

Basic Facts and Key Features

A. Overview

1. The 2007 Annual Report of the Japan Special Fund (JSF) is the 11th prepared by the Asian Development Bank (ADB) since the fund's inception in 1988. It describes JSF's operations in 2007, provides background and details on implementation, and highlights the fund's achievements during the year and over its history.

B. Purpose

2. The JSF supports ADB's technical assistance (TA) program with untied grants that ADB administers. It helps ADB's developing member countries (DMCs) (Appendix 1) restructure their economies in response to the changing global environment, broaden their opportunities for new investment, and prepare loan projects. The JSF places particular emphasis on industrialization, natural resource development, human resource development, and technology transfer. It also supports ADB's efforts to promote regional cooperation and integration and capacity development.

3. Generally, TA projects funded by the JSF follow ADB's own TA guidelines. In April 2006, the fund formally spelled out general directions for the use of its grants in a policy paper. These guidelines were reissued in 2007 with minor changes, including the requirement that the project profiles of advisory technical assistance (ADTA) and regional technical assistance (RETA) activities submitted to the Government of Japan for approval must include a design and monitoring framework. A ceiling of \$2 million was introduced, although it can be exceeded under special circumstances.

C. Types of Technical Assistance Activities

4. A small team under a funds coordinator in ADB's Office of Cofinancing Operations administers the JSF, guided by the policy paper. It also oversees other trust funds provided by the Government of Japan. The JSF supports three types of TAs:

- (i) Project preparatory TAs, which prepare feasibility studies for projects, including designs, preliminary engineering, cost estimates, as well as technical, financial, economic, and socioeconomic analysis;
- (ii) Advisory TAs, which help DMCs (a) establish or strengthen institutions, (b) prepare national and sector development plans and programs, (c) implement, operate, and manage ADB-financed projects, (d) handle build-operate-own and build-operate-transfer projects, and, (e) carry out studies on policy and issues and in specific economic sectors; and
- (iii) Regional TAs, which cover more than one member country and further the common interests of benefiting member countries or provide a cost-effective means of assisting individual countries on a joint basis.