



JAPAN SPECIAL FUND AND JAPANESE TRUST FUND FOR CONSULTANCY SERVICES



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Inter-American Development Bank
Financial Support Services Subdepartment



<http://www.iadb.org/jsfund>

PREFACE

Technical cooperation projects provide important financial and non-financial services to the Bank's borrowing member countries, and the IDB-managed trust funds serve as their main funding source. Begun in 1961, the Bank's trust fund portfolio has since expanded to 56 funds, with a balance of US\$338.4 million and cumulative contributions of approximately US\$1.6 billion.

The IDB administers three categories of trust fund resources: (a) approximately 21 regular trust funds, (b) the TC/FUNDS program with 27 distinct funds, and (c) 9 different sources of non-reimbursable co-financing funds. The JSF is one of the oldest and most important funds of the first category (a), as all borrowing member countries are eligible, and it covers a wide range of high priority areas and sectors. Few other donor trust funds can finance projects of a comparable size to the JSF TC projects.

The JCF forms a part of the TC/FUNDS program, which began in 1991 with the purpose of financing training activities, and consultants for short- and medium-term assignments. Although the JCF was only recently created by the Government of Japan in 1995, it is today one of the most important funding sources within the program due to the size of the projects it finances and its wide coverage in terms of the beneficiary countries and eligible areas/sectors.

Thus, through the IDB program, the JSF and JCF are now frequently identified as the primary representatives of the Japanese contribution to the region's economic and social development. Moreover, as information about the two Japanese trust funds has been disseminated among the users in and outside of the Bank, the demand and the use of the funds have dramatically increased.

Special efforts have been made to market the applicability of the Japanese experience, which has provided innovative solutions to the region's development problems. Much of this experience has been funded by the JCF, which is semi-tied.

We, the JSF Task Force Team, are very proud and highly committed to the important assignment of managing the Japanese funds. We will fulfill our responsibilities in 2001 by financing projects of the highest priority for the region's development, ensuring the donor's development policy and strategy are well reflected in the projects selected, and confirming that the project activities are designed to assure the most efficient and effective use of the funds' limited resources.

Takeo Shinde
Chief, JSF Task Force Team

Washington, D.C., March 2001

ABBREVIATIONS

G-light	-	Green Light (=Provisional Approval)
GOJ	-	Government of Japan
IDB	-	Inter-American Development Bank
JEXD	-	Japanese Executive Director
JSF	-	Japan Special Fund
JCF	-	Japanese Trust Fund for Consultancy Services
TC	-	Technical Cooperation
PRI	-	Private Sector Department

COUNTRY GROUPS

“A” group:	Argentina, Brazil, Mexico, Venezuela
“B” group:	Chile, Colombia, Peru
“C” group:	The Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad & Tobago, Uruguay
“D” group:	Belize, Dominican Republic, Ecuador, El Salvador, Guatemala, Paraguay, Bolivia, Guyana, Haiti, Honduras, Nicaragua

JSF TASK FORCE TEAM

NAME	POSITION	DEPT. RESPONSIBILITY
Takeo Shinde	Team Leader	
Hidehiro Osuga	Team Member	Coordination
Javier Molina	Consultant	Region 1 & Integration
Ana María Zuluaga	Consultant	Region 2 & Private Sector
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Japan Special Fund and Japanese Trust Fund for Consultancy Services Annual Report 2000

1. Background

In 1988 the Government of Japan (GoJ) created the Japan Special Fund (JSF) to provide financial assistance for the Bank's technical cooperation (TC) activities in the Latin American and Caribbean region. All IDB borrowing member countries are eligible to apply for funding. The JSF is non-reimbursable and finances activities in specific sectors as defined by the Government of Japan. Originally focused on the infrastructure and environmental sectors, in 1998 the GoJ expanded the project areas eligible for JSF funding to include the social sectors and emergency finance. In the year 2000, they were revised again based on the development issues currently confronting the region.

The GoJ created the Japanese Trust Fund for Consultancy Services (JCF) in 1995. While all borrowing member countries are eligible to apply for funding, unlike the JSF, the JCF's resources are semi-tied to Japanese consultants or consulting firms. The JCF finances projects in all sectors where Japanese expertise is available.



Caribbean Pine Plantation and Resin Extraction Feasibility Study and Pilot Project
ATN/JF 4154 Colombia (\$1,940,000)

2. Overview of 2000

Demand for project funding through the JSF and JCF remained strong in the year 2000, across all sectors and countries supported. A total of 21 projects, for US\$11.5 million, were approved by IDB by year's end. Some 43% of these projects were in the



Preparation of Investment in Basic Education
ATN/JF 6338 Suriname (\$150,000)

social sectors, followed by 21% focused on environment. A&B countries made up 50% of those receiving support. C&D countries received 42% of the financing, followed by regional projects (8%). The individual countries which most benefited from the JSF in 2000 are Peru (20.8%--US\$2.4 million), Panama (17.0%--US\$2.0 million), Brazil (12.9%--US\$1.5 million), and Colombia (11.1%--US\$1.3 million).

The JCF has become the largest of the 28 smaller funds established within the TC funds program managed by the Bank. In 2000, 4 projects worth US\$2.8 million were approved by the IDB. The principal sectors of JCF financing are infrastructure and environment.

The cumulative approvals to date for the JSF are US\$146.6¹ million (excluding US\$29.7 million corresponding to the Japan Program) and US\$12.1² million for the JCF.

In order to strengthen the marketing of the JSF funds, as well as to improve funding allocation to the most needed sectors/countries, last fall meetings were held with various divisions in Regions 1, 2, and 3, and the Sustainable Development Department, for the specific purpose of reviewing the year 2001 pipeline and demand for technical cooperation funding. As a result, the year 2001 pipeline is well-defined, having identified an overall demand for JSF/JCF funding of more than US\$48 million. The pipeline will be reviewed on a quarterly basis to incorporate any changes.

¹ Cumulative green-light approvals for the JSF total US\$176.0 million, while US\$146.6 million reflects projects which received final-approval from the Bank.

² Cumulative formal JCF project approvals by GOJ total US\$19.3 million. Those approved by the Bank equal US\$12.1 million.

3. Resources

New contributions from the Japanese Government to the JSF in 2000 were 416 million Yen [US\$3.6 million³], bringing the total contribution to 24,205 million Yen [US\$210.9 million]. The overall funding available at the end of 2000 was 7,755 million Yen [US\$67.4 million]. In 1999, US\$74 million was available.

The JCF was replenished by 261 million Yen [US\$2.3 million] this year, and has an available balance of 1,074 million Yen [US\$9.3 million]. The cumulative contributions total 2,560 million Yen [US\$22.3 million] (see tables below).

4. Approval Process

Applications for project funding are considered on an individual basis and assessments made using qualitative and eligibility criteria. Departmental project team leaders contact the JSF/JCF team member responsible for their department, and work with them through the process of project approval. In the year 2000, a total of 11 project packages were sent via JEXD to the Government of Japan for their approval⁴.

5. Highlights of selected projects approved during 2000

Among the projects approved during the year, a few are highlighted in this section due to their innovative approach and expected level of development impact.

Program for Reduction of Family Violence (Peru) (\$400,000 from Japan Special Fund)

The program consists of activities aimed at facilitating the expedient, efficient and integral assistance to victims of family violence, fostering awareness through dissemination of information and developing instruction programs. A diagnosis study will assist in determining where to establish “Women Emergency” modules. The program is expected to strengthen family bonds, improve interpersonal skills and foster the peaceful resolution of disputes both at the family and community levels with the purpose of reducing the incidence of child abuse, juvenile delinquency, drug addiction, alcoholism and prostitution.

Oral Health Low Income Children (Regional) (\$870,200 from the Japan Special Fund)

The objective is to determine the applicability of the Atraumatic Restorative Treatment in Latin American countries by evaluating the efficiency and effectiveness of the technique

³ Exchange rate US\$1= Japanese Yen 115

⁴ The JSF/JCF team presents projects once a month to JEXD. The set of projects presented in January, for example, would be called the January package.

as compared to conventional treatment methods among school age children. Based on the results of the studies to be conducted in Ecuador, Panama and Uruguay as a testing ground, the project will finance the elaboration of an action plan to introduce a cost effective, highly efficient restorative treatment modality for cavities with the possibility of dissemination throughout the Region.

Sustainable Development Strategy of Panama Canal Watershed (Panama)

(\$1,000,000 from Japan Special Fund)

The objective is to support the decision-making process pertaining to natural resource management in the Canal watershed, particularly related with the water projects included in the Canal expansion program. To achieve these objectives, a set of activities will be performed to strengthen management capacity, establish a comprehensive regional baseline, analyze scenarios and formulate a master plan for sustainable development of the watershed. The project will yield significant benefits for governance, by supporting an orderly, transparent and participatory decision-making process resulting in the development of a multisectoral framework for managing the watershed that is strategically important to the national economy.

Border Crossing Improvements between Argentina and Chile⁵

(\$750,000 from the Japan Special Fund)

The project was designed with the purpose of implementing complementary activities to another Bank-financed initiative (Andean highways and integration corridors program). The project will strengthen the process of coordination at the border frontier between the two countries with the purpose of reducing border delays caused by inadequate operation of border crossings through the introduction of flexible procedures for the movement of goods and passengers.



Disaster Mitigation in Central America
ATN/JF 6552 Regional (\$1,110,000)

⁵ Provisionary approved by GoJ in 2000.

6. Highlights from a project in execution

The Adolescent Reproductive Health Project has been in execution in The Bahamas since August 1998. This US\$1,240,800 project is funded by the JCF, and technical assistance has been provided by JOICFP⁶, a Japanese NGO.

BOX 1

Report from the NGO providing Technical Cooperation

Since August 1998, JOICFP has been implementing an IDB JCF-funded *Adolescent Reproductive Health Education Project (ARHEP)* in the Bahamas. JOICFP was both pleased and proud to start this new project, as it has been convinced through years of experience in the LAC region that promotion of adolescent reproductive health (RH) was the key to solving various population and development issues in the region.

The ARHEP was designed to help reduce the high incidence of unwanted pregnancies and sexually transmitted infections among adolescents through a reproductive health information, education and communication (IEC) program and media campaign. The IEC program includes a school-based intervention program to sensitize parents and train teachers, guidance counselors and peer leaders in the related issues; a wider community education and outreach initiative to coincide with the above efforts; and the development of culturally-appropriate teaching materials for integration into the national primary and secondary school curriculum.

The project's secondary focus is on strengthening the institutional capacity of the local executing agency, the Bahamas Family Planning Association (BFPA). BFPA management and staff are being provided with on-the-job training and technical support to improve the organization's capacity to expand and sustain activities in the area of adolescent education. Technical assistance is also being provided to BFPA's board of directors and management to promote the long-term sustainability of the organization through increasing their fund-raising, proposal-writing and strategic planning skills.

Since the project's inception, JOICFP coordinators have spent a total of fourteen (14) months in the Bahamas engaged in the overall management of the project. Also, JOICFP has dispatched a total of nine (9) short term consultants from Japan, the United States and Mexico on twelve (12) different occasions to train BFPA and project staff on data monitoring,

⁶ JOICFP: Japanese Organization for International Cooperation in Family Planning, a non-profit Japanese NGO established in 1968, and specialized in population, reproductive health, family planning and women's empowerment issues.



Adolescent Reproductive Health Education Project (ARHEP)
ATN/JF 6061 The Bahamas (\$1,240,800)

IEC materials development, training of trainers, and development of computer information systems. Moreover, BFPA board members, administrators, and project staff have been sent on six observation missions to the U.S. and Mexico to learn from various adolescent RH educational and institutional strengthening programs.

In May 2000 a mid-term evaluation report was submitted to JOICFP by independent evaluators from the US and the Bahamas. Based on their recommendations, JOICFP and BFPA have entered into the final stage of the project with an intensified effort to finish all of the project's pending activities before it ends in April 2001. The agencies have a solid commitment to sustaining the project's impact by integrating of its major components into the ongoing programs of BFPA and the Government of the Bahamas.

Through a participatory exercise in an intensive training workshop involving the BFPA, project staff, and the major stakeholders of the project (such as government officials and other NGOs), priority areas the project should focus on during this final stage were agreed upon. Participants also identified which activities should be continued by BFPA, the government and other NGOs beyond the life of the project.

JOICFP and BFPA are now busy monitoring the progress made in the schools and community, and documenting lessons learned. Special attention is being given to transferring knowledge and skills gained by those project staff who have been seconded by the Ministries of Education and Health to the BFPA administrators and staff, before the former return to their positions in the government. This will ensure that full advantage of the project's technical assistance can be taken by BFPA. Determined that this project will serve as an important model for adolescent RH education in the English-speaking Caribbean, JOICFP is prepared to make every effort to bring the project to its successful completion.

Harumi Kodama, Programme Officer, JOICFP

7. Initiatives taken by the JSF during the year 2000

Review of the Performance of JSF and JCF Activities

The JSF Team, with the assistance of relevant Operational Divisions and Country Offices, undertook a “Review of the Performance of JSF and JCF activities”. The purpose of this initiative was to review and evaluate development impacts of the projects approved since the establishment of each Fund. A draft report was prepared and submitted to the Ministry of Finance of Japan for its consideration in November.

The Report concluded that both Funds have been able to expand and diversify their operations and now play a major role in the financing of the Bank’s technical cooperation activities. The analysis of the performance of a large sample of JSF and JCF projects shows that most of these projects have performed well and achieved their objectives.

In addition, the Report highlights the following recommendations:

- Identify ways and means of simplifying and accelerating the project review and approval process.
- With respect to the Japanese Trust Fund for Consultancy Services, the Bank should pursue and intensify efforts made to identify Japanese consulting firms and NGOs with experience in Latin America, ready to participate in the execution of JCF-financed projects.

Pending the introduction of a standardized monitoring and evaluation system for all TCs, an effort should be made to continue organizing in Evaluation Missions and to reinforce the benefits of conducting periodic monitoring reports during project execution.



Credit and Technical Cooperation for Microentrepreneurs
ATN/JF 4601 Belize (\$ 650,000)

Evaluation Missions

The JSF Team organized an evaluation mission to Brazil and Uruguay in November 2000. The mission undertook the complete evaluation of two projects in each country that included site visits to the executing agencies and to the sites where the work of the consultants was performed. In addition, two other projects in Brazil were reviewed with a limited focus since site visits were not possible due to time limitations.

The mission concluded that the projects evaluated have been successfully executed and achieved their goals. The conclusion is based not only on the comments provided by the officers of the executing agencies and IDB specialists, but more importantly, on the tangible results that were witnessed through project sites visits, improved performance indicators, and enhanced technical capacities of the executing agencies.



Institutional Development of the Legislature
ATN/JF 4346 Peru (\$1,985,957)

Poverty Reduction Program

During the 1999 Annual Meeting held in New Orleans in March 2000, the Governor for Japan announced his government's intention to increase the focus of the Japan Special Fund towards the financing of poverty reduction activities to support the Bank's initiatives on this respect. Within this context, the JSF Team, in consultation with the Government of Japan, is working towards the definition of the appropriate structure to establish a Poverty Reduction Program as part of the Japan Special Fund. It is estimated that the Program will be operational during the first semester of 2001.

Expansion of Priority Areas

During 2000 the GoJ revised the priority areas for JSF support, this time specifically including social protection and women in development activities as well as nutrition, health and education as standard project areas (see Box 2). The revision was done in an effort to further align the JSF's support of the Bank's priority areas of work as stated in the IDB's Eighth Replenishment Report.

BOX 2

Expansion of priority areas financed by the Japan Special Fund

(Text extracted from IDB Memorandum dated August 15, 2000)

It is a pleasure to inform you of the result of the Government of Japan's (GOJ) review of priority areas for possible financing by the Japan Special Fund (JSF). These areas coincide with many of the Bank's priority sectors of work, thus providing the Bank with easier access to untied funding support.

The GOJ has expressed a special interest in funding projects in the following priority areas:

1. Social Sectors
 - health
 - education
 - nutrition
 - water and sanitation
 - social protection and other activities that directly address social development
2. Environment
3. Women in Development
 - including support for gender-specific initiatives
4. Finance
 - for emergency relief due to macro-economic instability

Other priority areas include:

- civil society
- private sector
- natural disasters
- regional cooperation

Additionally, please note:

- Activities related to capacity-building of state and local governments, civil society, etc. may be financed as a component of an approved JSF technical cooperation project.
- The Japanese Trust Fund for Consultancy Services (JCF), which funds all IDB sectors of work, will now serve as the primary source of Japanese technical cooperation financing for infrastructure projects.

8. Staffing

During the year 2000, the JSF Task Force Team was reorganized by regions instead of sectors. This enabled the team to work parallel to the Bank's departments, and have overall responsibility for one region inside the Bank.



Design of Berthing Facilities
ATN/JF 5378 Barbados (\$750,000)

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To Download the Annexes please go to:
<http://www.iadb.org/jsfund/AnnualReport2000.htm>