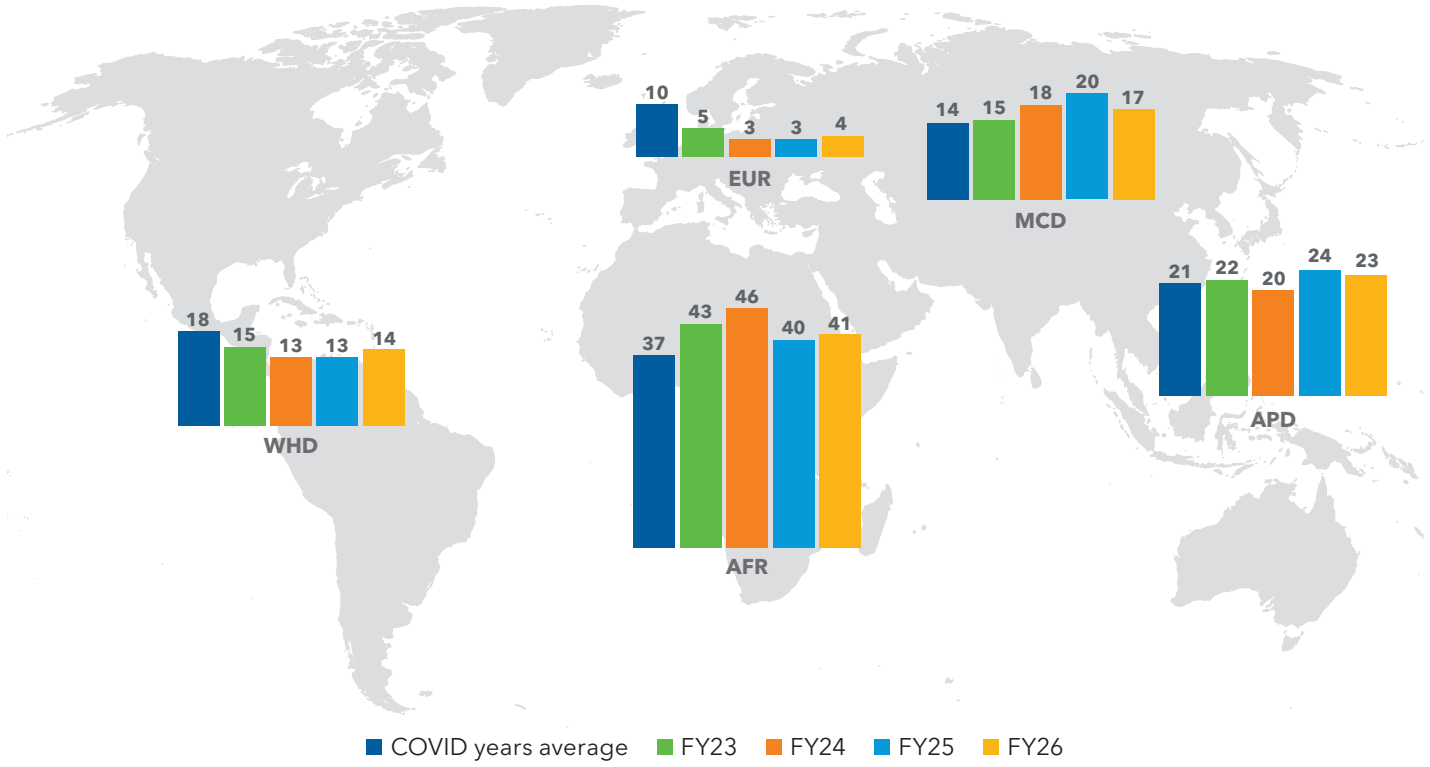
CD delivery continued to be tailored to country needs through a flexible mix of modalities. In FY26, 63 percent of CD activities were delivered in person, 24 percent virtually, and 13 percent in hybrid format (Figure 5). Blended delivery, combining in-person or virtual real-time engagement with self-paced online learning, continued to gain traction, although its use is not yet systematically measured.

FIELD PRESENCE

IMF experts are central to CD delivery, bringing technical expertise, deep local knowledge, and trusted relationships to support country authorities. In FY26, delivery relied on LTXs, short-term experts, and IMF staff, with LTXs providing critical field-based support (Figure 6). Working from individual member countries or through the IMF's 17 RCDCs, they delivered sustained hands-on bilateral TA and regional training. As of end-April 2026, there were 34 LTXs—31 in RCDCs and three in bilateral, country-specific assignments—concentrated mainly in Africa, followed by Asia and the Pacific (Figures 7 and 8). LTX delivery dipped slightly in FY26 due to LTX turnover-related replacement lags but is expected to recover in FY27.

FIGURE 4. CD DIRECT DELIVERY BY REGION

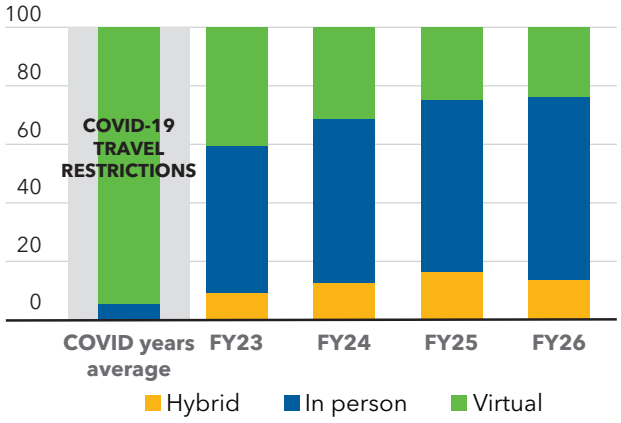
(in percent of total)



Sources: CDMPAP and IMF staff.

FIGURE 5. CD DIRECT DELIVERY BY MODALITY

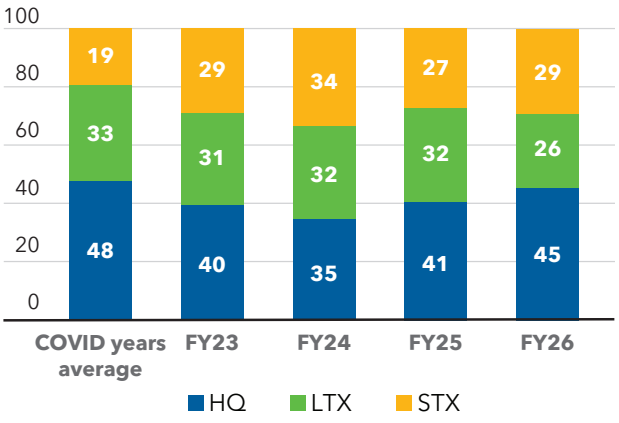
(in percent of total)



Sources: CDMPAP and IMF staff.

FIGURE 6. CD DIRECT DELIVERY BY RESOURCE TYPE

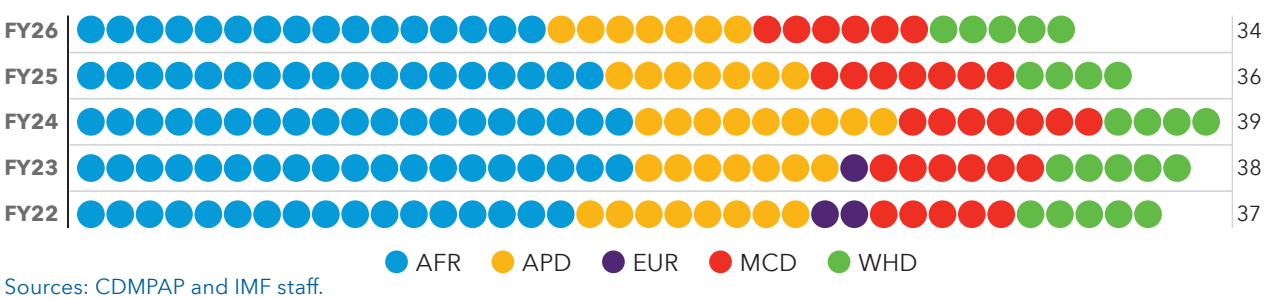
(in percent of total)



Sources: CDMPAP and IMF staff.

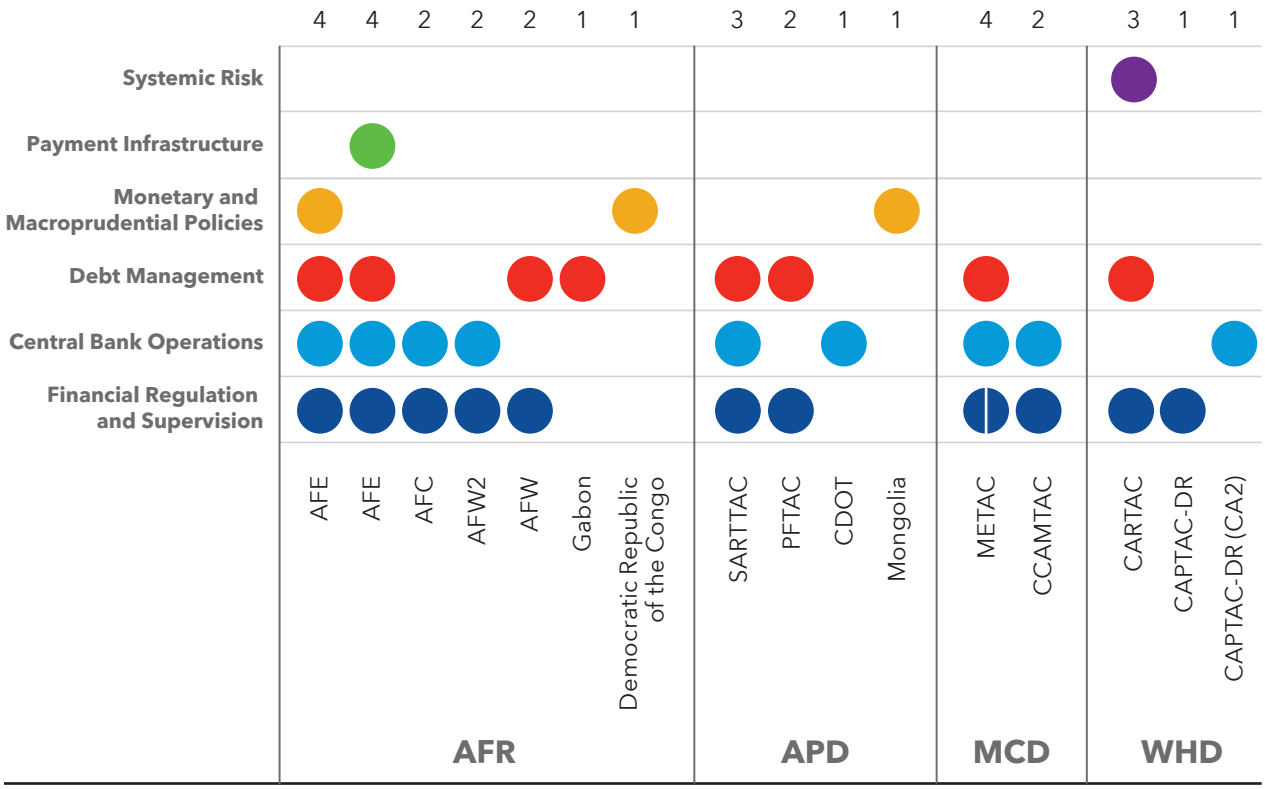
FIGURE 7. NUMBER OF MCM LTXs BY REGION

(one dot per LTX)



Sources: CDMPAP and IMF staff.

FIGURE 8. RCDC-BASED AND BILATERAL LTXs BY WORKSTREAM, END-APRIL 2026



Sources: CDMPAP and IMF staff.

WHERE WAS CD DELIVERED?

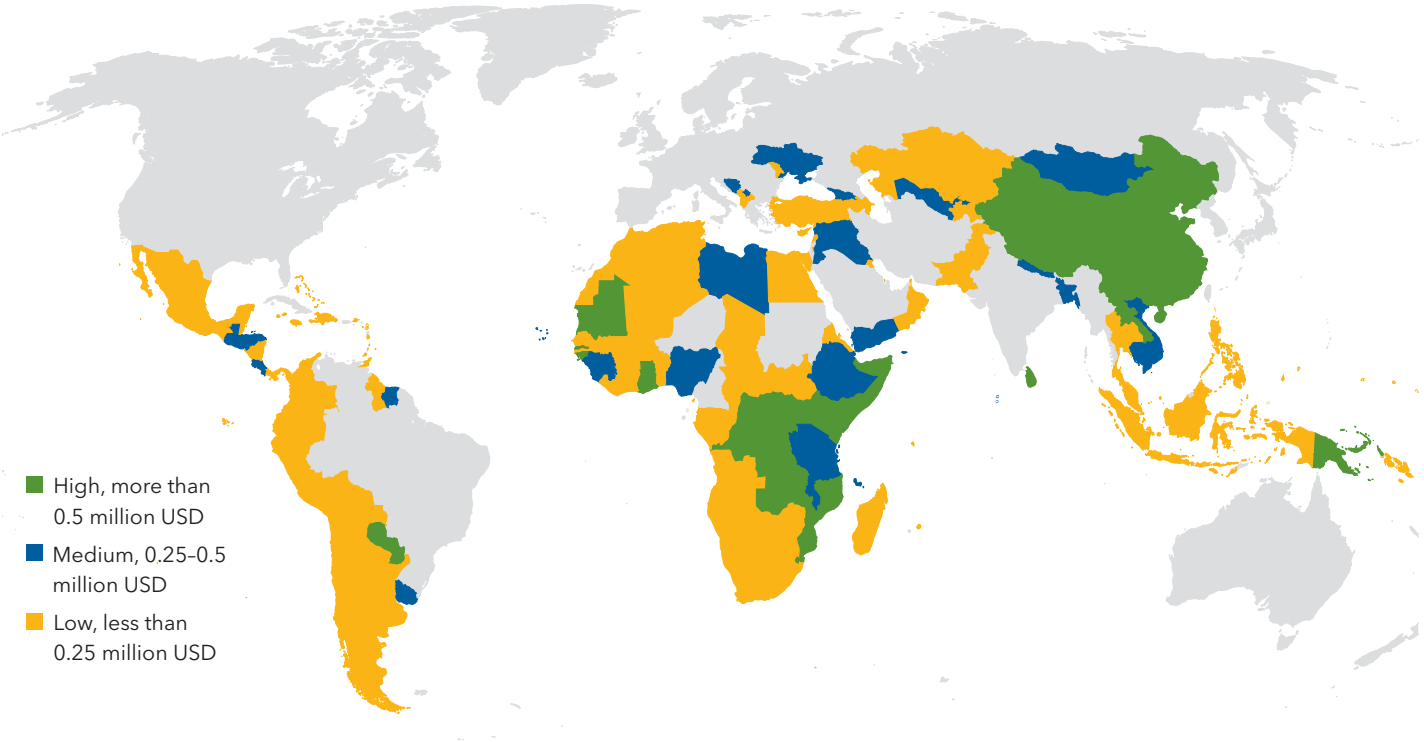
Country demand and institutional priorities have driven the intensity of CD delivery (Figure 9).

In FY26, the top recipients of CD were the DRC, Ghana, and Solomon Islands (Figure 10).

- In the **DRC**, extensive support under the ongoing FSSR follow-up TA program advanced reforms in financial supervision and regulation, the macroprudential policy framework–supported by a bilateral LTX–and the financial safety net, including the bank resolution framework and deposit insurance. It also helped establish a financial stability department and produce the country's first financial stability report. Additional CD strengthened central bank operations–including liquidity forecasting and operational efficiency–as well as medium-term debt management strategy formulation and implementation.
- In **Ghana**, CD focused on strengthening financial supervision and regulation, central bank operations, debt management, and macroprudential policy. Support focused on Basel II/III Pillar 2 implementation, strengthening RBS, business model analysis, sovereign-bank nexus risks, non-performing loan reduction measures, climate-related financial risks, liquidity forecasting, FX operations, domestic debt market development, and the formulation of the medium-term debt management strategy, and the annual borrowing plan.
- In **Solomon Islands**, CD focused on strengthening central bank risk management, liquidity management, and forecasting; modernizing the foreign exchange (FX) regulatory framework and exchange control administration; advancing debt management and local currency bond market development; and strengthening risk-based supervision through implementation of the Basel Pillar 2 supervisory review process. The FSSR diagnostic, completed in March 2026, set out a detailed TA roadmap for future reforms that will be implemented with IMF support.

FIGURE 9. GLOBAL COVERAGE OF CD DELIVERY, FY26

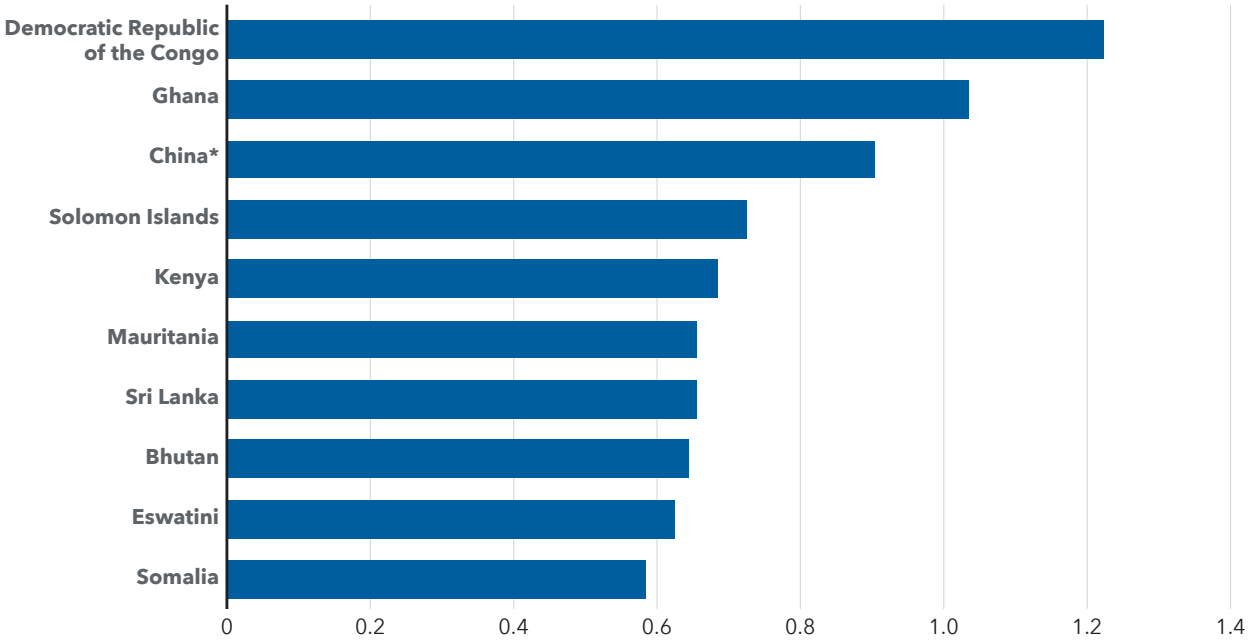
(in millions of U.S. dollars)



Sources: CDMAP and IMF staff.
Note: The map shows direct delivery of bilateral CD only.

FIGURE 10. TOP CD RECIPIENTS, FY26

(in millions of U.S. dollars)



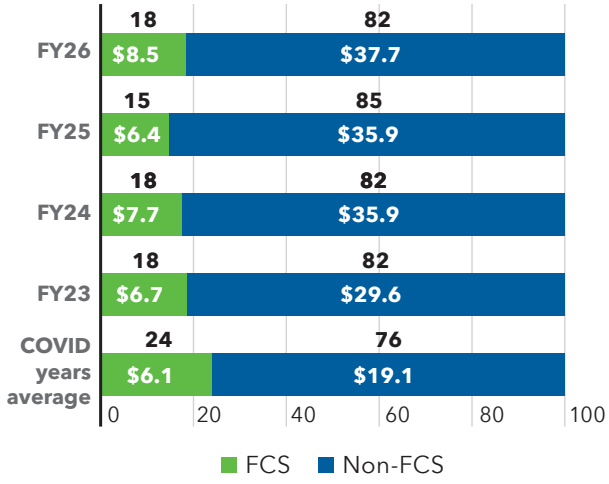
Sources: CDMAP and IMF staff.
*Mostly CD Training, including to third countries.

WORKING WITH FCS

CD delivery to FCS remained a priority in FY26, accounting for 18 percent of direct delivery (Figure 11). **In-person engagement remained the core FCS delivery modality**, rising to 67 percent of activities in FY26 from 56 percent in FY25 (Figure 12). LTXs delivered 37 percent of FCS activities, underscoring the critical role of field-based experts with deep local knowledge and trusted relationships (Figure 13). Delivery was concentrated in central bank operations, financial supervision and regulation, and debt management (Figure 14). The FSSR remained an important vehicle for FCS support, with the DRC, Solomon Islands, and Somalia—the top three FCS recipients—all benefitting from FSSR follow-up TA programs.

FIGURE 11. CD DIRECT DELIVERY TO FCS AND NON-FCS

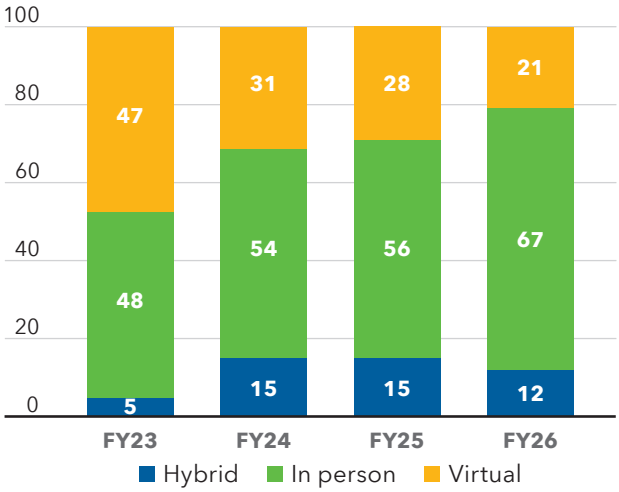
(in millions of U.S. dollars and percent of total)



Sources: CDMAP and IMF staff.

FIGURE 12. CD DIRECT DELIVERY TO FCS BY MODALITIES

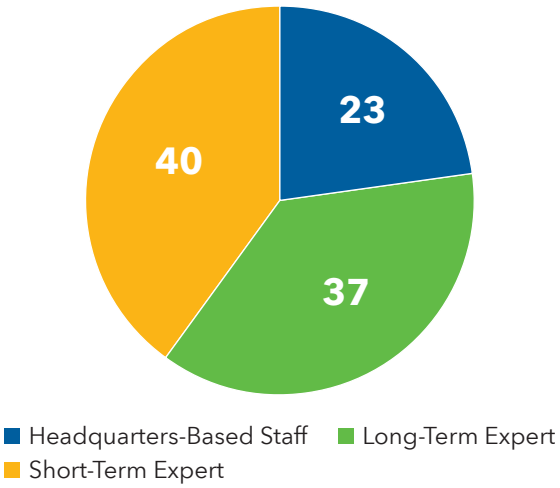
(in percent of total)



Sources: CDMAP and IMF staff.

FIGURE 13. CD DIRECT DELIVERY TO FCS BY RESOURCE TYPE, FY26

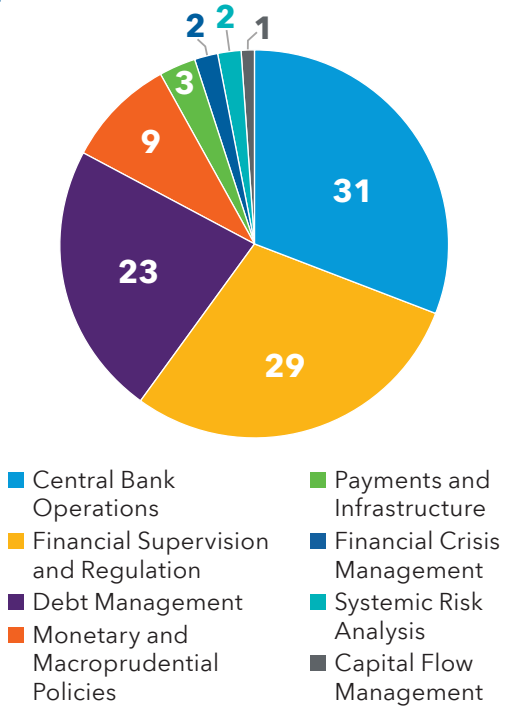
(in percent of total)



Sources: CDMAP and IMF staff.

FIGURE 14. CD DIRECT DELIVERY TO FCS BY WORKSTREAM, FY26

(in percent of total)



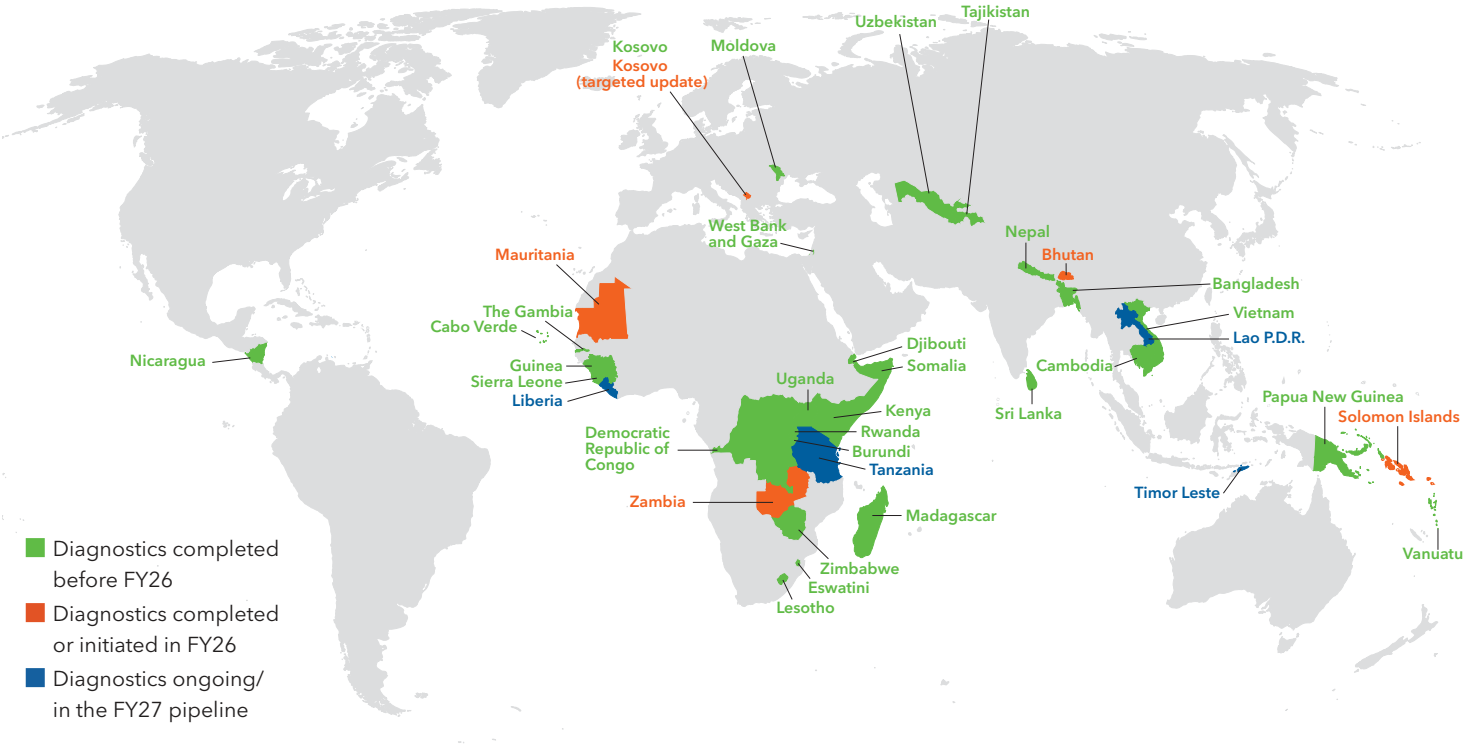
Sources: CDMAP and IMF staff.

THE FSSR

FSSR delivery advanced further in FY26, with five FSSR diagnostic assessments completed in Bhutan, Kosovo, Mauritania, Solomon Islands, and Zambia (Figure 15). Kosovo became the first previous FSSR recipient to receive a targeted FSSR update, focusing on bank micro- and macroprudential regulation and supervision—an area where reform traction has been strongest and uptake of the 2019 recommendations solid, but key milestones remain to be fully implemented. Lao P.D.R. entered the FSSR pipeline, with the diagnostic mission carried out in early FY27. Demand remains strong, with three additional FSSRs planned for FY27: Liberia, Tanzania, and Timor-Leste.

Twelve follow-up TA programs were active in FY26: Burundi, Cabo Verde, the DRC, Eswatini, Kenya, Kosovo, Lesotho, Madagascar, Nepal, Papua New Guinea, Somalia, and Zimbabwe. The five FSSR diagnostics completed during the year are expected to lead to new follow-up TA programs.

FIGURE 15. FSSR COUNTRY COVERAGE, END-APRIL 2026



Source: IMF staff.



In FY26, the IMF produced a short promotional video to **raise the FSSF's visibility** and offer country authorities and the public a clear, accessible introduction to the fund.

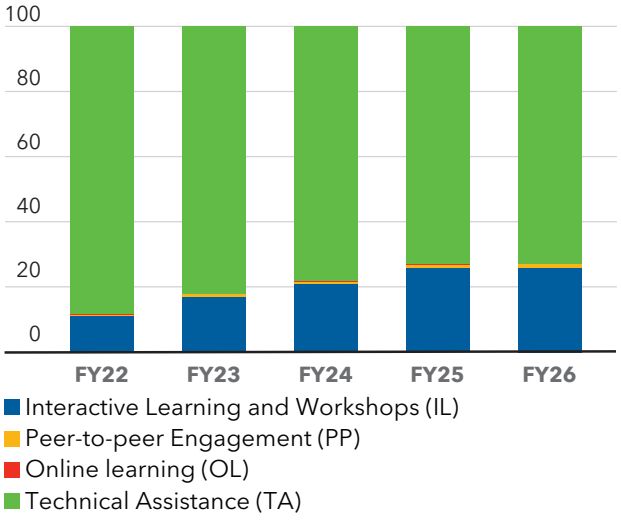
HOW WAS CD DELIVERED?

CD was delivered through TA and training. TA remained the dominant modality in FY26, accounting for 73 percent of delivery, with training accounting for the remainder–two-thirds of it virtual (Figure 16). Payments and financial market infrastructure CD made especially strong use of training, which accounted for 42 percent of delivery in this area.

Training activities continued to support knowledge transfer, institutional strengthening, and regional cooperation through **regional workshops, online learning, peer-to-peer exchanges, and cross-regional and high-level engagements.** These platforms helped policymakers and practitioners build expertise, share experience, and advance reforms in monetary policy modeling, financial sector oversight (including cybersecurity), debt management, and financial stability frameworks.

FIGURE 16. CD DIRECT DELIVERY SPENDING, BY MODALITY

(in percent of total)



Sources: CDMAP and IMF staff.

Regional training programs strengthened capabilities in financial supervision and regulation–covering banking, insurance, and securities markets–monetary policy modeling, system-wide risk monitoring and oversight, and debt management, while promoting knowledge sharing and regional collaboration. The Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) supported this agenda in the region through workshops on monetary policy implementation and quantitative tools, central bank communication and transparency, emergency liquidity assistance, Basel Core Principles, IFRS 9 implementation, and corporate governance.

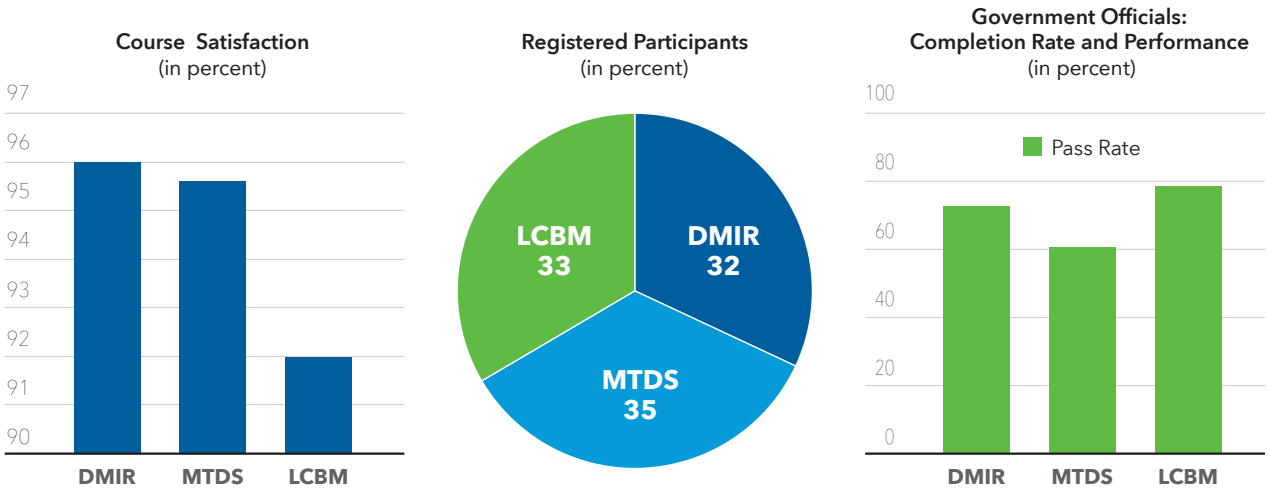
Regional workshops also addressed emerging issues. In Africa, two regional workshops on crypto assets, including stablecoins, and CBDCs, helped authorities strengthen regulatory and supervisory approaches, improve data collection and market surveillance, enhance regional cooperation, and adopt frameworks that balance financial stability and responsible innovation (see the Digital Finance Frontier story, p.24). In Asia, a partnership with the China-IMF Capacity Development Center (CICDC) supported a course on cross-border payments in the digital age, while collaboration with the South East Asian Central Banks (SEACEN) Centre and CICDC supported a workshop on retail payment innovations and CBDCs. FY26 regional workshops were consistently well rated: participants found the content relevant, valued the instruction, activities and materials, and expected to apply the knowledge directly in their work.

Peer-to-peer engagements remained a steady feature of CD delivery in FY26, with Africa again recording the highest volume, as in FY24 and FY25. This modality complements expert-led TA by allowing practitioners facing similar challenges to exchange experience, compare approaches, and learn from tested solutions–making CD more practical, actionable, and grounded in other countries' experience.

Online courses continued to offer a cost-effective way to scale training for central bank and debt office staff, broaden reach, and align staff skills with international best practices. In FY26, strong momentum in this area was sustained through three flagship programs:

- **The Supervisory and Regulatory Online Course (SROC)** and **Bank Resolution Online Course (BROC)**, delivered with the Bank for International Settlements (BIS) Financial Stability Institute, remain flagship programs for banking supervisors, resolution authorities, deposit insurers, and other financial safety net authorities. The SROC's 8th edition, completed in March 2026, drew 565 participants from 102 jurisdictions, with a 54 percent completion rate and 98 percent satisfaction. The BROC's 3rd edition, completed in July 2025, attracted 609 participants from 113 jurisdictions, achieving an 86.8 percent completion rate and 99.5 percent satisfaction. The 4th edition, launched in May 2026, concluded in September, with 601 participants from 122 jurisdictions.

FIGURE 17. MOOC TRAINING PARTICIPATION AND LEARNING OUTCOMES



Source: IMF staff.

- The **Cyber Risk Supervision Online Course** helps regulators, supervisors, and other stakeholders strengthen their understanding of cyber risks and their implications for financial stability. In FY26, the course drew 881 participants, including 316 government officials. Participants praised its comprehensive coverage, practical relevance, and clear structure. Planned updates will help keep the course aligned with the rapidly evolving cyber risk landscape.

- **Debt management massive open online courses (MOOCs)** remained a cornerstone of the FY26 online learning offer. Three complementary courses—Debt Management, Debt Reporting, and Investor Relations (DMIR), Local Currency Bond Market Development (LCBM), and Medium-Term Debt Strategy (MTDS)—provided an integrated learning path on debt-related issues across strategy design, market development, transparency, and investor engagement. Together, they attracted 2,400 participants (Figure 17). Debt Management Learning Pathways were also launched, bringing together IMF online courses, papers, and tools into accessible learning journeys for debt managers.

Cross-country and cross-regional workshops further broadened the learning offerings, providing a platform for authorities to exchange experiences and tackle shared challenges. In FY26, two flagship events were the *Annual Cybersecurity Workshop* and the *Annual LTX Workshop*.

- The **IMF's Ninth Annual Cybersecurity Workshop** (January 2026, Washington, D.C.) brought together 104 participants from 83 countries, including many FCS—40 percent more countries than the previous year. Under the theme *Cyber Resilience in an Age of Uncertainty*, the workshop explored emerging threats such as ransomware, supply-chain attacks, AI-enabled fraud, and cyber risks in an uncertain geopolitical environment, while strengthening understanding of evolving risks and supervisory and regulatory responses. It also launched the paper Good Practices in Cyber Risk Regulation and Supervision, drawing on IMF CD and Financial Sector Assessment Program (FSAP) experience to support stronger national frameworks.

- **The 12th Annual MCM LTX Workshop** (January 2026, Washington, D.C.) brought together IMF staff and resident LTXs from across the world. Discussions focused on maximizing CD impact through strong integration with IMF surveillance and lending, coordination with IMF country teams and CD partners, and advice tailored to local conditions and capacity. Participants emphasized country ownership, sustained engagement with senior leadership, and collaboration among authorities, donors, and the IMF as key pillars of lasting reforms. The workshop also examined innovations in CD delivery, including AI applications, and emerging TA topics such as digital finance, cross-border payments, and stress testing. It featured a skills-building session on strategic negotiation and influencing skills. Insights from the workshop will inform ongoing and future CD activities.



The 12th Annual MCM LTX Workshop, Washington, D.C., January 2026.

SECTION II

B

DONOR PARTNERS

Donor partner support remains central to the IMF's ability to respond flexibly to member countries' evolving CD needs. Strategic partnerships with bilateral donors and through multi-donor funds enable the delivery of timely, tailored expertise on complex monetary and financial sector challenges—supporting policy and institutional reforms and strengthening stability and resilience. Donor partner funding has also helped scale up CD delivery in core areas such as banking supervision and regulation and debt management (Box 1), while expanding engagement on digital money issues and climate-related financial risks.

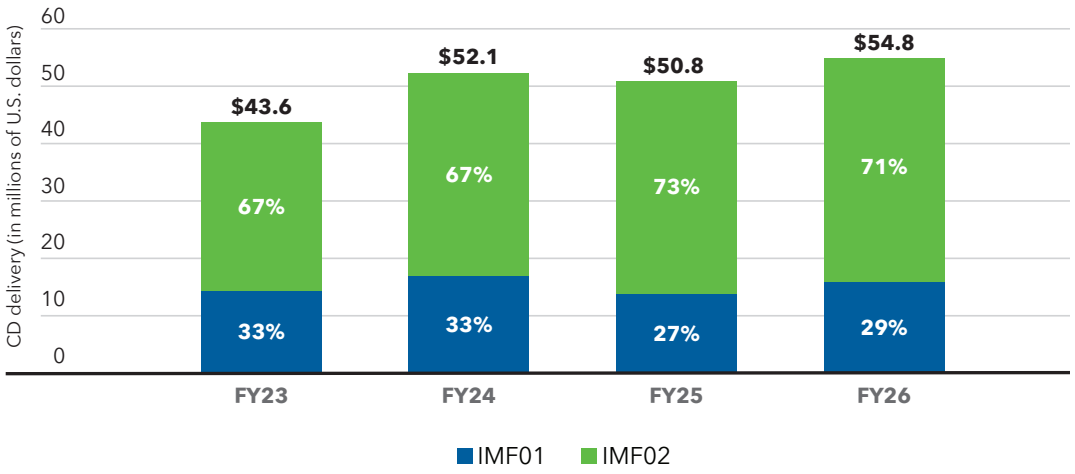
In FY26, donor partner funding remained the largest source of CD financing, accounting for 71 percent of spending, slightly below FY25 (Figure 18). About half was channeled through Regional Capacity Development Centers (RCDCs) (Figure 19), which provide timely, regionally informed support and facilitate peer learning across countries facing similar challenges. The remainder was delivered through thematic trust funds and bilateral arrangements, enabling specialized assistance tailored to country and regional needs.

Strategic donor partnerships continue to underpin the global CD footprint. Key contributors include bilateral donors such as Canada, China, Germany, Japan, Norway, Saudi Arabia, and Switzerland, alongside multi-partner funds such as the FSSF, DMF, Ukraine Capacity Development Fund, and Somalia Country Fund (Table 1).

Donor partnerships have helped strengthen IMF's focus on accountability, transparency, and results. The need to assess the effectiveness of donor-funded programs has reinforced robust monitoring and evaluation, results-based management, regular reporting, independent evaluations, and stakeholder engagement. Together, these mechanisms help track progress, measure outcomes, support continuous learning and adaptation, and maximize development impact.

FIGURE 18. MCM CD FUNDING BY SOURCE: IMF AND DONOR PARTNERS

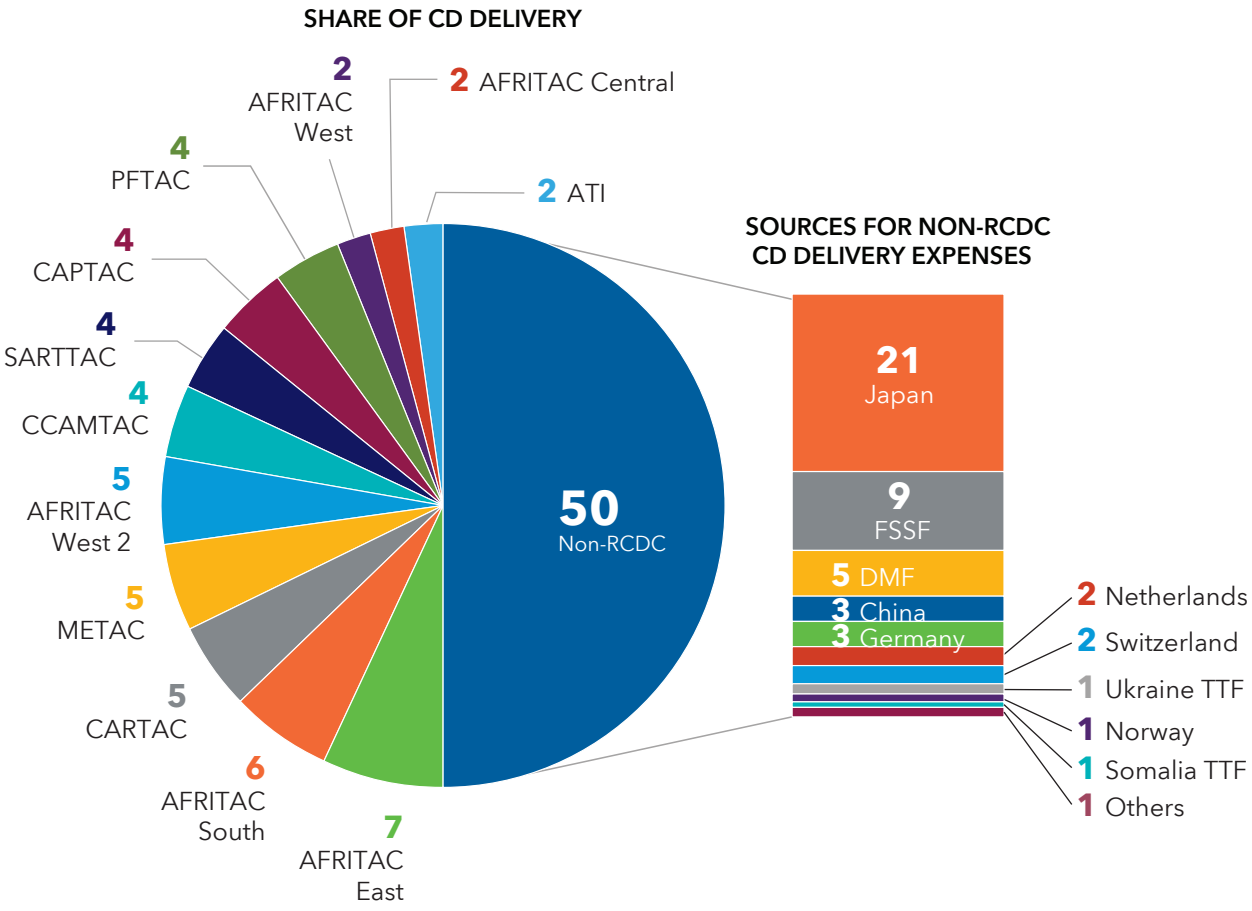
(in U.S. dollars and percent of total)



Source: CDMAP.
Note: IMF01 denotes IMF budget funding; IMF02 denotes donor funding.

FIGURE 19. MCM PARTNER-FUNDED CD SPENDING, FY26

(in percent of U.S. dollar totals)



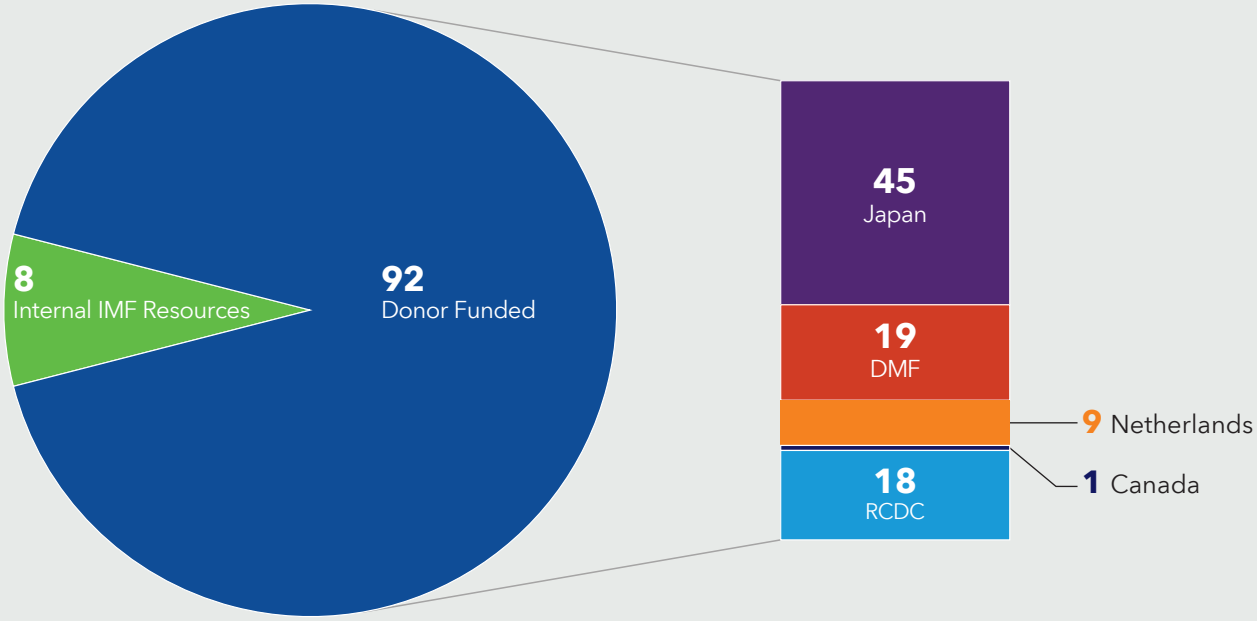
Source: CDMAP.

BOX 1. SCALING UP DEBT MANAGEMENT CD

Debt management CD supports prudent, transparent, and sustainable debt management. By improving debt recording and reporting, debt sustainability analysis, cash and risk management, and local debt market development, it supports prudent borrowing, better-informed financing strategies, greater investor confidence, improved access to financing, and broader macroeconomic stability. Donor funding is critical, financing more than 90 percent of debt management CD in FY26 (Figure 20).

Donor support has enabled a major expansion of field-based expertise. Between FY22 and FY26, the number of debt management LTXs doubled from four to eight, strengthening the IMF's capacity to provide sustained, hands-on support to member countries. Three key donor partners—the Debt Management Facility (DMF), Japan, and the Netherlands—financed six of the eight debt management LTXs in FY26. As field presence expanded, debt management CD grew steadily as a share of total CD delivery, with LTXs playing a central role in supporting implementation and translating technical advice into durable reforms.

FIGURE 20. FUNDING FOR MCM CD DELIVERY
(in percent of total DM funding)



Sources: CDMPAP and IMF staff.

Close cooperation with the IMF's Fiscal Affairs Department (FAD) and Strategy Policy and Review (SPR) Department, and the World Bank has further strengthened debt management CD through coordinated support and the leveraging of complementary specialized expertise to deliver impactful assistance aligned around country reform priorities. Joint TA missions were conducted with FAD on debt and cash management and fiscal risks, and with the World Bank on medium-term debt strategies, annual borrowing plans, local currency bond market development, and institutional and governance reforms. Debt management LTXs worked with SPR to train low-income country officials on the IMF's debt sustainability framework.

Collaboration with the IMF's area departments on debt management CD continued to deepen through joint capacity-building initiatives. In FY26, MCM, together with the African Department and the Institute for Capacity Development, co-organized a high-level seminar, "*Manage Debt and Accelerate Development! Toward Sustainable and Resilient Growth in Africa*," on the margins of the Ninth Tokyo International Conference on African Development (TICAD 9). The event brought together policymakers and practitioners to exchange experiences and discuss approaches to strengthening debt management in support of sustainable growth and development.

TABLE 1. DONOR PARTNER SUPPORT FOR CD IN MONETARY AND FINANCIAL STABILITY IN FY26

		Partners	Millions of USD
Bilateral Donors		Japan	8.5
		China	1.2
		Germany	1.1
		Netherlands	0.9
		Switzerland	0.8
		Norway	0.4
		Canada	0.1
Thematic Trust Funds (TTF)		**Financial Sector Stability Fund (FSSF)** China, Germany, the Republic of Korea, Luxembourg, Saudi Arabia, Sweden, and Switzerland (Phase II)	4.3
		Debt Management Facility (DMF III) Netherlands, Canada, United States, France, Japan, European Commission, Switzerland, Norway, Germany, Austria, United Kingdom, and the African Development Bank	1.6
		Ukraine Capacity Development Fund Canada, European Union, Ireland, Finland, Japan, Latvia, Lithuania, Netherlands, Poland, Slovak Republic, and Switzerland	0.5
		Somalia Country Fund Canada, European Commission, Italy, Saudi Arabia, Sweden, and United Kingdom	0.3
		Others	0.5

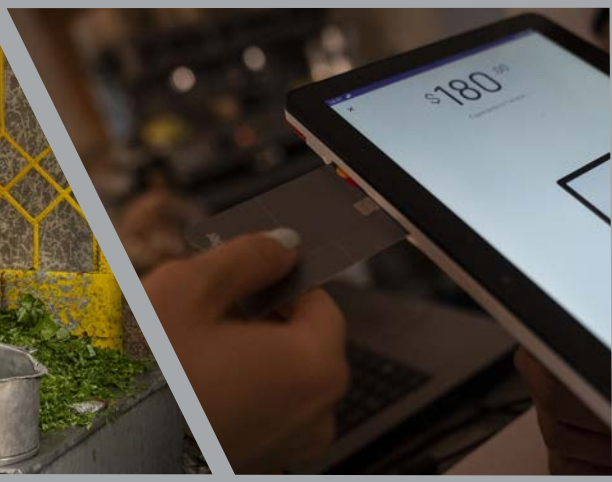
Sources: CDMAP and IMF staff.










$180

SECTION III

STORIES FROM THE FIELD

SECTION III

A

BUILDING CAPACITY FOR THE DIGITAL FINANCE FRONTIER

Africa Region



Kateryna Zhabska
Payments, Currencies, and Infrastructure Division, MCM



Yaiza Cabedo
Payments, Currencies, and Infrastructure Division, MCM



Parma Bains
Financial Supervision and Regulation Division, MCM



Mark Buessing-Loercks
Resident Advisor, AFRITAC East

In April 2026, AFRITAC East, AFRITAC South, and AFRITAC West 2, in collaboration with MCM and the IMF's Legal Department, hosted a **landmark workshop on stablecoins and digital money** in Addis Ababa, Ethiopia, helping African central banks navigate the fast-changing world of digital money. The event marked an important milestone in the region's efforts to keep pace with a rapidly evolving digital financial landscape. 77 officials from 18 central banks across the three AFRITAC regions participated, combining in-person and remote attendance in a hybrid format that proved both inclusive and effective.

Participants worked through the fundamentals of distributed ledger technology and blockchain, explored the dynamics of crypto assets and stablecoins, unpacked the macroeconomic and financial stability risks of digital innovation, and examined the growing impact of asset tokenization on financial market infrastructures. Legal and regulatory frameworks, supervisory challenges, and global standards also featured prominently, as did the pressing issues of currency substitution risk and licensing practices.

What made the workshop stand out was **not just the breadth of content, but the depth of engagement** it generated. Three hands-on practical exercises gave participants the opportunity to apply newly acquired knowledge in real-world scenarios, while breakout sessions and peer-to-peer exchanges allowed officials to share country experiences openly and learn from one another across borders. Participants rated the event highly. Delegates from several countries expressed interest in pursuing bilateral follow-up activities—a strong signal that the conversations started in Addis Ababa will continue beyond the workshop.

Building awareness is only the first step. The workshop highlighted practical implementation challenges that member countries will need to address. The three RCDCs will continue supporting authorities through bilateral TA and possible follow-up virtual sessions. Such workshops help ensure the region not only keeps pace with digital finance but also helps shape future policies.



The IMF team and workshop participants, Addis Ababa, April 2026.

SECTION III

B

A REGIONAL, MULTI-LAYERED APPROACH TO DELIVERING LASTING IMPACT

Caucasus, Central Asia, and Mongolia Region



Serdar Guner
Resident Advisor, CCAMTAC

TA delivery is often constrained by recurring institutional weaknesses– staff turnover, organizational churn, and rapid leadership changes–which slow implementation, dilute measurable outcomes, and weaken reform sustainability. To address these challenges, the CCAMTAC financial regulation and supervision workstream adopted a layered, cross-country TA delivery model focused on implementation and results. Anchored in the IMF's **results-based management framework and a full-lifecycle approach–**from diagnostics and design to rollout and follow-up–the model combines HQ expertise with CCAMTAC resources to strengthen coordination, ensure cross-country consistency, and improve the durability of TA outcomes. The approach has yielded strong results.

Over the past year, TA on financial regulation and supervision was **aligned and sequenced based on country priorities, timelines, and implementation capacity**. Delivery was phased (Box 2) to ensure each stage built on the previous one. CCAMTAC resources supported implementation through regional peer-to-peer exchanges and workshops that helped supervisors learn from other jurisdictions' experience.

- In the **first stage,** remote work advanced tasks that did not require in-person engagement–such as reviewing legal and regulatory frameworks, drafting regulations, and developing supervisory procedures. Broader reforms, including introduction of risk-based supervision and licensing frameworks, often began with diagnostic missions, while targeted initiatives–such as International Financial Reporting Standards (IFRS) 9 adoption, conglomerate supervision, and Basel credit and operational risk reforms–started with remote analytical work and sustained technical exchanges.
- In the **second stage**, in-person missions engaged more closely with policymakers, supervisors, and industry stakeholders to test reforms, identify legal and regulatory constraints, and surface implementation challenges. For IFRS 9-related TA, authorities' engagement extended to banks, auditors, and risk management teams, providing a clearer picture of implementation realities.

- In the **third stage**, support focused on implementation through targeted remote assistance to refine supervisory tools and procedures–such as questionnaires, guidance notes, and templates–followed by workshops in a **fourth stage** to consolidate learning and support practical application.

BOX 2. FOUR STAGES OF OPERATIONAL RISK TA TO THE NATIONAL BANK OF GEORGIA (NBG)

The CCAMTAC LTX delivered TA over 11 months in four phases.

- A remote review of the regulatory framework.
- An in-person mission with NBG policy and supervision departments and key stakeholders.
- Development of internal supervisory procedures, questionnaires, and related materials aligned with the final regulatory framework adopted by the NBG.
- A supervision-focused workshop using practical case studies to build supervisory capacity followed. Close engagement with NBG stakeholders supported continuous dialogue, feedback, and refinement of the framework.

This layered approach strengthened the link between TA delivery and implementation, helping translate advice into durable outcomes.

The TA has translated into concrete reforms of the NBG's operational risk supervisory framework. Following industry consultation, the NBG is finalizing an updated regulation for approval and publication by year- end. The new requirements will be incorporated into the NBG's risk-based supervisory methodology. Internal procedures for onsite operational risk examinations have also been developed, strengthening supervisory capacity and consistency.



SECTION III

C

ENHANCING DOMESTIC CRISIS MANAGEMENT COORDINATION

Curaçao and Sint Maarten and Kosovo



Vasilika Kota
Financial Crisis Preparedness and Management Division, MCM



Minke Gort
Financial Crisis Preparedness and Management Division, MCM

Effective inter-institutional coordination is essential for managing financial crises. In periods of stress, delays or fragmented reaction by financial safety net authorities—central banks, regulators, deposit insurers, and ministries of finance—can heighten risks and undermine confidence. Drawing on international practices and country experience, TA helped countries establish formal coordination arrangements and move toward operational, tested, and institutionally embedded mechanisms that can function effectively under pressure. Curaçao and Sint Maarten, and Kosovo provide two examples.

In **Curaçao and Sint Maarten**, the authorities requested support to develop an inter-institutional crisis management coordination (ICMC) framework in the monetary union. A June 2025 mission used the recent resolution of a systemic bank and insurer by the two ministries of finance and the Central Bank of Curaçao and Sint Maarten as a practical backdrop for providing advice on designing effective inter-institutional crisis management arrangements. The TA outlined core features of such frameworks and key elements for a memorandum of understanding (MOU) on establishing ICMC. It also developed a standardized approach that can be replicated across IMF members in response to growing TA demand in this area.

In **Kosovo**, TA in April 2026 helped the Central Bank of Kosovo (CBK) review crisis coordination arrangements under the revised Law on Banks, in force since January 2026. The mission assessed crisis management preparedness, including key aspects of the bank resolution framework, identified gaps in institutional arrangements, and highlighted areas where coordination, preparedness, and operational readiness could be strengthened. It recommended establishing a Financial Stability Committee tailored to Kosovo's institutional framework and provided practical guidance on its governance, operations during both normal times and periods of financial stress, and gradual implementation.



Willemstad, Curaçao, June 2025.



IMF mission team with the Governor of the Central Bank of Kosovo, Pristina, April 2026.

Three lessons stand out. **Institutional ownership matters:** reforms gain traction when authorities drive both design and implementation, including through regular ICMC work outside crisis periods. **Sequencing is key:** clear legal mandates and responsibilities must precede advanced coordination tools and preparedness measures. **Operationalization is critical:** formal agreements must be backed by practical procedures, regular exchanges, and simulation exercises.

SECTION III

D

STRENGTHENING DEBT RECORDING AND REPORTING PRACTICES

Guinea-Bissau



Oumar Dissou
Resident Advisor,
AFRITAC West

In early 2025, Guinea-Bissau's debt management office (DMO) faced **acute capacity and technical constraints that weakened the reliability and transparency of public debt data**. Diagnostic work revealed that more than 75 percent of staff had little or no familiarity with the debt recording system (DMFAS), and only two officers could perform core debt validation and reporting functions, creating significant key-person and operational risks that threatened the sustainability of debt management functions. These weaknesses were compounded by unresolved errors and inconsistencies in the debt database, and the absence of a dedicated IT administrator to safeguard data integrity and system security.

The IMF, through AFRITAC West, delivered **a phased, hands-on CD program** over four visits between February and July 2025. After a scoping visit in February assessed back-office practices and designed a targeted training program, three follow-up visits built skills progressively: first in recording loan agreements, securities, and debt service payments; then in data validation, query tools, and report generation; and finally in advanced reporting, preparation of World Bank Debt Reporting System submissions, and development of standardized DMFAS procedural manuals to institutionalize processes. Training involved front-, middle-, and back-office staff, while sustained engagement with the Minister of Finance highlighted the critical need for dedicated information technology (IT) staffing.

The program delivered **measurable and durable results within six months**. The number of staff able to record and validate debt transactions in DMFAS increased from two to 10, while several staff gained the capacity to generate debt service projections, use advanced reporting features, and prepare debt bulletin reports independently. A dedicated staff group now maintains DMFAS procedural manuals, reducing key-person risk and supporting operational continuity. Authorities demonstrated strong ownership throughout, including by seeking additional training from United Nations Conference on Trade and Development (UNCTAD). The main remaining challenge is the absence of a dedicated database administrator at the DMO, a critical role for safeguarding data integrity and system security.



Photo: iStockphoto.

The City of Bissau, Guinea-Bissau, Praca dos Herois Nacionais.

SECTION III

E

BUILDING A MULTI-AGENCY APPROACH TO DEBT SUSTAINABILITY ANALYSIS

Kenya



Tiviniton Makuve
Resident Advisor,
AFRITAC East

In Kenya, **debt sustainability analysis (DSA) is required under the Public Finance Management Act**, which assigns responsibility for debt sustainability assessments to the Public Debt Management Office (PDMO). In practice, however, DSAs were not conducted regularly, and the data and analytical inputs required for these assessments were dispersed across the PDMO, the Central Bank of Kenya (CBK), and the Macro-Fiscal Affairs Department of the National Treasury. This fragmentation created coordination challenges, data inconsistencies, and irregular production of DSAs, weakening parliamentary oversight of public debt and limiting the use of DSA findings in policy discussions.

AFRITAC East began supporting DSA capacity development in 2024 and, in January and April 2026, **helped establish and operationalize a multi-agency DSA Working Group** comprising officials from the Parliamentary Budget Office (PBO), PDMO, CBK, and the Macro-Fiscal Affairs Department. Through two hands-on working sessions, participants jointly applied the IMF–World Bank Low-Income Country Debt Sustainability Framework (LIC-DSF), covering data compilation and reconciliation, completion of the LIC-DSF template, and interpretation of baseline results, stress tests, realism tools, and risk ratings.

The Working Group established a **structured mechanism for collaboration among the institutions involved in DSA**, improving information sharing, facilitating the resolution of data gaps, and strengthening analytical collaboration. It also enabled participating institutions to jointly produce a full LIC-DSF simulation, initially using end-December 2025 data, boosting data consistency, analytical rigor, and understanding of debt vulnerabilities. By strengthening cooperation across key institutions, the initiative helped improve parliamentary oversight of public debt, and helped improve the quality, transparency, and credibility of DSA assessments.



Training on debt sustainability analysis, Naivasha, Kenya, April-May 2026.

SECTION III

F

BUILDING SYSTEMIC CYBER RESILIENCE THROUGH SIMULATION EXERCISES

Mexico



Emran Islam
Financial Supervision and Regulation Division, MCM

Following recommendations from the 2022 FSAP, the Mexican authorities requested IMF support to strengthen preparedness for systemic cyber incidents in the financial sector. The IMF supported a **multi-year series of increasingly sophisticated cyber crisis simulation exercises**, recognizing that cyber resilience requires both institutional readiness and coordinated system-wide response. The exercises progressed from authority-focused simulations in 2023, to authority-bank engagement in 2024, and culminated in a 2025 exercise involving the key financial authorities and major financial market infrastructures.

The **2025 exercise simulated a severe ransomware attack on Mexico's central securities depository**, with disruptions to securities settlement, repo markets, collateral management, central counterparties, market issuance activity, and liquidity provision. It tested operational response capabilities as well as the ability of authorities and market infrastructures to coordinate decisions, manage financial stability risks, communicate under uncertainty, and maintain confidence during a fast-moving crisis.

The exercise showed marked **progress in institutional preparedness and strong engagement by participating authorities and market infrastructures**, while also **identifying areas to further strengthen system-wide resilience**. Key lessons included the need for more formalized crisis governance arrangements, stronger information-sharing mechanisms, clearer escalation and decision-making processes, deeper understanding of financial sector interdependencies, and better coordination of public communications during periods of market stress. It also underscored the importance of a systemic approach to cyber resilience, as disruptions to a single critical infrastructure can quickly spread across the financial system.

The annual exercises have **generated highly positive feedback and contributed to steady improvements in Mexico's cybersecurity framework**. The latest simulation has also catalyzed a broader CD agenda: building on its findings, the IMF is supporting the authorities in developing a financial sector operational resilience strategy, an authorities response framework for systemic cyber incidents, stronger public-private coordination and information-sharing arrangements, and methodologies to assess systemic cyber risk.



IMF team and Banco de Mexico, Comisión Nacional Bancaria y de Valores (CNBV), Secretaría de Hacienda y Crédito Público (SHCP), Instituto para la Protección al Ahorro Bancario (IPAB), and critical Mexican FMIs at the cyber simulation exercise, Mexico City, October 2025.

A **follow-up simulation exercise is planned for 2027** to test these new frameworks, governance arrangements, and response capabilities, helping Mexico further strengthen its resilience against evolving cyber threats and safeguard financial stability.

SECTION III

G

THE ROAD TO INFLATION TARGETING
Nigeria



Thomas Carter
Monetary and Macroprudential Policies Division, MCM



Cecilia Melo Fernandes
Central Bank Operations Division, MCM



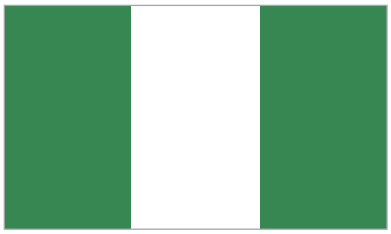
Giorgi Barbakadze
Resident Advisor, AFRITAC West2

Nigeria is pressing ahead with **one of the most ambitious modernizations of its monetary policy framework in decades** to restore price stability and rebuild confidence. In line with IMF surveillance advice, the Central Bank of Nigeria (CBN) has ended monetary financing, wound down quasi-fiscal activities, and moved toward a unified, flexible exchange rate, and adopted a foreign exchange intervention framework. Together, these reforms are laying the foundations for a transition to inflation targeting over the medium term, supported by the institutional and analytical changes needed to make the new framework credible and effective.

These reforms were **supported by extensive IMF CD engagement and an ongoing bilateral surveillance dialogue**. In October 2025, a joint MCM–AFRITAC West 2 team, joined by former Riksbank Governor Stefan Ingves, undertook a scoping mission that engaged extensively with the CBN leadership and staff, the CBN Monetary Policy Committee, and the Federal Ministry of Finance, Budget and National Planning. Its recommendations covered the core building blocks for a credible transition to inflation targeting, including the institutional framework, decision-making processes, policy strategy, analytical tools, operations, and communications. The mission also advised on the design of the inflation target, drawing on new IMF guidance for emerging market and developing economy policymakers.

Drawing on the roadmap developed with the scoping mission team, **the CBN has begun implementing several recommendations, supported by IMF follow-up missions**. The January 2026 mission focused on rationalizing monetary operations and supporting the CBN's transition to a more rate-based operational framework, consistent with practices in inflation-targeting central banks. A second mission, in May 2026, focused on strengthening liquidity forecasting and monitoring tools. A third mission, planned for fall 2026, will help the CBN develop a new medium-term forecasting model while strengthening its FPAS. Further follow-up engagements on operations and FPAS are expected in 2027.

Together, the missions illustrate a strategically important line of TA: **helping members transition to monetary and exchange rate policy frameworks better suited to sustaining price stability**. These transitions require careful country-specific calibration and typically involve "whole-of-institution" change, extending well beyond technical upgrades. Nigeria's experience showcases



the IMF's integrated approach to surveillance and CD: Article IV consultations helped identify priority reforms in monetary policy, central bank credibility, and exchange rate management, while CD translated those priorities into operational reforms, analytical tools, and institutional capacity development. Close collaboration among MCM, AFRITAC West 2, and the country team ensured that **surveillance and CD reinforced one another, strengthening both policy advice and implementation**.



IMF Mission Team visiting the CBN Currency Museum in Abuja, October 2025.

SECTION III

BUILDING CAPACITY IN DEVELOPING A FINANCIAL STABILITY HEATMAP

Papua New Guinea



Tobias Lindqvist
Financial Sector Assessments and Policies Division, MCM

At the request of the Bank of Papua New Guinea (BPNG), an IMF mission helped **strengthen BPNG's financial stability heatmap framework**, building on earlier TA on Financial Soundness Indicators (FSIs) and a key recommendation from the 2024 FSSR–a comprehensive diagnostic of PNG's financial sector policy framework. The work comes as PNG's financial system continues to develop: nearly 80 percent of the population remains unbanked, reflecting deep structural challenges, including the fact that 85–90 percent of people live in remote and rural areas.

BPNG currently uses a heatmap of selected FSIs to monitor financial sector risks. As new banks enter the market and the financial sector deepens, the heatmap needs to **evolve into a broader threshold-based risk identification tool**. The TA addressed this gap by helping BPNG strengthen the framework and build staff capacity to use it effectively.

Rooted in FSIs, the enhanced heatmap serves as an **early warning tool for assessing risks at both system-wide and institution-specific levels**, with a focus on banks–particularly systemically important institutions, given their central role in financial stability. Its visually intuitive green-orange-red coding scheme helps signal risk levels and support timely policy responses.

Training sessions were delivered to BPNG staff, organized into working groups, to develop methodologies for setting thresholds and propose appropriate calibration approaches. With guidance from the mission team, thresholds were established based on regulatory limits and distributional (tail) analysis.

The mission also recommended linking the heatmap outputs to a structured action plan, including engagement with banks to clarify emerging risks and strengthen internal communication when risk signals are triggered. The use of a color-coded system facilitates effective communication of financial stability risks across the institution.

The heatmap framework was well received by BPNG, with strong engagement throughout the mission. BPNG staff engaged actively on the framework, data requirements, and use of analytical signals to inform policy actions. This highly collaborative working environment helped make the engagement productive and implementation focused.



IMF mission team with BPNG staff, Port Moresby, April 2026.

SECTION III

I

MODERNIZING A LEGACY FX FRAMEWORK

Solomon Islands



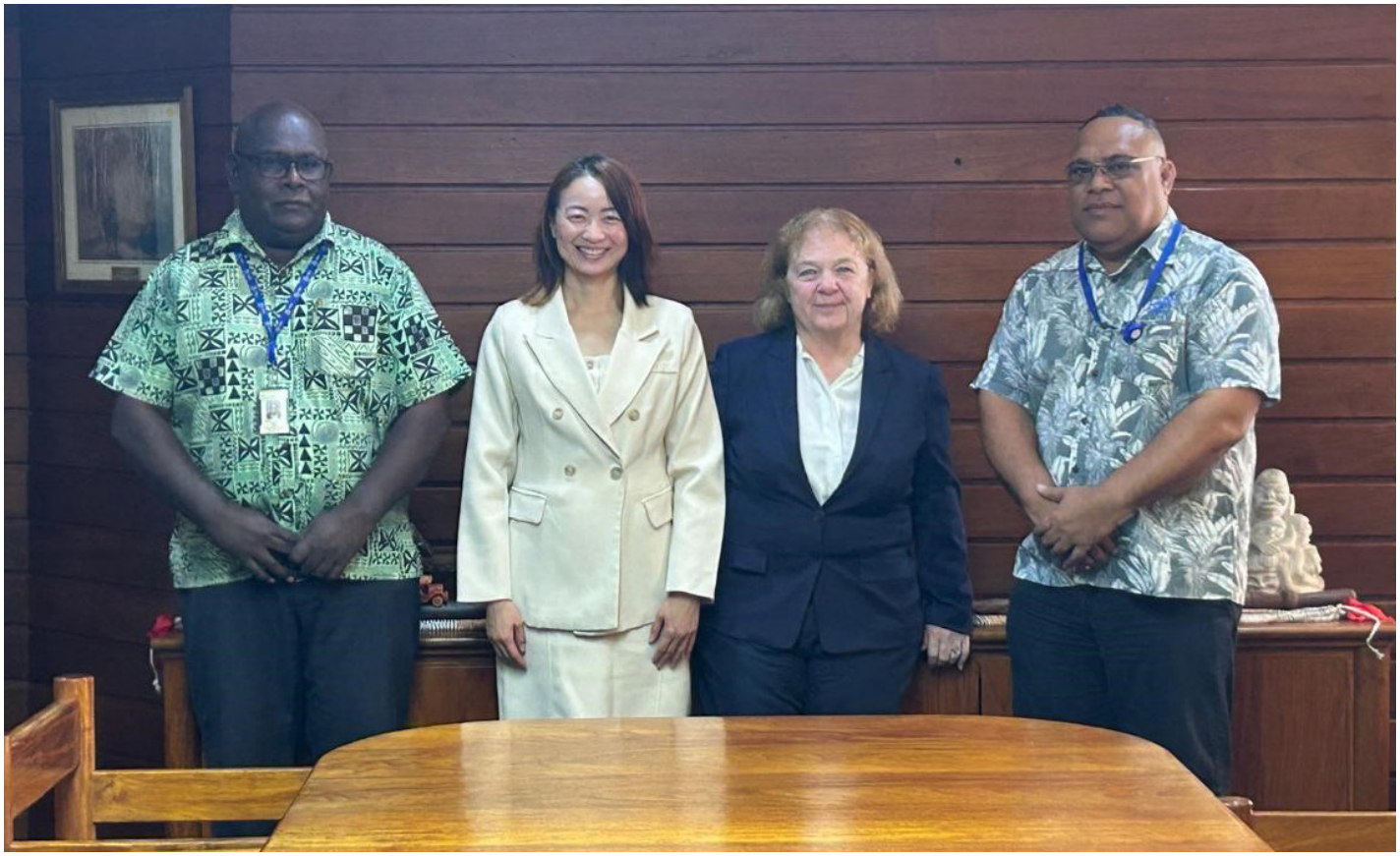
Pornpinun Chantapacdepong
Capital Flows Division, MCM

As Solomon Islands moves to modernize an FX framework rooted in 1970s legislation, IMF TA is helping the authorities **turn reform ambition into a practical roadmap for change**. In April 2026, the IMF delivered an in-country TA mission on FX regulatory reform to the Central Bank of Solomon Islands (CBSI) in Honiara, responding to the authorities' own reform agenda and their recognition that the existing framework no longer meets the needs of a more complex, evolving economy. The mission focused on reforms of immediate practical importance for both the authorities and market participants: improving the clarity and transparency of the FX legal framework, strengthening monitoring of export proceeds repatriation, improving FX data collection and information sharing, and reinforcing implementation and enforcement capacity. It also provided a reform roadmap consistent with IMF Article VIII obligations.

A key strength of the engagement was its broad, practice-oriented lens. In addition to its close discussions with CBSI senior management and technical staff, the team consulted banks, non-bank financial institutions, exporters, importers, business associations, Customs, the tax authority, line ministries, law firms, embassies, and international financial institutions. This helped the team look beyond formal rules to understand how the system works in practice—where bottlenecks arise, where compliance is hard to monitor, and where reforms could deliver the greatest gains.

The mission found that the Solomon Islands' FX framework, though grounded in broad legal authority, is fragmented across laws, regulations, circulars, and guidance—making it hard to navigate and apply consistently. Monitoring of export proceeds repatriation remains highly manual and paper-based, with limited electronic data sharing across institutions, which increases administrative burdens and reduces effectiveness.

To address these challenges, **the mission recommended a phased reform agenda**. The top priority is to strengthen the monitoring of export proceeds repatriation through better data availability and standardized reporting, systematic electronic information sharing across CBSI, Customs, line ministries, and banks, and a greater operational role for banks in routine monitoring and reporting. In parallel, the mission recommended legal and regulatory



IMF team with the Governor and Deputy Governor of the Central Bank of Solomon Islands, Honiara, April 2026.

reforms—including a new FX law, consolidated regulations, clearer institutional responsibilities, and stronger supervisory and enforcement tools to build a more transparent, efficient, and durable framework.

At the conclusion of the mission, the Governor of the CBSI expressed strong support for the mission's findings and proposed reform directions. Senior CBSI officials echoed this support, signaling **strong ownership of the reform agenda**. The Solomon Islands engagement shows how targeted CD can help members modernize long-standing regulatory systems in ways that strengthen governance, support external stability, and improve the environment for legitimate business activity.

SECTION III

J

THE VALUE OF PROGRAMMATIC CAPACITY BUILDING

Somalia



Attila Csajbok
Technical Assistance
Strategy Division, MCM

Over the past few years, IMF TA has helped Somalia rebuild and **modernize financial sector oversight in a fragile post-conflict setting**, delivering tangible gains that strengthen resilience and confidence.

A key milestone was the August 2024 FSSR: it diagnosed critical gaps in Somalia's regulation, supervision, and systemic risk monitoring, and established a sequenced, multi-year TA roadmap to anchor follow-up support. Building on this foundation, the IMF launched a programmatic TA follow-up program to sustain reform momentum and ensure continuity. The program scaled up support across multiple workstreams, including banking supervision, systemic risk oversight, and financial market infrastructures, leveraging the IMF's strong relationship with the Central Bank of Somalia (CBS).

Results are already visible. In **banking supervision**, CBS is working to strengthen credit risk classification and provisioning standards, upgrade supervisory tools and practices, and improve risk-monitoring data through hands-on training and new reporting templates. In systemic risk oversight, IMF support helped establish a Financial Stability Committee and strengthen governance arrangements for systemic risk oversight. In **financial market infrastructures**, joint IMF MCM–Legal Department assistance reviewed payment system regulations and supported the development of an oversight framework for the national payment system. Together, these reforms are modernizing Somalia's payments ecosystem, strengthening financial oversight, and building trust in financial transactions.

In parallel, the Somalia Country Fund continued to finance IMF TA on **monetary and central bank operations**, helping advance reforms in reserve requirements, FX regulations, currency reform preparations, and FX reserves management—key building blocks for the authorities' planned currency board arrangement. Targeted missions and CD workshops further strengthened operational readiness and policy design.

IMF support also extended to **public debt management**, helping develop the domestic debt market and build capacity for debt sustainability analysis. Recent TA visits on domestic debt market fundamentals have equipped the authorities with stronger analytical and operational tools to manage public liabilities.



IMF team and CBS staff, TA Mission on Currency Reform and FX Reserves Management, Nairobi, January 2026.

The IMF's engagement with Somalia shows the **value of sustained, programmatic TA anchored by the FSSR**. By pairing a robust diagnostic with sequenced follow-up, the program delivered measurable gains in supervision, regulation, and financial stability oversight, while laying the foundations for a more resilient and inclusive financial system.

SECTION III

K

OPERATIONALIZING THE PUBLIC DEBT MANAGEMENT OFFICE

Sri Lanka



Sanjay Kumar
Resident Advisor, SARTTAC

FY26 marked a **shift toward operationalizing the Public Debt Management Office (PDMO)** established in December 2024 under the IMF-supported Extended Fund Facility—enabling it to assume core debt management functions, strengthen internal processes, and support domestic market operations, including government securities auctions and the primary dealer framework.

Through carefully **sequenced CD**—including four desk reviews and six missions in 2025—the IMF helped prepare the PDMO to take on operational debt management responsibilities, strengthening debt strategy, governance, and auction operations, including the transfer of auction responsibilities from the central bank through interim PD arrangements. Follow-up support further reinforced the primary dealer framework and advanced market transparency through a new investor relations strategy and communication policy.

The **PDMO rapidly matured into a strategy-driven institution**, publishing its 2026–30 MTDS, launching its first Annual Borrowing Plan in FY26, and assuming responsibility for domestic debt auctions in November 2025. Together, these milestones strengthened the alignment between debt strategy and borrowing operations, improved financing predictability, and advanced the consolidation of debt management functions under a single institution.

New debt management regulations, guidelines, and a code of conduct **strengthened the PDMO's governance, accountability, and risk management**, while a procedures manual developed under the TA will further enhance operational oversight. Reforms to the PD framework **improved the transparency, credibility, and functioning of the domestic government securities market**, complemented by stronger investor relations and communication practices, as well as engagement with market participants. Reflecting this progress, Sri Lanka recorded one of the largest global gains in investor relations rankings by the Institute of International Finance, and the PDMO received the Regional Debt Management Office Award for Asia-Pacific at the 2026 Commonwealth Public Debt Management Awards.

Japan-funded support was instrumental in helping translate reforms into operational capacity, enabling the PDMO to progressively assume full responsibility for public debt management and advance the objectives of IMF-supported programs.



IMF LTX and PDMO senior management during the joint IMF-WB TA mission on developing an MTDS, Colombo, September 2025

SECTION III

RE-ENGAGING TO REBUILD THROUGH TECHNICAL ASSISTANCE

Syria



Attila Csajbok
Technical Assistance
Strategy Division, MCM

At a critical juncture for Syria's economic recovery, MCM, METAC, the IMF country team, and other IMF departments, **established a sequenced CD program** in response to strong demand from the Central Bank of Syria (CBS). A two-day onboarding workshop for the new Governor in July 2025 provided a strategic overview of modern central banking and opened the door to a renewed partnership.

This **early engagement helped anchor a broader reform agenda**. Working closely with the IMF country team, MCM supported the development of a financial sector reform roadmap and, jointly with the World Bank, a strategic note on payment system reforms. Building on this foundation, CBS requested targeted TA across key priorities, including banking sector assessment and restructuring, currency reform, central bank legislation and reorganization, and payment system modernization.

Delivery was rapid, sequenced, and closely coordinated. A joint IMF–World Bank payment systems diagnostic in November 2025 was followed by METAC currency reform missions in December 2025 and January 2026, and a joint MCM–METAC mission in February 2026 on banking sector restructuring and supervision to address weaknesses in bank balance sheets, governance, and oversight. In parallel, METAC also delivered virtual debt management training in April 2026, sustaining capacity building despite operational constraints triggered by war in the Middle East.

By blending in-person, hybrid, remote, and regional delivery modalities, the **IMF maintained momentum and traction in a difficult environment**. Its support now spans core financial sector functions—from supervision and monetary operations to payments infrastructure—helping Syria rebuild institutional capacity and restore confidence in the financial system.

The IMF's Syria engagement shows **how early high-level outreach, strong partner coordination, and well-sequenced TA can quickly turn reform ambitions into action**. Centered on diagnostics and sustained capacity development, IMF support is helping strengthen financial stability and lay the groundwork for Syria's economic recovery.





METAC team, IMF resident representative for Syria, and CBS staff during the currency reform mission, Damascus, January 2026.



METAC and IMF team during the mission on banking sector restructuring and supervision, Yafour, February 2026.

SECTION III

USING ARTIFICIAL INTELLIGENCE TO MODERNIZE CENTRAL BANK COMMUNICATION

Uruguay



Thiago Silva
Central Bank Operations Division, MCM

The Banco Central del Uruguay (BCU) is **putting artificial intelligence (AI) to work** to better measure, benchmark, and modernize how it communicates with markets, the media, and the public.

In November–December 2025, a TA mission helped the BCU introduce **AI-based tools to assess its own communications** more systematically and strengthen them over time.

At the core is an AI-based classifier, paired with a web application, that enables BCU staff to assess communications across measurable dimensions—readability, forward-looking tone, topic coverage, and target audience. The tool also allows the BCU to benchmark its communications against peer central banks and track its own messaging over time, helping identify where communication is improving and where further refinement is needed.

The mission also showed staff **how generative AI can support drafting**—producing initial drafts for different audiences, and comparing proposed texts with existing BCU documents, to modernize communications without starting from scratch. The team was clear about the technology's limitations and trained staff to prompt, guide, and carefully review its inputs.

Throughout, the mission emphasized one principle: **AI tools should assist, not decide**. AI can measure, benchmark, and suggest, but final judgment remains with BCU experts. To be useful, technology must be embedded in the bank's institutional framework—not treated as a stand-alone solution.

Beyond using the core tools, technical staff were trained to develop their own classifiers and use AI to assess the BCU's portrayal in the media.

Feedback has been positive, and the IMF stands ready to support similar initiatives in other countries.



IMF Mission Team, Montevideo, December 2025.

MCM TECHNICAL ASSISTANCE MANAGEMENT

The following IMF staff members are the main contact points for requesting MCM TA:

Director	**Tobias Adrian**[1] T. +(1) 202.623.5372 tadrian@IMF.org
Deputy Director	**Marina Moretti** +(1) 202.623.6027 mmoretti@IMF.org
Division Chief	**Oana Croitoru** T. +(1) 202.623.9432 onedelescu@IMF.org
Deputy Division Chief	**Rachid Awad** T. +(1) 202.623.9307 rawad@IMF.org
Deputy Division Chief	**Silvia Iorgova** T. +(1) 202.623.6354 siorgova@IMF.org
Deputy Division Chief	**Sipho Makamba** T. +(1) 202.623.4729 smakamba@IMF.org
Regional Advisor–Africa	**Mary Goodman** T. +(1) 202.623.9337 mgoodman@IMF.org
Regional Advisor–Asia and Pacific	**Ranjit Singh** T. +(1) 202.623.7804 rsingh4@IMF.org
Regional Advisor–Europe	**Erlend Nier** +(1) 202.623.4483 enier@IMF.org
Regional Advisor–Middle East and Central Asia	**Jihad Alwazir**[2] T. +(1) 202.623.6658 jalwazir@IMF.org
Regional Advisor–Western Hemisphere	**Amadou Nicolas Racine Sy**[3] +(1) 202.623.8651 asy@IMF.org

[1] Mr. Adrian retired from the IMF in August 2026.
[2] Mr. Alwazir served as Regional Advisor for both MCD and WHD until September 2026.
[3] Mr. Sy joined as Regional Advisor for WHD in October 2026

INTERNATIONAL MONETARY FUND
Monetary and Capital Markets Department

700 19th Street, NW
Washington, DC 20431