



Successfully
conducted the 8th
CMIM test run



Enhanced the
ERPD Matrix framework
and methodology



2017 Work Priorities

Enhancing Support to CMIM Development

The CMIM is a multilateral liquidity support arrangement, which came into effect on 24 March 2010, between ASEAN+3 members. It was established under the agreement signed by ASEAN+3 Finance Ministers and Central Bank Governors. The liquidity is provided in US dollar through multilateralized currency swaps between authorities of the ASEAN+3 members. To support the implementation of the CMIM, the members established AMRO on 20 April 2011 as the surveillance unit.

In 2017, AMRO supported the ASEAN+3 members in conducting the CMIM periodic review and enhancing the operational readiness of the CMIM through peacetime preparation exercises, test runs, Operational Guidelines (OG) revision to strengthen the effectiveness of CMIM, and piloting and enhancing the ERP Matrix framework. AMRO also provided intellectual and administrative support to further strengthen the CMIM Arrangements with the development of the CMIM conditionality framework and manuals for CMIM activation and the facilitation of CMIM's collaboration with other IFIs.



Supporting the CMIM Periodic Review

The CMIM Parties are required to carry out regular and ad-hoc joint reviews of the CMIM Agreement and the key terms and conditions of the CMIM Arrangement. This is to ensure that the CMIM remains up-to-date and appropriately reflective of the respective circumstances of the contracting parties, as well as global economic and financial conditions. The first mandatory CMIM periodic review that was started in 2017 will be completed by May 2018.

AMRO's role during the review encompasses supporting CMIM members in identifying and addressing key issues, as well as consolidating points raised at the CMIM test runs evaluation sessions. AMRO also helps members revise language used in the CMIM Agreement, and provides relevant background notes for the members' reference.

Fortifying CMIM Peacetime Preparation

AMRO supports the operational readiness of the CMIM through peacetime preparation. In 2017, AMRO assisted in the completion of the existing peacetime checklist and the development of a new checklist. As part of the latter, AMRO drafted a Manual for CMIM Swap Transaction Mechanism, in coordination with the Federal Reserve Bank of New York. This was endorsed by the Deputies in December 2017. In addition, in line with the peacetime preparation, AMRO also developed its own Staff Manual for CMIM Activation, ensuring rapid and effective response during a CMIM Arrangement activation. This internal procedure was tested twice in 2017 to enable the identification of loopholes and further refinement.

Facilitating the CMIM Test Run

The second joint CMIM-IMF test run was conducted in conjunction with the 8th CMIM test run exercise in 2017. The exercise examined the effectiveness of information sharing between the CMIM and the IMF during an activation of the IMF-Linked Portion (ILP) of the CMIM facility. AMRO supported the test run by participating in designing the scenario; assisting the CMIM members in implementing the procedures, including completing necessary legal documents; and drafting a report with policy recommendations for the CMIM decision-making body.

Upgrading the CMIM OG

Improving the CMIM OG is a continuous process that is based on findings from past test runs and issues identified during CMIM members' discussion. In line with the test run in 2017, proposed enhancements to the OG focused on determining an appropriate mechanism for information sharing between the CMIM and the IMF. AMRO supported the members in identifying issues and developing the mechanism.

Developing CMIM Strategy and Policies

AMRO provided support and assistance to members on the development of CMIM strategy and policies. At the request of members, AMRO developed a CMIM conditionality framework in 2017. This aims to enable the CMIM to work independently or collaboratively with other layers of the GFSN, including the IMF. The CMIM conditionality framework is still under discussion among members and will be further developed in 2018.

Enhancing the ERPD Matrix

AMRO is continuously developing the qualification criteria and methodology for the CMIM Precautionary Line (CMIM-PL), known as the ERPD Matrix framework. This framework analyzes five key macro financial areas, namely, the external sector, fiscal policy, monetary policy, financial sector and data adequacy – consistent with the requirements for the IMF's liquidity facilities – of all ASEAN+3 member economies.



AMRO Director Dr Junhong Chang, IMF Managing Director Madam Christine Lagarde, heads of RFAs, and high-level officials of relevant institutions attend the 2nd High-level RFA Dialogue in October 2017 in Washington, DC, USA.

Facilitating CMIM's Collaboration with IFIs and Enhancing Intellectual Support

AMRO actively co-organized and participated in relevant seminars and conferences in 2017. Amongst which were the 1st Joint RFA Research Seminar and the 2nd RFA High Level Dialogue. Besides sharing knowledge on issues of common interests, AMRO took the opportunity to enhance its visibility among other RFAs, including the ESM and FLAR, Arab Monetary Fund (AMF), Brazil, Russia, India, China and South Africa Contingent Reserve

Arrangement (BRICS CRA), Eurasian Fund for Stabilization and Development (EFSD) and South Asian Association for Regional Cooperation (SAARC), at these events.

Through monitoring the progress of regional and global discussions in developing RFAs and the GFSN, AMRO also enhanced its technical support to members by providing relevant policy notes in a timely manner during the year.

The ASEAN+3 Deputies endorsed the comprehensive ERPD Matrix framework in December 2016. Applying this framework, AMRO conducted two pilot projects in 2017 – in collaboration with volunteer member economies – using a pre-defined set of indicators and complemented with qualitative assessments to determine "qualification" for the CMIM-PL.

Based on the findings from these pilot projects, AMRO subsequently enhanced the ERPD Matrix framework and methodology. The enhancements comprised (i) a revised framework incorporating both quantitative and qualitative assessments; (ii) an expanded set of macro financial indicators (quantitative analysis), plus a revised set of benchmark countries derived from applying appropriate filters; (iii) close integration with regular surveillance (quantitative and qualitative analytics); (iv) expert assessments/judgment (qualitative). The enhanced ERPD Matrix framework, which was endorsed by the Deputies in December 2017, will be applied to a new round of pilot projects in 2018.