JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

ANNUAL REPORT 2023

JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

Japan Administered Account for Selected IMF Activities

ANNUAL REPORT FINANCIAL YEAR 2023

Ancillary materials for the Annual Report can be accessed at the JSA Annual Report web page at https://www.IMF.org/external/pubs/ft/ta/index.asp. Print copies of the full report with annexes are available from the IMF Institute for Capacity Development, 700 19th Street, NW, Washington, DC 20431.

ACRONYMS AND ABBREVIATIONS

AfcFTA	African Continental Free Trade Area
AfDB	African Development Bank
AFR	IMF African Department
AFRITAC	Africa Regional Technical Assistance Center
AML-CFT	Anti-Money Laundering/Combating the Financing of Terrorism Thematic Fund
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEAN+3/AMRO	ASEAN+3 Macroeconomic Research Office
ASEM	Asia-Europe Meeting
ASF	Administrators of Financial Services
BEAC	Bank of Central African States
BCC	Central Bank of the Democratic Republic of Congo
BCT	Tunisian Central Bank
BCM	Central Bank of Mauritania
BOL	Bank of Lao P.D.R.
BOP	Balance of Payments
BSP	Bangko Sentral ng Pilipinas
CAEM	Comprehensive Adaptive Expectations Model
CB	Central Bank
CBDC	Central Bank Digital Currencies
CBJ	Central Bank of Jordan
CBM	Central Bank of Myanmar
CBSI	Central Bank of Solomon Islands
CCCDI	COVID-19 Crisis Capacity Development Initiative
CD	Capacity Development
CDOT	IMF Capacity Development Office in Thailand
CEMAC	Central African Economic and Monetary Community
CLV	Cambodia, Laos, and Vietnam
CoA	Chart of Accounts
COFOG	Classification of Outlays by Functions of Government
C-PIMA	Climate Module of the Public Investment Management Assessment
CRM	Compliance Risk Management
D4D	Data for Decisions Fund
DDT	Debt Dynamics Tool
DDTx	Debt Dynamics Tool Course
DDUx	Public Debt Dynamics Under Uncertainty Course
DGBF	General Budget Directorate
DoF	Department of Finance
DRC	Department of Revenue and Customs

ACRONYMS AND ABBREVIATIONS

DRM	Domestic Revenue Mobilization
ECF-EFF	Extended Credit Facility–Extended Fund Facility
EFA	Externally Financed Appointee
e-GDDS	Enhanced General Data Dissemination System
EMEAP	Executives Meeting of East Asia Pacific
EP	IMF Economist Program
ESS	External Sector Statistics
EU	European Union
FAD	IMF Fiscal Affairs Department
FCS	Fragile and Conflict-Affected States
FDFIx	Financial Development and Financial Inclusion Course
FIRS	Federal Inland Revenue Service
FMIS	Financial Management Information System
FPAS	Forecasting and Policy Analysis System
FPP.2x	Financial Programming and Policies Course, Part 2
FX	Foreign Exchange
FY	Fiscal Year (FY2023: May 1, 2022, to April 30, 2023)
GD	Governance and Diagnostic
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GDT	General Department of Taxation
GFS	Government Finance Statistics
GOCCs	Government Owned and Controlled Corporations
GST	Goods and Services Tax
HQ	IMF Headquarters
IG	Infrastructure Governance
IIE	Institute of International Education
IF	Inclusive Framework
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IRC	Interest Rate Corridor
ITAS	Integrated Tax Administration Systems
ITD	IMF Information Technology Department
JAA	Japan Administered Account for Selected Fund Activities
JSA	Japan Subaccount
JICA	Japan International Cooperation Agency
JIMS	Japan-IMF Macroeconomic Seminar for Asia
JISP	Japan-IMF Scholarship Program for Advanced Studies
JISPA	Japan-IMF Scholarship Program for Asia

ACRONYMS AND ABBREVIATIONS

JISPA-CE	Japan-IMF Scholarship Program for Asia Continuing Education
LCBM	Local Currency Bond Market
LEG	IMF Legal Department
LFG	Liquidity Forecasting Group
LIDCs	Low-Income Developing Countries
LTD	Lao P.D.R. Tax Department Public
LTX	Long-Term Expert/Advisor
MEF	Ministry of Economy and Finance
MEP	Ministry of Economy and Planning
MFBS	Ministry of Finance, Budget, and Banking Sector
MFT	Macroeconomic Foundations Tool
MLF	Marginal Lending Facility
MMA	Maldives Monetary Authority
MoF	Ministry of Finance
MoFB	Ministry of Finance and Budget
MPAF	Monetary Policy Analysis and Forecasting
MSFP	Public Finance Statistical Manual
MTDS	Medium-Term Debt Management Strategy
MRI	Macroeconomic Research Institute
MTFF	Medium-Term Fiscal Framework
MTRS	Medium-Term Revenue Strategy
NBC	National Bank of Cambodia
NCS	Nigeria Customs Service
NIS	National Institute of Statistics
NRBT	National Revenue Bank of Tonga
NSDP	National Summary Data Page
NTF	Near-Term Forecasting
OAP	IMF Regional Office for Asia and the Pacific
OBP	IMF Office of Budget and Planning
PAMPh	Policy Analysis Model for the Philippines
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Center
PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PNG	Papua New Guinea
PPP	Public-Private Partnership
PSDS	Public Sector Debt Statistics
PSO	Public Service Obligation
QFAs	Quasi-Fiscal Activities
QPM	Quarterly Projection Model

ACRONYMS AND ABBREVIATIONS

RA	Resident Advisor
RBF	Reserve Bank of Fiji
RBM	Results-Based Management
RCDCs	Regional Capacity Development Centers
RFAx	Revenue Forecasting and Administration
RMTF	Revenue Mobilization Thematic Fund
RST	Resilience and Sustainability Trust
SARTTAC	South Asia Regional Training and Technical Assistance Center
SBV	State Bank of Vietnam
SDDS	Special Data Dissemination Standard
SDGs	Sustainable Development Goals
SEACIN	South East Asian Central Banks
SFA	Framework Administered Account for Selected Fund Activities
SOE	State-Owned Enterprise
SOP	Standard Operating Procedures
SPR	IMF Strategy, Policy, & Review Department
SREP	Supervisory Review and Evaluation Process
SSA	Sub-Saharan Africa
STI	IMF Singapore Regional Training Institute
STX	Short-Term Expert/Advisor
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TOFE	Government Financial Operations Table
TSA	Treasury Single Account
VITARA	Virtual Training to Advance Revenue Administration Module
VST	Vietnam State Treasury
WAEMU	West African Economic and Monetary Union
WB	World Bank

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MESSAGE FROM THE JAPANESE GOVERNMENT

Japan has been a long-standing strong supporter for Capacity Development (CD) by the International Monetary Fund (IMF). While the global economy has been gradually recovering from the COVID-19 pandemic, member countries, especially low-income countries, are still facing difficult challenges such as high and volatile food and energy prices, triggered by Russia's war against Ukraine. Under such circumstances, it remains crucial for the IMF to continue helping member countries improve their capacity with its expertise, including in the area of domestic revenue mobilization, public financial management and debt management, while supporting structural and transformational agendas such as digitalization and climate change.

Japan has been supporting IMF CD activities to help member countries implement more effective fiscal and monetary policies. In 2023, given that addressing debt vulnerabilities and enhancing debt transparency are priority agendas under Japan's G7 presidency, we approved two programs in debt-related areas under the Japan Subaccount (JSA). We sincerely hope that these programs will effectively support member countries' efforts to enhance debt management capacity and debt transparency, including their debt data accuracy.

Japan also supports IMF work in the areas of digital money, which is one of key structural and transformational agendas for many developing countries. The Digital Money Window newly established under the JSA in 2022, supports the IMF in delivering CD activities in the areas of digital money, including Central Bank Digital Currency (CBDC). One of the key deliverables from the Digital Money Window is to develop a CBDC handbook which will compile the IMF's analytical works in relevant topics and serve as the basis for future CD engagement. We welcome the ongoing progress and look forward to timely publication of the CBDC Handbook.

Moreover, Japan has been a prominent supporter for the IMF online learning training since 2017. We very much welcome that the IMF online learning has become key channel for the CD delivery with more than 170,000 active online participants so far. Of those, close to 50,000 government officials and 37,000 members of the general public from 191 countries have successfully completed an online course. Based on such successful experience, we decided to make additional contribution of around USD 5 million to support the IMF's efforts to expand the coverage and further improve the quality of online training courses.

Lastly, we welcome the IMF's ongoing efforts to further improve effectiveness and efficiency of the IMF CD activities. The 2023 CD Strategy review is good opportunity to discuss how to maximize synergies between in-person and virtual CD engagement when face-to-face CD delivery has resumed after the COVID-19 pandemic. We look forward to fruitful and constructive discussions towards the completion of the 2023 CD strategy review.

As the longest standing partner of the IMF CD efforts, Japan continues to support the IMF CD activities going forward. We look forward to continuous cooperation with the IMF.

Daisaku Kihara
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JAPAN-IMF PARTNERSHIP AT A GLANCE

The Government of Japan is the longest standing partner in the capacity development (CD) efforts of the International Monetary Fund (IMF), with $806 million in funding to date. In fiscal year 2023 (FY2023), the Government of Japan financed a large portfolio of 33 bilateral programs. In the past three years (FY2021–FY23), Japan has been the largest partner to IMF CD, responsible for about a quarter of all external financing to IMF CD.

Japan-funded IMF programs address countries' CD needs and are consistent with Japan's international cooperation priorities and the IMF's commitment to the Sustainable Development Goals (SDGs). Programs typically address fiscal issues, monetary and capital market reforms, macroeconomic statistics, and macroeconomic management. A $15 million contribution in April 2022 focused on CD in Central Bank Digital Currencies (CBDCs) is supporting the IMF's important work in this area.

Japan has committed resources to selected multi-partner thematic initiatives, such as the Anti-Money Laundering/ Combating the Financing of Terrorism Thematic Fund (AML/CFT); the Tax Administration Diagnostic Assessment Tool (TADAT); the Revenue Mobilization Thematic Fund (RMTF); the Data for Decisions (D4D) Fund, and the COVID-19 Crisis Capacity Development Initiative (CCCDI). The IMF-Japan partnership has also expanded in recent years to include support for IMF online courses, many of which are free and available to the public; and CD programs are also implemented through the IMF Capacity Development Office in Thailand (CDOT) and the Singapore Regional Training Institute (STI).

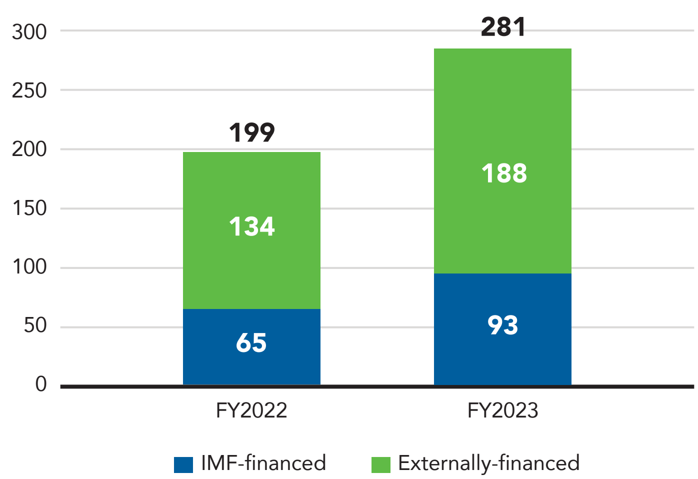
In addition, Japan supports two scholarship programs: the Japan-IMF Scholarship Program for Asia (JISPA), and the Japan-IMF Scholarship Program for Advanced Studies (JISP), as well as the IMF Regional Office for Asia and the Pacific (OAP). The IMF and all member countries benefitting from the IMF-Japan partnership extend their appreciation to the authorities and citizens of Japan for their long-standing, highly valued support and look forward to continuing the strong and effective partnership.

INTRODUCTION AND BACKGROUND

The IMF provides CD, comprised of hands-on technical assistance (TA) and training, to help countries build effective economic institutions that can implement more effective policies. These CD efforts help countries achieve their growth and development objectives and are an important contribution to countries' progress toward the SDGs. As a core mandate of the IMF, CD represented 30 percent of Fund operations in FY2023 (Figure 1A). Although internal resources finance a considerable amount of it, contributions from external partners have grown steadily in recent years to allow the IMF to respond effectively to rising demand. In FY2023, the externally funded component amounted to $188 million in FY2023, constituting 67 percent of total CD spending (Figure 1B). CD is fully integrated with the IMF's lending and surveillance activities. Although internal resources finance a considerable amount of CD, financial support from partners helps the IMF deliver high-quality CD that responds to member country needs and aligns with IMF's and global development priorities. External partners such as Japan play an important role, including through support to Regional Capacity Development Centers (RCDCs), thematic funds focused on development priorities, and bilateral projects.

FIGURE 1B. SPENDING ON CD, FY2023

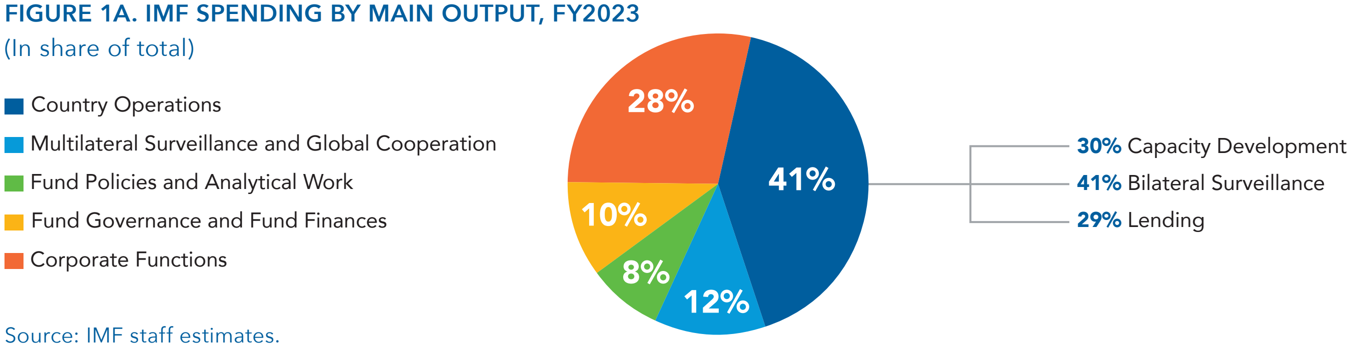
(In millions of U.S. dollars)



Source: Staff estimates based on interim cost estimate methodology.

FIGURE 1A. IMF SPENDING BY MAIN OUTPUT, FY2023

(In share of total)



Source: IMF staff estimates.

Note: Excludes minor miscellaneous items and travel.

[1] Direct delivery only. Excludes CD activities related to policy, analytics, and other output areas.

IMF CAPACITY DEVELOPMENT

Strong economic institutions foster effective policies that lead to economic stability, inclusive growth, and job creation. That is why, for more than 50 years, the IMF has provided CD—comprised of hands-on TA and training—to central banks (CBs), Ministries of Finance (MoFs), tax authorities, and other economic institutions (IMF.org/CapDev). IMF CD helps countries raise public revenues, spend more efficiently, modernize banking systems, enhance central banking capacity, develop strong legal frameworks, improve governance, and transform their economies in key areas such as gender and inclusiveness, poverty, digitalization, and climate change. These CD efforts help countries achieve their growth and development objectives, including the SDGs.

IMF CD is delivered to countries through remote and in-person visits; in-country placements of long-term resident advisors (RA); a network of regional CD centers; virtual and face-to-face training; and free online learning courses.

The surge in demand for CD support will continue, and an integrated approach provides the foundations countries need for a strong and sustainable recovery. These long-term capacity building efforts proved particularly useful during fiscal year 2023 as countries have had to respond to multipronged shocks, from the pandemic crisis to inflationary pressures, financial sector turmoil, supply chain disruptions, and increasing debt levels. Past and ongoing efforts to build macroeconomic capacity, as well as support from experts in the field, helped countries respond quickly and adequately to these challenges.

CD also serves as an antidote against economic fragmentation by fostering regional and global cooperation and supporting the most vulnerable. The increasing number of long-term IMF CD experts based in fragile and conflict-affected states following the adoption of the IMF's strategy in 2022 also plays an important role in mitigating the risk of divergence from other economies resulting from exacerbated shocks and compound threats. Further, in FY23, the IMF launched a CD Strategy Review, which aims to enhance the strategic and prioritization framework of CD and modernize CD delivery. The review will ensure that the size, composition, and funding of CD is in line with the proposed strategic framework, as well as assess the effectiveness and impact of CD.

The integration of CD with IMF surveillance and lending remains a strong institutional priority. The uptake of Climate Public Investment Management Assessments (C-PIMA)—developed with the support of the Government of Japan—for instance effectively complements the recently-launched IMF Resilience and Sustainability Trust (RST) by ensuring that countries use RST financing in an effective manner. Costa Rica and Rwanda, which were some of the first beneficiaries of RST, had for instance both implemented a C-PIMA.

Thanks to the generous support of the Government of Japan, the IMF online learning program continued to grow at rapid pace during the pandemic, with now about 85 online courses and 170,000 active learners. The expansion of blended CD makes in-person TA and training more effective as country officials can acquire the necessary knowledge prior to in-person missions kicking off by participating to online courses. Finally, the second edition of the IMF Summer School (virtual) in 2022 generated massive interest worldwide and supported the growth of the online learning program.

JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

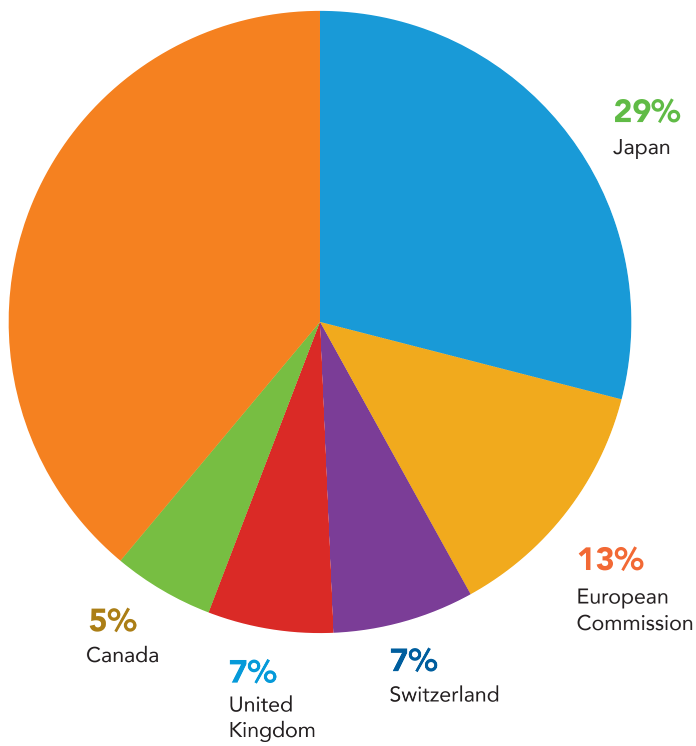
A

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 (SFA). Its contributions to the IMF since FY1990 total $807 million, of which about $661 million has provided support for IMF CD projects, $45 million for activities OAP, and $101 million for the JISPA and JISP (Table 1 and Figure 3). In the period FY2017–23, Japan alone was responsible for almost 29 percent of external financing for IMF CD (Figure 2).

In FY2023, Japan contributed $13 million to support a portfolio of 33 bilateral programs[1] and the COVID-19 Crisis Capacity Development Initiative (CCCDI). Japan also contributed to D4D,[2] TADAT, and AML/CFT.[3] Contributions also support the OAP and to two scholarships programs.

FIGURE 2. EXTERNAL PARTNER CONTRIBUTIONS FOR CAPACITY DEVELOPMENT, FY2017–23[1]



Source: Capacity Development Information Management System (CDIMS).

[1] Excludes in-kind contributions. Funds received during FY2017–23, not adjusted for Regional Training Centers cost recovered directly.

[1] Appendix 1 presents a summary of all JSA programs.

[2] Transfer to D4D occurred in early FY2023.

[3] Details on Japan's participation in multi-partner initiatives in Table 2.

TABLE 1. CONTRIBUTIONS BY JAPAN, FY1990–2023

(In millions of U.S. dollars)

	FY1990–2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Total FY1990–2023
Japan's Contributions[1]	**558.4**	**28.9**	**33.7**	**30.4**	**33.7**	**44.3**	**59.4**	**17.5**	**806.4**
of which									
Capacity Development[2]	**449.9**	**23.8**	**27.9**	**25.5**	**28.6**	**38.3**	**53.8**	**12.8**	**660.7**
of which, COVID-19 Initiative Window	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	10.0
Digital Money Window	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	15.0
Regional Office for Asia and the Pacific	**30.8**	**1.7**	**2.1**	**2.0**	**2.1**	**2.2**	**2.1**	**1.8**	**44.9**
Scholarships	**77.6**	**3.4**	**3.7**	**2.9**	**3.0**	**3.8**	**3.5**	**2.9**	**100.8**
The Japan-IMF Scholarship Program for Asia	51.2	2.5	2.8	2.4	2.4	3.0	2.8	2.2	69.3
Japan-IMF Scholarship Program for Advanced Studies	26.4	0.9	0.8	0.5	0.6	0.8	0.7	0.7	31.4

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 JAA and the FAA accounts are closed, with the remaining funds transferred under Japan Subaccount under SFA.

[2] Includes $154,603 transferred to finance the operations of the Office of the Executive Director for Japan in FY11, $324,344 transferred to SPR and OBP to cover expenses in support to Japan's G20 Presidency in FY19–20, and $187,179 transferred to SPR and OBP to cover for expenses in support to Japan's G7 Presidency in FY23.

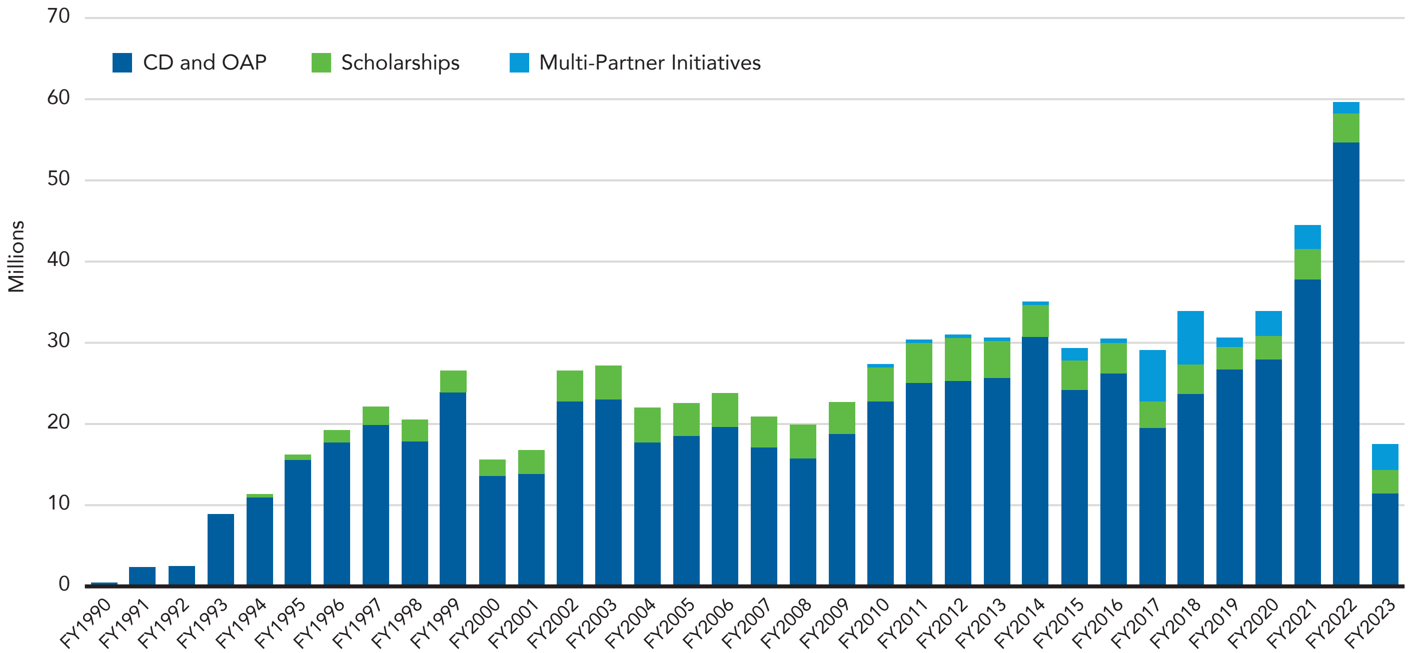
TABLE 2. JAPAN'S PARTICIPATION IN IMF CD MULTI-PARTNER THEMATIC VEHICLES

(In millions of U.S. dollars)

FY2023 Contributions to Multi-Partner Vehicles[1]	**3.1**
Anti-Money Laundering and Combating the Financing of Terrorism Subaccount (AML/CFT)–Phase III	0.6
Tax Administration Diagnostic Assessment Tool Subaccount (TADAT)–Phase II	0.5
Data for Decisions Fund	2.0

[1] Japan also participates in the joint IMF-World Bank (WB) Debt Management Facility with a $0.5 million contribution through the WB.

FIGURE 3. JAPAN ANNUAL CONTRIBUTIONS TO CAPACITY DEVELOPMENT BY ACTIVITY, FY1990–2023[1]



Source: Institute for Capacity Development, IMF.

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Box 1. Newly Developed Workshop on Consistency Across Macroeconomic Data Sets

A one-week in-person regional workshop on Consistency Across Macroeconomic Data Sets was delivered in August 2022. Twenty-one representatives from CBs, MoFs, and statistical offices from six target countries under the External Sector Statistics (ESS) program in CDOT attended the training.

This newly developed training was geared to specific consistency issues between ESS and the three other macroeconomic statistical domains—national accounts, government finance statistics (GFS), and monetary and financial statistics—that play major roles in policy making in the CDOT ESS project countries. In addition to lectures covering the conceptual basis for reconciling macroeconomic statistics, deeper understanding and practical reconciliation skills were fostered through three new specifically designed compilation exercises that were based on the countries' actual data. The workshop facilitators led participants in developing workbooks for deriving and quantifying inconsistencies in their macroeconomic data sets, in discussing these inconsistencies with representatives from various data-producing institutions in their country, and in presenting their findings and assessment at the plenary session. The concluding round table discussion revealed improved synergies between macroeconomic data compiling institutions within each participating country as the country teams jointly identified priorities going forward, including urgent TA needs.

Overall, participants were satisfied with the usefulness of the workshop for improving the quality of the produced statistics (4.8 on a scale of 1 to 5, with 5 representing the most favorable response), and with the usefulness of the course for professional development (4.8). The participants found the presentations comprehensive and clearly structured (4.7), with great appreciation for the compilation exercises (4.6). A few expressed reservations about the workshop length (more time needed) and pace of delivery.

Consistency Across Macroeconomic Data Sets workshop, August 2022.

Box 2. Identifying Quasi-Fiscal Activities in the Philippines

The Philippines' large sector of government owned and controlled corporations (GOCCs) has been a major source of fiscal risk, requiring regular financial support from the budget. The IMF has been supporting the authorities at the Department of Finance (DoF) in their efforts to strengthen their oversight of GOCCs to be able to take timely risk mitigation measures and minimize the impact on public finances.

Quasi-fiscal activities (QFAs) have been a major source of losses for several of the Philippines' 120-odd GOCCs. Many of them are mandated to carry out public service obligations (PSOs)—special responsibilities and obligations at the request of the government for social and public policy purposes—which call for going beyond the generally accepted norm for commercial activities. If the costs associated with PSOs are left uncompensated, they lead to losses, worsening the GOCC's financial position relative to a level they would be expected to perform on a strictly commercial profit maximization basis. Knowledge of these PSOs, and the extent of QFAs, is important for a full appreciation of the financial situation of GOCCs, monitoring of associated risks, and sound decision-making on the extent and type of financial support the government should provide to these corporations.

As part of a medium-term cooperation program, assistance was provided to the DOF in developing a methodological framework for identifying and quantifying QFAs. A pilot was conducted covering seven diverse GOCCs—selected by the DoF—to identify and measure their PSOs and QFAs. The results of the pilot were synthesized to develop a generic "toolkit". The toolkit sets out a series of questions that need to be considered in identifying PSOs. These include, for example, whether the activity is unique to a GOCC or to a particular sector and whether it runs counter to the GOCC's commercial interest. In measuring QFAs, the toolkit requires identifying both direct and indirect form of compensation and suggests simple estimation methods. CD included recommendations on using the information gathered in this process of identifying QFAs to strengthen the approach to determining the appropriate form and level of financial support to GOCCs. Using the IMF Fiscal Affairs Department's (FAD) Discrete Guarantee and Loans Analysis Tool, a technique for analyzing riskiness of government guarantees to GOCCs and their pricing, factoring in the information on QFAs, was also demonstrated. The toolkit and recommendations were presented in a dissemination workshop that was widely attended by a cross-section of stakeholders within the government and the sample GOCCs. CD was delivered virtually with intermittent meetings with key counterparts and other stakeholders spread over nearly a year.

The DOF is well equipped to institutionalize the toolkit and apply it across the GOCC sector to systematically measure and monitor the extent of QFAs. Establishing an initial baseline of PSOs and QFAs is likely to be challenging, but subsequent annual updates relatively less onerous. Information on PSOs and QFAs will be a pointer to specific sources of risks for GOCC's financial sustainability and help the DOF devise suitable risk mitigation strategies, besides providing opportunities to review and re-assess decisions to transfer responsibilities for certain policies' implementation to GOCCs, both in terms of their relevance under the evolving economic and social policy objectives and cost effectiveness.

Box 3. Projecting Public Debt and Fiscal Adjustment Paths with Local and Foreign-Currency Debt in Chad

The debt dynamics CD project for Chad, which was requested by the authorities in December 2020, addressed key challenges by supporting the Ministry of Finance and Budget (MoFB) in building knowledge, skills, and capacity to project public debt and compute the fiscal adjustment paths needed to achieve a public debt target. Since the beginning of the 2017 Fund-supported program, Chad's debt vulnerabilities had declined significantly even though the country remained at high risk of external debt distress. At that time, elevated risk of overall debt distress reflected the relatively low revenue base in Chad and a low debt-carrying capacity, primarily due to slow-moving factors like weak institutional capacity, low remittances, and low import coverage of foreign exchange reserves.

The project was carefully designed to address the fragile state conditions of Chad and to strengthen the MoFB's debt sustainability analysis capacity by supporting their staff in: (i) customizing and operationalizing the Debt Dynamics Tool (DDT) as the primary analytical framework to attain the objectives of the project; (ii) collecting the necessary data, assumptions, and projections for the key macro-fiscal inputs necessary to operate the DDT; (iii) conducting debt to Gross Domestic Product (GDP) projections; (iv) assessing fiscal paths required to stabilize debt or reach given targets in the forthcoming periods; and (v) modelling customized scenarios, including natural disasters and bailouts of SOEs and subnational governments, all of them with implications on the level of primary deficits, growth and/or incurrence in net debt.

The CD project has successfully passed guidance to a cohort of staff from the ministry on handling data requirements, producing built-in graphics of baseline and risk scenarios (including fan charts) in standardized output tables, and evaluating alternative policy setups. TA focused on the production of debt projections linked to the authorities' medium-term debt management strategy (MTDS), ensuring their consistency with the economic targets envisioned in the National Development Plan 2022-26 and related fiscal projections, including the implementation of the G20 Common Framework Debt Treatment. Staff from MoFB have produced a debt note, which could soon feed into budget documentation. Moving forward, the TA will continue to ensure that members of the core team fully master debt projections, scenario analyses, and the evaluation of the consistency of fiscal policies with a given debt objective. The CD kept colleagues from the European Union (EU), WB, and the African Development Bank (AfDB) informed on details of progress achieved to better coordinate action among donors regarding the delivery of TA in the field, including on topics, scope, and timing. The project will be finalized before the end of 2023.

Box 4. Diagnostic Report on Governance and Corruption in Zambia

Upon the request of the President of Zambia, IMF staff, in collaboration with the authorities, prepared a Governance and Diagnostic (GD) Report, which was published on December 30, 2022. The diagnostic started with an interdepartmental virtual scoping mission in January 2022, followed by in-person main mission in May 2022 and several virtual follow-up meetings with the authorities, civil society, private sector, and international partners in June-July 2022. Guided by the IMF's 2018 Framework on Enhanced Fund Engagement on Governance, the GD Report assesses severity and nature of corruption, identifies governance weaknesses and associated corruption vulnerabilities in macro-critical areas of fiscal governance, financial sector oversight, CB governance, rule of law (enforcement of contracts and of property rights), effectiveness of anti-corruption and anti-money laundering frameworks. Based on the analysis, specific, country-tailored, and actionable recommendations were identified.

Preparation and publication of a GD was a structural benchmark in the Extended Credit Facility (ECF) for Zambia. Its recommendations contribute to further governance and anti-corruption reform measures in the context of the ECF for Zambia.

The recommendations include structural policy measures as well as near-term steps that focus on the first round of reforms. Priority recommendations focus on strengthening transparency through adopting a legal framework that guarantees public access to information; strengthening anti-corruption and oversight institutions; improving beneficial ownership transparency; strengthening fair and transparent management of licenses and contracts in the mining industry; and mandating the regular preparation and publication of tax expenditure reports. These reform priorities are expected to catalyze transition to stronger governance and more effective, sustainable governance and anti-corruption reforms. Following the diagnostic, IMF staff provides TA to support implementation of the recommendations derived from the GD, in coordination with other donor partners.

On May 5, 2022, IMF Staff met the President of Zambia at the State House to discuss the findings and recommendations of the GD.

Box 5. Twelfth IMF-Japan High-Level Tax Conference

The participants appreciated the selection of topics as timely. In particular, the topic on the implementation of the Two Pillar global agreement in the Inclusive Framework (IF) helped participants understand challenges that tax policy departments and tax administrations of peer countries are facing. Countries that are members of the IF are preparing for the necessary tax law changes, but face difficulties due to a lack of guidance. Most of the participating countries use ample tax incentives to attract foreign direct investment and are advised to revisit them in light of the global minimum effective tax rate of 15 percent (Pillar 2). Some countries that are not members of the IF are contemplating the introduction of a unilateral digital services tax to target highly digitalized businesses. The participants also showed keen interest in the topic of digitalization and taxation. Some countries have amended their tax laws to cope with the taxation of crypto assets, while others are looking for internationally agreed guidance to address possible risks of tax evasion. Tax administrations in the region are at different stages of their digital transformation, which provided a lively exchange about country experiences. Participants also appreciated the opportunity to strengthen relationships with their counterparts in the region.

The 12th conference was the first in-person event since the 10th conference in April 2019. FAD originally planned to co-host the conference jointly with Japan's Ministry of Finance in April 2021. However due to the pandemic, the event was postponed to April 2022. Given the participating countries' strong preference for an in-person event, the conference was postponed again to October 2022.

The conference helped FAD identify CD needs. The IMF-Malaysia Tax Academy regional seminar on mutual agreement procedures was held in March 2023 based on identified needs and requests at the conference with the financial support of the Japanese government. The hybrid mode enabled China and Hong Kong that could not attend the conference in-person to join the conference and enabled resource persons of OECD and AfDB to make their presentations.

The Twelfth IMF-Japan High-Level Tax Conference for Asian Countries, October 25–26, 2022, Tokyo, Japan.

Box 6. Regional Workshop on Government Finance Statistics in East Asia

A four-day regional workshop on GFS was delivered by the IMF in March 2023.

Twenty-nine participants from relevant institutions across the seven project-beneficiary countries—Cambodia, Lao P.D.R., Indonesia, Malaysia, Philippines, Thailand, and Vietnam—participated in the workshop, which was held at CDOT.

This was the first in person workshop since the COVID-19 pandemic, and it enabled greater interaction, rapport and relationship building. The workshop provided an opportunity for the new GFS Regional Advisor to further get to know country counterparts and begin the process of accelerating in-country technical assistance efforts.

The workshop included a series of lectures and a multi-part group exercise focusing on various aspects of GFS compilation. Key topics covered included: (i) reconciliation of above- and below-the-line data; (ii) compiling GFS from financial statements; (iii) compilation issues pertaining to subnational government units, social security funds, and pension funds; (iv) recording of transfers; and (v) consolidation of general government data.

In their evaluation of the workshop, participants were appreciative of both its content and format. They welcomed its interactive nature, and the mix of lectures and practical compilation exercises. Participants commended the course organizers for providing ample time to share experiences and exchange views on common challenges facing GFS compilation in the region.

Following the workshop, the pace of TA in the region has begun to accelerate, with first in person missions under JSA for Malaysia that took place in May 2023, and for Indonesia, scheduled for July 2023, as well ongoing missions to the other countries in the project.

A Regional Workshop on GFS was delivered by the IMF in March 2023.

Box 7. Introduction of Nowcasting Tools and Techniques to National Reserve Bank of Tonga

During the first in-person TA mission at the National Reserve Bank of Tonga (NRBT) in February 2023, the ICD TA team completed the work on nowcasting tools and techniques initiated during the previous virtual mission in November 2022. The ICD TA team helped the NRBT staff develop several nowcasting models (one for real GDP, one for inflation, and one for the external sector), and apply associated statistical methodologies introduced in previous missions, using Tongan data relevant for monetary policy at NRBT.

NRBT staff were very appreciative of the ICD TA team for their efforts to explain the specific details of how to apply various nowcasting methods in practice using Tongan data. During the mission, the ICD TA team also instructed the NRBT staff on how to construct a GDPNow report, along the lines of the GDPNow report of the Federal Reserve Bank of Atlanta. This approach was also extended to nowcast the inflation rate and led to the creation of an InflationNow report for Tonga.

The Chief Manager of Economics and Financial Markets at the NRBT, Mr. Daniel Taumoepeau, who attended all sessions of the mission with his team, confirmed that the models developed using nowcasting techniques and the GDPNow reports would be used on a regular basis as part of their work. The results will be used in NRBT Monetary Policy Meetings to help motivate the forecasts communicated to other agencies. Results from the GDPNow reports will also be published on their external website and updated on an ongoing basis. The three reports developed during the mission will feed into the work and internal policy discussions on the Tongan economy at NRBT.

The Governor of NRBT, Mr. Tatafu Moeaki, met the ICD TA team along with the NRBT staff and Mr. Taumoepeau on the final day of the mission, for a presentation of the results achieved and to discuss the CD needs of the NRBT going forward. The Governor insisted on the importance of continued CD at NRBT, both on macroeconomic analysis and forecasting skills. He also emphasized the importance of communication. Such considerations were discussed with NRBT staff during this mission as part of the elaborations of the GDPNow and InflationNow reports. The Governor described the outcomes of this mission as a "game changer" for NRBT.

The photo of the NRBT's Economics and Financial Markets Department team above was taken before the Nowcasting presentation to the Governor on February 23, 2023, Nuku'alofa, Tonga.

Box 8. Strengthening Revenue Administration and Mobilization in Lao People's Democratic Republic Supporting Growth, Institutional Capacity, and Future Sustainability

Following COVID-19, marked exchange rate depreciation following trade shocks brought high inflation and decreased living standards creating significant increases in the levels of public debt and bank liabilities in 2022. Economic recovery has been gradual with steady growth expected to resume in 2023. In order to support this outcome, greater revenue mobilization through tax reform and strengthened tax administration was identified as a critical need.

CD from the IMF and all other development partners is supporting the authorities' endeavors to strengthen institutions, strengthen revenue mobilization, and improve overall governance in the broader, country context. These overarching goals also represent macro-critical and surveillance priorities. In FY2023, the Lao P.D.R. Tax Department Public (LTD) made demonstratable progress in achieving improved results. Full resumption of CD support through a blended approach of remote and in-person TA ensured there was regular engagement. CD activities supported the LTD's Departmental Plan for Tax Administration 2021-2025 that sets out their strategic priorities[1] supporting improved revenue mobilization. A combination of IMF Headquarters (HQ) visits, short-term expert (STX) assignments and peripatetic support provided guidance that focused on introducing and strengthening Customs-Tax collaboration, strengthening VAT Management, implementing domestic revenue mobilization initiatives, strengthening revenue collections, and introducing international tax. Recommendations resulting from these activities were acted upon, demonstrating improved results in follow-up. While absorptive capacity continues to be an issue, LTD has shown continued interest in implementing reforms.

January 2023 mission on Enhancing Customs-Tax Collaboration, held in Vientiane, Lao P.D.R.. Pictured are representatives from Lao P.D.R. Customs Department, Lao P.D.R. Tax Department, and FAD's multidisciplinary mission team.

[1] LTD's strategic priorities include Strengthening the Legislative Framework, Improving Taxpayer services, Effective Management of Taxpayers, Modernizing Tax Revenue Management, Strengthening the Headquarters (HQ) Function, Strengthening International Cooperation, and Strengthening Internal Controls and Integrity.

Box 9. Supporting Jordan in Modernization of Domestic and Cross-Border Payments

Jordan has been modernizing its payment systems for both domestic and cross-border payments. When exploring more innovative payment solutions, including CBDC, the Central Bank of Jordan (CBJ) wanted to better understand CBDC's potential use-cases and design options of both wholesale and retail CBDCs as well as identifying areas for CD.

Starting in 2021, the IMF provided CD to the CBJ in three phases:

Phase I: Knowledge-sharing seminars. The CD entailed weekly virtual seminars for CBJ staff extending over two months. The seminars covered conceptual and operational issues related to CBDC, including opportunities, challenges, design options, technology and cybersecurity risks, legal and regulatory frameworks, and macro-financial implications. This phase aided the authorities in identifying the issues they must address in a CBDC feasibility study.

Phase II: Peer-learning workshops. The CD team conducted virtual workshops featuring four guest speakers from other CBs who shared their experiences and insights from their CBDC experiments. The workshops helped CBJ staff gain a deeper understanding of CBDC design, including wholesale and retail CBDCs, and benefit from lessons learned by other CBs.

Phase III: Bilateral CD. The CD team conducted a detailed analysis of use cases, opportunities, and challenges through a combination of virtual and in-person discussions. This phase resulted in two TA reports. The TA recommendations documented in the reports address a range of issues, including the payment landscape and pain points; opportunities and challenges associated with wholesale and retail CBDCs; the requirements for technology, cybersecurity, legal, and regulatory issues, and a recommended course of action in the medium term.

The CD program assisted the CBJ in gaining a better understanding of:

Wholesale CBDC (wCBDC). Findings suggested that the Jordanian wholesale financial markets are generally small with inactive secondary markets implying that wCBDC does not offer significant value in the near term. However, the potential for wCBDC facilitating cross-border transactions was deemed worth exploring. Recommendations included identifying a clear use-case for wCBDC in Jordan before conducting more advanced technology research.

Retail CBDC (rCBDC). Retail payment systems in Jordan are well integrated, indicating potential for a rCBDC to overcome barriers to digital payment adoption and improve cross-border payments. Recommendations for rCBDC included preparing analytical notes on policy objectives, use cases, costs and benefits, policy implications, and design options. It was also suggested to establish a forum to discuss a possible rCBDC implementation with stakeholders and to explore ways to ensure that fees and commissions do not obstruct digital payment services.

Clear synergies were established between the CBDC CD and the IMF surveillance teams. The CBDC CD team shared the key findings with the country team and the FSAP team. These exchanges facilitated surveillance on the CBJ's CBDC exploration, particularly macro-financial implications.

Box 10. Strengthening and Modernizing Customs Administration in Cambodia

In February 2019, the intergovernmental organization, the Financial Action Task Force, determined that Cambodia had not addressed strategic deficiencies against money laundering and terrorist financing and elevated Cambodia to being "Grey Listed". The Cambodian Government urged the ministries and agencies, including General Customs Department of Customs and Excise (GDCE) to address the deficiencies, whereupon the GDCE requested FAD support.

FAD, in collaboration with IMF Legal Department (LEG) which leads the Fund's program on AML/CFT, mobilized an expert under the JSA program, "Strengthening and Modernizing Customs Administration in Asia and West Africa". The FAD expert reviewed the GDCE's operational framework after which the expert's findings led to extensive training of GDCE staff. Two sessions of training were provided to total over 140 trainees. The first two-day training session was introductory training for 70 GDCE front-line officers. The second, four-day training session, focused on money laundering investigation techniques and inter-agency coordination, and was attended by 70 GDCE investigators and approximately 70 officers of other AML/CFT enforcement agencies that liaise with GDCE. Cambodia authorities, including GDCE, made satisfactory progress to address the deficiencies, and FATF removed Cambodia from the Grey List in February 2023.

Training for GDCE, Customs Training House. October 20–21, 2022, Phnom Penh, Cambodia.

Training for GDCE and relevant government agencies, October 24–28, 2022, Phnom Penh, Cambodia.

Box 11. Financial Development and Financial Inclusion Blended Learning Course

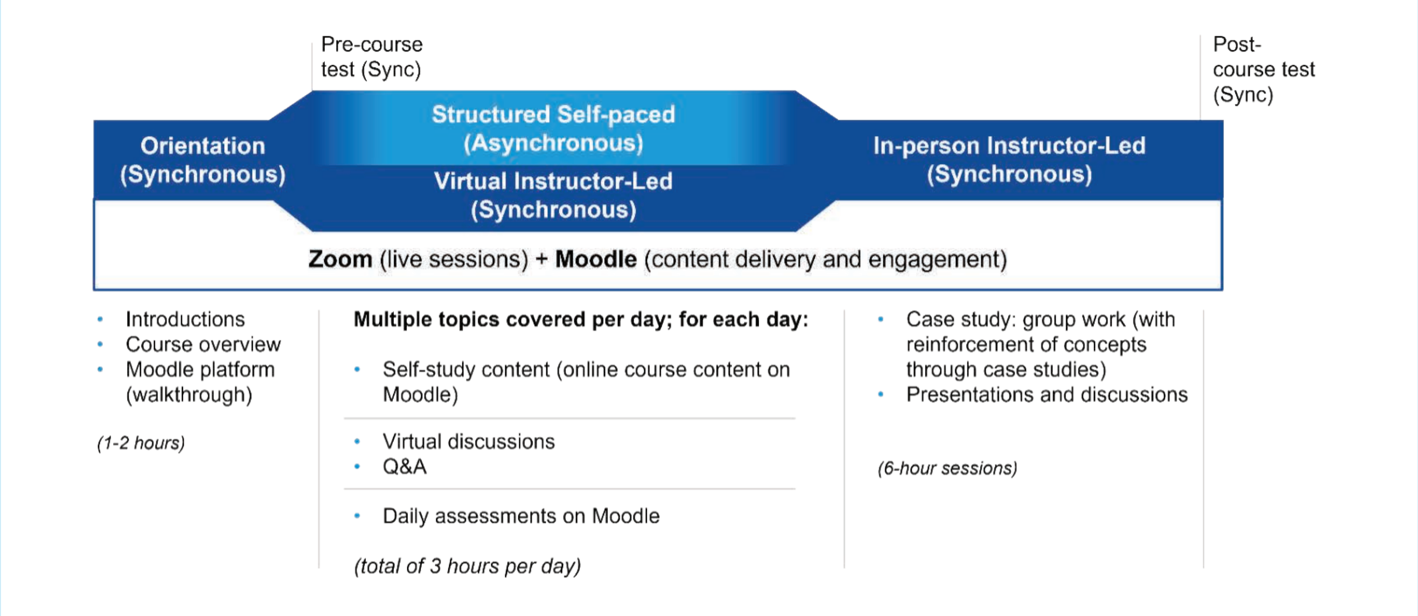
An innovative and transformational initial blended offering of Financial Development and Financial Inclusion, developed with JSA funding, ran from January 9-27, 2023, to great success and enthusiasm among both instructors and recipients. This was ICD's first fully designed blended course combining asynchronous online material with in-person classroom training. The in-person session took place in Mauritius at the IMF's Africa Training Institute.

By leveraging material from the existing online Financial Development and Financial Inclusion (FDFIx) course, which has been continuously offered with JSA funding, the Online Learning Program staff and the teaching team of economists ensured that the participants were able to think deeply about financial development and inclusion to design related policies in their countries to bring about real change.

Participants engaged in one week of virtual learning, working through online modules on their own and then interacting in virtual instructor-led sessions where the instructors dived deeper into the topics that participants had learned on their own. The second, in-person, week had participants working on one case study each day. The instructors found that it was possible to dive straight into the case studies because the participants had already bonded due to their interactions in Week 1 and were ready to take on the cases. These case studies led to healthy debates, experience sharing, and the development of effective solutions. The instructor team worked to ensure that material was ported between the IMF's learning platforms to create a seamless experience between Week 1 and Week 2.

Twenty-three participants from 15 Sub-Saharan African (SSA) countries attended the course, offered in both English and French. The team of instructors noted a uniquely high level of engagement by participants and high-quality classroom discussions during both weeks. Participants achieved significant learning gains of 25 percentage points from the pre- and post-test. Anecdotally, two participants noted in a post-course session that they were already using their newly expanded ability to speak in this topic area in new professional roles created to expand financial development and financial inclusion in their countries.

The success of the course has further strengthened the case for the development and delivery of blended CD in the department and across the IMF.



Box 12: Strengthening Capacities of Current and Future Public Finance Managers in Madagascar and Comoros

Developing capacities and training civil servants on best practices for PFM reforms is critical to ensure adequate ownership. The JSA project under the CCCDI has put a special emphasis on this dimension, and trainings and workshops made up an important part of the resident advisor's activities both in Madagascar and Comoros in FY23.

To ensure a correct and sustainable implementation of PFM reforms against a backdrop of limited capacity both in Madagascar and Comoros, the hands-on assistance delivered since the beginning of the resident advisor's assignment has been accompanied by a series of training activities. Under the project, these training activities have targeted both current and future public finance managers.

In Madagascar, the assistance in implementing new budget classification standards derived from the Public Finance Statistic Manual—MSFP2014 has led to a series of trainings to ensure current civil servants in charge of budget management from both the MoF and line ministries have the necessary understanding and skills to implement the reform in a sustainable way. A workshop and several trainings on budget classification standards, especially regarding functional classification, have been organized. Starting in mid-2002 functional classification is now used for budget execution monitoring purposes and is included in the initial budget documentation. Several trainings were also organized, mostly for the student administrators of financial services (ASF). After completion of a mandatory two-years program, those students will be integrated in the General Budget Directorate (DGBF) at a mid-management level with potential to evolve toward more senior responsibilities. In collaboration with the DGBF training institute, two series of trainings were conducted on both general and specialized PFM topics such as budget classification or commitment authorizations (to be implemented starting with the 2024 budget in order to enhance management of public investment projects). About fifty civil servants from the MoF and line ministries were trained on the ongoing reform of the budget classification, with a special focus on the newly introduced functional classification About twenty-five ASF were trained on both general and specialized PFM topics. Lastly, about fifty civil servants from DGBF were trained on commitment authorizations.

For Comoros, activities have focused on the preparation of the quarterly Table of Financial Operations of the State (TOFE) with the objective of completely rebuilding capacities that were lacking when the program kicked off. Two training sessions, the first in October 2022 and the second in April 2023 (in collaboration with the IMF Statistics Department (STA)) gathered stakeholders from the Ministry of Finance, Budget, and Banking sector (MFBBS), the CB, the General Planning Commission, the Institute of Statistics, and the Islands. About thirty civil servants were trained on the format and the preparation of the quarterly TOFE. The training contributed to restore TOFE preparation capacities at the MFBBS level.

Left: Workshop on budget classification, opening ceremony (March 21–25, 2022, Antananarivo, Madagascar). Photo courtesy of the MoF's Department of Communication.

Right: Training of ASF (May 22–26, 2023, Antananarivo). Photo courtesy of the DGBF training institute.

Box 13. Developing the Mauritanian Domestic Debt Market

For several years, the domestic market for government securities in Mauritania remained limited to short-term instruments not exceeding one year of maturity. Moreover, the investor base was dominated by public companies, and the Treasury-bill interest rates suffered from a lack of transparency. The last two years have been characterized by a decline in the stock of public securities in circulation and a retreat of the commercial banks from this market.

In 2022, Mauritania concluded a new ECF-EFF country program with the IMF. The program included regular issuances of 4, 13, 26, and 52-week T-bills for conventional banks for a volume of MRU 1 billion by June 2023 and MRU 2 billion by September 2023 as a structural benchmark. The eventual objectives included boosting the domestic debt market and supporting the implementation of monetary policy that is experiencing a shortage of instruments (government securities).

The IMF delivered a TA mission in November 2022 in response to the authorities' request to help them develop the domestic market for government securities and boost domestic government financing. The mission team worked closely with the MoF and the Central bank of Mauritania (BCM), as well as with local commercial banks and recommended an action plan for market development to be structured along short, medium, and long-terms actions—in regard to the issuance strategy, market communication, and coordination between key stakeholders.

The IMF worked with the Treasury Department and the BCM to draft an annual issuance calendar for 2023 and a quarterly issuance calendar for Q2-2023, based on 2023 fiscal financing needs and the annual Treasury plan for 2023. The 2023 annual calendar included regular issuance of T-bills for conventional banks in line with the ECF-EFF program and includes the issuance for the first time of T-bonds in 2023. Both annual issuance calendar and quarterly calendar have been approved and published by the MoF and the BCM and are under execution. In February 2023, Mauritania started a new IMF-supported program under an ECF-EFF arrangement. The IMF will continue supporting the CD activities in this area building on previous developments.

Box 14. Assessing Global Impact: Ten Years of IMF Online Learning

2023 marks the 10th anniversary of the IMF Online Learning Program, and this milestone prompted a comprehensive evaluation of the program's global reach and impact. The main question being: what is the effect of the online program on learner behavior, specifically on the application of learning?

Data collection for this evaluation took two forms: a robust quantitative behavioral survey analysis on the use and application of course knowledge and skills in day-to-day work, complemented by a qualitative compilation of stories from the growing community. The behavior survey (Level 3)[1] received close to 1,500 responses by government officials from 163 countries and territories, who had successfully completed at least one IMF online course between September 2020 and May 2022. Ninety percent of respondents agreed or strongly agreed that the course(s) allowed them to apply new methodologies, tools, or technologies to their work. Ninety-four percent of respondents agreed or strongly agreed that the course(s) helped to carry out their work more effectively. Respondents also reported that they frequently use course contents to design sound macro and macro-financial policies, analyze the economic and financial conditions in their country or region. Notably, the majority of respondents came from Africa and Asia and Pacific (46.3 percent and 20.9 percent, respectively). Finally, more than half of respondents (51 percent) reported using course content to facilitate dialogue with the IMF.

The second angle of the evaluation focused on qualitative feedback and comprised in-depth interviews from the learning and teaching community. The resulting stories and video testimonials examine the global impact of the program, but through the personal and insightful lenses of our government official learners. Some of the common themes among those interviewed are the practical nature of the course material, thoughtful course design, and strong expertise that is offered uniquely by the IMF.

This work was part of a broader effort to strengthen the program's monitoring and evaluation framework, using data-driven decisions to inform and improve program and product design, maintain accountability, ensure transparency with donors and stakeholders, and better align with the Fund's Results-Based Management (RBM) governance framework.

Furthermore, it further highlighted the role of the strategic IMF-JSA partnership on online learning and strengthened the program's visibility around the globe.

[1] The Kirkpatrick (1976) model for training includes: Level 1—reaction, which measures how well participants liked the training based on self-reported satisfaction; Level 2—learning, which measures knowledge acquisition; Level 3—behavior, which measures whether the knowledge learned during the course is effectively applied; Level 4—results, which measures the final outcomes occurring as a result of attendance and participation in the training.

Box 15. Cambodia's Public Investment Management

The Ministry of Economic and Finance (MEF) of Cambodia requested in 2019 a PIMA to assess the strengths and weaknesses of the Public Investment Management (PIM) System. The 2019 PIMA noted weaknesses in developing important public investment "institutions" such as a medium-term fiscal framework (MTFF), appraisal and selection processes, transparency of the capital budget, and monitoring of the implementation of investment projects, both at the individual and portfolio level. Improving public investment management, it was noted, is macro-critical in Cambodia as spending pressures in the social sphere are increasing. Additionally, concessional finance is expected to dry up as the country further develops as a low-middle income country. The country will have to do "more with less" in the public investment sphere over the medium term. In this context, in 2022 the Ministry asked the IMF's FAD to update the assessment to see if progress had been made in reforming PIM institutions and whether some of the recommendations from the 2019 report had been implemented. The government was also interested in implementing the new module of the PIMA, the Climate PIMA that evaluates to what extent climate change considerations are integrated into PIM legislation, policies, and practices. The interest is understandable given that Cambodia is very susceptible to floods, droughts, and other natural disasters, influenced by climate change. Climate-induced events have had an increasing adverse impact on infrastructure assets.

As part of a medium-term cooperation program, assistance was provided to the Cambodia MEF in taking stock of the PIM progresses since the 2019 PIMA. The activity was preceded by training of some 80 officials within MEF, line ministries, and agencies on the PIMA and C-PIMA methodology. The Cambodia PIMA update and C-PIMA found that Cambodia made very good use of the 2019 PIMA recommendations and achieved significant progress in strengthening its PIM practices. Both institutional strength and effectiveness of PIM, as measured by the PIMA framework, saw improved scores. Noteworthy the PIMA contributed to improvements in the introduction of a debt ceiling, a stronger MTFF, the use of capital expenditure ceilings during budget preparation, a significantly improved regulatory and guidance framework for appraisal and selection of domestically funded projects, a new Public-Private Partnership (PPP) law, and a new legal and policy framework for review and monitoring of large investment projects. The integration of climate change in PIM institutions is still at an early stage, but Cambodia scored relatively well on the C-PIMA module on integration of climate change in national and sectoral planning and national disaster risk management. The 2022 PIMA update showed the effectiveness of the PIMA tool in advising PIM reforms. Interestingly, in just three years (2019-2022) public investment efficiency increased by more than 10 percent, validating that improvements in PIM have not only been on paper, but have affected the effectiveness and quality of public investment projects in Cambodia. The conclusions and recommendation of the 2022 PIMA and C-PIMA will inform the update of the 2019-2025 PIM Reform strategy.

Photo from the December 2022 HQ-mission held in Phnom Penh, Cambodia.
Pictured are participants from the MEF and FAD's mission team.

Box 16. Advancing Monetary Policy Modernization Through Productive CD Collaboration in Cambodia

Collaboration within the IMF and with other CD providers is a key factor in advancing monetary policy modernization in Cambodia. The CDOT advisor is collaborating with the bilateral MCM advisor as well as the Japan International Cooperation Agency (JICA). CDOT advisor has been working with the National Bank of Cambodia (NBC) since January 2021. MCM bilateral advisor started his assignment in Cambodia in October 2022. The CD programs by the two experts are supported by the Government of Japan from the respective JSA funding programs.

Responsibilities of the two advisors are now split in such a manner that the CDOT advisor leads the design and development of monetary operations, including streamlining of the Interest Rate Corridor (IRC), Reserve Requirements, Official Exchange Rate and FX operations, while the bilateral MCM advisor leads Liquidity Forecasting and Interbank market monitoring which needs more daily interaction with CB staff. In close collaboration, the advisors support the NBC in ad hoc and new CD requirements e.g., the recent NBC's request to help in improving Organization of Research in the NBC and development monetary policy report.

Both advisors participated in the IRC workshop, organized by the CDOT for the NBC Staff on April 5–6, 2023. The workshop provided a vivid discussion of different forms of IRCs and the role of reserve requirements management and liquidity forecasting. Two country examples were presented to illustrate how the IRC can be practically implemented in Cambodia taking into account previous TA recommendations.

In addition, the collaboration with JICA experts delivers synergies in the NBC CD, which comes naturally as the current JICA expert was the previous CDOT advisor under the same JSA program. JICA focuses on helping the NBC to learn from their peers about liquidity monitoring and forecasting (e.g., from Bank of Japan), improve interbank market date collection, and further research and analyses for monetary policy decision-making.

The collaboration has helped the NBC achieve tangible results. With the introduction of overnight Marginal Lending Facility (MLF) in September 2021, the NBC now has in place a partial IRC. The introduction of the MLF has also supported the issuance of the government bond in September 2022 as the MLF increases its liquidity. Additionally, the NBC started collection of interbank money market data for its monitoring.

NBC also continues developing new tools for short-term liquidity forecasting with help from the CDOT and MCM bilateral advisors together with an expert from the IMF Information Technology Department (ITD). The NBC has already put in place a solid liquidity monitoring framework with support of the previous IMF TA. It helps the NBC to adjust market liquidity ex-post.

An empirical approach of learning by doing is taken with the aim of continuous improvement and accumulation of knowledge. The NBC Liquidity Forecasting Group (LFG) with support of the MCM bilateral advisor meets every week to estimate the three autonomous factors together with collecting other balance sheet items, whose changes are known in advance.

The NBC moved to market-based Official Exchange Rate determination mechanism in August 2022. It now allows the NBC to determine the official rate every afternoon at 4:30pm as a volume-weighted average rate of the interbank foreign exchange market transactions on NBC platform) during the day. Additionally, the NBC has made all necessary adjustments to move FX auctions to the platform, which has been already used for monetary operations.

National Bank of Cambodia workshop on IRCs.

Box 17. Regional Peer Learning Workshop on Global Data Dissemination

A three-day peer-learning Workshop on the enhanced General Data Dissemination System (e-GDDS) was held in Rwanda in November 2022. About 50 senior managers and mid-career staff involved in data dissemination from six countries—Comoros, Burundi, Eritrea, Rwanda, Somalia, and Zimbabwe—attended the workshop. The countries were chosen because of their fragile status—except Rwanda—and because they were assessed as being on the cusp of making strides on data dissemination. In that respect, the workshop was highly successful as, in its aftermath, Burundi and Zimbabwe established a National Summary Data Page (NSDP), Comoros re-energized its work to establish an NSDP, and Rwanda finalized an Action Plan to subscribe to the Special Data Dissemination Standards (SDDS).

The workshop used a mix of presentations by IMF staff and country participants, discussions, and break-out working groups to foster a peer-learning environment. Three countries—Burundi, Rwanda, and Somalia—shared their experiences with data dissemination, including how to foster coordination among agencies. Working groups prepared country-specific road maps, two of which aimed to establish a NSDP for Zimbabwe and Comoros and one to prepare an action plan for Rwanda's subscription to the SDDS. Participants valued how the workshop enabled interaction and open discussion among officials from different data-producing agencies which, they noted, sometimes is difficult to ensure in their own countries.

During the November 2022 workshop, the Director of the Zimbabwe National Statistics Agency confirmed the authorities' intention to establish an NSDP and, shortly thereafter, requested a mission, which took place in March 2023. The authorities launched the NSDP on the last day of the in-person mission (March 14, 2023)—one day before the IMF Executive Board discussed the 2023 Article IV report for Zimbabwe. Usually, countries take up to two months after an e-GDDS mission to finalize an NSDP—thus, Zimbabwe's effort was outstanding.

The training portion of the Zimbabwe mission was organized differently from a standard e-GDDS mission. Usually, the mission trains data contributors and focal points working in one data-producing institution each day. Instead, in order to strengthen interagency cooperation, the training was conducted jointly for the three data-producing institutions. Thus, IMF staff re-designed the training component of the mission, going more in-depth in certain technical aspects (e.g., data visualization) and weaving workshop-like activities in the training (hands-on exercises, break-out rooms, and presentations by working groups). This facilitated more active participation in the exercises; and a stronger awareness of institution-specific constraints.

The authorities launched the NSDP at a national conference that was publicized through a live webinar (see poster on page 26). The country officials emphasized that the NSDP is a truly national endeavor, the result of close inter-agency cooperation. The launch of the NSDP was also reported by local media. The IMF's press release announcing Zimbabwe's launch of its NSDP noted that the project was financed by the Government of Japan.

e-GDDS mission to Zimbabwe.

Box 17. Regional Peer Learning Workshop on Global Data Dissemination (continued)

Box 18: Customs Administration Preparations and Innovations for the Implementation of the AfCFTA

Nigeria is the largest African economy. Its significant industrial base could benefit and be expanded by the African Continental Free Trade Area Agreement (AfCFTA) if the provisions of this major agreement among 54 countries, practically all countries on the continent, are effectively and efficiently implemented. The strong proof of Nigerian/African origin of exported goods will allow to progressively remove tariffs on imports from Nigeria within the continent. On the other hand, this same industrial base could be put at risk by unfair competition from producers outside the bloc if abuse of origin rules occurred due to insufficient control. Aware of their crucial role to support national business and African economic integration, the Nigerian Customs authorities requested support from the IMF/FAD to build the capacity of its staff andoptimize its procedures.

FAD developed a CD strategy for Nigerian Customs to help develop effective solutions for processing international preferential trade under the AfCFTA, as well as regional trade agreements, particularly in the Economic Community of West African States. IMF experts emphasized that customs should have a leading role in administering the rules of origin under the AfCFTA and providing a dependable certification of origin. Customs also play an important role in providing a reliable mutual assistance arrangement among the customs administrations to conduct effective investigation of suspected fraud cases.

The Nigeria Customs Service (NCS), supported by the IMF experts, i) appointed immediately a high-level AfCFTA/Rules of Origin Committee to develop the origin management framework, ii) outlined Standard Operating Procedures for Nigerian exporters qualification prior to customs clearance to speed up and secure the operations; and had 60 of its managers and specialist staff benefited from a comprehensive training. The project assisted the Committee in drafting implementation guidelines. A set of recommendations was presented to, and discussed in detail with, the NCS senior management on creating of a dedicated national customs unit to inform the trade community, facilitate Nigerian exports and enhance control of origin of goods, adjusting legislation where needed, and further training of customs officers and other stakeholders. The NCS senior management endorsed IMF's proposed approaches and expressed commitment to reform with a strong interest in the continuation of the JSA-funded projects to support their initiatives and efforts.

Workshop held in Nigeria. Pictured are participants from the NCS and FAD's multidisciplinary technical experts.

Box 19. First Blended Course at the IMF-Singapore Training Institute

During its return to in-person training IMF training will build on positive lessons from virtual training and TA deliveries during the COVID-19 period. Blended learning combines online modules, delivered asynchronously, with subsequent in-person delivery in a training center.

STI rolled out its first blended course on Model-Based Monetary Policy Analysis and Forecasting (MPAF). The course was a total success, with participants praising the high quality of the course content, the balanced mix of online and in-person learning, hands-on nature of the workshops, meticulous organizational preparations, and counselors' skills. The blending approach achieved its main objective of leveling up the quality of participants—not only were the learning gains higher than ever before, but by the counselors' assessment, participants performed from Day 1 at a level normally achieved only in the middle of the course. Many participants mentioned the course's usefulness in light of ongoing IMF macroframework TA in multiple Asia-Pacific countries. All participants completed the virtual part of the course despite usual work demands—a record not achieved in previous attempts at blending.

MPAF COURSE RESULTS

	2018	2021	2022 (Virtual)	2023 (Blended)
Satisfaction (0 to 5)	4.7	4.2	4.7	4.9
Learning gains (0 to 100)	16	21	13	23
Absolute learning (% of learners scoring >60)	30	32	32	52

B

A PROGRAMMATIC APPROACH TO CAPACITY DEVELOPMENT

Close dialogue and strategic consultations ensure that the Japan-IMF partnership is based on mutual understanding and priorities. Such close coordination also leads to better implementation and increased positive impact on beneficiary countries. This year the JSA Strategic Dialogue focused on lessons learned and examples of CD integration with surveillance and lending. CD integration also requires extensive consultations with country authorities, diagnostics and review throughout the reform process, and a robust RBM framework to achieve and sustain a lasting impact. Tailored to each country's situation, hands-on advice to develop capacity, peer learning, and training are combined through seminars, workshops, and the expertise of LTXs and STXs. Japanese experts are regularly considered for such assignments.

"Capacity constraints would matter for climate vulnerable countries, and it is critical to properly take into account the recipient country's absorption capacity and the authorities' policy priorities. Also, we should bear in mind to appropriately develop a country-specific and well-tailored CD Strategy or Plan, based on each country's circumstance. In this context, strategic integration among climate-related surveillance, lending and CD activities, is paramount."

REGIONAL COVERAGE

IMF member countries worldwide have benefited from Japan's longstanding and generous support. Table 3 presents JSA regional commitments and their distribution, highlighting how low- and lower middle income countries in the Asia and Pacific region as well as the Africa region, represent a priority target. STI and CDOT complement support with customized training courses for government officials. During the period FY1993–2023, CD programs totaling $298.9 million focused on countries in the Asia and Pacific region, equivalent to over 49 percent of approved JSA TA and related activities. During that same period, CD programs to Africa totaled $118 million.

SECTORAL PRIORITIES

Fiscal topics represented the largest share, with 51 percent of yearly commitments in FY2023. Training represented about a quarter of the yearly commitment in FY2023, which reflects Japan's strong support for the IMF Online Training Program and STI, followed by Monetary and Capital Markets topics, which represented 16 percent. Table 4 shows annual commitments by sector of the period of FY1993-2023.

JAPAN'S VISIBILITY

IMF staff understand the value of the contributions provided by Japan and strive to provide visibility to

Japan and all development partners. Previous external evaluation of Japan's support through the IMF highlighted that JSA-funded IMF TA provides high visibility to Japan as well as a positive image. Japan was proximately featured in the last year through annual publications, relevant promotional brochures, and digital media—such as the IMF website and online learning platform, social media, and videos—all contribute to publicly acknowledge and express appreciation for Japan's partnership with the IMF on CD.

Japan participated in numerous CD events this year which promoted and highlighted our long partnerships. Japan participated in the IMF's first Climate CD Partnership Forum held in May 2023 to exchange views amongst partners on Climate CD priorities and the best ways to deliver those, in support of the implementation of the IMF's Climate Strategy.

MONITORING AND EVALUATION OF THE JSA

Monitoring and evaluation of IMF CD activities is currently conducted through regular self-assessments and evaluations by independent consultants, as well as IMF-wide reviews every three to five years, such as the CD Strategy Review, which was commenced in FY23. Japanese authorities have provided substantial input into the process.

RBM at the IMF is used for designing interventions and assessing their impacts and supporting the goals of focusing CD planning and delivery on country results. RBM provides the foundation for the Capacity Development Management and Administration Program (CDMAP) planning and prioritization process and enables effective evaluations which underpin the strategic development of the Fund's CD work.

IMF staff share an interim self-assessment with Japan of each JSA program towards the end of the fiscal year. Self-assessments help evaluate projects' implementation progress and results, as well as highlight challenges encountered and coordination with other CD providers.

The five-year JSA external evaluation was launched in FY23. The consultants interviewed key stakeholders at the IMF and the JMOF, as well as reviewed numerous documents, including past JSA Annual Reports, program proposals and assessments, to prepare in inception note for the evaluation. The inception note sets out the methodology and sample programs to be evaluated; including those that will benefit from filed visits. The evaluation recommendations will provide an opportunity to learn from experiences over the last five years in order to improve CD delivery going forward.

TABLE 3. JSA ANNUAL COMMITMENTS FOR CAPACITY DEVELOPMENT BY REGION, FY1993–2023[1, 2, 3, 4]

(In millions of U.S. dollars)

Region	FY1993-2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Total	FY2023 %	FY1993-2023 Total	FY1993-2023 %
Africa	93.9	5.4	3.2	4.0	2.4	3.1	1.8	4.3	12%	118.0	20%
Asia and Pacific	200.0	13.5	15.8	17.6	17.3	15.2	9.5	10.0	28%	298.9	49%
Eastern Europe[4]	38.9	-	-	-	-			-	0%	38.9	6%
Europe	30.4	-	-	-	-			-	0%	30.4	5%
Latin America and Caribbean	15.5	-	-	-	-			-	0%	15.5	3%
Middle East and Central Asia[4]	27.8	0.7	1.8	1.7	-			-	0%	32.0	5%
Multiple Regions	22.9	0.5	1.5	1.5	3.8	7.3	12.5	20.9	59%	71.0	12%
Total	**429.5**	**20.0**	**22.4**	**24.9**	**23.4**	**25.5**	**23.8**	**35.2**	**100%**	**604.8**	**100%**

Source: Institute for Capacity Development, IMF.

1 Original budgets approved by Japan. Not adjusted for revisions or projects completed below approved budgets.

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

3 Commitments for programs from FY2011 onwards include the trust fund management fee.

4 Starting in FY2008, 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, FY1993–2023[1, 2, 3]
(In millions of U.S. dollars)

Topic	FY1993-2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023		FY1993-2023	
								Total	%	Total	%
Fiscal	144.2	7.6	9.6	10.9	11.1	12.1	12.1	18.0	51%	225.7	37%
Monetary and Capital Markets	138.7	4.9	4.1	7.0	4.6	5.3	3.5	5.8	16%	174.0	29%
Macroeconomic Statistics	75.7	3.1	3.5	2.4	2.4	2.3	1.5	2.0	6%	92.9	15%
Training	46.7	2.3	3.8	4.1	4.3	4.6	5.6	8.6	24%	79.9	13%
Legal	10.7	0.6	0.2	-	-	-	0.6	0.6	2%	12.6	2%
Others	13.5	1.6	1.1	0.5	1.1	1.2	0.5	0.2	1%	19.7	3%
Total	**429.5**	**20.0**	**22.4**	**24.9**	**23.4**	**25.5**	**23.8**	**35.2**	**100%**	**604.8**	**100%**

Source: Institute for Capacity Development, IMF.

1 Original budgets approved by Japan. Not adjusted for revisions or projects completed below approved budgets.

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

3 Commitments for programs from FY2011 onwards include the trust fund management fee.

Box 20. CBDC Handbook

IMF staff is preparing a CBDC Handbook to document as the basis for CD engagement with jurisdictions that are exploring CBDC. The Handbook will answer the most frequently asked questions on CBDC in five priority areas: (1) policy objectives and operational framework of CBDC; (2) foundational requirements and readiness to issue CBDC; (3) CBDC design processes, considerations, and choices; (4) project approaches and technology; and (5) potential macro-financial impacts of CBDC. Production of the Handbook follows a three-step process repeated annually: (1) develop Fintech Notes to seek comments inside and outside of the IMF; (2) brief the IMF Executive Board on key policy messages extracted from the Fintech Notes; and (3) publish Handbook chapters based on the Fintech Notes.

The IMF Executive Board was informed about and endorsed this approach in April 2023. A first set of Fintech Notes were published in September 2023: (1) "How Should Central Banks Explore Central Bank Digital Currency?"; (2) "A Guide to Central Bank Digital Currency Product Development"; (3) "Implications of CBDCs for Monetary Policy Transmission"; (4) "Capital Flow Management Measures in the Digital Age"; (5) Design Choices for CBDC"; and (6) "CBDC's Role in Promoting Financial Inclusion". The IMF Board will be briefed on staff's initial considerations on CBDC in October 2023 based on the five Fintech Notes, and a first set of Handbook chapters will be subsequently produced. Work on the next set of Fintech Notes has begun with planned publication in 2024.

C

REGIONAL OFFICE FOR ASIA AND THE PACIFIC

OAP celebrated its 25th Anniversary in FY2023. OAP operates as the IMF's interface with Asia and the Pacific, promotes and undertakes CD activities, engages in public relations and outreach in Japan and abroad, collaborates with regional organizations and forums, contributes to IMF surveillance and research activities, and supports the work of the IMF in Japan and the region since its establishment in December 1997. Its presence offers testimony to the substantial and growing importance of the region in the global economy. FY2023 was also a big transition year for OAP, as its work moved from virtual to hybrid and in-person delivery and a new director took the helm of the office. OAP resumed fully in-person conferences and outreach events later in FY2023 while also continuing with well-attended virtual events.

PUBLIC RELATIONS AND OUTREACH

In FY2023, OAP organized and participated in a range of seminars and workshops for audiences in Japan and from throughout the region to enhance public understanding of the IMF's operations and policy recommendations, with the OAP's 25th anniversary events as highlights. Some of these events were carried out in collaboration with universities, think tanks, CBs, MoFs, and other government, international, and private organizations.

OAP commemorated its 25th anniversary with two events to showcase its contribution to regional cooperation and financial stability. In July, IMF Managing Director Kristalina Georgieva and Japan's Finance Minister Shunichi Suzuki launched a high-level panel discussion on economic policy priorities and international cooperation to reflect on lessons from the past 25 years of economic development in the Asia-Pacific region. The office also hosted a celebratory event in November with participation of high-level guests, underscoring the strong support for the office and its work.

Other policy outreach events include the Asia Pacific Regional Seminars on the global and regional economic outlook, as well as events where OAP is invited to speak about CD. In FY2023, OAP hosted or participated in such events for public audiences in Japan and throughout Asia and the Pacific. In addition, to foster future generations of macroeconomists, OAP held two virtual and one in-person Macroeconomist Training Program courses for university students in Japan and elsewhere in Asia. Participants in these courses learn basic analytical tools and methods used for economic surveillance. Since 2017, a total of 330 students from 44 different countries have benefitted from these courses, which are undertaken in close collaboration with JICA.

OAP continued to help enhance the Fund's overall communications work in Japan and elsewhere in the region, in collaboration with the Communications Department and other HQ departments. To bolster its own outreach, OAP maintained its own English/Japanese websites—including the JISPA specific site—and actively used its social media platforms and online newsletter to promote OAP's activities and to communicate the Fund's messages. OAP will continue to create audiovisual and interactive information products, such as "JISPA Voice" and "Video Messages"—which share JISPA alumni testimonials on social media, and organize and participate in various public events to reach out to non-traditional audiences. OAP also leveraged media engagements to enhance IMF messaging, setting up interviews for IMF officials and soliciting the coverage of IMF data and analysis.

In addition, the regional office engaged continuously with businesses and think tanks in Japan and abroad to make the IMF's work more visible, and provided briefings on the IMF's role, its operations, and career opportunities upon request.

MANAGING RELATIONS IN THE REGION

OAP coordinates IMF relations with regional forums, including Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN and ASEAN+3/AMRO), the Executives' Meeting of East Asia-Pacific (EMEAP) Central Banks, the South-East Asian Central Banks (SEACEN), the Asia-Europe Meeting (ASEM), and the Pacific Island Countries Central Bank Governors' Meeting. OAP participates on invitation in these meetings, offers presentations on global and regional economic developments and other topical issues, and keeps HQ informed as regional views and initiatives unfold. Furthermore, OAP maintains close contacts with other international organizations and with diplomatic missions in Tokyo and throughout the region.

SURVEILLANCE AND RESEARCH WORK

OAP staff monitor and report regularly to HQ on developments in the region and serve as desk economists on several IMF country teams. During FY2023, OAP economists contributed to missions and related work for Brunei, India, Japan, and the Federated States of Micronesia. OAP economists regularly carry out research on various economic policy issues of regional interest and support IMF engagement with member countries. In FY2023, OAP economists produced working papers on green bond markets and on unleashing India's growth potential. OAP economists also contribute to review of IMF research and policy papers.

DELIVERING CAPACITY DEVELOPMENT

OAP organizes seminars and conferences in selected CD areas to meet the needs of policymakers in the region and to keep them abreast of current macroeconomic issues and challenges. These events are financed with the generous support of the Government of Japan.

OAP administers the JISPA, in which about 65 junior officials from Asia pursue each year in Japan graduate studies in macroeconomics and related fields. There are 844 alumni of the scholarship program since it started in 1993, and many of these graduates now hold senior positions in their own countries. Through the JISPA Continuing Education Program (JISPA-CE) these alumni have an opportunity to learn about more topical and specialized issues from experienced instructors from the ICD and the STI. This helps the alumni to refresh their networks throughout the region, while reconfirming their ties with the IMF and Japan.

The regional office also offers highly valued programs for senior officials in the region. These include the Japan-IMF Macroeconomic Seminar for Asia (JIMS), a week-long executive training course on macroeconomics at the graduate level. JIMS, along with the JISPA-CE, provides senior officials with opportunities to discuss current macroeconomic issues and exchange views with, and learn from, regional peers.

OAP organizes and sponsors peer-to-peer CD seminars and conferences to enhance policymaking skills of officials in the region. In FY2023, these have included conferences on recovery from the pandemic in Developing Asia—co-organized with JICA, on managing financial risks in a shock prone world—co-hosted with The University of Tokyo, and on climate-related financial risks and green finance in Asia and the Pacific. OAP also organized a workshop on "Mutual Agreement Procedures" co-hosted by Malaysia Inland Revenue Board and supported by FAD. In addition, OAP assists the FAD with the organization of the Tokyo Fiscal Forum and the Tokyo Tax Conference, both of which support peer learning and capacity development of officials from the Asia and Pacific region.

Conference hosted with JICA in January 2023.

D JAPAN-IMF SCHOLARSHIP PROGRAM FOR ASIA

JISPA was established in 1993 and supports graduate studies in macroeconomics or related fields in leading universities in Japan. It provides educational opportunities to promising junior officials from economic agencies in countries in the Asia and Pacific region, and in Central Asia.[1]

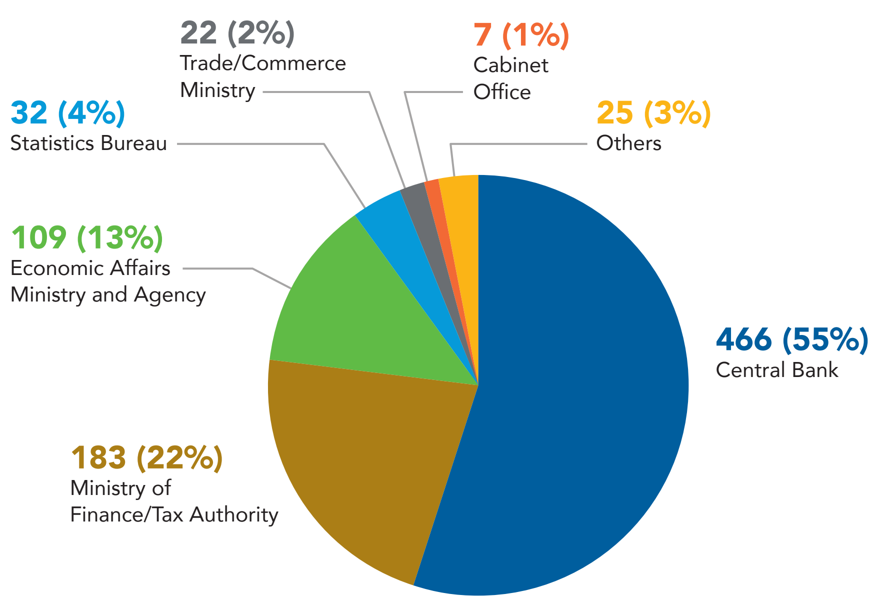
JISPA offers a partnership track with tailored master's programs in four partner universities and an open track with graduate programs (including PhD degrees) in any university in Japan.[2] A two-and-a-half-month orientation program helps incoming scholars prepare for their studies and life in Japan. Throughout the duration of their scholarships, JISPA scholars are invited to seminars and events organized by OAP, providing further opportunities to learn about current economic and policy issues and to build a network among themselves and with others. For the 2023 academic year, JISPA awarded 33 new scholarships and supported 66 scholars in total, including 6 PhD candidates.[3]

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

[2] The four partnership universities are the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and The University of Tokyo.

[3] The 2023 academic year of JISPA runs from October 1, 2022 to September 30, 2023.

FIGURE 4. JISPA ALUMNI BY AFFILIATION, FY1993–2023



OAP's special attention to JISPA scholars helps foster their identity as "Japan-IMF" scholars and strengthen their ties with the program even after their graduation. Relaxation of the COVID-19 prevention measures allowed many in-person JISPA related events to resume in FY2023. The JISPA scholars were able to meet with the IMF Managing Director Kristalina Georgieva during her visit to Japan in July 2022. The MD encouraged JISPA scholars to become "the leading policymakers of tomorrow" at a townhall meeting in Tokyo. About 90 JISPA scholars joined the event and got inspired as they learnt about her own career path, views on current challenges and vision for the future. OAP also organized two in-person workshops at the International University of Japan, Niigata, including a special weekend workshop for the graduating scholars and the annual summer workshop for those finishing the first-year studies. These workshops fostered the community spirit among JISPA scholars and helped them better understand IMF programs and policies as well as the Fund's CD work in the region.

In addition to those special events, OAP continued to organize various activities for JISPA scholars, such as a series of policy dialogue meetings to introduce them to the Japanese policymakers and an exclusive thesis presentation program for graduating scholars. The scholars were also invited to the Asia-Pacific Regional Seminar Series organized by OAP, at which economic policy issues and thematic topics are discussed with audiences from across Asia and around the world.

OAP also organized the first in-person JISPA-CE Program in FY2023 after running the program virtually for the past few years. JISPA-CE brings mid-career JISPA alumni back to Japan to refresh their knowledge and reconnect, and helps strengthen and cement relations among JISPA alumni throughout Asia and the Pacific as they advance in their careers.

The community of "Japan-IMF" scholars has been growing. Since 1993, the program has awarded 933 scholarships and 844 scholars have graduated (see Table 5 and Figure 4). Graduates have successfully advanced in their policymaking careers, with some attaining roles such as Governor and Vice Minister.

TABLE 5. JAPAN-IMF SCHOLARSHIP PROGRAM FOR ASIA
DISTRIBUTION OF SCHOLARS BY COUNTRY AND AFFILIATION, 1993-2023*

Country	Number	Percent	of which graduates
China	102	10.9%	102
Uzbekistan	102	10.9%	94
Vietnam	102	10.9%	98
Myanmar	85	9.1%	74
Cambodia	78	8.4%	72
Mongolia	66	7.1%	51
Kyrgyz Republic	54	5.8%	50
Indonesia	52	5.6%	43
Thailand	50	5.4%	46
Bangladesh	48	5.1%	39
Kazakhstan	43	4.6%	42
Philippines	38	4.1%	34
Lao PDR	32	3.4%	28
India	22	2.4%	22
Nepal	18	1.9%	12
Tajikistan	10	1.1%	9
Bhutan	8	0.9%	6
Sri Lanka	6	0.6%	6
Maldives	5	0.5%	5
Malaysia	4	0.4%	4
Fiji	3	0.3%	3
Turkmenistan	3	0.3%	2
Timor-Leste	1	0.1%	1
Tonga	1	0.1%	1
TOTAL	**933**	**100.0%**	**844**

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

E

JAPAN-IMF SCHOLARSHIP PROGRAM FOR ADVANCED STUDIES

Japan provides scholarships to Japanese nationals to study macroeconomics at the doctoral level to prepare them for a successful career at the IMF. The JISP began operating 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 renowned 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, European, and Australian 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, the IMF/World Bank Spring and Annual Meetings, and they have the option to attend other non-IMF conferences.

After they graduate, 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. Since the program's inception, 37 JISP alumni, 17 of whom were Japanese, have joined the IMF. Twenty-eight are still working at the IMF as of May 2023. The most recent scholar joined the Fund in September 2022. Of the 28 former JISP alumni currently on staff, 23 were hired as staff members through the EP and the remainder joined at the mid-career level.
JISP is administered by the IMF in collaboration with the Institute of International Education (IIE).

Table 6 shows the number of Japanese scholars who applied to the program and those who accepted the award since 2009.

JISP Scholars with Japan Executive Director Mr. Mizuguchi and staff.

TABLE 6. JAPAN-IMF SCHOLARSHIP PROGRAM FOR ADVANCED STUDIES[1,2]
(Number of Applicants and Scholars who Accepted Award, 2009–2023)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Applicants	12	11	18	12	9	6	16	13	14	12	17	14	15	9	5	**183**
Scholars Who Accepted Award	7	7	7	5	5	3	4	3	3	4	4	4	6	3	3	**68**

Source: ICD.

[1] Up to seven scholars accepted annually.
[2] For SP20.05, five scholars accepted the JISP scholarship. However, due to the global health pandemic, one of the scholars deferred his PhD offer and the JISP until 2021. This scholar is now part of cohort 2021–23.

APPENDICES

APPENDIX I.

JSA Technical Assistance and Training—FY2023 Portfolio Summary*

Region	Topic	Project Description	Overall Program Budget
Fiscal Year 2023 Program			
AFR/APD	FAD	JSA Digital Money/CBDC and Fiscal Policy, Operations and Management	2.8
APD	STA	Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific region: Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) Project (JSA4)	2.6
AFR	FAD	AFR Strenghtening Fiscal Sustainability in Fragile States	8.0
APD	FAD	Revenue Mobilization Support (tax administration) for Selected Asian Countries	5.7
Global	FAD	Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	4.5
Global	FAD	Infrastructure Governance Facility II	8.3
Global	MCM	JSA Central Bank Digital Currency (CBDC) CD Work	5.0
	MCM	JSA Central Bank Digital Curency (CBDC) Analytics and Development	5.4
Global	ICD	Developing macroeconomic forecasting and nowcasting techniques	3.1
Global	ICD	Strengthening fiscal and debt sustainability, and sustainable growth, throiught macroeconomic frameworks and debt dynamic analysis for forecasting in Selected Asian, African and Middle Eastern Countries	5.8
APD	MCM	Strengthening bank supervision	1.8
Global	FAD	Customs Administration Preparations and Innovations for the Implemention of the AfCFTA	1.1
Fiscal Year 2022 Program			
APD	STA	Improving External Sector Statistics in the Asia-Pacific Region	2.2
APD	Training	Singapore Regional Training Institute (STI) – Continuing Training and Technical Assistance on Economic and Financial Policy Analysis in Asia	8.2
AFR	FAD	AFR Customs Administration	1.7
Global	FAD	Public Financial Management COVID-19	3.8
AFR / APD	ICD	Macroframeworks	2.6
IMF	LEG	Anti-Corruption and Rule of Law Capacity Building Project	1.2
Global	MCM	Strengthen Capacity on Central Bank Digital Currency (CBDC) in selected LIDCs and EMDEs	1.3
APD	MCM	Monetary Policy in Cambodia	1.4
AFR / APD	FAD	Revenue Administration COVID-19	2.3

*List includes programs under the regular JSA, COVID-19 and Digital Money windows.

Region	Topic	Project Description	Overall Program Budget
Fiscal Year 2021 Program			
APD/AFR	FAD	Strengthening and Modernizing Customs Administration in Asia and West Africa	8.5
AFR	MCM	Strengthening Debt Management Operational Frameworks in Africa	5.0
APD	MCM	Strengthening Debt Management Operational Frameworks in Asia-Pacific	4.4
APD	FAD	Supporting for Improved Treasury Management and Modernization of Financial Systems – II	5.0
Global	STA	Improving Data Dissemination for Globally Selected Countries	1.3
Global	Training	The Japan-IMF Flagship Partnership on Online Learning	7.4
APD	FAD	Twelfth IMF - Japan High Level Tax Conference for Asian Countries in Tokyo	0.2
Fiscal Year 2020 Program			
APD	FAD	Strengthening PFM in selected South-East Asian Countries	7.1
APD	STA	Regional Government Finance Statistics	3.5
Fiscal Year 2019 Program			
APD	Other	Project Proposal to Integrate Macro-Financial Analysis into Macroeconomic Management	5.0
APD	MCM	Cambodia – Strengthening Risk-based Banking Supervision	2.0
Fiscal Year 2018 Program			
APD	MCM	Supporting Monetary and Foreign Exchange Operations in Cambodia, Myanmar and Vietnam	4.1

APPENDIX II.

Joint Japan-IMF Field Visits, FY1996–2023[1]

(1) PFTAC in Fiji 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, STI, and Thailand, June/July 1999

(7) Belarus and Slovenia, June 2000

(8) Azerbaijan and the Joint Vienna Institute (JVI), June 2001

(9) Cambodia and STI, June 2002

(10) Mongolia and Timor-Leste, September 2002

(11) Indonesia and Fiji, December 2003

(12) Botswana and AFRITAC East in Tanzania, December 2005

(13) Cambodia, STI and the Philippines, March 2007

(14) Middle East Regional Technical Assistance Center (METAC) in Lebanon, May 2008

(15) Cambodia, and STI, January 2009

(16) Philippines and Fiji (PFTAC), May 2010

(17) Vietnam and Nepal, May 2011

(18) Cambodia, June 2012

(19) Lao P.D.R., Indonesia, and Thailand, March 2014

(20) Cambodia, Lao P.D.R., STI, and CDOT, May 2016

(21) SARTTAC in India, and Nepal, February 2017

(22) Cambodia and Sri Lanka, February 2018

(23) Cambodia and Myanmar, March 2019

[1] Because of scheduling difficulties, joint field visits were not carried out in FY2005 and FY2015. Field visits were cancelled in 2020 through 2023 due to the COVID-19 pandemic.

APPENDIX III.

Externally Financed Appointee Program

The 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 operational work. EFA appointees are supervised by IMF senior staff. To date, eleven countries, including Japan, participate in the EFA and have made corresponding financial contributions to the program. A total of twelve Japanese officials have been hired under the program. Three officials currently participate in the program; one economist, one financial expert and one legal expert. One official will conclude her assignment and will return to Japan in summer 2023. One official from the MoF will join the program in summer 2023. The experience and knowledge gained at IMF will enable the returned officials to contribute more effectively to the Japanese government's economic policy agenda.

APPENDIX IV.

JSA Financial Statement

Administered Accounts—Japan Financial Statement FY2023
(In thousands of U.S. dollars)

	2023	2022	2021
Balance Sheet as of April 30, 2023, 2022, and 2021			
Assets			
Cash and cash equivalents1	96,961	116,525	82,854
Total assets	96,961	116,525	82,854
Resources			
Total resources	96,961	116,525	82,854
Income Statements and Changes in Resources for the Years Ended April 30, 2023, 2022, and 2021			
Balance, beginning of the year	116,525	82,854	60,428
Income earned on investments	3,485	69	6
Contributions received	17,315	59,446	44,349
Contributions transferred (net)	(3,100)	(1,400)	(2,900)
Operating expenses	(37,264)	(24,444)	(19,030)
Net changes in resources	(19,564)	33,671	22,426
Balance, end of the year	96,961	116,525	82,854

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] Net of accruals. The financial statement of the Administered Accounts in the IMF annual report, which includes this Subaccount, reports year end accruals separately.

ANNEX

ANNEX I.

JSA Technical Assistance and Training—FY2023 Portfolio Detailed

(in millions of U.S. dollars)

Project ID	Japan ID	Program	Region	Topic	Project Description	Status	Overall Program Budget	Approved Budget through FY23	Expenses through FY23
FAD_IMF_2023_05	S_JPNDM	FY23	AFR/ APD	FAD	JSA Digital Money/CBDC and Fiscal Policy, Operations and Management	Approved	2.8	0.1	0.0
STA_APD_2022_01	JPN515	FY23	APD	STA	Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific region: Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) Project (JSA4)	Approved	2.6	0.6	0.5
FAD_AFR_2022_13	JPN135	FY23	AFR	FAD	AFR Strenghtening Fiscal Sustainability in Fragile States	Approved	8.0	2.6	2.1
FAD_APD_2022_02	JPN134	FY23	APD	FAD	Revenue Mobilization Support (tax administration) for Selected Asian Countries	Approved	5.7	1.5	1.3
FAD_IMF_2022_05	JPN133	FY23	Global	FAD	Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	Approved	4.5	2.6	1.1
FAD_IMF_2022_06	JPN136	FY23	Global	FAD	Infrastructure Governance Facility II	Approved	8.3	2.7	2.6
MCM_APD_2023_01	S_JPNDM	FY23	Global	MCM	JSA Central Bank Digital Currency (CBDC) CD Work	Approved	5.0	0.3	0.1
MCM_APD_2023_02	S_JPNDM	FY23		MCM	JSA Central Bank Digital Curency (CBDC) Analytics and Development	Approved	5.4	1.0	0.0
ICD_APD_2022_03	JPN209	FY23	Global	ICD	Developing macroeconomic forecasting and nowcasting techniques	Approved	3.1	1.3	0.8
ICD_IMF_2022_03	JPN208	FY23	Global	ICD	Strengthening fiscal and debt sustainability, and sustainable growth, through macroeconomic frameworks and debt dynamic analysis for forecasting in Selected Asian, African and Middle Eastern Countries	Approved	5.8	1.9	0.6
MCM_KHM_2022_01	JPN423	FY23	APD	MCM	Strengthening bank supervision	Approved	1.8	0.5	0.3
FAD_AFR_2022_12	JPN132	FY23	Global	FAD	Customs Administration Preparations and Innovations for the Implemention of the AfCFTA	Approved	1.1	0.6	0.2
STA_APD_2021_01	JPN514	FY22	APD	STA	Improving External Sector Statistics in the Asia-Pacific Region	Approved	2.2	1.7	1.2
ICD_APD_2022_01	JPN207	FY22	APD	Training	Singapore Regional Training Institute (STI) - Continuing Training and Technical Assistance on Economic and Financial Policy Analysis in Asia	Approved	8.2	5.4	4.5
FAD_AFR_2021_02	JPN131	FY22	AFR	FAD	FAD AFR Customs Administration	Approved	1.7	1.0	0.7

Project ID	Japan ID	Program	Region	Topic	Project Description	Status	Overall Program Budget	Approved Budget through FY23	Expenses through FY23
FAD_IMF_2021_10	S_JPNCOV	FY22	Global	FAD	Public Financial Management COVID-19	Approved	3.8	3.8	2.0
ICD_IMF_2021_05	S_JPNCOV	FY22	AFR / APD	ICD	Macroframeworks	Approved	2.6	2.6	1.4
LEG_IMF_2022_04	JPN303	FY22	IMF	LEG	Anti-Corruption and Rule of Law Capacity Building Project	Approved	1.2	1.2	0.8
MCM_IMF_2022_07	S_JPNCOV	FY22	Global	MCM	Strengthen Capacity on Central Bank Digital Currency (CBDC) in selected LIDCs and EMDEs	Approved	1.3	1.3	1.3
MCM_KHM_2021_01	JPN422	FY22	APD	MCM	Monetary Policy in Cambodia	Approved	1.4	0.9	0.2
FAD_IMF_2021_09	S_JPNCOV	FY22	AFR / APD	FAD	Revenue Administration COVID-19	Operationally closed	2.3	2.3	1.6
FAD_IMF_2021_03	JPN130	FY21	APD/ AFR	FAD	Strengthening and Modernizing Customs Administration in Asia and West Africa	Approved	8.5	8.5	4.1
MCM_AFR_2021_02	JPN421	FY21	AFR	MCM	Strengthening Debt Management Operational Frameworks in Africa	Approved	5.0	3.1	2.3
MCM_APD_2021_01	JPN420	FY21	APD	MCM	Strengthening Debt Management Operational Frameworks in Asia-Pacific	Approved	4.4	4.4	1.4
FAD_APD_2021_03	JPN129	FY21	APD	FAD	Supporting for Improved Treasury Management and Modernization of Financial Systems - II	Approved	5.0	5.0	3.4
STA_IMF_2021_01	JPN508	FY21	Global	STA	Improving Data Dissemination for Globally Selected Countries	Approved	1.3	1.3	1.1
ICD_IMF_2021_02	JPN206	FY21	Global	Training	The Japan-IMF Flagship Partnership on Online Learning	Operationally closed	7.4	7.4	7.0
FAD_APD_2021_04	Seminar	FY21	APD	FAD	Twelfth IMF - Japan High Level Tax Conference for Asian Countries in Tokyo	Operationally closed	0.2	0.2	0.2
FAD_APD_2020_02	JPN127	FY20	APD	FAD	Strengthening PFM in selected South-East Asian Countries	Operationally closed	7.1	7.1	5.7
STA_APD_2020_01	JPN513	FY20	APD	STA	Regional Government Finance Statistics	Closed	3.5	3.5	2.8
APD_TTA_2019_01	JPN604	FY19	APD	Other	Project Proposal to Integrate Macro-Financial Analysis into Macroeconomic Management	Approved	5.0	5.0	4.1
MCM_KHM_2019_01	JPN417	FY19	APD	MCM	Cambodia - Strengthening Risk-based Banking Supervision	Closed	2.0	2.0	1.6
MCM_APD_2018_01	JPN414	FY18	APD	MCM	Supporting Monetary and Foreign Exchange Operations in Cambodia, Myanmar and Vietnam	Approved	4.1	3.2	2.5

* List includes programs under the regular JSA and COVID-19 windows.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2023

PROGRAM NAME: Revenue Mobilization Support (tax administration) for Selected Asian Countries	**JSA#:** **IMF ID:** FAD_APD_2022_02
TARGET COUNTRIES: Bhutan, Lao P.D.R., and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2023 Key Highlights

This three-year CD program covering Bhutan, Lao People's Democratic Republic (Lao P.D.R.), and Vietnam is designed to help rebuild sustainable revenue streams post pandemic and for the medium term. The main project objectives are: (i) revenue mobilization; (ii) better revenue administration, management, and governance arrangements; and (iii) strengthened core tax administration functions. For Bhutan, guidance on the implementation of the Goods and Services Tax (GST) was also identified as a priority area. Over this past year, as the beneficiary countries were recovering from the impacts of COVID-19, borders were reopened, and in-person mission delivery resumed allowing more interactive CD engagements.

In **Bhutan**, significant effort was dedicated to implementation of the GST, and while its implementation was delayed from its planned July 1, 2022, implementation, it is still under active consideration. With ongoing FAD support Bhutan is developing options to permit its timely introduction. Support for the design and partial delivery of a taxpayer outreach program to support the GST introduction; building risk assessment and data analytics capacity within the Department of Revenue and Customs (DRC); and building DRC staff capacity to understand business process design and system development were all key achievements in FY2023. It is also noted that much of the CD delivered will be leveraged to improve taxpayer compliance and revenue collection performance across other tax types. In **Lao P.D.R.**, the Tax Department engaged extensively with FAD in and strong collaboration saw the agreed FY2023 work plan fully delivered—targeting domestic revenue mobilization (DRM) initiatives, strengthening HQ, revenue collections and taxpayer services functions, improving VAT management, elevating customs-tax collaboration, and introducing international tax. Implementation support for these initiatives was provided through both peripatetic assistance and STX support. In **Vietnam**, the General Department of Taxation (GDT) is slowly modernizing their tax administration. The Tax Reform Strategy 2021-2030, which was developed with FAD support under the JSA predecessor project, provides the foundation for GDT's reform plans. While gaining traction remotely with the GDT proved challenging, important steps for the development of compliance improvement plans and strengthening compliance risk management were made. The GDT also continues to work on improving and finalizing procedures and the functional structure for more effective administration of large taxpayers.

PROJECT: Infrastructure Governance Facility II	**JSA#:** **IMF ID:** FAD_IMF_2022_06
TARGET COUNTRIES: Primary beneficiaries: LIDCs and EMEs in Asia (including Central Asia and the Pacific), and Africa	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2025

FY2023 Key Highlights

The funding program aims to strengthen infrastructure governance (IG) through stronger public investment practices in countries and to integrate "green" requirements and climate considerations into PIM to achieve inclusive, sustainable, and climate-resilient growth. The program provides CD to support countries improve infrastructure investment efficiency, promote sound decisions on green and resilient infrastructure spending, with due consideration to debt sustainability. It also aims to raise awareness of the importance of strong IG and good practices in line with Japan's quality infrastructure agenda.

In FY2023, the program contributed funding to 8 PIMAs (Arab Republic of Egypt, Cook Islands, Pakistan, Republic of the Congo, Tamil Nadu (Indian State), Saint Vincent and the Grenadine, Tanzania, and Uganda) and 4 PIMA updates (Benin, Botswana, Cambodia, and Georgia). A notable feature of the work in 2023 was the growth in demand for the C-PIMA. In total, 9 C-PIMAs were completed (Arab Republic of Egypt, Botswana, Cambodia, Cook Islands, Georgia, Pakistan, Republic of Congo, Tamil Nadu, and Tanzania). These core activities were complemented by one workshop, targeted missions and training (Cambodia, Ethiopia, Moldova, and Zambia), development of analytical tools and focused research and analytical work in relevant areas. The publication of the PIMA Handbook in July 2022 was a major result. In addition, 16 PIMA videos were developed and posted to the infrastructure governance website summarizing the content of the different institutions of the PIMA framework and making key aspects of the PIMA handbook more accessible.

The Global IG LTX and the two new HQ-based advisors, appointed in September 2022 and January 2023 respectively, provided CD support to IG missions, and helped raise awareness on quality infrastructure investment in international fora. In 2023, the IG Secretariat ensured the functioning of the IG portal https://infrastructuregovern.IMF.org/. The content of the portal was kept relevant and up-to date, increasing the country coverage as needed and adding relevant IG event information.

FY2023 (CONTINUED)

PROJECT: FAD JSA Customs Administration Implications of AfCFTA	**JSA#:** **IMF ID:** FAD_AFR_2022_12
TARGET COUNTRIES: All countries of the African Continent	**IMPLEMENTATION PERIOD:** May 1, 2022, to March 31, 2024

FY2023 Key Highlights

This CD project aims to assist customs authorities in Africa in supporting successful implementation of the AfCFTA signed by 54 countries. The project focuses on customs administration processes that are essential to achieve the objectives of the Protocol on Trade in Goods, namely boosting intra-African trade, and integrating and diversifying the economies.

The CD program is comprised of several phases over FY2023 and FY2024: (1) completion of an initial analysis of the practical implications of the AfCFTA for customs, and development of reform proposals to optimize implementation of the Agreement; (2) conducting of technical consultations with representatives of all African customs administrations and regional trade agreements; (3) CD delivery to selected countries; and (4) finalization of the recommended customs administration reforms in a technical note. As of April 2023, Phase 1 of the project is completed. Proposals are outlined for an effective management of preferential origin rules by Customs, which is critical to ensure a smooth elimination of tariffs on African qualifying goods, as scheduled, and to reduce cost and time for intra-continental trade operations through streamlined clearance and transit procedures. On top of risk-based control, the emphasis is placed on strengthening the "economic" function of Customs, which includes information and advice to the private sector, and maximal facilitation of their use of the Agreement provisions. Phases 2 and 3 are starting in May 2023, the former in the form of a series of regional workshops where delegations of countries and regional economic communities will review and fine tune FAD's proposals, and the latter through STX visits, beginning with an assignment to Nigeria.

FY2023 (CONTINUED)

PROGRAM NAME: Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	**JSA#:** **IMF ID:** FAD_IMF_2022_05
TARGET COUNTRIES: Bangladesh, Benin, the Democratic Republic of Congo, Côte d'Ivoire, Lao People's Democratic Republic, Maldives, Pakistan, Papua New Guinea, and Solomon Islands	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2023 Key Highlights

The purpose of this program is to assist governments in selected countries in improving tax and non-tax revenue policies. The program provides tax policy advice aimed at increasing revenues while balancing efficiency and equity issues; building capacity in producing and publishing tax expenditures reports; and developing Tax Policy Units at MoFs.

In **Bangladesh**, the program delivered a workshop that introduced managerial and technical officials from the MoF, the National Board of Revenue, and the Bangladesh Bureau of Statistics to the tax expenditures assessment and revenue estimation process. The workshop addressed a broad range of topics, including deciding on the benchmark tax system; data requirements; estimation methodologies and micro- and macro-simulation models; and tax expenditures reporting and governance. In **Benin**, CD activities comprised two visits to the country, in June–July and December 2022. The project helped the government to identify critical risks to the tax base and adopt mitigation measures under the tax expenditures rationalization strategy. It also assessed Benin's tax treaty policy, including its institutional anchoring, and advised on the design of domestic anti-abuse rules to protect the corporate income tax base. In the **Democratic Republic of Congo**, the program covered three activities during over June 2022–April 2023. It supported the authorities in preparing tax expenditures assessment, broadening the analysis to include additional tax expenditures (fuel subsidies), and preparing a tax expenditures assessment for the Province of Kinshasa. It also provided a review of the rationalization plan for non-tax revenues (collected by line ministries); developed a chapter on non-tax revenues for the forthcoming tax code; finalized an inventory of administrative fees *parafiscalité* and prepared a rationalization plan for excise taxes. In **Côte d'Ivoire,** the program had little progress, as the authorities proved irresponsive to the team's efforts to launch the program. However, the end of FY2023 discussions with authorities signaled a renewal of interest. Requests for TA were made at the 2023 Spring Meetings, and activities are planned to resume in FY2024. In the **Lao P.D.R.**, the program aims to identify potential areas for revenue mobilization that could assist the authorities in bringing down public debt levels (currently estimated at over 100 percent of GDP). There were no activities in FY2023, but preparations commenced for a first mission in May 2023 (FY2024) following a request from the former Minister of Finance to review Lao P.D.R.'s tax policy settings for its mining sector.

In the **Maldives**, the tax policy medium-term revenue strategy (MTRS) project started in June 2022, quickly securing positive traction with authorities. Virtual engagement on an effective MTRS implementation facilitated awareness and active participation of multiple public entities during the in-person mission. Active cooperation with development partners along with bilateral meetings with various government agencies supported broader ownership among public officials and a holistic CD effort. Owing to the support delivered under this program, Maldivian authorities are proceeding with the formulation of their own MTRS document and submission of a new Goods and Services Act draft to the parliament. In **Pakistan,** project activities in FY2023 were funded under the IMF's RMTF program. Support to Pakistan in FY2024 and beyond, will use JSA funds, and will follow broadly the proposed CD program for Pakistan. In **Papua New Guinea**, the program supported activities related to the modernization and simplification of the antiquated income tax act; tax policy advice on a new MTRS; and development of the government's capacity for tax policy analysis. Support was provided through a combination of in-country mission visits and short-term expert support (including tax law drafting). In the **Solomon Islands**, the program provided advice and CD support on mining fiscal regime settings. The March 2023 mission created a mining fiscal regime model that can be used to analyze fiscal regime options during any future negotiation with investors.

FY2023 (CONTINUED)

PROGRAM NAME: Strengthening Fiscal Sustainability in Fragile States	**JSA#:** **IMF ID:** FAD_AFR_2022_13
TARGET COUNTRIES: Burkina Faso; Burundi; Cameroon; Central African Republic; Chad; Congo, Democratic; Republic of the; Congo, Republic of; Eritrea, The State of; Ethiopia, The Federal Democratic Republic of; Gabon; Gambia, The; Guinea-Bissau; Liberia; Malawi; Mali; Nigeria; Sierra Leone; South Sudan, Republic of; and Zimbabwe	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2023 Key Highlights

Throughout the year, countries were supported by the program to undertake activities to improve their public financial management (PFM) practices and implement accounting reforms. In **Burundi**, a resident LTX worked on consolidating the balance sheet, reconciling data, and enhancing fiscal reports. They also provided guidance on the reorganization of the MoF and the establishment of an accounting reforms working group. In the **Democratic Republic of Congo (DRC)**, a resident LTX helped to operationalize the Treasury Single Account (TSA) and supported accounting reforms. They also facilitated workshops, drafted regulatory texts, and worked on expenses authorization devolution.

The **Central African Republic (CAR)** received support through an HQ-led mission and a regional LTX that focused on transitioning to program-based budgeting, providing assistance to line ministries in developing budgetary programs and expenditure frameworks, and developing a TSA and improving cash management. In **Chad**, the new resident LTX supported the implementation of the country's PFM strategy, proposed updates to the institutional framework, and assisted with the census of government bank accounts.

Additionally, resident LTXs, HQ missions, and STXs provided support in Congo, Liberia, Malawi, Mali, Nigeria, and Sierra Leone. In **Congo**, the new resident LTX supported cash management reforms, improved accounting reliability, and the implementation of the IFMIS. They also designed new cash management tools, established a TSA steering committee, and provided an action plan for managing expenditure arrears. In **Malawi**, the resident LTX completed their appointment. which focused on analyzing IFMIS progress, enhancing accounting controls, and rationalizing bank accounts within a core TSA structure. In **Liberia**, a HQ-led mission analyzed budget execution processes, recommended measures to strengthen expenditure controls, and assisted in finalizing Public Financial Management Regulations. In **Nigeria**, a joint mission aided in strengthening the capacity and mandate of the fiscal council, while activities in **Mali** and **Sierra Leone** focused on improving cash management, accounting governance, and strengthening the strategic budgeting framework.

FY2023 (CONTINUED)

PROJECT: JSA Digital Money/CBDC and Fiscal Policy, Operations, and Management	**JSA#:** **IMF ID:** FAD_IMF_2023_05
TARGET COUNTRIES: APD – selected countries; AFR—selected Fragile and Conflict-Affected States (FCS)	**IMPLEMENTATION PERIOD:** February 1, 2023, to April 30, 2026

FY2023 Key Highlights

This project aims to develop evidence-based insights into the implications, challenges, benefits, and risks of the adoption of digital money, including CBDCs, in fiscal policy, operations, and management. It will feed into the IMF's policy advice and CD in PFM, expenditure and tax policy, and revenue administration—particularly related to treasury operations and social assistance disbursements, integration of treasury and revenue administration systems (to improve tax controls and automate reconciliation of revenue collections), the effectiveness and efficiency of social assistance policies, and taxation of digital money, especially mobile money.

The project started in the last quarter of FY2023. The short time that corresponds to this reporting period in this context, was used to start building some of the bases for the project, including the development of a draft outline for the Reaping Benefits and Mitigating Risks of Digital Money in Fiscal Operations, the development of the terms of reference for the cross-country survey, and the initiation of the Analytical Paper on mobile money and taxation.

FY2023 (CONTINUED)

PROGRAM NAME: Strengthening fiscal and debt sustainability, and sustainable growth, through macroeconomic frameworks and debt dynamic analysis for forecasting in Selected Asian, African and Middle Eastern Countries	**JSA#:** **IMF ID:** ICD_IMF_2022_03
TARGET COUNTRIES: Bank of Central African States (BEAC), Maldives, Philippines, Sri Lanka, and Tunisia	**IMPLEMENTATION PERIOD:** May 02, 2022, to April 29, 2025

FY2023 Key Highlights

In BEAC, The JSA-funded TA project in the Economic and Monetary Community of Central Africa region (CEMAC) aims to assist the BEAC in conducting short-term quarterly balance of payments (BOP) projections. However, BOP data for the BEAC is available with up to two-year lags, which significantly complicates the process of forecasting in the short term. In order to move forward, the IMF Statistical Department is currently helping the CB compile its BOP data and tentatively plans to finalize this TA by November 2023. As a result, ICD is planning to commence its assistance to the BEAC around December 2023. Maldives. This TA project supports the Maldives Monetary Authority (MMA) in developing a macroeconomic framework in order to strengthen institutional capacity on macroeconomic analysis and forecasting. Specifically, this project will customize a Comprehensive Adaptive Expectations Model (CAEM) to the Maldivian economy. The project started by mid FY2022 and, while initial progress was hampered by COVID-19, momentum increased with the resumption of in-person engagements. In FY2023, significant progress was made in the data management aspect of the project as well as the customizing the real sector of the tool to the Maldivian economy. To ensure sustainable capacity development, the core technical team from the MMA has actively been involved in the customization process, including the incorporation of satellite-models on the supply side and the disaggregation of price indices. Work has also commenced on the production of a baseline forecast, the development of forecasts narratives and the identification and simulation of policy scenarios. MMA management continues to provide strong support for the project, a key element for its successful completion. Three TA missions are planned for FY2024, with a focus on the consolidation of forecasting skills consistently across all economic sectors and the generation of scenarios pertinent to the authorities. The project is expected to finalize by the end of FY2024. The main purpose of the project in the Philippines, initiated in FY2023, is to develop institutional macroeconomic forecasting capacity at the DoF of the Philippines. It will do so by assisting a core group of staff to develop, customize, and operate a macroeconomic framework based on the CAEM and the DDT. In addition, the project will define the outputs, schedule, and institutional changes needed to establish a model-based policy analysis system for the DoF. The program emphasizes front-loaded training on general macroeconomic and forecasting techniques to strengthen the technical competence for the core team to develop a customized version of CAEM. The scoping mission took place in January 2023, and no further missions were held until 2023: Q2. The preliminary work program (to be updated in October 2023, after the third mission) contemplates 7 missions until end-FY2025, plus one year of buffer time to work on areas where new gaps are identified or assist in an additional full forecasting scenario with the core team with a view to further beef-up their skills. While work on the DDT and the production of debt projections will be the dominant topic until October 2023, the development of the macroeconomic framework will be at the core of activities from that point onwards. In Sri Lanka, the project aims to develop and sustainably institutionalize a customized macroeconomic framework that will aid in producing consistent baseline forecasts of key macroeconomic variables and associated policy scenarios at the MoF and complement Quarterly Projection Model (QPM)-based forecasts and policy scenarios at the CB of Sri Lanka. The project commenced with a scoping mission to Colombo in the last quarter of FY2023. The mission team reached agreement “ad referendum” with the authorities on the Action Plan for the project, according to which three TA missions are planned for FY2024, with the end of the project initially scheduled for end-FY2026. The core of the Action Plan envisages the development of the framework on the basis of ICD’s Macroeconomic Foundations Tool (MFT) gradually expanded as the technical capacity of staff from both agencies solidify. The project will put an accent on the achievement, to the highest extent possible, of a broad consistency between the results of the QPM and the MFT, including by means of equation customization and the introduction of comparable transmission mechanisms in the MFT. The project in Tunisia aims to develop an Excel-based macroeconomic framework, strengthening institutional capacity in macroeconomic analysis and forecasting while fostering collaboration among the Tunisian Central Bank (BCT), MoF, and Ministry of Economy and Planning (MEP). The project’s backbone is an Action Plan agreed upon on November 18, 2022, spanning from November 2022 to November 2024 with additional buffer time for potential delays or additional needs. The central element of the Plan is the development and operationalization of a macroeconomic framework based on the Fund’s CAEM. With the strong engagement of authorities, including Governor Abassi of the BCT and senior officials from the MOF and the MEP, the project is seen as not only enhancing technical capacity on Macroeconomics but also promoting cooperation among the three agencies. In addition to the scoping mission in November 2022, two additional missions in FY2023 paved the way for some important achievements, particularly the creation of a central macroeconomic database shared among the agencies and the customization of the CAEM to meet Tunisia’s specific needs and context, as well as the core team’s requirements.

FY2023 (CONTINUED)

PROGRAM NAME: ICD Developing Macroeconomic Forecasting and Nowcasting Techniques	**JSA#:** **IMF ID:** ICD_APD_2022_03
TARGET COUNTRIES: Solomon Islands, Republic of Fiji, Samoa, Tonga, and the Democratic Republic of Congo	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2023

FY2023 Key Highlights

The objectives of the program are to help low-income developing countries (LIDCs) and FCSs develop institutional capacity to analyze macroeconomic developments and debt dynamics, assess policy scenarios, and incorporate this analysis in decision-making in selected Pacific Island and African countries' CBs and other macroeconomic policy institutions. The program has a special focus on nowcasting and near-term forecasting techniques and tools, where "nowcasts" are forecasts of the here and now ("now"+"forecasting"="nowcast").

During FY2023, the ICD team conducted two missions to develop macroeconomic frameworks at the Central Bank of Solomon Islands (CBSI). The first mission was devoted to strengthening the capacity of CBSI staff to assess the country's macroeconomic situation, generate near-term forecasts and nowcasts, and understand monetary policy. During the second mission, the ICD team developed a set of near-term forecasting (NTF) and nowcasting tools applied to available data for the Solomon Islands. With the help of the ICD TA team, the CBSI staff customized the technical material on nowcasting based on EViews. These tools will seek to complement the development of an EViews-based QPM and improve the institution's decision-making process.

During FY2023, the ICD team initiated work on the ICD TA project to develop macroeconomic frameworks at the Reserve Bank of Fiji (RBF). The first mission was devoted to strengthening the capacity of RBF staff to assess the country's macroeconomic situation, and generate near-term forecasts and nowcasts for GDP and inflation. During this mission, which followed closely on the teaching of ICD's Nowcasting course at STI (which contained several RBF participants), the ICD team and RBF staff developed a set of NTF and nowcasting tools applied to available data for Fiji. These tools will complement the work of the Macroeconomic Committee of Fiji in its work on GDP growth and inflation forecasts. The ICD TA team will also be leading a planned Workshop on Monetary Policy and Nowcasting for Pacific Island Central Banks in Fiji in March 2024, which will focus on the use of nowcasting by CBs in their policy deliberations. ICD conducted two missions with the Central Bank of Samoa in FY2023, under the ICD TA project to develop nowcasting frameworks for the CB. The virtual and in-person missions were devoted to strengthening the capacity of CBS staff to generate near-term forecasts and develop nowcasting skills and tools. These missions involved enhancing CBS data gathering processes, and CBS staff understanding of econometric software. The ICD TA team plans to support the development by the CB of a nowcasting framework and other near-term forecasting tools, with the goal of integrating the resulting analysis into the CB's monetary policy process and public communications from August 2023 onwards. It will also commence initial training and TA for the development of a QPM in the latter half of FY2024, which will incorporate the outputs of CBS nowcasting models. The CBS nowcasting outputs will be used to better inform monetary policymakers and staff and improve the CB's decision-making process. During FY2023, the ICD Tonga TA mission team completed a cycle of work on forecasting and nowcasting tools and techniques with the NRBT staff. The ICD TA team helped the NRBT staff to develop several nowcasting models and apply associated statistical methodologies introduced in previous missions, using Tongan data relevant for monetary policy at NRBT. With the help of the ICD TA team, the NRBT staff customized the technical material on nowcasting based on EViews. The work first focused on formulating a nowcasting regression model for real GDP for Tonga and identifying and estimating the preferred economic model to address the mixed-frequency problems. The ICD TA team provided detailed step-by-step guidance notes to help NRBT staff reproduce the techniques shown by the ICD TA team, and to enable NRBT staff to continue using these tools and techniques going forward. The NRBT staff constructed both an inflation forecasting model, and a BOP forecasting model using the same techniques. The ICD TA team instructed the NRBT staff on how to construct a GDPNow report, along the lines of the GDPNow report of the Federal Reserve Bank of Atlanta. This analysis allowed the NRBT to confirm their own intuition regarding the main sources of growth and their relative contributions using a model-based approach. During FY2023, the ICD team conducted two missions under the ICD TA project to develop macroeconomic frameworks at the Central Bank of the Democratic Republic of Congo (BCC). The first mission was devoted to further developing a fully operational QPM by incorporating the key features of DRC's economy: such as interest rate channel, dollarization, and calibrating the model to the available data. The TA mission team continued collecting and constructing the database to be used in the QPM and satellite models of near-term forecasting and nowcasting. With the help of the ICD TA team, the BCC staff customized the technical material on nowcasting based on EViews. The second mission was dedicated to developing a set of near-term forecasting and nowcasting tools applied to available data for the DRC. These tools will complement the development of an EViews-based QPM and improve the institution's decision-making process.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2022

PROGRAM NAME: Macroframeworks Program	**JSA#:** **IMF ID:** ICD_IMF_2021_05
TARGET COUNTRIES: Chad, Mongolia, Papua New Guinea and Philippines	**IMPLEMENTATION PERIOD:** February 1, 2021, to April 30, 2024

FY2023 Key Highlights

In **Chad**, TA to the MoF for the implementation of the DDT, already initiated in FY2022, continued in FY2023 and yielded encouraging results. Work with the core team focused on handling data requirements for the tool, projecting debt paths in different scenarios and developing built-in graphics of baseline and risk scenarios (including fan charts) in standardized output tables. Debt projections were linked to the authorities' MTDS, ensuring their consistency with the economic targets envisioned in the National Development Plan 2022–26 and related fiscal projections, including the implementation of the G20 Common Framework Debt Treatment. The capacity of the local team to design scenarios will be especially valuable in a context where the debt outlook, though sustainable with a high probability, is still subject to significant downside risks largely related to oil price fluctuations, climate shocks, and security. Moving forward, TA over the remainder of the project will continue to ensure that members of the core team fully master debt projections, scenario analyses, and the evaluation of the consistency of fiscal policies with a given debt objective. Other key donors, like the EU, WB, and AfDB have been consistently debriefed of work under the current TA project, its main achievements and findings, and next steps. The project is expected to be finalized before the end of CY2023. The TA project for **Mongolia** aims to strengthen the macroeconomic forecasting and policy analysis in the MoF, following a request from the latter made in FY2023. In particular, this project will support the authorities in the development and operationalization of a macroeconomic framework based on ICD's Comprehensive Adaptive Expectations Model at the Financial and Fiscal Research Department, created in October 2022. Synergies will be sought with the output of the previous successful project with Mongolia, financed under this program and concluded in FY2022, that pursued the institutionalization of the Debt-Dynamics Tool in the MoF. A pre scoping virtual meeting took place in March 2023 for a first assessment of the department's needs and operations, and the scoping mission was scheduled for May 24–June 2, 2023. The whole project is expected to be concluded towards the end of FY2026. **PNG** successfully completed an IMF Staff-Monitored Program in July 2022, and in that context the authorities expressed their interest in resuming the TA activities geared at strengthening the in-house macro-fiscal framework. Those had stalled for about one year owing to personnel constraints on the side of the authorities due to the outbreaks of the COVID-19 pandemic and the national presidential elections. A re-scoping mission was conducted in September 2022 and produced a diagnostic report to inform a new action plan. Since then, one mission was delivered virtually in FY2023 (February), followed by another one in FY2024. Owing to the authorities' strong buy-in, the enhancement of the macro-fiscal framework has advanced significantly and now brings together in one place various input data and the authorities' own models; ensures consistency between a now larger set of sectors; bridges data gaps; and allows generating alternative fiscal and exchange rate scenarios. Methodologies and technical instructions are documented in a detailed users' manual, which also helps address risks associated with high staff turnover. With five more missions planned in FY2024, it is expected that by March 2024 the framework will become the main input into the MoF's macroeconomic and fiscal projections. **The Philippines'** central bank, the BSP, has been actively working to modernize its forecasting and policy analysis framework with the assistance of the ICD TA team. The team has conducted two missions in FY2023 to support this effort and address broader macroeconomic issues and policy options. The modernization process has involved enhancing the Policy Analysis Model for the Philippines (PAMPh) used by the BSP. The PAMPh now includes a fiscal block, decomposed demand and inflation dynamics, and a detailed external sector. The aim is to provide a comprehensive and modular framework that can facilitate a deeper understanding of the interactions between monetary policy, fiscal policy, foreign exchange interventions, and financial policies. Model-based shadow forecasts, now produced by BSP staff incorporate various policy dimensions and provide a basis for discussions and policy advice to the decision-making body at the BSP, including on risk analysis. Looking ahead, the next mission in FY2024 will further enhance the model by incorporating macrofinancial linkages, macroprudential measures, and capital flow management measures. The senior managers at the BSP have shown strong support for this modernization effort, recognizing the value of a practical and sophisticated forecasting and policy analysis framework tailored to the specific needs of the Philippines. The finalized PAMPh is expected to guide forecasting and policy deliberations at the BSP, aligning its practices with international inflation targeting standards. The goal of this modernization process is to establish a robust and advanced monetary policy framework that enables the BSP to conduct highly sophisticated policy analysis and make informed decisions.

PROJECT: Improving External Sector Statistics in the Asia-Pacific Region	**JSA#:** JPN514 **IMF ID:** STA_APD_2021_01
TARGET COUNTRIES: Cambodia, Lao P.D.R., Vietnam, Nauru, Papua New Guinea, Samoa, Timor-Leste, and Tonga	**IMPLEMENTATION PERIOD:** November 1, 2021, to October 31, 2024

FY2023 Key Highlights

The objective of this three-year project is to build on achievements of the preceding ESS Program to further advance data reliability and timeliness for economic policymaking, and to extend the scope of ESS beyond the balance of payments by developing cross-border position datasets.

In FY2023, TA was delivered through missions and regional trainings, with further engagement with countries on technical issues by the Resident Advisor (e.g., working on compilation workbooks with Lao P.D.R., Nauru, Papua New Guinea, Timor-Leste, Tonga and reviewing regulatory framework for external debt compilation in Vietnam) through desk work undertaken between missions. In all the target countries, measures were implemented to further improve the accuracy and reliability of ESS, methodological soundness, and data consistency by extending their compilation program, incorporating new data sources, and implementing new data validation procedures. The scope of data was improved, with Papua New Guinea successfully adopting the latest methodological standards—the sixth edition of the IMF's BOP and International Investment Position Manual (BPM6)—for its BOP estimates and publishing quarterly time-series. To enhance data reliability, a comprehensive assessment of External Debt Statistics compilation was conducted in Vietnam. This was driven by the authorities' increased awareness of the need for sound measurement of Vietnam's external debt while modernizing the debt management and monitoring framework. Significant advances on data validation were made in Cambodia (trade data), Papua New Guinea (transactions related to oil/gas activities), and Timor-Leste (transactions related to production sharing agreements). Several crucial data gaps were addressed in Nauru, Papua New Guinea, Timor-Leste, Tonga, and Vietnam. New data sources, with a focus on administrative data, were further developed in Lao P.D.R., Nauru, Papua New Guinea, Samoa, and Tonga to enhance the compilation of cross-border position data. Institutional settings were also strengthened through: (i) top management engagement with the support of the IMF Area Department country teams (Cambodia, Lao P.D.R., Nauru, Papua New Guinea, Timor-Leste, Tonga); (ii) encouraging inter-agency collaboration and data-sharing (Cambodia, Lao P.D.R., Timor-Leste, Tonga); and (iii) developing metadata and documentation of internal compilation procedures (Tonga). The three regional training activities featured customized exercises with countries' own data and were focused on enhancing consistency within the ESS (i.e., between financial account transactions and cross-border positions) as well as consistency between the ESS and other macroeconomic datasets.

FY2022 (CONTINUED)

PROGRAM NAME: Singapore Regional Training Institute – Continuing Training on Economic and Financial Policy Analysis in Asia	**JSA#:** **IMF ID:** ICD_APD_2022_01
TARGET COUNTRIES: Asia and Pacific	**IMPLEMENTATION PERIOD:** July 1, 2021, to June 30, 2024

FY2023 Key Highlights

The objective of the STI project is to help build the capacity of Asian countries to implement sound and effective macroeconomic and financial policies through the delivery of high-quality, interactive, and customized face-to-face and virtual training, workshops, peer-to-peer events, and technical assistance in Singapore and throughout Asia. Over the next 3 years STI will continue to provide high-quality training, while also increasing STI's TA activities on building macroeconomic frameworks in the region in line with fast-rising demand. Course delivery and TA will be aligned with APD priorities in surveillance or lending. The structure of deliveries will be reviewed annually. In May 2023 STI rolled out its first blended course on Model-Based MPAF, combining online modules, delivered asynchronously, with subsequent in-person delivery in Singapore. The course was a total success, with participants praising the high quality of the course content, the balanced mix of online and in-person learning, hands-on nature of the workshops, meticulous organizational preparations, and counselors' skills. The blending approach achieved its main objective of leveling up the quality of participants—not only were the learning gains higher than ever before, but by the counselors' assessment, participants performed from Day 1 at a level normally achieved only in the middle of the course. Many participants mentioned the course's usefulness in light of ongoing IMF macroframework TA in multiple Asia-Pacific countries. The team tailored the in-person material for a forecast starting in Q1 of 2023, capturing the current high-inflation environment. All participants completed the virtual part of the course despite usual work demands – a record not achieved in previous attempts at blending.

MPAF COURSE RESULTS

	2018	2021	2022 (Virtual)	**2023 (Blended)**
Satisfaction (0 to 5)	4.7	4.2	4.7	**4.9**
Learning gains (0 to 100)	16	21	13	**23**
Absolute learning (% of learners scoring >60)	30	32	32	**52**

PROJECT: Strengthening Capacity on Central Bank Digital Currency (CBDC)	**JSA #:** COVID MCM **IMF ID:** MCM_IMF_2022_07
TARGET COUNTRIES: Global	**IMPLEMENTATION PERIOD:** December 1, 2021, to April 30, 2024

FY2023 Key Highlights

The program aims to strengthen the analytical framework and provide TA and Training on CBDC to selected low-income developing countries and emerging market and developing economies who are striving to avoid a digital divide exacerbated by the COVID-19 pandemic. The capacity building helps these countries to analyze the feasibility of CBDC before pilots and/ or review any risks arising from pilots before launching CBDC. CD has been provided through virtual and in-person bilateral engagements and regional workshops/conferences. Bilateral CD missions to **Azerbaijan**, **Egypt**, **Haiti**, **Honduras**, **Jordan**, **South Sudan**, and the **Philippines** helped strengthen these countries' capacities in exploring CBDCs and assess the feasibility of CBDCs. The missions: 1) Strengthened country authorities' capacity in exploring CBDC by offering a series of workshops and training sessions that covered a broad range of CBDC aspects (Azerbaijan, Egypt, Haiti, Jordan, South Sudan, and the Philippines); 2) Advised central banks on their objectives, nature of payment and financial sectors, design options, macro-financial implications, CB capacities, and legal considerations (Azerbaijan, Egypt, Haiti, Honduras, Jordan, and the Philippines); and 3) Evaluated selected CBs' capacity needed to complement the analysis and deployment of CBDC (Azerbaijan, Egypt, Haiti, and Jordan).

Regional conferences, workshops, and training courses in **Central America**, **Sub-Saharan Africa**, **and Caribbean**, and **Pacific Islands regions** provided the platform for the participating countries to share and discuss their knowledge and experiences in CBDC design and implications, cross-country experiences, and lessons; discuss and collect themes, priorities, and questions for the IMF to raise in international working groups on the behalf of member countries. In addition, the Analytics and Development work, including CBDC Handbook**,** will provide a foundational document for policymakers and CB experts to think through CBDC on the following topics: elements of thinking through CBDC, 5P Methodology and R&D (project management), implications of CBDC for monetary policy transmission, capital flow management measures, CBDC's role in financial inclusion. In addition, the IMF published an IMF policy paper on summarizing CBDC CD and introducing the CBDC Handbook during the 2023 Spring Meetings.

FY2022 (CONTINUED)

PROGRAM NAME: FAD AFR Customs Administration	**JSA#:** **IMF ID:** FAD_AFR_2021_02
TARGET COUNTRIES: Comoros, Madagascar, and Zimbabwe	**IMPLEMENTATION PERIOD:** May 1, 2021, to April 30, 2024

FY2023 Key Highlights

The main purpose of the project is to enhance customs administration capacity in three fragile countries of Southern Africa. **The Union of Comoros**, **Madagascar**, and **Zimbabwe** must increase government revenue to finance their basic needs and development objectives. Reducing the compliance gap in taxation of international trade through a more efficient customs administration is part of this effort. Customs reforms are also key to improving transparency and applying the rule of law, thus promoting governance, and facilitating trade and investment.

During the second year of this project, management teams of the three customs administrations continued to demonstrate strong interest in benefiting from CD inputs to support their reform and modernization agendas. In **Comoros** and **Madagascar**, strategy-defining missions led by FAD headquarters helped Customs update reform priorities and design a medium-term modernization program. STXs in the three recipient countries provided advice and guidance on critical aspects of structural reforms. FAD experts helped complete an inventory of duty exemptions in **Zimbabwe** as a tool for risk assessment and audit programming to tackle potential abuse of these measures. Madagascar Customs, benefiting from coordinated CD under the FAD project and from AFRITAC South, obtained adoption of a major legislative change from January 2023 which will allow to better control economic free zone companies. CD to Comoros targeted gaps in basic functions, including missing standard operating procedures for customs examinations and organization-wide performance indicators. Close coordination was ensured with the IMF African Department (AFR) as part of the efforts to integrate CD with lending and surveillance. Customs procedures adapted to mining sector operations (**Madagascar**), data analytics for excise control (**Zimbabwe**) and a sound sanction policy for voluntary compliance improvement (**Comoros**) are a few highlights of FY2024 work agreed upon with the authorities.

FY2022 (CONTINUED)

PROGRAM NAME: Strengthening Revenue Administration to Address COVID-19 Challenges	JSA#: JPNCOV IMF ID: FAD_IMF_2021_09
TARGET COUNTRIES: Cameroon, Nigeria, South Sudan, Republic of Togo, Uganda, Cambodia, Lao People's Democratic Republic, Mongolia, Myanmar, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2021, to April, 30, 2023

FY2023 Key Highlights

This program aimed at assisting revenue administrations in selected countries in Asia and SSA in managing the fiscal challenges of the COVID-19 pandemic and the recovery phase. The program was designed to help selected countries develop and implement post-COVID-19 revenue recovery action plans, strengthen business processes, especially digitalized processes, and revise compliance improvement plans with the overall objective of helping countries recover revenues lost during the COVID-19 crisis.

In Asia, the program focused on customs and tax administration information sharing to improve information management and enable evidence-based collaborative revenue recovery programs. During FY2023, FAD supported **Mongolia** in various areas of customs and tax administration cooperation. In addition, a regional workshop took place in Mongolia, and officials from **Cambodia**, **Lao P.D.R.**, **Mongolia**, and **Vietnam** customs and tax administrations learned good practices on the legal framework needed for data exchange, types of data exchanged, and other forms of administrative assistance, such as audits. They also shared national experiences on administrative cooperation between the administrations.

In Africa, the project focused on enhancing capacity to manage reforms, supporting development and implementation of digitalization strategies including implementation of new ITAS, and improving core customs and tax operational procedures. Support to beneficiary countries is detailed as follow. In **Cameroon**, CD focused on (i) improving the IT architecture, data management strategy, and the IT department performance, and (ii) supporting the reforms and digitalization plans refinement. In Nigeria, (i) a resident revenue administration advisor was installed; (ii) CD to enhance the governance framework and monitoring the Strategic Revenue Growth Initiative; (iii) one repeat TADAT assessment to evaluate the progress made since the first one in 2018 and three activities to strengthen tax incentives monitoring, review the ICT system, and develop capacity in audit using risk-based case selection at the federal tax administration, (iv) two activities to strengthen the debt management and modernize PIT and PAYE administration at the state level. In **Togo**, the project assisted with (i) reinforcing initiatives to detect unregistered businesses and individuals, (ii) strengthening the use of data to improve tax compliance and revenue, and (iii) implementing analysis of the impact of the use of information on tax audits and taxpayer´s behavior. In **South Sudan**, CD to develop (i) reengineered business processes and requirements for a new ITAS and (ii) new customs clearance and control procedures to advance reforms and the Customs Modernization Plan. In **Uganda**, activities were held with the Uganda Revenue Authority to discuss the Domestic Resource Mobilization Strategy. CD focus was to enhance tax compliance of multi-national enterprises (on international taxation) and develop a Culture Transformation Strategy to enhance the reform management capacity.

FY2022 (CONTINUED)

PROGRAM NAME: Enhancing Fiscal Sustainability Through Basic Fiscal Functions in the Post-COVID-19	**JSA#:** JPNCOV **IMF ID:** FAD_IMF_2021_10
TARGET COUNTRIES: Sub-Saharan African countries, the Middle East and Centra Asia, and South-East Asia countries	**IMPLEMENTATION PERIOD:** May 1, 2021, to April 30, 2024

FY2023 Key Highlights

This program aims to assist selected countries in Asia, Sub-Saharan Africa, and Middle East and Central Asia in managing the fiscal challenges of the COVID-19 pandemic. The program is supported by two LTXs, who started in December 2021: Mr. Bruno Imbert, RA for Madagascar and Comoros, and Mr. Dzingai Francis Chapfuwa, the RA for Anglophone SSA countries.

SSA countries: The SSA advisor provided hands-on support and training on SOE financial oversight and fiscal risks analysis in **Botswana**, **Eswatini**, **Lesotho**, **Malawi**, **Sierra Leone**, **South Africa**, **Uganda**, **and Zambia**. In collaboration with AFRITAC West 2, FAD conducted a regional workshop on the management and reporting of fiscal risks related to SOEs, which was attended by 50 officials from departments of MoFs and independent institutions responsible for the oversight of SOEs across 15 members of SSA countries. In addition, FAD and the SSA advisor developed guidance notes for FAD's analytical tools to assess the financial vulnerability of SOEs.

In **Pakistan:** An HQ CD mission provided support on cash, debt, and fiscal risk management to the Finance Division of the MoF. In each of these areas, the team reviewed progress in implementing key reforms, and advised on the way forward

For **Comoros**, the RA conducted four in-person missions over FY2023 supplemented by remote work. Main achievements include strong CD efforts, and contribution to the overall analysis of SOE-related fiscal risks, expected to lead to the modernization of the legal framework applicable to SOEs and their oversight in Comoros. For **Madagascar**, the RA's work continued to focus mostly on the modernization of the budget classification and the monitoring of budget execution. A new functional classification was adopted and implemented for reporting on budget execution as of mid-2022, as well as for the preparation of the 2023 budget. The RA also supported efforts to update the overall PFM reform strategy and led a mission by two STXs (December 2022) to introduce commitment plans in social ministries, thereby helping the authorities to achieve a structural benchmark under the ongoing Fund program. JSA COVID-19 also supported activities in Togo on SOE debt management and oversight and Cote d'Ivoire on how to enhance transparency and public participation to the budget process.

FY2022 (CONTINUED)

PROGRAM NAME: Anti-Corruption and Rule of Law Capacity Development Project	**JSA#:** S_JPNTA **IMF ID:** LEG_IMF_2022_04
TARGET COUNTRIES: Sudan, Papua New Guinea, Zambia, Sri-Lanka, Republic of Congo (ROC).	**IMPLEMENTATION PERIOD:** July 3, 2021, to March 31, 2024

FY2023 Key Highlights

In the context of the Fund-supported Extended Credit Facility for Zambia, a GD Report was prepared in collaboration with the authorities and was published. The GD assesses severity of corruption, identifies the main governance weaknesses and corruption vulnerabilities across key state functions and offers a prioritized action plan with sequenced measures to enhance the rule of law, transparency and accountability, prevent and combat corruption. In preparation of the GD, IMF staff worked closely with the authorities, civil society, private sector as well as international organizations supporting governance and anti-corruption reforms in Zambia. As a follow-up of the diagnostic and in response to the request from the authorities, the Legal Department, with the direct participation of the long-term anti-corruption expert based in the AFRITAC South, will provide TA to support implementation of anti-corruption and rule of law recommendations derived from the GD. To support the authorities of Sri-Lanka in their anti-corruption and rule of law efforts, a governance diagnostic mission was led by LEG on March 20–April 2, 2023. Within this mission, IMF staff engaged with government officials, civil society, representatives of the private sector, and other donor partners to identify macro-critical governance and rule of law weaknesses associated with increased exposure to corruption and propose a sequenced set of recommendations to address core problems. A comprehensive diagnostic report on governance and corruption will be prepared and published, which is expected to be reflected in future Government of Sri Lanka governance reforms, the Fund-supported program, as well as future TA support. The IMF has an extensive engagement in RoC. The Fund program has been informed by a GD that took place in 2018. The recommendations of the Diagnostic have played an essential role in developing the governance and anti-corruption dimensions of the program as a central pillar. LEG assisted the authorities in preparation of a Decree on Conflict of Interests, which is envisaged in the recently adopted Anti-Corruption Law. Elaboration and implementation of a well-designed conflict of interest system was understood to be a vital step in publicly defining standards of behavior for public officials and establishing mechanisms to enable public officials to demonstrate their integrity and probity. The Decree, which fully captures IMF-staff advice was adopted and published in December 2022. In FY2024, LEG will provide further TA to support a revised action plan on governance and anticorruption based on a review of the progress that has been obtained since 2018.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2021

PROJECT: Cambodia – Monetary Policy	**JSA #:** JPN422 **IMF ID:** MCM_KHM_2021_01
TARGET COUNTRIES: Cambodia	**IMPLEMENTATION PERIOD:** May 1, 2021, to December 31, 2025

FY2023 Key Highlights

The TA project supports the NBC in strengthening the effectiveness of its monetary operations in the context of the ongoing de-dollarization efforts. Assisted by the bilateral resident advisor on monetary and FX operation, who started his assignment in October 2022, the NBC established all the necessary conditions for effective 7-day monetary operations framework that is expected to play key role in the NBC operations. Specifically, the TA activities helped in 1) Setting up the IRC. The IRC should allow NBC to directly affect money market interest rates and reduce their volatility. The upper bound of the IRC is formed by the Marginal Lending Facility rate while the quasi-floor is formed by Negotiated Certificate of Deposits rate. The centre of the corridor should be formed by the 7-days monetary operations benchmark rate and 2) Improving liquidity forecasting. The volume of liquidity to be supplied using 7-days monetary policy operations is to be calibrated based on regular banking sector liquidity forecasts. The IMF TA mission in January 2023 introduced the NBC to a data-driven liquidity forecasting framework that allows for expert judgement. The quality and speed of liquidity forecasting has been improving since then. The work was done in close collaboration and coordination with the CDOT regional advisor on monetary operations. In FY2023, this collaboration resulted in workshop on IRC, presenting the main theoretical considerations and two country examples to the NBC staff and management, conducted jointly by the bilateral advisor and the CDOT regional advisor in April 2023.

PROGRAM NAME: Strengthening and Modernizing Customs Administration in Asia and West Africa	JSA#: IMF ID: FAD_IMF_2021_03
TARGET COUNTRIES: Cambodia, Lao People's Democratic Republic, Mongolia, Myanmar, Benin, Côte d'Ivoire, Guinea, Guinea-Bissau, Liberia, Nigeria, Sierra Leone, and Togo	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2024

FY2023 Key Highlights

The main purpose of the project is to enhance customs administrations' capacity to collect revenue and control revenue leakage in selected Asian and West African countries. This will be achieved through reforming and modernizing the organizational structure, improving management and procedures of customs administrations, and enhancing the application of the rule of law without impeding trade. FY2023 was characterized by in-person missions resuming and making CD more interactive with more profound CD engagements.

All Asian countries received FAD's CD support in person, except Myanmar for which CD activities remain suspended. The project's regional advisor visited the beneficiary countries in person to renew relationships and consult on progress of project initiatives. In FY2023, Cambodia has built implementation capacity in strategic management, business process reengineering, and anti-money laundering, launched an organization-wide investigations program, reviewed special economic zone management, and completed the groundwork for the customs law revision. FY2024 CD support will focus on these CD areas and on e-commerce management. Mongolia prioritized organizational risk management, excessive physical inspection rates, and sampling of coal exports. CD in these areas will continue in FY2024 together with customs law revision. CD support for Lao P.D.R. was limited following coordination with other international organizations who scaled up their support programs.

Most West African countries have received FAD's support in person. Guinea saw its CD activities suspended for most of 2022 but benefited from a remote FAD mission to implement mirror data analysis and update the data analysis model for risk management purposes. Benin has requested a pause in CD activities in FY2023. Côte d'Ivoire, Liberia, and Togo continue to improve the management, quality, and analysis of customs data with a view to strengthen risk management and post-clearance audit, in particular of customs exemption and suspension regimes. These areas will continue to be prioritized in FY2024. In Guinea-Bissau, the project focused on improving the regulatory framework and control procedures. A new Customs Code awaits parliamentary approval (expected for July 2023) and several standard operating procedures (SOP) for the administration and monitoring of exemptions and suspensions have been implemented. SOPs for import clearance and customs transit were also produced. Nigerian Customs was supported in the control of excise goods and has prioritized support in the administration and control of origin of imported goods receiving preference. Support in this area began in FY2023 and will continue in FY2024. Sierra Leone only benefited from a mission to strengthen the administration, monitoring and control of exemptions. For FY2024, support is planned for the implementation of a MTRS by the country.

FY2021 (CONTINUED

PROJECT: Strengthening Debt Management Operational Frameworks in Africa	**JSA#:** JPN421 **IMF ID:** MCM_AFR_2021_02
TARGET COUNTRIES: Benin, Burkina Faso, Ivory Coast, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo, Equatorial Guinea, Gabon, Botswana, Eswatini, Seychelles, and Namibia.	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2025

FY2023 Key Highlights

The program aims to strengthen the key operating framework to facilitate implementation of the debt management strategy, to help diversify market borrowings in the beneficiary countries, and to further deepen the institutional capacities at debt management offices/departments in Central, Southern, and West Africa. Taking advantage of the gradual in-person mission resumption, significant progress has been achieved during the third year (FY2023) of the program. TA has been provided through in-person bilateral engagements modelled on traditional missions and regional workshops. Some virtual bilateral TA and support have also been provided to the African countries as required during the period, supporting a good working relationship with the relevant authorities. Support to **Guinea** authorities helped in (i) drawing up medium-term action plan to develop the domestic market for government securities; (ii) prepare prerequisites for the first 5-year Treasury bond auction carried out in April 2022 and 3-year T-bond in August 2022; and (iii) elaborating and publishing for the first time an issuance calendar for Treasury bonds and Treasury bills for 2023. Assistance was provided to the authorities in **Mauritania** to develop a roadmap identifying short, medium, and long-term actions required to develop the domestic market for government securities and support the Treasury in elaborating for the first time an issuance calendar for 2023 consistent with the country's debt strategy and the treasury plan. The TA strengthened the capacity of **Mauritania, Senegal**, **Cote d'Ivoire**, **Equatorial Guinea**, and **Gabon** authorities in preparing and implementing credible MTDS and annual borrowing plans. In **Botswana**, TA helped conduct a comprehensive assessment of the local currency bond market (LCBM) using the IMF-WB LCBM framework and prepare a comprehensive report, with recommendations for the six building blocks of the market. Assistance to the **Seychelles** authorities resulted in publication a MTDS for 2023–25 and Annual Borrowing Plan for 2023, along with the publication of quarterly issuance calendar for bonds. Building on this, through TA support the authorities have published a framework for initiating secondary market trades in government securities. In **West Africa**, authorities improved their capacity of to prepare an annual borrowing plan and domestic issuance calendar of T-bonds and T-Bills consistent with the country's debt strategy and the treasury plan. The program also resulted in an increase **Equatorial Guinea** and **Gabon** authorities' awareness about contingent liabilities, fiscal risks that governments are exposed to, and presented the tools for identifying, measuring, and managing these risks with a focus on SOEs, government guarantees and PPPs, as well as improve the debt management institutional framework in **Cote d'Ivoire**.

Benin strengthened its capacities of on international bond issuance, and Mali, Togo, and Guinea-Bissau improved the quality of public debt information, recording, and reporting.

PROJECT: Strengthening Debt Management Operational Frameworks in Asia-Pacific	**JSA#:** JPN420 **IMF ID:** MCM_APD_2021_01
TARGET COUNTRIES: PFTAC Member Countries (Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu), Indonesia, Malaysia, Philippines, and Thailand.	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2025

FY2023 Key Highlights

The program aims to assist PFTAC member countries to strengthen their debt management by: (i) building capacity on debt related analyses and reporting; (ii) building capacity to implement their debt and risk management strategy; (iii) strengthening the institutional arrangements for debt management; and (iv) improving the functioning of local currency bond markets. The program also aims to assist Southeast Asian member countries by: (i) improving debt management framework and the implementation of debt management strategy, (ii) improving their secondary markets for government securities market; and (iii) strengthening integration of the debt market with other segments of financial markets including the development of derivatives market. TA has been provided through virtual bilateral engagements and regional workshops. In FY2023, TA in the Pacific has helped to: 1) Develop capacity in debt reporting and monitoring best practice and assisted in the development of a regular debt bulletin to enhance debt transparency (**Tuvalu** and **Timor-Leste**), 2) Strengthen capacity in the preparation and implementation of an MTDS and in the use of the MTDS Analytical Tool and framework (**Papua New Guinea**, **Vanuatu**, and regional workshop), resulting in the drafting of new debt management strategies (Papua New Guinea and Vanuatu); and 3) Strengthen capacity in debt management fundamentals (**Papua New Guinea** and **Tuvalu**).

FY2021 (CONTINUED)

PROJECT: Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific Region –GFS and PSDS	**JSA#:** JPN513 **IMF ID:** STA_APD_2022_01
TARGET COUNTRIES: Cambodia, Indonesia, Lao P.D.R., Malaysia, Philippines, Thailand, and Vietnam	**IMPLEMENTATION PERIOD:** August 1, 2022, to July 31, 2025

FY2023 Key Highlights

The objective of the project is to provide CD in compiling and disseminating timely and comprehensive GFS and PSDS for evidence-based fiscal policymaking and surveillance. Statistics CD was coordinated with JSA-supported activities in PFM through CDOT to maximize synergies. With the easing of COVID-19 related travel restrictions, in-person CD delivery resumed in December 2022 often supplemented by remote components. The project also delivered a well-attended and well received in-person Regional Workshop in Thailand in March 2023. This was the first in person workshop since the start of the COVID-19 pandemic.

Fast-paced performers: **Indonesia** continued to meet the commitments under the G-20 Data Gaps Initiative II, especially in producing timely GFS with high frequency and broad coverage. **Thailand** is producing high-frequency GFS and but needs further CD support to upgrade the compilation and dissemination of macro-critical SOEs Moving forward, Indonesia has a mission scheduled in July 2023 to further strengthen its GFS; and Thailand aims to include data on newly established extra-budgetary funds to be included into IMF GFS Yearbook.

Medium-paced performers: Malaysia prepares accrual-based GFS for the Central Government and has initiated expansion of GFS coverage through survey data from all other levels of government and nonfinancial SOEs. Current CD is working on improving expenditure classified by function (COFOG), refining classifications, and developing balance sheet data. The March 2023 **Philippines** mission took near-final steps to help the authorities improve GFS and PSDS and compile general government data in the *Government Finance Statistics Manual (GFSM) 2014* format that will be used by for the first time for fiscal surveillance. The Bangko Sentral ng Pilipinas (BSP) has initiated the development of whole economy whom-to-whom balance sheet data, where future refinements will likely be needed to align with *GFSM 2014* guidelines. The next mission will review the classification of SOEs and develop SOE data compilation tools.

Slow-paced performers: The January and April 2023 **Cambodia** missions covered a wide range of issues including financial accounts data, government expenditure by function, and expanding GFS coverage. As a result, Cambodia compiles high-frequency GFS, which are published together with metadata that explain how the data are derived from the national fiscal presentation. Fiscal surveillance uses data in the *Government Finance Statistics Manual (GFSM) 2014* presentation compiled by the Ministry of Economy and Finance (MEF). Extrabudgetary units were included for the first time in the IMF GFS Yearbook data with a time series starting 2019. Cambodia has also compiled experimental balance sheet and COFOG data. Periodically, the project provides remote-based support to fiscal policy workshops organized by the MEF.

The project fielded four missions in **Lao P.D.R.** with gradual progress, including contributing to the IMF's January Article IV mission, where the TA helped define a more reliable debt level that was subsequently integrated in the debt sustainability analysis. The country is now publishing quarterly and annual GFS with assistance from the long-standing expert and has committed to disseminating PSDS by end-June 2023.

Vietnam compiles annual high-level budgetary government GFS with long time lags. The project is engaging the State Budget Department to develop a simplified procedures to derive cash data from the Treasury administration system, which should allow quarterly, detailed, and timely GFS, in line with the Vietnam's GFS Manual. Besides aiming to simplify compilation procedures, the February 2023 Vietnam mission also provided methodological guidance on land-use rights and expanded coverage (to include social security funds).

Lao P.D.R. and Vietnam continue to face challenges in improving and expanding GFS and PSDS, and Cambodia is reporting PSDS with uneven frequency and substantial lags. Further intensive CD support will be provided to improve GFS and PSDS accuracy and coverage and to concurrently enhance data compilation and dissemination. In the meantime, ongoing reforms in Lao P.D.R and Vietnam on the chart of accounts and debt management systems will contribute to GFS and PSDS work program implementation.

FY2021 (CONTINUED)

PROGRAM NAME: Twelfth IMF-Japan High-Level Tax Conference for Asian Countries	**JSA#:** **IMF ID:** FAD_APD_2021_04
TARGET COUNTRIES: 22 countries in East, Southeast, and South Asia and Oceania	**IMPLEMENTATION PERIOD:** May 1, 2020, to October 31, 2022

FY2023 Key Highlights

The twelfth conference aims to help Asian countries enhance their domestic resource mobilization and refresh their knowledge on the latest development in international taxation The twelfth high-level tax conference was held jointly with Japan's MOF from October 25 and 26, 2022 in a hybrid mode. The attendees were 55 senior officials from 15 Asian countries, including 18 officials from China who attended virtually. Deputy Managing Director Okamura delivered opening remarks and Mr. Atsushi Komiya, Deputy Director-General for International Tax Policy, Tax Bureau, MOF made the welcome address. FAD led the discussions with presentations on a range of current tax issues important in the region. The topics covered included tax policy in turbulent times, international taxation, VAT, and digitalization and taxation.

PROGRAM NAME: Supporting Improved Treasury Management and Modernization of Financial Management Systems II	**JSA#:** **IMF ID:** FAD_APD_2021_03
TARGET COUNTRIES: Cambodia, Lao P.D.R., Myanmar, and Vietnam (CLMV)	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2024

FY2023 Key Highlights

The project aims to further strengthen the treasury management, budget execution, government accounting, fiscal and financial reporting functions of the four beneficiary countries. The program has focused and will continue focusing on streamlining budget execution by strengthening internal audit, modernizing Chart of Accounts (CoA), improving public accounting and fiscal reporting, and enhancing cash management.

In **Cambodia**, the project is supporting accounting and budget execution reforms that will enable the government to enhance fiscal transparency and strengthen internal control. Given the implementation of the Cash-based International Public Sector Accounting Standards (IPSAS), the Government has also progressed on transitioning to an accrual-based reporting, in coordination with the Accounting and Auditing Regulator. Following the roadmap to accrual accounting that has been approved by the Deputy Prime Minister, the relevant guidelines are being developed and extensive training is being provided on accrual-basis IPSAS and GFS. The risk-based methodology for planning for conducting internal audit was accepted by the authorities. A pilot IT Internal Audit was conducted for the first time Cambodia. The findings of the pilot were approved by the Deputy Prime Minister for implementation. The report on Public Expenditure and Financial Accountability (PEFA) self-assessment at the subnational level conducted with the help of FAD was published during this fiscal year. A workshop was provided with a focus on analyzing and managing the uncertainties of cash flows post-COVID-19. In **Lao**, year-round remote assistance was provided to the authorities to revamp the CoA. A series of technical notes were prepared to respond to the various questions raised by the MOF counterparts. A desk-review of the revised economic classifications prepared by the MoF was conducted. The review revealed persisting issues that the MoF is expected to address. In **Vietnam**, the State Treasury (VST) Development Strategy by 2030 was approved by the Prime Minister. The strategy aims to guide the treasury reforms in the next decade to develop a fully modern Treasury by 2030. Cash management has been improved with the technical assistance on developing a modern cash management function. The legal regulations and techniques for developing a cash buffer have been reviewed. Following an innovative method to deliver a five-module remote program for the VST, a pilot risk-based internal audit was completed in the cash management area, for the first time in Vietnam. Support was also provided to develop a new COA that will cater to all general government entities. Further work on this topic will resume later during this fiscal year. Vietnam is moving towards a more advanced and integrated Financial Management Integrated System (FMIS) with TA support through a modular approach to development and implementation of such system. CD activities continued to remain suspended in **Myanmar** due to the prevailing political situation.

PROJECT: The Japan-IMF Flagship Partnership on Online Learning	**JSA#:** JPN206 **IMF ID:** ICD_IMF_2021_02
TARGET COUNTRIES: Global program	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2023

FY2023 Key Highlights

The Japan-IMF Initiative on Online Learning involves the sponsorship of the IMF's online learning operations for three years (2021–23). Since its launch in 2013, the online learning program has attracted 170,000 active learners. Close to 50,000 government officials have successfully completed an IMF online course. While the role of online learning has increased steadily in recent years, the COVID-19 crisis further reinforced its importance in ensuring continuity of access to the knowledge and expertise of the IMF for both government officials and members of the general public. In FY2023, over 28,000 actively engaged learners and over 9,000 government officials successfully completed an IMF online course.

In FY2023, the online learning program launched 22 new courses: Cyber Risk Supervision (CRSx), External Debt Statistics (EDSx), Quarterly National Accounts (QNAx); a modular rollout of Macroeconomics of Climate Change—Mitigation Strategies (MCCx-MS), Green Public Finance (MCCx-GPF), Economics of Adaptation (MCCx-EA), Transitioning to Net-zero (MCCx-TNZ), and Climate Risks for the Financial Sector (MCCx-CRFS); new modules in the VITARA series on Human Resource Management (VITARA-HRM) and Compliance Risk Management (VITARA-CRM); and 12 new translations of existing courses into languages other than English: Debt Sustainability Framework for Low-Income Countries (LIC-DSFx) in Spanish and Portuguese, National Accounts Statistics (NASx) in French and Spanish, Revenue Forecasting and Analysis (RFAx) in French and Spanish, Projecting Debt Dynamics (DDTx) in French, Medium-Term Debt Strategy (MTDSx) in French, and VITARA modules on Setting Up a Reform Program (VITARA-RMF) and Managing a Reform Program (VITARA-RMS) in French and Spanish. To ensure that online content is available "anytime, anywhere," 113 course re-runs were offered.

The program continued to enjoy great results: A high average completion rate, 51 percent overall and 68 percent for government officials; significant learning gains, of about 19 percentage points on average for all courses;[1] and high satisfaction ratings (95 percent of survey respondents agree that the course enhanced their understanding of the topic). Launched with the support from the program's strategic partnership with Japan in response to the COVID-19 crisis and hosted on YouTube, the IMF Institute Learning Channel has gained close to 14,000 subscribers and over 1.1 million individual views, as the audience and interest of the public continue to grow. The success of the channel and microlearning as a learning modality prompted the development of interactive videos on the topics of climate change.

Blended approaches to CD have further been advanced by various departments across the Fund. Close to 20 blended deliveries in the area of macroeconomic statistics, as well as Financial Development and Financial Inclusion (FDFI), Model-Based Monetary Policy Analysis and Forecasting (MPAF), and Financial Programming and Policies (FPP) have shown high levels of learner engagement, learning gains, and participant satisfaction. To fully establish blended learning as a CD modality, the online learning team has rolled out a short "Fundamentals of Blended Learning" online course and a comprehensive Blended Learning Toolkit for all IMF staff, covering the principles of blended course design and development. The team also conducted a series of in-reach initiatives to disseminate these resources and ensure consistency in blended learning design and delivery across the organization, culminating in a Fund-wide panel discussion on Blended Learning as an Emerging CD Modality.

[1] Learning gains measure improvement between end-of-course and pre-course knowledge tests.

FY2021 (CONTINUED)

PROJECT: Improving Data Dissemination for Globally Selected Countries	**JSA#:** JPN508 **IMF ID:** STA_IMF_2021_01
TARGET COUNTRIES: Algeria, Bahrain, Belize, Burundi, Central African Republic, Chad, Comoros, Eritrea, Guinea Bissau, Palau, Somalia, Zimbabwe (e-GDDS); Jamaica, Rwanda, and Uzbekistan (SDDS)	**IMPLEMENTATION PERIOD:** May 1, 2020, to May 30, 2023

FY2023 Key Highlights

The objective of the project is to promote data transparency and facilitate public access to key macroeconomic and financial statistics through the publication of the NSDP, a centralized data portal. The project focuses on the first and second tiers of the IMF's Data Standards Initiatives—the enhanced e-GDDS and the SDDS—and provides capacity development to a maximum of 15 countries, from a pool of 45 eligible countries. STA staff provides technical support through: (i) e-GDDS missions to help authorities adopt standardized dissemination practices and set up/maintain their NSDP; (ii) peer-learning workshops to help countries develop action plans for implementing the e-GDDS or advancing to the SDDS; and (iii) remote technical support for countries wishing to advance to the SDDS. To help ensure sustainable results, STA staff also monitor the timeliness of data dissemination and send each country a monthly report on their performance with respect to e-GDDS commitments or SDDS requirements. In FY2023, following the easing of COVID-related restrictions on travel and constraints on countries' operations, several data dissemination projects came to fruition building on prolonged remote engagement, regional training, and TA missions that were initiated during the pandemic. The engagement intensified as the pandemic eased, freeing up some additional absorptive capacity in recipient countries. During FY2023, four countries, all fragile states with serious capacity constraints and complex political environments, implemented the e-GDDS and launched their NSDPs: Somalia (June 2022), Chad (July 2022), Zimbabwe (March 2023), and Burundi (April 2023), bringing the number of NSDPs established under the JSA project to five (Palau, a small state, had established its NSDP in February 2022). The establishment of NSDPs in FY2023 is the culmination of sustained remote engagement, with remote missions having been conducted for Chad (November 2021 and April 2022), Burundi (March 2022), and Somalia (May 2022), supported by close coordination with IMF Area Department country teams. For Comoros, a small fragile state, discussions continue to address technological and resource constraints affecting the launch of the NSDP (following the remote mission in FY2021). In November 2022, STA also ran a regional peer-learning workshop on data standards, which was attended by fifty-three senior managers and mid-career staff involved in data dissemination from six African countries: Comoros, Burundi, Eritrea, Rwanda, Somalia, and Zimbabwe. STA staff also continued to support countries aiming to subscribe to SDDS. Uzbekistan is implementing the jointly developed Action Plan to subscribe to SDDS, with delays in subscription related to the reform and restructuring of key government institutions which started at end-2022. Rwanda is implementing the final steps of an action plan to subscribe to the SDDS (mission in November 2022). STA also conducted an SDDS Assessment mission to Jamaica (May 2023) in close cooperation with the IMF Area Department team and, jointly with the authorities, developed an Action Plan to subscribe to the SDDS by mid-2025. The work pursued under the JSA in FY2023 also lays the foundation for progress in data dissemination and transparency in future years. STA has engaged with other JSA-eligible countries, including Algeria and Bahrain, and continues to engage with additional countries that may establish an NSDP in the near future. A mission to Niger is expected to take place in July 2023, and Guinea-Bissau, Mali and Belize have expressed interest in the e-GDDS. Meanwhile, the IMF continues to collaborate with the AfDB in implementing the e-GDDS in Africa, with staff from the AfDB participating in all missions and regional workshops.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2020

PROJECT: Strengthening Public Financial Management in Selected South-East Asian Countries	**JSA#:** **IMF ID:** FAD_APD_2020_02
TARGET COUNTRIES: Cambodia, Indonesia, Lao P.D.R., Malaysia, Mongolia, Myanmar, the Philippines, Thailand, Timor-Leste, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2019, to April 30, 2023

FY2023 Key Highlights

This program focuses on CD in the areas of macro-fiscal management and forecasting, budget planning and execution, fiscal reporting, and fiscal risk management. The overarching objective is to make the budget formulation process more strategic and policy-oriented, budget execution more robust and efficient, the analysis and management of fiscal risks more comprehensive, and fiscal reporting more reliable. Travel restrictions during the initial part of the year continued to pose limitations to the effectiveness of CD efforts, given the authorities' preference for in-person missions. Some slowdown in PFM reforms was also observed due to shifting priorities. Commitment from the authorities and consistent efforts by the LTXs to continue engagement helped progress project activities, with noteworthy results.

Progress continued to be strong in **Cambodia**. Building on the past support, opportunities for further streamlining business processes in the context of the FMIS roll-out were identified and outlined, with a focus on the execution of current expenditures including petty cash and advances. Support from the FAD Resident PFM Advisor has been instrumental in advancing the work on medium-term budget framework and improving PIM practices. Assistance during the year focused on the calibration of fiscal rules and the management of fiscal risks. In **Lao P.D.R.**, a new economic segment for the CoA, with a classification of expenditures, revenues and balance sheet accounts aligned with the GFSM 2014, has been developed. The new CoA, to be embedded in the new FMIS procured by the government, is expected to significantly increase the usefulness and reliability of accounting data for fiscal monitoring, production of statistics, as well as support greater fiscal transparency. In the **Philippines**, in a novel development, a methodological framework for identifying and quantifying quasi-fiscal activities was finalized and operational guidance was provided for the reporting of assets and liabilities of projects undertaken on PPPs. Continuing the past support, the capacity of the DoF was further strengthened in evaluating the performance of government-owned and controlled corporations, a major source of fiscal risk. Engagement with **Indonesia** was further strengthened with the widening of the scope of work. Strategic policy choices were discussed with the authorities to address cash management challenges thrown up in recent years by persistent cash surpluses. MoF staff were trained on the identification and management of fiscal risks, mainly fiscal risks related to SOEs and their quasi-fiscal activities, as well as risks from public investment. The program also supported two **regional training** events on emerging PFM topics of digitalization and green PFM. These horizontal events contributed to building awareness among a wider group of PFM practitioners in Southeast Asia, besides providing peer learning opportunity to the participants. The progress remained halted in **Myanmar** due to the political situation in the country.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2019

PROJECT: Integrating Macro-financial Analysis in Macroeconomic Management (MAC)	**JSA#:** JPN604 **IMF ID:** APD_TTA_2019_01
TARGET COUNTRIES: Cambodia, Lao P.D.R., Myanmar, Vietnam (core) and Papua New Guinea and Timor-Leste (regional training only)	**IMPLEMENTATION PERIOD:** November 1, 2018, to April 30, 2024

FY2023 Key Highlights

The MAC project CD delivery in Cambodia, Lao P.D.R. and Vietnam (CLV) follows a two-pilar approach: i) development of a macroeconomic framework maintained by an inter-agency core working groups and ii) pre-FPAS/FPAS CD provided to CBs. In response to the authorities' requests, CDOT is developing four new activities under the MAC project: macroeconomic framework CDs in Lao P.D.R. and in Vietnam; pre-FPAS CD in the Bank of Lao P.D.R. (BOL); and FPAS in the NBC In its activities, MAC LTX is closely engaging with country teams and Resident Representative offices in identifying CD opportunities that would improve integration of CD and surveillance activities. Close collaboration among MAC LTX and other CDOT LTXs also helps in identifying synergies. The MAC CD delivery fully shifted to in-person engagements in April 2022.

In **Cambodia,** with the NBC, pre-FPAS CD focused on developing nowcasting models to produce a short-term projection of quarterly GDP using high-frequency indicators. The ongoing work seeks to incorporate this forecasting into the work of the NBC and monetary policy decision making. The NBC has designated a skilled core group to take ownership of these models. It also invited staff from the MEF and National Institute of Statistics (NIS) to participate as observers. Following this TA, the NBC has requested full FPAS TA which will start to be delivered in H2 2023. ii) Cambodia's cross-agency core macroeconomic working group focuses on an operational macro-framework spreadsheet. A well-organized core group of staff from MEF, NBC, and the NIS is able to update and run the macro-framework independently. The focus of CD shifted to spreadsheet maintenance and to addressing specific macroeconomic challenges facing Cambodia. Senior officials from the three agencies expressed a strong preference for continuing the TA program, highlighting its role in reconciling differences in outlooks across agencies and in policy coordination. In **Lao P.D.R.**, Macro-framework CD is at the scoping stage and aims to develop an operational macroframework for macroeconomic and policy analysis. A multi-agency core group was re-established in June 2023 after ceasing its activity due to the pandemic. This group is coordinated by the MRI, under Lao Academy of Social and Economic Science and will include members from several economic agencies, including MoF, BOL, Ministry of Planning and Investment and Lao Bureau of Statistics. The BOL requested pre-FPAS TA in May 2023 and this CD is also at the scoping stage. A draft action plan for multiyear pre-FPAS CD aims initially at building nowcasting and near-term forecasting capabilities for monetary policy decision-making which could be followed by FPAS CD at a later stage. In preparing the groundwork for this CD request, MAC LTX jointly with other CDOT LTXs (MCM, ESS, GFS) delivered several workshops during and directly following the Article IV surveillance mission. These interactions continued with IMF country teams' demonstration of inflation forecasting tools used in the Article IV published report and in turn will be followed with hand-on TA delivery on nowcasting and forecasting. In **Vietnam**, the Macro-framework CD project in Vietnam is at a scoping stage and aims to develop a Macroframework tool for macroeconomic and policy analysis. An Interagency Core Group is being put together, coordinated by the Ministry of Planning and Investment. In general, well-defined institutional arrangements for receiving multiyear CD are critical for a long-term success. Core cross-agency working group often acts as main focal points for reform implementation and enable ownership and accountability mechanisms around these reform actions, including through CD support. Relatedly, well-established inter-agency collaboration protocols are key for timely and consistent data compilations across all sectors. The Vietnam FPAS CD project, led by ICD, aims to modernize the monetary policy framework of the SBV. It achieved an important milestone on its first in-person mission in April 2022 where the SBV transitioned to Phase II of FPAS. This aims to develop organizational FPAS processes, including the integration of model-based forecast and analysis into the monetary policy decision-making process. In this phase, the FPAS core group takes full ownership of the Quarterly Projection Model and uses it to produce monthly Nowcasts that are reported to SBV management. **The Regional level**, CDOT resumed in-person seminars in June 2022. The standard IMF courses delivered to CLV have the content which is tailored to the situation in these countries and use their own data. CDOT also delivers hybrid high-level, peer-learning workshops open to a wider group of Asian countries. These addressed new emerging topics of high interest—CBDC, the Crypto Ecosystem and Financial Stability Challenges, and the Digital Economy and its Measurement—drawing on the expertise of HQ staff and invited country experts.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED IN FY2018

PROJECT: CDOT Supporting Monetary and Foreign Exchange Operations in Cambodia, Lao P.D.R., Myanmar, and Vietnam	**JSA #:** JPN414 **IMF ID:** MCM_APD_2018_01
TARGET COUNTRIES: Myanmar, Cambodia, Lao P.D.R., and Vietnam	**IMPLEMENTATION PERIOD:** September 1, 2017, to April 30, 2026

FY2023 Key Highlights

The program provides TA and training through CDOT to the CBs of Cambodia, Myanmar, and Vietnam on monetary and FX operations since 2017. The program's support to the central bank of Lao P.D.R. in capacity building expanded from regional workshops and training to bilateral technical engagements in 2022. The TA and Training are being provided by a sequence of resident advisors. The first CDOT resident advisor's 3-year term ended in September 2020. As there remains substantial need for monetary and foreign operations TA and Training in the CLMV region, the program was extended three times, with the last extension until April 2026. The second resident advisor started his assignment remotely in January and on-site in Bangkok in March 2021. In **Cambodia**, with the advisor's support, the NBC continued focusing on improving its monetary operations, including development of IRC liquidity monitoring and forecasting, and developing a market-based benchmark exchange rate. FY2023 progress has built on FY2022 results i.e., the introduction of partial IRC with overnight Marginal Lending Facility. The NBC's FY2023 achievements included moving to a market-based official exchange rate determination mechanism, starting development of a short-term liquidity forecasting framework, and starting collection of interbank money market data for its monitoring. In **Lao P.D.R.**, CDOT has started expanding its technical support to the BOL from regional to bilateral CD engagements with the high-level workshop on Monetary Operations organized in Vientiane in October 2022. This first step to initiate a CD engagement on monetary and FX operations with the BOL was followed by another workshop on FX operations and Reference Exchange Rate delivered in-person in January 2022, which included the Cambodian country case study on transition to market-based reference exchange rate presented remotely by a guest speaker from the NBC. The advisor also delivered presentations on liquidly monitoring and forecasting as a part of the joint training with other IMF departments in February 2023. The advisor has also started discussing with the BOL a multiyear engagement CD workplan. In **Myanmar**, with the military takeover in Myanmar in February 2021, all CD activities with the CBM have been paused. However, the advisor maintains regular contact for fact-finding based on his experience as bilateral resident advisor to the CBM on foreign exchange operations for three years prior to his CDOT assignment. This helps to be ready for resumption of CD work in Myanmar if conditions change and the Fund's Board decides to resume this CD. In **Vietnam**, for the State Bank of Vietnam to effectively implement recommendations from the IMF FPAS TA, it needs to make next steps in streamlining its monetary operations. To support these efforts, the advisor delivered workshop at the SBV in April 2023, which discussed different forms of IRC with support of reserve requirements and liquidity forecasting. Examples of four countries were presented: China, the Philippines, and Thailand as regional examples, and Georgia as an example of a dollarized economy. This CD will be followed by another training on Training on Liquidity Forecasting and Estimation of Demand for Reserves in early FY2024. **FY2023 regional peer-learning events** included: (i) the regional course on monetary policy implementation jointly organized by CDOT and SARTTAC from August 2021 to January 2023, and (ii) joint CDOT-MCM-SBV regional seminar on CBDC and Cross-border Payments hosted by the SBV in Hanoi in March 2023. All the segments of the former event were open to all central banks of the two regional centers' member countries plus the Philippines.

Japan-IMF Partnership on Capacity Development

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