FSSF implementation will be carried out by the IMF's Monetary and Capital Markets (MCM) and Statistics (STA) Departments, and the Institute for Capacity Development (ICD).

**Governance**

A Steering Committee comprising representatives of the donors, IMF staff, and the World Bank will guide the FSSF work. This Committee will provide strategic guidance and contribute to setting policies and priorities, endorse annual work plans, and monitor program performance and achievements. TA needs and work plans will be identified and prioritized in discussions between countries and the IMF. Implementation is monitored using the IMF's results-based management framework and reported to the Steering Committee.

**Evaluation**

Halfway through the five-year funding cycle, there will be an independent external evaluation of the FSSF. Results will be used to inform the remainder of the cycle.

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Overview of the Financial Sector Stability Fund (FSSF)

Overview
The FSSF will support financial sector stability, inclusion, and deepening, focused on low- and lower-middle-income countries (LLMICs). Using standardized diagnostic assessments (“financial sector stability reviews,” or FSSRs) that help to detect risks and vulnerabilities in country financial sectors and by providing dedicated capacity development (CD) services, the FSSF will assist country authorities in addressing challenges related to the Financing for Development (FfD) and Sustainable Development Goals (SDG) agenda. This IMF multi-partner initiative will start in 2017 and run for five years (2017–22).

The initiative will leverage the unique IMF delivery model of CD that is fully integrated with its surveillance and lending to ensure effectiveness and sustainability. As all IMF CD, the assistance provided under the FSSF will be demand-driven, managed by experienced in-house experts, and informed by the IMF’s long history of global engagement in this area. IMF CD combines a clear focus on outcomes and results with strong accountability features.

Objectives and Benefits
Two FSSF modules will be delivered in a coordinated and mutually reinforcing manner:

1. Financial Sector Reform. This will have two elements. First, FSSRs provide baseline diagnostic assessments, highlight key weaknesses in financial systems and institutional capacities, and set out prioritized action plans for well-sequenced financial sector reforms. The goal is to help countries establish sound prudential frameworks and safety nets, which are essential for minimizing risks—e.g. bank failure or closure of correspondent banking lines—that may come with financial inclusion and deepening. Second, intensive and targeted follow-up technical assistance (TA), potentially including the placement of long-term experts, will support implementation of the action plans.

2. Financial Sector Statistics. The financial sector statistics module provides policy makers with key financial sector statistics for assessing financial sector stability risks and vulnerabilities, as well as interconnectedness of sectors within an economy and with the rest of the world. Support in the compilation of Financial Soundness Indicators (FSI) and balance sheet data for all sectors of the economy will strengthen national and international surveillance of financial systems. Data generated by the statistics module can feed into FSSRs.

Knowledge dissemination and learning will be promoted through both on-line and face-to-face training, which will help sustainably strengthen capacity to offset often high attrition rates in staffing in central banks and other relevant agencies. Peer learning will also be an important element of the FSSF.

Expected Key Results
The financial sector reform module will help countries to:

- Detect financial sector vulnerabilities at early stages and develop timely responses;
- Ensure that financial institutions are well capitalized and have adequate liquidity;
- Improve their compliance with international standards; and
- Build supervisory capacity for financial sector oversight and strengthen early-warning systems.

The financial sector statistics module will help countries to:

- Regularly compile, and publicly disseminate, at least the core and some recommended FSIs consistent with international standards;
- Develop and utilize a reporting framework to compile critical sectoral balance sheet data to support macro-prudential policies and financial stability analysis. The FSI work will also help implement the recommendations of the G-20 Data Gaps Initiative and provide reporting under the relevant Sustainable Development Goal (SDG) indicator.

Delivery Modes

- **IMF headquarters staff**: Design and deliver TA, in the context of diagnostic and follow-up missions, working with country authorities to provide advice that is tailored to their needs and implementation capacity.
- **Short-term experts**: Under the oversight of IMF HQ staff, provide specialized skills in specific areas to support the implementation of IMF technical advice.
- **Long-term experts**: Under the oversight of IMF HQ staff, provide on-the-ground capacity development as resident advisors.
- **Knowledge-management and training**: The FSSF will support the development and ongoing provision of integrated TA and training courses, whereby higher level frameworks and methods are combined with on-the-ground practical implementation.