

Japan Administered Account for Selected IMF Activities (JSA)

Annual Report
Fiscal Year 2002

International
Monetary
Fund

A stylized graphic of a globe, composed of several thick, yellow, curved lines that intersect to form a grid-like pattern representing latitude and longitude. The globe is positioned in the lower half of the page, partially overlapping the IMF text.

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In 1990, Japan agreed to provide financing to support the IMF's technical assistance to developing 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 source of external donor support for the IMF's technical assistance (TA) activities.¹ Japan's contributions are provided through the "Japan Administered Account for Selected Fund Activities (JSA)."² In addition, Japan also finances two scholarship programs, one under the JSA and the other under a separate account.

This report consists of a brief description of the IMF and its activities, and particularly its technical assistance activities, the JSA — its objectives, size and scope, and use — with a focus on fiscal year 2002 and the scholarship programs.³

¹ Other bilateral donors include Australia, Canada, China, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Russia, Sweden, Switzerland, and the United Kingdom; multilateral donors include the African Development Bank, the Asian Development Bank, the UNDP, and the World Bank.

² In this report, unless a distinction is made, use of the term "JSA" (Japan Administered Account for Selected Fund Activities) is meant to include the "JAA" (Japan Administered Technical Assistance Account), which was its predecessor administered account.

³ The reference to fiscal year (FY) in this report is to the IMF's fiscal year, which runs from May 1 through April 30.

The IMF: Purpose and Activities

The IMF, an international organization of currently 184 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 economic growth. To achieve these objectives, the IMF carries out three types of operational activities, sometimes referred to as "the three pillars" of IMF work: surveillance, financial assistance, and technical assistance.

Surveillance is the process by which the IMF appraises country and global macroeconomic conditions with particular focus on the maintenance of appropriate exchange rate policies. The IMF carries out its surveillance (or oversight) responsibilities through, among other things, consultations with individual countries, and globally in the context of producing the IMF's *World Economic Outlook*.

Financial assistance includes credits and loans extended by the IMF to member countries with balance of payments problems to support policies of economic adjustment and reform.

Technical assistance consists of expertise and training provided by the IMF to its member countries in the areas of its core mandate, namely macroeconomic policy; monetary and foreign exchange policy and systems; fiscal policy and management; external debt; and macroeconomic statistics.

IMF Technical Assistance: Demand and Supply

The IMF began to extend 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 technical assistance activities grew even more rapidly in the early 1990s. In addition, in recent years, the IMF has had to mount significant coordinated efforts to provide prompt policy advice and operational assistance to countries emerging from conflict situations. Currently, the IMF devotes some 300 staff years to technical assistance activities, plus some \$10 million for training and scholarships annually.

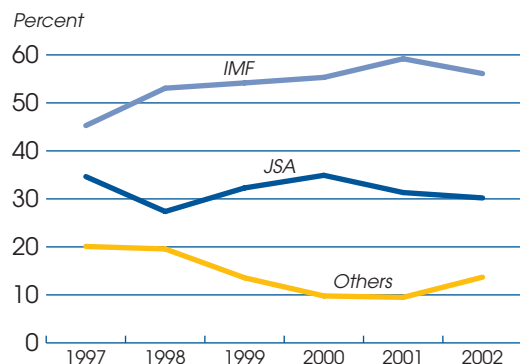
As the IMF seeks to meet its mandate, the demand on its technical assistance resources is expected to increase in a variety of areas, including helping countries to build capacity for their anti-money laundering and combating financing of terrorism (AML/CFT) efforts; to adopt and adhere to international standards and codes for financial, fiscal, and statistical management; to help Heavily Indebted Poor Countries (HIPC)s design and manage debt reduction programs;

and to help low-income countries formulate and implement poverty reduction strategies.

In light of these demand pressures and competing needs, the IMF has taken steps to prioritize technical assistance to reflect the IMF's core areas of specialization in fiscal, monetary and statistical areas, and in main program areas such as crisis prevention, debt relief and poverty-reduction, fostering macroeconomic stability, post-crisis management, and regional capacity building.

The IMF finances its technical assistance for its member countries mainly from its own budgetary resources, but also receives external financing from bilateral and multilateral partners. The IMF currently spends some \$125 million annually on its technical assistance work, accounting for around 18 percent of its annual administrative expenditures. Of this, approximately 55 percent is spent on TA delivered in the field by experts or by IMF missions, and the rest is spent on TA-related work at headquarters. In FY2002, external financing from bilateral and multilateral donor partners accounted for about 25 percent of total TA and about 45 percent of field TA. By far the largest source of external financing was Japan. In FY2002, JSA financing accounted for 30 percent of the IMF's field-delivered TA. The JSA share of financing for the IMF's field-delivered TA over the period FY1997–FY2002 is shown in Figure 1.

Figure 1. JSA Share of Financing for Technical Assistance, FY1997–FY2002



The Japan Administered Account for Selected Fund Activities (JSA)

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

The Government of Japan has provided grant contributions to support the IMF's technical assistance to member countries since 1990. In 1997, this administered account was amended in order to widen the scope of activities for which contributions could be made to finance other IMF activities in Asia and the Pacific carried out through its Regional Office for Asia and the Pacific in Tokyo.

The responsibilities of the Regional Office in Tokyo include collaboration between the IMF and Japan that would strengthen economic prospects in the Asia Pacific region; support of

various regional policy fora such as Asia-Pacific Economic Cooperation (APEC), the Association of South East Asian Nations (ASEAN), and the Pacific Islands Forum; public relations; and technical assistance benefiting developing countries in the region. Examples of the latter include conferences on macroeconomic policy and on financial sector reform (see Box 1). The Office helps to improve understanding of the international financial system in Japan and the region through public relations events as well as by releasing publications in the Japanese language. It 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 supporting the recruitment efforts of IMF headquarters through conducting interviews and holding informational seminars.

In addition, the Government of Japan also provides grant contributions for two scholarship programs. The Japan–IMF Scholarship Program for Advanced Studies, which is administered by the IMF Institute, supports nationals of IMF Asian member countries 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 supports a 12-month course of graduate studies in Japan in macroeconomics or related fields for students from Asia and the Pacific and Central Asia, and is administered by the Regional Office in Tokyo.

Box 1. Regional Office for Asia and the Pacific: Conferences and Seminars

The IMF's Regional Office for Asia and the Pacific (OAP) supports the efforts of the countries in the Asia-Pacific region to develop technical skills and institutional capacity to implement sound macroeconomic policies. This goal has been pursued largely via administration of the Japan–IMF scholarship program and the hosting of conferences and seminars, which in FY2002 included the following:

Seminar on IMF Conditionality (July 10, 2001, Tokyo)

In recent years, IMF has sought views on making its conditionality more effective. As part of its outreach and in collaboration with the Japanese Ministry of Finance, OAP sponsored a seminar on IMF Conditionality in Tokyo. The event brought together government officials from the region, academics, members of the private sector, aid donors, and representatives of international financial institutions in the region (Australia, China, India, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, and Thailand). The discussion focused on the role and structure of IMF conditionality and aimed at exploring ways in which it could be improved, particularly through member country ownership of programs. Mr. Stanley Fischer, who was then the IMF's First Deputy Managing Director, also participated and exchanged views with a wide range of Asian stakeholders.

Conference on Regional Financial Markets and Centers (November 15–16, 2001, Sydney)

OAP sponsored this conference in collaboration with the Australian National University. The

conference brought together government officials, academics, members of the private sector (from Australia, China, Germany, Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore, Thailand, and the United States) and international financial institutions, with extensive knowledge and experience of financial markets. The discussion focused on how to achieve greater harmonization in the region, concretely the implication of regional financial centers for macroeconomic policy regimes and relationship between financial centers and emerging market economies.

Seminar on “Designing a PRSP in Bangladesh” (February 12–14, 2002, Dhaka)

The seminar was held by OAP, jointly with the IMF's Asia and the Pacific Department and the Dhaka Resident Representative's office, to assist the Bangladeshi authorities formulate a poverty reduction strategy paper (PRSP). The organizers invited government officials and civil society representatives, in an effort to promote involvement by a wide range of Bangladesh institutions that would be the ultimate stakeholders in any formal program. Experts from countries that had experience in formulating PRSPs came to share their views and offer insights. Cambodia, Indonesia, Nepal, Pakistan, Sri Lanka, Thailand, and Vietnam were among the countries represented. Multilateral institutions and donor groups—including the World Bank, the Asian Development Bank, JBIC, and the UNDP—also made presentations.

Level of Funding

Level of funding

Since the establishment of the JAA/JSA in 1990, Japan has made annual contributions totaling some \$178 million (\$168 million for technical assistance activities and \$10 million for the Asia Scholarship Program).⁴ In addition, since 1996, Japan has also contributed some \$9 million for the Advanced Scholarship Program. Annual contribution figures for technical assistance and the two scholarship programs, for the period FY1990–FY2002, are provided in Table 1. Figure 2 shows the annual contributions for technical assistance under the JSA since its inception.

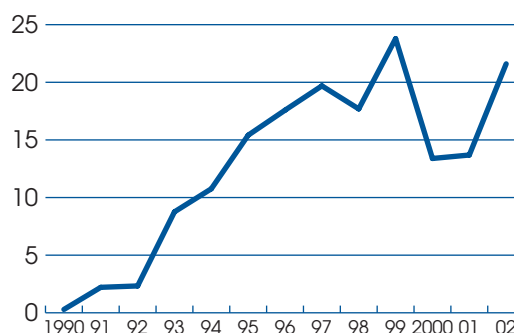
Consultations

Consultations between the IMF and the Japanese authorities usually take place in March each year and cover the following issues: (i) the

⁴ As of the end of the IMF's FY2002.

Figure 2. Annual Contributions by Japan, FY1990–FY2002

Annual, in millions of U.S. dollars



regional and/or subject area utilization of JSA resources to be targeted in the next financial year; (ii) the likely costs of project inputs; (iii) the likely magnitude of Japan's further contribution to the JSA; (iv) the organization of field visits by the Japanese authorities and the IMF; and (v) any special projects or issues which are foreseen as likely to arise during the next financial year.

Table 1. Contributions by Japan, FY1990–FY2002

(In millions of U.S. dollars)

	FY1990–1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	Total
JSA	40.9	18.7	21.0	18.9	25.0	14.0	15.1	24.9	177.5
Technical Assistance ¹	39.8	17.6	19.7	17.7	23.8	13.4	13.7	22.6	167.3
Asia Scholarship Program	1.1	1.1	1.3	1.2	1.2	0.6	1.4	2.3	10.2
Advanced Scholarship		0.3	1.1	1.4	1.4	1.4	1.4	1.5	8.5

¹ includes the Regional Office for Asia and the Pacific.



Japan/IMF 2002 consultations on the JSA: Standing from left to right—Messrs. N. Watanabe and H. Toyama, Assistant and Advisor, respectively, to the Executive Director for Japan at the IMF; Mr. N. Ooka, Section Chief, International Organizations Division, Ministry of Finance, Japan; Mr. F. Havlicek, Deputy Chief, IMF Institute (INS); and Messrs. M. de Zamaróczy and K. Wilairat, Advisor and Sr. TA Officer, respectively, Office of Technical Assistance Management (OTM). Seated from left to right: Ms. T. Dias, Sr. Budget Assistant, OTM, and Ms. O. Penova, Sr. Program Assistant, INS.

Technical assistance funded by JSA

JSA resources can be used for the costs of short and long-term TA experts and those associated with providing seminar and workshops. JSA funds may not be used to finance IMF staff costs (including salaries, per diem or travel expenses). JSA funds are not tied to the use of Japanese nationals, but Japanese nationals are considered for expert assignments whenever possible.

While TA activities financed by the JSA can be in all areas of the world, the Japanese authorities placed high priority on funding TA activities in Asia and the Pacific, Central Asia, Central and Eastern Europe, and countries of the former Soviet Union. The Japanese authorities also placed high priority on assistance for countries that have demonstrated strong efforts and good track records in the implementation of economic reform policies. Four ongoing JSA-supported projects, selected from the different TA subject areas, are described in Boxes 2–5.

Case Studies

Box 2. Modernizing Banking Supervision in Indonesia

From the start of the financial sector crisis in Indonesia in 1997, it was apparent that the bank supervision function of Bank Indonesia needed a variety of reforms and improvements to bring its regulations and procedures in line with international standards. An important element of the IMF's program in Indonesia has been to restore confidence in the banking system. In order to assist in the development of new supervisory standards and regulations, and to bring bank supervision practices in line with best international practices, long-term experts have been assigned to Bank Indonesia since 1998, with financial support from JSA.

The early work focused on preparing a core set of regulations that would clearly lay out the role of Bank Indonesia as a bank supervisor. In early 2000, with the assistance of IMF staff, Bank Indonesia adopted a Master Plan to improve bank supervision. This was followed by a Basel Core Principles assessment, which resulted in modifications being made to the plan. At the request of Bank Indonesia, and with continued financial support from JSA, the number of advisors was increased to three. One advisor has focused on regulations and financial reporting issues, a second on on-site inspections, and the third on off-site supervision. Significant progress has been made in developing regulations and training the bank supervision staff. With enhanced prudential regulations, the condition of the banking sector has improved markedly.

In addition, the regulatory framework has advanced in line with the Master Plan and bank financial reporting has improved and the data is available on the central bank's website.

The JSA supported technical assistance has enabled Bank Indonesia to make significant progress in meeting many of the goals in the master plan. It has had an important impact on the regulatory framework and the capacity of Bank Indonesia to properly supervise banks and address many of the complex risks faced by banks. Bank Indonesia inspectors are well informed as to examination practices and work is progressing on the use of more sophisticated off-site monitoring tools. To further enhance its implementation of the Master Plan, Bank Indonesia, with guidance from the advisors, is restructuring the management of the bank supervision process.

At the request of Bank Indonesia, and with the continued financial support from JSA, the advisors were extended through early 2003, and at least one advisor will continue through mid-2004. This assistance will further strengthen and modernize bank supervision with a focus on consolidated supervision and risk-based examinations. In addition, at the request of Bank Indonesia, and with continued financial support from JSA, an advisor will be provided to assist the bank supervision function to address its responsibilities in enforcing anti-money laundering laws.

Box 3. Revenue Administration Reforms in the Democratic Republic of Congo

The Democratic Republic of Congo (DRC) has suffered from war and recurrent macroeconomic instability over recent years. In early 2001, when the Congolese authorities reinvigorated the peace process, and took steps to resume cooperation with the international community, the tax to GDP ratio had fallen to about 5 percent, one of the lowest in Africa. Since May 2001, the IMF's Fiscal Affairs Department (FAD) has provided substantial technical assistance to DRC to help implement a comprehensive revenue administration reform program that includes the establishment of a large taxpayer unit (LTU) and creation of a pilot customs office to introduce modern revenue administration procedures and systems. In January 2002, with financial support of the JSA, FAD assigned two resident advisors, initially for six months, respectively to assist the customs and tax departments in implementing priority measures of this program. At the request of the authorities, and financial support of the JSA, the assignments of the resident advisors were extended for six months from July 2002.

In December 2002, a FAD mission concluded that significant progress has been made in establishing the LTU and implementing priority measures to strengthen customs operations. Modern organization and procedures supported by computer systems have been developed within the LTU, which is expected to secure about 70 percent

of total domestic tax collections from early 2003. The pilot customs office has been established in the DRC's main port of entry, and new procedures and systems—including the Automated System for Customs Data (ASYCUDA)—are being implemented.

Building on these positive outcomes, additional efforts are needed to expand the modernization reforms to the whole revenue administration. The FAD mission recommended a strategy focusing the second phase of the reform efforts on strengthening the revenue department's headquarters functions and restructuring the network of customs and tax offices—beginning with the establishment of special units to control medium enterprises.

The Minister of Finance agreed to implement the recommended strategy. Following his request, the assignments of the resident advisors were once more extended with financial support from JSA. During this extension, it is expected that preparations for the next steps of the reforms—including establishment of a pilot tax office for medium-sized taxpayers and restructuring of the customs department—will be finalized. Over the longer-term, the objective is to continue expanding new organizational principles, procedures, and systems to other tax and customs services.

Box 4. Strengthening Macroeconomic Statistics in Bosnia and Herzegovina

Since May 1999, the IMF's Statistics Department (STA) has provided technical assistance to Bosnia and Herzegovina through a resident multisector statistics advisor, based in Sarajevo, with financial support from JSA. The advisor facilitates the development of a sound institutional structure for the collection and compilation of statistics on national accounts, prices, the balance of payments, monetary and financial statistics, and government finance statistics. This task is particularly challenging because of the political and ethnic divisions present. Statistics are collected separately for the two major political entities—the Federation of Bosnia and Herzegovina and the Republika Srpska—plus the Brcko District. The advisor has focused on institution building and on national accounts and balance of payments statistics. His activities have been supplemented by annual missions from IMF headquarters in monetary and financial statistics.

During the tenure of the two advisors who have served successively to date, the economy has been transformed from a centrally-directed to a market-determined economy. Commercial banks have replaced payments bureaus, and a unified central bank has assumed responsibility for monetary management.

The current advisor has introduced a uniform methodology that all statistical agencies have accepted for estimating GDP and prices. He pursued an initiative to estimate the size of the “gray”

economy, which would otherwise be unreported. For external trade data, the advisor has arranged the use of the computerized ASYCUDA customs clearance system as the source. He has been coordinating with other donors and technical assistance providers to bring about a survey of household income and expenditures. Such a survey is essential for updating the weights of the consumer price index (CPI) and of the deflators used to derive real growth.

For the balance of payments statistics, improved estimates of smuggled and undervalued imports have been developed. The Balance of Payments Division within the Central Bank has been expanded, and hiring has been initiated on the basis of individual qualifications, rather than ethnic quotas.

With the assistance of the advisor, the Central Bank has established a unit to collect and compile government finance and public external debt statistics. Reporting of macroeconomic statistics to the IMF has expanded dramatically, and *International Financial Statistics* now includes a country page for Bosnia and Herzegovina.

The advisor assisted with the drafting of a modern statistics law that was promulgated late in 2002. His activities will be critical in implementing this act, particularly the establishment of a unified statistics agency that will consolidate the activities of the separate entity agencies, and the formation of a council of official and private statistics users to support and guide the new unified agency.

Box 5. Strengthening AML/CFT in the Pacific Islands

Many of the members of the Pacific Islands Forum, including the Cook Islands/NZ, Fiji, Kiribati, Nauru, Niue, Vanuatu, and Samoa, have experienced difficulties in establishing a comprehensive legal, supervisory, and operational framework to ensure that financial sector fraud and money laundering do not compromise the integrity of their financial systems. Financial sector supervisory authorities have been unable to provide financial institutions with guidance on the prevention of fraud and money laundering that are appropriate to the unique problems of the region, and, where guidance exists, to effectively supervise the implementation of that guidance. Supervisors have also had inadequate means to verify identities and backgrounds of applicants for banking and other licenses. In addition, financial institutions have had insufficient information to undertake adequate due diligence checks both with respect to potential customers and to those advancing investment opportunities. Also, in many cases there is no adequate way of collecting, tracking, analyzing, and reporting suspicious transactions that might indicate fraud and money laundering, or to use such information in the prevention and prosecution of crime. Apart from a lack of financial and human resources, these deficiencies stem from the inadequate domestic legislation with respect to financial system fraud and money laundering.

Financial institutions and their supervisors are, therefore, in need of a new legal and institutional framework that would address these deficiencies. In particular, they need a legal, supervisory, and operational framework that would be able to: (i) provide uniform guidance to financial institutions with respect to the prevention of fraud and money laundering that is appropriate to the region and that permits adequate cooperation among jurisdictions; and (ii) collect, analyze, and disseminate essential financial information for use of supervisors, law enforcement, and regulated entities. Such a framework must be both effective and affordable.

A group of Pacific Islands Forum financial services supervisors have proposed that these problems be addressed in part through a regional approach. In particular, they proposed that the problem of inadequate financial information be solved through the creation of a regional Financial Intelligence Unit (FIU). This proposal was endorsed by the attending heads of state and representatives at the Thirty-First Pacific Islands Forum on October 27, 2000.

The IMF's Legal Department (LEG), together with experts financed by the JSA, undertook in FY2002 to assist participating member countries of the Pacific Islands Forum in establishing the legal and institutional framework necessary to

ensure that fraud and money laundering do not compromise the integrity of the financial system. This technical assistance involves:

- evaluating the conformity of existing anti-fraud and anti-money laundering laws (including regulations, other rules, and supervisory guidance) with respect to: (i) accepted international standards; and (ii) the need for an appropriate FIU, including institutional and capacity issues (e.g. political feasibility, governance, financing/budgeting, location);
- drafting anti-money laundering laws and/or amendments to existing anti-money laundering laws, and ancillary assistance with respect to anti-money laundering institutions and capacity building;
- evaluating the feasibility of establishing a regional FIU, including: (i) assessing the appropriate legal structures (e.g. uniform enabling legislation and/or bilateral or multi-lateral treaties), and (ii) institutional and capacity issues; and
- should a regional FIU be agreed on, drafting enabling legal framework to create a regional FIU, including internal governance and operational rules.

In order to achieve these objectives, the participating member countries have agreed to establish a Coordinating Office for the Participating Countries Anti-Money Laundering Initiative (COAMLI), to be supported by the Pacific Islands Forum Secretariat and the Asia Pacific Group on Money Laundering Secretariat.



Meeting with Azerbaijan Central Bank during Joint Field Visit in June 2001: Left to right—Mr. A. Guliyev, Deputy Governor, Azerbaijan Central Bank; Ms. K. Hassanova, Director, Accounting Department, Azerbaijan Central Bank; Mr. L. Kengerlinksy, Interpreter; Mr. M. Huseynguliev, IMF Economist; Ms. H. Kurihara, Japanese Ministry of Finance; Mr. Hinata, Office of the Executive Director of Japan at the IMF; Mr. K. Maioka, Japanese Ministry of Finance; Mr. A. Zady, Interpreter; and Ms. R. Carey, IMF Office of Technical Assistance Management.

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 a list of projects that it intends to submit for consideration in the course of the year. Thereafter, individual projects are submitted on a monthly basis through Japan's IMF Executive Director's Office for approval. Requests for technical assistance are received from governments. These are carefully considered by the IMF's functional and area departments concerned. Following the screening process, the IMF's Office of Technical Assistance Management (OTM) further reviews these requests for conformity with the JSA Guidelines. The requests are then considered 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 (utilizing a standard format) to the Japanese authorities. Any request for an extension of a project also requires an assessment. Recipient institutions are required to conduct an evaluation of the TA provided, utilizing a questionnaire provided to them, within five weeks of the completion of a project. The results of these evaluations are provided to the Japanese authorities. In addition, JSA projects in two or three countries are visited and reviewed annually by a joint Japan-IMF mission (see Annex 2).

Commitments and disbursements

At the end of FY2002, cumulative commitments for technical assistance under the JSA reached \$141 million for a total of 1,080 projects, of which \$131 million had been disbursed.⁵ During FY2002, \$16.7 million was committed for 103 projects. A short description of each of the 103 projects approved in FY2002 is given in Annex 1.

Because of the time required for 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 between six months and a year. Table 2 and Figure 3 show the annual and total commitments and disbursements, as well as the number of approved TA projects, over the period FY1993–FY2002.

⁵ These figures cover the period FY1993–FY2002 only.

Figure 3. JSA Annual Commitments and Disbursements for TA, FY1993–FY2002

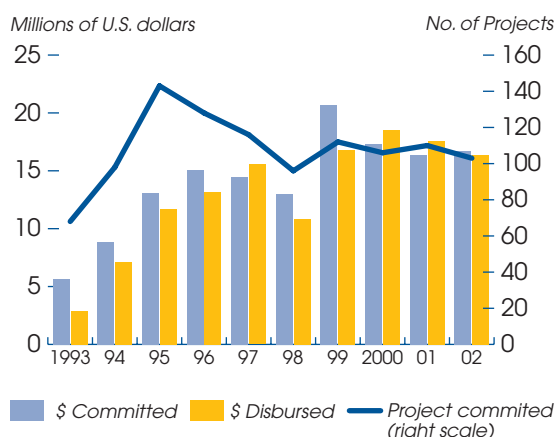


Table 2. JSA TA Annual Commitments and Disbursements, FY1993–FY2002

	Number of Projects Committed	Committed in Millions of U.S. Dollars	Disbursed in Millions of U.S. Dollars
1993	68	5.7	2.9
1994	98	8.8	7.1
1995	143	13.1	11.7
1996	128	15.1	13.2
1997	116	14.5	15.5
1998	96	12.9	10.9
1999	112	20.7	16.8
2000	106	17.3	18.5
2001	110	16.4	17.6
2002	103	16.7	16.4
Total	1,080	141.2	130.6

Regional distribution of funds

To date, 122 different member countries of the IMF have been beneficiaries of JSA-funded technical assistance. Countries in the Asia and Pacific region, Central Asian countries, and the transitional countries of the former Soviet Union have together received over \$80 million from the JSA for approved TA projects during FY1993–FY2002, which represents 57 percent of TA projects approved during this period. Countries in Africa received the next largest share, totaling some \$30 million or 21 percent of total approvals during FY1993–FY2002. Of the remaining amount approved during this period, 6 percent were for projects in Latin America and the Caribbean, 6 percent for projects in Central and Eastern Europe, 3 percent for projects in the Middle East, and 7 percent for multi-regional

projects.⁶ The regional distribution of commitments in FY2002 was as follows: Asia and Pacific countries, \$6.2 million or 37 percent; Central Asia countries and countries of the former Soviet Union, \$1.4 million or 9 percent; Africa, \$4.8 million or 28 percent; Central and Eastern Europe, \$1.6 million or 10 percent; Latin America and the Caribbean, \$0.6 million or 4 percent; the Middle East, \$0.4 million or 2 percent; and multi-regional projects, \$1.7 million or 10 percent. Table 3 shows the annual and total commitments by region in dollar terms. Figures 4 and 5 show the regional percentage distribution for the period FY1993–FY2002 and for FY2002 respectively.

⁶ Multi-regional projects are those with beneficiaries from more than one region. See Annex 1 for descriptions of such projects.



Participants in a course on Balance of Payments Statistics, held at the IMF-Singapore Regional Training Institute (STI).

Distribution of Funds

Table 3. JSA Annual Commitments for TA by Region, FY1993–FY2002

(millions of U.S. dollars)

	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY1993–FY2002 Total	FY1993–FY2002 Percent	FY 2002 Percent
Africa	0.47	0.10	2.05	2.19	3.29	3.24	4.64	4.72	4.05	4.76	29.50	21	28
Asia and Pacific	1.57	3.65	4.53	6.26	5.78	4.23	5.60	5.46	4.72	6.21	48.01	34	37
Western and Central Europe	0.78	0.40	0.33	0.51	0.43	0.57	1.31	1.67	1.36	1.59	8.94	6	10
Eastern Europe and Central Asia	2.14	3.84	5.12	4.31	3.10	3.37	3.27	3.02	2.74	1.43	32.34	23	9
Middle East	—	0.09	0.25	0.37	0.57	0.07	0.63	0.56	0.70	0.37	3.60	3	2
Latin America and Caribbean	0.69	0.66	0.69	1.07	0.79	0.50	1.67	0.80	1.05	0.62	8.53	6	4
Multiple Regions	—	0.10	0.11	0.38	0.52	1.01	3.53	1.11	1.79	1.74	10.30	7	10
Total	5.65	8.84	13.08	15.08	14.48	12.98	20.65	17.34	16.41	16.71	141.23	100%	100%

Figure 4. Distribution of JSA TA Commitments by Region, FY1993–FY2002

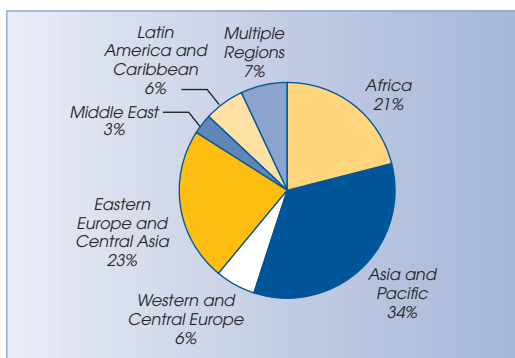
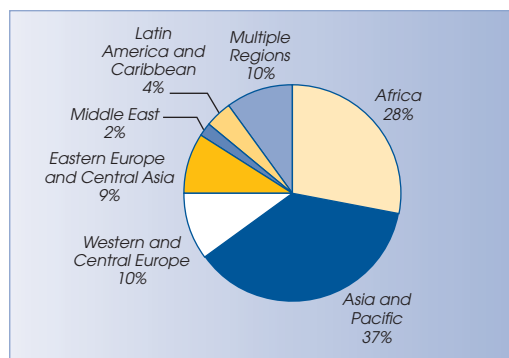


Figure 5. Distribution of JSA TA Commitments by Region, FY2002



Distribution of funds by subject areas

In FY2002, the IMF utilized approximately 350 person-years of staff and expert time for technical assistance work. Some 75 percent of this TA was for work carried out by the three major IMF functional departments—Monetary and Exchange Affairs (33 percent), Fiscal Affairs (29 percent), and Statistics (14 percent).

The distribution in the use of JSA funds among the three main subject areas has generally reflected the foregoing distribution in the overall use of IMF resources for TA. In FY2002, the distribution of JSA commitments for TA was as follows: Monetary and Exchange Affairs, \$6.6 million (39 percent); Fiscal Affairs, \$4.7 million (28 percent); and Statistics, \$2.7 million (16 percent). This distribution has been fairly

consistent over the past five years. Table 4 shows the annual distribution of commitments in dollar terms by subject area. Figures 6 and 7 also show the percentage distribution by subject area for the period FY1993–FY2002 and for FY2002.

In FY2002, the proportional allocation of JSA funds by functional work areas within the above three areas has also been roughly consistent with the overall breakdown in the allocation of IMF resources. In the monetary and exchange area, 54 percent of JSA funds were committed to TA for banking and supervision, 30 percent for monetary policy and operations, and 10 percent for strengthening payment and accounting systems. In fiscal affairs, 52 percent of JSA funds were committed for public expenditure management, and 40 percent for tax policy and tax and customs administration. In the statistics area, 40

Table 4. JSA Annual Commitments for TA by Subject Area, FY1993–FY2002

(millions of U.S. dollars)

	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY1993–FY2002 Total	FY1993–FY2002 Percent	FY2002 Percent
Fiscal	2.52	2.71	3.86	4.14	4.03	3.53	5.37	5.24	4.68	4.66	40.74	29	28%
Monetary	1.37	3.81	5.57	6.60	5.78	5.15	6.68	6.61	6.47	6.55	54.59	39	39%
Statistics	1.26	1.21	1.79	2.13	1.93	1.95	3.92	2.62	2.74	2.69	22.24	16	16%
Training	0.46	0.96	1.52	1.66	2.17	1.37	2.36	2.12	1.86	2.09	16.57	12	13%
Legal	—	—	0.09	0.03	0.16	0.13	1.22	0.01	0.11	0.21	1.96	1	1%
Others	0.05	0.15	0.25	0.54	0.41	0.85	1.10	0.74	0.56	0.51	5.16	4	3%
Total	5.65	8.84	13.08	15.08	14.48	12.98	20.65	17.34	16.41	16.71	141.23	100%	100%

Figure 6. Distribution of JSA TA Commitments by Subject Area, FY1993–FY2002

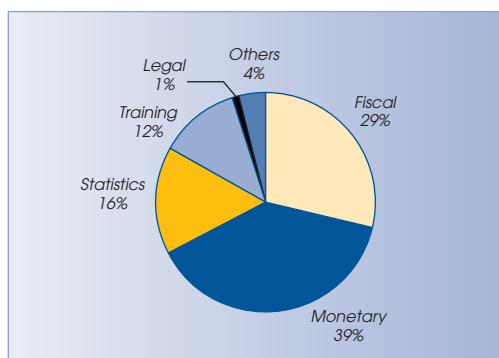
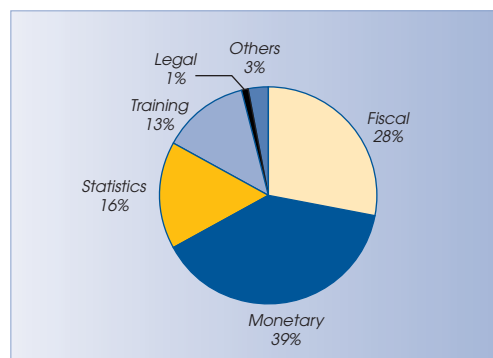


Figure 7. Distribution of JSA TA Commitments by Subject Area, FY2002



percent of JSA funds were committed for multi-sector statistical TA, 20 percent for work on national accounts, and 10 percent each for balance of payments statistics and monetary and financial statistics.

Effectiveness of JSA-funded TA

Since 1996, 8 joint Japan/IMF evaluation visits have been carried out to gauge the effectiveness of JSA-funded technical assistance activities. These have covered 14 beneficiary countries in Africa, Asia and the Pacific, Central Asia, and Central and Eastern Europe, as well as the regional training institutes in Singapore and Vienna. These joint evaluation teams have reported that TA activities financed by the JSA

were in the mainstream of the IMF's work, the projects were well formulated and implemented, and that the assistance was 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 of high visibility, tightly focused, and highly appreciated by participants. A summary of the findings of the joint evaluation visit carried out in FY2002 is provided in Annex 2. Starting in calendar year 2000, beneficiary authorities of all completed JSA-funded projects are requested to provide an assessment of their projects. Completed evaluation questionnaires received to date from these authorities have overall been very positive.



IMF AML/CFT expert team with the Governor of the Samoan Central Bank and his staff.

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 various universities in Japan. The Program is aimed at promising, young officials in central banks or in ministries of finance, economy, or planning in the Asia, Central Asia and Pacific regions.⁷ The Program, which is operated under the JSA, offers a full 12- to 24-month scholarship and is currently being expanded from the previous 25 scholarships per

⁷ Scholarship candidates from the following countries are targeted: Cambodia, China, Indonesia, Kazakhstan, Kyrgyz Republic, Lao P.D.R., Mongolia, Myanmar, the Philippines, Tajikistan, Thailand, Turkmenistan, Uzbekistan, Vietnam and the Pacific Island countries. Nationals of other countries in the region are also considered on a case-by-case basis.

year to about 50 scholars each year starting in 2001. There are two forms of scholarships. Scholars accepted under the “partnership track” participate in specially designed courses offered by one of four participating universities,⁸ while the “open track” is available to candidates who have already been accepted to a graduate-level program in macroeconomics or a related field at any leading university in Japan. The Program is currently administered by the IMF’s Regional Office for Asia and the Pacific in Tokyo.

Since the first students were awarded a scholarship in 1993, a total of 244 scholarships have been awarded and until now 138 scholars have graduated from the participating universities. Table 5 and Figures 8 and 9 show the distribu-

⁸ Graduate Institute for Policy Studies (GRIPS), Hitotsubashi University, International University of Japan, and Yokohama National University.

tion of scholars by their nationality and organizational affiliation. The scholars continue to indicate that they have greatly benefited from the training and that they are better prepared to discharge their official duties upon returning to their work, which is regularly confirmed by the wish of several participating countries seeking to have the number of officials awarded a scholarship increased.

Japan-IMF Scholarship Program for Advanced Studies

The Government of Japan is also providing financial support to a scholarship program for qualified Asian nationals who want to study economics at the doctorate level at one of the leading universities in North America in order to pursue a career in their governments or in inter-

Table 5. Affiliation of Scholars, 1993–2002

Central Bank	107	44%
Ministry of Finance	54	22%
Statistics Bureau	14	6%
Tax Authority	4	2%
Economic Affairs Ministry	5	2%
Trade Affairs Ministry	7	3%
Foreign Trade or Investment Bank	7	3%
Others	46	19%
Total	244	

Figure 8. Japan-IMF Scholarship Program for Asia: Distribution of Scholarships by Country, 1993–2002

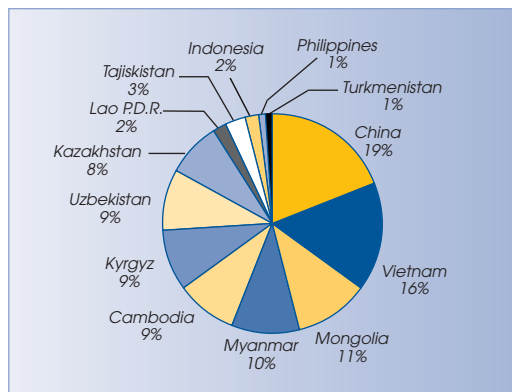
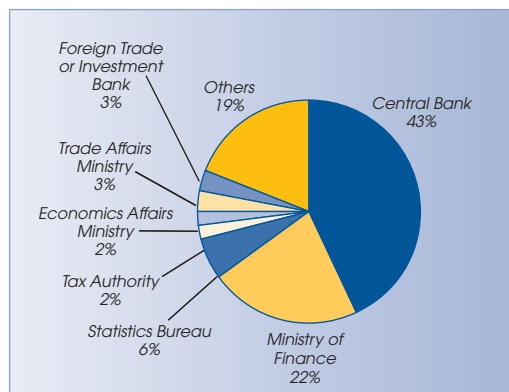


Figure 9. Japan-IMF Scholarship Program for Asia: Affiliation of Scholars, 1993–2002



national financial institutions, such as the IMF. The program covers reasonable costs for the first two years of study, while scholars are expected to secure another source of funding to cover the remaining years of study.

The first group, consisting of nine scholars, were admitted to the program in 1996. Since 1997, 15 scholars have been admitted annually to pursue their Ph.D.'s. Table 6 and Figure 10 show the distribution of scholars by country since the beginning of the scholarship program. Table 7 lists the universities attended by the scholars and the number of scholars that have attended or are attending each of these institutions. The number of applications received for

Figure 10. Japan-IMF Scholarship Program for Advanced Studies: Distribution of Scholars by Country, 1996-2002 Programs

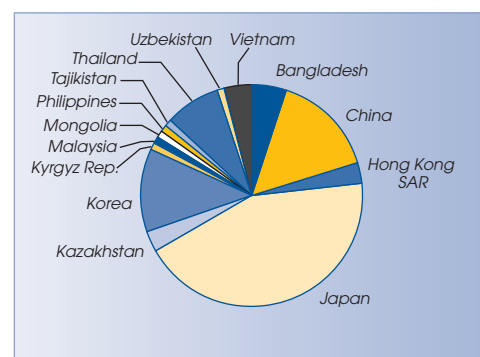


Table 6. Japan-IMF Scholarship Program for Advanced Studies: Number of Scholars by Country, 1996-2002 Programs

	1996	1997	1998	1999	2000	2001	2002	Total per Country
Bangladesh			2		1	1	1	5
China	1	4	2	3	2	2	1	15
Hong Kong SAR	1	1		1				3
Japan	3	7	7	7	7	7	5	43
Kazakhstan					1	1	1	3
Korea	2	2	2	2	2	1	1	12
Kyrgyz Rep.							1	1
Malaysia					1			1
Mongolia							1	1
Philippines				1				1
Tajikistan					1			1
Thailand	2	1	2			1	2	8
Uzbekistan						1		1
Vietnam				1		1	2	4
TOTAL	9	15	15	15	15	15	15	99

Scholarship Programs

Table 7. Japan–IMF Scholarship Program for Advanced Studies: Number of Scholars by University, 1996–2002

	1996	1997	1998	1999	2000	2001	2002	Total
United States								
1. Brandeis University	1							1
2. Brown University	1	2		1	2	1		7
3. Boston University			1				1	2
4. Columbia University			2	3	1	1	1	8
5. Cornell University		1	2			1		4
6. Duke University	2			1	1		1	5
7. Georgetown University							1	1
8. Harvard University			1	1				2
9. Indiana University		1						1
10. Johns Hopkins University		1					1	2
11. Massachusetts Institute of Technology							1	1
12. New York University			1	2		2	1	6
13. Northwestern University		1						1
14. Ohio State University, Columbus					2			2
15. Stanford University	1	2	3	1	1	1		9
16. University of California, Berkeley						1		1
17. University of California, Los Angeles		2	3	1	1	1		8
18. University of California, San Diego						1		1
19. University of Chicago		1	1		1	2	1	6
20. University of Maryland, College Park					1	1	1	3
21. University of Michigan, Ann Arbor		2	1	2			1	6
22. University of Minnesota, Minneapolis					1		1	2
23. University of Pennsylvania	1			2	3	1	1	8
24. University of Rochester	1	1		1				3
25. University of Texas, Austin							1	1
26. University of Washington, Seattle					1			1
27. University of Wisconsin, Madison		1				1	1	3
28. Vanderbilt University	1					1		2
29. Yale University	1							1
Canada								
30. University of British Columbia							1	1
TOTAL	9	15	15	15	15	15	15	99

the program has steadily increased over the years, with over 100 applications received in each of the past two years. The quality of the applicants continue to be very strong and selected applicants have typically achieved high academic standards prior to joining the Program. An annual orientation seminar is held at the IMF in Washington, D.C. to expose incoming scholars to the work of the IMF and to provide an opportunity to meet other scholars before embarking on their studies. At the end of the third year of study, scholars are expected to complete an internship with the IMF. Thus far, all eligible scholars have successfully completed their internships.

Table 8 and Figure 11 show the employment of the scholars from the first two intakes, 1996 and 1997. As the first two groups of scholars have completed their studies it has been encouraging to note that the majority are choosing to apply for the IMF's Economist Program (EP), which is the main entry point for economists seeking to join the organization after completion of their studies. This is a welcome outcome,

since one of the objectives of the program is to increase the number of Asian nationals on the staff of international financial institutions. The success rate among scholar EP candidates has been 25 percent (two accepted offers out of eight applicants), which is considerably better than the success rate of all EP applicants, demonstrating the high academic achievements of the scholars.

Figure 11. Japan-IMF Scholarship Program for Advanced Studies: Employment of Graduates from the 1996 and 1997 Programs

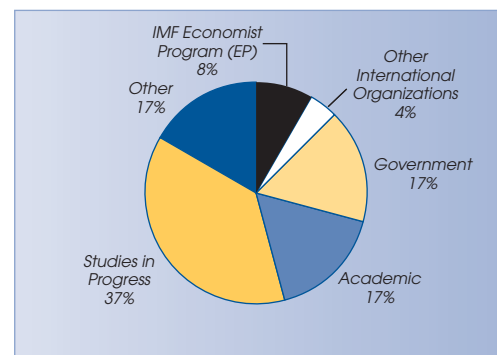


Table 8. Japan-IMF Scholarship Program for Advanced Studies: Employment of Graduates from the 1996 and 1997 Programs

	1996	1997
IMF Economist Program (EP)	0	2
Other International Organization	1	0
Government	2	2
Academic Position	2	2
Studies in Progress	2	7
Other	2	2
Total	9	15



Annexes

JSA TECHNICAL ASSISTANCE PROJECTS APPROVED IN FY2002

AFRICA REGION			
Beneficiary	Subject Area	Committed	Description
African—multiple countries	Tax Administration	\$217,800	Regional advisor to assist in improving the effectiveness of revenue administration in Botswana, Lesotho, Malawi and Namibia.
	National Accounts Statistics	\$180,150	Regional advisor to assist with development and implementation of a work program for needed improvements in the data collection system, and compilation procedures for national accounts and price statistics in selected African countries.
	Financial Programming and Policies, Regional Course	\$93,750	Regional course held in Botswana on macroeconomic management and structural adjustment, focusing on financial programming, for participants from Angola, Botswana, Lesotho, Malawi, Namibia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.
Botswana and MEFMI	Monetary Operations	\$237,800	Long-term regional advisor in monetary operations to assist the Bank of Botswana, central banks of MEFMI members, Ghana and Mauritius, with a broad range of monetary operations issues including open-market operations, liquidity forecasting, and analytical and research capacities.

Beneficiary	Subject Area	Committed	Description
Central African Republic	Tax Administration	\$108,900	Long-term advisor to assist in strengthening tax administration and improving VAT collection through: strengthening LTU organization and procedures; improving identification of VAT taxpayers; developing a VAT audit; and training of staff.
Congo, Dem. Rep. of	Customs Administration	\$108,900	Long-term advisor to assist with implementation of reforms to strengthen customs administration, organization and procedures, and to improve customs revenue performance.
Congo, Dem. Rep. of	Tax Administration	\$108,900	Long-term advisor to assist with the reorganization of the tax department, modernization of tax administration procedures and methods, and development of audit capabilities.
Congo, Dem. Rep. of	Public Expenditure Management	\$108,900	Long-term advisor to assist with rebuilding basic treasury and budget execution functions including: rationalizing budget structure; recording and reporting of budget execution at treasury level; streamlining cash management and rationalizing bank accounts; and reconciliation with data from the banking system.
Congo, Dem. Rep. of	Multisector Statistics	\$217,800	Long-term advisor to assist concerned government agencies with improvement of institutional structures and capacity to compile balance of payments, national accounts and price, government finance, and monetary statistics.

Beneficiary	Subject Area	Committed	Description
Eritrea	Banking Supervision	\$217,800	Extension of long-term advisor to assist the Bank of Eritrea strengthen its capacity in the areas of bank-licensing, onsite examination, offsite monitoring and reporting, including training of the banking supervision department staff.
Eritrea	Treasury Management	\$108,900	Long-term advisor to assist with improving government accounting and reporting system through streamlining cash management and banking arrangements, improving commitment recording procedures, initiating an accounting system for external inflows and outflows, and developing a Central Treasury Account concept.
Ghana	Budget Management	\$217,800	Long-term advisor to assist the authorities with improving public expenditure management and reporting, including development of a system to track use of HIPC-related resources, and documenting and auditing outstanding arrears.
Kenya	National Accounts Statistics	\$145,200	Short-term peripatetic expert to assist the Central Bureau of Statistics in improving national accounts estimates.
Malawi	Public Expenditure Management	\$108,900	Long-term advisor to assist with strengthening fiscal reporting, budget execution and preparation, and with an institutional and legal review.

Beneficiary	Subject Area	Committed	Description
Mauritius	Banking Supervision	\$72,600	Peripatetic expert to assist the Bank of Mauritius in strengthening its supervision capacity, particularly with regard to offsite bank monitoring, nonbank deposit-taking institutions, and developing strategies and procedures for the implementation of the new Banking Act.
MEFMI— Macroeconomic and Financial Management Institute of Eastern and Southern Africa	Payments System	\$128,900	Six month extension of regional advisor in payments system to assist MEFMI member central banks with reforms and development of their payments system and assist with other MEFMI-sponsored activities.
Niger and WAEMU	Tax Administration	\$217,800	Long-term advisor to support the implementation of tax administration reforms in Niger, including (i) new collection procedures based on self-assessment principles, and (ii) new taxpayer education and audit programs to improve tax compliance. The advisor will also assist other WAEMU countries.
Rwanda	Banking Supervision	\$217,800	Long-term advisor to assist Bank of Rwanda in strengthening banking supervision, introduce risk-based supervision, and reinforce prudential regulations.
Rwanda	Foreign Exchange and Monetary Operations	\$217,800	Long-term advisor to assist the National Bank of Rwanda in improving the implementation of monetary and exchange policies and strengthening the operational capacity of its staff.

Beneficiary	Subject Area	Committed	Description
Rwanda	Tax Policy	\$217,800	Extension of long-term expert to provide the Minister of Finance with technical advice in tax policy, including on the implementation of the VAT law, reform of excise and import duties, and reform of the structure of direct taxes.
Tanzania	Central Bank Operations	\$217,800	Extension of long-term advisor to assist the governor of the Bank of Tanzania (BOT) in the restructuring and/or privatization of government-owned banks, to address problem banks, provide advice on monetary policy issues, and train BOT staff.
The Gambia	Macroeconomic Policy	\$217,800	Long-term advisor to assist the Department of State for Finance and Economic Affairs strengthen its institutional structure for formulating and implementing macroeconomic policies, including developing consistent macroeconomic frameworks and strengthening macropolicy coordination among key government agencies.
The Gambia	Tax and Customs Administration	\$108,900	Long-term advisor to assist in the implementation of tax and customs administration reform, including setting up of an integrated revenue administration headquarters, a large taxpayer unit, and a customs office in the port of Banjul.
Uganda	Banking Supervision	\$217,800	Long-term advisor to assist the authorities in further strengthening banking supervision, introduce risk-based supervision, and reinforce prudential rules needed for a healthier banking system.

Beneficiary	Subject Area	Committed	Description
Uganda	Public Expenditure Management	\$54,450	Three month extension of long-term advisor to continue assisting authorities with the effective implementation of the commitment control system (CCS) for development expenditures and non-wage recurrent expenditures, including training officials in the operation of the CCS.
Uganda	Public Expenditure Management	\$108,900	Six-month extension of long-term advisor to ensure continued improvements in the commitment and control system (CCS) and specifically to ensure strengthening of CCS for non-wage and development expenditures, control of accumulation of fresh arrears, preparation of new financial management system, and establishment of budget and accounting system for non-tax revenues.
WAEMU—West African Economic and Monetary Union	Government Finance Statistics	\$138,900	Regional Advisor for Government Finance Statistics to assist eight WAEMU member countries with the implementation of their plans for government finance statistics as described in the GDDS metadata.
WAEMU—West African Economic and Monetary Union	Real Sector Statistics	\$138,900	Regional Advisor, in collaboration with other real sector statistics experts, to assist eight WAEMU member countries with the implementation of their plans for real sector statistics as described in the GDDS metadata.

Beneficiary	Subject Area	Committed	Description
WAIFEM—West African Institute for Financial and Economic Management	Financial Programming and Policies	\$93,750	Course on macroeconomic policies and financial programming for participants from WAIFEM member countries (Nigeria, Ghana, The Gambia, Liberia, and Sierra Leone)
Zambia	Public Expenditure Management	\$217,800	Long-term advisor to assist the Ministry of Finance and Economic Development to further improve the recording, reporting, monitoring and analysis of expenditure commitments and arrears.

ASIA AND PACIFIC REGION

Beneficiary	Subject Area	Committed	Description
Cambodia	Central Bank Operations	\$217,800	Extension of general advisor to National Bank of Cambodia to continue assisting the governor with restructuring the banking system, developing the prudential regulatory framework, and strengthening the central bank's institutional capacity.
Cambodia	Legal Reform - Banking Sector	\$36,300	Short-term expert to assist in the revision and finalization of the new bankruptcy law for submission to parliament in 2002.
Cambodia	Multisector Statistics	\$217,800	Long-term advisor to assist key government agencies (National Institute of Statistics, Ministry of Finance, National Bank of Cambodia, and the Ministry of Planning) to strengthen their capacities to collect, analyze, and disseminate broad economic statistics, including reform of the statistical institutional framework.

Beneficiary	Subject Area	Committed	Description
China	Financial Programming and Policies	\$50,000	Financial programming and policies course for Chinese officials to provide participants with a better understanding of the techniques and the issues involved in formulating and implementing a financial program.
China	Banking Supervision	\$70,000	Workshop on banking supervision as part of the Joint China–IMF Training Program, to address more advanced bank supervision topics, complex issues in credit and market risk, and incorporate sophisticated bank analysis techniques.
China	Capital Convertibility and International Capital Movement	\$70,000	Joint China–IMF Training Program seminar on capital convertibility and international capital movements for high-level officials of China’s State Administration of Foreign Exchange.
China	Financial Programming and Policies Seminar	\$50,000	Course delivered as part of the Joint China–IMF Training Program, focusing on the technique of, and the issues involved in, formulating and implementing a financial program.
China	Monetary Operations Seminar	\$70,000	Joint China–IMF Training Program seminar for officials of the People’s Bank of China focusing on the overall framework for the formulation and conduct of monetary policy.

Beneficiary	Subject Area	Committed	Description
China	Public Expenditure Management Seminar	\$70,000	Seminar on public expenditure policy and management for officials of the People's Bank of China, under the auspices of the Joint China–IMF Training Program.
East Timor	Central Bank Payments and Accounting and Controls	\$217,800	Extension of the Central Payments Office's Deputy General Manager for Payments and Chief Accountant responsible for developing the payment system and the accounting and controls system. Half of the costs of these assignments are cost-shared by the UNTAET.
East Timor	Central Bank Operations and Banking Supervision	\$217,800	Extension of the Central Payment Office's General Manager and Dep. Gen. Manager responsible for restoring the banking and payment system and preparing for the establishment of a central bank in East Timor. Half of the costs of these assignments are cost-shared by the UNTAET.
East Timor	Fiscal Management	\$108,900	Six months services of expert for Central Fiscal Authority (CFA) to ensure continued progress in budget preparation, management, and reporting; improved revenue administration; and increased local capacity to run CFA.
East Timor	Tax Administration	\$108,900	Long-term advisor to perform the functions of Commissioner of East Timor Revenue Service, to train an East Timorese counterpart to take over as Commissioner, and to assist in the development of an effective revenue authority.

Beneficiary	Subject Area	Committed	Description
East Timor	Multisector Statistics	\$217,800	Long-term advisor to: (i) set up and act as Director of the Central Statistical Office (CSO) and hire its initial department directors and staff; and (ii) provide assistance, in all areas of economic and financial statistics, to concerned government authorities, in particular the National Planning and Development Agency, the Central Payments Office and the Central Fiscal Authority.
IMF - Multiple Regions	Field Visit to JSA Supported Projects	\$7,000	Field visit, under the JSA program, to Azerbaijan and Joint Vienna Institute, aimed at improving the knowledge of representatives of the Japanese authorities concerning JSA-financed projects.
Indonesia	Banking Supervision	\$217,800	Extension of long-term advisor to assist Bank of Indonesia to strengthen banking supervision, particularly with the implementation of risk-focused supervision and special surveillance issues.
Indonesia	Banking Supervision	\$217,800	Extension of lead advisor for IMF assistance to Bank of Indonesia to strengthen banking supervision. In addition to coordination functions, the lead advisor has specific responsibility for continued improvements in the supervisory data collection system and establishment of supervisory guidelines for internal control.

Beneficiary	Subject Area	Committed	Description
Indonesia	Banking Supervision	\$217,800	Long-term advisor to assist the Bank of Indonesia strengthen its skills in on-site supervision, including training of staff, and introduce risk-based examination.
Indonesia	Banking Supervision	\$217,800	Extension of long-term advisor to continue assisting Bank of Indonesia to strengthen banking supervision, particularly with the implementation of risk-focused supervision and special surveillance issues. A key focus of the assignment will be to upgrade the quality of the supervision staff and the on-site examination process.
Lao P.D.R.	Customs Legislation	\$54,450	Peripatetic expert to assist in revising customs law and regulations and facilitating the adoption of conventions and agreements in preparation for WTO accession and ASEAN membership.
Maldives	Monetary Policy and Research	\$108,900	Peripatetic expert to advise the Maldives Monetary Authority on issues such as monitoring economic developments, monetary policy instruments, liquidity support, the compilation of balance of payments statistics, and monthly reporting.
Mongolia	Budget and Treasury Management	\$217,800	Long-term advisor to assist the Ministry of Finance to strengthen financial control, improve budget preparation and execution, establish a treasury single account, and improve fiscal reporting.

Beneficiary	Subject Area	Committed	Description
Mongolia	National Accounts Statistics	\$217,800	Long-term expert to assist the National Statistical Office to improve national accounts estimates and price statistics, improve quarterly GDI estimates, develop national CPI, establish system for regular and timely reporting of macroeconomic statistics to the IMF, and train staff.
Nepal	Balance of Payment Statistics	\$72,600	Short-term peripatetic expert to assist with improving the balance of payments statistics and coordinating the activities of other donors providing related technical assistance.
PFTAC—Pacific Financial Technical Assistance Center	Tax and Customs Administration	\$217,800	Extension of long-term regional advisor to advise and assist PFTAC member countries on a broad range of areas in tax and customs policy and administration, through advisory visits and training courses and seminars.
PFTAC—Pacific Financial Technical Assistance Center	Macroeconomic Policy and Project Coordination	\$217,800	Extension of assignment, for an additional year, of the PFTAC project coordinator to achieve PFTAC objectives to strengthen economic and financial management in 15 Pacific island countries.
Pacific Island Countries	Anti-Money Laundering	\$108,900	Short-term experts to assist participating Pacific island countries in establishing a legal and institutional framework to combat financial sector crime and money laundering.

Beneficiary	Subject Area	Committed	Description
Papua New Guinea	Monetary Policy	\$217,800	Long-term advisor to assist in the strengthening and development of the central bank's capacity for ongoing monetary policy analysis and policy-focused research.
Solomon Islands	Government Securities Market	\$108,900	Peripatetic expert to assist the central bank with the rollover of maturing government bonds and the issuance of new government bonds so as to ensure the smoother functioning of the government bond market.
Solomon Islands	Monetary Policy	\$108,900	Peripatetic expert to advise the governor of the Central Bank of Solomon Islands on monetary policy development and implementation, domestic government debt market, exchange rate policy and management, and securing the soundness of the financial sector.
STI—IMF-Singapore Regional Training Institute	Macroeconomic Analysis and Policy	\$217,800	Long-term expert to provide training at STI-sponsored courses and seminars in various aspects of macroeconomic management, statistical methodology, financial sector issues, and other topical areas of current interest to member countries.
STI—IMF-Singapore Regional Training Institute	Macroeconomic Analysis and Policy	\$217,800	A second long-term expert to provide training at STI-sponsored courses and seminars in various aspects of macroeconomic management, statistical methodology, financial sector issues, and other topical areas of current interest to member countries.

Beneficiary	Subject Area	Committed	Description
Thailand	Banking Supervision	\$217,800	Long-term advisor to assist the Bank of Thailand in strengthening banking supervision, including working on implementing the new banking law and regulations, accounting rules, early warning system, offsite risk assessment, and onsite examination procedures.
Tonga	Central Bank Operations	\$108,900	General advisor to the National Reserve Bank to assist the current governor in the operation of the central bank and train deputy governors and other staff so that the central bank can start functioning smoothly under a new governor soon to be appointed.
Tonga	Central Bank Operations	\$108,900	Extension for six months of long-term advisor to assist the outgoing governor in maintaining smooth operations of the central bank during transition, including on-the-job training for deputy governors, in all areas such as monetary policy, foreign exchange operations, economic analysis and forecasts.
Vanuatu	Monetary Policy and Operations	\$217,800	Peripatetic expert to continue assisting the Reserve Bank in strengthening the monetary policy framework and developing the staff's analytical skills.
Vanuatu	Banking Supervision	\$217,800	Long-term advisor to assist in strengthening the operational capacity of the bank supervision department of the Reserve Bank of Vanuatu, including the supervision of offshore financial institutions and anti-money laundering measures.

EUROPEAN 1 REGION			
Beneficiary	Subject Area	Committed	Description
Albania and Bosnia and Herzegovina	Monetary Policy and Research	\$145,500	Extension of long-term advisor to assist the Bank of Albania on of monetary operations using indirect instruments, and strengthening research and policy analysis. The advisor will also assist, on a peripatetic basis, the Central Bank of Bosnia and Herzegovina on the structure and functions of its research department.
Bosnia and Herzegovina	Multisector Statistics	\$217,800	Extension of long-term advisor to continue assisting concerned agencies with the collection and compilation of country-wide national accounts and price statistics, money and banking statistics, government finance statistics, foreign trade statistics, and balance of payments statistics.
Bulgaria	Budget Management	\$217,800	Long-term advisor to assist with improvements in budget preparation and budget execution, and the further development of a computerized financial management system.
Kosovo	Banking and Payments System	\$217,800	Chief Internal Auditor to manage an internal audit unit in the Banking and Payments Authority of Kosovo (BPK), set up audit systems, train staff in the required auditing techniques, and facilitate the auditing of the BPK by external independent auditors.

Beneficiary	Subject Area	Committed	Description
Kosovo	Banking and Payments System	\$217,800	Extension of Managing Director of the Banking and Payments Authority of Kosovo to ensure the successful restoration and transformation of the banking and payments system in Kosovo.
Slovak Republic	Banking Supervision	\$217,800	Long-term advisor to assist in developing and implementing a strategic plan for banking supervision, including training of bank supervisory staff on issues defined in the strategic plan.
Slovenia	Budget and Treasury Management	\$108,900	Six-month extension of resident advisor to assist with further improvements in government budgeting and budget documentation and presentation, financial planning and cash management, and recording and reporting of government transactions.
Yugoslavia Serbia /Montenegro	Banking Supervision	\$217,800	To finance the assignment of a Vice Governor of the National Bank of Yugoslavia to assist in developing and implementing the banking sector reform strategy and, particularly, in strengthening banking supervision.

EUROPEAN 2 REGION

Beneficiary	Subject Area	Committed	Description
Armenia	Banking Supervision	\$163,350	Extension of long-term advisor to assist the Central Bank of Armenia with strengthening offsite supervision, implementation of the prudential features of the newly enacted banking legislation, and reorganization of the banking supervision department.
Armenia	Treasury Management	\$54,450	Extension of long-term advisor to assist Ministry of Finance strengthen the treasury system, including (i) drafting treasury regulations and instructions to facilitate the implementation of the treasury law; (ii) reform of the accounting system; and (iii) use of a unified budget classification and chart of account.
Armenia	Public Expenditure Management	\$163,350	Long-term advisor to assist with finalization and implementation of new treasury regulations; preparation for reforming the accounting system to include commitment recording and verification; and preparation for future design and implementation of a full government financial management information system.
Azerbaijan	Tax Administration	\$54,450	Three-month extension of long-term advisor to continue assisting with the implementation of the new tax administration procedures, including staff training, and finalization of the functional structure of the State Tax Ministry and strengthening the operations of the large taxpayer unit.

Beneficiary	Subject Area	Committed	Description
Azerbaijan	Tax Administration	\$163,350	Extension of long-term advisor to assist in modernizing tax administration organizational structure and procedures, improving managerial practices, reforming legal framework, and training.
Countries of the Commonwealth of Independent States (CIS)	Budget and Treasury Management	\$108,900	Six-month assignment of a regional advisor to assist CIS countries with development of the treasury system, including improvement of the budget classification system; preparation of a revised chart of accounts; formulation of an information technology strategy for public finance; and training of treasury officials.
European II	Monetary and Financial Statistics	\$93,750	Regional seminar on monetary and financial statistics methodology and compilation procedures for participants from the Baltics, Russia and other countries of the former Soviet Union.
Georgia	Treasury Management	\$217,800	Long-term advisor to assist with the extension and consolidation of the treasury system to all levels of government, development of financial planning and cash management; and further development of the fiscal reporting system.
Kyrgyz Republic	Bank Restructuring and Supervision	\$217,800	Long-term advisor to assist in implementation of a bank restructuring program and the strengthening of governance in the banking system, supervisory oversight and analysis, and enforcement of prudential regulation.

Beneficiary	Subject Area	Committed	Description
Russia	Banking Supervision	\$217,800	Long-term advisor to provide technical and policy advice to the Banking Supervision Department and management of the Central Bank of the Russian Federation, including on the completion of an effective system for off-site analysis, the development of an early warning system, and the coordination of banking sector technical assistance from other multilateral and bilateral donors.
Russia	Budget and Treasury Management	\$217,800	Long-term advisor to assist with improvements in the budget structure and budget process, and with treasury reform including the introduction of a new chart of accounts and a centralized treasury single account system.
Tajikistan	Fiscal Policy	\$217,800	Extension of long-term advisor to assist the authorities with reforms that will improve the analytic capacity of the Ministry of Finance to make it more proactive and forward-looking in the formulation of fiscal and economic policies, including the preparation of medium-term fiscal projections and quarterly fiscal forecasts.
Ukraine	Treasury Management	\$108,900	Extension of long-term advisor to continue assisting the Ministry of Finance with (i) the establishment of a fully functioning treasury single account structure, (ii) design and implementation of a commitment control system, (iii) development of an integrated accounting framework, and (iv) preparation of a comprehensive IT development strategy.

IMF—MULTIPLE REGIONS			
Beneficiary	Subject Area	Committed	Description
IMF—multiple regions	Macroeconomic Seminar at the Aspen Institute	\$13,000	Provide funding for the sixth seminar in a series of JSA-supported seminars organized by the Aspen Institute Program on World Economy, aimed at forging international consensus on solutions in critical problems in the global economy.
IMF—multiple regions	Economic Statistics for Small Economies with Offshore Financial Centers	\$93,750	Regional seminar, hosted jointly by the Bermuda Monetary Authority and the Bermudian Statistics Department, to develop economic statistics in the context of the Fund's program of outreach to small economies with international financial centers.
IMF—multiple regions	Balance of Payments Statistics	\$93,750	Regional course, co-sponsored by Banco de Portugal, to enhance participants' knowledge of balance of payments statistics methodology and compilation techniques; and to assist participants in developing, improving and disseminating balance of payments statistics in accordance with international standards.
IMF—multiple regions	Coordinated Portfolio Investment Survey (CPIS)	\$375,000	Four Regional Workshops to discuss participants' experience with the 2001 Coordinated Portfolio Investment Survey (CPIS), procedures for supplying the data and metadata to be published by the IMF, and plans for the conduct of the 2002 CPIS.

Beneficiary	Subject Area	Committed	Description
IMF—multiple regions	High Level Seminar on Macroeconomic Management-Tokyo	\$500,000	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 CIS and Asian countries.
IMF—multiple regions	Trade and Exchange Rate Policies	\$93,750	Regional course held in Pakistan on trade and exchange rate policies for participants from Afghanistan, Bangladesh, Islamic Republic of Iran, Nepal, Pakistan and Sri Lanka.
IMF—multiple regions	JVI—Macroeconomic Management/Structural Adjustment	\$500,000	Provide continued funding for the activities of the IMF at the Joint Vienna Institute.

MIDDLE EAST REGION

Beneficiary	Subject Area	Committed	Description
Iran	Banking Supervision	\$217,800	Long-term advisor to assist the Central Bank of Iran implement a training program for bank supervisors and develop manuals and operational guidelines for strengthening its banking supervision capacity.
Middle Eastern—multiple countries	Capital Market Development	\$54,450	Short-term expert to assist policymakers in the Middle East region in undertaking steps to develop their countries’ capital markets by an assessment of the current situation and identifying the underlying factors that could affect, positively and negatively, the development of well functioning capital markets in these countries.

Beneficiary	Subject Area	Committed	Description
Middle Eastern— multiple countries	External Debt Statistics	\$93,750	Regional Seminar to explain the new Debt Guide and the data dissemination requirements for external debt statistics specified in the Fund's data standards initiatives; and to establish priority issues to improve external debt compilation systems.

WESTERN HEMISPHERE REGION

Beneficiary	Subject Area	Committed	Description
Bolivia	Customs Administration	\$217,800	Long-term advisor to assist customs administration reform including: streamlining controls and procedures; strengthening customs valuation procedures; strengthening enforcement; updating customs regulations; and training of staff.
Suriname	Banking Regulation and Supervision	\$217,800	Extension of long-term advisor to assist the Central Bank of Suriname upgrade banking regulation and supervision to be more in accordance with international standards.
Central American countries	Monetary and Financial Statistics	\$70,000	Regional seminar on monetary and financial statistics for participants from Central American countries.
Central American countries	Monetary and Financial Statistics	\$18,150	Short-term regional expert to assist Central American countries in implementing the recommendations, practices, and procedures outlined in the Monetary and Financial Statistics Manual.
South and Central American countries	Monetary and Financial Statistics	\$93,750	Regional Seminar on compilation and use of monetary and financial statistics for participants from South and Central American countries.

JSA Joint Japan/IMF Field Visits

Purpose

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

Format

The joint mission usually comprises two Japanese officials (a representative of the Ministry of Finance, and a representative of the Japanese Executive Directors' Office) and an IMF staff member.

Countries and projects selected for review are based on a number of considerations to be illustrative of different levels of economic development and structural reform and variation between regions and subject areas.

Following receipt of briefing notes and/or briefing of mission members at IMF headquarters, the mission members visit recipient countries where TA is provided and, where 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 himself/herself. In the case of seminars or training courses, meetings are also held with participants in the respective sessions or courses as well as officials in charge of human resources development at the relevant training institutions.

Findings

To date, 8 visits have been carried out (covering 14 countries, two regional training institutes and the Pacific Financial Technical Assistance Center) since this practice was introduced in 1996. They have found that JSA funding is well administered and effectively used in the field. 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 first-hand view gained by the Japanese authorities have been contributed to the continued strong support by Japan, through their contributions to the JSA, for the IMF's TA program. A list of all field visits carried out and the summary of the report of the field visit that took place in FY2002 are provided below.

Joint Field Visits FY1996–FY2002

1. Fiji and Western Samoa (Pacific Financial Technical Assistance Center – PFTAC), 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, Singapore Training Institute, and Thailand, June/July 1999
7. Belarus and Slovenia, June 2000
8. Azerbaijan and the Joint Vienna Institute, June 2001

Azerbaijan and Joint Vienna Institute, June 2001

1. In **Azerbaijan**, JSA funds have since 1994 supported TA for the Ministry of Finance in treasury operations, the Ministry of Taxation in tax policy and administration, and the National Bank in bank supervision, and payments and clearing operations. In total, up to the time of the joint field visit, some \$2.3 million of JSA funds had been utilized in Azerbaijan, which has supplemented a significant TA program supported by Fund-financing. In the fiscal area, the assistance has helped set up a State Treasury, promote fiscal transparency, prevent expenditure arrears, and improve financial reporting. On the revenue side, the TA has helped modernize and improve the effectiveness of tax administration, including the establishment of a Large Taxpayer Unit, the introduction of Taxpayer Identification Numbers, and the development of a pilot computerized tax system. In the financial sector, assistance has resulted in improved bank supervision, the implementation of programs to restructure and privatize state-owned banks, and the implementation of a broad-based program of payment system reform.

2. The authorities concerned conveyed their full satisfaction with the TA provided, noting in particular the professionalism and responsiveness of the experts. They indicated that macroeconomic reform in Azerbaijan could not have advanced so rapidly without the TA provided. The authorities also indicated that they were well aware that Japanese funds had been used to support the aforementioned TA activities.
3. The **Joint Vienna Institute (JVI)** provides training in economic and financial management and administration for officials and private sector executives from transition countries in Eastern Europe and the CIS. In addition to two 14-week applied economic policy courses, the JVI conducts more than 50 seminars a year. Since its inception in 1992, the JVI has trained more than 14,000 participants from transition countries. From 1993 to 2002, the JSA has provided the JVI with grant financing totaling \$5.5 million to support both general administration and participant costs. The review mission was provided with a full briefing on the operations of the JVI and a tour of its facilities, and was satisfied with its level of operations and the effectiveness of its administration.

ADMINISTERED ACCOUNTS – JAPAN
FINANCIAL STATEMENT FY2002

	Administered Account for Selected Fund Activities - Japan	Framework Administered Account for Technical Assistance Activities - Subaccount for Japan Advanced Scholarship Program		
Balance Sheet as at April 30, 2002 and 2001				
	2002	2001	2002	2001
Assets	<i>(In thousands of US dollars)</i>			
Cash and cash equivalents	20,459	14,580	1,924	1,834
Total Assets	20,459	14,580	1,924	1,834
Resources				
Total Resources	20,459	14,580	1,924	1,834
Income Statements and Changes in Resources for the Years Ended April 30, 2002 and 2001				
	2002	2001	2002	2001
	<i>(In thousands of US dollars)</i>			
Balance, beginning of the year	14,580	18,854	1,834	2,038
Income earned on investments	298	718	41	92
Contributions received	24,965	15,119	1,477	1,448
Payments to and on behalf of beneficiaries	(19,384)	(20,111)	(1,428)	(1,743)
Net changes in resources	5,879	(4,274)	90	(204)
Balance, end of the year	20,459	14,580	1,924	1,834

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.