

# Japan Administered Account for Selected IMF Activities (JSA)

Annual Report  
Fiscal Year 2006

International  
Monetary  
Fund

A stylized graphic of a globe, composed of several overlapping, curved lines in a light olive green color, forming a grid-like structure that represents the Earth's latitude and longitude. The globe is positioned in the lower half of the page, partially overlapping the text of the International Monetary Fund.

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*In memory of Franklin Havlicek (1947–2006),  
Administrator of the Japan-IMF Scholarship Program for Advanced Studies*

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

## JSA Annual Report, Fiscal Year 2006

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

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

<sup>1</sup>Other bilateral donors include Australia, Austria, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Russia, Singapore, Sweden, Switzerland, the United Kingdom, and the United States. Multilateral donors include the African Development Bank, the Arab Monetary Fund, the Asian Development Bank, the Caribbean Development Bank, the European Commission, the Inter-American Development Bank, the United Nations, the United Nations Development Programme, and the World Bank.

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

2006—and the TA activities and scholarship programs that it finances.<sup>3</sup>

## The IMF: Purpose and Activities

The IMF, an international organization of currently 184 member countries, was established in 1946 to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to provide temporary financial assistance to countries with balance of payments difficulties; and to foster economic growth and high levels of employment. To achieve these objectives, the IMF carries out three types of operational activities: surveillance, financial assistance, and technical assistance.

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

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

<sup>3</sup>The reference to fiscal year (FY) in this report is to the IMF's fiscal year, which runs from May 1 through April 30. This report thus covers the period May 1, 2005–April 30, 2006. Reports on FY2000–FY2005 can be found on the IMF's website, [www.imf.org/JSA](http://www.imf.org/JSA).

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

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

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

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

The IMF began to provide technical assistance to its member countries in the early 1960s in response to requests from newly independent nations in Africa and Asia. By the mid-1980s, resources devoted to technical assistance had nearly doubled. As a result of the expansion of the IMF's membership and the adoption of market-oriented economies by a large number of countries worldwide, IMF TA activities grew even more rapidly in the early 1990s. The

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

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

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

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

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

- Multisector statistical issues
- Balance of payments and external debt statistics
- Government finance statistics
- Monetary and financial statistics
- National accounts and price statistics
- Data dissemination standards

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

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

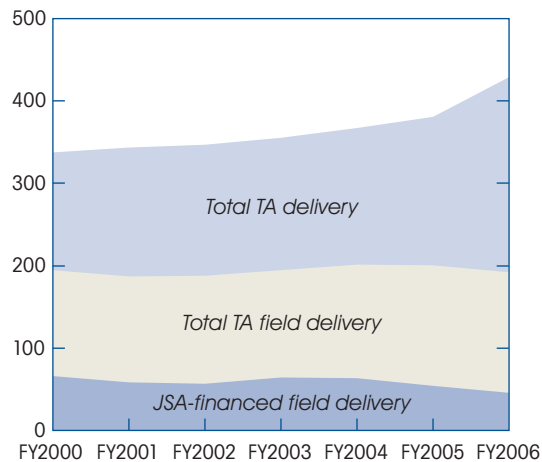
demand increased further in the late 1990s as significant TA resources had to be directed to countries hit by financial crisis. In addition, in recent years, the IMF has had to mount significant efforts to provide prompt policy advice and operational assistance to countries emerging from conflict situations. In fiscal year 2006 the IMF devoted 429 person years to TA activities—a 13 percent increase from FY2005 and almost 130 person years more than a decade ago.<sup>5</sup> The delivery of IMF technical assistance over the period FY2000–FY2006 is shown in Figure 1.

During the past four to five years, the IMF’s TA program has had to respond to a number of new initiatives that have changed the overall demand on its resources. As part of these initiatives, resources have been devoted to helping countries build capacities for their anti–money laundering and combating the financing of terrorism (AML/CFT) efforts; to adopting and adhering to international standards and codes for financial, fiscal, and statistical management; to helping low-income countries formulate and implement poverty reduction strategies; and to helping HIPC design and manage debt reduction programs and strengthen public expenditure management for an effective tracking of poverty-reducing expenditures.

<sup>5</sup>In this report, “person years” refers to the time spent by IMF staff and experts on TA activities. Some of the increase in FY2006 is the result of a change in the methodology of recording TA work. As of FY2006, all TA-related work—including administrative support that hitherto had not been included, particularly in the IMF Institute and the special services and support departments—is reflected in the total IMF TA delivery figure.

**Figure 1. IMF Technical Assistance Delivery, FY2000–FY2006**

(Annual, in person years)



In light of these demands and competing needs, the IMF has taken steps to prioritize technical assistance to reflect both the IMF’s “core” specialties—fiscal affairs, monetary and financial systems, and macroeconomic statistics—and main program areas, such as crisis prevention, debt relief and poverty reduction, fostering macroeconomic stability, postcrisis management, and regional capacity building.

Technical assistance is delivered in a variety of ways. IMF staff may be sent to member countries to advise government officials on specific issues, or the IMF may provide specialists on a short- or long-term basis. Training is provided by the IMF Institute, in collaboration with other IMF departments, at headquarters, in recipient countries, and through regional training



## Box 2. JSA-Financed Training

The JSA provided about \$2 million in support of the IMF Institute's training program in FY2006. This funding helped cover the costs of participants attending Institute training and of experts delivering the training. Through these channels, the JSA contributed to the implementation of 35 training courses, of which 23 were delivered by Institute staff and consultants and 12 by other IMF departments. In total, 870 participants benefited from this JSA funding, receiving a total of 1,520 participant weeks of training. Over 90 percent of this training went to Asian participants, with the balance to officials from Africa.

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

- Fourteen courses were on financial programming and policies or similar topics. Such courses have long been a central feature of the Institute curriculum and were described in more detail in Box 2 of the *JSA Annual Report* for FY2004.
- The remaining nine courses were more specialized macroeconomic courses developed in recent years to address the evolving training needs of

member countries. These included courses on macroeconomic management and fiscal issues, macroeconomic management and financial sector issues, inflation targeting, and current issues in exchange rate policy.

The courses delivered by other IMF departments included:

- Five delivered by the Statistics Department, focusing on external debt statistics, monetary and financial system statistics, and financial soundness indicators;
- Three delivered by the Monetary and Financial Systems Department on monetary and foreign exchange operations and on anti-money laundering and combating the financing of terrorism;
- Two delivered by the Fiscal Affairs Department on public financial management in transition countries and on revenue administration reform; and
- Two delivered by the Legal Department on financial transactions for lawyers and legal aspects of international financial institutions.

institutes.<sup>6</sup> See Box 2 for a description of JSA-funded IMF training in FY2006. Since 1993, the IMF has provided a small but increasing part of its technical assistance through regional TA

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

centers. There are currently five such regional TA centers and, if necessary funding is secured, a sixth center will be set up in Libreville, Gabon, in 2007 to assist the countries of Central Africa.<sup>7</sup>

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

The IMF finances its technical assistance for its member countries mainly from its own budgetary resources, but also receives external financing from bilateral and multilateral partners. The IMF currently spends about 25 percent of its annual administrative expenditures on TA work and training. Of the total expenditures for technical assistance, approximately 45 percent is spent on technical assistance delivered in the field by IMF missions or by experts, and the rest is spent on technical assistance–related work at IMF headquarters in Washington, D.C. In FY2006, external financing from bilateral and multilateral donor partners accounted for 20 percent of total technical assistance and more than 45 percent of technical assistance delivered in the field. Although the number of bilateral and multilateral partners has increased significantly in recent years, Japan continues to be the largest source of external financing. In FY2006, JSA financing accounted for more than 10 percent of total IMF technical

assistance, 24 percent of the assistance delivered in the field, and more than half of the total external financing. The JSA’s share of financing of the IMF’s field-delivered technical assistance over FY2000–FY2006 is shown in Figure 2.

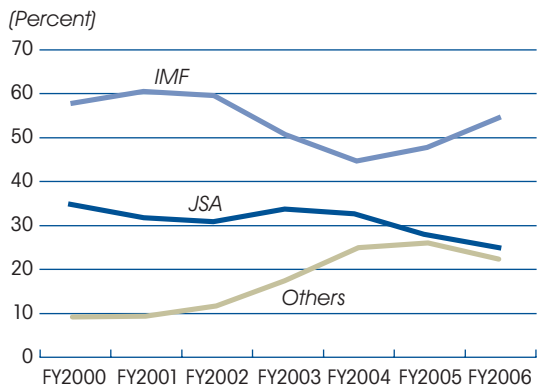
**The Japan Administered Account for Selected Fund Activities (JSA)**

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

Japan has provided grant contributions to support the IMF’s technical assistance to member countries since 1990. In 1997, the scope of the administered account was widened to allow for the financing of other IMF activities in Asia and the Pacific, carried out through the IMF Regional Office for Asia and the Pacific in Tokyo.

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

**Figure 2. JSA Share of Financing of Technical Assistance Delivered in the Field, FY2000–FY2006**



**Table 1. Contributions by Japan, FY1990–FY2006***(Millions of U.S. dollars)*

	FY1990– 2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	Total FY1990–2006
<b>JSA</b>	<b>99.5</b>	<b>15.1</b>	<b>24.9</b>	<b>25.5</b>	<b>20.4</b>	<b>19.6</b>	<b>22.1</b>	<b>266.2</b>
Technical Assistance <sup>1</sup>	132.0	13.7	22.6	22.8	17.6	17.1	19.4	245.3
Asia Scholarship Program	6.5	1.4	2.3	2.7	2.7	2.6	2.7	20.9
<b>Advanced Scholarship</b>	<b>5.6</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>14.5</b>

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

ing qualified applicants to apply for employment and by supporting IMF recruitment efforts through interviews and informational seminars.

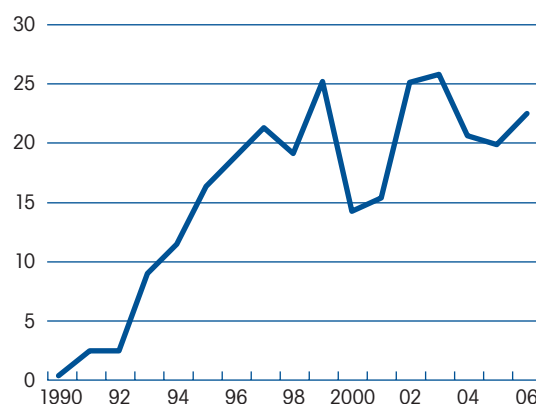
In addition, Japan also provides grant contributions for two scholarship programs. In 1996, the Japan-IMF Scholarship Program for Advanced Studies, which is administered by the IMF Institute, was established. It supports nationals of Asian member countries of the IMF who undertake doctoral studies in economics in North America in order to pursue a career in international financial institutions, such as the IMF, or in their home administration.

The Japan-IMF Scholarship Program for Asia, which was established in 1993, supports 12- and 24-month courses of graduate studies in Japan in macroeconomics or related fields for students from Asia, Central Asia, and the Pacific, and is administered by the Regional Office in Tokyo.

### Level of Funding

Since 1990, Japan has made annual contributions totaling over \$266 million, of which some \$245 million has been for TA projects and the

activities of the Regional Office for Asia and the Pacific and almost \$21 million for the Asia Scholarship Program. In addition, starting in 1996, Japan has also contributed \$14.5 million to the Advanced Scholarship Program. Annual contribution figures for technical assistance and the two scholarship programs, for FY1990–FY2006, are provided in Table 1. Figure 3 shows the annual contributions for technical assistance under the JSA since its inception.

**Figure 3. Annual Contributions by Japan for Technical Assistance, FY1990–FY2006***(Millions of U.S. dollars)*

### Japan-IMF Consultations

Consultations between the IMF and the Japanese authorities usually take place twice a year: at a formal meeting in March followed by a less formal meeting around the time of the IMF–World Bank Annual Meetings in September. They cover the following issues: (1) the effectiveness of the assistance provided with JSA funding, (2) the expected regional and subject area use of JSA resources in the current fiscal year and the targets for the following fiscal year, (3) the likely costs of project inputs, (4) the likely magnitude of Japan’s further contribution to the JSA, (5) the organization of joint field visits by the Japanese authorities and the IMF, and (6) any special projects or issues that are foreseen as likely to arise. The consultations are also used to discuss developments regarding the IMF’s TA program as a whole.

### Technical Assistance Funded by JSA

JSA resources can be used to cover the costs of short- and long-term TA experts and other costs associated with providing seminars and workshops, such as room rental fees. JSA funds may not be used to finance IMF staff costs (including salaries or per diem or travel expenses). JSA funds are not conditional on the use of Japanese nationals, but Japanese nationals are considered for expert assignments whenever possible.

Although TA activities financed by the JSA can take place in all areas of the world, the Japanese authorities place high priority on funding TA activities in Asia and the Pacific, Central Asia, Central and Eastern Europe, and countries of the former Soviet Union. Consistent with the IMF’s TA policy, the Japanese

authorities also place high priority on assistance for countries that have demonstrated strong efforts and good track records in the implementation of economic reform policies. Examples of JSA-supported activities, selected from the four main TA areas, are provided in Boxes 3–6.

### *Project submission and approval*

Activities to be funded from the JSA, as well as all other IMF TA activities, are planned in advance each year. At the beginning of each fiscal year, the IMF provides Japan with an indicative list of projects that it intends to submit for consideration in the course of the year. Thereafter, individual projects are submitted for approval on a monthly basis through the Office of Japan’s Executive Director at the IMF.

Requests for technical assistance are received from governments. These are carefully considered by the concerned functional and area departments of the IMF. If requests fall within the core mandate of the IMF’s TA program and otherwise meet the established prioritization criteria, project proposals are prepared. Following the screening process, the IMF’s Office of Technical Assistance Management reviews the project proposals for conformity with the JSA guidelines. The proposals are then considered for approval by the Japanese authorities.

### *Project assessment and evaluation*

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

### Box 3. Cambodia: Strengthening Public Financial Management

Measured against international best practice indicators, Cambodia historically has had a poor record in public financial management. In mid-2004, the government launched a comprehensive public financial management reform program with the objective of progressively bringing public financial management closer to best practices in a number of key areas. Since the launch of the reform program two years ago, considerable progress has been made in the targeted areas, but many challenges remain. A resident treasury advisor, financed by the JSA, was installed by the IMF's Fiscal Affairs Department (FAD) at the commencement of the reform program in mid-2004 and has since provided continuous support to the authorities. The assistance provided by the advisor, in conjunction with associated technical assistance missions and supervision by FAD, has made a significant contribution to the implementation of key elements of the reform program.

The main focus of the advisor's work has been the development of a new government Chart of Accounts consistent with the Government Finance Statistic Manual (GFSM2001) economic classification system, the development of a new budget classification system consistent with the GFSM2001 system, the training of budget and treasury staff on the use of the new budget and Chart of Accounts classifications, and the rationalization and consolidation of government bank accounts.

The new Chart of Accounts was completed in 2005. It provides an accounting framework to track all government operations—both flows (revenues and expenditures) and stocks (financial assets and liabilities). Considerable time will be needed to implement the new Chart fully for all government transactions; the initial focus will be on ensuring that the new Chart is used by the national and pro-

vincial treasuries for all flow transactions as well as selected stock transactions (accounts payable and receivable).

The new budget classification system has been developed in parallel with the new Chart, to allow tracking of expenditures by economic type in each ministry, at central and provincial levels. The implementation of the new budget classification and accounting system in the context of the 2007 budget will allow data to be obtained that are compatible with international standards (GFSM2001).

A census of all government bank accounts was also conducted in 2005. The census will provide the platform for rationalizing the many bank accounts that are used for government revenue and expenditure transactions at central, provincial, and community levels, and for the establishment of a Treasury Single Account (TSA).

The authorities recognize that although progress has been made, many implementation tasks remain in this first stage of the reform program. The authorities have requested the IMF's continued support for the implementation, with a further advisor assignment on a peripatetic basis during the next phase. The advisor is expected to focus on the continuing implementation of the new Chart and budget classification system, particularly within the context of the 2007 budget; the rationalization of government bank accounts and the establishment of a TSA; the streamlining and standardization of budget execution processes, including the management of commitments; the formulation of a strategy for clearing payment arrears, in conjunction with improved cash planning; and improving the comprehensiveness, quality, and timeliness of monthly fiscal data and annual accounts. Continued JSA financing will make a valuable contribution to these reform efforts.

#### Box 4. Enhancing the AML/CFT Framework in China and Latin America

##### *China*

In response to a request for technical assistance from the People's Republic of China to establish a framework for anti-money laundering and combating the financing of terrorism (AML/CFT), the IMF's Legal (LEG) and Monetary and Financial Systems (MFD) Departments launched a comprehensive AML/CFT project in May 2005 in cooperation with the People's Bank of China (PBC) and with funding assistance from the JSA. The project, which coincides with a period of AML/CFT law and institutional reform in China, is aimed at ensuring that China's reforms are consistent with the standards of the Financial Action Task Force and are effectively implemented. The project has featured a series of customized training workshops on various topics for officials from the full range of Chinese institutions involved in AML/CFT efforts, as well as commentary and assistance in drafting AML/CFT regulations to implement legal reforms. Since March 2003, the PBC has taken responsibility for supervising and coordinating the AML work of financial institutions in China, through the AML Bureau and the China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC), the financial intelligence unit of China. The PBC has taken substantial initiative in organizing the work, providing venues, and making officials available. The IMF has focused on program design and identifying and making available world-class expertise and advice.

During the period July 2005–June 2006, legal advice was provided to the Chinese authorities and four workshops were conducted by LEG with JSA funds. A fifth workshop was organized by MFD on AML/CFT supervision, in December 2005. Two of the workshops, held under the Joint China-IMF Training Program, in July 2005 and June 2006, tar-

geted officials of the AML Bureau and CAMLMAC and criminal justice officials, and examined implementation of AML/CFT standards, financial investigation, and money laundering and financing of terrorism cases and typologies. The third workshop (organized in Beijing in July 2005) focused on the development and application of specific information technology systems for CAMLMAC. The fourth workshop (organized in Kunming in December 2005) focused on the detection and analysis of suspicious transaction reports, and resulted in the development of guidelines for the detection of suspicious transactions by banking, insurance, and securities firms.

Chinese authorities have found the assistance to be an extremely useful means for transferring knowledge, expertise, and experience, ensuring interaction between participants and experts, facilitating information sharing among the various agencies in China, and involving a large number of participants. Authorities and staff have planned a series of follow-up courses to continue and deepen the engagement as China's AML/CFT system evolves.

##### *Latin America*

Although several countries in Latin America have established, to some degree, the legal and institutional framework to combat money laundering, most of them have experienced difficulties in implementing them fully. Authorities in Latin American countries are familiar with modern techniques for the development of financial intelligence and the investigation of financial crimes. However, they have had difficulty actually securing convictions. The relatively small number of money laundering convictions obtained in the region may be due to a combination of factors, including (1) the difficult transition from an inquisitive judicial process to an

#### Box 4 (concluded)

accusatory model, (2) inadequate or outdated procedures that allow indicted persons to participate in the investigatory phase of the process (combined with possibly unbalanced interpretations of defendants' constitutional rights), and (3) insufficient knowledge of money laundering among the judiciary and the prosecutorial services. Moreover, because in most countries in the region law enforcement and prosecution focus on the conviction of the perpetrator of the crime and not on tracing, identifying, and seizing the proceeds of crime, authorities have generally not succeeded in seizing or confiscating such proceeds upon conviction.

In May 2005, LEG, together with experts financed through the JSA, conducted a five-day training workshop in Brasilia for criminal justice officials and officials from financial intelligence units from Latin American countries, on the enforcement and effective implementation of AML/CFT legislation. Participants came from Bolivia, Brazil, Costa Rica, the Dominican Republic, El Salvador, Honduras, Guatemala, Mexico, Nicaragua, Panama, Paraguay, and Uruguay. The workshop was delivered by experts from the U.S. Department of Justice; the Financial Investigations Unit of the Ministry of the Public Prosecutor, Panama; the National Chamber for

Criminal Cassation, Argentina; the Economic Crimes Investigative Brigade, Police, Ministry of the Interior, Spain; the United Nations Office Against Drugs and Crime; the Inter-American Committee Against Terrorism, Organization of American States; the International Criminal Police Organization; the Financial Analysis Unit, Secretariat for Money Laundering Prevention, Paraguay; and an LEG staff member.

The workshop involved presentations and discussions on the investigation and prosecution of money laundering cases, the forfeiture of the proceeds of crime, the expectations of the judiciary in money laundering and asset forfeiture cases, and measures relating to international cooperation. The participants were trained in the analysis of financial information; development of financial intelligence; investigation and prosecution of financial crime, particularly money laundering; and the capacity to trace, identify, and forfeit the proceeds of such crimes.

On the basis of the exceptionally favorable reception of this workshop by participants, a follow-up workshop with more emphasis on practical and operational issues was held in Brasilia in May 2006 for officials from the same participating countries in the region.

by an evaluation of the technical assistance conducted by the recipient institutions, through the completion of a questionnaire. The results of these evaluations are reviewed by the IMF and provided to the Japanese authorities.

In addition, JSA projects in two or three countries are visited and reviewed each year by a joint Japan-IMF mission. These visits seek to

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



### Box 5. Afghanistan: Rebuilding the National Statistical System

The IMF's Statistics Department (STA), with funding support from the JSA, has been actively engaged in the Islamic Republic of Afghanistan since 2002, when the IMF embarked on a comprehensive program to help the government rebuild the economic, financial, and statistical infrastructure of the country following a prolonged period of civil conflict. Prior to 2002, government institutions had been largely neglected, thus leading to the virtual depletion of the statistical capacity of Da Afghanistan Bank (the central bank) and the Central Statistical Organization (CSO).

Although the CSO remained a functioning agency, it suffered from a critical paucity of resources. The available staff lacked the technical expertise required to implement basic internationally accepted statistical standards. Data collection systems had to be reconstituted completely in most cases. Although in certain cases—such as government finance—compilation systems were in place that would, in principle, support collecting statistical data, the virtual abandonment of these systems had made data collection impossible.

Recognizing the need for sustained in-country assistance, STA sought and received funding from the JSA for a resident multisector statistics advisor to guide the statistical agencies in developing key macroeconomic statistics. The advisor commenced his assignment in July 2002; however, the resident assignment was cut short in November 2003 because of security concerns. The assignment was then replaced with a short-term peripatetic project initially comprising two missions covering a total field delivery of about three months of technical assistance. Because of the continuing security concerns, STA decided to support the ongoing efforts to rebuild statistical capacity through another peripatetic assignment. The amended project allowed for a total of nine months of technical assistance deliv-

ered by the advisor from January 2005 through January 2006. The advisor is now implementing a new project that is scheduled to end in December 2006, with provisions for total field delivery of about nine months of technical assistance.

Notwithstanding the paucity of resources and weaknesses in the basic source data, the technical assistance that the JSA supports has facilitated the establishment of some key components for the development of macroeconomic statistics.

The advisor is assisting the CSO with implementation of the *1993 System of National Accounts (1993 SNA)* as the framework for compiling national accounts statistics. As a result, the CSO now compiles rudimentary estimates of GDP by type of activity and category of expenditure on an annual basis using the *1993 SNA*. The advisor has also assisted the CSO with improving the consumer price index (CPI) for Kabul and with broadening its coverage to include five other major cities. Since March 2004, the CSO has been producing a monthly national CPI as well as CPIs for the major cities.

The advisor has also followed up on and given additional guidance in the areas of balance of payments, monetary, and government finance statistics, in which STA has provided some technical assistance. Beginning in FY2007, JSA funding will be used for peripatetic assignments in monetary and balance of payments statistics.

The advisor has cooperated with other international agencies in developing a new statistics law consistent with international standards and in developing a broad Statistical Master Plan for the medium-term development of the statistical system. The new statistics law was enacted in January 2006 and contains all the key provisions required for a modern statistical system, such as establishing the independence of the CSO and ensuring the confi-



### **Box 5 (concluded)**

dentiality of the information it collects. The Statistical Master Plan provides a comprehensive framework for the development of the macroeconomic and social statistics, and also identifies the costs and possible sources of funding.

Afghanistan is on the verge of participating in the IMF's General Data Dissemination System (GDDS), and the advisor has been instrumental in coordinating the various activities to facilitate participation in this system. He has provided assistance to the authorities in developing the required metadata for the disseminated macroeconomic statistics and has worked closely with the newly appointed GDDS Coordinator for Afghanistan with a view to meeting the other targets for GDDS participation. It is expected that the GDDS metadata will be posted on the Fund's Dissemination Standards Bulletin Board before the end of the third quarter of 2006.

Participants from Afghanistan have also benefited from various training programs conducted by STA with funding from the JSA. Six participants from Afghanistan attended a basic course in national accounts statistics held in Nepal in 2003, intended primarily for the benefit of countries of the South Asian Association for Regional Cooperation. Afghanistan also participated in another JSA-sponsored regional seminar on the same subject held in India in May 2006.

The prevailing uncertainty regarding security has impeded the delivery of a consistent program of technical assistance, because STA has had to postpone or cancel numerous missions over the past four years. However, with the support of the JSA, the STA remains committed to improving the statistical system, and staff have been able to undertake essential technical assistance missions.

### **Box 6. Financial Sector and Institutional Reforms in Bangladesh and Nepal**

#### *Bangladesh*

Poverty Reduction and Growth Facility (PRGF) conditionality and the Financial Sector and Assessment Program (FSAP) that concluded in mid-2003 have provided the framework for financial sector and institutional reforms pursued by the Bangladesh authorities. Key elements of the work have included (1) the introduction of a flexible exchange rate arrangement along with market-based monetary and foreign exchange operations; (2) improvements in the Bangladesh Bank's (BB) overall approach to regulation and supervision of financial institutions; (3) restructuring of four nationalized commercial banks; and (4) implementation of enhanced financial reporting and internal governance arrangements at the BB.

The results of the reform efforts have been mixed, largely reflecting political instability, low regulatory quality, and widespread corruption. Political confrontation, for example, continues to create a difficult environment for building consensus for sensitive reforms. Furthermore, the investment climate has been adversely affected by frequent work stoppages and a series of bombings that have taken place over the past year. Nonetheless, and despite the difficulties faced, the authorities have continued in their reform efforts. In this regard, they view continued support from international financial institutions as critical to sustained growth and poverty reduction.

Technical assistance (TA) provided by the IMF's Monetary and Financial Systems Department (MFD), funded by grants from the JSA, has been

particularly important in strengthening the capacity of the BB to implement monetary and exchange rate policy, and in strengthening BB financial safeguards. Following the FSAP, earlier TA efforts saw the introduction of monetary instruments and operations aimed at fostering market-based determination of interest rates. This was followed by efforts to promote transparent arrangements for government debt issuance and an active secondary market that could support a more effective transmission of monetary policy. In this regard, work focused on addressing both operational and policy issues, including reviewing the system of primary dealers in government securities, introducing scripless securities, and establishing delivery versus payment arrangements for the settlement of securities transactions. In its 2007 budget, the government of Bangladesh announced reforms that involve borrowing directly from the market to fund the fiscal deficit. These reforms are expected to lay the foundation for further work on the development of a secondary market for government debt and, more generally, the domestic debt market.

Efforts to strengthen financial safeguards have seen the BB introduce financial reporting and internal audit arrangements based on internationally recognized standards and practices. Working closely with an IMF advisor funded by JSA grants and with its international auditors, the BB has reached the point at which its annual financial statements are certified as compliant with International Financial Reporting Standards (IFRS). Further work under a separate World Bank project is expected to improve the quality of the BB's underlying accounting and information technology systems and the timeliness of the published financial statements. Internal audit reform has seen the introduction of a modern risk-based framework for audit planning and operations,

along with the completion of some audits of key operational areas of the bank. In both financial reporting and internal audit, however, further success will depend to some extent on the success of the BB in attracting and retaining appropriately qualified professional staff who can take the reform work forward, and also transfer knowledge to other staff and areas of the bank.

#### *Nepal*

PRGF conditionality, significant World Bank involvement, and a fixed-peg exchange arrangement with the Indian rupee set key parameters for monetary and financial sector reforms in Nepal. These reforms were part of a wider structural package critical to restoring growth and reducing poverty in Nepal. MFD technical assistance, largely funded by JSA grants, has centered on strengthening the capacity of the Nepal Rastra Bank (NRB) to implement monetary policy and oversee financial market developments.

Continued political tensions and a decade-long Maoist insurgency, however, have slowed the pace of policy implementation. Tensions intensified when King Gyanendra took over executive powers on February 1, 2005, and only recently eased when parliament was reinstated in May 2006 and the role of the monarchy was substantially curtailed. Peace talks with the Maoists have begun, and elections of a constituent assembly are to take place at a date yet to be determined. Despite this uncertain environment, the NRB has made some progress with its reform agenda in recent years, and is poised to move ahead more quickly in what is hoped to be a more peaceful and stable environment for Nepal.

JSA-funded technical guidance has been instrumental in strengthening the capacity of the NRB to implement monetary policy. Earlier work in this area (during 2003–04) saw the bank implement a

### **Box 6 (concluded)**

framework to support effective transmission of monetary policy in the context of Nepal's PRGF arrangement with the IMF. This work included the development of a liquidity monitoring framework that provided input to decisions on the size and type of market operations by the NRB. Over the same period, the NRB was able to implement a number of indirect monetary instruments to perform these operations and establish the basis for more market-based determination of interest rates in Nepal. More recently, attention has been directed toward refining a systemic liquidity forecasting model that would round out the tools available to NRB policy committees. This work was, however, delayed by the political tensions over the second half of 2005 and early 2006, but is expected to be a major area of focus as TA resumes in the second half of 2006. Future work will also endeavor to enhance coordination of debt management between the NRB and Ministry of Finance and develop stronger and continuous relations between the two agencies.

Another key area of focus for the NRB has been the strengthening of its financial safeguards. This

work is derived from the Funds Safeguards Assessment policy that forms part of the PRGF approval process. It is aimed at guiding the NRB on the implementation of financial reporting and internal audit mechanisms based on internationally recognized standards and practices. In the area of financial reporting, the NRB has worked closely with both an IMF advisor funded by JSA grants and its international external auditor to pursue the implementation of IFRS for its annual financial statements. The bank is part of the way through this multiyear process, but further work remains to be done before the statements will be able to be certified as compliant with IFRS. In the area of internal audit reform, the NRB has worked with an IMF advisor funded by JSA grants to introduce a modern risk-based framework for audit planning and operations, along with the completion of some audits of key operational areas of the bank. TA programs in both financial reporting and internal audit, however, have had to be suitably paced to avoid overstressing the absorptive capacity of the limited number of suitably qualified staff at the NRB.

**Table 2. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2006**

	Number of Projects Committed	Committed (in millions of U.S. dollars)	Disbursed (in millions of U.S. dollars)
FY1993	68	5.7	2.9
FY1994	98	8.8	7.1
FY1995	143	13.1	12.2
FY1996	128	15.1	13.9
FY1997	116	14.5	15.5
FY1998	96	13.6	10.8
FY1999	112	20.7	16.8
FY2000	106	17.3	18.5
FY2001	110	16.4	15.7
FY2002	103	16.7	14.6
FY2003	108	17.3	16.3
FY2004	114	18.2	19.4
FY2005	119	17.4	18.9
FY2006	120	18.8	19.7
<b>Total</b>	<b>1,541</b>	<b>213.7</b>	<b>202.4</b>

**Commitments and disbursements**

Between FY1993 and FY2006, cumulative commitments for technical assistance under the JSA totaled more than \$213 million for 1,541 projects, of which more than \$202 million has been disbursed.<sup>8</sup> During FY2006, \$18.8 million was committed for 120 projects.<sup>9</sup> Table 2 and

<sup>8</sup>The IMF arranges for an annual audit of the JSA to be undertaken by its external auditors in connection with the annual audit of the IMF’s own accounts, and for a separate certificate of completion to be provided to the Japanese authorities. See Annex 4 for the audited financial statements of the JSA and the Japan Advanced Scholarship Program for FY2006.

<sup>9</sup>Because of the time required for the contracting and fielding of experts and payment of invoices, there is a time lag between commitments and disbursements. The duration of a JSA-funded TA project is normally 6 to 12 months.

**Figure 4. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2006**

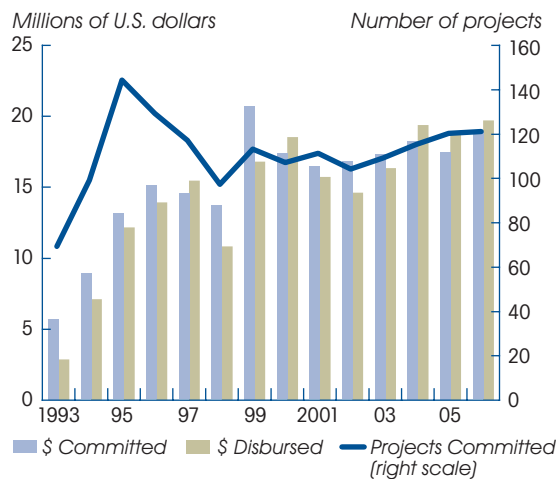


Figure 4 (on page 15) show commitments and disbursements, as well as the number of approved TA projects, between FY1993 and FY2006. A brief description of each of the projects approved in FY2006 is provided in Annex 1.

### *Geographical distribution of funds*

To date, 123 member countries of the IMF and 13 regional organizations and training institutions have been beneficiaries of JSA-funded technical assistance. Countries in the Asia and Pacific region and in Central Asia and Eastern Europe (mainly the transitional countries of the former Soviet Union) have together received some \$114 million from the JSA for approved TA projects during FY1993–FY2006, which represents 53 percent of TA projects approved during this period.<sup>10</sup> Countries in Africa received the next largest share, totaling some \$49 million or 23 percent of total approvals during the same period. Of the remaining amount approved during this period, 7 percent were for multiregional projects, 6 percent for projects in Latin America and the Caribbean, 6 percent for projects in Western and Central Europe, and 5 percent for projects in the Middle East.<sup>11</sup>

The regional distribution of commitments in FY2006 was as follows: Asia and Pacific

<sup>10</sup>These figures reflect the priority given to the countries of these regions under JSA financing guidelines, which currently set a target of 50 percent of allocations for countries in the Asia, Central Asia, and Pacific regions combined and 10 percent for the other transitional countries of the former Soviet Union (Armenia, Azerbaijan, Belarus, Estonia, Georgia, Latvia, Lithuania, Moldova, Russia, and Ukraine).

<sup>11</sup>Multiregional projects are those with beneficiaries from more than one region. Annex 1 includes descriptions of such projects.

countries, \$7.9 million (43 percent); Africa, \$4.6 million (24 percent); the Middle East, \$2.1 million (11 percent); Eastern Europe and Central Asia countries and countries of the former Soviet Union, \$1.4 million (7 percent); Western and Central Europe, \$1.4 million (7 percent); Latin America and the Caribbean, \$1.0 million (5 percent); and multiregional projects, \$0.5 million (3 percent). Table 3 shows the annual and total commitments by region in dollars. Figures 5 and 6 show the regional percentage distribution for FY1993–FY2006 and for FY2006, respectively.

Reflecting greater global financial stability and fewer conflict situations over the past two years, FY2006 saw a reduction in JSA allocations for crisis prevention and the rehabilitation of economic and financial institutions in postconflict countries, and an increase in JSA allocations for sustainable debt management and poverty reduction efforts (35 percent of JSA funds); maintenance of macroeconomic and financial sector stability (25 percent); and regional capacity building, including support for the regional TA centers (25 percent). Nevertheless, among the 10 largest beneficiaries of JSA funding in FY2006 were 5 postconflict countries: the Islamic Republic of Afghanistan, Cambodia, the Democratic Republic of the Congo, Kosovo, and Timor-Leste. Table 4 shows the 10 beneficiary countries or organizations receiving the largest share of JSA assistance during FY1993–FY2006 and FY2006, respectively.

**Table 3. JSA Annual Commitments for Technical Assistance by Region, FY1993–FY2006**

(Millions of U.S. dollars)

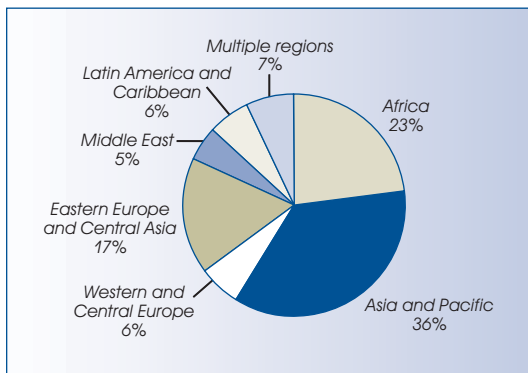
	FY1993– FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY1993–FY2006	
								Total	Percent
Africa	20.7	4.1	4.8	4.9	5.1	4.8	4.6	48.9	23
Asia and Pacific	37.1	4.7	6.2	6.6	7.0	7.6	7.9	77.1	36
Western and Central Europe	6.0	1.4	1.6	1.2	1.0	0.7	1.4	13.3	6
Eastern Europe and Central Asia	28.2	2.7	1.4	1.5	1.4	0.6	1.4	37.2	17
Middle East	2.5	0.7	0.4	1.1	1.6	1.2	2.1	9.5	5
Latin America and Caribbean	6.9	1.1	0.6	0.6	0.6	0.9	1.0	11.7	6
Multiple regions	6.8	1.8	1.7	1.3	1.6	1.7	0.5	15.4	7
<b>Total</b>	<b>108.1</b>	<b>16.4</b>	<b>16.7</b>	<b>17.3</b>	<b>18.2</b>	<b>17.4</b>	<b>18.8</b>	<b>213.0</b>	<b>100</b>

**Distribution of funds by subject area**

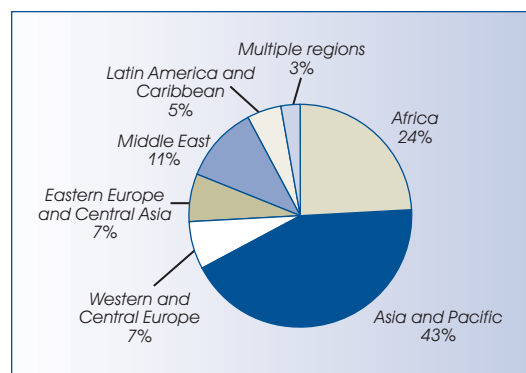
In FY2006, the IMF delivered more than 429 person years of staff and expert time for TA work, a 13 percent increase over FY2005. The

distribution of the technical assistance by the major IMF functional departments was as follows: Monetary and Financial Systems (formerly called Monetary and Exchange

**Figure 5. Distribution of JSA Annual Technical Assistance Commitments by Region, FY1993–FY2006**



**Figure 6. Distribution of JSA Technical Assistance Commitments by Region, FY2006**



**Table 4. The 10 Largest Recipients of JSA-Financed Technical Assistance, FY1993–FY2006***(By commitments, in descending order)*

<b>FY1993–FY2006</b>	<b>FY2006</b>
Russia	Cambodia
Indonesia	Indonesia
PFTAC <sup>1</sup>	China
Ukraine	Afghanistan
Cambodia	PFTAC
Timor-Leste	Kosovo
China	Timor-Leste
Kyrgyz Republic	Congo, Democratic Republic of
Congo, Democratic Republic of	Maldives
Mongolia	Solomon Islands

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

Affairs), 30 percent; Fiscal Affairs, 24 percent; Statistics, 13 percent; and Legal, 5 percent.

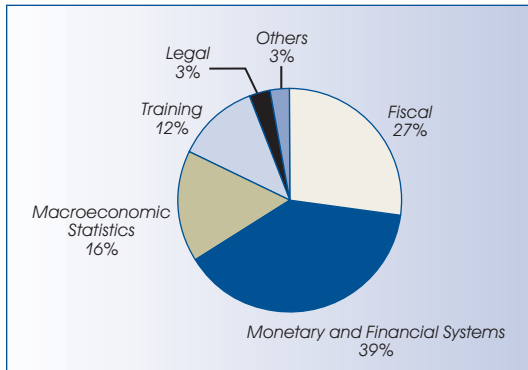
The distribution of the commitment of JSA funds among the subject areas has broadly

reflected the foregoing distribution in the overall use of IMF resources for technical assistance. In FY2006, the distribution of JSA commitments was as follows: Monetary and Financial Systems, \$7.8 million (41 percent);

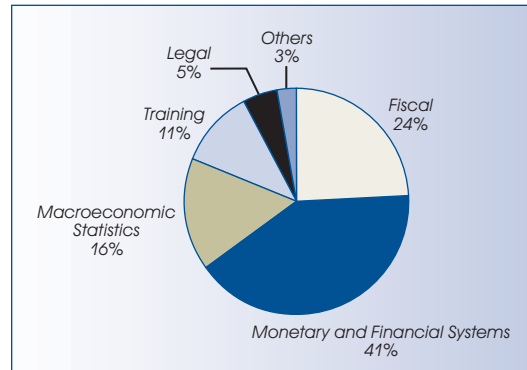
**Table 5. JSA Annual Commitments for Technical Assistance by Subject Area, FY1993–FY2006***(Millions of U.S. dollars)*

	<b>FY1993– FY2000</b>	<b>FY2001</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY1993–FY2006</b>	
								<b>Total</b>	<b>Percent</b>
Fiscal	31.4	4.7	4.7	3.3	4.3	4.3	4.5	57.1	27
Monetary and financial systems	41.6	6.5	6.6	6.7	6.9	6.6	7.8	82.6	39
Macroeconomic statistics	16.8	2.7	2.7	3.7	3.3	2.8	3.1	35.1	16
Training	12.6	1.9	2.1	2.1	2.2	2.0	2.0	24.9	12
Legal	1.6	0.1	0.2	1.2	1.2	1.2	0.9	6.5	3
Others	4.1	0.6	0.5	0.3	0.2	0.6	0.6	6.9	3
<b>Total</b>	<b>108.1</b>	<b>16.4</b>	<b>16.7</b>	<b>17.3</b>	<b>18.2</b>	<b>17.4</b>	<b>18.8</b>	<b>213.0</b>	<b>100</b>

**Figure 7. Distribution of JSA Technical Assistance Commitments by Subject Area, FY1993–FY2006**



**Figure 8. Distribution of JSA Technical Assistance Commitments by Subject Area, FY2006**



Fiscal Affairs, \$4.5 million (24 percent); Statistics, \$3.1 million (16 percent); and Legal, \$0.9 million (5 percent). During FY2006, the level of commitments of JSA funds in the fiscal and macroeconomic statistics areas remained consistent with the previous year, whereas there was a substantial increase in the area of monetary and financial systems and a slight reduction in the legal area. Table 5 shows the annual distribution of commitments in dollars by subject area. Figures 7 and 8 show the percentage distribution by subject area for FY1993–FY2006 and for FY2006, respectively.

In FY2006, the proportional allocation of JSA funds by topic within the above core areas was broadly consistent with FY2005, although there was a relative increase in TA commitments for strengthening central bank accounting and audit, anti-money laundering and combating the financing of terrorism (AML/

CFT), and monetary and financial and real sector statistics. In the monetary and financial systems area, 39 percent of JSA funds were committed to technical assistance for banking and financial sector supervision; 31 percent to central bank operations, including central bank accounting and audit; 15 percent to monetary policy and operations; and 15 percent to other work, such as strengthening payment and accounting systems and debt and financial management. In fiscal affairs, 52 percent of JSA funds were committed to strengthening tax policy and tax and customs administration and 48 percent to public expenditure management. In the macroeconomic statistics area, 46 percent of JSA funds were committed to real sector statistics, 31 percent to multisector statistics, 18 percent to monetary and financial statistics, and the remaining 5 percent to balance of payments and government finance statistics. In the legal area, 75 percent was committed to



technical assistance for AML/CFT, and 25 percent to work on tax and customs legislation.

### Effectiveness of JSA-funded technical assistance

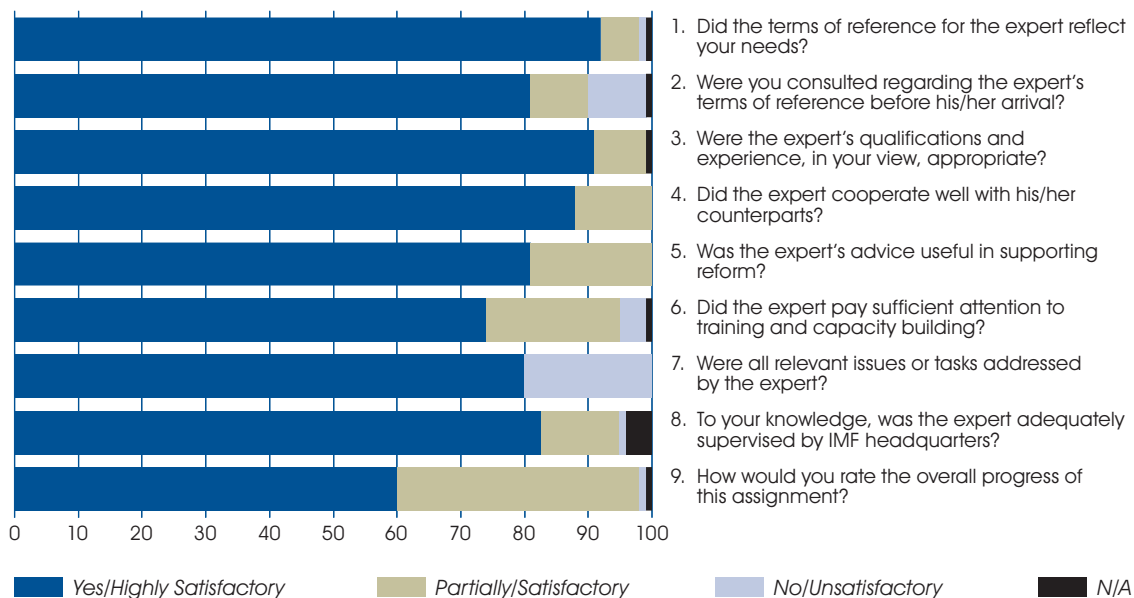
Since 1996, 12 joint Japan-IMF evaluation missions have been carried out to gauge the effectiveness of JSA-funded TA activities. These visits have covered 20 beneficiary countries in Africa, Asia and the Pacific, Central Asia, and Central and Eastern Europe; the regional training institutes in Singapore and Vienna; the Pacific Financial Technical Assistance Center; and the East Africa Regional Technical Assistance Center. The joint evaluation teams have reported that TA activities financed by the JSA

were highly relevant and consistent with the core mandate of the IMF's work, were well formulated and implemented, and were appreciated by recipient governments, which in several cases noted that the JSA-funded advisors were instrumental in establishing critically needed capacity. The teams also reported that the JSA-financed training and seminars were highly visible, well focused, and greatly appreciated by participants. A summary of the findings of these visits is provided in Annex 2.

In 2000, the IMF began requesting that beneficiary authorities provide an assessment of completed JSA-funded projects. The questionnaires gauge the authorities' views regarding the appropriateness and relevance of the assistance

**Figure 9. Results of Evaluations of Technical Assistance Projects**

(Percent of respondents based on 120 responses. N/A = not applicable.)



and the expert's qualifications and experience. The questionnaires also cover the cooperation between the expert and counterparts, the usefulness of the advice in terms of the reform efforts, whether adequate attention was paid to skills transfer, and the quality of supervision by IMF headquarters. So that the overall satisfaction of the authorities could be measured, the respondents were also asked to rate the overall progress of the assignment.

Since 2000, 120 evaluation questionnaires have been received from beneficiary authorities. Overall, the beneficiary authorities continue to be very positive about the effectiveness of the JSA-funded TA projects. As shown in Figure 9, 60 percent of the respondents were highly satisfied with the overall progress of the assignments funded and another 38 percent expressed satisfaction. To date, there has been only one case in which the beneficiary authority was not satisfied with progress made under the technical assistance provided. Annex 3 provides greater detail regarding the results of these evaluations.

In addition to the aforementioned joint field visits and project-specific assessments, JSA-funded TA activities are also evaluated as part of larger sector-wide, region-wide, or special topic evaluations of IMF technical assistance. The results of these evaluations are reported to the IMF Executive Board and can be found on the IMF website ([www.imf.org](http://www.imf.org)).<sup>12</sup>

<sup>12</sup>In FY2003, as part of a larger effort to strengthen monitoring and evaluation of IMF technical assistance, a formal multiyear program of TA evaluations was introduced with three to four evaluations to be undertaken annually covering a mix of topics. Evaluations carried out under this program include TA for public expenditure management in



Japan-IMF 2006 consultations on the JSA, March 30, 2006: From left to right: Mr. Seng Chee Ho, Sr. Technical Assistance Officer, IMF Office of Technical Assistance Management (OTM); Mr. Christian Durand, Advisor, IMF Monetary and Financial Systems Department; Mr. Nobuo Yamasaki, Advisor, Office of the Executive Director for Japan at the IMF; Mr. Barend Jansen, Assistant General Counsel, IMF Legal Department; Mr. Takahiro Hitakatsu, Deputy Director, International Organizations Division, Ministry of Finance, Japan; Mrs. Claire Liuksila, Director, OTM; Ms. Telma Dias, Budget Officer, IMF Institute; Mr. Michio Kitahara, Alternate Executive Director for Japan at the IMF; and Mr. Michel Lazare, Advisor, IMF Fiscal Affairs Department.



Joint field visit to the regional payment system project in Botswana, December 7–9, 2005. Seated on the left are Mr. Takahiro Hitakatsu, Deputy Director, International Organizations Division, Ministry of Finance, Japan, and Mr. Michio Kitahara, Alternate Executive Director for Japan at the IMF. Seated at the center are Mrs. Linah K. Moholo, Governor of the Bank of Botswana, and Mr. O.A. Motshidisi, Deputy Governor of the Bank of Botswana. Other officials shown are members of the Payment Systems Management Team, with Mr. Michael Robotham, IMF Regional Advisor on Payment Systems, standing on the far right.

**Table 6. Japan-IMF Scholarship Program for Asia: Distribution of Scholars by Country and Affiliation, 1993–2006**

Scholars by Country	Total	Percent	Scholars by Affiliation	Total	Percent
China	63	18	Central bank	159	45
Vietnam	61	17	Ministry of finance/tax authority	84	24
Uzbekistan	41	12	Economic affairs ministry	24	7
Mongolia	33	9	Statistics bureau	17	5
Myanmar	33	9	State-owned commercial bank	11	3
Kyrgyz Republic	28	8	Trade ministry	7	2
Kazakhstan	28	8	Others	49	14
Cambodia	27	8	<b>Total</b>	<b>351</b>	<b>100</b>
Indonesia	10	3			
Tajikistan	8	2			
Lao P.D.R.	8	2			
Philippines	6	1			
Thailand	3	1			
Turkmenistan	2	1			
<b>Total</b>	<b>351</b>	<b>100</b>			

## Scholarship Programs

### Japan-IMF Scholarship Program for Asia

The Japan-IMF Scholarship Program for Asia is a program for graduate studies in macroeconomics or related fields at several leading universities in Japan. The objective of the program is to contribute to institutional capacity building

selected countries in sub-Saharan Africa, TA to strengthen the commercial court and implement the bankruptcy law in Indonesia, TA to the Democratic Republic of the Congo in the monetary and financial systems sector, an evaluation of PFTAC, and a mid-term evaluation of the AFRITACs. Currently ongoing are evaluations on TA for tax policy in countries undergoing trade and tariff reform, and on experience with implementation of the “upstream approach” for delivery of TA in revenue administration.

of transition and developing economies, by providing educational opportunities to promising junior officials in central banks or in ministries of finance, economy, or planning in East and Central Asia and the Pacific region.<sup>13</sup>

The program, which is operated under the JSA, currently awards up to 55 scholarships a year. For the academic year 2005, 40 new scholarships were awarded, and a total of 50 scholars

<sup>13</sup>The scholarship program targets candidates from Cambodia, China, Indonesia, Kazakhstan, the Kyrgyz Republic, Lao P.D.R., Mongolia, Myanmar, the Philippines, Tajikistan, Thailand, Turkmenistan, Uzbekistan, and Vietnam, as well as the Pacific Island countries. Nationals of other countries in the region are also considered on a case-by-case basis.

were studying in Japan under the program.<sup>14</sup> There are two forms of scholarships. Scholars accepted under the “partnership track” participate in specially designed master’s courses offered by one of four partnership universities,<sup>15</sup> whereas the “open track” is available to candidates who have already been accepted to a graduate-level program, at either the master’s or PhD level, in macroeconomics or a related field at any leading university in Japan. The program is currently administered by the IMF’s Regional Office for Asia and the Pacific in Tokyo.

A set of skill-refreshing courses (SRCs) was introduced for the 2005 scholar group, which aimed to better prepare scholars by offering math and English courses prior to commencement of their regular studies at the participating universities. Thirty-two of 40 new scholars participated in the SRC conducted at the International University of Japan.

Since the first students were accepted under the Japan-IMF Scholarship Program for Asia in 1993, a total of 351 scholarships have been awarded, and by the end of the academic year 2004, 246 scholars had graduated from the partnership universities. Table 6 shows the distribution of scholars by their country and organizational affiliation. Most scholars have expressed a high degree of satisfaction with the program and subsequently with the career opportunities that have opened to them.

<sup>14</sup>Under the Japan-IMF Scholarship Program for Asia, an academic year refers to the period October 1–September 30. Thus, academic year 2005 refers to the period October 1, 2005–September 30, 2006.

<sup>15</sup>Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and Yokohama National University.



Meeting of the PFTAC Tripartite Review Committee on March 21, 2006, in Nadi, Fiji. From left to right: Mr. Harish Mendis, Senior Technical Assistance Officer, Office of Technical Assistance Management, IMF; Mr. Alfred Kammer, Advisor, Office of the Managing Director, IMF; Mr. Agustín Carstens, IMF Deputy Managing Director; Mr. Savenaca Narube, Governor of the Reserve Bank of Fiji; Mrs. Susan Adams, PFTAC Coordinator; Mr. David Coe, Senior Advisor, Asia and Pacific Department, IMF; Mr. Andrew Blazey, Advisor to the IMF Executive Director for Pacific Island Countries; and Mr. Andrew Millford, PFTAC Resident Advisor for Financial Sector and Bank Supervision.



A group of Japan-IMF scholars during their 2005 summer internships at the IMF, together with Mr. Franklin Havlicek, Deputy Chief of the Administrative Division, IMF Institute, Administrator of the Japan-IMF Scholarship Program for Advanced Studies.

A number have taken up mid- to senior-level positions in their respective agencies, and have direct input into policy initiatives.

### **Japan-IMF Scholarship Program for Advanced Studies**

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

The Japan-IMF Scholarship Program for Advanced Studies, which is administered by the IMF Institute, began with a class of nine scholars seeking to obtain a PhD in economics in the 1996 academic year. In each succeeding year, 15 scholars from Asian countries who have independently gained admission to a leading U.S. or Canadian university in the field of economics have received this scholarship.

An annual orientation program for each incoming group of scholars is conducted at the IMF in Washington, D.C., to expose scholars to the IMF and to provide them with an opportunity to meet other scholars embarking on the same studies. At the end of the third year of study, scholars are expected to complete a 10- to 13-week summer internship at one of the departments of the IMF, during which they engage in supervised research and other professional work under the guidance

of an experienced IMF economist. Thus far, all eligible scholars have completed their internships.

The number of applications received has grown significantly over the years, with well over 100 applications received in each of the past three years from a growing number of countries. The quality of the applicants has also improved, in terms of both their academic record and graduate school examination scores. While participating in the scholarship program, scholars are also required to maintain high grades and good academic standing. The high academic standards of the program are now widely recognized. Many distinguished universities in Asia and North America recommend that their students apply. Table 7 shows the distribution of scholars by country since the beginning of the scholarship program, and Table 8 lists the universities attended by the scholars and the number of scholars at each institution during the program.

A total of about 60 scholars have graduated with PhD degrees in economics; 16 of them have joined the IMF's staff. In addition, one scholar has worked as a professional consultant to the IMF's Independent Evaluation Office while completing her PhD program. In FY2006, five scholars—two from Japan and one each from Hong Kong SAR, Korea, and Tajikistan—joined the IMF's Economist Program, which is the main entry point for economists seeking to join the organization after completion of their studies. This is the highest number in any year since the inception of the scholarship program. Table 9 shows the employment of graduates

**Table 7. Japan-IMF Scholarship Program for Advanced Studies:  
Number of Scholars by Country, 1996–2006**

Country	Number of Scholars											Total Scholars per Country (1996–2006)	Total Percent Representation per Country (1996–2006)
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
Bangladesh	0	0	2	0	1	1	1	0	0	0	0	5	3.0
China (including Hong Kong SAR)	2	5	2	4	2	2	1	1	1	1	1	22	14.0
Indonesia	0	0	0	0	0	0	0	1	1	0	1	3	2.0
Japan	3	7	7	7	7	7	5	7	7	7	8	72	45.0
Kazakhstan	0	0	0	0	1	1	1	1	0	0	0	4	2.0
Korea	2	3	2	2	2	1	1	1	1	1	1	17	11.0
Kyrgyz Republic	0	0	0	0	0	0	1	1	1	0	0	3	2.0
Malaysia	0	0	0	0	1	0	0	0	0	0	0	1	0.6
Mongolia	0	0	0	0	0	0	1	0	1	1	1	4	2.0
Myanmar	0	0	0	0	0	0	0	0	0	1	0	1	0.6
Philippines	0	0	0	1	0	0	0	1	0	0	0	2	1.0
Tajikistan	0	0	0	0	1	0	0	0	0	0	0	1	0.6
Thailand	2	1	2	0	0	1	2	0	1	2	2	13	8.0
Uzbekistan	0	0	0	0	0	1	0	1	0	0	0	2	1.0
Vietnam	0	0	0	1	0	1	2	1	2	2	1	10	6.0
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>160</b>	<b>100</b>

from the first eight intakes—that is, academic years 1996–2003.<sup>16</sup>

During 2004, the IMF Institute, with the assistance of the Institute of International

<sup>16</sup>Under the Japan-IMF Advanced Scholarship Program, academic year refers to the period August 1–July 31. Thus, the academic year 2003 refers to the period August 1, 2003–July 31, 2004.

Education, conducted a tracer study to locate and obtain information on the professional career paths and profiles of past scholars, with contact information updated in 2005. Notably, scholars express a high degree of satisfaction with the scholarship program and their internships, and an increasing proportion of scholarship program graduates are applying for the IMF's Economist Program.



**Table 8. Japan-IMF Scholarship Program for Advanced Studies:  
Number of Scholars by University, 1996–2006**

University	Number of Scholars											Total
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
United States												
1. Boston University			1				2		1		2	6
2. Brandeis University	1											1
3. Brown University	1	2		1	2	1		1	1		1	10
4. Columbia University			2	3	1	1	1		5	2	1	16
5. Cornell University		1	2			1					1	5
6. Duke University	2			1	1		1		1			6
7. Georgetown University							1	4	1			6
8. Harvard University			1	1					1			3
9. Indiana University		1										1
10. Johns Hopkins University		1					1	1			2	5
11. Massachusetts Institute of Technology							1					1
12. New York University			1	2		2	1					6
13. Northwestern University		1										1
14. Ohio State University, Columbus					2						2	4
15. Princeton University										2		2
16. Stanford University	1	2	3	1	1	1						9
17. University of California, Berkeley						1					1	2
18. University of California, Los Angeles		1	3	1	1	1					1	8
19. University of California, San Diego		1				1				1		3
20. University of Chicago		1	1		1	2	1	2		2	1	11
21. University of Illinois-Urbana-Champaign										1		1
22. University of Maryland, College Park					1	1			1	1		4
23. University of Michigan, Ann Arbor		2	1	2			1	1				7
24. University of Minnesota, Minneapolis					1		1	1	1	1	2	7
25. University of Pennsylvania	1			2	3	1	1			1		9
26. University of Rochester	1	1		1				1				4
27. University of Texas, Austin							1			1		2
28. University of Virginia									1	1		2
29. University of Washington, Seattle					1							1
30. University of Wisconsin, Madison		1				1	1	4	1			8
31. Vanderbilt University	1					1						2
32. Yale University	1	1								1	1	4
Canada												
33. McGill University									1			1
34. University of British Columbia							1					1
35. University of Toronto										1		1
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>160</b>

**Table 9. Japan-IMF Scholarship Program for Advanced Studies:  
Employment of Graduates from the 1996–2003 Programs**

	1996	1997	1998	1999	2000 <sup>1</sup>	2001	2002	2003
IMF Economist Program	0	4	0	4	2	1	0	0
IMF mid-career economist	0	1	0	0	0	0	0	0
IMF other employment	0	0	0	0	1	0	0	0
Other international organization	0	0	0	0	0	0	0	0
Government	1	0	2	0	0	0	0	1
Academic position	3	1	5	1	0	1	1	1
Studies in progress	0	0	0	1	10	12	12	11
Other	5	10	8	9	2	1	2	2
<b>Total</b>	<b>9</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

<sup>1</sup>One graduate from the 2000 program received a contractual appointment with the IMF in 2004.







# Annexes

## Annex 1: JSA TECHNICAL ASSISTANCE PROJECTS APPROVED IN FY2006

AFRICA REGION			
Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Public Expenditure Management	\$142,500	Six-month extension of long-term regional advisor based in Ghana to continue assisting with the improvement of public expenditure management in Ghana, Liberia, and The Gambia, particularly in expenditure control and fiscal reporting.
Africa—multiple countries	Public Expenditure Management	\$285,000	Further extension of long-term regional advisor based in Ghana to continue assisting with improving public expenditure management in Ghana, Liberia, The Gambia, and possibly also in Sierra Leone. In Liberia and The Gambia, the advisor will focus on strengthening cash management and commitment control systems; in Ghana the focus will be on simplifying the medium-term expenditure framework and improving the Ministry of Finance website.
Africa—multiple countries	Tax Administration	\$294,000	Long-term regional advisor to assist revenue authorities in Guinea, Guinea-Bissau, and Niger with modernization of tax administration, including improvement in headquarters management, development of large taxpayer units, restructuring the network of tax offices, and strengthening audit programs and collection enforcement. The advisor will be based in Guinea-Bissau.
Africa—multiple countries	Tax Administration	\$285,000	Long-term regional advisor to assist ministers of finance and heads of tax departments in Cameroon, the Central African Republic, and the Democratic Republic of the Congo with the implementation of their tax

Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Payment Systems	\$249,000	administration modernization action plans based on strategies recommended by the IMF. Long-term regional expert to assist the central banks in Botswana, Ghana, Malawi, Namibia, Sierra Leone, and Swaziland (and possibly Angola) with the reform and modernization of their national payment and settlement systems.
Africa—multiple countries	Government Finance Statistics	\$93,750	Regional seminar for 30 officials from African countries on the compilation of statistics in accordance with the methodology for the IMF's Government Finance Statistics Manual 2001. The seminar will be held at the Joint Africa Institute in Tunis.
Africa—multiple countries	Real Sector Statistics	\$269,000	Extension of long-term resident advisor to assist concerned government agencies in the Democratic Republic of the Congo and the Republic of Congo in strengthening institutional structures and capacities to compile and disseminate economic and financial statistics, including participation in the General Data Dissemination System (GDDS). Under this phase, assistance will focus on the improvement of national accounts and price statistics.
Africa—multiple countries	Real Sector Statistics	\$279,000	Long-term regional advisor to help the four Lusophone African countries (Angola, Cape Verde, Mozambique, and São Tomé and Príncipe) strengthen the capacity of their national statistics institutes to compile and disseminate accurate and timely national accounts data.

Beneficiary	Subject Area	Committed	Description
Africa—multiple countries	Real Sector Statistics	\$108,400	To supplement the assistance provided to the four Lusophone African countries to improve their national accounts and price statistics, short-term experts will help these countries improve the compilation of their consumer price index and improve the electronic and hard-copy dissemination of these statistics.
Africa—multiple countries	Field Visit to JSA-Supported Projects	\$15,000	Provide funding for the costs associated with a joint IMF-Japan field visit to Botswana and East Africa Regional Technical Assistance Center (AFRITAC) aimed at enhancing the knowledge of representatives of the Japanese authorities concerning the effectiveness of JSA-financed projects.
BEAC—Bank of Central African States	Macroeconomic Management and Debt	\$93,750	Regional course on macroeconomic management issues and microeconomic management of debt for about 30 officials from the Central African Economic and Monetary Community as well as from Angola, Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Madagascar, Rwanda, and São Tomé and Príncipe.
BCEAO—Central Bank of West African States	Macroeconomic Management and Financial Policy	\$249,000	Long-term advisor to help the BCEAO strengthen its analytical capabilities in macrofiscal and monetary policies and develop a system to better monitor economic developments in the member countries of the West African Economic and Monetary Union, particularly the stability of and developments in the financial sector.
Burundi	Central Bank Operations	\$249,000	Long-term advisor to assist in modernizing the operations of the Central Bank of Burundi, including liquidity management, monetary and foreign exchange operations, banking supervision, and central bank accounting. In addition to providing advice and training, the advisor will also assist in preparing required manuals, guidance notes, and regulations.

Beneficiary	Subject Area	Committed	Description
Central African Republic	Public Expenditure Management	\$124,500	Extension of long-term expert for six months to assist the Ministry of Finance in consolidating improvements made in its budgetary and treasury functions, particularly with regard to the establishment of a sound budget classification, implementation of a Treasury Single Account, and production of budget administrative accounts and operating accounts.
Congo, Dem. Rep. of	Public Expenditure Management	\$249,000	Extension of long-term advisor to help the budget and treasury departments build on public expenditure management reforms already undertaken, with particular regard to establishing an effectively functioning budget cycle, improving cash management, timely reporting on budget execution, production of comprehensive financial accounts, and improving staff capacities at the provincial level.
Congo, Dem. Rep. of	Central Bank Operations	\$124,500	Extension of long-term information technology expert to continue assisting the Central Bank of the Congo (BCC) to complete the computerization of its accounting and foreign exchange operations. Specifically, the expert will assist with the testing and running of the new software, implementation of the information technology (IT) master plan, and related staff training.
Congo, Dem. Rep. of	Central Bank Operations	\$249,000	Continued provision of a long-term general advisor to the governor of the BCC to assist in strengthening the BCC's capacity in key central bank functions (currency, monetary and foreign exchange operations, and banking supervision) as well as support functions (central bank accounting, internal audit, and IT systems). The advisor will continue to coordinate the work of experts provided by other donors and will also provide hands-on

Beneficiary	Subject Area	Committed	Description
Congo, Dem. Rep. of	Currency Arrangements	\$108,400	training to senior BCC staff to prepare for the takeover of this position by a Congolese national. Short-term expert to help the BCC strengthen its capacity in issuing currency, maintain the quality of banknotes issued, and effectively manage inflows and outflows of currency. In addition to operational guidance, the expert will provide hands-on assistance, training seminars, and workshops.
East AFRITAC—Africa Regional Technical Assistance Center	Public Expenditure Management	\$142,500	Regional public financial management (PFM) advisor based for six months at East AFRITAC to supplement the work of the existing regional PFM advisor in assisting the six member countries of East AFRITAC in the following areas: developing improved/new budget laws and regulations and treasury manuals; strengthening implementation of program/performance budgeting and improving budget classifications; and improving budget execution and accounting systems, including expenditure control, cash management, and fiscal reporting.
Gabon	Anti-Corruption Framework	\$30,000	Short-term experts to help Gabon's National Commission to Combat Illegal Enrichment build its capacity to administer the financial disclosure regime. The experts will conduct a seminar on carrying out and recording investigations of corrupt practices and the preparation of prosecutorial documents for submission to the judicial system.
Guinea	Banking Supervision	\$108,400	Short-term experts to help the Central Bank of the Republic of Guinea strengthen its banking supervision function by building staff capacity for off-site and on-site inspections through hands-on assistance and training, the establishment of procedures and work methods, and the design of manuals and reporting documents.

Beneficiary	Subject Area	Committed	Description
Nigeria	Public Expenditure Management	\$124,500	Six-month extension of long-term advisor to assist the Office of the Accountant General of the Federation of Nigeria with the further development and rollout of the new computerized Transactions Recording and Reporting System (TRRS) to line ministries and federal pay offices, training of staff on the TRRS software, as well as the development of improved budgetary classification and codes.
Nigeria	Tax Administration	\$81,300	Short-term expert to assist the Federal Inland Revenue Service with the modernization of domestic tax administration, including putting in place an institutional framework to manage the tax administration reform program started in 2004, strengthening the large taxpayer administration, and finalizing the establishment of a function-based tax department that would merge value-added tax (VAT) and income tax administrations.
Swaziland	Central Bank Operations	\$124,500	Short-term experts to assist the Central Bank of Swaziland enhance its reserves management capability through adoption of internationally accepted trading, investment management, and risk control practices; introduction of improved risk management systems; and development of a risk-sensitive reserves investment strategy.
Uganda	Banking Supervision	\$228,250	Long-term advisor to help the Bank of Uganda strengthen the framework for risk-based supervision and build staff capacity for effectively supervising financial institutions. The advisor will assist with strengthening the legal and regulatory framework for supervision, updating off-site and on-site supervision manuals, and training of staff, and will provide advice on enforcement actions and corrective measures for weak financial institutions.



Beneficiary	Subject Area	Committed	Description
WAIFEM—West African Institute for Financial and Economic Management	Financial Programming and Policies	\$93,750	Two-week regional course in Banjul, The Gambia, for about 30 participants from the five WAIFEM member countries (The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone) on the analysis of macroeconomic developments and design of policies that promote macroeconomic stability and economic growth.
West AFRITAC—Africa Regional Technical Assistance Center	Real Sector Statistics	\$284,000	Long-term regional advisor based at West AFRITAC to help the 10 member states strengthen the capacities of their national statistical agencies to collect data and compile and disseminate national accounts and price index statistics consistent with internationally accepted methodologies and practices. The advisor will help participating countries implement plans for improving real sector statistics as described in their GDDS metadata, and provide regular and timely reporting of these statistics to the IMF for operational use and inclusion in IMF statistical publications.

#### ASIA AND PACIFIC REGION

Beneficiary	Subject Area	Committed	Description
Asia and Pacific—multiple countries	Macroeconomic Management and Structural Adjustment	\$500,000	Continued funding for the training of Asian participants at the Joint Vienna Institute. Most of these participants come from countries implementing economic programs to redress macroeconomic imbalances or carry out structural reforms aimed at improving macroeconomic management and promoting transformation to market economies.
Asia and Pacific—multiple countries	Macroeconomic Analysis and Policy	\$249,000	Extension of one of two JSA-financed long-term experts assigned to the IMF-Singapore Regional Training Institute (STI) to conduct courses and seminars on various aspects of macroeconomic management, statistical

Beneficiary	Subject Area	Committed	Description
Asia and Pacific— multiple countries	Macroeconomic Analysis and Policy	\$249,000	methodology, financial soundness and transparency, and other topics of current interest to member countries. Extension of the second JSA-financed long-term expert assigned to the STI to conduct courses and seminars on various aspects of macroeconomic management, statistical methodology, financial soundness and transparency, and other topics of current interest to member countries.
Asia and Pacific— multiple countries	Anti-Money Laundering and Combating the Financing of Terrorism	\$70,000	Regional workshop on anti-money laundering measures for criminal justice officials and officials from financial intelligence units from Asian countries. The workshop will provide in-depth training on investigating and prosecuting money laundering cases and forfeiting proceeds from these crimes.
Asia and Pacific— multiple countries	Anti-Money Laundering and Combating the Financing of Terrorism	\$93,750	Regional workshop for evaluators from member countries of the Asia Group on Money Laundering to provide in-depth training on (1) the methodology required in conducting evaluations to assess compliance with the recommendations of the Financial Action Task Force and (2) the preparation of detailed assessment reports and Reports of Observance of Standards and Codes.
Asia and Pacific— multiple countries	Multisector Statistics	\$259,000	Regional Multisector Statistics Advisor to help the National Institute of Statistics in Cambodia and the National Statistics Center in Lao P.D.R. strengthen their institutional structure and operational capacity to produce and disseminate reliable and timely statistics (real sector, balance of payments, government finance, and monetary statistics) in support of economic policymaking and government accountability. Assistance will include advising the authorities on the organizational

Beneficiary	Subject Area	Committed	Description
Bangladesh	Central Bank Accounting and Audit	\$81,300	<p>aspects of statistical work, interagency coordination, resource allocation, and statistical legislation, as well as providing classroom and on-the-job training.</p> <p>Peripatetic expert to assist the Bangladesh Bank (BB) with (1) training of staff in modern accounting practices and systems, (2) transition to a new automated accounting system, (3) addressing issues arising from the 2004 external audit, and (4) timely completion of the 2005 financial statements and external audit.</p>
Bangladesh	Central Bank Accounting and Audit	\$108,400	<p>Peripatetic expert to help the BB address weaknesses identified under earlier technical assistance (TA). Assistance will focus on (1) ensuring that the structure and priorities of the Internal Audit Department are adequate for risk management and (2) training staff to conduct risk-based internal audits.</p>
Bangladesh	Foreign Exchange Operations	\$54,200	<p>Short-term expert to help the BB strengthen its capacity to oversee the foreign exchange market and determine appropriate responses, especially during times of market pressure or exchange rate volatility. The expert will assist with implementation of earlier recommended improvements in internal BB arrangements and establishment of a formal body for communication between the market and BB.</p>
Bangladesh	Financial Market Development	\$108,400	<p>Peripatetic expert to help the BB implement measures to develop infrastructure and supporting arrangements for the operation of primary and secondary markets for government securities, including introduction of delivery versus payment arrangements, procedural changes for debt management, more active involvement by primary dealers,</p>

Beneficiary	Subject Area	Committed	Description
Bhutan	Central Bank Operations	\$124,500	development of market information and dealer association mechanisms, and revision of investment guidelines. Long-term advisor to help the Royal Monetary Authority (RMA) build its capacity in a broad area of central bank operations focusing on strengthening the monetary policy framework, assessing the need to create an economic statistics information system and an external communications division, streamlining communications with the National Statistical Bureau, and preparing for the issuance of new ngultrum notes.
Bhutan	Central Bank Accounting and Audit	\$54,200	Short-term expert to help the RMA institute risk-based internal audit operations. Audit programs have already been developed for several RMA functions and the expert will help develop audit programs for the remaining functions and provide on-the-job training in the carrying out of a number of audits.
Cambodia	Public Expenditure Management	\$122,800	Extension of treasury advisor at the Ministry of Finance and Economy. Assistance during this extension will focus on implementing the new Chart of Accounts and new budget classification, rationalizing the number of government bank accounts for eventual centralization in a Treasury Single Account, strengthening and streamlining budget execution procedures, reducing payment arrears, and improving fiscal reporting.
Cambodia	Tax and Customs Administration	\$216,800	Three short-term peripatetic experts to help the Tax Department and the Customs and Excise Department complete implementation of reform programs initiated under the Technical Cooperation Action Plan in support of the Poverty Reduction Growth Facility. In tax administration, the focus will be on the

Beneficiary	Subject Area	Committed	Description
			finalization of a functional headquarters structure and its implementation. In customs administration, the focus will be on completion of draft regulations for a revised customs law, revised import/export clearance procedures, improved intelligence capacity at headquarters and local levels, and installation of a nationwide computerized system.
Cambodia	Banking Supervision	\$249,000	Long-term advisor to help the National Bank of Cambodia (NBC) strengthen its on-site supervision program by providing classroom instruction and on-the-job training. The advisor will also serve as a resource for issues relating to bank supervision, assist in strengthening the NBC's corrective action program, and assist in drafting amendments to the Law on the Organization and Conduct of the National Bank of Cambodia.
Cambodia	Central Bank Operations	\$162,600	A series of short-term experts to help the NBC strengthen its operations across a broad range of central bank functions, including internal audit, monetary policy and operations, monetary and debt market development, payment system policy and oversight, and risk-focused bank examination.
China	Tax Administration	\$135,500	Short-term experts to assist the State Administration of Taxation (SAT) in four key areas of tax administration reform, including introducing risk management techniques, implementing a large-scale modernization of SAT's IT system, re-engineering business processes, and improving taxpayer services.
China	Tax Policy and Public Expenditure Management	\$279,000	Short-term experts to assist the Ministry of Finance address various issues in the areas of tax policy and PFM. In tax policy, the focus will be on exploring the options for taxing financial services under China's VAT and

Beneficiary	Subject Area	Committed	Description
			rationalizing real estate taxation. In PFM, assistance will focus on improving government cash management, developing a new budget law, and introducing accrual accounting practices and a new budget classification system.
China	Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	\$70,000	Workshop on AML/CFT to be held under the Joint China-IMF Training Program in Dalian for staff of the China Anti-Money Laundering Monitoring and Analysis Center. The workshop will deal with the legal and practical issues related to the implementation of a comprehensive AML/CFT framework with particular reference to the detection and analysis of suspect transactions and their investigation and prosecution.
China	Foreign Exchange Operations	\$50,000	Workshop on Foreign Exchange Operations and Development of the Derivatives Market to be held under the Joint China-IMF Training Program in Dalian for staff of the People's Bank of China and related agencies, such as the State Administration of Foreign Exchange and the China Foreign Exchange Trading System. The workshop will cover the following topics: organization of foreign exchange markets; design, pricing, and sequencing of derivatives; role of the central bank in foreign exchange markets; internationalization of the currency; and linkages between domestic and offshore markets.
China	Monetary and Financial Statistics	\$70,000	Course on Monetary and Financial Statistics under the Joint China-IMF Training Program in Dalian for staff of the People's Bank of China and data compilers of major commercial banks. The course will focus on (1) the IMF's methodology for collecting, compiling, and reporting monetary data; and (2) the use of macroeconomic statistics in formulating and conducting economic policy.

Beneficiary	Subject Area	Committed	Description
China	External Debt Statistics	\$70,000	Course on External Debt Statistics under the Joint China-IMF Training Program in Dalian for officials from the State Administration of Foreign Exchange and other concerned government agencies. Main topics to be covered are concept and definition of external debt, core principles for measuring external debt, main international sources of data, framework for assessing the quality of external debt statistics, and the uses of external debt data.
China	Financial Statistics	\$30,000	Seminar on Financial Soundness Indicators to be held in Dalian for senior and mid-level officials from the People's Bank of China, the China Banking Regulatory Commission, and other agencies involved in financial sector supervision and stability. The seminar will cover (1) the framework for collecting, compiling, and disseminating financial soundness indicators (FSIs) as contained in the IMF's compilation guide for FSIs; and (2) possible issues to be faced by China in participating in the IMF's voluntary Coordinated Compilation Exercise for FSIs.
Fiji	Financial Sector Supervision	\$108,400	Peripatetic expert to help the Reserve Bank of Fiji (RBF) strengthen its capacity to supervise the Fiji National Provident Fund (FNPF). Assistance will focus on the preparation of a supervisory work plan and procedures, the steps needed to strengthen the supervisory relationship between RBF and FNPF, and training on concepts and risks of pension fund operations.
Indonesia	Public Expenditure Management	\$81,300	Short-term expert to assist authorities with modernization of treasury operations focusing on rationalizing and bringing all government bank accounts under the control of the treasury as a step toward establishing a Treasury Single Account, simplifying government

Beneficiary	Subject Area	Committed	Description
			payment processes and accelerating revenue transmittals, and improving accounting and payment processes in regional treasury offices. Assistance will also be provided to strengthen accounting, payment, and reporting on use of donor funds including those for post-tsunami reconstruction.
Indonesia	Public Expenditure Management	\$216,800	Short-term experts to further assist the authorities in their reform efforts to improve budget execution; rationalize government banking arrangements; simplify the payment and revenue remittance system; establish effective cash management capacity, including a Treasury Single Account; and strengthen debt management.
Indonesia	Banking Supervision	\$81,300	Short-term expert to help Bank Indonesia build a research program aimed at developing a regulatory position and methodologies on emerging supervisory issues. The research would focus on (1) issues associated with a progression to Basel II principles and (2) tools for risk-based supervision of financial institutions.
Indonesia	Banking Supervision and Regulation	\$81,300	Short-term expert to help Bank Indonesia implement a program to improve governance of major banks through preparation of interpretation guidelines and self-assessment guidelines on Indonesia's Good Corporate Governance Regulation, for use by banks.
Lao P.D.R.	Customs Administration	\$81,300	Short-term expert to help the Ministry of Finance to modernize customs administration with a focus on finalizing customs regulations to implement the new Customs Law, preparing related policy and procedure manuals for customs officers, and developing an effective customs valuation capacity consistent with World Trade Organization (WTO) valuation principles.



Beneficiary	Subject Area	Committed	Description
Lao P.D.R.	Banking Supervision	\$243,900	Extension of peripatetic expert to help the Bank of Lao P.D.R. strengthen banking regulation and supervision with a focus on improving on-site examination and off-site surveillance, revising and implementing related regulations, monitoring the restructuring of state-owned banks, and improving enforcement practices.
Maldives	Financial Sector Supervision	\$243,900	Peripatetic expert to help the Maldives Monetary Authority (MMA) develop its capacity for financial sector regulation and supervision consistent with international best practices. Assistance at this stage will focus on needed changes in the MMA's organizational structure and scope of its supervisory activities, improvements to prudential and supervisory guidelines and procedures, and staff training.
Maldives	Debt Management	\$216,800	Short-term expert to help the MMA move to market-based instruments for funding government deficits. The expert will assist with an analysis of the impact of the introduction of treasury bills and government securities on monetary policy, passage of the Public Debt Act, procedural work for the introduction of treasury bills, and training of staff, including the organizing of mock trading sessions and seminars for potential investors.
Nepal	Monetary Policy and Operations	\$81,300	Short-term expert to further help the central bank of Nepal (the Nepal Rastra Bank) (1) develop capacity to carry out monetary operations to achieve monetary reserve targets, (2) develop information systems for better monitoring of money market liquidity, and (3) improve coordination of monetary and debt management with the Ministry of Finance.

Beneficiary	Subject Area	Committed	Description
Nepal	Central Bank Accounting and Audit	\$108,400	Peripatetic expert to help the Nepal Rastra Bank (NRB) strengthen its accounting procedures and financial reporting to meet the basic requirements of the International Financial Reporting Standards (IFRS). In particular, the expert will help the NRB address issues raised in the 2004 external audit, develop a training program, and conduct workshops to improve staff skills in crucial areas.
Nepal	Central Bank Accounting and Audit	\$108,400	Peripatetic expert to further support the NRB in developing capacity to implement risk-based internal auditing. The expert will train staff in audit concepts and practices; assist in documenting workflow, risks, and controls for all of the NRB's functions; assist in the development of audit work programs; and assist in a pilot audit utilizing new practices.
Papua New Guinea	Central Bank Accounting and Audit	\$108,400	Peripatetic expert to help strengthen internal audit and governance arrangements at the Bank of Papua New Guinea. Assistance will focus on reviewing and recommending enhancements and improvements in the following areas: the mandate of internal audit in the context of key risks, audit methodologies and processes, staff skills required to conduct risk-based auditing, and technical and IT resources to support internal audit.
PFTAC—Pacific Financial Technical Assistance Center	Tax Policy and Tax and Customs Administration	\$285,000	Extension of regional advisor based at PFTAC in Fiji to continue assisting member countries in implementing their programs to modernize their tax policy framework and reform tax and customs administration, including, among other things, introduction and/or implementation of VATs in Kiribati, the Solomon Islands, Tonga, and Tuvalu; introduction of computerized customs

Beneficiary	Subject Area	Committed	Description
			information systems for Kiribati, the Marshall Islands, Niue, Palau, the Solomon Islands, Tonga, and Tuvalu; and redrafting of tax and customs laws in Fiji, Kiribati, Palau, the Solomon Islands, and Tuvalu.
PFTAC—Pacific Financial Technical Assistance Center	Multisector Statistics	\$279,000	Extension of regional advisor in economic and financial statistics based at PFTAC to continue helping member countries strengthen their capacity to collect, compile, and disseminate a broad range of economic and financial statistics. Assistance, provided through advisory visits and training, will cover a broad range of issues, including management, infrastructure, and priority setting.
Solomon Islands	Financial Sector Supervision	\$108,400	Short-term expert to help the Central Bank of Solomon Islands (CBSI) build its capacity to supervise insurance companies and the National Provident Fund. The expert will help improve on-site examination and off-site monitoring of insurance companies, provide guidance on dealing with a distressed company, and help introduce international best practices for pension fund regulation and supervision.
Solomon Islands	Reserve Management	\$325,200	Short-term experts to help the CBSI strengthen its capacity to manage foreign exchange reserves and associated risks, and to implement financial management and reporting systems in accordance with the IFRS.
Solomon Islands	Monetary Policy and Operations	\$166,000	Long-term advisor to assist in strengthening the capacity of the CBSI to implement policies for sound monetary and financial conditions and to monitor financial sector developments. Assistance will focus on monetary prospects and policy alternatives, near- and medium-term actions and instruments, building monitoring capacity, and preparations for an organizational review of the CBSI.

Beneficiary	Subject Area	Committed	Description
Sri Lanka	Financial Sector Supervision	\$162,600	Short-term expert to continue assistance to the new Insurance Board of Sri Lanka (IBSL) to strengthen regulation and supervision of the insurance sector in Sri Lanka, particularly with regard to building the IBSL's capacity to implement a prompt corrective action framework and to improve staff skills for on-site and off-site supervision.
Thailand	Banking Supervision	\$62,250	Extension of long-term resident advisor for three months to help the Bank of Thailand conduct a diagnostic study of its current consolidated bank supervision framework to identify weaknesses that need to be addressed to conform to international standards.
Timor-Leste	Central Bank Operations	\$249,000	Extension of the long-term resident advisor to the General Manager of the Banking and Payments Authority (BPA) to continue assisting the BPA's efforts to evolve into a central bank. In addition to building staff skills to perform central banking functions, the advisor will also assist in developing in-house capacity for policy design, developing a strategic institutional plan, and revising the Central Bank of Timor-Leste Law.
Timor-Leste	Multisector Statistics	\$249,000	Long-term resident advisor to help the National Statistics Directorate, the Ministry of Finance, the BPA, and other concerned government agencies to develop the institutional structure and operational capacity to produce more reliable and timely macroeconomic statistics, and to assist in formulating a long-term statistics strategy, preparing needed statistical legislation, and coordinating external assistance for Timor-Leste's statistics system.
Vanuatu	Central Bank Accounting and Audit	\$108,400	Peripatetic expert to help the Reserve Bank of Vanuatu strengthen its accounting, control, and reporting systems. Assistance will focus

Beneficiary	Subject Area	Committed	Description
Vietnam	Tax Administration	\$108,400	on implementing the IFRS, improving internal control and auditing, and implementing an automated accounting system. Continued financing for a peripatetic expert to assist the Tax Department in carrying out its reform program with a focus on implementing the pilot project to introduce modern self-assessment procedures, strengthening collections and audit, improving taxpayer services, and enhancing IT and the computerized system for self-assessment.

#### CENTRAL AND WESTERN EUROPE

Beneficiary	Subject Area	Committed	Description
Albania	Monetary Policy	\$186,750	Extension of long-term resident advisor to help the Bank of Albania adopt inflation targeting as the monetary framework by 2007. The advisor will assist with preparing an implementation schedule, a structural macroeconomic model, a study on the monetary transmission channel, an evaluation of the results of existing inflation forecasting models, an analysis of the consumer price index subgroups, a study of the credit transmission channel for financial institutions, and an analysis of the impact of foreign exchange interventions.
Bosnia and Herzegovina	Real Sector Statistics	\$259,000	Long-term advisor to assist the Bosnia and Herzegovina Agency for Statistics and other concerned agencies build their capacities for compiling reliable and timely real sector statistics. The advisor will also work with the Central Bank of Bosnia and Herzegovina on improving and expanding the source data for compilation of balance of payments.
Central and Western Europe—multiple countries	Monetary Policy	\$255,600	Long-term advisor to help the National Bank of Serbia improve its monetary policy decision making through reorganization of

Beneficiary	Subject Area	Committed	Description
			concerned departments and recruitment of new staff, and strengthening the analytical base for monetary decision making through upgrading of research and documentation. The advisor will also make short trips to Ukraine to continue assisting the National Bank of Ukraine with its efforts to introduce inflation targeting.
Hungary	Anti-Money Laundering and Combating the Financing of Terrorism	\$50,000	Workshop for law enforcement officials from the Finance Intelligence Unit of the State Prosecutor's Office and other concerned law enforcement agencies to enhance their knowledge and skills in the conduct of financial investigations and prosecution of money laundering and financing of terrorism cases.
Kosovo	Central Bank Operations	\$239,000	Continued financing for the position of the Managing Director of the Banking and Payments Authority of Kosovo (BPK) to ensure continued development of a sound financial system in Kosovo, which would involve the BPK maintaining healthy financial institutions and developing the role of banks in retail payments, and continued building of local staff capacity to assume managerial positions in the BPK.
Kosovo	Real Sector Statistics	\$249,000	Extension of long-term advisor to continue helping the Statistical Office build its capacity to compile and produce real sector statistics. Among other things, the advisor will assist with the design and development of collection, compilation, and reporting systems in accordance with international standards and provide training through courses and on-the-job training.
Macedonia, FYR	Tax Administration	\$108,400	Peripatetic expert to help the authorities strengthen the collection of taxes and social insurance contributions through the enactment of a new law on tax administration,

Beneficiary	Subject Area	Committed	Description
			restructuring the headquarters of the Public Revenue Office (PRO), improving PRO's enforcement programs, introducing comprehensive performance measures, and creating a large taxpayer office to collect taxes from the largest businesses.
Macedonia, FYR	Banking Supervision	\$249,000	Long-term advisor to help the National Bank of Macedonia (NBM) move to risk-based supervision (RBS) through the implementation of its Supervisory Development Plan to meet the preconditions for RBS, including (1) adoption of a comprehensive law to establish sound corporate governance in banks to ensure that they have reliable internal risk management systems, control, and audit processes; and (2) reorganizing NBM banking supervision strategies and procedures in line with RBS.

#### EASTERN EUROPE AND CENTRAL ASIA

Beneficiary	Subject Area	Committed	Description
Eastern Europe and Central Asia—multiple countries	Public Expenditure Management	\$125,750	Five-month extension of long-term regional public financial management advisor to help the authorities in Georgia, Tajikistan, and Uzbekistan strengthen their treasury operations, including adoption of a new budget classification and preparations for the implementation of the Accounting Reform Strategy 2007–2015 in Georgia, and meeting preconditions for the introduction of a Treasury Single Account in Tajikistan and Uzbekistan.
Georgia	Banking Supervision	\$249,000	Extension of long-term resident advisor to continue helping the Bank of Georgia strengthen its banking supervision capacity to keep up with growth in the banking sector. Assistance will focus on problem bank supervision and resolution, bank chartering and licensing, bank mergers, and preparations for a deposit insurance scheme.

Beneficiary	Subject Area	Committed	Description
Kyrgyz Republic	Banking Regulations and Supervision	\$93,750	Seminar on the legal aspects of bank supervision and insolvency for judges and officials of the central bank. The seminar will focus on (1) the economic origins of banking crises and legal responses to resolve crises and mitigate their effects, (2) legal aspects of bank supervision and enforcement, and (3) legal aspects of bank insolvency and resolution.
Kyrgyz Republic	Payment Systems	\$162,600	Short-term expert to help the National Bank of the Kyrgyz Republic design and implement a retail payments infrastructure as part of the government's payment systems modernization program. The new infrastructure will include post office outlets and involve large potential users of the new services, such as the Ministry of Finance, the Social Protection Fund, government-owned enterprises, and utility companies.
Russia	Public Expenditure Management	\$249,000	Continued financing for a long-term advisor to assist the Russian Federal Treasury with implementation of budgetary reform as outlined in the 2004–06 budget reform concept paper. The advisor will also cooperate with other TA advisors in further improving budget and treasury systems and procedures.
Russia	Banking Supervision	\$249,000	Long-term advisor to help the Central Bank of Russia strengthen its banking supervision capacity in support of the government's strategy for developing the banking sector. Among other duties, the advisor will assist with the move toward risk-based assessment and consolidated supervision, issuance of new regulatory documents, development of an early warning system and a more effective internal information system, and coordination of external assistance for the banking sector.



Beneficiary	Subject Area	Committed	Description
Russia	Monetary and Financial Statistics	\$50,000	Seminar on Monetary and Financial Statistics to be held at the Training Center of the Central Bank of Russia to review the methodology used in the IMF's <i>Monetary and Financial Statistics Manual (2000)</i> and the companion <i>Compilation Guide for Monetary and Financial Statistics</i> , as well as the reporting of monetary and financial data to the IMF using the Standardized Reporting Forms for the central bank and other depository and financial corporations.
Ukraine	Fiscal and Macroeconomic Management	\$317,000	Long-term macrofiscal advisor to help the Ministry of Finance strengthen its capacity for macrofiscal analysis, planning, and forecasting, including estimating macroeconomic consequences of proposed policy decisions or legislation. Assistance will also include the development of a new organizational structure for the Strategic Planning and Fiscal Sustainability Department to better carry out its macrofiscal analysis and policy development functions.

#### IMF—MULTIPLE REGIONS

Beneficiary	Subject Area	Committed	Description
IMF—multiple regions	Customs Administration	\$135,500	Short-term expert to help authorities in six countries (Egypt, Fiji, Paraguay, Senegal, Sri Lanka, and Thailand) assess any gaps between their current customs administration systems and the procedures and measures they would be committed to under the WTO negotiations on trade facilitation under the Doha Round, expected to be completed by the end of 2006.
IMF—multiple regions	Tax Legislation	\$162,600	Short-term experts to selected Asia-Pacific countries to assist authorities with drafting various tax legislation including the following: Cambodia: income and profit tax; Lao P.D.R.: VAT; Mongolia: income tax;

Beneficiary	Subject Area	Committed	Description
			Vietnam: new enforcement instruments; Kiribati: tax reform legislation; Timor-Leste: property tax and petroleum tax; Tonga: VAT; Afghanistan: tax for mining and hydrocarbon industries; Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan: amendments to existing tax legislation.
IMF—multiple regions	Capital Markets Investor Relations	\$81,300	Short-term expert to assist authorities in Indonesia, Turkey, and R.B. de Venezuela with the design and implementation of investor relations programs, including the identification of key statistics for dissemination to investors, effective strategies for communicating with investors, and the establishment of investor relations offices.
IMF—multiple regions	Capital Markets Investor Relations	\$81,300	Short-term expert to assist authorities in selected countries in Africa, Asia, Eastern Europe, Latin America, and the Middle East with the design and implementation of investor relations programs, including the identification of key statistics for dissemination to investors, effective strategies for communicating with investors, and the establishment of investor relations offices.
IMF—multiple regions	Macroeconomic Management	\$500,000	High-Level Seminar on “Macroeconomic Management and the Japanese Experience in Economic Development” organized jointly with the Japan Center for International Finance for high-level officials from six Asian (Cambodia, China, Lao P.D.R., Mongolia, Myanmar, and Vietnam) and six Commonwealth of Independent States countries (Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan).
IMF—multiple regions	Financial Supervision	\$35,500	Workshop for staff from supervisory agencies of selected offshore financial centers (OFCs) to strengthen their supervisory practices,

Beneficiary	Subject Area	Committed	Description
			particularly with regard to the collection and dissemination of key information, to improve the concerned OFC's transparency and compliance with international regulatory standards.
IMF—multiple regions	Monetary and Financial Statistics	\$93,750	Seminar to familiarize compilers from the Francophone countries in Africa and the Middle East with the methodology and procedures for the compilation of monetary and financial statistics based on the IMF's <i>Monetary and Financial Statistics Manual</i> .
IMF—multiple regions	National Accounts Statistics	\$70,000	Seminar on National Accounts Statistics to train national accounts compilers from selected countries in Asia and the Middle East in techniques to implement the <i>System of National Accounts 1993</i> and in the conceptual and theoretical framework of the broader system of national accounts.
IMF—multiple regions	JSA Annual Report	\$24,000	Funding for the costs associated with preparation and publication of the English and Japanese versions of the <i>JSA Annual Report</i> and posting on the IMF public website.

#### MIDDLE EAST REGION

Beneficiary	Subject Area	Committed	Description
Afghanistan, I.R. of	Public Expenditure Management	\$249,000	Extension of resident treasury advisor to help the Ministry of Finance improve critical areas of treasury functions, in particular to strengthen the organizational structure of the treasury, including through its merger with the Accounting Department; further streamline cash management; improve fiscal reporting; and initiate reforms at the provincial level.
Afghanistan, I.R. of	Monetary and Financial Statistics	\$81,300	Short-term expert to help Da Afghanistan Bank strengthen the collection and compilation of monetary and financial statistics, in

Beneficiary	Subject Area	Committed	Description
Afghanistan, I.R. of	Financial Programming and Policies	\$93,750	particular to develop a framework for the collection of monetary data and compilation of monetary statistics in accordance with the methodology set forth in the IMF's <i>Monetary and Financial Statistics Manual</i> . Seminar on Financial Programming and Policies for 25 participants from Da Afghanistan Bank, the Ministry of Finance, and other concerned ministries to enhance their understanding of the design and implementation of macroeconomic and financial policies, particularly with regard to the complementarities of stabilization policies and structural reforms, and the importance of policy coordination for sustained growth.
Afghanistan, I.R. of	Multisector Statistics	\$216,800	Continued financing of a peripatetic advisor to assist the Central Statistical Office, Da Afghanistan Bank, and the Ministry of Finance in developing and improving their institutional structure and operational capacity to compile and disseminate basic macroeconomic statistics that meet international standards. Special emphasis will be placed on developing critical data sources for these statistics and on-the-job training.
Algeria	Banking Supervision	\$216,800	Short-term expert to help the Bank of Algeria strengthen its capacity for off-site and on-site banking supervision. Assistance will focus on enhancing control instruments, strengthening procedures and preparing related manuals, improving information systems, and designing an early warning system.
Egypt	Monetary Policy Operations	\$249,000	Long-term expert to help the Central Bank of Egypt develop, and build staff capacity to operate, a modern and flexible operational framework for monetary policy, including strengthening the monitoring of financial

Beneficiary	Subject Area	Committed	Description
Mauritania	Central Bank Accounting	\$108,400	markets, regular communications with financial market participants, and strengthening money market mechanisms. Peripatetic expert to assist the Central Bank of Mauritania carry out a preliminary assessment of its accounting and financial reporting framework (covering financial statements, the accounting system, and the financial administrative services manual) to identify needed improvements for compliance with the IFRS.
Middle East—multiple countries	Tax and Customs Administration	\$275,000	Regional long-term revenue administration advisor based in the Kyrgyz Republic to assist authorities in Central Asia, initially the Kyrgyz and Tajikistan Ministries of Finance and Tax, with implementation of their reform strategies to modernize revenue administration systems and practices.
Middle East—multiple countries	Monetary Policy Operations	\$101,300	Short-term expert to help the Bank of Sudan and the Central Bank of Yemen improve their capacity in liquidity management and forecasting, and to enhance the use and effectiveness of monetary policy instruments, including market-based instruments.
Syrian Arab Republic	Central Bank Operations	\$249,000	Long-term advisor to help the Central Bank of Syria develop a strategic plan for its modernization and reform, to enable it to implement more effective monetary policy and support a more market-based financial system.
Syrian Arab Republic	Central Bank Accounting	\$124,500	Short-term expert to help the Central Bank of Syria improve its accounting system to meet the IFRS, including preparing a new uniform Chart of Accounts, reorganizing the accounting department, and overhauling and modernizing the IT system.

## WESTERN HEMISPHERE REGION

Beneficiary	Subject Area	Committed	Description
Argentina	Anti-Money Laundering and Combating the Financing of Terrorism	\$50,000	Workshop for officials from the Federal Attorney General's Office and the Criminal Branch of the Judiciary on the enforcement and effective implementation of an AML/CFT legal framework, in particular on the analysis of financial information, investigation and prosecution of AML/CFT crimes, and tracing and forfeiting the proceeds of such crimes.
Colombia	Capital Markets Risk Management	\$27,100	Short-term expert to help the Ministry of Finance develop effective hedging instruments, with a particular focus on identification of the main impediments for the further development of foreign exchange and fixed-income derivatives markets.
Peru	Capital Markets Development	\$27,100	Short-term expert to help authorities (1) reduce imbalances in the domestic capital markets arising from the growth and accumulation of assets under private pension fund management and (2) improve the methodology for pricing illiquid securities.
Peru	Capital Markets Development	\$54,200	Short-term expert to help the authorities further develop the domestic capital markets by analyzing the applicability of various capital markets instruments from the standpoint of issuance and investment.
Trinidad and Tobago	Financial Supervision	\$249,000	Long-term advisor to help the Central Bank of Trinidad and Tobago strengthen its capacity for financial supervision through the introduction of new and revised supervisory procedures and manuals, and the upgrading of the reporting framework.
Uruguay	Debt Management	\$27,100	Short-term expert to advise the Ministry of Finance on market financing issues, including debt management operations under consideration, cash profile of the public debt,

Beneficiary	Subject Area	Committed	Description
			and necessary market access for different classes of debt under alternative financing strategies.
Western Hemisphere—multiple countries	Anti-Money Laundering and Combating the Financing of Terrorism	\$50,000	Workshop for financial intelligence unit and criminal justice officials from selected countries in Central and South America and the Caribbean on the effective implementation of an AML/CFT framework. The workshop aims to enhance the capacity of these officials to analyze financial information; investigate and prosecute financial crime, particularly money laundering; and trace and forfeit the proceeds of such crimes.
Western Hemisphere—multiple countries	Anti-Money Laundering and Combating the Financing of Terrorism	\$269,000	Long-term regional advisor based in Argentina to help member countries of the Caribbean Financial Action Task Force and the Financial Action Task Force for South America to (1) review and revise their AML/CFT laws to conform with international standards and (2) build their capacity to investigate and prosecute AML/CFT crimes.
Western Hemisphere—multiple countries	Monetary and Financial Statistics	\$30,000	Seminar for Western Hemisphere countries participating in the IMF's Coordinated Compilation Exercise (CCE) for the compilation of data for the FSIs. The seminar will focus on (1) cross-cutting issues on FSI compilation and preparation of metadata for the CCE and (2) country-specific issues that arose from countries' first drafts of FSI metadata.
Western Hemisphere—multiple countries	Monetary and Financial Statistics	\$271,000	Regional advisor based in Mexico to assist the central banks in Central America to harmonize the coverage and compilation of their monetary and financial statistics to enable cross-country comparison of financial data and the compilation of regional financial sector statistics.

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

### Purpose

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

### Format

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

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

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

### Findings

To date, 12 missions have been carried out (covering 20 countries, two regional training institutes, the Pacific Financial Technical Assistance Center, and the East Africa Regional Technical Assistance Center) since this practice was introduced in FY1996. The field visits have found that JSA funding is well administered and effectively used. In all the visits, the authorities were well aware and fully recognized the importance of, and expressed their appreciation for, Japan's financial support to the IMF's TA program. The positive firsthand view gained by the Japanese authorities has contributed to the continued strong support by Japan, through their contributions to the JSA, for the IMF's TA program. A list of all



field visits and a summary report of the two field visits that took place in FY2006 are provided below. Reports on earlier field visits can be found in previous *JSA Annual Reports*.

### **Joint Field Visits in FY1996–FY2006<sup>1</sup>**

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

### **Joint Field Visits in FY2006**

#### **East AFRITAC, Tanzania, December 5–6, 2005**

In response to a request by sub-Saharan African countries for enhanced IMF support for their capacity-building efforts, the IMF, in cooperation with donor partners including Japan, established in FY2003 two Africa Regional Technical Assistance Centers (AFRITACs)—one in East Africa based in Dar es Salaam, Tanzania (whose membership includes Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda), and the other in West Africa based in Bamako, Mali (whose membership includes Benin, Burkina Faso, Côte d’Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo). Drawing on positive experience in the Caribbean and the Pacific regions, the centers follow a regional approach to building capacity by maximizing TA delivery among neighboring countries with similar needs. Led by a center coordinator, each AFRITAC has a team of resident advisors in the core areas of the IMF’s competence, supplemented by short-term experts on an as-needed basis, who help member countries to develop and implement their

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

capacity-building programs within the guidelines of each country's Poverty Reduction Strategy Paper. To ensure ownership of activities by beneficiary countries and accountability to, and coordination with, donor partners, each AFRITAC works under the policy guidance of a steering committee consisting of representatives of member countries and donors.

In FY2005, a mid-term review of the work of both AFRITACs was carried out by a team of external evaluators. The evaluation found that the regional centers were an effective delivery vehicle for capacity building, particularly through their familiarity with local context and issues, timely responses to beneficiary country needs, enhanced beneficiary country ownership, increased regional cooperation and solidarity, and improved coordination of external assistance. Although the evaluation concluded that the two centers are, for the most part, achieving their objectives, it also made a number of recommendations for improvements focusing on strengthening monitoring and evaluation, developing local staff resources, and promoting the use of local expertise.<sup>2</sup>

Japan has been an important donor partner of both AFRITACs with contributions to date totaling \$1.6 million. During the visit to East AFRITAC, the Japan-IMF review mission was briefed by the center coordinator and resident advisors and met with the chairman of the East AFRITAC Steering Committee, and also with concerned senior officials in Tanzania, including the governor of the Bank of Tanzania and the permanent secretary of the treasury. The review mission also attended the semiannual meeting of the East AFRITAC Steering Committee, which was being held during the time of the field visit.

The main concerns of the Japanese members of the review team—the need to retain qualified staff in government agencies for long-term capacity building, the challenge of meeting the increasing demands for assistance with limited available resources, and the need for an eventual exit strategy because the regional centers are not meant to be permanent establishments—were raised with both center staff and the authorities who outlined the measures being taken and described the continuing efforts to address these concerns.<sup>3</sup> The achievements and ongoing work of East AFRITAC received high praise from the authorities who confirmed the positive assessment of the mid-term evaluation. At the conclusion of the field visit, the Japanese representatives of the review team expressed strong satisfaction with East AFRITAC's role in supporting member countries in building their capacities in areas crucial for sound economic development, and with the good coordination among donors, advisors, and authorities.

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<sup>2</sup>The evaluation report, *Africa Regional Technical Assistance Centers (AFRITACs) Independent Mid-Term Evaluation: Volume I—Final Report, April 1, 2005*, can be found on the IMF website, [www.imf.org](http://www.imf.org).

<sup>3</sup>These measures include encouraging governments to pay closer attention to career development and adequate salaries, prioritizing assistance for the most urgent needs of the least-developed member countries, and the possibility of slowly “graduating” individual countries from East AFRITAC assistance on a case-by-case basis.

### **Regional Payment System, Botswana, December 7–9, 2005**

Since January 2005, the JSA has been funding an IMF regional payment system advisor based in Botswana to help the central banks in Botswana, Sierra Leone, and Swaziland reform and modernize their countries' financial payment and settlement systems as part of their strategy to modernize their financial sectors. These individual national efforts are part of ongoing regional initiatives in Africa to integrate the various national payment systems and create a robust cross-border payment system. For Botswana and Swaziland, this integration would involve convergence with the Southern Africa Development Community, and for Sierra Leone, convergence with the West African Monetary Zone.

In each country, the IMF regional advisor is helping the authorities develop necessary legislation in support of a national payment system and also develop and implement electronic clearinghouses and electronic funds transfer and real time gross settlement mechanisms that form the basis of a modern payment and settlement system. The regional advisor's work includes assisting with drafting of legislation; establishment of standards, rules, regulations, and procedures consistent with the core principles of the Bank for International Settlements; creation of monitoring and oversight systems; procurement of systems software and hardware; and staff training.

Work in the three countries is in differing stages of completion. Although good advances have been made in Botswana and Swaziland (which now have electronic clearinghouses and have reduced their respective national clearing cycles to four days with further reductions planned), progress in Sierra Leone has been hampered by the postconflict environment and limited institutional capacity. In general, the main delays encountered in these reform efforts result from the need to involve and consult with the large number of stakeholders inherent in payment systems, including commercial banks, market participants, and other regulatory agencies.

During their visit, the review mission met with the governor and deputy governor of the Bank of Botswana, as well as with the regional advisor and senior officials of the Bank of Botswana's National Payments System Reform and Modernization Project. In the view of the authorities, the advisor has made important contributions to the reform efforts and the countries have benefited tremendously from the assistance provided by the IMF and made possible by the JSA. According to the regional advisor, the authorities are strongly committed to the reform process and are fully supportive of the various measures and recommendations made.

At the end of the field visit, the Japanese representatives of the review mission concluded that the work being carried out to develop the national payment systems was central to reform and modernization efforts in the three beneficiary countries, that significant progress was being made, and that the assistance was highly valued and appreciated. In view of the further work still required, particularly with regard to the installation of real time gross settlement systems and overall strengthening of staff capacity in Botswana and Swaziland and the outstanding issues in Sierra Leone, it is expected that the IMF will continue to provide assistance in this area with additional JSA support.

### Annex 3:

## RESULTS OF EVALUATIONS OF TECHNICAL ASSISTANCE PROJECTS

Following the introduction of a formal process of evaluation of JSA-funded technical assistance projects by the beneficiaries, 120 evaluation questionnaires have been returned by beneficiary authorities. Overall, the responses show that the authorities are highly satisfied with JSA-funded technical assistance. In the few cases in which there was negative feedback, the IMF departments concerned have taken follow-up action to ascertain the cause of dissatisfaction in order to avoid future occurrences.

As shown in Table 10, answers indicate that the beneficiary authorities are satisfied with the terms of reference for the expert. However, although 92 percent of respondents expressed that the terms of reference reflected their needs, 17 percent indicated that they were not or not fully consulted on the terms of reference prior to arrival of the expert. Beneficiaries were satisfied with the selection of the expert used for the project. Almost all respondents (92 percent) viewed the qualifications and experience of the expert as appropriate. Cooperation between the expert and counterparts was also considered good by 89 percent of respondents. The responses were lower (83 percent) regarding the usefulness of the expert's advice in terms of the reform efforts. On a question regarding skills transfer, 77 percent of respondents indicated that the expert paid sufficient attention to training and capacity building, leaving 18 percent who indicated that skills transfer was only partially sufficient and another 4 percent who felt it had been inadequate. Respondents were satisfied (82 percent) with the ongoing supervision by IMF headquarters. It is not surprising that, in light of the tasks at hand in most countries and the complex realities of reforming economic and financial management practices and building institutional and human capacities, as well as constraints on technical assistance resources, 20 percent of respondents felt that some relevant issues or tasks were not addressed by the expert. Overall, 60 percent of respondents indicated that they were highly satisfied with the overall progress made during the project and another 38 percent were satisfied. To date, there has been only one case in which the beneficiary authority was not satisfied with progress made under the technical assistance provided.

**Table 10. Results of Evaluations of Technical Assistance Projects***(Percent of respondents)*

Questions	Yes/Highly Satisfactory	Partially Satisfactory	No/Unsatisfactory	N/A
1. Did the terms of reference for the expert reflect your needs?	92	6	1	1
2. Were you consulted regarding the expert's terms of reference before his/her arrival?	82	9	8	1
3. Were the expert's qualifications and experience, in your view, appropriate?	92	7	0	1
4. Did the expert cooperate well with his/her counterparts?	89	11	0	0
5. Was the expert's advice useful in supporting reform?	83	17	0	0
6. Did the expert pay sufficient attention to training and capacity building?	77	18	4	1
7. Were all relevant issues or tasks addressed by the expert?	80	0	20	0
8. To your knowledge, was the expert adequately supervised by IMF headquarters?	82	12	1	5
9. How would you rate the overall progress of this assignment?	60	38	1	1

Notes: Based on 120 responses. N/A = not applicable.

## Annex 4: ADMINISTERED ACCOUNTS—JAPAN FINANCIAL STATEMENT FY2006

	Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities— Subaccount for Japan Advanced Scholarship Program	
	2006	2005	2006	2005
<i>(Thousands of U.S. dollars)</i>				
<b>Balance Sheet as of April 30, 2006 and 2005</b>				
<b>Assets</b>				
Cash and cash equivalents	24,266	21,691	1,570	1,395
Total assets	24,266	21,691	1,570	1,395
<b>Resources</b>				
Total resources	24,266	21,691	1,570	1,395
<b>Income Statements and Changes in Resources for the Years Ended April 30, 2006 and 2005</b>				
<b>Balance, beginning of the year</b>	<b>21,691</b>	<b>22,699</b>	<b>1,395</b>	<b>1,686</b>
Income earned on investments	624	562	44	38
Contributions received	22,133	20,849	1,557	1,521
Payments to and on behalf of beneficiaries	(20,182)	(22,419)	(1,426)	(1,850)
Net changes in resources	2,575	(1,008)	175	(291)
<b>Balance, end of the year</b>	<b>24,266</b>	<b>21,691</b>	<b>1,570</b>	<b>1,395</b>

Note: See the text, footnote 8.

