

The logo of the Asian Development Bank (ADB) is a dark blue square containing the letters 'ADB' in white, serif, uppercase font.

Asian Development Bank

# Japan Fund for Public Policy Training Modified Implementation Arrangement

September 2005

## **CURRENCY EQUIVALENTS**

(as of 14 September 2005)

Currency Unit	–	Japanese Yen
Y1.00	=	\$0.00903628
\$1.00	=	Y110.665000

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
ADB I	–	Asian Development Bank Institute
DMC	–	developing member country
JFPPT	–	Japan Fund for Public Policy Training

## **NOTE**

In this report, "\$" refers to US dollars.

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## **I. INTRODUCTION**

1. In March 2004, the Asian Development Bank (ADB) accepted the administration of the Japan Fund for Public Policy Training (JFPPT) as a new trust fund (*Asian Development Bank, Cooperation with Japan: Japan Fund for Public Policy Training*, R33-04, March 2004). In accordance with arrangements approved by the Board of Directors, the Asian Development Bank Institute (ADBI) was appointed by the Government of Japan (GOJ) as the JFPPT administrator and was asked to formulate a pilot program in Viet Nam. Following implementation of the JFPPT pilot project by ADBI in an initial phase, GOJ held consultations with ADB and ADBI to make arrangements for the full-scale implementation of the JFPPT program and its long term sustainability. While acknowledging the important contribution made by ADBI and the Government of Viet Nam in commencing work on the JFPPT program, GOJ and ADBI now believe that the program can be more effectively and sustainably implemented by ADB. GOJ would like to appoint ADB as the administrator of the JFPPT, instead of ADBI. This Paper outlines the proposed modified arrangements for the administration of the JFPPT, including the transfer of JFPPT funds to ADB (Appendix).

## **II. OBJECTIVE AND SCOPE OF JFPPT**

2. As set out in document R33-04, the main objective of the JFPPT is to assist developing member countries (DMCs) and their institutions to build their capacities for public policy training and education, initially concentrating on transition economies such as Viet Nam. The immediate purpose is to (i) conduct public policy training for mid-career and senior government officials and leaders, at both national and sub-national levels, involved in formulating and implementing public policies; and (ii) support initiatives to eventually establish a center of excellence for public policy education.

3. According to the specific situation in the DMCs receiving support from the JFPPT, assistance may be provided to enhance existing public policy training centers or to establish new institutions for providing education in public policy making in addition to financing the conduct of carefully designed and high quality learning programs in public policy and management.

4. The JFPPT will finance activities related to capacity building and training, including the procurement of consultancy services; training equipment, goods, and services; development of training materials; provision of technical assistance grants to facilitate public policy diploma and degree courses; and other related activities.

5. To maximize its synergy and impact, JFPPT-financed programs will be aligned with and made complementary to country strategies and programs, poverty partnership agreements, and public administration reform programs.

## **III. MODIFIED IMPLEMENTATION ARRANGEMENTS**

### **A. Processing Procedures**

6. Public policy training programs and related activities will be prepared following the JFPPT concept and fundamentals as originally outlined in document R33-04, and ADB policies and procedures for trust funds and non-lending technical assistance operations, and in close consultation with participating DMC governments, as appropriate.

**B. Appointment of ADB as Administrator of the JFPPT**

7. It is recommended that ADBI would relinquish its role as JFPPT administrator, and, instead, ADB be appointed as the administrator of the JFPPT. This appointment would come into effect following approval by the Board of Directors on a date mutually agreed upon by ADB, ADBI and the Government of Japan.

**C. Transfer of Funds**

8. The grant funds to be transferred to an account controlled by ADB will include the uncommitted part of the initial grant contribution of GOJ (¥905,362,000) and any interest earned thereon, and any subsequent grant contributions. The transfer of the funds will be as follows: (i) the US\$ Account held by ADBI with Sumitomo Mitsui Banking Corporation will be remitted to the ADB Account with Citibank, NYC, while the Yen Account held by ADBI with the same bank will be remitted to the ADB Account with the Bank of Japan; and (ii) the US\$ and Vietnamese Dong accounts held by ADBI with Citibank Hanoi and Petty Cash held by JFPPT Hanoi office will be deposited to the ADB Viet Nam Resident Mission Account with Citibank Hanoi.

**D. Use of Funds**

9. As the administrator of the JFPPT, ADB will ensure that all applicable ADB policies and procedures for procurement of goods and services, and recruitment of consultants, as may be amended from time to time, will govern JFPPT programs financed by JFPPT funds transferred to ADB. ADB will not be responsible for any actions taken by ADBI in administering the JFPPT prior to the date when the appointment of ADB as the administrator of the JFPPT will come into effect.

10. Except as provided otherwise in the Appendix, the arrangements regarding the administration of the JFPPT set out in document R33-04 and agreed in March 2004 in a letter of exchange between the Government of Japan and ADB shall apply *mutatis mutandis* to the administration of the JFPPT by ADB. ADB will administer, supervise, monitor and evaluate JFPPT programs and related activities in accordance with its policies and procedures for trust funds and nonlending technical assistance operations.

**E. Monitoring, Evaluation, and Reporting**

11. ADB will monitor and evaluate JFPPT-financed programs in a similar manner to other ADB financed projects in accordance with its established policies and procedures. ADB will invite representatives of GOJ to participate in review missions. In terms of performance and fulfillment of its purpose, the JFPPT program will be reviewed three years after the transfer of the JFPPT administration to ADB comes into effect.

12. The guideline for the use of the fund for JFPPT-financed programs and related expenses will be formulated inline with the guidelines used in the administration of the Japan Fund for Poverty Reduction. The Mekong Department shall be the focal point for programs monitoring and reporting, while OCO shall be the focal point for financial matters.

#### **IV. THE PRESIDENT'S RECOMMENDATION**

13. The President recommends that the Board approve the appointment of ADB as administrator of the Japan Fund for Public Policy Training instead of ADBI and the modified arrangements regarding the administration of this trust fund set forth in this Paper and the Appendix thereto.

Haruhiko Kuroda  
President

23 September 2005

## PROPOSED MODIFIED ARRANGEMENTS FOR JFPPT ADMINISTRATION

23 September 2005

Mr. Haruhiko Kuroda  
President  
Asian Development Bank

Dear Mr. Kuroda,

I have the honor to refer to the recent discussions among the Government of Japan (the Government), the Asian Development Bank (ADB), and the Asian Development Bank Institute (ADBI) with regard to their mutual cooperation for the administration of the Japan Fund for Public Policy Training (JFPPT) and proposed modified arrangements for the implementation of the JFPPT program.

As you are aware, ADBI was appointed as the administrator of the JFPPT and was asked to commence implementation in Viet Nam (R33-04, March 2004). Recently, the Government has discussed with ADB and the ADBI arrangements for the successful full-scale implementation of the JFPPT program and its long term sustainability. A consensus emerged that further project implementation in Viet Nam and extension to other countries in the Mekong region should be handled by ADB through its Mekong Department, which already has substantial operations in the Mekong region, resident missions, experienced staff in country, and a long track record in administering Japan funded and other trust funds. Following implementation of the JFPPT pilot project by ADBI in an initial phase, and acknowledging the important contribution made by ADBI and the Government of Viet Nam, the Government would like to appoint ADB as the administrator of the JFPPT, instead of ADBI, and to transfer to ADB the uncommitted part of the initial contribution (¥905,362,000), any interest earned thereon, and any subsequent grant contributions from the Government for JFPPT.

As to the provision of the modified arrangements for implementation, I have the honor to propose the following:

- i. ADB would be appointed as the administrator of the Fund. This appointment will come into effect upon a date mutually agreed upon by ADB, ADBI and the Government.
- ii. Within 45 days after the Board approval, ADB and ADBI will jointly prepare an inventory of assets and liabilities, (including office logistics, other physical assets, financial resources, project staff as well as retained funds for ADBI to satisfy wind-down commitments), and agree on transitional arrangements, transfer date, schedule of handover JFPPT assets and all other relevant matters to facilitate a smooth transfer of the JFPPT administration from ADBI to ADB.
- iii. Except as provided otherwise herein, the arrangements regarding the administration of the JFPPT agreed in March 2004 in document R33-04 shall apply *mutatis mutandis* to the administration of the JFPPT by ADB. ADB will administer, supervise, monitor, and evaluate JFPPT program and related activities in accordance with its policies and procedures for trust funds and

nonlending technical assistance operations. ADB will not be responsible for any actions taken by ADBI in administering the JFPPT prior to the date when the appointment of ADB as the administrator of the JFPPT will come into effect.

From time to time, the Government and ADB will consult with each other on matters arising out of the present arrangement. Further, ADB will keep the Government informed of major changes or developments affecting the activities financed out of the Fund, including, *inter alia*, amendments to agreements; reallocation of funds; suspension, termination or cancellation of disbursements; and of any event that interferes, or threatens to interfere, with the successful implementation of JFPPT financed programs and activities.

I have further the honor to propose that this letter and your confirmation of the foregoing arrangements shall be regarded as constituting an agreement among the Government and ADB, which will enter into force on the date of your confirmation.

Sincerely yours,

Masaki Omura