



# Japan

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

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**ANNUAL REPORT Fiscal Year 2011**



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ANNUAL REPORT **Fiscal Year 2011**

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*Minor discrepancies between constituent figures and totals are due to rounding.  
Amounts are in U.S. dollars.*

ACD	Afghan Customs Department
ADB	Asian Development Bank
AFRITAC	Africa Regional Technical Assistance Center
ALM	Asset-Liability Management
APD	IMF Asia and Pacific Department of the IMF
APEC	Asia Pacific Economic Cooperation
ARC	Advance Release Calendar
ASEAN	Association of South East Asian Nations
ASYCUDA	Automated System for Customs Data
BB	Bangladesh Bank
BEAC	Banque des Etats l’Afrique Centrale
BI	Bank Indonesia
BM	Bank of Mozambique
BOP	Balance of Payments
BPNG	Bank of Papua New Guinea
BSP	Bangko Sentral ng Pilipinas
CAR	Central African Republic
CEF	Center for Economics and Finance
CEMAC	Economic and Monetary Community of Central African States
COA	Chart of Accounts
COBAC	Commission Bancaire de l’Afrique Centrale
CRMS	Comprehensive Reserves Management System
CSO	Central Statistics Organization
DAC	Development Assistance Committee
DGT	Directorate General of Taxes
DSBB	Data Standards Bulletin Board
EMEAP	Executives Meeting of East Asia and Pacific Central Banks
EP	Economist Program
FAA	Framework Administered Account
FAD	Fiscal Affairs Department
FIRST	Financial Sector Reform and Strengthening Initiative
FMIS	Financial Management Information System in Peru
FRL	Fiscal Responsibility Legislation
FSAP	Financial Sector Assessment Program
FPAS	Forecasting and Policy Analysis System
FY	Fiscal year, for the IMF, May 1, 2010 through April 30, 2011
GDP	Gross Domestic Product

GFSM	Government Finance Statistics Manual
GFSR	Global Financial Stability Report
GIFMIS	Ghana Integrated Financial Management and Information System
HQ	Headquarters
HWI	High Wealth Individuals
ICP	International Comparisons Program
IFMIS	Information management systems
IFRS	International Financial Reporting Standards, the international accounting framework that replaces International Accounting Standards
IIP	International Investment Position
IRD	Inland Revenue Department
IT	Information Technology
IMF	International Monetary Fund
JISP	Japan-IMF Scholarship Program for Advanced Studies
JISPA	Japan-IMF Scholarship Program for Asia
JSA	Japan Subaccount
LEG	Legal Department of the IMF
LOU	Letter of Understanding
LTA	Long-term Advisor
LTO	Large Taxpayer Office
LTU	Large Taxpayer Unit
MCM	Monetary and Capital Markets Department of the IMF
METAC	Middle East Technical Assistance Center
MFS	Monetary and Finance Statistics
MTEF	Medium-Term Expenditure Framework
MMA	Maldives Monetary Authority
MOF	Ministry of Finance
MPC	Monetary Policy Commission
MSP	Macroeconomic Seminar Program
MTBF	Medium-Term Budget Framework
MTO	Medium-sized Taxpayer Office
NA	National Accounts
NBC	National Bank of Cambodia
NBM	National Bank of Moldova
NSDP	National Summary Data Page
NRB	Nepal Rastra Bank

OAP	Office for Asia and the Pacific
OBR	Burundi Revenue Office
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OTM	Office of Technical Assistance Management at the IMF
PBB	Program-based Budgeting
PCA	Prompt Corrective Action
PEFA	Public Expenditure Financial Assessment
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Center
PIT	Personal Income Tax
PRGT	Poverty Reduction and Growth Trust
RA	Revenue Authority
RAA	Revenue Administration Adviser
RTAC	Regional Technical Assistance Center
SBA	Stand-By Arrangement
SBV	Bank of Vietnam
SEE	South Eastern Europe Group of States
SOE	State Owned Enterprises
SRC	Skill-refreshing Courses
SRF	Standardized Reporting Form
STA	Statistics Department of the IMF
STI	IMF-Singapore Regional Training Institute
STO	Small-sized Taxpayer Office
STS	State Tax Service
TA	Technical Assistance
TSA	Treasury Single Account
WEO	World Economic Outlook
VAT	Value Added Tax





## I. Introduction

### IMF Technical Assistance: Demand and Supply

The IMF, which was established in 1946,<sup>1</sup> began to offer technical assistance (TA) in the early 1960s in response to requests from newly independent nations in Africa and Asia that had just become IMF members. Since then its TA program has responded to a variety of economic issues and considerably expanded demand. In recent years, not surprisingly, TA has focused on helping countries recover from the global financial crisis. In the fiscal area, for instance, TA was deployed to identify tax and expenditure measures that could be adopted by countries hit hard by the crisis. The IMF has also recommended measures to improve budget controls, public financial management, and revenue administration to strengthen public finance. In the financial sector, IMF TA has been dealing with the causes and consequences of financial crises, particularly crisis resolution, financial sector surveillance, stress testing, regulatory reform, cross-border bank resolution, macro-prudential policy, systemic liquidity management, and managing public sector balance sheet risks.

The IMF allocates a quarter of its annual operating budget to TA work and training. Although these internal resources continue to finance a considerable amount of TA, financing from partners has become increasingly important in recent years. For instance, in fiscal year (FY) 2011, external financing accounted for more than

<sup>1</sup>The purpose and main activities of the IMF are detailed in Annex 1.

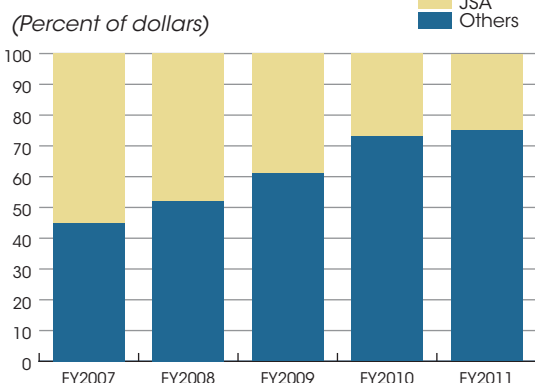
two-thirds of TA delivered in the field.<sup>2</sup> Since 1990, Japan has consistently been one of the IMF's most important partners in financing the IMF's TA program. In FY2011 alone, Japan was responsible for close to 25 percent of total external financing and about 14 percent of IMF field TA delivery (see **Figure 1a** for JSA share of external financing for FY2007–FY2011 and **Figure 1b** for JSA funding of field-delivered TA for FY2000–FY2011). The Japan Subaccount (JSA) under the Framework Administered Account for Selected Fund Activities is the vehicle for Japan's contributions.<sup>3</sup>

IMF TA is delivered in a variety of ways. TA is provided mostly in the form of advice and training provided by IMF staff, headquarters-based experts, and experts in the field employed

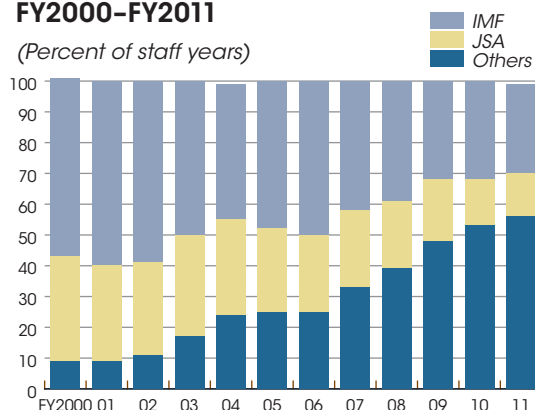
<sup>2</sup>IMF headquarters-based TA-related activities, such as training, policy and research, evaluation, management, and administration, have mainly been financed internally until recently.

<sup>3</sup>Until April 2010, Japan made its contributions through the Japan Administered Account for Selected Fund Activities and the Japan Advanced Scholarship Program Subaccount (established under the Framework Administered Account for Technical Assistance Activities). In April 2010, the IMF Executive Board approved the establishment of the Japan Subaccount under the Framework Administered Account for Selected Fund Activities (SFA), which permits Japan to finance comprehensive TA programs that have a greater impact and visibility. It also provides more transparent reporting on costs. While the Japan Subaccount for Selected Fund Activities has begun to finance capacity-building activities in April 2010, the Japan Administered Account for Selected Fund Activities will remain open until the active projects it has funded are completed. The Japan Advanced Scholarship Program Subaccount has been closed. In the rest of the report, JSA refers to both the expiring Japan Administered Account and the new Japan Subaccount under SFA.

**Figure 1a. JSA Share of External Financing of IMF Capacity Building, FY2007–FY2011**



**Figure 1b. JSA Share of Financing of IMF In-Country Capacity Building, FY2000–FY2011**



by the IMF on a short- or long-term basis. The IMF Institute provides training at headquarters, in recipient countries, and through regional training institutes.<sup>4</sup>

Since 1993, the IMF has provided an increasing amount of its TA through Regional Technical Assistance Centers (RTACs). Currently, there are seven RTACs in operation, and an eighth, the Africa Regional Technical Assistance Center South (AFRITAC South) in Port Louis, Mauri-

tius, is scheduled to open in late 2011.<sup>5</sup>

Experience with this regional approach to TA delivery has been very positive.

In FY2011, some 227 person-years of IMF staff and expert time went to capacity-building work, distributed among functional departments as follows: Fiscal Affairs Department (43 percent), Monetary and Capital Markets Department (25 percent), Statistics Department (11 percent), and Legal Department (8 percent).

<sup>4</sup>The IMF cosponsors seven regional training institutes/ programs with donors and host governments: the Joint Vienna Institute in Austria; the IMF-Singapore Regional Training Institute in Singapore; the IMF-AfDB Joint Partnership for Africa in Tunis, Tunisia; the Joint China-IMF Training Program in Dalian, China; the Joint Regional Training Center for Latin America in Brasilia, Brazil; the Joint India-IMF Training Program in Pune, India; and the IMF-Middle East Center for Economics and Finance in Kuwait City, Kuwait. The IMF Arab Monetary Fund Regional Training Program in Abu Dhabi ceased operations at the end of FY 2011.

<sup>5</sup>The seven IMF regional TA centers comprise three Africa Regional Technical Assistance Centers (Central AFRITAC in Libreville, Gabon; East AFRITAC in Dar es Salaam, Tanzania; and West AFRITAC in Bamako, Mali); the Central America, Panama and Dominican Republic Regional Technical Assistance Center (CAPTAC-DR) in Guatemala City, Guatemala; the Caribbean Regional Technical Assistance Center (CARTAC) in Bridgetown, Barbados; the Middle East Regional Technical Assistance Center (METAC) in Beirut, Lebanon; and the Pacific Financial Technical Assistance Center (PFTAC) in Suva, Fiji.

The IMF Institute and other departments delivered the remaining 13 percent.<sup>6</sup>

## II. JSA-Funded Activities

### Contributions by Japan: Level of Funding

In 1990, Japan agreed to provide financial support for TA to IMF member countries to build their capacity to formulate, implement, and

<sup>6</sup>One way the IMF measures its technical assistance is by recording the time spent by IMF staff and experts on such activities. A person-year is equivalent to about 260 working days.



Mr. Shogo Ishii, Director (seated from the left), and staff of the IMF Regional Office for Asia and the Pacific (OAP) in Tokyo.

**Table 1. Contributions by Japan, FY1990–FY2011**

(Millions of U.S. dollars)

	FY1990– 2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	Total FY1990– 2011
<b>JSA<sup>1</sup></b>	<b>160.9</b>	<b>26.4</b>	<b>27.0</b>	<b>21.9</b>	<b>22.4</b>	<b>23.7</b>	<b>20.8</b>	<b>19.8</b>	<b>22.5</b>	<b>27.2</b>	<b>30.2</b>	<b>402.7</b>
Technical Assistance <sup>2,3</sup>	145.6	22.6	22.8	17.6	18.3	19.4	16.9	15.6	18.6	23.0	25.4	345.9
of which:												
Regional Office of Asia and the Pacific	4.4	1.0	1.2	1.4	1.2	1.8	1.6	1.8	1.3	1.6	2.5	19.9
The Japan-IMF Scholarship Program for Asia	8.0	2.3	2.7	2.7	2.6	2.7	2.4	2.6	2.3	2.9	3.8	35.1
Japan-IMF Scholarship Program for Advanced Studies <sup>4</sup>	7.2	1.4	1.5	1.5	1.5	1.6	1.5	1.5	1.6	1.3	1.0	21.7

<sup>1</sup>Until FY2010 contributions to the JSA and the Japan-IMF Scholarship Program for Advanced Studies were administered under the Japan Administered Account for Selected IMF Activities (JAA) and the Framework Administered Account for Selected IMF Activities (FAA), respectively. Contributions are now administered under the IMF Framework Administered Account for Selected Fund Activities (SFA).

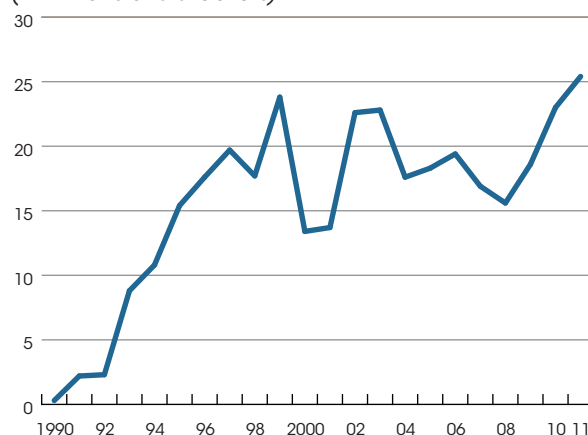
<sup>2</sup>Includes \$400,000 for each of FY10 and FY11 to be transferred to finance the activities of the AML/CFT Topical Trust Fund.

<sup>3</sup>Includes \$154,603 transferred in FY2011 to finance the operations of the Office of the Executive Director for Japan.

<sup>4</sup>The Japan-IMF Scholarship Program for Advanced Studies was formerly under the Framework Administered Account for Selected IMF Activities until FY2010, and was subsequently transferred under the IMF Framework Administered Account for Selected Fund Activities.

**Figure 2. Annual Contributions by Japan for Technical Assistance, FY1990–FY2011**

(In millions of U.S. dollars)



DMD Mr. Shinohara gave a presentation at a seminar for JISPA scholars in Tokyo.

maintain macroeconomic and structural adjustment programs. Since then, Japan has been the largest single contributor to IMF TA and training activities. Japan has also financed two scholarship programs and activities of the IMF Regional Office for Asia and the Pacific (OAP). This report describes JSA-funded TA activities,

the scholarship programs, and activities of OAP during FY2011.<sup>7</sup>

The contributions Japan has made in FY1990–FY2011 have reached a total of about \$403 million. Of this, about \$346 million has been for TA projects and programs and the activities of the Regional Office for Asia and the Pacific, \$35 million for the Asia Scholarship Program, and \$22 million for the Japan Advanced Scholarship Program (see **Table 1** and **Figure 2**).<sup>8</sup>

### How the Partnership Works

The IMF and the Japanese authorities regularly meet formally, most recently in April 2011, to evaluate the effectiveness of their joint efforts and discuss future endeavors. In addition to a briefing on the IMF TA program as a whole, the agenda usually features topics such as where, both geographically and topically, Japan would like its TA contributions to be used in coming years; likely costs and resources that may be available; the organization of joint field visits by the Japanese authorities and the IMF; and any issues likely to arise in the near future. IMF staff also visit Tokyo from time to time for detailed discussions with the Japanese authorities.

### TA and Related Activities

Japan allows flexible use of JSA resources, which may be spent to support short- and long-term

<sup>7</sup>The IMF fiscal year runs from May 1 through April 30. This report covers May 1, 2010–April 30, 2011. Reports for FY2000 through FY2010 can be found on the IMF website at [www.imf.org/external/pubs/ft/ta/index.asp](http://www.imf.org/external/pubs/ft/ta/index.asp).

<sup>8</sup> Contributions to the Advanced Scholarship program were covered under a separate account until 2010 but were brought under the JSA in FY 2011.

### Box 1. Seminar on Mortgage Markets, Securitization, and Structured Finance Bangkok, Thailand, November 29–December 3, 2010

The IMF Institute continuously adapts its curriculum in Asia to the evolving challenges faced by Asian policymakers. In recent years, the curriculum has emphasized macro-financial linkages. As an example, this box reviews the seminar, financed by JSA, on *Mortgage Markets, Securitization, and Structured Finance* (MSF) for senior officials that was organized by the IMF-Singapore Regional Training Institute (STI) and delivered in Bangkok in late 2010.

The seminar addressed matters critical to the current policy debate:

- Issues related to securitization and structured products, especially those related to mortgage markets, were pivotal in the recent global financial crisis.
- Asian emerging markets have been focusing considerable attention on fostering local debt markets.<sup>1</sup>
- Asian countries are currently trying to maintain macroeconomic and financial stability in the face of large capital inflows, and a number of them have taken measures to tighten property-related lending to contain the rise in asset prices.

The seminar focused on the development of mortgage markets, including the role played by secu-

ritization and structured products; the market infrastructure needed to carry out these operations; how and why financial institutions, institutional investors, corporations, and governments engage in these markets; and the main supervisory and regulatory challenges posed by market development.

Case studies of mortgage markets and related institutions facilitated the exploration of the issues. Examination of the US mortgage market identified the surveillance and regulatory failures that allowed risks to build up, undetected, or unchecked in financial institutions and markets. There was extensive discussion of a number of Asian cases (Hong Kong SAR, Malaysia, the Philippines, and Thailand) led by experts from the region who were guest speakers and by senior policy makers attending the seminar.

The seminar was attended by 37 senior officials from the region who were involved in the regulation, supervision, surveillance, and development of financial markets; they represented central banks, regulatory agencies, and finance ministries.

The seminar was very successful. Participants especially valued the cross-country analysis and discussion of the design and implementation of macroprudential policies, based on lessons from the recent crisis. The Economic Minister at the Japanese Embassy in Bangkok addressed the participants, who were very grateful for the Japanese assistance that made the seminar possible.

<sup>1</sup>For an extensive discussion see, for example, the recent IMF Working Paper (WP/11/132) by Mangal Goswami and Sunil Sharma, “The Development of Local Debt Markets in Asia.”

TA experts, seminars and workshops, and, since April 2010, IMF headquarters’ efforts to ensure quality control, manage projects, and undertake diagnostic missions that set out strategic priorities for larger scale TA interventions. Japanese experts are considered for TA assignments wher-

ever possible, but JSA resources are not conditioned on their use.

Although the JSA finances TA in all regions, the highest priorities for the Japanese authorities are Asia, the Pacific, and Central Asia. Consistent



Staff of the IMF Japanese Executive Director's Office meet with IMF staff in April 2010 for the annual JSA-IMF consultation.

with IMF TA policy, the Japanese authorities give priority to low- and lower-middle-income countries that have demonstrated serious efforts and good track records in economic reform—those that are clearly committed to building the institutions and capacity they need to implement growth-enhancing policies. Examples of success stories of JSA-funded activities are given in **Boxes 1 to 7**.

In FY2010, recognizing that capacity building takes time, Japan decided to replace the conventional project approach with a programmatic approach that was both more intensive and more extensive. JSA-funded programs now typically span three years and usually cover multiple countries and TA topics. These thematic programs are expected to have more substantial and lasting results for recipients while increasing the visibility of Japan as the donor. The programmatic approach also allows the IMF to design more comprehensive

TA plans for recipient countries that fully exploit the expertise of both external experts and IMF staff.

### How Projects and Programs Are Approved

Member countries decide whether they are interested in receiving IMF TA. Their requests are evaluated by functional and area departments of the IMF and prioritized using Regional Strategy Notes (RSNs). Each area department drafts strategy notes for the countries for which it is responsible in consultation with the functional departments and country authorities.<sup>9</sup> The RSNs set out medium-term TA strategies for both countries and regions. RSNs are vital because they help optimize resource allocations, plan resource mobilization, and ensure better coordination with other TA providers and donors. RSNs are approved by the IMF Committee on Capacity Building, the committee that organizes Fund policy work and allocates resources.

Activities funded by the JSA are tightly integrated into the IMF TA planning process to ensure that they align closely with IMF surveillance and lending activities, Japan's priorities, and the priorities of each recipient country. At the beginning of each fiscal year, the IMF gives Japan an indicative list of new and continuing programs and projects for approval. For each new program, the full multi-year program proposal and the detailed work plan for the first year are submitted; in subsequent years, only the work plan for the coming year needs to be approved.

<sup>9</sup>RSNs were introduced in FY2008 as part of the IMF's efforts to enhance TA prioritization.

### Assessment and Evaluation

Within three months after the completion of each JSA-funded project, the IMF submits an assessment to the Japanese authorities and sends TA recipient institutions a questionnaire to solicit feedback. The IMF then reviews the questionnaire responses, which are also provided to the Japanese authorities, to identify lessons for making its TA more effective.

For programs, there is an interim assessment at the end of each fiscal year, which, together with the results of an interim survey questionnaire, is also given to Japan. Three months after a program ends, a full assessment report and questionnaire results are submitted to Japan.

Each year a joint Japan-IMF mission visits two or three countries to review JSA-funded TA. These visits give Japan a firsthand view of the effectiveness of JSA funding. During the visits, the mission not only assesses how the local authorities view the work of JSA-funded experts, but also evaluates whether the local authorities are making effective use of the TA and how it is contributing to reform.

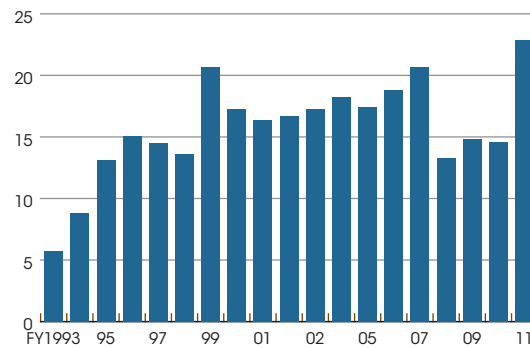
At the request of the Japanese authorities, the IMF recently arranged for an evaluation of the JSA by a team of independent evaluators; this was completed in July 2011 (see section on the effectiveness of JSA-funded TA below for more detail).

### Commitments

Between FY1993 and FY2011 JSA funding of TA totaled close to \$300 million and supported

**Figure 3. JSA Annual Technical Assistance Commitments<sup>1</sup>**

(Millions of dollars)



<sup>1</sup>Does not include \$400,000 annual contribution from Japan to the AML/CFT topical trust fund in FY2010 and FY2011.

about 1,912 projects and programs.<sup>10</sup> During FY2011 \$22.9 million was committed for three new programs, eight ongoing programs, and other items.<sup>11</sup> **Figure 3** show commitments for approved TA projects and programs from FY1993 through FY2011 (See **Annex 2A** for a brief description of each new or continuing program in FY2011 and **Annex 2B** for a brief assessment of each project completed in FY2011).<sup>12</sup>

<sup>10</sup>Commitments are defined as the budgets of projects and programs individually approved by Japan.

<sup>11</sup>The number of activities funded was much less than in FY2010 because the JSA has fully moved to funding only large programs.

<sup>12</sup>The IMF arranges for an annual external audit of the Japan Administered Account for Selected IMF Activities in connection with the annual independent audit of the IMF's own accounts, and a separate certificate of completion is provided to the Japanese authorities. See Annex 4 for the audited financial statements of the JSA and the Japan



## Box 2. Senegal: Modernizing Tax Administration

Despite an encouraging revenue performance relative to those of other West African countries, the Senegalese tax authorities recognize scope for improvement. Making tax administration even more effective can deliver increased tax revenues under Senegal's Accelerated Growth Strategy, which would help reduce the fiscal deficit.

Through the support of JSA, the IMF Fiscal Affairs Department (FAD) has been advising Senegal on its Strategic Development Plan for Modernization of the Tax Administration. The plan has three main objectives: (1) improve taxpayer services; (2) modernize tax administration organization and operations; and (3) bring in more revenue. TA delivered under a regional JSA program has included strategic missions from IMF headquarters, several short-term visits by tax administration experts, and since early 2011, assignment of a regional tax administration information technology expert to Dakar.

The Senegal tax administration has endorsed FAD's recommendations and drafted a four-year strategy focusing on: (1) the role and organization of the head office and regional directorates; (2) creation of a full-fledged large taxpayer unit and establishment of a pilot medium-sized taxpayer (MTO) office; (3) design of a new small business taxation system; and (4) development of a research and intelligence unit. A change management unit has been created to implement this strategy. A pilot MTO that is planned to open in Dakar in October 2012 will be the first achievement of the reform strategy. With the support of the regional expert, the tax department is addressing weaknesses in the computer system, such as reengineering procedures that are largely outdated and ineffective, and cleaning and updating the taxpayer master file. Progress to date on tax administration reform can be particularly attributed to the management and vision of the current tax administration leader, who is fully committed to implementing the strategic plan designed with IMF assistance.

### Geographical Distribution

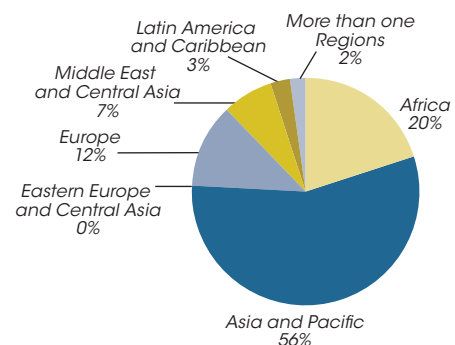
To date 125 IMF member countries and a number of RTACs and IMF regional training centers have benefited from JSA-funded TA.<sup>13</sup> Since FY 1993, countries in Asia and the Pacific

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Advanced Scholarship Program for FY2011. The operations and transactions conducted through the Japan Subaccount under the IMF Framework Administered Account for Selected Fund Activities during the financial year will be audited as part of the SFA Framework Account. The report of the External Audit Firm on the SFA Framework Account is posted on the IMF's external website as part of the IMF's Annual Report.

<sup>13</sup>As of the end of FY2011 there were eight regional training centers and seven RTACs.

**Figure 4. Distribution of JSA Technical Assistance Commitments by Region, FY2011**



**Table 2. JSA Annual Commitments for Technical Assistance by Region, FY1993–FY2011\*\***

(US\$ Millions)

	FY1993– FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011		FY1993–2011	
											Total	%	Total	%
Africa	24.7	4.8	4.9	5.1	4.8	4.6	6.0	4.7	4.2	3.0	4.6	20.0	71.3	23.8
Asia and Pacific	41.8	6.2	6.6	7.0	7.6	7.9	8.3	5.3	5.9	6.0	12.9	56.1	115.5	38.6
Eastern Europe and Central Asia*	30.9	1.4	1.5	1.4	0.6	1.4	1.8	0.0	0.0	0.0	0.0	0.0	38.9	13.0
Europe	7.4	1.6	1.2	1.0	0.7	1.4	1.3	0.5	2.0	2.1	2.8	12.2	22.1	7.4
Latin America and Caribbean	7.9	0.6	0.6	0.6	0.9	1.0	0.9	0.9	0.7	0.4	0.5	2.4	15.0	5.0
Middle East and Central Asia*	3.2	0.4	1.1	1.6	1.2	2.1	2.4	1.7	2.1	2.4	1.6	7.2	19.7	6.6
More than one regions	8.6	1.7	1.3	1.6	1.7	0.5	0.2	0.2	0.0	0.7	0.5	2.1	16.9	5.6
Total	124.6	16.7	17.3	18.2	17.4	18.8	20.7	13.3	14.8	14.6	22.9	100.0	299.4	100.0

\* (Starting in FY2008, data for countries in Central Asia are grouped with data for countries in the Middle East.)

\*\*Does not include \$400,000 annual contribution from Japan to the AML/CFT topical trust fund in FY2010 and FY2011.

region received \$115.5 million for TA projects—38.6 percent of all the TA projects approved. **Table 2** shows the annual commitments by region in dollars for FY1993–FY2011, and **Figure 4** shows the regional percentage distribution for FY2011.

In FY2011, about 49 percent of JSA-funded activities were delivered in low-income countries and another 25 percent in lower-middle-income countries. Regional capacity-building efforts (including support for RTACs) accounted for 18 percent. **Table 3** shows the 10 recipient countries or RTACs by region receiving the largest share of JSA assistance during FY1998–FY2011. **Figures 5a and 5b** show the top three recipient

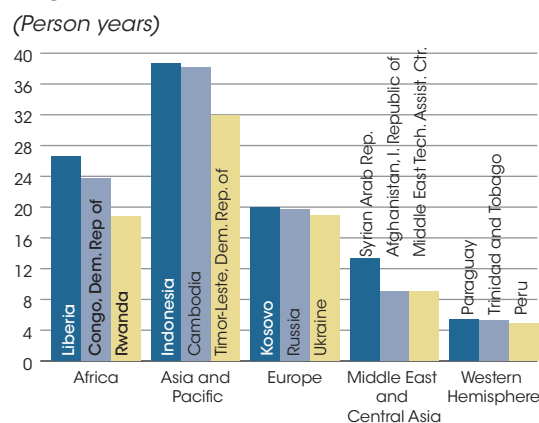
countries and regions receiving JSA assistance over the period FY2009–FY2011.

#### Distribution by Subject Area

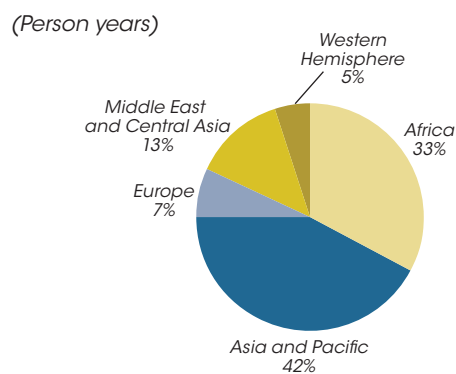
The distribution of JSA funds across thematic areas tracks the use of IMF TA resources generally. In the past three years, both the JSA and the IMF have expended fewer resources on the monetary and central banking area, and more on public financial management (PFM) and national accounts.

In FY2011, the \$22.9 million committed by the JSA were distributed broadly in the same pattern as in the past: fiscal affairs \$11.5 mil-

**Figure 5a. Top 3 Recipients of JSA-Financed Technical Assistance by Region, FY2009–FY2011**



**Figure 5b. Recipients of JSA-Financed Technical Assistance by Region, FY2009–FY2011**



**Table 3. Top 10 Recipients of JSA-Financed Technical Assistance by Region, FY1998–FY2011**

(Person years in descending order)

Africa	Asia and Pacific	Europe	Middle East and Central Asia	Latin America and Caribbean
Liberia	Indonesia	Kosovo	Syrian Arab Republic	Paraguay
Democratic Republic of Congo	Cambodia	Russia	Islamic Republic of Afghanistan	Trinidad and Tobago
Rwanda	Democratic Rep. of Timor-Leste	Ukraine	METAC <sup>1</sup>	Peru
Uganda	PFTAC <sup>2</sup>	Georgia	Uzbekistan	Suriname
Burundi	Mongolia	Azerbaijan	Mauritania	Guyana
Zambia	Nepal	Bulgaria	Georgia	Nicaragua
Botswana	Philippines	Moldova	Kyrgyz Republic	Bolivia
Eritrea	Thailand	Albania	Jordan	Haiti
AFRITAC, West <sup>3</sup>	Bangladesh	Armenia	Morocco	Honduras
Lesotho	Viet Nam	Bosnia & Herzegovina	Algeria	Costa Rica

<sup>1</sup>Middle East Technical Assistance Center

<sup>2</sup>Pacific Financial Technical Assistance Center

<sup>3</sup>Africa Regional Technical Assistance Center

### Box 3. Public Financial Management in South East Europe

Since January 2009 JSA funding has supported a regional project for strengthening public financial management (PFM) in South East Europe. The project, which includes a regional PFM advisor, has been very active; it has advised 11 countries on topics ranging from budget preparation to treasury management and control. This is part of a continuing process to upgrade PFM capacity in the region; a number of countries have evidenced significant progress.

An example is the assistance provided to Montenegro in FY2011 to help it anchor sustainable fiscal policy within a medium-term budget framework (MTBF). In FY2011, the IMF Fiscal Affairs Department (FAD), with funding from the JSA program, carried out two missions to Montenegro to help the authorities design and put in place an MTBF. The objective of the initial mission was to recommend a model that would be compatible with the specific circumstances of Montenegro. Different options were discussed extensively and a framework based on setting an aggregate expenditure ceiling was agreed with the authorities.

The second mission helped the authorities to draft a plan to introduce the new MTBF and to persuade stakeholders of its importance. The mission reviewed

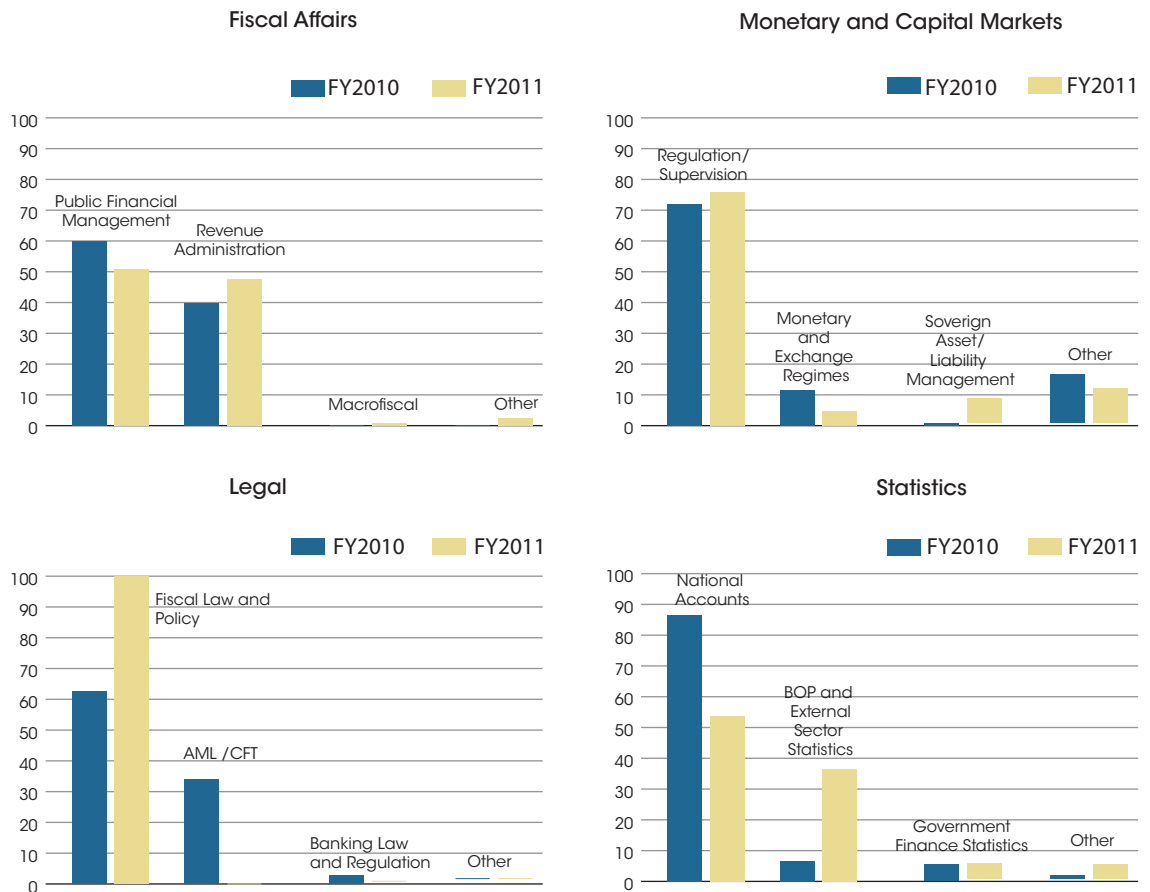
the laws related to the budget process and recommended amendments. It also helped design templates for a medium-term fiscal strategy that would incorporate binding ceilings on spending, baseline projections, estimates of the costs of new policy initiatives, and reporting of major fiscal risks that could threaten the integrity of the ceilings. It also helped prepare templates for spending unit budget submissions that would orient budget proposals toward a medium-term horizon. Finally, workshops were held to advise stakeholders, including the Ministry of Finance and line ministry personnel, of the proposed changes and inform them of the challenges and benefits that introduction of the MTBF would bring to their budget planning.

The authorities are moving ahead with implementation. After considering the recommendations of the two missions, the authorities have decided to implement the medium-term budget in accordance with the agreed methodology and to use the templates provided to change the structure of budgetary submissions and budget documentation. They have requested further assistance for implementation over the course of the budget process; the regional PFM advisor, with support from IMF headquarters, will continue to provide strategic input throughout.

lion (50 percent); monetary and capital markets \$6.6 million (29 percent); statistics \$1.7 million (7 percent); IMF Institute training 12 percent; and other (2 percent). **Table 4** shows annual dollar commitments by topics for FY1993–FY2011, and **Figure 7** shows the percentage distribution by subject area for FY2011.

Within TA departments, the distribution of TA delivery by topic is shown in **Figure 6**. As in the past, TA in the fiscal affairs area concentrated on public financial management (51 percent) and revenue administration (48 percent). In the monetary and capital markets area, regulation and banking supervision (76 percent) continues to dominate.

**Figure 6. JSA Funded TA Delivery by Departments and Topics**  
(In Percent of Person Years)



### Effectiveness of JSA-Funded TA

The IMF and Japan gauge the quality and effectiveness of JSA-funded TA from a variety of perspectives. In addition to the project assessments that the IMF submits to the Japanese authorities when each project is completed, since FY2000 beneficiary authorities have provided their own project assessments through

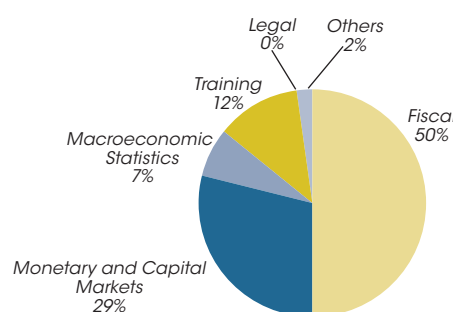
responses to questionnaires about the appropriateness and relevance of the assistance and the JSA-provided expert's qualifications. The questionnaires also address cooperation between the expert and local counterparts, the usefulness of the advice provided, whether attention was paid to skills transfer, and the quality of IMF supervision. Of those who responded to

the questionnaires, some 73 percent were highly satisfied.

Since 1996, Japan and the IMF have jointly carried out 17 missions to assess TA effectiveness. Teams visited 23 beneficiary countries in Africa, Asia and the Pacific, Central Asia, the Middle East, and Central and Eastern Europe; the regional training institutes in Singapore and Vienna; the Pacific Financial Technical Assistance Center; and the East Africa and the Middle East RTACs. Beneficiaries repeatedly reported that TA activities financed by the JSA were highly relevant, well formulated and executed, and much appreciated. Several recipient governments noted that JSA-funded advisors were instrumental in establishing critically needed capacity. (The findings of the joint review mission for FY2011 are summarized in **Annex 3**).

In FY2011, in consultation with Japan, the IMF arranged for an independent evaluation

**Figure 7. Distribution of JSA Technical Assistance Commitments by Subject, FY2011**



of JSA-funded projects completed during FY2009–FY2010. The evaluation complemented an earlier evaluation, published in February 2010, which covered JSA projects from the JSA’s inception through FY2008. The 2011 evaluators concluded that JSA-funded TA

**Table 4. JSA Annual Commitments for Technical Assistance by Subject, FY1993–FY2011**

(US\$ Millions)

	FY1993– FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011		FY1993 – FY2011	
											\$	%	\$	%
Fiscal	36.1	4.7	3.3	4.3	4.3	4.5	6.0	3.5	5.8	7.1	11.5	50	91.0	30
Monetary and Capital Markets	48.0	6.6	6.7	6.9	6.6	7.8	8.2	4.7	4.0	3.9	6.6	29	110.0	37
Macroeconomic Statistics	19.6	2.7	3.7	3.3	2.8	3.1	3.7	2.3	2.8	1.3	1.7	7	46.9	16
Training	14.5	2.1	2.1	2.2	2.0	2.0	2.1	1.8	2.0	1.5	2.7	12	34.9	12
Legal	1.8	0.2	1.2	1.2	1.2	0.9	0.7	1.0	0.2	0.1	0.0	0	8.5	3
Others	4.7	0.5	0.3	0.2	0.6	0.6	0.0	0.0	0.1	0.7	0.5	2	8.1	3
Total	124.6	16.7	17.3	18.2	17.4	18.8	20.7	13.3	14.8	14.6	22.9	100	299.4	100

#### Box 4. Strengthening Regional Financial Agencies in the CEMAC

Given its size and complexity, the Economic Community of Central African States (*Communauté Economique et Monétaire de l'Afrique Centrale: CEMAC*<sup>1</sup>) needs substantial TA to strengthen financial institutions in the region. Multiyear JSA funding has allowed the IMF Monetary and Capital Markets Department (MCM) to design a three-year program, FY2011–13, to help CEMAC address safeguard concerns and build up its institutions, especially the Bank of Central African States (BEAC) and the Central African Banking Commission (COBAC).

During FY2011, MCM supported BEAC in modernizing corporate governance and building capacity in the areas of central bank accounting and foreign reserves management. In FY2012, MCM TA will continue to support BEAC efforts to modernize its governance, enhance its accounting capacity, and better design and implement monetary policy.

A seminar for members of the BEAC Board of Directors, its Monetary Policy Committee, the Board of Auditors, and its senior management discussed in depth all the issues the BEAC must deal with in meeting its statutory responsibilities for implementing monetary policy and managing foreign reserves. The seminar also provided an excel-

lent opportunity to discuss the JSA-funded TA that is helping CEMAC advance its agenda.

A resident advisor to the BEAC governor is coordinating TA and recommending internal controls and audits to help senior management enhance governance.

A resident advisor to the COBAC General Secretary is helping build capacity at the General Secretariat and coordinate TA in banking supervision.

A scheduled mission will provide assistance in design and implementation of monetary policy and assess whether a resident advisor to the BEAC Governor is needed to support a work agenda that would intensify monetary policy research and implementation.

Because all but one of CEMAC's member states are oil exporters, high oil prices have allowed extensive buildup of foreign exchange reserves. The BEAC, therefore, needs to reinforce its capacity to manage reserves effectively so as to generate a return that meets member expectations and provide incentives for members to repatriate to the BEAC all their foreign reserves in compliance with the foreign reserves pooling rule under the monetary cooperation arrangement with France. MCM has been working with the BEAC as it elaborates a strategy for managing reserves. As MCM has recommended, the BEAC is recruiting a resident expert with proven experience in portfolio and central bank management of foreign reserves.

<sup>1</sup>The CEMAC comprises the following member states: Cameroon, the Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, and Gabon.

activities were good on the basis of both OECD Development Assistance Committee (DAC) evaluation criteria and the criteria of accountability to Japanese taxpayers. The evaluation found that TA provided was:

- highly relevant to recipient government needs and priorities, as the activities were carefully selected to ensure that they reflected the authorities' input as well as the short-term macro needs of the countries;

- effective, as the main objectives were broadly achieved despite some unevenness across countries in part due to limited absorption capacity that hindered implementation of recommendations;
- efficient, because highly qualified experts were contracted at reasonable cost and the TA was coordinated with other donor activities to achieve synergy and impact; and
- moderate to good on sustainability, because high staff turnover in the recipient institutions was a major constraint.

The evaluation also found that JSA-funded IMF TA activities were “Excellent” in terms of consistency with Japanese policies for official development assistance (ODA), complemented other Japanese ODA initiatives, provided good visibility for Japan as an ODA donor, and were in line with the operational guideline for JSA. Because TA provided by the IMF differs from other multilateral and bilateral development assistance, there are many advantages of supporting IMF TA as compared to using Japanese funds for other types of development assistance. These advantages include: integration with IMF surveillance and lending program to generate synergy and long-term impact, focusing on areas where the IMF is the sole or main TA provider, reacting swiftly to changing demand, complementing assistance by other donors, and sourcing high quality expertise at a competitive cost. While recognizing the initiatives that had been taken to provide information for the Japanese authorities to account to Japanese taxpayers, the evaluators recommended measures for improvement. Results of the JSA and other TA-related evaluations are regularly reported to the IMF Executive Board and published on the IMF website.<sup>14</sup>



A lecture to the scholars at the 2010 Japan Advanced Scholarship Program orientation.



Staff of the IMF Japanese Executive Director’s Office and the IMF meet with participants of the 2010 orientation for the Japan Advanced Scholarship Program.

<sup>14</sup> See “Technical Assistance Evaluation Program: Findings of Evaluations and Updated Program” ([www.imf.org/external/np/pp/eng/2010/061010.pdf](http://www.imf.org/external/np/pp/eng/2010/061010.pdf)).



### Box.5 Promoting Financial Stability in the ASEAN Region Through Effective Banking Supervision

During FY 2011, the JSA financed extension of the assignment of long-term advisors on banking supervision in ASEAN countries. Benefiting from the three-year TA project (May 2009–April 2012) are Cambodia, Indonesia, the Philippines, and Vietnam. The project is designed to help enhance bank supervision and regulation of the banking sector using a risk-based supervisory approach, and to facilitate attainment of international standards. It is largely on-track and is proving successful.

To encourage and support convergence of supervisory practices with internationally recognized norms, the project is working to harmonize the ASEAN country regimes for banking supervision so as to facilitate financial integration and intermediation. The project is innovative: it is not only placing resident experts in each jurisdiction—supplemented by short-term advisors and backstopped by IMF staff—but has also introduced a consultative approach in the form of conferences. In February 2010, the Fund

organized a regional conference in Tokyo for 17 Asian authorities to share their experiences and insights on banking regulation and supervision. Regional conferences and training are effective for complementing the work resident advisors are doing to facilitate the integration of banking systems in the region. The project was also instrumental in integrating TA and surveillance by helping the authorities to prepare for Financial Sector Assessment Programs (FSAPs). FSAPs were conducted for the first time in Cambodia and Indonesia in 2010; and the Philippines had an FSAP update in 2009. The program was successful in preparing these countries to conduct self-assessments of Basel Core Principles for Effective Banking Supervision and organizing their supervisory strategies to address FSAP recommendations and identified shortcomings.

In Vietnam, the project helped to identify weaknesses and advance recommendations to better adjust the work program to the country's circumstances.

### Regional Office for Asia and the Pacific

In 1997, the IMF established its Regional Office for Asia and the Pacific (OAP) as a window on the region and in recognition of the region's substantial and growing importance in the global economy. OAP is primarily concerned with monitoring economic and financial developments in the region, coordinating IMF relations with regional forums in Asia, and carrying out capacity-building and outreach activities.

### Monitoring What Is Happening in the Region

To help bring a more regionally focused perspective to IMF surveillance, the OAP monitors economic and financial developments through a network of regular contacts with financial markets, private businesses, and officials in governments and other international financial institutions. The office contributes to the *Regional Outlook* and other products of the IMF Asia and Pacific Department (APD) relating to surveillance of both the Japanese economy and regional developments, and

For instance, due to resource constraints, limited staff absorption capacity, and the comprehensiveness of the proposed TA project, the authorities indicated that they intended to limit the project to short-term expert missions that will emphasize stress testing and preparation for the FSAP they have requested.

In Cambodia, the resident advisor recently proposed an action plan to enforce the National Bank of Cambodia's increased capital requirements and a program to build capacity through classroom training and on-the-job supervision. Although the authorities have made considerable progress, more efforts are needed so that supervision is conducted in line with international best practices.

In Indonesia, the project produced a comprehensive risk-based supervision program that entails significant modifications to the architecture for rating individual banks, namely: (i) updating the supervisory methodology; (ii) introducing new analytical tools for microprudential supervision; and (iii) adopting a new rating

system and methodology for front-line supervisors. Implementation is being carried out in a two-pronged process: (i) upgrading the training curriculum of the Bank Indonesia's in-house school for supervisors; and (ii) using a "train-the-trainers" format to apply expertise from on-the-job training. Looking ahead, the project plans to help align regulatory and supervisory systems with international standards.

In the Philippines, the project has been very effective. It is helping the authorities to adhere to risk-based supervision, with priority given to enhancing the capacity of the authorities to identify risks associated with the complex conglomerate structures, which dominate the financial sector. The project is also helping the authorities realize the need to improve prudential regulations to ensure consistency in the conduct of both examinations and enforcement. There is now a need to consolidate work already done on risk-based banking supervision and to continue institutionalizing new processes.

supports IMF global surveillance activities by providing background materials for the *Global Financial Stability Report (GFSR)* and the *World Economic Outlook (WEO)*.

### Coordinating with Regional Forums

Among other forums, OAP coordinates the IMF's relations with the Asia Pacific Economic Cooperation (APEC), the Association of South East Asian Nations (ASEAN), and the Executives Meeting of East Asia and Pacific Central Banks (EMEAP). OAP staff participates in meetings of these groups and informs IMF headquarters as views and ini-

tiatives evolve. The office also cooperates on macroeconomic capacity building and outreach with, among others, the Asian Development Bank (ADB), the UN Social and Economic Commission, and the Statistical Institute for Asia Pacific.

### Outreach and Capacity Building

OAP organizes and participates in conferences and other events that address topics central to IMF work, such as outreach events to disseminate and publicize the *WEO*, the *GFSR*, the *Fiscal Monitor*, the *APD Regional Outlook*, and other IMF publications. OAP also holds press

events and communicates with the press informally, disseminates IMF publications translated into local languages, maintains a website, and responds to inquiries from the public. The office administers two capacity-building programs for officials in the region—the Japan-IMF Scholarship Program for Asia (JISPA) and a two-week Macroeconomic Seminar Program (MSP)—both funded by contributions from the Government of Japan. OAP also organizes and supports seminars to enhance the policy-making capacity of officials in the region.

In FY 2011, Japan’s contributions supported OAP staff participation in APEC, ASEAN+3, and other policy forums, where they were invited to make presentations on global and regional developments and present papers on specific topics. Country authorities have expressed great appreciation for OAP’s contributions to meeting agendas and policy discussions.

Japan also funded the following FY2011 seminars sponsored or co-sponsored by OAP and held in Tokyo:

- Reshaping the Global Landscape: Implications for Asia;
- A management seminar for the heads of national statistical offices in Asia and the Pacific;
- Public Finance in the Post-Crisis Global Economy; and
- Tax Policy and Tax Administration Challenges for Restoring Fiscal Sustainability.

The Macroeconomic Seminar Program, which the OAP administers, gives senior officials in the region an opportunity to exchange views and

discuss current macroeconomic policy topics. Participants have rated it as highly effective.

### Japan-IMF Scholarship Program for Asia

The JISPA, established in 1993, is a program for graduate study in macroeconomics or a related field at leading universities in Japan. While its initial objective was to help build institutional capacity in transition economies, it has now evolved to support emerging and developing economies and provide educational opportunities to promising junior officials in central banks, ministries of finance or the economy, and financial supervisory agencies throughout Asia and the Pacific region.<sup>15</sup>

For the 2010 academic year, the program awarded 29 new scholarships and supported a total of 49 scholars, including two in Ph.D. programs.<sup>16</sup> There are two forms of scholarships: four partner universities<sup>17</sup> accept scholars through the “partnership track” to participate in specially designed master’s courses; and the “open track” is available to candidates who have already been accepted to either a master’s or

<sup>15</sup>The scholarship program is open to candidates from: Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Kazakhstan, the Kyrgyz Republic, the Lao People’s Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Papua New Guinea, the Philippines, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, Vietnam, as well as Pacific Island countries.

<sup>16</sup>For the JISPA the academic year is from October 1 to September 30.

<sup>17</sup>For 2011 these are the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and Yokohama National University.

### Box 6. Building Statistical Capacities in Montenegro and Kosovo

The IMF Statistics Department (STA) has been providing TA to countries in Eastern Europe to improve their macroeconomic statistics. Tangible outcomes have been achieved in building statistical capacity within the framework of the Fund's data dissemination initiatives—The General Data Dissemination System (GDDS) and Special Data Dissemination Standard (SDDS). Montenegro and Kosovo are examples made possible by JSA funding.

#### Montenegro

- Until 2003, statistics were produced in the Federal Statistical Office of what was then Serbia and Montenegro. After that office was split, Montenegro, the smaller partner, lacked sufficient resources and trained staff to compile statistics on its own. With TA, including substantial on-the-job training from both a long-term advisor and short-term experts, the Statistics Office of Montenegro (MONSTAT) adopted the framework of the 1993 System of National Accounts and was able to produce data relevant to policy-making, analysis, and monitoring. Data sources were built up and arrangements were made for government agencies to share data.

#### Kosovo

- Given its post-conflict situation, Kosovo's macroeconomic statistics were at a very low ebb. With TA from both a long-term advisor and short-term experts, the country has made great strides in real sector statistics—the most challenging area in macroeconomic statistics. Progress through the project made it possible

for Kosovo to begin participating in the GDDS on April 1, 2011. This marked a major step forward in the development of its statistical system. Comprehensive information on Kosovo's statistical production and dissemination practices now appears on the IMF Dissemination Standards Bulletin Board (<http://dsbb.imf.org/Applications/web/gdds/gddscountrylist/>).

#### *National Accounts*

- Time-series data for GDP at constant prices were compiled and disseminated.
- Household consumption expenditures were compiled using the commodity flow method, an internationally accepted approach.
- Estimates were compiled for government consumption expenditure, gross fixed capital formation, and net exports.
- Estimates were compiled for imputed rent for owner-occupied dwellings.

#### *Foreign Trade and Price Statistics*

- Monthly import and export price indices were compiled and disseminated.

Though so much has been accomplished, more needs to be done to upgrade Kosovo's statistical capacities. Continuing challenges are staff turnover, with consequent loss of institutional memory; increasing demand from policy makers for new and timelier data given changes in the national and global economies; and the need for more and better data sources. Further TA will help statistical offices meet these challenges, reinforcing and sustaining the progress already achieved.

doctoral program in macroeconomics, or a related field, at any leading university in Japan.

The program also offers skill-refreshing courses (SRC) in math and English to prepare

scholars before they begin regular studies at the participating universities. In 2010, 27 of the 29 new partnership-track scholars participated in the SRC conducted at the International University of Japan.

**Table 5. Japan-IMF Scholarship Program for Asia: Countries and Affiliation of Scholars, 1993–2011**

Country	Number	Percent	Graduates	Affiliation	Number	Percent	Graduates
China	86	17.3%	78	Central Bank	252	51%	220
Vietnam	76	15.3%	71	Ministry of Finance/ Tax Agency	112	23%	99
Uzbekistan	60	12.1%	55	Economic Affairs Ministry and Agency	64	13%	54
Cambodia	44	8.9%	38	Statistics Bureau	20	4%	18
Mongolia	41	8.3%	32	Trade/Commerce Ministry	16	3%	14
Kyrgyz	38	7.7%	36	Cabinet Office	7	1%	6
Myanmar	33	6.7%	32	Others	25	5%	23
Kazakhstan	31	6.3%	30	<b>Grand Total</b>	<b>496</b>	<b>100%</b>	<b>434</b>
Indonesia	21	4.2%	17				
Lao PDR	13	2.6%	12				
Phillipines	12	2.4%	11				
Thailand	12	2.4%	9				
Tajikistan	10	2.0%	9				
Bangladesh	6	1.2%	1				
India	3	0.6%	0				
Sri Lanka	3	0.6%	0				
Fiji	2	0.4%	1				
Turkmenistan	2	0.4%	2				
Malaysia	1	0.2%	0				
Nepal	1	0.2%	0				
Timor-Leste	1	0.2%	0				
<b>Grand Total</b>	<b>496</b>	<b>100%</b>	<b>434</b>				

The OAP also organizes occasional seminars exclusively for JISPA scholars to help them better understand both current policy issues in the region and the work of the IMF. Opportunities to network among themselves and with officials from their home countries as well as Japan are provided to the participants.

Following the 2009 JISPA review, a tender was put out for partnership universities to ensure that partners offer the specialized training in macroeconomic policy formulation, central banking and monetary policy, and financial market expertise that the review recommended. The partners selected were the

### Box 7. Delivering Better Multisector Statistics in the Pacific

As part of the work program of the multisector statistics advisor in the Pacific Financial Technical Assistance Centre, an assignment funded by the JSA, various Pacific Island countries (PICs) were able to make advances in important areas of macroeconomic statistics. These achievements are particularly significant because financial and human resources in small island economies are very limited, which makes it hard to build capacity in macroeconomic statistics. The advisor has effectively influenced improvements in staffing in the national statistical offices of Fiji, Nauru, Samoa, Tuvalu, and Tonga. He has also conducted seminars and courses and provided hands-on training to data compilers in the PICs he visited.

The authorities are using the improved data for policy formulation, analysis, and monitoring and the IMF is using them in Article IV consultations.

#### *National Accounts Statistics*

- Better coverage of GDP estimates and better compilation methods in most PICs
- A wider range of national accounts aggregates produced for the Cook Islands, Fiji, Kiribati, Palau, Samoa, the Solomon Islands,<sup>1</sup> and Tonga

<sup>1</sup>Progress in many statistical areas contributed in no small way to the participation of the Solomon Islands in the General Data Dissemination System in June 2011.

- Constant price GDP estimates compiled using an updated base year for the Cook Islands, Fiji, Kiribati, the Solomon Islands, Tuvalu, and Vanuatu
- Constant price GDP estimates produced for Nauru

#### *Price Statistics*

- Consumer price index rebased to 2005 and producer price indexes compiled for Fiji
- Import price indexes produced for Fiji and Samoa

#### *Balance of Payments (BOP)*

- Better-quality BOP estimates produced for the Federal States of Micronesia (FSM), Fiji, Kiribati, Palau, Papua New Guinea (PNG), Samoa, the Solomon Islands, Tonga, and Tuvalu
- New BOP estimates, using the Balance of Payments Manual, Sixth Edition (BPM6) classification, also compiled for Fiji, FSM, Kiribati, Palau, PNG, Samoa, the Solomon Islands, Tonga, and Vanuatu

#### *Government Finance Statistics (GFS)*

- Better-quality GFS that are more consistent with international standards for the Cook Islands and Samoa

#### *Monetary and Financial Statistics (MFS)*

- Better-quality MFS for Fiji, PNG, Samoa, the Solomon Islands, Tonga, and Vanuatu

National Graduate Institute for Policy Studies, Hitotsubashi University, the International University of Japan, and the University of Tokyo. For the 2011 academic year, 34 officials have been selected for the partnership track at these universities.

Since the first JISPA students were accepted in 1993, the program has awarded 496 scholarships and by the end of the 2009 academic year 434 scholars had graduated (see **Table 5** for the distribution of scholars by country and organizational affiliation). Most scholars have expressed great satisfaction with the program and with the

**Table 6. Japan - IMF Scholarship Program for Advanced Studies: Scholars Accepted by Country, 1996–2011**

Country	Number of Scholars															Total Scholars (1996–2011)	Percent Representation (1996–2011)	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2010			2011
Bangladesh	0	0	2	0	1	1	1	0	0	0	0	0	1	0	0	0	6	3
Cambodia	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	2	1
China (including Hong Kong SAR)	2	5	2	4	2	2	1	1	1	1	1	1	1	0	0	0	24	12
Indonesia	0	0	0	0	0	0	0	1	1	0	1	0	0	0	0	0	3	1
Japan	3	7	7	7	7	7	5	7	7	7	8	6	3	7	7	7	102	49
Kazakhstan	0	0	0	0	1	1	1	1	0	0	0	0	1	0	0	0	5	2
Korea	2	3	2	2	2	1	1	1	1	1	1	1	1	0	0	0	19	9
Kyrgyz Rep.	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	3	1
Malaysia	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1
Mongolia	0	0	0	0	0	0	1	0	1	1	1	2	1	0	0	0	7	3
Myanmar	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	1
Nepal	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	2	1
Philippines	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	2	1
Tajikistan	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1
Thailand	2	1	2	0	0	1	2	0	1	2	2	1	1	0	0	0	15	7
Uzbekistan	0	0	0	0	0	1	0	1	0	0	0	1	0	0	0	0	3	1
Vietnam	0	0	0	1	0	1	2	1	2	2	1	0	1	0	0	0	11	5
<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>15</b>	<b>11</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>207</b>	<b>100</b>

<sup>1</sup>Starting in 2009, only Japanese nationals are eligible.

career opportunities it later opened up to them; a number of them have advanced to mid-level and senior positions and have direct input into policy formation. In FY2011, alumni events were organized in Kazakhstan, the Kyrgyz Republic, and Uzbekistan to give former scholars an opportunity to renew acquaintances. An alumni network site has also been launched to facilitate these interactions.

### Japan-IMF Scholarship Program for Advanced Studies

Japan also provides scholarships for Japanese nationals to study macroeconomics at the doctoral level so that they can pursue a career at the IMF. Students can apply once they are accepted for postgraduate studies at universities outside Japan that have well-regarded programs in mac-

**Table 7. Japan-IMF Scholarship Program for Advanced Studies: Number of Scholars by University, 1996–2011**

University	Number of Scholars																
	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>United States</b>																	
Brandeis University	1	1															
Brown University	11	1	2		1	2	1		1	1		1	1				
Boston University	8			1				2		1		2		2			
Columbia University	16			2	3	1	1	1		5	2	1					
Cornell University	8		1	2			1					1		1		1	1
Duke University	6	2			1	1		1		1							
Georgetown University	7							1	4	1			1				
George Washington University	1												1				
Harvard University	3			1	1					1							
Indiana University	1		1														
Johns Hopkins University	5		1					1	1			2					
Massachusetts Institute of Technology	1							1									
New York University	8			1	2		2	1					2				
Northwestern University	3		1										1	1			
Ohio State University, Columbus	7					2						2	2		1		
Princeton University	2										2						
Stanford University	10	1	2	3	1	1	1							1			
State University of New York	2														1		1
University of California, Berkeley	2						1					1					
University of California, Los Angeles	8		1	3	1	1	1					1					
University of California, San Diego	4		1				1				1				1		
University of Chicago	15		1	1		1	2	1	2		2	1	1		1	1	1
University of Illinois-Urbana-Champaign	3										1				1		1
University of Maryland, College Park	5					1	1			1	1			1			
University of Michigan, Ann Arbor	11		2	1	2			1	1				1	1	1	1	
University of Minnesota, Minneapolis	10					1		1	1	1	1	2	2	1			
University of Pennsylvania	9	1			2	3	1	1			1						
University of Rochester	5	1	1		1				1				1				
University of Texas, Austin	2							1			1						
University of Virginia	5									1	1		2	1			
University of Washington, Seattle	2					1										1	
University of Wisconsin, Madison	12		1				1	1	4	1				2		1	1
Vanderbilt University	2	1					1										
Yale University	4	1	1								1	1					
<b>Canada</b>																	
McGill University	1									1							
University of British Columbia	1							1									
University of Toronto	2										1				1		
University of Western Ontario	1															1	
<b>United Kingdom</b>																	
Cambridge University	1																1
London School of Economics	1																1
Royal Holloway, University of London	1															1	
<b>TOTAL</b>	<b>207</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>15</b>	<b>11</b>	<b>7</b>	<b>7</b>	<b>7</b>



**Table 8. Japan-IMF Scholarship Program for Advanced Studies: Status of Active Scholars and Graduates 1996–July 2011**

Scholarship Group	Studies in Progress (PhD Program) <sup>1</sup>	IMF Employment <sup>2</sup>			Non-IMF Employment <sup>3</sup>			Total Respondents	Non-Respondents <sup>4</sup>	Total Scholars
		Economist Program (EP)	Economist (former EP)	Mid-career Economist	Government	Academia	Private Sector			
1996	0	0	0	0	0	2	1	3	6	9
1997	0	0	4	1	0	3	0	8	8	16
1998	0	0	0	0	1	6	1	8	7	15
1999	0	0	7	0	0	1	0	8	7	15
2000	0	0	3	1	0	2	1	7	8	15
2001	0	0	1	1	0	8	0	10	5	15
2002	0	1	0	0	0	2	0	3	12	15
2003	0	1	0	0	0	3	1	5	10	15
2004	0	1	0	0	1	4	0	6	9	15
2005	0	2	0	0	0	0	1	3	12	15
2006	1	5	0	0	0	0	1	7	8	15
2007	2	1	0	0	1	0	0	4	11	15
2008	6	0	0	0	0	0	0	6	5	11
2009	6	0	0	0	0	0	0	6	1	7
2010	7	0	0	0	0	0	0	7	0	7
2011	7	0	0	0	0	0	0	7	0	7
<b>Total</b>	<b>29</b>	<b>11</b>	<b>15</b>	<b>3</b>	<b>3</b>	<b>31</b>	<b>6</b>	<b>98</b>	<b>109</b>	<b>207</b>

<sup>1</sup>Includes all JISP and post-JISP scholars who have not completed their PhD program as yet. Data for 1996–2008 are based on the 2010 JISP Scholars and Alumni Survey.

<sup>2</sup>Includes four JISP alumni joining the IMF in September 2011.

<sup>3</sup>Non-IMF employment data are based on the 2010 JISP Scholars and Alumni Survey.

<sup>4</sup>Non-respondents are likely to include some scholars still in their PhD studies.

roeconomics. The scholarship program covers tuition and reasonable costs for two years of study. Scholars are expected to finance the remaining years of study; typically this is through funding from their universities.

The Japan-IMF Scholarship Program for Advanced Studies (JISP), which is administered by the IMF Institute, began in 1996 with nine scholars

seeking Ph.D. degrees in economics. For the next 12 years JISP annually supported up to 15 scholars from Asian countries who had already been admitted to a leading U.S. or Canadian university. After 2009, only Japanese nationals were eligible; each year, up to seven persons receive the award. Including those taking up their award in the fall of 2011, more than 200 scholars have benefitted, half of which are Japanese nationals.

For 2000–2008, about 120 applications were received annually, and about 26 were from Japanese nationals. In 2009, when the program changed to permit only Japanese nationals and when qualification standards were raised, the number of applicants fell to 12. However, thanks to more intensive marketing efforts, there were 18 applicants in 2011.

Every year the IMF conducts an orientation program in Washington, D.C., to introduce incoming scholars to the IMF and give them an opportunity to meet other JISP scholars. One year before obtaining their doctorates, scholars are expected to complete a 10- to 13-week summer internship in an IMF department, during which they engage in supervised research and other professional work under the guidance of an experienced economist. Summer interns also benefit from a mentoring program, which includes interview coaching and mock panel interviews in preparation for application to the highly competitive IMF Economist Program (EP), which is the main entry point for economists seeking to join the organization after completing their studies.

JISP scholars are required to maintain high grades and good academic standing. The high academic standards of the program are now widely recognized, as evidenced by many distinguished universities in Japan and North America recommending that their students apply. **Table 6** shows the distribution of scholars by country since the program began, and **Table 7** lists the number of scholars at each university.

Including those who are joining the IMF in the fall of 2011, 28 JISP alumni are IMF staff, of whom 13 are Japanese. Of the JISP alumni, 25 were hired through the highly competitive EP and three were recruited as mid-career economists. All the JISP scholars who have joined the Fund have remained on staff. Starting with the 2012 intake, all JISP scholars will be required to apply to the EP and accept IMF employment if offered. Scholars who do not comply will be asked to repay their JISP award.

Since 2004 the IMF Institute, with the assistance of the Institute of International Education, has conducted a yearly study to obtain information on the professional career paths and profiles of past scholars. **Table 8** shows where graduates from academic years 1996–2007 are employed.<sup>18</sup> For the 2010 survey, there were 89 responses (compared with 91 in 2009), 50 of them from Japanese nationals (40 in 2009). Respondents expressed great satisfaction with the JISP (97 percent) and high interest in Fund employment (79 percent), including mid-career economists (63 percent). Japanese respondents had a similar pattern of interest in Fund employment (74 percent) and joining the IMF in mid-career (56 percent).

In 2008, for the first time, JISP scholars in the third or fourth year of their Ph.D. programs were invited to the IMF Jacques Polak Annual Research Conference to build their knowledge of IMF work and their interest in seeking employment at the Fund; 15 attended, compared with

<sup>18</sup>For the JISP an academic year refers to the period from August 1 to July 31.



Participants at the opening workshop of a Statistics department led project (ICP and Implementation of the 2008 SNA) held in Bangkok, Thailand.

10 in 2009 and 7 in 2010. The IMF Institute also arranged that these JISP scholars meet with Fund economists to discuss conference topics and the work of the Fund. Given very positive

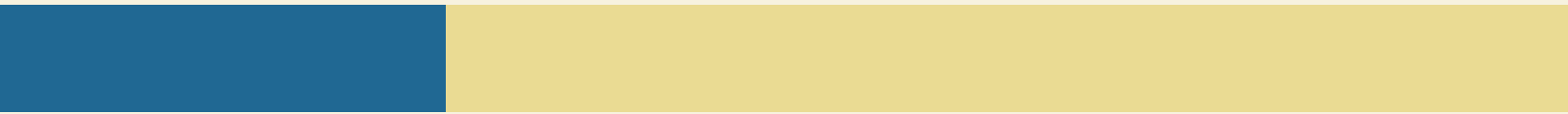
feedback from the scholars who have attended conferences, this initiative is continuing.

In February 2011, the IMF Institute launched an information and networking website for JISP alumni and scholars in order to improve communication with them and among them. For example, links to IMF Occasional Papers, Staff Discussion Notes, the *WEO*, and the IMF YouTube channel are posted on this site, and there is an Alumni and Scholar Directory, contacts and introductions forums, and chat rooms. More than 50 users had accessed the site as of July 2011, many of them repeatedly.

Overall, the JISP is successful, as it provides a good source of candidates for the EP, and scholars and alumni continue to rate the program highly. Participating scholars have expressed deep appreciation for the generous support of the government of Japan for their studies.



# Annexes



## Annex 1. The IMF: Purpose and Activities

The IMF, which currently has 187 member countries, was established in 1946 to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; provide temporary financial assistance to countries with balance of payments difficulties; and foster sustainable economic growth globally. To achieve these objectives, the IMF has three main functions: surveillance, financial assistance, and technical assistance.

*Surveillance:* The IMF maintains a policy dialogue with each member and appraises country and global macroeconomic conditions. In what are known as Article IV consultations, it regularly assesses each member's exchange rate and related economic policies. The IMF also carries out multilateral surveillance, the results of which are summarized in the *World Economic Outlook* and the *Global Financial Stability Report*, both of which are published twice a year.

*Financial assistance:* The IMF provides credits and loans to member countries with balance of payments problems so that they can restore conditions for financial and economic stability and sustainable economic growth. IMF financial assistance enables countries to rebuild international reserves, stabilize their currencies, and continue paying for imports without having to impose trade restrictions. IMF financial resources are available to its members through a variety of facilities, such as concessional lending and debt relief for certain low-income members.<sup>1</sup>

*Technical assistance:* The IMF provides technical assistance in response to requests from member countries to help them in the formulation and implementation of macroeconomic and structural policies and on institutional arrangements for policymaking and for training of officials. The areas of its core expertise in which the IMF offers TA are fiscal policy and management, macroeconomic and financial statistics, monetary policy and financial systems, and Anti-Money Laundering/Combating the Financing of Terrorism (see Box 8).<sup>2</sup>

IMF TA is delivered mainly through its functional departments—Fiscal Affairs Department, Monetary and Capital Markets Department, Statistics Department, and Legal Department—but general TA policy and coordination are handled by the Office of Technical Assistance Management (OTM) in consultation with area and other departments. OTM is also responsible for mobilizing and managing external financing for TA.

<sup>1</sup> For further information on IMF financial assistance programs, see [www.imf.org/external/np/exr/facts/howlend.htm](http://www.imf.org/external/np/exr/facts/howlend.htm).

<sup>2</sup> Additional information on IMF TA activities can be found at [www.imf.org/external/np/exr/facts/tech.htm](http://www.imf.org/external/np/exr/facts/tech.htm).

## Box 8. 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 standard

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

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

### **Anti-Money Laundering/Combating the Financing of Terrorism**

### JSA Annual Report Index (New and Ongoing Programs)

JSA #	Program Title	Commitment (\$)
JPN106	Asia and Pacific – Supporting Strategic Fiscal Management and Institutional Capacity	5,430,250
JPN403	Asia and Pacific – Improving Banking Supervision and Regulation, and Crisis Management in Selected PRGT Countries	5,044,433
JPN501	Asia and Pacific – Implementation of System of National Accounts and the International Comparison Program	5,211,365
JPN101	West Africa: Develop Strategic Fiscal Management	5,400,953
JPN102	Asia and Pacific – Effective and Efficient Public Financial Management	6,326,989
JPN104	Middle East and Central Asia: Safeguarding Financial Resources in Central Asian Countries	4,277,228
JPN201	Asia-Pacific Region: Strengthening Macroeconomic Management	6,721,131
JPN103	South-Eastern Europe: Strengthening Fiscal Management	6,000,902
JPN105	Western Hemisphere: Strengthening Treasury Management, Fiscal Reporting, and Tax Auditing	1,516,918
JPN402	Association of Southeast Asian Nations (ASEAN): Enhancing Regional Stability through Improved Supervision	6,913,449
JPN401	Economic and Monetary Community of Central African States (CEMAC): Strengthening Regional Financial Agencies	3,543,084



## JSA Annual Report Index (Completed Projects)

JSA #	Beneficiary	Commitment (\$)
4333	African Countries	93,750
2717	African Countries	209,300
2757	African Countries	327,304
4343	African Countries	150,000
1751	BEAC - BEAC-Banque Etats L'Afrique Centrale	155,285
2759	Burkina Faso	62,114
2721	Burundi	179,400
2763	Burundi	62,114
2743	Cameroon	59,800
2775	Cameroon	62,114
2784	Central African Republic	60,000
2764	Djibouti	62,114
2776	Gabon	62,114
2773	Ghana	62,114
3089	Malawi	31,057
2765	Mali	124,228
2785	Mauritania	60,000
2767	São Tomé and Príncipe	62,114
2780	Zambia	60,000
	Asia and Pacific – High Level Tax Policy Seminar	299,600
3090	Bangladesh	30,000
2755	Cambodia	217,399
2772	Democratic Republic of Timor-Leste	291,804
1749	Indonesia	285,804

<b>JSA #</b>	<b>Beneficiary</b>	<b>Commitment (\$)</b>
1752	Maldives	124,228
1753	Maldives	124,228
2777	Mongolia	66,614
2792	Mongolia	121,995
2727	Nepal	93,171
2760	Nepal	302,084
2774	Nepal	93,171
1741	Papua New Guinea	155,285
4345	PFTAC	320,788
2723	Vietnam	239,200
4338	European Countries	93,750
1755	Moldova	285,804
2783	Islamic Republic of Afghanistan	62,500
4337	Islamic Republic of Afghanistan	61,057
4339	Islamic Republic of Afghanistan	122,114
2787	Kyrgyz Republic	62,500
4332	Middle East and Central Asia	300,804
4344	Middle East and Central Asia	70,000
2778	METAC	335,804
1758	METAC	280,788
2730	Turkey	221,500
1747	West Bank and Gaza	62,114
2766	Paraguay	93,171
2770	Peru	134,228
2769	Western Hemisphere Countries	62,114

## JSA Technical Assistance Programs New Programs (3) in FY2011

Asia and Pacific – Supporting Strategic Fiscal Management and Institutional Capacity (JPN106)

Three year program during FY11-13 geared toward strengthening fiscal institutions and modernizing budget planning and execution systems, revenue administration and tax policy in seven Asian countries. The program builds on ongoing support for some of the countries through earlier JSA funded projects, and aims to assist the countries with: (1) developing and managing realistic and well-executed budgets, with gradual progression to medium-term budgetary frameworks and program and performance oriented budgeting; (2) strengthening fiscal institutions; (3) strengthening capacity building in key areas of revenue administration; (4) rationalizing tax incentives; and (5) clarifying the legal framework for the fiscal system.

The TA delivery includes a resident adviser in Mongolia, short-term expert assignments for implementation-oriented support, and headquarters led diagnostic and follow-up missions to assess the required reform activities, review reform progress and determine next steps.

Program Budget for FY11 through FY13	\$5,430,250
Program Budget for FY11	\$1,629,931

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Bhutan</b>  Public Financial Management (PFM)	The program aims to: (1) strengthen budget preparation and implementation processes; (2) improve the reliability of the budget; (3) strengthen public investment planning, review and implementation; (4) increase technical costing input and line ministry involvement in budget preparation; and (5) strengthen commitment control and cash management in budget release policies to ensure smooth execution of the budget.	One headquarters-led mission and two short-term expert PFM diagnostic missions on budget planning and execution to determine the priority reform areas with the authorities.	The missions have been postponed for FY12.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Indonesia</b>  Revenue Administration	The program aims to implement tax administration reforms in specific areas of work. These include: (1) supporting the restructuring of the Directorate General of Taxes (DGT) headquarters and the field organization along the market segment approach, and continuing the modernization of business processes; (2) assisting the DGT to further strengthen its audit program in key areas including audit planning, risk management and performance improvement; (3) improving the administration of High Wealth Individuals (HWIs); and (4) improving the capacity of the special units created at the Ministry of Finance (MoF) and the DGT for investigating and adjudicating misconduct.	Six short-term expert visits on implementing tax administration reforms and one staff visit to build on the recommendations of an April 2010 IMF mission to: (1) support further organizational and business process changes in the DGT headquarters and the market-segment offices – Large Taxpayer Office (LTO), Medium-sized Taxpayer Office (MTO) and Small Taxpayer Office (STO); and (2) improve the audit planning process and strengthen HWI operations.	TA activities have not taken place as of end- FY11 due to the reorganization of the MoF and DGT.
<b>Maldives</b>  Public Financial Management	The program aims to: (1) implement fiscal responsibility legislation, either through a separate Fiscal Responsibility Law (FRL) or through amendments to the existing budget systems law; and (2) provide input to the PFM team on the Fiscal Responsibility Law.	Two short-term expert visits supported by the IMF's Fiscal Affairs Department (FAD) and Legal Department (LEG) to discuss and prepare options to include fiscal responsibility issues in legislation.	Follow up to the FAD mission on the macrofiscal framework is now expected through a series of STX missions in FY12.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Mongolia</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to: (1) continue supporting the gradual implementation of program budgeting and a medium-term expenditure framework; (2) strengthen the effectiveness of the large taxpayer office (LTO); and (3) identify those provisions in the tax legislation that give rise to disputes between tax department and private sector, analyzing those areas, and formulating possible solutions with a view towards providing greater clarity and consistency in the application of the tax laws.</p>	<p>One long-term budget planning advisor to support program budgeting and a Medium-Term Expenditure Framework (MTEF).</p> <p>Six short-term expert visits to assist the authorities with strengthening the effectiveness of the large taxpayer office (LTO). The strategy provides a broad set of initiatives for improving the LTO's organizational structure and staffing arrangements, core administrative processes, information systems, and human resource management policies.</p> <p>Two short-term expert visits focusing on identifying provisions in the tax legislation that gives rise to disputes between the tax department and private sector and formulating possible solutions.</p>	<p>A resident advisor is helping build budget planning capacity, and a short-term expert has Mongolia on the large taxpayer reform strategy, providing substantive advice and coordinating TA from a number of donors. Another short-term mission identified weaknesses in the current tax law and recommended solutions. Also, the budget planning process is being automated, and work continues on program-based budgeting and budget classification revision. A new chart of accounts has been constructed.</p> <p>As of end-FY11, TA activities in the revenue administration area had not taken place.</p>
<p><b>Philippines</b></p> <p>Tax Policy and Legal Drafting</p>	<p>The program aims to enhance the Philippine authorities' capacity in designing a tax reform plan to rationalize tax incentives.</p>	<p>One headquarters-led tax policy mission to build on the recommendations of a 2010 IMF mission, and assist the authorities with designing a reform plan to rationalize tax incentives.</p> <p>One short-term expert visit to assist the authorities in formulating amendments to the tax legislation regarding incentives.</p>	<p>As of end-FY11, TA activities in the tax policy or legislation area had not taken place.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Sri Lanka</b>  Public Financial Management	The program aims to enhance the efficiency and effectiveness of government spending which will include improved expenditure controls, better prioritization of spending, and planning expenditure programs in a medium-term framework.	One headquarters-lead diagnostic mission on budget planning and execution to assist with improving expenditure programs.	The mission has not taken place and is postponed to FY12.

### Asia and Pacific – Improving Banking Supervision and Regulation, and Crisis Management in Selected PRGT Countries (JPN403)

Three-year program during FY11-13 to strengthen banking supervision and regulation in three PRGT countries (Bangladesh, Maldives and Nepal). These countries were selected because of their similar need to maximize synergy in the area of banking supervision. The program will focus on strengthening these countries' regulatory frameworks by supporting their move towards compliance with the Basel Core Principles on Effective Banking Supervision. Supervision in the PRGT is typically compliance based, and significant TA is required to move these countries towards more risk-based and forward looking supervision. The program will also focus on assisting authorities in developing and implementing regulations, developing crisis management frameworks, providing training and capacity building to supervisory staff of key aspects of financial stability, and helping to coordinate donor assistance in the area of banking supervision.

The envisaged assistance would be in the form of resident TA advisors based at the supervisory authority of each of the selected countries. The focus would be on strengthening the regulatory and supervisory framework, in part to make the banking system more resilient to the effects of the global financial crisis, and to address the weaknesses that have been revealed. TA also includes short-term expert visits to support project implementation and HQ-based advisory missions to review the work accomplished.

Program Budget for FY11 through FY13	\$5,044,433
Program Budget for FY11	\$1,681,535

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Asia and the Pacific— Multiple Countries</b>  Banking Supervision	<p>The program seeks to build the capacity of supervisors in the selected PRGTs to shift to risk-based supervision in accordance with international standards, as defined by the Basel Core Principles. The program seeks to provide the ancillary assistance necessary to support the implementation of effective, risk-based supervision.</p>	<p>Two IMF multi-topic missions to review the work accomplished and set new specific objectives for the following year. TA will assist in the development of comprehensive, multi-year capacity building and the provision of ongoing support to motivate reform, as well as provide targeted assistance in specific areas of need, so that individual countries will be better-positioned to maintain stability in their respective financial systems.</p>	<p>Over the past year, the resident advisors have assisted their respective bank supervisory authorities with policy development and implementation in several key areas, including: alignment of supervisory strategies with main risks; efficient use of available supervisory resources; effective reporting of examination results; and enhanced review of on-site examination reports.</p>



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Bangladesh</b>  Banking Supervision	The program aims to effectively shift from compliance to risk-based supervision of banks, and facilitate collaboration among departments at Bangladesh Bank (BB).	One long-term resident advisor and two short-term expert missions to: (1) provide hands-on and on-the-job training to banking supervisors and begin to implement the recommendations; and (2) strengthen Bangladesh Bank's capacity to implement risk-based supervision.	Progress in building capacity has been mixed, and extensive training has been provided on: financial analysis and basic off-site monitoring; credit risk reviews (i.e., review of lending standards and policies, internal credit risk rating systems, decision making, loan classification and credit risk management, as well as the criteria and methodology used for on-site exams); stress testing of credit risks and review of contingency funding plans; Basel Core Principles for Effective Banking Supervision; and on-site and off-site supervisory cycle, as well as coordination and preparation of examinations.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Maldives</b>  Banking Supervision	The program aims to improve staff's capacity at the Maldives Monetary Authority (MMA) to: (1) monitor risks in the banking sector; and (2) identify and address shortcomings in critical areas of the supervisory and regulatory framework.	One long-term resident advisor and two short-term expert visits to: (1) strengthen regulations relating to asset classification and provisioning; and (2) assist with implementing the new prudential regulations adopted in 2009.	In addition, the resident advisors have played active roles in moving the supervisors toward implementation of the Basel Core Principles and risk-based supervision. In the case of Cambodia, Philippines, and Indonesia, the resident advisors have helped draft regulations and guidance notes for the implementation of the new capital adequacy rules, and in Vietnam the resident advisor has provided feedback and comments on numerous circulars issued on a variety of topics, including prudential ratios, loan loss provisioning, and loan classification.
<b>Nepal</b>  Banking Supervision	The program aims to strengthen the Nepal Rastra Bank's (NRB) design of a risk-based supervision framework, and address other critical elements, including the weak standards for credit risk measurement and recognition of loan losses, weak enforcement, and off-site monitoring and data collection.	One long-term resident advisor and two short-term expert visits to: (1) develop a road map for implementing risk based supervision in the Nepal Rastra Bank (NRB); (2) assist in the implementation of Prompt Corrective Action (PCA) and risk management practices; and (3) strengthening off-site monitoring.	

Asia and Pacific – Implementation of System of National Accounts and the International Comparison Program(JPN501)

Three-year program during FY11-13 to provide technical assistance to complement the International Comparisons Program (ICP) in improving the quality of the national accounts and price statistics in ten countries in the Asia Pacific region. The objective of this program is to: (1) provide technical assistance to complement the ICP program; (2) provide technical assistance aimed at improving the quality of the national accounts and price statistics; and (3) develop capacity in the countries. The program focuses on estimates of GDP by expenditure aggregates and price indices, and the definition and content of these topical areas will be informed by the needs identified by the participating countries. Countries will be placed in one of three groups based upon their TA needs. These are: (1) countries that need substantial technical assistance to develop GDP estimates and/or price statistics; (2) countries that need moderate technical assistance to improve GDP estimates and /or price statistics; and (3) countries that need modest technical assistance to improve their existing GDP and/or price indices. The grouping of the countries will be done in cooperation with the ADB and World Bank Global Office.

Program Budget for FY11 through FY13	\$5,044,433
Program Budget for FY11	\$1,681,535

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Asia and the Pacific— Multiple Countries</b></p> <p>National Accounts Statistics</p>	<p>The program aims to: (1) provide technical assistance to complement the ICP program; (2) improve the quality of the national accounts and price statistics, and (3) develop capacity in the countries for sustainable national accounts and price statistics compilation. The program will focus on two topical areas: (1) estimates of GDP by expenditure aggregates; and (2) price indices.</p>	<p>One workshop to set the program objectives in the form of individualized country action plans developed with countries' full participation and ownership.</p> <p>Two program managers to manage and backstop short-term expert missions, support the development of the country specific plans, organize the workshops, and assist in monitoring and program implementation.</p> <p>One short-term program manager to coordinate the program activities with the Asian Development Bank (ADB), the World Bank Global Office and country authorities. The Program manager will also organize workshops and assist in program implementation.</p> <p>Twenty-five short-term expert visits and seven HQ missions to provide TA in national accounts and price statistics and participate in workshops.</p> <p>Developing production and price collection surveys.</p>	<p>The three-year project began on October 2010.</p> <p>In FY11, HQ-based project managers on price statistics and national accounts were recruited, along with one local project manager.</p> <p>The opening workshop was held in April 2011 in Bangkok. During the workshop, country representatives from Bhutan, Cambodia, Fiji, Indonesia, Lao P.D.R., Maldives, Mongolia, Nepal, Sri Lanka, and Vietnam discussed and defined project objectives and prepared a detailed work plan to guide each country.</p> <p>TA missions to participating countries are scheduled to begin in FY12.</p>

## JSA Technical Assistance Programs Ongoing Programs (8) in FY2011

West Africa: Develop Strategic Fiscal Management (JPN101)

Three-year program during FY10-12, geared toward strengthening fiscal management in ten West African countries which share similar characteristics such as background and development status. TA will be delivered using an approach that maximizes synergies gained from lessons learned by countries at different stages of the reform process, but which have similar issues and objectives regarding tax administration and budgetary management. The program aims to assist the countries with: (1) improving budget preparation and execution; (2) strengthening program and performance based budgeting; (3) improving VAT productivity; and (4) improving collections from and compliance by medium-size taxpayers, and developing more efficient arrangements to tax small and micro-sized businesses.

The program finances short-term expert visits, headquarters-led visits, seminars and regional PFM and Tax Administration advisors posted in Liberia and Ghana respectively, who would provide assistance to Burkina Faso, Côte d'Ivoire, the Gambia, Ghana, Liberia, Mali, Niger, Nigeria, Senegal, and Sierra Leone. For some countries, the program involves scoping missions to identify specific technical assistance needs in the medium term.

Program Budget for FY10 through FY12	\$5,400,953
Program Budget for FY11	\$2,714,012

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Burkina Faso</b>  Public Financial Management and Revenue Administration	The program aims to: (1) improve VAT productivity; (2) strengthen the taxpayer administration; and (3) streamline budget execution procedures and reporting system.	Three short-term expert visits to assist the authorities in: (1) enhancing the reliability of accounting operations; (2) simplifying, rationalizing and reinforcing budget and accounting procedures, including control procedures for validation, payments authorization, and payments; and (3) developing the computerized system for the expenditure cycle; and improving cash management.	The authorities have created an institutional framework to support reform; accelerated preparation of ministry policies and strategies; prepared guides for PB planning and execution and for monitoring programs; and installed a more efficient cash management mechanism.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Cote d'Ivoire</b>  Public Financial Management and Revenue Administration	The program aims to rationalize VAT exemptions and assess improvements needed to medium and small-tax administration.	No activities scheduled for FY 2011.	The authorities have adopted a detailed concept note and action plan to reinforce MTOs as a way to enhance VAT productivity, but there has been no progress in other areas because of internal conflict.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>The Gambia</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to improve the medium-term expenditure framework (MTEF), as well as to streamline budget execution procedures and reporting system. The program also aims to create further policy measures and strengthen the administration to support transition to Value Added Tax (VAT) and an assessment of improvements needed to medium and small-tax administration.</p>	<p>One revenue administration follow-up mission to take stock of progress in implementing prior IMF recommendations and provide further advice.</p> <p>Three short-term expert visits to assist in preparing for the introduction of VAT, particularly administrative design, administration itself, and implementation preparations.</p>	<p>An HQ mission prepared a revised revenue administration reform and VAT matrix, and three short-term expert visits dealt with improvements to the IT system needed to support VAT and to work with the VAT team that has been appointed. In preparation for the VAT launch in January 2013, the program has helped the authorities to assess what is needed to draft a comprehensive VAT implementation plan and policy design proposals. The authorities have also announced a new proposal for taxation of small and micro businesses.</p> <p>A regional PFM advisor visit in June 2010 followed up on budget reforms, and participated as resource person in a MoF-led workshop on Budget Preparation and PFM Reforms. There were two further regional PFM advisor visits, one introductory for the new advisor in November 2010, and the other to participate in an MTEF training workshop in January 2011 and to work on a detailed MTEF implementation roadmap. Further follow-up assistance in the MTEF area was provided by email.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Ghana</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to: (1) improve the MTEF; (2) implement a computerized financial management information system, government accounting reforms and financial reporting; and (3). strengthen the small and medium taxpayer administration.</p>	<p>One HQ led mission to assist the authorities to strengthen MTEF, program budgeting, and implement GIFMIS</p>	<p>The authorities have recently approved a renewed reform strategy to deal with resource allocation, spending control, and arrears management. For 2011, they introduced a VAT threshold of GHS 90,000 and expanded the retail flat rate scheme to all taxpayers below the register threshold. Legislation for a small taxpayer regime is scheduled for 2011.</p> <p>An FAD PFM mission, with participation of the regional advisor, in January/February 2011 took stock of the PFM reforms and also looked at arrears. Recommendations on program budgeting, MTEF, GIFMIS, and arrears were made, and followed up by the regional advisor during the remainder of FY 2011. Progress on following up FAD recommendations has been slow, however, although it has started to pick up of late. Regional advisor, who is based in the MoF in Ghana, has developed close working relations with the authorities.</p>



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Liberia</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to:</p> <p>(1) improve the MTEF;</p> <p>(2) implement a computerized financial management information system, government accounting reforms and financial reporting; (3) streamline budget execution procedures; and (4) assist with creating capacity to manage a future VAT and strengthen the medium taxpayer administration.</p>	<p>One tax administration diagnostic mission to re-engage with the authorities and to complete a full diagnostic in respect of tax administration.</p> <p>Two short-term expert visits to assist the authorities with establishing a revenue authority.</p>	<p>After doing a diagnostic assessment, an HQ mission advised on considerations related to instituting a VAT and a revenue authority, and two short-term assignments followed up by preparing a consolidated strategic plan. The authorities have established a reform steering committee and project teams, drafted an integrated strategic plan and cost matrix, and identified preliminary means of tracking performance and updating the plan as priorities and resources change. Officials also visited Ghana to tour its VAT operations. Efforts to build up MTO administration have been slowed by capacity and facilities constraints.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Liberia</b></p> <p>Public Financial Management and Revenue Administration</p>			<p>The PFM regional advisor based in Monrovia provided on-going support in PFM reforms during the early part of the FY 2011, up to July 2010. The new Ghana-based advisor, who took over in November 2010, undertook an initial introductory visit in December 2010 and a more substantive visit in March 2011 which resulted in the development of a comprehensive MTEF roadmap covering inputs from all donors. The roadmap envisages the introduction of a simplified MTEF by July 2012 with training starting early in FY2002.</p>
<p><b>Mali</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to assist authorities with: (1) streamlining budget execution and financial reporting; (2) program budgeting; and (3) improving and reforming VAT refund mechanism, as well as strengthening the medium taxpayer administration.</p>	<p>Two short-term expert visits to assist the authorities in implementing the measures recommended by previous missions; and in moving towards program budgeting, in particular on developing the corresponding legal and regulatory framework, and on strengthening the capacities of the projects' managers.</p>	<p>JSA traditional funds were used for four short-term visits on program budgeting as a basis for the project work. The visits covered ten ministries to analyze a sample of programs and advise on best program budgeting practices. Mali has made significant progress on program budgeting. Next steps are training decision-makers on all aspects of program budgeting.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
Niger  Public Financial Management	The program aims to assist authorities with improving government accounting practices and reporting. The program also looks to improve cash management in Niger.	Three short-term expert visits to assisting the authorities with: (1) developing an operational Medium-Term Budget Framework (MTBF); (2) recording the operations related to foreign-financed transactions in the government accounts; (3) enhancing the reliability of accounting operations; (4) simplifying, rationalizing and reinforcing budget and accounting procedures, including control procedures for validation, payments authorization, and payments; and (5) improving cash management.	There were no PMF activities in the field but an HQ mission is being planned to advise on the reliability of accounting operations, rationalizing budget and accounting procedures, especially controls; and improving cash management. Moreover, despite human resource constraints the authorities have appointed an MTEF follow-up team with broad ministry representation.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Nigeria</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to implement IFMIS and assist authorities in adopting a VAT threshold. Additionally, the program will help to create a policy framework to improve medium and small taxpayer administration.</p>	<p>One short-term expert visit to support the establishment of a treasury single account and continue work on implementing computerized accounting.</p>	<p>An HQ mission and a short-term visit advised on self-assessment and supporting compliance management strategies; setting up a taxpayer service function; and prerequisites for taxation of small and micro businesses. The FIRST board has endorsed the self-assessment system, set up a project team, and prepared an action plan.</p> <p>Commitment to actualizing mission recommendations is firm, but the VAT law has not been amended pending resolution of federal and state tax jurisdiction issues.</p> <p>Two short-term expert visits were fielded, one in August/September 2010, the other in January/February 2011, with focus on addressing implementation issues related to the establishment of the treasury single account, and residual problems on the computerized accounting system. Progress is being made in both areas which are managed by the Accountant General: the computerized accounting and treasury systems are fully operational, a TSA technical committee and a cash management unit have been established, and an inventory of government bank accounts has been carried out.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
Senegal  Revenue Administration	In Senegal, a diagnostic evaluation of VAT regime effectiveness will identify areas for improvement. Based on that mission, the program seeks to assess improvements needed to medium and small tax administration and will begin to implement these changes.	One tax administration follow-up mission to take stock of progress in implementing prior IMF recommendations and provide further advice.  Two short-term expert visits, in which TA would be determined, after the above tax administration follow-up mission.	The HQ mission advised on taxpayer segmentation and a short-term visit supported reinforcement of Medium-Taxpayer Offices (MTOs). The project has prepared a strategy note and concept paper on streamlining the tax office network, restructuring the head office, and further refinement of taxpayer segmentation, including proposals for a tax system for small businesses.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Sierra Leone</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to: (1) improve budget preparation, commitment control and cash management; (2) continue VAT post-implementation monitoring and fine tune the VAT administration's integration of large taxpayers into the Large Taxpayer Office; and (3) assist the authorities with improving the small and medium taxpayer offices.</p>	<p>One short-term expert visit to conduct TA after the authorities advise on their preferences.</p>	<p>Two short-term visits helped the authorities to prepare a segmentation strategy with particular attention to medium and small business taxpayers. Sierra Leone implemented the VAT in 2010, but launched it from a separate department; integration with the domestic tax department is behind schedule.</p> <p>An introductory visit by the regional PFM advisor in early November 2010 was followed in late November 2010 by another visit to join a MoF-donor PFM reforms appraisal mission. An FAD PFM stocktaking mission in April 2011, which the regional advisor also joined, provided recommendations in the areas of MTEF, budget execution, and accounting. The regional advisor in providing on-going follow up support by email on initial steps to refocus the MTEF, specifically the development of a Budget Framework Paper with initial medium-term fiscal projections for the 2012 Budget.</p>

## Asia and Pacific – Effective and Efficient Public Financial Management (JPN102)

Three-year program during FY10-12 to provide technical assistance in the area of public financial management and tax administration to seven countries in the Asia and Pacific region. The program aims to assist these countries with developing macroeconomic policies and systems to support modern budget and treasury management, and sound revenue collection structures. The broad goals of the program encompass: (1) strengthening countries' capacity to analyze and forecast macro-fiscal developments and enhancing top-down budgeting; (2) enhancing all aspects of treasury management and improving fiscal transparency; and (3) strengthening core functions of tax and customs administration, such as taxpayer registration, collection processing, risk assessment, audit, and large taxpayer management.

The program finances short-term expert visits, headquarters-led visits, seminars and regional PFM and Tax Administration advisors, posted in Indonesia and Nepal respectively, who would provide assistance to Bangladesh, Cambodia, Indonesia, Lao P.D.R., Nepal, Democratic Republic of Timor-Leste and Vietnam. For some countries, the program involves scoping missions to identify specific technical assistance needs in the medium-term.

Program Budget for FY10 through FY12	\$6,326,989
Program Budget for FY11	\$2,572,205

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Bangladesh</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to assist authorities with: (1) improving macro-fiscal management and Medium-Term Budget Frameworks (MTBFs); and (2) supporting the improvement of the large taxpayer administration and developing a more effective audit capacity and compliance programs.</p>	<p>One follow-up mission to build on the work of the earlier mission, and focus especially on cash management and institutional aspects of debt management.</p> <p>One Tax Administration diagnostic mission and two short-term expert visits on Tax Administration to: (1) review and revise, as necessary, plans for development and implementation of VAT; (2) assess resource requirements, and develop a work program for short-term expert visits to assist in VAT implementation; and (3) assist the authorities with preparing for introduction of VAT, following on from advice given in previous IMF tax policy and tax administration missions.</p>	<p>The advisor provided advice on the implementation of a new VAT, and visits by short-term experts were planned in follow-up to a HQ mission.</p> <p>On PFM, a scoping mission took place and staff participated in a PEFA exercise jointly with other donors. In FY12 the new regional advisor will agree on a medium-term program of TA delivery.</p>



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Cambodia</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to assist authorities with: (1) improving the government accounting system; (2) improving government banking arrangements, cash management, and fiscal reporting; and (3) strengthening revenue collection and enforcement.</p>	<p>Five short-term expert visits on government accounting, budget classification, and cash management/banking arrangements to assist the authorities with: (1) drafting recording requirements for public investments; (2) modernizing administrative and functional classification; and (3) improving cash planning and developing a treasury single account (TSA).</p>	<p>With the help of three expert visits, the authorities have set up a new budget expenditure classification to be used by the new IFMIS; reduced the number of government bank accounts with non-zero end-day balances; and began using a new chart of accounts for capital, as well as other spending, and worked on the budget classification system, banking arrangements, and cash management. All 38 line ministries now use accounts at one bank for the payroll system.</p> <p>A Regional PFM advisor was placed in Cambodia in May 2011.</p>
<p><b>Indonesia</b></p> <p>Public Financial Management</p>	<p>The program aims to assist the authorities with formulating an overall budget reform strategy including medium-term budget frameworks (MTBFs) and medium-term expenditure frameworks (MTEFs) and introducing program budgeting. Additionally, the program seeks to assist authorities with treasury reforms, in particular assisting the authorities with creating a treasury single account (TSA) and improving asset-liability management (ALM).</p>	<p>One short-term expert visit to provide continuing support for cash management.</p>	<p>A short-term expert continued to support cash management to the point where the authorities feel no further support is necessary. Meanwhile, the new finance minister is guiding a thorough review of all TA and TA priorities.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
Lao PDR  Revenue Administration	TA in Lao will focus on implementing new legislation and developing and implementing strategies to improve operational performance, in particular taxpayer compliance, risk assessment and audit.	<p>One customs administration follow up mission and one short-term expert visit on customs administration to:</p> <p>(1) assess progress in implementing the reforms recommended by a 2009 IMF mission; (2) assess progress and impact of the TA provided by the IMF customs experts since 2009; (3) recommend further medium-term reform priorities.</p> <p>TA also includes assisting the authorities with implementing policy and procedural reforms, as identified by a mission in May 2009, which includes: (1) process reengineering in association with implementation of ASYCUDA under the World Bank-funded project; (2) procedures to collect VAT at the border; planning, project, and reform management; and (3) compliance management including valuation, risk and selectivity, and post clearance audit.</p>	Following up on an HQ customs and tax administration mission, three short-term expert visits worked with customs administration to implement reforms to the laws, revenue controls, and valuation; and the regional advisor gave guidance on corporate and personal income tax compliance.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Nepal</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program would focus primarily on measures necessary to improve revenue collections in the medium-term, and increase levels of taxpayer compliance. In particular, TA would focus on broadening the tax net (taxpayer registration), increasing the levels of taxpayers filing returns, reducing outstanding arrears, and increasing revenues from audit programs through better audit selection and better trained auditors.</p>	<p>Six month extension of a long-term treasury advisor to implement a treasury single account (TSA), and pilot reforms in two treasury districts.</p> <p>Two short-term expert visits to review progress and update the action plan for TSA implementation, and develop an action plan for further implementation support.</p> <p>Three short-term expert visits on large taxpayer audit to assist with the management of the large taxpayer office to:</p> <ol style="list-style-type: none"> <li>(1) enhance audit capacity, by providing training and technical guidance to auditors;</li> <li>(2) improve risk assessment processes for selecting audits for the annual program;</li> <li>(3) improve measures to monitor the quality of audits;</li> <li>(4) develop and implement a systematic approach to preparing the annual audit program (by risk type, industry sector, etc).</li> </ol>	<p>The resident advisor helped the authorities to establish a central treasury system and a TSA; most accounts in commercial banks were closed, and a detailed plan was drawn up to establish a network of regional subtreasuries that had a capacity building component and computer support (from other donors). Payment and collection processes have been streamlined. The TSA is now effective at the central level and should cover all districts by March 2012.</p> <p>In addition to day-to-day assistance from the regional advisor, who is based in Kathmandu, two short-term expert visits advised on implementing key reforms in the three-year customs reform plan, and also helped train authorities in audits of large taxpayers. The advisor also assisted Nepal with compliance strategies for both tax and customs.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Nepal</b></p> <p>Public Financial Management and Revenue Administration</p>		<p>Four short-term expert visits on customs administration to assist customs management with: (1) developing and implementing a planning and monitoring system for the 2009-2013 reform plan; (2) improve planning and project management capacity in the reform management division; (3) design the post clearance audit in line with international practice; and (4) coordinate with other donors with the objective of their supporting specific elements of the 2009-2013 plan, in particular IT system development and related procedural redesign.</p>	
<p><b>Democratic Republic of Timor-Leste</b></p> <p>Public Financial Management</p>	<p>The program aims to strengthen expenditure management, treasury operations and fiscal reporting, including advising on how to maintain fiscal discipline after devolving expenditure assignments to line ministries and sub-national governments.</p>	<p>One long-term advisor to continue support for modernization of the treasury, and one headquarters led mission to review progress and draft end-assignment report.</p>	<p>The advisor has been instrumental in getting the treasury system established, including accounting and reporting of non-tax revenues. When the TSA was set up, 52% of commercial accounts were closed, while the others were zero-balanced.</p> <p>An FY11 FAD mission provided a roadmap for further treasury reforms. FAD also conducted a PEFA assessment that was much appreciated by the authorities and donors.</p>

Middle East and Central Asia: Safeguarding Financial Resources in Central Asian Countries (JPN104)

Three-year program during FY10-12 to provide technical assistance to help safeguard financial resources and strengthen fiscal institutions in eight countries in the Central Asia region. The program aims to: (1) enhance financial oversight, and establish crisis management and crisis resolution mechanisms, as well as financial safety nets; (2) build institutions and frameworks for medium-term strategic and policy oriented budget management, and assist with the fiscal consolidation effort that is required in response to the global financial crisis; (3) further strengthen the implementation of ongoing budget and treasury reforms, with particular emphasis on improving fiscal reporting, and the introduction of a medium-term budget framework; (4) enhance banking sector regulation and supervision, including the implementation of remedial action for problem banks; and (5) upgrade supervisory practices including the areas of stress testing and early warning systems.

The program finances short-term expert visits, headquarters-led visits, seminars, a resident advisor posted in Kazakhstan, and a regional PFM advisor posted in Uzbekistan, who would provide assistance to Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. For some countries, the program involves scoping missions to identify specific technical assistance needs in the medium-term.

Program Budget for FY10 through FY12	\$4,277,228
Program Budget for FY11	\$1,642,932

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
Armenia  Banking Supervision	The program aims to: (1) introduce integrated medium-term budget and planning frameworks; and (2) improve fiscal reporting, particularly in respect to coverage, classification, and presentation.	Two short-term expert missions to provide assistance with stress testing and contingency planning.	Planned activities have been postponed to the next fiscal year at the authorities' request due to preparations for a regional conference to take place in April. It is expected that activity will pick up in the coming fiscal year, as both authorities have turned their attention to issues under this program and have requested assistance in these areas.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Azerbaijan</b>  Banking Supervision	The program aims to: (1) introduce integrated medium-term budget and planning frameworks; and (2) improve fiscal reporting, particularly in respect to coverage, classification, and presentation.	Two short-term expert missions to strengthen supervision instruments with respect to liquidity risk, bank capitalization, resolution, and provisioning and to develop a strategy for consolidation of the banking sector.	A mission took place, focusing on provisioning and liquidity issues. With respect to a strategy for consolidation of the banking sector, the mission is slated for May 2011, to be carried over into the next fiscal year.
<b>Georgia</b>  Public Financial Management	The program aims to introduce integrated medium-term budget and planning frameworks and improved fiscal reporting, particularly in respect of coverage, classification, and presentation.	Two short-term expert visits to follow-up on a 2010 IMF mission in the area of program budgeting to assist the authorities with developing: (1) a program methodology and associated guidelines; and (2) a program budget classification and a program segment in the chart of accounts.	Preparatory to moving to medium-term budget planning, the authorities have drafted a basic data and directions document that presents fiscal and macroeconomic projects and sector strategies for the next four years.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Kazakhstan</b></p> <p>Public Financial Management and Banking Supervision</p>	<p>The program aims to assist with implementing reforms of the bank resolution legal framework.</p>	<p>One HQ-led mission to: (1) review PFM framework and agree on reform plans; (2) assist with improving the medium term fiscal and budget frameworks, and integrate with the existing three-year budget/planning process.</p> <p>Two short-term expert missions to provide assistance with stress testing and bank restructuring.</p>	<p>The authorities have sought FAD assistance in introducing medium-term budgeting. Training and a FAD mission were planned for mid-2011 to assess what further TA will be needed. They are also working on the documentation for using the GFSM Statement of Sources and Uses of Cash to compile fiscal data.</p> <p>The resident advisor's daily presence is helping strengthen central bank supervisory practices, but he is mainly occupied with advising on how to handle the failure of the largest bank and, with the help of the World Bank, on a strategy for other problem banks. The departure of key personnel has interfered with stress testing.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Kyrgyz Republic</b></p> <p>Public Financial Management and Banking Supervision</p>	<p>The program aims to: (1) upgrade PFM systems ; (2) advise the Ministry of Finance (MoF) on measures to strengthen the budget preparation process and the medium-term fiscal framework, and to manage expenditure arrears; and (3) assist the authorities in effectively implementing a framework for remedial actions and, if needed, for bank resolution.</p>	<p>One short-term expert visit to strengthen budget preparation and integrate the budget with medium-term planning, commitment control and fiscal reporting.</p> <p>One long-term advisor to assist with strengthening bank supervision and in dealing with problem banks.</p>	<p>Work has progressed on drafting legislative and procedural bases for introducing medium-term budgeting, though the forecasting methodology has yet to be integrated into the budget process. The authorities are also working on a new computerized information system capable of producing fiscal reports, which should be ready for rollout in 2012. With the assistance of the program regional advisor, they also plan to address COA-related issues for enhancing report coverage. The authorities are also planning to join the inter-bank settlements system in mid-2011 and close transit accounts. A commitment control system will be introduced together with the new treasury information system (IFMIS) in January 2010.</p>



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Tajikistan</b></p> <p>Public Financial Management and Banking Supervision</p>	<p>The program aims to implement stronger supervisory practices, such as an improved implementation of the Basel Core Principles, enhance capacities to stress test potential crises, and strengthen the legal framework for bank resolution.</p> <p>The program would also be directed to other high priority areas such including implementation of commitment control, cash management, and a full TSA system.</p>	<p>No activities planned for FY 2011.</p>	<p>No activities in Banking supervision planned.</p> <p>The authorities have prepared for submission to parliament amendments to the budget law to require definition of expenditure ceilings in budget preparation and presentation to parliament of an annual fiscal risk assessment report. As recommended by IMF headquarters and the regional advisor, the authorities are now reporting the budget according to the new administrative classification. A functional review of the Treasury is also nearing completion as the basis for designing commitment control and cash management systems. The authorities are closing revenue transit accounts as part of a move to a TSA, and the SOE monitoring unit is fully operational and producing regular reports.</p>
<p><b>Turkmenistan</b></p> <p>Public Financial Management and Banking Supervision</p>	<p>The program aims to:</p> <p>(1) introduce integrated medium-term budget and planning frameworks; and</p> <p>(2) improve fiscal reporting, particularly in respect to coverage, classification, and presentation; and</p> <p>(3) implement stronger supervisory practices in banks.</p>	<p>No activities planned for FY 2011.</p>	<p>No activities planned for FY 2011.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
Uzbekistan  Public Financial Management	The program aims to introduce integrated medium-term budget and planning frameworks. It also aims to assist authorities with cash management, commitment control, Treasury Single Account and other accounting systems.	One visit from the regional advisor to assist the authorities with drafting a new GFSM budget classification.	With assistance from the program regional advisor, for the general government the authorities have drafted a new GFSM-based budget classification; approved a unified chart of accounts, and have prepared draft instructions. The authorities are expanding coverage of the Treasury to most budget institutions, state-targeted funds, and extra-budgetary funds of budget institutions so that they are subject to standard commitment and payment controls; and they are moving to systematize cash planning and management.

## Asia-Pacific Region: Strengthening Macroeconomic Management (JPN201)

Three-year program during FY10-12 to provide training designed to strengthen macroeconomic management in the Asia-Pacific region, by improving the ability of officials to analyze economic conditions, diagnose problems, and design and implement appropriate policies. Training is delivered through the IMF-Singapore Regional Training Institute (STI), and includes courses in macroeconomic analysis and policy, money and financial markets, the external sector, the fiscal sector, and anti-money laundering and combating the financing of terrorism.

The program covers the costs for long-term experts, short-term expert visits, headquarters-based visits, participants, interpretation and translation, and course preparation and delivery time of staff.

Program Budget for FY10 through FY12	\$6,721,131
Program Budget for FY11	\$2,673,781

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Asia and the Pacific— Multiple Countries</b></p> <p>Banking supervision</p>	<p>The program aims to strengthen the ability of Asian officials to analyze economic conditions, and design and implement macroeconomic policies.</p>	<p>Forty-six weeks of training delivered through twenty-nine courses in macroeconomic diagnostics, macroeconomic forecasting, financial soundness indicators, monetary and exchange rate policy, designing effective legal frameworks for problem banks, resolving banking crises, economic policies for financial stability, macroeconomic implications of fiscal issues, financial programming and policies, external sector issues, macroeconomic management and fiscal policy, financial safeguards at central banks, financial markets and new financial instruments, financial programming and policies, government finance statistics, macroeconomic diagnostics, financial programming and policies, monetary and exchange rate policy, macroeconomic management and financial sector issues and others.</p>	<p>Evaluation of the STI training program is highly positive. The average score on course evaluation questions that address the value of the course was 4.6 on a scale of 1 to 5. To gain further feedback, for a sample of courses 12 to 18 months after a course is completed STI sends evaluation questionnaires to participants and the managers in the agency that sponsored their participation. All respondents agreed that the course had helped participants do their jobs better and increased their ability to provide policy advice; participants had shared what they learned with colleagues; and the courses will advance their careers. A clear majority added that as a result of the training participants had been given additional job responsibilities.</p>

## South-Eastern Europe: Strengthening Fiscal Management (JPN103)

Three-year program during FY10-12 to provide technical assistance in the area of public financial management and tax administration to eleven countries in South Eastern Europe (SEE). The program aims to assist these countries with strengthening the implementation of ongoing budget and treasury reforms, and aligning the region's revenue administration with international best practices and EU requirements. Specifically, the program helps countries to: (1) achieve fiscal consolidation; (2) exercise fiscal control and financial discipline; (3) improve allocation of resources through budgeting; (4) increase taxpayers' compliance with tax laws; and (5) provide fair and service-oriented tax administration.

The program finances short-term expert visits, headquarters-led visits, seminars and two regional PFM and Tax Administration advisors posted in Slovenia and a yet to be determined location, who would provide assistance to Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, Serbia, Croatia, Former Yugoslav Republic of Macedonia, Bulgaria, Romania, and Slovenia.

Program Budget for FY10 through FY12	\$6,000,902
Program Budget for FY11	\$2,790,346

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Europe – multiple countries</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program is targeted at further strengthening the implementation of ongoing budget and treasury reforms, and helping to advance the step-by-step adoption of a programmatic approach to budget preparation within a medium-term budget framework. The program also focuses on improving revenue administration by assisting revenue agencies to introduce strategic planning, performance management, compliance and risk management programs, human resource management reforms, and information technology strategies.</p>	<p>One long-term revenue administration regional advisor to provide technical assistance and advice to countries participating in the program, and manage and coordinate the delivery of specialized TA by short-term experts.</p> <p>One long term PFM advisor to assist countries with strengthening fiscal management through visits and headquarters led missions.</p>	<p>Since the global financial crisis, which brought a short-term orientation to country reform priorities, the focus is once again on sustainable fiscal policy over the medium term, and there is a general trend toward new fiscal responsibility legislation and regulation. There is also a general concern with capital budgeting, especially where European Union funds are concerned. Cash and debt management strategies are now in place in most of the countries in the region.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Albania</b>  Public Financial Management and Revenue Administration	The program aims to: (1) integrate improvements in debt and cash manage- ment and treasury reform in support of the wider medium-term budgeting objective; (2) develop a compliance risk manage- ment system; (3) develop operational performance measurement capability; (4) strengthen the large taxpayer operations; (5) improve core business processes; and (5) assist authorities to replace out- dated IT systems.	Two short-term expert vis- its on tax administration to assist the authorities to develop a taxpayer compli- ance strategy based on risk management principles and improve key opera- tional functions in tax- payer services, audit, and collections.	Significant desk-based advice has been provided to the authorities on pub- lic-debt strategy and sup- portive legislation and the advisor has done prelimi- nary work with the author- ities on clarifying and modernizing tax adminis- tration. Budget issues have slowed reform of the IT system.
<b>Bosnia and Herzegovina</b>  Public Financial Management	The program aims to inte- grate the development and implementation of fiscal policy across all levels of central and general govern- ment. It also aims to strengthen a newly estab- lished Fiscal Council's capacity to provide mean- ingful policy advice, and accurate and timely infor- mation on consolidated government finances.	Two short-term expert vis- its and one HQ-led mission to: (1) strengthen capacity to produce consolidated fiscal reports; and (2) assess progress and advise on measures for developing a medium-term budget framework and assess requirement for introduc- tion of fiscal rules.	Authorities have approved a new rulebook on fiscal reporting, and a rulebook has been drafted for the federation. A new Fiscal Council is in place that will coordinate accounting rules so that reports can meet international stan- dards. The advisor and short-term experts have also advised on other aspects of fiscal reporting
<b>Bulgaria</b>  Public Financial Management	The program aims to assist authorities with developing program budgeting and an overall medium-term bud- get framework.	One scoping mission to assess progress in the implementation of pro- gram budgeting and guide on needs for further assistance.	The priority has been put- ting strategic planning capacity in place in the Ministry of Finance, with considerable help from the regional advisor

<b>Beneficiary/ Subject Area</b>	<b>Objectives</b>	<b>FY2011 Work Plan</b>	<b>Activities/Outcomes</b>
<b>Croatia</b>  Public Financial Management and Revenue Administration	The program aims to assist authorities with developing a medium-term budget strategy and program budgeting.	No activities planned for FY 2011.	No activities planned for FY 2011.
<b>Kosovo</b>  Public Financial Management and Revenue Administration	The program aims to assist authorities with: (1) strengthening the capacity of local governments to assume new responsibilities under the government's proposal for fiscal decentralization; (2) developing the debt management capacity of the government; and (3) improving the IT strategy and taxpayer compliance management at the taxpayer organization.	No activities planned for FY 2011.	No activities planned for FY 2011.
<b>FYR Macedonia</b>  Public Financial Management	The program aims to assist the authorities with: (1) implementing a medium-term fiscal/budget framework; (2) strengthening cash and debt management capacity and strategy; and (3) strengthening taxpayer compliance efforts.	One headquarters led mission to assess progress on introducing medium-term budgeting and review existing program budget structure.  Two short-term expert visits to follow –up implement recommendations of a joint HQ/CEF mission.	A program mission has reviewed budget reforms and reached agreement with the authorities on future TA to reform medium-term budgeting, and supportive TA missions are planned. The program has also advised on introducing PBB, on debt management strategy, and on IT system requirements, and the public debt strategy through 2012 has been linked to the medium-term fiscal framework.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Montenegro</b></p> <p>Public Financial Management</p>	<p>The program seeks to support the authorities in strengthening medium-term fiscal forecasting capacity and developing a medium-term expenditure framework.</p>	<p>One headquarters led mission to review progress in developing medium-term budgeting capacity and one short term expert visit to assist in developing a debt management strategy and integrating with medium-term fiscal policy.</p>	<p>An HQ-led team and the authorities agreed on a strategy to introduce an MTBF. A follow up mission assisted with implementing the strategy.</p>
<p><b>Moldova</b></p> <p>Public Financial Management and Revenue Administration</p>	<p>The program aims to support the authorities in the implementation of program budgeting, cash management and macro-fiscal analysis. The program will also assist authorities in the State Tax Inspectorate with improving field organization, risk management, audit, IT systems, and the Large Taxpayer Unit.</p>	<p>One follow-up tax administration mission to assess progress in implementing reforms recommended by previous IMF missions.</p> <p>Three short-term expert visits to assist the authorities to develop a taxpayer compliance strategy based on risk management principles and improve key operational functions, such as taxpayer services, audit and collections.</p>	<p>The tax agency has in place a comprehensive strategic plan on which to base future reforms. TA has also been provided on taxpayer compliance strategies, Moldova is moving to align its operational plans with the strategies, and the regional advisor is assisting with fine-tuning. Once there is a strategic plan for tax administration reform, it is expected that donors will be willing to invest in the IT reform component.</p>



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Romania</b></p> <p>Public Financial Management</p>	<p>The program aims to assist authorities with implementing a fiscal responsibility law (FRL), improving the budgeting process, and strengthening fiscal discipline.</p>	<p>One diagnostic tax administration mission to assist the authorities to develop an information technology reform program; assess progress in implementation of the recommendations of the previous IMF mission (July, 2009); and assess the progress and impact of the TA on high wealth individual (HWI) taxpayers provided by an IMF expert.</p> <p>Two short-term expert visits to assist the authorities to develop a strategy and compliance program for HWI taxpayers.</p> <p>Two short-term expert visits to assist in developing and implementing a compliance regime for high wealth individual tax payers.</p>	<p>The legislature has approved a fiscal responsibility law, and the Fiscal Council is operational. The advisor has made recommendations on what is needed to improve program budgeting. With advisor and FAD guidance, Romania is moving forward with strategic planning for tax administration.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Serbia</b></p> <p>Public Financial Management</p>	<p>The program aims to assist authorities with developing an overall revenue administration reform strategy as well as assist authorities with risk and compliance, IT strategies, audit, and taxpayer services to improve revenue administration. The program will also assist in improving fiscal reporting and debt and cash management.</p>	<p>One headquarters led mission to follow up on PFM reforms and the introduction of fiscal responsibility legislation.</p> <p>One short-term expert visit to strengthen cash and debt management practices in the Treasury.</p>	<p>Following the program's TA, Serbia has an action plan to improve its PFM systems, and with guidance from the regional advisor and short term experts, it is drafting accounting policy for budget institutions, a significant step toward unified general government fiscal reporting.</p>
<p><b>Slovenia</b></p> <p>Public Financial Management</p>	<p>The program aims to support the authorities' transition to a performance-based orientation to its budget processes.</p>	<p>An HQ-led mission to inspect the JSA-financed regional advisor, and assess the advisor's performance against the work plan established for the first year of the assignment.</p>	<p>No activities undertaken for FY 2011.</p>

Western Hemisphere: Strengthening Treasury Management, Fiscal Reporting, and Tax Auditing (JPN105)

Three-year program during FY10-12 to provide technical assistance in the areas of Tax administration and Public Financial Management to four South American countries (Bolivia, Colombia, Paraguay, and Peru). The program aims to assist these countries in continuing and consolidating their efforts to build institutions and frameworks for medium-term strategic and policy-oriented revenue administration and budget management. Specifically, the program would address compliance management and weaknesses in the treasury function, by improving cash and debt management and information management systems (IFMIS).

The program finances short-term expert visits, headquarters-led visits, and seminars to provide assistance to Bolivia, Colombia, Paraguay, and Peru. For some countries, the program involves scoping missions to identify specific technical assistance needs in the medium term.

Program Budget for FY10 through FY12	\$1,516,918
Program Budget for FY11	\$549,295

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Bolivia</b>  Revenue Administration	The program aims to assist the authorities with improving tax compliance, combating tax evasion, strengthening institutional capacity, and enhancing the audit function and customs control.	No activities planned for FY 2011.	No activities undertaken for FY 2011.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Colombia</b>  Revenue Administration	The program aims to strengthen the audit department to better address compliance risks, as well as strengthen tax enforcement and collection.	<p>One revenue administration follow-up mission to take stock of the progress in implementing prior IMF recommendations and provide further advice.</p> <p>One short-term revenue administration expert visit to assist the authorities with: (1) preparing and implementing a compliance improvement plan based on risk management, and (2) strengthening audit strategies, planning and supervising field operations.</p>	A planned follow-up mission was delayed because a new government took office, and there were changes in the revenue management team.
<b>Paraguay</b>  Public Financial Management and Revenue Administration	The program aims to assist with enhancing capacity in the cash and debt management area, as well as modernizing the tax and customs administration.	<p>Three short-term expert visits to assist the customs authorities with: (1) valuation; (2) strengthening post-release audit; (3) further streamlining clearance and export procedures; and (4) making full use of IT to further support the management of core customs functions.</p> <p>One customs administration follow-up mission to take stock of progress in implementing prior IMF recommendations and initial TA on valuation.</p>	TA was provided on implementation of a medium-term fiscal framework, and follow-up short-term expert visits are planned to help the authorities establish a macro-fiscal unit in the Ministry of Finance. Previous short-term visits, funded by another JSA project, already covered debt management. FAD has since provided advice and training to officials of the Debt Directorate on a variety of technical tools.

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Peru</b></p> <p>Public Financial Management</p>	<p>The program aims to assist authorities with implementing a new information management system (IFMIS), and strengthening audit operations and debt collection.</p>	<p>Two short-term expert visits to assist the authorities in developing a conceptual model for the new IFMIS.</p>	<p>A short-term expert made several visits to help the government design an effective new IFMIS, and it is planned that further TA will soon support definition of treasury transactions in the system.</p>

Association of Southeast Asian Nations (ASEAN): Enhancing Regional Stability through Improved Supervision (JPN402)

Three-year program during FY10-12 to provide technical assistance to improve and maintain financial stability within four ASEAN member countries. The program aims to: (1) encourage the convergence and harmonization of supervisory practices with recognized international standards; and (2) introduce a level playing field among the banking system of ASEAN member countries to facilitate financial integration and intermediation.

The program finances short-term expert visits, a headquarters-led visit, seminars and regional advisors posted in Cambodia, Indonesia, Philippines, and Vietnam, who would provide assistance to the four respective countries.

Program Budget for FY10 through FY12	\$6,913,449
Program Budget for FY11	\$2,340,585

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Asia and the Pacific— Multiple Countries</b></p> <p>Banking Supervision</p>	<p>The program aims to promote financial stability by increasing compliance with international standards and use of best practices for banking supervision in such areas as risk-based supervision, prudential regulation, legal structures for resolving problem banks, and crisis management plans.</p>	<p>Eight short-term expert visits to advise and assist authorities with initiating steps to begin addressing identified shortcoming and to provide training to supervisory staff.</p> <p>One long-term resident advisor to continue to provide hands-on and on the job training to banking supervisors including steps to strengthen the regulatory frameworks in ASEAN region countries as well as to continue to provide guidance on enhancing banking supervision and regulation throughout the region. One headquarters led advisory mission to review the work accomplished and set new objectives for FY 2012.</p>	<p>In all four countries, risks and supervisory weaknesses have been inventoried; training was provided on effective supervision, especially writing and communicating reports; supervisory approaches have been enhanced, especially for on-site inspections; and regulations and guidance on new prudential requirements, especially capital adequacy, have been drafted, with the help of resident advisors. Work has begun to draft regulations for crisis management in such areas as provision of liquidity; protection of depositors; advancing recapitalization, restructuring, or liquidation plans; managing impaired assets transparently and effectively; and exit strategies that minimize chances of a recurrence. The authorities are also working on aspects of crisis preparedness.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<b>Cambodia</b>  Banking Supervision	The program aims to assist the National Bank of Cambodia (NBC) with: (1) improving the supervisor's capacity to monitor banking developments; (2) enhancing bank supervision through a risk-based supervision approach; and (3) providing advice on a broader range of supervisory policy issues, including the resolution of troubled banks.	One long-term resident advisor and two short-term expert visits to: (1) continue providing hands-on and on-the-job training to banking supervisors and providing steps to strengthen the regulatory framework; (2) advise on the issue of resolving troubled banks; (3) draw up a framework for enhancing the NBC's capacity to monitor banking developments; and (4) collaborate with the NBC to develop a framework for implementing risk-based supervision.	Supervisory actions recommended by TA experts have been postponed or softened, perhaps because legal protection for supervisors is not adequate, and the legal foundation for corrective action is lacking. Banks still lack effective resolution and crisis management procedures. Considerable assistance has been given on problem bank and bank resolution frameworks. Lack of qualified staff and technical capacity is a major constraint to enhancing effective supervision.
<b>Indonesia</b>  Banking Supervision	The program aims to assist Bank Indonesia (BI) with: (1) strengthening regulatory and supervisory policies to support the implementation of risk-based supervision; (2) enhancing the supervisor's capacity to monitor banking developments and facilitate risk-based supervision; and (3) providing advice on the development of a crisis resolution framework for the banking system.	One long-term resident advisor and two short-term expert visits to: (1) continue to collaborate with the authorities to develop regulatory and supervisory policies to support the implementation of risk-based supervision; and (2) assist the supervisor in developing the new rating system architecture and the underlying methodology and analytical tools.	Banking systems still lack effective resolution and crisis management procedures. More assistance is required to develop risk-based supervision. The resident advisors have helped draft regulations and guidance notes for the implementation of new capital adequacy rules.



Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>Philippines</b></p> <p>Banking Supervision</p>	<p>The program aims to assist the Bangko Sentral ng Pilipinas (BSP) with:</p> <p>(1) enhancing risk-based banking supervision;</p> <p>(2) strengthening the enforcement of prudential regulations to ensure consistency in the conduct of both examination and supervisory enforcement; and</p> <p>(3) improving the capacity of the BSP to identify and resolve problem banks.</p>	<p>One long-term resident advisor and two short-term expert visits to:</p> <p>(1) continue to provide guidance on enhancing the monitoring of off-balance sheet activities;</p> <p>(2) assess the existing legal and regulatory instruments available to the BSP to address banking sector problems in an orderly and effective manner;</p> <p>(3) suggest measures to enhance the current level of crisis preparedness; and</p> <p>(4) suggest measures to strengthen the PCA framework.</p>	<p>The work of the advisors on improving the supervisory approach has been supplemented by peripatetic experts has been able to build capacity for on-site examinations and prepare for prompt action when dealing with weak banks. Considerable assistance has been given on problem bank and bank resolution frameworks.</p>
<p><b>Vietnam</b></p> <p>Banking Supervision</p>	<p>The program aims to assist with strengthening the banking supervision function at the State Bank of Vietnam (SBV) by:</p> <p>(1) identifying and addressing shortcomings in key areas of the supervisory and regulatory framework, including in the organizational structure and supervisory practices and tools;</p> <p>(2) developing the capacity of the supervisory staff to conduct risk-based supervision; and</p> <p>(3) coordinating additional IMF TA as needed, and also with other TA providers.</p>	<p>One long-term resident advisor and two short-term expert visits to:</p> <p>(1) advance responses for weaknesses on key areas of the supervisory and regulatory framework, organizational structure and supervisory practices and tools;</p> <p>(2) initiate steps to begin addressing the identified shortcomings; and</p> <p>(3) provide training to the supervisory staff to develop their capacity in a few targeted areas.</p>	<p>The banking industry and supervisors are still operating under a “command economy” mindset and supervision has been mainly terms of compliance, and the Banking Supervisory Agency has limited absorption capacity.</p>

### Economic and Monetary Community of Central African States (CEMAC): Strengthening Regional Financial Agencies (JPN401)

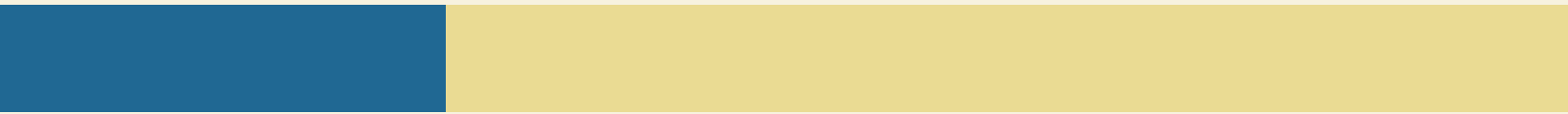
Three-year program during FY10-12 to provide technical assistance to CEMAC to improve regional financial stability, integration, and intermediation in the region in order to help increase economic activity and reduce poverty. Specifically, the program aims to: (1) develop policies and mechanisms to better manage the regional monetary union; and (2) strengthen regional financial supervision and oversight.

The program finances short-term expert visits, a headquarters-led visit, seminars, and a regional advisor posted at the Banque des Etats l'Afrique Centrale (BEAC) located in Cameroon, who would provide assistance to Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon

Program Budget for FY10 through FY12	\$3,543,084
Program Budget for FY11	\$1,871,130

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
<p><b>BEAC</b></p> <p>Public Debt Management and Banking Supervision</p>	<p>The program aims to assist BEAC with: (1) establishing an effective infrastructure for the regional government securities market; and (2) strengthening its research capacity, hence, enhancing its capacity to make well informed policy decisions. The program would also address profound shortcomings in BEAC's governance, especially accounting and internal audit operations, by concentrating on TA in management and operations areas.</p>	<p>One Headquarters-led mission to update and assess the details of TA needed to accomplish the program.</p> <p>One Headquarters-led multi topic advisory mission in foreign reserve management, central bank governance, accounting and internal controls as well as monetary operations and public debt management to strengthen central banking operations.</p> <p>One long-term expert as advisor to the Governor to assist in developing a regional public debt market</p> <p>Eight short-term expert missions on monetary operations, public debt management, and foreign reserve management to implement action plans to develop a regional public debt market, enhance capacity and internal controls, strengthen monetary operations and finalize new draft regulations.</p> <p>One regional seminar on development of regional public-debt market.</p>	<p>MCM presented the TA program that emerged from a late 2010 needs assessment mission at an outreach seminar in January 2011 to brief BEAC decision making bodies. This was followed by technical discussions with senior BEAC and COBAC officials to finalize a detailed TA plan for BEAC reform. MCM also secured support for the plan from French authorities. A long-term resident advisor for BEAC was recruited to begin assignments in early FY2012. The BEAC advisor will give special attention to information and control systems. One short-term expert helped the BEAC accounting department prepare the 2010 financial statements and advised on ways to facilitate short-term liquidity management, and another worked with the BEAC financial operations department to put in place procedures for benchmarked management.</p>

Beneficiary/ Subject Area	Objectives	FY2011 Work Plan	Activities/Outcomes
COBAC  Banking Supervision	The program aims to assist COBAC with: (1) strengthening its off-site analysis capacity and the banking regulatory framework in accordance to the recommendations of the 2006 regional CEMAC FSAP; and (2) strengthening its on-site supervision capacity and implementing the recommendations of the 2006 regional CEMAC FSAP in the area of on-site inspection.	<p>One Headquarters-led bank restructuring/banking supervision mission to assist in addressing restructuring/resolution of a number of banks in difficulty.</p> <p>One long-term bank supervision expert to assist authorities with improving staff capacity, notably on-site inspection, and advise the Secretary General of COBAC on all banking supervisory issues.</p> <p>Three short-term expert missions to assist COBAC with: (1) conducting self assessment of compliance with international standards and implementing reforms to bring supervision in line with international standards; and (2) moving towards risk-based supervision (RBS)</p> <p>Two short-term expert missions to strengthen regulatory framework by assisting COBAC in reviewing and finalizing bank resolution framework.</p>	<p>COBAC made significant progress in reforming its regulatory framework in areas that are essential for financial stability</p> <p>A long-term resident advisor for COBAC was recruited to begin assignments in early FY2012. The COBAC advisor will be working particularly on drafting new regulations in areas like crisis management, and short-term experts will advise on on-site and off-site supervision.</p>



## JSA Technical Assistance Projects

### Projects Completed (49) in FY2011 – Assessments

Africa Region

Beneficiary/Committed	Description	Project Outcomes
<p><b>African Countries – Southern African Development Community (4333)</b></p> <p>\$93,750</p>	<p>The seminar provided information on compiling monetary and financial statistics on Standardized Reporting Forms (SRFs) and helped countries not already producing SRFs to do so. Participants also worked on multiyear work plans for producing harmonized national and regional monetary statistics and identified areas where they would need TA.</p>	<p>Participants were trained in IMF methodology for monetary statistics, with special attention to treatment of microfinance institutions, finance companies, insurance, and E-currency. The instructors conducted a country-by-country analysis of what was needed to compile harmonized statistics and use SRFs regularly.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Africa – multiple countries</b> (2717)</p> <p>\$236,509</p>	<p>Revenue administration experts made six visits, two each to Benin, Burkina Faso, and Cameroon, to help them put in place priority measures recommended during previous Fiscal Affairs Department (FAD) diagnostic missions. The goal was to increase revenue collection by improving compliance by large- and medium-sized taxpayers and broaden the tax base by bringing informal activities into the tax net. The experts advised on reinforcing the medium-sized taxpayer office, segmenting the taxpayer population, finalizing a compliance program for larger taxpayers, and registering more taxpayers. (A third visit planned to Cameroon to advise on customs valuation and risk management issues was not made.)</p>	<p>Progress in Cameroon and Burkina Faso has been good. Both have registered a number of new taxpayers. The compliance rate for large taxpayers is 100 percent in Cameroon and 99 percent in Burkina Faso but is slightly lower for medium-sized taxpayers; however, medium-sized taxpayer offices (MTOs) have now been established in major cities, such as Douala and Yaoundé in Cameroon and Ouagadougou in Burkina Faso. In Burkina Faso, TA-supported registration efforts have brought in 171 new medium-sized taxpayers and 41 large ones. TA has concentrated on formulating performance indicators to better monitor tax office activities and results. In Cameroon, filing and payment systems have been streamlined.</p> <p>In Benin, the operations of the large taxpayer office and the two MTOs needed considerable work, starting with streamlining of the taxpayer segmentation rules and continuous monitoring of taxpayer compliance. Compliance of registered large taxpayers averages 72 to 92 percent, and there has been only limited progress on broadening the tax base. The expert advised on computerizing files, compliance monitoring, regular issue-oriented audits, strengthening tax intelligence activities, and making better use of customs imports to detect and register additional taxpayers.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Africa – multiple countries</b> (2757)</p> <p>\$327,304</p>	<p>The regional PFM advisor is based in Liberia and also covers the Gambia, Ghana, and Sierra Leone. He advises on all aspects of public financial management, from internal audit strategy to budget preparation to charts of accounts, as well as doing general reviews.</p>	<p>Liberia: The Public Financial Management Act and Financial Regulations went into effect, and the Internal Audit Strategy has been revised to reflect the new law. The Ministry of Finance (MOF) has set up an Aid Management Unit, which is collecting off-budget donor funding information and now produces quarterly reports. The advisor has also reviewed the budget execution process and made proposals for, among other things, streamlining the budget calendar to clearly separate different phases and the responsibilities of the parties. The MOF produced its first Budget Framework Paper, which served as foundation for the 2010 budget. A new chart of accounts is being introduced. The advisor also contributed to a Cabinet Paper on creation of a unified accounting department headed by the Comptroller-General.</p> <p>The Gambia: Here, given a slow pace of reform, the regional advisor has concentrated on training personnel in the Ministry of Finance and Planning and the Auditor General's Office.</p> <p>Ghana: The advisor has been reviewing public financial management in Ghana in cooperation with an April 2010 IMF headquarters mission, which has submitted recommendations related to budget formulation and execution and to incorporation of improvements in the planned financial management information system.</p> <p>Sierra Leone: The advisor has been providing support for improving budget execution and for establishing commitment controls.</p>



Beneficiary/Committed	Description	Project Outcomes
<p><b>Africa – multiple countries</b> (4343)</p> <p>\$150,000</p>	<p>A peripatetic expert provided technical assistance to Angola, Central African Republic (CAR), Eritrea, Mozambique, and Namibia on statistics related to balance of payments (BOP), the international investment position (IIP), and external debt. He made one two-week visit to each country. For Angola, Mozambique, and Namibia, which already produce such statistics regularly, the goal was to improve their quality and timeliness, and in the CAR and Eritrea to find ways to start regular production of BOP and IIP statistics and transmit them to the IMF. For all five countries, he helped assess the quality of external debt statistics.</p>	<p>Angola: During the mission, external sector statistics were improved, and the expert helped increase disaggregation of oil company data, despite significant information gaps. He also helped identify sources for expanding data coverage beyond oil companies. During the mission, the recording of public external debt transactions was improved, and the expert left a list of recommended follow-up actions.</p> <p>Central African Republic: External sector statistics were improved during the mission and the expert recommended follow-up actions, but annual data were not being transmitted to STA. The expert helped the authorities map BOP and IIP data to STA templates, since the mission annual data are being produced and disseminated regularly.</p> <p>Eritrea: External sector statistics were improved during the mission and follow-up actions recommended. Annual and quarterly BOP data are now being produced, but not disseminated or transmitted to the IMF. The expert also trained staff on compiling IIP statistics.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Africa – multiple countries</b> (4343)</p> <p>\$150,000</p>		<p>Mozambique: During the mission external sector statistics were improved and follow-up recommendations were presented. Quarterly BOP data are now being transmitted to the IMF. The Bank of Mozambique (BM), the Ministry of Finance (MOF), the National Statistical Institute, and Customs are now coordinating closely, and the MOF was working on giving access to its database on external debt to the BM. Because of improvements stimulated by the mission in the annual financial assets and liabilities survey and the direct investment survey, financial sector data have been improved. The expert also assessed the BM's draft reserves data template.</p> <p>Namibia: As a result of the mission, the principles and classifications used in external statistics surveys are now aligned with the methodology of the IMF Balance of Payments Manual (fifth edition). The Bank of Namibia is working to improve dissemination of information when compilation methodology is refined. With the help of the expert, sector and instrumental presentation of the IIP was improved, and the enterprise survey form was revised. IIP stocks and BOP flows were reconciled for the monetary authority, general government, and bank sectors. (The survey form did not collect adequate information for reconciliation of other sectors.)</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>BEAC</b> (1751)</p> <p>\$155,285</p>	<p>Five short-term expert visits to: (1) assist the regional banking commission (COBAC) in strengthening its on-site supervision capacity and implementing the recommendations of the 2006 regional CEMAC FSAP in the area of on-site inspection; and (2) assist the COBAC in strengthening its off-site analysis capacity and the banking regulatory framework in accordance with the recommendations of the 2006 regional CEMAC FSAP.</p>	<p>COBAC has reported that compliance with prudential rules has increased since the 2006 FSAP, and its capacity to take action against delinquent banks has strengthened.</p>
<p><b>Burkina Faso</b> (2759)</p> <p>\$62,114</p>	<p>Provided two short-term experts to help the authorities prepare a methodological guide for all government units to harmonize their approach to program-based budgeting (PBB) and to spell out performance indicators and program structures; and to make medium-term budgeting more sound, credible, and effective by, among other things, closer links with the Poverty Reduction Strategy.</p>	<p>As advised, the government has created an inter-ministerial budget steering committee and a PBB reform unit staffed by high-level civil servants to pilot reforms and monitor activities daily. The country has also adopted the new regional directives of the West African Economic and Monetary Union on management of public finances in fiscal transparency and accounting regulation. Most recently one of the experts made practical recommendations and produced a manual (technical guide) on how to prepare a program-based Medium-Term Expenditure Framework.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Burundi</b> (2721)</p> <p>\$179,400</p>	<p>Following up on previous TA the advisor visited regularly through April 2010 to help the authorities to close the 2009 accounts, rationalize budget and accounting procedures, finalize budget and accounting procedure manuals, and work to reestablish the treasury single account (TSA).</p>	<p>In January 2010, a treasury general ledger that complies with updated accounting practices was produced. Treasury ledgers are now regularly verified and cash flows are reconciled with government spending reports. Accounting quality controls were put in place, and budgeting and accounting manuals have been updated. The computerized system is gradually being adapted to the expenditure cycle and to revised accounting procedures. The government chart of accounts has been streamlined to make clear pending payments and provisional allocations that must be regularized. Training sessions were organized for all public accountants in 2009. A number of accounts have been merged into the TSA, but there is still considerable resistance.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Burundi</b> (2763)</p> <p>\$62,114</p>	<p>Short-term experts made two visits to diagnose problems in VAT administration and productivity.</p>	<p>The Burundi Revenue Office (OBR) has launched a comprehensive action plan for taxpayer education and assistance, detection of stop-filers, and design of audit and collection performance indicators. The compliance rate for large taxpayers increased from 85 percent in 2009 to 95 percent in 2010, and for medium-sized taxpayers from 70 percent to 88 percent. The experts advised the authorities in writing on increasing the taxpayer list, improving voluntary compliance and the accuracy of returns, and collection enforcement. They also designed a practical approach to assisting taxpayers and educating them about tax obligations and services.</p> <p>The experts helped design a program for auditing VAT credits. They also advised on strategic directions for the OBR in 2011 centered on revenue maximization, taxpayer compliance, developing a competent and effective organization, and adopting effective internal controls.</p>
<p><b>Cameroon</b> (2743)</p> <p>\$59,800</p>	<p>Pursuant to recommendations of an TA mission, an expert made two visits to help the authorities better understand how program-based budgeting functions, draft a program-based budgeting (PBB) manual, and prepare a presentation on the new PBB law for ministries.</p>	<p>A dedicated reform unit was set up in the Budget Office, the PBB manual was finalized, and an indicative program budget was drafted for the Ministry of Forests and Fauna and presented to parliament with the 2011 budget bill. However, progress was slowed because necessary modifications to the financial management information system had not been made.</p>

Beneficiary/Committed	Description	Project Outcomes
<b>Cameroon</b> (2775) \$62,114	Two TA missions in 2010 were designed to help the Tax Department implement a reform strategy to improve the compliance of large- and medium-sized taxpayers and to broaden the tax base.	With the expert's assistance, the Tax Department added 11 large taxpayers, accounting for 2 percent of the Large Tax Office portfolio, and 66 medium-sized taxpayers, accounting for 13 percent of that portfolio. At the end of the second expert visit, action plans to establish additional medium-sized taxpayer offices and to detect large and medium-sized unregistered business were presented to the Director General, who endorsed the plans in principle.
<b>Central African Republic</b> (2784) \$60,000	Two short-term expert visits were organized in 2010 to assist with design and implementation of a three-year action plan for the Tax Department. During the first visit, the expert helped the unit finalize and implement the strategic action plan and elaborate a toolkit to manage the reforms. The objective of the second visit was to assess implementation of the plan and advise on use of the toolkit.	During the first visit, not only was the reform action plan put in place but the expert also recommended accelerating modernization of the Tax Department based on a comprehensive strategy to reinforce the operations of the large taxpayer office and medium-sized taxpayer office; broaden the tax base using the intelligence and audit units; and improve services to taxpayers. The Tax Department also established a project team to monitor and manage the strategic plan. (AFRITAC Central followed up with short-term expert visits to build up the intelligence unit and audit plan.) On the second visit, the expert found only minimal implementation of the reform, but the General Director remained committed to pursuing reform and the authorities agreed with the expert's recommendations and expressed willingness to proceed with department modernization.

Beneficiary/Committed	Description	Project Outcomes
<p><b>Djibouti</b> (2764)</p> <p>\$62,114</p>	<p>To revive a project suspended for capacity constraints and lack of preparedness, a short-term expert undertook a mission to evaluate senior-level buy-in for a medium-term budgeting framework and to identify TA needs to support the process. He reported good collaboration and buy-in but a continued lack of capacity in line ministries to prepare sector plans.</p>	<p>A top-down medium-term budgeting framework has been drafted but it lacked buy-in from most line ministries; it will be shared with the Cabinet for information purposes only. The expert drafted terms of reference for follow-up TA, mainly to build up planning and budgeting capacities in the line ministries. Donors have expressed some interest in supporting the work.</p>
<p><b>Gabon</b> (2776)</p> <p>\$62,114</p>	<p>Two experts visited Gabon to support reforms related to establishment of a pilot medium-sized taxpayer office in Libreville and to building capacity in customs risk management, especially at the main ports.</p>	<p>The tax administration expert advised on preparations for setting up the medium-sized taxpayer office, giving special attention to identifying the portfolio of medium-sized taxpayers. The customs expert helped project managers design action plans for key projects. The project team began to operate customs risk management on a pilot basis, starting with customs declaration selection in Libreville clearance offices and the risks associated with revenue collection.</p>
<p><b>Ghana</b> (2773)</p> <p>\$62,114</p>	<p>Previous TA missions in support of Ghana's ambitious program of tax reform were followed up by two short expert visits to advise the Ghana Revenue Authority on actualizing the planned reform strategy.</p>	<p>During the first visit in March 2010, the expert (who later became the JSA-funded regional tax administration expert) was able to contribute to development and fine-tuning of the reform strategy and to promote the process of integrating the former VAT and income tax services into a consolidated domestic tax service. A visit by a second expert in September focused on instituting robust modernization arrangements for managing the new structure. Both experts worked with the authorities on planning and designing processes.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Malawi</b> (3089)</p> <p>\$31,057</p>	<p>The IMF helped the authorities draft a code that consolidates procedural rules from all the tax laws and blends them with international best practice to provide a legislative framework for modern tax administration.</p>	<p>A good-quality draft law was submitted to the legislature but has yet to go through the complete political process to enactment.</p>
<p><b>Mali</b> (2765)</p> <p>\$124,228</p>	<p>Four short-term expert visits were organized in 2010 to help the authorities enhance the consistency of program structure, classification, and presentation, and of performance indicators. The experts therefore assessed the existing situation based on a sample of programs and informed the authorities on best practices for program-based budgeting (PBB).</p>	<p>The visits identified both strengths and weaknesses. The experts produced detailed assessments of PBB reform for each ministry visited; a methodology for conducting program reviews; a draft circular to establish an inter-ministerial program review committee; and proposals to improve PBB management. They also advised on setting public financial management priorities. The government Public Financial Management Strategy and Action Plan and the sequencing of reforms have since been revised to ensure efficient responses to new directives of the West African Economic and Monetary Union.</p> <p>The expectation is that the ministries assessed will form the initial pilot group for PBB reform, an inter-ministerial committee will be created to audit the programs; and a planned budget information discussion will familiarize members of the National Assembly Finance Committee with expected outcomes of budget reform.</p>



Beneficiary/Committed	Description	Project Outcomes
<p><b>Mauritania</b> (2785)</p> <p>\$60,000</p>	<p>One short-term expert visit addressed the need to reorganize Tax Department headquarters to simplify and clarify organization and functions; the second expert worked on enhancing tax intelligence.</p>	<p>The first expert visit culminated in a proposal for reorganizing the Tax Department headquarters that detailed missions and objectives for each unit; the expert also drafted a manual of procedures. At the expert's departure, the proposal was ready to be submitted to the Minister of Finance. The second expert reviewed the organization, techniques, and methods of the tax intelligence unit and presented advice in a concept paper, incorporating a methodology for effectively exploiting data.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>São Tomé and Príncipe</b> (2767)</p> <p>\$62,114</p>	<p>One short-term expert advised the São Tomé and Príncipe authorities on cash management and another advised on public accounting. The first worked on improving the treasury single account (TSA), reviewing the budget execution module of the financial information (SAFE-e) system; improving coordination between treasury and central bank; and defining procedures to improve cash management. The second reviewed the chart of accounts, evaluate the IT accounting module, and identified training needs.</p>	<p>The first expert prepared an action plan to gradually implement the TSA, describing how to identify all bank accounts outside the TSA and decide which could continue to be independent; improve coordination with the central bank and the banking system; and collect more revenue. The Minister of Finance promptly approved the strategy. The second expert made proposals for improving the chart of accounts, which the authorities implemented immediately. The company responsible for the financial information system also responded promptly to the expert's recommendations. However, there was not enough time to define the financial statement reports and all the necessary accounting procedures.</p>
<p><b>Zambia</b> (2780)</p> <p>\$60,000</p>	<p>In two visits, an expert worked with the Ministry of Finance and Zambian Revenue Agency technical staff on a detailed analysis of value-added tax (VAT) system productivity, particularly in terms of taxpayer compliance and administrative efficiency.</p>	<p>The project mined data from current and former tax administration and customers to identify trends and possible problems. The expert also reviewed procedures for registering for VAT, filing and paying the tax, processing refunds, and exceptions related to imports. The main VAT-related problems identified in the draft report were the poor integrity of the VAT registry, poor filing compliance, weaknesses in the VAT deferral mechanism on imports, information technology system and data entry deficiencies, a problematic refund certification processes, revenue leakages in certain sectors, and the need for more comprehensive reporting and analysis for timely identification of trends and problems. A task force approach has been suggested to speed corrections that are sustainable.</p>

## Asia Pacific Region

Beneficiary/Committed	Description	Project Outcomes
<p><b>Asia and the Pacific— Multiple Countries</b></p> <p>\$299,600</p>	<p>The project aims at building the capacity of tax policymakers and tax administrators in Asian Countries. The project is a four day seminar for twenty Asian countries which will be held in Tokyo with the cooperation of the IMF’s Regional Office for Asia and the Pacific. The seminar’s main theme will be tax policy and tax administration challenges for restoring fiscal sustainability. The seminar is targeted at high-level officials in tax-policy departments and tax administrations and will be delivered using a combination of lectures and panel discussions. It will draw both on expert assessments, including relevant research in the IMF’s Fiscal Affairs Department (FAD), and on countries’ experiences. The seminar will be co-hosted by Japan and the IMF and FAD will prepare the seminar program in close collaboration with the Ministry of Finance of Japan.</p> <p>The goals of this project are to improve the understanding among high-level officials in tax policy departments and tax administrations on necessary reform measures to restore the fiscal sustainability. At the end of the seminar, participants are expected to have knowledge on possible tax policy options that improve fiscal positions, knowledge on best practice of tax administrations that improve tax compliance and better understanding of country experiences.</p>	<p>In 10 sessions (January 11–14, 2011), the seminar covered tax policy and tax administration challenges for restoring fiscal sustainability. It was attended by 39 senior officials, who are heads of tax policy departments and tax administration agencies. Presenters and panelists included IMF senior staff; senior officials from the Japanese Ministry of Finance and Japanese academics, the Global Forum, the Asian Development Bank, and the Japanese Bankers Association; and participants from Australia, China, Nepal, and Singapore. Participants showed keen interest and readily exchanged experiences.</p>

Beneficiary/Committed	Description	Project Outcomes
<b>Bangladesh</b> (3090) \$30,000	<p>An expert made two visits to Bangladesh, first to help the authorities draft a value-added tax (VAT) law as part of the country's reform of its indirect tax system, and then to finalize the draft after the authorities had made amendments, particularly to administrative provisions.</p>	<p>The work of the expert with the VAT drafting team had a significant educational component as the team met regularly to discuss aspects of the taxes to be incorporated into the law. Since the law had to cover VAT, excise tax, turnover tax, and tax administration, though the preliminary draft incorporated notes, it was not supplemented by a detailed explanatory statement. However, this was begun on the second visit in December 2010 during face-to-face meetings that resulted in a solid sense of ownership. The revision of the initial draft was released on the government web site in January 2011 for public comment. The goal was for the law to be introduced in mid-2011, though not necessarily for it to take immediate effect.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Cambodia</b> (2755)</p> <p>\$217,399</p>	<p>An expert made three short-term visits to work with the authorities on improving: (1) accounting and reporting on government investments; (2) recording of cash advances; (3) recording of non-tax revenue and donor-funded projects; and (4) the timeliness and coverage of the monthly fiscal report. Two other experts undertook four missions to help the authorities: (1) ensure that the commercial bank pilot proceeded successfully; (2) facilitate establishment of a treasury single account (TSA); and (3) improve cash forecasting.</p>	<p>A new chart of accounts implemented successfully for the central government allows for transparent accounting for all transactions, and there has been significant, though slow, improvement in public financial management. Most general government transactions are incorporated into the national budget and reported on monthly. Debt data have been satisfactorily integrated into the accounts, and a monthly debt service statement is sent within the following month to the National Treasury. However, externally financed capital expenditures are still outside the normal budget process. As of June 2010, all but four bank accounts had been consolidated in the TSA and those four were all provincial. Efforts have been made to get better data on nontax revenues and ensure that they are getting deposited into the TSA, but responsibilities for accounting and verification have not yet been clearly assigned. Steady progress has been made in using the commercial banking system to facilitate government financial transactions—tax and customs revenues are now paid principally through the banking system—and cash flow forecasting is better, with seasonally adjusted forecasts being produced.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Democratic Republic of Timor-Leste</b> (2772)</p> <p>\$291,804</p>	<p>A resident advisor has been continuing previous work guided by the IMF on: streamlining organization of the Ministry of Finance (MoF) and line ministries; transferring knowledge to treasury staff; improving financial management information systems (FMIS); modernizing financial management law; optimizing the treasury single account (TSA); and decentralizing policies and procedures for treasury functions to municipal governments.</p>	<p>The Treasury Director has begun to delegate payment functions to senior staff and procedures have been streamlined. Though not providing training directly, the advisor guided MoF staff in defining training priorities and providing training to other ministries. He also supported the Treasury Director and the Minister in improving the FMIS modules related to payroll and reconciliation of revenues and expenses; the system is now used by line ministries and by the Treasury to monitor budget execution.</p> <p>The Budget and Financial Management Act enacted in October 2009 (with intensive drafting help from the advisor) deals among other things with opening bank accounts, government borrowing, the budget calendar, the creation of special funds, and penalties for violations by civil servants. The adviser worked on updating regulations to improve collection of non-tax revenues, control of cash advances, payroll deposit into bank accounts (now being done for more than 60 percent of public employees), and bank account reconciliation. The act also called for deposit of all financial resources in the TSA. For the first time ever, the treasury has identified all accounts of public entities in commercial banks and defined a strategy for eventually transferring those assets to the TSA. Meanwhile, the government is moving cautiously to decentralize certain treasury functions to local governments by doing preparatory work for the 2013 local elections. The adviser worked on regulations for local procurement, adaption of the FMIS, and related issues.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Indonesia</b> (1749)</p> <p>\$285,804</p>	<p>The current emphasis of this continuing program to help the Bank of Indonesia (BI) reform the way it regulates banks is on risk-based supervision. The BI is upgrading its curriculum for training supervisors and doing on-the-job training led by the advisor and using a “train the trainers” format. During this phase of the project, the BI has issued regulations related to bank liquidity risk management, prudential principles for creating and selling structured products, and use of International Accounting Standard 39 to govern loan loss provisioning.</p>	<p>New regulations provide a basis for more forceful bank risk management practices. The final versions incorporate recommendations of the resident advisor. In overhauling its system for monitoring individual banks, the BI has also agreed on a new rating system with both quantitative and qualitative elements, as well as an audit work plan, a summary of major supervisory concerns, and a significantly enhanced process to determine the strategy for supervising each regulated entity. It is also drawing up a supervisory handbook for which chapters on credit, interest rate risks, and liquidity risks are already completed and chapters on capital and legal risks are being drafted.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Maldives</b> (1752)</p> <p>\$124,228</p>	<p>An expert made four four-week visits to help the Maldives Monetary Authority (MMA) build its capacity to resolve problem banks at an early stage; approve licenses; conduct on-site examinations; carry out off-site analyses; and refine the structure, staffing, and governance of its Financial Sector Division.</p>	<p>During the first visit, the expert prepared formal licensing guidelines for presentation to the MMA Board, led an on-site inspection of the second largest bank, and gave staff guidance on formal written reports using standardized formats. During the second he advised the MMA on early intervention methods; the MMA board approved the guidelines for license applications; he led another on-site bank inspection; and he gave extensive guidance on off-site analysis and reporting and on planning supervisory strategies. During the third visit, he coached staff on what they had learned previously and helped to prepare, among other documents, a banking law briefing paper, a letter to all banks clarifying the scope of regulation, and an Islamic bank analysis memo. During the final mission, he prepared a formal Response Policy paper centered on early intervention and made recommendations to improve MMA staffing and structure and reinforce off-site surveillance.</p> <p>The MMA has applied many of the concepts and methods the expert espoused, although it is not yet ready to exert firm regulatory authority. However, among other factors, the formal licensing guidelines are in place and the plan for on-site inspections has been adopted. Staff is also better prepared to produce examination reports.</p>



Beneficiary/Committed	Description	Project Outcomes
<p><b>Maldives</b> (1752)</p> <p>\$124,228</p>	<p>An expert made four four-week visits to: (1) help the Maldives Monetary Authority (MMA) launch open-market operations to control liquidity; (2) help improve MMA policy decision-making by taking into account macroeconomic and market developments and setting indicative targets to build monetary operations; (3) improve the technical aspects of the available monetary instruments; and (4) coordinate with an IMF mission related to the Stand-By Arrangement (SBA) to strengthen open-market operations and review aspects reserve requirements.</p>	<p>On the advice of the expert, the MMA adopted a comprehensive set of policies, discontinued budget deficit monetization, introduced Deposit and Lombard facilities; and discontinued the Repurchase and Rediscount facilities. The first auction for reverse repurchase agreements was successfully carried out after the first expert visit. During the second visit, the MMA launched its first sovereign bond in foreign exchange on non-concessional terms. During the third, the Monetary Policy Commission (MPC) was fully activated, adopted the new facilities and discontinued the old, and made technical changes to minimum reserve requirements in response to the adviser's proposals designed to make them easier for both MMA and the banks to manage, which helped stimulate interbank transactions and lower the need for excess reserves. Banks started using the overnight deposit facility at once. The MPC later presented regulations for measures to actively control liquidity; and excess liquidity has indeed declined.</p> <p>During the fourth adviser visit, quarterly and annual quantitative indicative targets were set, in agreement with the SBA mission, for both the monetary base and net foreign assets; however, there are no formal targets. The expert also provided numerous recommendations that the authorities are taking under advisement. However, scarcity of reliable data and rapid changes in conditions made it impossible to undertake desired surveys and analysis to support policy and decision-making.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Mongolia</b> (2777)</p> <p>\$66,614</p>	<p>A tax administration advisor made two three-week visits to advise the Large Taxpayers Office (LTO), on the audit function particularly; 70 percent of Mongolia's tax collections come from 170 companies, mainly in the mining sector.</p>	<p>After the expert's visits, the government decided to place the mining tax unit within the LTO, bring another 30 companies into the LTO, restructure the LTO audit department in line with good international practice, and modernize the audit process. The advisor also trained LTO staff in modern risk assessment procedures and LTO auditors in basic methods for auditing corporate income tax.</p>
<p><b>Mongolia</b> (2792)</p> <p>\$121,995</p>	<p>The Budget Planning Advisor (resident in Ulaanbaatar since mid-2009) had earlier identified the main challenges to the introduction of medium-term and program budgeting. In this phase, he drafted a plan to introduce the new approaches to budgeting and elicited buy-in from the authorities</p>	<p>The advisor provided substantial assistance in the design and implementation of the new budget preparation information system, emphasizing reforms to maximize its benefits, such as a new chart of accounts and coordination between the budget and treasury information systems. He has also helped to train Ministry of Finance and line ministry staff and has planned and conducted several financial management courses. He has been instrumental in promoting other improvements to budgeting, such as giving ministries more flexibility in, e.g., shifting spending within the budget. Throughout, he has emphasized reforms that recognize MOF capacity limitations. The advisor also serves as subject matter expert on the MOF project management team working on the new budget preparation information system. He spearheaded creation of the now-operational Public Finance Training Center.</p>

Beneficiary/Committed	Description	Project Outcomes
<p data-bbox="180 577 267 640"><b>Nepal</b> (2727)</p> <p data-bbox="180 703 267 745">\$93,171</p>	<p data-bbox="446 577 966 892">The project was designed to build the audit capacity of the Large Taxpayer Office (LTO) of Nepal's Inland Revenue Department (IRD) by upgrading auditor skills and audit planning and then to progressively extend audit capacity building to other IRD functions. An IMF Fiscal Affairs Department (FAD) large taxpayer audit specialist made three visits to help the LTO build its ability to sustain continuing improvements.</p>	<p data-bbox="966 577 1459 997">A more systematic approach to audit selection and greater technical competence helped raise revenues by 195 percent between 2008 and 2009 and raise average revenue per case by 47 percent. Sustaining improvement is complicated by a policy designed to discourage corruption that requires regular reassignment of auditors to other departments after a relatively short time in position. The authorities have attempted to keep auditors within the LTO in other functions to retain institutional knowledge.</p> <p data-bbox="966 1018 1459 1438">Nevertheless, compliance is improving, as are staff skills. All LTO staff were trained in basic techniques, 17 were trained in best practices for indirect methods for auditing income, and 7 in transfer pricing. The expert also trained staff in the small and medium taxpayer areas in transfer pricing and indirect auditing and helped the LTO draw up indicators to monitor audit performance and undertake quality assurance reviews of completed audit files. She also trained 5 LTO managers in audit measurement techniques.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Nepal</b> (2760)</p> <p>\$302,084</p>	<p>In mid-2009, the IMF Fiscal Affairs Department posted a resident treasury advisor in Kathmandu for 10 months to support use of the treasury single account (TSA) to optimize management of government resources and minimize borrowing costs. A peripatetic advisor backstopped the project. Particular problems in Nepal are the Treasury's outdated computerization and poor communication infrastructure generally. The project, therefore, began with a single-district pilot and was followed by gradual expansion, supported by training of district Treasury officials. It was generally technology-neutral but the government did install a small power generator and fax machine in each district for continuous operation and communication with the central bank.</p>	<p>Despite political instability and unreliable capacity, the TSA for expenditure was implemented in two pilot and six other districts (a total of 11 had been planned). It is being extended ahead of schedule to revenues in those eight districts, and checks are now being generated by computer. Draft operational guidelines for the TSA are in place, and rollout to all 75 districts is scheduled for completion by March 2012. The advisor has carried out 20 training sessions for treasury officials and has supported the government in preparing successful financial requests to the World Bank and the Government of India.</p>
<p><b>Nepal</b> (2774)</p> <p>\$93,171</p>	<p>Three visits from FAD short-term experts followed up on previous TA to help the customs administration implement priorities in its 2009–13 reform and modernization plan (the third visit was terminated early because of a protracted general strike carrying a security risk). The experts in particular shared their technical expertise in using a project management approach to planning and monitoring implementation.</p>	<p>A meeting was held with development partners to explain the objectives in the 2009-13 plan and generate donor interest in support. Planning at the corporate level has been satisfactory but individual directorates need to do more to specify annual action plans. With the experts' advice, a system is now in place to consolidate reports from field offices into monthly national reports for management review. The department has established a stakeholder liaison committee that will meet quarterly, and access to information on the reform program on the department website is being improved.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Papua New Guinea</b> (1741)</p> <p>\$155,285</p>	<p>This continuation project addressed weakness in financial accounting and reporting and in the arrangements for managing foreign exchange reserves at the Bank of Papua New Guinea (BPNG). The IMF Monetary and Capital Markets Department (MCM) deployed two external experts to advise on procuring and installing the comprehensive reserves management system (CRMS).</p>	<p>The MCM experts helped with defining vendor qualifications, reviewing bids, and surveying previous vendor customers. Once the system was installed, they participated in three of five User Acceptance Tests. The CRMS went live for in-house management investments in May 2010 but BPNG staff are not yet skilled enough in information technology and risk management to take full advantage of it.</p> <p>The experts also advised the BPNG on preparing annual financial statements to fully comply with the IFRS.</p>

Beneficiary/Committed	Description	Project Outcomes
<b>Pacific Financial Technical Assistance Center (PFTAC)</b> (4345)	<p>The primary objective of this multiyear project is to build up the capacity of the 15 PFTAC member countries to produce national accounts (NA), prices, balance of payments (BOP), and external debt statistics; monetary and finance statistics (MFS); and government finance statistics. However, the demand far exceeds the supply of TA. Ad hoc remote TA is given as requested, but onsite missions are scheduled according to how countries prioritize particular topics and whether they will be able to sustain improvements for statistics. The two successive multi-sector statistics advisors (MSAs) undertook eight missions on BOP and NA in seven countries; presented a regional BOP training seminar attended by 20 participants from 12 countries; and arranged and backstopped nine missions of short-term experts to seven countries. The MSA is now a member of the Pacific Statistics Steering Committee, which helps coordinate efforts by TA agencies, donors, and national statistical systems. He also coordinates closely with the Secretariat of the Pacific Community when it advises on NA and price statistics.</p>	<p>The number of staff working on macroeconomic statistics has been increased in seven countries, though staff turnover is a problem. Most PFTAC members have identified training as a high priority, and wherever possible on-the-job and seminar-based training is part of every MSA and short-term expert mission. With the help of the MSAs, most countries in the region have significantly improved their compilation methods despite limited source data. The MSA has also been giving TA on better use of source data and transition to the Balance of Payments Manual (sixth edition). He also constantly gives ad hoc advice on implementation of mission recommendations for improved source data.</p>
\$320,788		

Beneficiary/Committed	Description	Project Outcomes
<p><b>Viet Nam</b> (2723)</p> <p>\$239,200</p>	<p>The project financed a tax administration expert to support the General Department of Taxation in two major tax administration reforms: a new personal income tax (PIT) and creation of a Large Taxpayer Unit (LTU) with its own offices. The expert made eight visits of up to four weeks each.</p>	<p>The PIT became effective as scheduled on January 1, 2009, and is well aligned with IMF Fiscal Affairs Department (FAD) recommendations. The LTU became operational on January 1, 2010, but institutional and legal barriers to its effectiveness remain. The PIT significantly broadened the tax brackets while lowering the top marginal rate, and capital income is now taxed, but there are tax allowances for dependents, and small businesses can now be taxed under the PIT rather than as corporations. Tax identification numbers are being issued and it was expected that all individuals would be registered expeditiously. Introduction of PIT was supported by an extensive publicity campaign and training for tax officers.</p> <p>The new LTU monitors 35 corporate groups and their 400 subsidiaries, all of them state-owned, which together account for about one-third of total tax revenue. Although given legal and organizational difficulties its current role is primarily monitoring and analysis, it is a practical first step toward full adoption of international good practices. Among its priorities were to draw up a risk assessment protocol for large taxpayers and design a methodology for coordinated audit of large taxpayer parent and subsidiaries.</p>

## European Region

Beneficiary/ Committed	Description	Project Outcomes
<p><b>Europe – multiple countries</b> (4338)</p> <p>\$93,750</p>	<p>They conducted a three-week training course on monetary and financial statistics (MFS) for former members of the Soviet Union; it was held in Tula, Russia. Because the quality of MFS data compilation and reporting was inadequate, the project provided training on both conceptual and practical aspects of compiling MFS.</p>	<p>The course was attended by 21 participants from the central banks of 10 former-USSR members and by representatives from the Russian Federation Ministry of Economy and the Russian Federal State Statistics Services. They expressed a very high level of satisfaction, particularly with the mix of presentations on statistical methodology and uses of financial statistics, though some would have liked more workshops and practical exercises. Several of the countries present planned to adopt the methodology of the IMF Monetary and Financial Statistics Manual and report data to the IMF in standardized formats. Participant presentations of their own country statistics were considered very useful.</p>



Beneficiary/Committed	Description	Project Outcomes
<p><b>Moldova</b> (1755)</p> <p>\$285,804</p>	<p>A long-term advisor (LTA) help the National Bank of Moldova (NBM) adopt a simple, structured Forecasting and Policy Analysis System (FPAS) to enhance decision-making, assess the appropriate stance of monetary policy at any given time, and enhance the transparency and credibility of monetary policy. The FPAS would begin by supporting monetary targeting but would also pave the way for inflation targeting. The LTA's first year was financed by the Financial Sector Reform and Strengthening Initiative (FIRST). The LTA gave NBM staff intensive hands-on training in statistical and econometric techniques, which resulted in a new methodology for dealing with core inflation, and presentation to NBM management of two trial issues of the Policy Document and a first draft of an Inflation Report.</p> <p>As the staff works on more such documents, their analytical content is likely to be refined.</p>	<p>The new governor and vice-governor appointed in late 2009 have committed to gradually adopting inflation targeting, and a new IMF program was initiated in January 2010. NBM authorities now publish monthly press releases explaining policy decisions and a quarterly Monetary Policy Report of the current situation and likely medium-term changes. They have restructured the Department of Monetary Policy and Research to be more responsive to new challenges and have built a simple macroeconomic model to provide consistent medium-term forecasts. However, the NBM still needs to address such long-term financial stability issues as banking system vulnerability and analysis of non-bank financial institutions. An internal working group is now working to put together a comprehensive central database.</p> <p>Throughout the project, the LTA has lectured regularly on macroeconomics, econometrics, and dynamic models and guided staff through practical model building exercises and time series analyses.</p>

## Middle East And Central Asia Region

Beneficiary/Committed	Description	Project Outcomes
<p><b>Afghanistan, Islamic Republic of</b> (2783)</p> <p>\$62,500</p>	<p>At the request of the authorities, during two visits, an expert advised the Afghan Customs Department (ACD) on coordination and project management for various donor projects; rationalization of agencies at borders; changes to ACD headquarters organization; and drafting of risk-based post-clearance audit procedures.</p>	<p>The expert supported the ACD in drafting and submitting to the Council of Ministers a proposal for border agency rationalization and clarification of the role of each ministry operating at the borders. The expert also advised on headquarters reorganization. A reform coordination unit has been established in the ACD and its head has been appointed. The expert also presented a revised model for ACD governance and across donor projects through the unit. For the 2010/11 year, revenue to GDP increased from 6.9 percent of GDP to 8.9 percent. Nominal customs collections increased by 50 percent, primarily because of administrative improvements.</p>
<p><b>Afghanistan, Islamic Republic of</b> (4337)</p> <p>\$61,057</p>	<p>To improve the accuracy of Afghanistan's national accounts, an expert held a two-week workshop for seven officials of the Central Statistics Organization (CSO). It was held in the Nepali Central Bureau of Statistics in Kathmandu, which allowed the CSO staff to discuss with Nepalese technical staff institutional and technical issues related to compiling economic statistics. The goal was for the CSO to compile better gross domestic product (GDP) estimates.</p>	<p>A workshop provided hands-on training in concepts, definitions, classifications, and exercises on the compilation of indices. Despite limited data, estimates of GDP for certain industrial classifications were finalized for 2007/08, revised GDP estimates for 2008/09 were prepared, and preliminary estimates were made for 2009/10, in addition to compilations of estimates of household consumption, government consumption, and gross fixed capital formation. Methodologies for estimates were also reviewed, and a work plan for the following two years was drafted.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Afghanistan, Islamic Republic of</b> (4339)</p> <p>\$122,114</p>	<p>Two two-week technical assistance workshops for officials from the Ministry of Finance (MOF) and the Central Statistics Office (CSO) to improve the capacity of the staff of the Government of Afghanistan in compiling government finance statistics (GFS).</p>	<p>Government finance statistics for all subsectors of the general government are being collected and compiled annually. The data on some subsectors are not comprehensive yet as some smaller municipalities do not report regularly to the central authorities, and the report forms require improvements. Incomplete data are available from international donors on their aid in kind. Monthly reporting of budgetary central government data to the Fund has started end of 2009. The MOF has started implementing practical measures to compile quarterly general government data, and reporting these data to the Fund is expected to take place by mid-2011.</p>
<p><b>Kyrgyz Republic</b> (2787)</p> <p>\$62,500</p>	<p>Two short-term assignments provided TA on safeguarding revenue from the largest taxpayers.</p>	<p>The first expert visit looked primarily at issues related to Large Taxpayer Unit (LTU) criteria and the staffing necessary to support an expanded tax base; considerable effort was expended on getting current information and clarifying that participation in the LTU was voluntary. The expert recommended that the State Tax Service (STS) create a project team to establish a proper LTU base using staff that currently managed non-LTU large taxpayers. On the second visit, despite major political upheaval, the expert was able to advise on re-establishing a strategy and action plan to ensure that the LTU is expanded to manage 60 to 70 percent of domestic revenues. The STS has instructed its regions to identify large taxpayers who meet the LTU criteria and prepare to transfer their files. The expert also drafted a workload assessment framework as the basis for estimating both staffing and budget needs; this was reviewed with the authorities.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Middle East and Central Asia, multiple countries</b> (4332)</p> <p>\$300,804</p>	<p>The adviser in this project extension was based in Syria and undertook peripatetic missions to Lebanon. His main task was to help the authorities improve the quality of national accounts estimates, particularly in relation to constant price estimates, and to provide training through workshops and on-the-job training. Another major role was to work with the authorities to better coordinate the statistical work of all government agencies.</p>	<p>In Syria, with the assistance of the adviser new GDP series covering 2000–2008 were compiled at current and constant prices and using both production and expenditure approaches, and staff of the National Account Directorate and the Economic Surveys Director of the Syrian Central Bureau of Statistics were trained. A Supply and Use Table was compiled for 2007 to check the comprehensiveness of the GDP estimates and assess the size of the informal sector. Also, new surveys were introduced covering manufacturing, wholesale and retail trade, transport, and construction. However, the economic surveys do not yet cover public enterprises.</p> <p>In Lebanon, despite delays in implementing the advisor’s recommendations and a lack of commitment by the authorities to collecting source data, current price estimates of value added for manufacturing, trade construction, and services activities were compiled for 2004–2007 based on previous economic surveys. The adviser provided detailed guidelines on how estimates should be derived.</p>

Beneficiary/Committed	Description	Project Outcomes
<p data-bbox="180 583 467 674"><b>Middle East and Central Asia – multiple countries</b> (4344)</p> <p data-bbox="180 743 277 772">\$70,000</p>	<p data-bbox="496 583 961 1119">The IMF Statistics Department presented a three-day workshop in Baku, Azerbaijan, on use of the General Data Dissemination System; it was attended by participants from seven Middle Eastern and Central Asian countries. Faculty explained the realignment of data categories and the desired periodicity and timeliness of each category. They also worked with individual participants on preparing National Summary Data Pages (NDSPs) and Advance Release Calendars (ARCs) for publication on national websites and how to hyperlink to the IMF Data Standards Bulletin Board (DSBB). Participants had ample opportunity to exchange ideas about managing the challenges.</p>	<p data-bbox="987 583 1445 804">All participants agreed to fully adopt the NSDP and the ARC and rewrite their plans for improvement, though adoption of some new data categories will take time. Countries agreed that a major problem would be to get the national entities that generate statistics to cooperate.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Middle East Technical Assistance Center (METAC)</b> (2778)</p> <p>\$335,804</p>	<p>The resident revenue administration adviser (RAA), based in Beirut, organized regional workshops, seminars, study visits, and training; identified and supervised TA by short-term experts; provided expert advice on site in member countries; and was a member of IMF Fiscal Affairs Department (FAD) missions to member countries.</p>	<p>The RAA has provided support for tax and customs administration to all 10 METAC member countries in such operational areas as collection and arrears management, risk-based audit programs, taxpayer segmentation, preparations for adopting the VAT, integrated information technology support, customs organization, and border management. Average execution of the RAA work plan has been 92 percent.</p> <p>Eight of the 10 METAC members (all but Iraq and Libya) have put in place tax administration reform strategies, and member countries are working to harmonize their strategies. Most of the country strategies are aligned with FAD advice. A workshop on modern approaches to taxpayer service delivery held in Beirut was attended by senior officials from all METAC member countries. The project also sponsored participation by Egypt, Lebanon, Syria, and Jordan at a regional Francophone conference in Dakar on management of risk-based audits and tax compliance.</p>

Beneficiary/Committed	Description	Project Outcomes
<p data-bbox="190 583 444 705"><b>Middle East Technical Assistance Center (METAC)</b> (1758)</p> <p data-bbox="190 772 285 800">\$280,788</p>	<p data-bbox="496 583 954 1184">A resident adviser was appointed to help METAC member countries draw up plans to improve the functioning of primary markets; improve liquidity in secondary markets for government debt; support capital markets generally; design and deliver debt management and debt market capacity building workshops and seminars; draft plans to strengthen public debt management; and advise on coordination of debt management and monetary policy. The advisor first visited Syria, Afghanistan, Yemen, Libya, Sudan, Jordan, West Bank and Gaza, and Lebanon to assess their needs. Two short-term experts from Jordan were also appointed to transfer Jordan's experience. However, regional workshops planned for February and April 2011 were postponed.</p> <p data-bbox="496 1220 954 1373">Since TA needs were identified by the authorities in the countries, there was a commitment that they would cooperate in implementing them. Project work plans are adjusted as country priorities are revised.</p>	<p data-bbox="987 583 1451 674">Authorities in the region, generally, were enthusiastic about the training and advice provided.</p> <p data-bbox="987 709 1451 926">Afghanistan: The project studied the feasibility of a Shariah-compliant debt management market, particularly for Sukuk, including the capacity of the Central Bank to manage issuance and provide training; reviewed the relevant laws; and provided a report to the authorities.</p> <p data-bbox="987 936 1451 1052">Lebanon: The project made recommendations on Lebanon's draft debt management strategy. Lebanon published the strategy in March 2011.</p> <p data-bbox="987 1062 1451 1528">Libya: By law, Libya has no debt. The project provided TA on, and later written procedures for, steps to create an auction system for issuing CDs and introduce an interbank market. The advisor made a presentation to the banks about auction rules; drafted a statement for the Central Bank that banks were allowed to trade CDs; and met with banks operating in Libya. Later the adviser delivered to the Central Bank a detailed operating manual complete with all necessary forms, trained central bank managers, and offered separate workshops for general managers and for treasurers of commercial banks.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Middle East Technical Assistance Center (METAC)</b> (cont'd)</p>		<p>Syria: Advised on debt management and issuance of bonds, particularly pricing and timing for trading in the secondary market. Syria issued its first treasury bills and treasury bonds in December 2010 and the next month published a calendar for 2011 issuance. The adviser provided hands-on training on introducing a retail debt program. The adviser also delivered to the Central Bank a manual on managing money market, repo, and reverse repo operations; estimating market liquidity; and Central Bank facilities for implementing monetary policy. He also advised on money market development.</p> <p>West Bank and Gaza: A TA mission to Ramallah, led by MCM, reviewed plans, advised on what would be needed to create a government securities market, and sent a report to the authorities. The advisor followed up with a training course for the Palestinian Monetary Authority and the Capital Market Authority on financial markets, issuance, secondary markets, and debt management.</p> <p>Yemen: A mission provided hands-on training in debt management to Ministry of Finance debt departments; reviewed the organizational structure for debt management; and commented on the draft law. It also held a workshop on public debt management for officers of the Central Bank and the Ministry. The advisor later worked with the Central Bank on developing an interbank market and drafted instructions to banks on averaging the reserve requirement for issuance.</p>
\$280,788		



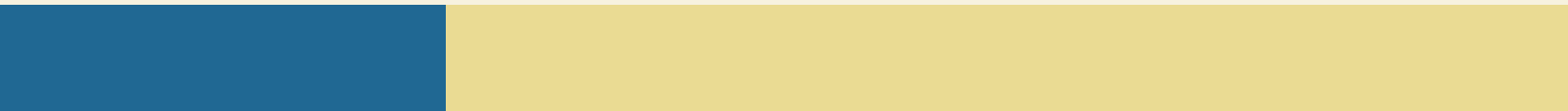
Beneficiary/Committed	Description	Project Outcomes
<p><b>Turkey</b> (2730)</p> <p>\$221,500</p>	<p>Four visits by short-term experts built upon previous TA-inspired reforms to help the authorities improve business plan development, tax directorate oversight, and linkage of activities to the strategic plan, and to establish pre-refund credibility for VAT claims built around taxpayer risk. (A fifth scheduled visit was deemed unnecessary.)</p>	<p>The Revenue Authority (RA) prepared a new strategic plan for 2010-13; worked with trial business plans for audit, collection, and taxpayer services; and established a commissioner-led board to drive and monitor business planning. A performance-based budgeting system was put in place, as was a new input-credit-claim VAT risk model, and quality challenges were identified that are being addressed. The commissioner has been actively involved. The RA's first modern risk management system; it not only combats fraud but also reduces burdens on taxpayers. The system will also generate other management data, such as inventories and audit lengths. The plan includes analysis of the impact of the new system on audit staff.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>West Bank and Gaza</b> (1747)</p> <p>\$62,114</p>	<p>An IMF Monetary and Capital Markets (MCM) adviser and an external expert reviewed progress on implementation of previous MCM recommendations on reserve management and collected information on which to base a concrete implementation plan and work program for continued TA from the external expert.</p>	<p>The PMA had streamlined the transaction process, introduced credit exposure limits, and separated the Back Office from the Front Office but primarily because of staff turnover and a shortage of experienced prospective staff had not yet established a Middle Office or implemented the Basic Guidelines for Reserve Management. However, reserve management policies are being drafted. The mission also set out a plan for the expert to return several times to help with policy drafting and building capacity for reserve management and longer-term work needed for the PMA to establish a full-fledged central bank.</p>

Western Hemisphere Region

Beneficiary/Committed	Description	Project Outcomes
<p><b>Paraguay</b> (2766)</p> <p>\$93,171</p>	<p>After an FAD TA mission in 2009 found inadequacies in Paraguay’s management of public debt, short-term experts made two visits in 2010 to advise on clarifying the infrastructure and removing the main obstacles to sound debt strategy and management.</p>	<p>During the first visit, two experts provided training on preparation of debt statistics for Ministry of Finance (MOF) officials; advised on debt sustainability analysis through a report and seminar; proposed reforms in the institutional setting for debt strategizing and management and advised on technical tools; and analyzed opportunities for and impediments to developing the domestic market for government securities. They also produced a report of their assessments and recommendations. For the second visit, one of the experts returned to clarify some topics (e.g., debt statistics and debt sustainability models); provide further training; and advise on the bond issuance process and optimal design of the Debt Management Office. His report recommended revision of the controlling laws, suggested methods for analyzing the sustainability of public debt, and offered recommendations for issuing bonds in the domestic market.</p> <p>Among other results, teams managing public debt are now producing more reliable statistics and MOF staff has increased its capacity for debt sustainability analysis and the use of stress tests and is using the methodology the experts recommended. Also, domestic bonds are being issued more often.</p>

Beneficiary/Committed	Description	Project Outcomes
<p><b>Peru</b> (2770)</p> <p>\$134,228</p>	<p>A short-term expert made two extensive visits to provide technical recommendations on design and functional specifications for modernizing the Treasury computer system. The expert attended all meetings between the information technology consulting firm and the authorities.</p>	<p>The expert provided four monthly reports summarizing and commenting on the recommendations of the consulting firm and suggesting improvements. The conceptual model incorporated most of those recommendations. The expert's reports and the terms of references for the firm in charge of the next phase of the IT project are aligned with modern practices for management of public finances.</p>
<p><b>Western Hemisphere – multiple countries</b> (2769)</p> <p>\$70,188</p>	<p>Although Colombia and Peru both have modernized their revenue administration agencies, weaknesses have been identified, particularly in terms of audit strategies and procedures to ensure compliance. The project supported a three-week mission to each country to help enhance audit quality and use risk management tools to address compliance.</p>	<p>The authorities accepted the recommendations of the advisors: In Colombia, the recommendations were incorporated into the 2010 audit plan. In Peru, the authorities have reorganized the Audit Department and the Large Taxpayers Office in order to implement recommended measures.</p>



## Annex 3. Joint Japan-IMF Field Visits

### Purpose

Joint Japan-IMF field visits give the Japanese authorities a firsthand view of how JSA funding is used. The visits are designed to assess: (1) how the local authorities value the work of JSA-funded experts; (2) whether the authorities are making effective use of the assistance; and (3) whether the TA is contributing to reform. Discussions also touch on topical issues related to TA policy and operations.

### Format

A mission usually consists of two Japanese officials (a representative of the Ministry of Finance and of the IMF Japanese Executive Director's Office) and an IMF staff member. The Japanese authorities select countries and projects for review that reflect different levels of economic development and structural reform and offer variation in regions and subject areas.

Once mission members receive briefing notes or are briefed at IMF headquarters, they visit countries where TA is provided and when possible meet separately with 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 JSA-funded experts (usually department heads), and the experts. In reviewing seminars or training courses, the mission meets with both participants and officials in charge of human resources development at the training institution. The team typically also meets with other donor partners to seek their views.

### Findings

Since this practice was introduced in FY1996 there have been 17 missions covering 23 countries, two regional training institutes, the Pacific Financial Technical Assistance Center, the East Africa Regional Technical Assistance Center, and the Middle East Technical Assistance Center. The missions have concurred that JSA funding is well administered and effectively used. In all the visits local authorities were aware of, fully recognized the importance of, and expressed their appreciation for Japan's financial support for IMF TA. The positive firsthand view by the Japanese authorities has contributed to Japan's continued strong support, through its financing of the JSA, for the IMF TA program. A list of all field visits and a summary report of the FY2011 field visit is given below. Reports on earlier field visits can be found in previous JSA Annual Reports.

### Joint Field Visits, FY1996–FY2011 <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, IMF-Singapore Regional Training Institute, and Thailand, June/July 1999
7. Belarus and Slovenia, June 2000
8. Azerbaijan and the Joint Vienna Institute, June 2001
9. Cambodia and the IMF-Singapore Regional Training Institute, June 2002
10. Mongolia and Timor-Leste, September 2002
11. Indonesia and Fiji, December 2003
12. Botswana and the East Africa Regional Technical Assistance Center, December 2005
13. Cambodia, the IMF-Singapore Regional Training Institute, and the Philippines, March 2007
14. Middle East Regional Technical Assistance Center, May 2008
15. Cambodia, and the IMF-Singapore Regional Training Institute, January 2009
16. Philippines and Fiji (Pacific Financial Technical Assistance Center), May 2010
17. Vietnam and Nepal, May 2011

### Joint Field Visit in FY2011

In FY2011 the Japanese government selected Vietnam and Nepal for field visits.<sup>2</sup> In the two countries the team reviewed 15 completed projects and ongoing programs covering the fiscal, monetary, and statistics sectors and demonstrating TA delivered through long-term resident advisors, short-term experts, and seminars. Overall, the mission was pleased with the visits and gained a good understanding of the depth and quality of JSA-funded TA. The team heard consistent feedback from the authorities on the

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

<sup>2</sup>The joint Japan-IMF review team consisted of Mr. Tomoyuki Shimoda, Alternate Executive Director, IMF Japan Executive Director's Office; Ms. Asako Sumito, Official, International Organizational Division, Ministry of Finance; and Mr. Harish Mendis, Senior Technical Assistance Officer, IMF Office of Technical Assistance Management.

high quality of the TA and their appreciation for Japan's role in financing it, as well as requests for continued support in these areas.

### **Vietnam, May 16–17, 2011**

In Hanoi the team held meetings on public financial management (PFM) programs, revenue administration projects, a bank supervision project and program, and a national accounts statistics program. The feedback from the authorities was for the most part very positive.

The PFM programs dealt with fiscal reporting, government accounting, and macro-fiscal forecasting. The revenue projects consisted of a tax administration project to support implementation of a new personal income tax law and creation of the Large Tax Payer Office and a seminar on tax incentives. The team met with the Vice-Minister for Finance, the Deputy Director of the budget office, and the Director-General of the tax office. The authorities noted that the JSA-funded TA was in vital areas of fiscal management and was deeply appreciated. Vietnam needs international support, especially in training for high- and mid-level officials, and sharing of Fund experience from its operations around the world. The team made it clear that Japan is very committed to helping Vietnam through both bilateral and multilateral channels. The Department of Taxation was pleased with the result of the tax reform, particularly on the personal income tax.

The monetary and financial sector project supported a banking supervision advisor, whose work was subsequently extended. The State Bank of Vietnam Deputy Governor expressed his appreciation to Japan for financing Fund TA, commenting on its effectiveness and efficiency. He recognized an urgent need to improve statistics and forecasting, institute an accounting system that meets international standards, and bring best international practices into the banking system. The Director General of the Bank Supervisory Agency was pleased with the work of the resident advisor in assessing the banking sector and preparing an on-site audit manual and training program. The advisor noted that he had been able to help the authorities in a number of areas.

The national accounts statistics program was to build capacity to use sustainable programs to measure GDP and price change data so that they would be comparable with those of other countries. The Deputy Director of the National Accounts Department said that TA provided in 2009 had made it possible for the authorities to produce an expenditure-based GDP starting in 2011. However, the expenditure series needs further work because it was weak on the survey of households and firms. The mission team underlined the importance of expenditure-based GDP and looked forward to a partnership that would have tangible results at the end of the three-year program. The Director of the Price Statistics Department said that the consumer price index gets the most attention in Vietnam, and data collection processes need improvement. His department was satisfied with the approach proposed in the JSA program, and he was looking forward to its adoption.



## Nepal, May 19–20, 2011

In Kathmandu the team had meetings on projects and programs on PFM, revenue administration, bank supervision, and statistics. Again, the feedback was generally very positive.

For PFM the TA included a project to identify a path to a Treasury Single Account (TSA); a project to implement a TSA by assigning a resident advisor; a program to continue financing the work of the advisor; and a program for full-scale modernization of the Treasury, including automation of TSA transaction processing. Revenue administration projects included:

- a project to help the Large Taxpayer Office (LTO) of the Inland Revenue Department (IRD) and the Department of Customs prepare a long-term reform strategy and implementation guide;
- a project to help the LTO improve the skills of its own auditors; upgrade audit selection, planning, and monitoring procedures; and progressively extend audit capacity-building to other IRD functions;
- a project to help the customs administration undertake priority actions identified in 2009;
- a program to post a regional advisor on revenue issues to Kathmandu; and
- a seminar on tax incentives.

The Finance Secretary (who had been the Revenue Secretary) said the IMF has provided very meaningful support to Nepal, particularly in monitoring. He also noted Nepal's excellent relationship with Japan and thanked the Japanese representatives for the country's vigorous support.

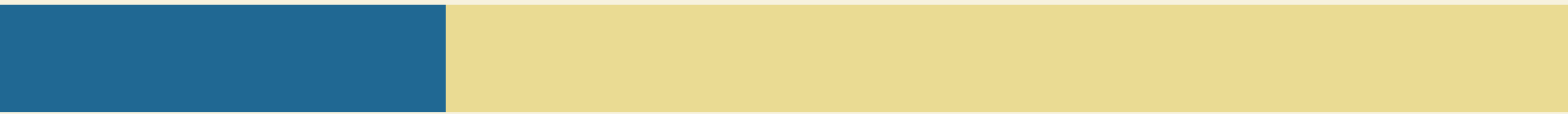
The secretary stated that the main aim for tax and customs is to automate all transaction systems; he was pleased that revenues had exceeded targets for several years. He cited customs valuation, building the capacity of customs department staff, and reinforcing the audit capability of IRD staff as areas that still need work.

The Comptroller General reported that the TSA project had been completed successfully and there had been a good transfer of knowledge from IMF experts to the authorities. The project had demonstrated a methodology for consolidation of bank accounts and enhanced the awareness of the benefits to be gained from an operational TSA. With the guidance of the resident advisor, the accounts of 23 out of 75 offices had been transitioned into the TSA. With those pilots completed, they are ready to move forward with completing the TSA in the other districts. The team said Japan was pleased to have financed a comprehensive set of projects that resulted in an operating TSA. The department is now looking to build capacity on two fronts—financial reporting and a Public Expenditure Financial Assessment (PEFA) exercise.

The Director General of the Inland Revenue Department said more work on the LTO was needed to deal with tax compliance, IT issues, and tax enforcement, though the department was pleased to have reached its enforcement targets using incentive schemes and anticipates increased compliance once new regional offices are open. The Director General of the Department of Customs expressed gratitude for past support from Japan, which was a crucial component of the four-year customs reform and modernization plan.

The monetary and financial sector project was designed to improve banking supervision, regulation, and crisis management. The team met with the central bank Governor, the Deputy Governor, the Executive Director, and its Financial Institutions Regulation Department. They thanked Japan and the IMF for their support and commented on the excellence of Fund advice. They also cited the need for a range of banking-related TA from the resident advisor, particularly stress-testing commercial banks, resolution programs for problem banks, the merger and acquisitions act, and licensing policy. The team stated that they stand ready to help the central bank throughout the three-year program.

The statistics project is providing TA on developing quarterly national accounts and there is a program to build capacity for implementing sustainable programs to collect GDP and price change data that are comparable with other countries. The Director General of the Central Bureau of Statistics stated that publication of a quarterly national accounts series is one of his priorities, for which the IMF had already provided valuable TA, and he anticipated the new program would continue that valuable work.



### Administered Accounts—Japan Financial Statement FY2011

	Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities—Subaccount for Japan Advanced Scholarship Program		Framework Administered Account for Selected Fund Activities—Japan Subaccount for Selected Fund Activities	
	2011	2010	2011	2010	2011	2010
<i>(In thousands of U.S. dollars)</i>						
<b>2011 and 2010: Balance Sheets as of April 30</b>						
<b>Assets</b>						
Cash and cash equivalents	8,669	13,074	—	—	30,449	17,833
Total assets	8,669	13,074	—	—	30,449	17,833
<b>Resources</b>						
Total resources	8,669	13,074	—	—	30,449	17,833
<b>Income Statements and Changes in Resources for the Years Ended April 30, 2011 and 2010</b>						
<b>Balance, beginning of the year</b>	13,074	22,442	—	1,137	17,833	—
Income earned on investments	10	35	—	—	17	—
Contributions received	—	25,863	—	1,302	30,068	19,480
Contributions transferred	—	(18,062)	—	(1,418)	(400)	(400)
Payments to and on behalf of beneficiaries	(4,415)	(17,204)	—	(1,021)	(17,069)	(1,247)
Net changes in resources	(4,405)	(9,368)	—	(1,137)	12,616	17,833
<b>Balance, end of the year</b>	8,669	13,074	—	—	30,449	17,833

Note: The IMF arranges for an annual audit of the JSA by external auditors in connection with the annual audit of IMF accounts, and a separate certificate of completion is provided to the Japanese authorities.

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