

II. JAPAN SPECIAL FUND OPERATIONS IN 2005

A. Operational Highlights

5. The JSF continued to support ADB operations aimed at reducing poverty through a range of TAs. ADB approved 48 JSF-financed TAs totaling \$28.4 million and accounted for 14% of the total amount of TA approvals, including 33% of the total amount of TAs that prepare loan projects. The following are examples and brief descriptions of TAs approved.

1. Preparing the Padma Multipurpose Bridge Project in Bangladesh (Box 1)

6. As a riverine country where major rivers flow through—including the Ganges, the Jamuna, the Meghna, and the Padma—Bangladesh’s river system has split it into several sections. With the completion of the Jamuna Bridge in June 1998 and the Pakshey Bridge in April 2004, which provide connectivity between the northwest zone and the southwest zone, the construction of a bridge over the Padma River will complete the last remaining major bridge necessary to provide comprehensive connectivity between all the major regions of the country.

7. The feasibility findings of a study financed by the Japan International Cooperation Agency (JICA) show that construction of the gap in the domestic road infrastructure network is important for the overall socioeconomic development of Bangladesh because road transport plays an increasingly important role in the country, as it will provide better road access to Mongla Port, the country’s second largest port. It will also provide the potential for a rail link to the port if a road-cum-rail bridge option is found feasible. From the subregional perspective, it can provide a second access for transit of goods between the South Asian Subregional Economic Cooperation countries.

Box 1: Preparing the Padma Multipurpose Bridge, Bangladesh

The economic development and poverty reduction potential of the bridge can be enhanced through systematic project design, incorporating environmental assessment and social assessment recommendations to enhance the poverty reduction impacts. The toll rate options will also be studied, keeping in mind the need to attract private sector investment, if possible, while ensuring that the poor are not unduly adversely impacted. The technical assistance (TA) will build on both the Japan International Cooperation Agency (JICA) feasibility study and the government-funded study on social and environmental safeguards. It will, therefore, review and carry out due diligence on the technical, economic, financial, social, and environmental analyses. The TA will also consider public-private partnership options that can potentially reduce the Government's financial burden and/or increase the efficiency of the implementation, operations, and maintenance of the proposed Padma bridge.

Source: ADB. 2005. *Technical Assistance to the People's Republic of Bangladesh for Preparing the Padma Multipurpose Bridge Project*. Manila (TA 4652-BAN, for \$800,000, approved on 22 September).

2. Preparing the Second Phase of Support to Local Administration Project in Cambodia (Box 2)

8. To decentralize public administration to provincial authorities and commune councils, the Government prioritized administrative reform at the commune and *sangkat*¹ level in 2001. That same year, the national assembly passed the Law on Administration and Management of Communes and Sangkats, broadly defining the nature, functions, and powers of the then soon-to-be elected commune councils, and a minimal devolution of responsibilities and resources to these bodies. The first elections creating commune councils with decentralized powers have longer-term significance for the country. Since the elections, more than 1,600 new rural and urban commune councils have taken up the medium-term task of establishing and internalizing appropriate legal, administrative, and supervision mechanisms for the very first time. This has been a daunting challenge for Cambodia, as for any developing economy, in view of the known weaknesses in public sector capacity.

¹ The commune (in the case of provinces) or the *sangkat* (in the case of municipalities) is the lowest level of public sector administration. It governs the local affairs of its territory based on the Constitution, laws, royal decrees, subdecrees, proclamations, and relevant norms and standards. Cambodia is divided into 20 provinces and four municipalities. Each province is divided into districts (there are 171), and each district is divided into communes (there are 1,510). Each municipality is divided into *khans* (there are 14), and each *khan* into *sangkats* (there are 111).

Box 2: Preparing the Second Phase of Support to Local Administration, Cambodia

The expected outcome of the project preparatory technical assistance will be the design of the Second Phase of Support to Local Public Administration, to be agreed by the Government of Cambodia and the Asian Development Bank (ADB), and consistent with the overall decentralization and deconcentration of public administration. Its expected ultimate impact is to assist the Government in its efforts to reduce poverty and spur broad-based economic growth by supporting local public administration in (i) managing the democratic development of communities; (ii) being more effective as grassroots mechanisms to strengthen the accountability, responsiveness, and transparency of public sector administration; and (iii) improving the effectiveness and reach of public service delivery in Cambodia.

Source: ADB. 2005. *Technical Assistance to the Kingdom of Cambodia for Preparing the Second Phase of Support to Local Administration Project*. Manila (TA 4739-CAM, for \$400,000, approved on 16 December).

3. Financial Sector Governance Phase II Project in Kazakhstan (Box 3)

9. Kazakhstan's financial sector has grown rapidly and, in recent years, has been the fastest-growing sector outside the oil industry. This development has occurred against the backdrop of favorable macroeconomic prospects, an ambitious program of structural reforms, and a cautious fiscal stance supported by increasing oil revenues. The financial sector remains bank-dominated, with banking system assets accounting for almost 50% of gross domestic product (GDP); and the rest (insurance companies, pension funds, equities, and nonbanks) for only about 14% of GDP.

10. Financial supervision is the responsibility of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organizations (FSAK), an independent agency which was spun off from the National Bank of Kazakhstan in January 2004. FSAK is accountable to the President of Kazakhstan and has clear responsibilities and objectives. It has set regulations on investment portfolio, accounting rules, disclosure and announcement requirements, performance evaluation systems, and additional capital contribution requirements for adequate incentives for accumulation pension funds (APFs). However, there are concerns about whether these regulations provide adequate incentives for APFs to improve their financial viability and long-term sustainability.

Box 3: Financial Sector Governance Phase II, Kazakhstan

The technical assistance (TA) will focus on fostering on a sound, efficient, and broad financial system by strengthening the supervision of banks, accumulation pension funds (APFs), and asset management companies (AMCs). The outputs of the TA will include (i) on-site inspection manuals for evaluating risk management systems and practices of banks, APFs, and AMCs; (ii) a training program for on-site banking inspectors of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organizations (FSAK); (iii) draft regulations and legislation to improve the effectiveness of on-site banking supervision; (iv) draft regulations and legislation to improve the framework for regulating operating practices, investment allocation, risk management, capital requirements, disclosure and announcement requirements, accounting, and derivatives activities of APFs and AMCs; and (v) recommendations on methods of calculating minimum required returns on pension funds assets.

Source: ADB. 2005. *Technical Assistance to the Republic of Kazakhstan for the Financial Sector Governance Phase II Project*. Manila (TA 4681-KAZ, for \$500,000, approved on 2 November).

4. Strengthening Agriculture Science and Technology Management Project in Viet Nam (Box 4)

11. In Viet Nam, the total production value of the agriculture, forestry, and fisheries sector was D172.8 trillion (\$10.9 billion) in 2004 or about 24% of the national gross domestic product. The sector growth in 2004 was 5.4% (4.2% for crops and livestock), representing a recovery in the second half of the year. About 80% of the rural population in Viet Nam is fully or partially engaged in the agriculture sector (crops and livestock), and agricultural growth is essential for the country's economic growth and poverty reduction.

12. In Viet Nam, 29% of funding for agricultural research is sourced from the Ministry of Science and Technology (MOST) and 72% from the Ministry of Agriculture and Rural Development (MARD). At present, different processes are being used to develop research programs, and the linkage between MOST and MARD needs to be improved, with strong senior-level commitments of the Government. An agricultural research master plan was drafted with assistance from the Food and Agriculture Organization of the United Nations but has not been fully institutionalized within MARD. A comprehensive set of national and regional research priorities need to be developed to provide a framework for coordination among the relevant ministries and for allocation of resources in line with the master plan.

Box 4: Strengthening Agriculture Science and Technology Management, Viet Nam

The expected outputs of the technical assistance (TA) will include (i) appropriate procedural documents for a strengthened agriculture science and technology (AST) management system, (ii) improved knowledge and capacity of key stakeholders involved in AST management, (iii) improved coordination between agricultural research and extension, and (iv) appropriate monitoring and evaluation and reporting systems for AST activities. Specifically, the TA will help formulate (i) a national AST priority framework; (ii) charters for the central Science and Technology Council of the Ministry of Agriculture and Rural Development and provincial extension advisory councils; (iii) operational guidelines for agricultural research, extension, and training programs; (iv) guidelines for appropriate reporting and monitoring and evaluation systems for AST projects and programs; and (v) relevant circulars and regulations for reorganizing agricultural research.

Source: ADB. 2005. *Technical Assistance to the Socialist Republic of Viet Nam for Strengthening Agriculture Science and Technology Management Project*. Manila (TA 4619-VIE, for \$700,000, approved on 19 July).

B. Recognition of Japan Special Fund Assistance

13. The JSF team has been taking an increasingly active approach to boost JSF visibility. It continues to encourage project officers of newly-approved TAs for JSF financing to coordinate the TA signing ceremony held in cooperation with the ADB resident mission. A representative from the Embassy of Japan witnesses the signing ceremony.

14. To help ADB staff arrange the signing ceremony, the team offers Visibility Guidelines, an intranet, interactive information tool. It is made available through the ADB portal via Cofinancing under Operations. The Visibility Guidelines tool offers information on how to arrange a signing ceremony and other ways to increase JSF visibility.

15. Actions taken by the JSF team to increase JSF visibility—aside from the regular request in the batch approval memorandum for project officers to arrange signing ceremony—have been monitoring completion of signing ceremonies and constantly reminding staff concerned to mention JSF assistance in banners, speeches, photos, press releases, and news articles; and to provide the team with copies soon after the signing ceremony. So far, the JSF team has been successful with its campaign and it is extremely grateful to staff concerned for taking the time to arrange signing ceremonies, and most especially to the JSF grant recipients for recognizing JSF assistance.

16. A press conference was held on 10 August 2005 on two small-scale advisory TAs financed by the JSF in Kazakhstan: Institutional Strengthening of



the Committee on Water Resources and Strengthening the Water Supply

Sector Program (Box 5). It was given by the two deputy chairpersons of the Committee on Water Resources, Nurlan Atshabarov and Amirkhan Kenshimov; the Ambassador of Japan, Toshio Tsunozaki; and Country Director, Kazakhstan Resident Mission, Kazuhiko Higuchi. Team leaders of the TAs, Fritz Schwaiger and Arthur McIntosh, also participated in the press conference. Six mainstream broadcasting organizations, 8 news agencies, and 20 national newspapers attended the event.

Box 5: Institutional Strengthening of the Committee on Water Resources Project and Strengthening the Water Supply Sector Program, Kazakhstan

The main purposes of the technical assistance (TA), Institutional Strengthening of the Committee on Water Resources, are to (i) analyze the current structural and institutional setup of the Committee for Water Resources (CWR) in relation to the Sector Program for Drinking Water; (ii) review current policies on water tariff setting, sector planning, and budgeting; (iii) propose measures to strengthen CWR's capacity to oversee water sector reforms; (iv) propose capacity building programs tailored to the needs of CWR staff at the central and regional levels; (v) design an implementation plan for capacity building, including training programs and provision of equipment as needed; (vi) propose possible strategies aimed at increasing the effectiveness of interagency cooperation; and (vii) propose appropriate measures to improve planning, budgeting, and financial management.

The longer-term impact of the TA, Strengthening the Water Supply Sector Program, will be an increase in countrywide access to potable water supply and sanitation (WSS) facilities for rural settlements. The main outcome of the TA will be a strengthened policy and planning framework for the WSS sector. This will be achieved through the preparation of an upgraded, prioritized, and phased program for the WSS sector covering the need for potable water and sanitation services of the entire population of the country.

Source: ADB. 2004. *Technical Assistance to the Republic of Kazakhstan for Institutional Strengthening of the Committee on Water Resources Project*. Manila (TA 4484-KAZ, for \$150,000, approved on 15 December).

ADB. 2005. *Technical Assistance to the Republic of Kazakhstan for Strengthening the Water Supply Sector Program*. Manila (TA 4585-KAZ, for \$150,000, approved on 29 April).

**Press Release: Government Steps up Efforts to Strengthen
Implementation of State Water Sector Programs**

Astana, Kazakhstan, 10 August 2005

The Committee for Water Resources (CWR) today announced the stepped-up efforts by the Government to strengthen its capacity and capabilities to develop and implement state water resources management and water supply development programs.

The newly added Government efforts are in collaboration with the Asian Development Bank (ADB) and the Government of Japan through two technical assistance projects totaling \$300,000 financed by the Government of Japan under the Japan Special Fund established within ADB.

During recent years CWR has significantly increased its mandate and operational responsibilities. State programs under CWR increased from 9 in 2002 to 17 in 2005, encompassing water resources management, rural water supply, and irrigation and drainage, among others. The expanded mandate of CWR requires significant operational and managerial capacity and capabilities.

A \$150,000 technical assistance project for Institutional Strengthening of the Committee on Water Resources aims to help institutional capacity building for CWR. The TA is expected to elaborate measures and strategies towards strengthening government programs' performance in the water supply sector. A team of experts led by an Austrian consultant was engaged for the task. A series of workshops will be held to discuss findings and recommendations. The TA will be completed in September 2005.

The other \$150,000 TA for Strengthening the Water Supply Sector Program will facilitate implementation and ensure sustainability of the Drinking Water Sector Program 2002–2010. A team of experts led by a former water expert at ADB were engaged for the task. The TA will help develop (i) procedures to speed up implementation of the Program, (ii) monitoring mechanisms for implementation progress, and (iii) practical solutions for sustainable operation and maintenance.

“The Committee for Water



Resources will work closely with these experts to explore a range of possibilities to further improve effective implementation of the important state water resources management and water supply development programs,” concluded Mr. Atshabarov.

The announcement was made in the presence of representatives of the Government of Japan (Toshio Tsunozaki, Ambassador, Embassy of Japan), ADB (Kazuhiko Higuchi, Country Director of Kazakhstan Resident Mission), and consultant team leaders from the two technical assistance projects (Arthur McIntosh and Fritz Schwaiger).

17. On 7 July 2005, ADB and the Government of the Lao People's Democratic Republic (Lao PDR) signed an agreement for a project preparatory TA (PPTA) grant of \$700,000 from the Government of Japan to assist private sector development in Lao PDR (Box 6). Signing

on behalf of ADB at the ceremony, held at the Ministry of Finance (MOF) office in Lao PDR, was James A. Nugent, Lao Resident Mission Country Director. Somdy Inmyxai, Acting Director General, Department of Industry, Ministry of Industry and Handicraft; and Viengthong Siphandone, Director General,



Department of External Financial Relations, MOF, signed on behalf of the Government of the Lao PDR. Makoto Katsura, Ambassador Extraordinary and Plenipotentiary, Embassy of Japan, was also present at the signing ceremony.

Box 6: Private Sector Development Program, Lao People's Democratic Republic (Lao PDR)

The purpose of the technical assistance is to prepare the Private Sector Development Program by formulating a focused and sequenced policy reform framework to establish the foundation for private sector development. The framework will be consistent with and supplementary to the Government's overall development strategies, and will include the following components: (i) enhancing the regulatory environment for private sector development, (ii) enhancing private enterprises' access to finance, (iii) facilitating foreign investment and trade, and (iv) promoting public-private partnerships and business development services.

Source: ADB. 2004. *Technical Assistance to the Lao People's Democratic Republic for Private Sector Development Program*. Manila (TA 4526-LAO, for \$700,000, approved on 23 December).

Japan Helps Private Sector Boom

Vientiane Times, 15 July 2005

The Government of Japan has granted \$700,000 through the Asian Development Bank (ADB) to assist private sector development in the Lao People's Democratic Republic (Lao PDR).

The assistance is expected to strengthen the private sector and contribute greatly to the Government's strategies for national growth and poverty eradication.

The Ministry of Industry and Handicraft's Industry Department Acting Director General, Mr. Somdy Inmyxai, said, "The money will be used for the preparation of a loan programme for the private sector's development."



The agreement was signed on Thursday by the Industry Department Acting Director General Mr. Somdy Inmyxai, the Ministry of Finance's External Finance Relations Department Director General Mrs. Viengthong Siphandone, and an ADB representative Mr. James A. Nugent, Lao Resident Mission Country Director.

The signing was witnessed by Japanese Ambassador, Mr. Makoto Katsura.

The development plan will focus on enhancing the private sector's regulatory environment and improving private enterprises, especially small and medium-sized enterprises. It will also create access to finance, facilitate domestic and foreign trade and investment, and promote cooperation between public and private sectors, a press release stated.

Mr. Nugent of ADB said at yesterday's signing ceremony, "The Government of the Lao PDR recognizes the need for a comprehensive program to support private sector development and has taken a number of important steps in this regard."

The Government recently issued a decree on development of small and medium-sized enterprises. It also amended the law on domestic and foreign investment.

The Government is strengthening its financial sector, supported by World Bank, International Monetary Fund and ADB, Mr. Nugent said.

Mrs. Viengthong Siphandone thanked the Government of Japan and ADB for their assistance to development in the Lao PDR, thereby enhancing relations between the Lao PDR, Japan, and ADB.

18. Held in Tokyo, Japan, the Fifteenth Tax Conference was from 17 to 20 October 2005 at the Kasumigaseki building of the Asian Development Bank Institute (Box 7). During the conference, 32 participants and 7 observers from 32 selected developing member



countries met to discuss the adoption of appropriate tax policies and practices in DMCs, and facilitation of ongoing international tax treaty negotiations and revision of value-added tax (VAT) laws. Among the participants were Bangladesh Commissioner of Taxes, Ziauddin Mahmood; Marshall Islands Assistant Secretary of Finance, Casten Nemra; Sri Lanka Commissioner of Inland Revenue, V.D.G.P. Ubhayasiri; Tonga Commissioner of Revenue, Sefita Tangi; and Uzbekistan Deputy Minister of Finance, Dilshod Musaev.

Box 7: Fifteenth Tax Conference, Regional

The regional technical assistance (RETA) aims to contribute to building capacity in adopting appropriate tax policies and practices in developing member countries (DMCs). More precisely, the RETA intends to facilitate ongoing international tax treaty negotiations or starting such negotiations by applying knowledge gained, and enacting or revising a value-added tax (VAT) law by making full use of the best practices on VAT. The main output of the RETA is to provide a capacity building opportunity, in the form of a tax conference, through the exchange of views, experiences and best practices, and new knowledge in key international and domestic taxation issues for policy design and administration among tax policy makers and senior officials from DMCs.

Source: ADB. 2005. *Technical Assistance for Fifteenth Tax Conference Project*. Manila (TA 6255-REG, for \$150,000, approved on 6 September).

C. Evaluation of Technical Assistance Projects Financed by the Japan Special Fund

19. As provided by the Agreement establishing the JSF, the ADB, as administrator, is tasked with monitoring and evaluation of JSF-financed TAs. In December 2005, a technical assistance performance evaluation report (TPER) involving one JSF-financed TA out of four was prepared by the Operations Evaluation Department to review the accomplishments of capacity building TAs provided to support decentralization in Indonesia. TA 3326-INO: Urban Sector Development in a Decentralizing Environment², is rated successful, as its outputs are being used to provide background material for planning purposes for the executing agency, Directorate General of Urban and Rural Development, as well as for the pilot regions (Box 8).

Box 8: Evaluation of Technical Assistance 3326-INO: Urban Sector Development in a Decentralizing Environment

A. Objective and Scope

1. The main objective of technical assistance (TA) 3326 was to promote more efficient and effective urban development and management, and enhance awareness of local governments of the measures necessary to meet the requirements of decentralization. The TA also aimed to assist the Government of Indonesia to identify the policy reforms needed to enhance efficiency of urban sector development and management.

2. The scope of the TA included five outputs: (i) urban sector status report; (ii) regulatory framework for urban sector decentralization; (iii) policies and operational strategies and guidelines for urban sector development and management; (iv) time-bound action plans for implementation of functional, operational, organization, staffing, and management strengthening in four pilot districts; and (v) identification of the potential for aid support. The intended beneficiaries of the TA included local government staff dealing with urban development issues, as well as government staff working in the four pilot districts targeted by the TA.

B. Evaluation

3. The technical assistance completion report (TCR) assessed the TA as successful and noted that its outputs were of high quality. The TCR also noted that appropriate adjustments were made due to unanticipated circumstances, such as the government's failure to produce an updated National Urban Sector Development Strategy. It acknowledged the impact of the TA would have been greater if the TA had been an integral part of long-term assistance to the government, particularly in respect of the detailed urban action plans developed in a participatory manner with local governments. The workshops at local level, conducted during implementation, were assessed as having a positive impact on community participation in urban planning.

² ADB. 1999. *Technical Assistance to the Republic of Indonesia for the Urban Sector Development in a Decentralizing Environment*. Manila (TA 3326-INO, \$600,000, approved on 8 December).

4. An Operations Evaluation Mission (OEM) visited Indonesia from 23 August to 15 September 2004. The OEM held discussions with representatives from the Government and donor agencies, and visited two (Mataram and Pontianak) of the local governments involved in TA implementation. The OEM evaluated the TA in terms of (i) relevance of its design, in relation to the diagnostic assessment of problems and opportunities at that time, and the consistency of goals, purpose, and outputs with the Government and ADB strategies; (ii) efficacy, i.e., appropriateness of the design and the achievement of TA purpose and objectives; (iii) efficiency of its implementation; (iv) sustainability in terms of continuing support for TA outcomes from key stakeholders; and (v) institutional development and other impacts.

C. Overall Assessment

5. The TA was relevant at the time it was designed, and consistent with the Government and ADB policies. It continues to be relevant as many of the issues (These issues include lack of harmonization of sectoral regulations with the general decentralization framework.) that led to the Government's request for assistance persist. The TA is relevant.

6. The TA design and implementation were sufficiently flexible and met most of its objectives. At the local level, strategic changes developed under the TA were adopted. At the national level, the Government has not endorsed the policies and operational guidelines for decentralized urban sector development and management functions. However, TA outputs are being used as background material. The achievement of TA purpose and objectives is assessed effective.

7. The consultants performed adequately, and implementation proceeded smoothly without significant delays. TA management was effective. The implementation of the TA is assessed efficient.

8. The sustainability of the TA is assessed likely given the fact that TA outputs are being used as background material for policy documents. Changes at the local level in Mataram are being sustained.

9. The TA has partly achieved strategic changes of urban sector strategies at the local level and built institutional capacity of local government agencies concerned with formulating such strategies. Its institutional development impact is assessed moderate. Overall, the TA is assessed successful.

D. Key Issues and Lessons Learned

10. The TA was successful in Mataram for two reasons. First, there was capacity within the city government, and second, there was continuity of staff. In Pontianak, there was no staff continuity and, hence, the TA's impact was less evident. A lesson learned is that adequate capacity and staff continuity is key to the success of an intervention. ADB interventions must include a condition to keep trained staff in the same agency for a period of five years.

11. The formulation of urban action plans assisted the four pilot governments to adjust to the decentralized environment and to re-focus their urban development strategies. However, these experiences were not intensively disseminated to other urban local governments. Interventions providing direct support to local governments should include a component of horizontal dissemination, and make use of existing facilities to record and document case studies of good practices.

12. Monitorable indicators for the TAs should not focus exclusively on reports which are outputs. To monitor results the TA design and monitoring frameworks (DMFs) must define expected impacts at the level of the executing agency or the target groups, and DMFs must provide monitorable impact indicators to measure the success of a TA intervention. More effort is needed to develop DMFs that are monitorable and measurable and which provide a basis against which TAs can be objectively evaluated.

Source: ADB. 2005. *Technical Assistance Performance Evaluation Report on Capacity Building to Support Decentralization in Indonesia*. Manila.

20. TPERs review TA documents and other relevant studies, and discussions with ADB staff and officials of government agencies concerned with TAs. They incorporate the results of the Operations Evaluation Mission that visited the DMC and held discussions with representatives of resident international financial institutions and bilateral agencies that are involved in a particular sector—decentralization, in this case. This TPER is available to the public upon request and is posted on <http://www.adb.org/Evaluation/reports.asp>.

21. An ADB review mission was held in Lao PDR from 13–16 December 2005. The mission tackled two critical tasks: (i) to participate in the review of two JSF-financed TAs—Private Sector Development Program (Box 6) and Enhancing Government Accounting Regulations and Procedures Phase II (Box 9); and (ii) to meet with the Japanese embassy in Lao PDR to solve the pending issues related to TA proposals for JSF financing.

22. TA 4526-LAO: Private Sector Development Program. During the inception workshop, the mission participated actively and exhorted the TA proponents to invite the Japanese embassy to any major or publicity-driven activities related to the TA. The consultants and the project officer promised to support OCO visibility efforts. The mission witnessed the big attendance and active participation of high ranking and influential government officials, who provided comments and expressed support for the TA which is to prepare a private sector development loan project. The mission felt that the Government of the Lao PDR awaits the recommendations of the TA for developing the private sector, particularly a possibility for products related to handicrafts.

23. TA 4180-LAO: Enhancing Government Accounting Regulations and Procedures Phase II. As of end 2005, the TA has completed the installation of and training on the enhanced government accounting regulations and processes, and roll-out of the computerized accounting systems in 14 and 18 provinces, and to all of the 39 line ministries and government organizations. The use of the enhanced accounting regulations, forms, processes, and automated system across all government units in the country was formally approved by the Minister of Finance in September 2005. The mission visited the province of Bourikhamxay where the new computers and computer systems were installed.

The users expressed great satisfaction over the automation and usefulness of the systems in the budget and revenue collection of Bourikhamxay. In Vientiane, the mission paid a courtesy call on the Vice Minister of Finance who expressed sincere appreciation to the Government of Japan for the support through the JSF-financed TA. He also expressed enthusiasm for continued partnership with the Government of Japan and ADB for continued grant funding support for the public financial management work that has been successfully implemented.



From left are Amelia Mistades and Megumi Araki, JSF-Office of Cofinancing Operations Team; Somdy Douangdy, Vice Minister of Finance; Vicky Tan, Financial Management Specialist, ADB; and Sanya Praseuth, Deputy Director, Department of Accounting and TA Project Director.

Box 9: Enhancing Government Accounting Regulations and Procedures Phase II, Lao People's Democratic Republic (Lao PDR)

The technical assistance (TA) will assist the Government of the Lao PDR in its continuing efforts to generate good quality financial reports on its fiscal activities in a timely manner, and to improve the capacity of its accounting and financial staff in performing those tasks. The TA will extend the outputs developed and pilot-tested under an earlier TA to the remaining 28 line ministries and 17 provincial governments. This will (i) enable effective policy and decision making; (ii) support efficient allocation of public resources; and (iii) facilitate the proper discharge of government functions and responsibilities by a fair and proper assessment of performance and compliance with legislation, regulations, procedures, and good governance practices.

Source: ADB. 2003. *Technical Assistance to the Lao People's Democratic Republic for Enhancing Government Accounting Regulations and Procedures Phase II Project*. Manila (TA 4180-LAO, for \$550,000, approved on 23 September).

D. Contributions from the Government of Japan

24. In March 2005, the Government of Japan provided ¥2.8 billion (\$27.2 million equivalent), all in regular contributions, as its 17th annual contribution to the JSF. Since March 1988, Japan has contributed ¥104.8 billion (about \$904.2 million equivalent) to the JSF, comprising ¥86.7 billion in regular contributions and ¥18.1 billion in supplementary contributions.

E. Balance of Contributions Available for New Commitments

25. Of the total contribution to the JSF as of 31 December 2005, \$843.3 million was used to fund TAs. As of 31 December 2005, TAs worth \$15.1 million had been approved by both the Government of Japan and ADB but have not yet become effective; other TAs worth \$5.4 million had been approved by the Government of Japan and were being processed by ADB. At the end of 2005, the uncommitted balance available for new commitments was \$126.4 million.

F. Review of Activities

1. Total Approvals for the Year and Cumulative Totals

26. In 2005, the JSF provided about \$28.4 million for 48 country-specific and regional TAs (Appendix 2), compared with \$40.0 million for 71 TAs in 2004. The 2005 JSF total represented about 14% of the total amount of TAs approved by ADB during the year. From 1988 to the end of 2005, \$919.5 million was committed under the JSF to finance 1,518 TAs. A total of 1,272 TAs have been completed and closed (Appendix 3); 67 have been completed but not yet closed (Appendix 4); and 179 are ongoing (Appendix 5).

2. Total Approvals by Country

27. In 2005, the JSF provided \$23.9 million to finance 41 new country-specific TAs in 21 countries. Since its establishment, JSF has supported 34 countries (Appendix 6).

3. Nature and Type of Technical Assistance Projects Supported

28. In support of ADB's goal of reducing poverty in the region, the JSF has made untied funds available for advisory, project preparatory, and regional TAs.

29. In 2005, \$9.7 million went to 18 advisory TAs, bringing the total since 1988 to \$421.5 million for 689 advisory TAs.

30. The JSF also provided \$14.3 million for 23 PPTAs in 2005, for a total of \$388.2 million for 638 PPTAs since 1988.

31. Seven regional TAs (RETAs) received \$4.5 million from the JSF in 2005. From 1988 to 2005, \$109.9 million was approved for 191 RETAs.

4. Total Approvals by Sector

32. The JSF supports a wide range of sectors and subsectors (Appendix 7). In 2005, the transport and communications sector (24% of total funding with 10 grants worth \$6.8 million) and the finance sector (21% of total funding with 10 grants worth \$5.9 million) received the most support.

G. Financial Statements

33. Since 1997, explanatory notes to the JSF audited financial statements have been included in ADB's annual reports to show the actual and realistic JSF balances that are uncommitted to date and are available for the financing of proposed new TAs (Appendix 8).

H. Home Page

34. This report, as well as other current data, is available on the JSF website (<http://www.adb.org/jsf>). The Japanese translation will be available through the website of ADB's Japanese Representative Office (<http://www.adb.org/JRO>).