

CAPTAC-DR NEWS

65th edition: November 2025 -January 2026



CAPTAC-DR



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A word from the Director

Welcome to the 65th edition of our Quarterly Newsletter!

Dear reader,

This quarter, covering the months of November and December 2025, and January 2026, marks an important milestone for CAPTAC-DR. The Center has launched this year its fourth financial cycle for the implementation of capacity development activities, consolidating a trajectory of sustained work and tangible results in the region.

This progress would not be possible without the firm commitment of our member countries, which continue to demonstrate a clear dedication to strengthening the capacities of their officials and institutions. We are equally grateful for the valuable support of our development partners, who keep their confidence in the technical quality, commitment, and results achieved to date. To all of them, our sincere thanks.

In this edition of the newsletter, you will find two notes of importance. The first is dedicated to the Financial Programming and Policies (FPP) course, one of the IMF's flagship training programs and a cornerstone in strengthening macroeconomic analysis.

This renewed effort by the Center, supported by the IMF's Institute for Capacity Development (ICD), seeks to reinforce the region's macroeconomic foundations.

The second note addresses monetary and fiscal policy coordination to support liquidity management in our economies. This is an area in which institutional coordination, sound financial programming, and timely information sharing are critical to safeguarding macroeconomic and financial stability.

You will also find the main updates and activities carried out during the quarter.

We hope you find this edition of interest.

Kind regards,
Ari Aisen,
Director of **CAPTAC-DR**



Outreach Q3

Participation in the 305th Meeting of the Central American Monetary Council (CMCA)

Mr. Aisen, Director of CAPTAC-DR, and Mr. Álvarez, Resident Advisor in Central Banking and Modeling, participated in the 305th Meeting of the Central American Monetary Council (CMCA), held on November 21 and 22 in Punta Cana, Dominican Republic.



Participation in the 305th Meeting of the Central American Monetary Council (CMCA)



Ari Aisen participating in the CMCA 305TH meeting



Jorge Álvarez participating in the CMCA 305TH meeting

Jorge Álvarez delivered a presentation on central bank communication and its importance for the effectiveness of monetary policy. In addition, Mr. Aisen presented recent progress on the work examining the impact of capacity development on tax revenue performance for the countries of the region.

Throughout both days, CAPTAC-DR took part in technical discussions on the regional and international macroeconomic outlook, alongside experts from multilateral organizations and senior officials from the member central banks of the CMCA, strengthening regional coordination.

CAPTAC-DR Presentation at the Chamber of Construction of Guatemala

As part of the event “Public-Private Partnerships to Modernize Ports and Economic Infrastructure,” Mr. Motta, Resident Advisor in Customs Administration at CAPTAC-DR, delivered the presentation “Advances and Challenges in Customs Risk Management and Strengthening Cargo Traceability.”

The presentation addressed recent progress in modernizing customs control systems, the use of more effective risk profiles, and the need to strengthen cargo traceability to boost competitiveness and reduce operational vulnerabilities.

The event featured participants from the Inter-American Development Bank (IDB), the Superintendency of Tax Administration (SAT), and the Guatemalan Export Association (AGEXPORT), creating an important public-private dialogue on the challenges and opportunities to modernize Guatemala’s logistics infrastructure.



Enio Motta presentation at the Chamber of Construction of Guatemala



Presentation at the Chamber of Construction of Guatemala

Highlights Q3

Customs Administration: Implementation of the Regional Strategy for Comprehensive Customs Risk Management (ERGIRA)

CAPTAC-DR conducted a regional in-person workshop from November 12 to 14, 2025, to advance the update of the Regional Strategy for Comprehensive Risk Management in Customs (ERGIRA, for its Acronym in Spanish) 2025-2030. ERGIRA, adopted by the Council of Ministers for Economic Integration (COMIECO, for its acronym in Spanish) in 2019, is the main regional framework for strengthening customs risk management in Central America and, after six years since implementation, an update was in order given new emerging institutional challenges.

The workshop brought together representatives from member countries to review the results of the 2019-2024 period, validate the preliminary update proposal prepared by CAPTAC-DR, and contribute technical inputs. The activity, held in coordination with the Pro Tempore Presidency of the Secretariat for Central American Economic Integration (SIECA), alongside the 3rd Round of the Technical Group on Customs Risk Management, will enable the consolidation of a preliminary version of the new strategy and strengthen risk-management capacities in the region.



Participants of the workshop on: Implementation of the Regional Strategy for Comprehensive Customs Risk Management (ERGIRA)

10th Edition of the Regional Report on Public Finance Statistics (IEFP)



Participants of the Working Group

The 10th edition of the Regional Report on Public Finance Statistics (IEFP) presenting harmonized information on revenue, expenditure, fiscal balance, financing, and public sector debt in the countries of CAPDR was published in December 2025. The report represents an effort to strengthen the harmonization, comparability, and quality of fiscal and public debt statistics, thereby contributing to more consistent regional analysis and greater fiscal transparency.

The preparation of the IEFP is the result of joint work by Ministries of Finance, Central Banks, and the National Institute of Statistics and Census (INEC) of Panama, reflecting the commitment of national institutions to strengthening fiscal statistics. The report was published in coordination with the Executive Secretariat of the Council of Ministers of Finance of Central America, Panama, and the Dominican Republic (COSEFIN), the Executive Secretariat of the Central American Monetary Council (SECMCA), and CAPTAC-DR.

Download the report here: [Estadísticas De Finanzas Públicas Armonizadas \(EFPA\) – Secmca](#)

Treasury management: Regional Seminar on Liquidity Management in National Treasuries



Ari Aisen in the Regional Seminar on Liquidity Management in National Treasuries

Throughout the seminar, participants exchanged experiences and good practices in financial planning and cash management, including a session on active cash management. In addition, Mr. Aisen delivered a presentation on the need for policy coordination between treasuries and central banks given the impact treasury operations have on monetary policy and liquidity management. The activity reaffirmed CAPTAC-DR's commitment to continue supporting countries in strengthening public financial management.

From January 26 to 30, 2026, CAPTAC-DR conducted the Regional Seminar on Liquidity Management in National Treasuries, aimed at strengthening technical capacities for modern and efficient liquidity management.



Luis Arango in the Regional Seminar on Liquidity Management in National Treasuries



Participants of the Regional Seminar on Liquidity Management in National Treasuries

Progress of Capacity Development in Q3

A total of 25 activities were carried out during the second quarter:

Progress in Quarter 3 (Q3)

- 17** technical assistance missions
- 4** regional training activities comprising seminars, courses and workshops
- 1** regional web training activities
- 3** high-level meetings



Year-to-date (Q1 + Q2 + Q3)

- 67** technical assistance missions (112 planned for FY26)
- 13** regional training activities (17 planned for FY26)
- 5** regional web training activities (9 planned for FY26)
- 3** high-level meetings



Milestone completion in Q2 (219 milestones planned in FY26):

- 39** fully met
- 103** largely met
- 53** partially met
- 30** not met
- 11** inactive

65% of milestones were fully or largely met.



The FPP's Contribution to the Region: Strengthening Policy-Ready Decision-Makers

By: Jimena López and Andrés Navas

IMF Financial Programming and Policies (FPP) course provides an integrated analytical framework that allows policymakers to understand the economy as an interconnected system and to translate complex economic questions into consistent diagnoses and coherent and actionable policy responses to macroeconomic shocks. In economies with similar macroeconomic characteristics (such as those of Central America, Panama, and the Dominican Republic) this approach also facilitates the identification of shared challenges and the exchange of experiences on policy responses.



Participants of the Financial Programming and Policies (FPP)

Within this context, the IMF's Institute for Capacity Development (ICD), in close collaboration with CAPTACDR, delivered an inperson FPP course from November 3 to 14, 2025, in Panama City. The course brought together 29 officials from seven countries in the CAPDR region, representing central banks, ministries of finance, the Central American Monetary Council (CMCA), and CAPTAC-DR.



Instructors of the Financial Programming and Policies (FPP)

This institutional diversity enriched discussions by incorporating different policy perspectives and helped strengthen communication among the entities involved. The course was delivered by Ms. Aquino Coste (IMF Economist and Course Coordinator), Mr. Ari Aisen (Director of CAPTACDR), and Mr. Ramírez de León (IMF External Expert), combining IMF institutional knowledge with strong hands-on regional experience.

A central pillar of the course was the intersectoral consistency exercise, which systematically examined interactions among the real, external, fiscal, and monetary sectors. Through this exercise, participants deepened their understanding of macroeconomic links and the tradeoffs inherent in policy decisions. In particular, the exercise highlighted the importance of internal consistency, credible assumptions, and the appropriate sequencing of policies, core principles for effective macroeconomic management.



Participants of the Financial Programming and Policies (FPP)

Nonetheless, this edition of the FPP course was unique in accomplishing an effective balance between conceptual foundations and applied learning. The program combined structured theoretical sessions with intensive hands-on workshops, enabling participants to quickly operationalize the analytical tools discussed in class. A key innovation was a policy negotiation simulation session based on a case study on the Dominican Republic, which required participants to assume decisionmaking roles and negotiate policy options under realistic constraints, thereby reinforcing the practical relevance of the FPP framework in addressing the standard macroeconomic policy trade-offs faced by policy makers.



Beyond its technical content, this edition of the course represented an important institutional milestone, as it constituted the first delivery of the FPP program in Spanish in several years. This significantly expanded access to the methodology and strengthened its impact across the CAPDR region. By reducing language barriers, the course enhanced participation, engagement, and ownership of the analytical framework among officials, increasing the likelihood that FPP tools will be effectively applied in day-to-day policy work.

The FPP course also serves as the entry point to a broader, medium-term macroeconomic capacity development strategy led by ICD and CAPTACDR, of great relevance to the countries of the region. This strategy will extend through 2026 and 2027 and includes advanced follow-up courses such as Macroeconomic Diagnostics and Sustainability (MDS), as well as targeted technical assistance missions focused on macroeconomic frameworks and modeling. These activities are already planned for the Ministries of Finance of Costa Rica, Guatemala, and the Dominican Republic, ensuring continuity between training and hands-on technical support.



Participants of the Financial Programming and Policies (FPP)

Central Banking, Monetary Policy, and Treasuries: Many Policies, One Liquidity

By: Ari Aisen, Andrés Navas, Luis Arango[1]

In the traditional analysis of economic policy, monetary policy, financial policy, and fiscal management are sometimes treated as distinct domains. Yet, as highlighted during the seminar Optimization of Liquidity Management in National Treasuries, these functions converge on a single operational plane: the liquidity of the economy.

Monetary policy, payment system management, and the Treasury's financial programming operate within a common market and directly affect financial sector liquidity and conditions in the interbank market. In this framework, fiscal flows—payments, revenue collection, and debt service—have an immediate impact on the operational implementation of monetary policy. Hence, coordination and timely information-sharing between Treasuries and Central Banks are decisive for macroeconomic, financial, and payment system stability.

The Role of the Central Bank in the Economy

Central Bank plays a central role through three closely linked functions. First, it promotes macroeconomic stability, traditionally associated with inflation control and the moderation of the business cycle. Second, it contributes to financial stability by strengthening the system's resilience to liquidity shocks and systemic stress. Third, it ensures the efficient functioning of the payment system, an essential condition for confidence in the currency and the continuity of economic activity. Since liquidity in an economy is affected by the Treasury, financial sector, and other economic agents, the Central Bank must consider the impact of their activities for an efficient liquidity management consistent with macroeconomic stability objectives.

1. Monetary Policy and Macroeconomic Stability

From an operational perspective, monetary policy is structured around three main instruments:

- The policy signal, generally expressed through the Monetary Policy Rate (MPR), which guides expectations and anchors short-term interest rates, particularly in the interbank market.
- Active liquidity management, conducted through open market operations, standing facilities, and reserve requirements. These mechanisms allow the absorption or injection of liquidity to ensure that effective monetary conditions are consistent with the policy signal.
- Currency issuance, which responds to the transactional demand of the economy. Although sometimes viewed as a passive process, currency management has direct effects on bank reserves and systemic liquidity through money multipliers.

[1] Special thanks to Varapat Chensavasdijai, Héctor Pérez-Saiz, Shane Loew, and Ricardo Llaudes.

Monetary policy transmission operates through several channels, notably interest rates, the exchange rate, credit, and inflation expectations. The experiences of countries such as the Dominican Republic[2] and Costa Rica[3] (Figures 1 and 2) show different situations in the degree of alignment between the MPR and the interbank rate over time. A close alignment between both rates is an essential, though not sufficient, first step for effective monetary policy transmission to the broader economy.

It is important to distinguish between the transmission channel from the monetary policy rate (MPR) to the interbank rate and the channel from the MPR to longer-term rates, including the bank interest rates on deposits and loans. The former is typically more immediate and effective, provided the interbank market is functioning well. This means that banks actively engage in short-term lending and borrowing among themselves at market-determined rates, and that the central bank's liquidity operations are successful in guiding those rates within the policy corridor. In contrast, the pass-through from the MPR to retail bank rates is often slower and less complete and can be affected by the degree of competition in the market, or the degree of information asymmetries, among other market frictions.[4]

When the relationship between the MPR and the interbank rate weakens, the monetary signal may lose strength, and distortions may emerge in financial markets.

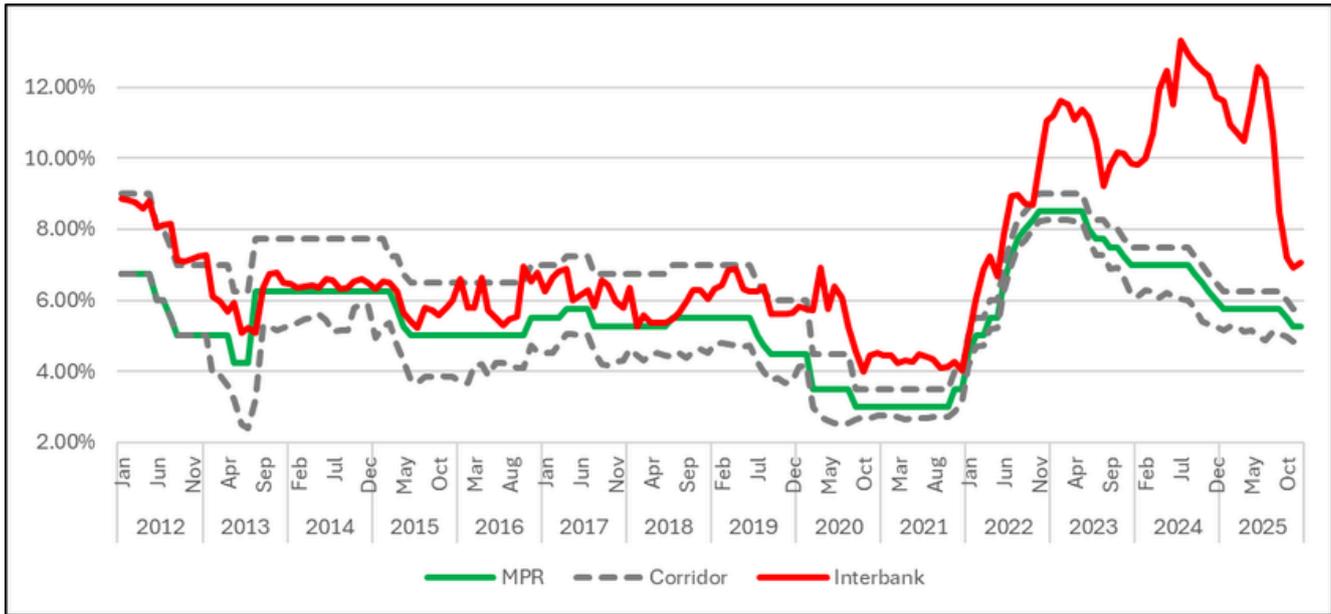
In the Dominican Republic, beginning in March 2020 at the onset of the pandemic, the interbank rate has exceeded the policy corridor in several episodes, reflecting an uncertain external environment and the deployment and subsequent withdrawal of exceptional monetary support leading to tight and volatile liquidity conditions. In particular, and to support domestic economic activity during the pandemic, the Central Bank of the Dominican Republic (BCRD, for its acronym in Spanish) injected substantial liquidity during 2020, with a subsequent absorption of excess liquidity beginning in the second half of 2021 and accelerating in 2022. These dynamics contributed to episodes in which the interbank rate remained above the corridor and were associated with lower credit activity. Since the second half of 2024, the BCRD has redeployed liquidity support measures to improve monetary policy transmission, helping bring the interbank rate closer to the policy corridor by end-2025 and supporting the normalization of the operational framework (see Box 1 of the 2025 Article IV Consultation Staff Report for the Dominican Republic).

[2] IMF (2025), Dominican Republic: 2025 Article IV Consultation–Staff Report, IMF Country Report No. 25/305; and Banco Central de la República Dominicana (BCRD), EMFA monetary and financial statistics and interbank operations data.

[3] Central Bank of Costa Rica (BCCR). Economic Indicators: Trading Market, Integrated Liquidity Market (colones). Total trading volume and overnight interest rates (monetary policy rate, standing credit facility rate, and standing deposit facility rate); interbank rate in the MIL. San José: Central Bank of Costa Rica.

[4] This distinction is crucial to understanding why, even when the interbank rate adjusts in line with changes in the MPR, the borrowing and deposit rates faced by households and firms may not respond with the same speed or intensity. A well-functioning interbank market ensures that the monetary policy signal is promptly and reliably reflected in banks' short-term funding costs; an important, though not sufficient, first step in transmitting that signal to the broader economy.

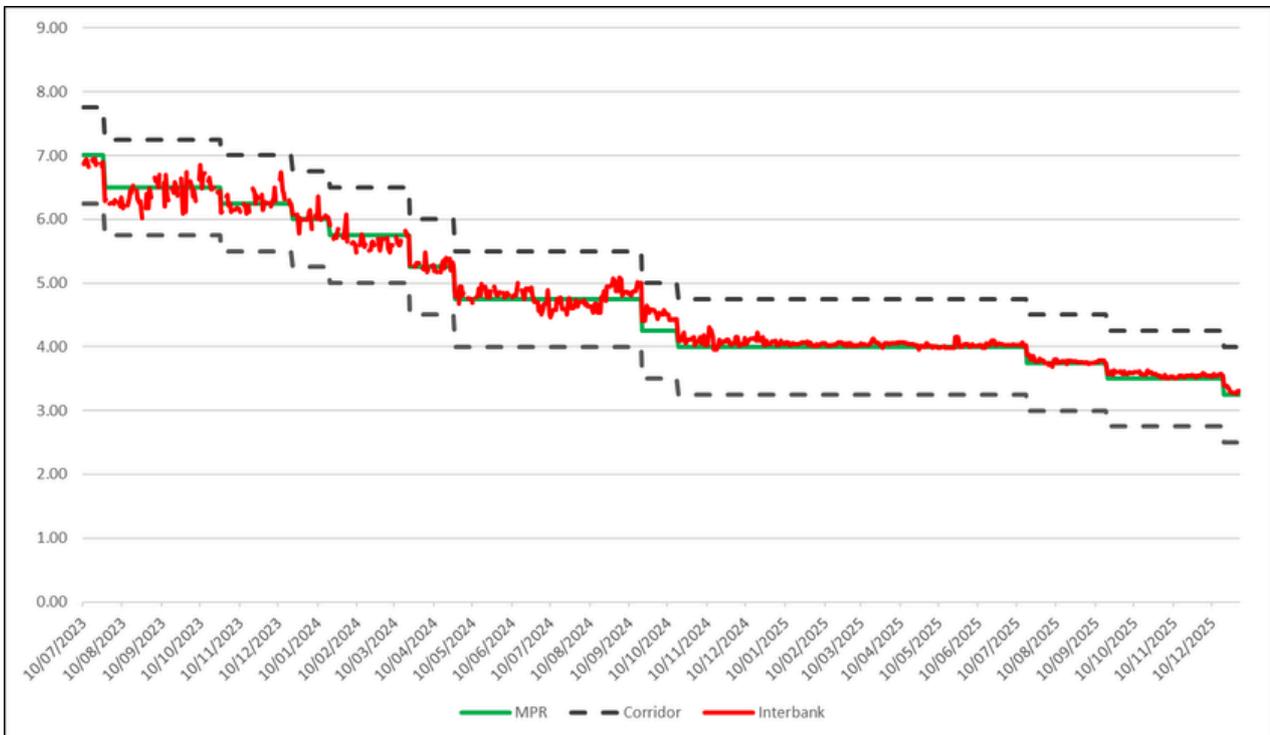
FIGURE 1. CAPTAC-DR: EXAMPLE OF THE MONETARY POLICY CORRIDOR FOR THE DOMINICAN REPUBLIC



Note: Author’s calculations based on data from the Central Bank of the Dominican Republic.

In turn, in Costa Rica, the interbank rate[5] remained within the policy corridor. By the end of the period, the interbank rate showed a mayor gradual convergence toward the MPR, suggesting an improvement in its alignment.

FIGURE 2. CAPTAC-DR: EXAMPLE OF THE MONETARY POLICY CORRIDOR FOR COSTA RICA



Note. Author’s calculations based on data from the Central Bank of Costa Rica.

[5] The one-day secured interbank rate represents the effective cost at which banks lend funds to each other on an overnight basis (with collateral), without direct intervention by the Central Bank of Costa Rica (BCCR). In other words, it includes only transactions between private participants—bank-to-bank operations with collateral—excluding the BCCR. Operations in which the BCCR participates directly, such as standing credit or deposit facilities, as well as central bank liquidity injection or absorption auctions, are not included. As such, it constitutes a “pure” indicator of the market-based interbank interest rate.

2. Financial Stability and Liquidity Monitoring

Beyond its macroeconomic function, the Central Bank plays an essential role in financial stability, in coordination with banking and financial supervisory authorities. Within this mandate, monitoring bank liquidity is central.

Tracking micro- and macroprudential indicators—such as the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), and the Loan-to-Deposit Ratio (LDR), among others—helps assess financial institutions' capacity to withstand liquidity stress. At the aggregate level, metrics such as the share of liquid assets in total assets and liquidity stress tests contribute to identifying systemic vulnerabilities.

International evidence shows that many episodes of financial instability initially manifest as liquidity problems. A comprehensive and preventive view of liquidity is therefore indispensable to safeguarding financial stability.

3. The Payment System as an Operational Channel

The payment system is the infrastructure through which liquidity circulates in the economy. It settles interbank transactions, public sector payments, and Central Bank operations.

Government payments have immediate effects on bank deposits and interbank liquidity, reinforcing the close interconnection between fiscal execution and monetary policy. At the same time, financial inclusion strategies and payment innovations have expanded liquidity circulation channels, increasing both efficiency and operational complexity.

Treasury Financial Programming and Liquidity

Treasury financial programming consists of the integrated planning of government revenues, expenditures, and financing needs, generally articulated around the management of the Treasury Single Account (TSA) and focused on short-term operational horizons.

Its central objective is to ensure government liquidity at the lowest possible cost and risk, while avoiding unnecessary volatility in the financial system. In some countries, Treasury may be a large participant in the economy; thus, understanding the impact of its main flows on liquidity—particularly when these are concentrated at the Central Bank—is therefore crucial:

- Budget execution, through payments, injects liquidity into the banking system
- Tax collection and the issuance of domestic debt securities withdraw liquidity from the financial system
- Debt service or government financing in international markets can affect international reserves and domestic liquidity

Given the Treasury's magnitude in the economy may be large, Central Banks should be able to anticipate movements at the TSA through efficient communications with Treasury, to reduce monetary policy costs through liquidity sterilization or injection, consistent with its inflation and output objectives.

Coordination Between Treasuries and Central Banks

Hence, coordination between monetary and fiscal policy is an essential component of macroeconomic stability. A broad and well-managed TSA located at the central bank enables the consolidation of public resources and provides a comprehensive view of potential liquidity effects of government operations. While the TSA itself lies at the Central Bank[6], the fiscal flows into and out of it, such as tax collections and budgetary spending, have direct implications for liquidity conditions in the economy. This structure, together with regular information exchange on cash projections, payment calendars, and issuance schedules, strengthens the central bank's capacity to anticipate the impact of fiscal flows on the money market.

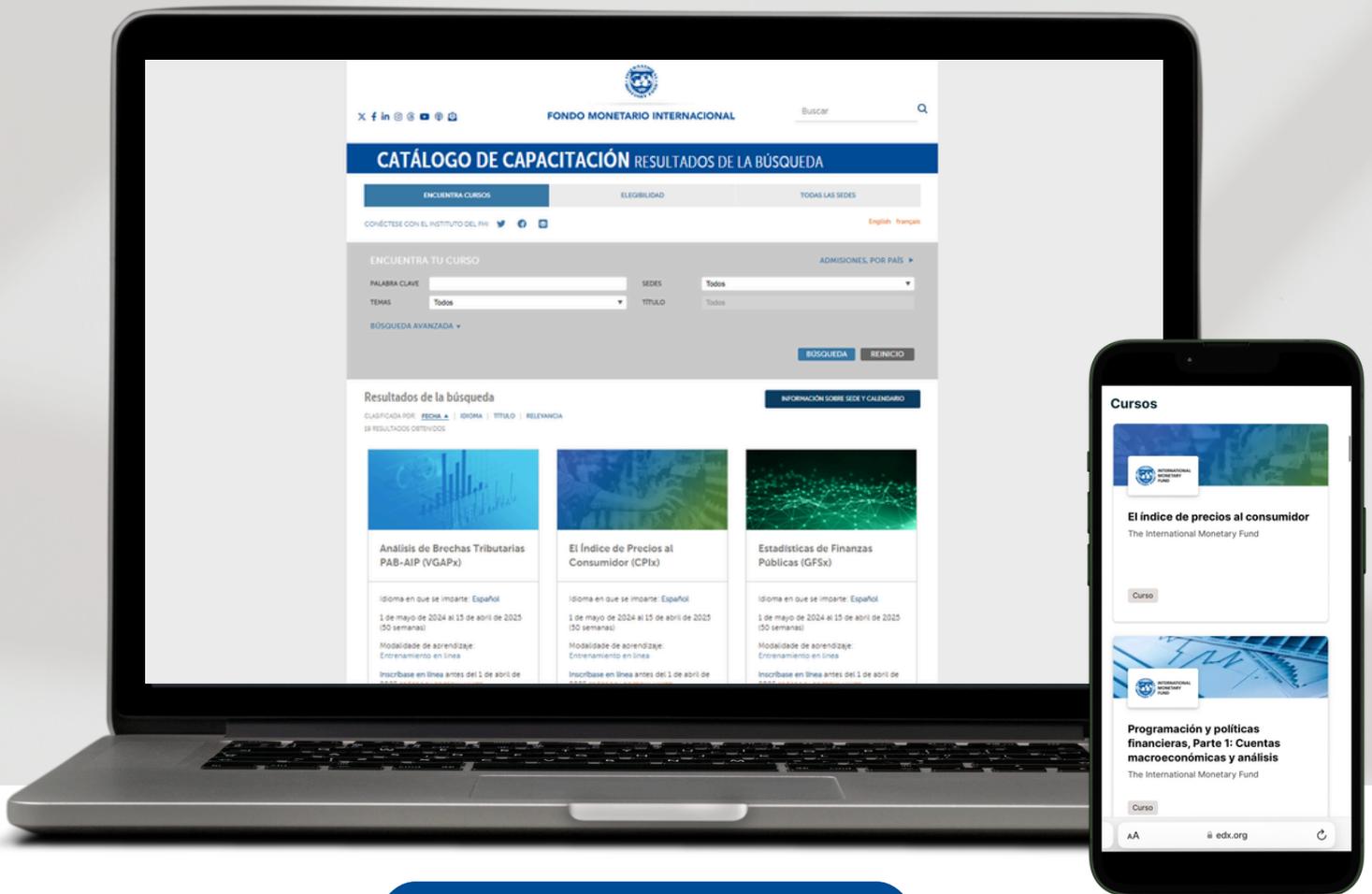
Predictable financial programming through more accurate cash flow projections combined with institutional coordination mechanisms—such as liquidity committees and joint operational calendars—can help reduce short-term interest rate volatility, improve monetary policy transmission, and lower sterilization costs. International experience shows that when fiscal and monetary authorities act in concert, liquidity management is more efficient, fiscal discipline is reinforced, and the effectiveness of monetary policy is enhanced.

[6] In the specific case of the Dominican Republic, for example, the TSA is held at Banco de Reservas (a commercial bank) rather than at the Central Bank. As a result, TSA balances form part of banking system liquidity outside the central bank's balance sheet, suggesting that in cases such as this, liquidity management and coordination between fiscal and monetary policy may involve considerations different from those described in the main text.

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