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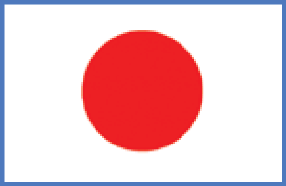

Japan Subaccount under the IMF Framework Administered Account for Selected Fund Activities

Japan Administered Account for Selected IMF Activities

ANNUAL REPORT **Fiscal Year 2014**
(with Annexes)

International Monetary Fund

Japan

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

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

I. Introduction and Background

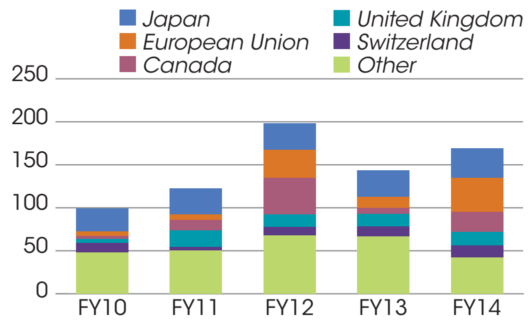
Introduction

Capacity development (CD)—the transfer of technical knowledge and best practices through technical assistance (TA) and training—helps member countries of the International Monetary Fund (IMF) to build strong institutions and boost skills to formulate and apply sound macroeconomic and financial policies. Established in 1945, the IMF began to deliver CD in the early 1960s in response to requests from newly independent members in Africa and Asia. Japan was the first donor to support IMF CD starting in 1990 and since then has been the single largest contributor (Figure 1). Japan also finances two scholarship programs and activities of the IMF Regional Office for Asia and the Pacific (OAP), which is based in Tokyo. This report covers Japan-funded CD, the scholarship programs, and OAP activities in fiscal year 2014 (FY14).[1]

In FY14, the IMF allocated over a quarter of its operating budget to CD. Although internal resources finance a considerable amount of CD, contributions from partners have become increasingly important (Figure 2). Donor support has allowed the IMF to respond effectively to increased demand for CD. Activities financed by donors grew by about 6 percent in FY14 compared with FY13.

Figure 1. Donor Contributions for Capacity Development[1]

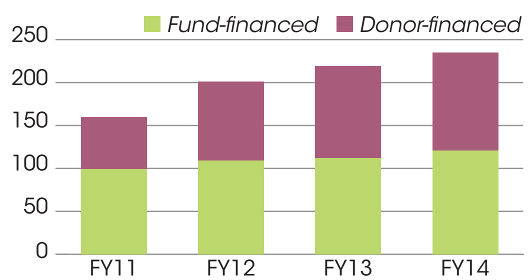
(In millions of U.S. dollars)



Source: Institute for Capacity Development, IMF.
[1] Excludes in-kind contributions.

Figure 2. Implementation of Capacity Development[1]

(In millions of U.S. dollars)



Source: Office of Budget and Planning, IMF.
[1] Direct spending on IMF and donor-financed capacity development activities (composed of technical assistance and training).

[1] The IMF fiscal year runs from May 1 through April 30. This FY14 report covers May 1, 2013–April 30, 2014. Reports for FY2000 through FY2013 can be found at **www.imf.org/external/pubs/ft/ta/index.asp.**

IMF Capacity Development

A core activity of the IMF, CD is highly appreciated by member countries, and closely linked with surveillance and lending, the two other IMF core activities (Appendix I). CD helps equip countries to design and manage policies that promote sustainable economic growth through maintenance of macroeconomic and financial stability. It is delivered mainly by the Fiscal Affairs (FAD), Institute for Capacity Development (ICD), Legal (LEG), Monetary and Capital Markets (MCM), and Statistics (STA) departments of the IMF.

IMF TA covers areas that are critical to macroeconomic stability (see Box 1). Fiscal TA helps countries to enhance their fiscal performance and strengthen fiscal institutions. The bulk of fiscal TA is provided in four areas: revenue administration, public financial management (PFM), tax policy, and expenditure policy. Financial sector TA covers a wide range of topics that are critical for financial stability and sound monetary and exchange rate policy management, such as financial sector regulation and supervision, central bank operations, systemic risk monitoring, crisis management, and debt management. Statistics TA helps countries improve the quality of macroeconomic statistics such as price statistics, national accounts, balance of payments and other external sector statistics, financial soundness indicators, monetary and financial statistics, and government finance statistics. TA on legal issues covers legislation related to the relevant macroeconomic institutions, such as central banking, bank regulation, crisis management, bank resolution, taxation, national budgets, corporate and household insolvency, and the efficiency of the judicial process; it also provides assistance on anti-money-laundering and combating the financing of terrorism (AML/CFT).

Fiscal Analysis and Forecasting Workshop, Thailand, June 2014

Box 1. Core Areas of IMF Technical Assistance

Fiscal Policy and Management

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

Monetary Policy and Financial Systems

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

Macroeconomic and Financial Statistics

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

Legislative Frameworks

Regulations and related legislation; primarily on monetary, financial and economic issues.
Anti-money-laundering/Combating the financing of terrorism

The IMF continued to strengthen its internal governance of CD. A new CD strategy has been adopted that calls for regular reviews of CD, an enhanced prioritization system to reflect both individual country demands and the IMF's overall objectives, and a strengthened monitoring and evaluation framework.[2] The strengthened monitoring and evaluation framework includes self assessments through a results based management (RBM) framework, CD department evaluations, and donor-mandated evaluations, as well as Fund-wide reviews every three to five years.

The IMF leverages CD support through multi-donor vehicles—such as the Regional Technical Assistance Centers (RTACs), the Regional Training Centers (RTCs), and Topical Trust Funds (TTFs). It also establishes bilateral partnerships with donors such as Japan, the European Union, Canada, the United Kingdom, and Switzerland. Since 1993 the IMF has provided an increased volume of TA through its RTACs, of which there are now nine.[3] In the RTACs, local experts deliver

[2] See International Monetary Fund (2013) *The Fund's Capacity Development Strategy- Better Policies through Stronger Institutions.*

[3] The nine regional TA centers are the Central AFRITAC in Libreville, Gabon; East AFRITAC in Dar es Salaam, Tanzania; AFRITAC South in Port Louis, Mauritius; West AFRITAC in Abidjan, Côte d'Ivoire; and West AFRITAC 2 in Accra, Ghana; 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.

Government Finance Statistics training for Myanmar Government Officials, Naypyitaw, July 2014

on-the-ground CD guided by strategic advice from IMF headquarters (HQ). Experience with this regional approach to TA continues to be very positive. CD is also being delivered through the five TTFs: Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), Debt Management Facility Phase II (DMF II, jointly with the World Bank), the Financial Sector Reform and Strengthening Initiative (FIRST, jointly with the World Bank), Managing Natural Resource Wealth (MNRW), and Tax Policy and Administration (TPA). The DMF II was newly launched in FY14 to address the need for more intensive public debt management in low-income countries. In addition, one dedicated country trust fund provides CD to South Sudan to meet its large basic CD needs, and another country trust fund is being developed for another fragile state, Somalia. Finally a new trust fund was established to support the diagnostic assessments of tax administration performance.

Training, which is an integral component of IMF CD, delivers courses and seminars for member country officials and shares with them IMF staff's expertise on topics critical to effective macroeconomic and financial analysis and policymaking. The courses strive to respond to evolving global macroeconomic developments and policy challenges, membership demands, and technological innovations. The training is organized by the IMF Institute for Capacity Development (ICD), in collaboration with other departments, and is delivered at IMF HQ, Regional Training Centers (RTCs) or programs,[4] and RTACs around the world, as well as through online learning.

[4] In cooperation with donors, the IMF cosponsors seven regional training operations: the Africa Training Institute

Government Finance Statistics training for Vietnam Government Officials, Hanoi, July 2014

In FY14, the IMF introduced courses on new topics of strategic importance for its members, notably preventing financial crises, restoring financial sector health, and fostering inclusive growth. Embracing the advances in information and communication technology to enhance the effectiveness and reach of IMF CD activities, the IMF also launched a new online program in partnership with the nonprofit organization, edX[5], with courses on Financial Programming and Policies, Debt Sustainability Analysis, and Energy Subsidy Reform. To expand training for African officials and to leverage synergies between that training and TA, a new Africa Training Institute started operations in June 2013 in Mauritius.

(ATI) in Port Louis, Mauritius; the Joint Partnership for Africa (JPA) in Tunis, Tunisia; the Joint China-IMF Training Program in Dalian, China, the IMF-Singapore Regional Training Institute; the Joint Vienna Institute in Austria; IMF-Middle East Center for Economics and Finance in Kuwait; and the Joint Regional Training Center for Latin America in Brasilia, Brazil.

[5] A non-profit organization established by MIT and Harvard University that provides an open-source technology platform to deliver online courses.

II. Japan-IMF Partnership

Japan's Contributions

The contributions Japan has made to the IMF since FY90 total about $499 million, of which about $429 million has been for CD projects and the activities of the Regional Office for Asia and the Pacific and $70 million for two scholarship programs: the Asia Scholarship Program and the Japan Advanced Scholarship Program (Table 1 and Figure 3). Over the past three years, Japan's annual contributions have averaged $32 million. In FY14, Japan alone was responsible for about 21 percent of external financing for IMF CD. The Japan Subaccount (JSA) of the Framework Administered Account for Selected Fund Activities is the vehicle for Japan's contributions.[6]

How the Partnership Works

The IMF and the Japanese authorities meet regularly to evaluate the effectiveness of their joint efforts and discuss future endeavors. The meetings usually discuss Japan's geographic and topical preferences for application of its future contributions; likely costs and the resources that may be available; policy and administrative issues; organization of joint field inspection visits; and any emerging issues.

[6] Until FY10, Japan's contributions to CD and the Japan-IMF Scholarship Program for Advanced Studies were administered under the Japan Administered Account for Selected IMF Activities (JAA) and the Framework Administered Account for Selected IMF Activities (FAA), respectively. Since FY10, new contributions have been administered under the Japan Subaccount under the IMF Framework Administered Account for Selected Fund Activities (SFA). The Japan-IMF Scholarship Program for Advanced Studies under FAA is closed, with the remaining fund transferred to Japan Subaccount under SFA. The JAA account remains open until all projects under the account are completed. In the rest of the report, JSA refers to both the expiring JAA and new Japan Subaccount under SFA.

Financial Programming and Policies Workshop, LAO PDR, May 2014

Table 1. Contributions by Japan, FY1990–2014

(In millions of U.S. dollars)

	FY90–07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	Total FY90–14
JSA[1]	**303.0**	**19.8**	**22.5**	**27.2**	**30.2**	**30.8**	**30.4**	**34.9**	**498.8**
of which									
Capacity Development [2]	**250.6**	**13.8**	**17.3**	**21.4**	**22.9**	**22.9**	**23.0**	**29.0**	**401.1**
Regional Office of Asia and the Pacific	**12.7**	**1.8**	**1.3**	**1.6**	**2.5**	**2.7**	**2.9**	**2.0**	**27.4**
Scholarships	**39.7**	**4.2**	**3.9**	**4.2**	**4.8**	**5.2**	**4.5**	**3.9**	**70.3**
The Japan-IMF Scholarship Program for Asia	23.4	2.6	2.3	2.9	3.8	4.2	3.5	3.0	45.8
Japan-IMF Scholarship Program for Advanced Studies	16.2	1.5	1.6	1.3	1.0	1.0	0.9	0.9	24.5

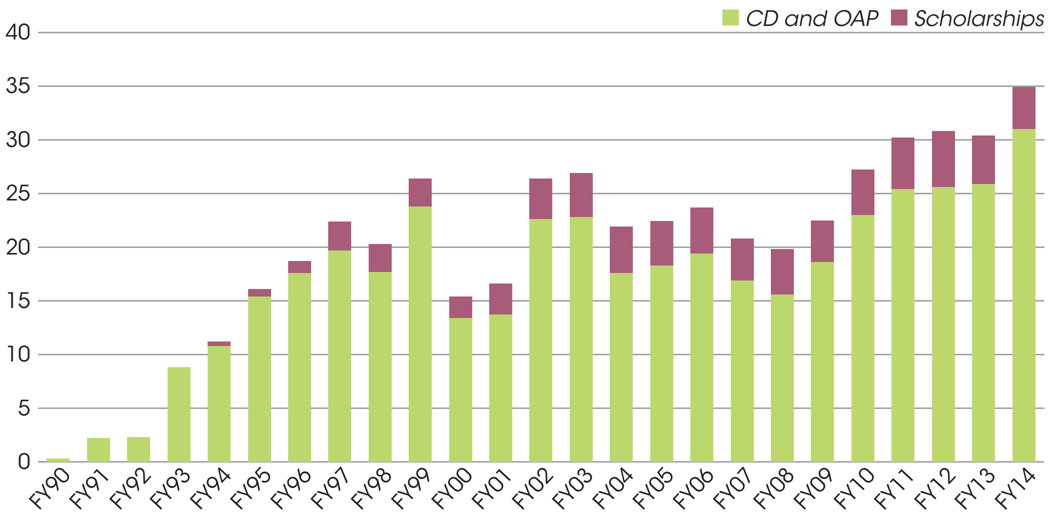
Source: Institute for Capacity Development, IMF.

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

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

Figure 3. JSA Annual Capacity Development Contributions by Activity, FY1990–2014

(In millions of U.S. dollars)



Source: Institute for Capacity Development, IMF.

III. JSA-Funded Activities

TA and Related Activities

Since FY10, Japan has adopted a programmatic approach, supporting programs that typically take three years and usually cover several countries and topics. Such thematic programs are expected to have more substantial and lasting results for recipients while increasing recognition of the support from Japan. The programmatic approach also allows the IMF to engage in medium-term CD efforts to address institutional changes and enhance staff capacities. It also allows countries to benefit from synergies and knowledge exchange on similar reform efforts. Besides these programs, Japan also supports two multi-donor initiatives: Anti-Money Laundering/Combating the Financing of Terrorism and Tax Administration Diagnostic Assessment Tool. JSA resources have been used to deliver CD through various modalities short- and long-term TA experts, seminars and workshops, and IMF HQ missions. Resources have been deployed to ensure quality control, manage projects, undertake diagnostic missions, assess capacity to formulate and implement economic policy and propose priorities for strategic reforms. Wherever possible, Japanese experts are considered for TA assignments.

Although JSA finances CD in all regions, a high priority for the Japanese authorities is the Asia and the Pacific region, and they also have a special interest in the assistance for low- and lower-middle-income countries. Like the IMF, the Japanese authorities give priority to countries that have demonstrated clear and full commitment to building the institutions and capacity that support the implementation of growth-enhancing policies. Some achievements from past JSA-funded activities are described in Boxes 2 to 4.

How Projects and Programs Are Approved

In consultation with IMF functional departments and country authorities, IMF area departments draft Regional Strategy Notes (RSNs) for countries for which they are responsible. The RSNs set out medium-term TA priorities both for individual countries and for regions to guide resource allocations, plan resource mobilization, and ensure effective coordination with other TA providers and donors. The RSNs also provide background information for the IMF Committee on Capacity Building, a group of senior staff from area and functional departments chaired by IMF management that are involved in high-level strategy for CD and the monitoring of its implementation. Activities funded by the JSA are fully integrated into the IMF CD planning process to ensure that they align closely with not only IMF surveillance and lending activities but also priorities of individual recipient countries, as well as Japan's preferences. The IMF and Japan work closely as programs evolve from concept notes to full proposals, all submitted to Japan for approval. Before each fiscal year begins, the IMF summarizes for Japan new and continuing programs and projects proposed for approval in the following year. New programs, which are based on the IMF's overall CD priorities, reflect preferences of the Japanese authorities in terms of the region and topic.

Box 2. Strengthening PFM systems in the CEMAC Region

Since 2012, a Japan-funded TA project has supported regional integration, institutional development, and capacity building in public financial management (PFM) in the Central African Economic and Monetary Community (CEMAC1).

The project supported, for instance, finalization and dissemination of regional PFM directives that encourage convergence of CEMAC members toward common practices and laws. The directives encompass PFM concepts and such techniques as medium-term budget and expenditure frameworks, program budgeting, and accrual accounting.

In individual countries, the project helped draft medium- to long-term reform strategies aligned with CEMAC directives and action plans to strengthen PFM systems. The strategies are designed to foster prudent fiscal decisions, credible budgets, reliable and efficient resource allocation, and institutionalized accountability. They have promoted the development of program budgeting and implementation of clear rules for fiscal reporting, thereby enhancing analysis and the comparison of fiscal developments.

Box 3. Improved External Sector Statistics (ESS) in the Pacific Island Countries

The Pacific region module of the Japan-funded program on the Improvement of ESS in the Asia and Pacific region assists countries to produce high-quality ESS on the basis of the latest standards (BPM6), with a view to facilitating policy making and monitoring. Twenty months after the launch of the program, several of the Pacific Island economies have achieved major milestones in enhancing the quality of their ESS. Of the seven countries that currently report ESS, six began doing so only after the program began. Apart from assisting with the compilation and dissemination of ESS on a BPM6 basis, more than 30 TA missions identified shortcomings and provided guidance on enhancing the coverage and statistical treatment of external transactions positions.
Improvements in the coverage and classification in ESS of fishing, international cooperation, compensation of employees, workers' remittances, and external debt flows and positions have been significant.

To complement TA delivery and enhance the capacity of country officials charged with ESS compilation, three regional workshops were conducted specifically to address the main gaps identified in the region. The workshops covered practical and methodological approaches to compiling statistics on external debt, international investment positions (IIP), current and capital transfers, and foreign direct investment.

The program also aims to assist countries to disseminate ESS to the public. Before the program was launched, only seven of the twelve beneficiary countries reported balance of payments data to the IMF. In the first half of 2014, three beneficiaries (Kiribati, Marshall Islands, and Tuvalu) began to report balance of payments data to the IMF for the first time. Others are expected to start reporting soon.
Improvements in IIP data have followed a similar trajectory, and the number of countries reporting IIP has doubled, to six.

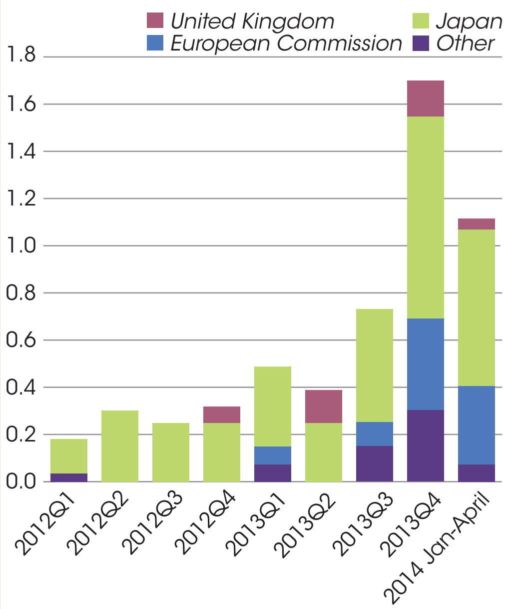
Box 4. Modernization of the Central Bank of Myanmar

Japan funds a comprehensive program of capacity development that supports the modernization of the Central Bank of Myanmar (CBM) and the institution's efforts to reduce the risks of the instability experienced in many other transitional economies.

The CD focus has been on building up institutional capacity to implement central banking functions and bank supervision. Since 2012, this has entailed three long-term advisor assignments as well as intensive short-term IMF staff and expert missions delivered through two multiyear TA programs. One long-term advisor, who is a former Bank of Japan official has been advising the governor since June 2012. An advisor on monetary operations has been working since August 2013, and more recently a banking supervision advisor has been posted.

Myanmar MCM TA Timeline FY2012–2014

(In person-years)



Note: A person-year of TA is defined as 260 to 262 working days of IMF staff or experts.

The CD program has already produced numerous achievements. In addition to the new CBM law prepared by the IMF Legal Department, the IMF technical assistance has led to: (1) successful introduction of foreign exchange and deposit auctions; (2) improved CBM understanding of accounting and payment system issues; and (3) introduction of a process for designing a banking supervision function. There has also been progress on monetary policy reforms, including: the budgeting for monetary operations, adoption of reserve money targeting, and agreement to move to a monetary policy focused set of reserve money ratios for banks. Training has been an integral component of the CD; most has been provided in-country, but some accounting training has been conducted overseas.

An important element of the TA strategy is donor collaboration and coordination. IMF and the World Bank jointly developed a master TA plan where the IMF takes the lead on assistance to the CBM and the World Bank takes the lead on assistance to the financial sector, more broadly. The CBM hosted a donor conference in April 2014 to promote coordination and cooperation among donors active in building up Myanmar's financial sector.

Currently, Myanmar is the largest single-country recipient of IMF TA in the area of monetary and capital markets. Support from Japan enabled the IMF to devote some 4.55 person-years of TA effort in the two-year period ending April 2014 (see figure).

Commitments

Between FY93 and FY14, JSA commitments for TA projects and programs totaled close to $384 million.[7] In FY14, Japan committed $30.1 million for 9 new programs, 26 continuing programs, and several other projects (see Box 5 for a summary of new and ongoing programs).[8] Table 2 shows commitments for approved TA projects and programs from FY93 through FY14. Of the projects approved in FY10 and earlier, 3 were completed in FY14.

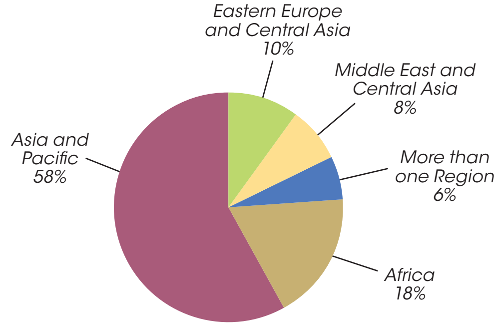
Geographic Distribution

Since FY93, some 130 IMF member countries and several RTACs and RTCs have benefited from JSA funding. During this period, countries in the Asia and Pacific region received approximately $164 million for TA projects and programs—42.6 percent of all the JSA projects and programs approved. Table 2 shows annual commitments by region in dollars for FY93–14, and Figure 4 shows the percentage distribution by region for FY14. Table 3 lists the 10 recipient countries that received the largest share of JSA assistance, and Figure 5 shows regional percentages.

Distribution by Topic

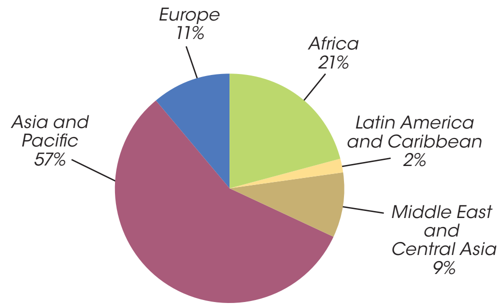
In FY14, the $30.1 million in commitments were distributed by topic area in the same general pattern as in FY13: fiscal, $12.2 million (41 percent); monetary and capital markets, $5.6 million (19 percent); statistics, $8.4 million (28 percent); training, $3.4 million (11 percent); legal, $0.1 million ; and other, $0.5 million (2 percent). Table 4 shows annual commitments by topic for FY93–14, and Figure 6 the percentage distribution for FY14.

Figure 4. Distribution of JSA Capacity Development Commitments by Region, FY2014



Source: Institute for Capacity Development, IMF.

Figure 5. Recipients of JSA-Financed Capacity Development by Region FY2010–2014



Source: Institute for Capacity Development, IMF.

[7] Commitments cover the latest budgets approved by Japan, not adjusted for projects completed below approved budgets. Does not include annual commitments from Japan to the multi-donor trust funds. Commitments for programs from FY11 onwards include the trust fund management fee.

[8] The Annex to this Report provides a description and assessment of the new and ongoing programs and completed projects. Information on the multi-donor accounts to which Japan is a contributor is available in the IMF website **http://www.imf.org/external/np/exr/key/ttf.htm**

Table 2. JSA Annual Commitments for Capacity Development by Region, FY1993–2014[1,2,3]

(In millions of U.S. dollars)

	FY93–FY08	FY09	FY10	FY11	FY12	FY13	FY14 Total	FY14 %	FY93–14 Total	FY93–14 %
Africa	59.5	4.2	3.0	4.6	5.7	5.5	5.5	18.4	88.1	22.9
Asia and Pacific	90.7	5.9	6.0	12.6	14.7	16.7	17.3	57.6	164.0	42.7
Eastern Europe and Central Asia[4]	38.9	0.0	0.0	0.0	3.1	1.8	2.9	9.6	46.7	12.2
Europe	15.1	2.0	2.1	2.8	0.0	0.0	0.0	0.0	22.1	5.7
Latin America and Caribbean	13.4	0.7	0.4	0.5	0.5	0.0	0.0	0.0	15.5	4.0
Middle East and Central Asia[4]	13.6	2.1	2.4	1.6	2.0	1.2	2.5	8.5	25.4	6.6
More than one regions	15.7	0.0	0.7	0.7	1.2	2.0	1.8	6.0	22.1	5.8
Total	**247.1**	**14.8**	**14.6**	**22.9**	**27.3**	**27.2**	**30.1**	**100.0**	**384.0**	**100.0**

Source: Institute for Capacity Development, IMF.

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

[2] Does not include annual commitments from Japan to the multi-donor trust funds.

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

[4] Starting in FY08, data for countries in Central Asia are grouped with data for countries in the Middle East.

Table 3. Top 10 Recipients of JSA-Financed Capacity Development by Region, FY2010–2014

(Person-years[1] in descending order)

Africa	Asia and Pacific	Europe	Middle East and Central Asia	Latin America and Caribbean
Cameroon	Cambodia	Moldova	Kyrgyz Republic	Paraguay
Guinea	Nepal	Albania	Tajikistan	Peru
Liberia	Bangladesh	Romania	Republic of Kazakhstan	Colombia
Mali	Union of Myanmar	Kosovo	Uzbekistan	Panama
Niger	Philippines	Montenegro	Armenia	Uruguay
Gabon	Mongolia	Croatia	Georgia	Nicaragua
Nigeria	Indonesia	Bosnia and Herzegovina	Syrian Arab Republic	Dominican Republic
Burundi	Maldives	Serbia	Djibouti	El Salvador
Rwanda	Vietnam	Macedonia	Mauritania	Argentina
Republic of Congo	Lao People's Democratic Republic	Belarus	Islamic Republic of Afghanistan	Guatemala

Source: Institute for Capacity Development, IMF.

[1] An effective person-year of TA is defined as 260 to 262 working days of Fund staff or experts.

Table 4. JSA Annual Commitments for Technical Assistance by Subject Area, FY93–14[1,2,3]

(In millions of U.S. dollars)

							FY14		FY93–14	
	FY93–08	FY09	FY10	FY11	FY12	FY13	$	%	$	%
Fiscal	66.6	5.8	7.1	11.5	13.0	10.3	12.2	41	126.5	33
Monetary and Capital Markets	95.4	4.0	3.9	6.6	6.5	5.3	5.6	19	127.3	33
Macroeconomic Statistics	41.1	2.8	1.3	1.7	4.7	7.1	8.4	28	67.1	17
Training	28.8	2.0	1.5	2.7	2.8	2.3	3.4	11	43.2	11
Legal	8.2	0.2	0.1	0.0	0.0	1.5	0.1	0	10.0	3
Others	7.0	0.1	0.7	0.5	0.5	0.7	0.5	2	9.8	3
Total	**247.1**	**14.8**	**14.6**	**22.9**	**27.3**	**27.2**	**30.1**	**100**	**384.0**	**100**

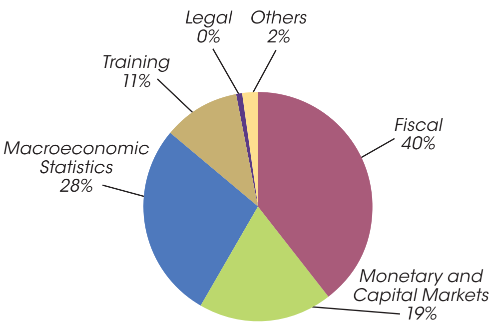
Source: Institute for Capacity Development, IMF.

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

[2] Does not include annual commitments from Japan to the multi-donor trust funds.

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

Figure 6. Distribution of JSA Capacity Development Commitments by Topic, FY2014



Source: Institute for Capacity Development, IMF.

Effectiveness of JSA-Funded CD

The IMF and Japan gauge the quality and effectiveness of CD from a variety of perspectives. At the end of each fiscal year, staff conducts an interim self-assessment for each program. Beneficiary authorities also assess projects through a survey on the CD relevance, the qualifications of each JSA-funded expert, cooperation between experts and local counterparts, the usefulness of their advice, whether attention was given to transferring skills, and the quality of IMF supervision. The self-assessments and survey results are submitted to Japan. In FY14, the survey was conducted as part of a larger independent evaluation, and the responses from beneficiary country officials ranged from Very Good to Excellent (5.8 to 6.3 on a scale of 1 to 7) in the terms of relevance, efficiency, effectiveness, and sustainability of the JSA funded programs. Three months after completion of a program or project, the IMF submits to Japan a full assessment.

In most years, a joint Japan-IMF mission visits two or three countries to review JSA-funded CD. These visits give Japan a firsthand view of the effectiveness of its support. These missions not only assess how the local authorities view the work of JSA-funded experts but also evaluate whether the authorities are making effective use of the CD and how it is contributing to reform efforts. The FY14 field visit is described in Box 6 (information on earlier field visits are presented in the annex to this report).

Box 5. New and Ongoing Programs and Multi-Year Budgets by Year of Approval, FY10–14

(Budgets in millions of U.S. dollars)

FY2014 – New	**4.8** Promoting Priority PFM Reforms in Selected Asian Countries, with a Special Focus on Myanmar	**1.0** Public Financial Management and Revenue Administration in South-Eastern Europe	**3.5** Budget preparation, Treasury Management, Macro-fiscal Forecasting and Reporting in Caucasus and Central Asian Countries	**1.5** Strengthening Financial Stability Framework in Cambodia
FY2013	**4.1** Further Modernization of Budget Management, Fiscal Reporting, and Tax Administration in West Africa	**2.6** Tax Administration in Caucasus and Central Asian Countries	**6.9** Strengthening Macroeconomic Management in the Asia-Pacific Region	**1.3** Enhancing the AML/CFT Framework in the Union of Myanmar
FY2012	**5.0** Strengthening Budget Management and Customs Administration in the Central African Economic and Monetary Community	**5.0** Effective and Efficient Budget and Treasury Management for Southeast Asia	**3.6** Implementing Tax Administration Reforms in Selected South East Asian Countries	**5.0** Supporting Preparations for Monetary Union in the Monetary Policy and Statistical Areas in the East African Community
FY2011	**4.3** Asia and Pacific: Supporting Strategic Fiscal Management and Building Institutional Capacity	**4.9** Asia and Pacific: Improving Banking Supervision and Regulation, and Crisis Management in Selected PRGT-Supported Countries	**4.7** Asia and Pacific: Implementation of a System of National Accounts and the International Comparison Program	
FY2010	**5.8** Strengthening Fiscal Management in South Eastern Europe	**3.3** Economic and Monetary Community of Central African States: Strengthening Regional Financial Agencies	**4.6** Association of Southeast Asian Nations: Enhancing Regional Stability through Improved Supervision	**5.3** West Africa: Developing Strategic Fiscal Management

Box 5. (*continued*)

FY2014 – New	**1.2** Financial Market Deepening in Indonesia	**1.4** Real Sector Statistics Resident Advisor in Bangladesh and Lao PDR	**2.5** Financial Soundness Indicators in Selected African and Asian Countries	**2.0** External Sector Statistics Resident Advisor to Lao PDR and Myanmar	**2.1** Developing Macroeconomic Management Capacity in Myanmar and Lao PDR
FY2013	**5.1** Banking Supervision for Financial Stability in Association of Southeast Asian Nations	**3.0** Central Bank Modernization in the Union of Myanmar	**5.0** Improved External Sector Statistics in the Asia Pacific Region	**5.0** Developing Treasury Management and Financial Systems Modernization in Myanmar and Lao PDR	
FY2012	**4.7** Capacity Building for Sustainable Compilation of Real Sector Statistics in Eastern Europe	**5.0** Regional Government Finance Statistics in Asia-Pacific Region	**1.3** General Data Dissemination System Program in Selected Asia-Pacific, Central Asia, and Middles-Eastern Countries		
FY2011					
FY2010	**5.8** Asia and Pacific: Effective and Efficient Public Financial Management	**4.3** Middle East and Central Asia: Safeguarding Financial Resources in Central Asian Countries	**1.3** Enhancing Fiscal Management: Treasury Management, Fiscal Reporting, Tax Auditing in Selected South American Countries	**6.1** Asia-Pacific Region: Strengthening Macroeconomic Management	

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

Evaluation

Periodically JSA-funded programs are also evaluated by an independent third party. The last published report, which covered projects completed between May 2008 and April 2010, was conducted in FY11. It rated the overall performance of JSA projects (on a four point scale of Poor to Excellent) as Good on the basis of both the Organization for Economic Co-operation and Development Assistance Committee (OECD DAC) evaluation criteria and accountability criteria. In FY14, a new independent evaluation of Japan-financed programs and projects covering the period from May 2010 to April 2013 was initiated. The evaluators overall assessment of program performance were: Excellent on relevance; Good to Excellent on efficiency; Very Good on effectiveness; and Modest to Excellent on sustainability.

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 to the global economy. OAP conducts public relations and outreach in the region, manages IMF on-the-ground collaboration with regional organizations and forums, contributes to its surveillance and research work, and conducts some CD activities.

Public Relations and Outreach

OAP manages a monthly economic seminar series in Tokyo with presentations by Fund staff that is open to the public and media. Topics include the World Economic Outlook, Regional Economic Outlooks, the Global Financial Stability Report, and the Fiscal Monitor, as well as briefings on individual country economies and other key economic policy issues. OAP also organizes seminars and conferences in Japan and elsewhere in collaboration with universities, central banks, finance ministries, and other international organizations.

Managing Relations in the Region

OAP coordinates IMF relations with such regional groups as Asia-Pacific Economic Cooperation (APEC) and the Association of South East Asian Nations plus Three (ASEAN+3). OAP staff participates in their meetings as invited guests, and keeps HQ informed as their views and initiatives evolve.

Box 6. JSA Field Visit in FY 2014

In 2014, a delegation of officials from Japan (the Ministry of Finance and the Japan Executive Directors Office at the IMF) along with an IMF staff member visited Vientiane, Bangkok, and Jakarta to hear stakeholder views on JSA-financed CD programs and gain insight into and learn from the design and operations of these programs. Senior officials in Vientiane and Jakarta expressed their appreciation for Fund CD and recognized and thanked Japan for financing it. The authorities noted the importance of continued Japan financing of CD to their countries. IMF staff in the field reinforced the authorities' comments by highlighting the relevance of Fund CD to IMF macroeconomic surveillance. The Japanese team expressed satisfaction with the outcome of the field visit, noting both the authorities' positive assessments and their understanding of the relevance and effectiveness of Fund CD.

Lao PDR, March 3–4, 2014

Lao PDR receives considerable Fund CD through 12 Japan-financed programs approved between FY10–14 covering bank supervision, tax policy and administration, tax reform, macroeconomic statistics (government finance, national accounts, and producer price statistics). The delegation met with senior officials from the Central Bank of Lao, the Ministry of Finance, the Ministry of Planning and Investment, and officials from the Asian Development Bank, World Bank, and Japan International Cooperation Agency (JICA). While appreciative of Japan-financed CD, Lao officials stressed the importance of interpretation and translation for all CD activities in order to heighten its effectiveness. The authorities also noted that workshops/seminars were their highest priority activities.

Technical Assistance Office for Lao PDR and Myanmar, Bangkok, March 5, 2014

The IMF Technical Assistance Office for Lao PDR and Myanmar (TAOLAM) is responsible for coordinating three JSA programs on PFM/financial systems modernization, macroeconomics training, and external statistics for Lao PDR and Myanmar. TAOLAM staff gave the delegation insights into the status and achievements of their work in Lao and Myanmar, which have challenges in implementing CD.

Indonesia, March 6-7, 2014

Indonesia had eight Japan financed programs approved between FY10-14 covering bank supervision, tax policy, and macroeconomic statistics (government finance, national accounts, and price statistics). The delegation met with senior officials from the Ministry of Finance, Bank Indonesia, the Financial Services Authority, Statistics Indonesia, and officials from the World Bank, JICA, and the Australian aid office. The discussions were held in the context of the close cooperation between Japan and Indonesia in the ASEAN+3 initiative. The authorities were very appreciative of Japan's support to Indonesia and discussed the impact of the CD in the different sectors.

OAP also cooperates with the local representatives of other institutions engaged in the region, such as the Asian Development Bank (ADB), World Bank, the International Labor Organization (ILO), and OECD, and maintains contacts with the international community in Tokyo, including international organizations and diplomatic missions.

Surveillance and Research Work

OAP staff reports regularly to IMF HQ on pan-Asian developments. Staff also participates in IMF annual consultation missions with individual member countries, currently Japan and Mongolia, and prepares analytical papers on structural and other economic policy issues in these countries. OAP economists also carry out research on topics of regional interest, often in cooperation with HQ staff.

Managing Capacity Development

OAP administers three CD programs for officials in the region: the Japan-IMF Scholarship Program for Asia (JISPA), the Japan-IMF Macroeconomic Seminar for Asia (JIMS) for senior officials, and the Hitotsubashi – IMF High-Level Seminar on Macroeconomic and Financial Issues. The JIMS and the Hitotsubashi seminars give senior officials in the region opportunities to exchange views and discuss topics related to current macroeconomic policy. Participants have rated the seminars as being highly effective. OAP also organizes and supports other seminars to enhance the policy-making capacity of officials in the region.

In FY2014, Japan funded the following seminars in the region that were sponsored or co-sponsored by OAP:

- Hitotsubashi-IMF High-Level Seminar on Unconventional Monetary Policies: Looking Ahead
- Capacity Building Seminar on Stress Testing of Banks
- Capacity Building Seminar on Foreign Exchange Market Development

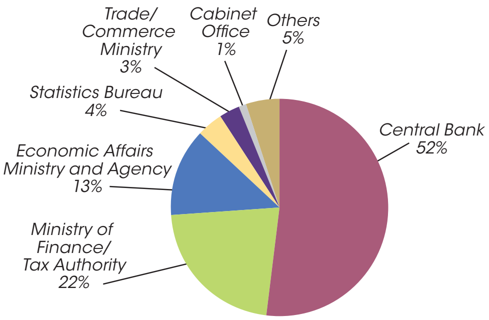
Japan-IMF Scholarship Program for Asia

The JISPA, established in 1993, is a program for graduate study in macroeconomics or a related field at leading universities in Japan. It provides educational opportunities to promising junior officials from economic agencies of emerging and developing countries in Asia and the Pacific region and several countries in Central Asia.[9]

For the 2013 academic year, the program awarded 35 new scholarships and supported a total of 61 scholars, including one Ph.D. candidate.[10] The JISPA also has a "partnership track" which accepts scholars for tailored master's programs at four partner universities; [11] and an "open track" for a master's or doctoral program in macroeconomics or a related field at any university in Japan.

[9] The scholarship program is open to candidates from Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Kazakhstan, Kyrgyz Republic, the Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pacific Island countries, Papua New Guinea, the Philippines, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, and Vietnam.
[10] For the JISPA, the academic year is October 1 to September 30; 2013 academic year ends September 2014.
[11] The partnership universities are the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and the University of Tokyo.

Figure 7. JISPA Alumni by Affiliation, 1993–2014



Source: Institute for Capacity Development, IMF.

Table 5. Japan-IMF Scholarship Program for Asia Distribution of Scholars by Country, 1993–2014

Scholars by Country	Awards	Percent	of which graduates (by end-2013)
China	96	15.9	89
Vietnam	83	13.8	78
Uzbekistan	71	11.8	65
Cambodia	52	8.6	46
Mongolia	44	7.3	36
Kyrgyz Rep.	43	7.1	37
Myanmar	41	6.8	38
Kazakhstan	33	5.5	32
Indonesia	27	4.5	20
Thailand	25	4.2	23
Phillipines	17	2.8	14
Lao PDR	16	2.7	8
Bangladesh	14	2.3	12
Tajikistan	10	1.7	9
India	7	1.2	4
Nepal	5	0.8	4
Malaysia	4	0.7	3
Sri Lanka	3	0.5	2
Bhutan	3	0.5	3
Fiji	3	0.5	1
Turkmenistan	2	0.3	0
Maldives	2	0.3	2
Timor-Leste	1	0.2	1
Grand Total	**602**	**100**	**527**

Government Finance Statistics training for Cambodian Government officials, Phnom Penh, July 2014

The JISPA features an orientation program to ensure that new scholars are well prepared for regular studies at participating universities and can adjust readily to life in Japan. In 2013, all the 35 incoming partnership-track scholars participated in the orientation program.

OAP organizes occasional seminars exclusively for the JISPA scholars focused on current regional economic policy issues and the work of the IMF. Scholars are also given opportunities to network among themselves and with officials from Japan and their home countries. They are also invited to high-level regional seminars organized by OAP. All these events are greatly appreciated by the scholars and helped to foster the identity of "Japan-IMF" scholars. In addition, OAP publishes a quarterly JISPA newsletter in both English and Japanese that showcases successful alumni and introduces current scholars and activities. The alumni and scholars featured in the newsletters have expressed their sincere appreciation for the support provided by the Japanese Government and the IMF.

Since 1993, the program has awarded 602 scholarships, and 527 scholars have graduated (see Table 5 for the distribution of scholars by country and Figure 7 by affiliation). A number of them have advanced in their countries to mid-level and senior positions, such as deputy governor and vice minister, and now have important roles in policy making. In FY14, alumni events were organized in India and Sri Lanka to give former scholars an opportunity to renew acquaintances.

Japan-IMF Scholarship Program for Advanced Studies

Japan also provides scholarships for Japanese nationals to study macroeconomics at the doctoral level to prepare them for a career at the IMF. The Japan-IMF Scholarship Program for Advanced Studies (JISP) began in 1996 and initially supported up to 15 scholars from Asian countries that were underrepresented on the IMF economist staff. In 2009 the scope was reduced and since then only Japanese nationals have been eligible. Up to seven scholars are now admitted annually.

JISP scholars are enrolled in universities outside Japan that have well-regarded doctoral programs in macroeconomics or other fields relevant to the Fund's work. The vast majority study at universities in the United States, and the rest are enrolled in Canadian and European universities. The scholarship covers tuition and reasonable costs for two years of study and includes a paid summer internship at the IMF. All new scholars attend a short orientation program in Washington, D.C. to introduce them to the Fund's work and staff. Scholars are also invited to the IMF Jacques Pollack Annual Research Conference. Upon

Table 6a. Japan-IMF Scholarship Program for Advanced Studies: Number of Scholars Accepted to JISP by Country, 1996–2008

Country[1]	JISP Scholars Total per Country (1996–2008)
Japan	81
Bangladesh	6
Cambodia	2
China (including Hong Kong SAR)	24
Indonesia	3
Kazakhstan	5
Korea	19
Kyrgyz Rep.	3
Malaysia	1
Mongolia	7
Myanmar	1
Nepal	2
Philippines	2
Tajikistan	1
Thailand	15
Uzbekistan	3
Vietnam	11
TOTAL	**186**

[1] Starting in 2009, only Japanese nationals are eligible for the Program.

JISP 2013-15 scholars on IMF HQ2 roof terrace

Table 6b. Japan-IMF Scholarship Program for Advanced Studies: Number of Japanese Scholars Accepted to JISP and to the IMF, 1996–2014[1]

	1996–2008	2009	2010	2011	2012	2013	2014	Total
Scholars accepted to JISP	81	7	7	7	5	6	3	116
Scholars accepted to the IMF	9	1	1	2		1		14

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

receipt of their doctorates, scholars are required to apply to the IMF's Economist Program (EP), the entry-level employment program for economists, and accept an EP position if offered.

Thirty-three JISP alumni (14 of whom were Japanese) have joined the IMF. Twenty-nine were still working at the Fund as of August 2014.

JISP is administered by the IMF Institute for Capacity Development (ICD) in collaboration with the Institute of International Education (IIE).

Table 6a shows the country distribution of scholars accepted to the program from 1996 to 2008. The number of Japanese scholars accepted to JISP and employed by the IMF since 1996 is shown in Table 6b.

Appendix I

The IMF: Purpose and Activities

The IMF, which currently has 188 member countries, was established in 1945 to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with one other. It promotes international monetary cooperation; works to ensure exchange rate stability and orderly exchange arrangements; provides temporary financial assistance to countries with balance of payments difficulties; and fosters sustainable economic growth globally. To achieve these objectives, the IMF has three main functions.

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 global 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 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. Assistance is available to IMF members through a variety of facilities, such as concessional lending and debt relief for certain low-income members.

Capacity Development: The IMF provides technical assistance in response to requests from member countries to help them formulate and put into effect macroeconomic and structural policies and institutional arrangements for policymaking. IMF also delivers training—courses and seminar—for member country officials and shares with them IMF staff's expertise on topics critical to effective macroeconomic and financial analysis and policymaking.

Annexes

Contents

List of Abbreviations

AFRITAC	Africa Regional Technical Assistance Center
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
APD	Asia and Pacific Department
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
BB	Bangladesh Bank
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BCP	Basel Core Principles
BEAC	Banque des États l'Afrique Centrale
BI	Bank Indonesia
BOL	Bank of Lao
BOP	Balance of payments
BSP	Bangko Sentral Ng Pilipinas
CAR	Central African Republic
CBM	Central Bank of Myanmar
CD	Capacity development
CEMAC	Economic and Monetary Community of Central African States
COA	Chart of accounts
COBAC	Commission Bancaire de l'Afrique
Centrale	
CPI	Consumer Price Index
CRM	Compliance Risk Model
DAC	Development Assistance Committee
EAC	East Africa Community
ECOWAS	Economic Community of West Africa States
ESS	External sector statistics
EU	European Union
FAA	Framework administered account
FAD	Fiscal Affairs Department
FIRST	Financial Sector Reform and Strengthening Initiative
FPP	Financial Programming and Policies
FSAP	Financial Sector Assessment Program
FSI	Financial Soundness Indicators
FX	Foreign Exchange
FY	Fiscal year (for the IMF, May 1 through April 30)
GDDS	General Data Dissemination System
GDP	Gross domestic product
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
GFSR	Global Financial Stability Report
GRS	Georgian Revenue Service
HQ	Headquarters
ICD	Institute for Capacity Development
ICP	International Comparisons Program
IFMIS	Information management systems
IFRS	International Financial Reporting Standards
IIP	International investment position
IMF	International Monetary Fund
IT	Information technology
JISP	Japan-IMF Scholarship Program for Advanced Studies
JISPA	Japan-IMF Scholarship Program for Asia
JSA	Japan Subaccount
LEG	Legal Department
LIC	Low-income country
LOU	Letter of Understanding
LTO	Large taxpayer office
LTX	Long-term expert
MCM	Monetary and Capital Markets Department
METAC	Middle East Technical Assistance Center
MFS	Monetary and finance statistics
MNRW	Managing Natural Resource Wealth
MOF	Ministry of Finance

List of Abbrevations

MTBF	Medium-term budget framework
MTEF	Medium-term expenditure framework
MTFF	Mid-term fiscal Framework
NA	National accounts
NBC	National Bank of Cambodia
NRB	Nepal Rastra Bank
OAP	IMF Office for Asia and the Pacific
ODA	Official development assistance
OECD	Organization for Economic Co-operation and Development
OJK	Otoritas Jasa Kuuangan
PEFA	Public Expenditure Financial Assessment
PFM	Public financial management
PFTAC	Pacific Financial Technical Assistance Center
PIC	Pacific Island Countries
PPI	Producer Price Index
PRGT	Poverty Reduction and Growth Trust
RBS	Risk Based Supervision
ROSC	Reports on Observance of Standards and Codes
RTAC	Regional Technical Assistance Center
SDDS	Special Data Dissemination System
SEE	South East Europe
SNA	System of National Accounts
SOE	State-owned enterprises
STA	Statistics Department
STI	IMF-Singapore Regional Training Institute
STX	Short-term expert
TA	Technical Assistance
TAOLAM	Technical Assistance Office for Lao PDR and Myanmar
TPA	Tax Policy and Administration
TSA	Treasury single account
TTF	Topical Trust Fund
VAT	Value-added tax
WAEMU	West Africa Monetary Union
WEO	*World Economic Outlook*

JSA New and Ongoing Programs *

JSA # IMF ID	Program Title	Overall Program Budget	Program Budget Approved through FY14	Expenditures through FY14	Page
Approved in FY2014 — New Programs					
JPN112 FAD_APD_2014_01	Promoting Priority PFM Reforms in Selected Asian Countries, with a Special Focus on Myanmar	4,793,755	1,712,090	914,243	**31**
JPN113 FAD_EUR_2014_01	Public Financial Management and Revenue Administration in South Eastern Europe	1,000,000	1,000,000	732,550	**32**
JPN114 FAD_MCD_2014_01	Budget Preparation, Treasury Management, Macrofiscal Forecasting and Reporting in Caucasus and Central Asian Countries	3,501,532	1,081,141	781,061	**34**
JPN407 MCM_KHM_2014_01	Strengthening the Financial Stability Framework in Cambodia	1,515,122	483,485	54,865	**36**
JPN408 MCM_IDN_2014_01	Financial Market Deepening in Indonesia	1,175,572	99,123	7,571	**37**
JPN506 STA_APD_2014_20	Real Sector Statistics Resident Advisor in Bangladesh and Lao PDR	1,392,498	270,710	138,026	**38**
JPN507 STA_IMF_2014_20	Financial Soundness Indicators in Selected African and Asian Countries	2,527,019	920,200	656,952	**39**
JPN508 STA_APD_2014_21	External Sector Statistics Resident Advisor to Lao PDR and Myanmar	1,974,921	616,764	45,881	**40**
JPN602 IMF_APD_2014_01	Developing Macroeconomic Management Capacity in Myanmar and Lao PDR	2,098,054	1,072,384	160,704	**41**

Annex 1

JSA # IMF ID	Program Title	Overall Program Budget	Program Budget Approved through FY14	Expenditures through FY14	Page
Approved in FY2013 — Ongoing Programs					
JPN110 FAD_AFR_2013_01	Further Modernization of Budget Management, Fiscal Reporting, and Tax Administration in West Africa (ECOWAS)	4,125,653	3,531,548	2,464,204	**42**
JPN111 FAD_MCD_2013_01	Tax Administration in Caucasus and Central Asian Countries	2,621,500	2,621,500	1,317,379	**44**
JPN202 INS_STI_2013_01	Strengthening Macroeconomic Management in the Asia-Pacific Region	6,900,000	4,600,001	4,496,015	**46**
JPN301 LEG_MMR_2013_01	Enhancing the AML/CFT Framework in the Union of Myanmar	1,269,557	1,269,557	581,198	**47**
JPN405 MCM_APD_2013_01	Banking Supervision for Financial Stability in Association of Southeast Asian Nation	5,102,314	2,776,626	1,351,406	**48**
JPN406 MCM_MMR_2013_01	Central Bank Modernization in the Union of Myanmar	2,989,286	2,050,973	1,409,196	**51**
JPN505 STA_APD_2013_19	Improved External Sector Statistics in the Asia Pacific Region	4,954,604	3,053,989	2,328,316	**53**
JPN601 IMF_APD_2013_01	Developing Treasury Management and Financial Systems Modernization in Myanmar and Lao PDR	4,975,883	1,912,317	922,267	**56**

JSA # IMF ID	Program Title	Overall Program Budget	Program Budget Approved through FY14	Expenditures through FY14	Page
Approved in FY2012 — Ongoing Programs					
JPN107 **FAD_CE6_2012_01**	Strengthening Budget Management and Customs Administration in the Central African Economic and Monetary Community	5,009,501	5,009,501	3,028,508	**57**
JPN108 **FAD_APD_2012_03**	Effective and Efficient Budget and Treasury Management for Southeast Asia	4,993,940	4,993,940	3,757,360	**59**
JPN109 **FAD_APD_2012_06**	Implementing Tax Administration Reforms in Selected South East Asian Countries	3,625,930	3,625,930	1,980,508	**61**
JPN404 **MCM_EAC_2012_01**	Supporting Preparations for Monetary Union in the Monetary Policy and Statistical Areas in the East African Community	4,993,048	4,993,048	1,135,332	**63**
JPN502 **STA_EUR_2012_18**	Capacity Building for Sustainable Compilation of Real Sector Statistics in Eastern Europe	4,715,490	4,715,490	3,137,600	**65**
JPN503 **STA_APD_2012_18**	Regional Government Finance Statistics Asia-Pacific Region	4,959,450	4,959,450	3,073,166	**68**
JPN504 **STA_IMF_2012_15**	General Data Dissemination System Program in Selected Asia-Pacific, Central Asia, and Middles-Eastern Countries	1,299,603	1,299,603	649,198	**70**

Annex 1

JSA # IMF ID	Program Title	Overall Program Budget	Program Budget Approved through FY14	Expenditures through FY14	Page
Approved in FY2011 — Ongoing Programs					
JPN106 FAD_APD_2011_01	Asia and Pacific: Supporting Strategic Fiscal Management and Building Institutional Capacity	4,333,971	4,333,971	4,218,817	71
JPN403 MCM_APD_2011_03	Asia and Pacific: Improving Banking Supervision and Regulation, and Crisis Management in Selected PRGT-Supported Countries	4,904,305	4,904,305	3,222,478	73
JPN501 STA_APD_2011_17	Asia and Pacific: Implementation of a System of National Accounts and the International Comparison Program	4,654,394	4,654,394	3,598,177	76
Approved in FY2010 — Ongoing Programs					
JPN103 FAD_EUR_2010_01	Strengthening Fiscal Management in South Eastern Europe	5,823,133	5,823,133	5,416,066	78
JPN401 MCM_AFR_2010_03	Economic and Monetary Community of Central African States: Strengthening Regional Financial Agencies	3,260,612	3,260,612	2,568,136	81
JPN402 MCM_APD_2010_01	**Association of Southeast Asian Nations: Enhancing Regional Stability through Improved Supervision**	**4,632,981**	**4,632,981**	**3,870,091**	**82**
JPN101 FAD_AFR_2010_01	**West Africa: Developing Strategic Fiscal Management**	**5,303,993**	**5,303,993**	**4,658,187**	**85**
JPN102 FAD_APD_2010_01	**Asia and Pacific: Effective and Efficient Public Financial Management**	**5,805,755**	**5,805,755**	**5,492,258**	**88**
JPN104 FAD_MCD_2010_02	**Middle East and Central Asia: Safeguarding Financial Resources in Central Asian Countries**	**4,277,228**	**4,277,228**	**3,967,755**	**90**
JPN105 FAD_WHD_2010_01	**Enhancing Fiscal Management: Treasury Management, Fiscal Reporting, Tax Auditing in Selected South American Countries**	**1,341,641**	**1,341,641**	**1,335,910**	**92**
JPN201 INS_STI_2010_02	**Asia-Pacific Region: Strengthening Macroeconomic Management**	**6,085,097**	**6,085,097**	**6,052,199**	**94**

*Programs completed in FY2014 are in bold.

JSA Programs Approved in FY2014 (9)

PROMOTING PRIORITY PFM REFORMS IN SELECTED ASIAN COUNTRIES, WITH SPECIAL FOCUS ON MYANMAR
JPN 112 (FAD_APD_2014_01)

Description of Multi-year Program

This three-year public financial management (PFM) technical assistance (TA) program provides targeted assistance to four Asian countries—Myanmar, Bhutan, Maldives, and Sri Lanka—with a special focus on Myanmar. The TA is offered to help improve management of fiscal and monetary risks and better management of government finances, especially debt management. The program is designed to facilitate better macroeconomic and budgetary outcomes in the designated countries, and provides assistance through the regional PFM advisor based in Phnom Penh, Cambodia.

Overall Program Budget	$4,793,755
Program Budget Approved through FY14	$1,712,090
Expenditures through FY14	$914,243

Overview of Progress Achieved through FY2014

Myanmar continues to make slow but steady progress in modernizing its PFM, to which the authorities have shown sustained commitment. The Ministry of Finance (MOF) has finalized its PFM reform strategy and the cabinet has approved it, which should pave the way for faster implementation. A key recommendation of the February 2014 TA mission on the budget formulation process was to outline a medium-term fiscal framework (MTFF). Based on IMF recommendations, the authorities have decided to establish a fiscal policy and strategy division within the Budget Department. This new division is expected to become operational in April 2014. Its responsibilities will include drafting the MTFF. Given the many challenges facing the authorities and the MOF's limited capacity, extensive follow-up TA will be required to support this initiative.

An earlier Japan-funded program provided *Bhutan* with TA on macrofiscal forecasting, budget planning and analysis, and cash management. Initial efforts in the current program have focused on building capacity in these areas. Work has also begun on formulating an MTFF. The program will further advance these efforts.

Sri Lanka has made progress on revising its financial rules and regulations and has reinforced oversight of state-owned enterprises. The medium-term action plan for improvements in the budget formulation process will speed the reforms.

Political uncertainties have slowed progress in *Maldives*. It is hoped that reform efforts will step up after the presidential elections. The government recently asked the IMF to conduct a Public Expenditure and Financial Accountability (PEFA) assessment to serve as a reference point and guide new initiatives, especially a large World Bank-supported reform program. The assessment, funded by an earlier Japan program, was to be completed by May 2014. Initial discussions point to a number of areas for future TA, notably reducing fiscal risk, overseeing SOEs, work on the chart of accounts, and development of an MTFF.

The placement of the regional long-term expert has greatly enhanced engagement with the authorities in all the countries benefitting from this program. It has brought about a clearer understanding of their needs and greater sensitivity to local conditions. It also fostered greater awareness and interest in IMF TA. The regional advisor has done a great deal to identify TA needs and follow up on HQ-led diagnostic missions and short-term expert visits, in close coordination with other TA providers and donors. The advisor has promoted progress on this and earlier Japan-funded programs by delivering technical advice and sharing the best internationally-recognized PFM practices.

Annex 1

PUBLIC FINANCIAL MANAGEMENT AND REVENUE ADMINISTRATION IN SOUTH EAST EUROPE JPN113 (FAD_EUR_2014_01)

Description of Multi-year Program

The primary objective of this multi-year project is to build upon reforms initiated during an earlier Japan program for fiscal management in South East Europe (SEE). The additional TA provided through the current program will reinforce previous reform efforts with further capacity building to ensure that reforms are sustainable over the medium to long term.

The expected outcomes for public financial management (PFM) are to complete building up PFM institutional arrangements with systems and processes to ensure sustainable medium-term budget frameworks (MTBF) and to ensure that associated PFM reforms are in place and operational in countries in the region.

In revenue administration, the expected outcomes for Albania, Croatia, and Moldova, the countries targeted in this area, are better governance of tax administration, strategic and operational compliance management, and alignment of business processes with the capability of IT systems.

This project is being implemented in parallel with program FAD_EUR_2010_01, which combines strategic TA advice from IMF Headquarters with on-the-ground capacity building.

Overall Program Budget	$1,000,000
Program Budget Approved through FY14	$1,000,000
Expenditures through FY14	$732,550

Overview of Progress Achieved through FY2014

Public Financial Management

Progress in improving PFM throughout the region has been good in the past year. Partly as a consequence of new management teams appointed in Budget and Treasury Departments in some countries, and partly as a consequence of heightened emphasis in domestic politics on EU accession; compared with previous periods conditions for effective TA were very good. Budget Departments in Albania, Croatia, Montenegro, Romania, Republica Srpska, Serbia, and Slovenia have chosen to emphasize binding medium ceilings and reliable baseline estimates. Treasury Departments in Albania, Federation of Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia, and Slovenia have increased their efforts to ensure effective commitment control, including commitments for future years. Albania, Bosnia and Herzegovina, Croatia, Montenegro, Romania, and Slovenia now have in place program classification of the budget, and Macedonia, Moldova, Romania, and Serbia are working to join them. Albania, Bosnia and Herzegovina, Montenegro, and Serbia are among the countries stepping up their active cash management by reducing volatility in cash reserves and better coordinating cash and debt management.

Albania. Arrears have been a significant issue, and IMF missions funded by this program have made recommendations to prevent further accumulation of arrears and for a strategy to settle arrears. The government approved and published its arrears prevention and clearance strategy in February 2014 in line with the recommendations. An arrears clearance committee has been constituted and a dedicated unit has been set up in the budget directorate to manage the clearance process. There is need to do further work to establish precisely the stock of arrears and provide guidance on definition and measurement of various categories of arrears.

Bosnia and Herzegovina. The Budget Code has been revised, based heavily on advice provided through this program; medium-term budget frameworks are in place, but efforts are now needed to ensure effective coordination. Progress has also been made in fiscal reporting, although more remains to be done. Capacity to produce fiscal reports has significantly improved. Work is now focused on cash and debt management and on actualizing earlier IMF recommendations for revision of the Law on Budgets, especially the fiscal reporting framework.

Croatia. Integration of cash and debt management has been substantially achieved, and during the year the cash balance was significantly less volatile.

Romania. Agreement was reached with the authorities on the approach to program-based budgeting and the role of the line ministries in setting the baselines. Further work in this area has been deferred to facilitate completion of major reforms currently underway to improve fiscal reporting and expenditure control and a pending reassessment of priorities.

Serbia. FAD advised the authorities on budget planning and execution, emphasizing the MTBF, arrears and commitment control, cash management, and fiscal reporting.

Revenue Administration

The project has facilitated progression of reforms throughout SEE. Most SEE countries now have in place strategic business plans for reforms that set out the direction, methods, activities, and timelines for aligning tax administrations with international standards. As is recommended by the European Union (EU) and the Organization for Economic Cooperation and Development (OECD) as well as the IMF, modern compliance risk management models are being phased in across the region and in some countries compliance outcomes are already excellent. Most tax administrations have succeeded in reorganizing their headquarters to facilitate core tax administration functions (though field structures are still too large) and have acted on the advice to segment taxpayers into risk categories, and create large taxpayer offices (LTOs). Romania and Moldova have already set up special units for managing high-wealth individuals. In addition, Albania, Kosovo, Moldova, and Serbia have strategic plans for comprehensive information technology (IT) reforms and Albania and Serbia have begun to implement theirs. However, most administrations still have major deficiencies regarding the governance of tax administration—mostly due to capacity problems with regard to the staffing of project structures and an outdated attitude to management.

This project is being implemented in parallel with program FAD_EUR_2010_01 and detailed country achievements are described under the 2010 program.

Annex 1

BUDGET PREPARATION, TREASURY MANAGEMENT, MACROFISCAL FORECASTING AND REPORTING IN CAUCASUS AND CENTRAL ASIAN COUNTRIES JPN114 (FAD_MCD_2014_01)

Description of Multi-year Program

This project assists the eight countries comprising the Caucasus and Central Asia region (Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan) with implementing reforms to make their PFM systems and processes more effective.

The objectives and expected outcomes of this project are twofold: (1) consolidating PFM reforms previously initiated in some of these countries with assistance from the IMF; and (2) focusing on areas that are macrocritical or that will reinforce transparency and accountability in the budget process.

TA under this project combines strategic advice from IMF HQ with on-the-ground capacity building through a regional long-term expert (LTX), short-term experts, and seminars and workshops in the field. IMF TA is coordinated with that of other providers to avoid duplication and enhance synergies.

Overall Program Budget	$3,501,532
Program Budget Approved through FY14	$1,081,141
Expenditures through FY14	$781,061

Overview of Progress Achieved through FY2014

There has been broad-based progress in the sophistication of PFM systems in the region. Budget execution systems are relatively well developed and in several countries are now being consolidated and further enhanced. Some countries are already bringing their financial accounting and reporting systems into line with international standards and government finance statistics (GFS) reporting requirements; others are planning to do so soon. Measures have also been initiated to improve macrofiscal forecasting and introduce or enhance MTBFs and program budgeting. Improving fiscal risk disclosure and management is also now a priority in several countries; specifically:

Medium-term fiscal frameworks (MTFFs) have been established in Armenia, Georgia and Kazakhstan and are being prepared in Tajikistan and the Kyrgyz Republic.

Program budgeting is being refined in Armenia, Georgia, and Kazakhstan and has been introduced in Tajikistan and the Kyrgyz Republic.

Treasury operations have improved in Uzbekistan, Kazakhstan, Azerbaijan, Armenia, Georgia, Kyrgyz Republic, and Tajikistan. There has been a major extension of treasury coverage in Georgia, and coverage is being significantly extended in the Kyrgyz Republic and Tajikistan.

Annex 1

Accounting and reporting reforms based on international public sector accounting standards are underway in Kazakhstan, Tajikistan, Kyrgyz Republic, Azerbaijan, Uzbekistan, Georgia, and Armenia.

Treasury single accounts (TSAs) are in place in Kazakhstan, Tajikistan, Azerbaijan, Uzbekistan, Georgia, and Armenia, and are being extended in Azerbaijan, Tajikistan, and Uzbekistan. There has been a major extension of the TSA system in Georgia.

Armenia already has a well-developed cash planning and management system, and the other countries with TSA systems have improved their own cash planning and management. Tajikistan is also making major improvements in its cash planning and management.

Armenia now has a procedure for identifying and managing macrofiscal risks and is improving it. Georgia is preparing to systematize its fiscal risk identification and management. Tajikistan has set up a unit in the Ministry of Finance for fiscal oversight of state-owned enterprises (SOEs) and has published annual statements of SOE fiscal risks for the last two years.

Annex 1

STRENGTHENING FINANCIAL STABILITY FRAMEWORK IN CAMBODIA
JPN407 (MCM_KHM_2014_01)

Description of Multi-year Program

This multi-year program is helping the National Bank of Cambodia (NBC) to enhance its capacity for financial stability analysis and reporting by providing TA in the following areas:

- Determination, collection, storage, and management of data and information and identification of ways to enhance data quality and integrity;
- Generation of reliable financial soundness indicators and the use of the indicators for assessing financial stability;
- Use of risk-assessment tools and methodologies, such as stress testing and early warning indicators, to effectively analyze financial sector risks and publishing the analyses as a Financial Stability Report;
- Staff training on the use of techniques for financial stability analysis and reporting; and
- Strengthening crisis management and resolution frameworks

Overall Program Budget	$1,515,122
Program Budget Approved through FY14	$483,485
Expenditures through FY14	$54,865

Overview of Progress Achieved through FY2014

The TA program has made a good start, commencing with comprehensive training of NBC staff on financial stability analysis and reporting. Some of the IMF recommendations are already being implemented; the next stage of the project focuses on the quality and integrity of regulatory data and staff training on how to use the data in assessing financial sector risks. The TA is progressing slowly, partly because of low absorptive capacity at the NBC and partly out of the desire to benefit from and coordinate with other IMF TA programs on risk-based supervision and use of regulatory data for banking supervision. The TA is being delivered by both STX visits and IMF staff-led missions.

FINANCIAL MARKET DEEPENING IN INDONESIA
JPN408 (MCM_IDN_2014_01)

Description of Multi-year Program

This program supports the Indonesian authorities in developing and deepening their financial markets, including money, foreign exchange, and capital markets. This is an important reform agenda for the authorities who wish to add sophistication to their markets in order to bring Indonesia up to the level of peer country markets in Asia. The intent is to stimulate economic growth through more efficient allocation of financial resources, enhance the efficacy of monetary policy, and preserve financial stability.

IMF is working with Bank Indonesia (BI), the Ministry of Finance, and Otoritas Jasa Kuuangan (OJK), the financial services supervisory authority, to draw up a three-year action plan for deepening Indonesia's financial markets. The plan will spell out objectives to be achieved in each market segment (money, foreign exchange, and capital markets) and milestones to check progress systematically and comprehensively. This project will help the three institutions to operationalize the ultimate three-year action plan.

Overall Program Budget	$1,175,572
Program Budget Approved through FY14	$99,123
Expenditures through FY14	$7,571

Overview of Progress Achieved through FY2014

Consistent with the overall financial market deepening action plan developed earlier, the IMF has assessed in detail the functioning of the interbank FX swap market and has worked with the authorities to draw up a preliminary action plan for developing the market, and to identify areas where further TA or training may be required to ensure success of the plan. The Fund has also made a preliminary assessment of the functioning of the interbank repo market and identified major obstacles to its development. It has recommended that a follow-up TA mission further investigate the main legal impediments to proper functioning of the market. With the BI, the IMF has worked on five priorities: legal and regulatory issues in the swap market; operational issues relating to that market; financial literacy in terms of swap operations; legal and regulatory issues in the repo market; and repo market operational issues. It has also helped the BI to assess the impact of its monetary and foreign exchange operations on market development and helped draft a medium- to long-term plan to move the BI's financial deepening forward in each area. BI has begun to implement the plan.

Annex 1

REAL SECTOR STATISTICS RESIDENT ADVISOR IN BANGLADESH AND LAO PDR
JPN506 (STA_APD_2014_20)

Description of Multi-year Program

The program provides TA on compiling national accounts and price statistics to the statistical offices of Bangladesh and the Lao People's Democratic Republic (Lao P.D.R). The main outcomes of the program will be (1) more accurate and consistent annual GDP estimates by production and expenditure approaches; (2) better volume measures for GDP; (3) systems in place for compiling quarterly national accounts; and (4) higher-quality consumer price index (CPI), the producer price index (PPI), and the industrial production index.

Overall Program Budget	$1,392,498
Program Budget Approved through FY14	$270,710
Expenditures through FY14	$138,026

Overview of Progress Achieved through FY2014

Bangladesh has begun work on rebasing and improving the CPI. The main issues addressed in this first phase were completing the weight revision and the *Classification of Individual Consumption According to Purpose* (COICOP) conversion. The next priority will be improving index calculation methods and data collection procedures.

On the national accounts side, the review and assessment of current concepts and practices continues, with the aim of improving data coverage, annual GDP estimates, and the quality of published data. The resident advisor has been working with the Bangladesh Bureau of Statistics to improve the content and presentation of national accounts publications and to ensure that data are consistent across tables and that system of national accounts (SNA) nomenclature is being used.

Lao P.D.R. benefited from an earlier program that made it possible for the Lao Bureau of Statistics to move closer to completing a new annual expenditure measure of GDP and improving the methodology for activity estimates for annual GDP. The Bureau is now working on compiling a producer price index (PPI).

FINANCIAL SOUNDNESS INDICATORS IN SELECTED AFRICAN AND ASIAN COUNTRIES JPN507 (STA_IMF_2014_20)

Description of Multi-year Program

This three-year TA program on Financial Soundness Indicators (FSIs) supports selected African and Asia-Pacific countries. The objective is to strengthen their capacity to produce cross-country comparable FSI data and metadata for their own policy use and for reporting to the IMF and posting on the IMF's FSI website.

Overall Program Budget	$2,527,019
Program Budget Approved through FY14	$920,200
Expenditures through FY14	$656,952

Overview of Progress Achieved through FY2014

Three opening workshops have been conducted for officials of beneficiary countries. The main workshop objectives were to: (i) familiarize participants with the IMF methodology for compiling FSIs based on the current *FSI Compilation Guide* and (ii) conduct bilateral discussions with participants to draw up preliminary action plans for FSI data compilation and dissemination and identify options for supporting TA. The workshops also explained the IMF FSI website to facilitate regular reporting of FSIs to the IMF for public dissemination.

The first workshop, held in Indonesia, drew 25 participants from 13 Asia-Pacific countries. Representatives from Bank Indonesia delivered a presentation on Indonesia's experience in compiling FSIs; the keynote speech was on the importance of FSIs for financial surveillance and financial stability purposes. Two other opening workshops were conducted in Mauritius, one for Francophone and one for Anglophone African countries. The first drew six participants from three Francophone countries and six representatives from the Central Bank of West Africa States (BCEAO) and the BCEAO Banking Commission; the second drew 24 participants from 12 Anglophone countries. The First Deputy of the Governor of the Bank of Mauritius delivered the keynote speeches at both opening workshops.

During the workshops, participating countries committed to preparing action plans and discuss their TA needs with senior management at home. IMF has since received TA requests from Bangladesh, Guinea, Rwanda, Nigeria, Lesotho, Swaziland, and Tanzania, and in line with the action plan schedule for the first financial year conducted missions to Bangladesh, Lesotho, and Swaziland. Staff also visited Tanzania to meet with the East African Community (EAC) Secretariat and Technical Working Group on macroprudential statistics to build capacity in EAC partner states on the methodological aspects of FSI compilation and dissemination.

As result of intensive work in the past year, Namibia, Nigeria, Rwanda, Tanzania, and Vietnam have posted FSIs on the IMF website, and Bangladesh, Botswana, Burundi, Lesotho, Thailand, and Swaziland have submitted their FSIs for IMF review.

Annex 1

EXTERNAL SECTOR STATISTICS RESIDENT ADVISOR TO LAO PDR. AND MYANMAR
JPN508 (STA_APD_2014_21)

Description of Multi-year Program

A resident advisor, based in the IMF Technical Assistance Office for Lao P.D.R. and Myanmar (TAOLAM) in Bangkok, Thailand, provides the two countries with TA on compiling external sector statistics (ESS). The program will help the authorities to implement the action plans designed during earlier TA missions under the ESS Regional Project. The action plans will be reviewed regularly and updated as needed.

Overall Program Budget	$1,974,921
Program Budget Approved through FY14	$616,764
Expenditures through FY14	$45,881

Overview of Progress Achieved through FY2014

The resident advisor started work in March 2014. During the two months of FY14, the resident advisor consulted with the authorities of Myanmar and Lao P.D.R. and the following focus areas were identified:

Myanmar. The IMF, Central Bank of Myanmar (CBM) senior staff in the Monetary Operations and Research Department, and the Balance of Payments Section Chief agreed that the following work areas should have priority: (1) implementation of the *Balance of Payments and International Investment Position Manual, Sixth Edition* (*BPM6*); (2) upgrading the International Transactions Reporting System (ITRS) coding in line with *BPM6*; (3) preparation of external debt statistics data and metadata templates; (4) computerization of the compilation process; and (5) participation in the Coordinated Direct Investment Survey. A work program to address these issues during the first year of the program was discussed and agreed upon.

Lao P.D.R. The IMF discussed with the authorities the import data compiled by the Bank of Lao P.D.R. (BOL), which are substantially lower than the export data reported by partner countries. The BOL agreed to work on balance of payments issues, starting with trade and compilation of foreign direct investment data through a survey questionnaire.

DEVELOPING MACROECONOMIC MANAGEMENT CAPACITY IN MYANMAR AND LAO PDR JPN602 (IMF_APD_2014_01)

Description of Multi-year Program

The program objective is to provide a broad, systematic approach to training in basic macroeconomic analysis and forecasting and on macroeconomic and financial sector policies, which both Myanmar and Lao P.D.R. government officials have identified as needs. The TA is designed to build the capacity of the authorities to implement macroeconomic policy advice provided by Fund missions, better absorb and sustain TA in macroeconomics offered by the Fund and other donors, and help fulfill the objective of both countries to transition successfully to a market economy.

Overall Program Budget	$2,098,054
Program Budget Approved through FY14	$1,072,384
Expenditures through FY14	$160,704

Overview of Progress Achieved through FY2014

Myanmar. Thus far, about 75 government officials have been trained in basic macroeconomics and the role of macroeconomic policies. The centerpiece of the work program was training in techniques for financial programming and policies (FPP). The first FPP workshop, in Yangon, Myanmar, provided a general introduction to macroeconomic analysis and forecasting: what macroeconomic analysis is about, how it is conducted, and the role of monetary and fiscal policies in keeping the economy stable. The introductory workshop was tailored to account for the limited macroeconomic experience and capacity of Myanmar officials. It utilized country-specific examples and data. It was followed up by the second FPP workshop, held jointly with the Singapore Regional Training Institute (STI) in Singapore. Again, the participants were exclusively Myanmar government officials, so that it was possible to tailor the content to their requirements. A third major training activity was a high-level seminar that provided an overview of the role and responsibilities of a central bank in macroeconomic and financial sector issues, particularly monetary policy and banking supervision.

The program also advised on the formation of a core group of technically-oriented government officials and central bank staff to build a macroeconomic framework for Myanmar that will promote application of techniques learned in the training programs to Myanmar. Work on this is expected to be completed in FY2015.

Lao P.D.R. After the 2013 IMF surveillance exercise had highlighted a number of risks to the macroeconomic outlook for Lao P.D.R., the Deputy Prime Minister asked TAOLAM to organize a high-level seminar to build broader understanding of these risks and the policy options. That seminar, which featured presentations by TAOLAM's macroeconomic advisor, the former Governor of the Bank of Thailand, and the IMF mission chief, was attended by 55 officials who were very appreciative.

The second major training activity was an introductory FPP workshop held in Vientiane, Lao P.D.R., for about 35 government officials and central bank staff. It was tailored to the audience and used Lao examples and data. A follow-up FPP workshop organized jointly with STI will take place in FY2015.

Annex 1

JSA Programs Approved in FY2013 (8)

FURTHER MODERNIZATION OF BUDGET MANAGEMENT, FISCAL REPORTING, AND TAX ADMINISTRATION IN WEST AFRICA (ECOWAS) JPN110 (FAD_AFR_2013_01)

Description of Multi-year Program

The program succeeds a previous Japan-funded program (JPN101) that emphasized strategic and policy-oriented fiscal management and building up the associated budget process, revenue mobilization, and collection systems in specified West African countries. The new program builds on efforts to implement the VAT, introduce a medium-term budget framework (MTBF), and facilitate the new legal framework for public finance prescribed by the Western African Economic and Monetary Union (WAEMU). The new program is geared toward modernizing fiscal institutions in 11 ECOWAS countries: Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Liberia, Mali, Niger, Nigeria, Sierra Leone, and Senegal. The objectives and expected outcomes of this program will be to provide advice to (1) improve the credibility and transparency of the budget within an MTBF, make budgeting more predictable, and raise fiscal reporting to international standards; and (2) promote voluntary taxpayer compliance in order to enhance revenue collections and reduce collection cost.

Overall Program Budget	$4,125,653
Program Budget Approved through FY14	$3,531,548
Expenditures through FY14	$2,464,204

Overview of Progress Achieved through FY2014

Public Financial Management

The pace of reforms has recovered to a satisfactory pace in countries recently affected by political turmoil.

Burkina Faso. Now that all spending agencies have program budgets, assistance has shifted to training for the supreme audit institution training and medium term budgeting. Burkina Faso has adopted the transparency law required by the WAEMU harmonized PFM framework, and the finance law has been amended to introduce more targeted spending controls. The PFM action plan for 2014–19 has been updated to reflect progress in implementing key reforms.

Côte d'Ivoire. The country has committed to a medium- to long-term strategy and action plan for putting in place full-fledged program-based budgeting. Current program work is geared to realization of the action plan and building capacities to implement the MTEF and MTBF.

Mali. Although Mali's Ministry of Finance faced historic challenges during the crisis, it largely avoided regression of past PFM reforms. Action on reforms in MTBF, program budgeting, controls, and IT have resumed, though deadlines have had to be adjusted. TA has focused on budget execution and macro fiscal framework; the latter needs significant help to accommodate the government's decision to devolve significant fiscal resources to local governments.

Niger. Authorities are making commendable efforts to draft an MTEF. Meanwhile, much work is still needed to improve (1) ownership of the current macroeconomic and budgetary model; (2) projections of domestic revenue; and (3) policy-based budgeting. Work continues on budget execution (expenditure chain, IT, and fiscal reporting) to reinforce PFM basics and lay a solid foundation for putting in place the MTEF.

Senegal. Supported by IMF TA, the authorities have adopted new laws aligned with WAEMU PFM directives, including a financial law, new budget and accounting classification, and a transparency code. Program work is now being directed to improving budgeting methods and tools related to multiyear capital spending, program budget, budgetary FMIS, and public pension budgeting. IMF missions have (1) evaluated and proposed ways to improve forecasting and budgeting methodologies, (2) reviewed the pension information system, and (3) identified weaknesses in public pension execution, and made recommendations to improve pension management.

Cape Verde. The government is making great strides in strengthening the PFM system. The authorities are designing a priority action plan and a PFM reform strategy with IMF assistance.

Nigeria. Following up on previous Japan-financed TA, the authorities have adopted a strategy to implement a treasury single account (TSA) and improve cash management. Since the launch in 2012,TSA coverage has steadily increased. It now covers 351 ministries, departments, and agencies representing about 74 percent of budgetary expenditures. A new cash management unit established under the Accountant General of the Federation currently prepares the cash plan for the Federal Government of Nigeria, as required under the Fiscal Responsibility Act. To enhance fiscal reporting, the regional advisor has identified as priorities amendment of the 2007 Fiscal Responsibility Act; strengthening fiscal oversight by the legislature; alignment of fiscal reports with cash-basis IPSAS and closer monitoring of state-owned enterprises.

The Gambia. As a result of earlier TA, the authorities have made satisfactory progress in introducing multiyear planning and budgeting (an MTEF). Budget Framework Papers setting out medium-term macrofiscal policy objectives and targets have been produced for each fiscal year since 2012 and received cabinet approval. Planning staff now deployed in line ministries have been trained to support the MTEF process. So far, the ministries of education, finance, and health have produced medium-term strategic plans, which are updated annually to guide spending decisions during the budget process. The IMF has made recommendations for greater fiscal transparency, especially making quarterly budget execution reports more timely and useful. The authorities have now embarked on improving in-year fiscal reporting practices.

Liberia. The IMF has worked with the authorities on transparency and fiscal reporting gap analysis to guide future work on the quality and timeliness of fiscal reports. The regional workshop under the fiscal reporting and transparency project created an environment in which Anglophone ECOWAS countries could discuss issues in detail. A revised agenda for fiscal reporting and transparency has been incorporated in the PFM reform agenda for 2014–16.

Sierra Leone. A transparency and fiscal reporting gap analysis report was prepared in 2013; work continues on incorporating its recommendations into the draft revised PFM legal framework to enhance fiscal reporting and transparency.

Ghana. The regional IMF advisor located in the Ministry of Finance has worked with the authorities on several PFM reforms, notably transparency and fiscal reporting. The Ghanaian authorities provided significant technical and administrative support to the regional workshop on fiscal reporting and transparency in Accra. The regional PFM adviser supported refinement of Ghana’s program-based budgeting and helped the authorities set priorities for enhancing fiscal reporting and rationalizing extra-budgetary funds within the national budget.

Revenue Administration

Ghana. The program’s Revenue Administration component assessed the status of tax administration reforms and provided follow-up TA on taxpayer self-assessment and compliance management. The program identified specific areas where, building on progress to date, the Ghana Revenue Authority could obtain significant increases in tax compliance and revenue levels over the medium term.

Annex 1

TAX ADMINISTRATION IN CENTRAL ASIAN COUNTRIES
JPN111 (FAD_MCD_2013_01)

Description of Multi-year Program

This program provides TA to support modernization of tax administration in Armenia, Georgia, Tajikistan, and Uzbekistan; it is a major vehicle through which the IMF provides TA on this topic in Central Asia. Ultimately, the overarching objective is to enhance revenue performance in the target countries.

Capacity-building activities to support this objective are designed to (1) build understanding across the region of state-of-the-art tax administration techniques and how to incorporate these in modernization plans; (2) help countries to draft detailed modernization strategies and plans that reflect both appropriate priorities, sequence, and timing, and the capacity available to implement them; (3) build up organizational structures to ensure that headquarters units have the structure and capacity to provide effective policy and operational direction to an appropriately configured network of field offices; (4) build capacity to design effective compliance programs tailored to the needs of different taxpayer segments (large, medium, and small)—programs that would reflect service and compliance responses to country revenue risks; and (5) helping countries to identify ways to modernize operations and incorporate IT to reduce compliance and administrative costs.

Overall Program Budget	$2,621,500
Program Budget Approved through FY14	$2,621,500
Expenditures through FY14	$1,317,379

Overview of Progress Achieved through FY2014

Old ways and outmoded approaches are deeply entrenched in the region, capacity is very low, and experience with ensuring substantive change is limited. In some countries corruption is a serious problem. In all countries, it is taking longer than anticipated for the authorities to act on recommendations. To align with the pace of change, TA has been rolled out more slowly than planned.

*Armenia***.** The main TA priorities are to (1) better manage large taxpayers; (2) reflect tax revenue risks in operational plans; (3) tackle serious noncompliance; and (4) put in place a compliance program for high-wealth individuals. Reflecting these priorities the program has assisted the authorities as they draw up and implement the national plan to combat fraud, tax evasion, and the shadow economy and given them guidance on improving the design of the plan and move to actualize it in calendar year 2013. The authorities have been cautious about putting in place changes to strengthen compliance; and it is likely that the process will be incremental.

Georgia. The country has been a significant recipient of TA under this program. Three priorities were agreed with the Georgia Revenue Service (GRS) in 2012: registration and filing, debt management and compliance enhancement. So far, the project has supported the GRS as it improves registration and filing and reinforces debt management. Progress has been made in planning for improved management of registration and filing, through, e.g., implementing a tax type indicator into the registration base that will enable better management of filing compliance and the management of arrears and removing significant old and uncollectable arrears. Plans are being drafted to better resource both return filing and arrears management. HQ functions to manage registration, filing, and arrears are being rationalized and there are plans to boost staffing to these functions.

Last February, the GRS Director General was again replaced triggering further downstream changes in GRS management personnel. Though progress has been slow, there are good prospects for successful reforms and the TA program will be restarted. IMF has provided advice on a program to clear an accumulation of VAT refund arrears and drawn up recommendations and a remediation plan that the authorities have begun to act on.

Tajikistan has been the second most significant recipient of this program of TA. Implementation has been challenging, however, because the Tajikistan Taxation Committee (TC) has limited capacity. The IMF recommended that the TC be reorganized around core operational functions and that it increase the use of IT to support operations. It also identified weaknesses in the Large Taxpayer Inspectorate (LTI), concerns about the quantity of tax arrears, and inadequate systems for managing human resources. Tajikistan has made noticeable progress on strategies to better manage arrears and large taxpayers, and a more function-based organizational structure has been partially implemented. A taxpayer services unit has been created in the TC headquarters and a call center launched in 2012 now answers taxpayer questions. Tajikistan is now beginning to design compliance programs. The IMF is helping the TC to design strategies to better administer large taxpayers and modernize arrears management. Tax operational functions are still poorly organized. The IMF has advised the TC on World Bank-financed tax administration reform management, identified current risks to the reforms, and provided recommendations on how to mitigate the risks and provide TA on setting up dispute resolution and improving management of operations.

Uzbekistan. After undertaking a broad-based diagnostic assessment of the status of the Tax Administration, an IMF mission found considerable weaknesses. It outlined a long-term strategy for reforming tax administration and discussed with the authorities priorities for TA in the short term. The mission identified three foundational areas on which to focus initial TA to introduce some new operational approaches: taxpayer segmentation, headquarters capacity and administration, and tax policy alignment. After an encouraging initial response from the authorities, the IMF conducted a detailed analysis of legal entities and their degree of compliance. There is lack of commitment by the authorities to the project, and no further TA is planned unless it becomes clear that the tax administration is willing to embrace modernization initiatives and will actively support the work necessary to design them.

Annex 1

STRENGTHENING MACROECONOMIC MANAGEMENT IN THE ASIA-PACIFIC REGION JPN202 (INS_STI_2013_01)

Description of Multi-year Program

This three-year training program is 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 apply appropriate policies.

The program is delivered through the IMF-Singapore Regional Training Institute (STI), the flagship IMF venue for training in the region. Its broad and deep curriculum is firmly anchored in IMF expertise and continually updated to address analytic and policy issues facing member countries. Courses developed by IMF staff are delivered by staff and carefully selected consultants who bring considerable experience to bear on the material. The delivery model–quite different from that of the typical graduate school–balances rigorous analytical lectures with practical workshops for hands-on learning.

The objective of the program is to help build capacity for the authorities to implement macroeconomic and financial policies. The curriculum in Asia continues to adapt to the new realities of Economic and Financial policymaking in a post crisis world. IMF training is highly valued by the member countries in the region.

Overall Program Budget	$6,900,000
Program Budget Approved through FY14	$4,600,001
Expenditures through FY14	$4,496,015

Overview of Progress Achieved through FY2014

This program covered training activities through the IMF-Singapore Regional Training Institute (STI) for the period from May 2012. The project covered the following subjects: (i) macroeconomic management, macroeconomic diagnostics and financial programming and policies (3); (ii) specialized courses in monetary, exchange rate, and fiscal policies (7); (iii) financial sector policies (6); (iv) legal issues, including banking resolution as well as anti-money laundering issues (3); (v) statistics (5); (vi) sovereign asset liability management (1); and (vii) macroeconomic forecasting (1). All topics were well aligned with the IMF's medium-term strategy and the training needs of the region.

The project funded the salary and travel of two long-term advisors/lecturers, and participant costs for selected courses.

During the period May 2012 to April 2013, participant costs to the IMF for the 19 courses held at the IMF-Singapore Regional Training Institute (STI) were financed under the project. A total of 569 participants from 27 countries in the Asia-Pacific region were trained covering 981 participant weeks of training.

During the period May 2013 to February 2014, participant costs to the IMF for the 27 courses (over 43.4 weeks) held at the IMF-Singapore Regional Training Institute (STI) were financed under the project. A total of 791 participants from 41 countries in the Asia-Pacific region were trained covering 1293.4 participant weeks of training. The main recipient countries were the ASEAN-5 plus Bangladesh, Cambodia, India, Pakistan, and Vietnam.

Courses were highly appreciated by participants, as reflected in their responses on the end-of-course evaluation forms and in the instructors' feedback. The average score on questions related to the overall value of the course was 4.7 on a scale of 1 to 5.

Annex 1

ENHANCING THE AML/CFT FRAMEWORK IN THE UNION OF MYANMAR
JPN301 (LEG_MMR_2013_01)

Description of Multi-year Program

The TA program is designed to provide comprehensive assistance to Myanmar in strengthening its Anti-money Laundering /Combating the Financing of Terrorism (AML/CFT) regime. The program was organized around three main modules.

1. A diagnostic review of the AML/CFT arrangements concentrated on the legal framework and the AML/CFT supervisory regime
2. Review of all relevant laws, regulations, and guidelines and making recommendations for changes to bring the legal AML/CFT framework into compliance with the FATF recommendations.
3. Providing TA to the Central Bank of Myanmar (CBM) to enhance its AML/CFT supervision through adoption of a risk-based approach (RBA) to supervision. The module is designed to assist CBM to identify onsite and offsite audit tools and other instruments to provide guidance to financial institutions on effective management of money laundering/ terrorist financing (ML/TF) risks.

Overall Program Budget	$1,269,557
Program Budget Approved through FY14	$1,269,557
Expenditures through FY14	$581,198

Overview of Progress Achieved through FY2014

Laws and Regulations

The program has provided comprehensive assistance to the authorities on aligning Myanmar's AML/CFT framework with the requirements of the 2012 FATF recommendations. IMF staff participated in meetings of legislative drafting committees and interacted with a wide cross-section of officials. To attract support for the legislative drafting processes and eventual enactment of the new laws, IMF staff introduced awareness-raising initiatives for a range of officials from the Financial Intelligence Unit, the Union Attorney General's Office, the Central Bank of Myanmar, the Ministry of Home Affairs, the Bureau of Special Investigations, the Department of Inland Revenue, the Department of Transnational Organized Crimes, the Customs Department, and the Myanmar Police. A special outreach program was directed to members of Parliamentary legislative drafting committees.

Myanmar enacted a new AML law in March 2014 and a Counter Terrorism law that contains CFT provisions in June 2014. The new laws incorporate many of the recommendations the program provided but revisions to the law are needed to achieve full technical compliance with the FATF recommendations.

With the new laws enacted, the attention of this aspect of the program has shifted to supporting the authorities' initiatives to prepare supporting regulations, including AML and CFT rules, and highlighting remaining deficiencies in the AML and CT laws. The authorities have already drafted AML rules and are making progress in drafting CFT rules. IMF staff has provided comments and advice on both.

Supervision

The program has identified a need to reinforce staff capacity for AML/CFT supervision; CBM supervisory approaches are largely compliance-based, and many staff members have little supervisory experience. The program is therefore focusing on developing risk-based supervisory tools appropriate for existing CBM capacity and consistent with financial sector activity in Myanmar. Under the program IMF staff has assisted CBM to develop

1. A tool for assessing inherent money laundering and terrorist financing (ML/TF) risk
2. An institutional profile to record information on ownership, business activities, and customer base of each financial institution
3. A tool for collecting data on each institution's ML/TF risk exposures
4. A questionnaire to solicit information from financial institutions on their AML/CFT control measures
5. Six on-site examination procedures

IMF staff also advised CBM as it drafted a Guidance Note on Risk Based Supervision, to be issued to financial institutions to provide them with information on CBM's new supervisory approach. Further work on the supervisory component of the program will help CBM to populate the new supervisory tools with data from financial institutions and develop a sense of relative levels of ML/TF risk across institutions. In addition to training CBM staff in AML/CFT supervision and the use of the tools developed by the project team, IMF staff has also conducted outreach activities to inform banks in Myanmar about AML/CFT international standards.

Donor Coordination

The IMF project team regularly coordinates with the Asia Pacific Group on Money Laundering, the FATF-style regional body, UNODC, and other donors and providers of AML/CFT TA to Myanmar. IMF staff will chair the AML/CFT component of the COFTAM, a donor coordination committee for Myanmar.

BANKING SUPERVISION FOR FINANCIAL STABILITY IN ASSOCIATION OF SOUTHEAST ASIAN NATIONS JPN405 (MCM_APD_2013_01)

Description of Multi-year Program

This TA program supports specified country members of the Association of Southeast Asian Nations (ASEAN)—Cambodia, Indonesia, and the Philippines—as they build up their banking supervision and monitoring of systemic risk with a view to promoting financial stability. In many ASEAN countries, financial systems are undergoing rapid changes, and it is important that supervision and regulation keep up with the pace of change. This program aims to encourage the convergence and harmonization of their supervisory practices with international standards and good practices. This will provide a solid foundation for sound expansion of financial intermediation and for increasing regional financial integration.

The expected outcomes for the program are

- A stronger regulatory framework and supervisory practice aligned with international standards and best practices; and
- Greater capacity for early identification and timely resolution of problem banks enhanced monitoring of systemic risk, more effective policies, and crisis preparedness in line with emerging best practices..

Overall Program Budget	$5,102,314
Program Budget Approved through FY14	$2,776,626
Expenditures through FY14	$1,351,406

Overview of Progress Achieved through FY2014

Cambodia. TA has achieved significant progress in terms of building institutional capacity for risk-based supervision through more forceful prudential regulation, supportive policies and procedures, review and revision of supervisory guidelines and manuals, and continued training of staff on on-site examination, off-site analysis, and financial stability analysis and reporting. Positive outcomes included efforts to further strengthen supervisory practices, identification of staff skill gaps, and designing supervisory staff training on risk-based supervision with particular focus of staff skill gaps.

The resident advisor continues to focus achieving further progress in implementing risk-based supervision. The project has contributed to:

- Progressive replacement of compliance-based supervision with the operationalization of supervision of banks by risk;
- Review and revision of select guidelines and manuals;
- Progress on issuance of Basel II rules for capital adequacy;
- Continued training of staff on on-site examination, off-site analysis, and financial stability analysis and reporting; and
- Further enhancement of features of the Financial Stability Dashboard.

Annex 1

Indonesia. The key tool adopted for strengthening the regulatory and supervisory framework involved implementation of a risk-based approach to supervision, including bank ratings and oversight. A framework was put in place in January 2012, and the initial reviews of the banks were completed in the first quarter of 2012. Extensive training of supervisory staff, regulatory staff, and management across the country were conducted. The current approach is in line with international standards. The program has also helped to improve compliance with the BCP for Banking Supervision and the Basel Principles for capital adequacy under Basel II and III. The current program has since turned its attention to reinforcing the framework and enhancing efforts for more effective reviews of corporate governance in banks. In summary, key achievements for Indonesia under this project include:

- Continued application of Basel II rules for capital adequacy;
- Development of a number of basic macroprudential surveillance measures; and
- Major restructuring of BI to enhance its financial stability and macro-prudential oversight capacity post transfer of banking supervision to OJK.

The Philippines. The current program has catalyzed significant progress that has been achieved as a result of the previous program. Some of the key achievements that have started under the previous program and deepened implementation during the current program are: (i) implementing Pillar 2 (Internal Capital Adequacy Assessment Process (ICAAP)/supervisory review of capital adequacy) under Basel II; (ii) resolving over 160 banks, most by appointment of the Philippine Deposit Insurance Corporation as receiver; (iii) building substantial supervisory capacity, and (iv) supporting BSP's supervisory training program towards becoming a self sustained program. Over 600 supervisory staff have taken the custom-designed training courses on problem bank resolution delivered by the TA advisors and subsequently by Supervision Examination Sector (SES) facilitators trained as trainers during the first courses offered.

The current program focuses on: (i) strengthening application of risk-based supervision; (ii) disseminating guidance to all technical supervisory staff; (iii) strengthening analytical review of banks' risk profiles and implementing an early warning system; (iv) identifying as well as addressing unsafe and unsound practices in Reports of Examination (ROE); (v) providing guidance on on-site examination of data integrity and appropriate supervisory treatment; (vi) enforcing data quality standards; (vii) consolidating and reinforcing progress to date in dealing with weak banks; and (viii) building capacity to identify and effectively address problems before banks deteriorate to Prompt Corrective Action (PCA) status.

The implementation of three initiatives that started in the previous project were deepened under the current project and have helped to better identify and deal with problem banks:

1. The Offsite Risk-Profiling System (ORP), this simple screen-based approach streamlined the oversight of 600 mostly small rural and cooperative banks.
2. BSP finalized the development of enforcement policy for remedial supervisory action.
3. The review of the PCA framework was completed; the current version appropriately emphasizes prompt resolutions.

CENTRAL BANK MODERNIZATION IN THE UNION OF MYANMAR
JPN406 (MCM_MMR_2013_01)

Description of Multi-year Program

The TA program is assisting the Central Bank of Myanmar (CBM) to (1) design and implement modernizing measures; (2) support the application of policy and TA advice; and (3) builds institutional and operational capacity to align central bank functions with international standards and practices.

Specifically, the TA focuses on

- Providing hands-on advice to the CBM governor on procedures and practices to improve general administration, decision making, and communication, consistent with the planned CBM reorganization;
- Drawing up a strategy for CBM modernization, especially more streamlined and computerized work methodologies and practices in line with best practices;
- Strengthening operational capacity to facilitate central banking foreign exchange (FX) and monetary operations, budgeting, and liquidity management;
- Establishing a new monetary policy framework that incorporates an interbank market, monetary operations and instruments, and debt management;
- Advising on banking regulation and supervision, both on- and offsite;
- Advising on central bank organization and accounting; and
- Helping coordinate donor programs and other international accounts.

Overall Program Budget	$2,989,286
Program Budget Approved through FY14	$2,050,973
Expenditures through FY14	$1,409,196

Overview of Progress Achieved through FY2014

The TA has laid the necessary groundwork for substantial reform work in Myanmar. IMF staff have provided advice particularly on monetary operations and building the FX market. The IMF has recommended the introduction of deposit auctions and helped prepare the authorities for the regular operation of two-way FX auctions. Building on that work the IMF has helped the CBM to design liquidity forecasting framework and introduce FX auctions to provide the CBM with deposit and possibly credit auctions to help manage banking system liquidity. The IMF has helped the CBM draw up a detailed roadmap for unification of the country's multiple exchange rates in connection with Myanmar's envisaged acceptance of IMF Article VIII obligations. In close coordination with the General Advisor to the Governor (GA), the IMF has assisted the authorities in drafting regulations for FX management and continuing the work on reforming monetary policy implementation.

As a result of these efforts, a managed floating exchange rate regime implemented through daily two-way FX auctions has successfully been implemented. The bulk of the FX restrictions inconsistent with Article VIII commitments have been removed, and the authorities have a schedule for removal of remaining current account restrictions in line with their SMP. The CBM has been reorganized to enhance its effectiveness in terms of modern central banking responsibilities. Draft legislation allowing for a more independent central bank has been submitted to parliament for approval.

To fulfill the objectives of the TA program, the GA, appointed in July 2012, is responsible for seeing that the necessary analytical frameworks, policies, and procedures are put in place and advising on how the CBM can achieve them. While the main concern was getting a new monetary policy framework established and building up CBM's operational capacity to conduct key central banking operations, the GA was also responsible for the project's banking supervision component, with the assistance of a resident advisor to be assigned in this area.

The GA has been advising the Governor on management of the central bank, taking into account the fact that the CBM was previously part of the Ministry of Finance & Revenue and only became autonomous with the July 2013 enactment of the new CBM Law. He has also provided hands-on advice on adapting internationally reconcilable practices to such CBM departments as the Foreign Exchange Management, Payment and Settlement System, Monetary Policy Affairs, and Financial Institutions Supervision departments.

IMPROVED EXTERNAL SECTOR STATISTICS IN THE ASIA-PACIFIC REGION
JPN505 (STA_APD_2013_19)

Description of Multi-year Program

This program is designed to improve the accuracy, availability, comparability, and timeliness of external sector statistics in the Asia-Pacific region through building capacity and fostering closer engagement and accountability between compiling countries. The program centers on three major areas: (1) the international investment position (IIP) and financial account data improvements (such as those that are or may be called for by G-20 initiatives); (2) measures of financial interconnectedness; and (3) alignment of current compilation and dissemination systems with the sixth edition of the *Balance of Payments and International Investment Position Manual* (*BPM6*).

Overall Program Budget	$4,954,604
Program Budget Approved through FY14	$3,053,989
Expenditures through FY14	$2,328,316

Overview of Progress Achieved through FY2014

In FY2014, the program undertook 38 TA missions, 18 to the Asian countries and 20 to the Pacific Island countries. Two workshops for each region covering practical external sector statistics (ESS) issues relevant to participants were conducted. The module manager and a short-term expert also participated as lecturers in the STI-South East Asian Central Banks (SEACEN) Research and Training Centre Course on External Sector Issues held in Manila, with participants from 5 of the 10 Asian beneficiary countries of the Program.

Most targeted countries have significantly enhanced their ESS accuracy and timeliness. For the first time, Kiribati, the Marshall Islands, and Tuvalu have reported ESS to the IMF Statistics Department for publication in *BPM6* format. Bhutan has begun reporting the balance of payments and IIP in *BPM6* format and has increased reporting frequency to quarterly. Mongolia is expected to start reporting in *BPM6* format (data are already reported quarterly) by September 2014. Sri Lanka published the IIP for the first time in April 2014 and now reports both the IIP and the balance of payments in *BPM6* format. Nepal is expected to commence dissemination of both reports in *BPM6* format by the end of 2014. Staffing—a key factor to guarantee sustainability of results of the program—has improved in several countries as a direct result of TA mission recommendations. This has allowed countries that previously relied on external experts to compile their ESS to take ownership of the compilation process. The Marshall Islands, Micronesia, and Palau have assigned experts to ESS compilation and supported their participation in this program's workshops and other IMF courses.

Highlighted below are the developments in each country since the beginning of FY14.

Asia

Bangladesh has begun compiling data for participation in the IMF Coordinated Portfolio Investment Survey (CPIS). ESS quality has significantly improved, especially in trade in goods, foreign direct investment (FDI), and trade credit and advances. Bangladesh has been reporting ESS in *BPM6* format since the fourth quarter of 2012 and participates in the IMF Coordinated Direct Investment Survey (CDIS) and the Quarterly External debt Statistics (QEDS) database.

Bhutan has made outstanding progress; it began reporting of balance of payments and IIP in quarterly frequency in *BPM6* format in the first quarter of 2014. One of the three missions conducted in FY14 helped to enhance data processing and quality assessment capabilities, leading to more accurate and timely ESS.

Improvements in ESS quality in *Cambodia* and *Vietnam* have been modest. The authorities have recently requested that TA resume, but the likelihood of tangible results remains uncertain.

Capacity remains a constraint for the improvement of ESS in *Lao P.D.R.* and *Myanmar*. In February 2014, a separate JSA-funded TA program for the improvement of ESS in Lao P.D.R. and Myanmar was launched.

The *Maldives* has greatly improved its ESS data compilation framework. A significantly enhanced FDI survey is expected to be launched in the third quarter of 2014. The authorities have demonstrated their firm commitment to improving ESS by supporting the increase in compilation capacity. However, given the very limited coverage and the inaccuracies identified at the outset of the program, much still needs to be done.

Mongolia has noticeably improved its data compilation and has acted on several recommendations to move forward the adoption of the *BPM6*. Dissemination of quarterly balance of payments and IIP in *BPM6* format, as well as quarterly reporting to the QEDS database, is expected to commence in the third quarter of 2014. Mongolia resumed participation in the CDIS in 2013.

Nepal has moved actively to improve ESS quality. Key steps have been made to establish a solid data collection framework, starting with a thorough review of how banks report foreign transactions settlements and the launch of a trade credit survey. Draft versions of the balance of payments, the IIP, and external debt statistics (public and private) have been prepared in *BPM6* format. The balance of payments and IIP are expected to be disseminated in 2014.

Sri Lanka's ESS coverage and accuracy have greatly improved. In April 2014 the IIP was reported to the IMF for the first time, and balance of payments and the IIP statistics are now being reported in *BPM6* format.

Pacific Region

Fiji has made outstanding progress under the program, as the reporting time of quarterly balance of payments and IIP statistics in *BPM6* format were improved in the third quarter of 2013. Fiji also completed the compilation of the General Data Dissemination Standards (GDDS) and World Bank's QEDS reports.

Kiribati and *Tuvalu* submitted balance of payments and IIP statistics to the IMF for the first time in 2014, all in *BPM6* format. Major progress has been made in both countries in improving source data, thus enhancing coverage and accuracy of ESS.

The *Marshall Islands* submitted balance of payments statistics to the IMF for the first time in April 2014, in *BPM6* format. *Micronesia* is expected to submit to the IMF balance of payments and IIP statistics in *BPM6* format during the third quarter of 2014. Both countries have improved ESS compilation capacity and taken ownership of the compilation process, which had previously been performed by external consultants.

Palau has taken major steps to improve the ESS compilation framework. More staff have been dedicated to ESS compilation, and actions are underway to further enhance capacity IIP and balance of payments statistics are expected to be reported to the IMF by the end of 2014.

Papua New Guinea. The Bank of Papua New Guinea is severely underequipped and understaffed for the effective collection of data, considering the volume and nature of transactions and positions with nonresidents. Little progress has been made to act on IMF recommendations to improve ESS compilation, and improvements in the quality of ESS have been very modest.

The *Solomon Islands* began using *BPM6* format to report balance of payments statistics in September 2013 and IIP data in May 2014. An international investment survey and transport service survey forms have been introduced, which have improved coverage and classification of balance of payments and IIP components.

Samoa. The absence of a proper data collection framework, especially an appropriate legal foundation, has hindered the collection of data on resident offshore enterprises.

In February 2014, *Timor-Leste* began to disseminate and submit to the IMF quarterly balance of payments and IIP statistics. The coverage and accuracy of external positions and flows were enhanced by the use of two new enterprise surveys in April 2014.

Vanuatu has made some progress in enhancing ESS but lack of resources has slowed the pace of improvements. Timeliness of ESS dissemination remains a concern. The dissemination of balance of payments and IIP statistics in line with *BPM6* is expected to commence in the first quarter of 2015, but only for 2012 and 2013 data.

TREASURY MANAGEMENT AND FINANCIAL SYSTEMS MODERNIZATION IN MYANMAR AND LAO PDR JPN601 (IMF_APD_2013_01)

Description of Multi-year Program

This is a three-year TA program to support treasury management and financial systems modernization in Myanmar and Lao PDR, implemented jointly by the IMF Fiscal Affairs (FAD) and Monetary and Capital Markets (MCM) departments.

In the area of treasury management, the program supports a three-year placement of a long-term treasury advisor, to be based initially in the Thailand Technical Assistance Office.

In the area of financial systems modernization, it supports placement of a long-term monetary and FX advisor, HQ-led TA missions, short-term expert (STX) payment systems and accounting visits, and thematic seminars.

The program supports the Central Bank of Myanmar (CBM) in its efforts to strengthen central bank operations and modernize the country's financial system. The program has three components: (1) improving foreign exchange and monetary operations; (2) modernizing banking infrastructure through development of payment systems; and (3) strengthening central banking accounting.

In Lao P.D.R., the program supports the Bank of Lao (BOL) in building capacity to formulate sound macroeconomic policies; there TA will consist of workshops on sound monetary policy.

Overall Program Budget	$4,975,883
Program Budget Approved through FY14	$1,912,317
Expenditures through FY14	$922,267

Overview of Progress Achieved through FY2014

Fiscal Affairs

Cautiously but steadily, the Government of Myanmar is proceeding with PFM reforms. The cabinet has approved a PFM reform strategy that largely follows recommendations made during the initial IMF diagnostic mission. The emphasis on getting the institutional structures right early on in the reform process is very important. Following IMF recommendation, the government has decided to establish a new treasury department, transferring some existing functions from the Budget Department and consolidating other functions from the Central Bank and the state-owned Myanmar Economic Bank. This will not only improve the efficiency of current treasury functions but also allow their faster development. The FAD treasury advisor, with back-up support from the HQ and complemented by STX visits has a critical role in preparation for the transition.

Monetary Operations

The main concern of the monetary operations long-term advisor is to help the authorities to set up liquidity forecasting, understand the role and functions of a monetary policy committee, and build capacity for moving to a reserve money target. This role consists primarily of explaining to the authorities how key central bank operations are conducted. The advisors are collaborating on designing a framework for a government securities market.

In Lao, because the authorities have expressed a preference for workshops and training on monetary policy implementation, arranging these activities has been a priority for project delivery.

JSA Programs Approved in FY2012 (7)

STRENGTHENING BUDGET MANAGEMENT AND CUSTOMS ADMINISTRATION IN THE CENTRAL AFRICAN ECONOMIC AND MONETARY COMMUNITY JPN107 (FAD_CE6_2012_01)

Description of Multi-year Program

This three-year TA program supports countries in the Central African Economic and Monetary Community (CEMAC) as they (1) upgrade their budget and PFM systems and (2) modernize and strengthen customs administration. CEMAC's six members—Cameroon, the Central African Republic (CAR), Chad, the Republic of Congo, Equatorial Guinea, and Gabon—are already part of a monetary union and are working toward further integration.

The program supports efforts to harmonize PFM through new regional directives and stronger national PFM systems. The customs administration element supports efforts to modernize and build up customs operations to address current issues—mainly lack of coordination in customs procedures between countries, onerous documentation and inspection requirements, outdated processes, and inherent administrative weaknesses that create scope for tax evasion and fraud and undermine revenue performance.

Overall Program Budget	$5,009,501
Program Budget Approved through FY14	$5,009,501
Expenditures through FY14	$3,028,508

Overview of Progress Achieved through FY2014

PFM

CEMAC has made substantial progress, but reforms in individual countries have advanced much more slowly.

At the regional level, since new directives were adopted in 2011, most of this program's TA activities were directed to assisting the CEMAC Commission in implementing the regional action plan for redraft and implementation of the directives. The IMF participated in two workshops in April and June 2012 to assist the Commission in implementing Programs 2 and 3 and also organized a regional seminar in December 2012. The IMF also helped disseminate the directives and sensitize high officials to the need to transcribe and implement the directives within each nation.

In the *Central African Republic,* the program took stock of progress made on PFM reforms, proposed a strategy, and sequenced and prioritized the action plan. It has also given the authorities assistance in defining a PFM training strategy and preparing training modules.

In *Cameroon,* the program assessed the strengths and weaknesses of the PFM system and proposed a strategy to mitigate the risks resulting from adoption of program-based budgeting in 2013 and a medium- to long-term roadmap for transcribing the CEMAC directives and putting in place the required PFM reforms. TA worked on aligning general accounting regulations with CEMAC directives and proposed reforms to build financial risk management into line ministries. TA is also supporting the authorities as they improve budget preparation, modernize the chart of accounts, and plan for introduction of accrual accounting, authorize multiyear commitments, and modernize year-end financial reports. TA has also helped them to prepare a strategy to implement budget and accounting reforms progressively to better accommodate program budgeting; took stock of payroll management and proposed guidelines for building medium-term capacity within the Ministry of Finance; and sensitized the authorities to strategic tools for payroll management, particularly for designing and implementing a wage bill policy.

In *Republic of Congo,* the program took stock of progress made in modernizing PFM and proposed a reform strategy to implement the 2012 Organic Budget Law and the CEMAC directives. The TA assessed the consistency of the 2012 Organic Budget Law with CEMAC directives and reviewed practices in the areas of budget preparation and execution, internal and external controls, cash management, and government accounting. It proposed a strategy to gradually implement the new law, emphasizing short-term actions to reinforce basic PFM systems and a medium-term roadmap for budget preparation and accounting.

In *Gabon,* the program helped to foster implementation of the CEMAC directives for the legal framework, budget documentation, and budget classification and designed a roadmap to revive the PFM action plan and to lay a solid foundation for the 2015 shift from line item to program budgets. The authorities were also sensitized and trained for the IMF-led PEFA assessment in mid-2013. The program also helped the authorities to align existing budget classifications with CEMAC directives.

Customs Administration

At the regional level, a common customs administration modernization action plan was agreed during the May 2012 seminar. A second regional seminar was organized in January 2014 to actualize regional integration issues and challenges and to update the common reform action plan for the CEMAC, as well as for its member countries, to reinforce the customs union and regional integration. The seminar produced (1) an update of the common customs administration modernization action plan agreed in 2012; and (2) an agreement of CEMAC member participants on a matrix of proposed regional priority reforms and actions.

In the *Central African Republic,* the program advised on customs modernization and proposed a reform plan; it also advised on how to equip the customs administration with more modern tool for risk management, post-release functions, customs valuation, intelligence functions, and internal audits.

In *Cameroon,* the program advised on customs modernization and recommended a sequence for reforms. It supported creation of implementing a central risk management function and development of a database on customs offenses, and emphasized building capacity in the following areas: (1) design of the central risk management unit and the organizational capacity needed; (2) design of the customs offense database; and (3) drafting of detailed action plans for (1) and (2).

In *Chad,* the team conducted a diagnostic evaluation of customs administration, reviewed the action plan to modernize customs administration and made recommendations on next steps for reforms.

In the *Republic of Congo,* the program advised on creation of a customs offense database, core surveillance functions in the regional directorate of Brazzaville, and putting in place a risk management function. The authorities have made progress on establishing a data warehouse, implementing risk management, and setting up the customs offense database.

In *Gabon,* the program helped the authorities to put in place the customs valuation database and the risk management system, and reinforced management of human resources and of reforms. It also helped with delivery of a project management training program, implementation of the customs valuation database and of scanners and associated risk management procedures, and drew up a communications plan to support the reform. It also assessed progress made and recommended next steps.

EFFECTIVE AND EFFICIENT BUDGET AND TREASURY MANAGEMENT FOR SOUTHEAST ASIA JPN108 (FAD_APD_2012_03)

Description of Multi-year Program

This three-year TA program supports PFM reforms in Bangladesh, Cambodia, Indonesia, Lao PDR, Nepal, the Philippines, Timor-Leste, and Vietnam. Its main goal is to promote more effective and efficient budget and treasury management and government fiscal reporting. The program emphasizes process (re)design and capacity building in countries advancing to more sophisticated reforms or with a track record of successfully adopting TA recommendations related to (1) macrofiscal and medium-term budgeting; (2) treasury management; (3) accounting for budget execution; and (4) preparation of annual financial statements.

Overall Program Budget	$4,993,940
Program Budget Approved through FY14	$4,993,940
Expenditures through FY14	$3,757,360

Overview of Progress Achieved through FY2014

In *Nepal*, the TSA has been rolled out country-wide. In *Timor-Leste*, in addition to virtual completion of the TSA reform, a number of treasury institutional and regulatory reforms were carried through, and the treasury system and the budget execution process have evolved further. A new law was drafted to clarity the legal framework for the TSA, a large number of bank accounts were closed in advancing toward the TSA, a treasury manual was created, and progress was made in automating bank reconciliations and improving payroll operations. Similarly in Cambodia, several bank accounts were closed and the use of cash disbursements reduced with the use of commercial banks for government transactions. In *Bangladesh*, a strategic roadmap for TSA improvements and a framework for cash flow forecasting are now in place. Nepal's institutional capacity to manage government cash efficiently has been significantly enhanced and accounting practices improved; financial reporting is now more timely and comprehensive. In the Philippines, the program has advised on technical inputs to push forward the TSA and changes to government banking arrangements, which will speed delivery to the central bank of tax and fee receipts; in turn this should lead to lower short-term borrowing requirements and improve the ability to finance budget expenditures.

In Myanmar, a diagnostic analysis of the state of the PFM system has been conducted and priority reform actions brought to the attention of the authorities. A functional structure for a formal government treasury function has been suggested. Following the government's decision to start the new treasury department as of April 2014, the Bangkok-based treasury advisor is providing support for establishing the new department and building in-house capacity to undertake new functions.

With regard to budget formulation and planning, the most notable progress has been in the Philippines, where the program helped the authorities to successfully adopt performance-oriented budgeting that calls for a vision/mission statement for each government department, and sets out expenditures along with outcome and output indicators at both department and program level. The program also guided development of a new budget structure that integrated performance information with the budget.

In the area of macrofiscal forecasting, intensive TA has been provided to a new macro-unit in the MOF in Cambodia, enhancing its capacity for forecasting and designing fiscal frameworks.

A new budget classification and a harmonized chart of accounts are in place and the accounting methodology has improved in Cambodia, resulting in more timely and comprehensive financial reporting. The new budget classification in Bangladesh will substantially improve the government's reporting capabilities. In Nepal, a commitments control manual has been drafting and training has begun. The program has provided TA to the *Philippines* on for preparing consolidated reports for the general government.

Annex 1

IMPLEMENTING TAX ADMINISTRATION REFORMS IN SOUTH EAST ASIAN COUNTRIES JPN109 (FAD_APD_2012_06)

Description of Multi-year Program

This three-year TA program supports tax administration reforms in Bangladesh, Cambodia, Lao P.D.R., and Nepal. The main aim is to introduce reforms in areas of tax administration that were agreed with the authorities after diagnostic missions to each country. The program targets specific areas of tax administration that have emerged as priorities for intensive TA.

Overall Program Budget	$3,625,930
Program Budget Approved through FY14	$3,625,930
Expenditures through FY14	$1,980,508

Overview of Progress Achieved through FY2014

The pace of reform increased in FY2014 in Bangladesh, Lao P.D.R., and Nepal. Cambodia continued to lag but recent developments suggest that it is picking up traction.

Bangladesh: The program worked with the NBR on an action plan to bring the new value-added tax law on track for the July 2015 target. A resident VAT advisor continues to advise the VAT project team on managing the work set out in the action plan and providing guidance in several major areas. It also provided further support on selected tasks, such as design of high-level business processes for key VAT administration functions.

Cambodia: The program advised on institutional issues critical to the long-term success of the General Department of Taxation (GDT), particularly reinforcing headquarters operations and reform governance, undertaking more formal strategic and operational planning processes, and drafting a human resources and work force plan and an IT plan. It also advised on administrative aspects of the government's new Revenue Mobilization Strategy (RMS) and building up GDT management and governance for its successful implementation. The regional advisor has begun to visit monthly to rebuild interest in reforms supported by the program, especially improved management of large taxpayers, a more stringent approach to serious noncompliance, and enhancement of HQ activities. He has also continued to advise to the Ministry of Economy and Finance on the new RMS, which incorporates many of the proposals made in the medium-term reform plan agreed with the IMF.

Lao P.D.R.: The program recommended that the Tax Department draw up an integrated strategic reform plan to weave together the extensive tax policy, legislation, and IT reforms now underway and incorporate much-needed tax administration reforms. It also recommended that a Large Taxpayer Office (LTO) be established and steps taken to improve short-term revenue performance. The new regional advisor has begun monthly visits to discuss options in these areas. His visits have opened up a dialogue with senior management on the value of a more strategic approach. Work also continues on pilot efforts to improve filing and payment compliance in the greater Vientiane Capital area.

Nepal: The program was designed to support implementation of Inland Revenue Department (IRD) Strategic and Reform Plans, with an emphasis on better managing large taxpayers, taxpayer segmentation, developing compliance improvement programs, improving audit management, and strengthening headquarters to better manage and deliver these programs. The program introduced the concept of compliance risk management (CRM) to the IRD; it was well-received and guided subsequent TA delivery. This was followed up with a firmer focus on major areas of reform that the TA is supporting and advice on improving management generally. At the LTO, compliance improvement pilots for registration, filing, arrears and audit management are now established in the Kathmandu offices; the early results are positive. The TA is practical, with hands-on workshops held on all visits and efforts made to introduce systems that will continue to run after the regular staff rotation takes place. IRD is now awaiting approval for various organizational changes recommended during TA visits, including headquarters reforms and the establishment of a Medium Taxpayer Office in Kathmandu. The new regional advisor has settled in quickly and is advising IRD senior management on improving the overall management and governance of the Strategic and Reform Plans.

SUPPORTING PREPARATIONS FOR MONETARY UNION IN THE MONETARY POLICY AND STATISTICAL AREAS IN THE EAST AFRICAN COMMUNITY JPN404 (MCM_EAC_2012_01)

Description of Multi-year Program

This three-year program supports preparations for, and the transition to, a monetary union for the East African Community (EAC). Its main objective is to build up the capacity of national officials to address the monetary, financial, and statistical challenges associated with regional integration. The program has two components: strengthening monetary and financial policy, operational, and institutional frameworks; and developing the regional statistics necessary for monetary union.

Overall Program Budget	$4,993,048
Program Budget Approved through FY14	$4,993,048
Expenditures through FY14	$1,135,332

Overview of Progress Achieved through FY2014

Monetary Policy

In the area of financial stability, the Monetary Affairs Committee (MAC) meeting of EAC central bank governors in May 2013 agreed to a modified version of the plan to move forward on financial stability analysis in the region. The monetary union protocol signed on November 30, 2013, envisages establishment of the East African Monetary Institute to do the preparatory work for the monetary union. The Institute is not expected to be functional before 2015, however. In visits to all affected countries, the program monetary operations expert has both provided country-specific advice on monetary operations and analyzed the changes necessary for harmonization towards, for example, an interest targeting approach to monetary policy.

The MAC governors have set up three working groups, on data, analysis, and crisis management, to carry forward work on a regional financial stability framework. The initial meeting of the statistics group, held in Uganda, was facilitated by the long-term expert. Identified as one of the major constraints on financial stability analysis was the lack of macro-financial data in the region (for which the statistics working group was established) and TA will be required. The plan is to help one jurisdiction establish the methodology and processes for a required series and then extend it to other member states. The crisis management group, led by the Bank of Tanzania, and the macro-financial analysis group, led by the National Bank of Rwanda, also met recently. Further seminars are planned to build coordinated regional capacity in financial stability analysis.

Statistics

Key achievements of the project during FY2014:

- In October 2013, the EAC secretariat recruited a statistical expert on Monetary and Financial Statistics (MFS) to work with the IMF on this component of the program. Given the limited statistical capacity at the secretariat, the recruitment of the MFS expert at the secretariat was essential for opening the door to actively engage with the regional entity and the partner states in organizing workshops as a basis for developing detailed and time-bound work plans.

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- Two workshops—one on MFS during January 6-10, 2014 in Kampala, Uganda and the other on FSIs during March 24-26, 2014 in Arusha, Tanzania—were held to discuss work plans toward the harmonization of MFS and FSIs in the EAC partner states and compilation of MFS and FSIs for the union as a whole. Officials from the EAC Secretariat (including the statistical expert) and EAC partner states (Burundi, Kenya, Rwanda, Tanzania, and Uganda) attended both workshops. As a result of the workshops, action plans for MFS and FSIs have been developed and signed by each partner state for completion by the end of 2017.

Country-specific achievements to date include:

Burundi compiled and submitted for review all core FSIs and seven encouraged FSIs for deposit takers (DTs) in line with the IMF's FSI Compilation Guide (FSICG) on a Domestic Consolidation basis, as per the agreed action plan. The FSIs were published on the FSI website during FY2015 (August 2014).

Rwanda is in the process of compiling MFS using the standardized report forms (SRFs) on a monthly basis, but has yet to submit the data to the IMF. The coverage of ODCs is complete, but the source data for nonbank credit institutions and SACCOs are available only on a quarterly basis. Data for OFCs cover only one institution (Banque Rwandaise de Development – BRD). Rwanda started to compile and submit FSIs on a quarterly basis to IMF in March 2014, comprising all core FSIs and nine encouraged FSIs for DTs, as per the agreed action plan.

Tanzania started to compile and submit FSIs on a quarterly basis to IMF in April 2014, comprising eleven core FSIs and eight encouraged FSIs for DTs, as per the agreed action plan under the project. The Bank of Tanzania has also begun coordinating all stakeholders in the financial and nonfinancial corporations sectors in order to compile the remaining FSIs and report them to the IMF and the EAC Secretariat. A country action plan has been put in place to ensure that all the indicators are available by the end of 2016.

The Bank of Uganda (BoU) is working with other financial sector regulators to compile FSIs for insurance and pension subsectors. The process of compiling data for nonfinancial corporations and households is in the initial stages.

CAPACITY BUILDING FOR SUSTAINABLE COMPILATION OF REAL SECTOR STATISTICS IN EASTERN EUROPE JPN502 (STA_EUR_2012_18)

Description of Multi-year Program

This three-year program is designed to build capacity for compiling (1) sustainable national accounts statistics in terms of the *2008 SNA (System of National Accounts)*; and (ii*)* other real sector statistics, such as consumer price indexes (CPI), producer price indexes (PPI), import and export price indexes, merchandise trade statistics, and other statistics needed for economic analysis and policymaking. The main TA goals are (1) more accurate and consistent annual GDP estimates by production and expenditure; (2) improved volume measures of GDP; (3) sound systems for compiling quarterly national accounts; (4) improved quality of the CPI, PPI, and industrial production index; (5) an effective system for compiling and disseminating import and export price indices; (6) improved accuracy and coverage of merchandise trade statistics; and (6) participation in the General Data Dissemination System (GDDS) or subscription to the Special Data Dissemination System (SDDS).

Overall Program Budget	$4,715,490
Program Budget Approved through FY14	$4,715,490
Expenditures through FY14	$3,137,600

Overview of Progress Achieved through FY2014

During the period May 2013 – April 2014, the program's main achievements included: (i) implementation of the 2008 SNA in Belarus, Moldova, Bosnia, Serbia, Macedonia, and Montenegro; (ii) developing compilation systems for quarterly national accounts in Montenegro, Moldova, and Bosnia; (iii) developing supply and use tables (SUT) in Moldova, Serbia, and Macedonia; (iv) improved consistency between the demand and supply side of GDP in Bosnia, Macedonia, Serbia, and Montenegro; and (v) improved CPI and PPI calculation methods in Albania, Belarus, Bosnia, Moldova, and Montenegro.

Three resident statistical advisors (RSA) were working with the statistical offices and provided day-to-day TA on improving national accounts. By the end of April 2014, 26 short-term missions were undertaken. Four training workshops were conducted–three in national accounts (NA) and one in prices. The NA workshops provided training on (i) compilation of quarterly GDP; (ii) supply and use tables and reconciliation of GDP; (iii) compilation of volume measures of GDP; and (iv) main changes in the *2008 SNA*. Country-specific GDP compilation issues were discussed as well.

The detailed achievements of the project objectives by country are as follows:

*Albania***:** Work on quarterly accounts resulted in the implementation of better statistical techniques and improved consistency between annual and quarterly estimates in current and constant prices. Work on developing quarterly GDP estimates by expenditure approach is underway. However, source data for both annual and quarterly national accounts are in further need of improvement. Improved CPI and PPI compilation methods have been implemented. The industrial production index is in need of improvement, since it is based on a deflation of highly aggregated turnover estimates.

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Belarus: The National Statistical Committee (Belstat) successfully implemented the *System of National Accounts 2008* for the new issues related to GDP compilation, such as the treatment of research and development activities and the estimation of financial services. The accuracy of the merchandize trade statistics and the volume measures of GDP was improved. PPI and CPI compilation methods largely reflect international standards and best practices.

Bosnia and Herzegovina: A key achievement of the assignment thus far has been reducing the statistical discrepancy between the annual estimates of GDP by production and the annual estimates of GDP by categories of expenditure. This reduction has been due primarily to downward revisions to the estimates of GDP by expenditure categories (due to double counting in gross fixed capital formation and a revision of the external balance of goods and services). A compilation system of quarterly GDP by production in nominal and volume terms was established at the entities and the state levels based on the same methodology. Estimates were first disseminated in June 2013 and after a complete revision of the national accounts series, quarterly GDP estimation has entered a routine compilation cycle. A compilation system of quarterly GDP based on the expenditure approach is being established and work is progressing on the compilation of series for 2008–2013. Bosnia and Herzegovina started participating in the General Data Dissemination System in April 2013.

Kosovo: The Kosovo Agency for Statistics (KAS) continues to face challenges of severe staff and budgetary resource constraints. KAS continues to work toward improving source data and compilation methods for the annual national accounts. CPI and PPI compilation methods need improvement.

FYR of Macedonia: The State Statistical Office (SSO) has compiled new annual series of household final consumption expenditures (HFCE) using consistent sources and methods. Although data based on the new methodology were released for 2012, the corresponding estimates for previous years are planned to be published only by the end of 2014. At that time, comprehensive methodological revisions will be introduced in the national accounts estimates, including those related to the adoption of the *ESA 2010*.

Moldova: The National Bureau of Statistics has made outstanding progress in improving annual national accounts and developing quarterly national accounts estimates. The first discrete quarterly GDP estimates for Moldova were disseminated in 2013. In addition, the historical series of GDP production components (output, intermediate consumption and value added) have been revised to reflect the new version of Europe's classification of economic activities (NACE rev.2).

The accuracy of the annual and quarterly national accounts as well as the merchandize trade statistics was significantly improved. Major improvements to consumer price index (CPI) compilation methods have been implemented. Beginning in January 2015, four regional indexes will be compiled and disseminated in additional to the national index. Further improvements to the CPI will include expanding coverage to include owner occupied housing. The resident statistics advisor for Belarus, Moldova, and Ukraine, resident in Chisinau, will continue to provide support and assistance through October 2014.

Montenegro: The Statistical Office of Montenegro (MONSTAT) has made significant progress improving the national accounts compilation system. MONSTAT will release the first quarterly national accounts estimates in early 2015. Improved annual national accounts compilation methods have been adopted and will continue to be further developed. Good progress has been made in developing a total output PPI. In addition, the CPI index calculation methods and weighting structure have been reviewed. It is planned that the updated and revised PPI for Montenegro will be released in February 2015 (January 2015 index). In the medium term, PPI coverage will be expanded to include services and the dissemination of a Services PPI (SPPI).

*Serbia***:** The Statistical Office of the Republic of Serbia (SORS) has made notable progress in compiling revised series of quarterly and annual GDP. The new series will cover the period 1995–2013, and is scheduled to be released by September 2014. The new series will reflect revisions stemming from the adoption of the updated conceptual framework of the *European System of Accounts 2010* (*ESA 2010*) and other revisions due to changes in sources and methods. The development of the supply and use tables has been advanced. This effort represents a major milestone in the development and improvement of national accounts statistics for Serbia.

Ukraine: The security situation has prevented an active engagement with the authorities. Nonetheless, they have requested TA for implementation of the *2008 SNA,* and a mission is schedule for September-October 2014.

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REGIONAL GOVERNMENT FINANCE STATISTICS IN ASIA-PACIFIC REGION
JPN503 (STA_APD_2012_18)

Description of Multi-year Program

This program is designed to build country capacity to compile and disseminate annual and more frequent government finance statistics (GFS) according to the latest international standards. IMF TA emphasizes compiling comparable GFS by setting up as detailed tables as data sources allow on cash flow, operations, and balance sheet. Also, the program is identifying priorities for filling basic data gaps identified during the program and helping countries prepare action plans and metadata.

Overall Program Budget	$4,959,450
Program Budget Approved through FY14	$4,959,450
Expenditures through FY14	$3,073,166

Overview of Progress Achieved through FY2014

During FY14, 42 TA missions took place from which all eligible countries benefited. In addition, the targeted countries benefited from two regional workshops (one in each region) and five in-country training workshops for both regions.

Good progress has been made in achieving the intermediate indicators (or milestones) of the program. Such indicators include, among others, delineating the public and general government sectors; completing and agreeing on migration plans to *GFSM 2001/2014*; mapping the charts of accounts (COA) to *GFSM 2001/2014*; integrating GFS with the Financial Management Information Systems; bridging source data to GFS tables; reporting data for the IMF's annual *GFS Yearbook* and monthly *International Financial Statistics (IFS)*; expanding the institutional coverage of *GFS Yearbook* data, as needed; and providing training in GFS and public sector debt statistics methodology.

Asian Countries

The following are the main outcomes for the group of 14 beneficiary Asian countries for FY14: (i) *Reporting***:** 12 countries are now reporting for publication in the *GFS Yearbook* compared with eight in FY13. (ii) *Migration***:** All countries, except Myanmar, have migration plans to implement *GFSM 2001/2014,* and all countries are using the *GFSM 2001* presentation in the IMF staff reports.

- Complete and agree migration plans to *GFSM 2001/2014*: Lao P.D.R. joined the project in FY14 and agreed to a migration plan tailored to the country's needs and resources.
- Mapping COA to *GFSM 2001/2014*: COA classifications underlying the new budget and accounting classification systems have been mapped to GFS in Bangladesh, *Bhutan*, *Cambodia*, *Indonesia*, *Malaysia*, and Vietnam, as part of these countries ongoing financial accounting and IT systems reforms.
- Integrating the GFS with Financial Management Information Systems (FMIS): In Indonesia, FMIS was fully integrated with GFS in FY14, while the integration work continued in *Bangladesh, Bhutan, Cambodia, Malaysia, and Vietnam.*
- Bridging source data to GFS tables: *Maldives* now has detailed bridge tables linking source data with GFS.

- Reporting for *GFS Yearbook* and *IFS*: Cambodia, Lao P.D.R., Maldives, and Sri Lanka resumed reporting of annual and high-frequency GFS.
- Expanding institutional coverage of *GFS Yearbook* data: Indonesia reported annual general government GFS data, including balance sheets, for the first time in FY14. In Nepal and the Philippines, work continued to expand institutional coverage from budgetary central government to general government.
- Training in GFS and public sector debt statistics methodology: Lao P.D.R. and Indonesia benefitted from in-country training workshops during FY14.
- Other: No TA work was done in Myanmar during FY14 in expectation of the placement of a resident GFS expert. As the preconditions for moving the expert to Myanmar have not yet been in place, the expert is now stationed at TAOLAM from where he will provide TA and training to both Lao P.D.R. and Myanmar, starting in mid-FY15 (September 2014). Thailand benefitted from TA advice through e-mail correspondence; there was no need for TA missions to Thailand.

Pacific Island Countries (PICs)

The following are the main *outcomes* for the PIC countries participating in this program for FY14: (i) *Reporting***:** Three additional countries are now reporting for publication in the *GFS Yearbook* compared with three new reporters in FY13. (ii) *Migration***:** All countries are using the *GFSM 2001* format in the IMF staff reports and have migration plans to implement *GFSM 2001/2014*.

- Delineating public and general government sectors: For *Cook Islands*, Papua New Guinea, Samoa, Timor-Leste, Tonga, and Tuvalu work was completed, and in Kiribati work advanced well on the delineation of the public and general government.
- Exploring new data sources and bridging them to GFS tables: In *Palau*, Papua New Guinea, Timor-Leste, Tonga, and Vanuatu, additional data sources identified and bridged to GFS codes, and the streamlining of business processes and automation of GFS compilation started.
- Mapping COA to *GFSM 2001/2014*: COA classifications underlying the new budget and accounting classification systems have been mapped to GFS in PNG, Samoa, Tonga, and Tuvalu.
- Reporting for *GFS Yearbook* and *IFS*: In FY14, Federated States of Micronesia (FSM), Palau, Marshall Islands, and Samoa started to report data for the *GFS Yearbook* for the first time.

Expanding institutional coverage of *GFS Yearbook* data: In Cook Islands, Fiji, Samoa, Timor-Leste, and Vanuatu, new data sources were developed to fill current data gaps in order to expand the GFS coverage.

GENERAL DATA DISSEMINATION SYSTEM PROGRAM IN SELECTED ASIA-PACIFIC, CENTRAL ASIA, AND MIDDLES-EASTERN COUNTRIES JPN504 (STA_IMF_2012_15)

Description of Multi-year Program

This program is designed to substantially increase the participation in the IMF General Data Dissemination System (GDDS) of certain countries in the Asian and Middle East and Central Asia regions: six Pacific Island countries (PICs), Timor-Leste, Lao P.D.R., Iran, Turkmenistan, Uzbekistan, and, more recently, Myanmar. The GDDS would operate in participating countries as a framework for developing macroeconomic and socio-demographic data, metadata, and related statistical systems. After diagnostics on each country's macroeconomic statistical systems, the program will emphasize development of a full metadata set and draft plans for statistical improvements.

Overall Program Budget	$1,299,603
Program Budget Approved through FY14	$1,299,603
Expenditures through FY14	$649,198

Overview of Progress Achieved through FY2014

At the beginning of FY14, five countries (Papua New Guinea, Iran, Samoa, Tuvalu, and Timor-Leste) began to participate in the GDDS after conferences and workshops held for prospective participants effectively raised their GDDS awareness and follow up missions were conducted to develop metadata on all GDDS data categories compiled and disseminated in these countries.

Later in FY14, GDDS metadata development missions were conducted in three more countries (Palau, Myanmar, and the Marshall Islands). As a result, these countries began to participate in the GDDS, thus bringing to eight the number of countries that joined the GDDS under the Japan GDDS Program. While the Cook Islands joined the GDDS in early FY15 following a GDDS metadata development mission, Micronesia, where a similar mission has already been planned, is likely to join in near future.

A GDDS workshop held in Fiji in April 2014 discussed ways forward and beyond GDDS for participating countries. Efforts are being made to secure approvals for GDDS participation for the three remaining countries, which will bring this program to its completion. An important lesson of the Japan GDDS Program is that a combination of trainings and missions is highly effective in promoting GDDS in the countries where comprehensive statistical development is needed.

JSA Programs Approved in FY2011 (3)

ASIA AND PACIFIC: SUPPORTING STRATEGIC FISCAL MANAGEMENT AND BUILDING INSTITUTIONAL CAPACITY JPN106 (FAD_APD_2011_01)

Description of Multi-year Program

This three-year program is geared to strengthening fiscal institutions and modernizing budget planning and execution systems, revenue administration, and tax policy in seven Asian countries. The program is designed to help countries to (1) draw up and manage realistic and well-executed budgets, with gradual progression to medium-term budgetary frameworks and program- and performance-oriented budgeting; (2) build up fiscal institutions; (3) build capacity in revenue administration; (4) rationalize tax incentives; and (5) clarify the legal foundation for the fiscal system.

TA was delivered through a resident adviser in Mongolia, STX assignments for implementation-oriented support, and HQ- led diagnostic and follow-up missions to assess which reform activities would be required, review the progress of reforms, and determine next steps.

Overall Program Budget	$4,333,971
Program Budget Approved through FY14	$4,333,971
Expenditures through FY14	$4,218,817

Overview of Progress Achieved through FY2014

Public Financial Management

The authorities in *Bhutan* agreed to IMF TA in three central areas: macrofiscal forecasting, budget preparation, and cash management, and the results of the intensive TA in each area have been good. A follow-up treasury diagnostic mission looked for ways to leverage the benefits of the new Public Expenditure Management System. The authorities elected to adopt the IMF recommendations for establishing an electronic payments system, and conceptual and technical design work began in FY14.

In *Mongolia*, the LTX on budget planning has made steady progress in designing the methodology and IT infrastructure to strengthen the medium-term expenditure framework. Expenditure classifications have been modernized, IT systems developed, and baseline estimation improved. A fiscal responsibility law has been enacted. A debt management HQ mission has led the authorities to a better understanding of the options available to reform cash and debt management functions. A fiscal decentralization HQ mission proposed mechanisms to implement provisions in the 2011 Integrated Budget Law (IBL), particularly those relating to making equitable transfers from the central budget to local governments and modifying the COA to ensure treasury controls and budget execution for local governments.

Sri Lanka has made significant progress in revising the PFM regulatory framework, and new financial regulations have been drafted. In his budget speech to parliament, the president announced that the new regulations will be issued in 2014. Work initiated under this program on better monitoring of SOEs will significantly enhance MOF capacity to control the fiscal risks emanating from them.

In the *Maldives*, the conclusion of PEFA in the first half of 2014 will provide a sound basis for drafting the reform action plan for the medium-term. The government's initiative and ownership of the PEFA assessment has been very positive and encouraging, and it is hoped that the pace of reforms will accelerate in the next few years.

Revenue Administration

In *Mongolia,* the tax agency has made excellent progress in tightening large taxpayer administration. Most notably, the LTO is now giving greater attention to providing services to large taxpayers by piloting the assignment of client managers, organizing consultations with the business community, and providing enhanced guidance on some gray areas in the law. Electronic filing of tax returns has been expanded and streamlined procedures introduced for reviewing returns before they are accepted. Specialized audit techniques have been put in place for mining, construction, and banking businesses. In addition, the agency has drawn up a compliance management strategy — most fully implemented as yet for the mining sector—in which each large business has been assigned a risk rating that determines the treatment it receives from the LTO.

Tax Policy

Tax incentive reform bills in line with IMF recommendations have been submitted to the *Philippines* Congress. One of the bills would make the amount of revenue foregone through tax incentives subject to Congressional oversight, which would reflect significant progress in rationalizing tax incentives.

Annex 1

ASIA AND PACIFIC: IMPROVING BANKING SUPERVISION AND REGULATION, AND CRISIS MANAGEMENT IN SELECTED PRGT-SUPPORTED COUNTRIES JPN403 (MCM_APD_2011_03)

Description of Multi-year Program

This three-year program is designed to strengthen banking supervision and regulation in three countries—Bangladesh, Maldives, and Nepal—that receive support from the IMF Poverty Reduction and Growth Trust (PRGT). These countries were selected because they have similar needs to maximize synergy in the area of banking supervision. The program focuses on strengthening how they regulate by supporting their moves to comply with the Basel Core Principles on Effective Banking Supervision. Because supervision in PRGT countries is typically compliance-based, significant TA is required to move these countries to more risk-based and forward-looking supervision. The program also helps the authorities to draft and implement regulations, design crisis management programs, provide training and capacity building to supervisory staff on financial stability, and help coordinate donor assistance to banking supervision.

The assistance envisaged was delivered through TA advisors resident at the supervisory authority of each country. The main focus was to strengthen regulation and supervision so as to make the banking system more resilient to the effects of the global financial crisis and address weaknesses as they emerged. TA also includes STX expert visits to support project implementation and HQ-based advisory missions to review completed work.

Overall Program Budget	$4,904,305
Program Budget Approved through FY14	$4,904,305
Expenditures through FY14	$3,222,478

Overview of Progress Achieved through FY2014

Bangladesh

The TA is mainly implemented by a resident advisor whose work focuses on enhancing regulatory and supervisory capacity at the Bangladesh Bank (BB) and promoting compliance with the Basel Core Principles for Effective Bank Supervision in Bangladesh. He contributed to

- Revision and updating of the CAMELS rating methodology, with expansion of risk-focused indicators and benchmarks, guidance on evaluating risk management practices at commercial banks, and assistance for Basel II/Pillar 2 implementation;
- Provision of guidance on consolidated supervision of banks;
- Liquidity mapping of the inter-connections between banks and financial institutions;
- Guidance on enhancing the Integrated Supervision System and introduction of peer group comparisons;
- Review of audited financial statements of a troubled bank and staff training on analyzing financial statement;
- Development of a framework highlighting considerations for revision of the single borrower exposure limit and restrictions on transactions with bank-related persons

- Review of the circular on capital market activity of banks following amendment to the Banking Companies Act;
- Assistance with diagnostic examination of state-owned commercial banks and review and guidance on Memorandum of Understanding between the BB and a troubled bank;
- Guidance on the Bank Intervention and Resolution Plan and lender-of-last-resort framework;
- Guidance on financial stability analysis and reporting, with review of and comments on the draft 2012 Financial Stability Report;
- Drafting of steps to be taken to implement crisis management and contingency planning;
- Providing training to on-site and off-site supervision staff on regulatory and supervisory issues and their effective operationalization; and
- Training to staff on pre-opening examination of new banks.

Nepal

The 2013 FSAP, the first ever, evaluated TA needs and will guide future TA. Efforts to put risk-based supervision (RBS) in place have mainly focused on on-site supervision owing to Nepal Rastra Bank (NRB) lack of a modern system for collecting data, incomplete data series for deposit-taking institutions, and compromised data integrity at deposit-taking institutions. Key achievements:

- Risk-based on-site inspection and procedures manuals were drafted, tested, and approved by the NRB in November 2013.
- The NRB conducted diagnostics reviews (credit, market and operations), and the LTX produced a consolidated report on the risk trends when the diagnostics were completed.
- The NRB approved an RBS roll-out plan, and the first RBS bank inspection was concluded in February 2014.
- A BCP self-assessment was conducted in preparation for the FSAP.
- An RBS training program was drafted and a number of workshops have been delivered. On-the-job RBS training was provided during the diagnostic reviews, testing of the procedures manual, and actual RBS inspection of one bank.
- Workshops provided operational guidance on crisis management.

One result of the TA has been the laying of a foundation from which on-site RBS can be rolled out. The risk-based on-site inspection and procedures manuals will form a cornerstone for effective RBS. The diagnostic reviews were also helpful in enhancing supervisory capacity for those involved in the exercise, providing useful feedback on the draft inspections manuals and on assessing the risk profile of the banking sector.

To enhance macroprudential policy, the Financial Stability Report is currently being reviewed and at the request of the NRB, presentations on dynamic provisioning and NDFs were completed and submitted.

Maldives

TA on banking supervision has been provided by a resident advisor through staff-led and STX visits. The TA covered (1) the legal foundation (banking law, regulations, standards); (2) on-site examinations (risk-based periodic inspections); (3) off-site surveillance (risk-focused analysis supported by automated reports); (4) early intervention (enforcement actions, corrective programs); and (5) crisis preparedness (systemic-focused contingency plans). The IMF works with supervisors to improve the identification and monitoring of systemically important risks (e.g., large, systemic borrowers and debt-financing for construction) and has studied assessment methods and plans for risk identification and resolution practices. A draft was prepared for guidance on early intervention and corrective and enforcement actions. A continuous list for desired changes to the Banking Law has been created to guide periodic updates to the law. Recently, the focus has been on building up the FX market. This work is carefully coordinated with the Director of the Supervision Department and the Deputy Governor. The IMF has also provided capacity development through, e.g., written recommendations and oral advice, as needed; frequent one-on-one discussions on specific issues; and small group training sessions to discuss common issues, banking sector risks, and needed legislative reforms.

Annex 1

ASIA AND PACIFIC: IMPLEMENTATION OF THE SYSTEM OF NATIONAL ACCOUNTS AND THE INTERNATIONAL COMPARISON PROGRAM JPN501 (STA_APD_2011_17)

Description of Multi-year Program

This three-year program complements the International Comparisons Program (ICP) by building capacity to improve the quality of national accounts and price statistics in 14 Asia and Pacific countries. It is designed to (1) provide TA to improve the quality of national accounts and price statistics; (2) build statistical capacity in participating countries; and (3) provide TA to complement the ICP program. Program content is guided by work plans developed by each country that define TA needs and objectives. Progress in meeting defined goals and objectives drives the level of support and TA received.

Overall Program Budget	$4,654,394
Program Budget Approved through FY14	$4,654,394
Expenditures through FY14	$3,598,177

Overview of Progress Achieved through FY2014

The project's main activities were to (1) conduct TA missions to help participating countries meet defined TA goals and objectives; (2) design and conduct technical workshops on price statistics and national accounts compilation issues; (3) coordinate project activities with other donors providing TA in the region; and (4) coordinate with participating countries to ensure that TA goals and objectives are met.

TA to date has contributed to the beneficiaries' success in laying the foundation for the estimation of quarterly national accounts (QNA) in a number of countries (see below). When necessary, the project has also provided support on improving annual NA estimates to ensure a more solid base for the development of QNA estimates. Bhutan, Bangladesh, Cambodia, Lao P.D.R., Maldives, Nepal, and Sri Lanka continue to work to improve annual national accounts and introduce QNA estimates.

With regard to price statistics, participating countries are updating their CPIs and drafting plans to launch or improve PPIs. Cambodia, Mongolia, Nepal, the Philippines, Sri Lanka, Thailand, and Vietnam are all making very good progress updating their CPIs to more fully reflect international recommendations and best practices.

Bhutan has made progress in developing a quarterly GDP series but better indicators are needed for some industries. Bhutan has also improved some aspects of its annual NAs national accounts and plans to rebase the constant price series and move toward 2008 *SNA*. The National Bureau of Statistics disseminated the very first PPI in 2012. In 2013, CPI compilation methods were improved to more broadly reflect international best practices. Index frequency was increased; the NBS now disseminates the index every month. Good progress has also been made in putting in place a construction price index.

Lao P.D.R. has moved closer to completing a new annual expenditure measure of GDP and a preliminary GNI series, and has made methodology improvements in the annual GDP by activity estimates. Progress is also evident on development of a quarterly GDP series. The Lao Bureau of Statistics has begun to work on a PPI.

Maldives is nearing completion of a quarterly GDP series and an annual expenditure measure of GDP. New data sources will soon become available, which should improve methodology and estimates. In 2012, the Statistics Department released an improved and expanded CPI, and in late 2013, an improved and updated PPI was disseminated.

Mongolia is finalizing a supply-use table and plans to use such tables as an integral part of the annual compilation process, in current and constant prices; this will be facilitated by the improved range and quality of its price indexes. The annual methodology has also improved. The National Statistics Office has made excellent progress in improving the methods for compiling both the CPI and the PPI. PPI coverage is expanding to cover more economic activities, and the authorities continue work on a construction price index.

Nepal has made significant progress; it published a new quarterly GDP series in April 2014. Improvements have also been made to the annual expenditure measure of GDP and are planning for updating the supply-use table and the transition to 2008 SNA. The Central Bureau of Statistics (CBS) has designed but not yet disseminated a producer price index (PPI), pending final approval. There have been initial discussions about transferring the CPI from the central bank to the CBS.

Sri Lanka is forging ahead on rebasing the constant price NAs, is steadily improving its methodology, and is moving closer to 2008 *SNA* compliance. By early 2015, data will be available from censuses of agriculture, manufacturing, construction, and services. The Department of Census and Statistics has made substantial progress in developing its first PPI, which will initially cover manufacturing, utilities, and agriculture. There has also been major in expanding the CPI; a national CPI will replace the current Colombo-only index.

Vietnam has rebased its estimates of constant prices, made a number of significant methodology improvements, and is moving steadily forward to transition to 2008 *SNA*. A new quarterly expenditure measure of GDP is also well advanced, and the Government Statistics Office has made excellent progress in updating price statistics. Methods of determining the CPI, PPI, and import-export price indexes have been improved, and the CPI now also covers owner-occupied housing. Improved methods have been implemented in the CPI, PPI, and import-export price indexes. Of note, the CPI has been expanded to include owner occupied housing.

JSA Programs Approved in FY2010 (8)

SOUTH EAST EUROPE: STRENGTHENING FISCAL MANAGEMENT
JPN103 (FAD_EUR_2010_01)

Description of Multi-year Program

This program has provided TA on PFM and tax administration to 11 countries in South East Europe (SEE). It has supported them in budget and treasury reforms, emphasizing medium-term budgeting and aligning the region's revenue administration with international best practices and EU requirements. The program is helping countries to (1) achieve fiscal consolidation; (2) exercise fiscal control and financial discipline; (3) improve allocation of resources through budgeting; (4) increase taxpayer compliance with tax laws; and (5) ensure that tax administration is fair and service-oriented.

The program has financed STX visits, HQ-led visits, seminars, and regional advisors, one each for PFM and tax administration, who are posted in Slovenia but provide assistance to Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia, and Slovenia.

Overall Program Budget	$5,823,133
Program Budget Approved through FY14	$5,823,133
Expenditures through FY14	$5,416,066

Overview of Progress Achieved through FY2014

Public Financial Management

Progress according to the work plan has been largely satisfactory and has had a substantial impact on PFM reforms in many of the countries covered.

Since 2010 when a programmatic approach to TA delivery in SEE was introduced under the sponsorship of the Japanese Government, the emphasis has been on helping countries to put in place changes to budget and treasury processes to ensure that fiscal policy is sustainable over the medium term. The TA to promote this medium-term perspective has given priority to offering advice on implementing new MTBFs (Romania, Serbia, Mo*ntenegro*) or reinforcing existing ones (Federation of Bosnia and Herzegovina (FBiH), FYR Macedonia and Moldova) but has also encompassed a range of related PFM reforms . Since 2010, there has been considerable progress in introducing MTBFs resulting from HQ missions and visits from the LTX. *Romania* and *Serbia* have successfully introduced MTBFs; *Montenegro* is making progress based on a detailed blueprint on how to introduce an effective MTF that meets the practical needs and addresses the constraints that Montenegro faces as a small country with limited human and financial resources. *FYR Macedonia* and *Moldova* have also benefitted from HQ missions and LTX visits on how to strengthen their MTBFs to ensure that it contributes to fiscal discipline and sustainability over the medium term, something that had not been the case to date. *Serbia* has announced plans to enhance the comprehensiveness of the budget by abolishing existing revenue earmarks and enforcing more broadly the principle of gross budgeting. A HQ led mission has provided strategic guidance for the implementation of this reform as well as to intended reforms in the areas of MTB and program budgeting and the LTX has followed up to discuss concrete initiatives for developing a program classification and baseline estimates.

The trend toward introducing fiscal responsibility legislation and accompanying fiscal rules, and in some instances fiscal councils, has continued. The fiscal responsibility legislation that Romania has approved has been the catalyst for a renewed emphasis on designing a strategy for wider PFM reforms, including introduction of a comprehensive medium-term fiscal strategy. Serbia has added fiscal responsibility provisions to its Budget System Law. Bosnia and Herzegovina has given its existing Fiscal Council new functions, such as coordination of fiscal reporting data across all general government units (although in practice this has not yet been fully operational). Moldova's amendments to its budget system law include many elements of a fiscal responsibility law, such as introduction of fiscal rules and requirements for binding expenditure ceilings on the MTBF. Montenegro and the FBiH have produced draft revisions of their systemic budget laws and are benefiting from advice to refine and finalize the drafts. Capital budgeting has been strengthened, but planning, management and execution of EU funds is still a major problem that must be addressed. Romania has established a database of capital projects and made major efforts to rationalize the public investment portfolio to give priority to funding projects that offer high social and economic benefits. Moldova has undertaken a similar exercise following recommendations from the LTX. Slovenia has drafted a new law with input from the IMF on the fiscal rules. The draft defines the medium-term fiscal target for the general government structural balance and requires that a Fiscal Council be established.

Cash and debt management has been high on the capacity-building agenda in many countries. In 2009, Albania established a computerized treasury system; it has since been rolled out to all regional treasury offices. The country has also embarked on an EU-funded major renewal of its cash and debt management system. Serbia has established a new Public Debt Administration, and the LTX has been actively engaged with the authorities in discussing how best to build capacity and integrate debt and cash management operations into the new organizational structure. The LTX has also commented on the medium-term debt strategies prepared by the authorities in Moldova and FYR Macedonia, and an STX has worked with the authorities in Montenegro to produce a medium-term debt management strategy. The Romanian authorities have also received considerable assistance in expanding their risk management capacity and ensuring that their medium-term debt strategy is consistent with the medium-term fiscal strategy.

Considerable progress is obvious in aligning fiscal reporting to international standards for general government. Bosnia and Herzegovina is making progress but the fragmented nature of the political and administrative systems has proven to be a severe drag. The Republika Srpska has recently completed successfully a major reform, bringing direct budget users under the umbrella of line ministries. Romania, with TA through the program, is working on an EU-funded project to improve fiscal reporting and expenditure control. Albania is strengthening expenditure controls and monitoring and has developed an arrears clearing strategy.

Tax Administration

Commitment to reforming tax administration has intensified across the SEE countries during the program period, largely due to the intensity of TA activities and because of the project's impact in coordinating TA providers. In general, the authorities consider the IMF their primary advisor on tax administration issues, largely because of the current TA delivery model and the funding provided by JSA, which have substantially increased the intensity and number of contacts between the IMF and the recipient tax agencies.

This project's facilitation of donor coordination has also helped countries to get more clarity about what needs to be done and what the priorities and sequencing should be.

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Tax administrations in the region now generally accept that the logical progression to improve taxpayer compliance, increase the transparency of tax administration efforts, and build trust in the tax administration is to phase in over time a modern Compliance Risk Model (CRM) by (1) adopting compliance strategies that direct efforts at the major compliance risks that are responsible for the bulk of the tax gap; (2) reflecting the strategies in annual operational plans and instructions (e.g., national audit plans, audit selection parameters, taxpayer service plans, and debt collection plans); and (3) improving compliance tools (e.g., audit organization and methods, taxpayer services, and enforced collection) and the skills of tax administration management and staff so that strategies and operational plans are actualized efficiently and effectively. CRM progress is clear in Kosovo, Moldova and Romania. A considerable amount of the time of HQ missions and the LTX has been spent on coaching new tax administration management teams on strategic planning and reform governance. Specific country achievements include:

Albania. Notable achievements in corporate strategies for reforms and compliance management, restructuring by function, electronic filing of tax returns, integration of social security contributions into mainstream tax administration, opening of a large taxpayer office (LTO), and heightened taxpayer services. Committees for managing reform, day-to-day business operations, and compliance have recently been appointed to tighten governance. A properly staffed project management office has also been set up to move IT reform forward. TA has also supported specification of user requirements for the new IT system. Current TA efforts support management of the IT project, which is scheduled to be completed by year-end 2014. Considerable efforts are also underway to align tax administration processes with the capability of the new IT system and to reinforce governance of tax administration and compliance management. When the IT system is implemented successfully, Albania will be the first country in SEE to have a modern IT system and the associated modern business processes.

Croatia. The recently established LTO now manages 45-50 percent of all tax collection, though other IMF recommendations on tax administration have yet to be fully adopted.

Moldova. The Ministry of Finance endorsed IMF advice on governance and has promised to begin implementation soon. The introduction of the CRM has progressed well with addition of a new sector and setting up a compliance program for high-wealth individuals that included training to improve auditor skills and audit methods. VAT refunds have improved.

Romania. A World Bank loan to modernize the tax administration through new IT and the support by IMF TA has created reform momentum. Recent progress includes merger of tax and customs, recruitment of enough extra staff to address tax evasion, strengthening of HQ strategic capacities, and creation of a unit to increase compliance by high-wealth taxpayers. The administration is working more generally on phasing in the CRM approach, improving arrears collection, and moving to a full self-assessment system.

ECONOMIC AND MONETARY COMMUNITY OF CENTRAL AFRICAN STATES: STRENGTHENING REGIONAL FINANCIAL AGENCIES JPN401 (MCM_AFR_2010_03)

Description of Multi-year Program

This three-year program provided TA to improve regional financial stability, integration, and intermediation and help increase economic activity and reduce poverty. The program was designed to (1) support policies and mechanisms to better manage the regional monetary union; and (2) reinforce regional financial supervision and oversight.

The program financed STX visits, an HQ-led visit, seminars, a regional advisor posted at the *Banque des Etats l'Afrique Centrale* (BEAC) in Cameroon, and a general advisor assigned to the General Secretariat of the Central African Banking Commission (COBAC) to provide assistance to Cameroon, the Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, and Gabon.

Overall Program Budget	$3,260,612
Program Budget Approved through FY14	$3,260,612
Expenditures through FY14	$2,568,136

Overview of Progress Achieved through FY2014

The delivery of TA continues to be slower than planned due to critical staff shortages at BEAC and COBAC, changes in senior management, and lower than expected absorption capacity. As a consequence, the current Reform and Modernization Plan has been updated and the deadlines to yearend 2014 instead of 2013. COBAC has also been burdened by such major projects as redesigning its IT system and transferring its headquarters from Yaoundé to Libreville, which has again been delayed. To address the critical staff shortages, 68 new trainees started work in June 2013. The COBAC Secretary General (SG) who left in July was not replaced until in December 2012. Nonetheless, the new SG and the reinforcement of staff have improved TA absorption capacity.

On the regulatory front, five major regulations are close to final adoption. Also making headway are projects previously launched to address deficiencies in the CEMAC banking supervisory framework that were discovered in the Basel Core Principles (BCP) evaluation led by a team of World Bank experts in 2011. Despite continuing difficulties—mainly the persistent shortage of staff and delays in making decisions, thanks to the major contributions of the program's resident adviser, some significant steps forward have been made, such as improvements in the pertinence and quality of SG COBAC analysis and studies, including on-site supervision training (direct supervision of missions and systematic in-depth revision of the reports of other missions). The TA resident advisor has also given indispensable support to COBAC day-to-day management of the SG COBAC, in training staff (daily individual day-to-the COBAC SG on day-to-day management, training staff (daily individual discussions, organization of training sessions locally and abroad on specific topics in addition to the program built by the SG COBAC and funded by the World Bank), and management of the IT redesign (also funded by the World Bank).

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ASSOCIATION OF SOUTHEAST ASIAN NATIONS: ENHANCING REGIONAL STABILITY THROUGH IMPROVED SUPERVISION JPN402 (MCM_APD_2010_01)

Description of Multi-year Program

This three-year program provided TA to enhance financial stability within four ASEAN member countries by (1) encouraging convergence and harmonization of supervisory practices consistent with international standards; and (2) leveling the competitive playing field by reinforcing the basis for expanding financial intermediation and for enhancing regional financial integration.

The program has financed STX visits, an HQ-led visit, seminars, and regional advisors posted in Cambodia, Indonesia, Philippines, and Vietnam.

Overall Program Budget	$4,632,981
Program Budget Approved through FY14	$4,632,981
Final Expenditure (Program Completed)	$3,870,091

Overview of Progress Achieved through FY2014

Cambodia

The TA has promoted significant progress in building institutional capacity for risk-based supervision by strengthening prudential regulation, developing supportive policies and procedures, review and revision of supervisory guidelines and manuals, and training of staff on broader banking supervision issues. Positive outcomes have included enhanced supervision, identification of supervisory and regulatory weaknesses and guidance on remedial action, training of supervisory staff and executives on key aspects of risk-based supervision, and broader regulatory convergence and supervisory cooperation.

The resident advisor focused on putting in place risk-based supervision and on compliance with the Basel Core Principles for Effective Bank Supervision. The TA contributed to

- Progressive adoption of risk-based supervision of banks and increased regulatory convergence and supervisory cooperation;
- Revision of supervisory guidelines and manuals;
- Documentation of prudential standards and the accounting framework for securities activities;
- Continued training of staff on on-site examination, off-site analysis;
- Production of a Financial Stability Dashboard as both a training tool and a precursor to a a future Financial Stability Report; and
- Fostering organizational changes at the NBC to enhance the supervision and financial stability functions.

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Indonesia

A final acceptable framework for a risk-based approach to supervision, including bank ratings and oversight, was completed and implemented in January 2012. It focused on a number of core risk assessments of banks. Initial reviews of banks under the new framework were completed in the first quarter of 2012. Beforehand extensive training was delivered to the supervisory staff, regulatory staff, and management across the country. Afterwards, follow-up quality control reviews were completed and further training held to solidify enhancements. Supervisory line management bought into the new framework and the training program for supervisors was amended to ensure conformity with the new risk-based concepts. The approach was aligned with international standards. The program also helped strengthen compliance with the BCP for Banking Supervision and the Basel Principles for capital adequacy.

Bank Indonesia still did not consider problem bank resolution a priority, due in part to the overall strength and condition of the banking system, which has very low nonperforming loans (NPLs) and good performance. Problems were contained and managed within the existing framework. Nevertheless, based on previous FSAP recommendations, the problem bank resolution process (exit policy) was somewhat enhanced to bring it more in line with prompt corrective action frameworks. With the adoption of the risk-based approach and work on improving the review and assessment of governance, OJK management expects to be able to identify and address issues as they arise more promptly and more effectively.

Central achievements for Indonesia included:

- Adoption and initial implementation of a new risk-based bank rating and supervision framework;
- Issuance of Basel II rules for capital adequacy under the standardized approach and a supervisory review process;
- Selected enhancements to the process of resolving problem banks;
- Pending adoption of a more thorough framework, agreement on an interim national crisis management protocol under the guidance of a national financial stability council that meets regularly;

The Philippines

The authorities have made significant progress: They adopted Basel III in 2005 and began implementing Pillar 2 (Internal Capital Adequacy Assessment Process (ICAAP)/supervisory review of capital adequacy) in 2011. Basel 3 was adopted in 2010, with implementation starting in 2014. In 2010–11, a concerted effort was made to enhance enforcement and clear out a backlog of problem institutions; the policy on cease and desist orders (CDO) was approved in August 2011, internal procedural guidance was issued in October. Despite some gains, the sector nonetheless began to use more administrative (non-monetary) sanctions; however, appropriate standards for using them were still evolving. Enhancement of supervisory capacity, as well as tools, was critically needed. Over 160 banks have been resolved since 2009, the majority by appointment of the Philippine Deposit Insurance Corporation as receiver.

BSP also made substantial progress on building supervisory capacity, notably implementation of the supervisory core training initiative that began in late 2010. The process of upgrading supervisory training in itself sent a forceful positive message to the industry that the BSP was committed to effective supervision as a necessary foundation for financial stability. At the request of sector management, a competency framework was developed for use by the supervision function, which helps to reinforce the practices taught to supervisors. More than 10 committees created content for new courses; roll-out of the courses began in 2011. Over 600 members of the supervision staff took the custom-designed training courses on problem bank resolution delivered first by the TA advisor and then by Supervision Examination Sector (SES) facilitators trained during the initial offerings of the courses.

Three initiatives supported by the TA on bank resolution were intended to help identify and resolve problems sooner:

1. First, the Offsite Risk-Profiling System (ORP), a simple screen-based approach to streamline oversight of the 600 mostly small rural and cooperative banks, was introduced in 2011 based on 2010 TA recommendations. The risk ratings provided by the semi-annual ORP reports were being used to help prioritize smaller banks for on-site examinations. In response to previous TA recommendations, calculation of quantitative indicators has been automated and there is a tighter focus on improving data quality.
2. The second initiative was the development of an enforcement policy for remedial supervisory action.
3. The third initiative was a review of the current PCA framework.

Assistance under this program was in part been directed to ensuring that positive developments in analytical capacity over the past few years were sustained. Some of the TA was therefore directed at enhancing the quality of written outputs, chiefly the Institutional Overview (IO) and Report of Examination (ROE). The work has focused on better integrating the Pillar 2 process (ICAAP/SRC) into examination planning and routine supervision, and implementing a CAMELS quality assurance process that the sector itself developed.

Vietnam

The absence of clear support for the resident advisor from the State Bank of Vietnam (SBV) --in addition to the numerous other TA providers and limited absorption capacity of the Banking Supervisory Agency at the SBV --compromised the technical assistance that could be provided. The resident advisor's term ended in January 2012, and he was not replaced.

Limited success was accomplished in the move to risk-based supervision. Neither the LTX nor the short-term visit achieved the goal of the supervisors thoroughly understanding banks' operations and risk profiles. Severe data quality and reporting problems made it difficult to conduct proper quantitative assessments. On-site supervision was conducted by at least three different institutions.

The situation has been exacerbated because the authorities have received TA on banking regulation and supervision from a large number of donor agencies, and there was little coordination of the TA provided by the various donors (the World Bank country office has identified 14 donors providing more than 60 TA projects to the SBV). As a result, the authorities have been unable to absorb the TA on banking supervision received from various sources.

WEST AFRICA: DEVELOPING STRATEGIC FISCAL MANAGEMENT
JPN101 (FAD_AFR_2010_01)

Description of Multi-year Program

This three-year program (FY10–FY12) was geared to strengthening fiscal management in 10 West African countries that are similar in terms of background and development status. The TA delivered used an approach built on lessons learned by countries at different stages of the reform process but with similar issues and similar objectives for tax administration and budgetary management. The program works with the countries to (1) improve budget preparation and execution; (2) strengthen program- and performance-based budgeting; (3) improve VAT productivity; (4) improve collections from and compliance by medium-size taxpayers; and (5) develop more efficient arrangements for taxation of small and micro-sized businesses.

The program finances STX visits, HQ-led visits, seminars, a regional PFM advisor posted in Liberia, and a tax administration advisor posted in Ghana who provides assistance to Burkina Faso, Côte d'Ivoire, the Gambia, Ghana, Liberia, Mali, Niger, Nigeria, Senegal, and Sierra Leone. Missions to some countries identified their specific TA needs for the medium term.

Overall Program Budget	$5,303,993
Program Budget Approved through FY14	$5,303,993
Final Expenditure (Program Completed)	$4,658,187

Overview of Progress Achieved through FY2014

The three regional advisors (two on revenue administration and one on PFM) have developed good working relations in their assigned countries and drafted customized support plans.

Public Financial Management

Efforts focused on improving budget credibility, in particular ensuring that budgets are executed as planned. Awareness of this issue has arisen in all the target countries thanks to the regional workshop and country-specific TA. While a PEFA assessment in Mali and an HQ follow-up mission in Burkina Faso reported remarkable progress in these countries, concrete efforts in other countries to address budget credibility have just started to pay off.

Efforts to introduce MTEFs are bearing fruit throughout the region; several countries have them in place, and the program has delivered roadmaps, manuals, and significant training to support this effort. These reforms should lead to greater certainty of funding for spending agencies.

With regard to program- and performance-based budgeting, Mali and Burkina Faso have drafted a comprehensive program-based budget, to be presented to their parliaments, for all government agencies, and Ghana is now piloting program-based budgeting in a number of line ministries.

PFM concepts and good practices have spread throughout the region. The regional advisor has helped countries draft roadmaps and manuals and provided practical training to staff of ministries of finance, ministries of planning, and line ministries. He also organized, jointly with HQ, a successful three-day regional workshop in Accra, Ghana, on medium-term budget frameworks which was attended by 35 staff representing all program beneficiary countries.

Burkina Faso: Since 2010, the country has been successfully implementing a medium-term framework and program-based budgets have been designed for all ministries, departments, and agencies (MDAs) and the MTEF is now in place. The remaining challenge is to update the laws to comply with the WAEMU directives.

*The Gambia***.** The regional advisor provided guidance on the MTEF process and budget calendar and trained budget staff in the Ministry of Finance and line ministries. This has facilitated the preparation of the first-ever budget framework paper as part of the annual budget documents for 2012. The effort made it possible to recognize certain information and capacity gaps and what needs to be done to address them.

Ghana. Much of the advice of the LTX applied to piloting program budgeting, for which he provided significant training, and to improving the MTEF process. He also advised on the budget process generally, and the sequencing of PFM reforms, and on budgetary management elements of the Ghana Integrated Financial Management Information System (GIFMIS). The pilot phase of program budgeting was successfully completed and the authorities are moving to extend the approach to other ministries.

Liberia. Work of the LTX in Liberia was coordinated with support from the ODI Budget Strengthening Initiative (ODI/BSI) in the MTEF area.. The LTX provided support to the Directorate of the Budget in preparing the format and instruction for the budget policy notes and forward estimates to be produced by line ministries. The staffs of the Budget Department and the MTEF Secretariat are now better equipped to spearhead this reform. All line ministries submitted their budget policy notes, which were used to build the MTEF and enhance the quality and relevance of the Budget Framework Paper that accompanied the 2012/13 budget.

Mali. Program assistance was directed at putting a result-oriented, program-based budget (PBB) in place and reinforcing fiscal reporting. Despite the 2012 domestic crisis, Mali's PFM reforms did not backtrack although it was necessary to postpone most milestones by one year. At this juncture, progress has been made on moving along the roadmap for PBB (70% of recommendations in place or in process); Parliament is now more involved in budget preparation; the MTEF was maintained even during the 2012 crisis; the whole scope of the Malian MDA program budget have been reviewed; and the fiscal responsibility law was adopted in late 2013 to comply with the WAEMU directives.

Niger. The PEFA assessment, carried out as part of this program, laid a sound foundation for the reform strategy and the authorities are committed to implementing medium-term frameworks and to more credible budgets. Niger is in a good position to adopt MTBFs and MTEFs, and the authorities are reportedly working on putting these in place, though ownership of the multiyear framework is still limited.

Nigeria. With the help of program TA**,** Nigeria now has a strategy to (1) implement a TSA at the Central Bank of Nigeria (CBN) and support e-payment functionality from the GIFMIS for decentralized processing of payments by MDAs; (2) roll out the TSA system to the MDAs in Abuja; and (3) establish a cash management unit (CMU) in the office of the Accountant General of the Federation. The CMU has been established, and the TSA has been operational since 2012.

Sierra Leone. In Sierra Leone, the program priorities were to (1) support the Budget Directorate in redesigning and strengthening its MTEF process, and (2) advise on medium-term fiscal and budgetary framework issues related to mineral resource wealth. Work on the first led to publication of a new MTEF manual. Support to the MTEF process, to strengthen budget credibility, was part of a multi-donor-funded integrated PFM reform program. Advice was provided on managing mineral resource wealth related to the revisions to laws on management of mineral wealth revenues, fiscal frameworks and rules, and accounting and reporting.

Revenue Administration

Function-based structures and taxpayer segmentation approaches for domestic tax administration have been adopted by all program-beneficiary countries, making the tax systems more efficient. Principles for full self-assessment and risk management are slowly taking root, which will make tax systems more efficient. Key outcomes so far:

1. Reviews of the GST/VAT in *Sierra Leone* on January 1, 2010, and *Gambia* in 2013 indicate that the expected results are being achieved.
2. In *Ghana,* A VAT registration threshold of Ghana cede (GHS) 90,000 was introduced on January 1, 2011, and increased to GHS 120,000 a year later. This paved the way for a simplified taxation regime for small and micro enterprises. In *Nigeria,* a registration threshold has been proposed in a VAT amendment bill now being discussed.
3. With regard to establishing medium and small taxpayer offices, in *Ghana*, co-location of staff from the former VAT and Inland Revenue Service was achieved in most field offices, with all staff now part of the integrated Domestic Tax Revenue Division. Ghana now has 15 medium-taxpayer offices (MTOs) and 51 small taxpayer offices (STOs) that are fully functioning. *Sierra Leone* has a new function-based structure for the domestic tax administration and officials have been deployed to the small and medium taxpayer office (SMTO) thus effectively delivering integrated domestic tax administration operations. *Senegal* has established one MTO, in Dakar. Finally, in *Mali*, the scope of the MTO that was established in the capital, Bamako, in 2010 was expanded significantly in 2012.

Good progress is also being made in the other countries, where initiatives in focus areas are at different stages of implementation.

Annex 1

ASIA AND PACIFIC: EFFECTIVE AND EFFICIENT PUBLIC FINANCIAL MANAGEMENT JPN102 (FAD_APD_2010_01)

Description of Multi-year Program

This three-year program provided TA in PFM and tax administration to seven Asia and Pacific countries so that they can put in place macroeconomic policies and systems to support modern budget and treasury management and establish sound revenue collection structures. The broad goals were to (1) strengthen capacity to analyze and forecast macrofiscal developments and enhance top-down budgeting; (2) improve all aspects of treasury management and fiscal transparency; and (3) strengthen core tax and customs administration functions, such as taxpayer registration, collection processing, risk assessment, audit, and large taxpayer management.

The program financed STX and HQ-led visits, seminars, a regional PFM advisor posted in Cambodia and a tax administration advisor posted in Nepal, both of whom provided assistance to Bangladesh, Cambodia, Lao P.D.R., and Nepal. For some countries, the program financed scoping missions to identify specific TA needs for the medium term.

Overall Program Budget	$5,805,755
Program Budget Approved through FY14	$5,805,755
Final Expenditure (Program Completed)	$5,492,258

Overview of Progress Achieved through FY2014

Public Financial Management

In the area of Public Financial Management, the placement of regional advisors have greatly enhanced engagement with authorities and led to clearer understanding of their needs and of local conditions. They have also contributed to making authorities in Southeast Asia more aware of and interested in Fund-provided TA. They have been central to scoping and then following up on both HQ-led missions and STX visits in most countries, in close and regular coordination with other TA providers and donors.

One of the fundamental building blocks of a robust medium-term (MT) approach to budgeting is sound budget outturn data. These data are critically dependent upon budget execution systems and treasury systems. Under the program, assistance has been provided to Bangladesh, Cambodia, Nepal, and Timor-Leste in treasury systems. This work will ensure improved local capacity in preparation of MT projections.

Regional training on MT budget frameworks and strategies—hosted by the IMF Singapore Regional Training Institute (STI)—took place for a broader set of countries from the region. Additional IMF support to these countries, including Timor-Leste, is being funded by the Managing Natural Resource Wealth Topical Trust Fund.

In the area of managing public funds, a number of countries (particularly Nepal and Timor-Leste) have greatly improved their capacity for managing public funds through progress toward a TSA and enhanced cash management with the assistance provided under this program.

Annex 1

Revenue Administration

In all three countries, there has been noticeable progress in customs administration, but progress in tax administration has proceeded slowly. By the end of the program, engagement in Nepal and Bangladesh was good while Cambodia and Lao PDR have been moving forward at a slower pace. As was the case in the PFM component of the program, the regional advisor greatly facilitated engagement with authorities and better tailoring of TA to their needs and to local circumstances.

Of the countries under this segment of the program, Nepal was the most advanced in terms of developing a compliance strategy. Following support to segment the taxpayer base, TA to Nepal assisted with developing targeted segment-based compliance strategies. In Nepal Customs, a Trade Facilitation Committee and Client Service desks were set up in HQ and in major offices. In Cambodia, TA for the Large Taxpayer Department (LTD) supported the analysis of the main risks from the LTD taxpayer base, based on which targeted compliance strategies will start to be developed. Bangladesh and Lao P.D.R. were not yet in a position to develop compliance strategies.

Comprehensive multi-year reform strategies were developed in Cambodia (tax and customs), Lao P.D.R. (tax and customs), and Nepal (tax and customs). Bangladesh focused its short- to medium-term reform efforts on implementing the new VAT law—compliance strategies and improved revenue performance will not be achieved until the VAT is implemented and running adequately. Revenue collections for these countries were on target.

Management information systems remain weak in each country. Due to a lack of automation in tax administrations in Bangladesh, Cambodia, and Lao P.D.R., reporting of consolidated performance data is very limited beyond revenue collections, and no specific monitoring of compliance performance is undertaken. In Cambodia, the GDT Strategic Plan provides a basis for the authorities to develop a range of performance indicators. Nepal has a better automation system and has developed a relatively comprehensive Internal Monitoring System. It includes a range of performance indicators. Compliance activities and performance are measured and improvements were seen in most areas.

Annex 1

MIDDLE EAST AND CENTRAL ASIA: SAFEGUARDING FINANCIAL RESOURCES IN CENTRAL ASIAN COUNTRIES JPN104 (FAD_MCD_2010_02)

Description of Multi-year Program

This program provided TA to help safeguard financial resources and reinforce fiscal institutions in eight Central Asian countries. The program was designed to (1) enhance financial oversight and establish crisis management and crisis resolution mechanisms and financial safety nets; (2) build institutions and frameworks for medium-term strategic and policy-oriented budget management and assist with fiscal consolidation required because of the global financial crisis; (3) further strengthen implementation of budget and treasury reforms, especially through better fiscal reporting and introduction of an MTBF; (4) enhance banking sector regulation and supervision and take remedial action on problem banks; and (5) upgrade supervisory practices, especially stress testing and early warning systems.

The program financed STX visits, HQ-led visits, seminars, a resident advisor posted in Kazakhstan and a PFM advisor posted in Uzbekistan, who assists Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. Scoping missions to some countries identified specific TA needs for the medium term.

Overall Program Budget	$4,277,228
Program Budget Approved through FY14	$4,277,228
Final Expenditure (Program Completed)	$3,967,755

Overview of Progress Achieved through FY2014

Public Financial Management

Uzbekistan: Fiscal reporting has improved and a new Budget Code detailing accounting reforms and introducing elements of medium-term budgeting has been approved. Comprehensive general government sector fiscal reports are now being produced regularly on a GFSM 2001 cash basis, and Uzbekistan now has a page in the GFS Yearbook.

Kazakhstan: Medium-term and performance budgeting have been introduced. Accrual IPSAS has been introduced in budget organizations and their financial statements have been consolidated at the level of the central government budget.

Tajikistan: The extension of the TSA system to cover all local budgets is under way, the regulatory framework for IPSAS-based accounting reform has been approved, the new GFSM 2001-based budget classification and unified COA have been introduced, and the annual statement of fiscal risks in relation to SOEs has been updated

Kyrgyz Republic: Commitment control has been introduced, Treasury coverage has been extended to local governments and extra-budgetary funds and the regulatory framework for IPSAS-based accounting reform has been approved.

Armenia: Fiscal risk disclosure and management have improved and performance information for budget programs has expanded.

Georgia: Fiscal risk management has improved.

Annex 1

Banking Supervision

Armenia: The Central Bank of Armenia (CBA) introduced a new prudential norm for bank FX liquidity ratios, effective January 2013, and is committed to gradually increasing the ratios. The CBA has also required banks to report on potential currency mismatches of large borrowers. Among risks to the banking sector are concentration of exposure at some banks, high dollarization of deposits and lending, and a decline in capital ratios. The CBA will continue to use Basel II Pillar 2 powers to assess and mitigate institution-specific risks and indirect FX risks.

Azerbaijan: TA to Azerbaijan was mainly focused on banking sector consolidation.The banking system in general has been stable except for IBA, a systemic public bank, where an audit uncovered significant capital adequacy and liquidity issues. But on the whole, given minimal intermediation and high concentration, the banking system is not well placed to support private sector-led growth.

Kazakhstan: The program envisaged assistance in the development of effective systemic financial crisis management; and an action plan for problem banks, based on international best practice. To facilitate this work, the project financed posting of a long-term advisor in Almaty from February 2013 to February 2014. His work focused on seeking methods to attract banks to work with and sell nonperforming loans (NPLs) to the centralized problem loans fund (PLF) and deal with a PLF loan that was in litigation. The advisor formulated a plan on how to attract NPLs to the PLF; he also reviewed and wrote documents to guide PLF management on specific areas of interest, such as changes in the laws and regulations that are necessary if the PLF is to be successful.

Kyrgyz Republic: A long-term advisor worked with the authorities to build up bank supervision and resolution. The advisor performed a thorough analysis of the issues that led to the bankruptcy of the country's largest bank, proposed resolution strategies, analyzed their pros and cons, and when the "bridge bank" was set up advised on operational guidelines and limitations while the bank was under government control. He also helped the authorities draft supervisory strategies for the bridge bank and other banks taken over by the government, guiding the administrators of these institutions as well as supervision staff on various issues. Thereafter the bridge bank was marketed for sale to "fit and proper" financial institutions; and two of the four banks in conservatorship were rehabilitated and are being transferred to private investors.

Tajikistan: The authorities have decided that the strategy for financial sector reform should address, in sequence, regulation, accounting, revaluation of asset positions, and reassessment of the position of banks relative to such prudential criteria as capital adequacy. Work has already begun, based on a World Bank vulnerability assessment, and will be facilitated by donor-funded strategic advisors. An IMF mission in December 2012 assessed the adequacy of the regulatory and supervisory framework. BCBS Principles have been used as the most important reference document for such assessments.

Uzbekistan: In November 2010, a Presidential Resolution established a five-year financial sector reform program to be achieved by the end of 2015. The Central Bank of Uzbekistan (CBU) has initiated efforts to achieve the Resolution goals: meeting Basel capital adequacy and asset quality standards; rating banks on the norms used by international credit rating agencies and introducing IFRS; establishing a deposit guaranty system; improving the laws and regulations; and broadening bank investment activities. The IMF evaluated the CBU's supervisory practices and regulatory/legal framework to establish a basis for TA and provided a detailed list of recommended actions for CBU authorities to undertake, with a timetable for completion. The first recommendation was to establish a coordination and oversight committee to prepare a list for TA areas, set priorities, assign these to specific donors, monitor TA activities, and ensure the fullest coordination among all providers. There has since been closer increased coordination and communication at the IMF and World Bank, leading to a joint TA mission in February 2013 to review progress achieved and help the authorities actualize TA recommendations.

Annex 1

ENHANCING FISCAL MANAGEMENT: STRENGTHENING TREASURY MANAGEMENT, FISCAL REPORTING, AND TAX AUDITING IN SELECTED SOUTH AMERICAN COUNTRIES JPN105 (FAD_WHD_2010_01)

Description of Multi-year Program

This program has provided TA in the areas of tax administration and PFM so that four South American countries (Bolivia, Colombia, Paraguay, and Peru) can continue and consolidate their efforts to build institutions and frameworks for medium-term strategic and policy-oriented revenue administration and budget management. The program addressed compliance management and weaknesses in the treasury function by improving cash and debt management and information management systems (IFMIS). Since many countries in Latin America have similar PFM difficulties, a regional component facilitated exchange of experiences.

The program financed STX visits, HQ-led visits, and seminars for Bolivia, Colombia, Paraguay, and Peru. Scoping missions for some countries identified specific medium-term TA needs.

Overall Program Budget	$1,341,641
Program Budget Approved through FY14	$1,341,641
Final Expenditure (Program Completed)	$1,335,910

Overview of Progress Achieved through FY2014

Revenue Administration

The program addressed weaknesses in organizational structure, risk management, and core control procedures that resulted in low rates of taxpayer compliance in Bolivia and Paraguay. In *Bolivia*, TA focused on improving risk management at customs by enhancing the organization and procedures of pre- and post-release audit to increase the perceived risk to illegal traders while reducing the number of physical inspections of goods. In *Paraguay*, in the domestic taxes area, program TA contributed to improvements in the quality of the taxpayers registry and streamlining of audit and control procedures that enabled detection of abusive practices by taxpayers, leading to improvement in taxpayer compliance. Finally, in the customs administration area in Paraguay, the program facilitated the use of risk-management and valuation procedures that yielded a higher rate of detection of fraud and evasion; while also facilitating trade for legitimate importers and exporters.

Work in the RA area focused mostly on *Paraguay*, where organizational and procedural changes were introduced to improve the tax revenue collection, audit, and arrears collection functions; a comprehensive action plan for data cleanup and enhancement of the taxpayers registry was approved. In the customs area, there was progress in IT through introduction of improvements in the case selection and valuation modules, and a proposal for reorganization of the post-release valuation function was approved and partially implemented. A February 2013 pilot program for the Authorized Economic Operator was developed with project support, and agreements were signed with four companies to initiate the pilot. Two companies have already done so.

A change in priorities after organizational changes in *Bolivia* meant that planned activities were postponed for a time; once these started, results were good and the authorities began to implement proposed changes.

Public Financial Management

The program addressed weaknesses in treasury and budget-related functions in Latin American countries in general and in Paraguay and Peru in particular. In *Paraguay*, TA supported improvements in the medium-term fiscal framework (MTFF) and macrofiscal projections, cash and debt management, and public investment. In *Peru*, TA facilitated the design of a sound conceptual model for the new IFMIS and adoption of a business-continuity and disaster-recovery plan (BCP). Countries throughout the *Latin American region* benefited from the guidance and opportunities for peer-learning in modernizing treasury management that were made possible through the program's financing of FOTEGAL seminars.

The project achieved three main objectives: (1) fostering dissemination of modern treasury management concepts throughout *Latin America*; (2) establishing a macrofiscal unit within the MOF, improving debt and cash management, and strengthening arrangements for controlling and monitoring public investment in *Paraguay*; and (3) completing a sound conceptual design for the IFMIS and improving BCP in *Peru*.

Annex 1

ASIA-PACIFIC REGION: STRENGTHENING MACROECONOMIC MANAGEMENT JPN201 (INS_STI_2010_02)

Description of Multi-year Program

This three-year program (FY10–12) provided training to strengthen macroeconomic management by improving the ability of officials to analyze economic conditions, diagnose problems, and design and implement effective policies. The training, delivered through the IMF-Singapore Regional Training Institute (STI), covered 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 covered the costs for LTXs, STX visits, HQ-led visits, the IMF share of participant costs, interpretation and translation, and course preparation and staff delivery time.

Overall Program Budget	$6,085,097
Program Budget Approved through FY14	$6,085,097
Final Expenditure (Program Completed)	$6,052,199

Overview of Progress Achieved through FY2014

This program covered the participant costs to the IMF for 65 (56 in Singapore and 9 overseas) courses held at the IMF-Singapore Regional Training Institute (STI). The number of participants trained was 1,957, while the number of participant weeks of training was 3,575. The majority of the participants (more than 75 percent) came from the following countries: Afghanistan, Bangladesh, China, Cambodia, India, Indonesia, Malaysia, Mongolia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam.

Developing economic institutions, training their staff and reinforcing regional cooperation will be critical to sustaining Asian economic growth over the coming decades. Over time, IMF has responded to these changing dynamics by shifting its training toward specialized courses in macroeconomics, covering key topics such as: maintaining macroeconomic and financial stability in the face of large capital inflows; reassessing the conduct of monetary and exchange rate policies; strengthening fiscal and external buffers, and improving the management of domestic and external debt; managing the risks posed by volatile prices for energy, food, and other commodities; and contributing to the global dialogue on policy coordination and the creation of a more robust international financial architecture. Current macroeconomic offerings include: Financial Programming & Policies, Macroeconomic Implications of Fiscal Issues, Macroeconomic Forecasting, Macroeconomic Diagnostics, and Monetary & Exchange Rate Policy, Macroeconomic Management & Financial Sector Issues, Macro Management & Fiscal Policy, and Macroeconomic Management for Senior Officials. New specialized fiscal and statistics courses have also been added, including System of Macroeconomic Accounts Statistics and Their Linkages; and Design, Sequencing & Implementation of Public Financial Management Reforms.

The curriculum's coverage of financial markets and policies has continued to evolve, as courses like Financial Markets & New Financial Instruments; Economic Policies for Financial Stability (EFS); and Mortgage Markets, Securitization & Structured Finance, have been adapted to take into account lessons and case studies from the global financial crisis and the European sovereign debt crisis. The new course on Selected Issues in the Evolving Regulatory Framework in 2011 has been very well received due to its relevance in the current global debate on regulation and supervision, particularly for discussing how the Asia-Pacific region is prepared to deal with envisaged changes in the international regulatory framework as well as the future direction for their financial systems. The IMF also delivered several new courses on financial policies and their legal framework including: Financial Stability, Systemic Risk and Macro-Prudential Policy; Islamic Banking; and Risk-Based Banking Supervision; Sovereign Asset and Reserve Management—A Framework for Strategic Allocation; Central Banking and Financial Sector Legal Frameworks. All were well received.

Regional courses offered by the STI outside of Singapore are also an important component of the training program and have been highly valued by the authorities in the region. These courses are targeted at individual countries or small groups of countries to address their specific training needs more effectively. Some of the more highly requested courses are: Financial Programming and Policies, Macroeconomic Implications of Fiscal Policy, Macroeconomic Diagnostics, Macroeconomic Management and Financial Sector Issues (MMF), and External Sector Issues. For example, the regional MMF course held in Vietnam during March, 2012, in collaboration with the State Bank of Vietnam, was targeted at Cambodia, Lao P.D.R., Myanmar, and Vietnam.

The STI training program continues to receive very positive evaluations and feedback from training recipients. Courses financed under the project received an average overall score of 4.6 on a scale of 1 to 5 in end-of-course evaluations. A recent follow-up survey of the 2010 Economic Policies for Financial Stability (EFS) course, conducted by Harris Interactive about a year after the course was delivered, also received very positive evaluations, with all respondents agreeing that the course helped participants do their jobs better, strengthened their ability to analyze economic developments, and improved their capacity to provide policy advice.

The main formal evaluation tool used by ICD is the Triennial Survey of Sponsors, most recently conducted during March-May 2012. The data collection and analysis are conducted by an independent consulting firm in order to ensure full anonymity to the respondent and to secure as independent and accurate views as possible. The latest survey indicates that satisfaction with IMF training continues to be very strong with 98% of respondents being overall satisfied with the training received, and 77% very satisfied. Both ratings were the highest yet from surveys conducted since 1995. A large majority of agencies report that: their staff values IMF training more than training by other providers on similar topics (92%); IMF training has helped participants do their jobs better (97%); and such training has facilitated their collaboration with the IMF (89%).

JSA Projects Completed in FY14 (3)[1]

JSA # IMF ID	Beneficiary	Commitment ($)
1732 **MCM_MDG_2009_01**	Madagascar	119,600
1757 **MCM_RWA_2010_01**	Rwanda	280,788
6200 **INS_STI_2010_01**	Singapore Training Institute	562,861

[1] Projects 1745 for Madagascar and 1737 for Philippines have been canceled.

JSA Projects Completed in FY14 (3)

Beneficiary/ Commitment	Description	Project Outcomes
Madagascar **1732** **MCM_MDG_2009_01** $119,600	This project aimed to support the Banque Centrale of Madagascar (BCM) for capacity building in internal audit.	Due to the difficult political environment and security concerns following the coup in 2009, full delivery of this technical assistance (TA) has not been feasible. Only one mission was carried out by a short-term expert in August-September 2008. An assessment of strength and weaknesses of current organization of the Internal Audit Department was conducted, and recommendations for new organizational structure were provided. Also, a review of the audit charter was completed, recommendations for improvement were made. MCM saw no prospects for improvement of the political situation favorable for TA missions to be carried out during the project period and beyond. The project, therefore, was closed and the unused balance was returned to the IMF Japan subaccount.
Rwanda **1757** **MCM_RWA_2010_01** 280,788	This project aimed to assist the Banque National du Rwanda (BNR) to enhance its capacity to supervise the financial sector. In particular, the project aimed to enhance in-house capacity for regulation and oversight of pension funds.	• Upgraded operational manuals for effective supervision are adopted and used by supervisors as the framework for their daily tasks. • Newly recruited supervisors use their enhanced knowledge to carry out effectively the daily tasks involved in financial supervision. • New organizational structure recommended and implemented by the BNR. Prioritized actions were recommended for commencing supervision of the pension sector. With the law not passed by the Parliament, comprehensive training of staff and stakeholders on the provisions in the new law and its regulatory impact could not be conducted.

Beneficiary/ Commitment	Description	Project Outcomes
Singapore Training Institute **6200** **INS_STI_2010_01** 562,861	Training enables participants to do their jobs better, by improving their ability to analyze economic conditions and to formulate and implement macroeconomic policy. Training recipients are given added responsibilities or promotions. The STI conducted a total of 9 training events (22.4 weeks). All these training events were held in Singapore. A total of 272 participants from 32 countries in the Asia-Pacific region were trained covering 458 participant weeks of training. The project covered the following subjects: (i) macroeconomic management and macroeconomic diagnostics; (ii) specialized courses in monetary, exchange rate, and fiscal policies; (iii) financial sector policies; (iv) legal issues, including banking resolution as well as anti-money laundering issues; and (v) statistics.	In the end-of-course evaluations, the average score for courses during the assessment period was 4.6 on a scale of 1-5 for questions pertaining to the overall value of the course. These questions addressed the overall satisfaction with the course, whether participants could use the knowledge gained in their jobs, and whether they would recommend the course to others. The most recent triennial survey, which was conducted in early 2012, and covered all ICD training during 2009-11, indicated that 98 percent of agencies in the Asia-Pacific region were satisfied with the ICD training program (77 percent were very satisfied). At the Training Director's meeting in the Asia- Pacific region, in January 2013, country officials expressed a high level of satisfaction with the training ICD/STI currently offers and there are no apparent gaps in the curriculum, although demand is greatest for macro-financial topics and shorter courses. ICD has been updating its curriculum to include more content on the macro-financial linkages.

Joint Japan-IMF Field Visits

Purpose

Joint Japan-IMF field visits give the Japanese authorities a firsthand view of how JSA funds are being 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, representing the Ministry of Finance and the IMF Japanese Executive Director's Office, and an IMF staff member. The countries and projects the Japanese authorities select for review reflect different levels of economic development and structural reform and vary by region and subject area.

Once mission members are briefed, they visit the countries where TA is being provided, and when possible meet separately with senior representatives of the host institutions (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 themselves. 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 FY96 there have been 18 missions that have covered 23 countries, 2 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 all concurred that JSA funding is administered well and used effectively. 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 encouraged Japan's continued support, through JSA financing, for the IMF TA program. A list of all field visits through FY13 follows; there was no field visit in FY12. Reports on earlier field visits can be found in previous JSA Annual Reports.

Annex 3

Joint Field Visits, FY96–14[1]

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
18. Cambodia, June 2012[2]
19. Lao PDR, Indonesia, and Thailand, March 2014

[1] Because of scheduling difficulties, joint field visits were not carried out in FY05.
[2] Implemented by a delegation of a member of the Japan Executive Director's Office and an IMF staff, in connection with filming of the JSA video on Cambodia.

Administered Accounts—Japan Financial Statement FY14

	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	
	2014	2013	2014	2013	2014	2013
	(In thousands of U.S. dollars)					
Balance Sheets as of April 30, 2014 and 2013						
Assets						
Cash and cash equivalents	1,755	2,066	—	—	42,773[1]	40,014[1]
Total assets	1,755	2,066	—	—	42,773	40,014
Resources						
Total resources	1,755	2,066	—	—	42,773	40,014
Income Statements and Changes in Resources for the Years Ended April 30, 2014 and 2013						
Balance, beginning of the year	2,066	2,555	—	—	40,014	41,746
Income earned on investments	1	2	—	—	12	27
Contributions received	—	—	—	—	34,890	30,404
Contributions transferred	—	—	—	—	(400)	(400)
Payments to and on behalf of beneficiaries	(312)	(491)	—	—	(31,743)	(31,763)
Net changes in resources	(311)	(489)	—	—	2,759	(1,732)
Balance, end of the year	1,755	2,066	—	—	42,773	40,014

Note: The IMF arranges for an annual audit of the JSA to be undertaken by its external auditors, in connection with their annual audit of the IMF's own accounts, and for a separate certificate of completion to be provided to the Japanese authorities.

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

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