

## I. BASIC FACTS AND KEY FEATURES

### A. Overview

1. The 2005 annual report of the Japan Special Fund (JSF) is the ninth such report and covers the period from 1 January to 31 December 2005. The report gives an account of the Fund's rationale and objectives, implementation progress and activities, and future directions.

2. The JSF was established in 1988 by the Asian Development Bank (ADB) and wholly financed by the Government of Japan. Its broad objective is to help recipient developing member countries (DMCs) of ADB (Appendix 1) restructure their economies in light of the changing global environment and broaden the scope of opportunities for new investment. This assists the recycling of funds to DMCs by way of technical assistance (TA) toward industrialization, natural resource development, human resource development, and transfer of technology.

3. ADB's Office of Cofinancing Operations (OCO) administers the JSF and processes TA proposals for JSF financing in batches, scheduled six times a year. Batch processing of these proposals includes careful review and screening by OCO and the Government of Japan. The process takes about a month, except for urgent or emergency proposals requiring immediate attention and approval. Before a TA is submitted to OCO for formal (final) approval, the TA undergoes a final review by the Staff Review Committee composed of representatives or heads of ADB's operational and nonoperational departments and offices.

### B. Types of Activities

4. As a major resource for ADB's TA operations, JSF TA grants mainly support the preparation of sound development projects for financing by ADB and other external sources. They also include advisory assistance towards capacity building, planning, implementation, and operation and management of ADB-financed projects; sector, policy, and issues oriented studies; and regional cooperation and integration activities covering more than one DMC.