

JAPAN FUND FOR POVERTY REDUCTION (JFPR)

2010 POLICY GUIDELINES FOR TECHNICAL ASSISTANCE GRANTS

1. Objectives

- To provide technical assistance (TA) grants to ADB developing member-countries (DMCs), or their agencies, to help prepare ADB projects or programs; provide sector- or economy wide context; for institution and capacity-building; knowledge management and to support regional activities. Grants approved under the program are subject to the criteria set forth in these Guidelines.

2. Eligible Countries, Priority Areas and Activities

- All ADB DMCs will be eligible for JFPR TA grants.
- All sectors are eligible for TA grants financed by JFPR. TA grants should fall under any of the following types¹:
 - (i) *Capacity development technical assistance (CDTA)* - to undertake institutional and organizational capacity development and to support the implementation, operation and management of ADB-financed projects.
 - (ii) *Policy and advisory technical assistance (PATA)* - to finance sector-, policy-, and issues-oriented studies.
 - (iii) *Research and development technical assistance (RDTA)* - to address development issues of a global or Asia and Pacific – wide nature;
 - (iv) *Project Preparatory TA (PPTA)*² – TA to prepare projects for financing by ADB and/or other external sources.

¹ In July 2008, ADB approved the R-Paper *Increasing the Impact of the ADB's Technical Assistance Program* and implemented a TA reform initiative which included product reforms to improve the development effectiveness and strategic focus of TAs including changes in the nomenclature for TAs and identified three new types -- research and development TA (RDTA), capacity development TA (CDTA) and policy and advisory TA (PATA). Project Preparatory TA (PPTA) type has been maintained. Procedural reforms to improve quality and ownership were introduced, as well as financial management improvements.

² For 2010, GOJ would like to see the JFPR TA program focus on CDTA, PATA, and RDTA. However, recognizing the contribution of Project Preparatory TAs to capacity building efforts within ADF-only countries, JFPR will support PPTAs for these countries.

In addition, JFPR will consider PPTAs for all ADB DMCs which fall under any of the following categories.

- (i) PPTAs for projects focusing on new investment areas where the technology barriers are high where even OCR-eligible countries would benefit from PPTA. Examples are infrastructure projects in relatively new areas such as urban development, water supply, sanitation, waste management, mass transit and other transport solutions that help mitigate carbon emission, and support for energy operations that promote energy efficiency, renewable energy and clean energy. JFPR may support PPTAs along these areas;
- (ii) PPTAs for projects, in line with overarching thrust of JFPR which is to help reduce poverty within ADB DMCs, that (i) build upon JFPR-financed pilot projects, (ii) support well-targeted poverty reduction and social development activities that have a direct impact on the poor and on socially or economically excluded or vulnerable groups, and (iii) provide a systematic impact on DMCs' operations and approaches toward sustainable poverty reduction;

Note: Starting in 2010, the structure and language of the Project and TA Guidelines have been made to conform with the Revised Operating Framework for JFPR which was approved in October 2009. The highlighted sections represent those key portions that were revised under the new Guidelines.

- When proposing these, staff should ensure that such TAs are listed in the Country Operations Business Plan (COBP) or Regional Country Operations Business Plan (RCOBP), whether approved as a stand-alone document or attached to the Country Partnership Strategy Paper (CPS) or the Regional Cooperation Strategy document (RCS) otherwise concept clearance should be obtained from the respective Vice President or the Managing Director-General. TA proposals other than those mentioned should be clearly linked to ADB's operations and must demonstrate value-added results from ADB's involvement. In addition, the use of JFPR TA should be fully justified in the proposal. Studies or workshops will not be supported by JFPR unless the activities contribute to strengthening partnership between Japan and the recipient DMCs. TAs deemed eligible for thematic Japanese Trust Funds, i.e. the Asian Clean Energy Fund (ACEF) and the Investment Climate Facilitation Fund (ICFF), shall be considered as candidates for ACEF or ICFF³. Once proposals are submitted for ACEF and ICFF consideration, these are not supposed to be submitted to JFPR simultaneously.
- Any TA which will provide assistance to an individual entity other than national or local government will not be approved except in cases where such assistance will provide visible benefits to the society, such as environmental protection.
- Priority will also be given to TA proposals which will enhance Japan's visibility in the region, particularly those which will involve Japanese aid agencies like JBIC or JICA, or Japanese NGOs. On the other hand, any TA proposal which will overlap with other Japanese bilateral assistance will not be supported.

3. Amount

- The maximum amount per proposal is \$2 million, however, this may be exceeded where the need is justified and adequately explained such as in the case of financial crisis response TA proposals.

4. Funding Proposal

- As early as during the concept stage and prior to entering it in the ADB's information systems, the proponent Office or Department is requested to provide advance information to OCO indicating the title of the TA proposal, DMC recipient, amount and a one-paragraph description. The submission should identify and disclose any sensitive aspects as well as potential risks that may arise as a result of the project (e.g., adverse environmental impacts, resettlement, etc.). OCO will provide an initial assessment as to whether JFPR funding could be considered.

(iii) PPTAs for projects, in line with ADB's strategic agenda on inclusive economic growth, that directly improve human capacities of the poor, such as through education and health, or promote ecoeconomic opportunities for the poor, such as through irrigation, rural roads, and water supply;

(iv) PPTAs for projects on regional cooperation and integration, such as for construction/opening up of cross-border roads, communicable disease prevention and control, and similar activities;

(v) PPTAs for projects on disaster risk management and mitigation;

(vi) PPTAs which will provide good visibility to GOJ and/or will involve JICA/JBIC cofinancing; or

(vii) Other PPTAs which may be considered for support in line with evolving GOJ priorities.

³ If the project officer feels strongly that the proposal should be considered under JFPR TA instead of ACEF or ICFF, strong justification should be provided as appropriate.

- JFPR TA proposals are approved by GOJ in the form of a project profile submitted through OCO. The project profile contains basic data, purpose and specific TA components, and expenditure categories. For CDTAs, PATAs and RDTAs, the project's design and monitoring framework is also attached.
- Specific and concrete goals or objectives to be addressed by the TA, including measurable indicators (to the extent possible, quantitative indicators), should be described fully in the project profiles. Concomitant risks should also be mentioned. All TA proposals, except studies or workshops under Regional TAs **which deal with issues unrelated to particular countries**, must be explained to, with a concept paper, and discussed with the local Embassy of Japan⁴ at an early stage, i.e. before formal submission to OCO. Most importantly the project profile should include the details of such discussions. There may be some cases where the funding source has not been decided at the time of fact-finding mission and JFPR financing is proposed later on. In such cases, proposals can be sent to the Embassy of Japan before submission to OCO, which should be mentioned in the project profile. In order to expedite the approval process, information sharing with JICA local office is also recommended.

5. Eligible Expenditures

- Eligible expenditures include: (i) consultant services and; (ii) non-consultant costs for local training, workshops, minimal equipment such as computers, etc., and operating costs essential to carry out the technical assistance, including rent of vehicles, if justified. Non-consultant costs which will not be paid through consultants, and therefore to be paid directly by the ADB or the Executing Agency and to be reimbursed by ADB later, shall be limited to 10% of the total grant amount. CDTAs should clearly indicate whether it is capacity building for the Executing Agency or stakeholders.

6. Ineligible Expenditures

- The following are ineligible expenditures: study tours, foreign training, purchase of vehicles (except when the use of and the need to purchase or lease a vehicle is fully justified in the proposal), salaries for civil servants in recipient countries, scholarships or long internships, detailed engineering, civil works and other related expenses.

7. Letter of Agreement (LOA)

- Project Officers should prepare the draft LOA and submit to OGC for clearance. A copy of the LOA must be forwarded to OCO, CTL, COSO, and OGC after it has been signed.

8. Execution Arrangements

- Recruitment of consultants will be carried out in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Procurement of goods and services will be carried out in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time).

⁴ The list of Japanese Embassy focal persons is found in the OCO Website which may be accessed through MyADB.

- ADB will review and approve all relevant actions undertaken by executing agencies associated with the JFPR (i.e., recruitment of consultants, procurement of goods and services, and disbursement) in accordance with established procedures. In cases where ADB itself recruits consultants, such as with TA projects, all relevant ADB procedures governing such recruitment will be followed.
- Expenditures arising from JFPR-funded activities will be paid in accordance with ADB's standard procedures for disbursements, except where agreed otherwise with the Government.
- JFPR TA will, in principle, be executed by ADB pursuant to ADB's applicable policies.⁵ In cases where TA components are included in a JFPR project proposal, unless otherwise indicated in the proposal, the project will be recipient executed, with the TA components executed by ADB. The project Letter of Agreement (LOA) which was amended together with OGC on 5 October 2009 includes new provisions on immunities for consultants who will be recruited by ADB.

9. **Progress and Completion Reports**

- The TA Supervising Unit (TASU) officer will be responsible for preparing progress reports and TA Completion Reports required by ADB, with copy to OCO.

10. **Audit Report**

- The audit of JFPR TAs will be done in line with ADB's auditing policies and procedures for TAs. A copy of the audit report which includes JFPR TAs should be provided to OCO.

11. **Reallocation of Funds and Changes in Scope**

- Reallocations of TA expenditure categories and activities, including dropping or adding new eligible categories or activities, must be approved by the TASU Director or head and circulated inter-departmentally as per existing Project Administration Instructions (PAI), etc. A request must be submitted to OCO which will determine if approval is required from GOJ.

12. **Cancellation**

- In cases where (i) a JFPR TA has not been signed 12 months after ADB approval or (ii) where a TA has not been implemented 6 months after the TA becomes effective, the TA should be cancelled unless the delay is justified. A request should be submitted to OCO for exceptions to (i) and (ii). When a JFPR TA is cancelled, OCO must inform the GOJ of the cancellation immediately and also in the next Semi-Annual Report.

13. **Japan Visibility and Coordination with Local Embassy of Japan Officials**

- In order to ensure harmonization and coordination with Japanese policies, TASU officers are required to consult with the local Embassy⁶ of Japan about the TA proposal before

⁵ This does not preclude the possibility that TA execution may be delegated to DMCs with Government's concurrence on a case-by-case basis.

⁶ In the case of Regional TA, officers are required to consult with all embassies mentioned in the proposal.

submitting the **concept paper**/Project Profile to OCO for processing. The concept paper/draft proposal must be explained to and discussed with the Embassy of Japan, with a brief summary which outlines the proposal. Documents should be submitted to the Embassy at least seven working days before the consultation to give the Embassy official time to consider them. Any comments made by the Embassy should be reflected and a summary of the consultation should be included in the Project Profile submitted to OCO. This step is crucial as GOJ places importance on the comments of the local Embassy of Japan during the internal approval process. In cases where a meeting with the Embassy is not possible, email exchange, telephonic discussion or any other form of inter-active communication may be used. **In such cases, an email containing the Embassy's views/opinions on the proposal should be sought and reflected in the final proposal.**

- Once the proposal has been approved by ADB, the TASU officer should inform the local Embassy of Japan about the approval. TASU officers are strongly encouraged to stage signing ceremonies related to the TA Letter of Agreement or launching ceremonies, etc. in the field, with the attendance of Japanese embassy officials. In coordination with the Resident Mission (RM), the TASU Officer should aim to inform the Embassy of Japan as well as OCO – which will alert the Japanese authorities in Tokyo -- at least ten working days in advance of the signing ceremony. The TASU officer should also draft a news release in consultation with the Department of External Relations and coordinate arrangements for the RM to invite the local and international press to these ceremonies. From time to time, the Embassy of Japan should be informed about project progress and milestones especially when major changes in scope and objectives are required. Throughout all phases of the project, from concept to completion, the TASU officers should answer inquiries from the Embassy of Japan regarding the project and discuss where necessary.
- **Project officers are asked to help promote the visibility and local awareness of JFPR in recipient countries through the following types of activities (also, see Japan Funds Guidance Note on Visibility):**
 - **Publications, training programs, seminars and workshops financed by JFPR grants should clearly indicate that the activities in question have received funding from the Government of Japan;**
 - **The JFPR logo⁷ should be used in publications financed by the JFPR program, and in banners and any other materials used in seminars and training programs financed by JFPR grants;**
 - **All press releases issued by ADB with respect to JFPR grants should refer to the financial contribution from the Government of Japan; and**
 - **Recipients should be encouraged to ensure that JFPR-financed activities are well covered by local print and electronic media, and that all related publicity materials, official notices, reports and publications explicitly acknowledge Japan as the source of funding received.**

⁷ The logo is found in the OCO Website which may be accessed through MyADB.

- Decisions on any future JFPR TA grant for a DMC would take into consideration the ADB's and recipient's efforts to comply with the above. In addition, OCO will promote the visibility of the JFPR by: (i) informing Office and Department Heads of the importance of signing ceremonies to Japanese officials and the public to ensure recognition and support for JFPR funding; and (ii) continuing widespread distribution of the JFPR Annual Report, inclusion of JFPR information in relevant ADB documents, and occasional information sessions on JFPR for Japanese organizations.

14. **Maintenance of Documentation**

- Proponent Offices and Departments will keep copies of key documentation, related to JFPR TA grants, for example, Terms of Reference and consultant contracts, reports and other outputs prepared by consultants, status reports, etc., in accordance with ADB's document retention policy.

15. **Schedule**

- OCO will submit JFPR TA proposals to GOJ **five times in 2010** (see table below). OCO will announce the batch schedule and remind the deadlines in the daily electronic newspaper (ADB Today), ADB intranet, and the JFPR website. GOJ will confirm its decisions on proposals (whether they are approved or rejected) within four weeks from OCO's submission to GOJ where GOJ is satisfied with the contents of the application. In case GOJ requires clarifications, the final decision on the proposal may take longer.
- The schedule covers regular processing of TA proposals. However, a special batch for urgent proposals, **such as for financial crisis response proposals**, may be arranged. Additionally, these guidelines may be eased whenever ADB and GOJ consider it necessary and urgent for operational expediency.

2010 Batch Processing Schedule	
Deadline for Submission to OCO	Timetable for OCO's Submission to GOJ
Batch I: 1 February	Batch I: 11 February
Batch II: 15 March	Batch II: 25 March
Batch III: 17 May	Batch III: 27 May
Batch IV: 16 August	Batch IV: 26 August
Batch V: 18 October	Batch V: 28 October

* A special batch may be arranged between the last batch in October and the next batch of the following year.

- Operational Staff are encouraged to share the 2010 Policy Guidelines Document with Client Country Staff, including central ministries.

16. **Fund Allocation**

- In 2010, \$60 million is the indicative budget allocation for JFPR TA grants, to be approved through **5** batches during the year.