

# SOUTH ASIA REGIONAL TRAINING AND TECHNICAL ASSISTANCE CENTER



**SARTTAC**  
SOUTH ASIA REGIONAL TRAINING  
& TECHNICAL ASSISTANCE CENTER

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# ANNUAL REPORT 2019

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SARTTAC is an IMF initiative supported by the following member countries and partners:



Bangladesh



Bhutan



India



Maldives



Nepal



Sri Lanka



European Union



Ministry of Strategy  
and Finance  
(Korea)



Australian Government  
The Treasury

Acknowledgment:  
This report was prepared  
by the staff of IMF SARTTAC.

# FOREWORD FROM THE GOVERNOR, MALDIVES MONETARY AUTHORITY



**Mr. Ahmed Naseer**

*Governor,  
Maldives Monetary Authority*

It gives me great pleasure to welcome you all to the Opening Ceremony of the 3rd Steering Committee Meeting of South Asia Regional Training and Technical Assistance Center (SARTTAC), being jointly organized by the IMF SARTTAC and Maldives Monetary Authority.

I thank the IMF SARTTAC for honoring us with the opportunity to host this meeting in the Maldives. I'll just say a few words, but before that, let me highlight with deep regret that the venue for this meeting had to be changed in the very last minute from MMA to the Paradise Island Resort due to various logistical difficulties.

Since its inception in 2016 the IMF SARTTAC has become a valuable Center for the South Asia region, in developing the macroeconomic and financial framework through the technical strengthening of the workforce in this region. It has continued

to build the workforce based on the dynamism of the global economy, adapting to the needs of the present time. I note with immense appreciation that MMA has received various trainings and technical assistance from SARTTAC since the inception of its operations in 2017. This includes technical assistance on supervision of insurance companies and on formulation and implementation of the MMA's strategic plan for 2018-2022. And a total of 14 staff from MMA has been trained at SARTTAC over the last two years. Apart from this, we have had various IMF expert teams visiting our institutions and at present we have upcoming missions like the EGDDS mission, de-dollarization mission, and FPP training mission. Hence, I feel it is important that the missions from IMF are well coordinated between the headquarters and SARTTAC, as this would allow MMA to effectively organize them and synchronize them with the needs of various institutions in the Maldives.

As I conclude, I hope that this meeting will serve all the participants and the SARTTAC team as a productive and successful platform to evolve, expand and improve the functioning of SARTTAC in the coming year.



SARTTAC's Third Steering Committee Meeting, June 10, 2019, Maldives

# FOREWORD FROM THE MINISTER OF FINANCE, MALDIVES



**Mr. Ibrahim Ameer**

*Minister of Finance,  
Maldives*

It is an honor and privilege for me to welcome you to the 3rd IMF SARTTAC Steering Committee Meeting 2019 on behalf of the Maldives.

It gives me great pleasure to give the opening remarks at the first ever IMF SARTTAC Steering Committee meeting in Maldives.

The SARTTAC Steering Committee takes on an advisory role, and this annual meeting is our opportunity to deliberate and contribute to the policy dialogue regarding the assistance given to the member countries in strengthening their institutions and human capacity to design and implement macroeconomic and financial policies that promote growth and reduce poverty.

SARTTAC is IMF's first fully integrated capacity development center housing facilities for capacity development, training and technical assistance. I believe that this brings huge benefits to the South Asia region, and help to speed up the process of eliminating the challenges we face on our financial sector through the development of our human capital.

The success of this center reveals the strong partnership amongst the membership countries and determined efforts of the IMF and SARTTAC staff who have paved the way to reach here.

Maldives being a member country of the IMF SARTTAC for past two years, it is a great honor for me to affirm that we received an exceptional level of assistance and trainings from SARTTAC in areas of macro economy and finance. As a result, during the past two years we have been able to train more than 16 staff in various areas such as macroeconomic diagnostic, fiscal analysis and forecasting, financial programming and policies. In addition, we have been able to tailor-made training courses in a local context, for which we have received tremendous support from the SARTTAC.

I believe that all these efforts are important in order to achieve the goals of the respective governments, and SARTTAC will be at the forefront of all efforts to establish constructive relationships with the institutional arrangements at regional level.

I believe this meeting will help all the member countries to overcome their constraints as well as identify the potentials and take this opportunity to present comprehensive recommendations addressing these challenges. I am fully confident that your knowledge, expertise and experience will provide important insights on strengthening the capacity development center for South Asia as a means of implementing macroeconomic and financial policies that promote growth and reduce poverty in the region.

Before I conclude, I would like to thank MMA and our devoted staff team for their tireless efforts in organizing an event of this scale. I wish you all a very successful meeting and assure you of the full support of myself, and my colleagues from MMA.

# LIST OF ACRONYMS AND ABBREVIATIONS

<b>APD</b>	Asia and Pacific Department (IMF)	<b>GFS</b>	Government Finance Statistics
<b>BB</b>	Bangladesh Bank	<b>GFSM</b>	Government Finance Statistics Manual 2014
<b>CD</b>	Capacity Development	<b>GST</b>	Goods and Services Tax
<b>CDOT</b>	IMF Capacity Development Office in Thailand (CDOT)	<b>ICD</b>	Institute for Capacity Development (IMF)
<b>CoA</b>	Chart of Accounts	<b>IES</b>	Indian Economic Service
<b>CPI</b>	Consumer Price Index	<b>IFMIS</b>	Integrated Financial Management Information System
<b>CT</b>	Customized Training	<b>IMF</b>	International Monetary Fund
<b>DFID</b>	Department for International Development (United Kingdom)	<b>LEG</b>	Legal Department (IMF)
<b>FAD</b>	Fiscal Affairs Department (IMF)	<b>LTX</b>	Long Term Expert
<b>FIT</b>	Flexible Inflation Targeting	<b>MACRO</b>	Macroeconomic Analysis and Training
<b>FPAS</b>	Forecasting and Policy Analysis System	<b>MCM</b>	Monetary and Capital Markets Department (IMF)
<b>FPW</b>	Field Person Weeks	<b>MMA</b>	Maldives Monetary Authority
<b>FSR</b>	Financial Sector Supervision and Regulation	<b>MONOPS</b>	Monetary and Foreign Exchange Operations
<b>GDP</b>	Gross Domestic Product		

<b>MoF</b>	Ministry of Finance	<b>SARTTAC</b>	South Asia Regional Training and Technical Assistance Center
<b>MPC</b>	Monetary Policy Committee	<b>SC</b>	Steering Committee
<b>NAS</b>	National Account Statistics	<b>SEACEN</b>	South East Asian Central Banks Research and Training Center
<b>NRB</b>	Nepal Rastra Bank	<b>SNA</b>	System of National Accounts (2008)
<b>PDMA</b>	Public Debt Management Agency	<b>STA</b>	Statistics Department (IMF)
<b>PFM</b>	Public Financial Management	<b>STI</b>	Singapore Training Institute
<b>PIMA</b>	Public Investment Management Assessment	<b>STX</b>	Short Term Expert
<b>PPI</b>	Producer Price Index	<b>SUT</b>	Supply Use Tables
<b>PSDS</b>	Public Sector Debt Statistics	<b>TADAT</b>	Tax Administration Diagnostic Assessment Tool
<b>PSDSG</b>	Public Sector Debt Statistics Guide for Compilers and Users	<b>TAOLAM</b>	IMF's Technical Assistance Office in Thailand
<b>RA</b>	Resident Advisor or Revenue Administration	<b>TA</b>	Technical Assistance
<b>RBI</b>	Reserve Bank of India	<b>TSA</b>	Treasury Single Account
<b>RBM</b>	Results Based Management	<b>VAT</b>	Value Added Tax
<b>RSS</b>	Real Sector Statistics	<b>WB</b>	World Bank
<b>RTAC</b>	Regional Technical Assistance Center		

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**SECTION I**

EXECUTIVE  
SUMMARY



Financial Programming and Policies Course for the Indian Economic Service, May 2019

# EXECUTIVE SUMMARY

**Over its second year of operations, the IMF's South Asia Regional Training and Technical Assistance Center (IMF SARTTAC) has continued to significantly expand its activities across the region.** It has built on the strong

relations established after inauguration and deepened its capacity development work, both in training and in technical assistance, across sectors and countries. By the end of FY2019 (May 1, 2018-April 30, 2019) the Center had 85 active

technical assistance projects across its core macroeconomic sectors and over 2300 officials had undertaken SARTTAC training, with over 1500 participating in 60 courses in FY2019.

## **BOX 1: THE STEERING COMMITTEE OF THE INTERNATIONAL MONETARY FUND (IMF)'S SOUTH ASIA REGIONAL TRAINING AND TECHNICAL ASSISTANCE CENTER (SARTTAC) HELD ITS 3<sup>RD</sup> MEETING ON JUNE 10TH IN THE MALDIVES.**

Officials from SARTTAC member countries Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka attended the meeting, along with development partner representatives from the European Union, United Kingdom, and Australia. The Committee reviewed the training and technical assistance delivered by the center in fiscal year 2019, endorsed the work program for fiscal year 2020, and discussed a range of issues related to the operation of SARTTAC.

Steering Committee members welcomed SARTTAC's work to help member countries increase government revenues, improve public expenditure efficiency, develop financial sectors, strengthen monetary policy frameworks for price stability, and produce high-quality national accounts and government finance statistics. They were pleased with the continued expansion of activities and appreciated SARTTAC's demand-driven approach to capacity building. The



IMF SARTTAC Third Steering Committee Meeting, in Male, Maldives, June 10, 2019

Committee commended the Center for tailoring capacity development support to individual country circumstances and for adjusting its work plan to address changes in member countries' circumstances and priorities.

The Committee also discussed several strategic issues as SARTTAC reaches the mid-point of its first five-year Phase (2017- 2022). Committee members highlighted the importance of an early

start to fundraising for the next Phase. They expected that member countries would continue to provide the majority of financing, while deepening ties with existing and new partners. Discussions also covered the mix of training and technical assistance being provided, the distribution of resources across countries, and the provision of targeted training for more senior officials.



IMF SARTTAC: High Level Seminar for South Asian Parliamentarians, March 2019

**SARTTAC’s operations embody many of the areas highlighted by the IMF Board in its recent review of the IMF’s capacity development work.** The Center’s work is demand driven with strong ownership, the cornerstone of project design. There is heavy emphasis on integrating the CD provided with the policy dialogue taking place under IMF surveillance or Fund -supported programs. Examples are the Center’s work in building tax administrations in Sri Lanka or Bhutan, or assisting Nepal and Bangladesh improve their monetary policy frameworks. SARTTAC has also leveraged its unique design as an integrated Center to combine efforts to build institutions through technical assistance (TA) with boosting the skills of officials via training. While most of SARTTAC’s projects exploit these synergies, it’s worth highlighting the expansion of Customized Training (CT) this year. This approach uses both modalities over a multi-year period, working with core teams identified in partner institutions, and combining several SARTTAC workstreams (PFM, GFS and macro-fiscal). Examples include the

macro-fiscal work with Bhutan or the state of Rajasthan and the monetary modelling at the Central Bank of Sri Lanka, with the latter already producing strong capacity building outcomes.

**Working closely with IMF HQ colleagues, SARTTAC has delivered some notable work in FY2019.**

Some highlights include an array of tax administration training at regional, national and subnational level; macro-fiscal TA and training across the region, including a practical tool for use in the Indian states; budgeting and public investment management work; rebasing GDP and CPIs; extensive training in GFS as a building block for better fiscal analysis and reporting; guidelines and advice to improve supervisory effectiveness of banks and insurance companies; and roadmaps and practical advice to help the region’s central banks move to forward looking price based monetary operations (see section III).

**SARTTAC’s proposed FY2020 work program has been developed through a consultative process with member countries and IMF departments.** The work program has a strong element of continuity reflecting that most projects have medium term institution building objectives, while retaining the agility to help with new priorities. Overall, a 15 percent increase in activities and a 20 percent increase in FPWs is proposed in FY2020, SARTTAC’s third year of operation (see Chapter IV). The Committee’s endorsement of the proposed FY2020 workplan and budget is sought.

**Mid-way through its first phase, and ahead of a mid-term external evaluation which begins in FY2020, it is timely for the forthcoming 3rd Steering Committee to consider a number of strategic issues.** These are:

- **Steady State Operations and Financing:** after 2½ years of operations, SARTTAC’s workplan in FY2020 represents a good gauge

of the steady state of operations – the scale of training and technical assistance that can be absorbed by members, and that can be managed under the portfolio of its resident advisors and quality controlled by IMF HQ backstopping. Assuming 85-90 percent of the workplan is delivered each year, spending would level at around \$13.5 million annually from here on, higher than the start up or “discovery” years. Total Phase expenditure would be \$62.5 million (excluding set up costs of \$3 million). The resulting financing gap for Phase 1 would be approximately \$2.8 million (as distinct from the shortfall of the program budget from existing partner commitments of \$5.8 million). The Committee’s views on the scale of operations and its financing would be welcome, including for the next Phase.

- **Managing Excess Demand:** SARTTAC faces excess demand across most of its sectors and members. A rigorous process of prioritization takes place through the IMF’s Resource Allocation Plan process, where demand for IMF support across countries is matched with supply from all IMF CD vehicles, taking into account global, regional and national policy priorities. A particular issue is rising demand from the sub-national level in India, an important area of support recognized in SARTTAC’s program document. SARTTAC only has resources to work in a handful of states, complementing this with peer-to-peer learning for all states. SARTTAC will work through a rigorous screening of state demands together with India’s Ministry of Finance, including mechanisms to ensure commitment, an outline of the costs of the medium-term workplan and close coordination with other agencies to avoid duplication. It will also continue to utilize in-kind contributions from states to leverage its resources where possible. The Committee’s views on how to manage excess demand across countries would be welcome.

- **The mix of technical assistance and training:** as an integrated center, the TA includes elements of training, while the training supports institution building. The 60:40 TA/Training split has developed organically with initial heavy reliance on regional training, which is now leading to increased demands for more customized national courses. However, a core of regional training activity is essential given the peer-to-peer learning objective of SARTTAC and resource constraints. The Committee’s views on the appropriate balance of SARTTAC’s activities would be welcome.

- **Resource allocations across countries:** to date, activity has grown organically, driven by needs and traction, but also ensuring all members receive support. While smaller states such as Bhutan and Maldives have received a disproportionate amount of support, this reflects the existence of a minimum scale of key institutions irrespective of country size, and high engagement to seize the increased availability of CD through SARTTAC relative to the past. Comments by the Committee on the resource allocation across countries will be appreciated.

- **Training strategy:** a large majority of training participants to date have been junior-to-mid level officials. Senior officials across the region often have similar needs and play critical roles in policy implementation. SARTTAC has been exploring shorter more tailored “refresher” workshops mixed with expert discussions and peer to peer exchanges. Limited work has been done to date, but examples are training for senior IAS cadre in India and the visit of the Macro-Fiscal Coordination Committee of Bhutan to SARTTAC. The Committee’s views on a rebalancing of training activities towards more courses aimed at senior officials is sought.



**Mr. Sameer Kumar Khare**  
Additional Secretary,  
Department of Economic  
Affairs, M/o Finance, India

“IMF SARTTAC over the past two years has proved to be an institution of great importance by meeting our as well as regional training and technical assistance needs.... having envisaged further increase in activity which is projected at close to a steady state level... its contribution in strengthening our institutional and human capacity will increase immensely... the next phase is going to be exciting as well as challenging.”



**Mr. Shiba Raj Shrestha,**  
Deputy Governor, Nepal  
Rastra Bank, Nepal

“Nepal is benefitted by the Technical Assistance and Capacity Development programs of IMF SARTTAC with improved employee performance and rationale macro-economic decision making.”



Macro-Fiscal Policy Analysis Workshop for Indian States, April 2019

**SECTION II**

OVERVIEW



Participants Presenting during a Financial Programming and Policies Course for Bangladesh, August 2018

## A

ECONOMIC OUTLOOK  
FOR SOUTH ASIA

**Ms. Idham Hussain,**  
*Assistant Governor,  
Maldives Monetary  
Authority*

“Because IMF’s SARTTAC center is nearby in India, it is very flexible to respond to our requests.

So, experience that we have with SARTTAC was really good.”

Despite some moderation and cross-country variation, South Asia registered strong growth in 2018 and was the fastest growing region in the world. Growth was largely domestic demand-driven, against the backdrop of a tepid global environment and higher oil prices. Activity indicators in India, the largest economy in South Asia, moderated from a strong base over the course of the year due to tighter financial conditions and in the run-up to the 2019 parliamentary election. Growth in Bangladesh, Maldives, and Nepal was robust near or above 7 percent, supported by strong domestic demand.

Headline inflation remained relatively well-contained, aided by favorable food price dynamics in 2018. Despite higher oil prices, inflation declined mostly across the region, staying below or close to targets in India, Bangladesh and Sri Lanka. Food prices in these countries fell, primarily due to better harvests.

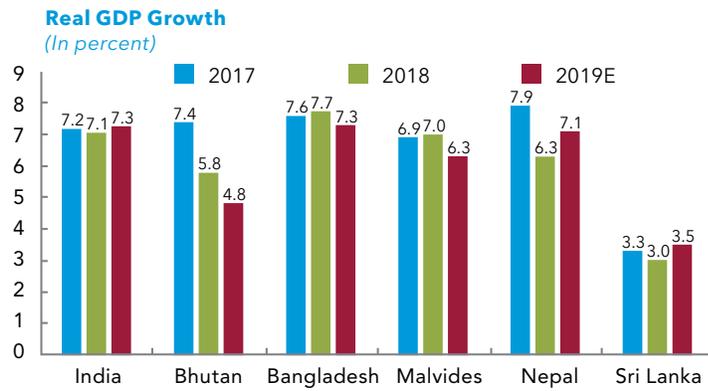
South Asia continue to face some macroeconomic pressures from current account and fiscal deficits. Current account deficits widened in the region reflecting a confluence of factors: higher oil prices, strong import demand, and a relatively subdued external demand. Fiscal balances and public debt remain higher and revenue performance

weaker in the region relative to the comparator regions.

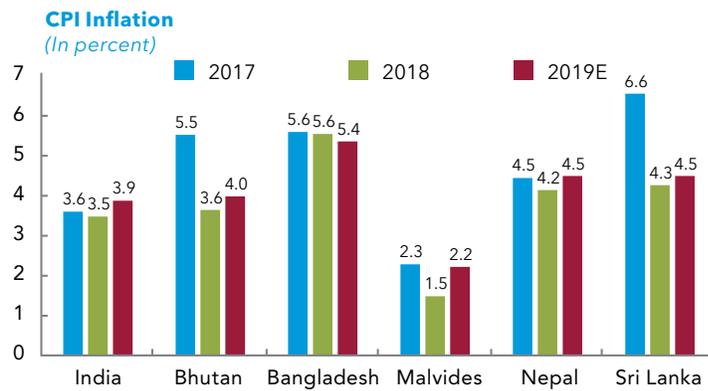
The outlook for South Asia remains broadly positive but is subject to downside risks. Growth in India slowed to 5.8 percent (y/y) during the first quarter of 2019 but is expected to recover, with consumption and investment projected to firm in the aftermath of the elections. Tracking the performance of the larger economies in the region, including India and Bangladesh, growth is projected at around 7 percent in 2019. That said, the outlook is subject to both domestic and external risks, including large swings in oil prices, a sharp tightening of global financial conditions and escalating trade tension. Going forward, the region needs to accelerate structural reforms and boost job-rich growth in a positive cycle. Improving domestic revenue mobilization, financial stability and intermediation efficiency remains a priority for the region.

Figure 1 summarizes the evolution of key macroeconomic indicators in South Asia since SARTTAC began operations. It reveals generally strong growth across the region, moderate inflation, but elevated fiscal and current account deficits in several countries. This provides the context for SARTTAC's work to strengthen fiscal and monetary institutions and the economic data for macroeconomic policy making.

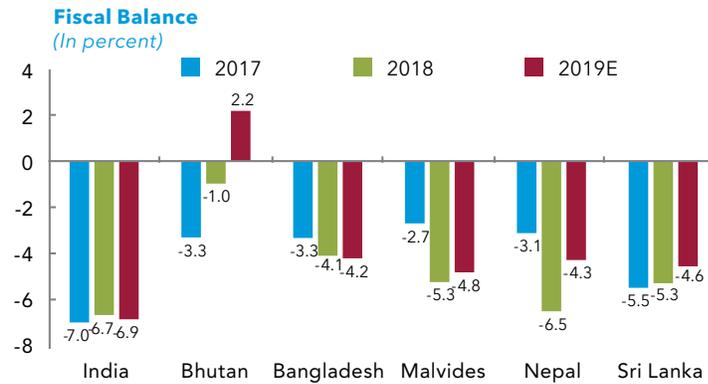
**FIGURE 1: SOUTH ASIA: MACROECONOMIC INDICATORS**



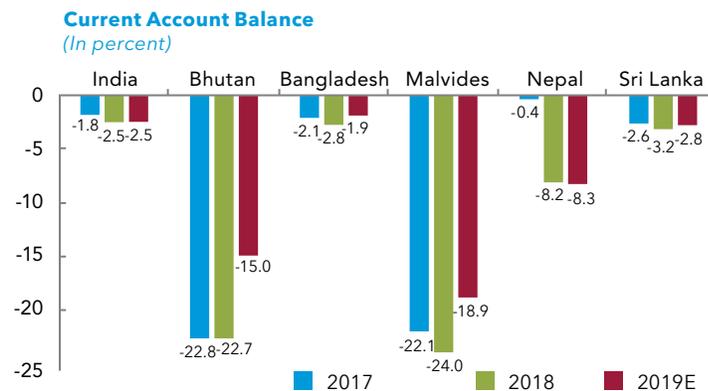
Sources: IMF, *World Economic Outlook*, April 2019.



Sources: IMF, *World Economic Outlook*, April 2019.



Sources: IMF, *World Economic Outlook*, April 2019.



Sources: IMF, *World Economic Outlook*, April 2019.

SARTTAC SINCE  
INAUGURATION

**Ms. Tshering Dema,**  
*Bhutan's Royal Monetary  
Authority*

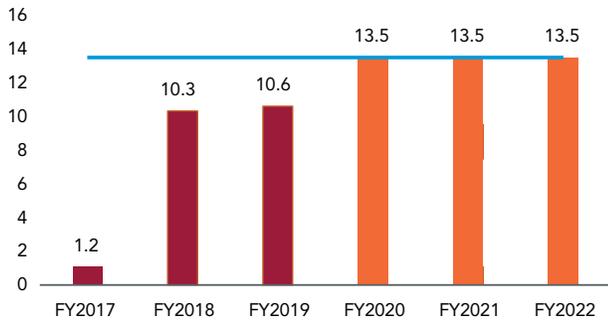
"Staff of IMF and the SARTTAC team have been dedicated in working towards Bhutan's Monetary Policy implementation framework and we have successfully drafted a monetary policy framework."

Figure 2 summarizes SARTTAC's resource allocation since Phase 1 began in August 2016, and some tentative financial projections. In sum:

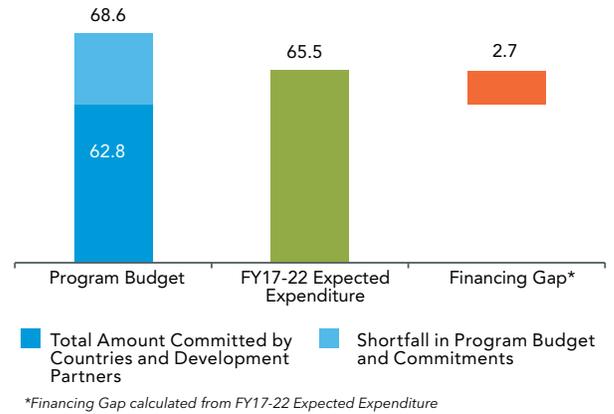
- Spending is expected to pick in the second half of Phase 1 now that several projects are off the ground and there is wider awareness of SARTTAC's services. There is a limit to annual outlays given both absorptive capacity, and the number of projects and courses SARTTAC experts are able to manage and deliver while being backstopped by IMF. Phase 1 expenditure is projected to be close to the originally estimated Phase budget.
- Around 3/5<sup>ths</sup> of CD demand has been for technical assistance, and the remainder training, of which a larger share is for national training.
- Macroeconomic training and fiscal CD (PFM, Revenue Administration and Macro-Fiscal) account for the majority of the Center's work, as envisaged in the program design.
- Regional work to support peer learning across South Asia is prominent in delivery. By virtue of size, India has received the highest absolute support while other members have also secured significant and disproportionately higher assistance when scaled by metrics such as GDP/population.

**FIGURE 2: SARTTAC'S RESOURCE ALLOCATION FYS 2017-2019**

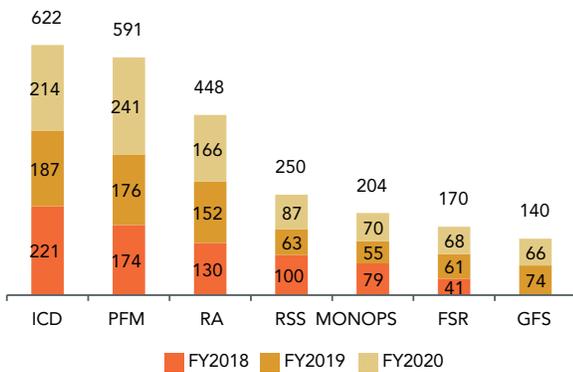
**SARTTAC Actual and Expected Annual Expenditure for Phase I Million USD**



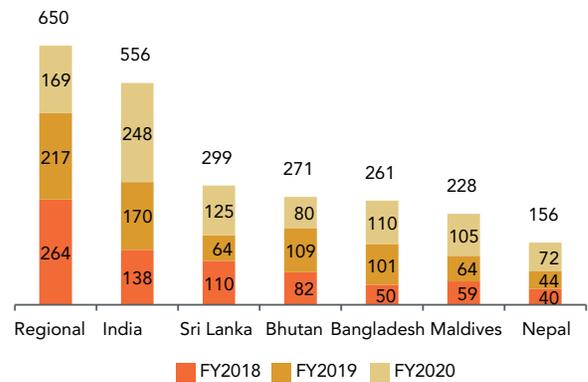
**Phase I Financing and Expected Expenditure Million USD**



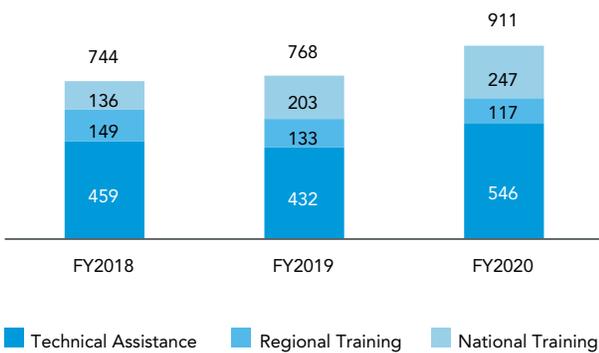
**Cumulative Capacity Development Distribution by Sector (Field Person Weeks)**



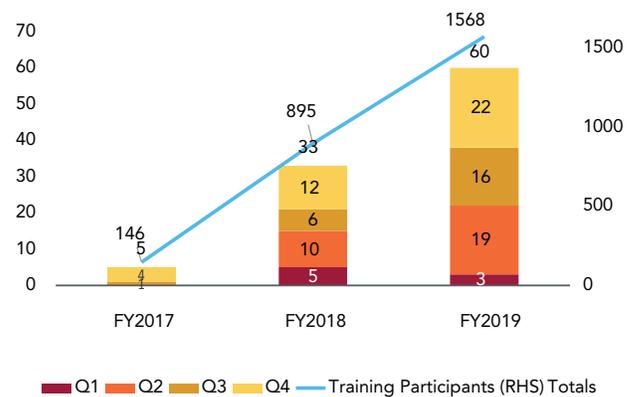
**Cumulative Capacity Development Distribution by Country (Field Person Weeks)**



**Cumulative Capacity Development Distribution by Activity Type (Field Person Weeks)**



**Number of Courses completed at SARTTAC**



1/ FPWs or Field Person Weeks are a volume measure of CD delivery. Depending on the modality, the cost of 1 FPW can vary considerably

# THE IMF'S 2018 CAPACITY DEVELOPMENT REVIEW AND SARTTAC



**Mr. M. Rajeshwar Rao**  
Executive Director  
Reserve Bank of India

"SARTTAC, is a major landmark in the partnership between the IMF and its six-member countries in the South Asia region and is doing excellent work by providing facilities for institutional and human capacity development. SARTTAC has done exemplary work in India at the sub-national level. Other member countries too have benefitted immensely from its integrated TA-training approach."

## Main Conclusions of the Review<sup>1</sup>

The Executive Board of the IMF provides strategic direction and oversight for Capacity Development (CD) by conducting regular reviews. The recent 2018 IMF CD Strategy Review provides overarching guidance on the Fund's CD strategy for the next five years and is therefore relevant for SARTTAC operations. The strategy laid out in the review is anchored by two main pillars: enhancing the impact of Fund CD and increasing the efficiency of CD by improving CD processes and systems.

- Enhancing the impact of Fund CD:** This can be achieved by further strengthening the integration and coordination of the Fund's core mandate on surveillance and lending operations with capacity development. The strategy also calls for greater integration of TA and training. Harnessing the synergy between the Fund's surveillance and CD advice has also been recognized as an important objective. To this end, CD departments, including Regional Capacity Development Centers (RCDCs) have

the mandate and the expertise to strengthen the implementation of the Fund's surveillance policy advice by building institutional capacity.

- Increasing the efficiency of CD:** Improving CD processes and systems not only enhances transparency, it can also strengthen the basis for strategic decision making. While the Fund has a tradition of CD monitoring and evaluation, it also has recognized the need for a more systemic monitoring and evaluation framework, particularly given the rapid growth of CD activities. The Results Based Management framework, which links key objectives of CD projects with outcomes, is central to the regular assessment of progress in implementing CD.

## Implementation of the CD Review Strategy at SARTTAC

Regional Capacity Development Centers like SARTTAC are an integral part of the implementation of CD activities, supporting tailored delivery and fostering peer learning. By virtue of its design as the first fully integrated Center, SARTTAC has already been implementing many of the priorities articulated in the

<sup>1</sup> The papers for the 2018 Review can be found at <https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/11/20/2018-review-of-the-funds-capacity-development-strategy>.

2018 CD review. SARTTAC has been integrating its technical assistance and training activities, and ensuring they are consistent with the policy priorities raised in IMF surveillance and program support. The strategic work priorities of SARTTAC cover a number of cross-cutting issues in South Asia that align with CD-surveillance integration. Those prioritized as CD topics under the IMF's Asia regional strategy include modernization of monetary frameworks, domestic revenue mobilization, sound public financial management, debt sustainability, financial supervision and regulation, closing data gaps and improving data quality. The Center's design enables training courses and technical assistance needs to be identified, while the technical assistance feeds back into further refinement of training needs. In addition, the deep country engagement that arises from SARTTAC's presence on the ground allows a more rigorous assessment of institutional capability and viable pathways to capacity building. The work program in SARTTAC is demand driven with members playing a central role and taking ownership. As a result, the workplan is more country-focused with tailoring and customization to the needs of the member country.

### CD-Surveillance Integration

SARTTAC staff maintain a very close dialogue with IMF country teams, anchored in a strategy elaborated by the Asia and Pacific Department on CD-Surveillance integration. Examples are the support to improve fiscal data, budgeting, and states finances in India, or domestic resource mobilization in Sri Lanka. Likewise the surveillance work in Bhutan and Nepal, which has highlighted the need for modernization of monetary policy reflecting the adoption of inflation targeting in India. SARTTAC has provided a range of CD support to both on implementing monetary policy in a pegged exchange rate regime, which has included peer learning during a high-level IMF regional workshop hosted by the

RMA on modernizing monetary policy frameworks. In Nepal, TA on strengthening monetary policy operations is expected to allow the conduct of an independent monetary policy contributing to safeguard internal and external balances. In Bhutan TA continued to target the refinement of the liquidity forecasting process, to support a credible introduction of its Monetary Policy Implementation Framework.

In Bangladesh, recent joint SARTTAC-IMF HQ capacity development (CD) activities have been closely linked with policy challenges and surveillance priorities including low tax revenues, insufficient public investment in infrastructure, monetary policy modernization, and a weak banking sector. In particular, IMF surveillance and TA are supportive of Bangladesh Bank's (BB) plan to upgrade its monetary policy framework. Bangladesh Bank is well positioned to adopt a flexible monetary targeting framework with the interest rate as an operational target, broad money as an intermediate target and price stability as the overriding objective. CD-support of this lengthy process has started in FY2019 with a focus on the shift towards an operational target of interest rates and enhancing BB's economic analysis and forecasting capacity to support the forward-looking monetary policy decision-making process.

Improved macroeconomic statistics

for policymaking: The GFS/PSDS work program aims to strengthen the fiscal data required for members' own economic analysis and IMF surveillance. SARTTAC has been providing CD through re-benchmarking/rebasing and improving national accounts and price statistics across the region. For example, SARTTAC has assisted Maldives in compiling estimates of expenditure-based GDP for 2014-2017, key to assessing recent economic developments. SARTTAC also addressed the Asia and Pacific Department's (APD) country team's recommendation on assessing GFS/PSDS issues in Nepal, and such review has been articulated in the country staff reports.

### TA-Training Integration

The Center has been proactive in linking training with TA in many of its workstreams. In the Financial Regulation and Supervision workstream, training was delivered on Practical Implementation of Risk-Based Supervision with the supervisory staff of Bangladesh, Bhutan, Maldives and Nepal (November 2018), followed by training on Core Elements of Banking Supervision for all member countries (April 2019). Such training complemented the TA to Bangladesh Bank and Nepal Rastra Bank to build off-site risk-based supervision capacities



Seminar on Risk Based Supervision at Bangladesh Bank, Bangladesh, January 2019

and to RMA of Bhutan in building a more risk-based supervisory framework for banks. The same approach has been taken in revenue administration where a series of detailed operational courses, for example in registration, auditing, compliance risks and organizational design, have been identified as critical needs via the TA projects underway in countries such as Bhutan and Sri Lanka.

### Customization and Training of Cohorts

SARTTAC continues to deliver country-specific CD mainly through customization. In response to high demand for developing skills in a country and topic-specific context, SARTTAC has been increasingly engaged in customized training (CT) tailored to the conditions and capacity level of participants. One early lesson from customization is the need to find the optimal level of tailoring given the need to balance its value-added against the relatively high resource costs of such projects.<sup>2</sup>

- Course content has been adapted to country specific needs, often closely linked to issues covered in surveillance. Examples are training on External Balance Assessment for Low Income Countries. Here customized workshops were developed, and the delivery modality (venue, length) was adapted to individual members' needs. The GFS/PSDS program transformed a one-week training program into a three-day course to meet training requirements for India.
- A second approach to customization has been through following up training on general frameworks

<sup>2</sup> SARTTAC contributed one of the background notes for the 2018 CD Review, covering the topic of customization. See staff background studies for the review at <https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/11/20/2018-review-of-the-funds-capacity-development-strategy>.

with customized in-country training of a cohort of officials. In reality, this is a multi-year engagement combining training and TA with a cohort embedded in their institution and where outcomes are key deliverables of the organization set by its leadership. Many member country authorities have stressed the importance of a "critical mass" of trained staff to achieve real gains. SARTTAC's approach to building such a mass is to target cohorts within certain institutions, and to work with peer groups across countries with overlapping issues. SARTTAC has been working with the Indian Economic Services cadre to ensure that FPP and MDS training is a prerequisite for all new IES entrants. Efforts are underway to expand such capacity development to the Indian Administrative Services (IAS) cadre. Similarly, SARTTAC is working with the Finance Ministry of Bangladesh and its training institute to train their civil service cadre in Public Finance. Complementing this country focused CD, SARTTAC is collaborating with CDOT to train a critical mass of officials across Frontier countries on a set of overlapping issues such as Debt Sustainability and Fiscal Risks.

### Enhancing Operational Efficiency

SARTTAC is also working towards implementing the second pillar of the CD Strategy, notably on enhancing operational efficiency through a range of initiatives. The implementation of Results Based Management (RBM)<sup>3</sup> across all SARTTAC CD activities, including TA and training, is ongoing. This has helped focus on outcomes at all stages of our CD operations: planning, monitoring, and evaluation, and is a critical management

<sup>3</sup> Results Based Monitoring is a systematic framework for CD monitoring and evaluation. All CD projects are organized along "Results Chains" which set out expected causal relationships between resources committed and expected results.

tool when faced with excess demand and scarce resources. The Center is engaged with IMF HQ as it implements a Capacity Development Management and Administration Program (CDMAP) project that strengthens CD processes, including to improve CD integration with surveillance and lending. The project focuses on better and more comprehensive access to information on CD; better tools for planning budgeting and analysis; and improving existing processes for data gathering and dissemination. As part of increasing the efficiency of SARTTAC's training operations, SARTTAC held its first Directors of Training meeting jointly with Singapore Training Institute in Singapore during Feb 28-March 1, 2019, where member countries discussed priorities, effectiveness, customization, and training administration related issues, all aimed at ensuring the effectiveness of SARTTAC's training budget (Box 2).

### Recommendations of Steering Committee Meetings

Recommendations implemented from the second meeting in Sri Lanka include:

- a streamlined mid year update report
- introduction of quarterly newsletters
- operationalization of the secure portal for TA reports

Key recommendations of the third Meeting in Maldives include:

- reviewed a note on training policies
- interest in more training for senior policymakers
- early start of fundraising for Phase II and including identification of new development partners

## BOX 2: IMF SARTTAC: INAUGURAL DIRECTORS OF TRAINING MEETING, SINGAPORE (FEB 28-MAR 1, 2019)

IMF SARTTAC took advantage of the triennial Directors of Training Meeting for all Asian countries organized by the Singapore Training Institute, by holding specific sessions for SARTTAC members.

Key takeaways from the meeting are summarized below:

- Countries appreciated the number and variety of trainings offered in its first two years of operation, and the mix of general macro-economic (ICD) and specialized (non-ICD) courses. They agreed to meet once a year to review priorities.
- Training Director's from member countries continued to express strong interest in more tailored CD including customized training (CT) and agreed that such engagements require strong ownership from senior management. That said, they saw merit in regional deliveries that allow for multi-country participation. SARTTAC, by its very design, has already been engaging in a diverse set of modalities of CD delivery.
- On new areas of coverage, Directors asked to cover issues related to the "new economy" and special topics. Interest was highest for courses on: the digital economy and financial inclusion, management of cyber risks,

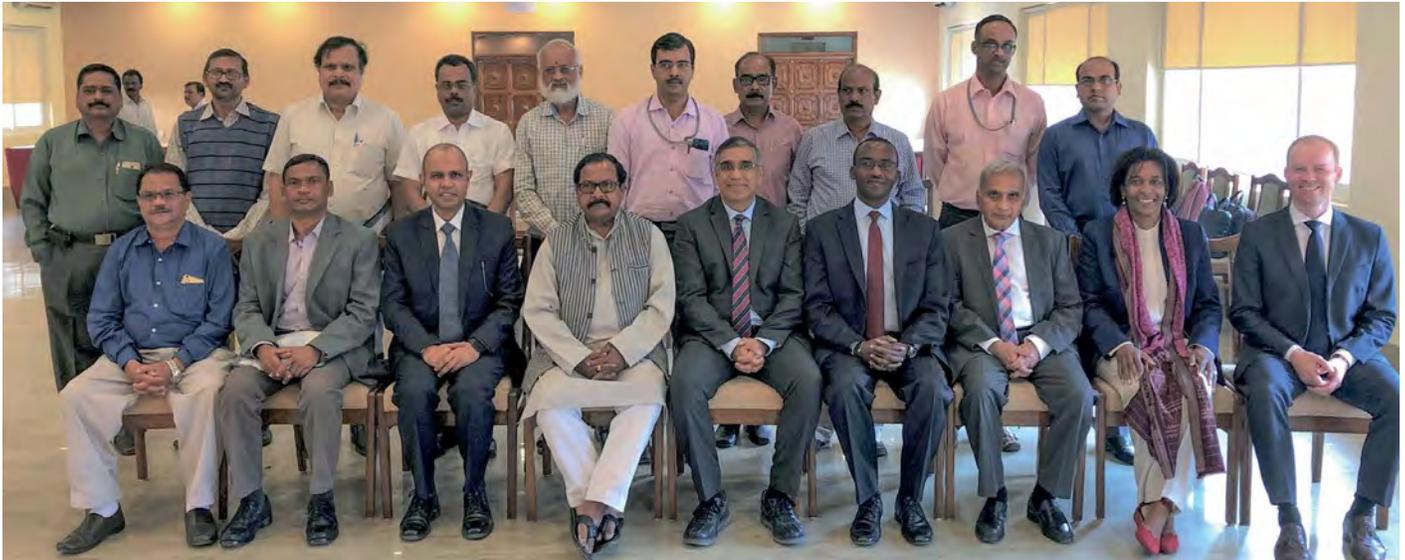


Directors of Training Meeting, Singapore, February-March, 2019

analysis and regulation of financial sector innovations, and Islamic finance.

- There was much interest in leveraging IMF online training. Several countries plan to integrate online learning into local staff development. They welcomed the expansion of the online catalogue and asked for support from IMF staff in utilizing the courses for their local staff.
- Many countries already use formal nomination processes to select participants, and two thirds require participants to report back to peers and supervisors on their experience and skills.
- There was also substantial interest in the measurement of training effectiveness. Directors were keen to better understand the long-term impact of training and asked about measurement approaches.
- A substantial amount of time was dedicated to discussing administrative challenges. Countries agreed to take greater ownership of their working relationship with SARTTAC and to help with travel and visa-related issues, identification of appropriate participants, and timely approval of dates and course programs.

- seek ways to leverage SARTTAC's resources, such as via in kind contribution from members and subnational
- extend the GFS/PSDS work program for another two years; and
- approved additional administrative staffing

SUB-NATIONAL  
SUPPORT

PFM TA Mission to Odisha, January-February, 2019

**SARTTAC's work at sub-national level in India has continued to address the sizeable capacity building needs at the state level.** An important stream of CD in the fiscal area is progressing under the Macro-Fiscal Policy Analysis CT (M-FPA) for the Indian States, delivered during November 2018, January 2019 and April 2019. Working with SARTTAC PFM and GFS/PSDS colleagues and with ICD, IMF-SARTTAC's M-FPA capacity development workstream has helped to identify important areas to strengthen budgeting, fiscal forecasting and fiscal risk management at the state

level. Based on strong interest from the state government of Rajasthan, SARTTAC's economists have worked intensively with its core team to develop a macro-fiscal framework to guide the budget consistent with India's fiscal responsibility (FRBM) requirements. A case study on Rajasthan has been developed - with templates for medium term fiscal forecasting/analysis and debt sustainability - which was used for training other states during a dedicated course at SARTTAC. Work has also deepened with the state governments Odisha and Himachal Pradesh, and PFM training has been provided

to northeastern states. Similarly, considerable work has been done with states on GFS training in partnership with the Office of the Comptroller and Auditor General (C&AG) and training on TADAT, a tax administration diagnostic tool, for state officials. With excess demand for SARTTAC's services, SARTTAC is working closely with India's MoF to ensure future subnational support has been carefully screened to ensure the objectives are agreed, there is strong ownership, the costs are well elaborated and to avoid duplication.

## E

BUDGET, FINANCING, AND  
MID-TERM EVALUATION

**SARTTAC has secured more than 90 percent of its needs for Phase I (2017-2022).** All SARTTAC member countries have signed Letters of Understanding (LOU), pledging financial support (see Table 1). Notably, over 89 percent of the committed funding has been received, including the full contribution of \$32.8 million from the host country, India, providing a sound

basis for work planning. Nevertheless, the IMF is continuing efforts to engage new development partners to close the financing gap remaining for the first phase. Looking ahead, the Steering Committee will need to discuss financial projections to the end of Phase 1 and begin discussing financing plans for subsequent phases, including the optimal size of operations (which will

need to be anchored by the IMF's own budget constraints). Given the financing model, member country support will remain central to the financial viability of SARTTAC. Beyond financing, the Center has already been finding ways to leverage its resources through, for instance, in-kind contributions from members and sub-national governments for training operations.

### BOX 3: SARTTAC'S UPCOMING MID-TERM EVALUATION

Regular evaluation is a crucial component of a sound CD strategy. It helps to foster learning from past experience and enhances accountability.

Independent external evaluations have consistently given the IMF RCDCs high marks for both the quality of their advice and training. Evaluations found that RCDCs are well suited to supporting institutional reform and economic policy design and implementation; they are an excellent vehicle to support regional harmonization and integration.

The key objectives of a mid-term evaluation are to: (i) assess the objectives of the CD project, (ii) identify the factors that account for performance of the activities, and (iii) assess whether

objectives set in the Program Document have been met and what lessons have been learned.

The evaluators will be expected to assess outcomes and achievements of the center using the OECD-DAC criteria, namely relevance, effectiveness, impact, efficiency, and sustainability.

An evaluation sub-committee (ESC) will be established to guide the evaluation and provide comments on outputs. The main role of the ESC is to ensure the consistency of the evaluation outputs with the terms of reference and correct any factual errors. The ESC comprises of the IMF, development partners on the SC, and representatives of the member countries of the center.

Once the evaluation is completed (a process that can take between 12-18 months), the evaluators will issue a report that focuses on presenting evidence on whether the objectives of CD activities were relevant and achieved their objectives effectively, efficiently, sustainably, and with impact. The Center Coordinator, in coordination with IMF HQ staff, will prepare a response to the recommendations of the evaluation. The recommendations and response will be presented to the SC members in the subsequent SC meeting.

SARTTAC's mid-term evaluation will start in September 2019 and is expected to be presented to the SC in the 2021 SC meeting.

**The governance of all IMF CD vehicles, including the Regional Capacity Development Centers, require a mid-term evaluation.**

SARTTAC's program document notes this evaluation must be initiated within three years of the beginning of the Center's operations i.e. by Q4, FY2020. The evaluation process has been explained to the Steering Committee at the 3rd Meeting and will take place within the framework of the IMF's Common Evaluation Framework for CD activities.

**Table 2 provides the FY2019 budget outturn.** Total expenditures are estimated to be \$10.6 million, or 70 percent of the budget approved at the May 2018 Steering Committee meeting. This level of expenditure in only the second year of operations mirrors the high engagement of the membership with SARTTAC and the ability of the IMF to scale up its work rapidly. While overall execution of the budget was satisfactory, full execution was affected by delays related to elections in several countries, political

crises (Sri Lanka) as well as more granular problems of traction in some projects. The different execution rates across activities reflect the susceptibility of different sectors to delays with work with central banks and statistics agencies tending to be generally more stable than in public finance.

**TABLE 1: SARTTAC FINANCIAL CONTRIBUTIONS  
PHASE 1: FY 2017 - FY 2022 AS OF APRIL 30, 2019**

Agreement Information					Contribution Received
Partners/Members	Signed Date	Currency	Amount	U.S.Dollars	U.S.Dollars
Partners				19,837,870	17,616,474
Australia	4/16/2016	AUD	2,500,000	1,923,373	1,130,350
European Commission	12/16/2016	EUR	10,000,000	10,414,497	8,986,160
Korea	5/4/2016	USD	5,000,000	5,000,000	5,000,000
United Kingdom	3/6/2017	USD	2,500,000	2,500,000	2,499,964
Members				10,200,000	5,750,000
Bangladesh	2/7/2017	USD	3,000,000	3,000,000	3,000,000
Bhutan	3/19/2018	USD	100,000	100,000	100,000
Maldives	4/2/2018	USD	100,000	100,000	50,000
Nepal	10/5/2017	USD	2,000,000	2,000,000	600,000
Sri Lanka	5/23/2017	USD	5,000,000	5,000,000	2,000,000
<b>Partners and Members Total</b>				<b>30,037,870</b>	<b>23,366,474</b>
Host Country					
India		USD	32,800,000	32,800,000	32,800,000
<b>Host Country Total</b>				<b>32,800,000</b>	
<b>Grand Total</b>				<b>62,837,870</b>	<b>56,166,474</b>
Program Document Budget				68,607,930	
<b>Funding Gap</b>				<b>-5,770,060</b>	

**TABLE 2: SARTTAC FY2019 EXPENDITURE  
AS OF APRIL 30, 2019 (IN MILLION OF U.S. DOLLARS)**

Activity	FY2019		
	Working Budget <sup>1/</sup>	Expenses <sup>2/</sup>	Remaining Balance
Public Financial Management	3.0	1.6	1.4
Revenue Administration	2.3	1.8	0.4
Banking Supervision and Regulation	1.0	0.9	0.1
Monetary Policy Operations	0.7	0.6	0.2
Real Sector Statistics	1.1	0.8	0.2
Government Finance Statistics	0.8	0.7	0.1
Admin Project	2.4	2.1	0.3
Training Project	2.5	1.5	1.0
Governance and Evaluation (including RBM advisor/backstopping)	0.0	0.0	0.0
<b>Total TA Delivery</b>	<b>13.7</b>	<b>9.8</b>	<b>4.0</b>
Trust Fund Management	1.0	0.7	0.3
Intra-year Strategic Re-allocation	0.3	-	0.3
<b>GRAND TOTAL</b>	<b>14.9</b>	<b>10.6</b>	<b>4.3</b>

<sup>1/</sup> As approved by Steering Committee on May 24, 2018.

<sup>2/</sup> Total FY19 Expenses recorded as of April 30, 2019.

# COORDINATION WITH DEVELOPMENT PARTNERS AND OUTREACH



**Dr. Stuart Davies**

*Senior Economic Adviser  
DfID India*

“Working with IMF SARTTAC and its results are very impressive, and we value to be associated with the Center.”

**IMF SARTTAC has continued to work closely with its development partners.** Reporting to the Steering Committee serves as the main channel of coordination supplemented by on the ground coordination through SARTTAC management and resident experts. The draft FY2020 workplan was circulated to Steering Committee members in early April 2019. A quarterly newsletter has provided updates on the Center’s activities and upcoming missions and trainings. SARTTAC staff have also briefed development partners and local donor groups as needed.

Part of this is via meeting Steering Committee members and their country delegations, while SARTTAC experts have also engaged development partner delegations. For example, the Steering Committee representative from Australia has been closely involved in arranging tax administration attachments to the ATO and Australian Treasury. SARTTAC has also collaborated with DfID on its plans for regional tax advisory services. SARTTAC is also collaborating with the World Bank in India given the latter’s existing and planned PFM and policy support

across several states. In May 2019, the Center’s experts participated in a World Bank PFM roundtable for state governments to avoid duplication and consistent with the Indian government’s strong emphasis on coordination and exploitation of synergies. Likewise, in national accounts statistics where SARTTAC has coordinated with World Bank/DfID projects in Nepal, projects planned with MOSPI in India and with the ADB on its support for the Department of Census and Statistics in Sri Lanka. In Bangladesh, EU officials attended the opening of SARTTAC national accounts and GFS training, while Australian officials have visited SARTTAC to consult its staff. SARTTAC has also continued close engagement with development partner projects such as DfID’s Economic Policy and Prosperity Partnership Project, including through participation in an evaluation of the component that finances SARTTAC.

**SARTTAC’s reports are available on a secure site.** SARTTAC has posted 50 reports in FY2019 following clearance from member countries (<http://www.sarttac.org/content/sarttac/en1.html>). These are available to those agencies



**Mr. Percy Bell**

*Minister-Counsellor (Economic)  
Senior Treasury Representative  
Australian High Commission,  
New Delhi*

“It is impressive to see the amount of training already being delivered as well as the strong demand in South Asia for training and technical assistance from the Center”



**Mr. Pierre Amilhat**

*Director for Asia, Central Asia,  
Middle East and Pacific, European  
Commission, Directorate-General  
for International Cooperation  
and Development*

“The European Union is proud to be part of an ambitious project such as SARTTAC, which enhances the quality of South Asia’s public financial management systems. More efficient and effective public finance management will help to deliver Agenda 2030, and SARTTAC’s facilitation of technical assistance, training and peer learning have proved essential to help drive complex reforms.”



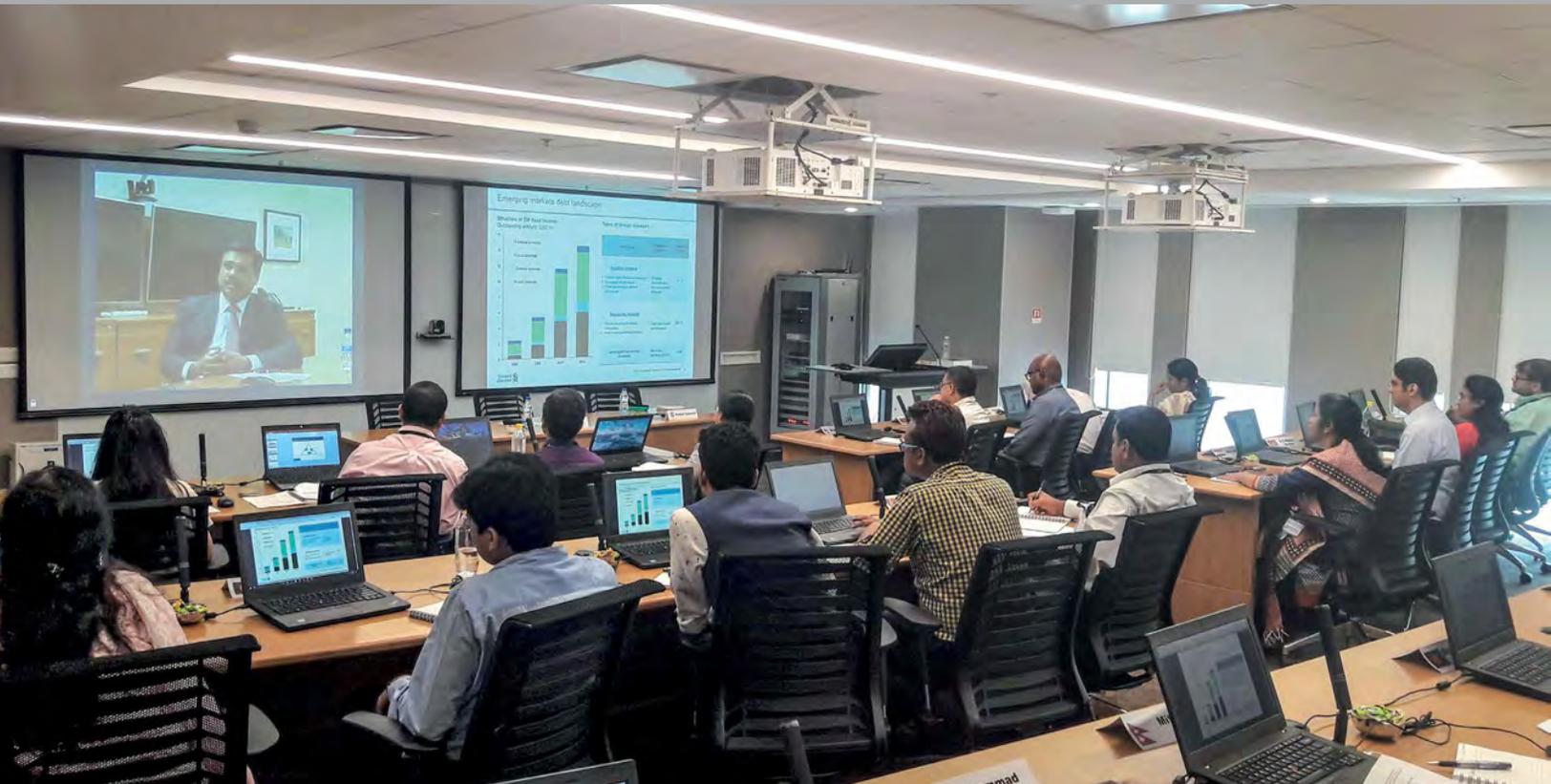
SARTTAC High Level Seminar for Parliamentarians for its South Asian membership, March 2019

that have returned a confidentiality agreement. In addition, three reports received consent for publication in FY2019 and, following clearance by the IMF board, are available on the IMF and SARTTAC websites. The Fund encourages the publication of these reports. Partners Connect is a secure online portal that allows CD partners to view financial and program information for all of their IMF CD initiatives. SARTTAC provides development partner visibility through its branding and its outreach.

**IMF SARTTAC partnered with the IMF’s Communications and Asia and Pacific Departments to conduct a two-day workshop for Parliamentarians from across its South Asian membership (see page 12).** Twenty-nine parliamentarians, including the Speaker from Bangladesh and members of public accounts and finance committees attended. Beyond a dialogue on key global economic issues, the workshop allowed for discussions on the work SARTTAC was doing in their countries and the role and capacity of legislators, so they can support domestic institution building.

**SECTION III**

REPORT ON  
ACTIVITIES FY2019



Teaching through Video Conference during the Managing Capital Flows Course, September 2018

## A

## OVERVIEW



### Sukhwinder Singh

is the Director of SARTTAC. He has worked at the IMF for 21 years, serving in the Strategy, Policy and Review, Asia and Pacific, and African Departments. Mr. Singh has also worked at the Bank of England, the Bank of Guyana, and the Canadian International Development Agency

**The Center's operations have continued to grow significantly in its second year.** A total of 175 activities represented an almost 50 percent increase over FY2018 with particularly significant increases in training programs (Table 3). This increase reflects several factors, not least deepening implementation engagement following diagnostic work in the initial year. Moreover, more awareness of the Center's work elicited greater demands. Work also began in FY2019 on the GFS/PSDS program. On the supply side, the Center developed its operational capability to deliver a higher volume of work. Notwithstanding the notable progress, the plans had been even more ambitious although several shocks – principally delays around elections and political crises in members – prevented a number of activities from materializing. By resources, the 768 field person weeks of capacity development support represented a 3.2 percent increase over FY2018. There was an approximately 60:40 resource (Field Person Weeks) split between technical assistance and training, with the mix remaining broadly unchanged from last year. The integrated nature of the work means this is somewhat of an artificial distinction as both activities embodied elements of the other. By activity, however, there was a significant increase in training activities

as a share of total activities; the new GFS work program was largely designed this way and there was a surge in demand for national revenue administration training. The higher proportionate increase in activities over resources reflects a different composition of activity including national courses where resources were economized. Moreover, in FY19 a greater share of assistance was delivered through Center staff and STXs, as opposed to IMF HQ experts, as the Center moved to implementation following earlier diagnostics done jointly with IMF HQ.

- **Sectors:** variations across sectors largely reflect demand (Table 4). Approximately 2/5ths of SARTTAC's work has been fiscal, in both PFM and revenue administration. Macroeconomic training accounted for another 25% of the Center's work, and a proportion of this was also macro-fiscal. Other prominent fiscal projects have been tax administration (TADAT) training across the region, Goods and Services Tax implementation in Bhutan, a draft fiscal strategy statement for India, evaluation of Bangladesh's public investment management, and considerable PFM support for better budget preparation in three states in India. IMF SARTTAC also continues to provide advisory

**TABLE 3: SARTTAC ACTIVITIES FYs 2018-19**

IMF SARTTAC Activities (number)	FY2018	FY2019			
	Execution	Planned		Execution	
	Annual Actual	Original Plan	Revised Plan	Annual Actual	Execution Rate (%)
TA Mission	69	111	109	86	77%
Meeting/ Retreat/ Other	13	20	23	23	115%
Regional Training	13	31	27	24	77%
Attachment/Mentoring	9	3	3	5	100%
National Training	14	34	41	37	109%
<b>Total Number of Activities</b>	<b>119</b>	<b>199</b>	<b>203</b>	<b>175</b>	<b>86%</b>
<b>Resources (Field Person Weeks) Type of Activity</b>					
Technical Assistance	459	556	554	432	78%
Training	285	373	400	336	88%
	<b>744</b>	<b>929</b>	<b>954</b>	<b>768</b>	<b>82%</b>
<b>Modalities</b>					
Resident Advisor	342	421	450	403	94%
Short Term Expert	211	311	324	237	76%
Attachments	15	9	9	11	59%
IMF HQ Staff	175	188	170	118	63%
<b>Total Field Person Weeks</b>	<b>744</b>	<b>929</b>	<b>954</b>	<b>768</b>	<b>82%</b>

**TABLE 4: SARTTAC ACTUAL RESOURCE DISTRIBUTION BY SECTOR AND COUNTRY, FY2019**

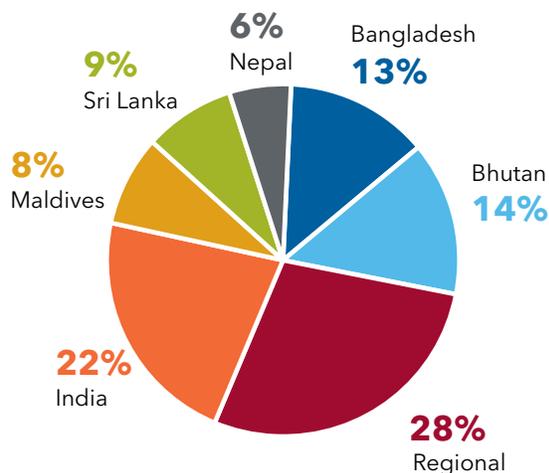
(In Field Person Weeks)	Total	RA	PFM	MACRO	FSR	MONOPS	RSS	GFS
Bangladesh	101	33	20	13	5	13	13	4
Bhutan	109	41	10	17	14	17	3	8
India	170	18	74	50	4	-	6	18
Maldives	64	14	10	-	14	2	15	10
Nepal	44	-	22	-	10	2	3	7
Sri Lanka	64	19	10	12	4	9	6	5
SARTTAC	217	27	30	96	12	13	16	24
<b>Total</b>	<b>768</b>	<b>152</b>	<b>176</b>	<b>187</b>	<b>61</b>	<b>55</b>	<b>63</b>	<b>74</b>

to the 15th Finance Commission in India as they conclude their work on India's federal fiscal architecture for the next 5 years. Approximately 15 percent of SARTTAC's resources were devoted to the financial and monetary areas. Some highlights included developing risk management guidelines in Bhutan and Maldives and risk-based supervision in

Bangladesh and Nepal. SARTTAC has continued to help Sri Lanka with its forward-looking monetary policy formulation, Bhutan with its Monetary Policy Implementation Framework, Nepal on the functioning of its interest rate corridor and Bangladesh with a comprehensive assessment of its monetary policy framework and foreign exchange

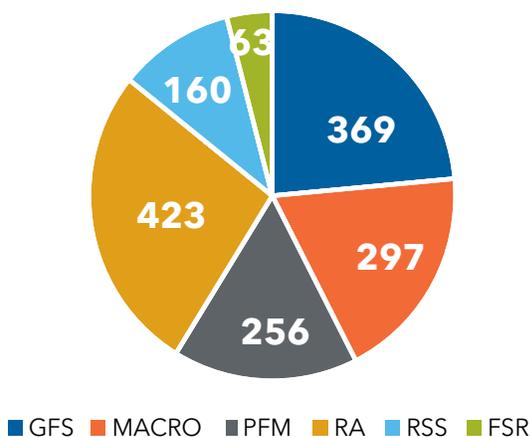
intervention practices. With the GFS program beginning in FY2019, the Center's macroeconomic statistics work ratcheted up to 18 percent of its operations. Extensive GFS training was provided in the first phase, while national accounts projects helping rebase GDP and CPI covered the entire membership.

**FIGURE 3: CAPACITY DEVELOPMENT DISTRIBUTION BY COUNTRY, FY2019  
(FIELD PERSON WEEKS)**



**Mangal Goswami** is the Deputy Director of SARTTAC. He has been with the IMF for over 18 years. Prior to SARTTAC, he served as the Deputy Director of the IMF's Singapore Regional Training Institute (STI) and worked in the IMF's Monetary and Capital Markets Department. Before joining the IMF, he worked for ABN AMRO Bank in Singapore and the Federal Reserve Bank of Kansas City.

**FIGURE 4: PARTICIPANTS BY SECTOR, FY2019  
(ALL COURSES, NUMBER OF OFFICIALS)**



- Country:** resource allocations in the initial workplan were driven by demand and joint country-IMF set priorities, while outcomes reflect traction and results which were affected by a host of country specific factors, including the aforementioned political factors (Figure 3). In FY2019, 28% of activities have been regional i.e. training at SARTTAC (down from one-third in the initial year). In the first year, regional training was emphasized to increase awareness of the Fund's expertise and thereby help countries formulate their TA needs. India by its size remains the largest absolute recipient, but by any other measure

(GDP, population) the other members have also been receiving significant support. The relatively low take up by Nepal has been offset by very strong demand and good results in the smallest members, notably Maldives and Bhutan. As a share of assistance, support to Bangladesh also doubled in FY2019 as several agencies sought a deeper engagement.

- Training:** There was a large scaling up of training in FY2019 where SARTTAC delivered 60 training courses attended by 1568 officials from all six member countries (up from 33 courses and 895 participants in FY2018). Particularly high growth took place in the number

of national courses, a key modality for the delivery of the GFS and revenue administration work programs. More generally, fiscal training (both revenue and public financial management) accounted for 43 percent of participants followed by 33 percent in statistics (both GFS and Real Sector). Macro training constituted about 19 percent of the total while participation in specialized financial sector related training was relatively low at 4 percent. Female participants accounted for one-quarter of officials attending training, with considerable country variation. About 65 percent of officials participated in national courses compared to 35 percent in regional training. Member participation was broad based led by Indian officials (43 percent) followed by Bangladesh and Bhutan (both at 15 percent). Participation was the highest from Finance Ministries, followed by Central Banks, Revenue and Customs Agencies, and Statistics Agencies. There was a significant uptick in the participation of state officials who accounted for 34 percent of the total number of officials from India. Learning

gains were very promising across all workstreams with an average 25 percentage point increase in scores from pre to post course quizzes and 77 percent of participants scoring 60 percent or above (see Figure 8 for course detail).

- **Attachments:** attachments are a useful modality where officials from the region spend time at another IMF member country counterpart agency to understand policy implementation. Five were organized in FY2019, some with the help of Steering Committee members. Two were in GST tax administration: one had Indian tax administrators (from CBIC) work with the Australian Tax Office and Treasury, and the other twinned Bhutan with Fiji's Revenue and Customs, another small state that has introduced a GST. Two were also organized in PFM for Nepalese officials from its National Natural Resources and Fiscal Commission to visit India's MOF to learn about India's system of federal fiscal relations. Finally, SARTTAC's MONOPs advisor joined RMA officials from Bhutan at India's central bank to observe

liquidity management and monetary policy decision making processes.

- **Milestones:** all SARTTAC's activities are embedded in projects whose progress is measured by a results-based management framework that includes final outcome indicators and milestones measuring intermediate progress. Table 5 (and Figure 5) indicate that around 70 percent of the milestones agreed in FY2019 were either fully or largely achieved. Around 17 percent of milestones were not achieved and postponed to FY2020 or cancelled. There are a range political economy and design factors that make institution building challenging, including political and personnel changes, strength of leadership and of the external accountability of the institution, changing priorities and new emerging urgent needs.

Nevertheless, the good RBM performance over the past two years demonstrates the strong ownership and commitment across the membership, with many highly invested officials at different levels seeking to improve their

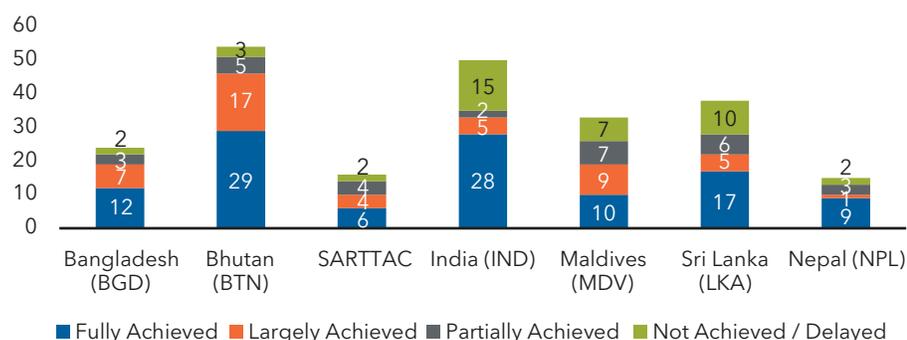


Attachment of Indian CBIC Officials to the Australian Treasury Department, November 2018

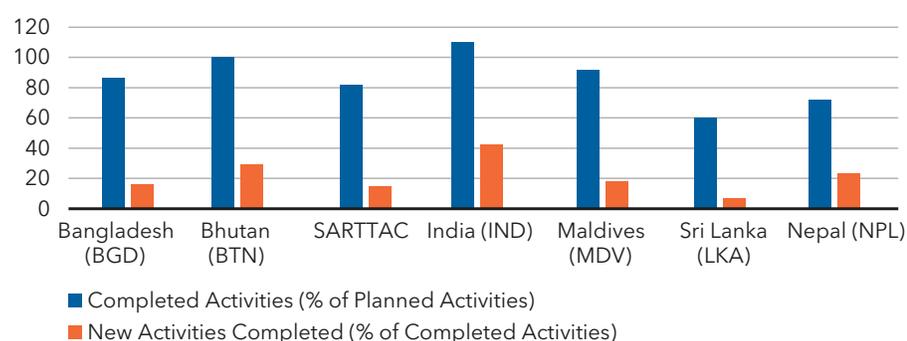
**TABLE 5: SARTTAC STATUS OF MILESTONES BY SECTOR, FY2019**

Area	Planned	Fully Achieved	Largely Achieved	Partially Achieved	Not Achieved / Delayed
Banking Supervision and Regulation	48	20	16	6	6
Real Sector Statistics	63	26	13	6	18
Public Finance Management	20	16	4	-	-
Revenue Administration	17	7	5	5	-
Monetary Policy & Operations	16	9	2	3	2
Government Finance Statistics in SARTTAC	37	16	4	4	13
ICD Training (including FPAS)	29	17	4	6	2
<b>Total</b>	<b>230</b>	<b>111</b>	<b>48</b>	<b>30</b>	<b>41</b>

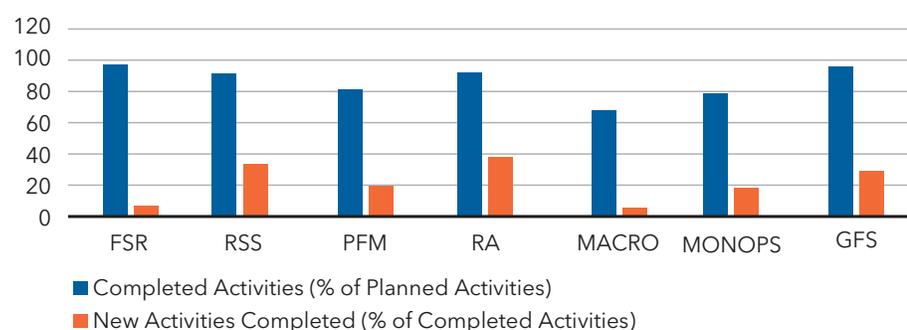
**FIGURE 5: MILESTONES STATUS BY COUNTRY, FY2019**



**FIGURE 6A: DEVIATION FROM WORKPLAN BY COUNTRY, FY2019**



**FIGURE 6B: DEVIATION FROM WORKPLAN BY SECTOR, FY2019**



organizational capability. SARTTAC continues to draw lessons on project design and commitment mechanisms, including from the IMF's 2018 CD review, to ensure results are improved upon further.

- Deviations:** Figures 6a and 6b present workplan deviations from the plan approved by the Steering Committee at its 2nd meeting in Colombo. The data reveals the dynamic nature of SARTTAC's operations and as well as its flexible response. By country, the data show strong engagement in most members but some challenges in Nepal and a slowdown in Sri Lanka given various shocks it has faced recently. Plans have remained fairly stable for supervision, statistics and revenue administration work, while PFM, MONOPs and our macro training (ICD) had to contend with considerable uncertainty and resulting changes to the original plan. Notably, where the original program was on track, additional work, typically related to existing projects, was requested.

REVENUE  
ADMINISTRATION

**Mark Jackson** joined SARTTAC in July 2017 as Revenue Administration Advisor. He has 35 years of experience in Public Administration, most of which was with the Australian Tax Office.

The Revenue Administration workplan has continued to grow and was delivered almost in its entirety. A total of 45 activities were conducted, up from 32 last year. Much of the work advanced ongoing multi-year work programs, such as implementing the Inland Revenue Act in Sri Lanka, GST in Bhutan and risk-based compliance management in the Maldives. With a solid base of support now in place for Sri Lanka, Maldives and Bhutan, growing TA in India is focusing on compliance improvement in the Central Board of Indirect Taxes and Customs (CBIC), and the delivery of several TADAT accreditation workshops for both central and state governments. The TADAT work highlights a broader trend of increased demand for revenue administration training, where 14 courses were delivered in FY2019. In Bangladesh, TA is focused on supporting the recently-announced VAT, which is planned for implementation from July 1, 2019.

**Better revenue administration, management, governance arrangements, and stronger core functions:**

- TA for Bangladesh initially focused on areas identified in the 2017 TADAT assessment in the compliance risk management and audit techniques

areas. This has now moved forward with the completion of a HQ diagnostic mission to look at the readiness of the National Board of Revenue (NBR) to implement the new VAT

- In Bhutan TA support for GST implementation grew to cover the development of business process designs for all core business areas including Taxpayer Registration, Filing, Correct Reporting and Payment. This has now extended to assistance with the procurement of a new IT system for the GST.
- In Maldives, work to assist in operationalizing the risk management process continued and is occurring in parallel with advice on the development and implementation of a new strategic plan for 2020-24 and the related governance arrangement.
- In India, dialogue has been opened on ways to further enhance compliance with the GST program including the use of “nudge” approaches, along with risk assessment and prioritization. Discussions have been on-going with the GST Network (GSTN) on how to optimize the use of data analytics to identify patterns and trends in national GST data sets allowing



Regional Training Course on Compliance Risk Management, New Delhi, February 2019



Training on Risk Based Audit Techniques for Income Tax Officials, Bangladesh, February 2019

for the identification of potentially non-complying taxpayers. We are now also working with the CBIC on compliance risk management and how to encourage taxpayers to meet their reporting and payment obligations using “nudge” approaches.

- Work in Sri Lanka was somewhat disrupted by political developments, but SARTTAC provided support for the implementation of the new income tax law with a HQ mission to assess

readiness for the filing of annual returns, through the design of user-friendly reporting forms, as well as through an overall review of progress in implementing the new law.

**Training in revenue administration:**

Of 14 training workshops delivered, 5 were regional and 9 in-country. In addition, further training courses were developed - one on taxpayer registration and the other on organizational design. These complete a suite of revenue

administration training covering core operations that are being used repeatedly across the region. The training was supplemented by staff attachments of key officials from Bhutan and India to the GST tax administrations in Fiji and Australia respectively.

PUBLIC FINANCIAL  
MANAGEMENT**Raju Sharan**

joined IMF SARTTAC in May 2019 as a Public Financial Management (PFM) Advisor. In his professional career spanning 28 years, Raju has worked with Government of India, public sector corporation and multilateral institutions including the World Bank, United Nations and the International Monetary Fund.

**Highlights of CD in FY2019 include:****Comprehensive, credible and policy-based budgeting**

- For the majority of SARTTAC countries the PFM program has focused on improving the credibility of the budget. In Bhutan, support has been provided for improving the fiscal strategy related to the 12th five-year plan, improving the policy and analytical content of the budget report. It consisted of strengthening the analytical capability of the department of national budget staff and in their ability to scrutinize the spending proposals of sectoral departments. Bangladesh has benefitted from a Public Investment Management Assessment (PIMA) which highlighted the need to closely integrate the annual development plan with the medium-term budget framework to strengthen project planning and funding. In Sri Lanka, future reforms will focus on improving

compliance with the fiscal rules through regular reporting, producing a fiscal strategy report and strengthening Parliamentary oversight through the Committee on Public Finance. Nepal has benefitted from budget training to provincial finance officials—to strengthen their capacity.

- To improve the policy orientation of budget documents, SARTTAC has assisted the budget office in India's Ministry of Finance by preparing a draft fiscal strategy statement—an essential requirement for strategic, top-down budgeting. Nepal's National Natural Resource and Fiscal Commission (NNRFC) and Ministry of Finance officials have benefitted from attachments to India's Finance Commission and interactions with the budget office at the Union government to understand their fiscal transfers, budgeting and project appraisal practices.



TA Mission on an Improved Medium-Term Fiscal Framework, Bhutan, June 2018



Training on Assessing and Managing Fiscal Risks in Developing Asia-Pacific Countries, New Delhi, March 2019



**Lesley Fisher**

joined SARTTAC in April 2017. Prior to joining SARTTAC she was a senior economist in the Fiscal Affairs Department of the IMF in Washington DC. She has provided PFM TA to European, African, Middle East and Central Asian countries. Previously she worked for the Ministry of Finance in South Africa.

- Separately, on the broader issue of training MoF officials on fiscal and macro-fiscal issues, SARTTAC evaluated the course modules for the Financial Economics and Economic Management (FEEM) Course for mid-level officials of Bangladesh against IMF training programs to identify gaps and to suggest possible adjustments.

**Better budget execution and control**

- Maldives has continued to focus on strengthening project appraisal and monitoring to improve the efficiency of public investment management. This support has seamlessly transitioned from the Ministry of Finance to a new Ministry of National Planning and Investment. Bangladesh is also expected to strengthen its capacity to appraise and

monitor public investment projects—a key recommendation of the HQ-led PIMA mission.

### Improving the coverage, quality and timeliness of fiscal reports

- Bangladesh is continuing to improve its fiscal reporting with SARTTAC support for the implementation of its new chart of accounts and alignment to its information technology system. Two fiscal training courses were conducted—a regional course and one for Indian officials. Both courses focused on reporting standards including the IMF's fiscal transparency code, international public sector accounting standard (IPSAS) and government financial statistics framework (GFSM 2014).

### Improved integration of asset and liability management

- SARTTAC has assisted Nepal in evaluating how the current Treasury Single Account (TSA) architecture could be extended to subnational governments. This will help to track the resources transferred from the center to the provinces. SARTTAC hosted a course on improving treasury and debt management—a regional priority

identified during scoping missions. In addition to finance and state government officials, the Reserve Bank of India and Royal Monetary Authority of Bhutan also participated.

### Strengthening identification, monitoring and management of fiscal risks

- SARTTAC, CDOT and PFTAC collaborated on fiscal risks training for developing Asia Pacific countries. Participants from Odisha and Tamil Nadu also shared subnational perspectives on fiscal risk management.

### Subnational government

- Similar to India's Union government, the focus has been on introducing strategic, top-down budgeting in Himachal Pradesh, Odisha and Rajasthan. These states have benefitted from diagnostic missions and training for State officials on strategic budgeting, performance budgeting and public investment management practices.
- A PFM reform action plan has been drafted for Himachal Pradesh together with a review of the IT systems specifications required to implement multi-year PFM reforms. In Odisha, a

joint HQ/SARTTAC PFM diagnostic mission has recommended a multi-year action plan to improve cash management and commitment control.

- A regional training to northeastern states including Odisha and West Bengal exposed more than 45 participants to international good practices in budgeting, fiscal risks management, effective public investment practices, mitigating risks from state owned enterprises and institutional requirements for implementing and sequencing reforms.



PFM TA Mission to Odisha, January-February, 2019

# MACROECONOMIC ANALYSIS AND TRAINING



**Andrew Ceber**, an Australian national, joined SARTTAC in June 2017 as a Macroeconomic Advisor focusing on macroeconomic training and technical assistance. He has worked as a macroeconomist with the IMF, World Bank and Australian Treasury.

**SARTTAC's macroeconomic training program expanded further in FY2019, responding to the increasing demand for more country-focused and tailored training, while supporting continued integration of TA, training and surveillance.** Out of a total participant base of 1568 officials during FY2019, the Macro training program constituted about 19 percent of the overall share of participants. SARTTAC delivered 13 training courses, out of which 7 were from the ICD curriculum (including tailored delivery) and the rest were in the form of workshops and CT. Mainstream macroeconomic, macro-financial and macro-fiscal training constituted a significant part of training activities. Much of it was classroom training with country specific data. The full list of macro training delivered over FY2019 can be found in Table 6.

**SARTTAC's macro training delivery comprised of three main modalities** - Classroom Training (CR) from the ICD Curriculum in macro and financial policies; Customized Training (CT) on macro (FPP) and macro-fiscal (M-FPA) frameworks; and Workshops (W) that are more targeted towards certain topics and peer groups (e.g. EBA-Lite).

- **Macroeconomic Training (Classroom/Tailored):** The key regional courses from ICD curriculum were on Managing Capital Flows, Financial Sector Policies, and Macro-Econometric Forecasting - all highly relevant for dealing with current policy challenges and in developing analytical capacity. These were complemented by several tailored national courses: macroeconomic diagnostics for India (notably for IES officers) and Sri Lanka (for the Central Bank of Sri Lanka), and Financial Programming and Policies course for a cross-agency group from Bangladesh (held at SARTTAC).
- **SARTTAC continued its efforts towards customized training, mainly in the areas of monetary policy and macro-fiscal frameworks.**
  - » CD/SARTTAC has been working in the area of developing a forecasting and policy analysis system (FPAS) for forward-looking monetary policy formulation for the Central Bank of Sri Lanka (CBSL). The FPAS CT is a multi-year effort as part of a broader CBSL initiative to adopt Flexible Inflation Targeting (FIT). In FY2019, work focused on improving materials for the May Monetary Policy Review,

**TABLE 6: ICD TRAINING IN FY2019 1/**

Course	Participants	Duration (weeks)	Participant Weeks
Macroeconomic Diagnostics (Sri Lanka)	10	1	10
Macroeconomic Diagnostics (India)	31	2	62
Financial Programming and Policies (Bangladesh)	29	1	29
Modernization of Monetary Frameworks (Bhutan)	36	0.4	14.4
Managing Capital Flows	28	1	28
Financial Sector Policies	28	1	28
Macroeconomic and Fiscal Analysis Learning Workshop (Bhutan)	21	0.4	8.4
Fiscal Sustainability-Debt Sustainability Framework for Low Income Country	12	1	12
EBA Lite Workshop	11	0.6	6.6
Macro-Econometric Forecasting and Analysis	28	1	28
Macro-Fiscal Forecasting and Policy Analysis - Customized Training (India)	13	1.2	15.6
Macro Fiscal Workshop (Bhutan)	21	1	21
Macro-Fiscal Policy Analysis - Customized Training (national and sub-national)	29	0.8	23.2
<b>Total</b>	<b>297</b>	<b>12.4</b>	<b>286.2</b>

1/ Regional courses unless otherwise indicated.

reviewing past forecast performance, and published an IMF working paper with CBSL staff to support communication on transition to FIT.

» The state level macro-fiscal work together with the improvement of fiscal accounts and public financial management (PFM) constitute the core pillars of getting state finances right and strengthening public finances in India, key areas emphasized by the Government of India at the outset and prominent in SARTTAC's program document.

• **SARTTAC also collaborated with the Capacity Development Office of Thailand (CDOT) to host two CD events to enable peer-to-peer learning across Frontier Economies (Bangladesh, Bhutan, Nepal, Cambodia, Lao PDR, and Myanmar).**

The first one was a training on Fiscal Sustainability-Debt Sustainability Framework for Low Income Countries (DSF-LIC). In this training, member

countries were introduced to the IMF's new DSA template for LICs, with the expectation that this exposure will help identify future TA and training needs. The second peer-to-peer learning was delivered in a workshop on the External Balance Assessment for less developed countries (EBA-Lite) in Delhi. Both these CD events provided

hands-on practical training for officials that will help them analyze and manage their debt and external sector profile, enabling a more effective policy discussions with the IMF.

• **Workshop to support staff of the Office of the Chief Economic Advisor (CEA) of India:** At the CEA's request, SARTTAC hosted a short workshop



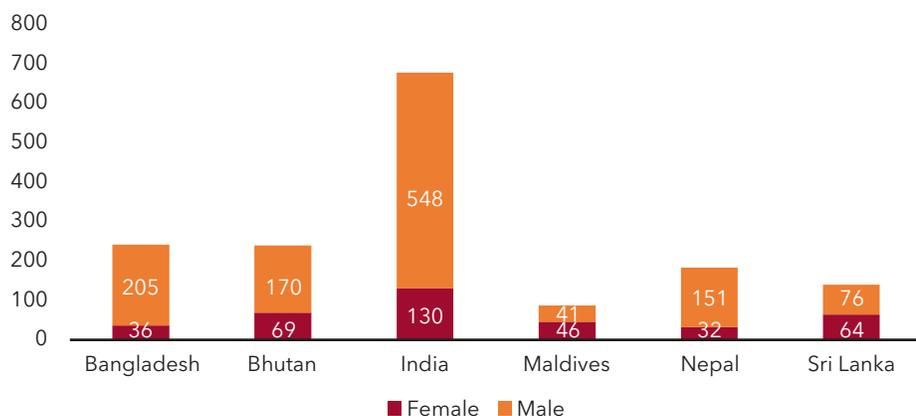
**South Asia Regional Training & Technical Assistance Center**

New Delhi, India



Training on Macroeconomic Diagnostics for Indian Economic Service Officials, August 2018

**FIGURE 7: PARTICIPANTS BY GENDER AND COUNTRY, FY2019 (ALL COURSES)**



on selected topics in estimating potential output. This workshop aimed at building capacity on estimating potential output, with the IMF’s India team joining (via VTC from HQ) to explain their methodology and share experience. Such short workshops are expected to be part of future engagement with the CEA’s office.

• **SARTTAC also delivered other workshops prioritized by its members:**

» High-level Workshop on Modernizing Monetary Policy Frameworks in Nepal and Bhutan: The IMF’s Asia and Pacific Department collaborated with SARTTAC to bring Nepal and Bhutan’s central banks together with

the RBI to discuss the implications of India’s inflation targeting regime on these pegged economies. It also assessed progress and challenges with modernization of Nepal and Bhutan’s monetary policy operations and frameworks. The peer learning was highly appreciated, as were the operational implications for monetary policy and liquidity management in Bhutan and Nepal, and the further analytical capacity building needs.

» Training for the Indian Administrative Service (IAS): IMF SARTTAC was invited to provide macroeconomic and PFM training to senior IAS officials at the Lal Bahadur Shastri National Academy of Administration in Mussoorie. Sixty officials from

across India – mostly operating at Secretary level in the states – attended. Discussions are underway to develop a regular training program for this cadre, including leveraging the IMF’s online courses.

» Macro-Fiscal Workshop and future FPP CT for Bhutan’s Macroeconomic Team: SARTTAC has been working to build institutional capacity of the key macroeconomic team in Bhutan who provide direct policy advice and input to the Bhutanese parliament on the budget. Two workshops, one at SARTTAC and another in Bhutan, were held for a the cross-agency macroeconomic team of Bhutan government. The first workshop was for the senior macro team and its supporting



Modernization of Monetary Frameworks, Paro, Bhutan, September 2018

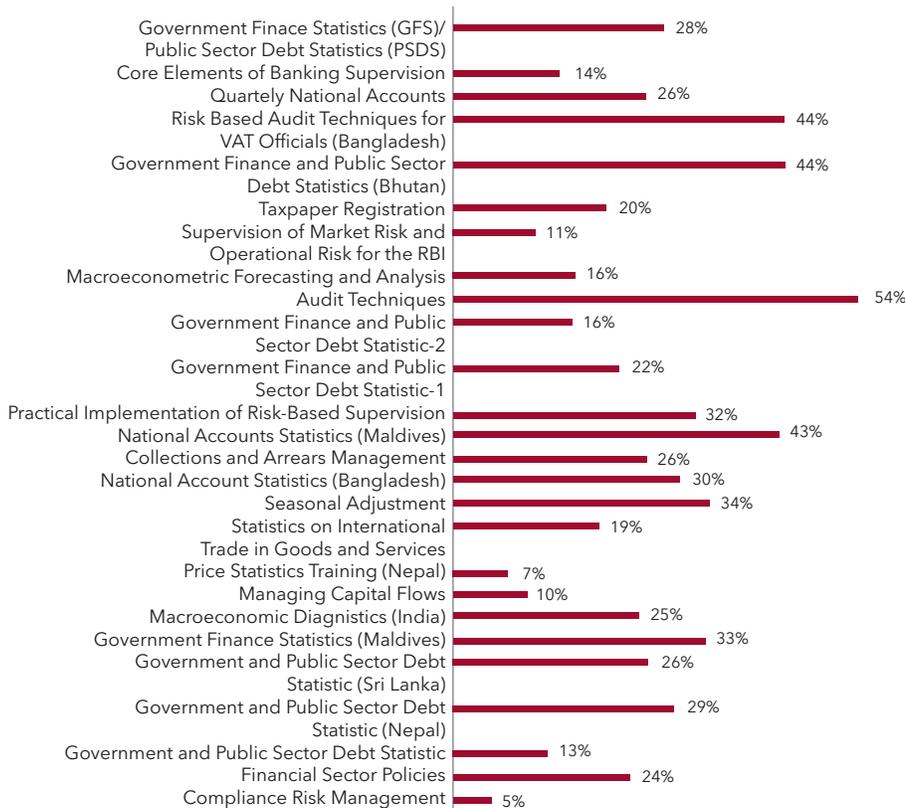


Training Program with India's Administrative Services Cadre, Mussoorie, October 2018



Macro-Fiscal Workshop, Bhutan, April 2019

**FIGURE 8: COURSE LEARNING GAINS (PERCENTAGE POINT INCREASE IN AVERAGE QUIZ SCORES FROM PRE- TO POST-COURSE TEST)**



technical officers. This provided a unique opportunity to work with senior officials of the ten agencies coordinating macroeconomic policy in Bhutan. In a follow up mission during March 2019, the SARTTAC team and the IMF Bhutan Resident Representative worked closely with the Macroeconomic Forecasting Technical Committee to review the macroeconomic content of the committee meeting and to provide feedback where necessary. As part of a request for a long-term sustained engagement, SARTTAC will be working with Bhutan in developing a macroeconomic framework through FPP CT.

**Effectiveness of training as measured by learning gains and post course evaluations has been very favorable.**

Test results from the macro CR training courses over FY2019 show average learning gains of 25 percentage points (Figure 8). In most of these courses a significant number of participants scored at least 60 percent in the post course quiz. Also, post course surveys showed an average rating of about 4.5-4.6 out of 5, complemented by very positive comments. A survey has also been launched to assess the initial impact of training courses undertaken in CY 2017, but response rates have been low to date. This is being complemented by more qualitative assessments of how participants are using training in the context of LTX's TA visits. More generally, the early experiences with training are being used to calibrate course material and improve targeting of participants.

# FINANCIAL SECTOR SUPERVISION AND REGULATION



## Jacques Loubert

joined the Center in mid-August 2017 following a long career in Banking Supervision at the Banque de France. He has also worked previously for the IMF, World Bank and the French Futures and Options Exchange.

**Work in this area continued on the basis of the multi-year capacity building programs that had been defined during diagnostic work in 2017.** SARTTAC's management visited the RBI to discuss deepening engagement beyond existing collaboration. In the Maldives, SARTTAC's resident advisor joined an MCM mission on the MMA's strategic plan and also participated in the FSSR mission in Sri Lanka. Technical assistance by topic area covered were:

- **Improving supervisory effectiveness:** SARTTAC has supported the Royal Monetary Authority (RMA) of Bhutan in finalizing Risk Management Guidelines for all financial institutions and for conducting workshops on those risk management guidelines for supervisors and financial institutions; and for the Maldives Monetary Authority (MMA) in the drafting of such guidelines.
- **Strengthening off-site risk-based supervision capacity:** the work with the Nepal Rastra Bank (NRB) to build stronger off-site supervision capacity has continued; at the Bangladesh Bank, an action plan to implement an effective risk-based supervision framework has been drafted, complemented by

related workshops for the senior management, supervisors and bank representatives. In response to a new request, support to the RMA was provided to build a more customized risk-based supervisory framework for banks. Bhutan has received specific support for the implementation of IFRS reporting for the financial institutions in the country.

- **Develop/strengthen banking regulations and prudential norms:** following the publication of SARTTAC-supported revised corporate governance regulations for the RMA, the Center has been helping the RMA to assess their implementation by financial institutions, as well as to upgrade the process to conduct fit and proper test for members of boards of directors; in the Maldives, SARTTAC has provided support in the review of corporate governance regulations and practices and identification of the shortcomings that require action.
- **Develop/strengthen regulation of insurance companies and risk-based supervision capacity of the insurance supervisor:** the implementation of a risk-based supervision framework in Bhutan and Maldives has been ongoing, with the latter also supported with on-site inspection capacity.



MCM Financial Sector Stability Review Mission, Sri Lanka, January 2019

- **Training in Financial Supervision and Regulation:** SARTTAC conducted three training courses. One was a first regional training course on Practical Implementation of Risk-Based Supervision with supervisory staff of Bangladesh, Bhutan, Maldives and Nepal (November 2018). In January 2019, a

specialized course was arranged for the RBI on the supervision of market and operational risks (replacing an IFRS course that RBI cancelled). In April 2019, an updated version of the course on the Core Elements of Banking Supervision was conducted with staff of all member countries attending.

# MONETARY AND FOREIGN EXCHANGE OPERATIONS



## Stefaan Ide

joined SARTTAC in November 2018 as its Monetary and Foreign Exchange Advisor. He previously worked at the National Bank of Belgium's Research & Economics Department with a focus on International Macroeconomics and on Monetary Policy Strategy and Implementation. Before joining SARTTAC, he assisted the Bank of Algeria in modernizing its monetary policy framework as an IMF resident advisor.

### **Central banks across South Asia have sought SARTTAC's assistance with strengthening their monetary policy implementation and formulation.**

Given the heterogeneity of monetary and exchange regimes across the region, SARTTAC has provided a range of CD support, which has included peer learning from those further along the monetary policy modernization process. Notable has been the RBI's sharing of experience through the participation of their experts in TA missions and hosting a SARTTAC sponsored team from the RMA.

### **Against this backdrop, key areas of support have focused on:** (1)

enhancing the effectiveness of monetary policy implementation, and (2) improving the effectiveness of central bank foreign exchange (FX) operations; and (3) developing inflation forecasting capacity to move towards a more model-based monetary policy decision-making process.

- Enhancing monetary policy implementation and central banks' operational frameworks: in Bangladesh, SARTTAC provided an assessment of its monetary policy framework and its foreign exchange intervention practices which resulted in designing a mutually agreed roadmap

to embark on a gradual modernization process. In Bhutan and Nepal, shaping a domestic monetary policy within the pegged exchange rate regime with the Indian Rupee continued to be the main focus of SARTTAC TA. Both countries benefited from an exchange of ideas during the abovementioned high-level IMF regional workshop hosted by the RMA on modernizing monetary policy frameworks. In Nepal, restoring the interest rate corridor in line with the TA recommendations would allow the conduct of an independent monetary policy contributing to safeguard internal and external balances. In Bhutan TA continued to target the refinement of the liquidity forecasting process, to support a credible introduction of its Monetary Policy Implementation Framework. In the Maldives, SARTTAC designed a TA roadmap consistent with the Maldives Monetary Authority's (MMA's) Strategic Plan to prioritize actions in de-dollarization and development of functioning FX markets as a first step towards a more active monetary policy.

- Enhancing the effectiveness of central bank FX operations: In Sri Lanka, SARTTAC provided follow-up TA to allow for an exchange rate regime with a greater flexibility and resilience



Mission on the Monetary Policy Framework and Operations, Bangladesh, March-April 2019



Royal Monetary Authority Officials from Bhutan Attached to the Reserve Bank of India, Mumbai, April 2019

to different levels of volatility. In Bhutan, SARTTAC assisted the RMA on streamlining the regulatory framework for FX transactions.

- Implementing a model-based monetary policy decision-making process. Bhutan's central bank received support in developing its inflation forecasting capacity

and revamping its monetary policy statement. In Bangladesh, SARTTAC provided guidance and assessment on how to improve the monetary policy decision-making process by gradually introducing a quantitative assessment in monetary policy deliberations.

# REAL SECTOR STATISTICS



**Rodger Sceviour** joined SARTTAC in August 2018 as its Real Sector Statistics Advisor. He is a national accountant from Statistics Canada. His areas of expertise are benchmarking, estimation of supply-use tables and business survey methods.

**The FY2019 Real Sector Statistics (RSS) work program has further progressed, with substantial achievements in price statistics and GDP rebasing.**

- **Re-benchmarking/Rebasing GDP:** Missions were conducted to Bangladesh, Bhutan, India, and Sri Lanka to continue workplans to re-benchmark/rebase national accounts statistics. Preliminary Supply and Use Tables (SUT) were constructed, and

both Bangladesh and Sri Lanka have upcoming milestone dates to finish the rebasing process. Improvements to the Economic Census were made in Bhutan that will facilitate better SUT estimation and hence a higher quality rebasing process. Recommendations were made in improving double deflation for India's upcoming rebasing, expanding coverage of the informal economy, and improving quarterly to annual benchmarking methods.



National Accounts Mission, Sri Lanka, January 2019



National Accounts Mission, Maldives, April 2019

- Expanding and Updating Price Indices:** Sri Lanka received a mission to commence rebasing their Consumer Price Index (CPI) and rebasing and expanding coverage of their Producer Price Index (PPI). As part of the CPI rebasing process, SARTTAC conducted a mission to Bangladesh to review their 2016 Household Income and Expenditure Survey and begin reweighting their CPI to the new base year of 2015. Maldives made significant progress with SARTTAC assistance on developing new weights for their CPI using their latest Household Income and Expenditure Survey.
- Improving the Broader Macroeconomic Statistical System:** Two missions were conducted in Maldives to assist with the development of expenditure-based GDP estimates. Expenditure GDP estimates improve the integration and quality of the national accounts and provide information to policy makers on the contributions of final demand for goods and services (final consumption expenditures,

gross capital formation, and exports less imports) to economic growth. SARTTAC also responded to a request from Bangladesh to improve the collection, compilation and dissemination of its external sector statistics.

- Training in real sector statistics:** Broad based, in-country (Bangladesh, India, Maldives) courses on national accounts methodology were conducted, targeting compilers and users in Ministries of Finance and Central Banks. A quarterly national accounts workshop was conducted for all members, with high participation from Nepal and Bangladesh, both of whom hope to commence a quarterly GDP program in the future. In addition, a regional workshop on seasonal adjustment should help the membership develop improved national account series. As Nepal wishes to update and expand their PPI, an in-country price statistics training workshop was delivered. On the external side, a regional workshop provided training on trade in goods and services.

# GOVERNMENT FINANCE AND PUBLIC SECTOR DEBT STATISTICS



**Brooks Bruce Robinson** is a former U.S. Government national accountant, having served with the U.S. Department of Commerce, Bureau of Economic Analysis in Washington, DC for 20 years. He began working with the IMF in 2013. He joined SARTTAC in February 2017 as RSS advisor and then serving as GFS advisor since May 2018.

**The plan for the newly inaugurated Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) program at SARTTAC unfolded largely according to schedule, although the start of the India subnational program was a little delayed.**

- **Building staff capacity:** A first round of GFS/PSDS training was conducted for central government officials with an emphasis on GFS in each of the SARTTAC countries. A regional workshop was conducted in April that

featured officials from all six SARTTAC countries peer-learning about the GFS compilation and dissemination practices. The workshop also assessed the quality of recently released GFS. In India, the GFS/PSDS program is evolving mainly at the subnational level in collaboration with the C&AG. Two short courses familiarized C&AG mid-level managers from across India with the GFSM in the fall of 2018. A three-day program of regional training in five states (Tamil Nadu, Karnataka, Rajasthan, Uttar Pradesh,



Regional GFS Workshop, New Delhi, April 2019



GFS/PSDS Mission, Nepal, February 2019

and Meghalaya) with participation from counterpart surrounding states commenced in the spring of 2019. A two-day GFS/PSDS seminar was also conducted for India’s MOF, Ministry of Statistics and Programme Implementation (MOSPI), RBI officials during the fall of 2018.

- Adopting GFSM 2014 Concepts and Definitions:** As part of TA missions to Bhutan, the Maldives, and Nepal, migration and detailed action plans were developed that will enable the compilation and dissemination of annual GFS that are aligned with the GFSM 2014 standard. Alternatively, the authorities will translate existing fiscal statistics into a GFSM 2014 framework for dissemination. At the national level, Bangladesh, Bhutan, India, Nepal, and Sri Lanka are already disseminating annual GFS to the IMF that are somewhat aligned with the GFSM 2014—although there is room for improvement, particularly on coverage.

- Cross-Workstream Activities:** SARTTAC’s GFS/PSDS Advisor contributed to a two-day workshop on improving India’s statistics broadly—including GFS—that was conducted by MOSPI in collaboration with the World Bank. The advisor helped facilitate SARTTAC’s new Macro-Fiscal/PFM/GFS India program (mainly in Rajasthan), which produced a case study that will help subnational governments improve procedures for budget and fiscal framework development. The latter program entailed training in fundamental GFSM concepts and principles, and translation of Rajasthan’s fiscal statistics into the GFSM framework. The advisor engaged with the RBI in clarifying measurement methods for public sector borrowing requirements (PSBR). Importantly, the GFS/PSDS program addressed APD country team issues/concerns during TA missions to Nepal and served as a point of review for staff reports resulting from APD surveillance.

**SECTION IV**

WORK PROGRAM  
FOR FY2020



Distribution of Course Completion Certificate at the Conclusion of a Regional Workshop on Managing Cyber Risks in the Financial System

## A

## OVERVIEW

**SARTTAC's FY2020 work program has been developed through a close sector by sector consultative process with member countries and across all departments of the IMF.**

There is a strong element of continuity reflecting most projects have medium term institution building objectives, while retaining the agility to help with new priorities.

Planned support has been closely coordinated with other IMF CD vehicles such as the IMF's own CD budget and thematic funds. SARTTAC is also in close dialogue with other development partners working in the same space. The workplan on India is preliminary at this stage, pending a screening of all projects by the MoF (except those agreed with the RBI). A summary logframe by country is provided in Table 10 below, and all planned training is listed in Table 11. In sum:

- **Overall:** SARTTAC plans a 14 percent increase in activities and 19 percent increase in FPWs in FY2020, its third year (Table 7). This will be driven by a further scaling up of TA that builds on the previous foundational years and a response to high demand for national training, including several customized training projects in macroeconomic and macro-fiscal frameworks. Broadly speaking the share of TA and training

will remain as in previous years, but our plans assume a higher proportion of delivery using IMF HQ staff than in the current year where some of their engagements were particularly affected by country specific delays. With a full complement of experts, new governments in place across the region, and good operational experience with members, we expect higher delivery and activity to be more evenly implemented than some of backloading of previous years.

- **Sector and Country:** Country and sectoral allocations are presented in Table 8. They capture existing programs and new demands agreed during the past several months of work program preparation. The 19 percent increase in resources will be distributed across countries, with notable increases for Nepal and Sri Lanka from the low outturns in FY2019 and for India due to a scaling up of activity. In addition, there will also be some reallocation from regional to country specific activities, some of which reflects national training (including customized interventions) demanded across the membership. This is reflected in a higher proportion of resources allocated to ICD for such CT work and for PFM. More generally, fiscal work continues to account for approximately half of the Center's activities.

**TABLE 7: SARTTAC ACTIVITIES FY2020**

	FY2019	FY2020	
IMF SARTTAC Activities (number)	Execution	Planned	
		Annual	H1
TA Mission	86	115	50
Meeting/Retreat/ Other	23	18	10
Regional Workshop (including ICD)	24	23	12
Attachment/Mentoring	5	1	1
National Training	37	43	31
<b>Total Number of Activities</b>	<b>175</b>	<b>200</b>	<b>104</b>
<b>Resources (Field Person Weeks)</b>			
Type of Activity			
Technical Assistance	432	546	265
Training	336	364	249
	<b>768</b>	<b>911</b>	<b>514</b>
<b>Modalities</b>			
Resident Advisor	403	401	222
Short Term Expert	237	321	166
Attachments	11	11	11
IMF HQ Staff	118	178	116
<b>Total Field Person Weeks</b>	<b>768</b>	<b>911</b>	<b>514</b>

**TABLE 8: SARTTAC PLANNED RESOURCE DISTRIBUTION BY SECTOR AND COUNTRY FY2020**

(In Field Person Weeks)	Total	RA	PFM	MACRO	FSR	MONOPS	RSS	GFS
Bangladesh (BGD)	110	34	27	11	5	13	17	3
Bhutan (BTN)	80	23	6	19	10	7	10	5
India (IND)	248	30	121	62	5	-	6	24
Maldives (MDV)	105	30	21	12	10	16	11	5
Nepal (NPL)	72	1	33	-	8	13	12	5
Sri Lanka (LKA)	125	30	24	37	8	8	14	5
SARTTAC (STC)	169	18	9	73	21	13	17	19
<b>Total</b>	<b>911</b>	<b>166</b>	<b>241</b>	<b>214</b>	<b>68</b>	<b>70</b>	<b>87</b>	<b>66</b>

- **Training:** SARTTAC is planning 23 regional and over 43 national training events in FY2020 (Table 7). The increase in national training partly reflects customized training following up from earlier generalized training courses.
- **FY2020 Budget:** the budget (Table 9) has been developed based on a baseline that all the planned activities will be implemented. In that regard, it is broadly in line with the budget that had been planned for FY2019. Outturns will depend on the pace

of implementation. With FY2019 unusually disturbed by a number of delays due to political circumstances, the outturn in FY2020 is anticipated to be closer to the budgeted levels. For financial projection purposes we assume an 85-90% execution rate i.e. \$13.5 million

**TABLE 9: SARTTAC FY2020 BUDGET PHASE 1: FY2017 - Y2022 AS OF APRIL 30, 2019 (IN MILLION U.S. DOLLARS)**

Project/Activity	FY2020
	Proposed Budget 1/
Public Financial Management	2.8
Revenue Administration	1.9
Banking Supervision and Regulation	1.0
Monetary Policy Operations	0.7
Real Sector Statistics	1.2
Government Finance Statistics	0.9
Admin Project	2.6
Training Project	2.7
Governance and Evaluation (including RBM advisor/backstopping)	0.3
<b>Sub Total</b>	<b>14</b>
Trust Fund Management	1.0
Intra-year Strategic Re-allocation	0.3
<b>Total</b>	<b>15.3</b>

<sup>1/</sup> For Steering Committee's endorsement

# REVENUE ADMINISTRATION

**The revenue administration work program is now maturing, and the levels of delivery are beginning to stabilize across the region. This year the program will cover around 40 activities. Planned delivery by topic area includes:**

- Better revenue administration, management, governance arrangements, and stronger core functions:
  - » Support to Bangladesh will have a strong focus on assisting with the implementation of the new VAT. SARTTAC work will follow up on last fiscal year's HQ mission and provide TA in relation to revenue analysis;
  - » Implementation work on Bhutan's GST is moving to its final phase as the July 2020 launch date approaches. There is strong interest in expanding the approaches being developed for GST to the management of other taxes to bring the entire tax administration in line with international good practice. Thus, TA will focus in particular on the reform of the Income Tax administration, the use of data analytics and possible organizational reform;
  - » The growth in interest in TADAT tools and techniques across Union and state governments in India has led to greater focus on GST compliance and management as the new system moves into business as usual operation. Work is planned on the use of "nudge" approaches, data analytics and streamlined dispute resolution;
  - » In the Maldives, SARTTAC plans to help with the development and implementation of MIRA's new five-year strategic plan. Our work will also increase focus on the management of international tax matters, as well as continuing support on compliance risk management;
  - » Sri Lanka is now in the final stages of the reform of the Income Tax system following the implementation of the Inland Revenue Act and the focus will be on helping to ensure the system is operating well. We will also be assisting the authorities with advice on areas of the overall revenue system where enhancements could be expected to lead to improved revenue performance.
  - » Work in support of Nepal remains slow to take off. The resident advisor will aim to visit Kathmandu should any demands arise.

- **Training in revenue administration:** SARTTAC will utilize heavily the core tax administration training material developed over the past two years, via three regional workshops and four in-country courses. There are also plans for a short visit by staff from the Bangladesh revenue authority to an agency where they can see risk-based compliance approaches in action. The increasing interest in management of international transactions in the region will see SARTTAC and FAD host a seminar later this fiscal year on the main findings of a recent IMF paper on international corporate taxation.



Regional Course on Risk based Audit Techniques for Revenue Officials, June 2019

# PUBLIC FINANCIAL MANAGEMENT

The work plan for FY2020 is based on priorities identified during training and scoping missions and builds on past work:

## **Improved PFM laws and effective PFM institutions**

- An assessment of the capability and capacity of the budget department (MoF India) is planned with a focus on the implementation of strategic top-down budgeting and production of mid-year budget reports. This technical assistance will be complemented by dedicated training for undersecretaries at the ministry of finance of the Union government

## **Comprehensive, credible and policy-based budgeting**

- Bhutan, Maldives and Sri Lanka will receive support in improving fiscal strategy formulation and improving the Medium-Term Expenditure Framework (MTEF) estimates and performance targets. India is planning to develop a policy paper on strengthening the MTEF at the Union level while several states are expected to work with SARTTAC to adjust their budget calendars to introduce strategic, top-down budgeting and develop a fiscal strategy report. The 10-week FEEM course for mid-level

managers in Bangladesh will benefit from a one-week training immersion in strategic budgeting and related topics at SARTTAC. The NNRF in Nepal has requested support to strengthen procedures for intergovernmental transfers between the center and provinces.

## **Better budget execution and control**

- Bangladesh and Sri Lanka will focus on strengthening budget execution and commitment controls while Maldives will continue to strengthen project design through guidelines on appraising and monitoring sectoral plans.

## **Improving the coverage, quality and timeliness of fiscal reports**

- In anticipation of the 15th Finance Commission's work, India's Union government is seeking to develop a uniform framework for reporting fiscal indicators for state governments. With SARTTAC support, a template will be developed and piloted in selected states before full implementation. A regional seminar for accountants-general may take place that will identify pertinent issues in fiscal reporting and related topics for all SARTTAC countries.



Course on Gender Budgeting in collaboration with IMF CDOT, at Bangkok, Thailand, June 2019

**Improved integration of asset and liability management**

- SARTTAC will support Nepal in strengthening the functions of the public debt management office by reviewing the legal framework and assessing current debt management practices and reporting. India's Union government will develop a policy paper on improving cash management. [and Odisha will start to implement a system for active cash management]. Training activities will focus on strengthening cash and debt management in the

region. Bhutan will focus on improving the Treasury Single Account (TSA) while Bangladesh and Sri Lanka will strengthen current cash management practices.

**Strengthening identification, monitoring and management of fiscal risks**

- India's Union government is planning to develop policy papers on strengthening management of guarantees and extra-budgetary funds. Maldives and Sri Lanka will focus on

strengthening oversight of state-owned enterprises, while Sri Lanka is working to improve assessment of fiscal risks associated with PPPs.

**Subnational government**

- Further subnational work in India - both technical assistance and training - will be decided in close consultation with the Ministry of Finance's Department of Economic Affairs, which together with the IMF will assess requests from states interested in assistance from SARTTAC.

# MACROECONOMIC ANALYSIS AND TRAINING

**Going forward, SARTTAC plans to address an increasing demand for country specific CD on macro frameworks.** Bhutan, Bangladesh, Maldives and Sri Lanka want to develop macro and macro-fiscal frameworks that go beyond the needs of the central banks, to include their finance, economic and planning ministries. Such engagements will likely consist of a multi-year CD plan with clear objectives and outcomes such as institutionalizing the outputs into some policy process and or/documents and to potentially enhance the surveillance dialogue. Such plans could include drawing expertise from the IMF surveillance country teams including resident representatives through CD mission participation. In line with this, SARTTAC's CD during FY2020 will include classroom training on macro frameworks like FPP (with tailored content); workshops for cohorts; and customized training on Macro-Fiscal Analysis and FPP 2.0. SARTTAC will be delivering FPP and Macro-Fiscal CT for a number of countries (Bhutan, Bangladesh, Indian states (with Indian MOF approval)) while exploring future CT with initial classroom training on FPP for Maldives and FAF for Sri Lanka. The FPAS customized training for Sri Lanka will continue to be part of the workplan in FY2020.

**SARTTAC's work program for FY2020 will continue to respond flexibly to the evolving demands by broadening capacity through classroom and online training.** The training schedule for FY2020 will include courses on Financial Development and Financial Inclusion and Financial Sector Policies, as well as Exchange Rate Policy and Managing Capital Flows.

**SARTTAC will also be deepening its engagement on building capacity of cohorts such as civil service and economic services cadres.** On this front, SARTTAC plans to work in collaboration with the relevant agencies to synergize the use of online and face-to-face modalities of training delivery to cover the large participant base in Bangladesh and India. In particular, SARTTAC plans to contribute to the flagship training program for the civil servants of Bangladesh Finance Ministry to broaden macro-fiscal knowledge across the Ministry. SARTTAC is working to revamp their curriculum on Fiscal Economics and Economic Management (FEEM) while aiming to deliver training on a select module on relevant macro-fiscal issues. In response to the request from the Indian authorities, SARTTAC also plans to carry out training for the mid-career IAS and IES officers.



Course on Macroeconomic Diagnostics, June 2019, using faculty from the Singapore Training Institute



A typical group discussion in breakout at a SARTTAC training course

In FY2020, the Sri Lanka FPAS project will continue assisting the authorities in enhancing their monetary policy communication to support adoption of a flexible inflation targeting framework. The missions will assist the CBSL in further strengthening forward guidance in communication and improving internal

processes related to production of the monetary policy reports. The missions will also continue with training of the CBSL technical staff in model-based forecasting to help the CBSL to ensure sustainability of the developed forecasting and policy analysis capacity under the FPAS project.

# FINANCIAL SECTOR SUPERVISION AND REGULATION

**SARTTAC will deepen its work initiated during FY2019. In addition, the December 2018 MCM TA mission in Maldives and the FSSR conducted in Sri Lanka in January 2019 identified new priority areas of reform:**

- **Further implementation of the action plan to strengthen risk-based supervision of banks** in Bangladesh, Bhutan, Nepal, and Maldives. In Sri-Lanka, following the Financial Sector Stability Review which took place in January 2019, SARTTAC's support will respond to the priorities agreed with the authorities.
- **Most of the work related to the strengthening of the risk-based supervision capacity of the insurance sector** in Bhutan and Maldives can be considered as completed. However, SARTTAC will perform some follow-up on the implementation, and potentially offer additional guidance.
- **Further strengthening of banking regulations and prudential norms** in Bangladesh will follow the completion of the FSSR that will take place in

August 2019; in Bhutan with the review of the prudential regulations; and in Maldives as a follow-up of the December 2018 MCM TA mission.

- **In Sri-Lanka, following the FSSR which took place in January 2019, new priorities have been identified by the authorities** with focus shifting from strengthening the supervision of non-bank deposit takers (initially considered) to the area of consolidated supervision.
- **Training on financial regulation and supervision:** SARTTAC will deliver the highly valued training on Core Elements of Banking Supervision. An MCM-led regional course on Cyber Security will take place at SARTTAC in June 2019. A regional course on insurance supervision is being considered during September 2019. Finally, following the positive feedback received from the RBI in January 2019 on the course on supervision of market risk and operational risk, SARTTAC will deliver a customized course on supervision related issues for the RBI.



Course on Cyber Security, New Delhi, June 2019, attended by Banking Supervision Experts from South Asia and South East Asia

# MONETARY AND FOREIGN EXCHANGE OPERATIONS

**SARTTAC's FY2020 work program will continue to focus on the initially agreed overall objectives, guided by IMF policy and operational papers on good practice.** SARTTAC's actions will be tailored carefully to the circumstances of each member, while typically following a sequenced development of interest rate-based monetary and appropriate FX operations frameworks, consistent with their absorptive capacity, as follows.

- Enhancing monetary policy implementation and central banks' operational frameworks. SARTTAC will provide guidance to Bangladesh Bank's transition towards a flexible monetary targeting regime with the interest rate as an operational target. With the launch of the Monetary Policy Implementation Framework approaching in Bhutan, the RMA will continue to receive support on how to address volatile liquidity conditions to ensure a smooth implementation of active monetary policy. In Nepal, SARTTAC will support the NRB in their outreach to major stakeholders to gain support for the implementation of the interest rate corridor as well as providing follow up TA to further refine the monetary policy instrument set. To ensure the sustainability of

the exchange rate arrangement in the Maldives, TA will guide the MMA towards an active liquidity management in domestic currency. In Sri Lanka, SARTTAC will provide guidance to review the monetary policy toolkit to ensure short-term market rates reflect the desired monetary policy stance.

- Enhancing the effectiveness of central bank FX operations. In the Maldives the focus will be on establishing a well-functioning two-sided FX market. In achieving this objective, the MMA can expect support from SARTTAC in its reform of the FX regulatory framework and its introduction of a de-dollarization strategy.
- Supporting the transition towards a more model-based monetary policy decision-making process. To support forward-looking monetary policy in Bangladesh, SARTTAC will provide hands-on guidance on inflation modeling to gradually enhance model-based input in its monetary policy briefing process. In Nepal and Bhutan, further developing inflation forecasting capacity will render better informed policy rate decisions to exploit room for domestic monetary policy within a pegged exchange rate regime.



Hands-on training session in Bhutan on liquidity monitoring during the May 2019 TA mission on Monetary Operations

# REAL SECTOR STATISTICS

**The RSS program will continue with around 24 activities planned, most of which continue existing projects.**

- Re-benchmarking and Rebasing:** With preliminary SUT constructed, Bangladesh and Sri Lanka will be progressing to the next stage of the rebasing process; producing consistent current and constant price estimates. Intensive rebasing assistance is planned for Bangladesh as there is a desire to complete the rebasing in 2020. Similarly, in Sri Lanka rebasing is targeted to be completed by December 2019. The next steps in Bhutan after the Economic Census is to populate and balance SUT. India is also continuing their GDP rebasing and will receive advice on expanding measurement of the informal sector and using GST data.
- Expanding and Updating Price Indices:** Sri Lanka has requested a follow up mission to finalize the CPI and PPI rebasing. Assistance is planned to Bangladesh to finish their CPI, as well as a mission to commence updating the PPI and the Quantum Index of Industrial

Production. Maldives intends to update the PPI using weights from the SUT. With price training now completed, Nepal expects SARTTAC to help work on expanding the PPI.

- Improving the Broader Macroeconomic Statistical System:** SARTTAC will be assisting Maldives in reviewing and improving their quarterly national accounts program, with the goal to commence seasonal adjustment. As well, development work on expenditure-based GDP will continue with the objective of publishing estimates for fiscal year 2019. Maldives and Nepal are expected to work with visiting missions on improving their Balance of Payments compilation. India and Sri Lanka will receive customized training on improving the design of specific business surveys.
- Training in Real Sector Statistics:** Regional workshops will be conducted in the areas of SUT compilation and rebasing, updating and expanding the PPI, high frequency indicators, and broad-based national accounts training.

# GOVERNMENT FINANCE AND PUBLIC SECTOR DEBT STATISTICS

**The FY2020 GFS/PSDS program features 24 activities that extend the inaugural year's efforts to improve the quality and timeliness of GFS/PSDS.**

- **Increasing Staff Capacity in PSDS:**

While FY2019 training highlighted PSDS, the focus was on GFS. The training focus shifts to PSDS during FY2020, with emphasis on comprehensive instrument and sectoral coverage. Each SARTTAC country will receive an intensive one-week training program on PSDS (except Bhutan). A regional workshop will be conducted at the end of FY2020 to help prepare officials to compile and disseminate GFS/PSDS with quarterly frequency. Three-day sessions in five regions will enable all Indian States to receive this training. As a follow-on from the program started in FY2019, two Indian states (Uttar Pradesh and Meghalaya) and their respective neighboring states will benefit from courses on GFS.

- **Aligning the Statistics with Concepts and Definitions:** Bhutan, the Maldives, Nepal, and Sri Lanka will receive a two-week TA mission to support the implementation of existing GFS/PSDS migration/ action plans so that compilation and dissemination are increasingly aligned

with the concepts and definitions embodied in the GFSM and PSDSG. An important focal point will be an expansion in sectoral coverage from budgetary central government to central and general government. With the approval of India's Ministry of Finance, short TA missions to five regions will assist all Indian states in translating their fiscal statistics into frameworks that are reflected in the GFSM 2014 and the PSDSG.

- **GFS/PSDS Program Support:** The GFS/PSDS Advisor will continue to support SARTTAC's ICD/PFM/ GFS program for India's subnational governments and participate in administrative functions that will help determine the future of the GFS/PSDS program beyond FY2020.



Course on Government Finance Statistics/Public Sector Debt Statistics, Meghalaya, India, May 2019

**TABLE 10: SUMMARY LOGFRAME FY2020**

Logframe	Bangladesh	Bhutan	India	Maldives	Nepal	Sri Lanka	Regional
<b>Revenue Administration</b>							
Strengthened core tax administration functions				●			
Strengthened revenue administration, management and governance arrangements	●	●	●	●	●	●	●
Improve the effectiveness and efficiency of the tax legal system						●	
<b>Public Financial Management</b>							
Improved budget execution and control	●	●	●	●		●	●
Improved coverage and quality of Fiscal Reporting	●				●		●
Improved Asset and Liability Management			●	●	●		●
Strengthened Identification, Monitoring, and Management of Fiscal Risks		●	●				
Comprehensive, credible, and policy based budget preparation		●	●	●	●	●	●
<b>Macroeconomic Analysis and Training</b>							
Participants effectively acquire knowledge and skills taught in the courses	●	●	●	●		●	●
<b>Financial Sector Regulation and Supervision</b>							
Develop/strengthen banking regulations and prudential norms	●	●	●	●	●		●
To implement a risk-based supervision (RBS) system and upgrade other supervisory processes	●	●	●		●	●	●
Improved financial stability via early detection of and effective and timely responses to insurance sector vulnerabilities.		●		●			
To improve supervisory effectiveness for accounting and prudential provisioning		●	●				
<b>Monetary and Foreign Exchange Operations</b>							
Enhance the effectiveness of monetary policy implementation and strengthen central banks' operational framework within the monetary policy regime of choice	●	●		●	●	●	
Enhance the effectiveness and consistency of central bank FX operations with the chosen monetary policy and FX regime	●	●		●			
Enhance central bank's (CB) decision-making capacity and internal organization				●			
Improve the economic analysis and forecasting capabilities at the CB for the monetary policy decision making process tailored to the specific monetary and exchange rate policy regime	●	●			●		
<b>Real Sector Statistics</b>							
Strengthen compilation and dissemination of data on macroeconomic and financial statistics for decision making	●	●	●	●	●	●	●
<b>Government Finance Statistics</b>							
Strengthen compilation and dissemination of data on macroeconomic and financial statistics for decision making	●	●	●	●	●	●	●

**TABLE 11: SARTTAC'S TRAINING PLAN FOR FY2020<sup>4</sup>**

Lead Department	COURSES	Dates (FY2020)	Duration (Weeks)	Target Audience
<b>ICD Courses</b>				
ICD	Financial Programming and Policies	May 2019	2	India (IES) RBI, MoF, MoSPI, MoC (IIFT)
ICD	Macroeconomic Diagnostics	June 2019	2	India (IES)
ICD	Financial Programming and Policies-(Maldives)	June 2019	1	Maldives
ICD	Financial Programming and Policies	August 2019	2	All member countries
ICD	Macro-Fiscal Policy Analysis - Customized Training (national and sub national)	September 2019	1	India (Sub National)
ICD	Workshop: Mid-Career IES Training	September 2019	2	India (IES)
ICD	Financial Programming and Policies-Customized Training (Bangladesh)	September /October 2019	1	Bangladesh
ICD	Financial Sector Policies	October 2019	1	All member countries
ICD	Financial Programming and Policies (Bhutan)	October 2019	1	Bhutan
ICD	Macro-Fiscal Policy Analysis - Customized Training (national and sub national)	October 2019	1	India
ICD	Financial Development and Financial Inclusion	November 2019	2	All member countries
ICD	Managing Capital Flows	December 2019	1	All member countries
ICD	Exchange Rate Policy	December 2019	1	All member countries
ICD	Monetary Policy Analysis and Forecasting-Customized Training (Sri Lanka)	January 2020	1	Sri Lanka
ICD	Financial Programming and Policies-Customized Training (Bhutan)	March 2020	1	Bhutan
ICD	Macro-Fiscal Policy Analysis - Customized Training (national and sub national)	April 2020	1	India
<b>Non-ICD Courses and Customized Training</b>				
GFS-STA	Government Finance Statistics (GFS)/Public Sector Debt Statistics (PSDS)	May 2019	0.3	India (CAG)
GFS-STA	Government Finance Statistics (GFS)/Public Sector Debt Statistics (PSDS)	May 2019	0.3	India (CAG)
FSS-MCM	Regulatory and Supervisory Approaches to Managing Cyber Risks in the Financial System	June 2019	0.3	All member countries, Cambodia, Lao PDR, Myanmar, Vietnam
PFM-FAD	Gender Responsive Budgeting with CDOT (Thailand)	June 2019	0.3	All member countries, Cambodia, Lao PDR, Myanmar, Vietnam, Korea, Philippines, Malaysia, Thailand
RA-FAD	Risk Based Audit Techniques	June 2019	1	All member countries
RSS-STA	Price Statistics	June 2019	1	Bangladesh
GFS-STA	Government Finance Statistics (GFS)/Public Sector Debt Statistics (PSDS)	August 2019	1	Maldives

PFM-FAD	Strengthening Public Financial Management Framework	August 2019	1	Bangladesh
RA-FAD	Collections and Arrears Management	August 2019	1	All member countries
RSS-STA	Questionnaire Design and Survey Skills	August 2019	1	India
GFS-STA	Public Sector Debt Statistics	August 2019	1	Bhutan
FSS-MCM	Insurance Supervision	September 2019	1	All member countries
GFS-STA	Government Finance Statistics (GFS)/Public Sector Debt Statistics (PSDS)	September 2019	1	Nepal
PFM-FAD	PFM for State governments (Southern States)	September 2019	1	India
RA-FAD	Taxpayer Registration	September 2019	1	All member countries
FSS-MCM	Modernization of Monetary Policy	October 2019	1	All member countries
GFS-STA	Government Finance Statistics	October 2019	1	Bangladesh
GFS-STA	Public Sector Debt Statistics	October 2019	1	Bangladesh (OCAG)
RSS-STA	National Accounts Statistics (Nepal)	October 2019	1	Nepal
PFM-FAD	Project Management (line ministries)	October 2019	1	Maldives
PFM-FAD	Indian Administrative Service (IAS) Phase IV Training	October 2019	1	India
RA-FAD	International Tax Compliance Conference	October 2019	0.1	All member countries
PFM-FAD	Seminar for Principal Secretaries of Finance (subnational)	October 2019	1	India
RA-FAD	TADAT Accreditation	November 2019	0.4	India
RSS-STA	GDP Rebased	November 2019	1	All member countries
PFM-FAD	Improving Budget Documents	November 2019	1	India
PFM-FAD	Budget formulation (baselines, forward estimates, challenge function) and Good Practices in Budgeting	November 2019	1	All member countries
PFM-FAD	Strengthening Budget Institutions (SBI) and PFM for subnational governments	November 2019	1	India
GFS-STA	Public Sector Debt Statistics -subnational (West Bengal, India)	November 2019	0.3	India
GFS-STA	Public Sector Debt Statistics -subnational (India)	November 2019	0.3	India
RA-FAD	GST Basics and understanding of the GST law (Bhutan)	November 2019	1	Bhutan
PFM-FAD	Strengthening Public Financial Management Framework	November 2019	1	Bangladesh
GFS-STA	Public Sector Debt Statistics -subnational (Tamil Nadu, India)	December 2019	0.3	India
GFS-STA	Public Sector Debt Statistics -subnational (Uttar Pradesh, India)	December 2019	0.3	India
PFM-FAD	Modernizing Treasury and Improving cash and Debt Management	December 2019	1	India

RA-FAD	Compliance Risk Management (Bangladesh)	January 2020	1	Bangladesh
RA-FAD	IMF role in developing tax administration administrations including the use of tools such as ISORA and TADAT.	January 2020	1	India
RSS-STA	Producer Price Index - Rebasing and Expansion	January 2020	1	All member countries
PFM-FAD	Strengthening Public Financial Management Framework	January 2020	1	Bangladesh
RA-FAD	GST Implementation and Management	January 2020	0.3	All member countries
RSS-STA	National Accounts Statistics (Bhutan)	February 2020	1	Bhutan
PFM-FAD	Fiscal Reporting	February 2020	1	All member countries
RSS-STA	National Accounts Statistics	February 2020	1	All member countries
RA-FAD	TADAT Accreditation	February 2020	1	India (Sub National)
GFS-STA	Public Sector Debt Statistics	April 2020	1	All member countries
GFS-STA	Public Sector Debt Statistics -subnational (Rajasthan, India)	April 2020	0.3	India

<sup>4</sup> Activities and dates are tentative, subject to changes

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