CAUCASUS, CENTRAL ASIA, AND MONGOLIA

CCAMTAC REGIONAL CAPACITY DEVELOPMENT CENTER

Introducing Caucasus, Central Asia, and Mongolia Regional Capacity Development Center

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The views expressed herein are those of the authors and should not be attributed to the IMF, its Executive Board, or its management.

Agenda

- **Background**
- **Operations and Governance**
- **Activities in FY 2022**
- **Project Identification and Work Program**
- **Summary**

The IMF Regional Capacity Development Centers

CCAMTAC is part of a network of 17 IMF regional capacity development centers around the world, which help to develop countries' policymaking capacity by transferring economic skills and best practices

CCAMTAC
Caucasus, Central Asia and Mongolia Regional Capacity Development Center

SARTTAC
IMF South Asia Regional Training and Technical Assistance Center

JVI
Joint Vienna Institute

CICDC
China-IMF Capacity Development Center

CARTAC
The Caribbean Regional Technical Assistance Center

METAC
Middle East Regional Technical Assistance Center

CAPTAC-DR
Central America, Panama, and the Dominican Republic Regional Technical Assistance Center

CEF
IMF-Middle East Center for Economics and Finance

CDOT
IMF Capacity Development Office in Thailand

AFRITAC West
Regional Technical Assistance Center for West Africa

STI
IMF-Singapore Regional Training Institute

AFRITAC West 2
Regional Technical Assistance Center for West Africa 2

AFRITAC East
Regional Technical Assistance Center for East Africa

ATI
Africa Training Institute

PFTAC
Pacific Financial Technical Assistance Centre

AFRITAC Central
Regional Technical Assistance Center for Central Africa

AFRITAC South
Regional Technical Assistance Center for Southern Africa

Source: IMF website

Overview: IMF-CCAMTAC

- **The Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)** is a collaborative venture between the IMF, nine member countries, and development partners

- The center focuses on **capacity development (CD)** services—a combination of technical assistance, workshops, seminars, and peer learning networks - tailored to regional needs, with the aim to respond flexibly to new priorities

- CCAMTAC aims to deliver the results-oriented services to members in an agile, integrated, inclusive and efficient way by leveraging (i) *the existing experience from other Regional Capacity Development Centers*, (ii) *the use of technology,* (iii) *alternative delivery modalities,* (iv) *the expertise of members and partners, and (v) ongoing innovations*

CCAMTAC Member Countries

Armenia Azerbaijan Georgia
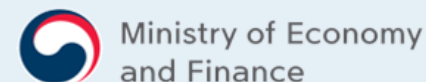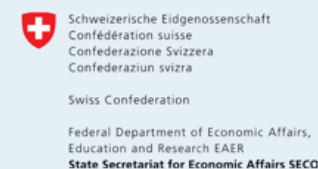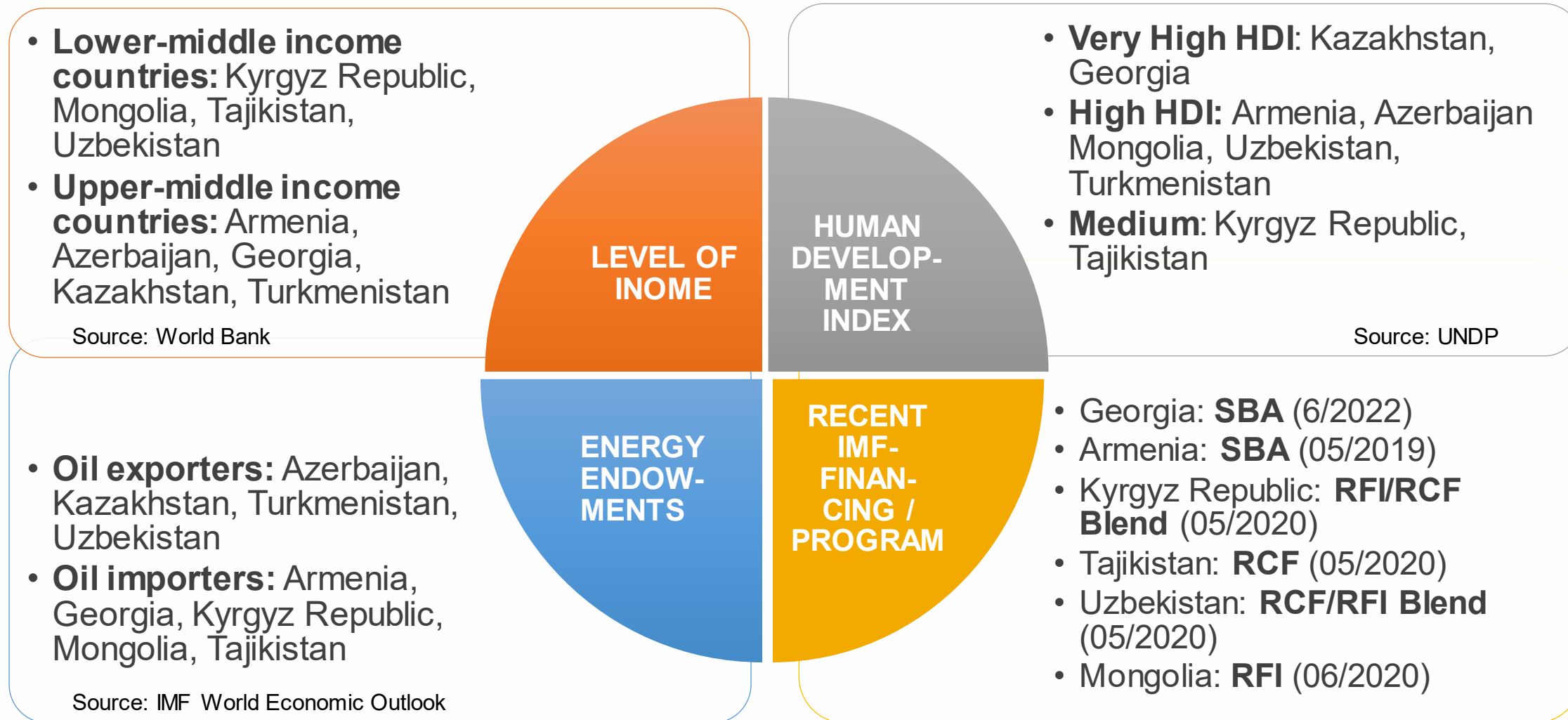
Kazakhstan Kyrgyzstan Mongolia

Tajikistan Turkmenistan Uzbekistan

CCAMTAC Development Partners (Donors)

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Ministry of Economy and Finance

ADB
ASIAN DEVELOPMENT BANK

Ministry
of Foreign Affairs
Republic of Poland

CCAMTAC Covers a Diverse Set of Countries

- **Lower-middle income countries:** Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan
- **Upper-middle income countries:** Armenia, Azerbaijan, Georgia, Kazakhstan, Turkmenistan

Source: World Bank

- **Very High HDI**: Kazakhstan, Georgia
- **High HDI:** Armenia, Azerbaijan Mongolia, Uzbekistan, Turkmenistan
- **Medium**: Kyrgyz Republic, Tajikistan

Source: UNDP

LEVEL OF INOME

HUMAN DEVELOP-MENT INDEX

ENERGY ENDOW-MENTS

RECENT IMF-FINAN-CING / PROGRAM

- **Oil exporters:** Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan
- **Oil importers:** Armenia, Georgia, Kyrgyz Republic, Mongolia, Tajikistan

Source: IMF World Economic Outlook

- Georgia: **SBA** (6/2022)
- Armenia: **SBA** (05/2019)
- Kyrgyz Republic: **RFI/RCF Blend** (05/2020)
- Tajikistan: **RCF** (05/2020)
- Uzbekistan: **RCF/RFI Blend** (05/2020)
- Mongolia: **RFI** (06/2020)

For recent developments and data see: IMF World Economic Outlook, and Regional Economic Outlooks: Middle East and Central Asia and Asia and Pacific.

IMF CD Strategic Priorities in the CCAM in FY23-24

Demand

- Demand is projected to rise across the board, as continuing pandemic and emerging economic challenges magnify pre-existing vulnerabilities

Topics

- Revenue administration, PFM, tax policy, expenditure policy
- Financial supervision, central bank operations, debt management, systemic risk and stress-testing, bank resolution
- National accounts, government finance, and BOP statistics

Integration

- With IMF surveillance and program priorities
- Increasing coordination with other development partners

Modalities

- Blended (virtual and face-to-face)
- Increased proximity and country tailoring

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Progress with Setting-up CCAMTAC

Steering committee
- Formally launched CCAMTAC virtually
- Endorsed role of steering committee
- Endorsed workplan Feb.- April 2021

Start-up phase
- Implemented workplan
- Hired three local staff
- Completed Resident Advisor hiring process
- Development of indicative FY22 workplan

Steering committee
- CCAMTAC update and strategy
- Indicative workplan for FY2022 approved

Physical opening
- Physical opening delayed because of pandemic
- High-level event for physical opening

End-Jan. 2021

June 2021

2022/23

CCAMTAC Operational Aspects

- **Start of operations:** February 2021, **Physical opening in Almaty**: Late 2022 – Early 2023

- **Focus on areas of greatest need (7 Resident Advisors):**

  - **Macroeconomic analysis (1 advisor**): macro-frameworks, financial programming (FP2.0), forecasting and policy analysis, debt dynamics, near-term forecasting to "macroeconomic frameworks for financial programming"

  - **Fiscal policy (2 advisors)**: public financial management, macro-fiscal issues, revenue administration

  - **Monetary and financial sector (2 advisors)**: central bank operations and financial regulation and supervision

  - **Macroeconomic statistics (2 advisors)**: national accounts, price, and government-finance and debt statistics

- **Envisaged Innovations**
  - Macro-fiscal peer group; integration with training at regional centers; leverage pipeline of analytical work, explore options of using more local experts, regional research seminar

  - New technologies

- **Deeper local partnerships**
  - Coordinate expertise in the field with other IFIs and donors

CCAMTAC Governance Structure
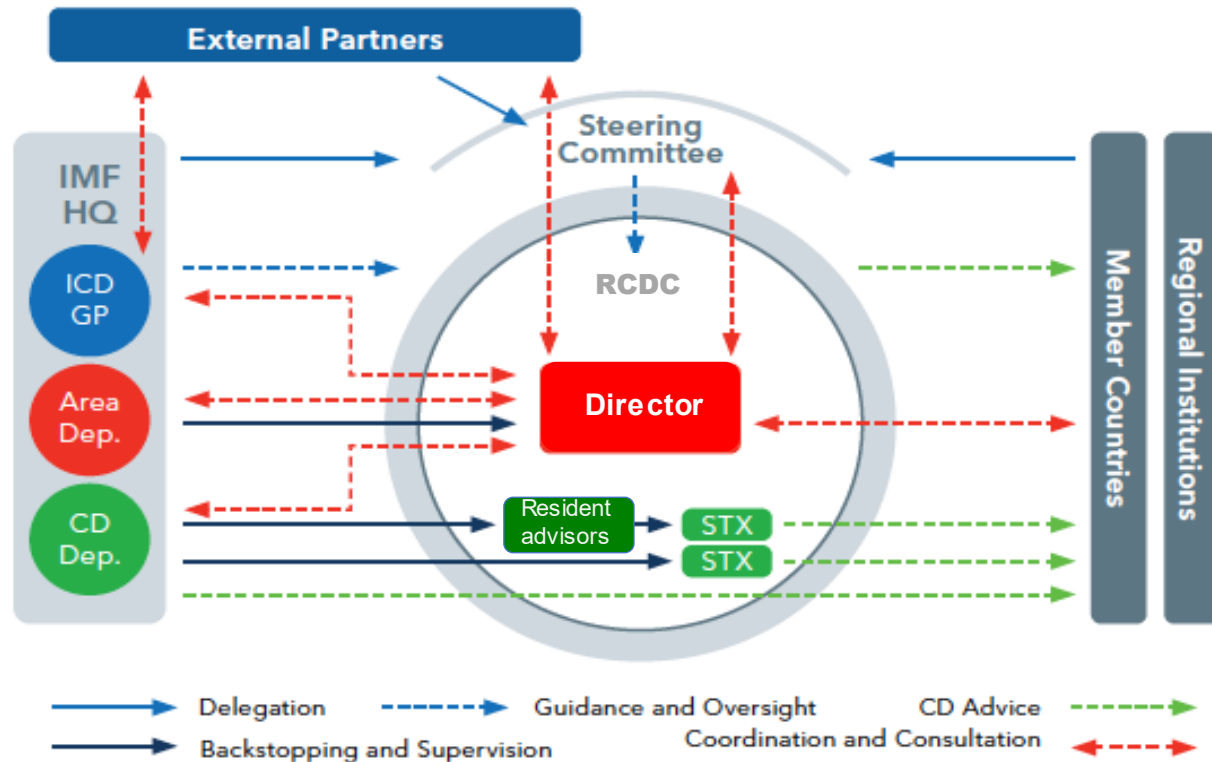
- CCAMTAC is guided by a **Steering committee (SC)** comprised of the IMF, country representatives, and development partners

- SC responsibilities are to provide strategic guidance and priorities; endorse the annual work plan and budget; and review annual reports

- SC Secretary, namely the CCAMTAC Director, will keep the SC informed about important developments and organize committee's meetings and communication

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CCAMTAC Members and Partners Expectations

1. Fostering communication and regional collaboration

- Strengthen regional knowledge
- Sharing and regional integration

2. Building capacity in analytical skills

- Upgrading familiarity with new or updated tools (stress-testing, modeling, debt analysis) and research to support policymaking

3. Traditional and New Topics

- Finding the right balance between traditional needs (fiscal, monetary, exchange rates) and emerging topics (climate, digitalization, gender, etc.)

4. Leveraging local and regional skills

- Help translate international experience to local needs
- Build capacity

5. Ensuring integration of CD

- Integration of all of Funds' CD (HQ, RCDC, TTF)
- Integration of CD with surveillance and lending

6. Coordination with other partners

- Avoid duplication of effort and increase complementarity

Overview - Fiscal Year 2022 (May 2021 – April 2022)

Topic Area	ARM	AZE	GEO	KAZ	KGZ	MNG	TJK	TKM	UZB
Regional WS – emerging topics									
Macro FP2.0/FPAS 1/		FP2.0		FPAS					FP2.0
PFM /2	AB	MF FR	FR	AB FR			FR		MF FR
Revenue Adm. 3/			CR						OS
Central Bank Operations 4/					OF				MT
Fin. Supervision and Reg. 5/		RM	AS	RS					
Fiscal and Debt Statistics 6/	SE, GFS	GFS/PSDS	SE	GFS/PSDS	GFS/PSDS	GFS/PSDS	GFS/PSDS		PSDS
Real Sector7/	NA	QNA XMPI	QNA CPI	QNA CPI	NA		RPPI	NA	QNA CPI XMPI PPI RPPI

1/ FP2.0: Financial Programming 2.0; FPAS: Forecasting Policy Analysis System.

2/ AB: Accounting and Budgeting; FR: Fiscal Risks; MF: Macro Fiscal.

3/ CR: Compliance Risk Management; OS: Organizational Structure.

4/ OF: Operational Framework; MT: Monetary Policy Transmission.

5/ AS: Accounting Standards (IFRS9); RM: Risk Management; RS: Risk-Based Supervision.

6/ GFS, Government Finance Statistics; PSDS: Public Sector Debt Statistics; SE: Sectorization and Reporting of SOEs.

7/ NA: National Accounts; QNA: Quarterly National Accounts; CPI: Consumer Price Index; XMPI: Export-Import Prices, PPI: Producer Price Index; RPPI: Residential Property Price Index.

Regional Activities in FY2022

Regional Workshops

- ✓ **Government Finance Statistics and Public Sector Debt Statistics** (September 13-17, 2021). Workstream: GFS and PSDS

- ✓ **Dollarization Issues in CCAM Region** (September 21-22, 2021). Workstream: Monetary and FX Operations

- ✓ **Informal Economy from a Tax Administration Perspective** (November 10-12,18, 2021). Workstream: Revenue Administration

- ✓ **Strengthening Public Investment Management Institutions (PIMA)** (January 24-27, 2022). Workstream: PFM

- ✓ **Monetary Policy Instruments and Operational Frameworks** (February 1-3, 2022). Workstream: Monetary and FX Operations

- ✓ **GFS and PSDS: Sectorization** (February 8-9, 2022). Workstream: GFS and PSDS

- ✓ **Liquidity Management and Forecasting** (February 15-16, 2022). Workstream: Monetary and FX Operations

- ✓ **Economic Time Series and Quarterly National Accounts** (February 21-25, 2021). Workstream: Real Sector Statistics

Regional Activities in FY2022 (cont.)

Regional Workshops

- ✓ **Use of DSGE models in policy environment** (March 1-3, 2022). Workstream: Macroframeworks

- ✓ **Follow-up workshop on Liquidity Forecasting Framework** (September 13-17, 2021). Workstream: Monetary and FX Operations

- ✓ **Digital Transformation of Revenue Administration** (March 15-16, 2022). Workstream: Revenue Administration

- ✓ **Monetary Operations and Collateral Framework** (March 15-16, 2022). Workstream: Monetary and FX Operations

- ✓ **Corporate Governance** (March 17, 2022). Workstream: Financial Sector Regulation and Supervision

- ✓ **Projecting Debt Dynamics and Fiscal Paths** (March 21-25, 2022). Workstream: Macroframeworks

- ✓ **Modern Approaches to Tax Audit** (April 5-6, 2022). Workstream: Revenue Administration

- ✓ **Strengthening Tax Policy in CCAM** (April 5-7, 2022).

- ✓ **Managing the Relationship with Large Taxpayers** (April 20-21, 2022). Workstream: Revenue Administration

Regional Activities in FY2022 (cont.)

Webinars

- ✓ **Unwinding COVID-19 Policy Interventions for Banking Systems** (May 6, 2021). Speakers - IMF; interventions - Kazakhstan, Mongolia

- ✓ **Discussion on Macroeconomic Frameworks / Financial Programming 2.0** (May 19, 2021). Speakers -IMF

- ✓ **IMF Online Learning**: **Shaping the Future of Capacity Development** (August 26, 2021). Speakers - IMF, CCAMTAC; intervention - Georgia

- ✓ **IMF's Engagement on Climate ssues** (November 16, 2021). Speaker - IMF; interventions - Georgia

- ✓ **Debt Investment Growth and Natural Resources (DIGNAR) Model** (November 23, 2021). Speakers - IMF

Regional Activities in FY2022 (cont.)

- ✓ **Regional Economic Outlook: Analytical Chapter Outreach** (December 9, 2021). Speakers - IMF

- ✓ **State-Owned Enterprises** (February 2, 2022). Speakers - IMF, WB, EBRD; interventions - Azerbaijan, Georgia, Uzbekistan

- ✓ **Green Public Financial Management** (February 10, 2022). Speakers - IMF, Switzerland

- ✓ **Climate Change and Fiscal Policies** (February 17, 2022). Speaker – IMF; intervention - Tajikistan

- ✓ **Regional Integration** (February 24, 2022). Speakers - ADB, CAREC Institute

- ✓ **Central Bank Digital Currencies** (March 10, 2022). Speakers - IMF, Kazakhstan

- ✓ **Inclusive Growth** (April 14, 2022). Speakers - IMF

Enhanced ARCII framework: New dimensions and expanded regional coverage

Two new dimensions have been added to reflect linkages in digital connectivity and environmental cooperation.

Coverage has been expanded from 158 to 173 countries and from 26 to 41 indicators.

Source: Asia-Pacific Regional Cooperation and Integration Index: Enhanced Framework, Analysis, and Applications

EBRD engagement with SOEs: we work on the ground

Regional Activities in FY2022 (cont.)

Research Seminars

- ✓ **Currency Depreciations and Savings Behavior**: **Evidence from Household Deposits in Armenia** (July 22, 2021). Presenter – Armenia; discussant - IMF

- ✓ **Consumer Credit Risk Analysis via Machine Learning Algorithms** (September 28, 2021). Presenters - Kazakhstan; discussants - IMF, CCAMTAC

- ✓ **Sterilized interventions may be not so sterilized** (October 5, 2021). Presenter - Georgia, discussant - CCAMTAC

- ✓ **Ararat Fiscal Strategy Model of the Ministry of Finance of Armenia and COVID-19 scenario** (November 4, 2021). Presenters – Armenia; discussant – IMF

- ✓ **Financial DSGE Model for Azerbaijan Economy, Estimation, Forecasting, and Welfare Analyses** (March 31, 2022). Presenter – Azerbaijan; discussant - CCAMTAC

- ✓ **Financial Development and Growth in the Caucasus and Central Asia** (April 14, 2022). Presenter – IMF; discussants – Kyrgyz Republic

Domestic Currency Producers

- y_t^d is the composite domestic (locally absorbed) goods,

$$y_t^d = \left(\int_0^1 y_t^d(j)^{\frac{\zeta^d-1}{\zeta^d}} dj \right)^{\frac{\zeta^d}{\zeta^d-1}} \tag{18}$$

- The price setting in the sector is given by Calvo lotteries. At each period a firm can optimally reset the price with the probability of ξ_d, otherwise keeps the price from the previous period. Domestic goods retailers maximize their expected discounted profits

$$\max_{P^d(j)} \sum_{t=\tau}^{\infty} (\beta \xi^d)^\tau \frac{\lambda_{t+1}}{\lambda_t} \frac{P_t}{P_{t+\tau}} y_t^d(j) \left\{ P_{t+\tau}^d(j) - P_{t+\tau}^w \epsilon_t^{mcD} \right\} \tag{19}$$

Elchin Mustafayev, Nazrin Ramazanova (Central B Financial DSGE model for the Azerbaijan economy   March 29, 2022   12 / 51

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TA Projects – Identification, Prioritization

- Demand from member countries (country authorities)
  - E.g., during surveillance / lending / CD missions, Spring or Annual Meetings
  - Letter from Minister / Governor to confirm request
  - Objectives of TA

- Internal Validation
  - Ensure request is not part of another project
  - IMF area of expertise

- Prioritization of demand by country teams

- Prioritization across countries (by workstream)

- Resource availability and work of other development partners

- Decision, refinement, implementation (Logframes)
  - Country mission chief needs to agree to scope and timing of a CD mission
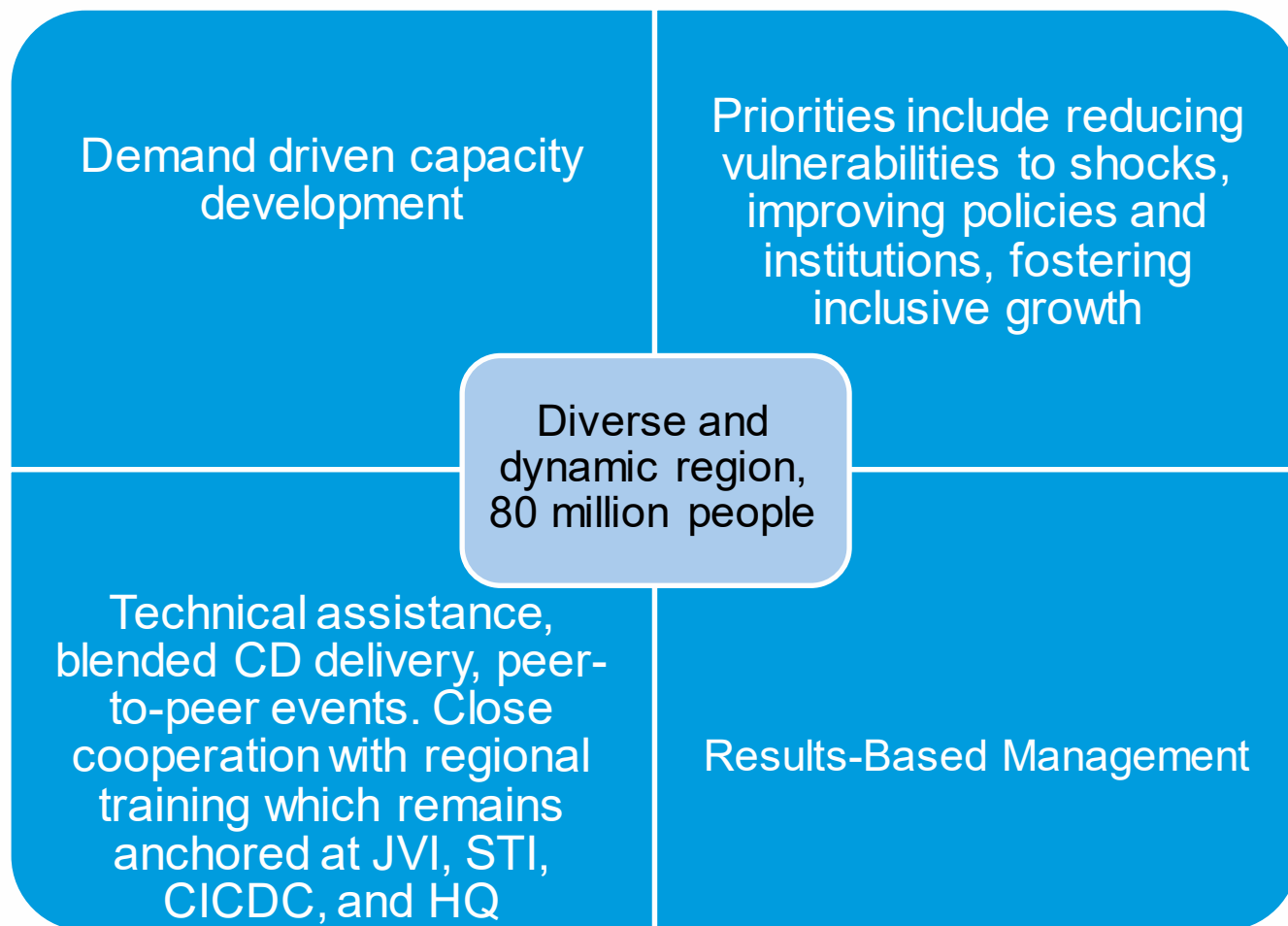 - Review during the year

Country and Regional Strategy Notes

CCAMTAC Workplan: CD Projects by Workstream (FY 2023, Indicative)

Topic Area	ARM	AZE	GEO	KAZ	KGZ	MNG	TJK	TKM	UZB
Regional WS – emerging topics									
Macro FP2.0/FPAS 1/		FP2.0		FPAS, FP2.0	FPAS, FP2.0				FP2.0, MF
PFM /2	AB FR(SOE) FR(CC)	FR	AB FT PIMA FR(SOE)	AB FR(SOE)	AB	AB	FR (SOE)		MF
Revenue Adm. 3/		TA	TA	RA	RA	RA	TA	TA	OS
Central Bank Operations 4/							OF LM	MO	RR
Fin. Supervision and Reg. 5/		DB	AS OC	RS		CG/ RS LIC		RS (Multit opic)	
Fiscal and Debt Statistics 6/	SE GFS	GFS/ PSDS	SE	GFS/ PSDS	GFS/ PSDS	GFS/ PSDS	GFS/ PSDS	GFS/ PSDS	GFS/ PSDS
Real Sector7/	NA	XPMI	CPI HFI RPPI	NA QNA CPI	QNA	QNA	NA RPPI	NA CPI	NA CPI XMPI RPPI

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Summary CCAMTAC: A Major Step to Deepen Engagement with the Region

Demand driven capacity development

Priorities include reducing vulnerabilities to shocks, improving policies and institutions, fostering inclusive growth

Diverse and dynamic region, 80 million people

Technical assistance, blended CD delivery, peer-to-peer events. Close cooperation with regional training which remains anchored at JVI, STI, CICDC, and HQ

Results-Based Management

- CCAMTAC TA will help beneficiary countries strengthen policy frameworks and support growth objectives.

- CCAMTAC priority areas are fully aligned with the IMF's overarching CD strategy and areas of expertise

- The center's strategy and objectives span priority areas in macroeconomic, fiscal, monetary, ER, and financial policies, as well as statistical issues

CCAMTAC Website https://ccamtac.imf.org/

- Learn the latest news (IMF, Capacity Development and other important links)
- Enquire information on the regional Technical Assistance
- Check available webinars and seminars
- Check the Center's Program document and newsletters
- Be aware of upcoming events and workplan