

CAPTAC-DR NEWS

The logo for CAPTAC-DR's 15th anniversary. It features a large white '@' symbol with a globe inside the loop. To the right of the '@' is a large '15' in white, with 'YEARS' in smaller white text above it. Below the '15' is 'CAPTAC-DR' in white. A blue checkmark is integrated into the '5'.

62nd Edition: February - April 2025



 **CAPTAC-DR**

 **@captacdr**



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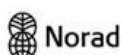


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OF THE GRAND DUCHY OF LUXEMBOURG



El futuro
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A word from the Director

Welcome to the 62nd. edition of our Quarterly Newsletter!

Dear reader,

It is with great enthusiasm that I welcome you to this new edition of our newsletter, covering the months of February, March, and April of 2025. As always, we are pleased to share key highlights and keep you informed about our work progress across the region.

This edition features a timely article on cybersecurity, highlighting best international practices and implementation in our member countries. We also showcase the latest developments in the modernization of public financial management, with a special focus on modernization of national treasuries.

We are also excited to introduce a new section: our Quarterly Progress Report, which offers a snapshot of results achieved during the fiscal year. From now on, this feature will be included in every edition, providing greater transparency and insight into our work.

We hope you enjoy this issue and find it both informative and engaging. Thank you for your continued support and for being part of the CAPTAC-DR community.

Warm regards,

Ari Aisen,
CAPTAC-DR Director



Outreach

In Q4, the Center held multiple meetings and realized various outreach activities. The following events stand out:

Key Meetings with Regional Authorities and Development Partners



Welcome image of the 2025 Spring Meetings of the IMF and the World Bank, where key issues regarding the global economic outlook and its impact on Central America, Panama, and the Dominican Republic were discussed.

During the 2025 Spring Meetings of the International Monetary Fund and the World Bank, CAPTAC-DR Director Ari Aisen engaged with Central American, Panamanian, and Dominican Republic Central Bank Presidents and Ministers of Finance at the CAPDR meeting sponsored by the IMF's Western Hemisphere Department (WHD).

Regional leaders exchanged perspectives on the macroeconomic impact of evolving global developments on the region's economic outlook.



Ari Aisen, Director of CAPTAC-DR, during his participation in the SM25 CAPDR Meeting, alongside economic authorities from the region.



Authorities from CAPTAC-DR member countries gathered at the SM25 CAPDR Meeting to discuss key economic issues for the region.

He also held discussions with representatives from Luxembourg and Mexico to reinforce partnerships and explore continued collaboration under Phase IV (2026-2030) of the Center's operations.

Visit from SECOSEFIN to CAPTAC-DR Offices

CAPTAC-DR had the honor of receiving the Executive Secretary of the Council of Ministers of Finance of Central America, Panama, and the Dominican Republic (SECOSEFIN) at its headquarters. During the meeting, the Center reaffirmed its commitment to capacity development, particularly in supporting member countries in their efforts to strengthen public finances. The visit underscored the strong partnership between SECOSEFIN and CAPTAC-DR—an alliance dedicated to promoting more efficient and sustainable fiscal management across the region. This collaboration plays a vital role in advancing regional integration and enhancing financial stability and soundness.



Institutional Visit of SECOSEFIN to CAPTAC-DR: Strengthening Regional Cooperation from Guatemala City.

Recognition for CAPTAC-DR

CAPTAC-DR's Regional Study on Equality in Customs Administrations won the 2024 "Champions of Change for Equality" award, sponsored by the United Nations System in Guatemala and UN Women's Regional Office for the Americas and the Caribbean.

This study (www.captac-dr.org) was a collaborative effort with the World Customs Organization and the Instituto de Estudios Fiscales (IEF) and benefited from collaboration with the WCO Regional Vice-Presidency for the Americas and the Caribbean, held by Guatemala. This important recognition reaffirms the Center's continued efforts to support more effective and inclusive practices in customs administrations across the region.



Recognition to CAPTAC-DR at the 'Protagonists of Change for Equality 2024' awards, organized by the United Nations System and UN Women. In the image, the UN Resident Coordinator in Guatemala, Miguel Barreto, presents the recognition to the CAPTAC-DR team.

Highlights - Fourth Quarter

During the fourth quarter, the Center continued strengthening the technical and strategic capacities of its member countries in several high-priority areas:

Strengthening Cyber Risk Regulation and Supervision

The Financial Supervision and Regulation area held a seminar focused on enhancing the regional financial sector's ability to respond to growing cyber threats. The event brought together 29 mid- and senior-level officials from supervisory entities in CAPTAC-DR's member countries, Colombia, and the Central American Monetary Council, reaffirming the region's commitment to financial sector resilience.

Participants received specialized training on regulatory frameworks, cyber governance, and security testing. The program also covered comprehensive strategies for cyber risk management and fostered the exchange of experiences and best practices among participants. A key takeaway was the importance of promoting a culture of collaboration and effective communication among supervisors on cybersecurity matters.



Regional seminar on Improving Regulation and Oversight of Cybersecurity Risk, to representatives of the Banking Superintendencies of the CAPRD region.



Members of the Cyber Resilience Committee of the Central American Council of Banking Superintendents, Insurance, and Other Financial Institutions.

Nowcasting and Machine Learning Applications for Macroeconomic Forecasting

Eighteen officials from the central banks of the CAPDR region and Panama's Ministry of Economy and Finance were trained in "Nowcasting and Machine Learning Applications for Macroeconomic Forecasting." The primary objective was to enhance the analytical capacity of technical teams in producing short-term and real-time macroeconomic forecasts—critical tools for timely policy responses, especially in periods of uncertainty.

The intensive training combined theoretical knowledge with hands-on experience in advanced econometric techniques and machine learning models. Through applied exercises, participants explored innovative methodologies for forecasting key economic variables.

The event was opened by Rodrigo Méndez Maddaleno, Country Economist for Guatemala, El Salvador, and Honduras at the Central American Bank for Economic Integration (CABEI), who emphasized the value of such initiatives in strengthening institutional and technical capacities in face of today's economic challenges.



Seminar 'Nowcasting and Machine Learning Applications for Macroeconomic Projections' Antigua Guatemala, Guatemala.

Leadership Program for Tax and Customs Administrations

From March 17 to 21, 2025, CAPTAC-DR, in collaboration with the IMF's Fiscal Affairs Department and Spain's Institute for Fiscal Studies (IEF), hosted the seventh edition of the "Advanced Executive Leadership Program for Tax and Customs Administrations" in Panama City.

The program convened senior leaders from the region's tax and customs administrations to enhance their strategic and management skills. Over several days of collaborative work, participants addressed key challenges facing modernization efforts and developed leadership competencies to foster transformative, resilient, and modern administrations.

The program was supported by the Inter-American Development Bank (IDB), the Inter-American Center of Tax Administrations (CIAT), and other development partners.

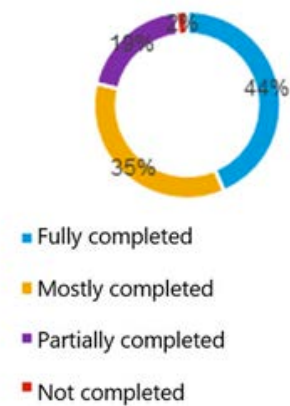
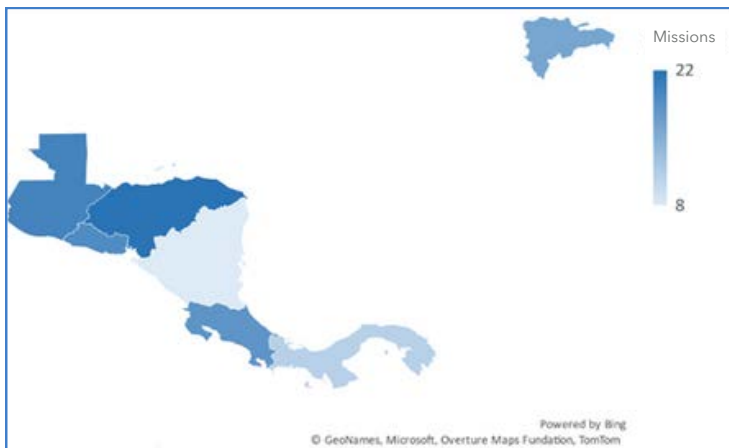


*Leadership & Management Program - 7th. Edition | Face-to-Face Phase
March 17th. - 21st., 2025 Panama City, Panama*

Progress of Capacity Development in the Fourth Quarter

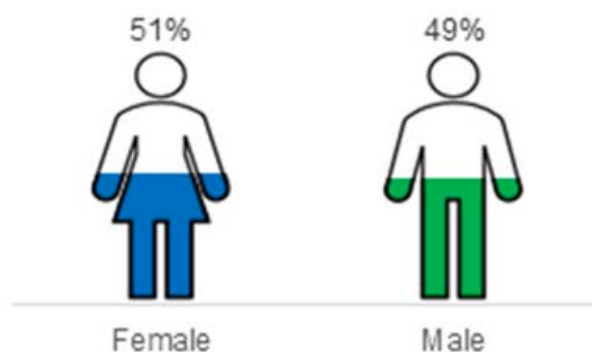
During fiscal year 2025 (from May 2024 to April 2025), the Center delivered approximately **115 technical assistance missions** across its seven areas of operation.

Work was carried out on more than **200 milestones** agreed upon with member countries, with the following key results:



35 regional activities were conducted, including **18 in-person trainings, 9 virtual sessions, and 8 bilateral specific trainings and other regional meetings.**

Over **1,000 officials** from the region were trained, with a balanced participation of women and men.



The in-person training activities received an average rating of 4.9 out of 5.0, reflecting a high level of participant satisfaction.

In total, the Center invested more than **3,000 working days** in capacity development activities during FY25.

As a result, a **weighted milestone achievement score of 3.3 out of 4.0** was recorded, indicating a **largely met level of execution.**

Cybersecurity and Financial Stability: An Emerging Challenge

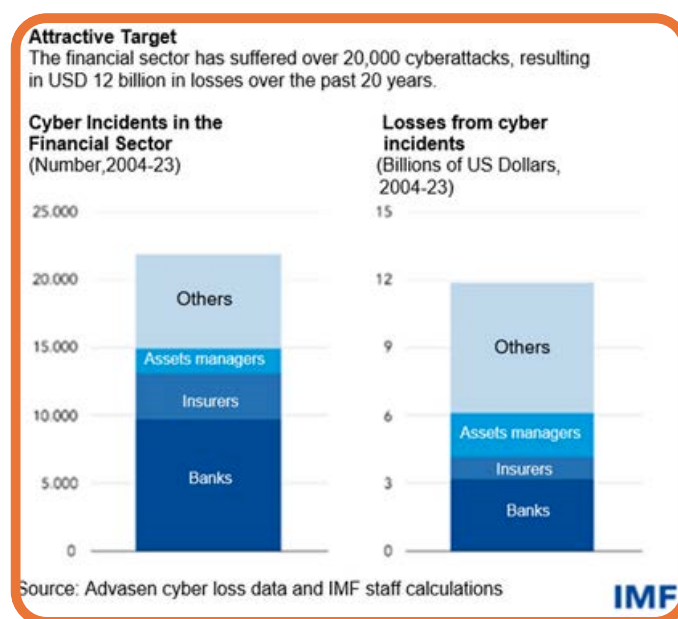
By: Jimena López & José Castañeda

The digitization of financial services has radically transformed how people and businesses access, transfer, and store resources. This process has brought significant advances in efficiency and inclusion but has also introduced new vulnerabilities. In particular, the growing dependence on digital systems has exposed the financial sector to increasingly complex and disruptive cyber risks.



Instructors' team of the seminar on 'Improving Regulation and Oversight of Cybersecurity Risk' Santo Domingo, Dominican Republic.

In different publications, the International Monetary Fund (IMF) has warned that these risks are no longer a technical concern limited to IT teams but a potential threat to macro-financial stability. In recent years, while many cyber incidents have been relatively small in scale, extreme losses have increased alarmingly, as shown in the chart below. Natalucci et al (2024) emphasize that this situation poses urgent challenges for regulatory and supervisory authorities, especially in emerging and developing economies.



In this context, many questions arise about the role of banks and banking supervisors. In the following article, we aim to answer some of the most frequently asked questions.

What impact can cyberattacks have on the stability of the financial system?

Cyberattacks pose a growing threat to the stability of the global financial system. A key example is the 2016 cyberattack on Bangladesh's central bank, where \$1 billion was nearly stolen through vulnerabilities in the SWIFT system[1]. Although most transactions were blocked, \$101 million were lost, revealing that systemic cyber risks had been seriously underestimated. Since then, it has become widely accepted that a major cyberattack is not a matter of "if" it will occur, but "when," because of its potential to disrupt critical operations and undermine public confidence in the financial system (Maurer & Nelson, 2021).

The impact of these attacks goes beyond direct economic losses potentially triggering systemic crises by compromising the infrastructure of financial institutions. In this connection, the Financial Stability Board has warned of the macroeconomic impact of such events, particularly when attackers seek to alter the integrity of records, algorithms, or transactions. The lack of consolidated solutions to address these threats underscores the urgency of strengthening cyber resilience[2].



Opening words by the Director of CAPTAC-DR at the seminar on 'Improving Regulation and Oversight of Cybersecurity Risk' Santo Domingo, Dominican Republic.



Opening words by Raúl Real, Resident Advisor in Banking and Financial Supervision of CAPTAC-DR at the seminar on 'Improving Regulation and Oversight of Cybersecurity Risk' Santo Domingo, Dominican Republic.

According to Maurer and Nelson (2021), this risk is amplified by the rapid digital transformation of the financial system, driven by technological competition, teleworking, and the growing use of online financial services. The COVID-19 pandemic intensified these trends, creating a more vulnerable environment. In response, it is essential to reinforce the economic system's resilience through coordinated action, where banking supervisors play an essential role.



*Seminar on 'Improving Regulation and Oversight of Cybersecurity Risk' Santo Domingo, Dominican Republic.
Please note that machine translation obtained from AIDA can be used for information purposes only*

[1] Society for Worldwide Interbank Financial Telecommunication is a global network for financial messaging that enables financial institutions to exchange information on financial transactions. (SWIFT, s.f.)

[2] According to the IMF (2024), cyber resilience is an organization's ability to continue to carry out its mission by anticipating and adapting to cyber threats and other relevant changes in the environment, and by withstanding, containing, and rapidly recovering from cyber incidents.

What is the role of banking supervisors in addressing cyber risk?

The superintendents of banks play a key role in the supervision and regulation of the cybersecurity practices of financial institutions. Their role includes evaluating technology governance frameworks, overseeing business continuity plans for cyberattacks, and verifying compliance with international security standards, among other responsibilities.

According to Ravikumar (2025), supervisors in many countries lack personnel with sufficient technical expertise to assess banks' cyber resilience properly, limiting their ability to respond to increasingly sophisticated threats. Therefore, strengthening human and technological capacities in superintendencies is a top priority.



*Seminar on 'Improving Regulation and Oversight of Cybersecurity Risk' Santo Domingo, Dominican Republic.
Please note that machine translation obtained from AIDA
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Superintendents are encouraged to promote regular penetration testing[3], vulnerability assessments, and cyber crisis drills. In addition, they should foster collaboration with other regulatory agencies, both nationally and internationally, to enhance preparedness for cross-border threats.

Bank superintendencies are fundamental actors in the defense of the financial system against cyber risks. Strengthening their institutional and technical capacity is desirable and urgent to protect confidence in financial markets and ensure their continuous operation in the new digital environment.

What is the role of CAPTAC-DR in cybersecurity issues in the region?

The Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR), in conjunction with the IMF's Monetary and Capital Markets Department, continues to play a strategic role in strengthening cybersecurity in the region. It plays this role through various bilateral technical assistance initiatives and regional seminars, particularly those conducted with the Dominican Republic, Guatemala, El Salvador, and Costa Rica.

[3] Controlled simulations of cyberattacks by specialized professionals (known as ethical hackers) who seek to identify and exploit vulnerabilities in an organization's systems, networks, or applications. Komitas S. (2025).

In March 2025, CAPTAC-DR organized a key regional event held in the Dominican Republic to improve responsiveness to emerging cyber risks. The seminar included mid- and senior-level officials from supervisory and regulatory authorities in Central America, Panama, the Dominican Republic, and Colombia.

During this regional seminar, participants received specialized training in areas such as developing and implementing regulations for cyber risk management, cybersecurity governance in the financial sector, security testing, and comprehensive risk management approaches. This event also promoted the exchange of experiences and best practices among countries, strengthening regional cooperation in the face of common challenges in the digital environment.

This effort reflects the growing priority the IMF and its regional centers (including CAPTAC-DR) place on strengthening cyber resilience as a key element of financial stability.



Participants and instructors of the seminar on 'Improvement of regulation and supervision of cybersecurity risk' Santo Domingo, Dominican Republic.

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Steady Course: Progress in Public Financial Management

By: Martha Cubillo
PFM Resident Advisor

This article summarizes the work of the resident advisor in Public Financial Management (PFM), Martha Cubillo, in the IMF's Regional Technical Assistance Center for Central America, Panama and the Dominican Republic (CAPTAC-DR), over the period June 2021 to April 2025 (fiscal years 2022 to 2025, FY21-25).

The beginning of the 2021-2025 period was marked by the emerging needs of the region's Ministries of Finance, in the context of disruptions caused by the COVID-19 pandemic. Flexibility in responding to technical assistance (TA) needs was crucial, as it aimed to improve the efficiency and accountability of countries' financial operations in the face of the health crisis, thereby supporting economic stability and growth.

In this context, the TA PFM program focused on promoting transparency and accountability, enhancing risk management, and improving budgetary and cash management processes. The need to provide timely services to citizens, within the new virtual reality, and to frontload emergency response teams led to the pursuit of improved processes, facilitating a medium-term transition to digital platforms.

This article presents key contributions made during this period and offers recommendations to support the continued strengthening of PFM in the region.

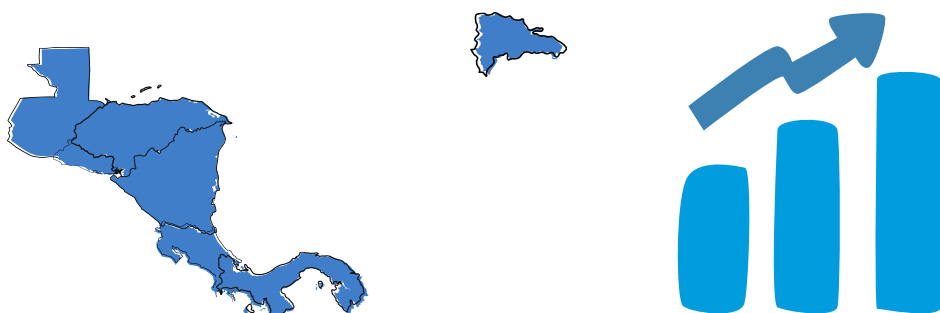
Main Contributions and Achievements

From 2021 to 2025, the region achieved notable progress in improving public financial management systems, despite the challenges posed initially by the COVID-19 pandemic.

A. Treasury management:

Treasury management improvements were evident throughout this period; all seven countries advanced in incorporating good asset and liability management practices while, through digitalization, Ministries of Finance have been modernizing their regular operations.

Guatemala implemented electronic payment card procurement, improving efficiency and ensuring transparency through real-time, traceable transactions; Honduras and the Dominican Republic rolled out systems that digitize treasury revenue collection and recording. Panama, El Salvador, and Nicaragua expanded the coverage of their Treasury Single Accounts and automated payments. Costa Rica launched the Unified Social Resources Payment System (SUPRES).



Highlighted Success Stories

The establishment of SUPRES in Costa Rica became a structural benchmark (scheduled to be completed in December 2021) under the Extended Fund Facility (EFF) agreement with the IMF. This project was featured as a success story in the **FY2022 Annual Report** and is a good example of integration between capacity development and IMF surveillance and program operations.

On the other hand, the **FY2023 Annual Report** featured the annex “Modernization of Treasury Management in the CAPTAC-DR region” among its success stories. It describes how this process has impacted the public finance management value chain, shaped the modernization of financial systems, facilitated greater use of electronic payment methods, and increased access to financial services for the population.

B. Fiscal Transparency

Fiscal transparency was strengthened through four fiscal transparency evaluations (FTE), allowing Panama, Guatemala, Nicaragua, and the Dominican Republic to target their reforms to build institutional trust, encourage investment, and optimize the use of public resources. In addition, CAPTAC-DR supported Honduras and El Salvador in strengthening internal controls for budget execution, including audits, control standards, and public procurement regulatory instruments. Several countries advanced in adopting or converging with international accounting standards, and substantial progress was made in identifying, analyzing, and reporting fiscal risks in Nicaragua, Costa Rica, El Salvador, Guatemala, and the Dominican Republic through the application of risk assessment tools (Fiscal Risk Assessment -FRAT-). Relatedly, Nicaragua and the Dominican Republic conducted financial health assessments of state-owned enterprises (SOE-Healthcheck tool) to diagnose fiscal risks emanating from SOEs. Finally, the Dominican Republic applied the Model Tool for Risk Assessment of Public-Private Partnerships Fiscal Risk Assessment Model (PPP-PFRAM), enabling the development of a risk portfolio concept and pre-project risk evaluations for PPPs.

Besides, four Public Investment Management Assessments (PIMAs) and their Climate Components (PIMA-C) were conducted in Costa Rica, Guatemala, Honduras, and El Salvador to evaluate the quality of governance in infrastructure spending, allowing countries to identify weaknesses and areas for improvement.



C. Budget Management

Budget management was a particularly dynamic area with a wide range of activities. From 2021 to 2025, TA supported the Ministries of Finance to organize macro-fiscal units, improve medium-term fiscal frameworks, support macroeconomic forecasting, enhance budget control and monitoring, improve budget formulation and budget execution, as well as better align these practices with treasury cash management.

The introduction of gender-responsive budgeting (GRB) in Costa Rica is worth highlighting. After two years of intensive assistance, GRB was successfully introduced across the budget value chain in 2024, achieving, for the first time, GRB tagging in the annual budget law.

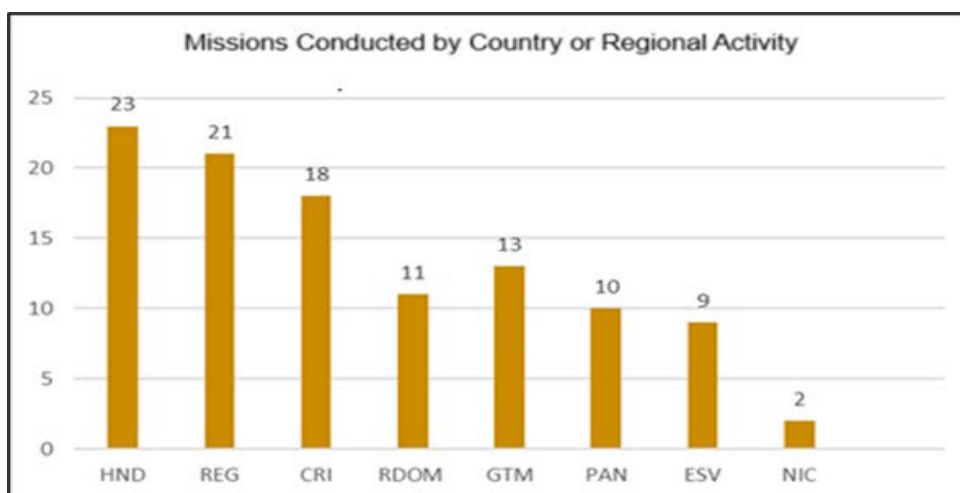
D. Regional Training

Regional efforts focused on contributing to capacity building and promoting a comprehensive vision of PFM. Short online events were held to stimulate discussion on critical regional issues such as thematic budgeting, information quality, fiscal risk identification tools, and fiscal transparency. Longer seminars and workshops were also delivered, which during the pandemic were adapted for virtual delivery and greater reach. Later, the format shifted mainly to in-person sessions.

D. Capacity development for the Region

This period, which largely coincides with CAPTAC-DR's Phase 3, was marked by high demand for TA, with over 100 missions carried out. On average, 1.87 monthly missions were conducted, also requiring intense administrative and logistical work to support each activity. The chart below shows the distribution of missions by country with Honduras and Costa Rica as top recipients contributing to their IMF programs.

Chart 1. Distribution of TA missions during the assignment period



Source: Author's calculations using IMF and CAPTAC-DR data.

Looking Ahead: Conclusions and Recommendations

PFM TA helped identify areas where further improvement is needed. While significant progress was made in budget processes and treasury management, digital transformation, while promising, requires greater investment in capacity development to increase its full potential. Moreover, harmonizing financial practices with international reporting standards, such as the International Public Sector Accounting Standards (IPSAS), remains a critical area that requires attention.

To build on the progress achieved, it is recommended that PFM capacities continue to be strengthened, focusing on enhancing human resources and institutional frameworks.

Future works should include training programs that promote cross-cutting knowledge to enhance skills of technical staff at Ministries of Finance while fostering a culture of transparency and accountability. The main goal is to achieve an integrated vision of public financial management, breaking the siloed or individualistic technical practices.

Importantly, digital transformation must be prioritized to streamline financial processes and improve data quality and access.

Finally, countries should continue developing budgets considering cross-cutting public policy issues (gender equality, poverty, climate change, security, etc.) in their fiscal frameworks. These efforts will ensure that PFM systems are efficient and transparent and respond to the region's broader socio-economic challenges.



CAPTAC-DR Long-Term Expert in the area of Public Financial Management, Martha Cubillo

Meet CAPTAC-DR's New Team Members

We are pleased to introduce two new team members who joined CAPTAC-DR in 2025.



Valeria Ramírez

In February, Valeria Ramirez joined the CAPTAC-DR's team to assume the position of Administrative Assistant in the Public Finance Statistics area. Valeria holds a bachelor's degree in business administration from Universidad Rafael Landívar and a Teaching Degree in English from Universidad del Istmo. She has completed courses in Marketing, Talent Management, and Excel. Valeria has over three years of experience in administrative roles and event organization. She is skilled in travel coordination, calendar and budget management, project follow-up and implementation, as well as designing internal and external communication campaigns, among other administrative tasks. She is proficient in platforms such as SAP,

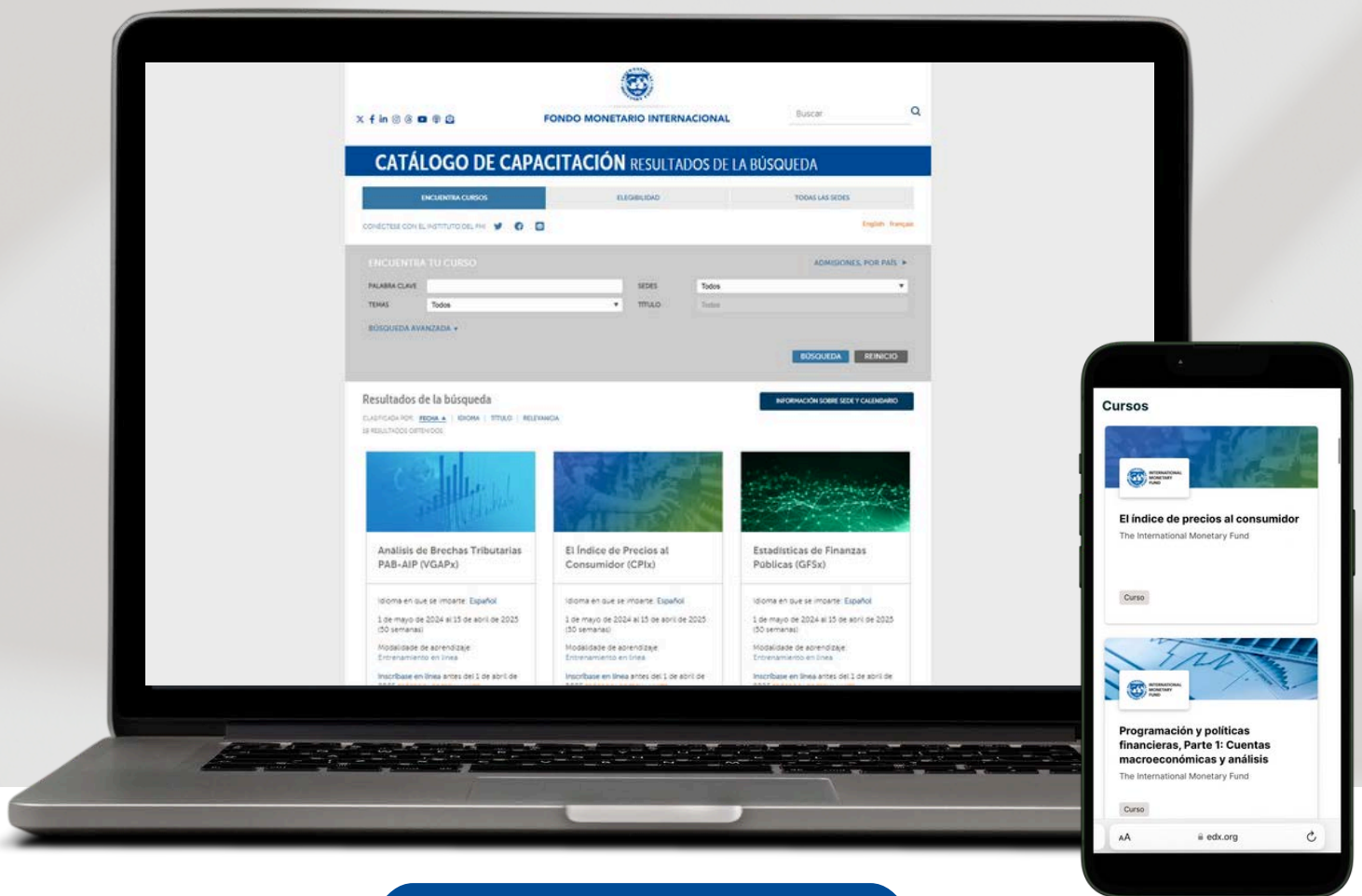
Adobe Acrobat, ARIBA, MS Office, and Canva. Valeria enjoys art, especially dance, and is passionate about traveling, teaching English, reading, and spending time with her family and friends.



Luis Arango

Luis Arango joined CAPTAC-DR in April, as the resident expert in the Public Financial Management (PFM) area. He brings over 20 years of experience in both the public and private sectors, including his role as Director General of Public Credit and the National Treasury at the Ministry of Finance of Colombia, where he also served as Deputy Director of Risk Management and Deputy Director of Investment Banking. From 2021 to 2024, he was the IMF's resident public finance expert in Ecuador and has also served as a short-term consultant for the IMF and other multilateral organizations. He holds a degree in Business Administration from CESA and an MBA from Universidad de Los Andes in Colombia.

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