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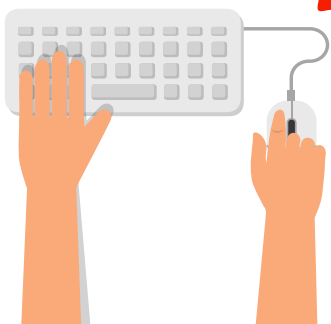
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Meet the new members of the CAPTAC-DR team



Lisandro Ábrego - Center Coordinator

CAPTAC-DR Coordinator since August 2020. He served as IMF's Mission Chief for several countries in Latin America and Africa. He coordinated the international economics analytical network of the African Department and holds a Ph.D. in Economics from the University of Warwick, United Kingdom. Before starting his career at the IMF, Mr. Abrego was a researcher at the University of Warwick and a professor at Universidad Centroamericana de San Salvador. He is also the author of several publications on macroeconomics and international trade.



Marta Cubillo - Public Financial Management Resident Expert

Marta began her work as CAPTAC-DR's Resident Expert in June 2020. She has a long career in the Ministry of Finance of Costa Rica and served as Deputy Minister of Expenditure and National Treasurer of Costa Rica. Mrs. Cubillo provided public financial management consulting in Bolivia, Paraguay, Panama, the Dominican Republic, El Salvador, Guatemala, and Honduras.



Grecia Rosal - Program Officer

Grecia rejoined CAPTAC-DR in September 2020, after completing a master's degree in International Public and Social Policy at the London School of Economics and Political Science in London, UK. She presented a dissertation in which she investigated the challenges of contemporary regulatory approaches to informal employment and currently serves as the Center's Program Officer.

CAPTAC-DR welcomes its new members, who will undoubtedly promote and further strengthen technical and institutional capacities for the assistance provided in the region.

Welcome message: Lisandro Ábrego - CAPTAC-DR's Coordinator

I am pleased to be back in Central America, Panama, and the Dominican Republic region, now serving as Coordinator of the IMF's Regional Technical Assistance Center (CAPTAC-DR). I started working in this position in August 2020, within the framework of border restrictions and other measures adopted by member countries to address the COVID-19 pandemic.

I am satisfied with my recent arrival in Guatemala, the Center's headquarters. Before my arrival, for more than two months, I worked remotely from Washington. During that time, I had several virtual meetings with the region's authorities, financial partners, and IMF colleagues. These meetings have proved being very useful and timely to start my administration. I am also pleased to announce that the topics proposed by the IMF/CAPTAC-DR in response to COVID-19 and the remote provision of technical assistance have been well received by the technical team of the regional institutions.



Lisandro Ábrego thanked the participants and moderators at the closing of the seminar on Special Public Debt Topics, organized by GFS in October 2020.



Lisandro Ábrego shared a virtual conference on "Latin America: Current circumstances and perspectives on the pandemic" during a Course for Directors, October 2020.

In line with the Phase III Program Document and its strategic objectives, CAPTAC-DR is ready to respond to any requirements arising from our members. The Center remains committed to provide expertise in the macroeconomic and financial areas. It reaffirms its commitment to strengthening the region's technical and institutional capacities to support the formulation and implementation of appropriate economic policies, including attention to economic integration objectives.

Lastly, I would like to thank the authorities of the region, our financial partners, and my colleagues in the various IMF departments involved in the work of the Center, as well as the CAPTAC-DR team, for their valuable support and warm welcome. I hope our work will be fruitful and contribute to strengthening the region's technical capacities and achieving the member countries' economic and social development objectives.

- **Lisandro Ábrego**
CAPTAC-DR's Coordinator

A day with María Wong, her experiences as part of CAPTAC-DR



In 2017, María de los Angeles Wong, a 25-year-old business economist, started working at the Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR); she was an Administrative Assistant for the Monetary and Capital Markets area. Later, she served as Office Manager and Economist. She is currently studying a specialization in rural economics at Ghent University, Belgium.

In this brief interview, Marielos shares her experiences at the Center and her evolution over the past three years.

1. From your perspective, what are the highlights of the Center's evolution and work over the past three years?

I had the opportunity to see the Center's evolution from my work as Senior Administrative Assistant and Office Manager. During the time that I worked at CAPTAC-DR, several measures have been adopted to streamline the accompaniment to member countries in the technical assistance and regional projects.

From that process, I would highlight the new "Assistant-Economists" program, which consists of young economists, most of them recently graduated from economics schools, serving as assistants. They are actively involved in performing analytical tasks while working closely with the Center's long-term experts.

Their duties include the proposal, design, and elaboration of different projects, from videos and infographics to reports and articles that contribute to enhance CAPTAC-DR's seven work areas (tax administration, customs administration, public financial management,

financial supervision and regulation, central banking operations, real sector statistics and government finance statistics).

This model increases the Center's efficiency, as it adds to its innovation process, proposing alternative ways of presenting the work and identifying potential issues relevant to the region. For example, we support the formulation of the project for regional harmonization of macroeconomic statistics and fiscal transparency projects in the face of the COVID-19 pandemic. In turn, the model provides a process of knowledge transmission, as long-term experts share their professional experiences and academic knowledge, guiding projects, and engaging young economists in technical assistance.

Consequently, there is a strengthening of the overall team's capabilities and an increase in the sense of belonging to the activities carried out by CAPTAC-DR.

2. What activities or experiences did you enjoy the most of your work at CAPTAC-DR? What knowledge do you take with you?

What I most enjoyed about the Center was the broad space it provides for learning. I joined the Center as a fourth-year student in business economics. So, I see it as a privilege to learn promptly and closely about the macroeconomic and financial reality of the CAPDR region, particularly from a prestigious institution and with officials with extensive experience.

My time in CAPTAC-DR/IMF helped me understand how our region's countries strengthen their institutional processes and technical capacities to achieve sustainable economic development, especially involving issues like climate change, equity, gender balance, and governance. This knowledge has been very valuable to me, especially now that I will continue my postgraduate studies in economic development focused on environmental resources.

Also, I enjoyed working with José Roberto Effio, a long-term expert in financial supervision and regulation, with whom I developed two regional projects. The first consisted of the compilation and systematization of financial indicators that measure and compare the countries' progress in financial supervision and regulation matters. The second project corresponds to a database that follows up on the recommendations of the last two phases of the Center's operation and their progress. Both projects are part of the ongoing improvement implemented by the Center.

I take with me the experiences and skills I gained over three years of working at CAPTAC-DR/IMF. I would also like to take this opportunity to thank my colleagues and friends, with whom I faced significant challenges and established an excellent professional and personal relationship.



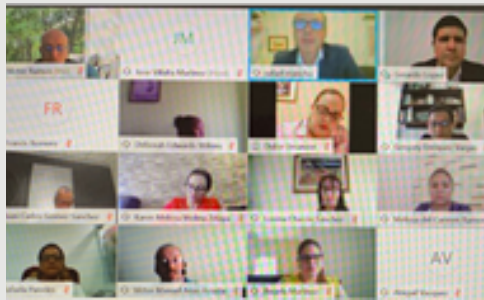
María Wong received recognition from Universidad Rafael Landívar for the best 2019 thesis among the Economics School students. Her thesis addressed economic growth in Guatemala and the use of raw materials to fight climate change.

Tax Administration

Technical Note: Webinar on Audit Procedures for Remote Auditing

This webinar was held on September 11, with officials from Central America, Panama, and the Dominican Republic. Several experts, who shared the Spanish and Peruvian experience, participated in the course. Afterward, our resident expert in tax administration, Martín Ramos, led a round table.

"Voluntary compliance requires the support of the tax administration."



1. Specific and comprehensive audits
2. Evidence
3. Virtual Meetings

The problem of how to shift towards a remote auditing model was discussed during the event. Spain's experience was presented with a mixed model that still includes presence auditing. Meanwhile, the Peruvian model has an exclusively electronic model for specific cases and a model expected to migrate to remote auditing.

Remote auditing: Characteristics

Remote auditing focuses on the convenience of driving specific audits, including inductive ones. At this point, the emphasis has been placed on data quality and how to ensure that audited taxpayers will issue the discharges.

In terms of auditing evidence, the added difficulty of not carrying out physical checks in companies has been highlighted. It has been analyzed how taxpayers can provide documentation to auditors, and the validity of such evidence.

Finally, the emphasis has been placed on using electronic signatures for the remote execution of documents, and promoting the electronic file as a working tool.

The problem of notices that cannot be submitted through electronic means and how to deal with virtual meetings through video conferences has been analyzed, taking into account each country's legal framework.

Event's Conclusions

The first conclusion is that the shift towards models that allow remote auditing systems development should be encouraged, even in cases where people's presence in public offices or taxpayers' premises may still be possible

Audit processes in remote auditing should be legally protected.

1. Ensure electronic notification of the Tax Administration actions
2. Ensure the means for taxpayers to present their disclaimers
3. Have in place a protocol of attention that involves the use of video conferences



Targeted audits are an effective mechanism of control for starting remote audits, including inductive audits. These audits are faster, and while they often fail to identify relevant debts, they affect a larger number of subjects and thus increase the sense of control by taxpayers.

Extensive audits can still be used with large taxpayers, who have more mechanisms to respond to auditors remotely. Systems must be established to ensure the integrity and security of taxpayers' documents and those issued during the proceedings.

Remote audits should not reduce the taxpayers' user rights of defense. The procedures for disclaimers must be guaranteed.

Recommendations for Tax Administrations of the Region



- Promote legal changes that are accurate in case there are limitations to the development of remote audits.
- Implement electronic notification systems.
- Promote a higher number of specific audits to avoid the risks and difficulties that a comprehensive audit entails in a remote-type procedure.
- Endorse inductive audits as a way to reinforce a sense of control.
- Establish working protocols with the tools to be used in remote audits, especially regarding video conferencing.
- Review the resources used in the analysis of data quality to ensure its improvement in the quality of the information received, with the objective of guaranteeing an enhanced process of selection and inspection.
- If remote audit systems have not been implemented yet, it is possible to start with large contributors that have the mechanisms to address them. For these taxpayers, it is possible to keep extensive or general audits.
- Establish information exchange systems between audited subjects and auditors to ensure the security and integrity of the documents that taxpayers must provide.

Taxpayers' disclaimers require the use of an electronic or digital signature system and ensure information security.

Acknowledgements:

- Rafael Mancho
(Speaker)

- Gerardo López
(Speaker)

Customs Administration

The economic impact of COVID-19 in the CAPDR region and the role of customs in the recovery process

By Selvin Lemus and José Castañeda



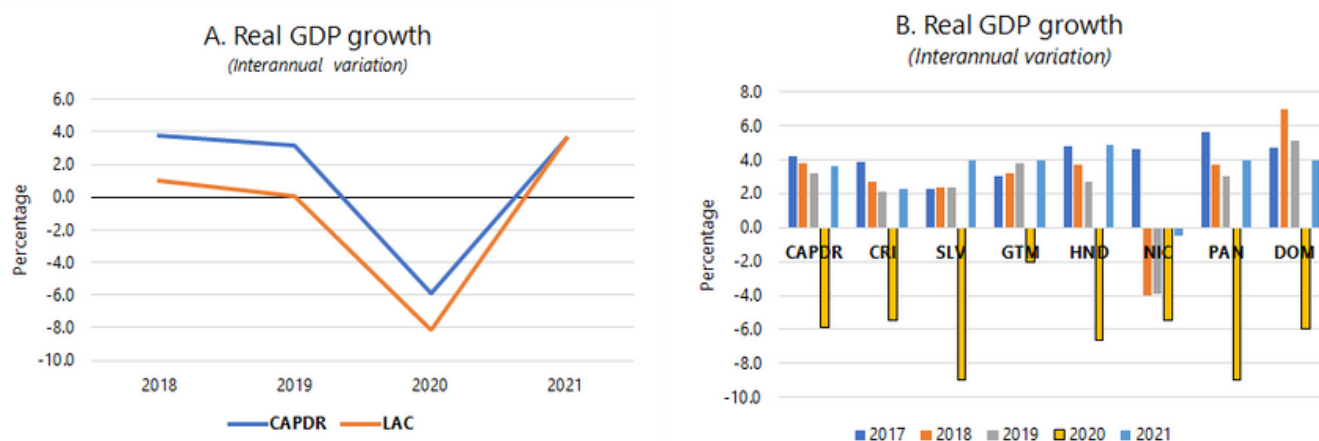


The pandemic caused by the new coronavirus (COVID-19) resulted in many deaths and a recession of historic proportions in Latin America and the Caribbean (LAC), as in all regions of the world. The economic structure and pre-existing vulnerabilities amplified the impact of COVID-19, resulting in an economic recession in the second quarter of the year and a surge in the unemployment rate, partially offset by assistance programs adopted by countries as a response to the crisis.

Economic Growth Post-COVID-19

As a result of this crisis, according to IMF data, the real Gross Domestic Product (GDP) of Latin America and the Caribbean is expected to contract by 8%. In contrast, for the Central America, Panama, and the Dominican Republic (CAPDR) region, an average decrease of 6% is estimated (see Chart 1).

Graph 1. Actual regional GDP growth and detail by country



Source: Author's compilation using the World Economic Outlook database (WEO Report), and IMF staff estimates and projections. Remarks: CAPDR = Central America, Panama and the Dominican Republic; CRI = Costa Rica; SLV = El Salvador; GTM = Guatemala; HND = Honduras; NIC = Nicaragua; PAN = Panama; DOM = Dominican Republic

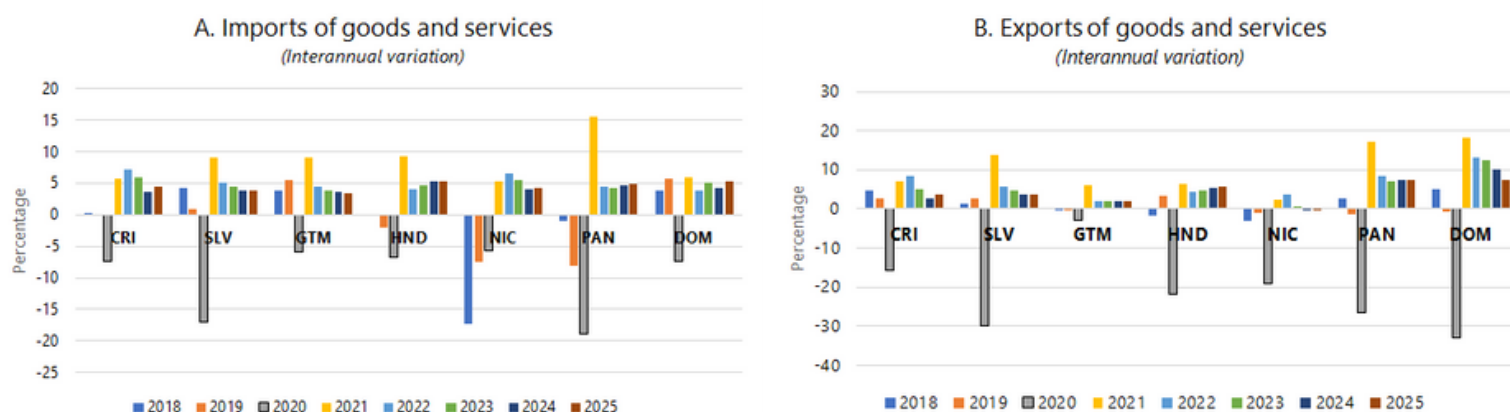
- 1 Regional GDP growth aggregates are calculated as GDP-weighted averages based on Purchasing Power Parity (PPP). Just like the IMF WEO report, the data and projections in these graphs are based on information available as of September 28, 2020.
- 2 GDP ratios are based on the 2007 base year GDP series.

Foreign trade

According to the World Bank [1], although the decline in global GDP in 2020 is expected to be more than twice as the 2008-2009 global financial crisis (GFC), the reduction in world's trade this year is not likely to behave that way, as it will be comparable to the period mentioned above. Unlike GFC, the impact of the current crisis was mostly focused on service activities, which strongly affected the manufacture industry. In July, the interannual change in world trade of services fell roughly twice than commodity trade. Thus, the countries whose economy is heavily dependent on services, such as tourism, were more seriously affected.

In LAC, strong contractions in the economies of the (primary) trading partners contributed to the sudden drop in exports from March 2020, which according to IMF data [2] in most countries, began to reverse gradually four months later. Accordingly, by the end of 2020, the volume of goods and services exported from the CAPDR region countries is expected to decrease by about 3% to 18%, compared to 2019. In the case of imports, the reduction is expected to be about 6% to 18%.

Graph 2. Volume of imports and exports of goods and services



Source: Author's compilation using the World Economic Outlook database (WEO Report), and IMF staff estimates and projections. Remarks: CAPRD = Central America, Panama, and the Dominican Republic; CRI = Costa Rica; SLV = El Salvador; GTM = Guatemala; HND = Honduras; NIC = Nicaragua; PAN = Panama; DOM = Dominican Republic.

[1] Ferrantino et al., 2020. COVID-19 Trade Watch (October 31, 2020). World Bank Group

[2] International Monetary Fund Regional Economic Outlook - The Americas: Pandemic Persistence Clouds the Recovery (October 2020).

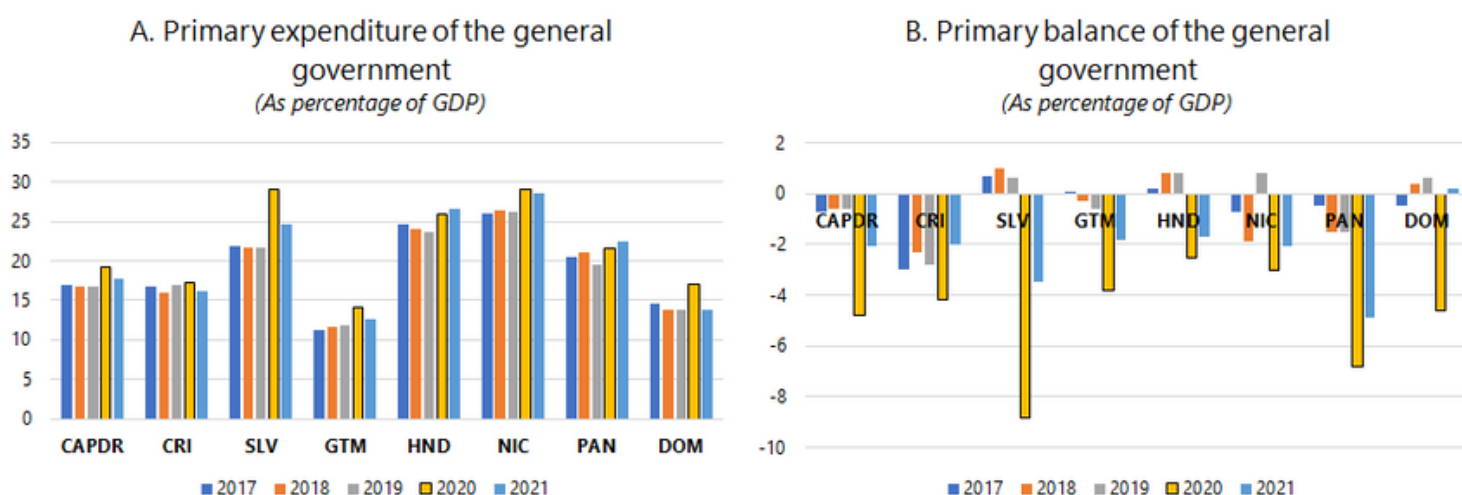
Fiscal Policy Actions

In response to this crisis, the governments of the region launched measures to counteract the impact on the economy, seeking to protect those most in need. As mentioned in the IMF Fiscal Monitor (October 2020), some of the fiscal policies that governments undertook to address the COVID-19 pandemic include [3]: direct transfers and wage subsidies, tax deferral, loans to support payroll, among others.

All these measures were undertaken to mitigate the adverse effects on businesses and households in this difficult situation.

As a result of these government actions, the primary government expenditure within the CAPDR region is expected to increase by an average of 2.5% of the regional GDP, compared to 2019. Also, public debt levels are expected to increase significantly in the region in 2020 (see Graph 3).

Graph 3. Primary expenditure and balance of the general government in CAPDR



Source: Author's compilation using the World Economic Outlook database (WEO Report), and IMF staff estimates and projections. Remarks: CAPDR = Central America, Panama, and the Dominican Republic; CRI = Costa Rica; SLV = El Salvador, GTM = Guatemala; HND = Honduras; NIC = Nicaragua; PAN = Panama; DOM = Dominican Republic.

¹ As in the IMF WEO report, the data, and projections in this graph are based on information available as of September 28, 2020.

² CRI, GTM: It is for the central government only.

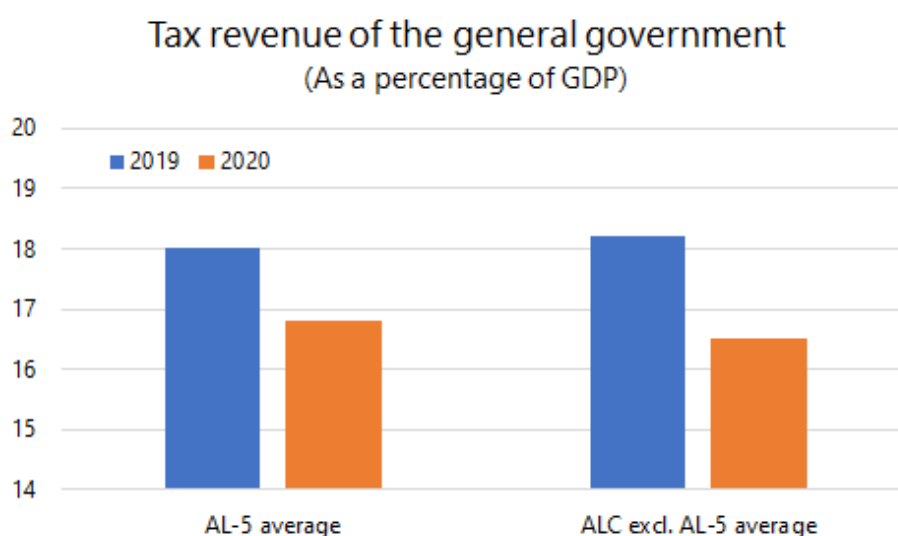
³ SLV, NIC, DOM: Central government expenditure data are presented for direct spending; gross debt is now presented on a consolidated basis.

⁴ PAN: GDP ratios are based on the 2007 base year GDP series. Fiscal data are for the non-financial public sector, excluding the Panama Canal Authority.

[3] See Table 1.3. Fiscal strategies during different phases of the pandemic, Fiscal Monitor, page 16.

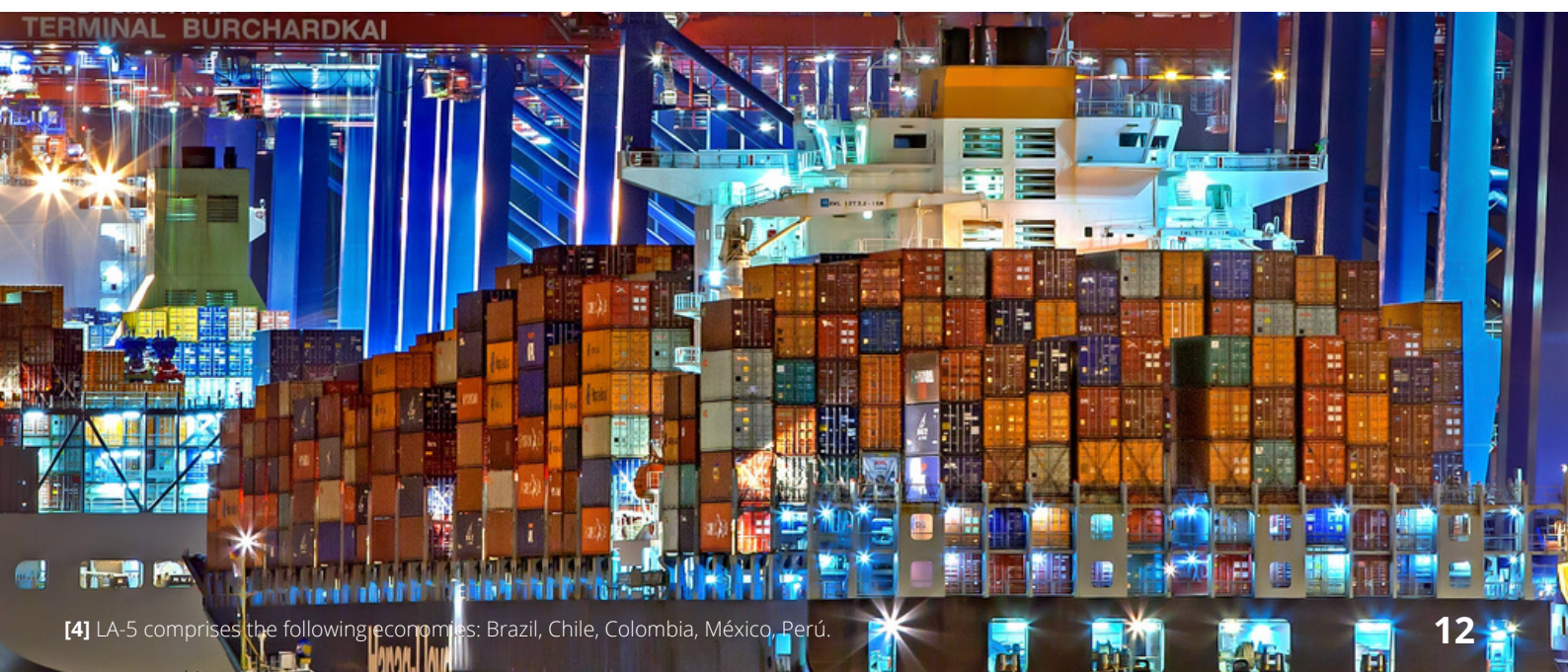
Inescapably, tax revenue reduced as a result of contraction of domestic economic activity and foreign trade, so by 2020, they are expected to decrease by around 1% of the GDP in LA-5[4] and about 2% in the rest of the LAC region, compared to 2019 (see Graph 4). High public debt and reduced tax revenues can revive financial pressures in the future. Thus, due to risks caused by the current crisis, the region's institutions should prioritize in their agendas structural changes that facilitate economic recovery, growth in foreign trade, and attention to the health emergency without sacrificing tax compliance.

Graph 4. Tax revenue of the general government in LAC and LA-5



Sources: IMF database on the World Economic Outlook database (WEO Report), and IMF staff estimates and projections.

Remarks: Simple average. International Organization for Standardization (ISO) country codes are used in the data caption. LAC = Latin America and the Caribbean; AL-5 = Latin America 5 (Brazil, Chile, Colombia, Mexico, Peru).



[4] LA-5 comprises the following economies: Brazil, Chile, Colombia, México, Perú.

Customs During the Pandemic and Post-Pandemic

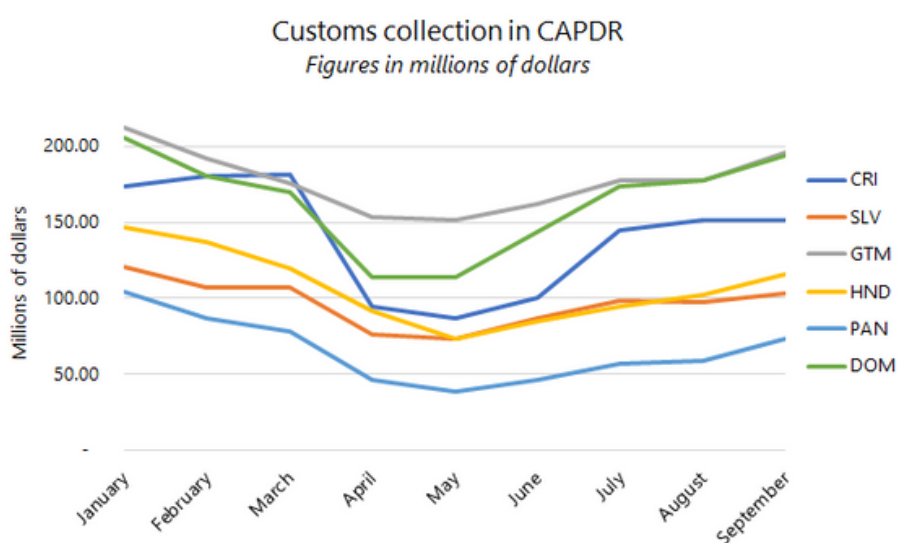
The first thing to recognize is the crucial role that customs administrations have played during the crisis caused by COVID-19 in ensuring both the expedited entry of medical supplies needed to deal with the pandemic and the essential consumer goods for households.

Furthermore, customs had to adopt control measures to prevent the abuse of tax benefits granted by governments' actions to deal with pandemics' effects, such as exemptions for medical supplies, deferral of tax payments, among others. In this regard, the lack of income in households caused by unemployment and companies' actions to save resources could affect tax and customs compliance. The increase in the entry and consumption of smuggled goods is one of the possible effects. The role of customs, in coordination with other government institutions, has been significant in counteracting it.

In doing this, customs have faced several challenges both from its official's and trade operator's health point of view and the substantial decline in their human and financial resources due to governments' health restrictions to face the effects of this crisis.

From the perspective of customs collection, the impact has been equally negative worldwide, and the CAPDR region has been no exception. According to figures obtained by CAPTAC-DR, a substantial reduction has been registered since March from this year in line with the contraction of the foreign trade mentioned above, reaching its minimum point in May, when more than 50% of customs revenue fell in some countries compared to 2019 (Costa Rica and Panama). However, from that month onwards, and aided by the reopening process, there has been a slight recovery in revenues. However, the revenue gap is estimated to be above 10 percent in most countries of the region, even reaching up to 25 percent in some cases (see Graph 5. Customs collection, CAPDR 2020).

Graph 5. Customs collection in CAPDR, January-September 2020



Source: Own preparation with public information from each Customs Administration.

Remarks: CRI = Costa Rica; SLV = El Salvador; GTM = Guatemala; HND = Honduras; PAN = Panama; DOM = Dominican Republic. Nicaragua is excluded from this chart due to lack of data.

Therefore, now that virtually all countries in this region have begun the process of resuming activities, customs must adopt three priority approaches to contribute to this process, including:

1

Improve their readiness and to address the effects of crises as the current

Strive to define better business continuity plans and activity recovery, taking as a basis the lessons learned during the current pandemic and the international best practices, in order to contribute more effectively with the attention of this type of emergency.

2

Contribute to the promotion of competitiveness and investment promotion

Implement measures that facilitate compliance for trade operators and eliminate foreign trade barriers as much as possible to support governments' efforts in terms of competitiveness and investment attraction in their countries.

3

Promote and monitor customs compliance

Implement smarter risk management-based controls to promote and monitor the voluntary compliance while fighting customs evasion and smuggling to improve customs collection levels and prevent interference in the government's recovery plans.

To meet this end, the customs administrations must firmly bet on digitalizing their management, continuously improving their processes, focusing on greater control through post-clearance audits, and implementing a comprehensive risk management. Concerning comprehensive risk management, it will be essential that they make more decisive progress in the performance of the measures contained in the Regional Strategy for Customs Comprehensive Risk Management (Estrategia Regional de Gestión Integral de Riesgos en Aduanas, ERGIRA). ERGIRA was developed with the technical assistance of CAPTAC-DR. It included a series of actions aimed at strengthening customs capacities at both national and regional levels to prevent and mitigate customs risks and, at the same time, facilitate legal trade in the region.

In this regard, the customs in this region should review their strategic and operational plans to ensure that these elements are duly addressed and supported by WCO's best international practices and by the technical assistance and financial support of international agencies such as the IMF, The World Bank, the IDB and USAID, among others, to facilitate their strategic goals.

IMF support to the CAPDR region

CAPTAC-DR has several resources in its work program to support customs in the region during the crisis and will continue to do so after the pandemic by providing remote and onsite technical assistance, as applicable, in terms of comprehensive risk management, post-customs clearance audit, trade facilitation, continuous process improvement, digitization, and strategic planning, among other issues. All of this is done in direct coordination with the IMF's Fiscal Affairs Department and other technical assistance providers, and thanks to the financial support of the Center's financial partners. The Center will continue to work closely for the institutional strengthening of customs administrations.

Sources:

- International Monetary Fund (2020). Regional Economic Outlook - The Americas: Pandemic Persistence Clouds the recovery, October 2020.
- International Monetary Fund (2020). Fiscal Monitor: Policies for the Recovery. Washington, October.
- Ferrantino, et al. (2020). COVID-19 Trade Watch (October 31, 2020), World Bank Group.



Public Financial Management

Webinar: Transparency in COVID-19 Procurement and Expenditure Controls

The Fiscal Affairs Department (FAD) team organized, with CAPTAC-DR's support, a webinar to showcase good procurement practices during the COVID-19 pandemic. The event was attended by officials from Costa Rica, the Dominican Republic, Guatemala, El Salvador, Panama, and Honduras. Among the participants were three General Treasurers, three National Accountants, two Transparency Directors, the Vice-Minister of Transparency of Guatemala, officials of the Comptroller General Office of the Republic of Costa Rica, among other authorities of the region. The FAD team and the CAPTAC-DR Coordinator also attended the webinar. A total of 101 officials from the region participated in the course.

Gerardo Uña and Laura Gores from FAD presented the "Transparency in COVID-19 Procurement and Expenditure Controls":

1. Improve expense and crisis-related reporting.
2. Ensure transparency in procurement by publishing procurement contracts.
3. Avoid conflicts of interest through the publication of beneficial ownership of companies awarded contracts.
4. Perform and publish independent ex-post audits.

... countries must spend what is necessary to deal with the pandemic, but they must preserve and record information to maintain expense transparency...

Compras públicas en el marco de la situación de crisis COVID-19 Costa Rica

Introduction of the presentation of the Ministry of Finance of Costa Rica.



Presentation by Marianette Gantes, General Directorate of Public Procurement of Panama.



Presentation by the Ministry of Public Finance of Guatemala.

It is necessary to stress that countries must spend what is required to deal with the pandemic, but they must preserve and record information to maintain expense transparency.

Also, the importance of balancing the immediate response to COVID-19 expenditure needs with transparency and accountability should be highlighted, and the importance of the Ministries of Finance in monitoring expenditure and procurement control agencies' role.

At the event, countries presented their experiences in state procurement and procurement during COVID-19. Highlighting in this exchange:

1. The countries within the region have had to make adjustments to their procurement systems to identify the procurement process to face the pandemic crisis.

2. In some countries of the region, regulations allowed them to use exceptional procurement processes for the emergency or issued emergency decrees to address the pandemic, as was the case in Costa Rica, Honduras, and the Dominican Republic. They executed shorter processes, which are not carried out through national procurement systems, and only specific institutions can apply the exceptions. In Guatemala's case, the regulations are not very flexible, and there are no exceptions to the processes.

3. The most widely used COVID-19 expenditure controls in the region are internal audits and the Comptroller's Office in each country.

4. All countries within the region agree that the pandemic has uncovered their opportunities for improvement. Some of them have had to deal with temporary arrangements, such as the issuance of emergency procurement rules and procedures, adjustments to transparency portals, and cost labeling; however, post-pandemic procurement models should be reviewed to overcome the weaknesses found.

Banking Supervision

Banking Supervisors and Central Bankers of the CAPDR Region discussed Financial Sector Policies



In a joint effort, CAPTAC-DR and the IMF's Institute for Capacity Development (ICD) organized a virtual course on "Issues on the Financial Sector Policies" for banking supervisors and central bankers in the region. The event focused on the authorities' approach to analyzing the transmission of risks between the financial and real sectors. In this regard, the formulation and impact of financial sector policies were discussed to mitigate vulnerabilities and addressing difficult situations.

The course also highlighted the importance of having a solid microprudential foundation and macroprudential policies.

The five-day virtual event was held in two consecutive sessions on October 19-30, 2020. This training, convened by invitation, resumed the planned course last March, which had to be suspended due to the COVID-19 pandemic.

ICD presenters led the course, which was conducted in Spanish using the WebEx meeting platform, for a total of 28 regional officials representing the central bank and banking supervisory authorities of the member countries

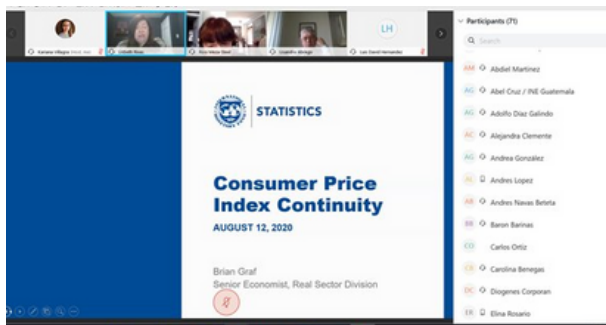
(except for Guatemala), CAPTAC-DR, and the Secretariat of the Central American Monetary Council. Participants received daily lectures, including theoretical and practical sessions with plenary discussions and question-and-answer interactions.

The audience recognized the relevance of the topics discussed throughout the event, which are specifically important, due to the circumstances that the member countries of the region are currently facing.

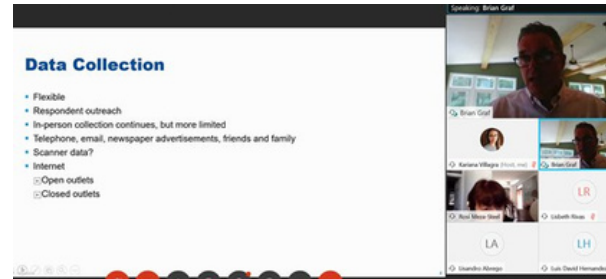
The key issues addressed, both theoretical and practical, were: (i) existing international banking standards on capital requirements and liquidity; (ii) the importance of comprehensive financial analysis and the use of stress testing tools; (iii) challenges and benefits of implementing capital buffers and macroprudential instruments; (iv) analysis of the relationship between monetary and macroprudential policies; and (v) the importance of having adequate frameworks for preventing and treating banking crises.

Real Sector Statistics

Virtual Seminar - Consumer Price Index Business Continuity



IPC Business Continuity presentation.



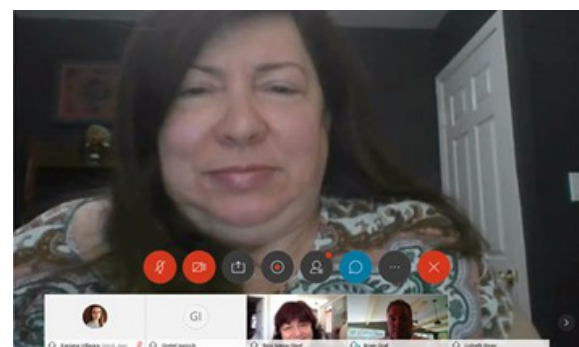
Excerpt from Mr. Brian Graf's presentation on data collection.

A webinar was held on August 12 on "Consumer Price Index Business Continuity," organized and moderated by the IMF's Senior Economist at the Statistics Department, Lisbeth Rivas. The event was hosted by Brian Graf, Senior Economist at the Real Sector Division of the IMF Statistics Department, with nearly 25 years of experience developing and improving price statistics in a wide range of countries.

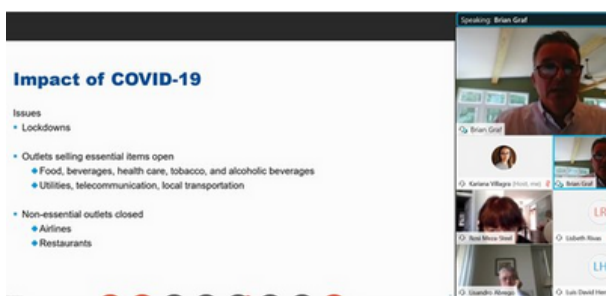
The webinar's development focused on a presentation that shared how countries can address the impact of the COVID-19 pandemic on business continuity and the opportunity for CPI dissemination. Mr. Graf also presented the uses of the CPI, data collection methods, special cases (airlines, restaurants, rental, and education) affected by the COVID-19 pandemic, missing data, imputation methods, weight management, and data dissemination treatment.

The activity was attended actively by officials representing the Central Banks and Statistical Offices of the CAPDR region and by representatives of statistical institutes from Brazil, Argentina, and Mexico.

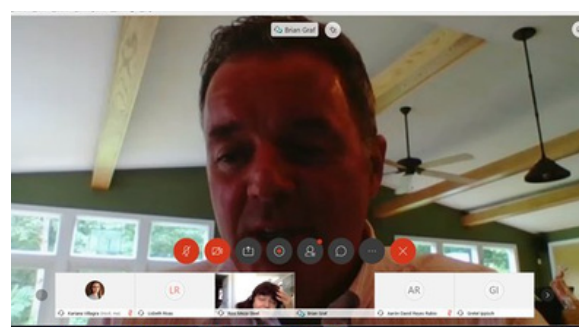
At the end of the seminar, there was room to address specific compilation issues raised by participants. It also contributed to the spread of knowledge among the countries of the Western Hemisphere.



Senior Economist, Lisbeth Rivas, Moderator of the event.



Mr. Brian Graf on the impact of the pandemic on economic activities.



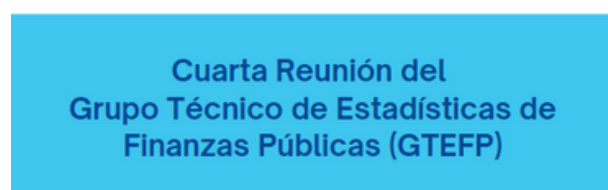
Senior Economist, Brian Graf, guest speaker.

Government Finance Statistics Fourth GTEFP Meeting

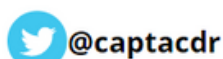
The virtual Fourth Meeting of the Working Group of Public Finance Statistics (Grupo Técnico de Estadísticas de Finanzas Públicas, GTEFP) was held on October 5-6. The members of the Group, consisting of officials of Ministries of Finance, the National Institute of Statistics and Census (Instituto Nacional de Estadística y Censo) of Panama and the Central Banks of the CAPDR region, analyzed the regional work strategy to strengthen government finance statistics (GFS) and public sector debt statistics (PSDS) for decision-making.

Each country developed a presentation to provide details on the progress of regional harmonized data for 2020, their current situation, and the challenges expected for the next six months.

The meeting was also attended by representatives of the Council of the Executive Secretariat of the Central American Monetary Council (SECMCA) and the Executive Secretariat of Ministers of Finance or Finance of Central America, Panama, and the Dominican Republic (SECOSEFIN). The GTEFP meeting was opened by José Ángel Recinos (SECOSEFIN) and Wilfredo Díaz (SECMCA), who thanked CAPTAC-DR for the support improving the GFS and PSDS within the region and stressed that their respective institutions would continue to coordinate the work of the Group.



5 - 6 DE OCTUBRE, 2020



4th GTEFP Meeting Flyer.



The beginning of the presentation of progress, current situation, and challenges presented by the team of the Central Bank of Costa Rica

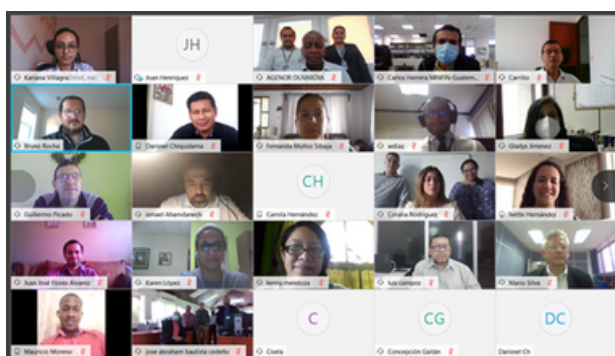
On the other hand, the Senior Economist, Bruno Da Rocha, presented the successful experience in implementing the first phase of the regional harmonization plan for GFS and PSDS and its main results. Among these are:

- Approval of this work by the CMCA and COSEFIN, as regional organizations
- Close coordination between CAPTAC-DR, SECMCA, and SECOSEFIN
- Integration of 14 institutions (6 Central Banks, 7 Ministries of Finance, and INEC of Panama)

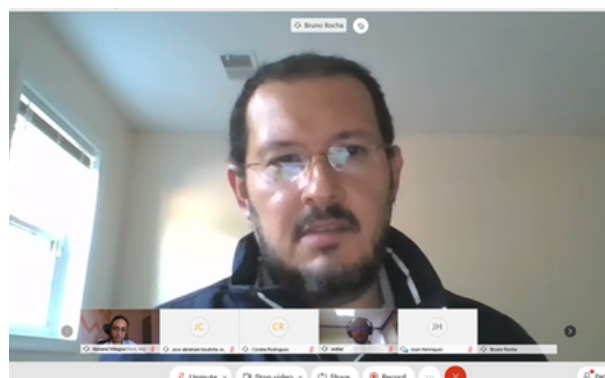
- Creation of the 2018-2023 harmonized plan based on international statistical standards and each country's bilateral development plans.

The results obtained during the first phase of the harmonization plan are highlighted:

- 1. Fiscal transparency and comparability:** with the publication of statistical information on the SECMCA website.
- 2. Use of statistics for decision-making:** at the country level, GFS is used to prepare fiscal policy documents.
- 3. Use of statistics to guide the fiscal policy:** 5 out of 7 countries in the region improve statistics on central government functional spending, optimizing the monitoring of their social spending and environmental protection (meeting the UN Sustainable Development Goals).
- 4. Data credibility for analysis:** Comparability between 6 countries reporting regional data. The analytical use of regional and international institutions to use published data for studies and analysis.



Members of the GTEFP, Bruno da Rocha (Senior Economist), Ismael Zarco (Expert Consultant) and SECMCA and SECOSEEFIN representatives (Wilfredo Díaz and José Ángel Recinos).



Senior Economist Bruno da Rocha, sharing the 2020-2021 work plan to the GTEFP members.

The 2020-2021 work plan for the harmonization of GFS and PSDS was also presented by Mr. Da Rocha. This plan prioritizes the following:

- Extension of statistics coverage to the central government.
- Start with the development of regional analysis.
- Integration of macroeconomic statistics.

It is worth mentioning that this strategy also supports partners such as CMCA and COSEFIN to strengthen and accompany the Group's work efforts.



Wilfredo Díaz, SECMCA Economist during the 4th meeting of the Group

Government Finance Statistics

Virtual Seminar - International Experiences in Statistical Harmonization

The first joint regional seminar of CAPTAC-DR's Government Finance Statistics (GFS) and Real Sector Statistics was held virtually on October 7-9. The three-day event was organized by IMF Senior Economists Bruno Da Rocha and Lisbeth Rivas, featured Ismael Zarco, Center's Expert Consultant, as moderator of the seminar.

Representatives of SECOSEEFIN and SECMCA, and speakers from several institutions in Latin America (IBGE, INEGI, and the Brazilian Ministry of Economy) enhanced the activity with their interventions and experiences in statistics.

During the first day of activities, Luis Vargas, CAPTAC-DR consultant expert, shared a presentation on general government and public finance statistics, discussed the similarities, differences, and links between the Government Finance Statistics and the National Accounts System. He also presented data sectorization and sources of information.

André Cavalcanti, representative of IBGE (Instituto Brasileiro de Geografia e Estatística) opened his presentation with a timeline for GFS and the National Accounts background in that institution. He also shared extensive details on the process of integrating the GFS and the National Accounts in Brazil; methodology, coverage, results, conclusions, and progress challenges in this area.



Flyer of the virtual seminar on "International Experiences in Statistical Harmonization," organized by CAPTAC-DR, with the support of CMCA and COSEFIN.



Consultant expert, Luis Vargas, during a presentation on similarities and differences between the GFS and the SNA.



Presentation by Mr. André Cavalcanti from IBGE, sharing Brazil's experience of Brazil in the harmonization of GFS and SNA.

On behalf of INEGI Mexico, Fernando Pineda shared the Mexican case in the consistency between the National Accounts and the fiscal data. Mr. Pineda presented the inter-agency collaborative work, the achievements, and the identification of aspects for improving statistics' quality for conceptual convergence or divergence. He explained Mexico's experience in compiling information from the Federal Government and Subnational Governments, coverage, quality of data obtained, links with information sources, and the process that INEGI follows in consolidating these sources.

On the second day of the seminar, Artur Santos from the Brazilian Ministry of Economy, began with a presentation on the publication of data from local governments and the general government in Brazil, under the most up-to-date international standards, and the lessons learned from this experience.

On October 9, the closing day of the event, expert IMF expert Lisbeth Rivas, shared a presentation on the core issues of consistency with the GFS for regional progress from the National Accounts' perspective.



Fernando Pineda, representative of INEGI, sharing Mexico's experience in statistical harmonization.



Artur Santos from the Brazilian Ministry of Economy opened with his presentation on the second day of the seminar.

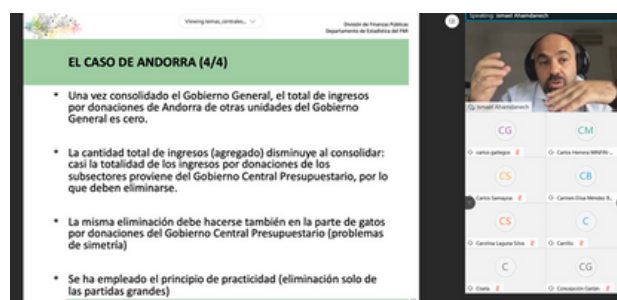
On the other hand, expert Ismael Zarco explained, from the GFS perspective, some core issues on consistency for the general government regarding regional progress.

Closing the third session, SECMCA representatives conveyed to the audience the importance of timely and quality statistics for crisis decision-making, compilation and publication challenges, and GFS and debt statistics consistency.

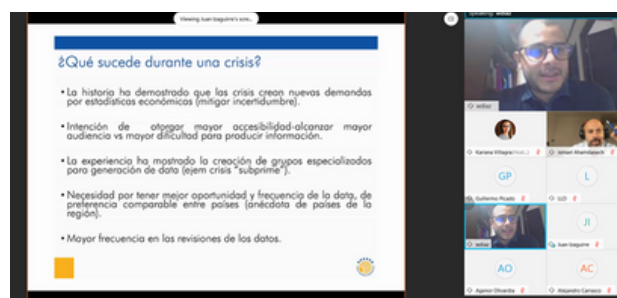
In short, the seminar brought together participants from Central Banks, Ministries of Finance, and Statistical Offices of the region, and speakers on GFS and National Accounts to share the findings, lessons learned, and methodology used in the different institutions representing Latin America for quality and coverage in the statistical field.



Senior Economist, Lisbeth Rivas, at the beginning of her presentation.



Ismael Zarco shared Andorra's case regarding GFS.



SECMCA's economist, Wilfredo Díaz, presents the importance of statistics when facing a crisis.

Government Finance Statistics

Virtual Seminar - Special Topics in Debt Statistics

CAPTAC-DR and UNCTAD

Within the framework of the Government Finance Statistics (GFS) Project, CAPTAC-DR, in coordination with the United Nations Conference on Trade and Development (UNCTAD), organized a regional webinar on "Special Issues on Public Sector Debt Statistics," held on October 19-23, 2020.

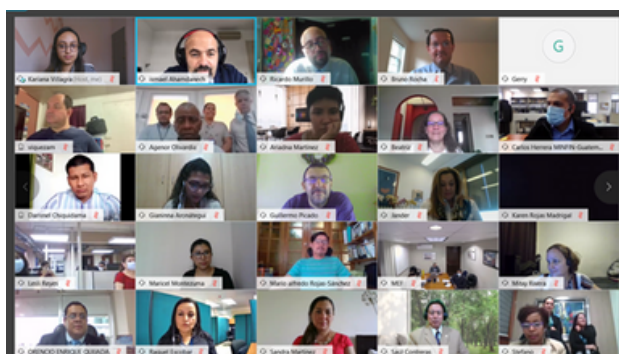
The event featured presentations by:

- Ricardo Murillo, Cecilia Caligiuri, and Manuela Jander (Project Managers of the Debt Management and Analysis Program)
- Ismael Zarco, IMF Consultant Expert
- Bruno da Rocha, IMF Senior Economist

Throughout the event, there were spaces for participants to discuss case studies, practical cases, and exchange of ideas and questions with the speakers. The event's objective was to support Central Banks and Ministries of Finance to continue implementing the regional work strategy to strengthen public sector debt statistics and GFS for analysis and decision making.

The Secretariat of the Central American Monetary Council (SECMCA) and the Secretariat of the Council of Treasury or Finance Ministers (SECOSEEFIN) support this effort.

The seminar was based on selected topics on the compilation of PSDS, particularly the accumulation of interests and the compilation of debt at nominal and market value, the reconciliation of flows and values, and the recording of data in the Debt Management and Financial Analysis System (DMFAS), used by all CAPTAC-DR member countries, for the compilation and management of debt statistics.



Participants invited UNCTAD experts and IMF experts in a photograph at the beginning of the webinar.

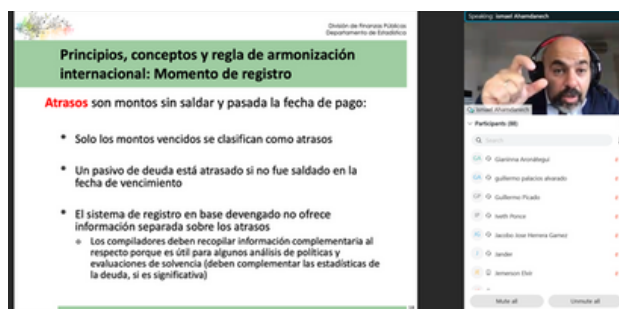


Ricardo Murillo, UNCTAD representative during the regional seminar.

In this regard, the participation of UNCTAD (the Institution that manages and develops DMFAS) in the workshop added great value. UNCTAD representatives made presentations on the current version of DMFAS features, and explained the new functionalities to be incorporated into the forthcoming updates.

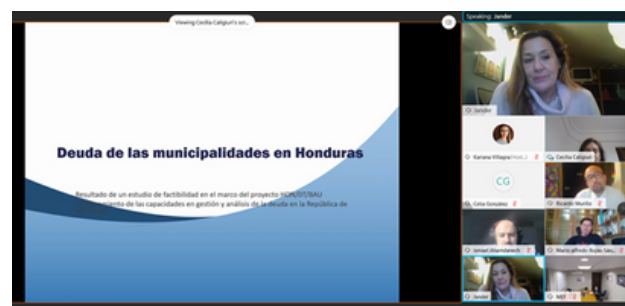
Also, they answered questions from country participants about its use.

Ismael Ahamdanech Zarco, an expert consultant, made several presentations on the compilation of PSDS, including the calculation of interest accrued at the compound rate and of profit and loss from nominal holdings, proposed and corrected exercises on both subjects. The residence of creditors and the difference between internal and external debt were also discussed.



Consultant expert, Ismael Zarco, in his presentation on debt recording.

On the other hand, the Senior Economist, Bruno da Rocha, made a presentation on the region's work plan and PSDS improvements by CAPTAC-DR members. Mr. Saúl Contreras, from the Central Bank of Guatemala (Banguat), presented the calculation of accrued interest and the nominal value of bank debt instruments. Simultaneously, Mr. Samuel Lara, from the Central Bank of Honduras (BCH), made a presentation on the calculation of accrued interest, nominal and market value of Honduras' external debt. The seven countries presented their current situation and challenges concerning debt collection and reporting.



Manuel Jander from UNCTAD, sharing the case of the DMFAS initiative in Honduras

Click on the links to access the informative videos presented by the Senior Economist, Bruno Da Rocha, during the seminar, regarding:

- Why use the international analytical framework for public finance statistics? <https://bit.ly/3nIvPws>
- Gross and net debt <https://bit.ly/392qMTM>
- Reconciliation of flows and balances <https://bit.ly/3pP6nXU>
- Debt comparison between countries <https://bit.ly/2Kr8dhH>
- The balance sheet within the framework of government finance statistics <https://bit.ly/3nFn8mG>



Cecilia Caligiuri from UNCTAD, in her presentation of the DMFAS reporting module



Bruno Da Rocha shared the 2020-2021 agenda concerning the regional work plan.