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IMF to Open New Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic

The IMF will open in May 2009 its new Central America, Panama, and the Dominican Republic Technical Assistance Center (CAPTAC-DR).

“CAPTAC-DR is an important component of the IMF’s far-reaching reforms that will enable the Fund to respond more effectively to the emerging challenges of the global economy,” said Murilo Portugal, Deputy Managing Director of the IMF. “The global implications of the current financial crisis highlight the importance of continued strengthening of policy frameworks and effective policy implementation at the national and regional levels, for which CAPTAC-DR is expected to become a natural conduit.” CAPTAC-DR will be the Fund’s second Technical Assistance Center in the region, after the Caribbean Regional Technical Assistance Centre (CARTAC), which has been operating since 1999 on the island of Barbados.

Hosted by the Central Bank of Guatemala, the regional technical assistance center will serve Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. CAPTAC-DR’s staff will consist of a Center Coordinator who will be responsible for the day-to-day management of the Center; and resident advisors and short-term experts recruited and supervised by the IMF. The Center’s technical assistance, which will emphasize institution building, will complement policy-oriented technical assistance provided directly from IMF headquarters.

Donors and recipient countries are supporting the Fund’s efforts in expanding the successful model to Central America, Panama, and the Dominican Republic. The Center will require funding of about US\$35 million over five years. About two thirds will be provided by the governments of Spain, Mexico, and Canada, the host country Guatemala, the other recipient countries, and the IMF. In addition, the European Commission, the Central American Bank for Economic Integration, Germany, and the Inter-American Development Bank expressed their support of this initiative and are examining the possibility of a contribution.

Initially, the Center’s activities will focus on five key areas representing common policy challenges to member countries, including those related to increased integration:

- Financial sector supervision and regulation;
- Tax and customs policy and administration;
- Medium-term expenditure frameworks and public financial management;
- Money and public debt markets; and
- Macroeconomic statistics.

Background information

The IMF's existing regional technical assistance centers in other parts of the world are widely considered as models for capacity building by the international community. External evaluations have consistently emphasized their outstanding effectiveness and highlighted their function as an ideal forum for donor coordination in line with the Paris Declaration on Aid Effectiveness. Feedback from recipient countries is also overwhelmingly positive, because such centers provide a natural platform for regional integration (economic and financial market integration, harmonization of regulatory frameworks, and adoption of best practices) and assist countries in reaping the benefits of globalization.

Demand for IMF technical assistance is rising in light of the current global economic and financial crisis, but also because countries are seeking to strengthen their institutions. At the same time, the Fund is moving forward with a broad range of measures to respond more effectively to its members' needs in light of emerging challenges of the global economy. To meet this rising demand, as well as to better coordinate assistance delivery, the Fund seeks to strengthen its partnerships with donors by engaging them on a broader, longer-term, and more strategic basis. As a part of these efforts, the Fund intends to open, in addition to CAPTAC-DR three additional Regional Technical Assistance Centers (Central Asia, and Southern and Western Africa).

Complementing the regional perspective of these centers, the IMF will establish a number of Topical Trust Funds. These Topical Trust Funds will provide a global geographical coverage and a specialized topical scope. The first trust fund supporting technical assistance in the field of Anti-Money Laundering and Combating the Financing of Terrorism will become operational on May 1, 2009. The roll-out of other trust funds is planned over the next year; topics include revenue policy and administration, management of natural resource wealth, public financial management, sustainable debt strategies in low-income countries, financial sector stability and development in low-income countries, and strengthening of statistics, including for financial sector crisis prevention.