

JSA Annual Report Fiscal Year 2003

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

This report consists of a brief description of the IMF and its activities, with a particular focus on its technical assistance activities. The report provides greater detail with regard to the JSA and the scholarship programs. It describes the objectives, size and scope, and use with a focus on fiscal year 2003.³

¹ Other bilateral donors include Australia, Canada, China, Denmark, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Russia, Sweden, Switzerland, the United Kingdom, and the United States; multilateral donors include the Asian Development Bank, the Caribbean Development Bank, the European Commission, the Inter-American Development Bank, the United Nations, the United Nations Development Program, and the World Bank.

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

³ The reference to fiscal year (FY) in this report is to the IMF's fiscal year, which runs from May 1 through April 30. Reports on FY2000–2002 can be found on the IMF's website, www.imf.org/JSA.

The IMF: Purpose and Activities

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

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

Financial assistance includes credits and loans extended by the IMF to member countries with balance of payment problems so that they can restore conditions for sustainable economic growth. The financial assistance provided by the IMF enables countries to rebuild their international reserves, stabilize their currencies, and continue paying for imports without having to impose trade restrictions or capital controls. The IMF makes its financial resources available to its members through a variety of financial facili-

ties—for example, Stand-By Arrangements and the Extended Fund Facility. It also provides concessional assistance under its Poverty Reduction and Growth Facility (PRGF) and debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.

Technical assistance consists of expertise and training provided by the IMF to help member countries strengthen their human and institutional capacity and design and implement effective macroeconomic and structural policies. Technical assistance is offered in several broad areas, namely fiscal policy and management, monetary policy and financial systems, and macroeconomic and financial statistics. See Box 1 for a list of the core areas of IMF technical assistance.⁴

IMF Technical Assistance: Demand and Supply

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

⁴ For additional information on the IMF's activities visit www.imf.org.

had to be directed to countries hit by financial crisis. In addition, in recent years, the IMF has had to mount significant efforts to provide prompt policy advice and operational assistance to countries emerging from conflict situations. Currently, the IMF devotes some 350 person years to technical assistance activities, plus some \$10 million for training and scholarships annually.⁵ The delivery of IMF technical assistance over the period FY1998–FY2003 is shown in Figure 1.

During the past three to four years, the IMF's technical assistance program has had to respond to a number of new initiatives that have changed

⁵ The reference to person years in this report is to the time spent by IMF staff and experts on technical assistance activities.

Figure 1. IMF Technical Assistance Delivery, FY1998–FY2003

