

(iii) Regional TA (RETA) covers more than one DMC and furthers the common interests of benefiting them or provides a cost-effective means of jointly assisting individual countries.

4. On 28 May 2008 ADB's Board of Directors approved the paper *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*.¹ The paper redefines the nomenclature for TA, replacing RETA with research and development TA, and ADTA with capacity development TA and policy and advisory TA. PPTA has been maintained. The new TA types will be used starting from January 2009.

Japan Special Fund Operations in 2008

A. Operational Highlights

5. **20th Annual Contribution to JSF from the Government of Japan.** In January 2008, the Government of Japan contributed ¥1.9 billion (\$17.4 million equivalent) in new capital to JSF, bringing its cumulative contributions since inception in 1988 to ¥112.9 billion (\$973.7 million equivalent), comprising ¥94.8 billion in regular contributions and ¥18.1 billion in supplementary contributions.

6. **ADB TA Approvals for JSF Financing.** In 2008, ADB approved 57 TA projects (Appendix 2) funded by JSF, totaling \$55.0 million and representing about 20% of the TA projects that ADB approved during the year. The agriculture and natural resources sector

In 2008, the JSF financed 20% of the total amount of the TA projects that ADB approved

¹ ADB. 2008. *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*. Manila.

received the most assistance from JSF, about 25% of the total JSF funding. The following are some JSF-funded TA projects for agriculture and natural resources.

7. **First Technical Assistance Grant to Afghanistan.** Almost 85% of Afghans live in rural areas and depend either directly or indirectly on agriculture for their livelihoods. The sound management and development of Afghanistan's water resources and improved access to irrigation are essential to enhancing livelihoods and sustaining economic growth.

8. JSF provides Afghanistan with TA² amounting \$1.8 million to prepare a project to improve water resources management and irrigated agriculture. The outcome of the TA will be the preparation of an investment program for water resources and irrigated agriculture, including elaboration of a sector strategy, preparation of a sector road map, and selection of potential program subcomponents, to be financed under an ADB multitranche financing facility. The TA will be implemented over 17 months from the fielding of consultants.

9. **JSF Supports Philippines' Drive for Food Security.** The JSF is providing a \$1 million TA grant³ to finance a full analysis of Philippines' agriculture and irrigation sectors. It will also draw up an investment project design for upgrading and extending irrigation services on existing irrigated land. Farmers and other beneficiaries will participate in the design, development, and management process of the irrigation system operation efficiency improvement project. The impact of the TA project will be increased farm household incomes and reduced rural poverty.

10. **JSF Helps Mongolia Develop High Value Farm Products.** The JSF is helping Mongolia develop high value agricultural products to support the rural economy and strengthen the agribusiness sector. It is extending associated TA⁴ equivalent to \$2 million for the Mongolia Agriculture and Rural Development Project.

2 ADB. 2008. *Project Preparatory Technical Assistance to Afghanistan for the Water Resources Development Project*. Manila (TA 7088-AFG for \$1,800,000, approved on 10 June).

3 ADB. 2008. *Project Preparatory Technical Assistance to the Philippines for the Irrigation System Operation Efficiency Improvement Project*. Manila (TA 7141-PHI for \$1,000,000, approved on 30 September).

4 ADB. 2008. *Advisory Technical Assistance to Mongolia for the Agricultural Marketing and Brand Management Project*. Manila (TA 7139-MON for \$2,000,000, approved on 29 September).

B. Voices from Various Regions

11. To raise public awareness regarding JSF, the Government of Japan encourages ADB to hold signing and launching ceremonies, press briefings, and other events with staff from the Japanese Embassy in attendance. Such activities would support efforts by the Office of Cofinancing Operations to heighten the fund's visibility and thereby sustain continued development assistance from the Government of Japan.

12. The JSF team has been successful in raising the fund's profile through these efforts and making it better known. It requests regional departments to share testimonials, articles, and their own success stories. Recipient DMCs have expressed their deep appreciation for support from JSF and the Government of Japan on several occasions, as shown below.

13. **Signing of Memorandum of Understanding of the Subregional Audit Support Program by Auditors-General of Kiribati, Nauru and Tuvalu under the Pacific Regional Audit Initiative.** Isaako Kine, chairperson of the Subregional Audit Support Program Committee, hailed the initiative as an important regional undertaking recognized in the Pacific Plan, which is expected to provide financial and later, performance audits. Tuiloma Neroni Slade, secretary general of the Pacific Islands Forum Secretariat, echoed recognition from the Pacific Islands Forum leaders' and economic ministers of the TA⁵ as "an excellent demonstration of regional



5 ADB. 2006. *Regional Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries Project*. Manila (TA 6360-REG for \$982,500, approved on 7 December).

cooperation, with a significant dimension of pooling scarce resources to support improved transparency and accountability in the management and use of our public resources."

14. **JSF Helps Improve Water Management in Bangladesh.** "Key challenges faced by Bangladesh in water management include flooding, river erosion, dry season water shortages, and environmental degradation," said Yasmin Siddiqi, ADB water resources management specialist. "The situation is made worse by inadequate water management infrastructure, limited participation by project beneficiaries, and weak operation and maintenance funding."

15. The Government of Bangladesh and ADB signed on 28 January 2008 a TA grant⁶ agreement for \$600,000 to help improve the management of small-scale water resources to further boost agricultural

and fish production. Monwara Begum, joint secretary of the Economic Relations Division, signed the TA letter on behalf of the Government, and Md. Nurul Islam, additional chief engineer (planning) of the



Local Government Engineering Department, signed on behalf of the department as the executing agency, at a ceremony at the Economic Relations Division, Sher-e-Bangla Nagar, Dhaka. Nurul Huda, officer-in-charge of the ADB Bangladesh Resident Mission, and Shinya Tsuruda, second secretary of the Embassy of Japan, were present at the signing ceremony.

The JSF helps improve the management of small-scale water resources in Bangladesh

⁶ ADB. 2007. *Preparatory Technical Assistance to Bangladesh for Participatory Small-Scale Water Resources Project*. Manila (TA 7041-BAN, for \$600,000, approved on 18 December).

16. **Solomon Islands Strengthen Capacity for Infrastructure Asset Management.** The Ministry of Infrastructure Development (MID) of Solomon Islands is strengthening its capacity in infrastructure asset management. Asset management is key to sustainability by maintaining infrastructure in sound condition, implementing cost-effective investment options, and making the best use of limited resources.

17. The country is fragile, a weak performer still emerging from several years of conflict from 1999 to 2003. It is prone to natural disasters such as the earthquake and tsunami that struck in 2007 and floods in 2009 that destroyed roads and bridges. Poor asset management and a lack of resources has meant that MID has not appropriately maintained infrastructure, which is badly deteriorated. The new asset-management system will ensure continued accessibility and contribute to the development of the economy and society.

18. The development of infrastructure asset management has been grounded in MID since ADB TA began in 2005. Since 2007, its development has been expedited by the Technical Support Program (TSP) with a \$2.0 million grant⁷ from JSF.

19. The TSP is developing an infrastructure asset-management system, a technical resource center, materials-testing and quality-assurance capability, and institutional capacity in MID. The TSP has also been updating the National Transport Plan, which establishes the goal, objectives, and future work program of a transportation development strategy and operational action plans for 20 years.

20. Ambrose Kirei, MID director of civil engineering, said: "MID has established an asset-management working committee within MID with guidance of the TSP. The committee has carried out stakeholder consultation on asset management and started building a road inventory. We have witnessed improved staff skills and awareness, and appreciation of the importance of establishing an asset-management system. MID staff have gained a lot

⁷ ADB. 2007. *Advisory Technical Assistance to Solomon Islands for Domestic Maritime Support Project and Technical Support Program*. Manila (TA 4980-SOL, for \$2,000,000, approved on 11 October).

through these activities in addition to workshop and seminars provided by the TSP." The TSP expects to accomplish these tasks by March 2010.



The Inception workshop held in Honiara, Solomon Islands, was attended by ADB staff, project consultants, and Government representatives from the Ministry of Finance and Treasury, and the Ministry of Infrastructure Development



(From Left) Rose Wale, social and poverty analyst of the Technical Support Program team; Joe Rausi, project coordinator of the Technical Support Program team; John Talaru, permanent secretary of the Ministry of Infrastructure Development; Mckinnly Dentana, director of the Economic Reform Unit of the Ministry of Finance and Treasury

21. **JSF Supports Study on Integrated Ticketing in Thailand.** "Our shared objective is to maximize the social benefits of a large mass transit system in Bangkok," said Jean-Pierre Verbiest, country director of the ADB Thailand Resident Mission. "Integrated ticketing is at the core of this. An efficient single-ticketing system will also further enhance the image of Bangkok as a world-class modern metropolis."

22. The JSF will support a study for integrating the ticketing systems of the new rail lines to be added to the Bangkok mass rapid transit (MRT) network. The first step toward implementation was taken on 29 January 2008 with the signing of a TA⁸ letter at ADB's

Thailand Resident Mission by ADB and the Government of Thailand, including the Public Debt Management Office in the Ministry of Finance and the Office of Transport and Traffic Policy and Planning (OTP) in the Ministry of Transport.



Maitree Srinarawat, OTP director general, welcomed ADB assistance and pointed out that "by focusing on implementing an integrated ticketing system on future rail lines, this study will also complement OTP's ongoing efforts to promote a single-ticket between existing MRT lines. Jun Yamada, economic minister of the Embassy of Japan, said, "It is a great honor for the Japanese Government to have the opportunity to support the important endeavor for the future of Thailand."

23. "On this occasion, I would like to thank the ADB for being our most trusted partner in development," said Pongpanu Svetarundra, director-general of the Public Debt Management Office. "I believe we are on the right track toward a fully integrated MRT system. Finally, let me once again thank the Government of Japan for the generous support for the project."

The JSF supports a study for integrating the ticketing systems of the new rail lines to be added to the Bangkok mass rapid transit network

⁸ ADB. 2007. *Preparatory Technical Assistance to Thailand for Bangkok Mass Rapid Transit Integrated Ticketing Project*. Manila (TA 7044-THA, for \$700,000, approved on 17 December).

24. **Signing of Two Project Preparatory Technical Assistance Projects to India.** TA Letters for two JSF-financed PPTA projects in India were signed on 3 March 2008 at the Department of Economic Affairs of the Ministry of Finance. Anuradha Thakur, deputy secretary of the department, signed the TA Letters on behalf of the Government of India. Among those present were D. Suemitsu, first secretary of finance in the Embassy of Japan; Narhari Rao, officer-in-charge of the ADB India Resident Mission; and Gulfer Cezayirli, ADB's principal urban development specialist.



25. The Inclusive Tourism Infrastructure Development Project,⁹ worth \$1 million, will address the urgent need for tourism infrastructure development to harness India's vast tourism potential as an important instrument for inclusive economic growth and employment generation.

26. The \$1 million TA for the Sustainable Coastal Protection and Management Project¹⁰ in India seeks to contribute to improved human well-being in coastal communities, the sustainability of coastal ecosystems, and the reduced loss of coastal property in Goa, Karnataka, and Maharashtra by designing innovative interventions for sustainable coastal protection and shoreline management planning.

9 ADB. 2007. *Preparatory Technical Assistance to India for Inclusive Tourism Infrastructure Development Project*. Manila (TA 7014-IND, for \$1,000,000, approved on 12 December).

10 ADB. 2007. *Preparatory Technical Assistance to India for Sustainable Coastal Protection and Management Project*. Manila (TA 4965-IND, for \$1,000,000, approved on 7 September).

27. **Cook Islands Targets Power and Water Systems Upgrades in Infrastructure**

Development Plan. A Cook Islands infrastructure development plan—prioritizing upgrades to public infrastructure systems including water, power, and sanitation—was launched on 3 June 2008, supported by a \$500,000 JSF grant.¹¹ Terepai Moate, deputy prime minister of the Government of Cook Islands; Hidehiko Hamada, minister of the Embassy of Japan in Wellington, New Zealand; Brian Donnelly, high commissioner; and Richard Phelps, ADB Infrastructure specialist, participated in the ceremony launching the



infrastructure development project, which will also promote good governance, environmental protection, and sound fiscal planning and management.

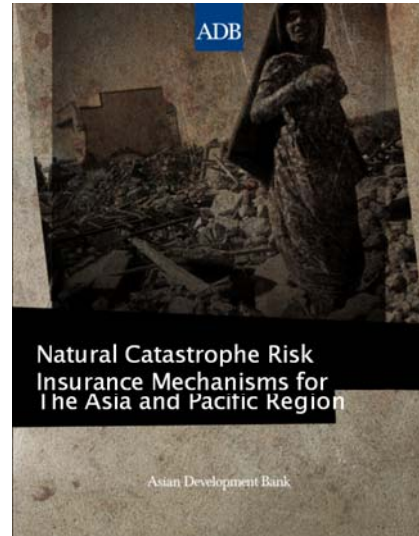
28. The Cook Islands are among many islands in the Pacific vulnerable to climate change. Extreme weather events in the Cook Islands such as cyclones have had a significant impact on the nation's physical infrastructure, impeding development and economic growth. Project designs will include "climate proofing" to mitigate the effects of extreme weather.

29. ADB will provide TA to the Ministry of Works, which will focus on institutional reforms to improve the delivery of power, water, and sanitation services. Upgrading and rehabilitating power, water, and sanitation services will help the Cook Islands sustain their economic growth through increased employment opportunities and improved service delivery. The projects will be implemented between 2009 and 2012.

¹¹ ADB. 2007. *Preparatory Technical Assistance to Cook Islands for Infrastructure Development Project*. Manila (TA 7022-COO, for \$500,000, approved on 12 December).

30. **Conference and Workshops on Natural Catastrophe Risk Insurance Mechanisms¹².**

Over 200 participants from 22 countries, which included ADB DMC representatives; officials of the Government of Japan; and representatives of the World Bank, international insurers, reinsurers, risk managers, and risk financing experts attended a conference and workshops, financed by JSF and held in Hotel Okura in Tokyo on 4-5 November 2008, in association with Japan's Ministry of Finance and the Mitsui-Sumitomo Insurance Company. The conference opening address was presented by Rintaro Tamaki, director general of the International Bureau of the Ministry of Finance of Japan. The principal purpose of the conference was to build awareness among DMC representatives of developments in catastrophe risk financing markets that open up new possibilities to transfer natural catastrophe risk, especially when undertaken in conjunction with strategies to manage disaster risk. The conference explored the viability and implications of catastrophe insurance for Asia and the Pacific, and identified avenues leading to the establishment of national and/or subregional insurance-pooling mechanisms. The conference featured a general plenary session followed by a day of focused workshops. A series of 13 original background papers were written to initiate panel discussions in the workshop plenary sessions.



31. Two workshops were held the next day. The first, on creating a viable risk pool for the Pacific, focused on this question: "If Pacific nations choose to move forward with a Pacific initiative, what are the building blocks, impediments, and precedents that need to be considered?" The second workshop, on catastrophe insurance for megacities, focused on this question: "What are the building blocks, impediments, and precedents that need to be considered to develop catastrophe insurance mechanisms for megacity risk?"

12 ADB. 2008. *Regional Technical Assistance for Natural Catastrophe Risk Insurance Mechanisms for the Asia and Pacific Region Project*. Manila (TA 6474-REG for \$800,000, approved on 6 August).

32. A 57-page conference report records the outcome of the 2-day meeting, including a series of recommendations for future action. The key finding of the report is that many opportunities exist for transferring natural disaster risk in Asia and the Pacific if addressed through regional public-private partnership. That partnership should include national governments, regional partners, and local and global players in the private sector. ADB is considering how best to assume a more active role in catastrophe risk insurance in the Asia and Pacific region.

33. **Viet Nam's Central Bank Governor Thanks the Government of Japan.** To prepare the Ben Luc–Long Thanh Expressway Project,¹³ the Government of Viet Nam and ADB signed an agreement for a \$1.5 million TA grant from JSF. The TA grant will be used to determine the expressway's general alignment and basic engineering designs, undertake economic and financial assessments, and prepare social and environmental safeguard plans for the Project. A similar TA grant of \$1.5 million is provided to support the formulation of the Hanoi–Lang Son Expressway and the Ha Long–Mong Cai Expressway.



34. Speaking on this occasion, Governor Nguyen Van Giu said: “The expressways will make great contribution to the socioeconomic development of the northern and southern key economic areas, especially the northeastern and southeastern economic areas, and [facilitate] the exploitation of strong aspects on economic development, investment, and tourism attraction in the cities and provinces with expressways, contributing to lowering traffic congestion, accidents, [and] transport costs and time.” The Governor took the occasion to express, on behalf of the Government of Viet Nam, sincere gratitude for the valuable support and assistance that ADB and the Government of Japan have extended to Vietnam.

¹³ ADB. 2008. *Project Preparatory Technical Assistance to Viet Nam for the Ben Luc–Long Thanh Expressway Project*. Manila (TA 7155-VIE for \$1,500,000, approved on 23 October).

C. Technical Assistance Completion Reports on Japan Special Fund-Financed Projects

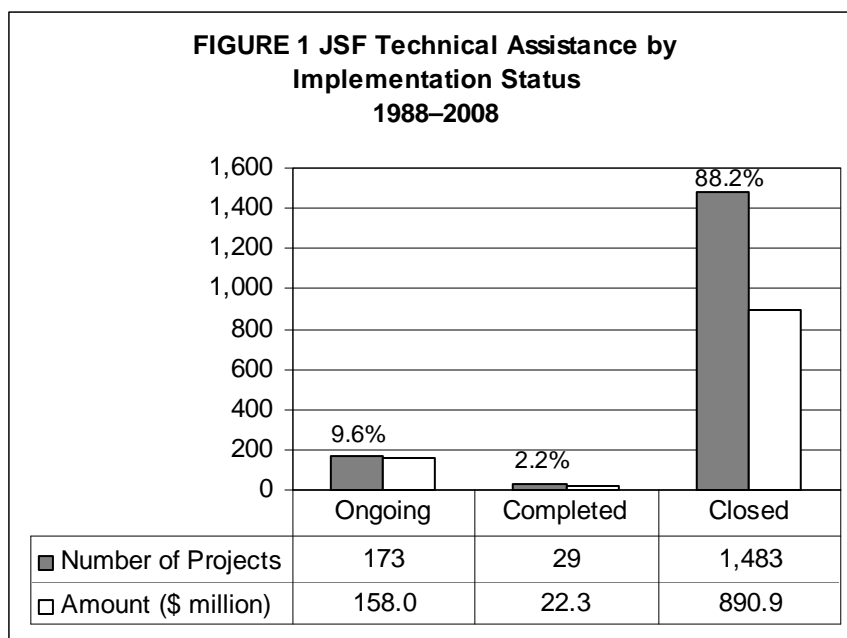
35. In 2008, ADB rated 45 completed JSF-financed TA projects (Appendix 3), finding 26, or 58% successful or better, 16 or 35% partly successful, and 3 or 7% unsuccessful.

D. Review of Activities

36. The activities and accomplishments of the JSF since its inception in 1988 are summarized below. Graphs show cumulative JSF TA approvals 1988–2008 by status of TA implementation and by TA type, as well as JSF TA approvals in 2008 by fund source and sector.

37. **Total Approvals for the Year and Cumulative Totals.** In 2008, the JSF provided about \$55.0 million for 57 TA projects, up from \$43.1 million for 55 TA projects in 2007. From 1988 to the end of 2008, \$1.07 billion was committed under JSF to finance 1,685 TA projects. A total of 1,483 TA projects have been completed and closed (Appendix 4), 29 have been completed but not yet closed (Appendix 5), and 173 continue (Appendix 6) (Figure 1).

In 2008, the JSF provided about \$55.0 million for 57 TA projects, up from \$43.1 million for 55 TA projects in 2007

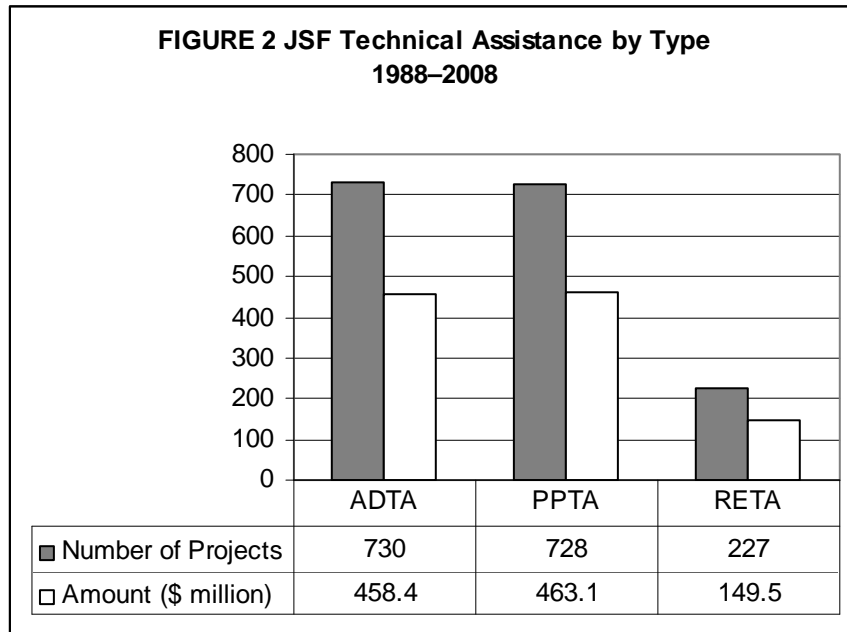


38. **Balance of Contributions Available for New Commitments.** Of the total contribution to JSF as of 31 December 2008, \$979.2 million was used to fund TA projects. As of 31 December 2008, \$14.8 million worth of TA projects had been approved by the Government of Japan and ADB but had not yet taken effect; and other TA projects worth \$4.3 million had been approved by the Government and were being processed by ADB. At the end of 2008, the uncommitted balance available for new commitments was \$86.8 million.

39. **Total Approvals by Country.** In 2008, JSF provided \$41.3 million to finance 44 new country-specific TA projects in 21 countries. India received \$9.8 million for 8 TA projects, followed by Viet Nam at \$5.6 million for 6 TA projects, and Mongolia at \$3.2 million for 2 TA projects. Since its establishment, JSF has supported 36 countries (Appendix 7).

In 2008, India received the most support from JSF

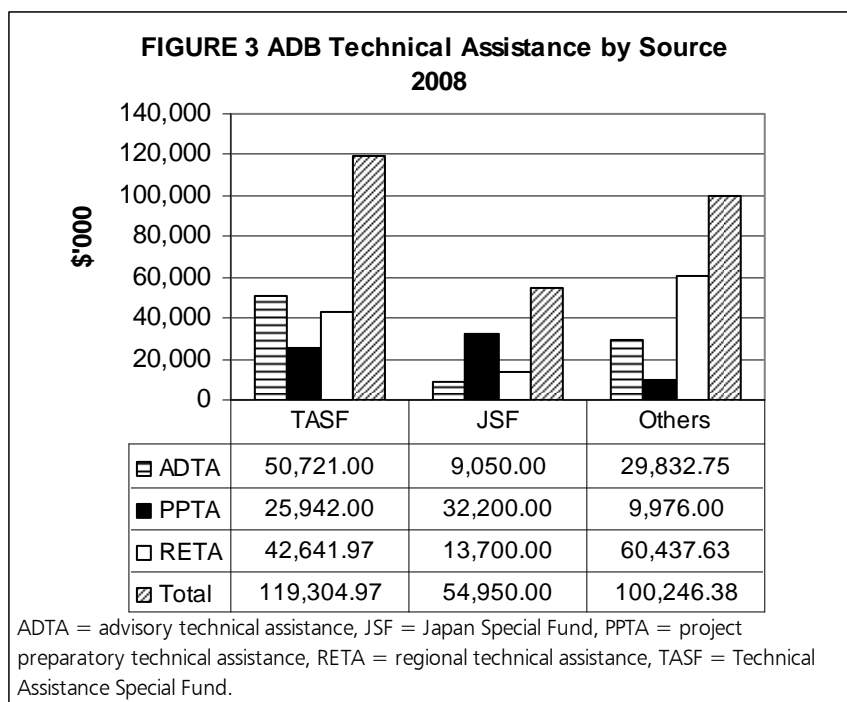
40. **Nature and Type of Technical Assistance Projects Supported.** In support of ADB's goal of reducing poverty in the region, JSF has made untied funds available for advisory, project preparatory, and regional TA projects (Figure 2).



41. In 2008, \$9.1 million went to 10 ADTA projects, bringing the total since 1988 to \$458.4 million for 730 ADTA projects.

42. JSF provided \$32.2 million for 34 PPTA projects in 2008, for a total of \$463.1 million for 728 PPTA projects since 1988. It financed 47% of all PPTA approved by ADB during the year (Figure 3).

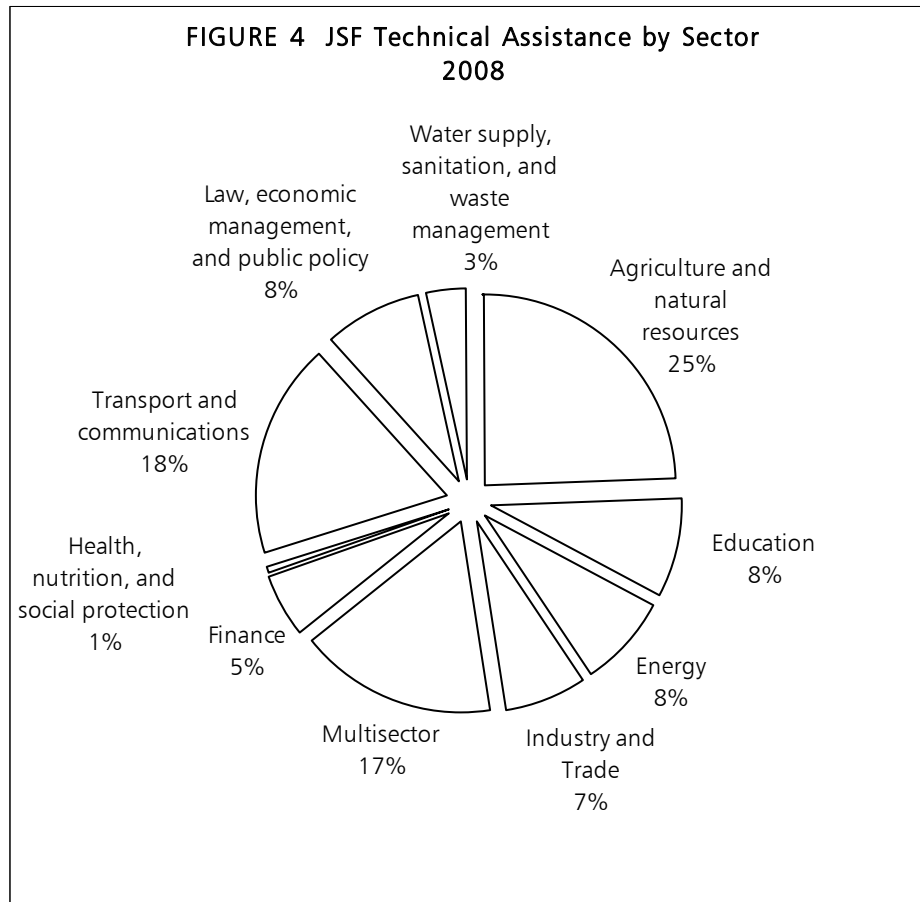
The JSF financed 47% of all PPTA approved by ADB during the year



43. Thirteen RETA projects received \$13.7 million from JSF in 2008. From 1988 to 2008, \$149.5 million was approved for 227 RETA projects.

44. **Total Approvals by Sector.** JSF supports a wide range of sectors and subsectors. In 2008, the agriculture and natural resources sector received the most assistance from JSF, accounting for 25% of the total funding and comprising 10 grants worth \$13.5 million. It was followed by the transport and communications sector, with 18%, or 10 grants worth \$10.1 million; and the multisector assistance, which accounted for 17% of total funding, or 10 grants worth \$9.1 million (Figure 4). From 1988 to 2008, the top five sectors in terms of JSF amount are agriculture and natural resources; transport and communications; social infrastructure; law, economic management and public policy; and energy, which together accounted for more than 70% of the total JSF amount.

**In 2008, the agriculture and natural resources
sector received the most assistance from JSF**



E. Financial Statement

45. Since 1997, explanatory notes to JSF audited financial statements have been included in ADB annual reports to show the actual and realistic JSF balances uncommitted to date and available for financing proposed TA projects.

F. Home Page

46. This report is available on the JSF website at www.adb.org/jsf. The Japanese translation will be available on the website of ADB's Japanese Representative Office at www.adb.org/JRO.