

I. BACKGROUND

1. Since its establishment in March 1988, the Japan Special Fund (JSF) has been providing grants to Asian Development Bank's (ADB) developing member countries (DMCs) to help prepare projects, undertake technical or policy studies, and promote regional and subregional cooperation. As a special fund and untied grant that consists of resources entirely contributed by the Government of Japan (GOJ), it supports ADB's continuous efforts to eradicate poverty that afflicts so many in the Asia and the Pacific region.
2. In 2002, it accounted for 20% of the total amount of technical assistance (TA) projects approved by ADB, including 54% of the total amount of project preparatory technical assistance (PPTA) approved during the year. (Appendix 1).
3. To do this, it was the recipient of generous contributions from the GOJ and had reviewed its existing financial resources for additional funding.
4. As administrator, ADB through the Office of Cofinancing Operations (OCO) processes batches of TA proposals, six in 2002. JSF has a two-step approval process, involving initial and final approval. Each proposal is carefully screened and thoroughly reviewed. To gain a complete understanding of the TA proposals and to maintain project quality, clarifications are requested from the projects officers. OCO then seeks initial approval from the JSF authorities when the proposal is cleared. Once a proposal is reviewed and approved by an interdepartmental staff review committee, final approval for JSF financing is requested.