JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

JAPANGOV
The Government of Japan

ANNUAL REPORT 2024

INTERNATIONAL MONETARY FUND

JAPANGOV
THE GOVERNMENT OF JAPAN

JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

Japan Administered Account for Selected IMF Activities

ANNUAL REPORT FINANCIAL YEAR 2024

Ancillary materials for the Annual Report can be accessed at the JSA Annual Report web page at https://www.IMF.org/external/pubs/ft/ta/index.asp. Print copies of the full report with annexes are available from the IMF Institute for Capacity Development, 700 19th Street, NW, Washington, DC 20431.

ACRONYMS AND ABBREVIATIONS

AfcFTA	African Continental Free Trade Area
AfDB	African Development Bank
AFR	IMF African Department
AFRITAC	Africa Regional Technical Assistance Center
AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism Thematic Fund
AMRO	ASEAN+3 Macroeconomic Research Office
APD	IMF Asia and Pacific Department
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BEAC	Bank of Central African States
BCC	Central Bank of the Democratic Republic of Congo
BOL	Bank of Lao P.D.R.
BOM	Bank of Mongolia
BOP	Balance of Payments
BOT	Bank of Thailand
BSP	Bangko Sentral ng Pilipinas
CAEM	Comprehensive Adaptive Expectations Model
CB	Central Bank
CBDC	Central Bank Digital Currency
CBM	Central Bank of Myanmar
CBSI	Central Bank of Solomon Islands
CCAMTAC	Caucuses Central Asia and Mongolia Technical Assistance Center
CCCDI	COVID-19 Crisis Capacity Development Initiative
CD	Capacity Development
CDIMS	Capacity Development Information Management System
CDMAP	Capacity Development Management and Administration Program
CDOT	IMF Capacity Development Office in Thailand
CDSR	Capacity Development Strategy Review
CLV	Cambodia, Laos, and Vietnam
CoA	Chart of Accounts
COFOG	Classification of Functions of Government
C-PIMA	Climate Module of the Public Investment Management Assessment
CRSx	Cyber Risk Supervision Course
D4D	Data for Decisions Fund
DDT	Debt Dynamics Tool
DDTx	Debt Dynamics Tool Course
DDUx	Public Debt Dynamics Under Uncertainty Course

ACRONYMS AND ABBREVIATIONS

DGD	Directorate General of Customs of Côte d'Ivoire
ECC	Employment and Compensation Committee
ECF-EFF	Extended Credit Facility–Extended Fund Facility
EDS	External Debt Statistics
EFA	Externally Financed Appointee
e-GDDS	Enhanced General Data Dissemination System
EMEAP	Executives Meeting of East Asia Pacific
EP	IMF Economist Program
ESS	External Sector Statistics
FAA	Framework Administered Account for Selected IMF Activities
FAD	IMF Fiscal Affairs Department
FBR	Federal Board of Revenues
FCS	Fragile and Conflict-Affected States
FDFIx	Financial Development and Financial Inclusion Course
FPAS	Forecasting and Policy Analysis System
FPP	Financial Programming and Policies
FX	Foreign Exchange
FY	Fiscal Year (FY2024: May 1, 2023, to April 30, 2024)
GD	Governance and Diagnostic
GDP	Gross Domestic Product
GDT	General Department of Taxation
GFS	Government Finance Statistics
GOCCs	Government Owned and Controlled Corporations
GPFP	Global Public Finance Partnership
GST	Goods and Services Tax
HQ	IMF Headquarters
ICD	IMF Institute for Capacity Development
IG	Infrastructure Governance
IIE	Institute of International Education
IMF	International Monetary Fund
IRC	Interest Rate Corridor
IRD	Inland Revenue Department of Sri Lanka
ITD	IMF Information Technology Department
JAA	Japan Administered Account for Selected Fund Activities
JICA	Japan International Cooperation Agency
JIMS	Japan-IMF Macroeconomic Seminar for Asia
JISP	Japan-IMF Scholarship Program for Advanced Studies
JISPA	Japan-IMF Scholarship Program for Asia
JISPA-CE	Japan-IMF Scholarship Program for Asia Continuing Education
JSA	Japan Subaccount

ACRONYMS AND ABBREVIATIONS

JVI	Joint Vienna Institute
LEG	IMF Legal Department
LIDCs	Low-Income Developing Countries
LTX	Long-Term Expert/Advisor
MCM	IMF Monetary and Capital Markets Department
MEF	Ministry of Economy and Finance
METAC	Middle East Regional Technical Assistance Center
MFBBS	Ministry of Finance Budget and Banking Sector
MFT	Macroeconomic Foundations Tool
MLF	Marginal Lending Facility
MMA	Maldives Monetary Authority
MoF	Ministry of Finance
MPAF	Monetary Policy Analysis and Forecasting
MTBF	Medium-Term Budget Framework
MTDS	Medium-Term Debt Management Strategy
MTFF	Medium-Term Fiscal Framework
MTRS	Medium-Term Revenue Strategy
NBC	National Bank of Cambodia
NRBT	National Revenue Bank of Tonga
NSDP	National Summary Data Page
NTF	Near-Term Forecasting
OAP	IMF Regional Office for Asia and the Pacific
OBP	IMF Office of Budget and Planning
PAMPh	Policy Analysis Model for the Philippines
PDMO	Public Debt Management Office
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Center
PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PNG	Papua New Guinea
PPP	Public-Private Partnership
PSDS	Public Sector Debt Statistics
QPM	Quarterly Projection Model
RA	Resident Advisor
RBF	Reserve Bank of Fiji
RBM	Results-Based Management
RCDCs	Regional Capacity Development Centers
SARTTAC	South Asia Regional Training and Technical Assistance Center
SB	Structural Benchmark
SBV	State Bank of Vietnam
SDDS	Special Data Dissemination Standard

ACRONYMS AND ABBREVIATIONS

SDGs	Sustainable Development Goals
SEACEN	South-East Asian Central Banks Research and Training Centre
SFA	Framework Administered Account for Selected Fund Activities
SOE	State-Owned Enterprise
SPR	IMF Strategy, Policy, & Review Department
SSA	Sub-Saharan Africa
STA	IMF Statistics Department
STI	IMF Singapore Regional Training Institute
STX	Short-Term Expert/Advisor
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TOFE	Government Financial Operations Table
TPU	Tax Policy Unit
TSA	Treasury Single Account
UCDF	Ukraine Capacity Development Fund
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VAT	Value-Added Tax
VGAPx	VAT Gap Estimation Model Course
VITARA	Virtual Training to Advance Revenue Administration Module
VSS	Vietnam Social Security
WB	World Bank

CONTENTS

FIGURES

BOXES

TABLES

MESSAGE FROM THE JAPANESE GOVERNMENT

Aiming at contributing to global financial stability as well as sustainable and resilient economic growth of developing countries, Japan has been supporting capacity development (CD) activities by the International Monetary Fund (IMF), especially for Low-Income Countries (LICs) and Fragile and Conflict-Affected States (FCS). While the global economy has shown resilience at this moment despite a series of major economic shocks, many LICs are still facing macroeconomic vulnerabilities including liquidity challenges due to high debt servicing costs. Under such a situation, the IMF remains a partner of choice for those countries. With its strong expertise and track-records, the IMF is expected to continue helping member countries enhance their institutional capacity to implement more effective fiscal and monetary policies.

This is why Japan has been a longstanding leading partner of the IMF's CD activities for LICs and FCS, especially in the areas of domestic revenue mobilization, public financial management and debt management, to support their sustainable and resilient economic growth. In 2023, Japan contributed to the newly established Ukraine Capacity Development Fund (UCDF) to help Ukraine strengthen its domestic revenue mobilization, which remains key to achieve robust post-war reconstruction and long-term economic development. Also, we recently provided an additional contribution to the Pacific Financial Technical Assistance Centre (PFTAC) based in Suva, Fiji, to strengthen our partnership with Pacific Island Countries including in public financial management.

Japan also supports the IMF's work on digital money, which is one of the key structural and transformational issues for many developing countries. In 2023, the Central Bank Digital Currency (CBDC) Handbook was published by the IMF with an initial five chapters and is expected to reach close to 20 chapters in the medium-term. Given the evolving nature of CBDC, it will be periodically updated reflecting the latest developments. We sincerely hope that the CBDC Handbook will be effectively used in member countries who are considering the introduction of CBDCs to manage risks while maximizing its benefits.

Let me also touch upon the Japan-IMF Scholarship Program for Asia (JISPA), which supports promising junior officials in the Asia-Pacific region in studying in graduate schools in Japan. Since its establishment 30 years ago, over 900 young officials from over 20 countries have graduated from Japanese universities. To commemorate JISPA's 30th anniversary, a day-long event was held in Tokyo in November 2023 entitled '30 Years On: Empowering Asia's Economic Policymaking' to celebrate the program's achievements and discuss further endeavors to tackle regional challenges. We are delighted that the graduates are now playing major roles in policymaking at key positions in macroeconomic agencies such as central governments and central banks in their respective countries. We would like to continue working closely with each Asia-Pacific country and the IMF to support talented young officials to gain knowledge and experience that are essential in their policymaking careers.

Lastly, we welcome the IMF's ongoing efforts to further enhance outcomes of its CD activities. Based on the recommendations of the CD Strategy Review (CDSR) completed in April 2024, we look forward to the timely implementation of concrete measures to keep enhancing development impacts, including through further integrating CD activities with surveillance and lending, and strengthening project monitoring by utilizing the Results-Based Management (RBM) framework. As the longest-standing partner of the IMF's CD, Japan continues to strongly support such efforts by the IMF.

We look forward to further advancing our close cooperation with the IMF.

Yoichiro Ikeda
Director of the International Organizations Division,
International Bureau,
Ministry of Finance, Japan

JAPAN-IMF PARTNERSHIP AT A GLANCE

The Government of Japan is the longest standing partner in the capacity development (CD) efforts of the International Monetary Fund (IMF), with $828 million in funding to date. In fiscal year 2024 (FY2024), the Government of Japan contributed $16.5 million to support a large portfolio of 37 bilateral programs and multi-partner initiatives. Over the past three years (FY2022-24), Japan remained the top contributor to IMF CD.

Japan-funded IMF bilateral programs address countries' CD needs and are consistent with Japan's international cooperation priorities and the IMF's commitment to the Sustainable Development Goals (SDGs). Programs typically address fiscal issues, monetary and capital market reforms, macroeconomic statistics, and macroeconomic management. Japan also supports the IMF's online learning program, which marked its 10-year anniversary, as well as CD in Central Bank Digital Currencies (CBDCs).

Japan has committed resources to selected multi-partner initiatives, such as the Anti-Money Laundering/Combating the Financing of Terrorism Thematic Fund (AML/CFT); the Data for Decisions (D4D) Fund; and the COVID-19 Crisis CD Initiative (CCCDI). In FY2024, Japan has expanded its partnership to the newly launched initiatives, namely the Global Public Finance Partnership (GPFP) and the UCDF, as well as decided to partner in PFTAC. CD programs are also implemented through the IMF Capacity Development Office in Thailand (CDOT) and the IMF Singapore Regional Training Institute (STI).

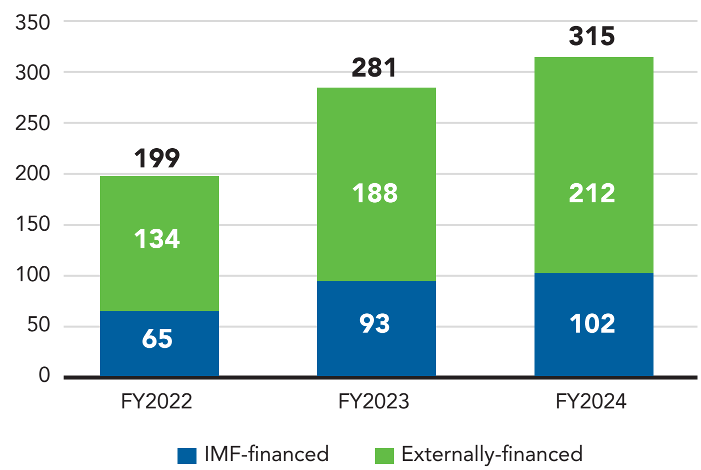
In addition, Japan supports two scholarship programs: the Japan-IMF Scholarship Program for Asia (JISPA), and the Japan-IMF Scholarship Program for Advanced Studies (JISP), as well as the IMF Regional Office for Asia and the Pacific (OAP). The IMF and all member countries benefitting from the IMF-Japan partnership extend their appreciation to the authorities and citizens of Japan for their long-standing, highly valued support and look forward to continuing the strong and effective partnership.

IMF CAPACITY DEVELOPMENT: AN OVERVIEW

Strong economic institutions foster effective policies that lead to economic stability, inclusive growth, and job creation. That is why, for more than 50 years, the IMF has provided CD—comprising hands-on technical assistance (TA) and training—to central banks (CBs), Ministries of Finance (MoFs), tax authorities, and other economic institutions. IMF CD helps countries raise public revenues, spend more efficiently, modernize banking systems, enhance central banking capacity, develop strong legal frameworks, improve governance, and transform their economies in key areas such as gender, digitalization, and climate change. These CD efforts help countries achieve their growth and development objectives, including the SDGs.

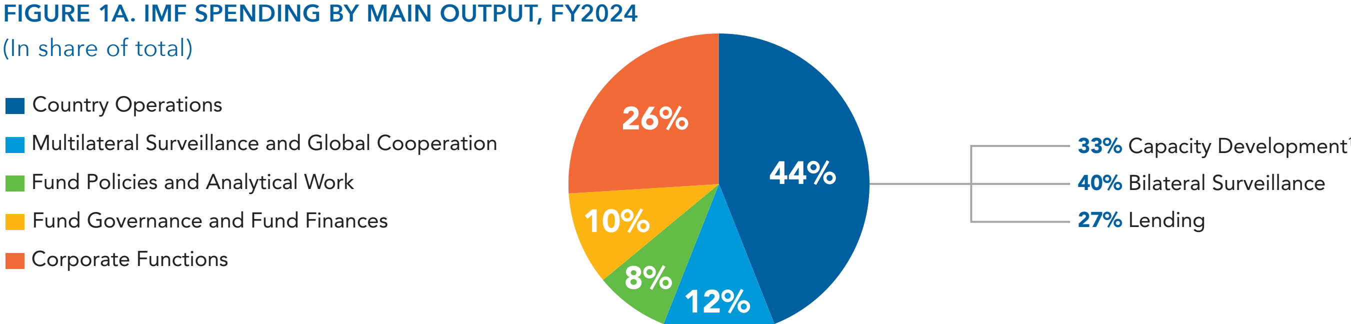
As a core mandate of the IMF, CD has been fully integrated with lending and surveillance activities and represented 33 percent of the Fund's spending on country operations in FY2024 (Figure 1A). Although internal resources finance a considerable share of CD delivery, financial support from partners such as Japan is crucial in helping the IMF deliver

FIGURE 1B. SPENDING ON CD, FY2024
(In millions of U.S. dollars)



Source: IMF staff estimates.

FIGURE 1A. IMF SPENDING BY MAIN OUTPUT, FY2024
(In share of total)



Source: IMF staff estimates.

Note: Excludes miscellaneous and central reserves. Direct country operations include only direct engagement with membership.

[1] Delivery only. Excludes capacity development activities related to policy, analytics, and other output areas.

high-quality CD that responds to member country needs and aligns with IMF and global development priorities. These partner contributions have grown steadily in recent years, and, in FY2024, the externally funded component amounted to $212 million, constituting 68 percent of total CD spending (Figure 1B).

IMF CD is delivered to countries through a range of modalities such as in-person visits and remote engagements from both the headquarters and a network of regional CD centers; in-country placements of long-term resident advisors (RA); virtual and face-to-face training; and free online learning courses.

The surge in demand for CD support is expected to continue, and an integrated approach provides the foundations that countries need for a strong and sustainable recovery. These long-term capacity building efforts proved particularly useful during FY2024 as countries have had to continue dealing with multipronged shocks and geopolitical tensions, leading to inflationary pressures and increasing debt levels. Past and ongoing CD also serves as an antidote against economic fragmentation by fostering regional and global cooperation and supporting the most vulnerable countries. The increasing number of long-term IMF CD experts supporting FCS in the field following the adoption of the IMF's FCS strategy in 2022 also plays an important role in mitigating the risk of these countries' growth-track divergence from other economies in the wake of a surge in conflicts around the world.

Notably, on April 4, 2024, the IMF Board strongly endorsed the CDSR and the vision of agile and demand-driven CD that focuses on the Fund's comparative advantages and is seamlessly integrated with surveillance and lending activities. The CDSR calls for flexible, integrated, and tailored CD to have deeper and sustained impact. The CDSR recommendations are grouped across interlinked areas, namely size/prioritization and integration, funding model, monitoring and evaluation, modalities, field presence, and HR policies relating to IMF CD.

During FY2024, the IMF also launched the GPFP and the UCDF, with the support of the Government of Japan. The GPFP will become the primary vehicle for providing fiscal CD to emerging and developing economies, with a principal focus on low-income countries and FCS. The UCDF will provide substantial resources for scaling up of TA and training in support of the Ukrainian government's ambitious economic reform agenda.

Thanks to the generous support of the Government of Japan, the IMF online learning program continued to grow at rapid pace during the pandemic, with now about 90 online courses and more than 200,000 active learners. The expansion of blended CD makes in-person TA and training more effective as country officials can acquire the necessary knowledge prior to in-person missions kicking off by participating to online courses.

JAPAN-IMF PARTNERSHIP ON CAPACITY DEVELOPMENT

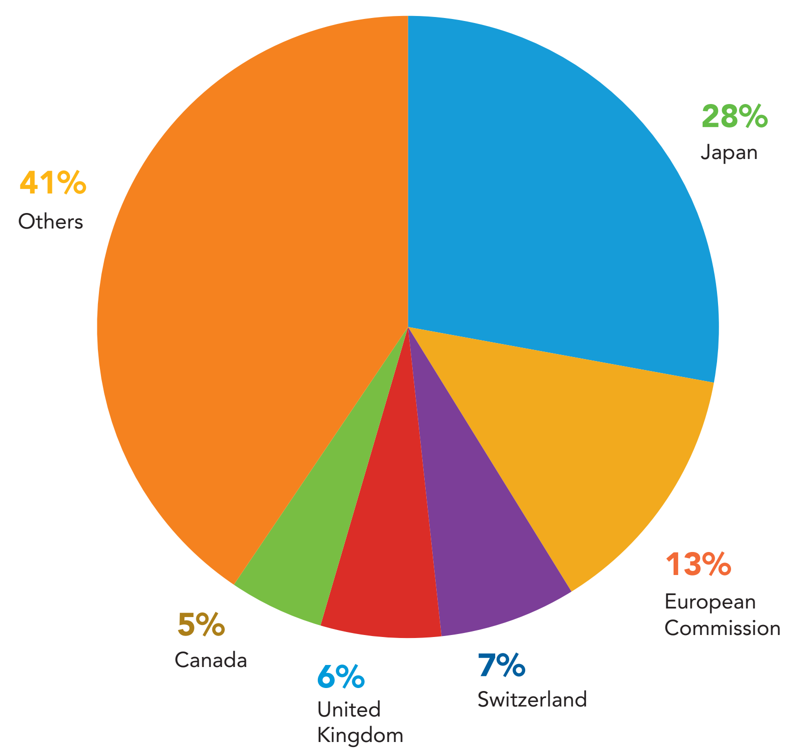
A

JAPAN'S CONTRIBUTIONS

The vehicle for the Government of Japan's support to the IMF CD operations is the Japan Subaccount (JSA) of the Framework Administered Account for Selected Fund Activities (SFA). Its contributions to the IMF since FY1990 total $828 million, of which about $677 million has provided support for IMF CD projects, $47 million for activities OAP, and $104 million for the JISPA and JISP (Table 1 and Figure 3). In the period FY2017–24, Japan alone was responsible for almost 28 percent of external financing for IMF CD (Figure 2).

In FY2024, Japan contributed $16.5 million to support a portfolio of 37 bilateral programs.[1] Japan also contributed to AML/CFT, UCDF, Externally Financed Appointee (EFA), and GPFP.[2] Contributions also support the OAP and to two scholarships programs.

FIGURE 2. EXTERNAL PARTNER CONTRIBUTIONS FOR CAPACITY DEVELOPMENT, FY2017-2024[1]



Source: Capacity Development Information Management System (CDIMS).

[1] Excludes in-kind contributions. Funds received during FY2017–24, not adjusted for Regional Training Centers cost recovered directly.

[1] Appendix 1 presents a summary of all JSA programs.

[2] Details on Japan's participation in multi-partner initiatives in Table 2.

TABLE 1. CONTRIBUTIONS BY JAPAN, FY1990-2024

(In millions of U.S. dollars)

	FY1990-2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total FY1990-2024
Japan's Contributions[1]	**558.4**	**28.9**	**33.7**	**30.4**	**33.7**	**44.3**	**59.4**	**17.5**	**21.5**	**827.8**
of which										
Capacity Development[2]	**449.9**	**23.8**	**27.9**	**25.5**	**28.6**	**38.3**	**53.8**	**12.8**	**16.5**	**677.2**
of which, COVID-19 Initiative Window	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	10.0
Digital Money Window	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	0.3	15.3
Regional Office for Asia and the Pacific	**30.8**	**1.7**	**2.1**	**2.0**	**2.1**	**2.2**	**2.1**	**1.8**	**1.7**	**46.6**
Scholarships	**77.6**	**3.4**	**3.7**	**2.9**	**3.0**	**3.8**	**3.5**	**2.9**	**3.2**	**104.0**
The Japan-IMF Scholarship Program for Asia	51.2	2.5	2.8	2.4	2.4	3.0	2.8	2.2	2.6	71.9
Japan-IMF Scholarship Program for Advanced Studies	26.4	0.9	0.8	0.5	0.6	0.8	0.7	0.7	0.7	32.1

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 Subaccount under the IMF Framework Administered Account for Selected Fund Activities (SFA). The JAA and the FAA accounts are closed, with the remaining funds transferred under Japan Subaccount under SFA.

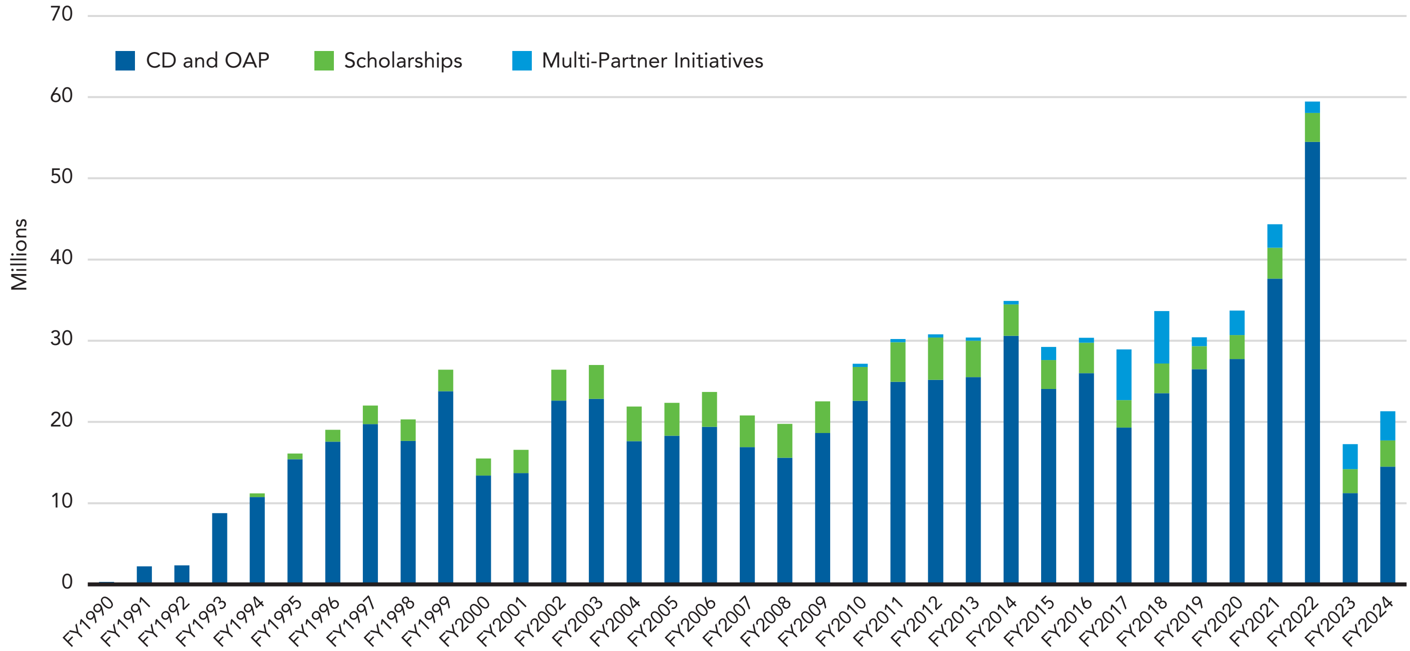
[2] Includes $154,603 transferred to finance the operations of the Office of the Executive Director for Japan in FY11, $324,344 transferred to SPR and OBP to cover expenses in support to Japan's G20 Presidency in FY19-20, $312,620 transferred to SPR and OBP to cover for expenses in support to Japan's G7 Presidency in FY23-24.

TABLE 2. JAPAN'S PARTICIPATION IN IMF CD MULTI-PARTNER VEHICLES

(In millions of U.S. dollars)

FY2024 Contributions to Multi-Partner Vehicles	**3.6**
Anti-Money Laundering/Combating the Financing of Terrorism Subaccount (AML/CFT) - Phase III	0.6
Ukraine Capacity Development Fund (UCDF)	2.0
Externally Financed Appointee Subaccount (EFA)	0.5
Global Public Finance Partnership (GPFP)	0.5

FIGURE 3. JAPAN ANNUAL CONTRIBUTIONS TO CAPACITY DEVELOPMENT BY ACTIVITY, FY1990–2024[1]



Source: Institute for Capacity Development, IMF.

[1] Includes $154,603 transferred to finance the operations of the Office of the Executive Director for Japan in FY11,$324,344 transferred to SPR and OBP to cover expenses in support to Japan's G20 Presidency in FY19-20, $312,620 transferred to SPR and OBP to cover for expenses in support to Japan's G7 Presidency in FY23-24.

Box 1. Strengthening Revenue Administration and Mobilization in Sri Lanka Supporting Growth, Institutional Capacity, and Future Sustainability (Program ID: FAD_APD_2022_02)

Since 2023, Sri Lanka's Inland Revenue Department (IRD) demonstrated a strong commitment to reform. A TADAT assessment in January 2023, funded by the IMF, revealed significant deficiencies compared to performance benchmarks. These findings served as the basis for a comprehensive reform plan, overseen with support from the JSA and integrated with CD support provided by the IMF's South Asia Regional Training and Technical Assistance Center (SARTTAC). Consistent assistance from a long-term revenue advisor based in the country facilitated substantial progress in vital operational areas. This progress encompassed the implementation of VAT Refund mechanisms, preparations for the repeal of the simplified value-added-tax, enhancements in large taxpayer management, refined risk assessment protocols, development of a revenue authority, launch of a high-wealth individual compliance program, a diagnostic assessment of the Excise Department (which was simultaneously conducted with a diagnostic assessment of the Customs Department under JSA funding program FAD_IMF_2021_03), and the initial stages of developing the next generation of the Revenue Administration Management Information System (RAMIS 3.0).

Senior Officials from the Excise Department, and the IMF's Excise Diagnostic Assessment Mission Team. March 4, 2024, at Excise Department Headquarters, Colombo, Sri Lanka

Formally introduced in August 2023 after several short-term assignments, the long-term advisor, possessing extensive expertise, cultivated strong ties with a diverse range of government officials and donors. Additionally, development partner cooperation was formalized through regular meetings, led by the IMF via JSA support. The partner working group includes representatives from the World Bank (WB), Asian Development Bank, United States Treasury, United States Agency for International Development (USAID), the United Nations Development Programme (UNDP), the British High Commission, and the Embassy of Japan (as of the March 2024 gathering). These members convene monthly to synchronize their work plans and foster synergies, ensuring targeted support through collaborative efforts. The IMF resident representative participates in these sessions whenever possible to further align support with the IMF's broader strategy for Sri Lanka.

From left to Right: Dr. Kapila Senanayake, Director General of the Department of Fiscal Policy, Mr. Ravinder Saroop, Technical Assistance Officer, South Asia Regional Training and Technical Assistance Center, Ms. Margaret Cotton, Deputy Division Chief, Revenue Administration, FAD, Mr. K.M. Mahinda Siriwardana, Secretary to the Treasury, Ms. Cindy Negus, Mission Chief (Revenue Administration, FAD), Mr. David Kloeden, IMF Resident Revenue Advisor, Ms. Sarwat Jahan, IMF Resident Representative. October 25, 2023, at Ministry of Finance Offices, Colombo, Sri Lanka

Despite persisting challenges in absorptive capacity, Sri Lanka has exhibited commendable dedication and commitment to reform implementation. Each CD activity undertaken contributed valuable guidance and recommendations to enhance critical areas within IRD, resulting in noticeable improvements upon implementation. IRD revenues for 2023 increased significantly, credited to a combination of tax rate increases and improved administrative efforts. Additional improvements from January 2023 to March 2024 include an increase in VAT return filing compliance by 12 percent for large businesses and 21 percent for non-large businesses, and an 11 percent increase in the electronic submission of individual income tax returns. CD support was provided through an IMF Headquarters (HQ) staff visit, two FAD HQ missions, eight short-term expert assignments, peripatetic support in several thematic areas, and the full support from a highly skilled resident long-term revenue advisor. Throughout all engagements, the considerable support provided by the Government of Japan was duly recognized by both the IMF and government officials.

FAD CD is overseen through a country-centric programmatic approach, ensuring that assistance in tax policy, public financial management, and revenue administration is appropriately tailored and sequenced according to the country's requirements and the conditions outlined in the Extended Fund Facility (EFF) supported program with the IMF.[1] Moreover, CD is efficiently coordinated with other partners to bolster the authorities' efforts in enhancing institutions and advancing governance within the wider national framework. These overarching objectives also reflect macro-critical and surveillance priorities.

[1] Refer to https://www.imf.org/en/Countries/LKA for the EFF agreement and documents regarding EFF reviews.

Box 2. ICD Online Learning (ICD_IMF_2023_02)

ONLINE LEARNING SUCCESS STORY 1: BLENDED LEARNING AT THE CORE OF IMF CAPACITY DEVELOPMENT (CD): FINANCIAL PROGRAMMING AND POLICIES (FPP)

Training in Financial Programming and Policies (FPP) is part of the foundation of IMF CD, and in FY2024 the course was redeveloped in a new blended format. During the year the JSA-funded course was delivered twice and demonstrated its effectiveness through its learning outcomes and positive participant feedback, laying a solid foundation for future delivery.

The blended course was first conducted by the Joint Vienna Institute (JVI) from July 10 to August 11, 2023, and a subsequent session was held at the IMF from October 2 to November 3, 2023. Both used an innovative blended format that combined self-paced online learning with in-person workshops. With a total of 68 participants, this approach increased both flexibility and engagement, enabling officials from 14 and 36 countries respectively, to balance their professional commitments with an immersive learning experience.

Drawing on the success of other JSA-funded blended courses, such as Financial Development and Financial Inclusion (FDFI) and Model-Based Monetary Policy Analysis and Forecasting (MPAF), the delivery of FPP integrated asynchronous online materials with classroom interaction. This not only facilitated a deeper understanding of complex financial programming and policy issues but also enabled participants to apply the theoretical knowledge gained in through practical, real-world exercises.

A key feature was the introduction of a negotiation simulation exercise. This exercise was praised for enhancing participants' practical skills in policy negotiation and decision making. Updated materials and case studies ensured that the content remained relevant in the context of current financial and economic conditions, making the learning experience highly applicable to participants' day-to-day work.

The courses registered high learner satisfaction, with combined average of 4.6 out of 5, in addition to participants demonstrating substantial learning gains with an average increase of 24.5 percentage points over the life of the course. An impressive 87.2 percent of learners scored above 60 percent in the post-course test, indicating significant absolute learning. There was positive feedback on the content and delivery format, highlighting the usefulness of the new blended FPP course in enhancing participants knowledge and skills relevant for their professional roles. Anecdotal evidence from participants also indicated direct application of their newly acquired expertise in their home countries.

The success of the FPP blended course sets a promising path for future iterations. The IMF Online Learning Program continues to innovate based on the proven success of blended learning, which opens new opportunities for impactful CD delivery, making it more accessible and relevant for government officials around the world.

Box 2. ICD Online Learning (ICD_IMF_2023_02) (continued)

ONLINE LEARNING SUCCESS STORY 2:
STRENGTHENING THE SYNERGY BETWEEN TRAINING, SURVEILLANCE, AND TECHNICAL ASSISTANCE

Online learning continues to play a crucial role in enhancing the impact of IMF CD by facilitating integration between training and TA with surveillance. The alignment of the online curriculum with surveillance priorities has been instrumental in addressing capacity gaps identified through surveillance activities. The integration of surveillance activities with CD supports the creation of stronger, more resilient institutions, equipped to address both current challenges and future risks. Funding from the Government of Japan has been pivotal in developing and supporting the delivery of these online courses and in facilitating integration with surveillance.

In FY2024, the Online Learning Program adopted a systematic approach towards reporting on the use of online courses as an instrumental resource for CD-surveillance integration. In due course this will later serve as a basis to evaluate the benefits and challenges around the use of online and blended training to meet surveillance needs with the aim of optimizing solutions for integration and reusability. The compiled country examples are displayed on this map.

A notable example involves the utilization of the RA-GAP VAT Gap Estimation Model (VGAPx) online course prior to the delivery of TA to Honduras. This TA was focused on to calculating the VAT gap under the Revenue Administration Gap Analysis Program framework. Implementing VGAPx as a prerequisite to the TA improved the authorities' preparedness prior to the missions. The estimates confirmed that a considerable part of the VAT gap resulted from tax preferential regimes, in addition to pinpointing compliance gaps amounting to about three points of the GDP due to ineffective revenue administration practices. These findings were instrumental in assisting the authorities draft a legislative bill aimed at streamlining tax preferential regimes, thereby addressing a longstanding IMF recommendation.

Furthermore, since FY2021, nearly 30 TA missions, covering all regions and benefiting from the availability of multilingual learning content, have integrated online courses as a prerequisite. In FY2024, numerous TA missions incorporated specific modules from the Virtual Training to Advance Revenue Administration (VITARA), the VGAPx, the Projecting Public Debt - The Public Debt Dynamics Tool (DDTx), as well as the Cyber Risk Supervision (CRSx) online courses, many of them offered in English, French, and Spanish.

The systematic monitoring of these initiatives in FY2024 prompted the development of an outreach brochure for area department economists and country authorities. This booklet aims to summarize all blended and online courses available by topic, aligning with CD needs identified during surveillance, further facilitating the process of CD-surveillance integration.

Box 2. ICD Online Learning (ICD_IMF_2023_02) (continued)

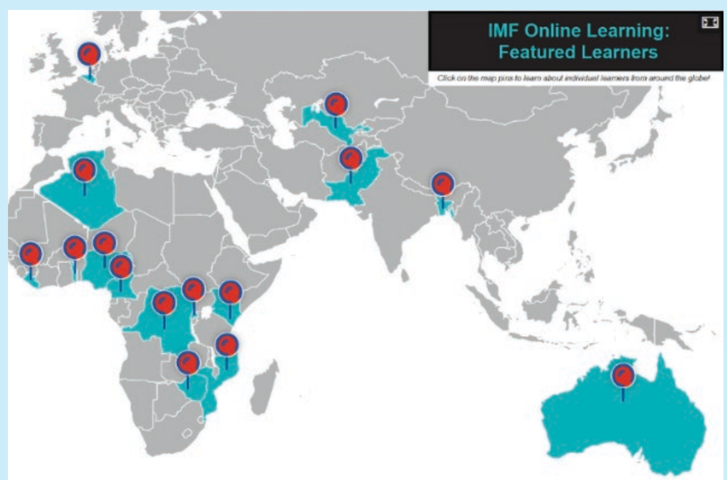
ONLINE LEARNING SUCCESS STORY 3:
ILLUMINATING TRANSPARENCY AND IMPACT THROUGH DATA AND STORIES

Transparency is a core part of the Online Learning Program's data approach, illuminating results and impact through both quantitative and qualitative means. To better support IMF departments in delivering online courses, in FY2024 a dedicated dashboard that comprehensively captures end-of-course survey data was made accessible internally to Fund staff. Further, the automation of the quantitative survey data and use of AI to classify qualitative responses drastically improved processing efficiency, offering timely course improvement insights. This monitoring tool was highly appreciated by counterparts in delivery departments, such as FAD and STA, who commended its immediate applicability, particularly as it relates to ensuring programmatic accountability and course-specific quality assurance.

By making data more readily available, stakeholders are able to witness the direct impact of the online program. Courses in FY2024 received overall participant satisfaction of 96 percent, with 92 percent reporting that the course knowledge/skills will be useful for their job.

However, numbers only tell part of the story. Behind the statistics are rich narratives of personal triumphs and journeys of growth, stories that further underscore the profound influence of the IMF Online Learning Program. Take Jones, for example, of the Directorate General of Taxation in Cameroon. Jones took interest in IMF online courses, such as RA-GAP VAT Gap Estimation and VITARA Compliance Risk Management, due to his profession in the field of tax compliance. He shared that the courses gave him a practical solution, and that he took inspiration from these courses in his current PhD study. Jones aspires to give back the knowledge to the youth of his home country, Cameroon.

Jones' story is but one of many, each illustrating the power of capacity development through online learning. To complement quantitative methodology with qualitative stories and testimonies, to date, 29 in-depth interviews featuring learners and instructors from 22 different countries have been captured. These stories have already been embedded in communication efforts during the recent Spring Meetings and will be strategically leveraged in upcoming outreach efforts, including a digital booklet of stories from our global community. Highlighted stories can be found on this map.



Box 3. Lao P.D.R.: Multiyear CD Engagement with the Central Bank Through CDOT (MCM_APD_2018_01, APD_TTA_2019_01)

IMF regional centers, staffed by experts in various fields, facilitate regular connections between authorities and advisors as well as foster strong cross-thematic collaborations among experts. A prime example is the multiyear CD engagement with the Bank of Lao P.D.R. (BOL), initiated by CDOT through collaboration among the CDOT Director (representing APD), the monetary and FX operations advisor (MCM), and the macroeconomic advisor (ICD), enhancing synergies and maximizing impacts between two complementarity JSA funding programs: MCM_APD_2018_01 and APD_TTA_2019_01.

The regional and in-country engagements of CDOT have helped BOL staff to acknowledge the potential benefits of IMF CD, leading to the creation of a dual-faceted multiyear CD program. The BOL's participation in the regional trainings helped its staff understand the potential advantages of IMF CD, resulting in an increased demand for such programs. The CDOT Director, previously the IMF mission chief for Lao P.D.R., played a crucial role in coordinating and transforming this demand into two pillars of the multiyear CD program. This program includes (i) enhancing the monetary policy framework (pre-FPAS CD) by streamlining the BOL's decision-making process, and (ii) strengthening monetary policy implementation by developing instruments aimed at aligning market conditions with the desired monetary policy stance. The first pillar is led by ICD with support from CDOT macroeconomic advisor experienced in macro surveillance in this region, while the second pillar is managed by CDOT advisor in monetary and FX operations, known for proficiency in delivering CD both bilaterally and regionally in this region, with support from MCM HQ.

BOL affirmed its commitment to CDOT by establishing an internal committee, led by the Deputy Governor and the Director General of the Monetary Policy Department, to oversee the multiyear CD program. This specialized committee ensures continuous engagement to achieve the medium-term goals of the CD programs. Remarkably, the BOL has made good progress in less than a year since the first multiyear work plan was prepared and agreed upon in July 2023.

The multiyear CD engagement with the BOL through CDOT also provide the APD team with clear insights into CD goals and activities. This collaborative approach ensures excellent coordination among all involved parties, steering efforts towards achieving outcomes that bolster the country's long-term development.

BOL staff, CDOT MCM advisor, and external MCM expert, Vientiane, Lao P.D.R., January 2024

Box 4. Governance and Corruption Diagnostic for Sri Lanka (LEG_IMF_2022_04)

In collaboration with and upon the request of the authorities, IMF staff prepared a Diagnostic Report on Governance and Diagnostic (GD) which was published in September 2023. Guided by the IMF's 2018 Framework on Enhanced Fund Engagement on Governance, the GD assesses severity and nature of corruption, identifies governance weaknesses and associated corruption vulnerabilities in macro-critical areas of fiscal governance, financial sector oversight, rule of law (judicial integrity, contract enforcement and protection of property rights), effectiveness of anti-corruption and anti-money laundering frameworks. In preparation of the GD, IMF staff worked closely with the authorities, civil society, private sector as well as international organizations supporting governance and anti-corruption reforms in Sri Lanka.

GD has been integrated in IMF-supported program for Sri Lanka. Preparation and publication of the report is a structural benchmark, and the recommendations contribute to governance and anti-corruption reform measures.

Informed by political economy analysis, specific, country-tailored, and actionable recommendations were identified. The recommendations include structural policy measures as well as near-term steps that focus on the first round of reforms These reform priorities are expected to serve as the catalyst in a transition to stronger governance and more effective, sustainable governance and anti-corruption reforms. Key recommendations include publishing asset declarations for senior officials, making public procurement contracts above one billion rupees available online, and listing firms receiving tax exemptions.

GD has informed governance and anti-corruption agenda in Sri Lanka. The Report has been widely publicized, featured in numerous articles in the media, and is being translated into Sinhalese and Tamil. Based on the GD recommendations, the authorities prepared and published Anti-Corruption Action Plan, has revamped Independent Anti-Corruption Commission and the Anti-Corruption Law. As a follow-up of the GD and in response to the request from the authorities, Legal Department will provide technical assistance to further support implementation of anti-corruption and rule of law recommendations derived from the GD.

Deputy Head of LEG's Governance and Anti-Corruption Division discussing GD with stakeholders in Sri Lanka

Box 5. The Philippines Upgraded Fiscal Data to GFSM 2014 (STA_APD_2022_01)

A previous Japan-funded Government Finance Statistics (GFS) project had started work with the Department of Finance of the Philippines to upgrade fiscal data through alignment with the Government Finance Statistics Manual 2014 (GFSM 2014) framework. The upgrade to the GFS data—aimed at enhancing the quality of data used in Fund surveillance—was synchronized with the official Statement of General Government Operations, the annual submission to the IMF GFS database, and the quarterly submission to the IMF's flagship publication International Finance Statistics. The IMF's Article IV mission (September 2023) used the upgraded data for the first time with a time series 2012 to 2022.

November 10, 2023. Manila, Department of Finance. GFS Team with GFS Advisor.

Across the board, general government coverage now includes budgetary central government, budgetary local government, social security funds, and two government-owned and controlled corporations. A key aspect of the upgrade was to ensure that all revenue and expenditure data are recorded "above-the-line" and financial transactions are all recorded "below-the-line", in line with GFSM 2014 methodology. In the previous presentation, some transactions were improperly recorded either "below- or above-the-line" leading to inaccurate estimations of net lending / net borrowing, commonly referred to as the fiscal balance.

November 9, 2023. Manila, Department of Finance. Interdepartmental meeting on PSDS compilation, with representatives from Bureau of Treasury, Bangko Sentral ng Pilipinas, Department of Finance and IMF Advisors

The project is also further assisting the Philippines authorities to review the classification of macro-critical government-owned and controlled corporation (GOCCs). During a hands-on training workshop held in July 2023, a broad set of institutions including all macroeconomics statistics compilers, the Commission of Audit, and the Governance Commission for GOCCs, jointly assessed 18 GOCCs. Under the guidance of the IMF experts, they tentatively classified units as nonmarket (and therefore part of the statistical general government sector) or market (classified outside the general government sector as public nonfinancial or financial corporations). Follow-up work is further investigating borderline issues in some units before aiming to finalize the classification by end-2024. Once finalized, the coverage of general government units will be expanded with the units assessed as nonmarket.

In 2022, the Bangko Sentral ng Pilipinas (BSP) also started disseminating whole economy whom-to-whom balance sheet data with support from other technical assistance provided by the IMF Statistics Department (STA) funded by the Financial Sector Stability Fund. During the last year, the project built on these tables and assisted the central bank on refinements to align with GFSM 2014 guidelines, whereby data will further benefit fiscal sustainability analysis beyond debt data. The envisaged expansion of general government coverage will also be incorporated in the whom-to-whom balance sheet data.

Box 6. Regional Workshop on Customs Reform and Modernization for Selected Asian Countries (FAD_IMF_2021_03)

A four-day regional workshop on customs reform and modernization was delivered by FAD in Phnom Penh, Cambodia, in March 2024. 32 participants from the six project-beneficiary countries—Cambodia, Maldives, Nepal, Sri Lanka, Uzbekistan, and Vietnam—participated in the workshop. The Ambassador of Japan to Cambodia, Mr. Atsushi Ueno, joined the opening session, and Japan International Cooperation Agency (JICA) resident advisor, partially joined the workshop.

The participating national customs administrations face challenges commonly observed in customs management and operations, such as strategic planning, risk-based selectivity for customs valuation, and diversion control on special regimes. The workshop provided international good practices and national experiences on these themes (Cambodia and Nepal (strategic management); Mongolia and Uzbekistan (risk-based selectivity); and Cambodia, Sri Lanka, and Vietnam (diversion control)). One day was devoted to a demonstration of the application of Artificial Intelligence (AI) to customs selectivity criteria setting. Through the workshop, participants exchanged experiences and proactively joined Q&As, group discussions, and presentations on technical questions assigned by the FAD resource person.

In their evaluation of the workshop, most participants gave the highest score on its usefulness and relevancy to their work. Most participants also expressed interest in participating in similar regional workshops though their preferred themes vary: some prefer new themes, such as enforcement and disruptive technologies, while others prefer focusing on a single theme. FAD advised, and participants agreed, that the knowledge and network obtained through this regional workshop should be shared with colleagues in their home administrations.

Group photo of the regional workshop with Ambassador of Japan to Cambodia and Minister Attached to the Prime Minister Delegate of Royal Government of Cambodia in charge as Director General of General Department of Customs and Excise. March 12, 2024, at Customs Training House, Phnom Penh, Cambodia

Box 7. Use of AI for Customs Anti-Fraud Purposes in Selected African Countries (FAD_IMF_2021_03)

Like many customs administrations, the Directorate General of Customs (DGD) of Côte d'Ivoire is confronted daily with an overwhelming and growing volume of import declarations. Identifying high-risk shipments for further inspection is crucial to preventing illicit activities (e.g., smuggling, tax evasion, counterfeit goods). The traditional approach to customs verification often relies on static selection criteria such as random sampling or predefined and rudimentary risk indicators. This approach is inherently limited in its ability to adapt to rapidly evolving business processes and emerging risks. Moreover, it often generates false positives, leading to inefficient allocation of administrative resources.

In contrast, implementing a dynamic selection model powered by AI techniques offers a solution to these challenges. Machine learning algorithms can adaptively identify high-risk import declarations by continuously analyzing a wide range of variables, including business patterns, documentation anomalies and emerging trends, enabling an agile and flexible customs clearance processes. These models constantly learn and adapt, refining their decision-making processes based on real-time feedback and new information.

Since the end of 2022, FAD has been developing the capacities of DGD customs officers, so that they are able to develop and use AI-based solutions for the automated selection of declarations for examination. Advice was adjusted to the availability of technological capabilities, IT infrastructure, and human resources, considering that the success of this application of AI techniques strongly depends on the quality, availability and integrity of the customs data collected, a second component of the project is being worked on with the DGD, which focuses on improving the governance of customs data.

Three concrete outcomes have been achieved through the IMF support. First, 15 DGD specialists have been trained in Python programming to improve their skills in AI and data science. Second, a model incorporating AI algorithms has been developed and trained to automatically classify import declarations according to their risk level. Third, the project team successfully addressed the scale-up challenge, by connecting the AI model to the IT Customs clearance system (SYDAM) through an Application Programming Interface (API). In June 2024, a CD activity will help evaluate the performance of the current model, identify any improvements, and train DGD specialists to use and update the model independently.

These concrete outcomes constitute a major milestone in the use by Customs of AI for anti-fraud purposes. They contribute to global and regional efforts towards more data and AI-driven customs administrations that keep pace with changes in the private sector's operations. Some major lessons have been learnt on the critical role of data governance and quality as a foundation for an efficient use of AI in Customs. In this regard, a regional workshop was held in Abidjan, Côte d'Ivoire, from April 22 to 26, 2024, which raised awareness among the customs administrations of the JSA project recipients on the importance of the quality, security and integration of customs data, considering that poor data management is a common problem and serious obstacle to an efficient use of AI. During this event, the DGD had the opportunity to share with other customs administrations the progress it has already made, but also to identify concrete measures to improve its data governance.

Participants of the Workshop – Abidjan, Côte d'Ivoire

Box 8. IMF – Singapore Regional Training Institute 25th Anniversary (1998–2023)

IMF – Singapore Regional Training Institute (STI) has crossed another milestone: in 2023, STI celebrated its 25th Anniversary. Since its inception in 1998, the number of countries eligible for training at STI has increased from 34 to 38. The number of courses conducted at STI has risen from 9 per year in 1998 to currently 35 courses per year. The total number of participants trained in Singapore at STI stood at more than 21,000 at end-2023, and of these participants about 11 percent have been nationals of Pacific island small states. STI's training program covers a range of topics, such as the core IMF macroeconomic and financial sector issues; expansion of teaching to cover new emerging issues like climate change and digitalization; and fintech and central bank digital money issues in recognition of the leadership Singapore provides to global financial and banking institutions.

In 2022 STI relocated from its original home in the Monetary Authority of Singapore Building to the CapitaSky Building, which offers state-of-the art facilities for its training and technical assistance activities. The new space leverages video conferencing technology for in-person, virtual and blended training delivery. It enables flexible classroom space and an interactive board for enhanced teaching. There are also more collaborative spaces for networking. All this proved to be exceptionally productive for STI in achieving its capacity development mission.

Each year more than 1,000 officials participate in STI events, organized either in Singapore or in the region, with additional participants via regional courses and collaborations with other primary Regional Capacity Development Centers (RCDCs) (in particular CDOT and PFTAC). Due to the pandemic, from mid-2020 until May 2022 all deliveries switched to virtual mode and, at the same time, STI was able to continue running at full capacity and dramatically increased its regional reach with virtual TA projects and expert webinars. Since the ending of the pandemic STI has returned to in-person training and technical assistance, complemented by blended training courses and virtual webinars.

TA on developing macroeconomic frameworks was added as a natural extension of STI training in the areas of financial programming and economic modeling. STI has delivered such TA to finance ministries in Bhutan, Cambodia, Timor-Leste, and Vanuatu, as well as to the CB of Solomon Islands.

In 1998 then IMF Managing Director Mr. Michel Camdessus remarked "The Fund sees the STI as a precursor of similar regional training centers in other parts of the world, allowing us to better meet the vast training needs of our member countries." The IMF Managing Director, Ms. Kristalina Georgieva traveled to Singapore on November 12-16, 2023, to attend the 25th Anniversary celebration of STI and open the Singapore Fintech Festival. "No country can succeed without harnessing the talent of its people – men and women. The Singapore Regional Training Institute continues to train policy makers, and offers innovative courses spanning climate change, digitalization, fintech and now central bank digital currencies," noted Ms. Georgieva.

STI is also grateful to our partners, the Government of Singapore and the Government of Japan, for their continued strong support, and for placing their trust in STI to help provide the countries of the Asia-Pacific region with professional training and technical assistance. STI's twenty-five-year success story would not have been possible without their unwavering support.

Box 8. IMF – Singapore Regional Training Institute 25th Anniversary (1998–2023) (continued)

IMF Managing Director Kristalina Georgieva, ICD Director Dominique Desruelle, STI Director Alfred Schipke, and STI staff pose for a photograph on the occasion of STI's 25th Anniversary (1998-2023), Singapore, November 2023.

Box 9. Macroeconomic Management - Case Vietnam (APD_TTA_2019_01)

The State Bank of Vietnam (SBV) FPAS CD was initiated in mid-2019 with effective delivery continuing during the pandemic. In December 2021, Phase 1 of FPAS TA was completed and Phase 2 started in April 2022, which coincided with the renewal of in-person CD missions after the pandemic. Phase 1 focused on building forecasting and analytical capacity among Core Forecasting Group staff and training on development of modeling tools. It also built a medium-term Quarterly Projection Model (QPM), which was published in June 2022. With the transition to Phase 2, the focus shifted to practicing forecasting and policy analysis in real time and incorporating it into the monetary policy decision-making process. There is a strong ownership of FPAS within the core group and some members of senior management. Efforts are ongoing to broaden the ownership within the SBV governing board and integrate the model firmly in the institutional decision-making process.

The second pillar of cross-agency engagement on macro-framework is also being developed. The project was initiated in June 2023 and aims to strengthen the capacity of the multi-agency core group, formalized in October 2023 by the MPI. It is composed of broadly 40 members from the MPI, the SBV, the General Statistics Office of Vietnam, the MOF and the Ministry of Industry and Trade. In its first phase, the project is focusing on creating a cross-sector macroeconomic database used as an input for the macroframework tool, institutionalizing the core working group and developing a macroframework tool to support macroeconomic analysis and forecasting. The Vietnamese authorities strongly support the project and in March 2024, the core group presented the mission findings, including a baseline forecast scenario for 2024-25 and two policy scenarios to MPI Vice Minister. The core group is expected to work closely with the ministerial policy working chaired by the Prime Minister. A TA report, describing the scope and objectives of the project was published on the IMF website.

Box 10. Strengthening Tax Policy Capacity in Democratic Republic of Congo (FAD_IMF_2022_05)

The IMF's CD program seeks to simplify and enhance transparency in the Congolese tax system. It focuses on streamlining non-tax revenue collected by line ministries, supervising parafiscal fees perceived by administrative bodies, and evaluating, managing, and rationalizing tax expenditures. Additionally, it aims to reform excise taxes and provincial taxes, addressing complexities and improving coherence within the national tax framework.

The main challenges faced by the program are the complexity of the tax system, the number and levels of government actors and the tremendous centrifugal forces against budget centralization and supervision. To address these challenges, the program's strategy involves bolstering local initiatives by establishing local working groups tasked with overseeing ongoing processes. These groups receive remote support and on-site assistance. The presence of two local committees in charge of public finance reforms from the Ministry of Finances, the *Comité technique de Suivi des Réformes* (CTR) and the *Comité d'Orientation des Réformes des Finances Publiques* has been instrumental in facilitating and providing logistical support to these groups.

Since 2018, the tax expenditure working group, consisting of 8-12 members on an ongoing basis, has generated a series of estimates, the latest of which is now included as a complete budget appendix.[1] The group has developed a rationalization plan, leading to the elimination of three out of ten targeted measures. The group's upcoming focus involves investigating tax exemptions in donor funded markets and VAT exemptions. With support from FAD, the group has expanded their estimates to the provincial level, covering Kinshasa (2023, 2024), Haut Katanga (upcoming, 2025), and Kongo Central (2024).

FAD STX – Alain Charlet (on the left) in process of legal drafting based on inputs from the working group and long hours of debates and thousands of pages of text. Location: Matadi, Congo Central Province, at the premises of Direction Générale des Recettes du Kongo Central.

The non-tax revenue working group (approximately 12 members) is consolidating and revising all non-tax revenue sources from line ministries for inclusion in a chapter of a forthcoming tax code. Using structural benchmarks, they've gathered numerous texts—laws, decrees, ministerial letters—and identified several for elimination or consolidation. Meeting four times a week, the group collaborates intensively with an FAD STX (legal expert) to merge these documents into a single cohesive framework. Their efforts encompass both central and provincial non-tax revenue streams.

[1] Document 11, on < https://budget.gouv.cd/budget-2024/ > (9 May 2024).

Box 10. Strengthening Tax Policy Capacity in Democratic Republic of Congo (FAD_IMF_2022_05) (continued)

The CD program closely collaborated with budget authorities in charge of expanding budget controls and supervision of administrative bodies. The authorities have conducted an inventory of over 8,000 such organizations, and the mission is now supporting benchmarking of their revenue practices in legal acts. Currently, it is undertaking a review of their fees, charges, and tariff grids.

In 2019, authorities devised a rationalization plan for excise taxes, the impact of which has been limited resulting in only a few excises having been eliminated. Recently, however, they have become more receptive to reforms, recognizing that their current strategy has not improved revenue performance. The authorities have requested further work on tax increase simulations, which could also facilitate simplification. Initiatives on provincial taxation are commencing, leveraging documents from the calculation of provincial tax expenditures. A modus operandi has been established, involving the Ministry of Decentralization and provincial authorities, with drafting scheduled to commence in late 2024 or early 2025, alongside ongoing efforts on non-tax revenue.

The FAD CD program follows a country-centric approach, aligning assistance in tax policy and revenue administration with the country's needs and the conditions set out in the EFF-supported program with the IMF. Additionally, CD efforts are closely coordinated with other partners to support the authorities in strengthening institutions and improving governance within the broader national context. These objectives are also in line with macro-critical and surveillance priorities.

Box 11. Infrastructure Governance Facility II (FAD_IMF_2022_06)

In April 2024, FAD and the Caucuses, Central Asia, and Mongolia Technical Advice Center (CCAMTAC) held a joint workshop on improving infrastructure governance (IG) in the region. The workshop incorporated a variety of teaching and learning formats covering all aspects of the investment lifecycle: (i) lectures on strategic planning, appraisal, risk management, budgeting, project and portfolio management and SOE public investment; (ii) a hands-on practical exercise simulating the megaproject appraisal, risk analysis and budgeting; and (iii) country cases from each participating country, culminating in proposed reform strategies to strengthen IG.

To tailor the event to the needs of the countries, delegates filled out a survey on the national situation prior to the workshop. Six countries have undertaken PIMAs (all of which were financed through the JSA-IG Facility) and developed targeted reform plans while others are at a much earlier stage of reform. There was good evidence of reform plans from PIMAs being implemented sometimes with the help of the IMF and other development partners.

The exercises provided the opportunity to move beyond theory and apply core concepts in work-simulation settings. The hands-on exercise on megaproject appraisal and budgeting provided practical application of emerging topics in IG such as managing major project risks. The session on public investment by SOEs sparked particular interest and showcased the diverse range of approaches adopted across the region.

Informed by the lectures, exercises and peer learning, countries presented the following priorities for further advancing public investment management (PIM) practices: digitalization of PIM processes to reduce transaction costs, strengthening legal frameworks, supporting institutions and processes such a setting up PIM units, tools and training on project selection, monitoring, transparency, and the supervision of investment plans.

Box 12. Chad DDT Project (ICD_IMF_2021_05)

Chad's debt vulnerabilities declined significantly since the beginning of the 2017 Fund-supported program, although the country remains at high risk of external debt distress. The latter reflects the relatively low revenue base in Chad and a low debt-carrying capacity, primarily due to structural factors like weak institutional capacity, low remittances, and low import coverage of foreign exchange reserves. Later, the Chadian economy was severely impacted by the twin COVID-19 pandemic and terms of trade shocks, which led to a weaker than previously envisaged economic outlook. After the pandemic, the authorities gradually unwound all temporary emergency measures and sought to further strengthen their macroeconomic management to develop and implement sound recovery policies.

Against this background, the authorities requested in 2021 technical support to improve debt forecasting as a way to improve management of its elevated risks and achieve its stabilization after the pandemic. The objectives set for the program, financed by the JSA COVID-19 Macroframeworks, were to strengthen the knowledge, skills and capacity of a cohort of staff from Minister of Finance and Budget to: (i) forecast public debt in local and foreign currency, including the effects of intra-year exchange rate fluctuations on public debt, (ii) to compute the fiscal adjustment paths needed to achieve a debt target, and (iii) to assess the possible impact of shocks on the debt-path.

Six missions were held since the beginning of the project in 2021 until its conclusion in November 2022, including one virtual scoping, four additional virtual ones, and one in-person mission. These missions sought to improve the staffs' ability to: (i) define data requirements and assess their internal consistency; (ii) run debt projections in baseline debt and alternative shock scenarios using the Debt Dynamics Tool (DDT); (iii) analyze the characteristics of the resulting debt paths; (iv) assess the implications of different policy settings on debt outcomes and risks; (v) develop reporting options of analytical outputs, such as built-in graphics of baseline and risk scenarios (including fan charts) and standardized tables. Later, the analysis was broadened, based on the authorities' needs, with the analysis of gross financing needs and below the line items, and the impact analysis of macro-fiscal shocks on solvency and liquidity indicators. Further, the project also incorporated considerations such as debt-service rescheduling within the G20 Common Framework Debt Treatment and alternative borrowing strategies.

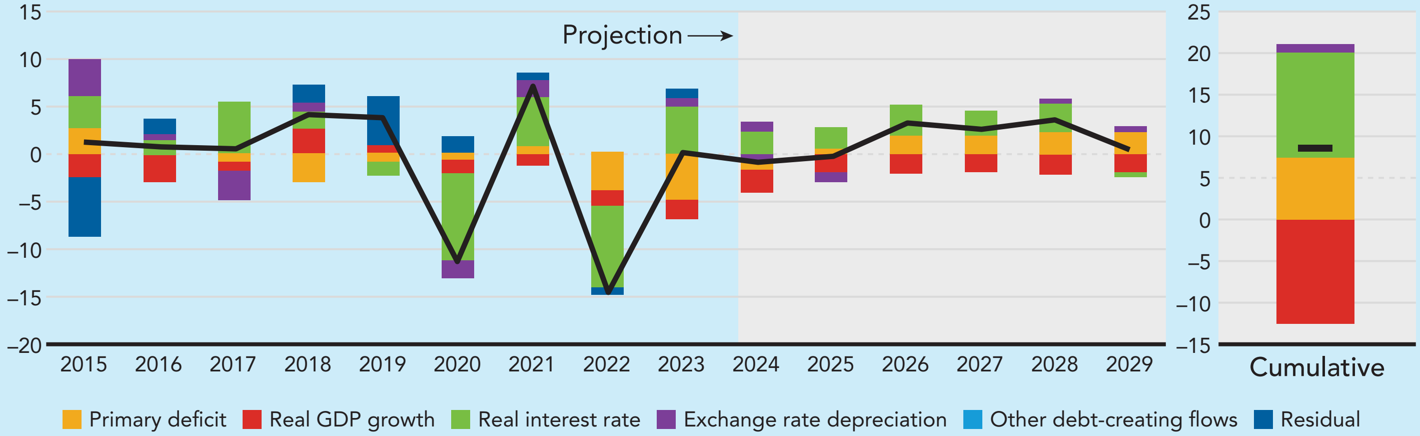
The project has been successful, with the tool fully institutionalized and lending a solid basis for the preparation of the National Development Plan 2023-28 projections. By using their own self-developed customized tool, the MoF staff are now able to assess the accuracy of new data, make baseline projections of the debt path and evaluate their plausibility in light of economic and financial judgement, generate a range of alternative scenarios, and assess the implications of the National Medium-Term Debt Strategy (MTDS) data through their incorporation into the tool. Further, over the medium and long term, the regular use of the DDT should benefit the fiscal and debt policy decision-making process in Chad, including those aspects stemming from the implementation of debt relief within the G20 Framework.

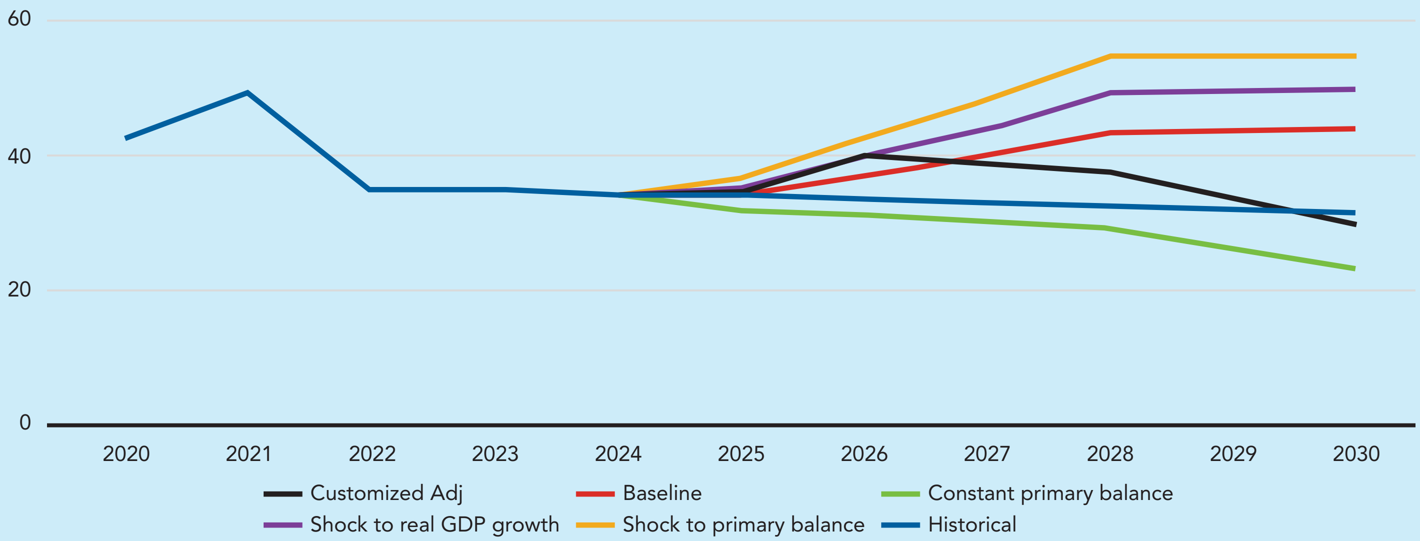
Moreover, the Chadian staff have started regularly producing a new note on debt dynamics, demonstrating that the skillset built during the project has been well absorbed and is delivering tangible improvements in the Ministry's internal analytical capacity and decision-making outputs. The purpose of this note is to analyze debt dynamics in Chad using the tool and it is structured in four sections: (i) assessment of the macroeconomic context; (ii) analysis of recent debt trends; (iii) updated evaluation of medium- and long-term debt scenarios, and (iv) risk assessment, considering departures from the macroeconomic and fiscal central assumptions. The figure below reflects two DDT outputs distilled into this Note.

Box 12. Chad DDT Project (ICD_IMF_2021_05) (continued)

Chad- Note on Public Debt Dynamics: Breakdown of Contributions to Public Debt Growth (Top) and Debt Stock in Alternative Scenarios (Bottom)

Debt-creating flows
(in percent of GDP)





Box 13. BSP's PAMPh2.0 Project (ICD_IMF_2021_05)

The BSP has successfully completed one of the IMF's most ambitious multiyear FPAS modernization projects. Through well-phased extensions and a clear plan, the Policy Analysis Model for the Philippines, version 2.0 (PAMPh2.0), has been formally adopted. This initiative underscores BSP's commitment to data-driven decision making.

The timely development of PAMPh2.0 was crucial for BSP to navigate global uncertainties, particularly inflationary pressures. The ICD-led project emphasized coordinated monetary and fiscal policy to mitigate inflation and capital outflow pressures. It aimed to modernize PAMPh, enabling forward-looking monetary policy and pioneering advanced quantitative integrated policy analysis. The project provided a quantitative assessment of policy responses to complex economic shocks. Model-based forecasting and risk scenarios equipped decision makers with essential analyses for maintaining macro-financial stability. Furthermore, the project aligned BSP's FPAS framework with best international practices under an inflation-targeting regime. The approval by Senior Managers and the Monetary Board for adopting PAMPh2.0 signifies its potential central role in future Monetary Policy Reports. BSP will transition to PAMPh2.0 as its primary operational model by August 2024, following rounds of shadow forecasting. BSP is committed to jointly publishing PAMPh2.0 by Q2 2024, marking the culmination of years of collaboration between BSP and ICD.

The ambitious project has required a dedicated analytical team. The foresight of senior and division managers, backed by the Governor, ensured exemplary collaboration across departments. The TA-recipient Economic and Financial Forecasting team was given sufficient time to jointly build the macroframework with the IMF, ensuring full expertise transfer and ownership. Effective management engagement, transparent communication, collaboration and feedback, and visibility are key lessons behind the success of the project. Management closely monitored progress through transparent communication. Strategies and early results were regularly shared with senior managers, allowing for timely feedback from the Governor and Monetary Board and its incorporation and ensuring a smooth policy-making process. Lastly, presenting PAMPh2.0 at technical workshops in the region ensured its visibility.

TA activities were closely coordinated with other IMF CD delivery departments, APD, and development partners. The ICD TA team leveraged MCM TA's recommendations on monetary policy operations and communication and macroprudential issues. Collaboration with the APD Philippines country team enriched policy discussions and aligned recommendations with the Article IV consultation. Planned BSP dissemination of PAMPh2.0 to various audiences—including policymakers, the wider economics profession, financial analysts, and the public—is key to ensuring that PAMPh2.0 is well understood, and the derived policy analysis is widely appreciated.

The project is set to be completed in August 2024. PAMPh2.0 documentation is being finalized. A joint IMF Working Paper will be published in June 2024, and a comprehensive TA report produced in Fall 2024. These efforts should preserve staff knowledge and enhance BSP's macroeconomic forecasting and policy analysis framework.

The IMF extends its gratitude to the JSA for their funding, which has been instrumental in achieving these advancements.

Box 14. Nowcasting Monetary Policy Workshop (ICD_APD_2022_03)

The lack of timely production of high frequency data, such as quarterly GDP, is a key obstacle for monetary policy decision makers (as well as other policymakers). Nowcasting is not a substitute for producing quality and timely GDP statistics, but it fills an important and critical gap.

The April 2024 workshop, facilitated by two PFTAC advisers, Mr. Andrew Beaumont and Mr. Ian Nield, and Mr. Dyna Heng (IMF HQ) offered such an assistance to representatives from central banks in the region. Twenty-six officials, half of whom were female, met in Suva from the 10th to 19th of April 2024. Two Deputy Central Bank Governors: Mr. Jeffrey Yabom (Bank of Papua New Guinea), and Ms. Margaret Tafunai (Central Bank of Solomon Islands (CBSI)) attended all the sessions. Two Governors (Mr. Ali, Governor of the Reserve Bank of Fiji, and Dr. Forau, Governor of the CBSI) attended the sessions of the 17th of April and took part in a Governors' panel session with the Deputy Governors at the concluding session that day. During eight days, officials shared experiences of the IMF technical assistance that they received, presenting their nowcasting models and other tools they had developed in recent months. In addition to substantive peer exchange sessions, training was provided on a selection of nowcasting and monetary policy topics.

All those who participated in the workshop – Governors, Deputy Governors and officials very much welcomed the initiative and hoped that PFTAC would facilitate similar future events with CB officials on an annual basis. The event was primarily supported by the Government of Japan with additional funding provided by PFTAC donors.

Box 15. Blended Course on External Sector Statistics (STA_APD_2021_01)

A one-week regional blended course on *External Debt Statistics (EDS)* was held from March 18–23, 2024, at the BOT in Bangkok. The course started with a self-paced online session from the EDSx online course developed under the [Data for Decisions (D4D) Fund](), which took place in February 2024 and was followed by an in-person session in March. This workshop aimed to enhance the EDS compilation skills of CDOT beneficiary countries, under the JSA funding program STA_APD_2021_01 External Sector Statistics (ESS) project. This workshop also served as a pilot for future engagements under a blended modality, which will be extensively implemented in upcoming CDOT ESS trainings.

Twenty-four officials from Cambodia, Lao P.D.R., Nauru, Papua New Guinea, Samoa, Timor-Leste, Tonga, and Vietnam participated in the course. These participants, representing central banks, ministries of finance, and statistical offices, were primarily involved in compiling EDS, International Investment Position statistics, Balance of Payments, Public Debt Statistics, and National Accounts. They contributed their perspectives as both data compilers and providers during the course.

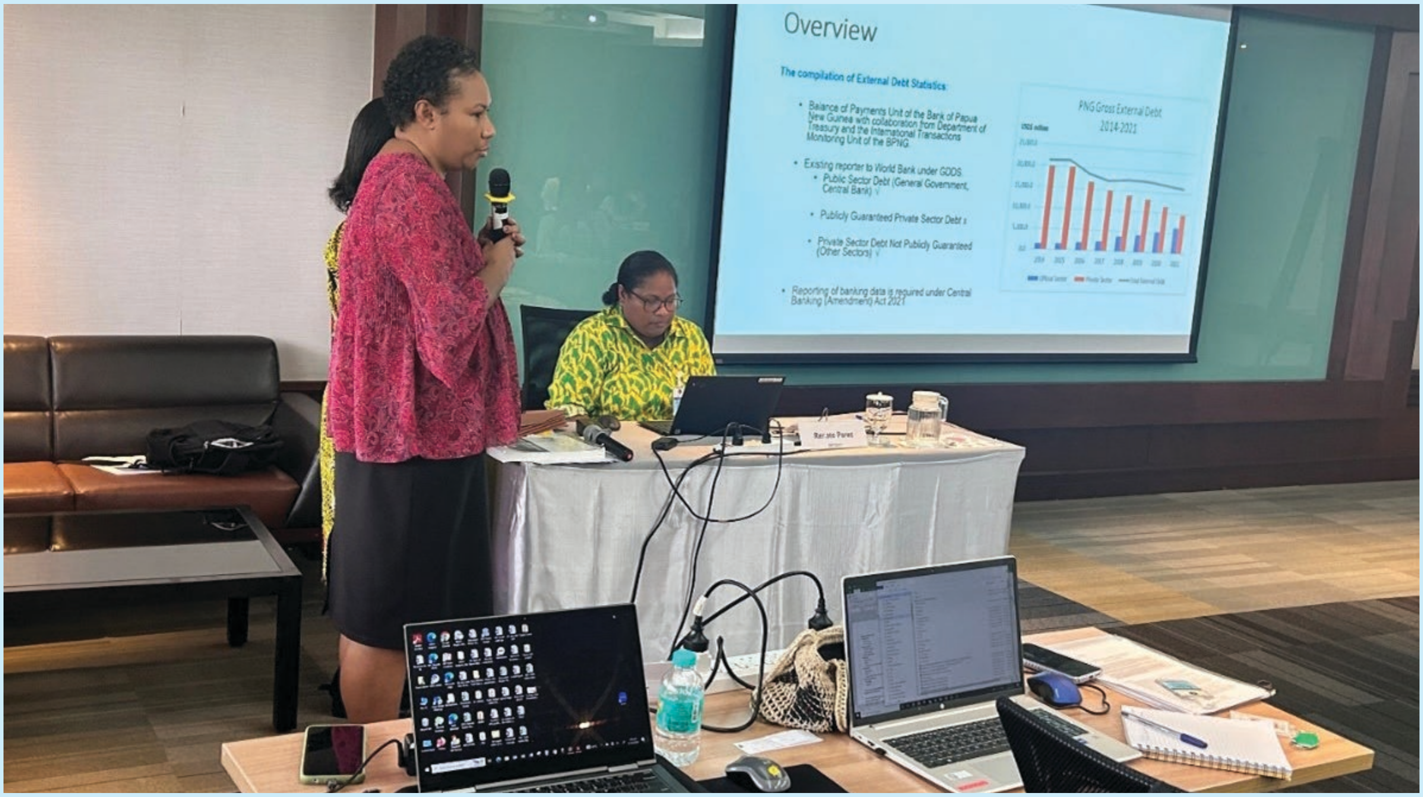
The course offered participants a thorough understanding of the conceptual framework of EDS and provided practical guidance for overcoming current challenges in EDS collection and compilation. The lectures were strengthened by compilation exercises, during which participants had the opportunity to discuss practical compilation approaches. It also covered the recording of specific external debt instruments commonly used by CDOT beneficiary countries. Furthermore, participants shared their experiences in compiling and disseminating EDS, highlighting the challenges they faced, particularly in capturing private and direct investment debt, which can be significant in many of the represented countries. The course highlighted the value of debt transparency, including for debt relief initiatives such as the G20 Debt Service Suspension Initiative and the G20 Common Framework for Debt Treatments.

The concluding roundtable discussion highlighted a consensus on improving interagency data sharing procedures to enhance EDS compilation. It also identified urgent TA needs, primarily focused on compiling private sector debt and direct investment debt. Accurate EDS compilation is critical for informed economic policymaking and IMF surveillance, as well as program monitoring. This is especially crucial for CDOT beneficiary countries, which all have open economies and, in many cases, external debt that extends beyond the public sector.

Blended Regional External Debt Statistics course:

Bank of Thailand, Bangkok. March 18–23, 2024
Instructors: Mr. Renato Perez and Ms. Angsupalee Wacharakiat
Participants from all CDOT ESS beneficiary countries

Box 15. Blended Course on External Sector Statistics (continued)



Countries' Presentations
Bank of Thailand, Bangkok. March 18–23, 2024

Round Table: Conclusions and learned lessons.
Bank of Thailand, Bangkok. March 18–23, 2024

Box 16. Strengthening Government Capacity in Expenditure Policy Analysis FY2024-26 (FAD_VNM_2023_01)

VIETNAM

Vietnam faces challenges of lack of instruments and the capacity to produce reliable, long-term projections of pension expenditures and contribution revenues, and to do so not only through averages but also by constructing realistic distributional analyses which can explain the adequacy and equity aspects of pension finances. The Vietnam engagement focused on three areas: (a) developing and transferring a microsimulation model that can be used for long-term pension modelling and – potentially – for analyzing other public spending items contingent on individual's demographic, labor market, and insurance status; (b) identifying such areas where IMF technical assistance can help achieve Vietnam's medium-term labor market and social policy objectives; and (c) ad-hoc advice and consultation on matters of social policy.

The pension model has been finalized and IMF staff delivered several in-person missions and on-line consultations during which data was collected, cleaned and input into the model, various macroeconomic and policy variables were introduced, and – most importantly – the experts of the Vietnamese Social Security (the main beneficiary of this component of the programmatic engagement) learnt how to use the model for producing baseline projections and scenario analyses. The users' manual has been transferred to Vietnam Social Security (VSS), which according to feedback from VSS management, met their expectations and will provide a sound basis for the continuing use of the model.

Expected policy outcome of the activity is the improved preparedness of the concerned government entities—VSS, Ministry of Labor, Insurance and Social Assistance, MoF—to analyze the long-term financial position of social security and to assess the fiscal and welfare implications of regulatory measures, revised assumptions and changes in macroeconomic circumstances. Under its surveillance, IMF staff has identified pension reform as an important priority to address unfunded pension liabilities and improve the coverage, adequacy, sustainability, and intra- and inter-generational fairness of pensions. This engagement is crucial for assessing the financial position of the VSS, which has a direct impact on the country's fiscal position and influences labor market performance, including the level of formalization, compliance and social security coverage.

IMF staff had repeatedly emphasized that the current engagement is funded by the JSA. The authorities recognized the importance of the JSA support and has requested both a continuation of the ongoing modelling activity and the expansion of the programmatic engagement into new areas, such as the comprehensive assessment of social safety net.

A meeting between the IMF FAD mission and the leadership of VSS on March 8, 2023. VSS: Mr. Nguyen Duc Hoa (Deputy Director General of VSS) and his staff. IMF: Csaba Feher (FAD), Samir Jahan (FAD), and Francoise Painchaud (IMF resident representative in Vietnam).

PALAU

Palau is struggling to recruit and retain qualified staff to provide essential public services. The problem is particularly acute for higher-skilled positions amid high levels of net emigration. FAD sent missions to Palau in July 2023 and November 2023, and plans a further one in May 2024 to support implementation of recommendations from the previous missions.

Box 16. Strengthening Government Capacity in Expenditure Policy Analysis FY2024-26 (FAD_VNM_2023_01) (continued)

The missions' recommendations have been embraced by the authorities. The President of the Republic of Palau signed an Executive Order establishing the Employment and Compensation Committee (ECC), a central recommendation of the July 2023 mission, just before the start of the November 2023 mission. The authorities have requested further FAD support in developing a medium-term reform strategy and have commissioned the additional reviews recommended by the FAD missions. FAD's work has had a catalytic effect on other CD providers: (a) WB has agreed to conduct a functional review of Palau's government (following FAD intermediation); and (b) Asian Development Bank consultant attached to Palau's MoF has been assigned to support the Ministry's use of a compensation spending projection model developed by the FAD missions.

FAD's support will enable Palau to reform its government employment and compensation policies to support adequate and efficient staffing for public service delivery and ensure fiscal sustainability. FAD's work has been conducted in close coordination with the Asia Pacific Department, and the 2023 Article IV report underlined the importance of establishing the ECC.

JSA support is acknowledged in the published report produced as a result of this engagement; it was also acknowledged orally in the debrief with development partners which took place on November 21, 2023 in the presence of Japanese Ambassador Extraordinary and Plenipotentiary Hiroyuki Orikasa.

November 17, 2023, Koror. Part of the mission team with the President of the Rep. of Palau.

ISLAND TIMES Palau

FRIDAY

Palau government seeks IMF help with employment and compensation policies

November 10, 2023. The creation of the ECC makes front-page news in the local press.

KIRIBATI

The Kiribati government provides agricultural output price subsidies for copra (dried coconut)—a scheme that is beset with significant technical and allocative efficiency challenges, fails to adequately contribute to equitable distributional outcomes, and is fiscally unsustainable. Through this CD engagement IMF staff provided technical support to the authorities in analyzing the copra subsidy scheme. Drawing on recent household-level, administrative, and cross-country datasets, and insights from in-country interviews, FAD staff developed a novel methodology that quantified the agricultural output subsidy and its fiscal cost, assessed the incidence of the subsidy across geographic and welfare groups, analyzed the size and source of technical inefficiencies within the copra sector.

Box 16. FAD JSA Strengthening Government Capacity in Expenditure Policy Analysis FY2024-26 (FAD_VNM_2023_01) (continued)

IMF staff developed estimates of the subsidy content of the scheme and showed that the government provides a subsidization rate of 91 percent. The total subsidy in 2023 is estimated at 7.7 percent of GDP, which rose from past years due both to the doubling of the administered price and an increase in production. As such, the scheme contributes to fiscal sustainability challenges. The CD has also laid out reform options to address these challenges and provided considerations for reform implementation.

Taken Friday, 10 May 2024, right after the presentation of the mission's findings to the authorities, which included the Director of the National Economic and Planning Office and various staff from the Ministry of Finance and Economic Development and other ministries and agencies.

This CD engagement can help the authorities to address the above-mentioned challenges while also informing the implementation of aspects of the country's 20-year Kiribati Vision plan, which aspires to create economic opportunities for the rural population beyond copra production. The forthcoming 2024 Article IV staff report includes a Selected Issues Paper that develops a theoretical model of how the copra subsidies may be distorting export and labor markets. Close coordination between the area department team and FAD staff enabled synergies between the selected issues paper analysis and the CD.

During transit in Fiji, the mission head visited the JICA office in Suva and presented the key findings to the Japanese Ambassador and key JICA staff.

Box 17. Restoring the Preparation of the Government Financial Operations Table (TOFE) in Comoros (FAD_IMF_2021_10)

Representatives of the various departments involved in the elaboration of the quarterly TOFE and STA expert during a training session on the preparation of the TOFE, April 26-29th, 2023, Moroni, Comoros.

To monitor budget and financial in-year execution and to discuss with the IMF in the context of a program or for surveillance purposes, the TOFE is pivotal. For several years, Comoros has experienced difficulties to produce this document which has proven problematic in a context of the on-going Extended Credit Facility (ECF) supported program.

The Ministry of Finance Budget and Banking Sector (MFBBS) in charge of the preparation of the TOFE, has faced challenges to consolidate and to analyze fiscal and financial data due to poor cooperation between the different administrative units coupled with limited capacities. Moreover, the TOFE was regularly produced with significant delays. Lastly, significant amounts of revenues, expenditure or financing were not properly recorded for, and poor quality of fiscal and financial data led to discrepancies and recurrent errors. To address those issues, the IMF Fiscal Affairs Department (FAD) has implemented a CD project funded by the Japanese government. For Comoros, the project document identifies the improvement of the centralization and analysis of the TOFE as a key objective.

Despite remaining fragilities, the preparation process of the quarterly TOFE is now restored with the help of the CD project. The quarterly TOFE is now anchored in the MFBBS organization with the installation of a new TOFE committee and the clarification of stakeholders' roles and duties. In addition, the TOFE also provides now more fiscal information and is more accurate. The underlying Excel tool used for its preparation of the TOFE has been cleaned up. The project also contributed to the significant improvement of stakeholder's capacities with the organization of several trainings, in collaboration with STA.

This assistance benefits directly to the monitoring of the ECF, allowing the country team to receive consistent, comprehensive, and reliable fiscal and financial information from authorities for review purpose.

B A PROGRAMMATIC APPROACH TO CAPACITY DEVELOPMENT

Close dialogue and strategic consultations ensure that the Japan-IMF partnership is based on mutual understanding and priorities. Such close coordination also leads to better implementation and increased positive impact on beneficiary countries through effective use of resources. This year the JSA Strategic Dialogue focused on Results-Based Management (RBM) framework and its integration to CD prioritization, design, and delivery as well as the result of JSA external evaluation. Building institutions often require sustained engagement with a focus on outcomes monitored through RBM. CD integration with lending and surveillance activities, as well as countries' ownership, are associated with better CD outcomes. Tailored to each country's situation, hands-on advice to develop capacity, peer learning, and training are combined through seminars, workshops, and the expertise of LTXs and STXs to maximize effectiveness. Japanese experts are regularly considered for such assignments.

REGIONAL COVERAGE

IMF member countries worldwide have benefited from Japan's longstanding and generous support. Table 3 presents JSA regional commitments and their distribution, highlighting how low- and lower- middle income countries in the Asia and Pacific region as well as the Africa region, represent a priority target. STI and CDOT complement support with customized training courses for government officials. During the period FY1993–2024, CD programs totaling $310.8 million focused on countries in the Asia and Pacific region, equivalent to 49 percent of approved JSA TA and related activities. During that same period, CD programs to Africa totaled $122 million. The share of multiple regions has been growing over the past few years. A broader country coverage across regions in CD programs such as CBDC and the Infrastructure Governance Facility gives greater flexibility to reflect changing CD needs of countries/regions, as well as to ensure efficient use of resources to meet shifts in regional and country demand for CD.

SECTORAL PRIORITIES

Fiscal topics represented the largest share, with 44 percent of yearly commitments in FY2024. Training represented about a quarter of the yearly commitment in FY2024, which reflects Japan's strong support for the IMF online learning program and STI, followed by Monetary and Capital Markets topics, which represented 21 percent. Table 4 shows annual commitments by sector of the period of FY1993-2024.

JAPAN'S VISIBILITY

IMF staff understand the value of the contributions provided by Japan and strive to provide visibility to Japan and all donor partners. The latest JSA external evaluation emphasized the importance of raising awareness among recipient authorities and IMF Misson Chief/Resident Representatives of the funding sources for JSA CD. Japan has been proximately featured through annual publications, relevant promotional brochures, and digital media—such as the IMF website and online learning platform, social media, and videos—all contribute to publicly acknowledge and express appreciation for Japan's partnership with the IMF on CD. IMF staff will continue to strengthen donor visibility for JSA CD internally and externally, using traditional communications tools as well as exploring new ones.

Japan-IMF Flagship Partnership on online learning marked the 10th anniversary. A one-year visibility campaign provided an opportunity to acknowledge the continued support from Japan since its inaugural period and to showcase the impact of the program. This year had successful events to celebrate the important milestones of 30th year of JISPA and 25th year of STI.

MONITORING AND EVALUATION OF THE JSA

Monitoring and evaluation of IMF CD activities is currently conducted through regular self-assessments and evaluations by independent consultants, as well as IMF-wide periodic reviews. In FY2024, the JSA external evaluation and the IMF's quinquennial CDSR have has been completed. Japanese authorities provided substantial input into the processes. The JSA external evaluation covered CD activities during the period from May 2017 to April 2022, using OECD/DAC criteria. The overall assessment was rated with 2.6 out of 4.0 (1 = poor and 4 = excellent). The final report is now publicly available. Recommendations, ranging from the modality of CD delivery (TA and training) and resource allocation across regions or individual country projects to visibility will help continuously improve the design and implementation of programs and be incorporated into new JSA CD.

RBM at the IMF is used for designing interventions and assessing their impacts and supporting the goals of focusing CD planning and delivery on country results. RBM provides the foundation for the Capacity Development Management and Administration Program (CDMAP) planning and prioritization process and enables effective evaluations which underpin the strategic development of the Fund's CD work.

IMF staff share an interim self-assessment with Japan of each JSA program towards the end of the fiscal year. Self-assessments help evaluate projects' implementation progress and results, as well as highlight challenges encountered and coordination with other CD providers.

TABLE 3. JSA ANNUAL COMMITMENTS FOR CAPACITY DEVELOPMENT BY REGION, FY1993–2024[1, 2, 3, 4]
(In millions of U.S. dollars)

Region	FY1993-2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		FY1993-2024	
									Total	%	Total	%
Africa	93.9	5.4	3.2	4.0	2.4	3.1	1.8	4.3	4.0	12%	122.0	19%
Asia and Pacific	200.0	13.5	15.8	17.6	17.3	15.2	9.5	10.0	11.9	37%	310.8	49%
Eastern Europe[4]	38.9	-	-	-	-	-	-	-	-	0%	38.9	6%
Europe	30.4	-	-	-	-	-	-	-	-	0%	30.4	5%
Latin America and Caribbean	15.5	-	-	-	-	-	-	-	-	0%	15.5	2%
Middle East and Central Asia[4]	27.8	0.7	1.8	1.7	-	-	-	-	-	0%	32.0	5%
Multiple Regions	22.9	0.5	1.5	1.5	3.8	7.3	12.5	20.9	16.2	50%	87.2	14%
Total	**429.5**	**20.0**	**22.4**	**24.9**	**23.4**	**25.5**	**23.8**	**35.2**	**32.1**	**100%**	**636.9**	**100%**

Source: Institute for Capacity Development, IMF.

1 Original budgets approved by Japan. Not adjusted for revisions or projects completed below approved budgets.

2 Does not include commitments from Japan to multi-partner vehicles.

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

4 Starting in FY08, data for countries in Central Asia are classified under Middle East, and prior to that were classified under Eastern Europe.

TABLE 4. JSA ANNUAL COMMITMENTS FOR CAPACITY DEVELOPMENT BY TOPIC, FY1993-2024[1, 2, 3, 4]

(In millions of U.S. dollars)

Topic[4]	FY1993-2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		FY1993-2024	
									Total	%	Total	%
Public Finances	144.2	7.6	9.6	10.9	11.1	12.1	12.1	18.0	14.2	44%	239.9	38%
Monetary and Financial Systems	138.7	4.9	4.1	7.0	4.6	5.3	3.5	5.8	6.7	21%	180.7	28%
Statistics	75.7	3.1	3.5	2.4	2.4	2.3	1.5	2.0	2.0	6%	94.9	15%
Macroeconomic Frameworks/ Training	46.7	2.3	3.8	4.1	4.3	4.6	5.6	8.6	8.8	27%	88.7	14%
Legal Frameworks	10.7	0.6	0.2	-	-	-	0.6	0.6	0.4	1%	13.0	2%
Others	13.5	1.6	1.1	0.5	1.1	1.2	0.5	0.2		0%	19.7	3%
Total	**429.5**	**20.0**	**22.4**	**24.9**	**23.4**	**25.5**	**23.8**	**35.2**	**32.1**	**100%**	**636.9**	**100%**

Source: Institute for Capacity Development, IMF.

1 Original budgets approved by Japan. Not adjusted for revisions or projects completed below approved budgets.

2 Does not include commitments from Japan to the multi-partner vehicles.

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

4 Topic names have been recategorized from FY24 Annual Report.

Box 18. Visibility Highlight in FY2024

The IMF regularly communicates on the financial support of Japan, as part of the strategic CD partnership between the IMF and Japan. Featuring funding from Japan is in place through various channels throughout this fiscal year.

Event with the Minister of Finance and the Governor of the National Bank of Ukraine, and donor partner representatives (including Japan) announcing the first contributions to the UCDF, October 2023

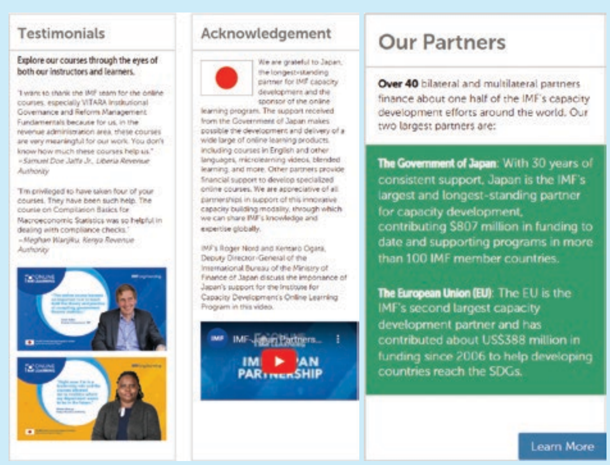
2023 Annual Meetings (Marrakech)

MD Georgieva speaking at the 25th anniversary event of STI, November 2023

FDMD video on 10 years of the Online Learning Program, March 2024

"I would very much like to thank the Government of Japan for their generous financial support for this program"

Event at 2024 Spring Meetings wherein the FDMD announced the first nine donor partners contributing to the GPFP, together with its representatives (including Japan)



Visibility for Japan on IMF.org

C

REGIONAL OFFICE FOR ASIA AND THE PACIFIC

The IMF's Regional Office for Asia and the Pacific (OAP) was established in Tokyo in 1997 in recognition of the growing importance of Asia in the global economy and the desire to deepen the IMF's engagement with the region. Since its inception, OAP has sought to enhance the understanding of the Fund's policies and activities in the region as well as keeping the Fund informed about both developments and regional perspectives on key issues. It offered useful platforms for dialogue among policy makers and academics in the region, and also engaged in activities on the ground such as administration of a scholarship program for public officials to study in Japan and holding seminars/ conferences on relevant topics for the region. OAP also conducts a range of activities related to regional surveillance, engagement with regional officials and non-officials for capacity building, and outreach.

In FY2024, OAP further aligned its priorities to further leverage its role and function as the main hub for the Fund's presence in the region, including by fortifying the role of OAP as a center for peer-to-peer learning, complementing the roles played by regional training centers such as STI and TA offices like CDOT and SARTTAC. OAP continued to facilitate policy dialogue and CD in Asia, contribute to regional cooperation and surveillance work, and communicate the Fund's messages to the Japanese and regional audience and promote recruitment from the region and Japan. In facilitating policy dialogue and capacity development, OAP acts as a center for peer-to-peer learning by taking advantage of its location and convening power, complementing the Fund's work in TA and training.

PUBLIC RELATIONS AND OUTREACH

In FY2024, OAP took advantage of the opportunities presented by Japan's G7 Presidency and the 30th anniversary of JISPA to reach out to the wider public in Japan and within the region through various means and platforms.

OAP tirelessly supported the visits of Managing Director Kristalina Georgieva to attend G7 Finance Ministers and Central Bank Governors Meetings in Niigata and the G7 Leaders Meeting in Hiroshima and helped disseminate her institutional messages to the public through social media network.

OAP also hosted the JISPA 30th anniversary with a comprehensive public campaign leading to the celebratory conference on CD in Asia on November 17. In the campaign, the office created a special website celebrating the anniversary with various messages, video testimonial stories, a historical timeline, impact statistics, and alumni's social posts with #JISPA30 on their memories and joyous voices. Video stories were also featured on OAP's Facebook page and further shared by the ICD and partner universities. These efforts resulted in increasing the festive mood, empowering OAP's engagement with the alumni, and sending a powerful message that OAP cares about strengthening regional policymaking capacity.

As in the previous years, OAP organized and participated in a range of seminars and workshops for audiences in Japan and from throughout the region to enhance public understanding of the IMF's operations and policy recommendations. Some of these events were carried out in collaboration with universities, think tanks, CBs, finance ministries, and other government, international, and private organizations.

Other policy outreach events include the Asia Pacific Regional Seminars on the global and regional economic outlook and other thematic topics for the public, as well as three Macroeconomist Training Program courses for university students in Japan and elsewhere in Asia.

OAP continued to help enhance the Fund's overall communications work in Japan and elsewhere in the region, in collaboration with the Communications Department and other HQ departments. To bolster its own outreach, OAP maintained its own English/Japanese websites—including the JISPA specific site—and actively used its social media platforms and online newsletter to promote OAP's activities and to communicate the Fund's messages. OAP also leveraged media engagements to enhance IMF messaging, setting up interviews for IMF officials and soliciting the coverage of IMF data and analysis.

In addition, the regional office engaged continuously with businesses and think tanks in Japan and abroad to make the IMF's work more visible, and provided briefings on the IMF's role, its operations, and career opportunities upon request.

MANAGING RELATIONS IN THE REGION

OAP coordinates IMF relations with regional forums, including Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN and ASEAN+3/AMRO), the Executives' Meeting of East Asia-Pacific (EMEAP) Central Banks, the South-East Asian Central Banks (SEACEN), the Asia-Europe Meeting (ASEM), and the Pacific Island Countries Central Bank Governors' Meeting. OAP participates on invitation in these meetings, offers presentations on global and regional economic developments and other topical issues, and keeps HQ informed as regional views and initiatives unfold. Furthermore, OAP maintains close contacts with other international organizations and with diplomatic missions in Tokyo and throughout the region.

SURVEILLANCE AND RESEARCH WORK

OAP staff monitor and report regularly to HQ on developments in the region and staff several IMF country teams. During FY2024, OAP economists contributed to missions and related work for Brunei Darussalam, China, India, Japan, and the Federated States of Micronesia. OAP economists regularly carry out research on various economic policy issues of regional interest and support IMF engagement with member countries. OAP economists also contribute to review of IMF research and policy papers.

DELIVERING CAPACITY DEVELOPMENT

OAP organizes seminars and conferences in selected CD areas to meet the needs of policymakers in the region and to keep them abreast of current macroeconomic issues and challenges. These events are financed with the generous support of the Government of Japan.

OAP administers the JISPA, in which about 65 junior officials from Asia pursue each year in Japan graduate studies in macroeconomics and related fields. There are 881 alumni of the scholarship program since it started in 1993, and many of these graduates now hold senior positions in their own countries. Through the JISPA Continuing Education Program (JISPA-CE) these alumni have an opportunity to learn about more topical and specialized issues from experienced instructors from the ICD and the STI. This helps the alumni to refresh their networks throughout the region, while reconfirming their ties with the IMF and Japan.

The regional office also offers highly valued programs for senior officials in the region. These include the Japan-IMF Macroeconomic Seminar for Asia (JIMS), a week-long executive training course on macroeconomics at the graduate level. JIMS, along with the JISPA-CE, provides senior officials with opportunities to discuss current macroeconomic issues and exchange views with, and learn from, regional peers.

OAP organizes and sponsors peer-to-peer CD seminars and conferences to enhance policymaking skills of officials in the region. In FY2024, OAP cohosted Fiscal and Debt Peer Learning Series with STI and a high-level event on IMF-Japan Partnership in Capacity Development on Fiscal Topics. In addition, OAP assists FAD with the organization of the Tokyo Fiscal Forum and the Tokyo Tax Conference, both of which support peer learning and capacity development of officials from the Asia and Pacific region.

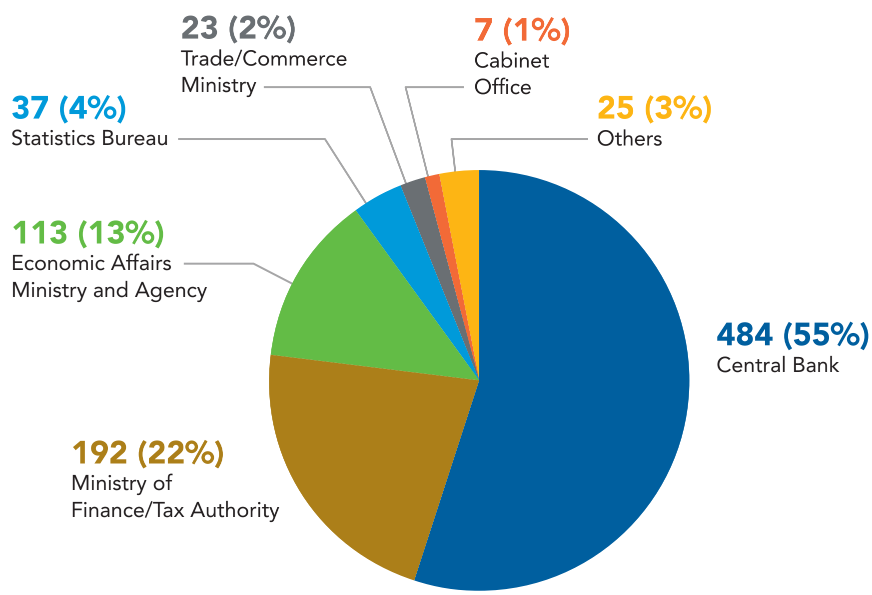
OAP/HQ Staff with the First Deputy Managing Director.

D

JAPAN-IMF SCHOLARSHIP PROGRAM FOR ASIA

FY2024 marked the JISPA's 30th anniversary. JISPA was established in 1993 and supports graduate studies in macroeconomics or related fields in leading universities in Japan. It provides educational opportunities to promising junior officials from economic agencies in countries in the Asia and Pacific region, and in Central Asia.[1]

FIGURE 4. JISPA ALUMNI BY AFFILIATION, FY1993–2024



JISPA offers a partnership track with tailored master's programs in four partner universities and an open track with graduate programs (including PhD degrees) in any university in Japan.[2] JISPA also offers a two-and-a-half-month orientation program which helps incoming scholars prepare for their studies and life in Japan. Throughout the duration of their scholarships, JISPA scholars are invited to seminars and events organized by OAP, providing further opportunities to learn about current economic and policy issues and to build a network among themselves and with others. For the 2024 academic year, JISPA awarded 34 new scholarships and supported 63 scholars in total, including 4 PhD candidates.[3]

OAP's special attention to JISPA scholars helps foster their identity as "Japan-IMF" scholars and strengthen their ties with the program even after their graduation. OAP organizes events for JISPA scholars with visiting IMF staff members. The JISPA 30th Anniversary celebration also provided a good opportunity for JISPA scholars to meet with former Deputy Managing Director Antoinette Sayeh and learn from her experience. OAP organized the annual summer workshop with University of Tokyo in September 2023

[1] The scholarship program is open to candidates from Bangladesh, Bhutan, Cambodia, India, Indonesia, Kazakhstan, the Kyrgyz Republic, the Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Nepal, Pacific Island countries, Papua New Guinea, the Philippines, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, and Vietnam.

[2] The four partnership universities are the National Graduate Institute for Policy Studies, Hitotsubashi University, International University of Japan, and The University of Tokyo.

[3] The 2024 academic year of JISPA runs from October 1, 2023 to September 30, 2024.


jispa
FOR ASIA'S FUTURE
YEARS
Japan-IMF Scholarship Program for Asia
30 Years On
Empowering Asia's Economic Policymaking


jispa
Japan-IMF Scholarship Program for Asia
30 Years On
Empowering Asia's Economic Policymaking
November 16, 2023 | Tokyo, Japan
jispa

for those finishing the first-year studies. The workshop fostered the community spirit among JISPA scholars and helped them better understand IMF programs and policies as well as the Fund's CD work in the region.

In addition to those special events, OAP continued to organize various activities for JISPA scholars, such as a series of policy dialogue meetings to introduce them to the Japanese policymakers and an exclusive thesis presentation program for graduating

scholars. The scholars were also invited to the Asia-Pacific Regional Seminar Series organized by OAP, at which economic policy issues and thematic topics are discussed with audiences from across Asia and around the world.

OAP also organized two JISPA-CE Programs in FY2024. JISPA-CE brings mid-career JISPA alumni back to Japan to refresh their knowledge and reconnect, and helps strengthen and cement relations among JISPA alumni throughout Asia and the Pacific as they advance in their careers.

The community of "Japan-IMF" scholars has been growing. Since 1993, the program has awarded 967 scholarships and 881 scholars have graduated (see Table 5 and Figure 4). Graduates have successfully advanced in their policymaking careers, with some attaining roles such as Governor and Vice Minister.

TABLE 5. JAPAN-IMF SCHOLARSHIP PROGRAM FOR ASIA DISTRIBUTION OF SCHOLARS BY COUNTRY, 1993–2024

Country	Number	Percent	of which graduates
Uzbekistan	103	10.7%	96
China	102	10.5%	102
Vietnam	102	10.5%	99
Myanmar	85	8.8%	79
Cambodia	81	8.4%	73
Mongolia	68	7.0%	56
Indonesia	57	5.9%	48
Kyrgyz Republic	54	5.6%	51
Thailand	54	5.6%	47
Bangladesh	50	5.2%	44
Kazakhstan	45	4.7%	42
Philippines	41	4.2%	36
Lao PDR	34	3.5%	31
India	24	2.5%	22
Nepal	19	2.0%	16
Tajikistan	10	1.0%	9
Bhutan	8	0.8%	7
Sri Lanka	8	0.8%	6
Maldives	7	0.7%	5
Malaysia	4	0.4%	4
Turkmenistan	4	0.4%	3
Fiji	3	0.3%	3
Timor-Leste	2	0.2%	1
Tonga	2	0.2%	1
TOTAL	**967**	**100.0%**	**881**

Note: The number of scholars includes the partnership-track recipients who continued onto the PhD program under the open-track.

E

JAPAN-IMF SCHOLARSHIP PROGRAM FOR ADVANCED STUDIES

Japan provides scholarships to Japanese nationals to study macroeconomics at the doctoral level to prepare them for a successful career at the IMF. The JISP began operating in 1996. Since 2009 only Japanese nationals have been eligible, and starting in 2024 up to four scholars will be admitted annually.

JISP scholars are enrolled in universities outside Japan that have renowned doctoral programs in macroeconomics or other fields relevant to IMF work. The vast majority study at universities in the United States, while some are enrolled in Canadian, European, and Australian 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 IMF's work and staff. Scholars are also invited to the IMF Jacques Polak Annual Research Conference, the IMF/WB Spring and Annual Meetings, and they have the option to attend other non-IMF conferences.

After they graduate, scholars are required to apply to the IMF Economist Program (EP), the entry-level employment program for economists, and accept an EP position if offered.

Since the program's inception, 37 JISP alumni, 17 of whom were Japanese, have joined the IMF. Twenty-six are still working at the IMF as of May 2024. The most recent scholar joined the Fund in September 2022. Of the 26 former JISP alumni currently on staff, 21 were hired as staff members through the EP and the remainder joined at the mid-career level. JISP is administered by the IMF in collaboration with the Institute of International Education (IIE).

Table 6 shows the number of Japanese scholars who applied to the program and those who accepted the award since 2009.

JISP Scholars with Japan Executive Director Mr. Mizuguchi and staff.

TABLE 6. JAPAN-IMF SCHOLARSHIP PROGRAM FOR ADVANCED STUDIES[1]

(Number of Applicants and Scholars who Accepted Award, 2009–2024)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Applicants	12	11	18	12	9	6	16	13	14	12	17	14	15	9	5	15	**198**
Scholars Who Accepted Award	7	7	7	5	5	3	4	3	3	4	4	4	6	3	3	3	**71**

Source: ICD.

[1] For SP20.05 (Program years 2020-22), five scholars accepted the JISP scholarship. However, due to the global health pandemic, one of the scholars deferred his PhD offer and the JISP until 2021. This scholar is now part of cohort 2021–23.

APPENDICES

APPENDIX I.

JSA Technical Assistance and Training—FY2024 Portfolio Summary*

Region	Topic	Program Description	Overall Program Budget
Fiscal Year 2024 Program			
APD	FAD	FAD JSA Tax Policy Reform in Selected Asian Countries FY2024-25	2.0
APD	FAD	FAD JSA Strengthening Public Financial Management in Selected Southeast Asian Countries FY2024-26	4.9
APD	FAD	Thirteenth IMF-Japan High-Level Tax Conference for Asian Countries in Tokyo	0.2
APD	FAD	FAD JSA Public Financial Management Support for Sri Lanka FY2024-25	1.9
APD	FAD	FAD JSA Strengthening Government Capacity in Expenditure Policy Analysis FY2024-26	0.9
APD	MCM	Strengthening macroprudential policy implementation in Mongolia	2.1
APD	MCM	Strengthening Debt Management in Sri Lanka, Maldives and Lao PDR- LTX Based in SARTTAC	2.0
Global	MCM	Funding Program for Japan Appointee	0.3
AFR	ICD	Supporting the Development of Macroeconomic Frameworks	3.0
Global	ICD	The Japan-IMF Flagship Partnership on Online Learning	4.9
Global	STA	Improving Data Dissemination for Globally Selected Countries - Phase II	1.5
Fiscal Year 2023 Program			
AFR/APD	FAD	JSA Digital Money/CBDC and Fiscal Policy, Operations and Management	2.8
APD	STA	Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific region: Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) Project (JSA4)	2.6
AFR	FAD	AFR Strenghtening Fiscal Sustainability in Fragile States	8.0
APD	FAD	Revenue Mobilization Support (tax administration) for Selected Asian Countries	5.7
Global	FAD	Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	4.5
Global	FAD	Infrastructure Governance Facility II	8.3
Global	MCM	JSA Central Bank Digital Currency (CBDC) CD Work	5.0
Global	MCM	JSA Central Bank Digital Curency (CBDC) Analytics and Development	5.4
Global	ICD	Developing macroeconomic forecasting and nowcasting techniques	3.1
Global	ICD	Strengthening fiscal and debt sustainability, and sustainable growth, throiught macroeconomic frameworks and debt dynamic analysis for forecasting in Selected Asian, African and Middle Eastern Countries	5.8
APD	MCM	Strengthening bank supervision	1.8
Global	FAD	Customs Administration Preparations and Innovations for the Implemention of the African Continental Free Trade Area (AfCFTA)	1.1

*List includes programs under the regular JSA, COVID-19 and Digital Money windows

Region	Topic	Program Description	Overall Program Budget
Fiscal Year 2022 Program			
APD	STA	Improving External Sector Statistics in the Asia-Pacific Region	2.2
APD	ICD	Singapore Regional Training Institute (STI) - Continuing Training and Technical Assistance on Economic and Financial Policy Analysis in Asia	8.2
AFR	FAD	FAD AFR Customs Administration	1.7
Global	FAD	Public Financial Management COVID-19	3.8
AFR/APD	ICD	Macroframeworks	2.6
IMF	LEG	Anti-Corruption and Rule of Law Capacity Building Project	1.6
Global	MCM	Strengthen Capacity on Central Bank Digital Currency (CBDC) in selected LIDCs and EMDEs	1.3
APD	MCM	Monetary Policy in Cambodia	1.4
Fiscal Year 2021 Program			
APD/AFR	FAD	Strengthening and Modernizing Customs Administration in Asia and West Africa	8.5
AFR	MCM	Strengthening Debt Management Operational Frameworks in Africa	5.0
APD	MCM	Strengthening Debt Management Operational Frameworks in Asia-Pacific	4.4
APD	FAD	Supporting for Improved Treasury Management and Modernization of Financial Systems - II	5.0
Fiscal Year 2020 Program			
APD	Other	Project Proposal to Integrate Macro-Financial Analysis into Macroeconomic Management	6.0
Fiscal Year 2019 Program			
APD	MCM	Supporting Monetary and Foreign Exchange Operations in Cambodia, Myanmar and Vietnam	4.1

APPENDIX II.

Joint Japan-IMF Field Visits, FY1996–2024[1]

(1) PFTAC in Fiji 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, STI, and Thailand, June/July 1999

(7) Belarus and Slovenia, June 2000

(8) Azerbaijan and the JVI, June 2001

(9) Cambodia and STI, June 2002

(10) Mongolia and Timor-Leste, September 2002

(11) Indonesia and Fiji, December 2003

(12) Botswana and AFRITAC East in Tanzania, December 2005

(13) Cambodia, STI and the Philippines, March 2007

(14) Middle East Regional Technical Assistance Center (METAC) in Lebanon, May 2008

(15) Cambodia, and STI, January 2009

(16) Philippines and Fiji (PFTAC), May 2010

(17) Vietnam and Nepal, May 2011

(18) Cambodia, June 2012

(19) Lao P.D.R., Indonesia, and Thailand, March 2014

(20) Cambodia, Lao P.D.R., STI, and CDOT, May 2016

(21) SARTTAC in India, and Nepal, February 2017

(22) Cambodia and Sri Lanka, February 2018

(23) Cambodia and Myanmar, March 2019

(24) Cambodia, June 2024

[1] Because of scheduling difficulties, joint field visits were not carried out in FY2005 and FY2015. Field visits were cancelled in 2020 through 2023 due to the COVID-19 pandemic.

APPENDIX III.

Externally Financed Appointee Program

The Externally Financed Appointee (EFA) program was established to accommodate growing interest from member countries in having their officials employed temporarily by the IMF to gain experience and build their skills. The cost of placing and hosting appointees is financed by the home country. IMF management approved the EFA program in July 2013 with an initial maximum of 15 appointments at a time. The Board approved establishment of the EFA Subaccount in August 2013.

EFA appointees are assigned to IMF core surveillance and program activities and also provide CD in order to broaden their exposure to IMF operational work. EFA appointees are supervised by IMF senior staff. To date, 12 countries, including Japan, participate in the EFA and have made corresponding financial contributions to the program. A total of fifteen Japanese officials have been hired under the program. Three officials currently participate in the program; two economists, one legal expert. One official will conclude his assignment and will return to Japan in summer 2024. Two officials will join the program in July 2024. The experience and knowledge gained at IMF will enable the returned officials to contribute more effectively to the Japanese government's economic policy agenda.

APPENDIX IV.

JSA Financial Statement

Administered Accounts – Japan Financial Statement FY2024
(In thousands of U.S. dollars)

	2024	2023	2022
Balance Sheet as of April 30, 2024, 2023 and 2022			
Assets			
Cash and cash equivalents[1]	75,810	96,961	116,525
Total assets	75,810	96,961	116,525
Resources			
Total resources	75,810	96,961	116,525
Income Statements and Changes in Resources for the Years Ended April 30, 2024, 2023 and 2022			
Balance, beginning of the year	**96,961**	**116,525**	**82,854**
Income earned on investments	4,859	3,485	69
Contributions received	21,334	17,315	59,446
Contributions transferred (net)	(3,600)	(3,100)	(1,400)
Operating expenses	(43,745)	(37,264)	(24,444)
Net changes in resources	(21,151)	(19,564)	33,671
Balance, end of the year	**75,810**	**96,961**	**116,525**

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] Net of accruals. The financial statement of the Administered Accounts in the IMF annual report, which includes this Subaccount, reports year end accruals separately.

ANNEX

ANNEX I.

JSA Technical Assistance and Training—FY2024 Portfolio Detailed

(in millions of U.S. dollars)

Program ID	Japan ID	Program	Region	Topic	Program Description	Status	Overall Program Budget	Approved Budget through FY24 1/	Expenses through FY24
						(in millions of U.S. dollars)			
FAD_APD_2023_02	JPN141	FY24	APD	FAD	FAD JSA Tax Policy Reform in Selected Asian Countries FY24-25	Approved	2.0	0.8	0.7
FAD_APD_2023_03	JPN139	FY24	APD	FAD	FAD JSA Strengthening Public Financial Management in Selected Southeast Asian Countries FY24-26	Approved	4.9	1.9	1.2
FAD_APD_2023_04	JPN137	FY24	APD	FAD	Thirteenth IMF-Japan High-Level Tax Conference for Asian Countries in Tokyo	Operationally Closed	0.2	0.2	0.2
FAD_LKA_2023_01	JPN140	FY24	APD	FAD	FAD JSA Public Financial Management Support for Sri Lanka FY24-25	Approved	1.9	0.9	0.6
FAD_VNM_2023_01	JPN138	FY24	APD	FAD	FAD JSA Strengthening Government Capacity in Expenditure Policy Analysis FY24-26	Approved	0.9	0.7	0.8
MCM_MNG_2023_01	JPN424	FY24	APD	MCM	Strengthening macroprudential policy implementation in Mongolia	Approved	2.1	0.7	0.2
MCM_APD_2023_03	JPN425	FY24	APD	MCM	Strengthening Debt Management in Sri Lanka, Maldives and Lao PDR- LTX Based in SARTTAC	Approved	2.0	0.6	0.1
MCM_IMF_2024_03	JPN426	FY24	Global	MCM	Funding Program for Japan Appointee	Approved	0.3	0.3	0.1
ICD_AFR_2023_01	JPN211	FY24	AFR	ICD	Supporting the Development of Macroeconomic Frameworks	Approved	3.0	1.1	0.0
ICD_IMF_2023_02 **	JPN210	FY24	Global	ICD	The Japan-IMF Flagship Partnership on Online Learning	Approved	4.9	2.7	2.7
STA_IMF_2023_02	JPN516	FY24	Global	STA	Improving Data Dissemination for Globally Selected Countries - Phase II	Approved	1.5	0.7	0.2
FAD_IMF_2023_05	S_JPNDM	FY23	AFR/ APD	FAD	JSA Digital Money/CBDC and Fiscal Policy, Operations and Management	Approved	2.8	1.2	0.1
STA_APD_2022_01	JPN515	FY23	APD	STA	Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific region: Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) Project (JSA4)	Approved	2.6	1.5	1.3

Program ID	Japan ID	Program	Region	Topic	Program Description	Status	Overall Program Budget	Approved Budget through FY24 1/	Expenses through FY24
						(in millions of U.S. dollars)			
FAD_AFR_2022_13	JPN135	FY23	AFR	FAD	AFR Strenghtening Fiscal Sustainability in Fragile States	Approved	8.0	5.3	4.4
FAD_APD_2022_02	JPN134	FY23	APD	FAD	Revenue Mobilization Support (tax administration) for Selected Asian Countries	Approved	5.7	3.3	2.9
FAD_IMF_2022_05	JPN133	FY23	Global	FAD	Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	Approved	4.5	4.2	2.7
FAD_IMF_2022_06	JPN136	FY23	Global	FAD	Infrastructure Governance Facility II	Approved	8.3	5.4	6.6
MCM_APD_2023_01 **	S_JPNDM	FY23	Global	MCM	JSA Central Bank Digital Currency (CBDC) CD Work	Approved	5.0	2.6	0.6
MCM_APD_2023_02	S_JPNDM	FY23	Global	MCM	JSA Central Bank Digital Curency (CBDC) Analytics and Development	Approved	5.4	3.2	2.0
ICD_APD_2022_03 **	JPN209	FY23	Global	ICD	Developing macroeconomic forecasting and nowcasting techniques	Approved	3.1	2.4	1.6
ICD_IMF_2022_03 **	JPN208	FY23	Global	ICD	Strengthening fiscal and debt sustainability, and sustainable growth, throiught macroeconomic frameworks and debt dynamic analysis for forecasting in Selected Asian, African and Middle Eastern Countries	Approved	5.8	3.9	2.1
MCM_KHM_2022_01	JPN423	FY23	APD	MCM	Strengthening bank supervision	Approved	1.8	1.1	0.7
FAD_AFR_2022_12	JPN132	FY23	Global	FAD	Customs Administration Preparations and Innovations for the Implemention of the AfCFTA	Operationally Closed	1.1	1.1	1.0
STA_APD_2021_01	JPN514	FY22	APD	STA	Improving External Sector Statistics in the Asia-Pacific Region	Approved	2.2	2.2	1.9
ICD_APD_2022_01 **	JPN207	FY22	APD	ICD	Singapore Regional Training Institute (STI) - Continuing Training and Technical Assistance on Economic and Financial Policy Analysis in Asia	Approved	8.2	8.2	8.3
FAD_AFR_2021_02	JPN131	FY22	AFR	FAD	FAD AFR Customs Administration	Approved	1.7	1.7	1.1
FAD_IMF_2021_10	S_JPNCOV	FY22	Global	FAD	Public Financial Management COVID-19	Approved	3.8	3.8	3.5
ICD_IMF_2021_05	S_JPNCOV	FY22	AFR/ APD	ICD	Macroframeworks	Operationally Closed	2.6	2.6	2.0
LEG_IMF_2022_04	JPN303	FY22	IMF	LEG	Anti-Corruption and Rule of Law Capacity Building Project	Operationally Closed	1.6	1.6	1.6

Program ID	Japan ID	Program	Region	Topic	Program Description	Status	Overall Program Budget	Approved Budget through FY24 1/	Expenses through FY24
						(in millions of U.S. dollars)			
MCM_IMF_2022_07	S_JPNCOV	FY22	Global	MCM	Strengthen Capacity on Central Bank Digital Currency (CBDC) in selected LIDCs and EMDEs	Operationally Closed	1.3	1.3	1.3
MCM_KHM_2021_01	JPN422	FY22	APD	MCM	Monetary Policy in Cambodia	Approved	1.4	1.4	0.5
FAD_IMF_2021_03 **	JPN130	FY21	APD/ AFR	FAD	Strengthening and Modernizing Customs Administration in Asia and West Africa	Approved	8.5	8.5	6.8
MCM_AFR_2021_02	JPN421	FY21	AFR	MCM	Strengthening Debt Management Operational Frameworks in Africa	Approved	5.0	5.0	3.3
MCM_APD_2021_01	JPN420	FY21	APD	MCM	Strengthening Debt Management Operational Frameworks in Asia-Pacific	Approved	4.4	4.4	2.1
FAD_APD_2021_03	JPN129	FY21	APD	FAD	Supporting for Improved Treasury Management and Modernization of Financial Systems - II	Operationally Closed	5.0	5.0	4.9
APD_TTA_2019_01	JPN604	FY19	APD	Other	Project Proposal to Integrate Macro-Financial Analysis into Macroeconomic Management	Operationally Closed	6.0	6.0	5.3
MCM_APD_2018_01	JPN414	FY18	APD	MCM	Supporting Monetary and Foreign Exchange Operations in Cambodia, Myanmar and Vietnam	Approved	4.1	4.1	3.3

1/ Approved budgdets are based on the figures approved until FY24 cycle.

*List includes programs under the regular JSA, COVID-19 and Digital Money windows

** List includes extensions approved during FY24 interim assesment period

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2024

PROGRAM NAME: FAD JSA Tax Policy Reform in Selected Asian Countries FY2024-25	**JSA#:** JPN141 **IMF ID:** FAD_APD_2023_02
TARGET COUNTRIES: Cambodia, Sri Lanka, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2025

FY2024 Key Highlights

The purpose of this program is to assist governments in selected Asian countries in improving tax and non-tax revenue policies. The program provides tax policy advice aimed at increasing revenues while balancing efficiency and equity issues; building capacity in producing and publishing tax expenditures reports; and developing Tax Policy Units (TPUs) at Ministries of Finance.

In **Cambodia**, the program supported the authorities in formulating the tax policy component of Cambodia's Third Revenue Mobilization Strategy 2024-2028 (RMS III). It delivered a general diagnostic mission with a focus on cross-border tax issues, taxation of personal income, VAT design, excise taxation and carbon pricing options. While the launch of the Strategy has been delayed, it is expected that further CD support will be delivered in FY2025 with a focus on the Strategy's implementation. In addition, discussions started on providing a CD on tax revenue forecasting to be delivered in early FY2025.

In **Sri Lanka**, the program supported the authorities in designing and planning the implementation of a nationwide property tax. Two CD missions examined alternative property taxation options at the central government level and aided the authorities in devising a strategic implementation plan to address institutional and information constraints. Subsequently, regulations have been enacted to facilitate information exchange between the land registry and the MoF, paving the way for the establishment of a digital register documenting sales prices and rental rates.

In **Vietnam**, the program supported two CD missions in FY2024 that assisted with analysis and introduction of the Inclusive Framework's GloBE Minimum Tax (GMT) as well as analysis and reform of real property taxation. In November 2023, the National Assembly passed framework legislation introducing an Income Inclusion Rule (IIR) and qualified domestic minimum top-up tax (QDMTT), which will be supplemented with further measures in 2024. In FY2025, the program envisions further support to the MoF on GMT implementation.

FY2024 (CONTINUED)

PROGRAM NAME: FAD JSA Strengthening Public Financial Management in Selected Southeast Asian Countries FY2024-26	**JSA#:** JPN139 **IMF ID:** FAD_APD_2023_03
TARGET COUNTRIES: Cambodia, Lao P.D.R., Mongolia, Myanmar, Timor-Leste, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2026

FY2024 Key Highlights

This three-year CD program focuses on developing institutional capacity in selected Southeast Asian countries to deal with challenges from the buildup of debt stock, fiscal risks including from contingent liabilities, and liquidity management. The program provides wide-ranging support on areas such as macro-fiscal forecasting, budget planning and execution, cash and debt management, fiscal reporting, and fiscal risk management.

This being the first year, the program saw slow uptake of CD, with activities remaining concentrated in just two of the six eligible countries. In Cambodia, the program is supporting three interrelated workstreams with considerable traction from the authorities. Anchored by the resident PFM advisor momentum has been built for further development of medium-term budget framework (MTBF). A working group has been established with a focus on strengthening program baseline expenditure estimation processes and efforts are being directed at developing a strategic budgeting phase in the budget process to improve setting of expenditure ceilings, preparation of forward estimates, and strengthening the policy-orientation of the budget document. The project is further assisting the authorities in developing a framework for undertaking spending reviews that would improve the efficiency and effectiveness of public spending. The resident advisor is also supporting enhancements to the PIM processes, as identified by a previous FAD diagnostic. In Mongolia, the program supported the MoF in establishing a framework for identifying, quantifying, and mitigating fiscal risks from state-owned enterprises and those related to public investments, including through public-private partnerships (PPPs).

CD activities to Myanmar remained suspended due to the political situation in the country. There have been multiple rounds of discussions, following initial expressions of interest, with the technical counterparts in Timor-Leste and Vietnam. These haven’t yet fructified into concrete CD, but the engagement is expected to intensify in FY2025.

PROGRAM NAME: Thirteenth IMF-Japan High-Level Tax Conference for Asian Countries in Tokyo	**JSA#:** JPN137 **IMF ID:** FAD_APD_2023_04
TARGET COUNTRIES: 21 countries in East, Southeast and South Asia, and Oceania	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2024

FY2024 Key Highlights

The thirteenth high level tax conference aimed to help Asian countries enhance their domestic resource mobilization and discuss new and emerging topics in tax policy and revenue administration, covering topics such as the global minimum tax on multinationals, taxation of high-income individuals, carbon pricing, building tax capacity through governance and accountability, and digitalization and AI. The conference was held jointly with Japan's MoF on April 25-26, 2024, with support by OAP. It brought together about 45 high-level officials from Finance Ministries and Revenue Administrations from 21 Asian countries, as well as ADB, OECD, and Japanese academics. Deputy Managing Director Okamura delivered opening remarks and Mr. Shuichi Hosoda, Deputy Vice Minister for International Tax Policy, Tax Bureau, MoF made the welcome address. FAD led the discussions with presentations on a range of current tax issues important in the region. Participants presented their country experiences on each topic, encouraging peer-learning in the region.

PROGRAM NAME: FAD JSA Public Financial Management Support for Sri Lanka FY2024-25	**JSA#:** JPN140 **IMF ID:** FAD_LKA_2023_01
TARGET COUNTRIES: Sri Lanka	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2025

FY2024 Key Highlights

This two-year CD program supports the government of Sri Lanka in strengthening its PFM institutions by modernizing the PFM legal framework, embedding a medium-term approach to fiscal planning and improving the quality and integrity of fiscal reporting to support decision-making and enhance transparency.

The program has been off to an excellent start, with initial focus on strengthening the fundamental building blocks for a sound PFM system. CD has been oriented to support the authorities in meeting important structural benchmarks under the IMF's Extended Fund facility (EFF) that include (i) Submission to Parliament of a new PFM law, including a revised fiscal rules framework; (ii) Cabinet approval of a fiscal strategy statement (FSS) that would include the medium-term fiscal framework (MTFF); and (iii) Cabinet approval to a reduction in the limit on government guarantees. The presence of a Resident PFM Advisor since mid-October 2023 has greatly facilitated engagement with the authorities, as well as other development partners, on the various elements of the PFM reform agenda.

A major accomplishment has been the development of a new PFM law, which after innumerous iterations, has been submitted to Parliament in May 2024 in fulfilment of the structural benchmark under the Fund program. With FAD's assistance, an FSS, containing MTFF, was developed, and published in June 2023 Efforts are on to publish an updated version of the FSS in June 2024. The authorities have also completed the drafting of a new Public Debt Management Law (PDML), paving the way for establishing a functionally independent debt management office within the MoF, consolidating the hitherto fragmented debt management function into a single unit. Further, in collaboration with the WB, guidelines for the management of government guarantees and on-lending have been developed. The project also supported remotely a review of the draft PPP law developed by the authorities with assistance from USAID, aiming to align the draft PPP law with rest of the public finance legislation.

With the finalization of key legislations, in FY2025, the program activities are being oriented to supporting their implementation.

FY2024 (CONTINUED)

PROGRAM NAME: FAD JSA Strengthening Government Capacity in Expenditure Policy Analysis FY2024-26	**JSA#:** JPN138 **IMF ID:** FAD_VNM_2023_01
TARGET COUNTRIES: Vietnam, Kiribati, the Maldives, and Palau	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2026

FY2024 Key Highlights

The overarching objective of this CD program is to assist Vietnam and three small island states in the Indian and Pacific oceans—Kiribati, the Maldives, and Palau—in increasing the implementation efficiency and effectiveness of their spending programs by adopting reforms that improve fiscal sustainability, adequacy, and efficiency of spending. This objective is achieved through TA missions, training, desk reviews, and on-demand consultations.

In **Vietnam**, the engagement focuses on strengthening internal capacity in developing long-term pension projections and in strengthening the functioning of the labor market functioning. Over the past 18 months, the Vietnam engagement focused on three areas: (i) developing and transferring a microsimulation model that can be used for long-term pension modelling and – potentially – for analyzing other public spending items contingent on individual's demographic, labor market, and insurance status; (ii) identifying areas where IMF TA can help achieve Vietnam's medium-term labor market and social policy objectives; and (iii) providing ad-hoc advice and consultation on matters of social policy. The pension model has been finalized and transferred to the authorities.

In **Palau**, the CD support reviewed the levels and composition of government compensation and employment and provided options for adequate and sustainable compensation spending. IMF staff developed a methodology to identify the occupations where most of the net departures occurred, namely teachers and health workers, and provided evidence on the pay gap faced by these occupations. Following the staff recommendations, the authorities formed the Employment and Compensation Committee, an organ crucial to developing a comprehensive medium-term strategy for government employment and compensation policies.

In **Maldives**, the CD engagement had focused on providing technical advice to help improve the financial sustainability of public pension schemes, enhance equity implications from public pension reforms, and provide the regulatory benchmarking, against international best practice, of the various public schemes. During the CD engagement IMF staff indicated to be available for follow up with the authorities, either to discuss the mission's findings or to discuss specific reform proposals.

In **Kiribati**, the support aims at reforming agricultural output price subsidies for copra (dried coconut), a scheme that is beset with significant technical and allocative efficiency challenges, fails to adequately contribute to equitable distributional outcomes, and is fiscally unsustainable. IMF staff developed a novel methodology that quantified the agricultural output subsidy and its fiscal cost, assessed the incidence of the subsidy across geographic and welfare groups, analyzed the size and source of technical inefficiencies within the copra sector, and described the allocative inefficiencies introduced by the scheme. The CD has laid out reform options to address these challenges and provided considerations for reform implementation.

PROGRAM NAME: Mongolia - Strengthening Bank of Mongolia Capacity in Macroprudential Analysis	**JSA#:** JPN424 **IMF ID:** MCM_MNG_2023_01
TARGET COUNTRIES: Mongolia	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2026

FY2024 Key Highlights

The program's objective is to support the Bank of Mongolia (BOM) in enhancing its operational framework for macroprudential policy by (i) developing macroprudential policy analysis (including systemic risk identification and assessment, ex-ante and ex-post evaluation of macroprudential policy measures); and (ii) improving the calibration and use of macroprudential policy instruments to mitigate potential threats and vulnerabilities.

The RA on macroprudential policy issues started his assignment in December 2023. After a thorough review of the existing legal and regulatory framework for macroprudential policy in Mongolia, the resident advisor prepared a set of recommendations for strengthening the macroprudential arrangements. These recommendations were grouped into three areas: (i) institutional framework; (ii) operational aspects; and (iii) macroprudential tools. The recommendations, including implementation timelines, were discussed and agreed with the BOM staff and management.

The work on macroprudential policy issues complements the ongoing project on strengthening bank supervision in Mongolia, which is delivered by CCAMTAC. In January 2024, a short-term TA mission from CCAMTAC on risk-based supervision was closely coordinated with the macroprudential RA.

FY2024 (CONTINUED)

PROGRAM NAME: Strengthening Debt Management in Sri Lanka, Maldives, and Lao PDR- LTX Based in SARTTAC	**JSA#:** JPN425 **IMF ID:** MCM_APD_2023_03
TARGET COUNTRIES: Sri Lanka, Maldives, and Lao P.D.R.	**IMPLEMENTATION PERIOD:** September 1, 2023, to August 31, 2025

FY2024 Key Highlights

The program aims to strengthen debt management capacity in the MoFs of Sri Lanka, the Maldives, and Lao P.D.R.

In Sri Lanka, the program focuses on: (i) strengthening the institutional and legal framework of Public Debt Management Office (PDMO); (ii) enhancing functioning of the PDMO in the key areas of public debt management; (iii) supporting development of the local government bond market; and (iv) capacity building in PDMO staff through training.

In Lao PDR, the focus is on: (i) formulating a MTDS and Annual Borrowing Plan; (ii) supporting development of secondary legislation (decree) relating to Public Debt Management; (iii) promoting debt transparency and reporting; and (iv) strengthening guarantees and on-lending policies.

In the Maldives, the focus is on supporting: (i) CD in managing sovereign debt sinking funds and contingent liabilities; (ii) bond market development; (iii) capacity building in staff through training on new financing instruments such as ESG, Green, and CAT bonds; and (iv) mitigating debt vulnerability stemming from the Sovereign-bank nexus.

The RA started his assignment in SARTTAC, New Delhi, India in mid-March 2024. Right away, the advisor had contributed to the MCM review of the draft public debt management Act in Sri Lanka, which is currently in the process of being finalized for enactment by Parliament. Discussions are ongoing with the authorities of the three countries to develop and agree on country-specific work programs, the first of which was held with the MoF of Lao P.D.R. in mid-May 2024.

PROGRAM NAME: Supporting the Development of Macroeconomic Frameworks	**JSA#:** JPN211 **IMF ID:** ICD_AFR_2023_01
TARGET COUNTRIES: Angola, Botswana, Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. Other Sub-Saharan African countries might be included after consultation.	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2026

FY2024 Key Highlights

Sub-Saharan African (SSA) countries, in particular FCS, have been identified as a priority underserved area for ICD's macroeconomic framework TA. This three-year CD program aims to improve the macroeconomic analysis and forecasting capabilities of government ministries, central banks, and other macroeconomic-related agencies in recipient countries, in support of their macroeconomic policy decision-making processes. This work program is to be delivered by an ICD-backstopped LTX, in line with ICD's goal of increasing field presence for more efficient and effective CD delivery. Program implementation had been delayed due to lags in the recruitment process. However, the hiring process for the LTX, who will be based at AFRITAC East in Tanzania, has recently been completed and discussions are underway with AFRITAC East and the IMF African Department (AFR) on the future work program for the LTX.

PROGRAM NAME: The Japan-IMF Flagship Partnership on Online Learning	**JSA#:** JPN210 **IMF ID:** ICD_IMF_2023_02
TARGET COUNTRIES: Global program	**IMPLEMENTATION PERIOD:** May 1, 2023, to April 30, 2026

FY2024 Key Highlights

The Japan-IMF Flagship Partnership on Online Learning has achieved significant milestones in global reach, curriculum development, participant engagement, and CD-surveillance integration. Since its inception in 2013, more than 100 new courses have been developed, substantially expanding the reach of IMF training. This initiative has attracted over 200,000 active learners, including approximately 60,000 government officials who have successfully completed an online course. In FY2024 alone, the program engaged over 29,000 active learners, with government officials accounting for more than 9,000 of the total 16,000 course completions.

In FY2024, the program broadened its curriculum through 16 new online courses, 12 in languages other than English (LoE): Financial Soundness Indicators (FSIx), Producer, Export, and Import Price Index Statistics (PPIx), Debt Management, Debt Reporting, and Investor Relations (DMIRx); new modules on the VITARA series on Performance Management (VITARA-PMG), Audit (VITARA-AUD), and Enterprise Risk Management (VITARA-ERM); Medium-Term Debt Management Strategy (MTDSx) in Spanish, VITARA Organization (VITARA-ORG) in Arabic, Projecting Public Debt (DDTx) in Spanish and Portuguese, as well as Consumer Price Index (CPIx), External Debt Statistics (EDSx) and Quarterly National Accounts (QNAx) in Spanish and French. This expansion, alongside 120 course reruns, continues to make IMF knowledge accessible for a global audience. Moreover, the IMF Institute Learning Channel, offering 318 microlearning videos on various topics of IMF expertise, has attracted over 16,600 permanent subscribers and generated nearly 1.25 million views. Additionally, 15 courses designed specifically for blended CD delivery, covering macroeconomic analysis, statistics, and other areas, were offered in FY2024, receiving highly positive feedback from Fund CD departments.

The effectiveness of the program in delivering impactful CD in FY2024 is evidenced by high completion rates (68 percent) and significant learning gains (19.75 percent) for government officials, as well as in high ratings received for end-of-course surveys—96 percent of respondents reported that their learning objectives were met, and 92 percent recognized the courses relevance to their jobs and career development.

The integration of online learning into blended training and TA, in conjunction with surveillance activities, continues to amplify the Fund's CD impact by enhancing authorities' preparedness for both virtual and face-to-face missions. Notable examples that illustrate the effective use of online courses to support the Fund's TA and training efforts, especially in addressing capacity gaps identified through surveillance are available in this map.

PROGRAM NAME: Improving Data Dissemination for Globally Selected Countries - Phase II	**JSA#:** JPN516 **IMF ID:** STA_IMF_2023_02
TARGET COUNTRIES: Angola, Botswana, Burundi, Cambodia, Cameroon, Central African Republic, Comoros, Congo, Democratic Republic of the, Côte d'Ivoire, Djibouti, Ghana, Guinea-Bissau, Haiti, Kenya, Kiribati, Kosovo, Laos, Mali, Marshall Islands, Nauru, Niger, Papua New Guinea, Rwanda, Solomon Islands, Sudan, Tanzania, Tuvalu, Uganda, Vietnam, Zambia, and Zimbabwe	**IMPLEMENTATION PERIOD:** May 1, 2023, to June 30, 2025

FY2024 Key Highlights

The objective of the program is to promote data transparency and accountability of public policy by facilitating public access to key macroeconomic and financial statistics. Geared towards supporting developing economies improve governance of data production and dissemination, the project focuses on the implementation of the first two tiers of the framework, which are the enhanced General Data Dissemination System (e-GDDS) and the Special Data Dissemination Standard (SDDS), by: (i) helping countries publish data on a National Summary Data Page (NSDP), which is part of the e-GDDS; (ii) undertaking peer-learning workshops to help countries develop action plans for implementing the e-GDDS or advancing to the SDDS; and by (iii) providing technical support to e-GDDS countries that have already established an NSDP to advance to the second tier, the SDDS. STA staff collaborate with the African Development Bank (AfDB) in implementing the data standards in Africa including through joint missions and regional workshops.

With most of the beneficiary countries being FCS, progress tends to take time due to resource constraints, a lack of strong interagency coordination, political instability and/or civil unrest, and low absorptive capacity. Despite these challenges, several countries made progress in FY2024:

- **Comoros**: Progress is being made to launch an NSDP, despite significant challenges. Although work to establish an NSDP began in 2020, technological constraints during the pandemic, the fragile capacity situation, and political complications from elections slowed progress. With continuous engagement by STA staff, including through several training sessions, an NSDP has been prepared. Further training is planned ahead of launching the NSDP while the timing of the launch is under discussion.

- **Côte d'Ivoire**: The authorities have expressed strong interest in advancing to SDDS by end of calendar year 2025. Staff discussed a gap analysis with the authorities and are implementing its recommendations and, to further advance progress, the IMF country team added a structural benchmark requiring timely dissemination of quarterly central government debt data in the current IMF program. STA staff continue to engage with the country, including by providing technical training in collaboration with the AfDB.

- **Niger**: An e-GDDS mission took place in July 2023 to provide the training for the launch of the NSDP. Although the NSDP was ready for launch, it was jeopardized by the military coup on July 26, followed by numerous changes in senior government positions. Despite this setback, STA staff re-engaged with the new government officials, who decided to resume work to launch the NSDP, and requested refresher technical training.

Progress is being made to help countries advance to SDDS. Following discussions with the **Botswana** authorities on a gap assessment, work is underway to implement its recommendations, which will include STA TA in government finance statistics, specifically on ways to estimate general government data which is the only remaining impediment to SDDS subscription. STA staff prepared an SDDS gap assessment for **Ghana** that revealed several gaps that the authorities are working to address. One of the main gaps is the compilation of the Reserves Template, for which STA TA will be provided. STA discussed an updated gap assessment with **Rwanda** following their expression of interest and the authorities are working to implement its recommendations. Staff are engaging with **Kosovo**, with an upcoming SDDS regional workshop expected to lead to a workplan to move towards SDDS. The upcoming SDDS regional workshop for Balkan countries in Kosovo in June 2024 has already intensified engagement with participating countries (Kosovo, Albania, and Montenegro) during FY2024 in the lead up to the workshop. Staff have also prepared training material for SDDS workshops, tailored at the specific situation of participating country representatives. This work is laying the foundation for progress in data dissemination and transparency for the remaining duration of the project.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2023

PROGRAM NAME: JSA Digital Money/CBDC and Fiscal Policy, Operations, and Management	**JSA#:** S_JPNDM **IMF ID:** FAD_IMF_2023_05
TARGET COUNTRIES: APD – selected countries (Bangladesh, Cambodia, India, Indonesia, Malaysia, Thailand, Philippines, Vietnam); AFR – selected Fragile and Conflict-Affected States (FCS) (Côte d'Ivoire, Madagascar, Sao Tomé and Principe, Sierra Leone, Togo, Guinea-Bissau, Zimbabwe); APD – FCS (Timor-Leste)	**IMPLEMENTATION PERIOD:** February 1, 2023, to April 30, 2026

FY2024 Key Highlights

The primary focus of the program is to form the body of knowledge to link digital money, including CBDCs, and public finance operations and management. As such, throughout the life of the project it will produce several analytical pieces, including a book, and a cross-country survey on the use of digital money in fiscal operations and management.

The project started in the last quarter of FY2023. During FY2024 the scope and outline for the book "Reaping Benefits and Mitigating Risks of Digital Money in Fiscal Operations" were defined. The book will explore how digital money can impact the functions of PFM, including government payments, cash and debt management, revenue collection, budget execution and control, transparency, and accountability. It will also explore the associated risks and how they can be mitigated, as well as the digital tools that can enable harnessing the full potential of digital money. The authors have been selected and will draft their assigned chapters in 2024 and beginning of 2025.

The cross-country survey has been initiated during the first half of 2024. FAD is also planning a workshop and peer-learning event in 2024 for APD countries related to the adoption, benefits, and mitigation of risks of digital money and CBDCs for fiscal operations.

Three of the expected stand-alone analytical pieces were also initiated in FY2024, including:

- Analyzing the effects of taxing mobile money. The rise of mobile money has generally facilitated transfer of funds and supported financial inclusion, especially for those who have no proper access to traditional bank accounts. Several countries in Africa, however, have viewed this development as a source of revenue, imposing transaction taxes (fees or other similar taxes) on mobile money.
- Analytical paper on CBDCs and the effectiveness and efficiency of social assistance, which involves exploring current and potential CBDCs for social safety nets and assessing implementation challenges.
- Analytical work that explores possible information exchange models between Revenue Administrations and Treasuries to provide practical guidance on (i) identification and the type of data and the forms of exchange; and (ii) establishing the interoperability of revenue administration and Treasury systems.

PROGRAM NAME: Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination in the Asia-Pacific region: Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) Project (JSA4)	**JSA#:** JPN515 **IMF ID:** STA_APD_2022_01
TARGET COUNTRIES: Cambodia, Indonesia, Lao P.D.R., Malaysia, Philippines, Thailand, and Vietnam	**IMPLEMENTATION PERIOD:** August 1, 2022, to July 30, 2025

FY2024 Key Highlights

The objective of the program is to provide CD in compiling and disseminating timely and comprehensive GFS and public sector debt statistics (PSDS) for evidence-based fiscal policymaking and surveillance. To maximize synergies, CD activities were delivered in coordination with other projects supported by JSA through CDOT in particular, PFM. CD delivery modalities returned to the pre-pandemic in-person missions, supplemented by regular online meetings and email correspondence between the countries and the GFS Advisor between the in-person missions. Activities included a successful in-person Regional Workshop held in Indonesia in March 2024, the second such workshop since the start of the project, and a series of webinars jointly provided with SARTTAC on fiscal risks and GFS during October and November 2023.

Progress so far is as follows.

- **Fast-paced performers:**

Indonesia continued to meet the commitments under the G-20 Data Gaps Initiative II, especially in producing timely GFS with higher frequency and broader coverage. Missions in July 2023 and January 2024 worked on improving internal consistency within GFS, reviewing classification of economic transactions and expenditure classified by function items, classifying statutory bodies and State-Owned Enterprises (SOEs) as nonmarket (government) or market (public corporations), and developing techniques to estimate missing data. The next mission to Indonesia is scheduled for July 2024 and will further classify SOEs and improve local government reporting.

Thailand is compiling high-frequency GFS and intends to publish aggregated macro critical data on SOEs. Thailand aims to improve the quality of data submitted to the IMF GFS database during 2024. For this the Advisor will consult intermittently with the fiscal policy office on implementation steps.

- **Medium-paced performers:**

Malaysia prepares accrual-based GFS for the Central Government and continued work on expanding GFS coverage through survey data from all other levels of government and nonfinancial SOEs. CD missions during May and December 2023 worked on improving the classification of functions of government (COFOG), classifying and compiling statutory bodies and SOEs, developing balance sheet data, and assessing PPPs. The next mission will review the classification of statutory bodies and SOEs, compiling budget plan data in line with *GFSM 2014*, and reviewing COFOG classifications.

In September 2023, the **Philippines** disseminated 2012–2022 general government data in the *Government Finance Statistics Manual (GFSM) 2014* format that was used for the first time for fiscal surveillance. The Bangko Sentral ng Pilipinas disseminated whole economy from whom-to-whom balance sheet data, where the project assisted the central bank on refinements to align with *GFSM 2014* guidelines. The CD tentatively revised the classification of macro-critical SOEs and developed SOE data compilation tools. The next mission will address outstanding SOE classification questions, further align balance sheet data with *GFSM 2014* guidelines, and work to improve local government fiscal data reporting.

- **Slow-paced performers**:

Cambodia compiles high-frequency GFS, which are published together with metadata that explain how the data are derived from the national fiscal presentation. Fiscal surveillance uses data in the *GFSM 2014* presentation compiled by the Ministry of Economy and Finance (MEF). The December 2023 and April 2024 Cambodia missions covered a wide range of issues including financial accounts data, COFOG, expanding GFS coverage, and assessing PPPs. As a result, extrabudgetary units were included for the first time in the IMF GFS database with a time series starting 2019. Cambodia has also compiled experimental balance sheet and COFOG data. The project contributed to workshops organized by FAD on accounting with the advisor presenting the relationship between accounting and GFS. The project also led a MEF organized workshop on classifying SOEs. The next mission, planned for June 2024, will focus on further developing COFOG data.

The project fielded four missions in **Lao P.D.R**. which have made gradual progress. Notably, the project supported the development of quarterly social security fund compilation procedures that is tentatively set to be included in GFS by the end of 2024. The country is now publishing quarterly and annual GFS with assistance from the long-standing expert but has not yet agreed to begin disseminating PSDS to the WB public sector debt database, an important objective for the project and progress continues to be slow in respect of some other recommendations. The August 2024 mission will take stock of the level of implementation of cumulative recommendations and develop a revised action plan with the MoF aimed at intensifying implementation of recommendations.

Vietnam compiles annual high-level budgetary government GFS with long time lags. The project continues engaging with the State Budget Department to develop simplified procedures to derive cash data from the Treasury administration system, which should allow quarterly, detailed, and timely GFS, in line with the Vietnam's GFS Manual. Besides aiming to simplify compilation procedures, the June and November 2023 Vietnam missions also provided methodological guidance expanded coverage (to include social security funds), provided a PSDS hands-on training component whereby experimental PSDS data were compiled for 2019-2023Q2, and reviewed the classification of two SOEs. The July 2024 mission aims to follow up on developing simplified GFS compilation procedures and potentially contributing to the update of the Budget Law to help better align national practices with *GFSM 2014* guidelines.

Lao P.D.R. and Vietnam continue to face challenges in improving and expanding GFS and PSDS. The challenges, though varied in level, include inadequate senior management commitment, bureaucratic impediments, competing tasks of GFS compilers, and lack of skills. STA is leveraging both the IMF area department's support and bilateral meetings of the CDOT Director with the authorities to overcome or address these barriers. Further intensive CD support will be provided to improve GFS and PSDS accuracy and coverage and to concurrently enhance data compilation and dissemination. In the meantime, still ongoing reforms in Lao P.D.R on the chart of accounts (CoA) and debt management systems and developing new Vietnam Treasury accounting systems should be able to contribute to GFS and PSDS work program implementation.

PROGRAM NAME: AFR Strengthening Fiscal Sustainability in Fragile States	**JSA#:** JPN135 **IMF ID:** FAD_AFR_2022_13
TARGET COUNTRIES: Burkina Faso; Burundi; Cameroon; Central African Republic; Chad; Congo, Democratic Republic of the; Congo, Republic of; Eritrea; Ethiopia; Gabon; Gambia, The; Guinea-Bissau; Liberia; Malawi; Mali; Nigeria; Sierra Leone; South Sudan; and Zimbabwe	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2024 Key Highlights

This three-year CD program expands on earlier JSA projects (JSA-7 and JSA-10) targeting FCS in selected SSA countries to help restore and strengthen core PFM functions. The three main objectives of the program are to strengthen budget management, improve fiscal transparency and reporting, and build frameworks to ensure sustainable fiscal institutions. Despite obstacles such as political/security instability and institutional/capacity challenges, support has been provided in many PFM areas, with an emphasis on institutional reform, legal framework enhancement, and the adoption of international best practices in PFM. The program has had a positive role in strengthening fiscal governance and enhancing the effectiveness of PFM systems across the FCS in SSA. RAs have been present in six of the targeted countries during the program. It has also supported 18 CD missions across eight of the countries covered by the program.

The program provided comprehensive support across key areas of PFM. Assistance on wage bill management was extended to Sierra Leone and Chad, while electronic funds transfer systems were enhanced in Malawi. Efforts to improve cash management reforms were implemented in Burundi, Congo, and Mali. Training initiatives included public policy evaluation and quality management in Burkina Faso and Chad. Significant strides were made in establishing and strengthening the Treasury Single Account (TSA) system in Burundi, Chad, Malawi, Mali, and Nigeria, alongside developing a TSA strategy and roadmap in Chad. The program also supported public accountant and accrual accounting reforms in Burundi, Chad, and Congo, with additional focus on the IT accounting module of the IFMIS in Chad. Central African Republic and Nigeria benefited from enhanced fiscal reporting and fiscal risk management training, respectively. Adopting and implementing a new PFM reform strategy was prioritized in Chad and Liberia, which also saw a review of execution controls, while the Central African Republic and Zimbabwe received guidance on enhancing expenditure controls and arrears management. Assistance on PIM (PIMA and C-PIMA) was provided in Sierra Leone and Ethiopia, which has established a roadmap of actions to strengthen these functions. Assistance was provided in quality assurance of account controls in Malawi and Mali, alongside efforts to improve the quality of public accounts. Finally, the establishment of the Fiscal Responsibility Commission was supported in Nigeria, with overall strategic budgeting frameworks strengthened in Sierra Leone and Zimbabwe.

PROGRAM NAME: Revenue Mobilization Support (tax administration) for Selected Asian Countries	**JSA#:** JPN134 **IMF ID:** FAD_APD_2022_02
TARGET COUNTRIES: Bhutan, Lao P.D.R., Sri Lanka, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2024 Key Highlights

This three-year CD program is designed to help rebuild sustainable revenue streams for the medium term. The main project objectives are: (i) revenue mobilization; (ii) better revenue administration, management, and governance arrangements; and (iii) strengthened core tax administration functions. In the case of Bhutan, focus is on the implementation of the Goods and Services Tax (GST) to support the planned revenue mobilization reforms programs for improved compliance and collection of higher revenues, including via a medium-term revenue strategy (MTRS). For Lao PDR, the primary project outcome is to strengthen revenue mobilization through the ongoing development of institutional capacity, building on the achievements of earlier JSA projects. Vietnam developed a strategic plan for 2021-2030, which forms the foundation for reform activities that strengthen revenue outcomes. In Sri Lanka, the primary goal is to support increased revenue mobilization, which is critically needed for sustained growth. Support under this program for Bhutan and Sri Lanka is part of an integrated IMF CD workplan that includes CD from SARTTAC.

During FY2024, reform efforts in all beneficiary countries resulted in demonstratable progress toward modernized revenue administration.

In **Bhutan**, progress GST implementation materialized through FAD support in 2023 to re-tender for acquisition of Bhutan's automated and integrated tax administration system. Through FAD support, progress in debt management and managing large taxpayers was also achieved.

In **Lao P.D.R**, wide-ranging reforms included better data sharing and stronger collaboration with Lao PDR Customs Department, improved debt management, better risk management, development of a VAT audit manual, and improved audit skills all provided through a combination of in-person and remote delivery.

Sri Lanka's commitment and need for reform has outpaced all other beneficiaries. A TADAT assessment in January 2023, financed by the IMF, identified extensive weaknesses when compared to performance benchmarks. These results informed the development of a robust reform plan being managed though JSA support, with the RA playing a vital role in supporting reform progress and coordinating with other development partners.

In **Vietnam**, through consistent dialogue, the General Department of Taxation has increased their level of engagement and demand for CD support. Improvements in compliance risk management and data analytics capacity included development of a compliance improvement plan for the tourism industry, supported through a series of FAD CD activities, and a training for GDT's senior leadership on international good practices in strategic management, reform management, and performance management. Vietnam also benefited from remote engagement on various emerging topics and targeted support in managing international taxation issues.

In October 2023, a regional interactive-learning workshop on Effective Revenue Collections and Arrears Management was held in Bangkok, Thailand. Improved debt management is a common thematic outcome area for all beneficiary countries and the event permitted good peer-to-peer learning across the beneficiary countries and with Thailand, as the host country.

PROGRAM NAME: Domestic Revenue Mobilization (tax policy) in Selected Low-income Countries	**JSA#:** JPN133 **IMF ID:** FAD_IMF_2022_05
TARGET COUNTRIES: Bangladesh; Benin; Bhutan; Congo, Democratic Republic of the; Côte d'Ivoire; Lao P.D.R; Maldives; Pakistan; Papua New Guinea; and Solomon Islands	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2024 Key Highlights

This program's purpose is to help governments in selected countries improving tax and non-tax revenue policies. The program provides tax policy advice aimed at increasing revenues while balancing efficiency and equity issues; building capacity in producing and publishing tax expenditures reports; and developing TPUs and MOFs.

In **Bangladesh**, the program delivered a workshop that introduced managerial and technical officials from the MoF, the National Board of Revenue, and the Bangladesh Bureau of Statistics to the tax expenditures assessment and revenue estimation process. The workshop addressed a broad range of topics, including deciding on the benchmark tax system; data requirements; estimation methodologies and micro- and macro-simulation models; and tax expenditures reporting and governance.

In **Benin**, the FAD team conducted several rounds of remote meetings in June-September 2023 and provided input into the finalization of the MTRS, which was adopted in October 2023.

In **Bhutan**, the program aims to support the introduction of a GST and the implementation of an MTRS. While no CD was delivered in FY2024, preparations started for engagement in FY2025 with a focus on streamlining GST exemptions and updating the GST incidence analysis to support a swift implementation of the GST in mid-2025. Discussions on CD on income tax, an overhaul of which is one of the measures under the planned MTRS, have also commenced with a plan to deliver the requested assistance in mid-FY2025.

In **Côte d'Ivoire**, the FAD team reinitiated a robust collaboration with Côte d'Ivoire on tax policy. In November 2023, with funding from JSA, an additional TA mission was conducted to address the property tax, also contributing to the MTRS.

In **Democratic Republic of Congo**, the program supported two in-person CD activities that initiated and proposed a path forward on provincial taxation simplification, reform, and coordination with the central government and started to compile provincial tax laws to support this effort. Additionally, two remote missions provided guidance on drafting the non-tax revenue section of a forthcoming Tax Code; rationalizing parafiscal charges; computing tax expenditures at the central and provincial levels; and reforming excises. As a result of these missions, significant progress was achieved by the working group responsible for the new Tax Code in its drafting efforts; the inventory of parafiscal charges was completed and their rationalization started; tax expenditure assessment of the central government was updated and published as an annex to the budget. At provincial level, while the Province of Kinshasa completed its tax expenditures assessment and included it into the 2024 budget, the Province of Haut-Katanga prepared the first draft of its tax expenditure report with plans to publish it in 2025.

In **Lao, PDR**, no CD activities were delivered in FY2024, partly to enable the authorities to focus on other areas of CD assistance. Renewed engagement is expected in FY2025 to identify potential areas for revenue mobilization that could assist the authorities in bringing down public debt levels (currently estimated at over 100 percent of GDP).

In the **Maldives**, the tax policy MTRS project started in June 2022, quickly securing positive traction with authorities. Despite some delays due to the political cycle, the authorities are still engaged in formulating their own MTRS document and have renewed their commitment to a comprehensive reform of the tax system in FY2025. Technical assistance in FY2024 was continuous, leveraged ownership through meetings with multiple government agencies, and relied on a combination of extensive virtual engagement in preparation for in-person missions. Owing to the support delivered under this program, Maldivian authorities are now ready to submit new Goods and Services Act, Income Tax Act, and Excise and Carbon Tax Act drafts to parliament, which are expected to support ambitious revenue mobilization efforts in the near-term, as well as an improvement of the efficiency of the tax system.

FY2024 Key Highlights

In **Pakistan,** the program supported a CD activity that assessed the policy reform progress under the IMF-financed EFF program. This included conducting a diagnostic of tax policy issues and reform options, with a particular emphasis on federal taxes, and developing a time-bound plan to transition the tax policy analysis function (TPU) from the Federal Board of Revenues (FBR) to the Ministry of Finance. Since the mission, the finance minister has strongly pushed FBR reorganization, including regarding the TPU, despite resistance in Parliament and FBR.

In **Papua New Guinea,** the program in FY2024 supported activities related to the modernization and simplification of the antiquated income tax act; tax policy advice on a new MTRS; and development of the government's capacity for tax policy analysis (with tax models prepared for natural resource tax, corporate income tax, personal income tax, and trade taxes including GST and customs duties). This was provided through a combination of an in-country mission visit and short-term expert support (on tax law drafting). The government has prepared a new MTRS although the strategy has not been widely disseminated. The expected submission to parliament of the new Income Tax Act in December 2023 has been delayed by one year.

In the **Solomon Islands,** the program provided advice and CD support on retirement income taxation policy, including the taxation of the earnings of the Solomon Islands National Provident Fund. The April 2024 remote mission identified several potential areas of tax reform, which could inform a wider rewrite of the income tax act that is expected to commence in FY2025.

PROGRAM NAME: Infrastructure Governance Facility II	**JSA#:** JPN136 **IMF ID:** FAD_IMF_2022_06
TARGET COUNTRIES: AFR – All, APD – All, MCD – Central Asia/on demand, EUR – on demand, WHD – on demand	**IMPLEMENTATION PERIOD:** May 1, 2022, to April 30, 2025

FY2024 Key Highlights

Delivery under the program increased further during FY2024 due to a surge in authorities' requests for assistance in IG. This comes at a time when countries are grappling with high inflation and debt, compounded by various shocks and while fiscal space for infrastructure investment remains limited. In this scenario, efforts to make public investment more efficient and climate-smart are of central importance. A prominent trend in FY2024 was the rising demand for the C-PIMA, reflecting countries' commitment to "green" their public investment programs and integrate CD with lending through the Resilience and Sustainability Facility (RSF).

In total 7 PIMAs, 3 PIMA updates, and 13 C-PIMAs were delivered during the reporting period with support from the funding program. These core activities were complemented by workshops, targeted missions and development of new and innovative tools, focused research and analytical work, and digital solutions in relevant areas. Specifically, the past year saw the commencement of a project to develop a standard Digital PIM tool that can be used by all countries, the completion of the C-PIMA handbook and the How to Note on PIM in low income developing countries. Both the handbook and the How to Note are under internal review.

A critical focus in FY2024 has been to ensure linkage between CD work and Fund's lending and surveillance, redouble efforts to secure implementation of CD work and enhance the collaboration with other development partners. Recommendations from PIMA and C-PIMA supported by the program have informed conditionality on various Fund lending operations. Examples have included conditionalities related to green public investment in RSFs countries such as Benin, Cabo Verde, Mauritania, Rwanda and Senegal. In the latter, the PIMA also informed the EFF/ECF's PIM related structural benchmarks (SBs). The PIMA and C-PIMA mission to Pakistan directly informed SBs on the current Stand-by Agreement. The Maldives C-PIMA recommendations will also be included in the 2024 Maldives IMF Article IV consultation with the authorities as an Annex.

The last year also saw the further expansion of the IMF's IG portal with the addition of a C-PIMA web page, among others. Finally, in FY2024 the IGF supported three regional workshops aimed at sharing good practices and developing skills in key areas of IG such as digital supports for PIM, megaproject risk management and public investment by SOEs.

FY2023 (CONTINUED)

PROGRAM NAME: JSA Central Bank Digital Currency (CBDC) CD Work	**JSA#:** S_JPNDM **IMF ID:** MCM_APD_2023_01
TARGET COUNTRIES: APD, AFR, MCD (Asian part), Fragile and Conflict-Affected States (FCS)	**IMPLEMENTATION PERIOD:** November 1, 2022, to April 30, 2027

FY2024 Key Highlights

The program aims to strengthen central banks' capacity in CBDC to avoid a digital divide. In early 2024, the program's timeline was extended for two more years and its coverage increased to include countries in AFR region.

In FY2024, the program has engaged CD beneficiaries in Vietnam, the Philippines, and Pakistan in bilateral virtual, hybrid, or in-person engagements. MCM has provided bilateral CD in collaboration with Legal (LEG) and Information Technology (ITD) departments to Vietnam, the Philippines, and Pakistan. The bilateral CD strengthened expertise and knowledge of central banks of Pakistan and Vietnam in CBDC-related topics and assisted the central bank of the Philippines in evaluating wholesale CBDC.

FY2023 (CONTINUED)

PROGRAM NAME: JSA Central Bank Digital Currency (CBDC) Analytics and Development	**JSA#:** S_JPNDM **IMF ID:** MCM_APD_2023_02
TARGET COUNTRIES: IMF member countries	**IMPLEMENTATION PERIOD:** November 1, 2022, to April 30, 2025

FY2024 Key Highlights

The program aims at building the policy foundations to provide analytical underpinnings for an effective and impactful IMF CD to member countries.

The core focus is the production of the CBDC Handbook. It intends to strengthen policy lines and provide empirical support in both emerging market and developing economies and advanced economies. The Handbook is designed to help CBs think through and evaluate their CBDC exploration. The IMF Managing Director Kristalina Georgieva introduced it at the 2023 Singapore Fintech Festival, which was attended by 66,000 participants. The first wave of Fintech Notes and CBDC virtual Handbook chapters was widely read (total downloads reached 17,600 times and the number of pageviews was over 30,000).

Building upon the first wave of CBDC Handbook chapters, the IMF has proceeded with the second wave of Fintech Notes and CBDC Handbook chapters. It continues developing policy views and technology expertise as well as analyzing macro-financial implications. The topics for the second wave, which have been chosen and prioritized based on the member countries' needs and progress made under the COVID-19 Window, include: CBDC and cross-border payments, CBDC's implications for monetary operations, CBDC adoption, positioning of CBDC in the payment landscape, CBDC data use and privacy protection, CBDC's implications for financial stability, and operational and cyber resiliency of the CBDC eco-system.

The second wave aims to be published before October 2024 and will be turned into CBDC virtual Handbook chapters, which will be published after the 2024 Annual Meetings.

PROGRAM NAME: Developing Macroeconomic Forecasting and Nowcasting Techniques	**JSA#:** JPN209 **IMF ID:** ICD_APD_2022_03
TARGET COUNTRIES: Solomon Islands; Republic of Fiji; Samoa; Tonga; and Congo, Democratic Republic of the	**IMPLEMENTATION PERIOD:** May 2, 2022, to April 29, 2026

FY2024 Key Highlights

The objectives of the three-year program (FY2023-FY2025) are to help low-income countries and FCS develop institutional capacity to analyze macroeconomic developments and debt dynamics, assess policy scenarios, and incorporate this analysis in decision making in selected Pacific Island and African countries' central banks and other macroeconomic policy institutions. The program has a special focus on nowcasting and near-term forecasting techniques and tools, where "nowcasts" are forecasts of the here and now ("now"+"forecasting"="nowcast").

During FY2024, the ICD team conducted a mission under the ICD TA project to develop macroeconomic frameworks at the **Central Bank of Solomon Islands** (CBSI). The mission initiated the development of a QPM for the CBSI, supported by a training on model-based monetary policy analysis and forecasting (MPAF). As part of the CD work on FCS and LIC, the ICD TA team utilized the Solomon Islands as a pilot country to establish a modeling platform using EViews. Throughout the mission, the ICD TA team also reviewed and enhanced the utilization of Near-Term Forecast (NTF) and nowcasting tools in the CBSI forecasting process. These advancements enabled CBSI staff to create a Nowcasting Report that reflects the latest economic developments and provides estimates for real GDP. This template will serve as important input into the policy decisions conducted at the CBSI.

In FY2024, the ICD PFTAC TA team built on the initial macroeconomic frameworks CD (from FY 2023) at the **Reserve Bank of Fiji** (RBF), with the goal to strengthening core capacity on monetary policy and macroeconomic diagnostics. Following nowcasting training of selected RBF staff at the STI, the RBF staff further developed a set of NTF and nowcasting tools applied to available data for Fiji. These tools will complement the work of the Macroeconomic Committee of Fiji in its work on GDP growth and inflation forecasts.

The ICD PFTAC TA team also led a regional Workshop on Monetary Policy and Nowcasting for Pacific Island Central Banks in **Fiji in April 2024**, which focused on the use of nowcasting by CBs in their policy deliberations. During the eight days, officials shared experiences of the TA that they had received, presenting their nowcasting models and other tools they had developed in recent months. In addition to peer exchange sessions, training was provided on a selection of nowcasting and monetary policy topics. Several Governors and Deputy Governors attended the workshop and took part in a panel session. Subsequent to the workshop, countries have been cooperating in the development of tools, for example, the **Central Bank of Samoa** has been supporting the **Central Bank of Timor-Leste** with analysis of data. The Central Bank of Timor-Leste is now keen to engage in a project to develop its own nowcasting capacity.

The ICD TA team conducted two missions with the **Central Bank of Samoa** in FY2024, under the ICD TA project to support the development of FPAS at the CB. The in-person missions focused on operationalizing the initial work on near-term forecasts and nowcasting skills. A nowcasting model and core inflation estimates were finalized, and both sets of tools were presented to the CBS Board and integrated into the regular analysis cycle of the CB. Substantial progress was made in estimating empirical models of monetary policy transmission The ICD team also provided customized training on monetary policy, development of a quarterly projection model and CB communications. Specific recommendations were provided to formalize the policy analysis and decision calendar, and to improve CBS's data management procedures. In the coming year, the IMF team and CBS plan to issue IMF working papers documenting the analytics tools developed during the TA program, and to focus on further improvements to the CBS's FPAS.

FY2023 (CONTINUED)

During 3 missions at the **National Reserve Bank of Tonga (NRBT)** in FY2024, the ICD Tonga TA mission team completed another cycle of work on forecasting and nowcasting tools and techniques, as well as macroeconomic diagnostics. NRBT staff, guided by the ICD TA team, refined and updated the GDPNow and InflationNow reports for Tonga developed in previous in-person missions. As a by-product of the training sessions on macroeconomic diagnostics delivered in September and November 2023, the ICD TA team also helped NRBT staff to prepare a macroeconomic assessment report for Tonga, which was then updated during the January 2024 mission. These various methodologies and reports, which were favorably received by senior management, are being updated regularly to inform monetary policy discussions at the NRBT, and senior management are evaluating the prospective release of these reports to the public. The ICD TA team started to develop, with NRBT staff, a QPM for Tonga using EViews by first outlining the specific steps involved in adapting the canonical QPM model to the Tonga's economy. Finally, with the help of the ICD TA team, NRBT started the lengthy task of building a structured time-series data management system using EViews. The aim is to reduce NRBT's current reliance on Microsoft Excel for data management and costly data-related errors that easily arise using Excel, thereby improving the efficiency and effectiveness of NRBT's economic staff.

The ICD team conducted two missions under the ICD TA project during FY2024, aimed at developing macroeconomic frameworks for the **Banque Centrale du Congo (BCC)** in the Democratic Republic of Congo. The missions focused on finalizing the operationalization of the models developed during the TA project, such as nowcasting, NTF, and the QPM. The objectives of the missions were to train BCC staff in generating medium-term forecast scenarios and to equip BCC members with the necessary components to ensure that technical analysis significantly influences decision-making. In line with documentation and communication transparency, the BCC staff showcased the developments achieved during the TA by drafting a dedicated section in the BCC annual report. This section of the annual report describes the developed nowcasting models and provides estimates obtained for real GDP. Additionally, the BCC staff, in conjunction with the mission team, drafted a document describing the developments produced during the TA that will be published as part of the IMF working paper series.

FY2023 (CONTINUED)

PROGRAM NAME: Strengthening Fiscal and Debt Sustainability, and Sustainable Growth, through Macroeconomic Frameworks and Debt Dynamic Analysis for Forecasting in Selected Asian, African and Middle Eastern Countries	**JSA#:** JPN208 **IMF ID:** ICD_IMF_2022_03
TARGET COUNTRIES: BEAC, Guinea, Maldives, Mauritania, Philippines, Sri Lanka, and Tunisia	**IMPLEMENTATION PERIOD:** May 2, 2022, to April 29, 2026

FY2024 Key Highlights

The program pursues two key objectives: (i) developing capacity to project public debt, with emphasis on debt sustainability drivers; (ii) building capacity in macroeconomic forecasting through the development of customized macroeconomic projection tools to firm up the basis for policy decisions.

In Guinea, a project began by mid-FY2024 to assist the authorities in the enhancement of a homegrown macroeconomic framework, ultimately targeting the improvement of macroeconomic management and fiscal policy settings. During FY2024, the project deployed two missions, one scoping and one technical mission. Those missions included some frontloaded training, work on data compilation and consistency, and some initial customization of demand-side behavioral equations, which were lacking in the past.

In Maldives, the primary objective of the project is to support the Maldives Monetary Authority (MMA) to develop, operate and sustainably institutionalize a FPP-based macroeconomic framework, in the form of a Comprehensive Adaptive Expectations Model (CAEM). During FY2024, two missions took place, thanks to which the four sectors of the economy have been interrelated and customized, and the core team taken ownership of the tool. Importantly, the project catalyzed the collaboration between the MMA and the MOF, which greatly improved the design and forecasting of the fiscal sector.

In Mauritania, the MoF sought TA to bolster the National Committee on Public Debt's (NCPD) capacity in public debt projections and analysis, given high vulnerability to swings in global commodity prices and natural disasters. A team undertook a scoping mission in FY2024, reaching with the authorities an agreement to develop a public debt projection tool based on Debt Dynamics Tool (DDT). Further, the mission facilitated hands-on training to officials in the Technical Committee of the NCPD, equipping them with capacity to generate baseline and alternative scenario debt projections.

In the Philippines, ICD is contributing to strengthening the macroeconomic forecasting and analytical capacity of the Department of Finance, through a project started in early CY2023 which had two additional missions during FY2024. The project is developing a customized CAEM and DDT, the priority of the last two missions having been improving the understanding of the team of FPP, macroeconomic and public debt forecasting, and the specific features of the CAEM.

In Sri Lanka, a project initiated in FY2023 aims to develop, operationalize, and institutionalize a Macroeconomic Foundations Tool (MFT) at the Ministry of Finance and the Central Bank of Sri Lanka. A first mission in FY2024 provided customized training on FPP and macroeconomic diagnostics and started to build the MFT.

In Tunisia, a project started in FY2023 to develop and implement a customized version of the CAEM and DDT within a multiagency group comprising the CB, MOF, and Ministry of Economy. Three missions were undertaken during FY2024, at the end of which core group members operated the tool with substantial autonomy, produced baseline and alternative scenarios -including natural disasters-related ones-, and made substantial progress in the development of a user manual. The engagement of the team members and support from high officials has been instrumental to explain the project's achievements to date.

In FY2023, the Bank of Central African States (BEAC) requested TA to reinforce its aggregate balance of payments (BOP) forecasting capacity. ICD accepted to deliver this support, underlining the importance of BOP projections consistent with the rest of the sectors. Before the project starts though, substantial progress in a previous STA project to improve BOP statistics is necessary. For that reason, until now no mission has been undertaken under this project.

PROGRAM NAME: Strengthening Bank Supervision	**JSA#:** JPN423 **IMF ID:** MCM_KHM_2022_01
TARGET COUNTRIES: Cambodia	**IMPLEMENTATION PERIOD:** May 2, 2022, to April 29, 2025

FY2024 Key Highlights

The program's objective is to enhance the regulatory and supervisory frameworks of the National Bank of Cambodia (NBC). The focus is on upgrading the regulatory framework for banks and other financial institutions, and on building capacity of the NBC staff in implementing effective risk-based supervision.

Regarding the regulatory framework, several new prudential regulations have been drafted, which include the regulations on liquidity and capital adequacy for non-deposit-taking financial institutions, and the regulation on early supervisory intervention for deposit-taking institutions in line with the risk-based supervisory approach. In addition, a comprehensive review of liquidity regulations—including the regulations on liquidity coverage ratio, reserve requirements, and emergency liquidity assistance—has been launched with the goal of making these regulations consistent and effective. The review has been conducted by the resident advisor on regulation and supervision in close cooperation with the RA on monetary operations. In addition, the work on regulations relating to consolidated supervision, interest rates, use of crypto assets by banks, and consumer protection has been pursued.

Regarding the supervisory arrangements, TA work has continued to deepen the risk-based supervisory approach of NBC using various indicators and tools. These include the monitoring of banks' liquidity and maturity transformation using internal calculation of the net stable funding ratio and an improved use of maturity ladders. The capacity of NBC supervisory staff has been enhanced through interactions between the RA and the working groups dedicated to different topics, assistance to the on-site bank inspection teams, and general presentations to the bank supervision staff.

PROGRAM NAME: Customs Administration Preparations and Innovations for the Implementation of the AfCFTA	**JSA#:** JPN132 **IMF ID:** FAD_AFR_2022_12
Target countries: All State Parties of the AfCFTA (54 African countries)	**Implementation Period:** May 1, 2022, to March 31, 2024

FY2024 Key Highlights

A series of six regional workshops were organized in Abidjan, Accra, Brazzaville, Dar es Salaam, Ebene City (Mauritius), and Cairo to discuss with customs specialists the priority customs administration reforms needed for a successful implementation of the AfCFTA. These reforms are necessary to reap the expected benefits of the AfCFTA Protocol on Trade in Goods in terms of intra-African trade increase, value chains integration, and economic growth and diversification, while concomitantly preventing fraud that would jeopardize trade revenue and local industry. A 2023 IMF Paper estimates that in an "AfCFTA+ scenario", the median bilateral trade flow between African countries would grow by 53 percent. The workshops were attended by 48 customs administrations, seven regional economic communities and the World Customs Organization, which demonstrates a strong interest in this continental CD program. FAD experts presented innovative proposals for review and discussion, focused on two critical objectives: (i) efficient management and control of the African origin of goods that will allow for the progressive, yet large scale, intra-African tariff elimination (97 of tariff lines will have their customs duties dismantled); and (ii) effective customs procedures, including removal of non-tariff barriers, digitalization and data sharing to facilitate circulation and border-crossing of goods between African countries. IMF's recommendations, which captures the workshops conclusions, will be published in a FAD note (How to Modernize Customs Procedures to Successfully Implement the African Continental Free Trade Area – Forthcoming 2024). Lastly, based on the recommendations, implementation CD started towards the end of the program with several AfCFTA State Parties, including Nigeria, Madagascar and Togo, at their request.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2022

PROGRAM NAME: Improving External Sector Statistics in the Asia-Pacific Region	**JSA#:** JPN514 **IMF ID:** STA_APD_2021_01
TARGET COUNTRIES: Cambodia, Lao P.D.R., Vietnam, Nauru, Papua New Guinea, Samoa, Timor-Leste, and Tonga	**IMPLEMENTATION PERIOD:** November 1, 2021, to June 30, 2024

FY2024 Key Highlights

This ESS project focuses on enhancing the compilation and reporting of BoP and International Investment Position statistics. In FY2024, most beneficiary countries have improved the accuracy and reliability of their ESS. Notable progress in data quality, methodological soundness, and consistency has been achieved through expanded compilation programs and the introduction of new data validation procedures. Recently extended until October 2027, the project addresses beneficiary countries' enduring capacity development demand to further improve the quality of their ESS. All beneficiary countries are open economies where reliable ESS is pivotal to inform economic policymaking. Improving the quality and timeliness of ESS in these countries is besides a high priority for the IMF's Area Department for surveillance purposes.

Cambodia has improved trade in goods recording in the BoP and enhanced direct investment data compilation using banking sector administrative data. **Lao P.D.R** has developed a system for compiling direct investment and external debt statistics through surveys. **Vietnam** is revamping its direct investment compilation process. **Nauru** has enhanced source data availability for ESS compilation. **Papua New Guinea** is initiating the compilation and dissemination of IIP data, while also focusing on improving the accuracy and reliability of international trade in goods data, enhancing direct investment statistics, and improving the collection of remittance transfers data. **Samoa** has boosted the consistency of ESS with other macroeconomic datasets, and historical IIP time series have been revised for better reliability. **Timor-Leste** has refined the estimation of several BoP components, including goods, direct investment, and secondary income. **Tonga** is developing administrative data sources for cross-border position statistics and improving data sharing procedures.

Two training events held in Thailand provided participants with valuable methodological knowledge and have enhanced the TA work for all beneficiary countries: (i) a course on International Trade in Goods and Services, held from October 23–27, 2023, and (ii) a blended course on External Debt Statistics, from March 18–22, 2024.[1] The participation of government officials responsible for supplying source data for ESS, along with core compilers, not only enhanced the learning experience, but also facilitated peer-to-peer knowledge exchange and fostered cooperation and networking among ESS statisticians, contributing to stronger collaborative ties within the regional statistical community.

[1] A blended course mixes traditional classroom instruction with online learning activities, combining the benefits of the direct interaction during in-person classes with the flexibility and convenience of the self-paced learning for online components. The online component is sourced from the EDSx online course, developed under the Data for Decisions (D4D) Fund.

PROGRAM NAME: Singapore Regional Training Institute (STI) - Continuing Training and Technical Assistance on Economic and Financial Policy Analysis in Asia	**JSA#:** JPN207 **IMF ID:** ICD_APD_2022_01
TARGET COUNTRIES: 38 countries in Asia and the Pacific	**IMPLEMENTATION PERIOD:** July 1, 2021, to April 30, 2025

FY2024 Key Highlights

The objective of the STI program is to help build the capacity of Asia-Pacific countries to implement sound and effective macroeconomic and financial policies through the delivery of high-quality, interactive, and customized face-to-face, blended, and virtual training, workshops, peer-to-peer events, outreach activities, and TA in Singapore and throughout the Asia-Pacific region. Over the last 3 years STI has continued to provide high-quality training, while also increasing its TA activities on building macroeconomic frameworks in the region, in line with fast-rising demand for CD. Course delivery and technical assistance were aligned with APD priorities in surveillance and lending. The structure of STI's CD deliveries is reviewed annually in consultation with STI's Directors of Training.

During FY2024, STI carried out a total of 35 courses at its Singapore premises and seven training/peer-to-peer events with its regional partners. More than a half of the courses delivered at STI covered macroeconomic, fiscal, financial, and monetary policy issues, with the rest addressing statistical and legal issues. The STI delivered five regional courses and two peer-to-peer events—with CDOT aimed at officials from the Cambodia, Laos, and Vietnam (CLV) region; a High-Level Seminar organized jointly with the South-East Asian Central Banks Research and Training Centre (SEACEN); events for PFTAC aimed at officials from Pacific islands; and a training course for Malaysian Government officials. These trainings focused on strengthening basic macroeconomic, financial and policy analysis skills. STI's training and regional TA centers' engagement with authorities have been well received and, in several instances, has led to TA supported by STI staff on strengthening the countries' macroeconomic frameworks.

During FY2024, all but three of STI's training courses were delivered in-person, with three training courses delivered as blended courses. In FY2024 STI continued to deliver TA in macroeconomic frameworks to the Central Bank of Solomon Islands (training and TA to lay foundations for a new forecasting and policy analysis system) and the Cambodia Ministry of Economy (training and TA on a model-based macro-fiscal framework to advise policymakers). Participants from countries with intensive IMF macroeconomic frameworks TA engagement—such as Bangladesh, Cambodia, Laos, Solomon Islands, and other Pacific Islands—have been given priority access to relevant STI courses (including Monetary Policy, Model-Based Monetary Policy Analysis and Forecasting, and Nowcasting), in close coordination with IMF TA delivery teams and APD country mission chiefs and resident representatives.

Training satisfaction rates were high and substantial knowledge gains were achieved in all courses. Learning gains were also substantial and met expectations as defined under the project. The effectiveness of the program in delivering impactful CD in FY2024 is evidenced by significant learning gains (on average 21 percentage points) for course participants. These gains exceeded learning gain objectives laid out in the project (15 percentage points). STI CD also received high ratings for end-of-course surveys. The average composite satisfaction score—combining ratings on the course content, effectiveness of delivery, and job relevance—was 4.7 on a scale of 1-5. This score exceeded the benchmark level of 4.4 or above outlined in the project program.

STI hosted a High-Level peer-to-peer forum on *Financial Sector Stability Implications of Interest Rates Hikes and Geopolitical Fragmentation* in Siem Reap, Cambodia, in September 2023, jointly with SEACEN. The two-day event brought together CB deputy governors from Asia and beyond as well as technical staff who participated in a one-day hands-on workshop on banking sector stress testing. STI also participated in a peer-to-peer forum on *Nowcasting and Monetary Policy for Pacific Island Central Banks* in Suva, Fiji, in April 2024, jointly with PFTAC. During the eight-day event officials shared experiences with the STI-PFTAC TA in nowcasting they had received, presenting their home-grown nowcasting models and tools.

The IMF Managing Director, Ms. Kristalina Georgieva, traveled to Singapore in November, 2023, to attend the 25th Anniversary celebrations of STI's establishment.

The STI Singapore Seminar Series (joint with APD Resident Representative Office) had several presentations in FY2024, including on China's Article IV consultation. In FY2024 STI joined forces with IMF's Regional Office for Asia and the Pacific (OAP) in delivering a webinar series dedicated to fiscal issues, including webinars on *Fiscal and Debt Dynamics and the Current Fiscal Policy Setting in Asia and the Pacific* and *Debt Sustainability and Fiscal Risks*.

Training effectiveness benefitted from a better alignment of courses to CD priority areas. The FY2023/24 training program was compiled in consultation with other RCDCs, aligned with the IMF's CD objectives as outlined by IMF management, and surveillance and lending priorities expressed in APD's work program. As a result, the STI continued to increase its CD efforts for officials in vulnerable economies—such as Pacific Island economies and low-income countries in South- and South-East Asia. It also delivered more training on priority climate change, debt sustainability issues, nowcasting, AML/CFT risk monitoring regulations, financial stability, and exchange-rate related topics.

FY2022 (CONTINUED)

PROGRAM NAME: FAD AFR Customs Administration	**JSA#:** JPN131 **IMF ID:** FAD_AFR_2021_02
TARGET COUNTRIES: Comoros, Madagascar, and Zimbabwe	**IMPLEMENTATION PERIOD:** May 1, 2021, to April 30, 2024

FY2024 Key Highlights

The objective of the program was to strengthen the capacities of the customs administrations of three fragile countries in Southern Africa: The Union of Comoros and Zimbabwe which remain on the list of FCS and Madagascar which has just been removed from this list. The improvement of customs performance in these countries is part of an effort to mobilize government revenues for development and contributes to better governance, conducive to better trade and business environment. This is closely connected to the macro-economic priorities for AFR's and Fund-supported programs.

During the third year of the project, FAD supported the technical implementation of the regulatory and high-level measures that had been adopted in the preceding years and provided TA in critical areas for revenues that are still insufficiently controlled by customs. In accordance with the recipient administrations' strategies, FAD continued to advise on modernization of enforcement methods, based on post-clearance audit, risk management, and intelligence, in all countries. Mobilization of customs and trade data for anti-fraud purposes was encouraged, through expert missions on mirror analysis applied to customs operations (Madagascar) and more systematic use of data for risk analysis (Comoros, Zimbabwe). The project also allowed to strengthen specific customs functions at the request of the authorities, including monitoring of duty suspensions and economic free zones (Madagascar), the sanction policy to improve voluntary compliance (Comoros), regional cargo transit fraud (Zimbabwe), data for excise control (Zimbabwe), and adjusted procedures for the extractive industries (export of gold in Madagascar).

FY2022 (CONTINUED)

PROGRAM NAME: Public Financial Management COVID-19	**JSA#:** S_JPNCOV **IMF ID:** FAD_IMF_2021_10
TARGET COUNTRIES: Comoros, Ethiopia, Kenya, Madagascar, Mozambique, Nigeria, Pakistan, South Sudan, Uganda, and other relevant countries in Sub-Saharan Africa and Asia (in line with Japan's priority list of countries)	**IMPLEMENTATION PERIOD:** May 1, 2021, to October 31, 2024

FY2024 Key Highlights

This program assists selected countries in Asia, SSA, Middle East, and Central Asia in managing the fiscal challenges of the COVID-19 pandemic. The program was supported by two LTXs, who started in December 2021: Mr. Bruno Imbert, the resident advisor (RA) for Madagascar and the Comoros, and Mr. Dzingai Francis Chapfuwa, the RA for Anglophone SSA countries.

SSA countries: The SSA advisor provided hands-on support on SOE financial oversight and fiscal risks analysis training on the use of the FAD Debt Guarantee and Loan Assessment Tool in Botswana, Lesotho, Malawi, Sierra Leone, Zambia, and Tanzania (Zanzibar). In Lesotho, with the support of the advisor, the country authorities managed to produce the inaugural SOE Consolidated Financial Evaluation Report. In addition, the advisor contributed to a joint FAD and AFS/ATI workshop, held in South Africa, for SSA countries officials involved in the financial oversight of SOEs. The workshop addressed the management of debt loans and guarantees to SOEs, the use of FAD fiscal risks management tools, the reporting standards for financial and non-financial performance of SOEs, and country experiences in managing fiscal risks.

In **Madagascar**, the RA supported the revamping of the budget classification to align it with international standards, such as those of the *GFSM 2014*. This work has mainly focused on the functional and the economic segments (e.g., functional classification is now fully operational and being used for budget execution monitoring). The RA also supported the strengthening of the budget execution monitoring, with the implementation of commitment plans, and the implementation of multiyear tools to enhance budget execution (e.g., commitment authorizations and payment credits), particularly useful for capital expenditure management. All these activities are in line with the objectives of the on-going ECF program and/or contribute to the achievement of structural benchmarks. For **Comoros**, the RA supported the authorities' efforts to improve the supervision of public enterprises. A new law, revamping the legal framework on SOEs governance, was drafted with the help of the project and is pending approval before introduction in Parliament. The RA also worked on improving the centralization and analysis of the financial operations of the State through a more reliable TOFE. The preparation process of the quarterly TOFE is now restored and TOFE editions also contain more information and fewer errors than in the past.

Pakistan: An HQ CD mission provided support on addressing challenges in budget practices, both at the planning and execution stages, and make recommendations to improve macro-fiscal forecasts; sharpen Ministry of Finance budget challenge and budget management functions; introduce a strategic phase to the budget process; and propose an amendment to the Constitution to limit the power of the Executive to change the budget while retaining some budget flexibility and Parliamentary oversight.

FY2022 (CONTINUED)

PROGRAM NAME: Macroframeworks	**JSA#:** S_JPNCOV **IMF ID:** ICD_IMF_2021_05
TARGET COUNTRIES: Chad, Mongolia, Myanmar, Papua New Guinea, and Philippines	**IMPLEMENTATION PERIOD:** February 1, 2021, to April 30, 2024

FY2024 Key Highlights

The COVID-19 pandemic showed the importance of building capacity to develop and operate well-designed, flexible, and easily adaptable macroeconomic frameworks and model-based policy analysis and forecasting is critical for macroeconomic stability and growth. The program, that was extended with JSA's approval during FY2024, aimed to help selected member countries better face these challenges by assisting them in developing institutional capacity to: (i) analyze macroeconomic developments and debt dynamics, (ii) assess policy scenarios, (iii) evaluate the impact of macroeconomic risks, and (iv) incorporate these analyses in macroeconomic decision-making.

The project in Chad, aimed at enhancing public debt projections and analysis in the MoF by means of the DDT, successfully concluded in November CY2023. Over the last reporting period, the project financed two missions, one virtual and another one in-person. These missions sought to (i): reinforce the staffs' ability to run baseline scenarios using the DDT; (ii) expand the use of the tool for further shocks and additional alternative scenarios, (iii) refine input data; (iv) broaden the analysis to incorporate further considerations such as debt-service rescheduling and alternative borrowing strategies; (v) work towards the institutionalization of the tool.

After the success of a first project that implemented the DDT in the Mongolian Ministry of Finance during FY2022, the authorities requested a new project in CY2022. This second project, also financed by the CCCDI during FY2024, pursued the development of a financial programming (FP) macroeconomic framework. The counterpart for the new project is the Financial and Fiscal Research Department (FFRD) in the MoF. It was agreed to use a customized version of the ICD's CAEM as the basis of the project. The key objectives are to: i) build a baseline forecast of key macroeconomic variables and, ii) assess the effects of various policy or shock scenarios. During FY2024 this project included two missions, a scoping one and a subsequent technical one, which started the customization of the tool and data collection.

CD to Myanmar paused in February 2021, following the military coup. The Fund is not engaging with the new regime until there is clarity as regards the international community's recognition of this regime as the government of Myanmar.

The authorities of PNG requested by mid-CY2022 resuming a TA on macroeconomic frameworks initiated in CY2019 but discontinued during the COVID-19 pandemic. The project goal is the enhancement and operationalization of the Treasury's macroeconomic projections tool. Stronger modeling and forecasting capabilities of local staff will be critical to improve their assessment of policy measures, including those under the ongoing IMF program, and more strongly engage with multilateral partners and other donors. Two missions were delivered in FY2024, during which the team was assisted in the introduction and management of new dataset, customization of behavioral equations, and production-analysis of medium-term forecasts. Civil unrest in the country by early CY 2024 and other internal circumstances forced the postponement of the third mission, with the project team closely monitoring the situation to resume activities as soon as the situation allows.

FY2022 (CONTINUED)

PROGRAM NAME: Anti-Corruption and Rule of Law Capacity Building Project	**JSA#:** JPN303 **IMF ID:** LEG_IMF_2022_04
TARGET COUNTRIES: Burundi, Burkina Faso, Republic of Congo, Papua New Guinea, Sri-Lanka, Sudan, and Zambia	**IMPLEMENTATION PERIOD:** July 6, 2021, to April 30, 2024

FY2024 Key Highlights

The Anti-Corruption and Rule of Law Capacity Development Project is designed to assist countries identify, prioritize, and take steps to improve legal and organizational frameworks and practices related to anti-corruption and the rule of law. In the implementation period, IMF staff assisted Sri Lanka, Burundi, Zambia and RoC in their efforts to prioritize anti-corruption and rule of law reforms, address legal and regulatory bottlenecks, strengthen accountability, ensure protection of property and contract rights.

Governance and Corruption Diagnostic for Sri Lanka and the follow-up TA: In the context of the Fund-supported program for Sri Lanka, the Diagnostic Report on Governance and Diagnostic (GD) was prepared in collaboration with the authorities and was published. The GD assesses severity of corruption, identifies the main governance weaknesses and corruption vulnerabilities across key state functions and offers a prioritized action plan with sequenced measures to enhance the rule of law, transparency and accountability, prevent and combat corruption. In preparation of the GD, IMF staff worked closely with the authorities, civil society, private sector as well as international organizations supporting governance and anti-corruption reforms in Sri Lanka. Based on the GD recommendations the authorities prepared and published Anti-Corruption Action Plan, has revamped independent anti-corruption commission and the Anti-Corruption Law. As a follow-up of the GD and in response to the request from the authorities, Legal Department will provide TA to further support implementation of anti-corruption and rule of law recommendations derived from the GD.

Governance and Corruption Diagnostic for Burundi: As part of the ongoing GD, LEG leads analysis of severity of corruption, assessment of rule of law and effectiveness of anti-corruption frameworks to respond to existing corruption risks in Burundi. An in-person mission was organized in February-March 2023 followed by desk review. Within this mission, IMF staff engage with government officials, civil society, representatives of the private sector, and other donor partners to identify macro-critical governance and rule of law weaknesses associated with corruption and propose a sequenced set of recommendations to address core problems. A comprehensive GD report informed by political economy analysis, will be prepared and published, which is expected to be reflected in future reforms of the Government of Burundi, the IMF program for Burundi, as well as future TA support.

TA for Zambia: Upon the request of the authorities of Zambia, LEG, with the direct participation of the long-term anti-corruption expert based in the Africa Training Institute provides a TA to support implementation of the rule of law and anti-corruption recommendations derived from the 2022 GD. The TA focuses on (i) upgrading the Anti-Corruption Act to ensure full independence and autonomy of anti-corruption institutions; (ii) revising Public Interest Disclosure Act to provide protection of whistleblowers against retaliation; (iii) establishing effective conflict of interest and asset disclosure system for senior officials in line with international best practices. In the course of the ongoing TA, LEG advised on the Anti-Corruption Policy, which was approved and unlaunched in April 2024 as well as on streamlining procedures for resolution of corruption cases in the newly established Economic and Financial Crimes Court.

TA for Republic of Congo: As part of the continuous TA to support anti-corruption reforms in RoC, LEG conducted an in-person mission to Brazzaville from April 8-11, 2024, to support a revised action plan on governance and anti-corruption based on a review of the progress that has been obtained since 2018 and the issues of greatest current importance. A political economy expert provided support in the analysis of the severity and nature of corruption and advice on effective interventions in an evolving political landscape. Development of an action plan to address existing gaps in implementation of anti-corruption reforms is a structural benchmark under the IMF-supported program. LEG continues coordination with the authorities to finalize and disseminate the detailed action plan for 2024–25.

Placement of LTX in RCDC in Africa: LEG continues to place governance and anti-corruption LTX in AFRITAC South to provide tailored, integrated policy advice and capacity development support to the member countries in the region covered by the project.

PROGRAM NAME: Strengthen Capacity on Central Bank Digital Currency (CBDC) in selected LIDCs and EMDEs	**JSA#:** S_JPNCOV **IMF ID:** MCM_IMF_2022_07
TARGET COUNTRIES: selected LIDCs and EMDEs	**IMPLEMENTATION PERIOD:** December 1, 2021, to April 30, 2024

FY2024 Key Highlights

The program was closed on October 31, 2023. It aimed to strengthen the analytical framework and provide TA and Training on CBDC to selected low-income developing countries (LIDCs) and emerging market and developing economies (EMDEs) that were striving to avoid a digital divide exacerbated by the COVID-19 pandemic. The capacity building helped these countries to analyze the feasibility of CBDC before pilots and / or review any risks arising from pilots before launching CBDC. CD had been provided through virtual and in-person bilateral engagements and regional workshops/conferences:

- ***Bilateral CD missions to Azerbaijan, Egypt, Haiti, Honduras, Jordan, Morocco, South Sudan, Paraguay, and the Philippines*** helped strengthen these countries' capacities in exploring CBDCs and assess the feasibility of CBDCs. The missions:
- Strengthened country authorities' capacity in exploring CBDC by offering a series of workshops and training sessions that covered a broad range of CBDC aspects (Azerbaijan, Egypt, Haiti, Jordan, Morocco, South Sudan, Paraguay, and the Philippines).
- Advised CBs on their objectives, nature of payment and financial sectors, design options, macro-financial implications, central bank capacities, and legal considerations (Azerbaijan, Egypt, Haiti, Honduras, Jordan, Morocco, Paraguay, and the Philippines).
- Evaluated selected CBs' capacity needed to complement the analysis and deployment of CBDC (Azerbaijan, Egypt, Haiti, Jordan, Morocco, and Paraguay).
- ***Regional conferences, workshops, and training courses in Central America, SSA, Caucasus, Central Asia and Mongolia, and Caribbean and Pacific Islands*** provided the platform for the participating countries to share and discuss their knowledge and experiences in CBDC design and implications, cross-country experiences, and lessons; discuss and collect themes, priorities, and questions for the IMF to raise in international working groups on behalf of member countries.
- ***Analytics and Development work, including the CBDC Handbook,*** aimed to provide a foundational document for policymakers and central bank experts to think through CBDC on the following topics: elements of thinking through CBDC, 5P Methodology and R&D (project management), implications of CBDC for monetary policy transmission, capital flow management measures, and CBDC's role in financial inclusion. In addition, the IMF published an IMF policy paper on summarizing CBDC CD and introducing the CBDC Handbook during the 2023 Spring Meetings.

The IMF launched the CBDC Handbook in November 2023 during the Singapore Fintech Festival and received broad support and compliments. At the IMF Executive Board meeting on staff's initial considerations on CBDC held in October 2023, several executive directors explicitly expressed appreciation for the first wave of CBDC virtual Handbook chapters developed under the COVID-19 Window.

PROGRAM NAME: Monetary Policy in Cambodia	**JSA#:** JPN422 **IMF ID:** MCM_KHM_2021_01
TARGET COUNTRIES: Cambodia	**IMPLEMENTATION PERIOD:** May 1, 2021, to December 31 2025

FY2024 Key Highlights

The program supports the NBC in strengthening the effectiveness of its monetary and FX operations in the context of ongoing de-dollarization efforts. Assisted by the bilateral resident advisor on monetary and FX operation, who started his assignment in November 2022, the NBC enhanced its monetary instruments and introduced the Monetary Policy Rate (MPR) and the Interest Rate Corridor (IRC). Specifically, TA activities helped:

- **Introducing a 7-day monetary operation as the main monetary policy instrument**. In August 2023, the NBC introduced a 7-day Liquidity Providing Collateralized Operation (LPCO) which is now its main short-term liquidity supply instrument, auctioned on a weekly basis. The 7-day LPCO interest rate has become the MPR, or the center of the IRC.
- **Aligning short-term monetary operations with MPR**. The rates on other short-term liquidity providing and liquidity absorbing instruments—Marginal Lending Facility and 7-day Negotiated Certificate of Deposit—form now the upper and the lower bounds of the IRC. The NBC linked the interest rates on these instruments to the MPR. Therefore, any change to the MPR is automatically shifting the whole IRC. This helps achieve an effective transmission of the NBC's monetary policy stance on money market interest rates.
- **Increasing partial averaging of Reserve Requirements.** The NBC increased the limit of RR subject to averaging from 20 to 50 percent. There are also plans to continue gradually moving towards full averaging. Increasing the averaging limit contributes to a more effective liquidity management by banks and reduces the volatility of liquidity conditions and short-term interest rates at the money market.

Technical advice to the NBC continues being delivered in close collaboration and cooperation with the CDOT regional advisor on monetary operations. In FY2024, the bilateral and CDOT regional advisors organized two TA missions on FX and monetary operations (September 2023 and March 2024), reviewing the current conditions of monetary and FX operations frameworks and providing recommendations to streamline them.

Additionally, the bilateral and CDOT regional advisors organized a workshop on liquidity forecasting (November 2023). The workshop presented the main theoretical concepts of liquidity forecasting to the NBC staff and management. It also demonstrated a data-driven forecasting framework, with a practical session, during which the NBC staff and management could apply the theoretical knowledge and practical skills along with their professional judgement to produce a forecast and calibrate monetary operations for different mock scenarios.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2021

PROGRAM NAME: Strengthening and Modernizing Customs Administration in Asia and West Africa	**JSA#:** JPN130 **IMF ID:** FAD_IMF_2021_03
TARGET COUNTRIES: Cambodia, Lao P.D.R, Maldives, Mongolia, Myanmar, Nepal, Sri Lanka, Uzbekistan, Vietnam, Benin, Côte d'Ivoire, Guinea, Guinea-Bissau, Liberia, Nigeria, Sierra Leone, and Togo	**IMPLEMENTATION PERIOD:** May 1, 2020, to October 31, 2024

FY2024 Key Highlights

The main purpose of the program is to enhance customs administrations' capacity to collect revenue and control revenue leakage in selected Asian and West African countries. This will be achieved through reforming and modernizing the organizational structure, improving management and procedures of customs administrations, and enhancing the application of the rule of law without impeding trade. In FY2024, regional workshops sharing lessons learned among the beneficiary administrations on these core topics were organized in Asia and West Africa regions.

All Asian beneficiary countries, including five countries newly added in FY2024 (Maldives, Nepal, Sri Lanka, Uzbekistan, and Vietnam), received FAD CD support in person, except Myanmar for which CD activities remain suspended. Overall project progress was on track through FY2024, and achievements increased in line with expected objectives and outcomes. Countries benefited from the project's regional advisor visits to support implementation of advice. Cambodia has successfully built implementation capacity in business process reengineering (BPR), completed the groundwork for the customs law revision, gained capacity on an organization-wide investigations program, which did not exist previously, and developed knowledge on modern management of special economic zones (SEZ). Mongolia successfully increased implementation capacity on organizational risk management and conduct of change management, and it gained knowledge and improved its customs laboratory and testing on export coal products. CD for Lao PDR was within the scope of customs and tax administration cooperation, in coordination with FAD_APD_2022_02. Maldives and Vietnam received CD support on digitalization and other CD area specific to each country: post-clearance audit (Maldives) and compliance and enforcement action plans (Vietnam). Nepal and Uzbekistan worked with FAD staff to help prioritize their CD areas needing support. A customs administration diagnostic assessment was undertaken in Sri Lanka with the findings intended to guide forthcoming reform initiatives and CD support.

All West African beneficiary countries received FAD's support in person, except Sierra Leone. CD for Benin, which paused in 2022 because of the installation of a new IT system, and CD for Guinea, which was suspended in 2022 due to a coup, were resumed in FY2024. Benin and Guinea-Bissau received CD on control of special customs procedures and end use of exempt goods, as well as support in the implementation of electronic platforms for the initial and ongoing training of customs officials. In coordination with the FAD_AFR_2022_12 program, Guinea, Liberia, Nigeria, and Togo received hands-on training on the proper implementation of the AfCFTA, especially on the management and control of the origin of exported and imported goods. CD on customs data analysis and governance was provided to Liberia and Togo. In addition, CD specific to the beneficiary country was provided to Côte d'Ivoire (application of artificial intelligence for dynamic selectivity for customs control), Guinea (border control against smuggling, taxation and control of the mining sector, and human resource management), Liberia (tariff classification), and Nigeria (reengineering of cargo control and clearance processes). The eight African countries participated in a regional workshop on good governance and use of customs data, which was held in Abidjan, Côte d'Ivoire, in April 2024. Across the region, the low quality of data collected, and the insufficient integration and availability of this data compromise adequate decision making by customs administrations. This event allowed an important exchange of experiences between the participants and particularly the identification of the most relevant challenges for good data governance in the region, which will serve to guide future CD activities.

PROGRAM NAME: Strengthening Debt Management Operational Frameworks in Africa	**JSA#:** JPN421 **IMF ID:** MCM_AFR_2021_02
TARGET COUNTRIES: AFRITAC West (AFW) member countries – Benin, Burkina Faso, Ivory Coast, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo, Equatorial Guinea, Gabon, Botswana, Eswatini, Seychelles, and Namibia	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2025

FY2024 Key Highlights

The program aims to strengthen the key operating framework to facilitate implementation of the debt management strategy, to help diversify market borrowings in the beneficiary countries, and to further deepen the institutional capacities at debt management offices/departments in Central, Southern, and West Africa.

In FY2024, the fourth year of the program, the AFRITAC West (AFW) resident advisor has provided TA through in-person and virtual bilateral engagements. The TA provided to the beneficiary countries has helped to:

- Support **Côte d'Ivoire** in improving the content of the draft Law that will govern debt management activities in the country. The preparation and submission of draft Law to the National Assembly is a structural benchmark under the current ECF/EFF Arrangements.
- Assist with drafting a procedures manual for the effective execution of debt management activities in **Burkina-Faso** and **Guinea-Bissau**.
- Strengthen capacity of debt management staff in debt management strategy formulation in **Côte d'Ivoire, Guinea, Guinea-Bissau, and Niger**. Additional support was provided to the **Benin** authorities to strengthen coordination between debt and cash management and to ensure that debt management decisions are taken in the context of the government's overall cashflow position.
- Strengthen capacity of **Mali** authorities in issuance calendar preparation and in assessing its realism, as well as in the execution of cost-effective issuance and buyback operations.
- Utilize the debt dynamics tool by the **Mauritanian** authorities to project debt dynamics. Following a bilateral training on the use of the LIC-DSF, the number of staff who can operate the tool independently has increased and the debt sustainability analysis report prepared by the authorities shows the ability to articulate linkages between debt, macro policies, and debt sustainability.
- Start implementing the action plan for developing the government securities market in **Mauritania**. The regularity of Treasury bills issuances has improved. The stock of T-Bills at end-September has exceeded the floor set under the current ECF/EFF Arrangements and the first Treasury bond issuance took place in 2024.
- Strengthen capacity of staff from **Equatorial Guinea** and **Gabon** in the integration between debt and cash management.
- Train staff from debt management offices, Treasury Departments and CBs of **AFW member countries** on sound investor relations practices. Participants enjoyed opportunities to share their experiences and recount challenges in the development and maintenance of sound investor communication practices.

FY2021 (CONTINUED)

PROGRAM NAME: Strengthening Debt Management Operational Frameworks in Asia-Pacific	**JSA#:** JPN420 **IMF ID:** MCM_APD_2021_01
TARGET COUNTRIES: PFTAC member countries (Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu).	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2025

FY2024 Key Highlights

The program aims to assist PFTAC member countries to strengthen their debt management by: (i) building capacity on debt related analyses and reporting; (ii) building capacity to implement their debt and risk management strategy; (iii) strengthening the institutional arrangements for debt management; and (iv) improving the functioning of local currency bond markets. In the first three years, the program also supported Southeast Asian countries. Starting FY2024, the program focuses on PFTAC countries only.

In FY2024, the fourth year of the program, the PFTAC resident advisor has provided TA through in-person and virtual bilateral engagements. The TA provided to the beneficiary countries has helped to:

- Assist **Fiji** authorities with Liability Management Operations (LMO). This resulted in providing the authorities with the options available for adjusting the debt portfolio through a LMO, an analysis of the potential LMO, along with a suggested action plan for implementation.
- Support authorities in **Papua New Guinea** with a follow-up mission in planning and implementing an annual borrowing plan and issuance calendar, consistent with the debt management strategy. Once approved, the published plans will establish consistency, certainty, and transparency in government financing, playing an important role in the development of the domestic debt market.
- Review the institutional arrangements for debt management in **Timor-Leste**, that form the basis for sound debt management operations. The review provided the authorities with a roadmap to improve governance and an effective structure for debt management operations.
- Enhance officials' capacity in debt management reporting and monitoring in **Samoa**. The mission assisted officials in improving their quarterly debt bulletin, drafting an executive debt management report, and highlighting areas for improvement in the annual debt management report.
- Assist in the development of the domestic debt market in the **Solomon Islands**. The first mission provided a structured approach to strengthening the primary domestic debt market, highlighting areas to enhance cost effective financing. A follow-up mission then built capacity of officials in two areas highlighted for strengthening, domestic securities auctioning practices, and investor relations.
- Strengthen capacity of officials in **Palau** in debt management fundamentals. This CD enabled officials to better understand their role as debt managers, manage the risks within the debt portfolio and operation, and improve the provision of analysis to senior policy makers. The training provided a comprehensive overview and key aspects for debt management operations, creating a sound foundation for absorption of future debt management technical assistance.
- Develop regional capacity in the joint IMF-WB Debt Sustainability Framework for Low Income Countries (LIC DSF) through a regional workshop. The training and framework help guide countries in mobilizing the financing of LICs' development needs, while reducing the chances of an excessive build-up of debt in the future.

PROGRAM NAME: Supporting for Improved Treasury Management and Modernization of Financial Systems - II	**JSA#:** JPN129 **IMF ID:** FAD_APD_2021_03
TARGET COUNTRIES: Cambodia; Lao P.D.R., Myanmar, and Vietnam	**IMPLEMENTATION PERIOD:** May 1, 2020, to April 30, 2024

FY2024 Key Highlights

The objective of the program was improving the effectiveness and efficiency of the treasury management, budget execution, government accounting and fiscal and financial reporting functions. In Cambodia, the support focused on implementing modified cash-basis of accounting, in a step towards potential accrual accounting system and strengthening the internal audit function. On accounting, the authorities plan to produce financial statement on modified cash basis in fiscal year 2025. For Vietnam, the support focused on various reform areas in treasury and cash management, internal audit and accounting. The work on developing the chart of accounts is ongoing and will continue after the end of the project, the strategy in modernizing the treasury functions has been approved and the implementation has been supported by the project. For Laos, the engagement with the authorities has not been very active due to low-capacity absorption and focused on support of revamping the chart of accounts. For Myanmar, no CD activities has taken place since 2021 due to the political situation. The project has been extended by one year until April 2024 from its original date of April 2023. Although the project has ended, the ongoing CD provided to these countries in the above-mentioned areas will continue with "the support FAD JSA Strengthening Public Financial Management in Selected Southeast Asian Countries FY24-26".

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2019

PROGRAM NAME: Project Proposal to Integrate Macro-Financial Analysis into Macroeconomic Management	**JSA#:** JPN604 **IMF ID:** APD_TTA_2019_01
TARGET COUNTRIES: Cambodia , LAO P.D.R., Vietnam (CLV), and Myanmar (paused)	**IMPLEMENTATION PERIOD:** November 1, 2018, to April 30 2024

FY2024 Key Highlights

The primary objective of the MAC program is to support the main beneficiary countries - CLV - in strengthening their macroeconomic management capacity. Macro TA delivery was scaled up in FY2024, following increased demand. During FY2024, CDOT received official requests for three new TA projects. As a result, the program now covers six active macro projects, and TA delivery to CLV is organized around two pillars: FPAS for CBs' monetary policy formulation and ii) macroeconomic frameworks for inter-agency core macro groups. These projects focus on building technical tools for macroeconomic analysis and forecasting, elaborating data sharing protocols for regular updates, and integrating analysis and forecasts into the authorities' own policy decision-making processes. In addition, CDOT's regional macro courses delivered to CLV countries helps strengthen theoretical macro skills, which are important for the subsequent absorption of the macro TA.

- In Cambodia, the NBC is using nowcasting models to produce a short-term projection of quarterly GDP and inflation and is now developing a tailored QPM. With the MAC CD support, a cross-agency core macroeconomic working group now updates and runs the macro-framework, and findings are used as inputs for MEF and NBC policy decisions.
- In Lao P.D.R., BOL in developing macro diagnostics, nowcasting and near-term forecasting capabilities for monetary policy decision-making. The cross-agency core working group is developing a macro-framework tool and cross-sector database, accessible by all participating agencies.
- In Vietnam, the SBV's core group runs the QPM independently, and FPAS is increasingly becoming an effective part in informing conduct of the SBV's monetary policy. The inter-agency macroeconomic working group has developed an initial macro-framework tool and presented their baseline forecast and policy scenarios to Ministry of Planning Investment's Vice Minister.

Reform efforts bolstered by CDOT projects enhance the integration of CD with surveillance activities. The CDOT plays a leading role in the integration of CD with surveillance efforts, facilitating continuous dialogue among country teams, authorities, and CD delivery departments, with a view of aligning CDOT LTXs work programs to country-specific and regional priorities.

Core working groups, whether agency-specific or cross-agency, are pivotal in shaping the CD work programs and aligning them with the countries' institutional reform agendas. The CDOT emphasizes importance of well-structured institutional frameworks for effective CD absorption. Consequently, the significance of core groups in bolstering ownership and accountability in CD implementation has grown markedly.

Macroeconomic CD strategy is centered around building capacity of core macro working groups. All TA projects are delivered to core working groups composed of both technical and senior staffs of respective agencies. These groups are usually formed by government orders and members of the groups are formally assigned with accountability to the deputy governor or the deputy minister in charge. Specifically, the monetary policy core groups are staffed solely by CB personnel, reflecting the emphasis on monetary policy issues. Conversely, the macroeconomic framework cross-agency core groups draw their membership from a broader spectrum of agencies, including the MoF, CBs, and statistical offices, among others. These core groups serve as vital forums for macroeconomic discussions and the exchange of data across different agencies. This inclusive approach fosters improved cooperation among key economic agencies, facilitates the exchange of data and policy dialogue, enhances the cost-efficiency of CD initiatives, and mitigates the risk of turnover among group members.

Well-established cross-agency collaboration protocols are key for timely and consistent data compilations across all projects. In absence of formal data exchange and coordination protocols amongst various government agencies, core working groups or informal liaison arrangements are commonly in place to facilitate data gathering. However, various government agencies have lengthy internal approval processes for regular data requests which remain a challenge, affecting the timeliness of data and leading to deficiencies. To address existing data gaps, the government agencies' top-management support is essential for data sharing amongst these agencies and administrative data provision for compiling macroeconomic statistics. Consistent staffing challenges also remain. Efforts are ongoing to promote more effective data-sharing protocols and compilation coordination between government agencies, in collaboration with APD country teams.

Cross-thematic collaborations enrich CD delivery. IMF RCDCs are instrumental in promoting cross-thematic collaborations among LTXs. A notable instance of such collaboration is the multiyear CD engagement with the BOL, facilitated by CDOT Director through joint efforts among APD, MCM, and ICD, featuring two complimentary project leads by MCM and ICD CDOT LTXs. CDOT LTXs are regularly engaged in joint training programs with SARTTAC. LTXs also regularly engage with the WB, ADB, and JICA experts in peer learning activities with good examples of collaboration in treasury management and monetary operations activities.

JSA CAPACITY DEVELOPMENT PROGRAMS APPROVED FOR FY2018

PROGRAM NAME: CDOT Supporting Monetary and Foreign Exchange Operations in Cambodia, Lao P.D.R., Myanmar and Vietnam	**JSA#:** JPN414 **IMF ID:** MCM_APD_2018_01
TARGET COUNTRIES: Myanmar, Cambodia, Lao P.D.R., and Vietnam	**IMPLEMENTATION PERIOD:** September 1, 2017, to April 30, 2026

FY2024 Key Highlights

The program provides CD on monetary and FX operations to the CBs of Cambodia, Lao P.D.R., and Vietnam. CD to Myanmar remains paused. The first CDOT advisor's three-year term ended in September 2020. The second (current) CDOT advisor started his assignment in January 2021, which is expected to end in April 2026.

In ***Cambodia***, in FY2024, following technical advice by MCM advisors and staff, the NBC introduced a 7-day Liquidity Providing Collateralized Operation (LPCO); streamlined overnight Marginal Lending Facility (MLF); introduced the policy rate and linked 7-day LPCO and interest rate corridor to the policy rate; increased partial averaging maintenance of reserve requirements in local currency from 20 percent to 50 percent; and streamlined FX auctions platform. Previous achievements of the NBC include setting up short-term liquidity forecasting framework; starting collection of daily data on interbank money market transactions to monitor interbank market; introducing the MLF, which has also supported the issuance of the government bond as the MLF increases its liquidity; and moving to a market-based official exchange rate calculation mechanism, which has eliminated the spread between official and parallel market rates.

In ***Lao P.D.R.***, since the CDOT scoping mission in July 2023 that prepared a multiyear CD workplan to support the BOL Monetary Policy Implementation, a good progress has been achieved. Firstly, the BOL has introduced the 7-day BOL bills to absorb liquidity and the medium-term BOL bills are now issued to banks only. Secondly, the BOL has established a Liquidity monitoring table, which is updated on weekly basis. Thirdly, the BOL has established Liquidity Monitoring and Forecasting Group to monitor market liquidity and forecast next week's liquidity changes. Finally, the raise in the RR ratios to pre-COVID levels has also conveyed the signal of normalization of monetary policy implementation.

In ***Myanmar***, with the military takeover in February 2021, all CD activities with the Central Bank of Myanmar (CBM) have been paused. However, the advisor maintains regular contact for fact-finding based on his experience as bilateral resident advisor to the CBM on FX operations for three years prior to his CDOT assignment. This helps to be ready for resumption of CD work in Myanmar if conditions change and the Fund's Board decides to resume this CD.

In ***Vietnam***, to support the efforts of the SBV to effectively implement the recommendations from the IMF FPAS TA, the advisor delivered two workshops on (i) interest rate corridor in April 2023, and (ii) liquidity forecasting and estimation of demand for reserves in May–June 2023. The latter discussed the recent advances in forecasting literature and international good practices of different forecasting models with various degrees of complexity of CBs' liquidity forecasting practices. Its participants also discussed new methods of estimation of demand for reserves. The workshop was delivered with a mock data as requested by the SBV. The training participants provided all necessary codes in R for both statistical tools, so the SBV staff can replicate these models with its own data.

FY2024 regional peer-learning events included the regional CDOT-SARTTAC courses delivered in New Delhi, India: (i) Monetary Policy Implementation in January 2024, and (ii) Liquidity Forecasting and Estimation of Demand for Reserves in March 2024. Trainings were open to all CBs of the two centers' member countries plus the Philippines. CDOT and MCM also facilitated a regional workshop, hosted by the BOT on Central Bank Communications and Transparency in Bangkok, Thailand in June 2023.

Japan-IMF Partnership on Capacity Development

INTERNATIONAL MONETARY FUND
Institute for Capacity Development
Global Partnerships Division

700 19th Street, NW
Washington, DC 20431 USA
T. +(1) 202.623.7000
F. +(1) 202.623.7106
GlobalPartnerships@IMF.org
@IMF CapDev
IMFCapacityDevelopment
IMF CD LinkedIn: https://www.linkedin.com/showcase/imfcapacitydevelopment/