



Summary: Tenth Advisory Committee Meeting of the IMF Capacity Development Office in Thailand

The Tenth Meeting of the Advisory Committee of the IMF Capacity Development Office in Thailand (CDOT) was hosted by the National Bank of Cambodia in Siem Reap, on June 17, 2024. The meeting convened core beneficiary countries of CDOT - Cambodia, Lao P.D.R., and Vietnam, alongside development partners from Ministry of Finance of Japan and Bank of Thailand (BOT), and IMF staff.

This year, the discussion was organized into thematic cluster sessions focusing on six key areas of CDOT's capacity building activities, namely macroeconomic management, monetary and foreign exchange operations, external sector statistics, government finance statistics, public financial management, and treasury operations, to catalyze peer-to-peer experience sharing and insights from development partners.

Participants acknowledged the progress of CDOT's capacity development (CD) workplan and underlined the crucial role of CD activities to support national and regional economic development. Representatives from beneficiary countries emphasized tailoring of CD activities according to countries needs and highlighted advantages of establishing CD core groups which enable collaboration, policy coordination, data sharing and consistency among different agencies.

The Ministry of Finance of Japan affirmed its generous support for continuing CD activities, recognized the importance of greater integration of technical assistance and surveillance, highlighted the positive impact of core groups on enhancing CD absorption, and advocated for customized approaches in delivering country-specific CD activities. It also encouraged CDOT to continue experience sharing and cooperation with other IMF Regional Capacity Development Centers, Singapore Training Institute (STI), and Regional Office for Asia and the Pacific (OAP) to broaden the reach of joint CD activities in the region. Additionally, it recommended keep utilizing IMF online courses—also supported by the government of Japan—to streamline CD work.

The Bank of Thailand reaffirmed its commitment to support CDOT in helping countries with structural and emerging challenges, including high indebtedness, climate change, and digitalization. A high-level seminar on climate change issues organized by CDOT last year represented a good advancement in addressing emerging global agenda. BOT also underlined the role of CD in assisting countries to build resilience through strengthening their policy frameworks and trainings.

Representatives from IMF functional departments, STI, and OAP have also emphasized their continued commitment in supporting CDOT in delivering its CD activities.

In conclusion, continuity, commitment, and collaboration are key principles for CDOT to drive its CD mission to support inclusive and sustainable economic development in beneficiary countries and regions.

For an overview, see executive summary of CDOT activities for the last financial year.



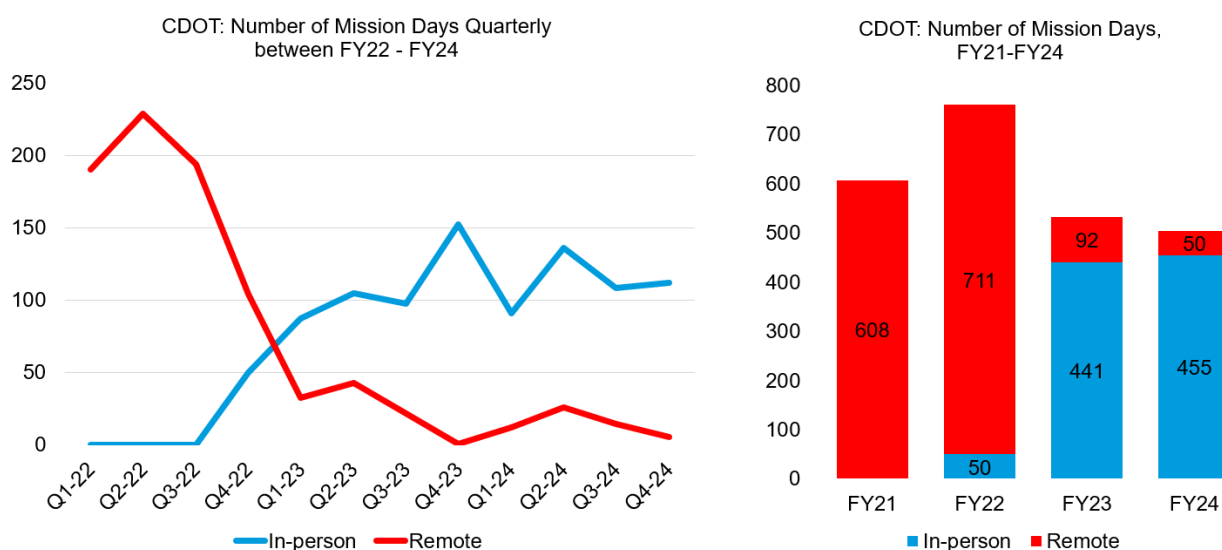
7. Hybrid CD approaches have demonstrated their effectiveness, with virtual interactions enriching the traditional in-person delivery methods. The shift towards more in-person engagements became notable in FY23, coinciding with the easing of travel restrictions, thereby enabling direct CD interactions within the CLV countries. With the continued emphasis on leveraging technology for virtual engagements, a substantial majority—approximately 90 percent—of CDOT CD were carried out in person in FY24 (Figure 2.). The total number of mission days has leveled off in FY23-24, showing a decrease from the heightened figures seen during the FY21-22 pandemic period. This reduction mirrors the transition in CD delivery modalities from exclusively virtual during the pandemic to a hybrid in-person format in the post-pandemic. There are valuable insights from this transition:

- **Virtual** methods are especially beneficial for initial preparatory tasks and data collection and for ensuring continuous communication and accountability throughout the periods between in-person missions. This helps maintaining momentum and overseeing the absorption of capacity and commitment by the host authorities and is proving to be valuable in the current application of hybrid modalities. In the intervals between in-person missions, LTXs maintained regular virtual check-ins with counterparts to advocate for reforms, update on progress, and address technical hurdles. This nuanced approach ensures that CD initiatives are precisely aligned with the distinct needs of each beneficiary country, thereby optimizing the effectiveness of the support provided. Similarly, leveraging online

courses that are readily available during the preparatory phase of in-person, multi-country CDOT courses has proven to be beneficial.

- **In-person** engagements are particularly valuable for conducting diagnostics and applying practical solutions, including the utilization of countries' own data to tailor policy scenarios. These sessions promoted interactive group presentations and discussions with policymakers, significantly enriching the learning experience. This is especially relevant for countries with limited capacity absorption.

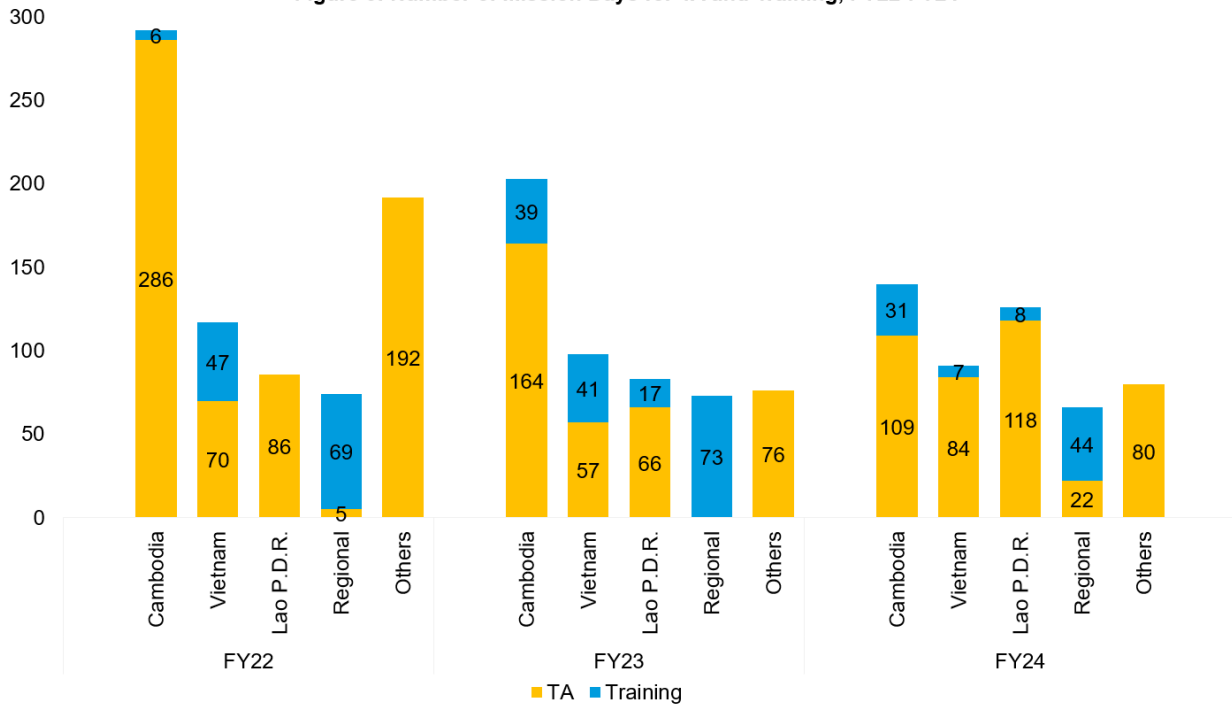
Figure 2: Number of TA Mission Days



Source: CDMAP and CDOT staff calculations

8. CDOT courses are delivered in tandem with TA missions, enabling the seamless integration of TA and training activities under the cohesive framework of CDOT CD delivery. In FY24, approximately 18 percent of mission days were dedicated to country-specific and regional trainings (Figure 3). These provided country authorities with access to new tools, facilitated their application through hands-on TA support tailored to their own country contexts, addressed lingering statistical issues, and promoted consistency across various macroeconomic datasets (Box 1). Furthermore, CDOT's high-level, peer-to-peer learning seminars focused on emerging topics of significant interest, such as climate change, digitalization, gender, cross-border payments, and Central Bank Digital Currencies (CBDCs). These seminars have successfully drawn a large number of participants from a diverse array of beneficiary countries, highlighting their relevance and appeal (Box 2).

Figure 3: Number of Mission Days for TA and Training, FY22-FY24



Source: CDMAP and CDOT staff calculations

9. The distribution of CD delivery in FY24 was well-balanced across the core themes (Figures 4-5). Central to this distribution were macroeconomic management and monetary and foreign exchange (FX) operations, which accounted for approximately 40 percent of the CD delivery across various themes. This was closely followed by CD in data and statistics, specifically Government Finance Statistics (GFS) and External Sector Statistics (ESS), which represented about 33 percent of the total delivery and has seen robust progress, bolstered by ongoing engagements throughout the pandemic. The proportion of CD related to fiscal matters, including Treasury Management (TRM) and Public Financial Management (PFM), experienced a decrease to 27 percent compared to the previous year. This decline is attributed to the process of filling the PFM LTX position during FY24.

Figure 4: Share of Total Mission Days by Project in FY23

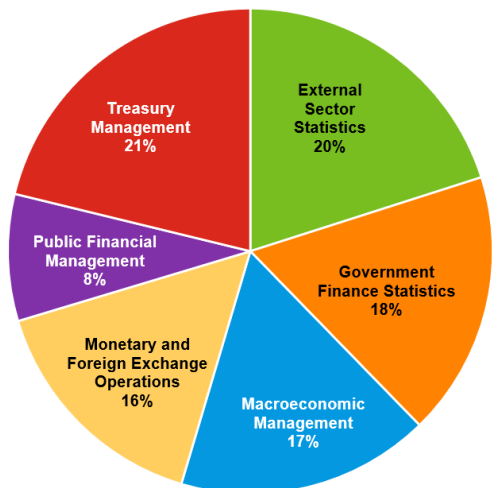
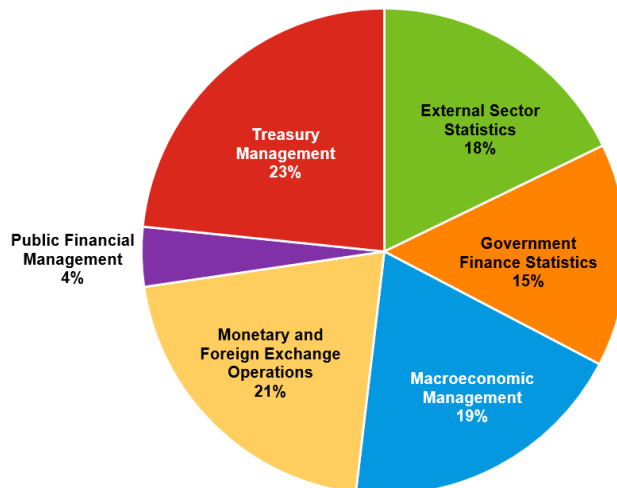


Figure 5: Share of Total Mission Days by Project in FY24



Source: CDMAP and CDOT staff calculations

BOX 1. CDOT: TYPES OF MACRO-ECONOMIC TRAININGS

Multi-country foundational macro courses, delivered in coordination with STI and ICD, and covering topics including monetary policy, exchange rate policy, fiscal policy, debt, and macro-diagnostics. These courses prioritize capacity development aimed at central bank officials involved in pre-FPAS and FPAS TA and officials in the cross-agency core groups and are also open to other CLV officials. Where practical, CDOT training programs are delivered with customized training materials using the CLV countries' own data.

Single-country courses targeted at macro core groups most in need of fundamental training. This training delivered in conjunction with TA missions, allowing for an integration of TA and training activities, customized training materials using single country data with shock and policy scenarios.

Regional workshops and seminars on emerging topics cover issues of interest to the CLV authorities, such as climate, the Integrated Policy Framework, and gender. These workshops or seminars could take various forms and bring together IMF CD departments, APD country teams, regional experts (BOT, Japan, others), and officials from CLV countries.

Cross-country seminars facilitating peer-to-peer learning and building communities of practice with a view of strengthening the core-group members skills to apply tools and communicate policy analysis outcomes to peers, policy-decision makers, and surveillance missions. Seminar participants also engage in hybrid discussions with IMF Article IV country teams to exchange views on macroeconomic forecasts and frameworks. These peer-to-peer learning events could be delivered virtually or in hybrid settings.

On-line learning tools remain integral part of trainings delivery encouraging participants to take preparatory course on-line which could be followed with in-person trainings.

BOX 2. CDOT AND SARTTAC: HIGH-LEVEL SEMINAR ON CLIMATE CHANGE ISSUES FOR GOVERNORS AND FINANCIAL SECTOR POLICYMAKERS DECEMBER 12-13, 2023.

APD and MCM held a high-level seminar on climate change issues, co-hosted by the Bank of Thailand (BOT), financed by the government of Korea, and organized jointly by CDOT and SARTTAC. About 60 participants from 13 countries, including 10 governors and deputy governors of central banks joined discussions. The event catalyzed sharing of experiences and climate change-related challenges among leaders of financial sectors of Asian countries. Given the massive scaling up of investments required to address climate impacts, governments, regulators, multilateral institutions, and the private sector need to work together to attract financing.



C. Highlights of CD Activities⁴

10. In FY24, beneficiary countries have reached significant reform outcomes, supported by CDOT activities:

Macroeconomic Management (MAC)

- **In Cambodia**, the National Bank of Cambodia (NBC) is using nowcasting models to produce a short-term projection of quarterly GDP and inflation and is now developing a tailored Quarterly Projection Model (QPM). With the MAC CD support, a cross-agency core macroeconomic working group now updates and runs the macro-framework, and missions' findings are used as inputs for MEF and NBC policy decisions.
- **In Lao P.D.R.**, BOL is developing macro diagnostics, nowcasting and near-term forecasting capabilities for monetary policy decision-making. The cross-agency core working group is developing a macro-framework tool and cross-sector database, accessible by all participating agencies.

⁴ This section just highlights selected CD outcomes. A comprehensive summary of what was achieved by CDOT under each of CDOT's six JSA-funded projects is provided in six sections of the Appendix prepared by CDOT LTXs.

- **In Vietnam**, the State Bank of Vietnam (SBV)'s core group runs the QPM independently, and FPAS is increasingly becoming an effective part in informing conduct of the SBV's monetary policy. The inter-agency macroeconomic working group has developed an initial macro-framework tool and presented their baseline forecast and policy scenarios to MPI's Vice Minister.

Monetary and FX operations

- **In Cambodia**, the NBC has introduced a 7-day Liquidity Providing Collateralized Operation (LPCO), streamlined overnight Marginal Lending Facility (MLF), introduced the policy rate and linked 7-day LPCO and interest rate corridor to the policy rate, increased partial averaging maintenance of reserve requirements in KHR, and streamlined FX auctions platform.
- **In Lao P.D.R.**, Bank of Lao P.D.R. (BOL) prepared and agreed a multi-year CD work plan to support its monetary policy formulation and implementation. The BOL has introduced 7-day BOL bills to absorb liquidity; established a Liquidity monitoring table, which is updated weekly; and established a Liquidity Monitoring and Forecasting Group (LFG) to monitor market liquidity and forecast next week's liquidity changes.
- **In Vietnam**, the SBV's efforts are focused on streamlining its monetary operations.

External Sector Statistics (ESS)

- **Cambodia** improved the recording of trade in goods in the Balance of Payments (BoP) and enhanced the compilation of direct investment data, utilizing administrative data from the banking sector's financial statements.
- **Lao P.D.R.** developed a compilation system for direct investment and external debt statistics (EDS), incorporating surveys and administrative data from banking sector's financial statements.
- **Vietnam** initiated the process of revamping the production of direct investment, aligned to BPM6 methodology, and updating its legal framework to improve the BoP source data.
- **Nauru's** improved source data availability, excluding trade of goods, as the majority of external transactions are conducted by the government.
- **Papua New Guinea** initiated the process for compiling and disseminating IIP data and efforts are focused on improving the accuracy and reliability of international trade of goods data, enhancing direct investment statistics, and improving the data collection of remittance transfers.
- **Samoa** enhanced the consistency of ESS data with other macroeconomic datasets, and historical IIP time series have been revised to bolster reliability.

- **Timor-Leste** refined the estimation of several BoP components, including the compilation of goods, manufacturing services on input owned by others, direct investment, and secondary income.
- **Tonga** is actively working on developing administrative data sources for cross-border position statistics and to improve data sharing procedures.

Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS)

- **Cambodia** translated extrabudgetary units' trial balances into GFS while also consolidating into general government and improved experimental COFOG. Cambodia restarted disseminating quarterly PSDS to the World Bank. Work continues to improve consistency of data, especially with secondary data sources and developing (financial) balance sheet data.
- **Lao P.D.R.** followed up on arrears that contribute to the level of debt and clarified fiscally relevant government transactions. Work continues improving the overall GFS quality and coverage, with the statistical discrepancy being the most important.
- **Vietnam** compiled PSDS data on an experimental basis in line with the World Bank / IMF template. Work continues on more frequent, timely, and detailed GFS.
- **Indonesia** is improving internal consistency within GFS, is assessing the classification of statutory bodies and SOEs, and is developing techniques to estimate missing data.
- **Malaysia** started translating annual surveys of statutory bodies and SOEs into GFS and classifying these units, upgrading COFOG compilation, and translating budget plan data into the GFSM 2014 framework.
- **Philippines** disseminated fiscal surveillance files that align with GFSM 2014, used by the Article IV team, started assessing the classification of SOEs, and translating SOEs financial statements into GFSM 2014. Work continues to upgrade the government sector data with the newly implemented balance sheet approach.
- **Thailand** is improving compilation procedures for GFS.

Public Finance Management (PFM)

- **Cambodia** further progressed FMIS implementation and is developing interoperability frameworks for the PFM digital ecosystem. They also introduced the legal framework for undertaking spending reviews to improve the efficiency and effectiveness of government spending.
- **Lao P.D.R.** progressed in developing the new economic segment for the chart of accounts (COA), with a classification of expenditures, revenues, and balance sheet accounts aligned with the GFS Manual 2014.

Treasury Management (TRM)

- **Cambodia** continued to progress with annual accounting on a cash basis in International Public Sector Accounting Standards, scheduling a pilot on a modified cash basis of accounting based on its action plan towards accrual accounting and conducted the region's first two IT-based Internal Audits.
- **Vietnam** implemented further improvements in cash management and conducted its second pilot risk-based Internal Audit. Work continues on the Chart of Accounts and risk-based expenditure controls.
- **Laos** continues training on cash management.

D. The Return to In-person CD: Challenges and Lessons Learned

11. Reform efforts bolstered by CDOT projects enhance the integration of CD with surveillance activities. The CDOT director plays a leading role in the integration of CD with surveillance efforts, facilitating continuous dialogue among country teams, authorities, and CD delivery departments, with a view of aligning CDOT LTXs work programs to country-specific and regional priorities. CDOT LTX missions often coincide with, precede, or follow surveillance missions, employing well-aligned TA and training modalities to support data compilations in macro, external, fiscal, real, and monetary sectors. The outputs of TA missions frequently inform authorities' policy decision-making and contribute to discussions with IMF surveillance teams. These connections between CD and surveillance facilitate overall well-informed policy discussions, which in turn foster strong CD ownership in beneficiary countries. The continuous process of customizing CD delivery tools to meet country-specific needs, aligning CD deliveries with a country's decision-making processes, integrating training and TA programs, maintaining linkages with surveillance activities, and facilitating cross-thematic collaborations are crucial components of successful CD deliveries (Box 3).

12. Core working groups, whether agency-specific or cross-agency, are pivotal in shaping the CD work programs and aligning them with the countries' institutional reform agendas. The CDOT director emphasizes importance of well-structured institutional frameworks for effective CD absorption. Consequently, the significance of core groups in bolstering ownership and accountability in CD implementation has grown markedly. In practice, these core groups frequently serve as the primary centers for implementing reforms, fostering a sense of ownership, and establishing accountability mechanisms for these reform actions, supported by CD initiatives. Additionally, cross-agency core macroeconomic working groups often

emerge as key centers for facilitating data and information sharing across agencies, enabling discussions on formal protocols to ensure timely and consistent exchanges.

13. Macroeconomic CD strategy is centered around building capacity of core macro working groups. All TA projects are delivered to core working groups composed of both technical and senior staffs of respective agencies. These groups are usually formed by government orders and members of the groups are formally assigned with accountability to the deputy governor or the deputy minister in charge. Specifically, the monetary policy core groups are staffed solely by central bank personnel, reflecting the emphasis on monetary policy issues. Conversely, the macroeconomic framework cross-agency core groups draw their membership from a broader spectrum of agencies, including the ministry of finance, central banks, and statistical offices, among others. These core groups serve as vital forums for macroeconomic discussions and the exchange of data across different agencies. Notably, in Lao P.D.R. and Vietnam, the cross-agency core groups are expanded to include representatives from the Ministry of Planning (MPI) and other sectoral ministries. Additionally, certain training segments of TA projects—such as Financial Programming and Policies (FPP), Macroeconomic Diagnostics (MDS), Forecasting (MFA), and Nowcasting (NWC)—are accessible to non-core group members from the participating agencies. This inclusive approach fosters improved cooperation among key economic agencies, facilitates the exchange of data and policy dialogue, enhances the cost-efficiency of CD initiatives, and mitigates the risk of turnover among group members.

14. Well-established cross-agency collaboration protocols are key for timely and consistent data compilations across all projects. In absence of formal data exchange and coordination protocols amongst various government agencies, core working groups or informal liaison arrangements are commonly in place to facilitate data gathering. However, various government agencies have lengthy internal approval processes for regular data requests which remain a challenge, affecting the timeliness of data and leading to deficiencies. To address existing data gaps, the government agencies' top-management support is essential for data sharing amongst these agencies and administrative data provision for compiling macroeconomic statistics. Consistent staffing challenges also remain. Efforts are ongoing to promote more effective data-sharing protocols and compilation coordination between government agencies, in collaboration with APD country teams.

15. Cross-thematic collaborations enrich CD delivery. IMF RCDCs are instrumental in promoting cross-thematic collaborations among LTXs. A notable instance of such

collaboration is the multi-year CD engagement with the BOL, facilitated by CDOT Director through joint efforts among APD, MCM, and ICD, featuring two complimentary project leads by MCM and ICD CDOT LTXs (Box 4). CDOT LTXs are regularly engaged in joint training programs with SARTTAC on monetary operations, public financial and treasury management, gender budgeting, and statistics. LTXs also regularly engage with the WB, ADB, and JICA experts in peer learning activities with good examples of collaboration in treasury management and monetary operations activities.

16. CDOT is actively enhancing its communication platforms for better dissemination of its CD activities. A new webpage was launched on June 10, 2024⁵ which includes information on the funding source from the Government of Japan and support from the Bank of Thailand, following the practice by other RCDCs. It is regularly updated with information on TA missions and training activities in recipient countries.

⁵ <https://cdot.imf.org/>

BOX 3. LESSONS LEARNED FROM THE CDOT MACROECONOMIC TA WORKSTREAM

Customize CD delivery:

- Build synergies with existing tools; simplify unnecessary features and harmonize forecasting tools and analytical concepts.
- Pay attention to country-specific risk profiles and absorptive capacity.
- Build manuals and materials to counter staff turnover and facilitate tools maintenance.
- Make use of both virtual and in-person modalities, in line with country-specific characteristics and needs.

Align outputs with policy deliberations and decisions:

- Customize not only the structure of tools, but also their outputs-making them valuable as communication instruments for central banks and ministries.
- Make model/tool results directly applicable to medium-term fiscal and debt strategies or meeting central bank monetary policy objectives.
- Produce tables and charts that are understandable to policymakers and the general public.
- Utilize core group structure to improve collaboration between economic agencies and reduce staff turnover risk.

Focus CD delivery on core groups:

- Utilize core group structure to improve collaboration between economic agencies and reduce staff turnover risk.
- Focusing the delivery of TA, in-country training and regional training on core group members and ensure the projects workplans are interrelated to maximize synergies.

Integrate training and TA to maximize impact of knowledge transfer:

- Select training courses which build the human capital needed to make TA projects successful.
- Encourage staff in key technical positions to help spread knowledge transfer.

Integrate CD and surveillance to enable CD absorption, facilitate a better understanding of CD needs, and support surveillance discussions:

- Employ modalities for CD-surveillance integration such as having CD activities overlap with the Article IV missions, LTXs/CD providers joining the Article IV concluding meetings, and facilitating technical follow-ups on key issues raised by the Article IV in the context of CD.
- Ensure that the CD work helps to frame technical discussions of the outlook between the authorities and the country team.
- Use CD activities between surveillance missions to facilitate interactions between the Article IV country teams and CD beneficiaries around updated economic outlooks. Outputs of CD activities may also feature in Article IV reports.

Facilitate close cooperation with other Fund departments:

- Cooperation with FAD/MCM/STA is essential to develop complete macroeconomic frameworks building on medium-term fiscal frameworks (MTFFs) and central bank forecasting and policy analysis systems (FPAS), with adequate data quality (STA).

BOX 4. CDOT: CROSS-THEMATIC COLLABORATION TO SUPPORT MULTI-YEAR CD ENGAGEMENT WITH BOL

IMF RCDCs are instrumental in promoting cross-thematic collaborations among LTXs. A notable instance of such collaboration is the multi-year CD engagement with the BOL, facilitated by CDOT Director through joint efforts among APD, MCM, and ICD, featuring two complimentary project leads by MCM and ICD CDOT LTXs.

CDOT's regional and in-country trainings have generated BOL's interest in bespoke multi-year CD programs. Currently, CDOT is overseeing a dual-faceted multi-year CD initiative for BOL, comprising: (i) the enhancement of the monetary policy framework (pre-FPAS CD) through the refinement of BOL's decision-making processes, and (ii) the fortification of monetary policy implementation via the development of tools designed to synchronize market conditions with the desired monetary policy stance. The initiative's first component is directed by ICD, with support from a CDOT macroeconomic advisor well-versed in regional macroeconomic surveillance. The second component is managed by a CDOT advisor in Monetary and FX operations, known for their proficiency in delivering CD both bilaterally and regionally in this region.

BOL has solidified its ownership of these multi-year CD programs by forming an internal committee, chaired by the Deputy Governor and the Director General of the Monetary Policy Department, to supervise the two CD projects. This dedicated committee is committed to maintaining active engagement to fulfill the medium-term objectives of the CD program. Impressively, BOL has achieved significant progress in less than a year since the inaugural multi-year work plan was devised and ratified in July 2023. The detailed CD work plans for both projects offer the APD team precise insights into the CD objectives and activities, ensuring superb coordination among all stakeholders. This collaborative approach is aimed at driving efforts to secure outcomes that support the nation's long-term development.

Eteri Kvintradze, Director, CDOT