

BASIC FACTS AND KEY FEATURES

A. Overview

1. This annual report, the tenth issued by the Asian Development Bank (ADB) on the activities of the Japan Special Fund (JSF) since 1997, covers the period from 1 January to 31 December 2006. It describes the background and rationale, implementation progress, and achievements of the JSF.

2. The JSF was established in March 1988 by a letter agreement between the Government of Japan and ADB, which provided for financial support for ADB's technical assistance (TA) program in the form of an untied grant.

B. Purposes

3. As defined broadly in the letter agreement, the main purposes of the JSF are to help developing member countries (DMCs) of ADB (Appendix 1) restructure their economies in the changing global environment, broaden the opportunities for new investment, and prepare loan projects, thereby facilitating the recycling of funds to members.

C. Types of Technical Assistance Activities

4. With these general objectives, JSF supports three types of TA projects in the following order:

(i) Project preparatory TA projects—feasibility studies (designs; preliminary engineering; cost estimates; technical, financial, economic, and socioeconomic analysis; etc.);

(ii) Advisory TA projects—assistance to DMCs in establishing or strengthening institutions; preparing national and sector

development plans and programs; implementing, operating, and managing ADB-financed projects; handling build-operate-own and build-operate-transfer projects; and carrying out sector, policy, and issue-oriented studies; and

(iii) Regional TA projects, which cover more than one member country and further the common interests of these DMCs, or provide cost-effective joint assistance to individual countries. The \$10 million Prevention and Control of Avian Influenza in Asia and the Pacific project, providing support to international agencies that are active at the regional or country level, is the largest TA project of the JSF so far, with significant impact and timeliness.

5. In 2006, for the first time, a formal policy guidance paper¹ was jointly issued by the Government of Japan and ADB. Among other things, it stressed the importance of initial discussions and consultations with the local Japanese embassy in processing TA proposals for funding from JSF, as well as a listing of eligible and non-eligible costs for JSF financing.

¹ The 2006 JSF technical assistance and resource allocation policy guidelines were drawn up by ADB and the Government of Japan as a general guidance paper.