

JAPAN-IMF Partnership on Capacity Development




ANNUAL REPORT | Financial Year 2016

JAPAN-IMF Partnership on Capacity Development

**Japan Subaccount under the IMF Framework
Administered Account for Selected Fund Activities**

**Japan Administered Account for
Selected IMF Activities**

ANNUAL REPORT Financial Year 2016



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Print copies of the full report with annexes are available from the IMF Institute for Capacity Development, 700, 19th Street, N.W., Washington, DC 20431.

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Amounts are in U.S. dollars.

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

I. Japan-IMF Partnership at a Glance

In 1990 Japan became the first partner to support International Monetary Fund (IMF) capacity development (CD) and is currently its single largest contributor, providing \$481 million in funding to date. About 130 IMF member countries across the globe have benefited from Japan's funding.

In fiscal year 2016 (FY2016), the Government of Japan funded a large portfolio of 39 programs, benefiting more than 100 countries. Projects are funded by a new contribution of \$24.8 million. Japan alone was responsible for about a quarter of external financing for IMF CD in FY2016.

A number of programs are implemented through the Technical Assistance Office for Lao PDR and Myanmar (TAOLAM) and IMF–Singapore Regional Training Institute (STI).

Japan-funded IMF projects are developed in response to countries' requests and consistent with Japan's priorities and the IMF's commitment to the Sustainable Development Goals (SDGs). The majority of funds supported projects devoted to fiscal issues, followed by monetary and capital market reforms, macroeconomic statistics, and macroeconomic management.

Japan also committed resources to two thematic multi-partner vehicles: the Anti-Money Laundering/Combating the Financing of Terrorism Trust Fund and the Tax Administration Diagnostic Assessment Tool.

The IMF and beneficiary countries extend their sincere gratitude and appreciation to the Government of Japan for its valued and continued support. We look forward to continuing the close partnership.

II. Introduction and Background

Introduction

Capacity development (CD), the transfer of technical knowledge and best practices through technical assistance (TA) and training, helps members of the IMF to build strong institutions and acquire the skills to formulate and apply sound macroeconomic and financial policies.

As a core mandate of the IMF, CD accounted for about 28 percent of its operating budget in FY2016. Although internal resources finance a considerable amount of this, contributions from external partners have grown steadily (Figure 1); their support has allowed the IMF to respond effectively to rising CD demand. Activities financed by external partners grew by about 8 percent in fiscal year 2016 (FY2016) compared with FY2015.

In 1990, Japan became the first partner to support IMF CD and is currently the single largest contributor to IMF CD (Figure 2). Japan also finances two scholarship programs and activi-

ties of the IMF Regional Office for Asia and the Pacific (OAP), based in Tokyo. This report covers Japan-funded CD, the scholarship programs, and OAP activities in fiscal year 2016.¹

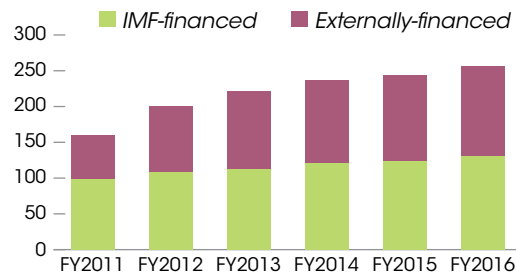
IMF Capacity Development

A core and growing activity of the IMF, CD is closely linked to its two other institutional mandates, surveillance and lending. CD helps countries design and manage policies that promote sustainable economic growth by maintaining macroeconomic and financial stability. In FY2016, CD represented just over a quarter of IMF's administrative expenditures; most of this went to TA, which represents 23 percent of IMF spending. Training (standalone) accounts for five percent.

¹The IMF financial year runs from May 1 through April 30. This FY16 report covers May 1, 2015–April 30, 2016. Reports for FY00 through FY15 can be found at www.imf.org/external/pubs/ft/ta/index.asp.

Figure 1. Implementation of IMF Capacity Development¹

(In millions of U.S. dollars)

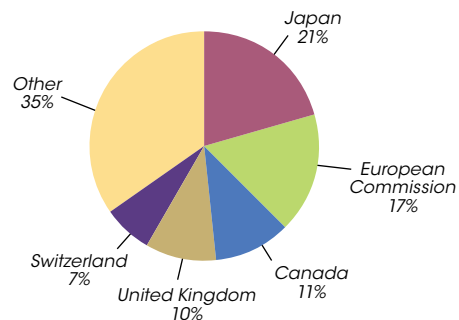


Source: Office of Budget and Planning (OBP) Analytic Costing and Estimation System (ACES).

Note: Spending refers to direct cost only, which includes all cost directly attributed to both Fund- and externally-financed CD activities, and allocated intra-departmental support costs. Corporate support and governance costs are excluded.

Figure 2. External Partner Contributions for Capacity Development¹, FY11–16

(In millions of U.S. dollars)



Source: Institute for Capacity Development, IMF.

¹ Excludes in-kind contributions.

Box 1. Core Areas of IMF Technical Assistance*Fiscal Policy and Management*

- Tax policy
- Tax and customs administration
- Expenditure policy
- Public financial management
- Fiscal policy and institutional framework
- Fiscal federalism

Monetary Policy and Financial Systems

- Central bank operations
- Monetary policy
- Financial supervision and regulation
- Systemic risk analysis
- Financial crisis management
- Debt management

Macroeconomic and Financial Statistics

- Multisector statistical issues
- Balance of payments and other external sector statistics, such as external debt, foreign direct investment, and international investment position
- Government finance statistics
- Monetary and financial statistics and financial soundness indicators
- National accounts and price statistics
- Data dissemination standards

Legislative Frameworks

- Laws and regulations, mainly on monetary, financial, and economic issues
- Anti-money-laundering/Combating the financing of terrorism

IMF CD covers areas that are critical to macroeconomic and financial stability (see Box 1). CD activities continued to grow in FY2016, with almost half of all CD delivered to low-income developing countries. CD delivery on monetary and financial topics and fiscal topics increased in response to demand from the membership. The IMF has also been creating a suite of assessment tools to reinforce the analytical basis for fiscal surveillance, guide structural reforms, and set CD priorities.

Training, an integral component of IMF CD, is responsive to evolving global macroeconomic developments and policy challenges, membership demands, and technological innovations. It is delivered at IMF headquarters (HQ), Regional Training Centers (RTCs) or programs,² and

Regional Technical Assistance Centers (RTACs) around the world, as well as through online learning. New courses are continually added to the online IMF course catalog, free and open to anyone with an Internet connection. Online training participation grew sharply by 218 percent to 30 percent of total IMF training in FY2016.

The IMF continues to refine its governance of CD. Monitoring and Evaluation (M&E) is currently done by regular self-assessments, CD department evaluations, and partner-mandated evaluations conducted by external consultants, as well as IMF-wide reviews every three to five years. Finding ways to make M&E more effective is a continuous process.

²In cooperation with developing partners, the IMF co-sponsors seven regional training operations: the Africa Training Institute (ATI) in Port Louis, Mauritius; the Joint Partnership for Africa (JPA) in Tunis, Tunisia; the Joint China-IMF Training Program in Dalian, China; the IMF-Singapore Regional Training Institute (STI) in Singapore;

the Joint Vienna Institute (JVI) in Vienna, Austria; the IMF-Middle East Center for Economics and Finance (CEF) in Kuwait City, Kuwait; and the Joint Regional Training Center for Latin America in Brasilia, Brazil.

III. Japan-IMF Partnership on Capacity Development

Japan's Contributions

The vehicle for the Government of Japan's support to the IMF's CD operations is the Japan Subaccount (JSA) of the Framework Administered Account for Selected Fund Activities.¹ Its contributions to the IMF since FY1990 total \$558 million, of which about \$450 million has been for CD projects, \$31 million for activities of the Regional Office for Asia and the Pacific (OAP) and \$78 million for the Japan-IMF Schol-

¹ Until FY10, Japan's contributions to CD and the Japan-IMF Scholarship Program for Advanced Studies were administered under the Japan Administered Account for Selected IMF Activities (JAA) and the Framework Administered Account for Selected IMF Activities (FAA), respectively. Since FY10, new contributions have been administered under the Japan Subaccount under the IMF Framework Administered Account for Selected Fund Activities (SFA). The Japan-IMF Scholarship Program for Advanced Studies under FAA is closed, with the remaining funds transferred to Japan Subaccount under SFA. The JAA will stay open until all its projects are completed. In what follows, JSA refers to both the expiring JAA and the new Japan Subaccount under SFA.

arship Program for Asia and the Japan-IMF Scholarship Program for Advanced Studies (Table 1 and Figure 3). In FY2016, Japan alone was responsible for about a quarter of external financing for IMF CD.

In FY2016, Japan committed an additional \$24.8 million to support an active portfolio of 39 programs, of which seven were newly approved. A number of projects were implemented through the Technical Assistance Office for Lao PDR and Myanmar (TAOLAM) and the IMF-Singapore Regional Training Institute (STI) (see Annex 1 for a summary of new and ongoing programs).² Japan's Ministry of Finance co-hosted a high-level tax conference in Tokyo, an opportunity to provide substantial contribution to policy debates and capacity building in the region. Japan also committed to the Anti-Money Laundering/Combating the Financing of

² Annex 1 to this report provides a description and assessment of the new and ongoing programs.

Table 1. Contributions by Japan, FY1990–2016

(In millions of U.S. dollars)

	FY90–11	FY12	FY13	FY14	FY15	FY16	Total FY90–16
JSA¹	402.7	30.8	30.4	34.9	29.2	30.4	558.4
<i>of which</i>							
Capacity Development²	326.1	22.9	23.0	29.0	24.1	24.8	450.0
Regional Office of Asia and the Pacific	19.9	2.7	2.9	2.0	1.6	1.8	30.8
Scholarships	56.8	5.2	4.5	3.9	3.6	3.7	77.7
The Japan-IMF Scholarship Program for Asia	35.1	4.2	3.5	3.0	2.6	2.8	51.3
Japan-IMF Scholarship Program for Advanced Studies	21.7	1.0	0.9	0.9	0.9	0.9	26.4

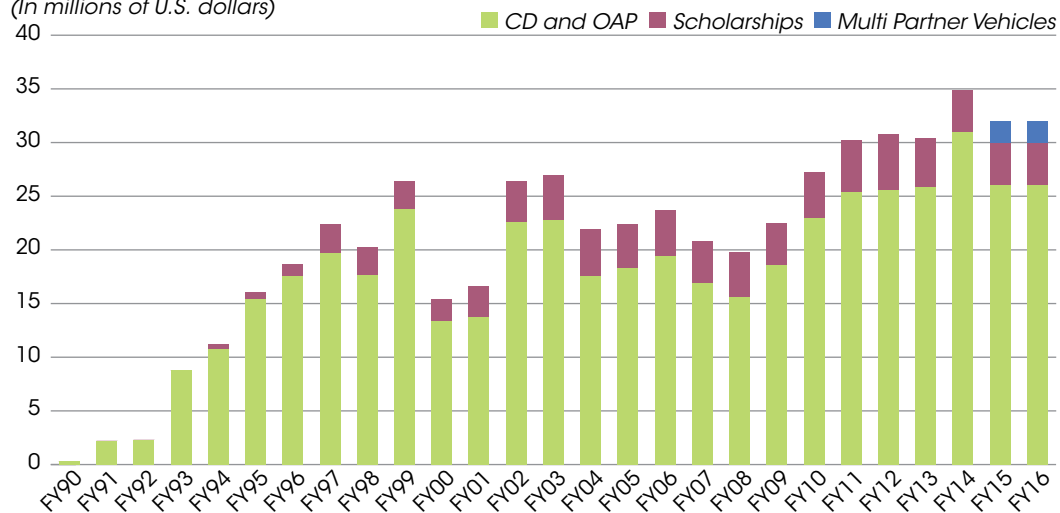
Source: Institute for Capacity Development, IMF.

¹ Until FY10, contributions to the JSA and the Japan-IMF Scholarship Program for Advanced Studies were administered under the Japan Administered Account for Selected IMF Activities (JAA) and the Framework Administered Account for Selected IMF Activities (FAA), respectively. New contributions are now administered under the Japan Subaccount under the IMF Framework Administered Account for Selected Fund Activities (SFA). The Japan-IMF Scholarship Program for Advanced Studies under FAA is closed, with the remaining fund transferred under Japan Subaccount under SFA. The JAA account remains open until all projects under the account are completed.

² Includes \$154,603 transferred in FY11 to finance the operations of the Office of the Executive Director for Japan.

Figure 3. JSA Annual Capacity Development Contributions by Activity, FY1990–2016

(In millions of U.S. dollars)



Source: Institute for Capacity Development, IMF.

Terrorism Trust Fund; the Tax Administration Diagnostic Assessment Tool; and the Externally Financed Appointees Program (details in Table 2).

A Programmatic Approach to Capacity Development

Since FY2010, Japan has adopted a programmatic approach to CD, supporting programs that typically take three years to complete and usually cover several countries and top-



Box 2. Using Peer Learning to Boost Financial Capacity

The JSA-funded project on **Financial Soundness Indicators (FSI)** assists 48 low income countries in Sub-Saharan Africa, Southeast Asia, and the Pacific Islands with weak capacity to compile and disseminate Financial Soundness Indicators (FSIs), including on the IMF's website (www.fsi.imf.org). Preparation of FSIs is data intensive and requires close collaboration across a number of entities and domestic institutions that provide source data, including financial sector regulators and supervisors, central banks, and national statistical offices. To improve capacity and overcome resource constraints in many of the countries, the program has focused on peer-to-peer learning and hands-on training to achieve a high level of success. This allowed the IMF to leverage JSA resources in a cost-effective way, achieving more sustainable and faster progress in strengthening capacity in a large number of beneficiary countries.

Peer-to-peer learning has involved partnerships with the authorities of a leading country to assist IMF staff in providing training (for example, a recent workshop for nine Southeast Asian countries was co-hosted by the Bank of Thailand), and training programs designed for national participants to share their experiences with other participants in a formal setting. This has helped raise awareness of the importance of FSIs, and allowed compilers to gain practical experience in compiling the indicators using national source data.

Through July 2016, 21 of the 48 countries under the JSA-FSI project had become FSI reporters and another six provided their data to the IMF for review and dissemination in the next few months. It is anticipated that by the end of the project in April 2017, 38 of the 48 target countries—79 percent—could become FSI reporters.

ics. This approach allows the IMF to provide medium-term CD to countries by designing comprehensive programs and providing support throughout the reform process—from strategy development to implementation and monitoring. Japan provides strategic guidance in identifying program priorities. Such thematic programs have more substantial and lasting results for beneficiary countries while heightening recognition of Japan's support. As noted previously, besides these programs, Japan also supports two of the IMF's multi-partner thematic vehicles (see Table 2 for details).

Programmatic CD interventions require an integrated design and result-focused management to meet countries' needs and achieve lasting impact. For example, pre-assessment ensures the design meets authorities' priority needs, and rigorous internal review helps achieve quality control. In addition, a variety of modalities such as long and short-term experts, seminars and workshops are employed to meet country's TA

demand. Japanese experts are regularly considered for CD assignments.

Regional Coverage

Since FY1993, about 130 IMF member countries and several regions covered by RTACs and RTCs have benefited from JSA funding. Table 3 shows annual commitments by region, and the percentage distribution since inception and in FY2016. Although JSA finances CD interventions in all regions, a high priority for the Japanese authorities is the Asia and the Pacific region, with a particular interest in low- and lower-middle-income countries. STI and TAOLAM help tailor support towards low-income countries in the region, with training progressively customized to government and central bank officials. During the period FY1993-FY2016, about \$198 million for CD projects and programs went to countries in the Asia and Pacific region – 46 percent of all JSA activities approved. Like the IMF, the Japanese authorities give priority to countries that have previously

Table 2. Japan’s Participation in IMF Multi-Partner Thematic Vehicles

<p>Anti-Money-Laundering/Combating the Financing of Terrorism (AML/CFT) The strategic objective of the AML/CFT trust fund is to enhance financial sector and macroeconomic stability at both national and international levels; facilitate the integration of countries into the global financial system, and improve fiscal governance, transparency, and effectiveness. For further information, please refer to: https://www.imf.org/external/np/leg/amlcft/eng/</p>	<p>Overall contribution \$2 million</p> <p>FY16 disbursement \$0.5 million</p>
<p>Tax Administration Diagnostic Assessment Tool (TADAT) TADAT is an internationally-supported diagnostic tool that provides an objective and standardized performance assessment of a country’s tax administration system. It helps identify the relative strengths and weaknesses of a country’s tax administration system in nine performance outcome areas. The results can be used to set reform objectives and establish related priorities. For further information, please refer to: http://www.tadat.org/</p>	<p>Overall contribution \$1 million</p> <p>FY16 disbursement \$0.2 million</p>
<p>Externally Financed Appointee Program (EFA) The EFA Program was launched to accommodate the growing interest from member countries’ officials in working temporarily at the IMF to gain international experience and build their skills, with the cost financed by the member countries. The objective of the program is to strengthen engagement with the IMF’s members and build the capacity of member country officials. Further information in Appendix 3.</p>	<p>FY16 disbursement \$1 million</p>

Table 3. JSA Annual Commitments for Capacity Development by Region, FY1993–2016^{1,2,3}

(In millions of U.S. dollars)

	FY93–FY10	FY11	FY12	FY13	FY14	FY15	FY16		FY93–16	
							Total	%	Total	%
Africa	66.7	4.6	5.7	5.5	5.5	2.2	3.6	16.7	93.9	21.8
Asia and Pacific	102.6	12.6	14.7	16.7	17.3	18.3	15.7	73.1	189.0	46.1
Eastern Europe ⁴	38.9	0.0	3.1	1.8	2.9	0.6	0.0	0.0	47.3	11.0
Europe	19.3	2.8	0.0	0.0	0.0	0.0	0.0	0.0	22.1	5.1
Latin America and Caribbean	14.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	15.5	3.6
Middle East and Central Asia ⁴	18.0	1.6	2.0	1.2	2.5	1.4	1.0	4.6	27.8	6.5
More than one region	16.4	0.7	1.2	2.0	1.8	1.6	1.2	5.6	24.9	5.8
Total	276.5	22.9	27.3	27.2	30.1	24.1	21.5	100.0	429.6	100.0

Source: Institute for Capacity Development, IMF.

¹ Latest budgets approved by Japan. Not adjusted for projects completed below approved budgets.

² Does not include annual commitments from Japan to multi-partner vehicles.

³ Commitments for programs from FY11 onwards include the trust fund management fee.

⁴ Starting in FY08, data for countries in Central Asia are classified under Middle East, and prior to that were classified under Eastern Europe.

Table 4. JSA Annual Commitments for Capacity Development by Topic, FY1993–2016^{1,2,3}
(In millions of U.S. dollars)

	FY93–09	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16		FY93–16	
										\$	%	\$	%
Fiscal	72.4	3.5	5.8	7.1	11.5	13.0	10.3	12.2	8.0	9.5	44	143.9	34
Monetary and Capital Markets	99.4	4.7	4.0	3.9	6.6	6.5	5.3	5.6	7.7	3.8	18	138.8	32
Macroeconomic Statistics	43.9	2.3	2.8	1.3	1.7	4.7	7.1	8.4	4.5	4.1	19	75.7	18
Training	30.7	1.8	2.0	1.5	2.7	2.6	2.3	3.4	2.3	2.3	11	47.8	11
Legal	8.4	1.0	0.2	0.1	0.0	0.0	1.5	0.1	0.1	0.6	3	10.7	2
Others	7.0	0.0	0.1	0.7	0.5	0.5	0.7	0.5	1.7	1.2	5	12.6	3
Total	261.8	13.3	14.8	14.6	22.9	27.3	27.2	30.1	24.0	21.5	100	430	100

Source: Institute for Capacity Development, IMF.

¹ Latest budgets approved by Japan. Not adjusted for projects completed below approved budgets.

² Does not include annual commitments from Japan to multi-partner vehicles.

³ Commitments for programs from FY11 onwards include the trust fund management fee.

demonstrated clear and total commitment to building the institutions and capacity they need to realize growth-enhancing policies.

Sectoral Focus

In FY2016, \$21.5 million in commitments were distributed by topic as follows: fiscal, \$9.5 million (44 percent); monetary and capital markets, \$3.8 million (18 percent); statistics, \$4.1 million (19 percent); training, \$2.3 million (11 percent); legal, \$0.6 million (3 percent); and other, \$1.2 million (5 percent). Table 4 shows annual commitments by topic for FY1993-2016.

Assessment of JSA-Funded CD

The IMF and Japan gauge the quality and effectiveness of CD using a variety of tools and indicators. Near the end of each financial year,

staff conducts an interim self-assessment for each program. Within three months after a program or project is completed, the IMF submits to Japan a full assessment. Beneficiary authorities also assess projects through a comprehensive survey. All assessments and survey results are submitted to Japan.

In most years, a joint Japan-IMF mission visits several countries to review JSA-funded CD. These field visits give Japan a firsthand view of how JSA support is used. These missions not only assess how local authorities view JSA-funded activities, but also whether authorities are making effective use of CD and how programs contribute to reform efforts. In 2016, Japan-IMF missions visited Cambodia, Lao PDR, Thailand and Singapore.



Box 3. Building Macro-Fiscal Forecasting Capacity in Cambodia

Since February 2012, the IMF has assisted the Cambodian Ministry of Economy and Finance (MEF) in developing its capacity to produce realistic revenue forecasts consistent with the broader macroeconomic framework.

In December 2011 credible revenue forecasting was high on the policy agenda. The MEF hired a team of half a dozen junior economists (JEs) to improve forecasts for the main revenue lines of the budget, and requested IMF support in boosting the necessary capacity to successfully undertake the task.

IMF's engagement, supported by the JSA, has focused on building the knowledge for developing, maintaining and improving forecasting and analytical capabilities at the MEF. Encouraged by the progress, in 2014 the authorities created a Macro-Fiscal Policy Department (MFD) within the MEF. The JEs

were absorbed into the MFD and 21 additional JEs were recruited to support the new functions.

Supported by JSA-IMF technical assistance, the MFD has been rapidly building capacity and its outputs are increasingly integrated into the broader work of the MEF. The JEs have developed a solid knowledge of revenue forecasting in a highly constrained data environment. The forecasts produced by MFD are included in the budget circular issued at the start of the budget process for the development of strategic budget plans by ministries. With IMF support, the Macroeconomic Office has designed and currently uses a high-frequency indicators model, and has also started developing sectoral expertise, including through an economic liaison program. The Fiscal Office has upgraded fiscal monitoring and reporting and now undertakes a systematic analysis of the revenue-forecasting model.

Country visits have confirmed that Japan-supported programs are critical for countries' reforms. Cambodia and Lao PDR had multiple Japan-financed programs covering fiscal, monetary and financial markets, and macro-statistics. The authorities made a strong case for continued CD programs to support their policy reform efforts. At the STI, where Japan finances a program that provides training to officials in the Asia-Pacific region, staff noted the large demand for their general and tailored courses, a point underscored by Cambodian and Laotian officials. The Technical Assistance Office for Lao PDR and Myanmar (TAOLAM), based in Bangkok, manages six Japan-financed programs, covering training in macroeconomic management, fiscal and monetary and macroeconomic statistics. The discussion at TAOLAM reinforced the very positive comments on the role of TAOLAM noted by the authorities in Cambodia and Lao PDR.³

³ For more information on past visits, please refer to previous JSA Annual Reports.

Appendix 2 presents a record of Japan-IMF joint field visits since FY1996.

Evaluation

Periodically, an independent third party also evaluates JSA-funded programs. FY2017 will see the preparation of a new external independent evaluation of the JSA CD portfolio on the basis of the Organization for Economic Co-operation and Development Assistance Committee (OECD-DAC) evaluation and accountability criteria. Evaluation findings will be discussed and integrated in the following program cycles.

Regional Office for Asia and the Pacific

The Regional Office for Asia and the Pacific (OAP) was established in Tokyo in 1997 and operates as the IMF's window to Asia and the Pacific. It promotes CD activities, engages in public relations and outreach in Japan and

Box 4. Strengthening Tax Administration in the Republic of Georgia

In 2012, the IMF began working with the Georgia Revenue Service (GRS) to strengthen tax administration in the country. A JSA-funded intensive plan was developed and implemented to help the GRS improve its core functions, and was completed in FY2016.

The GRS has made steady progress in modernizing its administration. Based on IMF advice it phased out an outsourced “alternative audit” and steadily developed its own audit capacity. It has also developed a strong taxpayer service focus, and has started to introduce modern approaches to compliance risk management. A recent performance assessment using the Tax Administration Diagnostic Assessment Tool (TADAT) demonstrated that the GRS is making good progress overall in implementing modern tax administration practices, with par-

ticularly strong performance noted in taxpayer services and improved collection systems supported by extensive use of modern IT applications.

Improvements in tax administration are also acknowledged by the business community: a recent perception survey¹ published by the United States Agency for International Development (USAID) shows significant improvement in business attitudes over the past few years.

Emboldened by JSA-funded assistance, the GRS is now developing policies to support longer-term policy objectives, notably with the development of a Strategic Plan for 2017-20, which aims to improve compliance, develop a sustainable organizational structure, and work towards integration into the European Union.



FAD HQ mission team with senior managers from GRS (including Mr. Giorgi Tabuashvili First Deputy Minister of Finance and DG, and Deputy DG Mr. Irakli Shartava).

abroad, collaborates with regional organizations and forums, and contributes to IMF surveillance and research activities.

Public Relations and Outreach

Among the many seminars and conferences organized by OAP, the Economic Issues Seminar Series presents IMF flagship publications of the *World Economic Outlook*, *Regional Economic Outlooks*, the *Global Financial Stability Report*,

and the *Fiscal Monitor*. The series is open to the public and media, and also presents briefings on current economic and policy issues of individual countries. OAP also organizes seminars and conferences in Japan and throughout the region in collaboration with universities, central banks, finance ministries in the region, and other international organizations.



Mr. Odd Per Brekk, former Director (sitting second from the right) and staff of the IMF Regional Office for Asia and the Pacific (OAP) in Tokyo



Hitotsubashi-OAP High-Level Seminar on Regional Economic Integration in Asia, Tokyo, March 2016

Managing Relations in the Region

OAP coordinates IMF relations with regional groups such as the Asia-Pacific Economic Cooperation (APEC), the Association of South East Asian Nations plus Three (ASEAN+3) and the Executives' Meeting of East Asia-Pacific (EMEAP). OAP staff participates in their meetings, gives presentations on global and regional

economic developments and other topical issues, and keeps HQ informed as views and initiatives evolve over time. OAP maintains close contacts with international organizations and diplomatic missions in Tokyo.

Surveillance and Research Work

OAP staff monitors and reports regularly to IMF HQ on pan-Asian developments; participates in selected IMF annual consultation missions in the region; and provides support to Financial Sector Assessment Program missions to Japan. OAP economists carry out research on various economic policy issues of regional interest.

Delivering Capacity Development

OAP administers three highly valued CD programs for officials in the region: the Japan-IMF Scholarship Program for Asia (JISPA), the Japan-IMF Macroeconomic Seminar for Asia (JIMS), and the Hitotsubashi-OAP High-Level Seminar on macroeconomic and financial issues. The JIMS and Hitotsubashi seminars provide senior officials opportunities to discuss current macroeconomic issues and exchange their views. OAP also organizes other CD seminars and conferences, which are targeted to enhance the policymaking capacities of officials in the region.

In FY16, thanks to the Government of Japan's support, OAP has helped organize the following seminars: (i) a Hitotsubashi-OAP High-Level Seminar on "Advances and Challenges in Regional Integration;" (ii) a Capacity Building Seminar on "Financial Sector Stability," co-organized with IMF HQ and the State Bank of Vietnam (SBV); and (iii) a Capacity Building Seminar on "Integrated Macroeconomic Statistics and the Balance Sheet Approach," co-organized with IMF HQ and the National Bank of Cambodia (NBC).

Japan-IMF Scholarship Program for Asia

The Japan-IMF Scholarship Program for Asia (JISPA), established in 1993, is a program for graduate study in macroeconomics or a related field at leading universities in Japan. It provides educational opportunities to promising junior officials from economic agencies in emerging

and developing countries in the Asia and the Pacific region and in Central Asia.⁴

JISPA offers a partnership track in tailored master's programs at four partner universities⁵ and an open track in graduate programs at any university in Japan. A 2½ month orientation helps new incoming scholars prepare their studies and life in Japan. Throughout the duration of their scholarship, JISPA scholars are invited to seminars organized by OAP and are given further opportunities to learn about current economic and policy issues from seminars exclusively organized for them. For the 2015 academic year, JISPA awarded 39 new scholarships and supported 64 scholars in total, including four Ph.D. candidates.⁶

OAP's special attention to JISPA scholars helps foster their identity as "Japan-IMF" scholars and strengthen their ties with the program after their graduation. OAP publishes JISPA newsletters (in English and Japanese) that feature current scholars and alumni. Newsletters showcase successful career paths among the graduates and their lasting ties with the program. In FY16, alumni events were organized in Cambodia, Mongolia, and Thailand. "Japan-IMF" scholars continue to express their appreciation for the support provided by the Government of Japan and the IMF.

The community of "Japan-IMF" scholars has been growing: since 1993, the program has

⁴The scholarship program is open to candidates from Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Kazakhstan, the Kyrgyz Republic, the Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pacific Island countries, Papua New Guinea, the Philippines, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, and Vietnam.

⁵The partnership universities include the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and the University of Tokyo.

⁶The 2015 academic year of JISPA runs from October 1, 2015 to September 30, 2016.



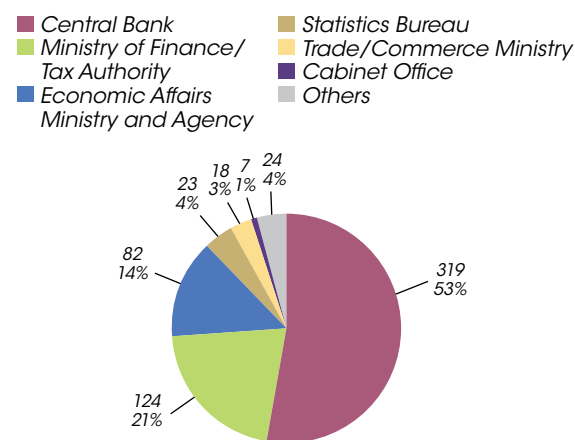
JISPA Seminar: Economic Outlook, Governance, and Ethical Leadership by Dr. Bandid Nijathaworn, President and CEO of the Thai Institute of Directors, Former Deputy Governor of the Bank of Thailand, Tokyo, December 2015

Table 5. Japan-IMF Scholarship Program for Asia: Distribution of Scholars by Country, 1993–2016

Scholars by Country	Awards	Percent	of which graduates
China	99	14.6	97
Vietnam	89	13.1	82
Uzbekistan	77	11.4	72
Cambodia	61	9.0	51
Mongolia	46	7.4	42
Myanmar	50	6.8	36
Kyrgyz Rep.	44	6.5	41
Kazakhstan	36	5.3	33
Thailand	35	5.2	29
Indonesia	27	4.0	26
Philippines	23	3.4	18
Bangladesh	22	3.2	15
Lao PDR	17	2.5	13
India	10	1.8	10
Tajikistan	10	1.5	9
Nepal	7	1.0	5
Sri Lanka	5	0.7	4
Bhutan	4	0.6	3
Malaysia	3	0.6	2
Fiji	3	0.4	3
Maldives	3	0.4	3
Turkmenistan	2	0.3	2
Timor-Leste	1	0.1	1
Total	677	100	597

Source: Regional Office for Asia and the Pacific, IMF.

Figure 4. JISPA Alumni by Affiliation, 1993–2015



Source: Regional Office for Asia and the Pacific, IMF.

**Table 6. Japan-IMF Scholarship Program for Advanced Studies:
Number of Japanese Scholars Accepted to JISP and to the IMF, 1996–2016¹**

	1996–2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Scholars accepted to JISP	81	7	7	7	5	6	3	4	3	123
Scholars accepted to the IMF	9	1	1	2		1			1	15

Source: Institute for Capacity Development, IMF

¹ Scholars typically join the IMF 2-5 years after entering JISP, depending on their progress in the Ph.D. program.

awarded 677 scholarships,⁷ and 597 scholars have graduated (see Table 5 and Figure 4). A number of graduates have successfully advanced in policymaking careers, including with roles as Governor or Vice Minister. In FY2016, a review committee conducted a full assessment of JISPA, concluding that the program has successfully realized its objective of contributing to the development of institutions for economic policymaking in the region.

Japan-IMF Scholarship Program for Advanced Studies

Japan also provides scholarships for Japanese nationals to study macroeconomics at the doctoral level to prepare them for a career at the IMF. The Japan-IMF Scholarship Program for Advanced Studies (JISP) began in 1996. Since 2009 only Japanese nationals have been eligible, and up to seven scholars are now admitted annually.

JISP scholars are enrolled in universities outside Japan that have well-regarded doctoral programs in macroeconomics or other fields

⁷ The number also includes the partnership-track scholars who continue to receive the open-track scholarships.

relevant to IMF work. The vast majority study at universities in the United States, but some are enrolled in Canadian and European universities. The scholarship covers tuition and reasonable costs for two years of study and includes a paid summer internship at the IMF. All new scholars attend a short orientation program in Washington, D.C., to introduce them to the IMF's work and staff. Scholars are also invited to the IMF Jacques Polak Annual Research Conference. After they receive their doctorates, scholars are required to apply to the IMF Economist Program (EP), the entry level employment program for economists, and accept an EP position if offered.

Thirty-three JISP alumni, 15 of whom were Japanese, have joined the IMF since the program's inception. Twenty-seven were still working at the IMF as of June 2016.

JISP is administered by the IMF Institute for Capacity Development (ICD) in collaboration with the Institute of International Education (IIE). The number of Japanese scholars accepted to JISP and employed by the IMF since 1996 is shown in Table 6.

Appendix 1. JSA Program Portfolio in FY16

(Budgets in millions of U.S. dollars)

Fiscal Year 2016			
Region	Sector	Program Description	Budget
AFR	FAD	Strengthening Core Budget Functions in Fragile States in Sub-Saharan Africa	3.9
APD	FAD	Strengthening Tax Administration in Low-Income Asian Countries	3.0
APD	Training	Strengthening Macroeconomic Management in the Asia-Pacific Region	6.9
APD	Training	Developing Macroeconomic Management Capacity in CMLV Countries	3.2
APD	LEG	National Risk Assessment, National Strategy and Strengthening Legal and Supervisory Frameworks	1.3
APD	MCM	Fostering Financial Stability in India	2.2
APD	STA	Regional Government Finance Statistics	3.3
Fiscal Year 2015			
Region	Sector	Program Description	Budget
APD	FAD	Strengthening Treasury Management and Fiscal Reporting in Selected SE Asian Countries	4.9
AFR/APD	FAD	Strengthening Customs Administration in African CEMAC region and selected LIC in Asia	4.1
EUR	FAD	Extension of Fiscal Management Program in South Eastern Europe	0.6
APD	MCM	Banking Supervision and Support to the Reform of the State Owned Banks in Myanmar	2.1
AFR	MCM	Strengthening Regional Public Debt Management	3.9
APD	STA	Enhanced Data Dissemination in Countries in the Asia-Pacific Region	2.1
Fiscal Year 2014			
Region	Sector	Program Description	Budget
APD	FAD/STA	Promoting Priority Public Financial Management Reforms in Selected Asian Countries, with a Special Focus on Myanmar	4.9
MCD	FAD	Budget preparation, Treasury Management, Macro-fiscal Forecasting and Reporting in Caucasus and Central Asian Countries	3.5
APD	MCM/LEG	Strengthening Financial Stability Framework in Cambodia	1.5
APD	MCM	Financial Market Deepening in Indonesia	1.2
APD	STA	Real Sector Statistics Resident Advisor in Bangladesh and Lao PDR	1.4
AFR/APD	STA	Financial Soundness Indicators in Selected African and Asian Countries	2.5
APD	STA	External Sector Statistics Resident Advisor to Lao PDR and Myanmar	2.0
APD	Training	Developing Macroeconomic Management Capacity in Myanmar and Lao PDR	2.1

Appendix 1. JSA Program Portfolio in FY16

(Budgets in millions of U.S. dollars)

Fiscal Year 2013			
Region	Sector	Program Description	Budget
AFR	FAD	Further Modernization of Budget Management, Fiscal Reporting, and Tax Administration in West Africa (ECOWAS)	4.1
APD	FAD	Tax Administration in Caucasus and Central Asian Countries	2.6
APD	Training	Strengthening Macroeconomic Management in the Asia-Pacific Region	6.9
APD	LEG	Enhancing the AML/CFT Framework in the Union of Myanmar	1.3
APD	MCM	Banking Supervision for Financial Stability in Association of Southeast Asian Nations	5.1
APD	MCM	Central Bank Modernization in the Union of Myanmar	3.0
APD	STA	Improved External Sector Statistics in the Asia-Pacific Region	5.0
APD	MCM/FAD	Developing Treasury Management and Financial Systems Modernization in Myanmar and Lao PDR	5.0
Fiscal Year 2012			
Region	Sector	Program Description	Budget
AFR	FAD	Strengthening Budget Management and Customs Administration in the Central African Economic and Monetary Community	5.0
APD	FAD	Effective and Efficient Budget and Treasury Management for Southeast Asia	5.0
APD	FAD	Implementing Tax Administration Reforms in Selected Southeast Asian Countries	3.6
AFR	MCM/STA	Supporting Preparations for Monetary Union in the Monetary Policy and Statistical Areas in the East African Community	5.0
EUR	STA	Capacity Building for Sustainable Compilation of Real Sector Statistics in Eastern Europe	4.7
APD	STA	Regional Government Finance Statistics in Asia-Pacific Region	5.0
APD/MCD	STA	General Data Dissemination System Program in Selected Asia-Pacific, Central Asia, and Middle-Eastern Countries	1.3
Fiscal Year 2011			
Region	Sector	Program Description	Budget
APD	MCM	Asia and Pacific: Improving Banking Supervision and Regulation, and Crisis Management in Selected PRGT	4.9
APD	STA	Asia and Pacific: Implementation of a System of National Accounts and the International Comparison Program	4.7
Fiscal Year 2010			
Region	Sector	Program Description	Budget
AFR	MCM	Economic and Monetary Community of Central African States: Strengthening Regional Financial Agencies	3.3

Appendix 2. Joint Japan-IMF Field Visits

Joint Field Visits, FY1996 – FY2016¹

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 Regional Technical Assistance Center, May 2008
15. Cambodia, and the IMF-Singapore Regional Training Institute (STI), January 2009
16. Philippines and Fiji (Pacific Financial Technical Assistance Center), May 2010
17. Vietnam and Nepal, May 2011
18. Cambodia, June 2012²
19. Lao PDR, Indonesia, and Thailand, March 2014
20. Cambodia, Lao PDR, the IMF-Singapore Regional Training Institute (STI), and the Technical Assistance Office for Lao PDR and Myanmar (TAOLAM), May 2016

¹Because of scheduling difficulties, joint field visits were not carried out in FY05 and FY15.

²The delegation consisted of a member of the Japan Executive Director's Office and an IMF staff member, in connection with filming of the JSA video on Cambodia.

Appendix 3. Externally Financed Appointee Program (EFA)

The Externally Financed Appointee (EFA) program was established to accommodate growing interest from member countries in having their officials employed temporarily by the IMF to gain experience and build their skills. The cost of placing and hosting appointees is financed by the home country. IMF management approved the EFA program in July 2013 with an initial maximum of 15 appointments at a time. The Board approved establishment of the EFA Subaccount in August 2013.

EFA appointees are assigned to IMF core surveillance and program activities and also provide TA in order to broaden their exposure

to IMF operational work. EFA appointees are supervised by IMF senior staff. To date, five countries, including Japan, participate in the EFA and have made corresponding financial contributions to the program. A total of four Japanese officials have been hired under the program. Two officials currently participate in the program as economists, while two officials have recently concluded their assignment and returned to Japan. The experience and knowledge gained at IMF will enable the recently returned officials to contribute more effectively to the Japanese government's economic policy agenda.

Appendix 4. JSA Financial Statement for FY2016¹

	Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Selected Fund Activities— Japan Subaccount for Selected Fund Activities	
	2016	2015	2016	2015
<i>(In thousands of U.S. dollars)</i>				
Balance Sheet as of April 30, 2016 and 2015				
Assets				
Cash and cash equivalents	-	1,636	48,550 ²	41,296 ²
Total assets	-	1,636	48,550	41,296
Resources				
Total resources	-	1,636	48,550	41,296
Income Statements and Changes in Resources for the Years Ended April 30, 2015 and 2014				
Balance, beginning of the year	1,636	1,755	41,296	42,773
Income earned on investments	-	1	68	12
Contributions received	-	-	31,995	29,237
Contributions transferred	(1,636)	-	(600)	(1,600)
Operating expenses	-	(120)	(24,209)	(29,126)
Net changes in resources	(1,636)	(119)	7,254	(1,477)
Balance, end of the year	-	1,636	48,550	41,296

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.

¹ The financial statement format has been revised from FY 2014 by eliminating reporting for Framework Administered Account for Technical Assistance Activities - Subaccount for Japan Advanced Scholarship Program, which was closed in FY 2010. For historical data please refer to previous JSA Annual Reports.

² These amounts are provided net of accruals. The financial statement of the *Administered Accounts* in the IMF annual report, which includes this Subaccount, reports year end accruals separately.





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