

# Japan Administered Account for Selected IMF Activities (JSA)

Annual Report  
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*Minor discrepancies between constituent figures and totals are due to rounding.*

## JSA Annual Report Fiscal Year 2008

In 1990, Japan agreed to provide financial support for IMF technical assistance to its member countries to strengthen their capacity to formulate, implement, and maintain macroeconomic and structural adjustment programs. Since then, Japan has been, and continues to be, the largest contributor to the IMF's technical assistance (TA) activities.<sup>1</sup> Japan's contributions are provided through the Japan Administered Account for Selected Fund Activities (JSA).<sup>2</sup> In addition, Japan finances two scholarship programs—one under the JSA and the other under a separate account, the Subaccount for Japan Advanced Scholarship Program.

This report starts out with a brief description of the IMF and its activities, focusing in particular on its TA activities. The report then describes in greater detail the JSA—including its objectives, size, scope, and use, as well as assessments of its activities, with a focus on fiscal year (FY)

<sup>1</sup>Other bilateral donors include Australia, Austria, Belgium, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Korea, Kuwait, Luxembourg, the Netherlands, New Zealand, Norway, Oman, Portugal, Qatar, Russia, Saudi Arabia, Spain, Sudan, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, and the United States. Multilateral donors include the African Development Bank, the Arab Monetary Fund, the Asian Development Bank, the Caribbean Development Bank, the European Commission, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, the United Nations Development Program, and the World Bank.

<sup>2</sup>In this report, unless a distinction is made, the term "JSA" (Japan Administered Account for Selected Fund Activities) also includes its predecessor, the JAA (Japan Administered Technical Assistance Account).

2008—and the TA activities and scholarship programs that it finances.<sup>3</sup>

## The IMF: Purpose and Activities

The IMF, an international organization of currently 185 member countries, was established in 1946 to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to provide temporary financial assistance to countries with balance of payments difficulties; and to foster sustainable economic growth. To achieve these objectives, the IMF carries out three types of operational activities: surveillance, financial assistance, and technical assistance.

*Surveillance* is the process by which the IMF maintains a policy dialogue with each of its members and appraises country and global macroeconomic conditions. Generally once a year, it appraises members' exchange rate policies within the overall framework of their economic policies in what is known as an Article IV consultation. The IMF also carries out multilateral surveillance, the results of which are summarized in the *World Economic Outlook*, prepared and published twice a year, and in the *Global Financial Stability Report*, which is also published twice a year.

*Financial assistance* includes credits and loans extended by the IMF to member countries with balance of payments problems so that they can restore conditions for financial and macroeco-

<sup>3</sup>The reference to fiscal year (FY) in this report is to the IMF's fiscal year, which runs from May 1 through April 30. This report thus covers the period May 1, 2007–April 30, 2008. Reports on FY2000–FY2007 can be found on the IMF's website, [www.imf.org/JSA](http://www.imf.org/JSA).

conomic stability and sustainable economic growth. The financial assistance provided by the IMF enables countries to rebuild their international reserves, stabilize their currencies, and continue paying for imports without having to impose trade restrictions or capital controls. The IMF makes its financial resources available to its members through a variety of financial facilities, such as Stand-By Arrangements and the Extended Fund Facility. It also provides concessional assistance under its Poverty Reduction and Growth Facility and debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative.

*Technical assistance* consists of expertise and training provided by the IMF to help member countries strengthen their human and institutional capacity and design and implement effective macroeconomic and structural policies. Technical assistance is offered in several

broad areas—namely, fiscal policy and management, monetary policy and financial systems, and macroeconomic and financial statistics. See Box 1 for a list of the core areas of IMF technical assistance.<sup>4</sup>

### **IMF Technical Assistance: Demand and Supply**

The IMF began to provide technical assistance to its member countries in the early 1960s in response to requests from newly independent nations in Africa and Asia. By the mid-1980s, resources devoted to technical assistance had nearly doubled. As a result of the expansion of the IMF's membership and the adoption of market-oriented economies by a large number of countries worldwide, IMF TA activities grew even

<sup>4</sup>For additional information on the IMF's activities, visit [www.imf.org](http://www.imf.org).

#### **Box 1. Core Areas of IMF Technical Assistance**

##### ***Fiscal Policy and Management***

- Tax policy
- Tax and customs administration
- Expenditure policy
- Budgeting and public expenditure management
- Fiscal management
- Fiscal federalism

##### ***Macroeconomic and Financial Statistics***

- Multisector statistical issues
- Balance of payments and external debt statistics
- Government finance statistics
- Monetary and financial statistics

- National accounts and price statistics
- Data dissemination standards

##### ***Monetary Policy and Financial Systems***

- Central banking and currency arrangements
- Monetary and exchange policy operations, and public debt management
- Financial market development, focusing particularly on money, government debt, and foreign exchange markets
- Exchange systems and currency convertibility
- Payment systems
- Bank supervision and regulation
- Bank restructuring and banking safety nets

more rapidly in the early 1990s. The demand increased further in the late 1990s as significant TA resources had to be directed to countries hit by financial crisis and to meet the needs of countries emerging from conflict situations.

During the past six years, the IMF's TA program has had to respond to a number of new initiatives that have changed the overall demand on its resources. As part of these initiatives, resources have been devoted to helping countries build capacity for their anti-money laundering and combating the financing of terrorism (AML/CFT) efforts; adopting and adhering to international standards and codes for financial, fiscal, and statistical management; helping low-income countries formulate and implement poverty reduction strategies; and helping HIPC design and manage debt reduction programs and strengthen public expenditure management for effective tracking of poverty-reducing expenditures. In light of these demands and competing needs, the IMF has taken steps to prioritize technical assistance within the IMF's core specialties.

The IMF's technical assistance is delivered mainly by its Fiscal Affairs Department (FAD), Monetary and Capital Markets Department (MCM),<sup>5</sup> and Statistics Department (STA). Overall institutional TA policy and coordination are handled by the Office of Technical Assistance Management (OTM) in consultation with other IMF departments. OTM is also responsible for mobilizing and managing external finance for this area of the IMF's work.

<sup>5</sup>Formerly the Monetary and Financial Systems Department (MFD) until its merger with the International Capital Markets Department (ICM) in August 2006.

Technical assistance is delivered in a variety of ways. IMF staff may be sent to member countries to advise government officials on specific issues, or the IMF may provide specialists on a short- or long-term basis. Training is provided primarily by the IMF Institute, in collaboration with other IMF departments, at headquarters, in recipient countries, and through regional training institutes.<sup>6</sup> See Box 2 for a description of JSA-funded IMF training in FY2008. Since 1993, the IMF has provided an increasing part of its technical assistance through regional TA centers. Currently, there are six regional TA centers; the latest, the Central Africa Regional Technical Assistance Center in Libreville, Gabon, was inaugurated in January 2007.<sup>7</sup> Experience with this regional approach to TA delivery has been very positive and the IMF plans to establish four additional regional TA centers in the near future—two more in Africa, one in Central America, and one in Central Asia.

<sup>6</sup>The IMF currently cosponsors seven regional training institutes/programs with other donors and host governments: the Joint Vienna Institute in Austria; the IMF-Singapore Regional Training Institute in Singapore; the IMF-Arab Monetary Fund Regional Training Program in Abu Dhabi, United Arab Emirates; the Joint Africa Institute in Tunis, Tunisia; the Joint China-IMF Training Program in Dalian, China; the Joint Regional Training Center for Latin America in Brasilia, Brazil; and the Joint India-IMF Training Program in Pune, India.

<sup>7</sup>The six IMF regional technical assistance centers comprise three Africa Regional Technical Assistance Centers (Central AFRITAC, based in Libreville, Gabon; East AFRITAC, based in Dar es Salaam, Tanzania; and West AFRITAC, based in Bamako, Mali); the Caribbean Regional Technical Assistance Center (CARTAC), based in Bridgetown, Barbados; the Middle East Technical Assistance Center (METAC), based in Beirut, Lebanon; and the Pacific Financial Technical Assistance Center (PFTAC), based in Suva, Fiji.

## Box 2. JSA-Financed Training

The JSA provided about \$2.1 million in support of the IMF Institute's training program in FY2008. This funding helped cover the costs of participants attending Institute training and of experts delivering the training. Through these channels, the JSA contributed to the implementation of 39 training courses, of which 25 were delivered by Institute staff and consultants and 14 by other IMF departments. In total, 804 participants benefited from this JSA funding, receiving a total of 1,452 participant weeks of training. Eighty-five percent of this training went to Asian participants, with the balance to officials from Africa and from the Islamic Republic of Afghanistan.

The training delivered by the Institute fell into two broad categories:

- Seven courses were on financial programming and policies or similar topics. Such courses have long been a central feature of the Institute curriculum and were described in more detail in Box 2 of the JSA Annual Report for FY2004.
- The remaining 18 courses were more specialized macroeconomic courses developed in recent years to address the evolving training needs of member countries. These included courses on macroeconomic management and fiscal policy, macroeconomic implications of fiscal policy,

macroeconomic management and financial sector issues, macroeconomic forecasting, macroeconomic and debt issues, financial markets analysis, balance of payments issues, monetary and exchange rate policy, and managing capital flows.

Courses delivered by other IMF departments included

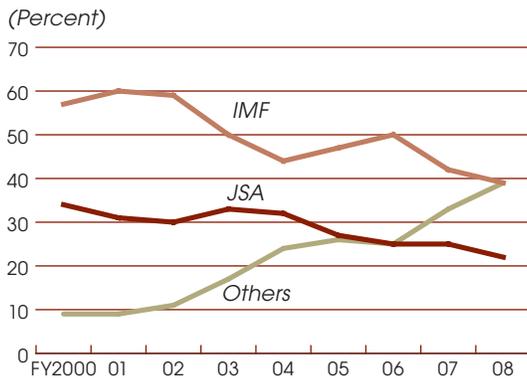
- Five delivered by the Statistics Department, focusing on balance of payments statistics, monetary and financial system statistics, and external debt statistics.
- Three delivered by the Monetary and Capital Markets Department on banking supervision using off-site examination, payment systems, and a foreign exchange reserve management framework for strategic asset allocation.
- One delivered by the Fiscal Affairs Department on financial taxes.
- Five delivered by the Legal Department on financial transactions for lawyers, legal aspects of international financial institutions, anti-money laundering and combating the financing of terrorism workshops for financial sector officials and for financial sector supervisors, and legal aspects of banking regulation and insolvency framework for Central Asian judges.

The IMF finances technical assistance for its member countries, devoting some 25 percent of its annual operating budget to TA work and training. Although most technical assistance is financed through internal resources, external financing from bilateral and multilateral partners has been increasing over the past few years and constitutes an important pillar. In FY2008,

external financing from bilateral and multilateral donor partners accounted for about 60 percent of technical assistance delivered in the field.<sup>8</sup> Although the number of bilateral and multilateral partners has increased significantly

<sup>8</sup>This excludes IMF headquarters-based activities related to technical assistance, such as desk-based TA, policy and research, evaluation, management, and administration.

**Figure 1. JSA Share of Financing of Technical Assistance Delivered in the Field, FY2000–FY2008**



in recent years, Japan continues to be the largest single source of external financing. In FY2008, JSA financing accounted for 37 percent of total external financing and more than 20 percent of IMF technical assistance delivered in the field. The JSA’s share of financing of the IMF’s field-delivered technical assistance over FY2000–FY2008 is shown in Figure 1.

**The Japan Administered Account for Selected Fund Activities (JSA)**

**Activities Funded: Technical Assistance, Regional Office for Asia and the Pacific, and Scholarship Programs**

Japan has provided grant contributions to support the IMF’s technical assistance to member countries since 1990. In 1997, the scope of the administered account was widened to allow for financing of other IMF

activities in Asia and the Pacific, carried out through the IMF Regional Office for Asia and the Pacific in Tokyo.

The responsibilities of the Regional Office in Tokyo include collaborative efforts between the IMF and Japan that strengthen economic prospects in the Asia-Pacific region, and also include support of various regional policy forums, such as Asia-Pacific Economic Cooperation, the Association of Southeast Asian Nations, and the Pacific Islands Forum. The office also undertakes TA activities benefiting countries in the region, including conferences on macroeconomic policy and on financial sector reform. The Regional Office helps to improve understanding of the international financial system in Japan and the region through public relations events as well as by releasing Japanese-language publications. It



Mr. Akira Ariyoshi, Director (seated second from left), and staff of the IMF Regional Office for Asia and the Pacific (OAP) in Tokyo. OAP activities are supported by the JSA.

**Table 1. Contributions by Japan, FY1990–FY2008***(Millions of U.S. dollars)*

	FY1990– FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Total FY1990– FY2008
<b>JSA</b>	<b>138.5</b>	<b>15.1</b>	<b>25.0</b>	<b>25.5</b>	<b>20.4</b>	<b>20.8</b>	<b>22.1</b>	<b>19.3</b>	<b>18.2</b>	<b>305.0</b>
Technical Assistance <sup>1</sup>	131.9	13.7	22.6	22.8	17.6	18.3	19.4	16.9	15.6	278.9
Asia Scholarship Program	6.6	1.4	2.3	2.7	2.7	2.6	2.7	2.4	2.6	26.1
<b>Advanced Scholarship</b>	<b>5.6</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>17.6</b>

Note: Totals may not add due to rounding.

<sup>1</sup>Includes activities of the Regional Office for Asia and the Pacific.

also seeks to increase the representation of Japanese and other Asian nationals on the staff of the IMF by encouraging qualified applicants to apply for employment and by supporting IMF recruitment efforts through interviews and informational seminars.

In addition, Japan provides grant contributions for two scholarship programs. In 1996, the Japan-IMF Scholarship Program for Advanced Studies, administered by the IMF Institute, was established. It supports nationals of Asian member countries of the IMF who undertake doctoral studies in economics in North America in order to pursue a career in international financial institutions, such as the IMF, or in their home administration. The Japan-IMF Scholarship Program for Asia, established in 1993, supports 12- and 24-month courses of graduate study in Japan in macroeconomics or related fields for students from Asia, Central Asia, and the Pacific, and is administered by the Regional Office in Tokyo.

### Level of Funding

Since 1990, Japan has made annual contributions totaling more than \$305 million, of which some \$277 million has been for TA projects and the activities of the Regional Office for Asia and the Pacific and more than \$27 million for the Asia Scholarship Program. In addition, starting in 1996, Japan has contributed \$17.5 million to the Advanced Scholarship Program. Contribution figures for technical assistance and the two scholarship programs, for FY1990–FY2008, are provided in Table 1. Figure 2 shows the annual contributions for technical assistance under the JSA since its inception.

### Japan-IMF Consultations

Consultations between the IMF and the Japanese authorities usually take place twice a year: at a formal meeting in March/April followed by a less formal meeting around the time of the IMF–World Bank Annual Meetings in September/October. They cover the following issues: (1) the

**Figure 2. Annual Contributions by Japan for Technical Assistance, FY1990–FY2008**

(Millions of U.S. dollars)



effectiveness of the assistance provided with JSA funding, (2) the expected regional and subject area use of JSA resources in the current fiscal year and the targets for the following fiscal year, (3) the likely costs of project inputs, (4) the likely magnitude of Japan’s further contribution to the JSA, (5) the organization of joint field visits by the Japanese authorities and the IMF, and (6) any special projects or issues that are foreseen as likely to arise. The consultations also provide a venue to discuss developments regarding the IMF’s TA program as a whole. IMF staff may also visit Tokyo for more detailed discussions with the Japanese authorities on the JSA and related matters, such as the use of Japanese experts in IMF technical assistance.

**Technical Assistance Funded by the JSA**

Within certain parameters, the use of JSA resources is flexible. JSA funds can be used to

cover the cost of short- and long-term TA experts and other costs associated with conducting seminars and workshops, such as room rental fees. JSA funds are not conditional on the use of Japanese nationals, but Japanese nationals are considered for expert assignments whenever possible. Although the Japanese authorities place high priority on funding TA activities in Central Asia and in Asia and the Pacific, JSA-financed TA activities can take place in all areas of the world. Consistent with the IMF’s TA policy, the Japanese authorities also place high priority on assistance for countries that have demonstrated strong efforts and good track records in the implementation of economic reform policies.

The main focus of the JSA TA program has been to support low- and lower-middle-income countries as they build the institutions and capacity needed to implement growth-enhancing policies. In terms of subject areas, the use of JSA resources reflects the priorities of IMF technical assistance. Overall, TA in the monetary and financial area has received the largest share of JSA resources, but the past five to six years have seen an increase in the fiscal area and in support for AML/CTF work. Examples of JSA-supported activities, selected from the three main TA areas as well as legal-area TA, are provided in Boxes 3–6.

**Project submission and approval**

Activities to be funded from the JSA, as well as all other IMF TA activities, are planned in advance each year. At the beginning of each fiscal year, the IMF provides Japan with an indicative list of projects that it intends to submit for consideration in

### Box 3. Reforming Public Financial Management in Uzbekistan

*Sustained technical assistance has helped Uzbekistan make significant improvements in its public financial management.*

Public financial management systems in Uzbekistan were weak at the beginning of its transition from a centrally planned economy. In 2002, an IMF Fiscal Affairs Department (FAD) mission to Uzbekistan concluded that its budget was not based on a consistent and realistic macroeconomic framework and was fragmented in many ways: there were numerous extrabudgetary funds, and the investment budget was prepared separately from the current budget; the classification system was not in compliance with international standards; budget documentation was not transparent and was not available to the public; a modern treasury organization did not exist; and fiscal reporting was perfunctory.

The Uzbekistan authorities committed themselves to a broad reform program in 2003, focused initially on budget execution and the establishment of a treasury. An FAD resident treasury advisor, financed by the JSA, assisted during the initial preparation phase in 2003–05, followed by peripa-

tetic expert visits until 2006. Beginning in November 2006, a JSA-funded FAD regional advisor was installed in Uzbekistan. The main areas of his work program included (1) assisting the Ministry of Finance in developing and implementing a comprehensive strategy for budget and treasury reform; (2) assisting with the progressive establishment of the treasury, including assistance on functionality issues with respect to the procurement and implementation of a Government Financial Management Information System (GFMIS); (3) assisting with the establishment of a treasury single account (TSA); and (4) assisting the Ministry of Finance on changes to existing budget/treasury-related laws and on new instructions.

This assistance provided by the JSA-funded advisor, in conjunction with supervision and inspection visits from FAD, has made a significant contribution to a sustained reform process in Uzbekistan. Progress in the treasury area has been significant and the authorities continue to be committed to an ambitious public financial management reform program. In particular, the Law on

the course of the year. The indicative list contains projects that reflect the shared reform objectives of beneficiary countries and the IMF. Thereafter, individual projects are submitted for approval on a monthly basis through the Office of Japan's Executive Director at the IMF.

Requests for technical assistance are received from governments. These are carefully considered by the concerned functional and area departments of the IMF and prioritized through a thorough internal process (IMF Regional

Strategy Notes).<sup>9</sup> Project proposals are subsequently prepared. Following the screening process, the IMF's Office of Technical Assistance

<sup>9</sup>Regional Strategy Notes (RSNs), introduced in FY2008 as part of the IMF's efforts to enhance its TA prioritization process, are prepared by IMF area departments (in collaboration with IMF member countries and functional departments) and set out the IMF's medium-term TA strategy for both countries and regions. RSNs provide a global strategic view of IMF TA, and serve as a planning tool for resource allocation, resource mobilization, and coordination with other TA providers and donors.

Treasury Execution of the State Budget came into force in January 2006 and a full set of treasury regulations has also been prepared. The Treasury was established on a pilot basis in 2005 and has been rolled out progressively since then throughout Uzbekistan. Closure of existing bank accounts toward a TSA is well advanced, with the next stage being the extension of Treasury coverage to extra-budgetary funds. A unified chart of accounts for the general government sector has been prepared. The procurement of the GFMIS has also begun.

***More remains to be done and continued JSA-financed technical assistance will be important.***

Despite progress in the treasury area, the authorities face several challenges to achieve their public financial management reform objectives. The fiscal framework still remains fragmented and the reforms of budget preparation and the appropriation system have somewhat lagged behind the reforms in the treasury area. The existing weak capacity could also adversely affect the timeframe and/or output envisaged under the authorities' reform action plan,

unless appropriate capacity building measures are undertaken. Reform of budget preparation is under way, with the introduction of a medium-term budget framework in its preliminary stage. As preparation for this and the new information system, a new budget classification has been approved, for introduction in the next budget cycle. The authorities also intend to introduce a comprehensive parliamentary appropriation system, which will rationalize and strengthen budgetary control.

During 2008, the JSA-funded advisory work will focus on further strengthening treasury functions; reforming the budget preparation process, including revamping the budget classification and budget system law as well as designing a new appropriation system; and reforming the accounting and fiscal reporting system, including a strategy for consolidated fiscal reporting. The advisor will also continue to assist with monitoring the implementation of the authorities' public financial management reform action plan. Continued JSA financing will make a valuable contribution to the authorities' ongoing reform efforts.

Management reviews the project proposals for conformity with the JSA guidelines. The proposals are then submitted for approval by the Japanese authorities.

***Project assessment and evaluation***

Within four weeks of a project's completion, the IMF is required to submit a project assessment to the Japanese authorities. Any request for an extension of a project also requires an assessment. This assessment is complemented by an evalua-

tion of the technical assistance conducted by the recipient institutions, through the completion of a questionnaire. The results of these evaluations are reviewed by the IMF, to identify lessons to further improve the effectiveness of IMF TA, and are provided to the Japanese authorities.

In addition, JSA projects in two or three countries are visited and reviewed each year by a joint Japan-IMF mission. These visits seek to provide the Japanese authorities with a firsthand view of how JSA funding is being used in the

#### Box 4. Support for Post-Conflict Financial Sector Reforms in Liberia

Liberia's financial institutions and infrastructure were largely destroyed during 15 years of intermittent civil wars that ended with the signing of a Comprehensive Peace Agreement in August 2003. In between the wars and after the wars ended, the JSA played an important role in funding IMF technical assistance (TA) programs to restore the functioning of the monetary and financial system destroyed in these wars.

In 1999, the Central Bank of Liberia (CBL) emerged almost defunct and illiquid at the end of seven years of civil war; the payment system had reverted chiefly to cash; and the banking sector was largely insolvent. To address these weaknesses, the authorities, in the context of an IMF staff-monitored program, requested technical assistance from the Monetary and Capital Markets Department's (MCM) predecessor departments. In this regard, between 1999 and 2000, several advisors funded with JSA grants worked with the authorities to rehabilitate the CBL and improve its operational capacity in research functions and accounting and auditing as well as banking supervision. They also provided advice on currency issuance.

The resurgence of intense hostilities during 2003 worsened a still-dire situation and erased some of the gains made through the technical assistance program. Already fragile commercial banks suffered from rising nonperforming loans, the CBL had negative capital with little scope to conduct monetary policy, foreign exchange operations that had been conducted on a discretionary and noncompetitive basis failed to smooth out substantial fluctuations in the exchange rate, and governance problems had emerged. However, despite the largely devastated physical infrastructure, some institutional capacity remained in a few key areas. In particular, the CBL did not need basic assistance, often required in most post-conflict countries, such as cash management, establishing a new currency,

reintroducing central bank systems hurt by conflict, and restaffing.

After the hostilities ended in 2003, the government again sought technical assistance from MCM to restore the functioning of the monetary and financial system. For this purpose, between May 2004 and December 2005, several MCM-led TA expert visits provided advice in the areas of monetary operations, payment systems, foreign exchange operations, bank restructuring and supervision, and central bank administration. In 2006, long-term advisors, funded from JSA grants, were contracted to serve as chief administrator at the CBL and to provide advice on bank restructuring. The chief administrator served under the guidance of the Executive Governor, with binding co-signature authority for operational and financial matters. His mandate was broad and included strengthening the conduct of sound monetary policy, central bank operations, supervision and regulation of the banking sector, and ensuring independence of the CBL.

Although progress has been slow and not always smooth, the technical assistance has yielded important benefits. In particular, the CBL's financial position has improved and its independence substantially strengthened. The expert on bank restructuring has delivered a manual on supervisory intervention, collaborated on general resolution and intervention strategies, and collaborated on specific plans for each insolvent bank. The basic framework for effective banking supervision is now in place and on-the-job training continues.

Significant challenges, however, remain and more is needed to strengthen internal controls of the CBL and the regulation and supervision of the Liberian banking institutions. There is also need to further strengthen appropriate and independent conduct of sound monetary policy, and to improve the functioning of financial markets and the contribution of the nonbanking sector to financial intermediation.

### Box 5. Harmonization of Monetary and Financial Statistics in Central America and the Dominican Republic

Prior to launching the Regional Project on Harmonization of Monetary and Financial Statistics (Project), the IMF Statistics Department provided extensive technical assistance to Central American countries, which led to a good understanding of the challenges facing the region in the area of monetary and financial statistics (MFS). The three main challenges were to (1) improve financial reporting systems to enhance macroeconomic analysis; (2) expand statistical coverage by incorporating depository corporations (for example, credit cooperatives and money market mutual funds), nondepository financial corporations (for example, pension funds and insurance corporations), and offshore banks; and (3) harmonize the definition of financial instruments, economic sectors, and valuation criteria to be consistent with other macroeconomic statistics (balance of payments, government finance, and national accounts) and among countries in the Central American region. The IMF Statistics Department was of the view that the available data were not conducive to the calculation of high-quality monetary, credit, and debt aggregates.

Against this background, the Project was launched in September 2006 to be implemented during a two-year period, and is financed by the JSA. The overall objective of the Project is to harmonize the MFS of the Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) and the Dominican Republic to facilitate comparison across countries and analysis at the regional level. Furthermore, the Project fosters implementation of international statistical standards, in particular, the IMF's *Monetary and Financial Statistics Manual (MFSM 2000)*. The governors of the central banks of Central American and the Dominican Republic—represented on the Central American Monetary Council (CAMC)—approved the terms of reference for the Project at the fifth

regional conference on Central America, Panama, and the Dominican Republic (held June 29–30, 2006).

The IMF Statistics Department is responsible for managing the Project in coordination with the Executive Secretariat of the CAMC. Technical assistance to each country is delivered by an expert, with a total of about 20 visits planned to carry out the work. At the end of the first year of the project, all the countries in the region had harmonized systems in place for compiling MFS based on the standardized report forms (SRFs) for monetary data. Furthermore, the main users (policymakers at central banks) and compilers of MFS from participating countries worked together to define a set of Harmonized Monetary and Financial Statistics (HMFS) for the region, to be used for analysis and dissemination purposes. The HMFS comprise 38 analytical tables covering the most important topics in monetary analysis.

Defining the MFS compilation systems based on SRFs for monetary statistics paved the way for significant improvements in quality, although it also highlighted data source limitations in some countries. The full set of HMFS analytical tables constitutes a very useful tool for national analyses and comparisons between countries in the region. Furthermore, the HMFS contain areas not covered by the SRFs, such as detailed analysis of monetary aggregates, liquidity, and credit, and harmonized interest rates statistics.

The work plan for the second year of the Project, which ended in August 2008, can be summarized as follows: (1) continued improvement in the quality of the source data (primarily sectorization and coverage), (2) compilation of the HMFS, and (3) improvement in the intersectoral consistency of the MFS. Regarding the sectorization problem, Honduras, Nicaragua, Panama, and the Dominican

### Box 5 (concluded)

Republic are sufficiently sectorized for MFS compilation purposes. El Salvador is improving its sectorization of securities issued by the central bank. Costa Rica and Guatemala are resolving significant data source constraints for compiling MFS in accordance with the *MFSM 2000*.

All the countries of the region compile SRFs for monetary statistics with adequate coverage to derive a Depository Corporations Survey (DCS), with the exception of Costa Rica and the Dominican Republic. DCS coverage is improving in El Salvador, Nicaragua, and the Dominican Republic with the incorporation of savings and loan cooperatives, although their importance relative to the remaining depository corporations (mainly banks) is low. Conversely, in the case of Costa Rica and the Dominican Republic, the lack of coverage in the DCS is more significant and therefore the incorporation of offshore banks and money market investment funds (Costa Rica only) in the DCS is a priority task.

The statistics harmonization followed by this project is a unique experience, comparable only to the efforts to achieve statistical harmonization in the European Union. Central America is the first region in the world to harmonize its MFS—in line with the experience of the European Central Bank, which the IMF Statistics Department regards as an example to follow in other regions—and sectoral statistics (especially fiscal statistics), as a means of supporting regional integration initiatives.

In the communiqué issued in June 2008 at the conclusion of their annual regional conference, the authorities of Central America, Panama, and the Dominican Republic expressed their appreciation for Japan's support for this project as well as other TA projects in the region.<sup>1</sup>

<sup>1</sup>The communiqué of the Seventh Annual Regional Conference on Central America, Panama, and the Dominican Republic, issued on June 27, 2008, can be found at the IMF website ([www.imf.org](http://www.imf.org)) under Press Release No. 08/152.

field. During the visits, participants assess how the authorities view the work of experts funded by the JSA. The visits are also used to review whether the authorities are making effective use of the assistance and whether the technical assistance is making a contribution to the reform process.

#### *Commitments and disbursements*

Between FY1993 and FY2008, cumulative commitments for technical assistance under the JSA totaled more than \$247 million for 1,748 projects,

of which some \$235 million has been disbursed.<sup>10</sup> During FY2008, \$13.3 million was committed for 85 projects.<sup>11</sup> Table 2 and Figure 3 show commitments and disbursements, as well as the number

<sup>10</sup>Because of the time required for the contracting and fielding of experts and payment of invoices, there is a time lag between commitments and disbursements. The duration of a JSA-funded TA project is normally 6 to 12 months.

<sup>11</sup>This represents a 36 percent decrease in the amount approved and a 30 percent decrease in the number of projects funded compared with FY2007, resulting from the sharp reduction in Japan's contribution to the JSA for FY2008 (see Table 1).

### Box 6. Support for Tax Legislation Reform in Asia and the Pacific

With the help of JSA financing, the IMF Legal Department (LEG) was able to engage in a number of important legal drafting technical assistance (TA) projects over the past year. One of these was a multi-country undertaking to assist countries in the Asia and Pacific region with tax law drafting. It involved work in Bangladesh, the Federated States of Micronesia, Mongolia, Nepal, Papua New Guinea, and Tonga. As can be seen from the description below, the scope of the work involved was substantial, and only a portion of it was financed by this particular project. Although resources under this project were exhausted in FY2008, in most cases related work financed by a subsequently approved JSA project (or by other resources) is expected to continue.

Tax law reform is a critical element in facilitating economic development and strengthening governance in the Asia and Pacific region. Governments in the region are interested in reforming their tax systems for various reasons. Some, like Mongolia and Nepal, are undergoing substantial economic and political transformation. Others need to modernize outdated and inefficient tax laws or provide a legal basis for introduction of new taxes such as the value-added tax (VAT). In all cases, tax legislation reform is a high priority for governments.

In most cases, the aim was to assist the authorities in the drafting of legislation that the authorities could then propose to their legislatures for enactment. In Bangladesh, the project financed work on drafting a new income tax law. This work is expected to take some time, in light of the complexity of existing laws and the need to adapt the new law to the policy and administration needs of the government. The project financed the initial work, which is expected to continue in the future. In Tonga, the assistance involved drafting new customs legislation, which was enacted in June 2007.

This is the basic law for the collection of customs duty and other import duties, which is of key importance to an island country like Tonga. The new law both simplified the drafting of earlier legislation and adopted modern techniques, as appropriate for the administrative capacity of the customs authorities in Tonga.

In Papua New Guinea, the work under the project involved preparation of a new law on tax administration that would consolidate provisions from various laws, simplify drafting to make the law more understandable, and rationalize the rules to underpin modern tax administration processes. This draft is currently under consideration by the authorities.

The Federated States of Micronesia is considering a substantial reform of its taxation system, and to facilitate this effort, drafts have been produced of a VAT, net profit tax, revenue administration act, reforms to the salary and wages tax, and consequential amendments. This legislation is currently under discussion, and further work is being done by LEG to adjust the legislation, explain it, and make sure that it meets the needs of the authorities.

Mongolia amended its tax laws recently, and work under the project involved preparing guidance materials for the VAT, which are being used to implement the tax. Similarly, in Nepal, an income tax manual was produced to help the authorities in administering the income tax law. Amendments to the income tax law prepared in conjunction with the manual were enacted. The work in Nepal also involved preparation of a fiscal transparency law, which is under consideration.

This project has successfully contributed to the tax reform process. Further work in several of these countries is expected to continue in a follow-up project in the current fiscal year. By delivering TA to several countries that has contributed to

### Box 6 (concluded)

strengthening their basic tax legislation, the project has achieved tangible and important results at a relatively low cost. The multicountry design of the project has allowed the flexible delivery of TA to meet the articulated needs of the authorities. LEG experts have visited the countries concerned to work intensively with local officials, thereby delivering TA in a manner that enhances capacity building. Given the lengthy timetables involved in preparation and enactment of tax legislation (often several years), the full results of work under the project in terms of enacted legislation cannot be assessed today, but the track record of similar work

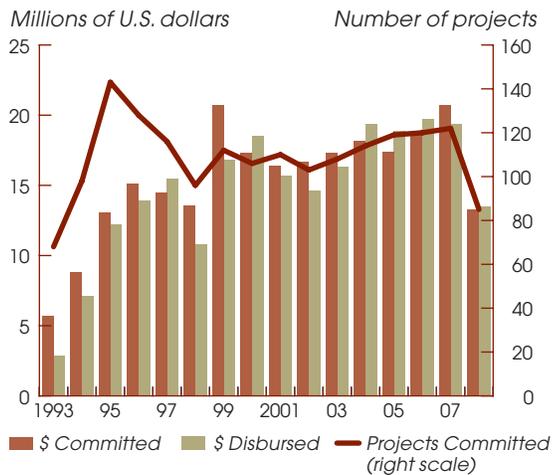
in the past suggests that it is likely that most of the legislation drafted will be enacted in due course. Importantly, this legislation was prepared in a collaborative way, which helps ensure ownership by the authorities and appropriateness to the legal system and the administrative capacity of the countries involved.

LEG will continue to follow up on the TA provided by this project as needed, to assist the authorities with interpreting and implementing the new laws. Such follow-up contact will help ensure the continued relevance of the TA and also will strengthen local capacity.

**Table 2. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2008**

	Number of Projects Committed	Committed (in millions of U.S. dollars)	Disbursed (in millions of U.S. dollars)
FY1993	68	5.7	2.9
FY1994	98	8.8	7.1
FY1995	143	13.1	12.2
FY1996	128	15.1	13.9
FY1997	116	14.5	15.5
FY1998	96	13.6	10.8
FY1999	112	20.7	16.8
FY2000	106	17.3	18.5
FY2001	110	16.4	15.7
FY2002	103	16.7	14.6
FY2003	108	17.3	16.3
FY2004	114	18.2	19.4
FY2005	119	17.4	18.9
FY2006	120	18.8	19.7
FY2007	122	20.7	19.4
FY2008	85	13.3	13.5
<b>Total</b>	<b>1,748</b>	<b>247.7</b>	<b>235.4</b>

**Figure 3. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2008**



of approved TA projects, between FY1993 and FY2008.<sup>12</sup> A brief description of each of the projects approved in FY2008 is provided in Annex 1.

**Geographical distribution of funds**

To date, 123 member countries of the IMF as well as the 13 IMF regional TA centers and training institutions have been beneficiaries of JSA-funded technical assistance. Countries in the Asia and Pacific region received more than \$85 million from the JSA for approved TA projects during FY1993–FY2007, which represents

<sup>12</sup> The IMF arranges for an annual audit of the JSA to be undertaken by its external auditors in connection with the annual audit of the IMF’s own accounts, and for a separate certificate of completion to be provided to the Japanese authorities. See Annex 3 for the audited financial statements of the JSA and the Japan Advanced Scholarship Program for FY2008.

37 percent of TA projects approved during this period.<sup>13</sup> Countries in Africa received the next largest share, totaling almost \$55 million or 23 percent of total approvals during the same period. Of the remaining amount approved during this period, 17 percent were for countries in Central Asia and Eastern Europe (mainly the transitional countries of the former Soviet Union), 7 percent were for multiregional projects, 6 percent for projects in Western and Central Europe, 5 percent for projects in Latin America and the Caribbean, and 5 percent for projects in the Middle East.<sup>14</sup>

The regional distribution of commitments in FY2008 was as follows: Asia and Pacific countries, \$5.3 million (40 percent); Africa, \$4.7 million (35 percent); the Middle East and Central Asia, \$1.7 million (13 percent); Latin America and the Caribbean, \$0.9 million (7 percent); Europe, \$0.5 million (4 percent); and multiregional projects, \$0.2 million (2 percent).<sup>15</sup> Table 3 shows the commitments by region in dollars for FY1993–FY2008, and Figure 4 shows the regional percentage distribution for FY2008.

<sup>13</sup> This reflects the priority given to the countries of this region under JSA financing guidelines, which for FY2008 set a target of 50 percent of allocations for countries in Asia, Central Asia, and the Pacific combined.

<sup>14</sup> Multiregional projects are those with beneficiaries from more than one region. Annex 1 includes descriptions of such projects.

<sup>15</sup> Starting with this FY2008 report, JSA commitments for countries in Central Asia (Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) are included with countries in the Middle East to better align recorded data with the reconfiguration of the IMF’s former two European departments and Middle East department into a single European department and a Middle East and Central Asia department.

**Table 3. JSA Commitments for Technical Assistance by Region, FY1993–FY2008***(Millions of U.S. dollars)*

	FY1993–	FY	FY1993–FY2007		FY2008							
	FY2000	2001	2002	2003	2004	2005	2006	2007	Total	Percent	Total	Percent
Africa	20.7	4.1	4.8	4.9	5.1	4.8	4.6	6.0	54.8	23	4.7	35
Asia and Pacific	37.1	4.7	6.2	6.6	7.0	7.6	7.9	8.3	85.4	37	5.3	40
Europe	6.0	1.4	1.6	1.2	1.0	0.7	1.4	1.3	14.6	6	0.5	4
Eastern Europe and Central Asia <sup>1</sup>	28.2	2.7	1.4	1.5	1.4	0.6	1.4	1.8	38.9	17	n.a.	n.a.
Middle East and Central Asia <sup>1</sup>	2.5	0.7	0.4	1.1	1.6	1.2	2.1	2.4	11.9	5	1.7	13
Latin America and Caribbean	6.9	1.1	0.6	0.6	0.6	0.9	1.0	0.9	12.5	5	0.9	7
Multiple regions	6.8	1.8	1.7	1.3	1.6	1.7	0.5	0.2	15.5	7	0.2	2
<b>Total</b>	<b>108.1</b>	<b>16.4</b>	<b>16.7</b>	<b>17.3</b>	<b>18.2</b>	<b>17.4</b>	<b>18.8</b>	<b>20.7</b>	<b>233.8</b>	<b>100</b>	<b>13.3</b>	<b>100</b>

<sup>1</sup>Starting in FY2008, data for countries in Central Asia are grouped with data for countries in the Middle East, and data for all European countries are grouped together under Europe; see footnote 15.

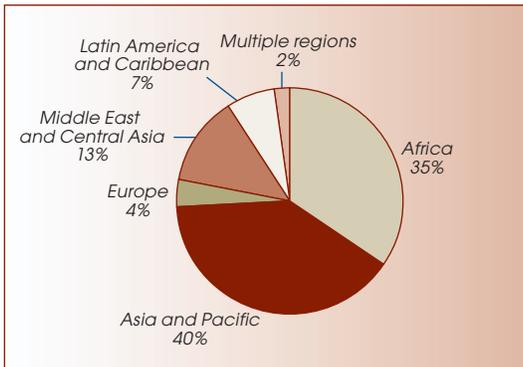
In FY2008, about 40 percent of JSA funds were allocated to help low- and lower-middle-income countries and transitional economies maintain macroeconomic and financial sector stability, 30 percent to rehabilitate basic economic and financial institutions in post-conflict countries, 20 percent for regional capacity building efforts (including support for regional TA centers), and 10 percent to assist low-income countries seeking to implement sustainable debt management and poverty reduction programs. Table 4 shows the 10 beneficiary countries or organizations receiving the largest share of JSA assistance during FY1993–FY2008 and in FY2008. Of the 10 largest beneficiaries in FY2008, 5 were post-conflict countries: Burundi, Cambodia, Liberia, Rwanda, and Timor-Leste.

#### *Distribution of funds by subject area*

The distribution of JSA funds among subject areas continues to broadly reflect the distribution in the overall use of IMF resources for technical assistance. The main trends over the past five years have been a reduction in the relative use of overall IMF resources for TA in the monetary and capital markets area, an increase in the fiscal policy and management area, and an increase in AML/CTF. This has also been the case in the use of JSA resources.

In FY2008, the major IMF functional departments delivered some 186 person-years of staff and expert time for TA work in recipient countries, which were distributed as follows: Fiscal Affairs, 37 percent; Monetary and Capital

**Figure 4. Distribution of JSA Technical Assistance Commitments by Region, FY2008**



Markets, 35 percent; Statistics, 19 percent; and Legal, 5 percent.<sup>16</sup> In FY2008, the distribution of JSA commitments was as follows: Monetary and Capital Markets, \$4.7 million (35 percent); Fiscal Affairs, \$3.5 million (27 percent); Statistics, \$2.3 million (17 percent); and Legal, \$1 million (8 percent). This represents a 3 percent decrease in the relative amount of JSA funds committed in the monetary and capital markets area and a 7 percent increase in the fiscal area since FY2003.

In FY2008, the proportional allocation of JSA funds by topic within each of the above core areas was broadly consistent with FY2007. In the monetary and capital markets area, 42 percent

<sup>16</sup>One way the IMF measures its technical assistance is by recording the time spent by IMF staff and experts on such activities. A person-year is equivalent to 260 working days.



Mr. Dominique Strauss-Kahn, IMF Managing Director, and his wife visiting the Buguruni School for the Deaf in Dar es Salaam, Tanzania, in February 2008. In FY2008, 35 percent of JSA funds were allocated to support IMF technical assistance in the countries of sub-Saharan Africa.

of JSA funds were committed to technical assistance for central banking operations, including central bank accounting and audit; 38 percent to banking supervision; and the remainder to other work, such as monetary policy and operations, balance of payments and foreign reserves management, and capital markets development and market risk supervision. In fiscal affairs, 60 percent of JSA funds were committed to strengthening public expenditure management, 30 percent to revenue administration, and 10 percent to tax policy. In the macroeconomic statistics area, about 30 percent of JSA funds were committed to real sector statistics and the remainder was spread across the broad range of statistics including government finance, monetary and finance, and

**Table 4. The 10 Largest Recipients of JSA-Financed Technical Assistance, FY1993–FY2008**

(By commitments, in descending order)

<b>FY1993–FY2008</b>	<b>FY2008</b>
Russia	Liberia
Indonesia	Timor-Leste
PFTAC <sup>1</sup>	Cambodia
Cambodia	Indonesia
Ukraine	PFTAC <sup>1</sup>
China	Peru
Timor-Leste	Burundi
Congo, Democratic Republic of the	Guinea
Mongolia	Syrian Arab Republic
Kyrgyz Republic	Rwanda

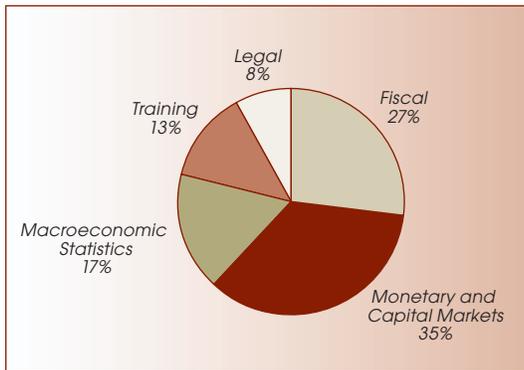
<sup>1</sup>PFTAC = Pacific Financial Technical Assistance Center.

**Table 5. JSA Commitments for Technical Assistance by Subject Area, FY1993–FY2008**

(Millions of U.S. dollars)

	FY1993– FY2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY1993–FY2007		FY2008	
									Total	Percent	Total	Percent
Fiscal	31.4	4.7	4.7	3.3	4.3	4.3	4.5	6.0	63.1	27	3.5	27
Monetary and capital markets	41.6	6.5	6.6	6.7	6.9	6.6	7.8	8.2	90.8	39	4.7	35
Macroeconomic statistics	16.8	2.7	2.7	3.7	3.3	2.8	3.1	3.7	38.8	17	2.3	17
Training	12.6	1.9	2.1	2.1	2.2	2.0	2.0	2.1	27.0	12	1.8	13
Legal	1.6	0.1	0.2	1.2	1.2	1.2	0.9	0.7	7.1	3	1.0	8
Others	4.1	0.6	0.5	0.3	0.2	0.6	0.6	0.0	6.9	3	0.0	0
<b>Total</b>	<b>108.1</b>	<b>16.4</b>	<b>16.7</b>	<b>17.3</b>	<b>18.2</b>	<b>17.4</b>	<b>18.8</b>	<b>20.7</b>	<b>233.8</b>	<b>100</b>	<b>13.3</b>	<b>100</b>

**Figure 5. Distribution of JSA Technical Assistance Commitments by Subject Area, FY2008**



balance of payments statistics, as well as assistance in adopting the IMF’s general data dissemination system. In the legal area, 60 percent was committed to technical assistance for AML/CFT, 30 percent to banking legislation, and 10 percent to tax legislation. Table 5 shows the distribution of commitments in dollars by subject area for FY1993–FY2008, and Figure 5 shows the percentage distribution by subject area for FY2008.

**Effectiveness of JSA-funded technical assistance**

Several measures are taken to gauge the effectiveness of JSA-funded TA activities. In addition to project assessments submitted by the IMF to the Japanese authorities upon completion of each JSA-financed project, since 2000 beneficiary authorities have also provided their own project assessments through the completion of a

questionnaire. The questionnaires gauge the authorities’ views regarding the appropriateness and relevance of the assistance and the expert’s qualifications and experience. The questionnaires also cover the cooperation between the expert and counterparts, the usefulness of the advice in terms of the reform efforts, whether adequate attention was paid to skills transfer, and the quality of supervision by IMF headquarters. Overall, the beneficiary authorities have been very positive about the effectiveness of the JSA-funded TA projects. These assessments provide feedback on the quality of TA delivery.

Since 1996, 14 joint Japan-IMF review missions have been carried out to assess the effectiveness of JSA-funded TA activities. These visits have covered 21 beneficiary countries in Africa, Asia and the Pacific, Central Asia, and Central



Participants in the Middle East Technical Assistance Center (METAC) workshop on international financial reporting standards for central banks held in FY2008. METAC was the focus of the Japan-IMF joint field visit undertaken in FY2008.

and Eastern Europe; the regional training institutes in Singapore and Vienna; the Pacific Financial Technical Assistance Center; the East Africa Regional Technical Assistance Center; and the Middle East Technical Assistance Center. The joint review teams have reported that TA activities financed by the JSA were highly relevant and consistent with the core mandate of the IMF's work, were well formulated and implemented, and were appreciated by recipient governments, which in several cases noted that the JSA-funded advisors were instrumental in establishing critically needed capacity. The teams also reported that the JSA-financed training and seminars were highly visible, well focused, and greatly appreciated by participants. A summary of the findings of the joint review mission for FY2008 is provided in Annex 2.

In addition to the aforementioned joint field visits and project-specific assessments, JSA-funded TA activities are also evaluated as part of larger sector-wide, region-wide, or special topic evaluations of IMF technical assistance. The results of these evaluations are reported to the IMF Executive Board and can be found on the IMF website.<sup>17</sup>

<sup>17</sup>In FY2003, as part of a larger effort to strengthen monitoring and evaluation of IMF technical assistance, a multi-year program of TA evaluations was introduced under which the results of three to four evaluations covering a mix of topics are presented each year to the IMF Executive Board. In FY2008, the Board received evaluation reports on the Caribbean Regional Technical Assistance Center, the Middle East Technical Assistance Center, technical assistance to Iraq, and general data dissemination system assistance for selected Anglophone African countries. Fourteen evaluations currently are planned or ongoing.

## Scholarship Programs

### Japan-IMF Scholarship Program for Asia

The Japan-IMF Scholarship Program for Asia is a program for graduate studies in macroeconomics or related fields at several leading universities in Japan. The objective of the program is to contribute to institutional capacity building of transition and developing economies, by providing educational opportunities to promising junior officials in central banks or in ministries of finance, economy, or planning in East and Central Asia and the Pacific region.<sup>18</sup>

For the academic year 2007, 38 new scholarships were awarded, and a total of 46 scholars were studying in Japan under the program.<sup>19</sup> There are two forms of scholarships. Scholars accepted under the "partnership track" participate in specially designed master's courses offered by one of four partnership universities,<sup>20</sup> whereas the "open track" is available to candidates who have already been accepted to a graduate-level program, at either the master's or PhD level, in macroeconomics or a related field at any leading university in Japan. The program

<sup>18</sup>The scholarship program targets candidates from Cambodia, China, Indonesia, Kazakhstan, the Kyrgyz Republic, Lao P.D.R., Mongolia, Myanmar, the Philippines, Tajikistan, Thailand, Turkmenistan, Uzbekistan, and Vietnam, as well as the Pacific Island countries.

<sup>19</sup>Under the Japan-IMF Scholarship Program for Asia, an academic year refers to the period October 1–September 30. Thus, academic year 2007 refers to the period October 1, 2007–September 30, 2008.

<sup>20</sup>Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and Yokohama National University.

**Table 6. Japan-IMF Scholarship Program for Asia: Distribution of Scholars by Country and Affiliation, 1993–2008**

Scholars by Country	Total	Percent	Scholars by Affiliation	Total	Percent
China	75	18	Central Bank	202	48
Vietnam	67	16	Ministry of Finance/Tax Authority	93	22
Uzbekistan	53	13	Others	19	5
Myanmar	38	9	Economic Affairs Ministry	33	8
Mongolia	36	9	Statistics Bureau	11	3
Kyrgyz Republic	34	8	State-Owned Commercial Bank	9	2
Cambodia	33	8	Trade Ministry	52	12
Kazakhstan	31	8	<b>Total</b>	<b>419</b>	<b>100</b>
Indonesia	13	3			
Tajikistan	10	2			
Lao P.D.R.	10	2			
Philippines	9	2			
Thailand	7	1			
Turkmenistan	2	1			
Fiji	1	0			
<b>Total</b>	<b>419</b>	<b>100</b>			

is currently administered by the IMF's Regional Office for Asia and the Pacific in Tokyo.

A set of skill-refreshing courses (SRCs) is also offered under the program, which aims to better prepare incoming scholars by offering math and English courses prior to commencement of their regular studies at the participating universities. In 2007, 35 out of the 38 new scholars participated in the SRC conducted at the International University of Japan.

Since the first students were accepted under the Japan-IMF Scholarship Program for Asia in 1993, a total of 419 scholarships have been awarded, and by the end of the academic year

2006, 316 scholars had graduated from the partnership universities. Table 6 shows the distribution of scholars by their country and organizational affiliation. Most scholars have expressed a high degree of satisfaction with the program and subsequently with the career opportunities that have opened to them. A number have taken up mid- to senior-level positions in their respective agencies, and have direct input into policy initiatives. In 2007, alumni events were organized in Cambodia, China, Lao P.D.R., Mongolia, and Vietnam to provide former scholars with an opportunity to renew acquaintances and to maintain the alumni network.



Japan-IMF Scholarship Program for Asia: Seminar held in April 2007 in Tokyo.

### Japan-IMF Scholarship Program for Advanced Studies

Japan also provides financial support for a scholarship program for qualified Asian nationals to study economics at the doctoral level, at one of the leading universities in North America, in order to pursue a career at the IMF or in their home country governments. The program covers tuition and reasonable costs for two years of study. Scholars are expected to finance the remaining years of study, typically through additional funding from their universities.

The Japan-IMF Scholarship Program for Advanced Studies (JISP), which is administered by the IMF Institute, began in 1996 with a class of nine scholars seeking to obtain a PhD in economics. In each succeeding year, up to 15 scholars from Asian countries who independently gained

admission to a leading U.S. or Canadian university have received this scholarship.

An annual orientation program for each incoming group of scholars is conducted at the IMF in Washington, D.C., to introduce scholars to the IMF and to provide them with an opportunity to meet other JISP scholars. At the end of the third or fourth year of study, scholars are expected to complete a 10- to 13-week summer internship in an IMF department, during which they engage in supervised research and other professional work under the guidance of an experienced IMF economist.

Interest continues to remain high for this scholarship, with an average of 100 applications received per year from a growing number of eligible countries that now totals 17. The quality of the applicants also remains high, in terms of both their academic record and graduate school examination scores. While participating in the scholarship program, scholars are required to maintain high grades and good academic standing. The high academic standards of the program are now widely recognized, as evidenced by many distinguished universities in Asia and North America recommending that their students apply. Table 7 shows the distribution of scholars by country since the beginning of the scholarship program, and Table 8 lists the universities attended by the scholars and the number of scholars at each institution during the program.

A total of 75 scholars have graduated with PhD degrees in economics since inception of the JISP, of whom 17 have joined the IMF staff. Of those 17 JISP alumni, 15 were hired through the

**Table 7. Japan-IMF Scholarship Program for Advanced Studies: Number of Scholars Accepted by Country, 1996–2008**

Country	Number of Scholars													Total Scholars per Country (1996–2008)	Total Percent Representation per Country (1996–2008)
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
Bangladesh	0	0	2	0	1	1	1	0	0	0	0	0	1	6	3
Cambodia	0	0	0	0	0	0	0	0	0	0	0	1	1	2	1
China (including Hong Kong SAR)	2	5	2	4	2	2	1	1	1	1	1	1	1	24	13
Indonesia	0	0	0	0	0	0	0	1	1	0	1	0	0	3	2
Japan	3	7	7	7	7	7	5	7	7	7	8	6	3	81	44
Kazakhstan	0	0	0	0	1	1	1	1	0	0	0	0	1	5	3
Korea	2	3	2	2	2	1	1	1	1	1	1	1	1	19	10
Kyrgyz Rep.	0	0	0	0	0	0	1	1	1	0	0	0	0	3	2
Malaysia	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Mongolia	0	0	0	0	0	0	1	0	1	1	1	2	1	7	4
Myanmar	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1
Nepal	0	0	0	0	0	0	0	0	0	0	0	2	0	2	1
Philippines	0	0	0	1	0	0	0	1	0	0	0	0	0	2	1
Tajikistan	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Thailand	2	1	2	0	0	1	2	0	1	2	2	1	1	15	8
Uzbekistan	0	0	0	0	0	1	0	1	0	0	0	1	0	3	2
Vietnam	0	0	0	1	0	1	2	1	2	2	1	0	1	11	6
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>11</b>	<b>186</b>	<b>100</b>									

highly competitive IMF Economist Program, which is the main entry point for economists seeking to join the organization after completion of their studies.

The IMF Institute, with the assistance of the Institute of International Education,

conducted a tracer study in 2004 to locate and obtain information on the professional career paths and profiles of past scholars, with contact information being updated annually. Table 9 shows the employment of graduates from the first 10 intakes—that is, academic

**Table 8. Japan-IMF Scholarship Program for Advanced Studies: Number of Scholars by University, 1996–2008**

University	Number of Scholars													Total
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
<b>United States</b>														
1. Brandeis University	1													1
2. Brown University	1	2		1	2	1		1		1		1		11
3. Boston University			1				2		1		2		2	8
4. Columbia University			2	3	1	1	1		5	2	1			16
5. Cornell University		1	2			1					1		1	6
6. Duke University	2			1	1		1		1					6
7. Georgetown University							1	4	1			1		7
8. George Washington University												1		1
9. Harvard University			1	1					1					3
10. Indiana University		1												1
11. Johns Hopkins University		1					1	1			2			5
12. Massachusetts Institute of Technology								1						1
13. New York University			1	2		2	1					2		8
14. Northwestern University		1										1	1	3
15. Ohio State University, Columbus					2						2	2		6
16. Princeton University										2				2
17. Stanford University	1	2	3	1	1	1							1	10
18. University of California, Berkeley						1					1			2
19. University of California, Los Angeles		1	3	1	1	1					1			8
20. University of California, San Diego		1				1				1				3
21. University of Chicago		1	1		1	2	1	2		2	1	1		12
22. University of Illinois, Urbana-Champaign										1				1
23. University of Maryland, College Park					1	1			1	1			1	5
24. University of Michigan, Ann Arbor		2	1	2			1	1				1	1	9
25. University of Minnesota, Minneapolis					1		1	1	1	1	2	2	1	10
26. University of Pennsylvania	1			2	3	1	1			1				9
27. University of Rochester	1	1		1				1				1		5
28. University of Texas, Austin							1			1				2
29. University of Virginia									1	1		2	1	5
30. University of Washington, Seattle					1									1
31. University of Wisconsin, Madison		1				1	1	4	1				2	10
32. Vanderbilt University	1					1								2
33. Yale University	1	1								1	1			4
<b>Canada</b>														
34. McGill University									1					1
35. University of British Columbia							1							1
36. University of Toronto										1				1
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>11</b>	<b>186</b>									

## Scholarship Programs

**Table 9. Japan-IMF Scholarship Program for Advanced Studies: Employment of Graduates from the 1996–2005 Programs<sup>1</sup>**

	1996	1997	1998	1999	2000 <sup>2</sup>	2001	2002	2003	2004	2005	Category Total
IMF Economist Program (EP)	0	0	0	2	0	0	1	0	0	0	3
IMF economist (former EP)	0	4	0	5	2	1	0	0	0	0	12
IMF mid-career economist	0	1	0	0	1	0	0	0	0	0	2
Government	0	0	2	0	0	0	0	0	0	0	2
Academic position	3	2	7	1	1	2	1	1	0	0	18
Studies in progress (PhD program)	0	0	0	0	0	2	3	2	9	14	30
Other	6	9	6	7	11	10	10	12	6	1	78
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>145</b>

<sup>1</sup>Data based on the results of scholar and alumni annual surveys. Scholars in groups starting after 2005 are still in the JISP.

<sup>2</sup>One graduate from the 2000 program received a fixed-term appointment in the IMF in 2006.

years 1996–2005.<sup>21</sup> Building on this, modifications were made to the 2007 survey to reach out to the JISP alumni for more up-to-date and accurate information, and to gain further information how to improve the program. In response, an alumni website is being considered to extend the reach to past and current scholars in order to more effectively maintain contact information, share knowledge and experiences, and help promote the program to colleagues and friends. The annual JISP survey of past and current scholars continues to convey a high degree of satisfaction (96 percent in 2007) with the scholarship program and their internships.

<sup>21</sup>Under the Japan-IMF Advanced Scholarship Program, an academic year refers to the period August 1–July 31 (e.g., the academic year 2007 refers to the period August 1, 2007–July 31, 2008).



Japan-IMF Scholarship Program for Advanced Studies: 2008 scholars during their visit to IMF headquarters in August 2007.



The IMF is pleased with the demonstrated success of the JISP, which is well regarded by officials of leading universities who continue to report high academic achievements by the JISP scholars. Moreover, participating scholars,

particularly those from developing and transition countries, have expressed great appreciation for the generous support of the government of Japan for their studies.



# Annexes

**Annex 1:  
JSA TECHNICAL ASSISTANCE PROJECTS APPROVED IN FY2008**

**AFRICA REGION**

<b>Beneficiary</b>	<b>Subject Area</b>	<b>Committed</b>	<b>Description</b>
Africa—multiple countries	Public Financial Management	\$301,400	Regional Public Financial Management (PFM) Advisor based in Liberia to help that post-conflict country rebuild a transparent and efficient PFM system and to help The Gambia, Ghana, and Sierra Leone carry out their ongoing PFM reforms.
Africa—multiple countries	Revenue Administration	\$209,300	Short-term experts to assist authorities in strengthening tax administration in Benin, Burkina Faso, and Cameroon, with a focus on improving compliance from large and medium-sized taxpayers and broadening the tax base. In addition, assistance will also be provided to strengthen customs administration in Cameroon by introducing valuation principles and risk-based controls.
Africa—multiple countries	Tax Administration	\$149,500	Short-term experts to assist authorities in strengthening tax administration in Liberia and Sierra Leone. In Liberia, assistance will focus on launching a goods and services tax, creating a domestic tax department, and improving large taxpayers' administration. In Sierra Leone, assistance will focus on finalizing separate tax and customs modernization programs for donor funding.

Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Banking Supervision	\$179,400	Short-term expert to help COBAC (the regional banking commission for Central Africa) strengthen banking supervision in the Central African Economic and Monetary Community (CEMAC) countries through staff training, particularly with regard to on-site inspection, improving human resources management of bank examiners, and providing manuals and methodological tools for use by examiners.
Africa—multiple countries	Monetary and Financial Statistics	\$93,750	Seminar on monetary and financial statistics for Lusophone African countries (Angola, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe) and Timor-Leste. The seminar is targeted at mid-level officials employed in the compilation of monetary statistics, and will be held at the Bank of Portugal in Lisbon.
Africa—multiple countries	Central Bank/Banking Legislation	\$119,600	Short-term experts to assist Burundi, the Democratic Republic of the Congo, Lesotho, and Sierra Leone in bringing legislation in line with international financial standards and best practices by drafting new legislation and redrafting existing legislation in the following areas: (1) central bank acts, (2) banking acts, (3) other financial legislation (insolvency law, payment and settlement legislation, deposit insurance schemes, supervision of nonbank financial institutions, etc.), and (4) internal central bank and other financial regulations. Where needed, experts will also assist with finalization of draft legislation and the adoption processes, as well as training in the field of financial legislation.

Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Macroeconomic Management and Debt	\$93,750	Course on Macroeconomic Management and Debt Issues, in collaboration with the Banque des États de l’Afrique Centrale (BEAC), for participants from the six member countries of the Central African Economic and Monetary Community (CEMAC) and other countries in the region, including Angola, Burundi, Comoros, Djibouti, Madagascar, the Democratic Republic of the Congo, Rwanda, and São Tomé and Príncipe. The course will focus on the links between macroeconomic and debt policies, focusing on policies necessary to ensure sustainable debt.
Africa—multiple countries	External Debt and Foreign Reserve Management	\$93,750	Course, to be held in South Africa, for central bank and other government officials from selected African countries to broaden their understanding of external sector vulnerabilities. The course aims to provide participants with a comprehensive set of analytical tools for assessing these vulnerabilities, as well as various policy responses. The skills developed during the course will allow participants to address a wide range of issues that pertain to external debt and foreign reserve management, capital account liberalization, and the management of foreign aid flows.
Africa—multiple countries	Real Sector Statistics	\$298,400	Extension of long-term regional advisor based at West AFRITAC to continue assisting member countries in carrying out their plans to improve the quality of real sector statistics as described in their General Data Dissemination System metadata. The project will help national statistical agencies develop self-sustaining systems for collecting required data and compiling and disseminating national accounts and price statistics, consistent with internationally accepted methodologies and practices.

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Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Real Sector Statistics	\$280,400	Extension of long-term regional advisor to continue helping the Democratic Republic of the Congo and the Republic of the Congo develop their capacities to compile and disseminate economic and financial statistics, including participating in the General Data Dissemination System. Assistance will focus on improving national accounts and price statistics, and strengthening coordination among data-producing agencies and data users as well as among international and bilateral agencies providing assistance in statistics to the two countries.
Burundi	Public Financial Management	\$179,400	Short-term expert to help the Ministry of Finance strengthen budget management through streamlining budget and accounting procedures, finalizing budget and accounting manuals consistent with the new legal and regulatory framework, and re-establishing the treasury single account at the central bank.
Burundi	Central Bank Operations	\$260,400	Extension of long-term resident advisor to help the Central Bank of Burundi put in place a modernization strategy with a focus on improved liquidity management and monetary operations; a new data management system; and strengthened management capabilities, organizational structure, and work practices.
Central African Republic	Public Financial Management	\$130,200	Extension of long-term expert to help treasury authorities (1) develop a modern chart of accounts and a manual of implementation consistent with the new budget classification, (2) prepare a framework for implementing the chart of accounts, and (3) train staff to prepare documents and tables required by the framework.

<b>Beneficiary</b>	<b>Subject Area</b>	<b>Committed</b>	<b>Description</b>
Congo, Democratic Republic of the	Public Financial Management	\$130,200	Six-month extension of long-term advisor to continue assisting the budget and treasury departments with their ongoing reform program. Assistance will focus on strengthening budget preparation and budget management, and improving the quality of public finance by reconciling government accounts and training accountants.
Guinea	Central Bank Operations	\$260,400	Long-term general advisor to help the Central Bank of the Republic of Guinea (BCRG) strengthen its capacity in key central bank operations, such as foreign exchange and monetary management, and modernize its accounting and internal audit systems. The advisor will also assist in coordinating technical assistance provided to the BCRG by other donors.
Guinea	Central Bank Accounting	\$130,200	Long-term accounting advisor to help the Central Bank of the Republic of Guinea establish a new accounting system in line with international standards. Assistance will focus on modernizing the accounting directorate's organizational structure, improving accounting rules and procedures, and strengthening staff capacity through on-the-job training and seminars.
Liberia	Payment Systems	\$260,400	Long-term advisor to help the Central Bank of Liberia develop a modern national payment system, consistent with international standards, to meet the growing needs of the country as strong economic and concomitant financial activities emerge after the post-conflict period.

Beneficiary	Subject Area	Committed	Description
Liberia	Banking Supervision	\$260,400	Long-term advisor to help the Central Bank of Liberia strengthen its banking supervision capability through the implementation of a bank restructuring program and the establishment of an effective supervision department whose personnel will be trained in on- and off-site supervision, and chartering new banks, and closing failed and insolvent banks.
Liberia	Central Bank Operations	\$260,400	Extension of long-term resident expert to continue serving as the chief administrator at the Central Bank of Liberia to assist with strengthening its governance and management and to ensure that internal controls and audits are carried out in accordance with established principles. The chief administrator will also help to ensure that recommendations of other technical assistance experts are implemented.
Liberia	Balance of Payments	\$260,400	Long-term balance of payments advisor to help the Central Bank of Liberia (CBL) develop its capacity to compile and disseminate balance of payments statements consistent with the IMF's <i>Balance of Payments Manual</i> , fifth edition (BPM5). The advisor will, in particular, assist the CBL in compiling the balance of payments statements for 2006 and 2007, and work with the authorities to implement the International Transaction Reporting System, improve data collection and survey methods, and train staff in data collection and compilation methods.
Nigeria	Public Financial Management	\$130,200	Six-month extension of resident advisor to assist the Nigerian Federal Treasury with (1) the rollout of the full range of automated systems developed to manage the essential financial management functions of the federal government, and (2) plans and specifications for a future financial management information system.

<b>Beneficiary</b>	<b>Subject Area</b>	<b>Committed</b>	<b>Description</b>
Rwanda	Financial Sector Supervision	\$260,400	Long-term expert to help the National Bank of Rwanda establish a supervision department in charge of nonbank financial institutions (such as pension funds and insurance and leasing companies), including putting in place supervisory tools and procedures in line with best practices and building staff capacity through hands-on training and seminars.
Sierra Leone	Central Bank Accounting	\$59,800	Short-term experts to help the Bank of Sierra Leone (BSL) strengthen its accounting systems and procedures consistent with international best practice, including full compliance with the International Financial Reporting Standards. Assistance will be provided for, in particular, restating BSL's 2006 financial statement and preparing its 2007 financial statement, updating operational manuals, and building staff capacity through hands-on training, seminars, and workshops.
Sierra Leone	Banking Supervision	\$89,700	Short-term experts to help the Bank of Sierra Leone strengthen its banking supervision capacity by moving toward risk-based off-site and on-site supervision in line with the recommendations of the 2006 Financial Sector Assessment Program for Sierra Leone. Assistance will include updating and promoting the use of supervisory tools, revising procedures manuals, hands-on training, and developing relevant information technology.
South Africa	Tax Legislation	\$179,400	Short-term experts to assist and provide overall guidance to South African authorities with redrafting the income tax law, customs code, and tax administration act, which would result in a more equitable, understandable, and easier-to-administer income tax law.

## ASIA AND PACIFIC REGION

Beneficiary	Subject Area	Committed	Description
Asia and Pacific— multiple countries	Revenue Policy and Administration	\$310,400	Extension of regional advisor based at the Pacific Financial Technical Assistance Center (PFTAC) to continue helping member countries implement their short- and medium-term programs to reform tax and customs policy and administration. The advisor will carry out diagnostic and advisory/training missions, manage and backstop short-term assignments of tax and customs experts, and organize attachments of PFTAC member country officials to other countries. The advisor will also continue to assist PFTAC's efforts to coordinate with donors and other technical assistance providers to ensure uniformity and consistency of approach across the region.
Asia and Pacific— multiple countries	Data Dissemination Standards	\$50,000	Workshop to help national coordinators of countries participating in the IMF's General Data Dissemination System (GDDS) to understand and implement newly emphasized aspects of the GDDS, especially regarding periodicity and timeliness of data dissemination, advance release calendars, national summary data pages, and related plans for improvement. These efforts would help interested participating countries graduate to the IMF's Special Data Dissemination Standard (SDDS).
Asia and Pacific— multiple countries	Government Finance Statistics	\$30,000	Workshop on Government Finance Statistics to be held in Bangkok for participants from Cambodia, Indonesia, Lao P.D.R., the Philippines, Sri Lanka, Thailand, and Vietnam. The training will provide participants with a better understanding of the IMF's <i>Government Finance Statistics Manual 2001</i> methodology and promote the application of this methodology in the compiling and disseminating of fiscal statistics in their countries.

<b>Beneficiary</b>	<b>Subject Area</b>	<b>Committed</b>	<b>Description</b>
Asia and Pacific— multiple countries	Multisector Statistics	\$305,400	Extension of regional advisor based at the Pacific Financial Technical Assistance Center (PFTAC) to continue helping member countries improve their production of a broad range of economic and financial statistics, including national accounts, price, employment and salaries, government finance, balance of payments, and monetary and financial statistics. The advisor will conduct advisory visits, provide training courses and seminars, and assist in the secondment of officials from the statistical agency of one PFTAC member country to that of another. The advisor will also coordinate with other providers of statistical technical assistance to the region.
Asia and Pacific— multiple countries	Macroeconomic Management and Structural Adjustment	\$500,000	Continued funding for the training of Asian participants at the Joint Vienna Institute. Most of these participants come from countries that are implementing economic programs to redress macroeconomic imbalances or carrying out structural reforms aimed at improving macroeconomic management and promoting transformation to market economies.
Asia and Pacific— multiple countries	Macroeconomic and Financial Management	\$260,400	Continued funding for one of two JSA-financed long-term experts assigned to the IMF-Singapore Regional Training Institute to conduct courses and workshops in macroeconomic and financial management (including financial programming, monetary and exchange rate policy, and public finance) for mid- to high-level officials from the Asia and Pacific region.

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Beneficiary	Subject Area	Committed	Description
Asia and Pacific— multiple countries	Macroeconomic and Financial Management	\$260,400	One-year extension for the second JSA-financed long-term expert assigned to the IMF-Singapore Regional Training Institute to conduct courses and seminars in various aspects of macroeconomic and financial management (including financial programming, monetary and exchange rate policy, and public finance) and other topics of current interest to countries in the Asia and Pacific region.
Asia and Pacific— multiple countries	Macroeconomic Management	\$350,000	High-Level Seminar on “Macroeconomic Management and the Japanese Experience in Economic Development,” organized jointly with the Japan Center for International Finance for high-level officials from six Asian (Cambodia, China, Lao P.D.R., Mongolia, Myanmar, and Vietnam) and seven Commonwealth of Independent States (Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan) countries.
Bangladesh	Capital Markets Development	\$89,700	Short-term expert to help authorities in Bangladesh improve the functioning of the treasury securities markets by (1) establishing delivery versus payment arrangements, (2) implementing procedural changes for debt management operations, (3) supporting more active involvement by primary dealers as market makers, (4) developing market information and dealer association mechanisms, and (5) revising investment guidelines to facilitate insurance and provident company participation.
Bangladesh	Central Bank Accounting	\$29,900	Short-term expert to help the Bangladesh Bank (1) train its accounting staff in modern accounting practices and systems and prepare for the transition to a new automated accounting system and (2) complete its 2006 financial statements and external audit.

Beneficiary	Subject Area	Committed	Description
Cambodia	Customs Administration	\$239,200	Two short-term experts to continue helping the Customs and Excise Department implement its reform and modernization plan, including updating regulations and instructions consistent with the proposed new customs law, preparing for installation of the new ASYCUDA (Automated SYSTEM for CUstoms DATA) computerized customs clearance system, and developing and introducing procedures and guidelines for the new automated operational environment.
Cambodia	Banking Supervision	\$89,700	Short-term expert to help the National Bank of Cambodia (NBC) strengthen on-site supervision of banks through intense instruction and on-the-job training for a team of NBC bank examiners. In addition to working with the team through all aspects of an on-site examination, the expert will review and make recommendations for improving manuals and guidance notes.
Cambodia	Central Bank Operations	\$260,400	Extension of long-term resident advisor at the National Bank of Cambodia (NBC) to provide day-to-day advice and assistance for strengthening the NBC's institutional capacity, with a continuing focus on enhancing off-site surveillance of banks, and strengthening the regulatory framework and enforcement of prudential regulations.
Cambodia	Central Bank Audit	\$59,800	Short-term expert to further help the National Bank of Cambodia strengthen its internal audit department. The expert will provide intensive on-the-job training and guide staff through all stages of internal audit, from preparation of the audit plan through completion of the audit report. Audits will be completed in two areas of operations: (1) soiled notes and vault management activity, and (2) foreign exchange operations and reserves management.

Beneficiary	Subject Area	Committed	Description
China	Tax Administration	\$29,900	Short-term expert to assist in conducting a seminar on the Strategic Management of Tax Administration for officials from the State Administration of Taxation. The seminar will focus on (1) allocation of resources to agreed priorities, (2) development of clear accountability through action and business plans, and (3) linkage of individual performance assessments to attainment of agreed-upon business improvements.
China	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$50,000	Workshop on AML/CFT in the Securities and Insurance Sectors under the Joint China-IMF Training Program in Dalian. The workshop will review practical measures for establishing sound and effective AML/CFT supervisory practices and tools and will enhance participants' understanding of China's AML/CFT regulatory practice with respect to the securities and insurance sectors, which is a new area of responsibility for the People's Bank of China.
China	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$59,800	Two short-term experts to participate in conducting the above-mentioned workshop on AML/CFT in the Securities and Insurance Sectors under the Joint China-IMF Training Program in Dalian. The workshop will review practical measures for establishing sound and effective AML/CFT supervisory practices and tools and will enhance participants' understanding of China's AML/CFT regulatory practice with respect to the securities and insurance sectors, which is a new area of responsibility for the People's Bank of China.

Beneficiary	Subject Area	Committed	Description
China	Monetary and Financial Statistics	\$50,000	Course on Monetary and Financial Statistics, under the Joint China-IMF Training Program in Dalian, for officials from the People's Bank of China and data compilers of major commercial banks. The course will focus on the IMF's methodology (as recommended in its <i>Monetary and Financial Statistics Manual</i> ) for collecting, compiling, and reporting monetary data to be used in macroeconomic analysis.
Indonesia	Public Financial Management	\$119,600	Extension of a peripatetic expert to continue helping the Ministry of Finance establish a fully operational treasury single account regime, improve cash planning and management through the integration of short-term cash management with debt management, and prepare for the implementation of an integrated financial management information system ("SPAN") financed under a World Bank loan.
Indonesia	Banking Supervision	\$260,400	Extension of long-term bank supervision expert to advise the Bank of Indonesia (BI) in various areas of banking regulation and supervision with a focus on (1) risk-based supervision, (2) Basel II issues, (3) aligning supervision with the Basel Core Principles, and (4) further developing stress testing at the BI.
Indonesia	Market Risk Supervision	\$179,400	Short-term peripatetic expert to help the Bank of Indonesia (BI) build its capacity for market risk supervision. Among other things, the expert will (1) assist in improving the process, techniques, and examination tools used; (2) provide both classroom and on-the-job training; (3) develop capital markets/market risk related training courses for the BI's in-house school for banking supervisors; and (4) make recommendations on the required skill sets and career path for the BI's risk modeling specialists.

Beneficiary	Subject Area	Committed	Description
Indonesia	Banking Supervision	\$89,700	Short-term experts to help the Bank of Indonesia's (BI) in-house school develop a complete set of training materials for training in credit risk analysis which will enable the BI's front-line supervisors to better understand and evaluate the process of identifying, monitoring, measuring, and controlling credit risk.
Lao P.D.R.	Customs Administration	\$59,800	Extension of short-term expert to help the Lao P.D.R. Customs Department complete preparation of the department's policy and procedures manual, and finalize instructions to fully implement the World Trade Organization customs valuation agreement.
Maldives	Public Financial Management	\$119,600	Peripatetic expert to provide the Maldives authorities with strategic guidance at key junctures in the design, tendering, and implementation of a modern public sector accounting and financial management information system that is being funded by the European Union and the World Bank.
Mongolia	Monetary Policy	\$29,900	Short-term expert to assist the Bank of Mongolia with (1) reviewing theoretical and practical aspects of carrying out a monetary policy with medium-term targets and instruments, (2) developing skills required for setting policy, and (3) adopting a structure for monetary policy implementation that is conducive to policy changes and is consistent with a medium-term horizon.
Nepal	Public Financial Management	\$29,900	Short-term expert to help the Ministry of Finance prepare (1) a new budget classification consistent with internationally accepted standards and (2) a new chart of accounts integrating the new budget classification. These constitute the first step in the needed reform and modernization of Nepal's public financial management system.

Beneficiary	Subject Area	Committed	Description
Papua New Guinea	Central Bank Audit	\$89,700	Short-term expert to help strengthen internal audit in the Bank of Papua New Guinea (BPNG). Assistance will include (1) training on audits of specialist business units across all high-risk areas of BPNG operation; (2) reviewing audits undertaken by internal audit and recommending improvements to programs, approaches, and reporting; (3) recommending improvements to the internal audit manual; and (4) reviewing the audit committee process and recommending improvements.
Philippines	Public Financial Management	\$119,600	Peripatetic expert to help the Department of Budget and Management and the Bureau of the Treasury strengthen budget execution and cash management through simplifying budget control and reporting requirements, rationalizing and improving management of government bank accounts, and improving cash flow projections.
Samoa	Monetary Policy and Operations	\$59,800	Short-term expert to help the Central Bank of Samoa strengthen its capacity for liquidity forecasting and management in order to better address the current tight liquidity conditions in the country.
Thailand	Banking Supervision	\$260,400	Long-term advisor to help the Bank of Thailand (BOT) strengthen its consolidated supervision of banking groups. The advisor will review the current supervisory program for financial conglomerates to identify opportunities for enhancement, and analyze the current structure and staffing of the BOT's examination division to determine if it sufficiently supports the consolidated supervision of complex financial groups. The advisor will also provide advice on various supervisory issues as requested.

Beneficiary	Subject Area	Committed	Description
Timor-Leste	Public Financial Management	\$272,400	Continued financing of long-term advisor to further help the Ministry of Planning and Finance (MPF) strengthen its public financial management capacity. Assistance in this phase will focus on (1) streamlining organizational arrangements in the MPF and line ministries, (2) decentralizing treasury functions to line ministries, (3) strengthening the treasury single account, (4) improving the financial management information system, (5) enhancing rules and regulations, and (6) training staff.
Timor-Leste	Central Bank Operations	\$130,200	Six-month extension of resident advisor to the General Manager of the Banking and Payments Authority of Timor-Leste (BPA) to assist in the BPA's evolution to a central bank, including completion of the necessary institutional structures, rules of procedure, and operational guidelines, as well as arrangements for the appointment of a Governing Board and Audit Committee.
Timor-Leste	Central Bank Operations	\$179,400	Peripatetic expert to work with the resident advisor at the Banking and Payments Authority of Timor-Leste (BPA) in helping the BPA evolve into a central bank, particularly with regard to the drafting of by-laws and regulations consistent with the Central Bank of Timor-Leste Law, developing a long-term strategic plan, and evaluating future technical assistance needs.
Timor-Leste	Banking Supervision	\$89,700	Peripatetic expert to help the Bank and Payments Authority of Timor-Leste (BPA) develop the capacity of its supervision department for on-site examinations and off-site surveillance in preparation for the BPA becoming a central bank. Assistance will include staff training, establishing procedures, and preparing manuals.

Beneficiary	Subject Area	Committed	Description
Vietnam	Tax Administration	\$239,200	Short-term experts to assist the General Department of Taxation with (1) introduction of a new personal income tax and (2) steps to be taken to establish a full-service large taxpayer operation.

#### EUROPEAN REGION

Beneficiary	Subject Area	Committed	Description
Europe—multiple countries	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$30,000	AML/CFT Information Technology (IT) Workshop to be held at the Joint Vienna Institute for officials from financial intelligence units in countries in Central and Eastern Europe. This workshop is a follow-up to the one held in September 2006 and will focus on (1) the development and application of IT systems to prioritize and process large amounts of data, (2) the use of statistical analysis and data mining techniques, and (3) new tools for detecting suspicious transactions.
Albania	Banking Legislation	\$93,750	Workshop on Banking Law for judges and bank regulators in Albania to help increase their understanding of the causes of bank failures, the legal aspects of bank supervision, the regulatory treatment of distressed and insolvent banks, and the role of the judiciary in resolving banking disputes.
Kosovo	Banking and Financial Sector Supervision	\$179,400	Short-term experts to help strengthen the supervision capacity of the Central Banking Authority of Kosovo with regard to on-site examination of banks and the regulation of the insurance industry. Assistance will include staff training and the review and revision of insurance regulations and rules.

## IMF—MULTIPLE REGIONS

Beneficiary	Subject Area	Committed	Description
IMF—multiple regions	Financial Soundness Indicators (FSIs)	\$70,000	Seminar on Financial Soundness Indicators (FSIs) to be conducted at the Central Bank of the Russian Federation for participants from countries of the former Soviet Union and Baltic countries. The seminar will provide training and information on (1) FSI compilation using the IMF's <i>Financial Soundness Indicators: Compilation Guide</i> , (2) the use of FSI and the metadata database created for the Coordinated Compilation Exercise recently carried out in the participating countries, and (3) the use of FSIs in financial stability analysis.
IMF—multiple regions	General Data Dissemination System (GDDS)	\$70,000	Workshop to be held in Mexico for GDDS coordinators from countries in the Middle East and the Western Hemisphere to help them better understand and implement the newly emphasized aspects of the GDDS, especially regarding periodicity and timeliness of data dissemination, advance release calendars, national summary data pages, and related plans for improvement. These efforts would support interested participating countries graduating to the Special Data Dissemination Standard.
IMF—multiple regions	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$93,750	Workshop on Money Laundering (ML) to be held in Italy for participants from Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Georgia, Kazakhstan, the Kyrgyz Republic, Kosovo, FYR Macedonia, Moldova, Montenegro, Romania, Serbia, the Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. The workshop will cover practical issues related to the analysis and investigation of ML and, in particular, to the phenomenon of trade-based ML. Domestic and international cooperation in the fight against ML will also be covered.

Beneficiary	Subject Area	Committed	Description
IMF—multiple regions	JSA Annual Report	\$10,000	Funding for the costs associated with preparation and publication of the English and Japanese version of the JSA Annual Report and posting on the IMF public website.

#### MIDDLE EAST AND CENTRAL ASIA REGION

Beneficiary	Subject Area	Committed	Description
Middle East and Central Asia—multiple countries	Public Financial Management	\$317,400	Regional public financial management advisor to provide assistance with public financial management (PFM) reforms in selected Central Asia countries including (1) implementing Uzbekistan’s Public Financial Management Reform Strategy 2007–18, (2) developing the treasury component of Tajikistan’s public PFM modernization project, and possibly (3) modernizing budget classification in Armenia and moving to accrual accounting in Azerbaijan. The regional expert will be based in Uzbekistan.
Middle East and Central Asia—multiple countries	Central Bank Accounting	\$308,400	Long-term expert based in Mauritania to assist the central banks of Mauritania and Djibouti in strengthening their central bank accounting functions to enable them to meet international financial reporting standards. Assistance will include intensive staff training and helping put in place new policies, procedures, and institutional structures.

## Annex 1

Beneficiary	Subject Area	Committed	Description
Middle East and Central Asia—multiple countries	External Sector Statistics	\$285,400	Extension of regional statistics advisor to help authorities in Azerbaijan, Georgia, and Uzbekistan improve the quality of their external sector statistics, particularly with regard to collection, compilation, production, and dissemination. In Azerbaijan and Georgia, assistance will focus on overcoming institutional impediments in moving toward subscription to the Special Data Dissemination Standard. In Uzbekistan, assistance will focus on steps needed for participation in the General Data Dissemination System.
Middle East and Central Asia—multiple countries	National Accounts Statistics	\$276,400	Long-term expert based in the Syrian Arab Republic to help statistical agencies in the Syrian Arab Republic and Lebanon improve their national accounts statistics within the framework of the IMF's General Data Dissemination System. The expert will provide staff training, assist in establishing a timetable for implementation of IMF recommendations, and work with the authorities to further increase cooperation and coordination in statistics among government agencies.
Middle East and Central Asia—multiple countries	Banking Legislation	\$93,750	Seminar on Banking Law and Regulations, for judges from Central Asia, to be held at the Joint Vienna Institute. The seminar will focus on (1) the economic origins of banking crises and the legal response to prevent or resolve these crises and mitigate systemic risks, (2) the legal aspects of bank supervision and enforcement, and (3) the legal aspects of bank insolvency and resolution.

Beneficiary	Subject Area	Committed	Description
Middle East and Central Asia—multiple countries	Field Visit to JSA-Supported Projects	\$15,000	Provide funding for the costs associated with a joint IMF-Japan field visit to the Middle East Technical Assistance Center (METAC) in Beirut and METAC-supported activities in Lebanon and the Syrian Arab Republic.
Afghanistan, I.R. of	Monetary and Government Finance Statistics	\$89,700	Short-term experts to help the Central Bank of Afghanistan strengthen its capacity to collect and compile monetary and financial statistics and government finance statistics in accordance with the methodologies set out in the IMF's <i>Monetary and Financial Statistics Manual</i> and <i>Government Finance Statistics Manual 2001</i> .
Afghanistan, I.R. of	Macroeconomic Management and Fiscal Policy	\$93,750	Course on Macroeconomic Management and Fiscal Policy for officials from the Ministry of Finance, Da Afghanistan Bank, and other government ministries involved in economic and financial issues. The course aims at deepening participants' knowledge of the design and implementation of macroeconomic and fiscal policies, including such issues as fiscal adjustment, fiscal vulnerability, tax administration and reform, public expenditure management, debt management, civil service reform, and privatization.
Azerbaijan	Tax Administration	\$59,800	Short-term expert to help the Ministry of Taxes improve compliance and reduce costs through adopting a risk-management approach and a modern system of self-assessment.
Syrian Arab Republic	Tax Administration	\$59,800	Short-term expert to assist the Ministry of Finance with measures to be taken in introducing the new value-added tax (VAT) including finalizing legislation and by-laws, carrying out taxpayer education and awareness programs, integrating income tax and VAT operations, and modernizing collection procedures and audits.

Beneficiary	Subject Area	Committed	Description
Syrian Arab Republic	Banking Supervision	\$260,400	Long-term advisor to help the Central Bank of Syria (CBS) strengthen its banking regulatory and supervisory capacity, including reviewing the adequacy of the CBS's organizational structure and staffing needs, providing training, and assisting with developing a work program that would lead to implementation of bank regulations and supervision fully in line with the requirements of the Basel Core Principles.

#### WESTERN HEMISPHERE REGION

Beneficiary	Subject Area	Committed	Description
Western Hemisphere—multiple countries	Multisector Statistics	\$93,750	Statistics workshop to be held at the Eastern Caribbean Central Bank for participants from Caribbean countries, to identify best practices in the provision of statistical services in small countries and strategies for statistical development in such countries.
Western Hemisphere—multiple countries	Government Finance Statistics	\$59,900	Workshop on Government Finance Statistics (GFS) to be held in Costa Rica for participants from seven Central American countries. The workshop, which will focus on defining a regional GFS framework and assessing current national systems and procedures, will initiate a regional project to harmonize GFS in the participating countries that will enable comparative analysis of fiscal development and promote regional policy dialogue.
Ecuador	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$149,000	Short-term experts to help the financial regulatory agency and the finance intelligence unit of Ecuador review the adequacy of regulations applicable to all reporting institutions, assess the adequacy of the supervisory framework (policies, procedures, and resources) with regard to AML/CFT, prepare training material and provide staff training, and prepare inspection manuals for on- and off-site supervision.

<b>Beneficiary</b>	<b>Subject Area</b>	<b>Committed</b>	<b>Description</b>
Paraguay	Customs Administration	\$59,800	Extension of long-term expert to further assist the Customs General Directorate with implementation of the customs reform program, with a focus on modernizing control and duty assessment procedures, developing automated facilities, and staff training and human resources development.
Peru	Public Financial Management	\$136,600	Peripatetic expert to help the Ministry of Finance and the Treasury of Peru improve treasury management and expenditure control. Assistance will address a broad range of issues including (1) reorganization of the Treasury, (2) introduction of a treasury single account, (3) and improved revenue collection and payment mechanisms.
Peru	Public Financial Management	\$142,200	Resident treasury management advisor to provide additional assistance to the Peruvian authorities with the implementation of a treasury single account, development of a treasury general ledger, integration of the new budget classification in the chart of accounts, strengthened cash and commitment controls, and streamlined procedures for budget execution.
Peru	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$229,400	Short-term experts to help the Peruvian authorities (1) assess the need to amend laws and regulations on AML/CFT and assist in subsequent drafting, (2) improve financial supervision policies and practices with respect to AML/CFT, and (3) strengthen the analytical capabilities of the financial intelligence unit and its capacity to manage reports and other information.

## Annex 2: JSA JOINT JAPAN-IMF FIELD VISITS

### Purpose

The purpose of these visits is to provide the Japanese authorities with a firsthand view of how JSA funding is being used in the field. These visits are designed to assess (1) how the authorities value the work of funded experts, (2) whether the authorities are making effective use of the assistance, and (3) whether the technical assistance (TA) is making a contribution to the reform process. Discussions also sometimes touch on more generic TA policy and operational issues, such as (1) the relative effectiveness of long-term and short-term expert assignments, (2) identification of TA needs, (3) integration of TA into IMF-supported programs, and (4) the role of resident representatives and TA experts in coordinating assistance from other donors.

### Format

The joint mission usually includes two Japanese officials (a representative of the Ministry of Finance and a representative of the Japanese Executive Director's Office) and an IMF staff member. Countries and projects are selected for review by the Japanese authorities based on a number of considerations to reflect different levels of economic development and structural reform and variation between regions and subject areas.

Once mission members receive briefing notes or are briefed at IMF headquarters, they visit recipient countries where TA is provided and, when possible, meet separately with the senior representatives of the host institution (usually the minister of finance, governor of the central bank, or chairman of the central statistical organization), the immediate counterparts to the expert (usually department heads), and the expert in question. In the case of seminars or training courses, meetings are also held with participants in the respective sessions or courses as well as with officials in charge of human resources development at the relevant training institutions. Meetings are typically held with other concerned donors to seek their views.

### Findings

To date, 14 missions have been carried out (covering 21 countries, two regional training institutes, the Pacific Financial Technical Assistance Center, the East Africa Regional Technical Assistance Center, and the Middle East Technical Assistance Center) since this practice was introduced in FY1996. The field visits have found that JSA funding is well administered and effectively used. In all the visits, the authorities were well aware and fully recognized the importance of, and expressed their appreciation for, Japan's financial support to the IMF's TA program. The positive firsthand view gained by the Japanese authorities has contributed to the continued strong support by Japan, through its financing of the JSA, for the IMF's TA program. A list of all field visits and a summary report of the field visit that took place in FY2008 are provided below. Reports on earlier field visits can be found in previous JSA Annual Reports.

## Joint Field Visits in FY1996–FY2008<sup>1</sup>

1. Fiji (Pacific Financial Technical Assistance Center) and Western Samoa, March 1996
2. Kazakhstan and the Kyrgyz Republic, June 1996
3. Zambia and Zimbabwe, December 1996
4. Russian Federation, July 1997
5. Bulgaria and Lithuania, June 1998
6. Indonesia, IMF-Singapore Regional Training Institute, and Thailand, June/July 1999
7. Belarus and Slovenia, June 2000
8. Azerbaijan and the Joint Vienna Institute, June 2001
9. Cambodia and the IMF-Singapore Regional Training Institute, June 2002
10. Mongolia and Timor-Leste, September 2002
11. Indonesia and Fiji, December 2003
12. Botswana and the East Africa Regional Technical Assistance Center, December 2005
13. Cambodia, the IMF-Singapore Regional Training Institute, and the Philippines, March 2007
14. Middle East Technical Assistance Center, May 2008

## Joint Field Visit in FY2008

### Middle East Technical Assistance Center, May 5–8, 2008

For FY2008, a joint field visit was made to the IMF's Middle East Technical Assistance Center (METAC).<sup>2</sup> Located in Beirut, Lebanon, METAC was opened in October 2004 to provide TA and training to 10 member countries and territories in the region—the Islamic Republic of Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, the Syrian Arab Republic, West Bank and Gaza, and the Republic of Yemen—to help strengthen their capacity for effective macroeconomic and financial management. Modeled broadly on the IMF's other regional technical assistance centers in Africa, the Caribbean, and the Pacific, METAC is a collaborative effort between the IMF and a number of multi-

<sup>1</sup>Because of scheduling difficulties, joint field visits were not carried out in FY2005.

<sup>2</sup>The joint Japan-IMF review team consisted of Mr. Oki Yasui, Deputy Director, International Organizational Division, Ministry of Finance; Mr. Hiromi Yamaoka, IMF Alternate Executive Director for Japan; and Mr. Andrea Siviero, Senior Technical Assistance Officer, IMF Office of Technical Assistance Management.

lateral and bilateral donors including Japan (whose assistance is provided through the JSA). METAC's office space and support and service staff are provided by the government of Lebanon.<sup>3</sup>

Like other IMF regional technical assistance centers, METAC is staffed by an IMF coordinator and a team of resident advisors who deliver advice and training in public expenditure management, revenue administration, central bank accounting, banking supervision, and multisector statistics.<sup>4</sup> The work of the resident advisors is supplemented as needed by short-term specialists contracted to provide targeted advice and training. The center's work is guided by a steering committee composed of representatives of member countries, donors, and the IMF.

Experience with the other regional TA centers has shown that a decentralized, regional approach to identifying and meeting TA needs enhances beneficiary country ownership and commitment, and promotes efficient use of TA resources and accountability. Placing such resources directly in the region increases IMF staff's familiarity with the needs of member countries, and allows for a more timely and flexible response as well as for the sustained assistance required for capacity building. The regional approach allows for follow-up, continuity, and consistency over time, including on matters relating to regional harmonization and integration. METAC's location within the region and its close collaboration with regional organizations and other TA providers are also expected to enhance coordination among donors and promote more effective implementation of economic initiatives within the Middle East region.

A midterm evaluation of METAC, completed in March 2007 by a team of external evaluators, confirmed that the regional center was an effective vehicle for TA delivery, promoted beneficiary ownership of the TA, and strengthened coordination among donors.<sup>5</sup> The evaluators found that, in general, beneficiaries were highly satisfied with the performance of METAC. Donors also indicated a high level of satisfaction with METAC's achievements, with objectives seen as largely accomplished and reporting to donors regarded as generally excellent. While noting the foregoing positive findings, the evaluation pointed out areas for improving operational and organizational effectiveness, particularly with regard to experience-sharing among METAC members, stronger monitoring of output and results of TA, better and more frequent reporting, and streamlining of administrative procedures. The IMF and the METAC member countries are addressing improvements in these areas.

<sup>3</sup>The total METAC budget over its initial three-year funding cycle (November 2004–November 2007), including the IMF contribution and the host country contribution in kind, was approximately \$17 million. Japan's contribution in this first phase was \$1.4 million. The other donors include the European Commission, the European Investment Bank, France, Kuwait, Oman, Qatar, Saudi Arabia, Sudan, the United Arab Emirates, and five beneficiary countries—Egypt, Jordan, Lebanon, Libya, and the Republic of Yemen.

<sup>4</sup>Currently, METAC has five resident advisors: two in fiscal affairs, two in central banking and banking supervision, and one in multisector statistics. During METAC's first phase (November 2004–November 2007), the JSA financed three of the resident advisors (in public financial management, banking supervision, and central bank accounting).

<sup>5</sup>The midterm evaluation report is available on the IMF website, [www.imf.org](http://www.imf.org).

During their visit to METAC in May 2008, the Japan-IMF review team was briefed by the center coordinator and resident advisors on METAC activities funded by JSA, the organization of METAC work, delivery modality, the relationship with headquarters, and other TA management issues. The review team also attended the semiannual meeting of the METAC Steering Committee, which was being held during the time of the field visit.

To gain a better understanding of METAC's work, three METAC-assisted projects were selected for in-depth review by the team: (1) development of cash management capacity in the Ministry of Finance in Lebanon, (2) revenue administration reform in the Syrian Arab Republic, and (3) strengthening of banking supervision in the Syrian Arab Republic.

In Lebanon, the team met with the minister of finance, and the new cash management unit in the Ministry of Finance. In the Syrian Arab Republic, the delegation met with the deputy minister of finance, the head of the state tax commission, and the tax reform unit to discuss the revenue administration project; and with the governor of the Central Bank of Syria, his advisor, the deputy governor, as well as the banking supervision department, to discuss the banking supervision project.

For each of the projects reviewed, the concerned technical staff made a presentation to the team on the assistance provided by the project, the progress achieved, the specific benefits of METAC assistance, and future plans. In Lebanon, achievements to date include the establishment of a cash management unit in the Ministry of Finance with trained staff capable of preparing revenue and expenditure forecasts. Achievements under the Syrian Arab Republic's revenue administration reform include the preparation of a tax administration reform strategy, establishment of a new Syrian tax department, establishment of a large taxpayers office, introduction of modern procedures and systems, and preparations for a value-added tax. Achievements under the Syrian Arab Republic's program to strengthen banking supervision include issuance of supervisory prudential regulations, and the implementation of a more risk-based supervisory approach with better-trained off-site supervisors and on-site examiners.

In all three cases, the authorities stressed the importance of assistance provided by METAC and their appreciation for Japan's contribution to the METAC TA program. Among the strengths of METAC the authorities pointed to were the quality of experts, the timeliness of assistance, its proximity to beneficiary countries, its ability to provide close follow-up and continuous assistance to the authorities in the region, and the complementarity of its assistance with that provided from IMF headquarters. The authorities expressed the need for further assistance, in particular to strengthen and broaden staff expertise, and the importance of IMF TA for their reform process.

The Japanese members of the review team were particularly interested in the progress achieved by the projects, the effectiveness of TA provided, the METAC organization, and the coordination with TA provided by IMF headquarters. Questions also were asked on the selection and backstopping of experts,

the duration of the IMF's engagement, the sustainability of progress, and the degree of coordination with other TA providers.

On the latter point, meetings were held in both countries to review coordination with assistance provided by other donors (in Lebanon with the United Nations Development Program team assisting the Ministry of Finance, and in the Syrian Arab Republic with the European Commission delegation). In each case, the review team noted good collaboration with METAC and the meetings confirmed the view that METAC is providing high-quality advice to the authorities.

The joint field visit was useful to confirm for the Japanese authorities the relevance of the areas of METAC assistance for member countries and METAC's key role as a vehicle for TA in the region. At the end of the field visit, the Japanese representatives on the review team expressed appreciation for the work carried out by METAC and their satisfaction with the way JSA funds were being used, and also expressed their continued support for METAC.

**Annex 3:**  
**ADMINISTERED ACCOUNTS—JAPAN FINANCIAL STATEMENT FY2008**

	Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities— Subaccount for Japan Advanced Scholarship Program	
	2008	2007	2008	2007
<i>(Thousands of U.S. dollars)</i>				
<b>Balance Sheet as of April 30, 2008 and 2007</b>				
<b>Assets</b>				
Cash and cash equivalents	20,509	22,638	1,025	1,245
Total assets	20,509	22,638	1,025	1,245
<b>Resources</b>				
Total resources	20,509	22,638	1,025	1,245
<b>Income Statements and Changes in Resources for the Years Ended April 30, 2008 and 2007</b>				
Balance, beginning of the year	22,638	24,266	1,245	1,570
Income earned on investments	1,097	996	60	61
Contributions received	18,244	19,313	1,520	1,482
Payments to and on behalf of beneficiaries	(21,470)	(21,937)	(1,800)	(1,868)
Net changes in resources	(2,129)	(1,628)	(220)	(325)
Balance, end of the year	20,509	22,638	1,025	1,245

Note: The IMF arranges for an annual audit of the JSA to be undertaken by its external auditors, in connection with their annual audit of the IMF's own accounts, and for a separate certificate of completion to be provided to the Japanese authorities.