



CAPTAC-DR



COORDINATION WITH OUR FINANCIAL PARTNERS P. 1

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COORDINATION WITH OUR FINANCIAL PARTNERS

Thanks to CAPTAC's relationship with its financial partners, we recently had the visit of Ms. Ilona de Zamaroczy and Mr. Alberto Menghini from the cooperation programmes of the European Union (EU) Delegation. The European Union delegates were satisfied with CAPTAC-DR capacity development program as it complements the European Union actions in different countries of the region. Among the initiatives it develops in the region, the European Union highlighted the work of CAPTAC-DR to support the training of officials, which is essential to ensure that progress in the development of permanent macroeconomic capacity. They were pleased with the active participation of European Union delegates at the opening of the Center's training events.

This collaboration makes the participating officials aware of the commitment that CAPTAC's financial partners assume in developing the capacities to implement inclusive economic policies within the region. Finally, they welcomed the opportunity to talk with the experts of the Tax Administration and Public Financial Management area to better understand their work in the region. These areas are vital to the success of the technical assistance and training provided that responds to the needs and priorities of countries and is closely related to their economic stability and inclusive growth strategies.



PUBLIC FINANCIAL MANAGEMENT

REGIONAL COURSE ON TREASURY MANAGEMENT

The Regional Technical Assistance Center for Central America, Panama and the Dominican Republic (CAPTAC-DR) offered the regional course on treasury management. This course was held in Santo Domingo, Dominican Republic on June 21-29, and was attended by officials from the region. The course was conducted in two sessions. Critical issues on treasury management, organization and its relationship with other financial management subsystems were addressed in the first session, while the second session discussed more advanced topics such as optimal balance sheet management, the relationship between treasury management and central banking, short-term liquidity management instruments, and the process of treasury management modernization.

The international experts in the field, Jean-Baptiste Gros, José Adrián Vargas y Claudiano de Albuquerque, led these meetings. The course considered a methodology consisting of lectures, group activities, and general discussions. Likewise, the Dominican and Costa Rican representatives shared their experiences regarding cash transfer programming and collection and system modernization using electronic payment methods, respectively. This course responds to regional needs and the Center's ongoing efforts to implement best practices in modern treasury management.

TAX AND CUSTOMS ADMINISTRATION

CAPTAC-DR ORGANIZES A REGIONAL CONFERENCE AIMED AT PROMOTING THE IMPROVEMENT OF CUSTOMS AND TAX COMPLIANCE

The growing and complex challenges faced by customs and tax administrations to fight against tax fraud and, at the same time, promote competitiveness in the region, force these administrations to adopt a culture of comprehensive risk management and constant coordination between both administrations to prevent and mitigate risks more effectively and transparently.

CAPTAC-DR/IMF organized in San José, Costa Rica, on June 3-5, its I Regional Conference "Risk Management to Enhance Customs and Tax Compliance," to strengthen the capacities of customs and tax administrations. The meeting brought together 65 participants including Directors-General, Deputy Directors-General, and officials of these administrations from Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, Panama and Dominican Republic, as well as IMF speakers, SIECA, and experts from South America and Spain.

This conference offered and enabled the environment to discuss strategic aspects that should be strengthened in both administrations to adopt a comprehensive risk management, including (i) strategic vision; (ii) information and technology; (iii) process improvement; (iv) risk identification; (v) analysis and segmentation; (vi) prioritization and treatment; (vii) evaluation; (viii) strengthening of inter-agency coordination.



Also, it was useful to know international good practices applied to fight tax evasion and facilitate trade, as well as outstanding initiatives undertaken in the region, such as the Regional Strategy for Customs Comprehensive Risk Management, which represents a regional agreement between customs to coordinately combat common risks, which was developed with technical assistance from CAPTAC-DR and approved by COMIECO on May 28, 2019 in Guatemala City.

Among the most relevant conclusions obtained from this conference are the following:

1. Comprehensive risk management should become an institutional culture with strategic vision, adopted in all areas, to reduce evasion and contribute to regional competitiveness.
2. The priority aspects that customs and tax administrations should strengthen to implement risk management are (i) information; (ii) processes; (iii) legal framework; (iv) human resources, (v) and technology capacity.
3. The basis for effective risk management is the proper use of data, which represents both the effective use of information as to its exchange with other national and international institutions and confidentiality.
4. Customs and tax administrations should systemically exchange information to increase their effectiveness in fighting tax evasion risks.
5. Because of the multiple agreements implemented within the framework of regional integration, customs and internal tax administrations must adapt their management to counteract possible tax and security risks resulting from the abuse of the benefits that such Agreements promote.
6. The work of the TA donors and providers has been important for administrators to strengthen their capacities to implement comprehensive risk management, and there is still much to do in this regard, so it will be equally important to continue supporting the region in this matter. The challenges are still many for the countries of the region in terms of social inequality. Thus, having customs administrations and strengthened internal taxes that raise the necessary revenue, can enable the implementation of policies to address these challenges, so CAPTAC-DR/IMF, with the support of its donor partners, will continue to provide technical assistance and training to those authorities to help them achieve their mission.



NATIONAL ACCOUNTS STATISTICS

NATIONAL ACCOUNTS SEMINAR 2019. ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

Banco de Guatemala (Banguat) hosted the Seminar on 2019 National Accounts organized by the Economic Commission for Latin America and the Caribbean (ECLAC). The agenda covered topics such as virtual currencies and digital economy, which should be studied to analyze their impact on national accounts. A program was prepared with the medium-term challenges in the region on issues of implementation of the 2008 SNA. The announcement by Banguat on the conclusion and future disclosure of the rebasing of national accounts to 2013 was highlighted. CAPTAC congratulates Banguat's authorities and national accounts team and acknowledges their efforts to conclude this critical statistical challenge.



11TH MEETING OF THE CMCA AD-HOC GROUP ON NATIONAL ACCOUNTS

The 11th Annual Meeting of the Ad Hoc Group of National Accounts was held at the Central Reserve Bank of El Salvador. The topics discussed will contribute to the availability of regional information and perspectives regarding the rebasing plans for national accounts. As part of future projects, the draft of a policy to review the production of national accounts and a code of good statistical practices were discussed. These initiatives should be agreed upon and submitted to the CMCA authorities and executive secretary for consideration.



COURSE ON NATIONAL ACCOUNT STATISTICS IMPARTED BY THE NATIONAL INSTITUTE OF STATISTICS AND CENSUS OF PANAMA (INSTITUTO NACIONAL DE ESTADÍSTICAS Y CENSOS DE PANAMÁ (INEC))

CAPTAC-DR imparted the first part of the National Accounts Statistics Course to the national accounts team of the National Institute of Statistics and Census (INEC) of Panama. This activity is part of the agenda before the rebasing of national accounts that INEC will carry out, including the implementation of the 2008 SNA. These training activities are aimed at strengthening the capacities of the national accounts team on issues such as production accounts by industries and institutional sectors, average prices and volume, and introduction to the supply and use tables. Any outstanding matters will be completed in the second part of the training that covers the full program of this national accounts training.



ANNUAL WORK VISIT OF THE RESIDENT EXPERTS IN STATISTICS TO THE IMF HEADQUARTERS

As every year, the IMF resident experts from the Department of Statistics visited the IMF headquarters in Washington D.C. on June 17-21. This annual event includes a series of informative and exchange activities between the IMF Statistics Department and the resident experts assigned in each regional technical assistance center, which improve the content and implementation of work plans regarding CAPTAC real sector statistics and finances.



PUBLIC FINANCE STATISTICS

SECOND GTEFP MEETING WITH THE PRESENCE AND SUPPORT OF THE EUROPEAN UNION IN EL SALVADOR



Progress in public sector fiscal and debt statistics

Three technical assistance missions were carried out to the countries of the region in the quarter from May to July 2019. In Honduras, between May 6-10, CAPTAC-DR's resident expert, Bruno Da Rocha, and short-term consultant Fernando Ferraz, assisted the authorities in finishing the revision of the (monthly) high-frequency budgetary central government database that will be published under the latest international standards. In Costa Rica, on June 3-14, the short-term consultant, Adriana Arosteguiberry, assisted in improving public debt and high-frequency data, and central government consolidation matters. In Nicaragua, on June 10-21, with the support of Bruno Da Rocha and short-term consultant, Ismael Zarco, training focused on public finance statistics and public sector debt was provided to 34 BCN and MHCP authorities. Nicaragua was the last member country to receive this focused training, closing a significant stage of qualification and capacity development to advance in the publication of harmonized fiscal and public debt statistics for decision making.

Remote support to countries

Once the level of capacity development for the production of public finance statistics has increased, it is also possible to increase the level of remote interactions (by teleconference or video conference) between CAPTAC-DR

resident expert and the technical teams responsible for the development of GFS in the countries of the region. This process has escalated, especially with the authorities of the Dominican Republic, Honduras, El Salvador, and INEC of Panama. That work reality is also widespread between the CAPTAC-DR's GFS resident expert and SECOSEFIN and SECMCA teams due to the regional harmonization process. The expectation is that this process will also intensify with other countries and institutions in the future.

Regional harmonization process of public finance statistics

This quarter, the focus was the preparation and reception of the first groups of data that will be prepared for regional publication until December 2019. Most of the countries have submitted the material in the period defined by the Public Finance Statistics Working Group (GTEFP).

Meanwhile, SECOSEFIN, SECMCA, and CAPTAC-DR followed up the preparation for the third GTEFP, which will take place together with the first meeting of the four harmonized statistics working groups, in Santo Domingo, Dominican Republic, on September 10-11.

This meeting is key to the incorporation of GFS in the working groups of the harmonized regional statistics, as well as to the first publication of harmonized fiscal data in the region.

The GTEFP was established as a specialized technical support group in the government finance statistics (GFS) and public sector debt statistics (PSDS) for the regional harmonization process. It has the support of the Council of Ministers of Finance of Central America, Panama, and the Dominican Republic and the Central American Monetary Council.

Cooperation of CAPTAC’s GFS and the European Union in El Salvador

To proactively support the initiatives for the development of fiscal and public debt data in El Salvador, the European Union in El Salvador and CAPTAC’s GFS project designed a joint effort to implement the GFSM 2014 framework for decision-making and fiscal policy analysis in the country.

The project is expected to begin in August and continue until the first quarter of 2020. At that stage, the expectation is to generate consistent data in a historic series format for the Salvadoran non-financial public sector, under the most up-to-date international standards, including the publication of analytical reports and to meet some of the guidelines of the country Fiscal Responsibility Act. Once the joint initiative is approved, public financial management is expected to integrate into the activities.

Technical assistance missions and regional progress expected for the next quarter

Three technical assistance missions to the Dominican Republic, Honduras and Guatemala were proposed for the quarter between August and October 2019. Significant advances in public debt and government data are expected in the Dominican Republic. In Honduras, there is an initiative to align the budget classifier with the 2014 GFSM, seeking common language between public accounting, budgeting, and macro-fiscal analysis. Activities are planned with the three areas of Sefin and the possible collaboration with the public financial management area of CAPTAC-DR. In Guatemala, initiatives to develop fiscal and debt data for the analysis of fiscal policy and decision-making will be monitored. It is important to mention that significant progress is also expected in the process of regional harmonization of fiscal and public debt data with the third meeting of the Public Finance Statistics Working Group (GTEFP), held in Santo Domingo, Dominican Republic, on September 10-11.



FINANCIAL SUPERVISION

CAPTAC-DR supervisors and regulators discussed their role in promoting financial inclusion

CAPTAC-DR organized a regional workshop to improve the understanding of supervisors and regulators in the financial inclusion and raise awareness of the importance of taking advantage of synergies between financial inclusion and financial stability, in collaboration with the World Bank. The two-day workshop was held in Antigua, Guatemala, on May 23-24, 2019. The Superintendent of Banks of Guatemala, Mr. Erick Vargas, and the Deputy Governor of the Central Bank of Guatemala, Mr. Alfredo Blanco, opened the workshop and welcomed the regional participants. Their speeches addressed the importance of financial inclusion, its relevance in the country's regulatory agenda, and some comments were made on the synergies between financial inclusion and financial stability. Also, Ms. Beatrice Bussi, Deputy Director of the Cooperation Department of the European Union Delegation in Guatemala, participated in the opening session, expressing her satisfaction with the training event and supporting CAPTAC-DR activities. A total of 28 bank officials, supervisors, and regulators, representing all the financial supervisory authorities and central banks of CAPTAC-DR member countries, the Secretariat of the Council of Superintendents of Central American Banking and the Central American Monetary Council, attended the workshop. The event presented and discussed relevant Latin American experiences. Representatives of the National Commission of Mexican Banks, the Central Bank of Paraguay, the Financial Superintendency of Colombia, and the Superintendency of Banks of Peru presented their country experiences to advance financial inclusion. Speakers shared the achievements, risks, and challenges faced in the implementation of relevant policies, institutional frameworks, products and services, consumer protection, and financial education. As part of the discussions, countries recognized that a well-defined institutional framework helps advance financial inclusion and establish clear expectations and roles for supervisors. Regarding the evolution of the market, the participants agreed that the traditional financial products and services are not adapted to expand the coverage and use of financial services to the excluded population. Therefore, supervisors have been trying to simplify the regulations for some products (i.e., simplified deposit accounts, banking agents, and electronic money). They noted that sustainable financial inclusion requires financial consumers with well-defined rights that they can exercise, and also with the skills and knowledge to make informed decisions and assess risks. Therefore, the participants agreed that effective consumer protection and financial education are necessary to address power imbalances, resources, and information between consumers and financial institutions. Thus, it is concluded that a successful financial inclusion will require to work in four areas: i) a clear and operational definition for financial inclusion; ii) a robust institutional framework for financial inclusion; iii) monitor market developments, and related risks, and iv) an effective framework for the protection of the financial consumer.

