

II. JAPAN SPECIAL FUND OPERATIONS IN 2002

A. Overview

5. This year, JSF continued to support ADB operations in reducing poverty and contributed heavily to the agriculture and natural resources, social infrastructure, transport and communications, and other sectors through preselected TA proposals by operational departments.

6. Through different types of TA, e.g., PPTA for project preparation, advisory and operational TA (AOTA) for formulation of sectoral economic development strategies and/or for institutional strengthening, regional TA (RETA) for regional cooperation, JSF has supported the ADB's TA program in meeting its immediate technical objectives.

7. Bangladesh, ranked 146th out of 174 countries in the human development index, has one of the highest rates of child malnutrition in the world. Poverty is over represented among women and children; 70% of them suffer from nutritional deficiency anemia. To help the Government prepare a feasible investment project to improve the livelihood of poor rural women and make them self-reliant through the introduction of small-scale livestock production, a PPTA for the Second Participatory Livestock Development project was funded by the JSF.

Box 1 Second Participatory Livestock Development, Bangladesh

The PPTA has a potential to address social issues, among others, (i) community participation in the planning and implementation of project; (ii) carrying capacity of the community and individual household and their ability and willingness to contribute to subproject costs; and (iii) gender equity issue throughout the project preparation and implementation.

(3876-BAN, \$500,000, approved on 31 May 2002)

8. The education sector in Sri Lanka faces problems of quality and efficiency. Teachers need further professional development and are ineffective partly due to lack of training in use of modern teaching methods using computers and other information technology. JSF's TA activities support ADB's country operational strategy which emphasizes the importance of human development to promote continued economic growth and closer integration into the global economy.

Box 2

School Computerization, Sri Lanka

This PPTA aims to help the Government prepare an investment project to support its strategy to improve the quality and efficiency of basic education to meet new labor market requirements. This will be done by improving computer literacy among teachers and students, establishing electronic libraries and developing multimedia computer courseware to overcome the problems of many unqualified teaching staff and lack of instructional materials. The project will target especially the poor and disadvantaged youths in rural areas (type 2 and 3 schools). The project will contribute in reducing the digital divide and in preparing for information technology-related jobs.

(3973-SRI, \$500,000, approved on 5 November 2002)

9. As a landlocked country between the Peoples' Republic of China (PRC), Cambodia, Myanmar, Thailand and Viet Nam, with two-thirds of its land area covered by forest and woodland, improved transport facilities are crucial for the mountainous country of Lao People's Democratic Republic (LAO PDR). There being no railway system and access to the sea, the country depends heavily on road and civil aviation. Lack of physical access is a severe impediment to delivery of social services and market access. The development of civil aviation transport infrastructure is also crucial to promote national, regional and international tourism in the LAO PDR.

Box 3

Northern Airports Improvement, Lao People's Democratic Republic

The objectives of the AOTA are to (i) undertake feasibility studies for improvement of six airports in the northern province of Sayaboury, Bokeo, Phongsaly, Oudomxai, Houaphan, and Xieng Khouang in Lao PDR; and (ii) update and upgrade the existing civil aviation master plan in order to provide the framework for the sustainable and effective development of the civil aviation sector.

(3968-LAO, \$500,000, approved on 4 November 2002)

10. Human development is one of the priorities for ADB's support to Kazakhstan. During a TA Fact-Finding Mission during 25 September–15 October 2001, several meetings were held with key officials of central and province (oblast) governments, international organizations, and other stakeholders (teachers, principals, academicians) to discuss continued ADB assistance to the education sector including preparation of a comprehensive sector update. ADB and the Government agreed during the country programming mission in May 2002 to implement an AOTA to take a fresh look at the overall needs of the education sector.

Box 4

Education Sector Development Strategy, Kazakhstan

The main objective of the AOTA is to update the comprehensive education and training sector review completed in 1995/1996 to identify key sector issues and priorities and to contribute to strengthening the Government's education sector development strategy. The TA will update the 1995–1996 sector review covering preschool, basic education (general secondary), tertiary education, and technical and vocational education and training. The TA will assist the Government in diagnosing the weaknesses in the education system and preparing a strategy that includes a sector reform program, an organization plan and a financing plan.

(3939-KAZ, \$600,000, approved on 16 October 2002.)

11. The Government of Sri Lanka has been supporting reforms in the public sector utilities to (i) improve the performance and financial sustainability of service providers and the quality of services to consumers; and (ii) provide an enabling institutional, legal, and regulatory framework for private sector participation. In its poverty reduction strategy, the Government states that “the provision of safe drinking water, and adequate sewage and sanitation systems, is frequently cited as the single, highest social service priority by poor households and it

Box 5

Strengthening the Regulatory Framework for Water Supply and Sanitation, Sri Lanka

The objectives of the proposed AOTA are to assist the Government of Sri Lanka in finalizing the water sector industry acts and develop specific regulations and guidelines to implement the provisions of the Water Service Regulatory Act. The AOTA would provide and advisor on water sector regulation and training to government officials and public awareness to consumers on water sector regulation issues.

(4049-SRI, \$285,000, approved on 18 December 2002)

identifies access to safe water and appropriate sanitation as one of its priorities. It has requested an AOTA to develop the regulations and guidelines for the water supply and sanitation sector within the existing Public Utilities Commission framework.

12. According to ADB Programs Officer, “Hundreds of millions of people have felt the impact of dust and sandstorms on their living standards, health, and wealth.” To address this, a RETA grant

Box 6

Prevention and Control of Dust and Sandstorms in Northeast Asia, Regional

The RETA will facilitate the formulation of an integrated program for prevention and control of dust and sandstorm through remedial actions in PRC and Mongolia, and the establishment of a subregional institutional framework to mobilize suitable technical and financial resources and sequent and sustained support from the governments, civil society, private sector, and the international donor community for implementation of the program.

(6068-REG, \$500,000, approved on 11 December 2002)

funded by JSF was provided to combat dust and sandstorms in Northeast Asia. It was linked to the PRC-Global Environment Facility (GEF) Partnership on Land Degradation in Dryland Ecosystems, a 10-year programmatic approach

endorsed by the GEF Council in Beijing in Mid-October 2002. It will work toward a regional institutional framework to facilitate international policy and operational coordination among major stakeholders, as requested by the governments of the PRC and Mongolia.

B. Recognition of Japan Special Fund Assistance

13. In 2002, JSF relaunched its visibility campaign through several signing ceremonies also attended by representatives from GOJ, mostly from the Japanese embassy in the DMCs. These have been envisioned to have generated goodwill and strengthened the visibility of JSF assistance among the recipient governments and ultimately trickle down to the donor.



TA Agreement signing ceremony for 3876-BAN: Second Participatory Livestock Development Project (\$500,000): Mr. A.M.M. Nasir Uddin, Joint Secretary Economic Relations Division, Ministry of Finance, shaking hands with Toru Shibuichi, ADB Country Director for Bangladesh. Ms. Huda Du, Principal Programs Officer, Bangladesh Resident Mission (left) and Mr. Toru Maeda, Counselor/Head of Economic and Development Cooperation Division of the Embassy of Japan (right) also attended the signing ceremony.



TA Agreement signing ceremony for 3772-VIE: Capacity Building for Central Region Poverty Reduction Project (\$800,000): Vice Minister Nguyen Xuan Thao, Ministry of Planning and Investment, shaking hands with Mr. Phung Khac Ke, Deputy Governor, State Bank of Viet Nam. Mr. John Samy, ADB Country Director for Viet Nam Resident Mission (right) and Mr. Hiroaki Fujiwara, Counsellor, Embassy of Japan (right) also attended the signing ceremony.

14. A well-attended signing ceremony of TA project involving the Livestock Project to Help Rural Women in Bangladesh was held at the Ministry of Finance, Dhaka on 26 September 2002. The dignitaries are composed of Mr. A. M. M. Nasir Uddin, Joint Chief



of the Ministry of Finance's Economic Relations Division, Mr. Toru Shibuichi, ADB Country Director for Bangladesh, Mr. Toru Maeda, Counselor/Head of Economic and Development Cooperation Section, Embassy of Japan. The TA will design a project to promote livestock production among poor rural women.

C. Evaluation of Japan Special Fund-Financed Technical Assistance Projects

15. In 2002, six TA performance audits were undertaken by ADB in 2002, involving 33 TA activities. One such TA performance report (TPAR) was prepared and undertaken for Nepal wherein five TA projects supporting agricultural planning, statistics and institutional strengthening in Nepal were evaluated by evaluations office staff at Operations Evaluation Department (OED). ADB's JSF Coordinator and an official from the Ministry of Finance, Tokyo joined the evaluation mission to familiarize themselves with ADB's evaluation practices of TAs and to examine the performance and impacts of such JSF-financed (4 of the 5) projects. It was found out that 3 TAs (1854, 3008, and 3536) were successful while two TAs (2618 and 2861) were downgraded as partly successful. This TPAR is available to the public upon request and is posted on <http://www.adb.org/Evaluation/reports.asp>.

16. In the area of Capital Market Development, 5 of 6 JSF-financed TA supporting reforms and institutions were also evaluated in Pakistan, resulting to one highly successful, three successful and two partly successful ratings. Out of these, the main lessons learned are that strong government ownership is critical to the success of policy and institutional reform and sharply focused TA projects have better chance of success. TAs for reforms in other areas such as road sector institutional development, education sector, audit capability in the Pacific and road sector management were also evaluated.

17. TPARs are generally based on ADB-wide priorities, and on relevant and appropriate lessons for design and implementation of TAs in a particular sector or country. TPARs will assess implementation performance, evaluate the achievement and impact of the TA, and draw lessons from the experience to improve JSF's TA activities. Postevaluated projects, programs, and TA operations are classified as generally successful, partly successful, or unsuccessful. ADB's TPARs from 1995 on are available online at OED's website at <http://adb.org>.

D. Contributions from the Government of Japan

18. In 2002, GOJ provided ¥2.9 billion, all in regular contributions, as its 14th annual contribution to JSF. This brought Japan's cumulative contributions to JSF to ¥97.3 billion (about \$836.0 million equivalent), comprising regular contributions of ¥79.2 billion and supplementary contributions of ¥18.1 billion.

E. Balance of Contributions Available for New Commitments

19. Of the total contribution received by JSF as of 31 December 2002, \$751.5 million had already been used to fund TAs. As of 31 December 2002, TAs totaling \$22.8 million had been approved by GOJ and ADB, but had not yet become effective, and more TAs totaling \$1.9 million had been approved by GOJ and were being processed by ADB. At the end of 2002, the uncommitted balance available for new commitments was \$135.4 million.

F. Operational Highlights

1. Total Approvals for the Year and Cumulative Totals

20. In 2002, JSF provided about \$36.4 million for 65 TAs (including country-specific TAs and RETAs) (Appendix 2), compared with \$53.8 million the previous year. This total represents about 20% of ADB's total TA Program during 2002. From 1988 to the end of 2002, \$816.8 million under JSF was committed to finance 1,340 TAs (Appendix 3).

2. Total Approvals by Country

21. During 2002, JSF financed 59 new country-specific TAs in 25 countries for \$34.5 million. Since its establishment, JSF has supported 34 countries (Appendix 4).

3. Nature and Type of Technical Assistance Projects Supported

22. In support of ADB's goal to eradicate poverty in the region, JSF has made untied funds available for AOTAs, PPTAs, and RETAs.

23. In 2002, JSF supported 20 AOTAs for \$9.0 million. Since its inception in 1988, JSF has financed 618 AOTAs for \$385.2 million.

24. During 2002, JSF financed 39 PPTAs for \$25.6 million. Cumulative approvals of PPTAs from 1988 to 2002 totaled \$340.8 million for 564 TAs.

25. In 2002, JSF financed 6 RETAs for \$1.9 million. From 1988 to 2002, \$90.8 million for 158 RETAs was approved for JSF financing.

4. Total Approvals by Sector

26. JSF can support a whole range of sectors and subsectors (Appendix 5). Since JSF's inception, the sectors receiving the most support were agriculture and natural resources (28% of total funding, with 306 grants for \$200.8 million) and social infrastructure (22% of total funding, with 285 grants for \$163.6 million).

**Table 1: Japan Special Fund
Technical Assistance Grants by Sector, 1988–2002**

Sector	2001			2002			1988–2002		
	No.	\$'000	%	No.	\$'000	%	No.	\$'000	%
Agriculture and Natural Resources	20	13,108.0	29	11	8,260.0	24	306	200,785.5	28
Energy	5	3,040.0	7	10	4,500.0	13	135	76,463.4	11
Finance	2	1,000.0	2	5	1,850.0	5	67	40,016.0	5
Industry and Nonfuel Minerals	1	1,250.0	3	1	600.0	2	41	21,321.0	3
Multisector	4	2,650.0	6	2	1,650.0	5	11	12,364.0	2
Social Infrastructure	17	11,015.0	24	14	7,626.0	22	285	163,559.0	22
Transport and Communications	12	6,270.0	14	9	6,850.0	20	186	119,875.0	16
Others	15	6,800.0	15	7	3,200.0	9	151	91,622.2	13
Subtotal	76	45,133.0	100	59	34,536.0	100	1,182	726,006.1	100
RETAs	20	8,650.0		6	1,900.0		158	90,827.4	
Total	96	53,783.0		65	36,436.0		1,340	816,833.5	

RETA = regional technical assistance.

G. Financial Statements

27. Since 1997, explanatory notes to JSF financial statements have been included in ADB's annual report to show the actual and realistic balances available to finance new TA proposals under JSF (Appendix 6), providing a clear picture of the uncommitted JSF balances to date.

H. Home Page

28. Beginning with the 1997 JSF annual report, the English version of the JSF annual report has been made available through the ADB website under the Cofinancing Opportunities section. Copies of the Japanese version are available through the ADB-Japanese Representative Office.