



15 YEARS
CAPTAC-DR

**REGIONAL TECHNICAL ASSISTANCE CENTER FOR CENTRAL
AMERICA, PANAMA AND THE DOMINICAN REPUBLIC**

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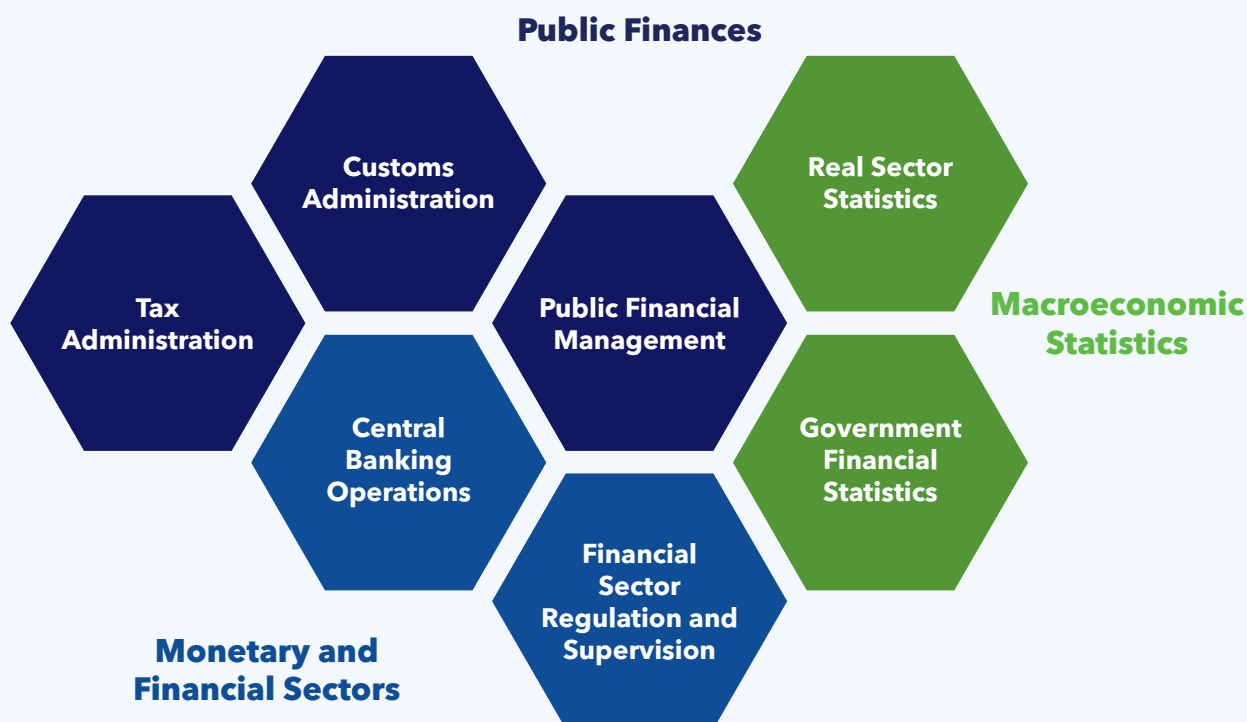
San Salvador, El Salvador.

Fifteen years of CAPTAC-DR: A steadfast commitment to the CAPDR region

BY JOSÉ CASTAÑEDA, Economist and Office Manager of CAPTAC-DR

Fifteen years ago, on June 24, 2009, the International Monetary Fund (IMF) Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR) was inaugurated. CAPTAC-DR is part of a network of IMF Regional Capacity Development Centers (RCDCs), whose strategic objective is to strengthen the human and institutional capacities of member countries to design and implement sound macroeconomic and financial policies. Based in Guatemala, CAPTAC-DR is the IMF's second center in the Western Hemisphere. Additionally, it is the only Spanish-speaking RCDC in the world, making its representation in this network particularly notable.

CAPTAC-DR works closely with its member countries and development partners to address the countries' capacity development (CD) needs. The Center's activities focus on three key areas: public finance (tax and customs administration and public financial management); the monetary and financial sectors (financial sector supervision and regulation, and central banking operations and modeling); and macroeconomic statistics (real sector statistics and government finance statistics). The national authorities identify their CD priorities in these areas, defining an annual work program based on medium-term projects.

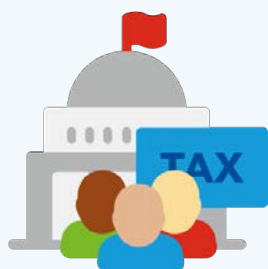


A Brief Overview on how CAPTAC-DR Operates

Since the Center's inception, a governance and operational structure similar to that of other RCDCs was established. The management of the centers is guided by a Steering Committee (composed of representatives from member countries, development partners, and the IMF) that provides strategic direction, assists in setting the centers' medium-term priorities, and endorses their work plans. The Center

Director is responsible for the daily management and operations under the general supervision of IMF headquarters. The CAPTAC-DR staff consists of several local support staff and resident advisors. The work is divided through financial cycles (phases), consisting normally of five years each. CAPTAC-DR is currently in its third phase of operations and is close to start its fourth quinquennium.

How Does the IMF's Capacity Development Help Member Countries?



Public Finance

The IMF contributes to improving budget formulation, revenue collection, and treasury and debt management. This enables governments to maintain fiscal sustainability; develop or enhance key infrastructure such as schools, roads, and hospitals; expand social safety nets; promote transparency; attract more investments; and design fiscal policies to address climate change and other challenges.



Monetary and Financial Sectors

It works with central banks to modernize their monetary and exchange rate policies and frameworks, and with regulators and supervisors to strengthen financial systems and oversight. For example, progress has been achieved in areas such as fintech and cybersecurity. This collaboration helps countries improve macroeconomic and financial stability, promoting inclusive growth and international trade.



Macroeconomic Statistics

It supports countries in the collection, management, compilation, and dissemination of economic and financial data. This provides countries with a more accurate view of their economy and helps governments formulate economic policy, while promoting more transparency and accountability.

FMI instala oficina regional en el país

POR LEONEL DÍAZ Y URIÁS GAMARRO

El Fondo Monetario Internacional (FMI) inauguró ayer el Centro Regional de Asistencia Técnica para Centroamérica, Panamá y República Dominicana (Captac-RD) en esta capital.

El Centro efectuará actividades que se enfocarán en asesoría para supervisión y regulación financiera, políticas de impuestos y aduanas, manejo de las finanzas públicas, mercados de dinero y de deuda, y estadísticas macroeconómicas. Además impartirá seminarios y talleres.

El Captac-RD es el séptimo regional de asistencia técnica del FMI en todo el mundo, y el segundo en las Américas.

Los otros se encuentran en Fiji (1992), Barbados (2001), Libano (2004), Tanzania (2002), Mali (2003) y Gabón (2007).

La unión centroamericana,

tanto en el ámbito comercial como financiero, requiere de armonización de leyes y supervisión consolidada de bancos, entre las más urgentes, afirma el FMI.

El presupuesto de ese centro en el país es de US\$35 millones, para ser ejecutado en cinco años, según el coordinador regional Ugo Fasano, quien toma posesión a finales de julio próximo.

La oficina contará con seis expertos y funciona en el 15 piso del edificio del Banco de Guatemala.



Foto Prensa Libre: ERIC CASTELL

En la inauguración, Agustín Carstens (izq), secretario de Hacienda de México, y María A. de Bonilla, presidenta del Banguat.

Publication in local newspaper on the opening of CAPTAC-DR in 2009.

Source: Prensa Libre of Guatemala. Page 10 of the Thursday, June 25, 2009 edition.

In the First Phase of the Center, the foundations of its operations were established. Just as the good practices of other RCDCs were followed for the operational and governance structure, the Center's CD activities were also integrated with IMF surveillance and lending operations activities. These activities can help identify technical assistance needs that align with the country's reform objectives and the IMF's policy views. In turn, technical assistance can be used to help countries implement the reforms identified in Article IV surveillance and lending programs. Additionally, efforts were made to collaborate and cooperate with other CD providers to leverage synergies. At the start of this phase, only five workstreams were identified for the Center; over time, additional workstreams have been added given increased CD demand from member countries. These foundations continue to serve as key cornerstones of the Center's work up to the present.

During CAPTAC-DR's Second Phase, lasting from July 2014 to April 2019, the implementation of the Results-Based Management (RBM) framework was initiated. In the RBM framework, indicators and milestones are defined to provide

simple and reliable means to measure achievements throughout each project. The indicators are linked to regional objectives and those of other financial partners to facilitate coordination. Nonetheless, the implementation of the technical assistance recommendations remains entirely the responsibility of the country authorities.

In the ongoing Phase III, which began in 2019, the resilience and adaptability of CAPTAC-DR was put to the test as, in line with other RCDCs, it became the IMF's 'first responders' during the COVID-19 pandemic. During this global crisis, technology was quickly leveraged, and virtual and subsequently hybrid engagement models were created to assist our member countries. This reaffirmed that the RCDC model is effective, efficient, empowering, and highly valued by both CD recipients and development partners. The combination of in-person and remote delivery by resident advisors, high-quality support from IMF headquarters, and close collaboration with country authorities allows for CD delivery to adapt to the unique demands of the member countries.

The Evolution of the Region

Over the past fifteen years, the institutions in the Central America, Panama, and the Dominican Republic (CAPDR) region have undergone profound and sustained transformation and growth. Below are some examples of CAPTAC-DR's contributions to the region, grouped by the three key areas mentioned above, and highlighting each of the Center's seven workstreams.

Public Finance

The areas of **tax and customs administration** have contributed to enhanced revenue mobilization in the countries by supporting the development of frameworks for strengthening taxpayer services, compliance, risk management, audit processes, and trade facilitation. Additionally, they have directly contributed to building the capacities of administration executives for decision-making and business continuity. Moreover, the Center has supported the modernization of treasury management in the region, fostering a paradigm shift in public resource management by transitioning government treasuries from a payment administrator role to a new more strategic role in **public financial management**.

Monetary and Financial Sectors

The region advanced in the adoption of international standards and best practices in **banking supervision and regulation**. Most member countries have adopted accounting standards based on IFRS (International Financial Reporting Standards) and progressed towards the adoption of Basel standards, transitioning to risk-based and cross-border consolidated supervision. In parallel, in **central banking operations and modeling**, liquidity forecasts and macroeconomic models for policy analysis and forecasting were strengthened. Member countries, including those with dollarized economies, enhanced their emergency liquidity assistance frameworks. Additionally, new semi-structural models were developed and calibrated to support national decisions on short-term interest rates, as well as macroeconomic analysis and the assessment of policies and shocks.



Santo Domingo in Historic Colonial district, Dominican Republic.

Macroeconomic Statistics

In the area of **real sector statistics**, progress has been made in significantly improving the quality of national accounts and price statistics in the region. The Center is currently providing TA on various topics for three National Accounts (NA) rebasing projects to align member countries to the 5-to-10-year range recommended by international best practices.¹ Most countries in the CAPDR region also use the latest methodological benchmark, the 2008 System of NA (SNA).² Significant progress has also been made by the countries in the compilation and dissemination of **government finance statistics** based on international standards. In the current phase of the Center's work, a project has supported regional harmonization of government finance statistics and public sector debt statistics. The goal is to adopt the Government Finance Statistics Manual 2014 (GFSM 2014), as well as the Public Sector Debt Statistics: Guide for Compilers and Users 2011 (PSDSG 2011) in each of the member countries over the next few years.

Integration of Cross-cutting and Transformational Issues

Complementing the important work of the Center in its various workstreams, member countries have also been supported in integrating cross-cutting and transformational issues (digitalization, climate change, gender, and governance) into economic policies, achieving significant progress in the region. For example, within the framework of the IMF's Gender Mainstreaming Strategy, CAPTAC-DR conducted the first regional study on gender equality in customs administrations in CAPDR. Additionally, the Center assisted Costa Rica in introducing gender-responsive budgeting, which is now present at various stages of the budget cycle, from formulation to evaluation. Costa Rica was also supported in developing a new digitalized social transfer system to promote financial inclusion and gender equality.

¹ Countries with rebasing projects are Costa Rica (2022), Dominican Republic (2018) and Nicaragua (2019). Panama is already within the recommended range, with 2018 as the base year for their National Accounts.

² For further details about these NA rebasing projects, see 58th edition of CAPTAC-DR Newsletter, available in CAPTAC-DR's website (www.captac-dr.org).



Managua, Nicaragua.

Training

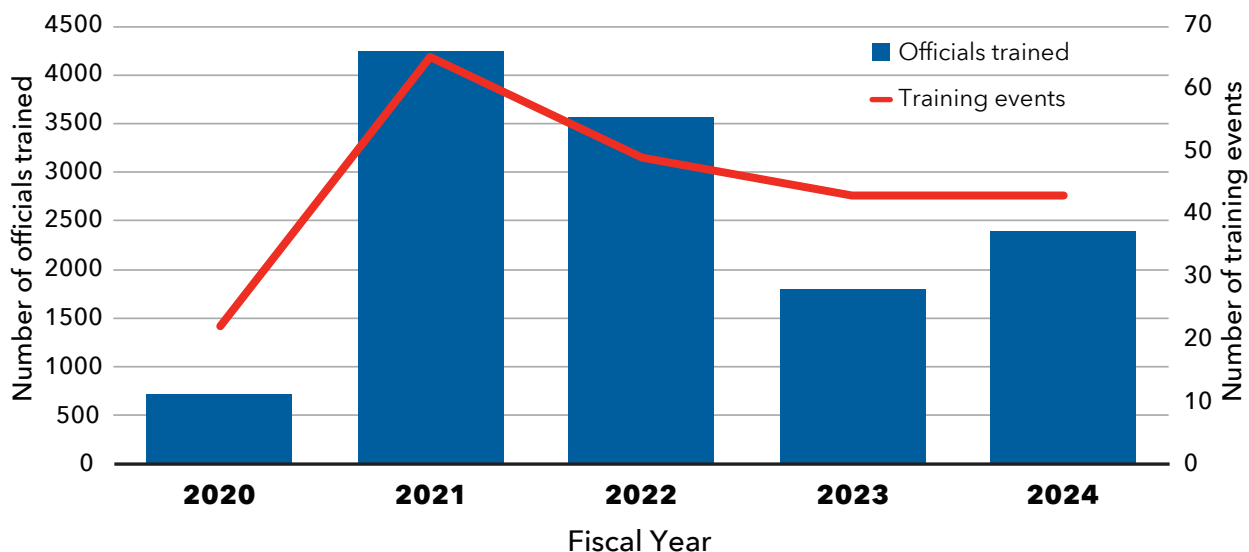
Complementing bilateral technical assistance, the Center organizes training sessions designed to supplement the topics covered. These training sessions, which have a broader educational focus than technical assistance, can be bilateral or regional. Their goal is to maximize available resources to address issues common to the region and foster collaboration with other development partners. The training includes in-person seminars, virtual seminars, webinars, courses, and workshops. During the current phase, more than 12,000 officials have been trained by the Center through 222 training events

(see Chart 1). The adoption of the virtual and hybrid models in training allowed for a significant increase in the number of bilateral and regional training events, as well as in the number of targeted participants. Thanks to this, the annual average number of trained officials (2,400) during Phase III has already reached the total number of officials trained during the five years of the previous phase. Likewise, the number of events has more than doubled compared to the previous phase, now training five times more officials than in each of the first two phases (see Chart 2).



Top photo: José Castañeda, Economist and Office Manager. Bottom photo: Ari Aisen, Director of CAPTAC-DR. Regional Seminar "Measuring well-being and sustainability in the System of National Accounts".

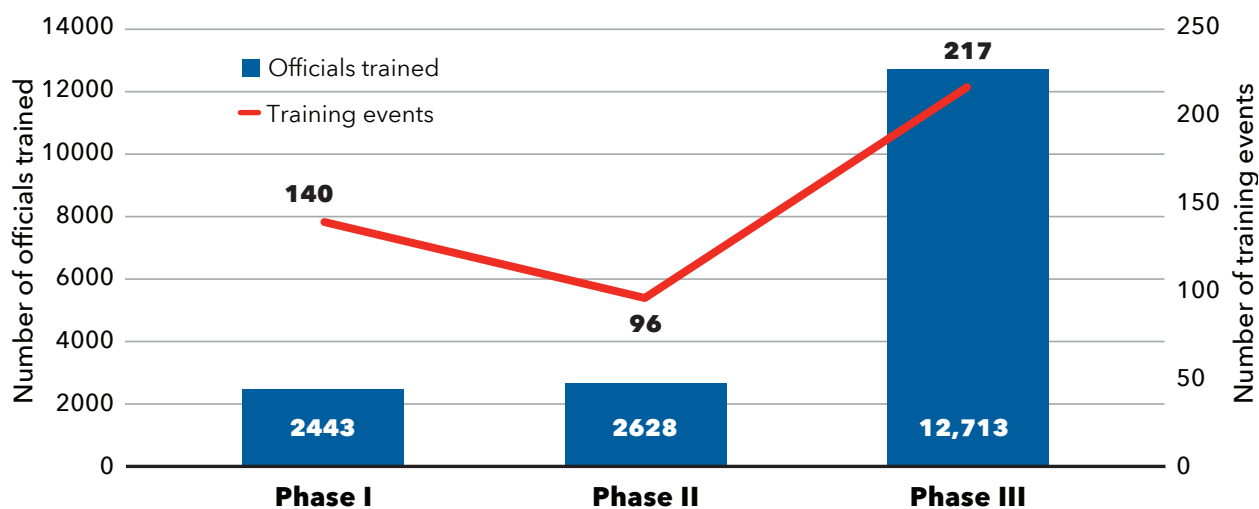
Chart 1. CAPTAC-DR: Officials Trained and Training Events During Phase III



Source: Compiled by the author using CAPTAC-DR records.

Note: The dates on the horizontal axis correspond to fiscal years, which cover from May the previous year to April of the current year (i.e., fiscal year 2024 corresponds to the period from May 2023 to April 2024).

Chart 2. CAPTAC-DR: Officials Trained and Training Events in the Last 15 Years



Source: Compiled by the author using CAPTAC-DR records.



SUCCESS STORIES

Success Stories

Over these fifteen years, several outstanding results have been achieved thanks to the CD efforts and support of the Center. Below are some examples of the success stories:

Costa Rica launched the Single System for the Payment of Social Resources (SUPRES, its acronym in Spanish), an initiative designed to improve efficiency and transparency in the distribution of social benefits. The Ministry of Finance, innovating processes through digitalization, centralized the management of monetary transfers for social programs in the National Treasury, using the Single Treasury Account to provide traceability to transfers and make the allocation of resources more efficient.

Payments to social assistance beneficiaries are deposited directly into their individual bank accounts in the national banking system. This promotes good governance for public resources and supports gender equality initiatives. Additionally, it ensures traceability in poverty reduction efforts. Through financial inclusion and electronic payment methods, financial and digital identity is also provided to low-income populations.

SUPRES reduces bureaucratic inefficiencies and leverages technology to ensure that funds reach the most vulnerable populations in an agile, secure, and transparent manner. In 2024, the platform processed nearly one million monthly payments, 60 percent of which went to female heads of households.

The Costa Rican National Treasury continues to expand SUPRES coverage to other social programs. This reform is a success story in the adoption of best practices in the management of public resources that can be replicated in other government administrations.



Rincon de la Vieja National Park, Costa Rica.

The modernization of customs in Guatemala facilitated trade by reducing the time needed to clear goods at borders, while significantly increasing revenue collection.

Between 2015 and 2022, the rate of physical and documentary inspections of imports at borders, ports, and airports gradually decreased from 22.3 percent to 9.9 percent. This rate was one of the lowest in Latin America and aligned with international best practices, maintaining a single-digit inspection rate. During the same period, the effectiveness of physical and documentary inspections at customs, known as the assertiveness rate, increased by 11.9 percentage points. This improvement reflected better risk identification and enhanced performance of customs inspectors. Additionally, the time required to release goods at borders was reduced by 8.9 percent for land borders and 8.0 percent for seaports.

Several initiatives launched in 2016 contributed to these positive outcomes. These initiatives included the implementation of an Integral Cargo Control Plan at the country's main customs office, improvements in risk identification, selection, and mitigation, and the introduction of Guatemala's Integral Customs Modernization Program. As a result of these efforts, the country saw a year-on-year increase in foreign trade revenue compared to previous years. From 2012 to 2016, the year-on-year variation of foreign trade revenue performance remained below four percent. However, from 2017 to 2022, the average annual variation was 12.5 percent, with a peak of 43.0 percent in 2021.³

³ Find more details about this Customs success story in Annex II of the FY23 Annual Report and FY24 Work Program, available on CAPTAC-DR's website (www.captac-dr.org).



Antigua Guatemala, Guatemala.

Improvement of consolidated and cross-border supervision of banking groups in the Central American region. During Phase II of the Center, capacity-building efforts focused on corporate governance and liquidity risk management. The main achievements were: (i) an increased understanding of new international standards; (ii) the modernization of common supervisory guidelines and the standardization of reporting requirements; and (iii) improved procedures for both on-site and off-site inspections.

Efforts in some countries, supported by the Center, have included the modernization of legal and regulatory frameworks and supervisory procedures. A notable example is Costa Rica, which in 2019 amended the central bank law to broaden the legal powers of supervisors to exercise a more effective consolidated supervision of banking groups. During the recent pandemic, the Center's CD priorities in banking supervision shifted to address the immediate needs of member countries. These efforts are now being reactivated, with Honduras scheduled to receive technical assistance on this matter during the current fiscal year.⁴

⁴ Find more details about this Banking Supervision and Regulation success story in Annex III of the FY20 Annual Report and FY21 Work Program, available on CAPTAC-DR's website (www.captac-dr.org).



Downtown Tegucigalpa, Honduras.

Enhancing fiscal transparency, government finance analysis, and country comparability through the harmonization of government finance statistics project.

This regional initiative, supported by the Center and in collaboration with Regional Councils, aims to help CAPTAC-DR member countries to adopt global best practices in government finance and public debt statistics, in accordance with GFSM 2014 and PSDSG 2011. Launched in 2018, the project brought together Central Banks, the National Institute of Statistics and Census of Panama, and the Ministries of Finance under a unified purpose.

A cornerstone of this effort has been the interinstitutional working group (GTEFP, its acronym in Spanish) which has been steering the harmonization strategy. The GTEFP developed a regional work plan covering 2018 to 2024, resulting in the publication of six regional reports. These reports reflect the project's achievements in expanding institutional and data coverage, increasing reporting frequency, improving timeliness of statistics, and producing a range of financial statements and indicators. Key indicators include total revenue, tax burden, expenditure, primary balance, net lending or net borrowing, and gross debt as GDP percentages. All of these indicators facilitate fiscal analysis and regional comparability.⁵

⁵ Find each of the reports and a dashboard of the harmonized statistics on the website of the Executive Secretariat of the Central American Monetary Council (<https://www.secmca.org/estadisticas-de-finanzas-publicas-armonizadas/>). Find more details about this Government Finance Statistics success story in Annex IV of the FY19 Annual Report and FY20 Work Program, available on CAPTAC-DR's website (www.captac-dr.org).



Panama City, Panama.



CAPTAC-DR Staff.



A New Phase of Work

Currently, CAPTAC-DR is working in the final fiscal year of Phase III. During this year and the upcoming Phase IV (2025-2030), the Center will continue supporting resource mobilization, the modernization of public financial management, the strengthening of the operational framework for monetary policy, and the modernization of financial supervision and regulation, and improvement of government finance statistics. A new workstream on expenditure policy will be added to the Center in Phase IV. Additionally, cross-cutting and transformational topics will remain relevant in the work plan, building on the progress achieved in previous years. Regional training sessions will also continue to be an important component of the work plan, addressing topics of common interest to member countries.

A Heartfelt Thanks and Reaffirmed Commitment of the Center

The staff of CAPTAC-DR are thankful to the member countries (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) and the financial partners for their support and commitment to the Center's work. The following donor partners have supported the Center during its first three phases:

- **Phase I:** Germany, Central American Bank for Economic Integration, Inter-American Development Bank, Canada, Spain, Mexico, and the European Union.
- **Phase II:** Canada, Mexico, Luxembourg, and the European Union.
- **Phase III:** Central American Bank for Economic Integration, Canada, Colombia, Spain, Luxembourg, Mexico, Norway, and the European Union.

On its auspicious fifteenth birthday, CAPTAC-DR reiterates its commitment to support human and institutional capacities in the design and implementation of sound macroeconomic and financial policies.

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Member Countries



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Dominican
Republic



El Salvador



Guatemala



Honduras



Nicaragua



Panama

Development Partners

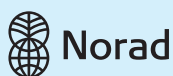


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