

**EXECUTIVE  
BOARD  
MEETING**

SM/22/208  
Supplement 5  
Correction 1

September 29, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Independent Evaluation Office—The IMF and Capacity Development—Case Studies for Western Hemisphere**

Board Action: The attached corrections to SM/22/208, Sup. 5 (8/3/22) have been provided by the IEO:

**Evident Ambiguity** **Page xi**

**Factual Errors Not Affecting the Presentation of the IEO's Analysis or Views** **Page 21**

Questions: Mr. Collins, IEO (ext. 38383)  
Mr. Kell, IEO (ext. 37715)



recommendations contained therein, possibly as an Annex to the annual Article IV consultation. This would also help enhance the granularity and specificity of surveillance recommendations.

Assessing effectiveness and impact of CD in the four case studies has proven challenging. The Results-Based Management (RBM) framework to assess effectiveness was not applied systematically during the evaluation period. For the projects that received objective and/or outcome ratings, the ratings are generally well aligned with the findings outlined below from other sources of information, such as the interviews with staff and officials, and relevant documents. As regards impact, it is of course always open to debate precisely how much IMF CD contributed to observed progress in specific policy and institutional reforms. With these caveats in mind, the evaluation focused on available evidence of traction (i.e., to what extent CD recommendations were implemented) and of specific policy and institutional improvements in the areas covered by the CD. It also focused on the likely main determinants of the CD effectiveness, or lack thereof.

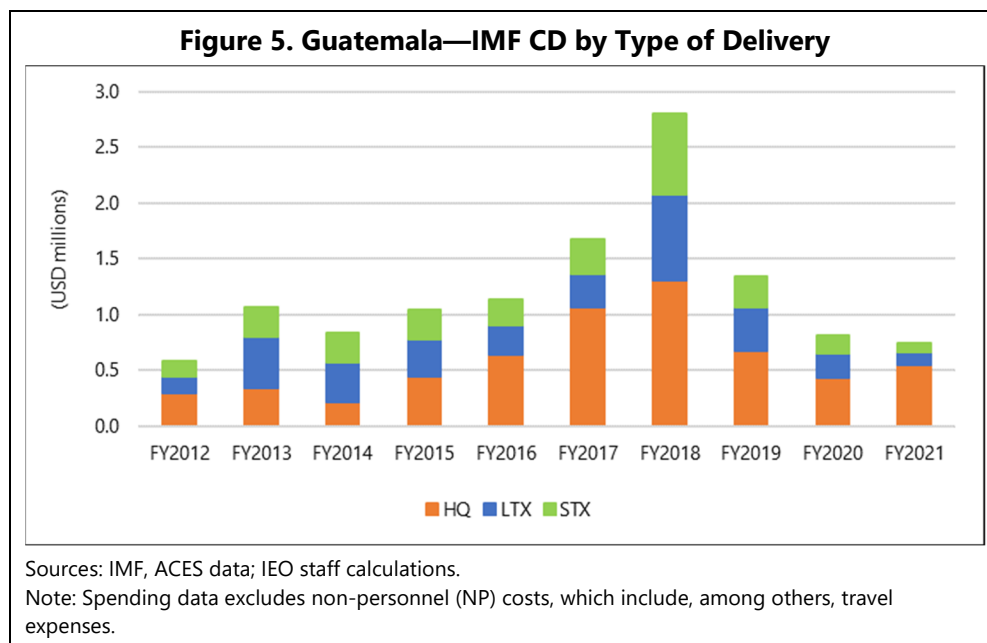
The analysis suggests that CD was on average most fruitful in Jamaica, where substantial and sustained improvements were achieved in key macroeconomic policies and institutions. This owed first and foremost to the authorities' strong ownership of the reform program supported by the Fund, and to their ability to build adequate socio-political consensus on difficult adjustment measures. It also owed to the intense and sustained engagement by the Fund staff in both WHD and the CDDs, as well as by CARTAC, over several years; and it benefited from partnerships with donors and some other CD providers. Going forward, the challenge will be to adjust the level and composition of CD to Jamaica, in a surveillance-only context, to supporting the consolidation of previous reforms and the progress still needed in a number of areas. The recent Country Strategy Note for Jamaica, discussed in the case study below, outlines the staff's proposed strategy towards this objective.

In both Brazil and Peru, the evaluation's analysis suggests that Fund CD (predominantly in the fiscal area) was generally appreciated by the authorities for offering independent advice of high technical quality and reflective of international best practice, and that in several instances it provided useful inputs into policy and institutional improvements. However, in both cases, but especially in Peru, its effectiveness was adversely affected by the political instability, and the related changes in government and in senior management of key institutions, which characterized most of the evaluation period.

In Guatemala, although the allocation of CD has been largely in line with reform priorities identified in surveillance, CD traction and impact have not been commensurate with the resources devoted to it. The political economy factors discussed in the case study below undoubtedly played a major role in this subpar performance. Severe capacity limitations and high management turnover in some of the recipient institutions also contributed to it. It would seem desirable to better modulate ~~the level and composition of~~ future CD to Guatemala (and more generally) to better reflect the extent of progress in the reforms supported by it. This would

## B. Delivery

15. Approximately two-thirds of the CD provided to Guatemala has been delivered through CAPTAC, through a combination of LTX and STX assignments (Figure 5). This likely reflects a number of factors. Most of the assistance has been on institution- and capacity-building, rather than policy advice, requiring repeated interventions over an extended period of time. Also, the authorities maintain a fluid dialogue with the CAPTAC’s coordinator and LTXs, facilitated by the Center’s location in Guatemala City. In the interviews, officials expressed appreciation for CAPTAC staff’s technical expertise and knowledge of the country’s specificities, and for its responsiveness to their requests for support. Finally, the lower direct involvement of HQ staff in the delivery of CD to Guatemala may also reflect some frustration with concerns about the limited traction of the advice provided in most areas (see Section D below).



16. CDDs maintain, however, oversight on the operations of CAPTAC, by reviewing the proposed program of work of the Center, before it is submitted to its Steering Committee; by recruiting the LTXs assigned to the Center; by reviewing terms of references, back-to-office reports, and TA reports prepared by experts used by the Center; through regular virtual contacts with their respective LTXs; and through periodic inspection visits. The intensity of this backstopping has tended to vary by department and over time, being traditionally stronger in FAD and STA, but significantly increasing also in MCM in the last few years.

17. Guatemala has been a significant recipient of IMF training both in the form of Institute for Capacity Development (ICD) courses and of specialized training by other CDDs, averaging over 100 participant weeks per year during 2012–2020. The largest beneficiaries have been staff from *Banguat*, the Superintendency of banks, and the Ministry of Finance (Figure 6).