Funds for Capacity Development (CD)

CD is one of the three core mandates of the IMF, and focuses on helping countries strengthen and modernize their economic institutions and addressing related human capacity development needs. The IMF finances its CD delivery both from its own resources and from external donor contributions, which are channeled through a small number of regional and thematic vehicles (“CD funds”) in which donors and the IMF partner in CD planning and delivery.

The IMF’s thematic CD funds reflect macroeconomic policy and management priorities, and are fully aligned with key global development needs and initiatives, including the 2030 Agenda for Sustainable Development.

Improving revenue mobilization, fiscal and natural resource management

Revenue Mobilization (RMTF). An effective tax system is a core function for all countries. RMTF was launched in 2011 to support low-income and lower middle-income countries as they design and administer effective tax systems. This helps generate sustainable revenue to pay for essential infrastructure and the social spending needed to meet growth and development objectives, formalize the economy, and reduce dependency on foreign aid. The fund’s second phase began in 2016.

Tax Administration Diagnostic Assessment Tool (TADAT). TADAT was launched in 2014 to provide an objective and standardized performance assessment of a country’s tax administration system. By helping identify administrative strengths and weaknesses and facilitating shared views among all stakeholders, the fund helps to set a sound reform agenda and manage, monitor, and evaluate progress.

Managing Natural Resource Wealth (MNRW). Many resource-rich countries fail to realize the full development potential of their natural resource wealth. The MNRW was launched in 2011 and, to date, has supported 19 countries in their efforts to mobilize and manage their natural resource wealth effectively. The MNRW also helps build capacity to design and implement macroeconomic and macroprudential policies in countries that are highly dependent on large and inherently volatile resource revenues, and ensure that they are managed in a socially responsible way. The fund’s second phase began in 2016.

Promoting financial sector stability and access, and addressing debt issues

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). Money laundering and the financing of terrorist activities can undermine the soundness and stability of financial institutions and systems, discourage foreign investment, and distort international capital flows. Established in 2009, this fund supports countries as they strengthen the integrity and stability of their financial sectors, which facilitates their integration into the global financial system; improves fiscal governance, transparency and effectiveness; and boosts revenue mobilization.
Financial Sector Stability Fund (FSSF). Financial development and inclusion must go hand-in-hand with financial stability. The FSSF will be launched in late 2017 to support low- and lower-middle-income countries as they assess and address risks and vulnerabilities in the financial sector. To help foster financial stability, inclusion and deepening, FSSF will support Financial Sector Stability Reviews (FSSRs), a standardized diagnostic assessment; as well as related dedicated capacity development activities based on the diagnostic tool; and in the area of financial sector statistics.

Debt Management Facility II (DMF II). Robust debt management helps countries build strong economies with stable financial systems. Launched in 2014, DMF II is a joint IMF-World Bank fund that builds on the success of the DMF I, the predecessor of the DMF II, which was set up in 2008. With support from the DMF, more than 75 countries have assessed and strengthened their debt management, actively planned for future debt transactions, and ensured that their debt levels are sustainable.

Financial Sector Reform Strengthening Initiative (FIRST). The FIRST is a joint IMF-World Bank fund that promotes financial sector development in low- and middle-income countries. Established in 2002, FIRST supports a broad range of financial sector reforms, including banking, insurance, capital markets, pensions, and crisis preparedness.

Strengthening economic decision making through better statistics

Data for Decisions (D4D). Improving the availability, quality, coverage, timeliness, and dissemination of macroeconomic statistics enables better policy making. D4D will support low and lower-middle income countries in these efforts beginning April 2018, particularly by working with them to develop the necessary infrastructure to compile and report on many Sustainable Development Goals (SDG) indicators, and also by delivering the Financial Access Survey, which is used as the source for one indicator measuring progress for Sustained and Inclusive Growth.

Supporting fragile states

Fragile State Funds. Building sound economic institutions and developing the skills to sustain them is a key priority for fragile states. Two country funds support South Sudan and Somalia as they strengthen their operating and technical capacity to make economic and financial institutions become more effective, transparent, and accountable. The South Sudan Fund was established in 2012, and the Somalia Fund for Capacity Development in Macroeconomic Policies and Statistics started operations in 2015.