

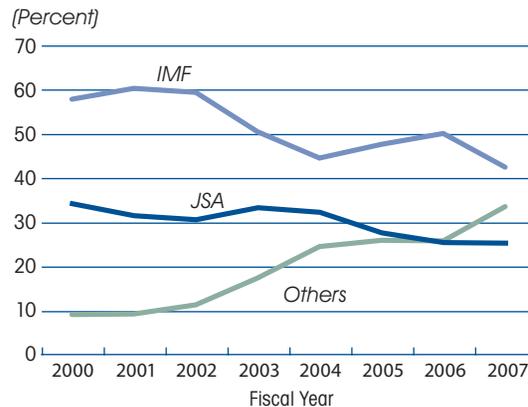
training institutes.⁷ See Box 2 for a description of JSA-funded IMF training in FY2007. Since 1993, the IMF has provided a small but increasing part of its technical assistance through regional TA centers. There are currently six such regional TA centers, with the latest, the Central Africa Regional Technical Assistance Center in Libreville, Gabon, inaugurated January 9, 2007.⁸

The IMF currently devotes about 25 percent of its annual administrative expenditures to TA work and training. Of the total expenditures for technical assistance, approximately 50 percent is spent on technical assistance delivered in the field by IMF missions or by experts, and the rest is spent on technical assistance–related work at IMF headquarters in Washington, D.C. The IMF finances technical assistance for its member countries mainly from its own budgetary resources, but also receives external financing from bilateral and multilateral partners. In FY2007, external financing from bilateral and multilateral donor partners accounted for more

⁷The IMF currently cosponsors seven regional training institutes/programs with other donors and host governments: the Joint Vienna Institute in Austria; the IMF-Singapore Regional Training Institute in Singapore; the IMF-Arab Monetary Fund Regional Training Program in Abu Dhabi, United Arab Emirates; the Joint Africa Institute, in Tunis, Tunisia; the Joint China-IMF Training Program in Dalian, China; the Joint Regional Training Center for Latin America in Brasilia, Brazil; and the Joint India-IMF Training Program in Pune, India.

⁸The six IMF regional technical assistance centers comprise three Africa Regional Technical Assistance Centers (Central AFRITAC, based in Libreville, Gabon; East AFRITAC, based in Dar es Salaam, Tanzania; and West AFRITAC, based in Bamako, Mali); the Caribbean Regional Technical Assistance Center (CARTAC), based in Bridgetown, Barbados; the Middle East Technical Assistance Center (METAC), based in Beirut, Lebanon; and the Pacific Financial Technical Assistance Center (PFTAC), based in Suva, Fiji.

Figure 2. JSA Share of Financing of Technical Assistance Delivered in the Field, FY2000–FY2007



than 25 percent of total technical assistance and about 55 percent of technical assistance delivered in the field. Although the number of bilateral and multilateral partners has increased significantly in recent years, Japan continues to be the largest single source of external financing. In FY2007, JSA financing accounted for almost 12 percent of total IMF technical assistance, more than 24 percent of the assistance delivered in the field, and more than 45 percent of total external financing. The JSA's share of financing of the IMF's field-delivered technical assistance over FY2000–FY2007 is shown in Figure 2.

The Japan Administered Account for Selected Fund Activities (JSA)

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

Japan has provided grant contributions to support the IMF's technical assistance to member

Table 1. Contributions by Japan, FY1990–FY2007*(Millions of U.S. dollars)*

	FY1990– 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Total FY1990– 2007
JSA	99.5	15.1	24.9	25.5	20.4	19.6	22.1	20.8	287.0
Technical Assistance ¹	132.0	13.7	22.6	22.8	17.6	17.1	19.4	16.9	262.2
Asia Scholarship Program	6.5	1.4	2.3	2.7	2.7	2.6	2.7	3.9	24.8
Advanced Scholarship	5.6	1.4	1.5	1.5	1.5	1.5	1.5	1.5	16.0

¹Includes activities of the Regional Office for Asia and the Pacific.

countries since 1990. In 1997, the scope of the administered account was widened to allow for financing of other IMF activities in Asia and the Pacific, carried out through the IMF Regional Office for Asia and the Pacific in Tokyo.

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

In addition, Japan provides grant contributions for two scholarship programs. In 1996, the Japan-IMF Scholarship Program for Advanced Studies, which is administered by the IMF Institute, was established. It supports nationals of Asian member countries of the IMF who undertake doctoral studies in economics in North America in order to pursue a career in international financial institutions, such as the IMF, or in their home administration. The Japan-IMF Scholarship Program for Asia, which was established in 1993, supports 12- and 24-month courses of graduate study in Japan in macroeconomics or related fields for students from Asia, Central Asia, and the Pacific, and is administered by the Regional Office in Tokyo.

Level of Funding

Since 1990, Japan has made annual contributions totaling \$287 million, of which some \$262 million has been for TA projects and the activities of the Regional Office for Asia and the Pacific and almost \$25 million for the Asia Scholarship Program. In addition, starting in 1996, Japan has contributed \$16 million to the Advanced Scholarship Program. Annual

Figure 3. Annual Contributions by Japan for Technical Assistance, FY1990–FY2007

(Millions of U.S. dollars)



contribution figures for technical assistance and the two scholarship programs, for FY1990–FY2007, are provided in Table 1. Figure 3 shows the annual contributions for technical assistance under the JSA since its inception.

Japan-IMF Consultations

Consultations between the IMF and the Japanese authorities usually take place twice a year: at a formal meeting in March followed by a less formal meeting around the time of the IMF–World Bank Annual Meetings in September. They cover the following issues: (1) the effectiveness of the assistance provided with JSA funding, (2) the expected regional and subject area use of JSA resources in the current fiscal year and the targets for the following fiscal year, (3) the likely costs of project inputs, (4) the likely magnitude of Japan’s further contribution to the JSA, (5) the organization of joint field visits by the Japanese authorities and the IMF,

and (6) any special projects or issues that are foreseen as likely to arise. The consultations are also used to discuss developments regarding the IMF’s TA program as a whole. In FY2007, in addition to the usual consultations, IMF staff undertook two missions to Tokyo (August 2006 and November 2006) for more detailed discussions on the JSA and the use of Japanese experts in IMF technical assistance.

Technical Assistance Funded by the JSA

JSA resources can be used to cover the cost of short- and long-term TA experts and other costs associated with conducting seminars and workshops, such as room rental fees. JSA funds may not be used to finance IMF staff costs (including



Japan-IMF 2007 consultations on the JSA, April 19, 2007. From left to right: Mr. Brian Christensen, Economist, FAD; Mr. Christian Durand, Advisor, MCM; Mr. Nobuyuki Imamura, Section Chief, Development Policy Division, Ministry of Finance, Japan; Mr. William Alexander, Deputy Director, STA; Mr. Mario de Zamarócy, Acting Director, OTM; Mr. Barend Jansen, Assistant General Counsel, LEG; Mr. Takahiro Hitakatsu, Deputy Director, International Organizations Division, Ministry of Finance, Japan; Mr. Mark O’Brien, Deputy Division Chief, MCM; Ms. Telma Dias, Budget Officer, INS; Mr. Michio Kitahara, Alternate IMF Executive Director for Japan; Ms. Gemima Archer-Davis, Division Chief, INS; Mr. Eric Clifton, Senior Advisor, INS; Mr. Angel Sanchez, Budget Officer, OTM; Ms. Olga Penova, Senior Administrative Assistant, INS; Mr. Seng Chee Ho, Sr. Technical Assistance Officer, OTM, and Mr. Tokio Morita, Advisor, MCM.

salaries or per diem or travel expenses). JSA funds are not conditional on the use of Japanese nationals, but Japanese nationals are considered for expert assignments whenever possible.

Although TA activities financed by the JSA can take place in all areas of the world, the Japanese authorities place high priority on funding TA activities in Asia and the Pacific, Central Asia, Central and Eastern Europe, and countries of the former Soviet Union. Consistent with the IMF's TA policy, the Japanese authorities also place high priority on assistance for countries that have demonstrated strong efforts and good track records in the implementation of economic reform policies. Examples of JSA-supported activities, selected from the four main TA areas, are provided in Boxes 3–6.

Project submission and approval

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

Requests for technical assistance are received from governments. These are carefully considered by the concerned functional and area departments of the IMF. If requests fall within the core mandate of the IMF's TA program and can be accommodated by the IMF, project proposals are prepared. Following the screening process, the IMF's Office of Technical Assistance Management reviews the project proposals for conformity with the JSA

guidelines. The proposals are then submitted for approval by the Japanese authorities.

Project assessment and evaluation

Within four weeks of a project's completion, the IMF is required to submit a project assessment to the Japanese authorities. Any request for an extension of a project also requires an assessment. This assessment is complemented by an evaluation of the technical assistance conducted by the recipient institutions, through the completion of a questionnaire. The results of these evaluations are reviewed by the IMF and provided to the Japanese authorities.

In addition, JSA projects in two or three countries are visited and reviewed each year by a joint Japan-IMF mission. These visits seek to provide the Japanese authorities with a firsthand view of how JSA funding is being used in the field. During the visits, participants assess how the authorities view the work of experts funded by the JSA. The visits are also used to review whether the authorities are making effective use of the assistance and whether the technical assistance is making a contribution to the reform process.

Commitments and disbursements

Between FY1993 and FY2007, cumulative commitments for technical assistance under the JSA totaled more than \$234 million for 1,663 projects, of which almost \$222 million has been disbursed.⁹ During FY2007, \$20.7 million was

⁹ The IMF arranges for an annual audit of the JSA to be undertaken by its external auditors in connection with the annual audit of the IMF's own accounts, and for a separate certificate of completion to be provided to the Japanese authorities. See Annex 3 for the audited financial statements of the JSA and the Japan Advanced Scholarship Program for FY2007.

Box 3. Improving Treasury Management in Indonesia

Since early 2005 and as part of a broader commitment to fiscal reform, including a revamping of tax administration and completion of a fiscal transparency report, the Indonesian government has been improving treasury processes. A key objective is to put in place an operational treasury single account (TSA). To assist the authorities, the IMF's Fiscal Affairs Department has been providing advice to the Directorate General (DG) Treasury of the Ministry of Finance (MOF) through a JSA-financed treasury advisor.

During 2006, the advisor's assistance to DG Treasury addressed issues in several areas:

- Preparation of new draft regulations on bank account management—these will provide authority to the minister of finance to open and close government bank accounts, presenting options for strengthening short-term cash management and integrating cash management with debt management (the MOF is now using a cash flow plan for the first time).
- Discussion between the MOF and the Bank of Indonesia (BI) on cash management issues.
- Introduction of pilot zero-balance transit bank accounts for expenditures made by local treasury offices and shorter lags for receiving revenues into the main treasury account at BI.
- Review of the operation of several extrabudgetary funds, including a new government investment fund.

The implementation of treasury reforms has been steady, although there is still a relatively large agenda for completing the TSA. Discussions are under way on the appropriate level of remuneration of government balances at BI and the modalities of temporary placements of idle government cash balances in financial instruments such as repurchase agreements, which are still being developed.

For 2007, JSA will finance further quarterly visits by the advisor, each of about one month duration. The advisor will continue to focus on consolidating the balances of thousands of government bank accounts in the TSA; placing temporarily idle government cash balances; extending the zero-balance principle to all government bank accounts used by local treasury offices; improving forward cash planning; and providing guidance for the business processes for automated treasury payments, receipts, and accounting operations. Following the signing of the new government cash management regulations by the president of Indonesia, DG Treasury will be able to advance on rationalizing the large number of bank accounts currently not under treasury control. The JSA-funded advisor will assist in preparing ministerial regulations and guidelines for conducting a census of government accounts. Continued JSA financing will make a valuable contribution to these ongoing reform efforts.

Box 4. Support for Modernizing Banking Supervision in the Philippines

After receiving the results of a Financial Sector Assessment Program carried out over 2001 and 2002, which highlighted vulnerabilities to financial sector stability, the Bangko Sentral ng Pilipinas (BSP) requested technical assistance (TA) from the IMF to enhance the capacity of the BSP's Supervision and Examination Sector (SES). Given that complex conglomerate structures underpin the Philippine financial sector, a major focus of the TA has been to strengthen, under a multiyear framework, the SES's ability to identify risks associated with such complex groups, as well as to assess the ability of the banks to appropriately manage those risks. In order to assist the BSP in the development and implementation of the reform plan on the regulatory and supervisory framework, a long-term bank supervision expert has been assigned to the BSP with financial support from JSA starting in 2003.

A key component of the reform plan is the design and implementation of a program of examiner training to strengthen the staff's basic skill sets. Examiners trained under this program have gone on to lead or work on examination teams that execute the newly adopted consolidated risk-focused examination framework. The expert also has assisted in the management of a pilot program based on the new consolidated examination framework, coaching examination teams in the application of the new framework. Other notable contributions of the expert include documentation of the formal examination procedures for the new risk-

based examination approach, implementation of a new risk-focused supervisory framework that is built around dedicated Central Points of Contact teams assigned to each large banking group, and full implementation of the newly approved reorganization of the BSP's SES.

In addition to hands-on technical advice, the expert has been instrumental in getting the BSP to focus on specific projects necessary to enhance the supervision framework, and has helped coordinate and implement these projects. This included liaising closely with other donors involved in technical assistance to the BSP to ensure that there is little overlap in projects and that the projects are properly sequenced and presented in a way that helps the BSP to institutionalize the resulting recommendations. The expert also has assisted in filling gaps in the reform efforts by arranging for other IMF short-term targeted visits by IMF TA experts in a range of areas, including monitoring and analysis of credit risk, trust supervision, central bank accounting and organization, and capital market development, so as to enhance the overall effectiveness and efficiency of the BSP.

As a result, progress has been made in developing a more robust program of comprehensive consolidated supervision and implementing a more risk-focused examination approach. Through this, the TA project has helped stabilize the financial market of the Philippines, which is vulnerable to changes in market sentiment.

Box 5. Strengthening Real Sector Statistics in West Africa

During the period March 2001–March 2005, the IMF's Statistics Department (STA) provided technical assistance in real sector statistics to 10 Francophone countries in West Africa, first through the Economic and Statistical Observatory of Sub-Saharan Africa (AFRISTAT) and later in collaboration with the West Africa Regional Technical Assistance Center (West AFRITAC) after the latter's inauguration in May 2003. This technical assistance was part of a larger project for Africa aimed at strengthening institutional capacity and human resources in the macroeconomic management areas, financed by the African Development Bank and several other donors, including the IMF.

Although some progress was achieved by these countries in developing their statistical systems and improving the national accounts and consumer price and industrial production indices, significant assistance continued to be needed to build adequate capacity, particularly in real sector statistics. To meet this need, STA, with financial support from the JSA, decided to post an advisor in real sector statistics operating from the offices of West AFRITAC in Bamako, Mali. The assignment commenced in December 2005.

During his first year of assignment, the advisor has contributed to improvement in the quality of national accounts and price statistics in the 10 West AFRITAC member countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo) by assisting with technical matters, training staff, improving coordination among technical assistance providers, and obtaining the commitment of authorities for better support for statistical activities. The advisor also managed and supervised technical assistance missions conducted by experts hired by West AFRITAC. Special attention was given to countries

where technical assistance was needed most, in particular Guinea, Guinea-Bissau, and Mauritania.

Important progress toward the implementation of the *1993 System of National Accounts (1993 SNA)* has been made in all countries. Those countries that were compiling national accounts following the *1968 SNA* have launched programs aimed at implementing the *1993 SNA*. In several countries, timeliness of national accounts statistics has improved, and methods to produce provisional and/or final estimates have been revised, as needed. The assistance also improved key sector-related statistics, such as statistics on gold in Mali and statistics on iron ore in Mauritania. Technical guidance was complemented by training in *1993 SNA* compilation and use of related software. Regular contacts with other technical assistance providers in the region enhanced the coordination and the effectiveness of the advisor's assistance. Improvements were also achieved in the compilation of the consumer price index (CPI) in some countries. In Guinea and Senegal, the weights of the CPI were updated.

Given the positive results achieved and considering the strong need for technical assistance in West AFRITAC member countries, the assignment of the real sector statistics advisor was extended for a second year, to December 2007, again with support from the JSA. The focus of the advisor's assistance will continue to be on strengthening countries' capacity to produce improved real sector statistics following international standards. Special attention will be paid to further improving the timeliness of compilation and dissemination of national accounts estimates. The advisor will also assist member countries in using the new standards (Data Quality Assessment Framework) for drafting General Data Dissemination System metadata. Senegal, as the first country in the region that has announced its

Box 5 (concluded)

intention to subscribe to the Special Data Dissemination Standard (SDDS) within the next three years, will benefit immensely from technical assistance in developing quarterly national accounts, a mandatory requirement for SDDS countries. The advisor will also monitor and assist with the updating of the weights of the harmonized CPI for the West African

Economic and Monetary Union (WAEMU) member countries (all eight WAEMU members are also part of West AFRITAC), as needed.

With the support of the JSA, the IMF hopes to continue the program of technical assistance in West AFRITAC through further extension of the assignment of the real sector statistics advisor.

Box 6. Developing and Delivering Innovative AML/CFT Assistance

In FY2007, the IMF's Legal Department (LEG) made use of JSA funding to develop and deliver innovative assistance in the area of anti-money laundering and combating the financing of terrorism (AML/CFT). In Latin America, LEG staff found that a number of countries—despite having adequate AML/CFT laws—have not been effective in bringing successful prosecutions, in large part because of a lack of understanding of financial markets and products among prosecutors and criminal justice officials. To address this gap, LEG staff worked with experts financed by the JSA to develop a five-day course on the analysis of financial information, development of financial intelligence, investigating and prosecuting financial crime, and tracing, identifying, and confiscating the proceeds of crime. The course was delivered in Brasilia to a group of criminal justice and financial intelligence officials from around the region. Subsequently, again using JSA funding and building on the Brasilia experience, LEG staff and outside experts delivered a three-day workshop on AML/CFT and anticorruption for criminal justice officials. Both courses proved extremely successful, and LEG plans

to continue developing and delivering this line of training to criminal justice officials in the region during FY2008.

LEG also used JSA funding to deliver a groundbreaking workshop at the Joint Vienna Institute on the use of information technology by financial intelligence units (FIUs). Organized jointly with the Egmont Group of FIUs,¹ the workshop brought together information technology experts experienced in FIU applications to share experiences and discuss lessons learned and best practices going forward. The workshop targeted developing FIUs from Eastern Europe, and it was so successful that the Egmont Group has asked LEG to follow up with similar courses in other regions. LEG is also working with the Egmont Group to develop additional advanced programs on specific information technology applications (e.g., data mining).

¹ The Egmont Group, founded at a meeting of FIUs in Brussels in 1995, is an informal international association of FIUs that promotes cooperation, information exchange and sharing of experience, and training to combat money laundering, terrorism financing, and other financial crimes.

Table 2. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2007

	Number of Projects Committed	Committed (in millions of U.S. dollars)	Disbursed (in millions of U.S. dollars)
FY1993	68	5.7	2.9
FY1994	98	8.8	7.1
FY1995	143	13.1	12.2
FY1996	128	15.1	13.9
FY1997	116	14.5	15.5
FY1998	96	13.6	10.8
FY1999	112	20.7	16.8
FY2000	106	17.3	18.5
FY2001	110	16.4	15.7
FY2002	103	16.7	14.6
FY2003	108	17.3	16.3
FY2004	114	18.2	19.4
FY2005	119	17.4	18.9
FY2006	120	18.8	19.7
FY2007	122	20.7	19.4
Total	1,663	234.4	221.9

committed for 122 projects.¹⁰ Table 2 and Figure 4 show commitments and disbursements, as well as the number of approved TA projects, between FY1993 and FY2007. A brief description of each of the projects approved in FY2007 is provided in Annex 1.

Geographical distribution of funds

To date, 123 member countries of the IMF and 13 regional organizations and training institutions have been beneficiaries of JSA-funded technical assistance. Countries in the Asia and

¹⁰Because of the time required for the contracting and fielding of experts and payment of invoices, there is a time lag between commitments and disbursements. The duration of a JSA-funded TA project is normally 6 to 12 months.

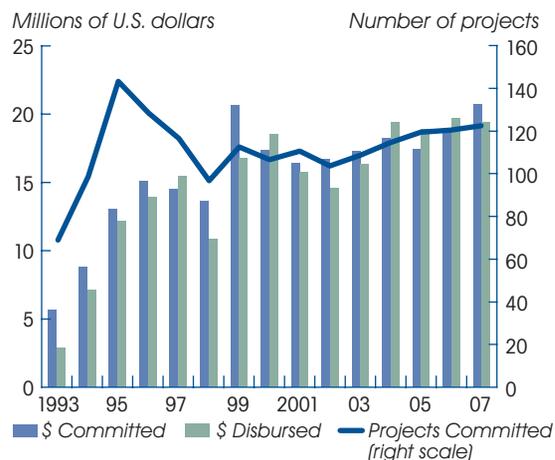
Figure 4. JSA Annual Technical Assistance Commitments and Disbursements, FY1993–FY2007

Table 3. JSA Annual Commitments for Technical Assistance by Region, FY1993–FY2007

(Millions of U.S. dollars)

	FY1993– FY2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY1993–FY2007	
									Total	Percent
Africa	20.7	4.1	4.8	4.9	5.1	4.8	4.6	6.0	54.8	23
Asia and Pacific	37.1	4.7	6.2	6.6	7.0	7.6	7.9	8.3	85.4	37
Western and Central Europe	6.0	1.4	1.6	1.2	1.0	0.7	1.4	1.3	14.6	6
Eastern Europe and Central Asia	28.2	2.7	1.4	1.5	1.4	0.6	1.4	1.8	38.9	17
Middle East	2.5	0.7	0.4	1.1	1.6	1.2	2.1	2.4	11.9	5
Latin America and Caribbean	6.9	1.1	0.6	0.6	0.6	0.9	1.0	0.9	12.5	5
Multiple regions	6.8	1.8	1.7	1.3	1.6	1.7	0.5	0.2	15.5	7
Total	108.1	16.4	16.7	17.3	18.2	17.4	18.8	20.7	233.8	100

Pacific region and in Central Asia and Eastern Europe (mainly the transitional countries of the former Soviet Union) together received more



Mr. Murilo Portugal, IMF Deputy Managing Director, meeting with the staff and children of the Dogodogo Center for Street Children in Dar es Salaam, Tanzania, during his visit to Africa in May 2007. In FY2007, some 30 percent of JSA funds were allocated to support IMF technical assistance to countries of Sub-Saharan Africa.

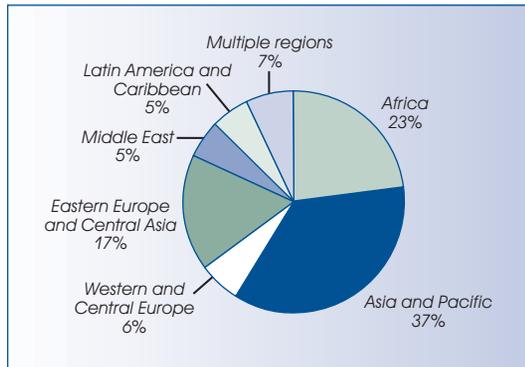
than \$124 million from the JSA for approved TA projects during FY1993–FY2007, which represents 54 percent of TA projects approved during this period.¹¹ Countries in Africa received the next largest share, totaling almost \$55 million, or 23 percent of total approvals during the same period. Of the remaining amount approved during this period, 7 percent was for multiregional projects, 6 percent for projects in Western and Central Europe, 5 percent for projects in Latin America and the Caribbean, and 5 percent for projects in the Middle East.¹²

The regional distribution of commitments in FY2007 was as follows: Asia and Pacific coun-

¹¹These figures reflect the priority given to the countries of these regions under JSA financing guidelines, which for FY2007 set a target of 60 percent of allocations for countries in these regions combined.

¹²Multiregional projects are those with beneficiaries from more than one region. Annex 1 includes descriptions of such projects.

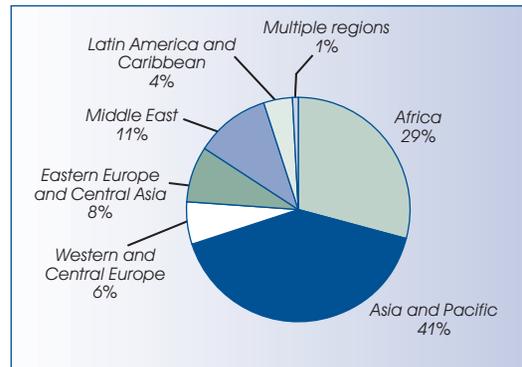
Figure 5. Distribution of JSA Technical Assistance Commitments by Region, FY1993–FY2007



tries, \$8.3 million (41 percent); Africa, \$6 million (29 percent); the Middle East, \$2.4 million (11 percent); Eastern Europe and Central Asia countries and countries of the former Soviet Union, \$1.8 million (8 percent); Western and Central Europe, \$1.3 million (6 percent); Latin America and the Caribbean, \$0.9 million (4 percent); and multiregional projects, \$0.2 million (1 percent). Table 3 shows the annual and total commitments by region in dollars. Figures 5 and 6 show the regional percentage distribution for FY1993–FY2007 and for FY2007, respectively.

In FY2007 about 40 percent of JSA funds were allocated to help low- and lower-middle-income countries and transitional economies maintain macroeconomic and financial sector stability, 24 percent to assist low-income countries seeking to implement sustainable debt management and poverty reduction programs, 20 percent to rehabilitate basic economic and financial institutions in post-conflict countries, and 15 per-

Figure 6. Distribution of JSA Technical Assistance Commitments by Region, FY2007



cent for regional capacity building efforts (including support for regional TA centers). Table 4 shows the 10 beneficiary countries or organizations receiving the largest share of JSA assistance during FY1993–FY2007 and in FY2007 respectively. In FY2007, of the 10 largest beneficiaries, 6 were post-conflict countries: the Islamic Republic of Afghanistan, Burundi, Cambodia, the Democratic Republic of the Congo, Kosovo, and Liberia.

Distribution of funds by subject area

The distribution of JSA funds among subject areas has in past years broadly reflected the distribution in the overall use of IMF resources for technical assistance. However, in FY2007 there was a reduction in the relative use of overall IMF resources for TA in the monetary and capital markets area and an increase in the fiscal policy and management area, which was not the case with JSA resources, whose distribution remained consistent with previous years.

Table 4. The 10 Largest Recipients of JSA-Financed Technical Assistance, FY1993–FY2007*(By commitments, in descending order)*

FY1993–FY2007	FY2007
Russia	Cambodia
PFTAC ¹	PFTAC ¹
Indonesia	Philippines
Cambodia	Liberia
Ukraine	METAC ²
Timor-Leste	Burundi
China	Afghanistan, I. R. of
Congo, Democratic Republic of	Kosovo
Mongolia	Congo, Democratic Republic of the
Kyrgyz Republic	China

¹PFTAC = Pacific Financial Technical Assistance Center.²METAC = Middle East Technical Assistance Center.

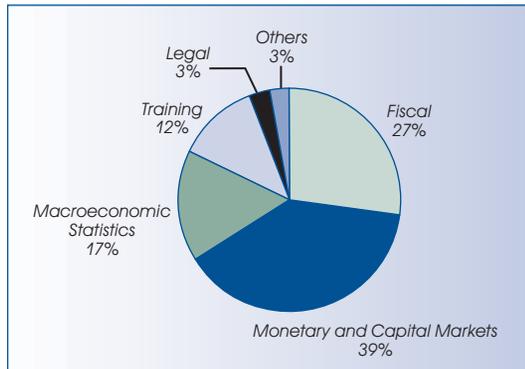
In FY2007, the IMF delivered more than 438 person years of staff and expert time for TA work, which were distributed among the major IMF functional departments as follows: Monetary and Capital Markets, 27 percent;

Fiscal Affairs, 26 percent; Statistics, 13 percent; and Legal, 6 percent. In FY2007, the distribution of JSA commitments was as follows: Monetary and Capital Markets, \$8.2 million (40 percent); Fiscal Affairs, \$6 million (29 percent); Statistics,

Table 5. JSA Annual Commitments for Technical Assistance by Subject Area, FY1993–FY2007*(Millions of U.S. dollars)*

	FY1993– FY2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY1993–FY2007	
									Total	Percent
Fiscal	31.4	4.7	4.7	3.3	4.3	4.3	4.5	6.0	63.1	27
Monetary and capital markets	41.6	6.5	6.6	6.7	6.9	6.6	7.8	8.2	90.8	39
Macroeconomic statistics	16.8	2.7	2.7	3.7	3.3	2.8	3.1	3.7	38.8	17
Training	12.6	1.9	2.1	2.1	2.2	2.0	2.0	2.1	27.0	12
Legal	1.6	0.1	0.2	1.2	1.2	1.2	0.9	0.7	7.1	3
Others	4.1	0.6	0.5	0.3	0.2	0.6	0.6	0.0	6.9	3
Total	108.1	16.4	16.7	17.3	18.2	17.4	18.8	20.7	233.8	100

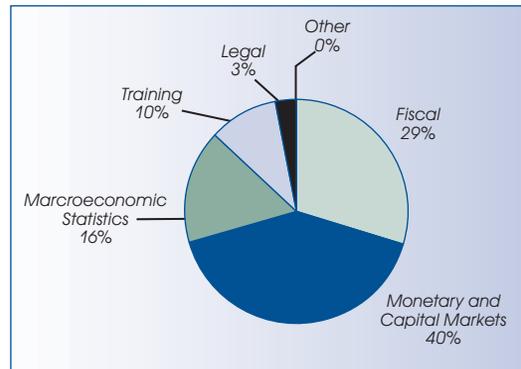
Figure 7. Distribution of JSA Technical Assistance Commitments by Subject Area, FY1993–FY2007



\$3.7 million (18 percent); and Legal, \$0.7 million (3 percent). During FY2007, commitments of JSA funds in the fiscal area increased significantly (by \$1.5 million over the previous year); there were smaller increases in the monetary and capital markets and macroeconomic statistics areas and a slight reduction in the legal area. Table 5 shows the annual distribution of commitments in dollars by subject area. Figures 7 and 8 show the percentage distribution by subject area for FY1993–FY2007 and for FY2007, respectively.

In FY2007, the proportional allocation of JSA funds by topic within the above core areas was broadly consistent with FY2006, although there was a relative increase in TA commitments for strengthening balancing of payments and external sector statistics and tax legislation. In the monetary and capital markets area, more than 40 percent of JSA funds were committed to technical assistance for banking and financial

Figure 8. Distribution of JSA Technical Assistance Commitments by Subject Area, FY2007



sector supervision; just under 40 percent to central bank operations, including central bank accounting and audit; 12 percent to monetary policy and operations; and 8 percent to other work, such as strengthening payment systems and foreign exchange and reserves management. In fiscal affairs, 51 percent of JSA funds were committed to strengthening tax policy and tax and customs administration and 49 percent to public expenditure management. In the macroeconomic statistics area, 58 percent of JSA funds were committed to real sector statistics, 22 percent to monetary and financial statistics, and 20 percent to balance of payments and external sector statistics. In the legal area, 58 percent was committed to technical assistance for AML/CFT, and 42 percent to work on tax legislation.

Effectiveness of JSA-funded technical assistance

Several measures are taken to gauge the effectiveness of JSA-funded TA activities. In addition



Joint field visit to the IMF-Singapore Regional Training Institute (STI), March 7–8, 2007. Left to right: Mr. Reza Sreiregar, STI Macroeconomics Instructor; Mr. Mario de Zamarócy, Acting Director, OTM; Mr. Joshua Greene, STI Deputy Director; Mr. Michio Kitahara, IMF Alternate Executive Director for Japan; Ms. Anita Doraisami, STI Macroeconomics Instructor; Mr. Seng Chee Ho, Sr. Technical Assistance Officer, OTM; Mr. Yasushi Yamamoto, Section Chief, International Organizations Division, Ministry of Finance, Japan; and Mr. Sunil Sharma, STI Director.



Joint field visit to Cambodia, March 9, 2007. From left to right: Mr. Yasushi Yamamoto, Section Chief, International Organizations Division, Ministry of Finance, Japan; Mr. Seng Chee Ho, Sr. Technical Assistance Officer, OTM; Mr. Mario de Zamarócy, Acting Director, OTM; Mr. Michio Kitahara, IMF Alternate Executive Director for Japan; H.E. Mr. Keat Chhon, Senior Minister and Minister of Finance and Economy (MEF); and senior MEF officials.

to project assessments submitted by the IMF to the Japanese authorities upon completion of each JSA-financed project, beneficiary authorities have since 2000 also provided their own project assessments through the completion of a questionnaire. The questionnaires gauge the authorities' views regarding the appropriateness and relevance of the assistance and the expert's qualifications and experience. The questionnaires also cover the cooperation between the expert and counterparts, the usefulness of the advice in terms of the reform efforts, whether adequate attention was paid to skills transfer, and the quality of supervision by IMF headquarters. Overall, the beneficiary authorities have been very positive about the effectiveness of the JSA-funded TA projects. In the few cases in which there was negative feedback, the IMF departments concerned have taken follow-up action to ascertain the cause of dissatisfaction in order to avoid future occurrences.

Since 1996, 13 joint Japan-IMF evaluation missions have been carried out to assess the effectiveness of JSA-funded TA activities. These visits have covered 21 beneficiary countries in Africa, Asia and the Pacific, Central Asia, and Central and Eastern Europe; the regional training institutes in Singapore and Vienna; the Pacific Financial Technical Assistance Center; and the East Africa Regional Technical Assistance Center. The joint evaluation teams have reported that TA activities financed by the JSA were highly relevant and consistent with the core mandate of the IMF's work, were well formulated and implemented, and were appreciated by recipient governments, which in several cases noted that the JSA-funded advisors were instru-

mental in establishing critically needed capacity. The teams also reported that the JSA-financed training and seminars were highly visible, well focused, and greatly appreciated by participants. A summary of the findings of these visits is provided in Annex 2.

In addition to the aforementioned joint field visits and project-specific assessments, JSA-funded TA activities are also evaluated as part of larger sector-wide, region-wide, or special topic evaluations of IMF technical assistance. The results of these evaluations are reported to the IMF Executive Board and can be found on the IMF website.¹³

Scholarship Programs

Japan-IMF Scholarship Program for Asia

The Japan-IMF Scholarship Program for Asia is a program for graduate studies in macroeconomics or related fields at several leading universities in Japan. The objective of the program is to contribute to institutional capacity building of transition and developing economies, by providing educational opportunities to promising junior officials in central banks or in ministries

¹³In FY2003, as part of a larger effort to strengthen monitoring and evaluation of IMF technical assistance, a formal multiyear program of TA evaluations was introduced with three to four evaluations to be undertaken annually covering a mix of topics. Evaluations completed in FY2006 under this program covered TA to strengthen the commercial court and implement the bankruptcy law in Indonesia, and financial sector TA to Bosnia and Herzegovina, the Democratic Republic of the Congo, Kosovo, and Sierra Leone. Evaluations under way in FY2007 cover experience with implementation of the “upstream approach” for delivery of TA in revenue administration, and TA for tax policy in countries undergoing trade and tariff reform.



Japan-IMF Scholarship Program for Asia (JISPA): Former JISPA Scholars from Uzbekistan with visiting OAP Staff, Tashkent, Uzbekistan, March 2007.

of finance, economy, or planning in East and Central Asia and the Pacific region.¹⁴

For the academic year 2006, 30 new scholarships were awarded, and a total of 51 scholars were studying in Japan under the program.¹⁵ There are two forms of scholarships. Scholars accepted under the “partnership track” participate in specially designed master’s courses offered by one of four partnership universities,¹⁶ whereas the “open track” is available to candidates who have already been accepted to a graduate-level program, at either the master’s or

¹⁴The scholarship program targets candidates from Cambodia, China, Indonesia, Kazakhstan, the Kyrgyz Republic, Lao P.D.R., Mongolia, Myanmar, the Philippines, Tajikistan, Thailand, Turkmenistan, Uzbekistan, and Vietnam, as well as the Pacific Island countries. Nationals of other countries in the region are also considered on a case-by-case basis.

¹⁵Under the Japan-IMF Scholarship Program for Asia, an academic year refers to the period October 1–September 30. Thus, academic year 2006 refers to the period October 1, 2006–September 30, 2007.

¹⁶Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and Yokohama National University.