focused primarily on stability issues because there were pressing issues to be addressed. The subsequent FSAP Update (in 2003) focused primarily on a strategy for financial sector development. In both cases, these priorities were agreed with the authorities. However, such examples are still the exception rather than the rule in the FSAPs for developing countries.

32. In contrast to the more comprehensive use of various indicators and assessment tools for financial sector stability, most FSAPs still present a more limited analysis of financial development issues including access to financial services. Tools for the analysis of such issues remain less well developed.[35]

33. **While the degree of emphasis on stability and development issues varied substantially (and appropriately so) across countries, our overall judgment is that the degree of integration between the two was generally quite good but with significant shortcomings in a minority of cases** (see Table 2). What constitutes a "best practice" approach to such integration? The standard is perhaps clearest in those cases where substantial reform of the financial sector, and related policies, is needed to remove longer-term impediments to growth but where the process of reform (i.e., getting from a to b) itself could entail substantial risks of increased financial sector stability. In such cases, we would expect to see a clear analysis of such potential risks and of strategies for minimizing them (although not necessarily a very detailed blueprint). Among our sample countries, the FSAPs for Chile, Costa Rica and India provide examples of such "good practice" approaches. In contrast, the Tunisia FSAP does not quite meet this admittedly high standard, (although subsequent IMF technical assistance did contribute to such a strategy) and the Philippines FSAP provided little effective integration of the two aspects.

34. **The evaluation suggests no evidence that the joint approach has led to a "watering down" of messages in order to achieve consensus between the Bank and the Fund**. Indeed, the in-depth country reviews indicated two cases (Dominican Republic and, to a lesser extent, Russia) where World Bank staff helped to resist pressures that arose within the IMF's internal review process to tone down the FSAP messages on some aspects.

V. How Well Has the IMF Used the FSAP Output?

35. The evaluation examined how effectively the IMF used the FSAP output in each of its three primary activities—surveillance, technical assistance, and program design.

[35] The 2003 joint review of the FSAP by staff from the Bank and IMF presented an annex that discussed issues of financial development. But an operational framework for the assessment of development issues is less advanced than for stability aspects. The OED evaluation reaches a similar conclusion.

A. Surveillance

36. **The overriding message emerging from the evaluation is that the FSAP exercise has undoubtedly deepened the IMF's understanding of the financial sector and strengthened the quality of the surveillance dialogue on financial sector issues, but the IMF is not yet using the results as effectively as it might**. In general, financial stability issues have not yet been fully mainstreamed into Article IV assessments. More specifically, the evidence collected during the evaluation suggests the following key messages (see also Annex VI).

37. **The incorporation of FSAP results into Article IV surveillance has broadened the scope of monitoring of financial sector issues**. The review of the 25 cases shows that the inclusion of the key FSAP results in the accompanying Article IV documents has in general been quite good—albeit with problems in about one-fifth of the cases (Table 3). Coverage of financial sector issues and vulnerabilities in Article IV consultations generally improved from the treatment before the FSAP. The survey results support these conclusions, indicating that the authorities have generally learnt significantly from the FSAP, that it has improved their dialogue with the IMF, and that in most cases the depth of Article IV discussions on financial sector issues has improved. Similarly, survey results of Article IV mission leaders show that the FSAP has provided analytical insights into the financial sector that did not exist before, that it was usable for integrating results in Article IV consultations, and that it has improved Article IV discussion on financial sector issues (see Figures 8a to 8d). In contrast, a review of financial sector surveillance in a group of countries that have not undertaken FSAPs suggests more limited improvements, although the sample size is limited and the review is not intended as a comprehensive assessment of financial sector surveillance outside the FSAP (Box 5).

Table 3. IEO Assessments of the Use of FSAP in Surveillance 1/

Criteria	Mean Score (on scale of 1–4)	Percentage of ratings indicating some problems (i.e., ratings of 3 or 4)
Degree of integration of FSAP findings into Article IV staff report	1.85	20
Coverage of financial sector issues in summing up of Board discussion/PIN	2.07	25
Extent of follow-up of recommendations in subsequent Article IV reports	1.85	13
Intensity of coverage over time in surveillance reports 2/	1.68	14
Reporting on country-specific constraints and limitations 3/	2.73	56

1/ IEO assessors rated each of 25 FSAP cases vis-à-vis the above criteria. Each aspect was rated on a four-point scale (with 1 being the highest). To minimize subjective judgments, the evaluations were guided by a detailed template of what would be expected to achieve specific ratings for each category (see Annex III for details).

2/ This criterion assesses the extent to which Article IV surveillance reports in years subsequent to the FSAP continue to cover financial sector issues.

3/ This criterion refers to whether the FSAP/Article IV captured the country-specific constraints.

Figure 8a. Deepening of Article IV Discussion of Financial Issues

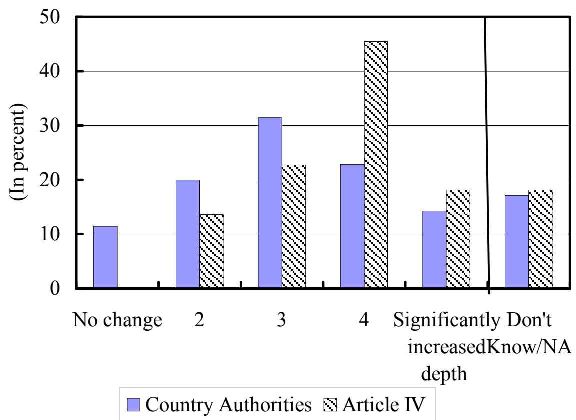


Figure 8b. Learning from the FSAP

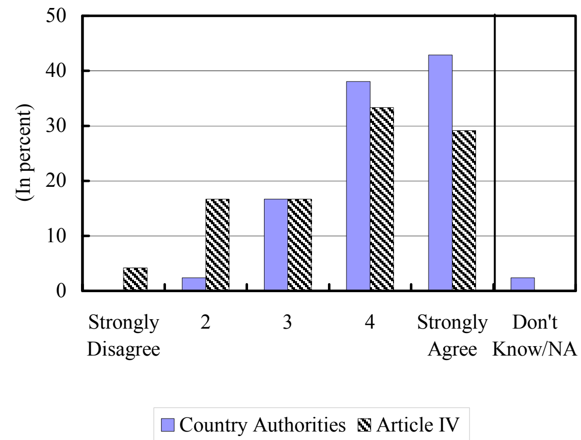


Figure 8c. Contribution to Dialogue with the IMF

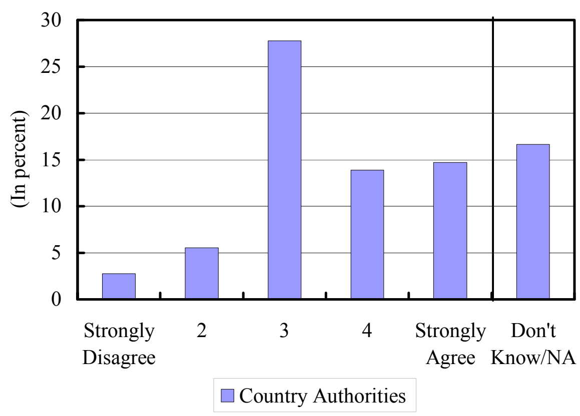
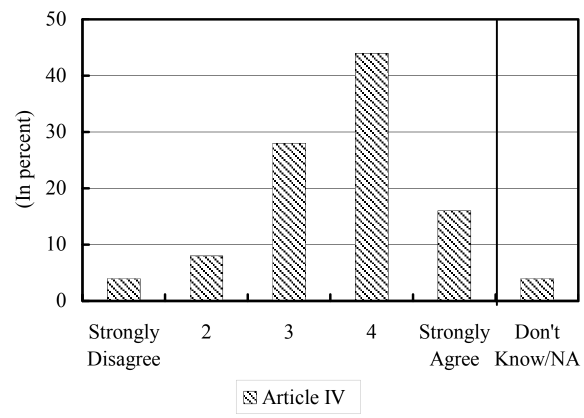


Figure 8d. Ability to Integrate with Article IV Consultations



Source: Q22, 7.5, and 12.7 of the survey of country authorities; and Q24.1, 9.1, and 22.4 of the survey of Article IV mission chiefs.

38. **The Article IV process and the combined discussions at the Board often did not constitute a good platform to discuss FSAP results**. In many cases, peer review—i.e., discussion at the Executive Board—of financial sector issues has been weak. In a few extreme cases, the surveillance discussion failed to pick on key messages in the FSSA (e.g., Dominican Republic). Even when there were no such dramatic gaps, many FSAP team leaders expressed disappointment that the Board discussion of financial sector issues had been, in their view, relatively perfunctory. Summaries of FSAP findings in many Press Information Notices (PINs) have also been generally rather inadequate or insufficient, with a quarter of cases showing very limited coverage (Table 3). Several factors seem to contribute to such an outcome:

- The cautious language used in most FSSAs. If there were no obvious "red flags," then financial sector issues tended not to be the focus of Board discussion. Clearly, there can be occasions where devoting limited Board attention to the financial sector may be the appropriate response even after an expensive FSAP exercise—if the FSSA suggests no significant concerns and there are more pressing problems in other areas. However, the 25 country review suggested many cases where a more in-depth discussion would have been warranted.

Box 5. Financial Sector Surveillance Outside the FSAP

For comparison purposes, the evaluation reviewed the treatment of financial sector issues in the context of Article IV surveillance for a group of systemically important countries that have not undertaken an FSAP. 1/ The results suggest that—in terms of scope of coverage, depth of analysis, and overall view of financial sector standing—financial sector surveillance was significantly less comprehensive than in countries that undertook FSAPs. Of course, this is not particularly surprising given the generally more limited resources available for financial sector analysis in such cases and the results should not be viewed as a test of counterfactual in which the resources utilized in the FSAP were instead made available for alternative surveillance modalities.

- **The scope of financial sector issues analyzed in Article IV reports is narrower than in those countries that had an FSAP**. The analyses mostly comprise banking sector issues and, depending on the country, may include some other topical themes (e.g., mortgage lending, corporate issues). The limited scope of analysis inevitably left out large and significant segments for those countries with relatively complex systems as well as the assessment of linkages and potential spillover vulnerabilities.
- **The depth of assessments and intensity of analysis were significantly less than in a typical FSAP** (e.g., on the regulatory and supervisory frameworks, accounting and auditing standards, payment systems, safety nets, etc.). But, in those cases where expert assistance (from MFD or other qualified staff) was included in the surveillance team, the depth of the analysis on the specific issues covered increased markedly.
- There is generally a **lack of an overall assessment** of financial sector standing and vulnerabilities.
- **Moreover, reported discussions with the authorities on financial sector issues** (and reports on difference of views if any) **are in general cursory or absent**.

More generally, although a full review of financial sector surveillance outside of the FSAP is beyond the scope of this evaluation, our interviews with IMF staff and a brief review of steps taken so far suggest that **progress in establishing a framework to enhance financial sector surveillance outside of the FSAP has been limited**. Draft guidelines on financial sector surveillance were initially prepared over a year ago but have not been finalized because of area department concerns that they called for more than departments could deliver with existing resources. Consequently, the strategic guidance on the scope and objectives of enhancing this component of surveillance remain unclear. A 10-country pilot exercise is underway to gain further experience with enhanced financial sector surveillance, with the initial results expected to be available by late-2005/early 2006.

1/ The sample of countries analyzed was China, Malaysia, Spain, U.S., and Turkey. The review covered the last two cycles of Article IV consultations and program reviews where applicable. The assessment used a template that considered: (i) scope of coverage; (ii) detail and specificity of the analysis; (iii) overall assessment of financial sector standing and vulnerabilities; and (iv) reported influence in discussions with the authorities. See Annex VIII for further details.

- The traditional focus, and expertise, of both area departments (who draft the Article IV surveillance reports) and the Board is on macroeconomic policies. With Board discussions focusing on issues in the Article IV reports, failure to adequately integrate FSAP results into those reports has tended to lower the prominence of financial sector issues, even when the FSSA did spell out the issues.

- When there were disagreements between area department staff and the FSAP team, either on the fundamental diagnosis or, more commonly, on the relative emphasis to be given to different policy issues in surveillance reports, the views of the area department generally prevailed. In a number of cases, this led to a downplaying of financial sector issues (e.g., Dominican Republic, Korea, Russia). In the event of such disagreements, the internal review process for surveillance was often not successful in forcing an effective integration of FSAP issues into a comprehensive surveillance assessment.

- The FSAP team leader typically played only a secondary role vis à vis area department and PDR staff at Board surveillance discussions. Many team leaders we interviewed reported being asked only a small number of relatively narrow technical questions, even when they were prepared to elaborate further on important financial sector issues.

39. **In terms of follow-up, the financial sector content of surveillance in years following the FSAP has tended to diminish, but generally remained better than before the FSAP**. The 25-country studies generally show some waning in the intensity of coverage of FSAP issues in subsequent Article IV consultations but not a full "mean reversion" to the treatment encountered before the FSAP (Table 3). Interviews with staff and authorities also suggest some falling off in quality of dialogue but not back to pre-FSAP levels. Surveys of authorities and Article IV mission leaders indicate that Article IV consultations were indeed the preeminent vehicle for follow-up on the FSAP. However, interviews and country reviews show that effective follow up was more difficult when the FSAP did not give a clear sense of priorities between different measures.

40. **The availability of adequate technical expertise within surveillance teams has been the major constraint on the effectiveness of follow-up activities when complex issues are involved**. In many cases when the surveillance team lacked the necessary expertise, tracking the implementation of FSAP recommendations has taken a "checklist" approach of enumerating measures rather than appraising whether underlying vulnerabilities have been addressed.[36] Focused assessments, with expert assistance from MFD (or ICM), have done a more thorough analysis of implementation of recommendations in particular areas.

41. Only FSAP Updates appear to have had the capacity to undertake an in-depth tracking of implementation in specific areas; in the case of comprehensive reassessments,

[36] An observation made by many of those interviewed, both within and outside the Fund, was that IMF surveillance teams were able to "ask the first question" in following up on complex financial sector issues, but often did not have the necessary background to pursue a more in-depth dialogue.

they also were able to take a broader view of how vulnerabilities had been addressed and of remaining challenges (Box 4).

B. Integration with Technical Assistance Activities

42. Technical assistance (TA) was always expected to play an important role in follow-up support to help country authorities implement measures to address vulnerabilities and development needs identified by the FSAP initiative. The expected links became even more explicit following the 2003 and 2005 FSAP reviews.[37] The evaluation reviewed how well IMF activities were aligned with these objectives, with the following conclusions:

i) **The FSAP and associated ROSCs have become increasingly important drivers of IMF TA in the financial sector, with a substantial proportion going to emerging market countries** (Table 4). For example, in 2005, the emerging market group received about half of FSAP-related TA whereas it received only about 30 percent of overall IMF TA. However, the size of such TA remains small (15 person-years in FY2005), which suggests that the effectiveness of the FSAP as an input to TA provision by other donors is likely to be of even greater importance as an influence on its overall impact.

Table 4. Post-FSAP TA by the Monetary and Financial Systems Department 1/

	Fiscal Year					
	2000	2001	2002	2003	2004	2005
In number of person-years	1.1	1.8	3.6	7.1	10.2	14.7
In percent of total MFD TA	1.3	2.7	4.5	8.5	12.6	18.4
Allocation of TA resources by country type 2/			(in percent)			
Advanced economies	0	2	6	2	0	0
Emerging markets	23	68	34	28	39	45
PRGF-eligible	76	26	54	33	38	40

Sources: TIMS database and IEO estimates.

1/ Excludes TA in support of OFC and AML/CFT assessments.

2/ Percentage of MFD TA resources allocated to FSAP follow-up work. Does not add to 100 percent because of resources allocated to regional entities.

[37] At the time of the 2003 review, Directors noted that assessments provide a baseline that help set priorities for subsequent work and called on the staff to make suggestions on the appropriate timeframe and sequencing for the implementation of FSAP recommendations while taking into account the authorities' capacity constraints. In concluding the 2005 FSAP review, Directors urged staff to make TA follow-up more systematic and supported the idea of having, in appropriate cases, tripartite meetings among country authorities, staff, and possibly other donors on TA matters. (See *The Acting Chair's Summing Up: Financial Sector Assessment Program—Review, Lessons, and Issues Going Forward* (BUFF/03/42)).

ii) **A review of the 25-country sample suggests that many FSAPs have shortcomings as a platform for organizing follow-up TA**. To provide a good platform, one would expect the FSAP to provide the following three components (although not a detailed blueprint): (1) an overall prioritization (i.e., which recommendations are most important); (2) a sense of sequencing (i.e., how the various recommended actions would fit into an overall timeline, taking account of other reforms); and (3) some judgment on implementation capacity. The evaluation reviewed each of the 25 countries vis-à-vis these criteria (Table 5). For emerging market and PRGF-eligible countries, where TA provision is more likely to be an issue, the results suggest significant shortcomings in more than half of the cases. In some cases, the sheer number of recommendations deemed to be priorities runs the risks of dispersing the attention and overwhelming the implementation capacity of the authorities (e.g., Egypt, Kazakhstan). However, tracking the results over time suggests some improvement. Among FSAPs completed recently, that for Chile represented a "good practice" basis for planning future TA provision—containing well-prioritized and sequenced recommendations, along with an assessment of implementation capacity. These findings are consistent with the survey results. When asked to select the area in which the FSAPs has been *least useful*, the identification of TA needs was selected first among the various options by the highest number of authorities (close to 60 percent of those responding).

Table 5. FSAPs: A Good Platform for Follow-up TA?—Summary Evidence from Desk Reviews
(In number of countries)

		Main recommendations are					Capacity to implement is assessed	
		Prioritized			Sequenced			
Country Type	Total Number of countries	Full	Partial	Little or none	Yes	No	Yes	No
Advanced	6	1	3	2	2	4	3	3
Emerging	15	2	8	5	6	9	8	7
PRGF-eligible	4	...	2	2	...	4	3	1

Source: IEO review of 25-country sample.

iii) Within individual countries, available evidence suggests that in most cases, post-FSAP TA provided by the IMF was broadly in line with the areas of main FSAP recommendations.[38] The IMF provided TA in the financial sector to 14 out of 25 countries in the in-depth sample and in all but two (India and Tunisia), there appears to have been a reasonable alignment. However, since many recommendations were not well-prioritized, this is a test with a relatively low threshold.

[38] In a number of cases, IMF TA was not focused on implementing specific recommendations but was still closely aligned with the FSAP because the country-requested TA was focused on strengthening domestic capacity to implement various risk assessment techniques (stress-testing, etc.).

iv) **There is no clear institutional framework for linking FSAP recommendations to plans of action for TA delivery that coordinate the activities of all important donors** (see also Box 6). Clearly, the country itself should ideally play the lead role in such coordination efforts and has done so in cases where substantial domestic capacity on financial sector matters exists (e.g., Chile). In countries that lack such capacity, however, a clear coordinating framework is frequently lacking.

Box 6. Views of Other Donors/TA Providers on FSAPs and Their Follow-Up 1/

Interviews with a range of donors and other agencies suggested generally positive feedback on the FSAP, although their use of the results was often limited. Donors noted that they themselves had very limited resources to carry out research and analysis on the scale of the FSAP; hence, they expressed great interest in being able to access the information from the FSAP, as it could help them to identify priorities. The use of the FSAP varied by donor, sometimes even within a donor agency, in part because much of the access to FSAP findings was dependent on informal dialogue between individual staff members at the donor agencies and the corresponding Bank and Fund staff, rather than through a formal process of informing donors. Most interviewees cited the FSAP as a useful source of background information even when, in practice, the FSAPs had limited influence on their programs. They had concerns about access, timeliness, relevance, and feed-through into an overall strategy.

Access. Donors generally only have access to published FSSAs and FSAs. In some cases, donors are given access to a small part of the FSAP report which is directly pertinent to the piece of aid they are being asked to fund, but since the donors cannot read the full report, it is hard for them to gain perspective on the overall strategy or the relative importance of requested assistance. Even FIRST, which was set up specifically to provide follow-up to the FSAP, has had a difficult time accessing information needed to design programs.

Timeliness. Given that FSSAs and FSAs only become available to donors when they are published, and the lags can be long after the start of the initial mission, the information is not available on a timely basis, particularly given the lead times that donors need to plan their own programs.

Relevance. A number of donors felt that not enough emphasis was placed on development issues in FSAPs for developing countries, and that too much time was spent on ROSCs or other issues that, in their view, were not as relevant. The donors also felt that the FSAPs did not always reflect the realities on the ground, including a failure to address political economy issues.

Lack of a follow-up strategy. Many donors were frustrated that the FSAPs rarely led to the development of an overall strategy for financial development with a clear action plan that could be implemented by the authorities with donor assistance. This frustration of donors in crafting appropriate follow-up is confirmed by feedback from the country authorities in the survey; only 13 percent of authorities agreed with the statement that they had "received support from other International Financial Institutions/donors to implement the FSAP recommendations."

Steps that donors thought could help improve the effectiveness of donor coordination included (i) greater advance notice about the timing of FSAPs, so that donors can adjust their own program timetables accordingly; (ii) better and more timely access to reports; and (iii) greater consultation with donors who are active in the financial sector during the FSAP mission, including presentation of key findings.

The latter suggestion in particular highlights the obvious tensions between the FSAP as a (prudential) assessment vehicle and as a catalyst for design of follow-up lending and technical assistance activities. While blurring unduly the assessment role of the FSAP is probably undesirable, donors' comments and suggestions do underscore the need for a clearer framework on how follow-up activities will be coordinated.

1/ The OED, as part of its parallel evaluation of the FSAP, had primary responsibility for discussing the views of donors and TA providers on the FSAP. This box draws on the results of interviews conducted by OED assessors.

v) **MFD has introduced procedures designed to provide a better interface between FSAP teams and TA follow-up work, but it is too early to judge the results**. The approach calls for the holding of quadripartite meetings between Bank and Fund mission chiefs, and IMF TA area chief, and Bank TA chief to identify possible areas of TA, identifying suggestions on which institution should take the lead (including FIRST),[39] and subsequently to establishing contacts with the authorities and other donors with a view to help draw up a post-FSAP TA agenda. However, such meetings have been held for only a small group of countries and it is too early to judge the results.

43. One issue that affects coordination within the IMF is the policy adopted by MFD that FSAP mission chiefs should not subsequently be involved in the provision of TA to the same country.[40] The rationale for this policy is that assessors should not be influenced by any considerations that they might create a subsequent demand for their own technical advice. The cost is a potential loss of continuity in familiarity with the country's problems, a point noted by a number of country officials interviewed.[41] [42]

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[39] The Financial Sector Reform and Strengthening Initiative (FIRST) is a multidonor trust fund launched in April 2002, which was envisioned to serve both as a source of funding and coordinator of TA with the IMF, World Bank, and other providers in the financial sector area to avoid duplication of efforts and the provision of conflicting advice. The Bank and the Fund, besides being members of its Governing Council, were to submit to FIRST TA requests from countries in connection with the FSAPs and ROSCs.

[40] As part of a policy aiming to establish a clear demarcation of where FSAP work concludes and where follow-up TA starts, FSAP mission chiefs in the Fund are now requested to prepare a note highlighting FSAP recommendations and priorities for the use of TA wing managers. These notes are based on the FSAP aide memoire, ROSCs, and FSSA, but are not supposed to flesh out a TA program and assess countries' implementation capacity. This requirement has been in effect only since early 2005.

[41] The demarkation imposed by MFD in the other direction—namely, that TA mission chiefs should not subsequently lead FSAPs to the same country, since they would to some extent be assessing their own activities—is even stronger, and is well-justified for conflict of interest reasons. In practice, FSAP mission chiefs are largely drawn from the "surveillance wing" of MFD. Other FSAP team members can and do sometimes participate in TA missions.

[42] The World Bank has no such policy; indeed in a number of the 25 country cases, there were examples of subsequent TA plans or other lending activities being discussed during the FSAP exercise.

C. Links with IMF-Supported Programs

44. In the review of the FSAP that followed the initial pilot stage, the IMF Board called for the strategic components of FSAP assessments to be reflected in IMF-supported programs.[43] This section reviews how the Fund has been using the findings and recommendations from the FSAP in its program-related work by drawing on two types of evidence: (i) a cross-section analysis of developments in program conditionality in financial sector areas, and its links with FSAPs, for all programs over the period 1995–2003; and (ii) a review of those (seven) countries in the detailed 25-country sample where there was significant program activity following an FSAP.[44] The focus is on program conditionality.

45. **The extent of conditionality on financial sector issues has increased markedly since the financial crises of the late-1990s, but cross-country evidence suggests that underlying developments in the extent of financial sector liberalization, rather than the existence of an FSAP per se, have been the main influence on the number of conditions**. The total number of conditions per program-year related to financial sector issues rose markedly during the 2001–03 period compared with the average of the previous five years (Table 6). The issues covered include dealing with problem banks, regulatory, institutional, and legal aspects of financial sector reforms, including central bank audits, and the establishment of business environment supportive of private sector growth (e.g., judicial reform, bankruptcy procedures, etc.).

Table 6. FSAPs and Structural Conditionality in IMF-Supported Programs 1/
(Average number of conditions per program year)

Policy Area	1995–2000	2001–03
FSAP-related 2/	3.2	5.4
Non-FSAP related	10.7	12.2

Sources: Internal IMF data base on program conditionality (MONA).
1/ Includes all structural prior actions, performance criteria, and benchmarks in IMF-supported programs, normalized by the length of the program.
2/ Includes structural conditions associated with financial sector reforms, the resolution of problem banks, and fostering a business environment supportive of private sector growth.

[43] "Summing Up by the Acting Chairman: Financial Sector Assessment Program—A Review—Lessons from the Pilot and Issues Going Forward" (BUFF/00/190; December 2000).

[44] The countries in the 25-country sample that meet this criteria are: Brazil, Bulgaria, Cameroon, Dominican Republic, Ghana, Jordan, and Sri Lanka. Romania's program expired shortly after the FSAP (with a new program approved only in July 2004) and is excluded from the analysis.

46. An econometric analysis (see Annex IX) suggests that, without controlling for factors influencing whether countries engage in FSAPs, the existence of an FSAP increases the total number of program conditions in financial sector areas. However, when an index measuring the extent of financial sector liberalization is included, their joint interaction suggests that the existence of a previous FSAP may actually reduce the total number of program conditions for countries whose financial systems are fairly well liberalized. In other words, for liberalized systems the greater knowledge about the financial sector derived from the FSAP seems to be associated with less program conditionality, whereas the reverse is true for non-liberalized systems.

47. **A comparison of program conditions with the main FSAP recommendations in the in-depth country sample suggests a mixed picture with regard to alignment**. The assessment of alignment in the seven country cases was based on a qualitative judgment of whether the specific conditions addressed the main vulnerabilities identified in the FSAPs and were focused on implementation of key recommendations. The results suggest the following, although the sample is relatively small:

- There was significant alignment in half of the cases (Cameroon, Dominican Republic, and Ghana). However, in two country cases (Brazil and Jordan), there was little overlap between program conditionality and key program recommendations.[45] For example in the case of Brazil, while the program contained some important infrastructure issues, like bankruptcy and creditor protection legislation, in line with the FSAP, it also focused on the privatization of the remaining state-owned banks rather than on issues the FSAP had identified as more critical such as the restructuring of the systemically important Federal Banks or in steps to improve the supervisory framework.

- The degree of clarity and prioritization of FSAP findings and recommendations helped program design in some cases (e.g., Ghana and Cameroon), while in other cases (e.g., Dominican Republic), an effective plan of action had to be derived during the program negotiations because the prioritization of the FSAP recommendations was inadequate.

[45] Sri Lanka and Bulgaria are intermediate cases. On the former, programs did follow up on many FSAP-related issues but the FSAP itself had been too vague on one major issue—the future of a major state-owned bank—that was a perennial issue in IMF-supported programs. On the latter, among the key FSAP recommendations, the program placed conditionality on bank resolution and privatization issues, but not on important identified weaknesses in bank supervision.