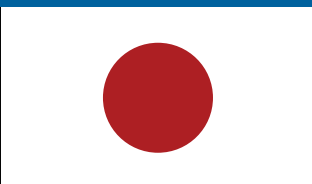


Japan-IMF Partnership on Capacity Development



ANNUAL REPORT | Financial Year 2017

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 2017

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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

Japan is the largest and longest-standing partner supporting International Monetary Fund (IMF) capacity development (CD) activities, with \$587 million in funding to date. About 130 IMF member countries across the globe have benefited from Japan-funded CD efforts.

In fiscal year 2017 (FY2017), the Government of Japan financed a large portfolio of 30 programs, in part thanks to a new contribution of \$23.8 million. In the last five years, Japan alone was responsible for 22 percent of total external financing for IMF CD. While interventions are mostly bilateral, programs are also implemented through the IMF Technical Assistance Office in Thailand (TAOLAM) and IMF–Singapore Regional Training Institute (STI).

Japan-funded IMF programs address countries' requests and are consistent with Japan's priorities and the IMF's commitment

to the Sustainable Development Goals (SDGs). In line with the IMF's areas of core expertise, programs address fiscal issues, monetary and capital market reforms, macroeconomic statistics, and macroeconomic management.

Japan has also committed resources to selected multi-partner thematic initiatives: the Anti-Money Laundering/Combating the Financing of Terrorism Fund; the Tax Administration Diagnostic Assessment Tool; and the Revenue Mobilization Fund. Starting in FY2017, the IMF-Japan partnership has expanded to include support for the development and delivery of IMF online courses, a fast-growing area of CD activities.

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

II. Introduction and Background

Introduction

Capacity development (CD) comprises economic institution building (technical assistance) and related human capacities (training) to help members of the IMF build effective institutions and acquire the skills to formulate and apply sound macroeconomic and financial policies.

As a core mandate of the IMF, CD represented over a quarter of the IMF’s administrative spending in FY2017. Although internal resources finance a considerable amount of it, contributions from external partners have grown steadily (Figure 1) to allow the IMF to respond effectively to rising demand. The externally funded component amounted to \$134 million, or 50 percent of the total, and grew by 6 percent in FY2017.

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 activities 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 for FY2017.¹

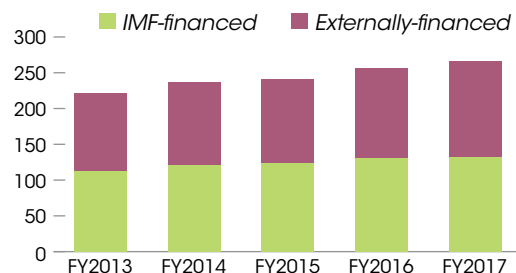
IMF Capacity Development

A core mandate and a continuously-growing activity of the IMF, CD is closely integrated with the two other institutional mandates, surveillance and lending. CD work focuses on working with member countries to design and manage policies that promote sustainable and inclusive economic growth by maintaining macroeconomic and financial stability.

¹The IMF financial year runs from May 1 through April 30. This FY2017 report covers May 1, 2016–April 30, 2017. Reports for FY2000 through FY2016 can be found at www.imf.org/external/pubs/ft/ta/index.asp.

Figure 1. Implementation of IMF Capacity Development, FY13–17¹

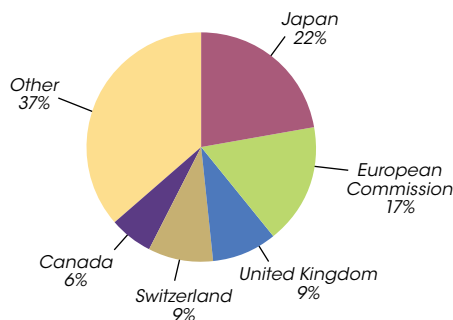
(In millions of U.S. dollars)



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

¹Spending 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 Development, FY13–17¹



Source: Capacity Development Information Management System (CDIMS).

¹Excludes in-kind contributions. Funds received during FY2011–16, not adjusted for Regional Training Center (RTC) cost recovery directly by the hosts for the period FY2010–16, which are not reflected in IMF accounts.

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
- Financial sector stability and inclusion
- 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). Activities continued to grow in FY2017, mainly reflecting greater delivery to sub-Saharan Africa, the Middle East and Central Asia, and Europe.

Training, an integral component of IMF CD, is responsive to evolving global macroeconomic developments and policy challenges, membership demands, and technological innovations. In-person training is delivered at IMF headquarters (HQ), regional capacity development centers around the world, as well as through online learning. New courses are continually added

to the online IMF course catalog and are free and open to anyone—including the general public—with an internet connection. With 17 online courses delivered across five languages, participation in online training remained strong in FY2017. Japan's support to IMF online courses is expected to consolidate and drive a further expansion of IMF training.

Monitoring and Evaluation (M&E) of IMF CD activities is currently executed by regular self-assessments and partner-mandated evaluations conducted by independent consultants, as well as IMF-wide reviews every three to five years.

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 \$587 million, of which about \$474 million has been for CD projects, \$33 million for activities of the Regional Office

¹Until 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 was open until all its projects were completed, and the remaining balance was transferred to the SFA in FY16. In what follows, JSA refers to both the expired JAA and the new Japan Subaccount under SFA.

for Asia and the Pacific (OAP) and \$81 million for the Japan-IMF Scholarship Program for Asia and the Japan-IMF Scholarship Program for Advanced Studies (Table 1 and Figure 3). In the period FY2013–17, Japan alone was responsible for 22 percent of external financing for IMF CD.

In FY2017, Japan committed an additional \$23.8 million to support an active portfolio of 30 programs, of which seven were newly approved. A number of programs are implemented through the Technical Assistance Office in Thailand (TAOLAM) and the IMF-Singapore Regional Training Institute (STI) (see Appendix 1 for a summary of new and ongoing programs). Japan's Ministry of Finance also co-hosted a high-level tax conference in Tokyo, which provided Japan opportunity to provide substantial contribution to policy debates and capacity building in the region. Japan also contributed to the Anti-Money Laundering/Combating the Financing

Table 1. Contributions by Japan, FY1990–2017

(In millions of U.S. dollars)

	FY90–12	FY13	FY14	FY15	FY16	FY17	Total FY90–17
JSA¹	433.5	30.4	34.9	29.2	30.4	28.9	587.3
<i>of which</i>							
Capacity Development²	349.0	23.0	29.0	24.1	24.8	23.8	473.8
Regional Office of Asia and the Pacific	22.5	2.9	2.0	1.6	1.8	1.7	32.5
Scholarships	62.0	4.5	3.9	3.6	3.7	3.4	81.0
The Japan-IMF Scholarship Program for Asia	39.3	3.5	3.0	2.6	2.8	2.5	53.8
Japan-IMF Scholarship Program for Advanced Studies	22.7	0.9	0.9	0.9	0.9	0.9	27.2

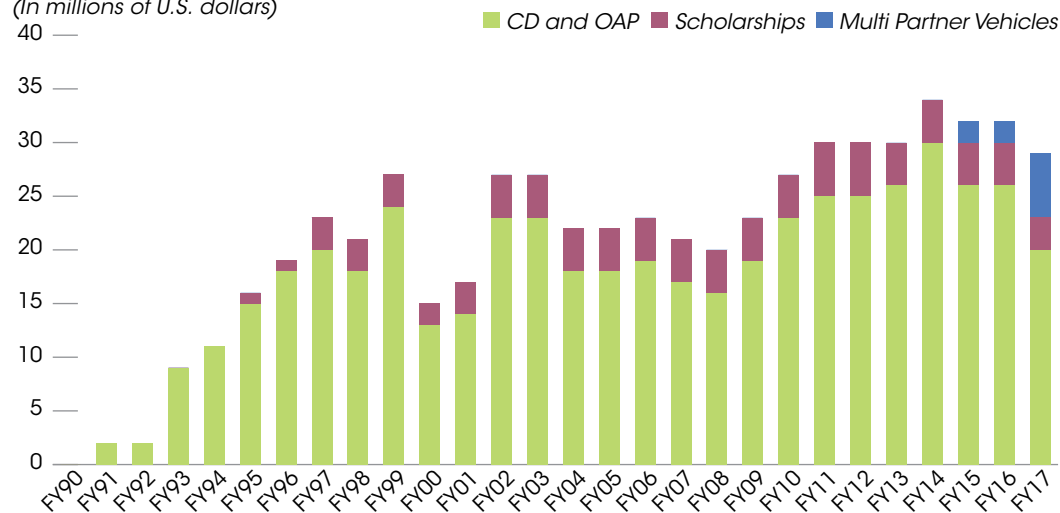
Source: Institute for Capacity Development, IMF.

¹Until 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 remained open until all projects under the account were completed.

²Includes \$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, FY1990–2017

(In millions of U.S. dollars)



Source: Institute for Capacity Development, IMF.

of Terrorism Fund; the Tax Administration Diagnostic Assessment Tool; the Revenue Mobilization Fund; 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, which allows the IMF to provide medium-term CD services to countries through comprehensive programs and support throughout the reform process. 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 four of the IMF’s multi-partner thematic initiatives.

Programmatic CD interventions require extensive consultations with country authorities and result-based management to achieve lasting

impact. For example, diagnostics ensure that the program design meets the target country’s priority needs, and rigorous internal reviews help achieve continuous quality control. A variety of modalities such as long and short-term experts, seminars and workshops (or a combination thereof) are employed to meet each country’s CD demand. Japanese experts are regularly considered for CD assignments.

Regional Coverage

A large part of the IMF membership has benefited from JSA support. Table 3 shows regional annual commitments, the distribution since inception and in FY2017. Although JSA finances CD interventions across the globe, a high priority is the Asia and the Pacific region, with a particular interest in lower-and low-income countries. STI and TAOLAM help tailor support with customized training courses for government officials. During the period FY1993–2017, about \$211.5 million for CD programs went to countries in the Asia and Pacific region— 47 percent of all JSA activities

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

<p>Anti-Money-Laundering/Combating the Financing of Terrorism (AML/CFT) The strategic objective of the AML/CFT fund is to enhance financial sector and macroeconomic stability at both the national and international level; 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 FY17 approved disbursement \$0.4 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 system’s 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 FY17 approved disbursement \$0.2 million</p>
<p>Revenue Mobilization (RMTF) Mobilizing public revenue has become a centerpiece of the international development agenda. Strengthening domestic revenue performance is a key objective of the 2030 Agenda for Sustainable Development and is included as one of the Sustainable Development Goals (SDGs). RMTF provides a unique opportunity for a broad range of development partners to take a collective approach in supporting a holistic, medium-term CD initiative to strengthen tax policies and administrations in a select group of countries. For further information, please refer to: http://www.imf.org/external/np/ins/english/rmtf.htm</p>	<p>Overall contribution \$5 million FY17 approved disbursement \$5 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 is in Appendix 3.</p>	<p>FY17 approved disbursement \$1.5 million</p>

approved. The IMF and the Japanese authorities give priority to countries that have previously demonstrated clear commitment to building the institutions and capacity they need to realize growth-enhancing policies.

Sectoral Priorities

In FY2017, \$20 million in commitments to bilateral programs were distributed as follows: fiscal, \$7.6 million (38 percent); monetary and

capital markets, \$4.9 million (24 percent); statistics, \$3.1 million (15 percent); training, \$2.3 million (11 percent); legal, \$0.6 million (3 percent); and other, \$1.6 million (8 percent). Table 4 shows annual commitments by sector for the period FY1993–2017.

IMF Online Learning Program

In FY2017, Japan expanded the ongoing partnership by supporting the IMF’s online

Table 3. JSA Annual Commitments for Capacity Development by Region, FY1993–2017^{1,2,3}*(In millions of U.S. dollars)*

	FY93–FY12	FY13	FY14	FY15	FY16	FY17		FY93–17	
						Total	%	Total	%
Africa	77.0	5.5	5.5	2.2	3.6	5.4	27	99.2	22
Asia and Pacific	129.9	16.7	17.3	18.3	15.7	13.5	67	211.5	47
Eastern Europe ⁴	42.0	1.8	2.9	0.6	0.0	0.0	0.0	47.3	11
Europe	22.1	0.0	0.0	0.0	0.0	0.0	0.0	22.1	5
Latin America and Caribbean	15.5	0.0	0.0	0.0	0.0	0.0	0.0	15.5	3
Middle East and Central Asia ⁴	21.7	1.2	2.5	1.4	1.0	0.7	3	28.5	6
More than one region	18.3	2.0	1.8	1.6	1.2	0.5	2	25.4	6
Total	326.7	27.2	30.1	24.1	21.5	20.0	100.0	449.6	100.0

Source: Institute for Capacity Development, IMF.

¹Budgets approved by Japan. Not adjusted for projects completed below approved budgets.²Does not include annual commitments from Japan to multi-partner vehicles.³Commitments for programs from FY11 onwards include the trust fund management fee.⁴Starting 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, FY1993–2017^{1,2,3}***(In millions of U.S. dollars)*

	FY93–12	FY13	FY14	FY15	FY16	FY17		FY93–17	
						\$	%	\$	%
Fiscal	104.1	10.3	12.2	8.0	9.5	7.6	38	151.6	34
Monetary and Capital Markets	116.4	5.3	5.6	7.7	3.8	4.9	24	143.7	32
Macroeconomic Statistics	51.6	7.1	8.4	4.5	4.1	3.1	15	78.7	18
Training	37.5	2.3	3.4	2.3	2.3	2.3	11	50.1	11
Legal	8.5	1.5	0.1	0.1	0.6	0.6	3	11.3	3
Others	8.6	0.7	0.5	1.7	1.2	1.6	8	14.2	3
Total	326.7	27.2	30.1	24.1	21.5	20.0	100	449.6	100

Source: Institute for Capacity Development, IMF.

¹Budgets approved by Japan. Not adjusted for projects completed below approved budgets.²Does not include annual commitments from Japan to multi-partner vehicles.³Commitments for programs from FY11 onwards include the trust fund management fee.

learning program. This online learning program was launched in late 2013 under a partnership with edX, a nonprofit organization founded by the Massachusetts Institute of Technology (MIT) and Harvard University. Online training leverages new technologies to help strengthen the sustainability of CD efforts and offers a flexible means for government officials and the general public to access training when needed. It

is a growing area of IMF CD and complements face-to-face CD activities.

With its new contribution, Japan will help boost the delivery and ongoing development of the IMF online course curriculum. Building on strong synergies with the face-to-face CD activities, the IMF's online learning operations will benefit from Japan's support to scale up the volume of training to member country officials;

Box 2. Helping the Central African Economic and Monetary Community (CEMAC) Modernize its Customs Union Legislation

With current fiscal and security challenges in the Central Africa region, customs administration reforms are needed to strengthen revenue collection and control exemptions, to enhance customs enforcement powers, and to improve the business climate through new trade facilitation and regional integration measures. To achieve such broad customs modernization, a revised Customs Code is a key prerequisite.

The CEMAC requested IMF experts under the JSA program to work jointly with their specialists to prepare a revised Code for the customs union. A June 2016 mission comprised of customs experts from the IMF's Fiscal Affairs Department and an expert from the IMF Legal Department, helped draft the required changes to be consistent with modern international standards, particularly the

WTO Trade Facilitation Agreement (entered force in February 2017).

In March 2017, at the CEMAC's request, a follow-up mission under the JSA program participated in the CEMAC Technical Committee during which the representatives of the six Member States reviewed all proposed amendments. The mission acted as an advisor to the CEMAC Commission. Benefiting from the mission's advice and suggestions, the Committee finalized a draft revised Customs Code, which will be submitted to the Inter-State Committee and the Council of Minister for adoption.

The comprehensive review of a Customs Code in a short period with an exemplary collaboration with counterparts is an example of effective CD efforts, as well as a success for JSA's CD program for CEMAC.

improve the efficiency of training delivery through the use of technology; complement face-to-face training with advance preparation via online courses; improve absorption of knowledge by offering online training on related topics; and share knowledge with the wider public through massive open online courses (MOOCs).

Japan's Visibility

The IMF understands the importance of providing visibility for its external partners. In most years, a joint Japan-IMF mission visits selected countries that benefit from JSA-funded CD. These missions assess how local authorities view JSA-funded activities, how they are making effective use of IMF CD, and how programs



Training session at the Singapore Training Institute.

Box 3. Developing a Macroeconomic Framework in Support of CD and Surveillance in Myanmar

An inter-agency group in Myanmar, led by the Macroeconomic Advisor in the IMF's Technical Assistance Office in Thailand (TAOLAM), convenes quarterly to discuss and incorporate current developments to their own macroeconomic framework. TAOLAM is also working with similar groups in Lao PDR and Cambodia.

In Myanmar, this “core” group comprises around 20 technically-oriented officials from the Central Bank of Myanmar (CBM) and the Ministry of Planning and Finance (MOPF), including the Central Statistical Office. Their output is gradually being increasingly used in policy analysis and other frameworks. Recent examples are the MOPF's Medium-Term Fiscal Framework (under the guidance of the World Bank) and in the CBM's liquidity forecasting framework.

The core group's macro-framework is also used in training provided by TAOLAM and STI to Myanmar officials, most notably during in-country financial programing and policies courses. Customized

training based on own-country macroeconomic data and sectors has a number of benefits—it reinforces the knowledge and awareness of macro-linkages and vulnerabilities in Myanmar, it provides a means of testing the robustness of the framework itself, and it helps inform data needs, which is then addressed by additional CD, including from TAOLAM.

Finally, interaction between the core group and the IMF's Asia and Pacific Department (APD) is a key example of the integration of CD and surveillance in Myanmar, which ensures that officials have the tools and expertise they need to better ensure a stable macroeconomic environment. Joint gatherings of the group and APD Myanmar team took place during the 2016 Article IV consultation and the May 2017 staff visit, providing an opportunity for the group to share its near-term outlook and gather feedback on framework's surveillance capacity. IMF staff also benefit from these visits by deepening their ties with country officials and getting their views on macroeconomic developments and prospects.

contribute to a country's reform efforts. In FY2017, a Japan-IMF mission visited India and Nepal. Exposure to technical dialogue with local authorities, discussions with the IMF mission teams, and consultations with local Japan International Cooperation Agency (JICA) representatives highlighted the unique area of IMF expertise that Japan supports, as well as the challenges sometimes faced in delivering CD services. The Nepalese authorities showed particular appreciation for Japan's support through IMF CD.

In FY2017, Japan's visibility was further promoted through the IMF online learning platform and tools, which prominently feature Japan's support. Outreach events and products were disseminated through IMF official social

media channels. The IMF's revamped external website on CD and an introductory video on IMF CD feature Japan as a top partner.

Assessment of JSA-Funded CD

Near the end of each financial year, IMF staff conduct an interim self-assessment for each program. Beneficiary authorities also assess programs through a comprehensive survey. All assessments and survey results are submitted to Japan to evaluate program implementation progress and results.

External Evaluation

Periodically, an independent external evaluation examines JSA-funded programs. In FY2017, preparations began for an evaluation, which is scheduled for FY2018. The evaluation will follow

the Organization for Economic Co-operation and Development Assistance Committee (OECD-DAC) evaluation and accountability criteria. Evaluation findings will be discussed with the Japanese authorities 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 takes a lead role in the IMF's on-the-ground work in Asia. It promotes CD activities, engages in public relations and outreach in Japan and 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 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, think tanks, central banks, finance ministries in the region, and other international organizations.

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 participate in their meetings, share presentations on global and regional economic developments and other topical issues, and keeps IMF HQ informed as views and initiatives evolve over time. OAP maintains close contacts with international organizations and diplomatic missions in Tokyo.



IMF CD training delivered in Myanmar.

Surveillance and Research Work

OAP staff monitor and report regularly to IMF HQ on developments in the region; participate in selected IMF annual consultation missions, including Article IV missions to Japan and Nepal; and provide support to Financial Sector Assessment Program missions to Japan. OAP economists carry out research on various economic policy issues of regional interest.

Delivering CD

OAP organizes seminars and conferences, financed by the Government of Japan, on various CD topics to address the needs of the policy makers in the region and keep them abreast of current macroeconomic issues and challenges.

Each year, OAP administers three highly-valued CD programs for officials in the region, including 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 with opportunities to discuss current macroeconomic issues and exchange their views. In FY2017, the Hitotsubashi-OAP High-Level Seminar focused on “The Future of International Monetary System for Asia,” one of the most important topics for the region.

In addition, OAP organizes other CD seminars and conferences, which target the officials in the region to enhance policymaking capacities. In FY2017, OAP hosted a seminar on “Coping with Macroeconomic Vulnerabilities and Spillovers,” jointly organized with the University of Tokyo; and a CD Seminar on “Enhancing Social Spending in Support of Inclusive Growth in Asia,” held in Colombo and jointly organized with the IMF’s Fiscal Affairs Department and the Central Bank of Sri Lanka.

OAP has given financial support for other CD seminars in the region, including one held



Mr. Chikahisa Sumi, Director (sitting third from the right) and staff of the IMF Regional Office for Asia and the Pacific (OAP) in Tokyo.

Box 4. Strengthening the Conglomerate Supervisory Framework in Indonesia

With abundant resources and rich cultural diversity among 17,500 islands, Indonesia has navigated well through its recent economic and financial deceleration. Like many emerging market economies, the regulatory authorities continue to pursue an ambitious and inclusive agenda to strengthen the country's financial sector landscape.

One central challenge relates to the regulation and supervision of financial conglomerates operating in the country. Although the financial sector is small relative to its ASEAN neighbors, with total financial system assets equal to 72 percent of the country's GDP, the country's financial conglomerates are dynamic, complex and growing rapidly. These financial conglomerates are big and powerful players in the system and pose a challenge to the authorities in ensuring effective regulatory and supervisory oversight.

The IMF has been assisting the Indonesian Financial Services Authority (OJK) since January 2015 to develop and strengthen its conglomerate supervisory framework. This CD program has positively contributed towards OJK's integration

progress and supervisory capacity. With frequent interactions and training sessions, authorities have heightened their awareness of the interconnected risks on the regulated financial institutions (banks, insurers, multi-finance companies, pension plans, sharia companies, and capital markets) and on Indonesia's financial system stability.

From a regulatory perspective, three key regulations have been put in place on integrated risk management, integrated corporate governance, and integrated capital requirements of the conglomerates. Another key regulation on holding company supervision has been drafted and is expected to be in place by the end of the year. This will be the biggest milestone in the framework for financial conglomerate regulation. From a supervisory perspective, OJK has set up an Integrated Supervisory Unit to ensure that the intensity of supervision is commensurate with the risk profile of the conglomerates. OJK has successfully elevated its resource levels, regulatory powers and supervisory intensity to oversee the integrated risk profiles and control functions of these conglomerates.

in Nay Pyi Taw for Myanmar Parliamentarians on "Strengthening Fiscal Management and Financial Sector Oversight in Myanmar," and a High-Level Pacific Islands Dialogue "Building Resilience to Natural Disasters and Climate Change," held in Suva and cohosted by the IMF and the Government of Fiji.

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.²

JISPA offers a partnership track in tailored master's programs at four partner universities³ 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

²The 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.

³The partnership universities include the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and the University of Tokyo.

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 2016 academic year, JISPA awarded 37 new scholarships and supported 66 scholars in total, including six Ph.D. candidates.⁴

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

⁴The 2016 academic year of JISPA runs from October 1, 2016 to September 30, 2017.

Table 5. Japan-IMF Scholarship Program for Asia: Distribution of Scholars by Country, 1993–2017

Scholars by Country	Number	Percent	of which graduates
China	100	14.0	98
Vietnam	90	12.6	85
Uzbekistan	79	11.1	75
Cambodia	65	9.1	57
Myanmar	56	7.8	46
Mongolia	49	6.9	37
Kyrgyz Rep.	45	6.3	43
Kazakhstan	37	5.2	35
Thailand	39	5.5	31
Indonesia	30	4.2	26
Philippines	26	3.6	20
Bangladesh	23	3.2	18
Lao PDR	19	2.7	13
India	15	2.1	11
Tajikistan	10	1.4	9
Nepal	8	1.1	6
Sri Lanka	5	0.7	5
Bhutan	4	0.6	4
Malaysia	4	0.6	3
Fiji	3	0.4	3
Maldives	4	0.6	3
Turkmenistan	2	0.3	2
Timor-Leste	1	0.1	1
Total	714	100.0	631

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

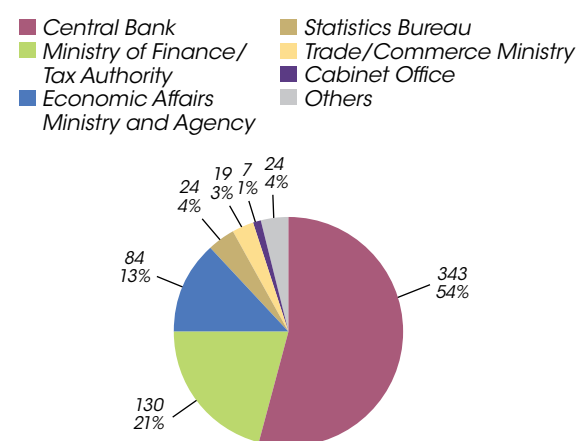
Note: The number of scholars includes the partnership-track recipients who continued onto the Ph.D. program under the open-track.

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 FY17, alumni events were organized in the Kyrgyz Republic and Uzbekistan. “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 awarded 714 scholarships,⁵ and 631 scholars

⁵The number also includes the partnership-track scholars who continue to receive the open-track scholarships.

Figure 4. JISPA Alumni by Affiliation, FY1993–2017



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, 1996–2017**

	1996–2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Scholars accepted to JISP	88	7	7	5	5	3	4	3	3	125
Scholars accepted to IMF	10	1	2		1			1		15

Source: Institute for Capacity Development, IMF.

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

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 the 2016 academic year, a tender for the JISPA partnership universities was conducted as part of OAP’s monitoring framework with the aim of enhancing curricula better suited to the interest of scholars and their sponsoring agencies.

Japan-IMF Scholarship Program for Advanced Studies

Japan also provides scholarships for Japanese nationals to study macroeconomics at the doctoral level and to prepare them for a successful 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 relevant to IMF work. The vast majority study at universities in the United States, while 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.



JISPA Seminar: Macroeconomic Policy Implications of Climate Change, October 2016.

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-four 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 May 2017.

JISP is administered by the IMF's Institute for Capacity Development 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.



New JISP scholars attending onboarding at IMF headquarters.

Appendixes

Appendix 1. JSA Program Portfolio in FY17 (Budgets in millions of U.S. dollars)

Fiscal Year 2017			
Region	Sector	Program Description	Budget
APD	FAD	PFM for Selected Asian Countries: Supporting Improved Budget Planning and Fiscal Risk Management	5.7
MCD	FAD	Fiscal Risk Analysis & management, public investment management, budget preparation, and fiscal reporting in Caucasus and Central Asian countries and Iran	4.2
AFR	FAD	Modernization of Customs Administration in West Africa	3.0
APD	MCM	Enhancing Financial Stability in Sri Lanka	2.1
APD	MCM	Strengthening Modernization of the Central Bank of Myanmar	4.2
AFR	STA	External Sector Statistics for West & Central Africa	4.0
APD	FAD	High Level Tax Seminar for Asian Countries	0.2
Fiscal Year 2016			
Region	Sector	Program Description	Budget
AFR	FAD	Strengthening Core Budget Functions in Fragile States in Sub-Saharan Africa (SSA) States	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	LEG	National Risk Assessment / National Strategy and Continued Development of AML/CFT Framework in Myanmar	1.3
APD	MCM	Fostering Financial Stability in India	2.2
APD	STA	Regional Government Finance Statistics	3.3
APD	Training	Developing Macroeconomic Management Capacity in CMLV Countries	3.2
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 Low Income Countries in Asia	4.1
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

Appendix 1. JSA Program Portfolio in FY17

(Budgets in millions of U.S. dollars)

Fiscal Year 2014			
Region	Sector	Program Description	Budget
APD	FAD/STA	Promoting Priority PFM 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	1.4
AFR/APD	STA	Financial Soundness Indicators	2.5
APD	STA	External Sector Statistics Resident Advisor to Lao PDR and Myanmar	2.0
Fiscal Year 2013			
Region	Sector	Program Description	Budget
APD	MCM	Banking Supervision in ASEAN for Financial Stability	5.1
APD	FAD/MCM	Developing Treasury Management and Financial Systems Modernization in Myanmar and Lao PDR	5.0
Fiscal Year 2012			
Region	Sector	Program Description	Budget
AFR	MCM	Supporting Preparations for Monetary Union in the East Africa Community	5.0
EUR	STA	Capacity Building for sustainable Compilation of Real Sector Statistics in Eastern Europe	4.7

Appendix 2. Joint Japan-IMF Field Visits

Joint Field Visits, FY1996 – FY2017¹

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
21. India, South Asia Regional Training and Technical Assistance Center (SARTTAC), and Nepal, February 2017

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

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 CD in order to broaden their

exposure to IMF core 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 five Japanese officials have been hired under the program. Two officials currently participate in the program as economists, two officials have recently concluded their assignment and returned to Japan, and one official will commence her assignment in FY2018. The experience and knowledge gained at the IMF is expected to enable officials to contribute more effectively to the Japanese government's economic policy agenda.

Appendix 4. JSA Financial Statement for FY2017¹

Framework Administered Account for Selected Fund Activities— Japan Subaccount for Selected Fund Activities		
	2017	2016
<i>(In thousands of U.S. dollars)</i>		
Balance Sheet as of April 30, 2017 and 2016		
Assets		
Cash and cash equivalents	48,571	48,550 ²
Total assets	48,571	48,550
Resources		
Total resources	48,571	48,550
Income Statements and Changes in Resources for the Years Ended April 30, 2017 and 2016		
Balance, beginning of the year	48,550	41,296
Income earned on investments	247	68
Contributions received	28,943	31,995
Contributions transferred (net)	(6,262)	(600)
Operating expenses	(22,908)	(24,209)
Net changes in resources	20	7,254
Balance, end of the year	48,571	48,550

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.

¹The 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.

²These 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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