

**JAPAN SPECIAL FUND  
&  
JAPANESE TRUST FUND FOR  
CONSULTANCY SERVICES**

**ANNUAL REPORT 2002**



**Financial Support Services Subdepartment  
Regional Operations Department 2  
Inter-American Development Bank**

## **PREFACE**

Japan Special Fund (JSF, established in 1988) and Japan Trust Fund for Consultancy Services (JCF, established in 1996) are one of the primary funding sources for technical cooperation projects of the Inter-American Development Bank (IDB). Over the last 10 years, the accumulated contribution of the two funds reached approximately 50 % of the total trust fund resources mobilized by the IDB among the donor countries.

JSF is a untied fund which provides financing to technical cooperation projects mainly in social sector and environment sector. JSF also includes a special window for projects to deal with poverty reduction activities in Latin America and the Caribbean (JPO). Since 2001, JPO has provided financing to the important initiatives to address poverty issues in the region such as capacity building for the implementation of poverty reduction strategy and innovative programs to improve conditions of the marginalized population. JCF is a partially tied resource which promotes cooperation and knowledge transfer from Japan through financing technical assistance projects mainly in infrastructure sector and environment sector.

JSF and JCF are making substantial contribution to the Bank in achieving its mission to promote sustainable socio economic development of Latin America and the Caribbean. In 2002, JSF and JCF together financed 32 projects for US\$16.2 million, which is 48% of technical cooperation projects of the IDB funded by trust funds. With JSF resources, the Bank provided a technical assistance to deal with new challenges such as citizen security. JPO has supported innovative initiatives in poverty reduction efforts such as poverty reduction initiative in Belize and vulnerable neighborhood intervention program in Chile.

Latin America and the Caribbean Region are facing many challenges in social, economic and political development. We look forward to continuous Japanese assistance in the development of the Region through the JSF and JCF activities. At the same time, we, The Japanese Funds Coordination Team of Financial Support Services Subdepartment, will ensure efficient and effective use of the funds.

Goro Mutsuura  
The Japanese Funds Coordinator

June 30, 2003

## **GLOSSARY**

IDB	Inter-American Development Bank
TC	Technical Cooperation
JSF	Japan Special Fund
JCF	Japanese Trust Fund for Consultancy Services
JPO	JSF Poverty Reduction Program
GOJ	Government of Japan
A Countries	Argentina, Brazil, Mexico and Venezuela
B Countries	Chile, Colombia and Peru
C Countries	Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname and Trinidad and Tobago
D Countries	Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras and Nicaragua

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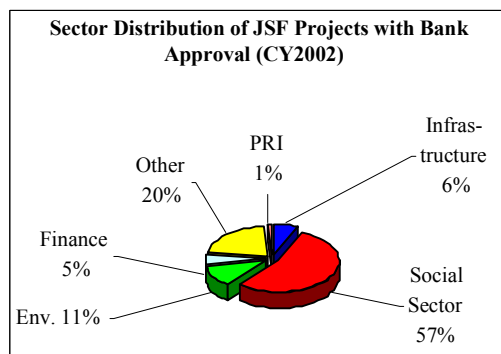
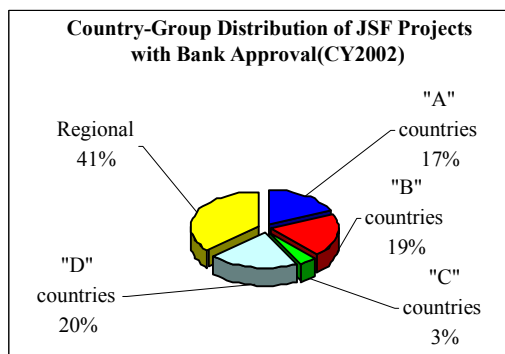
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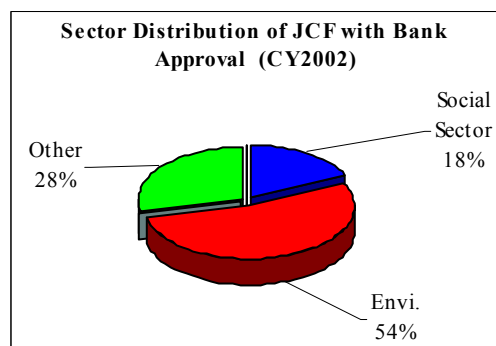
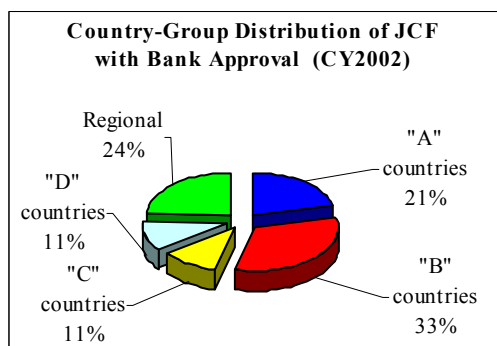


## 1. Overview of 2002

In 2002, the Bank approved 23 JSF projects for a total of US\$12.6 million. These included 7 projects for the JPO totaling US\$3.5 million. 57% of these operations supported the social sector; 20% focused on other sectors such as Information Technology; and 11% involved the environment. A & B countries received 39% of the support while C & D countries received 23% of the financing. Regional projects benefited from 41% of the funds. Mexico mostly benefited from the JSF/JPO in 2002 with 16.6% (US\$2.1 million). Chile followed with 9.8% (US\$1.2 million) and El Salvador with 8.7% -- (US\$1.1 million).



The JCF has become the largest of the 28 smaller funds established within the TC funds program managed by the IDB. In 2002, the Bank approved 9 projects worth US\$3.6 million in primarily infrastructure and environment.



Cumulative approvals to date of the JSF total US\$ 174.6 million and US\$ 20.6 million of the JCF. This excluded US\$29.7 million corresponding to the Japan Program.

## 2. Resources

In 2002, the Government of Japan (GOJ) contributed 474 million Yen (US\$3.9 million) in new money to the JSF bringing the total contribution to 25,108 million Yen (US\$209.2 million). The overall availability of the JSF is at the end of 2002 totaled 2,826 million Yen (US\$23.6 million). GOJ replenished the JCF by 209 million Yen (US\$1.7 million) and had an available balance of 842 million Yen (US\$7.0 million) by the year end. The cumulative contributions totaled 3.056 million Yen (US\$25.5 million).

### 3. Highlights of TC Projects in 2002

#### 3.1 Belize

##### *Poverty Elimination Strategy Implementation*

Amount:	US\$300,000
Fund:	JPO
Sector:	Social
Executing Agency:	Ministry of Economic Development

The objective of this Program is to support the Government of Belize in its efforts to update and strengthen the current National Poverty Elimination Strategy and Action Plan for the years 1998-2003 and to support its implementation. This updated strategy is results-oriented, developing specific targets for Belize based on the Millennium Development Goals particularly reducing extreme poverty by one half by the year 2015. This TC is currently in the process of Bank Approval and is expected to be approved during the first half of 2003.

#### BOX 2

##### POVERTY REDUCTION INITIATIVES IN BELIZE

Despite significant improvements in Belize's social and economic indicators, large segments of the population live in poverty and extreme poverty. The Country Poverty Assessment (CPA) conducted in 1995-96 revealed that 25 percent of households or 33 percent of the total population lived below the poverty line. Of the population defined as poor, 13 percent are "indigent" or "extremely poor." Poverty is more severe in rural areas, affecting 42 percent of the population. Rural poverty is extensive in the southern part of the country, specifically in the Toledo district. In urban areas, 21 percent of households fall below the poverty line. Pockets of poverty and extreme poverty abound on the south side of Belize City. Segments of the population that are especially vulnerable are youth, children, the elderly, the disabled, female-headed households and indigenous groups. The incidence of poverty among Maya populations is twice the national average. The causes of poverty are unemployment, low productivity and low earnings. Other contributing factors include education levels, size of household, high dependency ratios and female-headed households.

The key instrument for combating poverty in Belize is the National Poverty Elimination Strategy and Action Plan (NPESAP). Important inputs aimed at completing and updating the NPESAP in Belize will be provided with resources from a technical cooperation operation currently being prepared by the IDB with financial support from the Japanese government. The technical support incorporates a result oriented approach, developing specific targets for Belize based on the Millennium Development Goals,

including the reduction of extreme poverty by one half by the year 2015. Strict linkages will be established between targets and programs and actions.

Poverty reduction is not just a priority of the government, but is also crucial to the Bank's future work in Belize. An updated and complete NPESAP will represent the umbrella policy instrument under which the Bank will center its programming strategy. The NPESAP will also be the strategy that guides government policies and actions aimed at economic growth, increased competitiveness and poverty elimination. The proposed technical cooperation operation complements current Bank efforts in the country, in particular: (a) the Hurricane Keith Emergency Program; (b) the Land Management Project; (c) Health Sector Reform; (d) Rehabilitation of the Southern Highway; and (e) Tourism Development.

In the process of preparing the technical cooperation operation, the Bank established a strong partnership with the government entity responsible for the program, the National Human Development Advisory Committee (NHDAC). Also, UK DFID continues to be an important partner in supporting efforts by the Bank and Belize geared towards poverty reduction. In view of Belize's strong commitment to poverty reduction and its efforts to strengthen and complete the poverty strategy, sizable debt relief on the part of the British government has come about through the Commonwealth Debt Initiative (CDI). Debt relief proceeds will support projects and initiatives prioritized by the updated NPESAP.

### 3.2 Bolivia

#### *Urban Transportation Planning in La Paz*

Amount: US\$750,000  
Fund: JCF  
Sector: Transportation  
Executing Agency: Gobierno Municipal de la Paz y El Alto

The objective of this TC is to strengthen the municipalities of La Paz and El Alto in the management of urban transportation through: (a) Facilitating the planning, design and implementation of several specific "efficiency" projects, with emphasis on mass transit; and (b) developing general strategies to improve the management of urban transportation operations, the programming of road maintenance and the planning of highway investments. This TC also seeks to assist the local government develop a new legal and institutional framework for implementing a long-term transit modernization process. The study will provide the preparatory study for a future loan. The project is under execution (the consulting firms were selected in April 2003).



### 3.3 Chile

#### *Support for the Preparation of a Vulnerable Neighborhood Intervention Program*

Amount: US\$745,000  
Fund: JPO  
Sector: Social  
Executing Agency: Subsecretariat of the Interior

The objectives of the TC are: (i) to support the design and implementation of a loan for the strengthening of a vulnerable neighborhood intervention model in Chile; and (ii) to implement a pilot intervention in the La Legua, La Victoria and Sara Gajardo neighborhoods of Santiago.

This TC has a strong loan linkage. The Loan is scheduled to be approved in November 2003 (CH0178 for US\$10 million) and is also fundamental to strengthen the analytical and operational capacity of the Citizen Security Division of the secretariat of the Interior.

The operation is under execution as scheduled. The preliminary technical report has been presented by designated consultants and the final report is scheduled to be completed by the end of September 2003.



ARTICLE IN " EL MERCURIO" (CHILEAN NEWSPAPER) OF DECEMBER 6, 2002



### ***Strengthening Civil Society Organizations Networks through Information Technology***

Amount: US\$500,000  
Fund: JPO  
Sector: Social  
Executing Agency: National Foundation for the Alleviation of Poverty

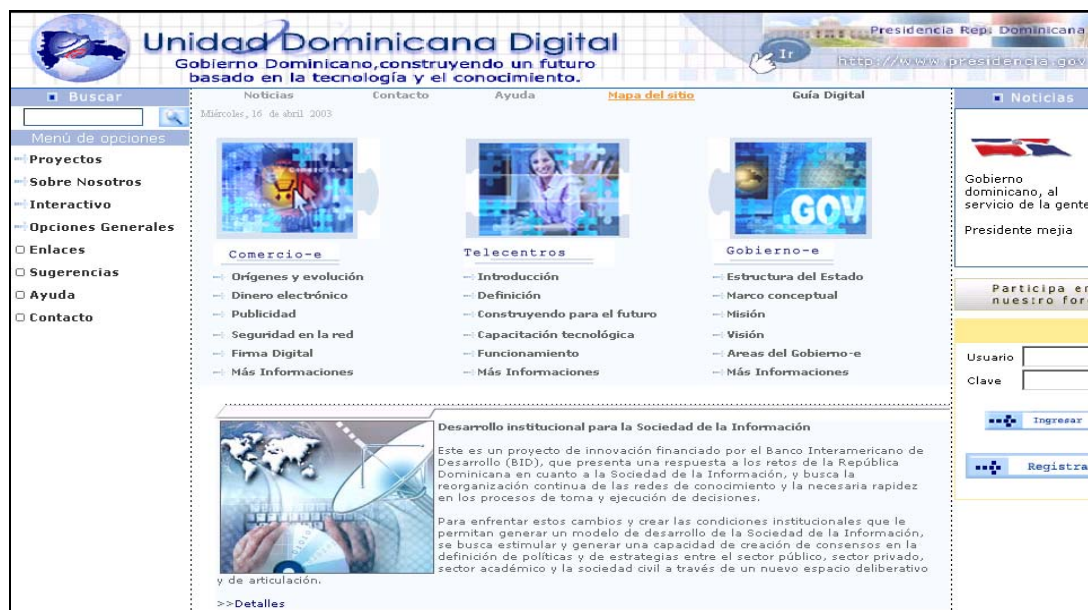
The main goal of this TC is to establish opportunities for access of various types of information technology by low income communities in order to enhance the networks of local civil society. The specific objectives are: (i) to strengthen the institutional capacity of 25 local networks of civil society organizations through the use of Information Technology; and (ii) to allow access of information to poor sectors of society, especially those who live in isolated communities. The TC was approved by the Bank in December 2002 and is in its early stage of execution.

## **3.4 Dominican Republic**

### ***Institutional Development for Information Society***

Amount: US\$200,000  
Fund: JSF  
Sector: Information Technology  
Executing Agency: Technical Secretary of the Presidency of Dominican Republic

The principal objective of this TC is to support the preparation of the Institutional Development for Information Society loan operation (DR-0149 for US\$7 million). The specific outputs of the project were: (i) the technical inputs in the areas of Connectivity (Telecenters), Electronic Government (Business Information Portal) and Electronic Commerce (E-commerce legal Framework); (ii) the creation of the National Committee for the Information Society (CNSI) that defines the policies of the sector in the Dominican Republic; (iii) the creation of Dominican Digital Unit (UDD) that executes programs related to Information and Communication Technology (ICT) and the development of its website; and (iv) Dissemination Seminar to inform the civil society, private sector, scholars and information technology experts. This TC is in its final stage of execution.



Dominican Digital Unit Website ([www.dominicanadigital.gov.do](http://www.dominicanadigital.gov.do))

### 3.5. Guatemala

#### *Preparation of the Integrated Program for Citizen Security*

Amount: US\$380,000  
Fund: JSF  
Sector: Social  
Executing Agency: Ministerio de Gobernación of Guatemala

The principal objective of this Technical Cooperation is to support the preparation of “Integral Program for Citizens Security” (GU-0163 for US\$30 million) through studies and activities characterizing violence in the country and formulating specific actions to improve citizens safety. The loan is schedule to be approved during the first trimester of the year 2004.

The components to be developed are: (i) assessment of the delinquency and violence caused by criminal gangs and the design of a prevention model; (ii) assessment of domestic violence situation and a proposal for intervention and prevention; (iii) identification of mechanisms for the rehabilitation and social reintegration of young offenders; and (iv) pilot projects in prevention programs. The letter of agreement between the Bank and the government of Guatemala was signed on January 29, 2003. Consultants have been hired for all but the component (i).

### 3.6. Honduras

#### *Support the Population of Active and Disabled lobster divers in the Honduran Moskitia (JO-7939-HO)*

Amount: US\$350,000  
Fund: JPO  
Sector: Social  
Executing Agency: Association for Indigenous Socio-Economic Development


The objective of this TC is to identify and implement interventions that promote local economic development among the community of active and disabled divers in the Honduran Moskitia, alleviate their condition of poverty and socioeconomic exclusion, and reduce the extent of disability.

### Serving Disabilities in the Honduran Moskitia Region

BY MARISIL NABORRE

Lobster fishing is an important source of foreign currency for the Honduran economy. Its exports account for an annual income of approximately US\$29 million. Ninety-five percent of the exported product is extracted through diving by the Miskito<sup>1</sup> population. Ministry of Health estimates indicate that there are approximately 9,000 lobster divers in Moskitia, of which 47 percent have some type of disability. The lucrative nature of lobster fishing has given rise to its indiscriminate exploitation and a growing shortage of lobsters. As a result, fishing boats transport divers to greater depths in search of this resource. Diving at great depths without the proper training or equipment causes decompression syndrome, which results in partial or total paralysis and even death, or in other disabilities such as deafness and blindness. The risk of suffering from this syndrome increases with drug and alcohol abuse. Divers also suffer mistreatment and low wages from the boat owners, and no adequate legal or regulatory framework protects them or ensure the sustainability of the resource. International markets may stop importing Honduran lobster as a result of the extraction methods employed and their consequences on the health and welfare of the Miskitos. This response would jeopardize a major part of the Honduran export industry. A new technical cooperation operation of the Social Programs Division of Region 2 (RE2/SO2) seeks to support the country in creating an action plan that promotes local development and contributes to decreasing disability rates among Miskitos. Using resources from the Japanese Special Fund (JSF), this technical cooperation will support the collection of necessary information to establish the plan

*continued on page 12*



IDB SOCIAL DEVELOPMENT PUBLICATION OF JUNE2002

The letter of agreement between the Bank and the government was signed on October 11, 2002. On April 22 and 23, 2003 an induction workshop was conducted and the socio-economic survey is planned to take place in July 2003. The government shows its interest in expanding this program with a future IDB loan and the Ministry of Interior has formed a multi-ministry commission to discuss the possibility.

### **3.7. Mexico**

#### ***Strategic Plan for National Microenterprise Program***

Amount:	US\$600,000
Fund:	JPO
Sector:	Social Development
Executing Agency:	Secretaria de Economia of Mexico through Programa Nacional de Financiamiento al Microempresario (PRONAFIM)

The main objective of this technical cooperation is to contribute to the development of the micro-finance in Mexico by supporting: (a) the definition of the policies for this sector; and (b) PRONAFIM's efforts to consolidate and extend the strategy of poverty reduction nationwide by fostering micro-finance.

After Bank approval, the government of Mexico requested that the beneficiary of the TC be changed from PRONAFIM to NAFIN (Nacional Financiera) which is a member of the technical committee of PRONAFIM. The change had to be made because -- PRONAFIM is not legally considered as a person and, according to Mexican law, is not eligible to receive the grant. This inconvenience has caused additional legal work and the delay in the signing of the letter of agreement between the Bank and NAFIN. In the first trimester of 2003 the issue was solved and the letter of agreement is expected to be signed in the second trimester of 2003.

#### ***Opportunities for Women in Rural Areas***

Amount:	US\$749,000
Fund:	JPO
Sector:	Social
Executing Agency:	Secretaría de Desarrollo Social (SEDESOL)

The general objective of the project is to formulate a national strategy for women in rural areas that will enhance their economic productivity, reduce poverty and thus contribute to gender equity. The specific objectives of the project are: (i) strengthen the Government of Mexico's capacity to develop, implement, and evaluate social policies and construct a strategic framework that will help target scarce program resources more effectively, and streamline social investments geared to poverty reduction particularly for women in rural areas; (ii) design and implement a pilot project that will test new ways to link institutional mechanisms, financial resources and vital know-how to increase the productive capacity and economic opportunities of poor rural women. The letter of agreement was signed on February 17, 2003 and currently SEDESOL is in the process of selecting consultants.



Rural Women from the South of Mexico

### ***State Specific Social Indicators for Monitoring Poverty Alleviation***

Amount: US\$370,000  
Fund: JPO  
Sector: Social  
Executing Agency: Office of the Presidency of Mexico

The main objective of the proposed technical cooperation is to support the Office of the Presidency of Mexico in providing technical assistance to six "pilot" state governments for the development of state specific social indicators to monitor the socioeconomic conditions of the population and the outcome of poverty alleviation efforts at state level. These six "pilots" would have replicated at the state level the Social Information System (SIS) which was successfully implemented in 2001 at the Federal level in the Office of the Presidency with a TC financed with Japanese Special Fund resources.

### **3.8. Panama**

#### ***Reform Instruments Caja Seguro Social***

Amount: US\$350,000  
Fund: JSF  
Sector: Social  
Executing Agency: Caja de Seguro Social of Panama (CSS)

The objective of this TC is to assist the Government of Panama in developing action plans and related studies that will facilitate debates on the reform of the CSS. Specifically, this TC will carry-out the studies which are necessary for the preparation of an IDB loan (PN-0146 -Modernization of CSS- with a proposed amount of \$10 million).

Since a consensus on its need for the reform on the social security system was not reached among parties involved, the government decided to withdraw its loan request to the Bank and to cancel the TC.

### **3.9. Paraguay**

#### ***Policy Studies & Groundwater Management***

Country: Paraguay  
Amount: US\$750,000  
Sector: Water and Sanitation  
Executing Agency: Servicio Nacional de Saneamiento Ambiental (SENASA)

The objective of this TC is to design an stable and sustainable ground water policy for Asuncion and the surrounding area, and to prepare an hydro-geologic mapping of the aquifer as an important tool for the ground water management.

This study will include the analysis of existing information, consisting of a collection of data related to hydrogeology, hydrology and geo-chemistry in the area of study. This TC requires to drill wells in order to analyze the water quality and the aquifer capacity. Also the contamination in the area will be studied and the sources of pollution will be identified. Aspects related to surface water, like runoff, river flows and the estimation of water demand by population will be considered. The study will be conducted under different weather conditions.

Based on the above analysis, the TC will propose a ground water environmental management system that includes a tri-dimensional ground water simulation model with a GIS application. The TC was approved by the bank in the first quarter of 2003. As of may, the letter of agreement was not signed.

### **3.10. Peru**

#### ***Design and Implementation of Social and Fiscal Reform Program***

Amount: US\$748,000  
Fund: JPO  
Sector: Social  
Executing Agency: Presidency of the Council of Ministries

The objective of this TC is to support the design and implementation of the social component of an IDB Policy based loan (PE-0211 -Fiscal Reform Program- for US\$300 million). The specific objective is to improve the effectiveness and transparency of policies and programs in the social sectors. The TC will finance technical assistance, training, seminars and materials for: (a) the development and piloting of a targeting mechanism of social subsidies to the poorest populations in urban areas; (b) the development of a poverty reduction strategy with civil society participation; and (c) the design and launch of an independent social programs' monitoring and evaluation system.

### **3.11. Regional**

#### ***Ethno-tourism Projects***

Amount: US\$750,000  
Sector: Social Development  
Fund: JPO  
Executing Agency: Consejo Indega Centroamericana. - Cica

The objective of this TC is to develop a frame of reference and obtain criteria at a technical, legal, financial, environmental-socio-cultural levels, which will enable the identification and implementation of eco/ethnotourism projects in Central America, resulting in reducing the conditions of extreme poverty existing among regional indigenous groups. The TC supports the preparation of a future Bank loan that will facilitate increased private investment in the tourism sector within indigenous areas in the region. The proposed innovative project would generate: (a) direct opportunities of greater investment, employment and education for members of poor indigenous communities, all to increase local capacities; (b) it will yield future investments in other productive projects in the area, (c) training of human resources within indigenous peoples and communities, and (d) communitarian works to serve public function.

The Bank approval of this TC has been due to the ongoing discussion among Ministers of Tourism of the Plan Puebla Panama countries and Presidential Commissioners (i.e. Mexico, Guatemala, Belize, Honduras, Panama, Costa Rica, El Salvador and Nicaragua) on how to establish a common regional tourism strategy with common goals and objectives. This has been a complex process, which took a few months to complete (i.e. countries have different tourism models and priorities within the sector, different problems, tourism profiles and investment capacities, etc). On April 30, 2003 a first Memorandum of Understanding (MU) was drafted and discussed in El Salvador, where all participants including Commissioners of the Tourism Initiative, Ministers of Tourism, Bank staff and some private sector met. This TC is very much related to this MU, as it is part of the Tourism Initiative of the PPP.

## **4. Initiatives Taken During 2002**

### **Special Mission Trip to Japan**

In June 2002, President Iglesias accompanied by the Manager of RE2 and the Deputy Manager of RE2/FSS visited the Ministry of Finance of Japan and discussed with Japanese authorities about the stronger Japanese contribution to LAC development agenda.

### **Cancellation of unused balance**

Given a mixed perspective of the available JSF/JCF resources for the coming years, the JSF team undertook a review of unused balance of resources. The unused balance is found in those projects which have been expired or completed but still have unused money available. Cancellation of those unused balance will increase the fund availability. During the 2002, approximately US\$1.68 million (@ JPY218.66 million) in total was transferred back to the JSF and JCF account respectively.

### **Conversion of the Fund Accounts into US Dollars**

An agreement was reached in July 2002 with the donor to convert all the available JPY resources in JSF account as well as JCF account into US dollars. The actual conversion was effected successfully in the middle of November. As a result of one year of the preparation, all the financial reports and information of JSF and JCF will be switched to US dollars in 2003, which will significantly simplify the procedures of handling its financial information at the relevant administrative units at the bank.

### **From IDB's Press Releases**

During 2002, the following three JSF/JCF projects were mentioned in the IDB's Press Release (see Appendix II):

1. CHILE "Mathematical Model & Action Plan for Concepcion and San Vicente Bays"  
JCF US\$1,200,000  
<http://www.iadb.org/exr/PRENSA/2002/cp19602e.htm>
2. REGIONAL "Disaster Risk Management in LAC"  
JSF US\$1,200,000  
<http://www.iadb.org/exr/PRENSA/2002/cp13202e.htm>

## **5. Monitoring and Supervision**

Two monitoring missions were dispatched to Chile, Argentina, Panama and Guatemala. The objective of the missions was to monitor the performance of ongoing projects and review the results of recently completed technical cooperation projects financed by JSF, JCF or JPO. During the missions, various meetings were held with the Bank's country office staff, relevant government officials and consultants.

The following projects were reviewed by the monitoring mission:

## **5.1. Mission to Argentina and Chile (April 2002)**

### **5.1.1. Argentina**

#### ***GIS-based Planning Support System for Highway Planning***

Amount:	US\$700,000
Fund:	JSF
Sector:	Transportation
Executing Agency:	Direccion Nacional de Vialidad of the Ministry of Planning

The objective of the TC was to implement a Georeferenced Information System (GIS) for planning, construction and operation of highways and other transport applications. The consultants selected were HTS Development and the project was fully completed and disbursed on October 2001. The mission team visited Direccion Nacional de Vialidad of the Ministry of Planning, and verified that a GIS system constructed by the TC is actually in operation. The system is focused on Route 7 connecting Buenos Aires and Mendoza which plays a significant role in the national logistics in Argentina. The objective of this GIS system was to support and complement the global GIS network financed with a loan (AR-0128 “National Road Corridors” for US\$340 million) and make the two systems compatible. Given the economic crisis of the country, the loan was suspended and the systems are currently not integrated. The Argentine authorities are hopeful that the system would eventually be of great support for the development of the inter-oceanic corridor initiatives.

#### ***Support to the Infrastructure Fund***

Amount:	US\$750,000
Fund:	JSF
Sector:	Transportation
Executing Agency:	Ministry of Infrastructure and Housing

The objective of this TC is to support an Infrastructure Fund to stimulate private sector participation in the development and provision of infrastructure throughout the country.

The TC was approved by the Bank but the letter of agreement has been delayed due to the economical, political and institutional changes that the country has faced since mid 2001. The Argentine government continues to show their strong support and willingness to proceed.

#### ***Modernization of Health Program in Salta Province***

Amount:	US\$199,260
Fund:	JSF
Sector:	Health
Executing Agency:	Ministry of Health of the Salta Province

The objective of this TC was to support the preparation of loan AR-0120 of US\$100 million. Meeting with the executing agency and the government officials in charge of the project was not possible due to frequent change of the operational unit and personnel rotation of Argentine government. The mission met with the country office specialist who was involved in the execution of the project.

The project had been fully completed and disbursed in 1999. The study produced an analytical report about



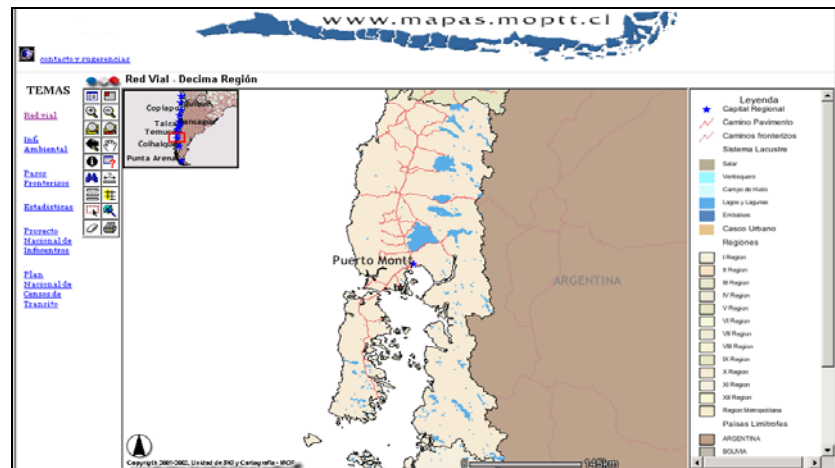
the problems of the health sector in Salta province and helped prepare the loan that was approved in August 1999. However, the loan was later reformulated into an emergency package due to the current Argentinean crisis.

### 5.1.2. Chile

## GIS-based Planning Information System

Amount: US\$725,000  
Fund: JSF  
Sector: Transportation  
Executing Agency: Direccion de Vialidad of the Ministry of Public Works

The objective of the project is to implement a geo-reference information system (GIS) for public works, to strengthen the planning capacity of the Ministry of Public Works, the Municipality of Valparaíso, and the planning offices of regions 1 and 5 of Chile. The system supports the process of forming a consensus at the government and to determine the size of the required investment for the cross-the-border transportation projects. The GIS is a dynamic system that must be continually updated and the Government of Chile has kept up with those efforts in a more detail scale. The mission verified that the GIS system was successfully established and in operation at the Dirección de Vialidad of the Ministry of Public Works. The officers in charge indicated their satisfaction regarding the quality of the system and the hardware constructed by this TC. Currently they are preparing a loan with the World Bank to build a compatible GIS for protected and environmentally threaten areas. The GIS can be seen in the Internet at [www.mapas.moppt.cl](http://www.mapas.moppt.cl).



Geo-reference Information System Website ([www.mapas.moptt.cl](http://www.mapas.moptt.cl))

## Comprehensive Environmental Assessment Review

Amount: US\$540,000  
Fund: JSF  
Sector: Environmental  
Executing Agency: Centro de Estudios para el Desarrollo (CED)

The objective of this TC was to improve the use and application of environmental assessment (EA) methods in order to enhance the Region's environmental control functions, increase environmental management capacity and improve the environmental analysis of projects. The TC was executed by CED, a university based in Chile and focal points were established in 16 countries for the execution of the project, and a uniformed methodology was applied in 10 countries. As a component of this TC, the government of



Chile worked out an action plan to be implemented by its environmental agency, CONAMA. In addition, there was a substantial improvement in the EA management in El Salvador and Dominican Republic. The TC was completed and fully disbursed in October 2002.

### ***Support Program for Organization of Older Adults***

Amount: US\$750,000  
Fund: JPO  
Sector: Social  
Executing Agency: HelpAge Bolivia

This is the first TC that the Bank dedicated exclusively to addressing the needs of the poorest of the elderly people in Latin America and the improvement of their quality of life. The objective is to strengthen networks of older adults that benefit the elderly in Argentina, Chile, Peru and Uruguay and improve the capability of a regional network and seven national networks to support these organizations. The resources will finance leadership courses for 2,380 elderly persons and strengthen more than 3,000 organizations that benefit the



Red Tiempos Website ([www.redtiempos.org](http://www.redtiempos.org))

elderly. Technical assistance and training will be provided to coordinate activities of public agencies and civil society that are working to fulfill the needs of senior citizens, and a project bank could be established. The program will be carried out by HelpAge Bolivia and Red Tiempos, based in Santiago, Chile, together with the ISALUD Foundation in Argentina, the Banco de Previsión Social in Uruguay and the Uruguayan National Network of Older Adults and the Mesa de Trabajo de ONG -Afines in Peru.

The mission team visited with the executing agencies in Chile and in Argentina, both of which are NGOs with reliable tracking records in the area of elderly cares. The execution of this TC is complex given the number of countries and executing agencies involved which causes delays in the start-up activities of the

program. However, the administrative difficulties were finally resolved and the consultants started to work on November 2002. The project is expected to be completed by the end of 2003.

#### ***Border Crossing Improvement between Argentina and Chile***

Amount: US\$750,000  
Fund: JSF  
Sector: Transportation  
Executing Agency: Direccion Nacional de Vialidad Argentina

The objective of this TC was to support and coordinate activities between Argentina and Chile that could improve the use of resources and equipment available at both sides of the border regardless of their nationality. It will facilitate commerce between the two countries, especially during the winter season.

This operation had been approved by the Japanese authorities in December 2000; however, the Bank's approval was delayed due to Argentina's economic situation. The mission met with the Argentine and Chilean authorities who confirmed their continuous interest for the execution. The Chileans expressed their concern of the serious day-to-day traffic problem at the cross-Andes border with Argentina and suggested that the execution of the TC to be transferred to them. However, the TC was eventually withdrew due to the serious delay.

#### ***Feasibility Study on Inter-Oceanic Corridors***

Country: Chile  
Amount: US\$650,000  
Fund: JSF  
Sector: Transportation  
Executing Agency: Direccion de Vialidad of the Ministry of Public Works

The objective of this TC was to develop the feasibility studies (technical, environmental and economic) necessary to identify the best option for an inter-oceanic transportation corridor and the required transportation investments (highway, rail, inter-modal connections and port improvements). The TC also would identify the institutional structure to be set up to make projects viable. The consultants selected were Wilbur Smith Associates (USA) and the project was fully completed and disbursed on October 1999.

The study financed by this TC provided critical data and information regarding the feasibility of the corridor. However, no agreement has been signed among the three countries for the development of the engineering study because its high cost (about US\$3 million). The foreseen difficulty was attributed, among others, to Brazil's fiscal problem and Bolivia's debt capacity and natural gas reserve policy. Chile continues demonstrating a strong interest in the continuity of the project because of the perspective of economic development in the 1<sup>st</sup> region (Arica~Iquique).

### **5.2. Mission to Guatemala and Panama (November 2002)**

#### **5.2.1. Guatemala**

##### ***Eastern Development Program –PRORIENTE***

Amount: US\$1,000,000  
Fund: JSF  
Sector: Social  
Executing Agency: Social Investment Fund

The objective of this TC was to support the preparation and start-up activities of a Social Investment Fund (GU-0127 FIS-PRORIENTE for US\$90 million). This technical cooperation was directly linked to one component of the loan (i.e., investment plans executed under a participative management modality in the municipalities). The TC was completed and its major goals were the creation of an innovative methodology and the incorporation of state-of-the-art technology to develop the FIS (Social Investment Fund) program; the promotion of decentralized activities to allow municipalities to establish their own social investment plans; and the set up of a monitoring and evaluation system for projects. The loan was approved in 1998 and is currently in execution.

### ***Support to Education Reform, Phase II***

Amount:	US\$500,000
Fund:	JSF
Sector:	Education
Executing Agency:	Ministry of Education

The main purpose of this project is to facilitate the preparation and start-up activities of the loan Education Reform II (GU-0131 for US\$22 million). As of October 2002, over 90% of the project was disbursed. Execution has been slow due to the complexity of the educational reform process in Guatemala, which aims to create the basis for a bilingual and a socially inclusive education system. One important output of this TC is that it successfully supported the formulation and design of an alphabetization methodology for indigenous populations; the standardization of teachers' requirements and curricula; the creation of a follow-up and evaluation system for children in the ages of 6 and 7; and an evaluation of school board functioning. The loan was approved by the Bank but it has not been approved by the Guatemalan congress.

### ***Mundo Maya Sustainable Development Program***

Amount:	US\$:791,600
Fund:	JSF
Sector:	Social development and Tourism
Executing Agency:	Mundo Maya Organization



The main objective of this TC is to contribute to the sustainable economic and social development of the Maya region -- Tikal Archeological Zone, Guatemala -- through the preparation of a cultural, ecological and adventure tourism program and investment plan. The loan's priority investments are archeological and historical monument rehabilitation, low impact transportation and basic infrastructure, micro-enterprise development and promotion and environmental protection and promotion. Other related activities are participation, consultation and training plans; project portfolio promotion; and tourist migration facilitation and safety. The program contributes to cultural heritage and environmental preservation, while ensuring the participation of local communities.

The JSF is the main contributor to this program, representing about 40% of the total costs of the project (US\$1.9 million). US\$500,000 is contributed through the Bank's Fund for Special Operations as well as others through the Swedish, Norwegian, Korean, Danish and British trust funds.

The TCs helped the Mundo Maya Organization establish the Permanent Technical Secretariat (PTS) and prepare the Regional Tourism Plan and Investment Plan.

### ***Improvement of Surveys MECOVI***

Amount: US\$640,000  
Fund: JCF  
Sector: Social Investment  
Executing Agency: National Statistics Institute of Guatemala

The project will assist the National Statistics Institute of Guatemala (INE) to improve data management and information technology utilization. During the monitoring mission, it was found that this TC was in a very early stage of execution. The consultant selected for the project gave the mission members a presentation about the preparation works and expected outputs of the project. The TC is expected to be completed by the first trimester of 2004.

### **5.2.2. Panama**

#### ***Sustainable Development Program Bocas De Toro***

Amount: US\$:791,600  
Fund: JSF  
Sector: Environmental Protection  
Executing Agency: Ministry of Economic Affairs and Finance, Regional Planning Office

The province of Bocas de Toro has 12% of the national territory and is the second poorest province in the country. It has an enormous natural resource potential and a unique marine ecosystem exposed to rapid and disorganized tourism growth. The primary purpose of this TC is to support the Government of Panama in laying the technical, socioeconomic and environmental foundations needed for the participatory formulation of a sustainable development strategy for Bocas del Toro and the corresponding action plan for its implementation with a subsequent loan (PN-0149 for US\$15 millions). The specific objectives of the TC are: (i) to develop an initial land-use development plan, incorporating socioeconomic variables and rural and urban indicators; (ii) to develop an action plan with specific activities and projects to be financed in the short, medium and long terms; and (iii) to design a decentralized, participatory, institutional execution structure, including a strategy for communicating the strategy to the rest of the country.

The TC developed four studies and, through consultation with the community, identified priority projects to be replicated in various communities in the following areas: (i) socio-economical development; (ii) infrastructure and basic services; (iii) agricultural and forestry; and (iv) fishery and tourism. The results of this TC are fundamental inputs for loan which was approved by the Bank in December 2002.



***Strategy for Sustainable Development of the Panama Canal Watershed***

Amount: US\$1,000,600  
Fund: JSF  
Sector: Environmental Protection  
Executing Agency: Panama Canal Authority (PCA)

In 1999 the Panama Canal became Panamanian property under the sovereignty, constitution and laws of the Republic of Panama. It gained absolute right to the Canal's financial management, expansion, maintenance, physical safeguarding and planning for national development process. Several international development agencies are supporting the government efforts in the Canal watershed.

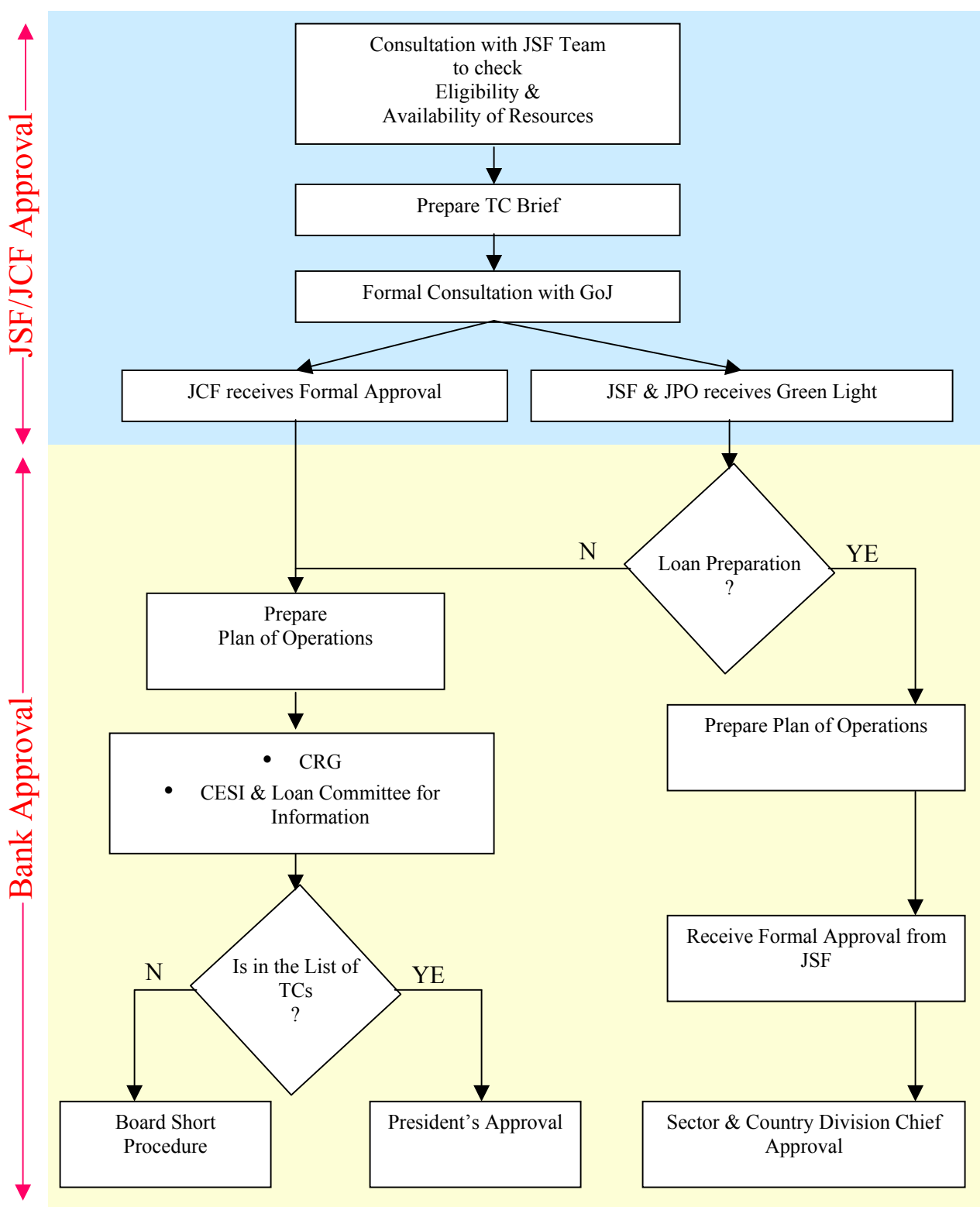
The objective of this TC is to support and strengthen the Inter-Institutional Commission for the Canal Watershed (CIIC) and to prepare an action plan for regional development based on economic study on the use and allocation of water resources, as well as environmental services related to watershed resources. The project will also complement activities developed by other donors with regards to environmental education, information systems, and CIIC regulations.

The TC approved by the Bank and is currently in execution. Some of the components, such as the hydro-environmental assessment, socio economic and social-culture studies have already been carried out. During the first trimester of 2003, the consultants were working on the activities related to infrastructure, telecommunication and transportation. The final report is expected to be completed by mid 2003.



Panama Canal

**Appendix I**  
**JAPAN SPECIAL FUND APPROVAL PROCESS**  
<TC between US\$150,000 and US\$750,000>








## Appendix II

### IDB Bulletins about Projects financed with Japanese Funds

1. CHILE “Mathematical Model & Action Plan for Concepcion and San Vicente Bays”, JCF US\$1,200,000  
<http://www.iadb.org/exr/PRENSA/2002/cp19602e.htm>

	<b>Inter-American Development Bank</b> <b>Banco Interamericano de Desarrollo</b>	<b>PRESS RELEASE</b> <b>COMUNICADO DE PRENSA</b>
September 12, 2002		
<b>IDB APPROVES \$1.2 MILLION GRANT TO CHILE          TO PREPARE MATHEMATICAL MODEL AND          ACTION PLAN TO CLEAN UP POLLUTION IN          CONCEPCION AND SAN VICENTE BAYS</b>		<b>INFORMATION</b> <small>*Comisión Nacional del          Medio Ambiente (CONAMA)</small>
<b>Resources from Japanese Trust Fund for Consultancy Services</b>		<b>IDB PRESS          CONTACT</b>
<div style="display: flex; justify-content: space-between;"> <div style="width: 65%;"> <p>The Inter-American Development Bank today announced the approval of a \$1.2 million grant to Chile to assist the National Environmental Commission (CONAMA) in preparing a <b>mathematical model</b> and an action plan to <b>clean up pollution</b> in Concepción and San Vicente bays.</p> <p>The resources for the project are being provided by the Japanese Trust Fund for Consultancy Services, administered by the IDB.</p> <p>Both bays, which are located about 400 kilometers southwest of Santiago, have long been subjected to <b>runoffs from heavy industries</b>, such as petrochemical and steel manufacturing; waste discharges from shipbuilding and fisheries; and domestic sewage from Talcahuano. Because pollution in the area has led to a deterioration of the quality of life, government agencies have made <b>environmental recovery</b> of the region a <b>priority</b>.</p> <p>As part of the project, a three-dimensional, dynamic, time-variable mathematical model will be built giving details of hydrodynamics, currents, dispersion and water quality of the two bays.</p> </div> <div style="width: 30%; padding-top: 10px;"> <p><b>Daniel Drosdoff</b>            (202) 623-2407  <a href="mailto:Danieldr@iadb.org">Danieldr@iadb.org</a>            NR-196/02</p> </div> </div>		



2. REGIONAL “Disaster Risk Management in LAC”, JSF US\$1,200,000  
<http://www.iadb.org/exr/PRENSA/2002/cp13202e.htm>



Inter-American Development Bank

Banco Interamericano de Desarrollo

PRESS RELEASE

COMUNICADO DE PRENSA

June 13, 2002

## IDB APPROVES \$1.3 MILLION TO ASSIST DISASTER RISK MANAGEMENT IN LATIN AMERICA AND CARIBBEAN

**Japan Special Fund promotes measures to reduce region's vulnerability**

Inter-American Development Bank announced today the approval of a **\$1.3 million grant** to promote measures to **reduce the vulnerability** of Latin America and the Caribbean to **natural disasters**.

The resources from the **Japan Special Fund** will finance improvements in the ways to analyze and use risk information in the region and develop **sophisticated indicators**, which will help measure countries' exposure to natural disaster risk. The program will also help evaluate the performance of different risk management tools and assist policy makers **identify priorities** in prevention and mitigation investments.

The program will finance national-level **studies and workshops** to promote the management of disaster risk information and indicators. Regional technical workshops will be held to evaluate and disseminate the results of specific activities in the countries.

### INFORMATION

For more information on the program contact IDB Project Team leader Kari J. Keipi at (202) 623-1939, [kari@iadb.org](mailto:kari@iadb.org)

See the [IDB natural disaster management](#) Website

### PHOTO



[Tequigalpa, Honduras, after Hurricane Mitch](#)

### IDB PRESS CONTACT

**Daniel Drosdoff**  
(202) 623-2407  
[danieldr@iadb.org](mailto:danieldr@iadb.org)  
NR-132/02

### Appendix III

#### JSF Project (CY1988-2002)

JSF Project (CY1988-2002)	Country	Bank Approval	Sector	Approval Amount (US\$)
Acquisition of Building Materials for Housing damaged by Hurricane Gilbert and Institutional Strengthening for Rehabilitation Efforts	Jamaica	12/14/1988	Infrastructure	5,000,000
Coastal Conservation Preinvestment Project	Barbados	7/12/1989	Environment	1,100,000
Municipal, Departmental and Regional projects data bank	Colombia	8/16/1989	Infrastructure	1,000,000
Management and Conservation of the Bao River Basin	Dominican Rep	11/15/1989	Environment	772,000
Emergency Social Fund Program - Second Stage -	Bolivia	11/29/1989	Other	3,860,000
Decentralization and Regionalization of the Public Health Care System	Haiti	12/13/1989	Social	2,540,000
Agriculture Roads Program -TC-	Haiti	12/20/1989	Infrastructure	850,000
Preparation of Architectural Drawing for the New Pasteur Hospital	Uruguay	12/20/1989	Social	2,200,000
TC for the Financing of Basic Studies on the Environmental Impact of the Guerreto-Oaxaca Forestry Development Project	Mexico	4/25/1990	Environment	450,000
Marine Cargo Terminal at Clifton Point, New Province	Bahamas	10/17/1990	Infrastructure	2,000,000
Program to Improve Conditions for the Development of Trading Company in Latin America	Regional	10/31/1990	Other	1,583,000
Feasibility Study and Designs for Health Sector Rationalization Program, Stage 1	Barbados	1/9/1991	Social	1,750,000
Georgetown Water and Sewerage Master Plan Study	Guyana	2/13/1991	Social	1,800,000
Feasibility Study for the Health Sector Reform Program	T & T	2/27/1991	Social	2,200,000
Global Program of Portable Water and Sewerage	Bolivia	5/1/1991	Social	5,072,117
Social Emergency Fund	Peru	9/18/1991	Social	4,000,000
Urban Rehabilitation Project Feasibility Study	Guyana	10/9/1991	Infrastructure	1,100,000
Feasibility and Final Design Studies for the Preparation of the Urban Sanitation Program	Costa Rica	10/9/1991	Social	4,870,000
Preparation of a Long-Term Solid Waste Management Plan, Feasibility Studies and Final Design	Barbados	11/13/1991	Social	1,555,000
Natural Resources Conservation	Costa Rica	2/19/1992	Environment	1,937,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Road Rehabilitation and Improvement Program	Guyana	3/18/1992	Infrastructure	781,000
Preparation of the Port Antonio Sanitation Project : Feasibility and Designs	Jamaica	7/29/1992	Social	1,700,000
Technical Cooperation for Agricultural Sector : Policies and Preparation	Nicaragua	8/5/1992	Other	2,800,000
Strengthening of Economic Unit for Ministry of Finance	Bahamas	10/14/1992	Other	351,375
Improvement of Revenue Collection Systems	Bahamas	1/13/1993	Other	1,500,000
Caribbean Pine Plantation and Resin Extraction Feasibility Study and Pilot Project	Colombia	2/24/1993	Environment	1,940,000
Institutional Strengthening of Tax Administration Service	Honduras	3/17/1993	Other	1,150,000
Environmental Planning Program	Ecuador	5/12/1993	Environment	1,049,000
TC for the Organization of a Seminar on Environment Law and Policy in Latin America	Regional	5/12/1993	Environment	40,000
Over-The-Counter Securities Market Feasibility Study	Mexico	7/27/1993	Finance	148,500
Credit and Technical Cooperation for a Communal Banks Program to Benefit Rural Women Microentrepreneurs	Guatemala	9/3/1993	Finance	650,000
Rehabilitation of Priority Project (Sanitation and Health Sector)	Peru	10/6/1993	Social	1,000,000
Institutional Development of the Legislature	Peru	10/6/1993	Other	2,700,000
Non-Traditional Export Promotion	Ecuador	10/13/1993	Other	800,000
National Network of Public Sector Investment Project Banks	Colombia	11/24/1993	Infrastructure	1,100,000
Feasibility and Environmental Impact Studies for Export Corridors Project	Paraguay	12/22/1993	Infrastructure	989,000
Strengthening of Tax Administration	Guatemala	3/30/1994	Other	977,000
Agricultural Diversification and Generation and Transfer of Technology	Paraguay	5/18/1994	Other	1,500,000
Preparation of a Feasibility Study for the Forestry Conservation and Management Project and Support for Pilot Agroforestry and Forest Protection Activities	Nicaragua	5/25/1994	Environment	745,000
Latin America Regional Conference on Issues in Public and Economic Development : The Experience of East Asia	Regional	6/1/1994	Other	149,500
Strengthening of the General Administration – III stage	Uruguay	6/15/1994	Other	1,100,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Pacific Coast Sustainable Development Program	Colombia	7/14/1994	Environment	532,000
Credit and Technical Cooperation for Microentrepreneurs in Belize, to be executed by the National Development Foundation of Belize	Belize	7/18/1994	Finance	650,000
Investment, Credit and Technical Assistance Program for Small Agricultural Producers to be Executed by the Fundacion Integral Campesina	Costa Rica	10/20/1994	Finance	605,000
Credit and Technical Assistance Program for Small Agricultural Producers and Rural Microentrepreneurs to be executed by the Asociacion Costarricense para Organizaciones de Desarrollo	Costa Rica	10/20/1994	Finance	625,000
Institutional Strengthening of the National Tax Administration (SUNAT)	Peru	11/9/1994	Other	2,200,000
Feasibility Study for the Galapagos Environmental Management Program	Ecuador	11/11/1994	Environment	600,000
Feasibility Studies for Solid Waste Water Management	Bahamas	11/28/1994	Social	600,000
Wayuu Irrigation and Economic Development Project	Colombia	1/11/1995	Infrastructure	285,000
Harnessing Asia Pacific Relationship for Strengthening the Civil Society in Latin America	Regional	3/14/1995	Social	150,000
Credit and Technical Cooperation Program for Microentrepreneurs in Panama	Panama	5/4/1995	Finance	380,000
Project Chile, Phase 2	Chile	5/18/1995	Infrastructure	620,000
Institutional Strengthening of the Ministry of Economic and Finance	Peru	5/24/1995	Other	2,000,000
Technical Studies for the Northern Coastal Highway Improvement Project	Jamaica	5/26/1995	Infrastructure	500,000
Technical Cooperation for Subsector Irrigation Program	Peru	6/1/1995	Other	750,000
National Rural Transportation Infrastructure Program	Peru	6/27/1995	Infrastructure	650,000
Community Based Marine Conservation Program in Brazil	Brazil	6/29/1995	Environment	550,000
Youth in Development	Regional	7/12/1995	Other	38,000
Studies for the Environment Program of the Guatemala Metropolitan Area-PAMG	Guatemala	8/24/1995	Environment	744,960
Technical Studies for Priority Trunk Road	T&T	8/24/1995	Infrastructure	680,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Credit and Technical Assistance Program for Small Microentrepreneurs to be executed by " El Instituto de Promocion Economico Social de Uruguay"	Uruguay	9/1/1995	Finance	600,000
Conference on "Policy Based Finance and Alternatives for Financial Market Development : Application of Lessons from East-Asia to Latin America"	Regional	9/28/1995	Finance	150,000
Preservation and Environment Protection of the National Park of Serra da Capivara	Brazil	10/4/1995	Environment	1,700,000
Technical Studies for the Electricity Sector Hybrid Program	Guyana	11/6/1995	Infrastructure	750,000
Technical Studies for the Preparation of a Program for the Economic and Social Improvement of Depressed Western Bolivia Mining Area	Bolivia	12/19/1995	Other	200,000
Family Island Infrastructure	Bahamas	12/26/1995	Infrastructure	600,000
Environmental Institutional Strengthening	Peru	1/17/1996	Environment	1,800,000
Institutional Strengthening of the Multisector Investment Bank (BMI)	El Salvador	1/19/1996	Finance	340,000
El Valle de Anton Geothermal Field in Panama	Panama	2/7/1996	Infrastructure	1,400,000
Development Program for Bahia de Asuncion	Paraguay	2/23/1996	Infrastructure	725,000
Youth from IDB member countries : Venezuela, in particular	Regional	2/28/1996	Other	58,337
Inter-American Institute for Social Development training program for opinion makers in Latin America and Caribbean	Regional	4/10/1996	Other	1,500,000
Technical Studies for First year Road & Bridge	Jamaica	5/8/1996	Infrastructure	750,000
Development of Economic and Trade Policies for Uruguay MERCOSUR Negotiations	Uruguay	5/21/1996	Other	749,000
Establishment of a Network of Wildlife Sanctuaries	Brazil	5/30/1996	Environment	480,000
Training Agronomists in Sustainable Agriculture of the Humid Tropics	Regional	6/12/1996	Other	1,000,000
Conference on Development Thinking and Practice	Regional	7/16/1996	Other	400,000
Rimac River Watershed Management Program	Peru	8/1/1996	Environment	740,000
Preparation of the Alternative Development	Colombia	8/5/1996	Other	350,000
Bridge Rehabilitation and Replacement Program	Guyana	8/28/1996	Infrastructure	750,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Forum on Modernization of the State and Strengthening of Civil Society	Regional	10/4/1996	Other	150,000
Feasibility Study on Interoceanic Corridors	Regional(Chile)	10/17/1996	Infrastructure	650,000
Designs of Berthing Facilities (Bridgetown Port Expansion Project)	Barbados	10/23/1996	Infrastructure	750,000
Decontamination of Critical Areas (ES-0074) : Design and feasibility studies	El Salvador	11/6/1996	Environment	749,698
Studies on Waste Water Treatment Plants for Pereira	Colombia	12/4/1996	Social	750,000
Solid Waste Management Project	Belize	12/20/1996	Social	566,720
Technical Studies for the Rio Grande de Tarcoles Watershed Management Program	Costa Rica	7/7/1997	Environment	748,770
Water Supply to the Metropolitan Zone of the Valley of Mexico	Mexico	8/1/1997	Social	282,000
Socio-environmental pilot program in an area of extreme poverty	Colombia	9/1/1997	Social	350,000
The Privatization of Solid Waste Management Service in San Pedro de Sula	Honduras	12/5/1997	Social	500,000
Los Vilos -La Serena Toll Road-	Chile	12/16/1997	PRI	123,200
Tibitoc Water Treatment Facility	Colombia	1/14/1998	PRI	123,000
Miravalles 3 Geothermal Power Plant	Costa Rica	1/14/1998	PRI	175,000
Regional Biodiversity Strategy for the Tropical Andes	Regional	3/9/1998	Environment	740,000
Urban Infrastructure Program in States with Tourism Potential	Venezuela	4/22/1998	Other	750,000
Wastewater treatment program for nine cities in the State of Chihuahua	Mexico	4/27/1998	PRI	746,641
Tegucigalpa Comprehensive Municipal Modernization Program	Honduras	5/1/1998	Other	742,500
San Pedro de Sula Comprehensive Municipal Modernization Program	Honduras	5/1/1998	Other	500,500
Water and Sanitation Program in Marginal Rural Areas	Mexico	5/8/1998	Social	136,000
Secondary Education Program	T&T	5/8/1998	Social	750,000
System of Inventory and Follow-up of Public Investment Projects	Dominican Rep	5/9/1998	Infrastructure	750,000
Rosario-Victoria Bridge	Argentina	5/11/1998	PRI	200,609
Program of Consolidation of Water and Sanitation Reform	Dominican Rep	5/13/1998	Social	675,000
Lake Gatun Water Plant Project	Panama	6/3/1998	PRI	300,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Air Transport Sector Reform	Guyana	6/10/1998	Infrastructure	300,000
Support Program for Civic Coexistence	Colombia	6/18/1998	Social	700,000
Rodonorte Toll Road (Lot 5)	Brazil	6/22/1998	PRI	100,000
Symposium on Financial and Business Cooperation between Latin America and Japan	Regional	6/23/1998	Other	740,000
Modernization and Reform for Primary Health Care: Province of Salta	Argentina	6/29/1998	Social	199,260
Design of the safety and the natural resources .....	Guatemala	6/29/1998	Other	100,000
Productive Infrastructure Development and Tenure Regularization in Rural Trinidad	T&T	6/29/1998	Other	510,000
GIS-Based Planning Support System for Highway Planning and Management	Argentina	7/9/1998	Infrastructure	700,000
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Bolivia	7/9/1998	Infrastructure	720,000
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Chile	7/9/1998	Infrastructure	725,000
Rimichaca Riobamba Toll Road Project	Ecuador	7/10/1998	PRI	100,000
Childcare Program for Children under Five Years Old through In-Home Nurseries -Wawa Wasi-	Peru	7/14/1998	Social	600,000
Feasibility Study for the Prediction ..... of El Nino Southern Oscillation (ENSO) in L.A. and Caribbean	Regional	7/14/1998	Other	998,000
Sustainable Development Program of the Darian	Panama	7/29/1998	Environment	750,000
Bridge Rehabilitation Project Request for Additional Funding	Guyana	7/31/1998	Infrastructure	45,000
Formulation of the National Environmental Strategy for Panama	Panama	9/14/1998	Environment	430,000
Modernization of the State-Owned Telecommunications Utility	Suriname	9/17/1998	Other	700,000
Caribbean Community	Regional	9/23/1998	Other	975,000
Strategic Initiatives for Health Sector Reform	Nicaragua	10/13/1998	Social	481,400
Environmental Conservation in Tocantins	Brazil	10/14/1998	Environment	750,000
Eastern Development Program	Guatemala	10/14/1998	Infrastructure	1,000,000
Japanese Language Program	Regional	10/16/1998	Other	44,500
Support for Health Reform	Suriname	11/4/1998	Social	750,000
Support for Preparation of the Community Development Fund	Suriname	12/14/1998	Infrastructure	708,000



<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Instrument Development for Health System Reform in Panama	Panama	12/18/1998	Social	456,136
Castello-Raposo Toll Road Project	Brazil	12/21/1998	PRI	65,849
Proposal on Maternal and Child Health Care for Indigenous Population in Mexico	Mexico	12/22/1998	Social	554,300
Social Indicators Integrated System (SIISE)	Ecuador	1/20/1999	Social	1,000,000
Studies in Support of Educational Reform in Nicaragua	Nicaragua	1/21/1999	Social	230,000
Social Infrastructure and Capacity Building Projects	Dominican Rep	2/5/1999	Other	749,500
Preparation of the Terms of Reference for the Azfural Geothermal Feasibility Study	Colombia	2/12/1999	Infrastructure	14,560
Street Children Awareness Campaign	Regional	5/11/1999	Social	77,000
Disaster Mitigation in Central America	Regional	6/9/1999	Other	1,110,000
Development of Financial Sector Restructuring Strategy and Instruments	Ecuador	8/1/1999	Finance	575,000
Financial Sector Adjustment Program	Peru	8/2/1999	Finance	534,100
Comprehensive EA Review towards Improved Environmental Management Capacity	Regional	8/13/1999	Environment	540,000
Education Reform Phase 2	Guatemala	8/30/1999	Social	500,000
Support for Development of Renewable Energy Markets in Brazil	Brazil	9/1/1999	Other	898,950
Emergency attention to boys/girls and adolescents affected by hurricane Mitch in the city of Managua	Nicaragua	9/16/1999	Other	550,000
Water Supply and Sanitation of Cuenca	Ecuador	9/23/1999	Social	750,000
Energia Norte Power Project	Brazil	9/29/1999	PRI	285,000
Evaluation and Design of the Mahaica-Rosignol Road	Guyana	10/12/1999	Infrastructure	525,300
Secondary Education Improvement and Expansion	Brazil	10/18/1999	Social	750,000
Primary Education Support Project : Project Preparation and Master Plan Development	Jamaica	10/25/1999	Social	750,000
Dona Francisca Hydroelectric Power Plant Project	Brazil	11/11/1999	PRI	273,513
Support to Secondary Education (1)	Dominican Rep	11/30/1999	Social	423,800
Regional Tourism Program Preparation for the Mundo Maya Organization(OMM)	Regional	12/1/1999	Other	791,636
Japanese Language Program	Regional	2/2/2000	Other	39,690



<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Consolidation of the Institutional and Regulatory Framework for Sustainable Energy-Efficiency....	Peru	2/22/2000	Infrastructure	750,000
La Chorrera Power Plant, Panama	Panama	5/2/2000	PRI	340,075
Sustainable Use of Tropical Forest in Acre	Brazil	5/17/2000	Environment	750,000
Program for the Reduction of Family Violence	Peru	5/17/2000	Social	400,000
Preparation of Investment Project in Basic Education in Suriname	Suriname	5/24/2000	Social	150,000
GIS Strengthening to Support Regional Transportation Studies and Highway Planning and Privatization	Peru	5/26/2000	Infrastructure	750,000
Preparation of Municipal Infrastructure and Reform Program for Panama City	Panama	5/28/2000	Infrastructure	432,500
Education Innovations in the Independencia District	Peru	6/19/2000	Social	504,144
Procedures for Atraumatic Resrative Treatment (PRAT)	Regional	6/28/2000	Social	870,200
Education and Know-how in Panama	Panama	7/20/2000	Social	190,000
Design of Social Protection Program	Colombia	7/20/2000	Social	545,410
Integrated Water Resources Planning and Management in Paraiba	Brazil	7/21/2000	Social	745,000
Local Government Training Program	Honduras	7/26/2000	Other	750,000
Sewerage Master Plan for Quetzaltenango	Guatemala	7/31/2000	Social	595,000
Solid Waste Management and Disposal in the Coffee Belt Region of Colombia	Colombia	8/2/2000	Social	740,000
Tools for AIDS Prevention and Disease Management/Treatment	Jamaica	8/28/2000	Social	338,325
EDE Sur and EDE Norte Project	Dominican Rep	10/2/2000	PRI	450,000
Sustainable Development Strategy of the Panama Canal Watershed	Panama	11/1/2000	Environment	1,000,000
National Land Use Planning Strategy	Honduras	11/13/2000	Environment	652,000
Santiago-Valparaiso-Vina del Mar Toll Road Project	Chile	12/19/2000	PRI	554,590
Capital Expenditures for Rural Electricity Distribution	Guatemala	1/3/2001	PRI	750,000
Technical Assistance for the Launch of the Seguro Materno - Infantil - SMI	Peru	1/24/2001	Social	429,000
Rural Roads Rehabilitation and Maintenance Pilot Program	Ecuador	1/31/2001	Infrastructure	750,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Reform of Drug Treatment Center	Colombia	2/9/2001	Social	322,500
Implementation of National Public Investment System	Peru	3/2/2001	Infrastructure	750,000
Integrated Management of the Patos Lagoon Estuary	Brazil	3/9/2001	Environment	750,000
Environmental Strategy	Nicaragua	3/14/2001	Environment	656,800
Sustainable Urban Transportation System in Parana	Brazil	3/28/2001	Infrastructure	750,000
Reforming Technical Education in Upper Primary and Secondary School	Honduras	5/11/2001	Social	448,400
Support to the Infrastructure Fund in Argentina	Argentina	6/1/2001	Infrastructure	750,000
Sustainable Cultivation and Harvesting of the Sempre-Vivas Flower Species in Brazil	Brazil	6/19/2001	Environment	149,000
Support for an Indigenous Bilingual and Intercultural Basic Education Pedagogy Bachelor's Program	Colombia	7/20/2001	Social	739,505
Spatial Information System for National Infrastructure Management and Planing	Uruguay	7/27/2001	Infrastructure	750,000
Design of a Sustainable Development program for the Lower Rio Lempa	El Salvador	8/20/2001	Social	298,650
Program to Support the Modernization of Secondary Education and Teacher Training	Uruguay	8/20/2001	Social	597,000
Model Program for the Prevention, Detection and Treatment of Domestic Violence in the Health and Early Childhood Education Sectors	Colombia	8/27/2001	Social	748,000
Sustainable Development Strategy for Bocas del Toro Province	Panama	9/10/2001	Social	450,000
Support to Housing Policy for Low-Income Population	Dominican Rep	9/28/2001	Social	748,600
Coastal Resource Management Program Phase II - Feasibility Studies -	Ecuador	10/30/2001	Environment	550,000
Support for the Implementation and Monitoring of the Reconstruction Program	El Salvador	11/21/2001	Infrastructure	750,000
Consultation and Project Design, Socioenvironmental Component of the Mesoamerican Biological Corridor	Regional	12/3/2001	Environment	745,000
Strengthening the Trinational System of the Program for Sustainable Development in the Upper Rio Lempa River	Regional	12/3/2001	Social	700,000
Comprehensive Project for at Risk Infants and Adolescents of the Uruguayan Family	Uruguay	12/17/2001	Social	500,000

<b>JSF Project (CY1988-2002)</b>	<b>Country</b>	<b>Bank Approval</b>	<b>Sector</b>	<b>Approval Amount (US\$)</b>
Support to the Preparation of Youth Development Program	Jamaica	2/19/2002	Social	403,000
Establishment of a Caribbean Regional Technical Assistance Center	Regional	2/28/2002	Other	650,000
Urban Crime and Impunity in Colombia	Colombia	3/4/2002	Other	350,400
San Pedro Sula Water and Sewerage Project	Honduras	3/15/2002	PRI	148,830
Institutional Development for Information Technology	Dominican Rep	5/8/2002	Other	200,000
Science and Technology Program : Program Preparation	Peru	6/12/2002	Social	630,000
Program to Combat Desertification in Brazil and Neighboring Countries	Regional	6/12/2002	Environment	1,000,000
Information and Indicators Program for Disaster Risk Management	Regional	6/12/2002	Other	1,300,000
Developing a National Sustainable Market for Clean Rural Energy Services	El Salvador	6/24/2002	Infrastructure	750,000
Mainstreaming Domestic and Social Violence Prevention into Primary Education Policy	Regional	7/2/2002	Social	750,000
Girl's Education in Latin America	Regional	7/15/2002	Social	600,000
Design and Implementation of the Strategic Plan for the national Program for Microenterprise Financing	Mexico	7/31/2002	Finance	600,000
Corporate Restructuring of ISSSTE	Mexico	8/12/2002	Social	750,000
Design of Low-Income Housing Program	Nicaragua	9/20/2002	Social	327,550
Design and Formulation of the Country Environmental Strategy for Sustainable Development in ES	El Salvador	10/24/2002	Environment	348,700
Support for the preparation of the Integrated Program for Citizens Security	Guatemala	11/19/2002	Social	380,000
Support for Coordination between the Special Indigenous Judicial System and the National Judicial System	Colombia	1/22/2003	Social	650,000
Developing a Coordinated Water Action Plan for Latin America and the Caribbean	Regional	2/13/2003	Other	600,000

## Appendix IV

### JPO Project (CY2001-2002)

<i><b>JPO Project (CY2001-2002)</b></i>	<i><b>Country</b></i>	<i><b>Bank Approval</b></i>	<i><b>Sector</b></i>	<i><b>Approval Amount (US\$)</b></i>
Social Indication for the Monitoring of Poverty Alleviation	Mexico	5/22/2001	Social	569,000
National System for Monitoring Poverty Indicators (SINASIP)	Honduras	7/5/2001	Social	150,000
Support of a Social Reform Program	Colombia	8/8/2001	Social	228,000
Program to Elaborate a Poverty Reduction Strategy for the Dominican Republic	Dom. Rep	9/4/2001	Social	610,400
Preparation of the Poverty Reduction Strategy (PRS)	Guatemala	9/12/2001	Social	750,000
Reorganization of Health Services Network in Colombia	Colombia	10/1/2001	Social	209,000
Dev. of organization of Older Adults	Regional	1/28/2002	Social	750,000
Program to Support the Population of Active and Disabled Lobster Divers in the Honduran Mostikia	Honduras	7/12/2002	Social	350,000
Management of Environmental Risk in Low Income Human Resettlement in Central America's Urban Area	Regional	8/19/2002	Social	210,000
Support for the Preparation of a Vulnerable Neighborhood Intervention Program	Chile	10/7/2002	Social	745,000
Women in Rural Area	Mexico	11/20/2002	Social	749,000
Design of a Subsidy Program for the Water and Sanitation Sector	Colombia	12/18/2002	Social	191,000
Strengthening Civil Society Organization Networks through Infomation Technology	Chile	12/20/2002	Social	520,000
Support to the Design and Implementation of the Sector Program of Fiscal and Social Reform	Peru	3/20/2003	Social	748,000



### Appendix V

#### JSF PROJECTS WITH BANK APPROVAL BY COUNTRY (CY1988-2002)

(Unit: US\$ thousand)

Country	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total	%
<b>Ctry Group A</b>	<b>0</b>	<b>0</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>149</b>	<b>0</b>	<b>2,250</b>	<b>480</b>	<b>282</b>	<b>4,203</b>	<b>2,208</b>	<b>1,495</b>	<b>2,968</b>	<b>2,099</b>	<b>16,584</b>	<b>9.5</b>
Argentina											1,100			750		1,850	1.1
Brazil								2,250	480		916	2,208	1,495	1,649		8,998	5.2
Mexico			450			149				282	1,437			569	2,099	4,986	2.9
Venezuela											750					750	0.4
<b>Ctry Group B</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>4,000</b>	<b>0</b>	<b>6,740</b>	<b>4,732</b>	<b>2,305</b>	<b>3,640</b>	<b>123</b>	<b>2,498</b>	<b>549</b>	<b>4,244</b>	<b>3,426</b>	<b>2,406</b>	<b>35,663</b>	<b>20.4</b>
Chile								620		123	725		555		1,245	3,268	1.9
Colombia		1,000				3,040	532	285	1,100		1,173	15	1,285	2,247	541	11,218	6.4
Peru				4,000		3,700	4,200	1,400	2,540		600	534	2,404	1,179	620	21,177	12.1
<b>Ctry Group C</b>	<b>5,000</b>	<b>3,300</b>	<b>2,000</b>	<b>10,375</b>	<b>3,988</b>	<b>1,500</b>	<b>2,930</b>	<b>2,760</b>	<b>3,649</b>	<b>749</b>	<b>5,529</b>	<b>750</b>	<b>2,451</b>	<b>2,297</b>	<b>403</b>	<b>47,681</b>	<b>27.3</b>
Bahamas			2,000		351	1,500	600	600								5,051	2.9
Barbados		1,100		3,305					750							5,155	3.0
Costa Rica				4,870	1,937		1,230			749	175					8,961	5.1
Jamaica	5,000				1,700			500	750			750	338		403	9,441	5.4
Panama								380	1,400		1,936		1,963	450		6,129	3.5
Suriname											2,158		150			2,308	1.3
T & T				2,200				680			1,260					4,140	2.4
Uruguay		2,200					1,100	600	749					1,847		6,496	3.7
<b>Ctry Group D</b>	<b>0</b>	<b>8,022</b>	<b>0</b>	<b>7,972</b>	<b>3,581</b>	<b>4,638</b>	<b>4,472</b>	<b>1,695</b>	<b>3,132</b>	<b>500</b>	<b>5,415</b>	<b>5,304</b>	<b>2,447</b>	<b>6,454</b>	<b>2,506</b>	<b>56,138</b>	<b>32.2</b>
Belize							650		567							1,217	0.7
Bolivia		3,860		5,072				200			720					9,852	5.6
Dom. Rep		772									1,425	1,174	450	1,357	200	5,378	3.1
Ecuador						1,849	600				100	2,325		1,300		6,174	3.5
El Salvador									1,090					1,049	1,099	3,238	1.9
Guatemala						650	977	745			1,100	500	595	1,500	380	6,447	3.7
Guyana				2,900	781			750	750		345	525				6,051	3.5
Haiti		3,390														3,390	1.9
Honduras						1,150				500	1,244		1,402	598	499	5,393	3.1
Nicaragua					2,800		745				481	780		650	328	5,784	3.3
Paraguay						989	1,500		725							3,214	1.8
<b>Regional</b>	<b>0</b>	<b>0</b>	<b>1,583</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>150</b>	<b>338</b>	<b>3,758</b>	<b>0</b>	<b>2,500</b>	<b>3,517</b>	<b>910</b>	<b>1,445</b>	<b>4,300</b>	<b>18,541</b>	<b>10.6</b>
Regional			1,583			40	150	338	3,758		2,500	3,517	910	1,445	4,300	18,541	10.6
<b>Total</b>	<b>5,000</b>	<b>12,322</b>	<b>4,033</b>	<b>22,347</b>	<b>7,569</b>	<b>13,067</b>	<b>12,284</b>	<b>9,348</b>	<b>14,659</b>	<b>1,654</b>	<b>20,145</b>	<b>12,328</b>	<b>11,547</b>	<b>16,590</b>	<b>11,714</b>	<b>174,607</b>	<b>100</b>



## Appendix VI

### JCF PROJECTS (CY1996-2002)

<i>JCF Projects (CY1996-2002)</i>	<i>Country</i>	<i>Bank Approval</i>	<i>Sector</i>	<b>Approval Amount (US\$)</b>
Support in the Preparation of a National GIS System Project	Bahamas	10/28/1996	Infrastructure	40,000
Technical Cooperation for the Donor Coordination Unit	Bolivia	4/14/1997	Other	134,760
The Conference [The Challenge for the Industry of technological change and innovation] ALABIC	Regional	4/18/1997	Other	6,000
The Conference [The Development of Securities Markets in Emerging Markets : Obstacles and Reconditions for Success]	Regional	9/30/1997	Other	6,000
Development of National Geographical Information System	Bahamas	11/5/1997	Infrastructure	992,000
Ground Water Recharge Project for the Ecological Conservation Zone in Mexico City	Mexico	2/11/1998	Environment	960,000
Adolescent Reproductive Health Education	Bahamas	7/22/1998	Social	1,240,800
Hiring of Consulting Services to Support the MIF Program	Regional	11/11/1998	Finance	90,000
Business Plan for the City of Knowledge in Panama	Panama	11/20/1998	Infrastructure	750,000
Support for Developing a Sustainable Public Transit System in a Pilot City, Cuenca	Ecuador	1/6/1999	Infrastructure	700,000
Training Reform Transition	Haiti	5/5/1999	Other	750,000
Sustainable Municipal Forestry Management	Guatemala	9/7/1999	Environment	149,000
Decentralization and Effective Citizen Participation : Lessons Learned	Regional	11/8/1999	Other	605,000
Design of Maternal and Child Health Insurance in Peru	Peru	12/23/1999	Social	150,000
Feasibility Study for a Portable and Wastewater Treatment Facility on Caye Caulker	Belize	1/19/2000	Social	195,200
Environmental Management and Water Quality Improvements in Coal Mining Operations in Santa Catarina	Brazil	1/19/2000	Environment	750,000



<i><b>JCF Projects (CY1996-2002)</b></i>	<i><b>Country</b></i>	<i><b>Bank Approval</b></i>	<i><b>Sector</b></i>	<i><b>Approval Amount (US\$)</b></i>
Feasibility Studies of the Azufral Geothermal Field -Phase 1-	Colombia	3/1/2000	Infrastructure	1,500,000
Feasibility Studies of an Expansion of the Electricity Transmission Network	Ecuador	10/3/2000	Infrastructure	750,000
Pre-feasibility Study for Hydrological Works on the Puyang-Tumbes River	Regional	10/4/2000	Infrastructure	687,000
Promotion of Stock Exchange Transaction and Capital Market in Central America, Panama & Dominican Republic (MIF)	Regional	10/20/2000	Finance	120,000
SME Development through Entrepreneurship Enhancement	Regional	10/27/2000	Other	355,000
Program for the Improvement of Surveys and the Measurement of Living Conditions in Guatemala	Guatemala	2/6/2001	Social	640,000
Pilot Project for the Educational Connectivity Program and Preparation of an Expansion Strategy	Uruguay	2/19/2001	Social	748,200
Integration of INE and Cadastral Spatial Data Base to Support Rural Infrastructure Planning and Management	Uruguay	10/4/2001	Infrastructure	350,000
Developing a Sustainable Urban Transportation System for Arequipa	Peru	10/17/2001	Infrastructure	1,000,000
Plan for the Development of the Artisan Fishery Sector of the Vth Region of Chile	Chile	10/31/2001	Environment	200,000
Mathematical models for Billings and Barra Bonita Reservoirs and comprised Tiete River sketches within the state of Sao Paulo	Brazil	3/1/2002	Environment	750,000
Support to the Preparation of Information and Communication Technology Project	Guyana	6/3/2002	Other	400,000
Hydrologic Modeling and Pollution Control Study for the Cocepcion and San Vicente Bays	Chile	9/4/2002	Environment	1,200,000
Municipal Benchmarking System for Central America	Regional	9/13/2002	Social	640,000
Technical Assistance for the Preparation and Implementation of the Information and Communication Technology Loan Project	Jamaica	11/11/2002	Other	400,000
Urban Transportation Planning in La Paz	Bolivia	1/13/2003	Infrastructure	750,000
Policy Studies and Environmental Management for Groundwater in Asuncion Metropolitan Area	Paraguay	2/24/2003	Environment	750,000

## Appendix VII

## JCF PROJECTS WITH BANK APPROVAL BY COUNTRY

(Unit: US\$ thousand)

Country	1995	1996	1997	1998	1999	2000	2001	2002	Total	%
<b>Ctry Group A</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>949</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>2,449</b>	<b>12.0</b>
Argentina										
Brazil						750		750	1,500	7.4
Mexico				949					949	4.7
Venezuela										
<b>Ctry Group B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>1,500</b>	<b>1,200</b>	<b>1,200</b>	<b>4,050</b>	<b>19.9</b>
Chile							200	1,200	1,400	6.9
Colombia						1,500			1,500	7.4
Peru					150		1,000		1,150	5.6
<b>Ctry Group C</b>	<b>0</b>	<b>40</b>	<b>992</b>	<b>1,990</b>		<b>0</b>	<b>1,098</b>	<b>400</b>	<b>4,520</b>	<b>22.2</b>
Bahamas		40	992	1,240					2,272	11.2
Barbados										
Costa Rica										
Jamaica								400	400	2.0
Panama				750					750	3.7
Suriname										
T & T										
Uruguay							1,098		1,098	5.4
<b>Ctry Group D</b>	<b>0</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>1,649</b>	<b>945</b>	<b>640</b>	<b>400</b>	<b>3,755</b>	<b>18.4</b>
Belize						195			195	1.0
Bolivia			121						121	0.6
Dom. Rep										
Ecuador					750	750			1,500	7.4
El Salvador										
Guatemala					149		640		789	3.9
Guyana								400	400	2.0
Haiti					750				750	3.7
Honduras										
Nicaragua										
Paraguay										
<b>Regional</b>	<b>537</b>	<b>508</b>	<b>521</b>	<b>697</b>	<b>962</b>	<b>1,385</b>	<b>106</b>	<b>872</b>	<b>5,588</b>	<b>27.4</b>
Regional	537	508	521	697	962	1,385	106	872	5,588	27.4
<b>Total</b>	<b>537</b>	<b>548</b>	<b>1,634</b>	<b>3,636</b>	<b>2,761</b>	<b>4,580</b>	<b>3,044</b>	<b>3,622</b>	<b>20,362</b>	<b>100</b>



**Appendix VIII**  
**JSF AUDITORS' REPORT AND FINANCIAL STATEMENT**



■ Ernst & Young LLP  
8484 Westpark Drive  
McLean, VA 22102

■ Phone: (703) 747-1000  
www.ey.com

**REPORT OF INDEPENDENT AUDITORS**

To the Inter-American Development Bank,  
Administrator of the Japan Special Fund  
Established by the Government of Japan:

We have audited the accompanying balance sheet of the Japan Special Fund Established by the Government of Japan (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2002, and the related statements of changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Fund as of December 31, 2001, were audited by other auditors who have ceased operations and whose report dated March 25, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2002, and the changes in its fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Ernst & Young LLP*

Washington, D.C.  
April 8, 2003

**JAPAN SPECIAL FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**BALANCE SHEET**  
 (Expressed in thousands of Japanese yen)

	December 31,							
	2002		2001		2002		2001	
	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
<b>ASSETS</b>								
Cash	151,621	72,392	17,644	241,657	1,422,386	54,978	55,614	1,532,978
Investments	6,003,722	3,464,465	3,572,286	13,040,473	6,287,451	3,990,334	3,974,588	14,252,373
Total assets	6,155,343	3,536,857	3,589,930	13,282,130	7,709,837	4,045,312	4,030,202	15,785,351
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Due to Administrator	99,848	29,462	18,272	147,582	61,247	11,410	14,917	87,574
Undisbursed grants	3,229,257	551,788	513,064	4,294,109	4,148,660	554,545	292,632	4,995,837
	3,329,105	581,250	531,336	4,441,691	4,209,907	565,955	307,549	5,083,411
<b>Fund balance</b>	2,826,238	2,955,607	3,058,594	8,840,439	3,499,930	3,479,357	3,722,653	10,701,940
Total liabilities and fund balance	6,155,343	3,536,857	3,589,930	13,282,130	7,709,837	4,045,312	4,030,202	15,785,351

**STATEMENT OF CHANGES IN FUND BALANCE**  
 (Expressed in thousands of Japanese yen)

	Years ended December 31,							
	2002		2001		2002		2001	
	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
<b>ADDITIONS</b>								
Contributions from Government of Japan	474,010	-	-	474,010	428,925	-	-	428,925
Income on cash and investments	111,562	70,368	71,220	253,150	221,883	150,068	92,908	464,859
Total additions	585,572	70,368	71,220	727,160	650,808	150,068	92,908	893,784
<b>DEDUCTIONS</b>								
Grants, net	1,017,538	292,798	405,788	1,716,124	1,377,966	294,922	303,934	1,976,822
Direct and indirect expenses	12,491	-	-	12,491	10,800	-	-	10,800
Administrative commissions	8,295	-	-	8,295	7,506	-	-	7,506
Total deductions	1,038,324	292,798	405,788	1,736,910	1,396,272	294,922	303,934	1,995,128
<b>Net decrease before translation adjustments</b>	(452,752)	(222,430)	(334,568)	(1,009,750)	(745,464)	(144,854)	(211,026)	(1,101,344)
<b>Translation adjustments</b>	(220,940)	(301,320)	(329,491)	(851,751)	252,398	452,013	171,379	875,790
<b>Net (decrease) increase after translation adjustments</b>	(673,692)	(523,750)	(664,059)	(1,861,501)	(493,066)	307,159	(39,647)	(225,554)
<b>Fund balance, beginning of year</b>	3,499,930	3,479,357	3,722,653	10,701,940	7,755,296	3,172,198	-	10,927,494
Allocation to Poverty Reduction Program	-	-	-	-	(3,762,300)	-	3,762,300	-
<b>Fund balance, end of year</b>	2,826,238	2,955,607	3,058,594	8,840,439	3,499,930	3,479,357	3,722,653	10,701,940

*The accompanying notes are an integral part of these financial statements.*

**JAPAN SPECIAL FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**STATEMENT OF CASH FLOWS**  
 (Expressed in thousands of Japanese yen)

	Years ended December 31							
	2002				2001			
	Japan Special	Japan	Poverty		Japan Special	Japan	Poverty	
	Main Account	Program	Reduction	Total	Main Account	Program	Reduction	Total
			Program				Program	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in fund balance, before translation adjustments	(452,752)	(222,430)	(334,568)	(1,009,750)	(745,464)	(144,854)	(211,026)	(1,101,344)
Difference between amounts accrued and amounts paid or collected for:								
Income on cash and investments	-	-	-	-	5,690	6,983	-	12,673
Undisbursed grants	(588,152)	52,668	252,163	(283,321)	152,016	108,234	267,816	528,066
Due to Administrator	44,799	21,252	7,594	73,645	34,856	(1,847)	23,816	56,825
Net cash (used in) provided by operating activities	(996,105)	(148,510)	(74,811)	(1,219,426)	(552,902)	(31,484)	80,606	(503,780)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Allocation to Poverty Reduction Program	-	-	-	-	(3,762,300)	-	3,762,300	-
Net cash (used in) provided by financing activities	-	-	-	-	(3,762,300)	-	3,762,300	-
<b>Effect of exchange rate fluctuations on cash and investments</b>								
	(558,389)	(359,945)	(365,461)	(1,283,795)	766,604	521,623	187,296	1,475,523
<b>Net (decrease) increase in cash and investments</b>	(1,554,494)	(508,455)	(440,272)	(2,503,221)	(3,548,598)	490,139	4,030,202	971,743
<b>Cash and investments, beginning of year</b>	7,709,837	4,045,312	4,030,202	15,785,351	11,258,435	3,555,173	-	14,813,608
<b>Cash and investments, end of year</b>	6,155,343	3,536,857	3,589,930	13,282,130	7,709,837	4,045,312	4,030,202	15,785,351

*The accompanying notes are an integral part of these financial statements.*

**JAPAN SPECIAL FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2002 and 2001

**NOTE A - NATURE OF THE FUND**

On April 26, 1988, the Government of Japan (the Government) and the Inter-American Development Bank (the Bank) signed an agreement (the Agreement) to establish the Japan Special Fund (the Fund), which is funded by the Government and administered by the Bank.

The purpose of the Fund is to provide grants to help developing member countries of the Bank accelerate the process of economic and social development.

Resources contributed to the Fund by the Government are as follows (in thousands of Japanese yen (¥ or JPY)):

Year	Amount
prior to 2001	24,205,150
2001	428,925
2002	474,010

In accordance with a procedure established in August 1994, the cost of each new operation financed by the Fund is approved and disbursed in United States dollars (USD). Accordingly, up until November 2002, the Fund converted resources held in JPY into the amount approved in USD at the time of approval. In compliance with an agreement reached with the Government during 2002, effective November 15, 2002, all resources held by the Fund in JPY were converted into USD to fund future operations, thus eliminating the need to make partial currency conversions.

In 1998, the Bank approved the establishment of the Japan Program. The objectives of the Japan Program are to create opportunities for providing expertise, knowledge, and best practices of Asia to the countries of Latin America and the Caribbean and vice-versa, and to the Bank in the formulation of economic and social development strategies, priorities, and policies. The Japan Program also promotes partnerships and supports comparative studies between entities interested and involved in economic and social development in Latin America, the Caribbean and those in Japan and the rest of Asia, such as public agencies, universities, non-governmental organizations, and research institutes.

The Japan Program serves as an umbrella for activities funded in accordance with the above-mentioned objectives. In order to finance the Japan Program, a special window of the Fund was established in 1999, for which the amount of USD 29.7 million was transferred from the Japan Special Main Account to cover approximately USD 2.0 million per year in non-reimbursable grants.

In February 2001, the Government approved the establishment of the Japan Poverty Reduction Program (JPO Program). On April 5, 2001, the Fund converted the JPY equivalent of USD 30,000,000 and deposited this amount in a new account denominated in US dollars, to establish the JPO Program under the framework of the Fund. The JPO Program was established in order to increase the focus of the Fund towards the financing of poverty reduction initiatives to support the Bank's initiatives in this respect. It is expected to provide funding for grants approved over the period from 2001 to 2005.

The specific objectives of the JPO Program are to: (a) support well-targeted poverty reduction and social development activities that would have a direct impact on the population affected by poverty and those vulnerable groups that are socially and/or economically disadvantaged, (b) stimulate the capacity of the poor to help themselves; (c) stimulate widespread stakeholder participation at the community level, and (d) provide a systematic impact on operations and programs in the Bank's borrowing member countries towards sustainable poverty reduction.

The accompanying financial statements present separately the operations of the Japan Program and the JPO Program from the remaining operations of the Fund which are reflected in the Japan Special Main Account.

Pursuant to the Agreement, as amended in 1991, the Bank is authorized to charge an administrative commission of 1.75% of funds contributed by the Government during each year. During 2002 and 2001, administrative commissions were charged to the Fund in the amount of ¥8,295,000 and ¥7,506,000, respectively.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from the fund balance during the reporting period. Actual results could differ from these estimates.



***Investments***

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in income on cash and investments in the Statement of Changes in Fund Balance. Due to the highly liquid nature of the Fund investments, they are included in the Statement of Cash Flows as cash equivalents.

***Grants***

Technical cooperation or small project grants are recorded as deductions from the fund balance when approved. Cancellations of the undisbursed portion of grants approved are recorded as an offset to grants in the period in which they occur.

***Translation of currencies***

The financial statements are expressed in Japanese yen, which is the reporting currency of the Fund. However, the Fund conducts its operations in two currencies, the Japanese yen and the USD. Assets and liabilities that are denominated in USD are translated at market rates of exchange prevailing at the dates of the financial statements. Additions to and deductions from the fund balance are translated at market rates of exchange prevailing during each month. The adjustments resulting from the translation of assets and liabilities into Japanese yen are shown in the Statement of Changes in Fund Balance as translation adjustments.

***Fair values of financial instruments***

The following methods and assumptions were used in estimating the fair value of financial instruments:

***Cash:*** The carrying amount reported in the Balance Sheet for cash approximates fair values.

***Investments:*** Fair values for investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

**NOTE C – CASH**

Cash includes overnight bank deposits in the amount of ¥238,101,000, as of December 31, 2002 (2001 - ¥249,412,000).

**NOTE D - INVESTMENTS**

The Bank invests the Fund's resources in the same type of securities in which it invests its own funds under its investment authority. The Fund's resources are invested, both directly and indirectly through an investment pool managed by the Bank, in high quality securities. Investments may include government, agency, bank and corporate obligations, time deposits and asset- and mortgage-backed securities with credit ratings ranging from A+ to AAA.

The Bank limits the Fund's activities of investing in securities to a list of authorized dealers and counterparties. Strict credit limits have been established for each counterparty and the Bank, as the Administrator of the Fund, does not anticipate non-performance by any of its counterparties.

As of December 31, 2002 and 2001, all the Fund investments were held in the investment pool managed by the Bank. Net unrealized gains on investments, held at December 31, 2002, in the amount of ¥234,827,000, (2001-¥236,021,000) were included in income on cash and investments. The average return on investments and overnight bank deposits, including realized and unrealized gains and losses, during 2002 and 2001 was 1.77% and 3.16%, respectively.

#### NOTE E - UNDISBURSED GRANTS

The following is a summary of changes in undisbursed grants for the years ended December 31, 2002 and 2001 (in thousands of JPY):

	2002	2001
Undisbursed grants as of January 1, .....	4,995,837	3,854,006
Grants approved. ....	1,933,240	2,315,514
Cancellations. ....	(217,116)	(338,692)
Grants, net. ....	1,716,124	1,976,822
Disbursements. ....	(1,999,445)	(1,448,756)
Translation adjustments. ....	(418,407)	613,765
Undisbursed grants as of December 31, .....	<u>4,294,109</u>	<u>4,995,837</u>

#### NOTE F - TRANSLATION ADJUSTMENTS

As indicated in Note B, adjustments resulting from the translation of assets and liabilities into Japanese yen are shown as translation adjustments in the Statement of Changes in Fund Balance. Such adjustments consist of the following for the years ended December 31, 2002 and 2001 (in thousands of JPY):

	2002	2001
Cumulative adjustments, beginning of year. ....	601,788	(274,002)
Translation adjustments. ....	(851,751)	875,790
Cumulative adjustments, end of year. ....	<u>(249,963)</u>	<u>601,788</u>

**NOTE G – THE JAPAN PROGRAM AND THE JPO PROGRAM**

All of the operations of the Japan Program and the JPO Program are conducted in United States dollars. The following is a summary of the operations of these programs for the years ended December 31, 2002 and 2001, as applicable (in thousands):

**Japan Program:**

	2002		2001	
	USD	JPY Equiv.	USD	JPY Equiv.
Available resources as of January 1,.....	26,399	3,479,357	27,608	3,172,198
Income on cash and investments.....	562	70,368	1,241	150,068
Grants, net.....	(2,308)	(292,798)	(2,450)	(294,922)
Translation adjustments.....	-	(301,320)	-	452,013
Available resources as of December 31, .....	<u>24,653</u>	<u>2,955,607</u>	<u>26,399</u>	<u>3,479,357</u>

**JPO Program**

	2002		2001	
	USD	JPY Equiv.	USD	JPY Equiv.
Available resources as of January 1,.....	28,244	3,722,653	-	-
Allocation from Main Account.....	-	-	30,000	3,762,300
Income on cash and investments.....	569	71,220	760	92,908
Grants, net.....	(3,304)	(405,788)	(2,516)	(303,934)
Translation adjustments.....	-	(329,491)	-	171,379
Available resources as of December 31, .....	<u>25,509</u>	<u>3,058,594</u>	<u>28,244</u>	<u>3,722,653</u>

**NOTE H – CONCENTRATION OF CREDIT RISK**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. At December 31, 2002 and 2001, the Fund had cash, overnight bank deposits and time deposits in a Japanese financial institution with operations in Japan and in the United States of ¥241,657,000 and ¥1,532,978,000, respectively. The Bank, as the Administrator of the Fund, does not anticipate nonperformance by any of its counterparties. The amount of credit risk shown, therefore, does not represent expected losses.

**Appendix IX**  
**JCF AUDITORS' REPORT AND FINANCIAL STATEMENT**



■ Ernst & Young LLP  
8484 Westpark Drive  
McLean, VA 22102

■ Phone: (703) 747-1000  
www.ey.com

**REPORT OF INDEPENDENT AUDITORS**

To the Inter-American Development Bank,  
Administrator of the Japanese Consultants Fund  
Established by the Government of Japan:

We have audited the accompanying balance sheet of the Japanese Consultants Fund (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2002, and the related statements of changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Fund as of December 31, 2001, were audited by other auditors who have ceased operations and whose report dated March 18, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2002, and the changes in its fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Ernst & Young LLP*

Washington, D.C.  
April 8, 2003

**JAPANESE CONSULTANTS FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**BALANCE SHEET**

(Expressed in thousands of Japanese yen)

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	309,015	472,884
Investments	1,620,529	1,623,044
Total assets	<u>1,929,544</u>	<u>2,095,928</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Administrator	4,926	4,606
Undisbursed grants	1,082,436	955,573
Fund balance	842,182	1,135,749
Total liabilities and fund balance	<u>1,929,544</u>	<u>2,095,928</u>

**STATEMENT OF CHANGES IN FUND BALANCE**

(Expressed in thousands of Japanese yen)

	<u>Years ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>ADDITIONS</b>		
Contribution from Japanese Government	209,907	286,246
Income on cash and investments	32,006	54,911
Total additions	<u>241,913</u>	<u>341,157</u>
<b>DEDUCTIONS</b>		
Grants, net	453,775	360,799
Administrative commissions	4,198	5,725
Accountant fees	1,081	1,034
Total deductions	<u>459,054</u>	<u>367,558</u>
<b>Net decrease before translation adjustments</b>	(217,141)	(26,401)
Translation adjustments	(76,426)	87,651
<b>Net (decrease) increase after translation adjustments</b>	(293,567)	61,250
<b>Fund balance, beginning of year</b>	1,135,749	1,074,499
<b>Fund balance, end of year</b>	<u>842,182</u>	<u>1,135,749</u>

*The accompanying notes are an integral part of these financial statements.*

**JAPANESE CONSULTANTS FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**STATEMENT OF CASH FLOWS**

(Expressed in thousands of Japanese yen)

	<u>Years ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
		(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in fund balance, before translation adjustments	(217,141)	(26,401)
Difference between amounts accrued and amounts paid or collected for:		
Undisbursed grants	219,904	223,895
Due to Administrator	829	8,115
	<u>3,592</u>	<u>205,609</u>
<b>Net cash provided by operating activities</b>	3,592	205,609
<b>Effect of exchange rate fluctuations on cash and investments</b>	<u>(169,976)</u>	<u>193,654</u>
<b>Net (decrease) increase in cash and investments</b>	(166,384)	399,263
<b>Cash and investments, beginning of year</b>	<u>2,095,928</u>	<u>1,696,665</u>
<b>Cash and investments, end of year</b>	<u><u>1,929,544</u></u>	<u><u>2,095,928</u></u>

*The accompanying notes are an integral part of these financial statements.*

**JAPANESE CONSULTANTS FUND**  
**ESTABLISHED BY THE GOVERNMENT OF JAPAN**  
 (Administered by the Inter-American Development Bank)

**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2002 and 2001

**NOTE A - NATURE OF THE FUND**

On February 15, 1995, the Government of Japan (the Government) and the Inter-American Development Bank (the Bank) signed an agreement (the Agreement) to establish the Japanese Consultants Fund (the Fund), which is funded by the Government and administered by the Bank.

The purpose of the Fund is to finance: (i) the fees and related travel expenses of individual Japanese consultants performing medium-term assignments (up to one year, with a possibility of further extension) in support of the Bank's activities; and (ii) the professional fees and related travel expenses for short-term consulting services performed at Bank headquarters or in the Bank's borrowing member countries by Japanese nationals, acting as individual consultants, or on behalf of specialized institutions and consulting firms (all such consulting services referred to collectively as the Consultancy Services).

Resources contributed to the Fund by the Government are as follows in thousands of Japanese yen (¥ or JPY):

<u>Year</u>	<u>Amount</u>
Prior to 2001	2,560,240
2001	286,246
2002	209,907

Since 1995, the Fund approves and disburses all the operations financed by the Fund in United States dollars. Accordingly, the Fund converts resources held in Japanese yen into the amount approved in United States dollars at the time of approval. During late 2002, the Government approved the conversion of all resources held by the Fund in Japanese yen into United States dollars to fund future operations, thus eliminating the need to make partial currency conversion. The currency conversion of all Japanese yen resources into United States dollars will be carried out at the beginning of 2003.

Pursuant to the Agreement, the Bank is authorized to charge an administrative commission of 2% of funds contributed by the Government during each year. During 2002, administrative commissions were charged to the Fund in the amount of ¥4,198,140 (2001 - ¥5,724,920).

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from the fund balance during the reporting period. Actual results could differ from these estimates.

***Investments***

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in income on cash and investments in the Statement of Changes in Fund Balance. Due to the highly liquid nature of the Fund investments, they are included in the Statement of Cash Flows as cash equivalents.

***Grants***

Technical cooperation or small project grants are recorded as deductions from the fund balance when approved. Cancellations of the undisbursed portion of grants approved are recorded as an offset to grants in the period in which they occur.

***Translation of currencies***

The financial statements are expressed in Japanese yen, which is the reporting currency of the Fund. However, the Fund conducts its operations in two currencies, the Japanese yen and the United States dollar. Assets and liabilities that are denominated in United States dollars are translated at market rates of exchange prevailing at the dates of the financial statements. Additions to and deductions from the fund balance are translated at market rates of exchange prevailing during each month. The adjustments resulting from the translation of assets and liabilities into Japanese yen are shown in the Statement of Changes in Fund Balance as translation adjustments.

***Fair values of financial instruments***

The following methods and assumptions were used in estimating the fair value of financial instruments:

***Cash:*** The carrying amount reported in the Balance Sheet for cash approximates fair value.

***Investments:*** Fair values for investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.



**NOTE C – CASH**

Cash includes overnight bank deposits in the amount of ¥122,241,000, as of December 31, 2002 (2001 - ¥136,880,000).

**NOTE D – INVESTMENTS**

The Bank invests the Fund's resources in the same type of securities in which it invests its own funds under its investment authority. As of December 31, 2002 and 2001, the Fund's resources were invested in high quality securities through an investment pool managed by the Bank. Net unrealized gains on investments, held at December 31, 2002, in the amount of ¥29,710,342 (2001 - ¥25,880,234) were included in income on cash and investments. The average return on investments and overnight bank deposits, including realized and unrealized gains and losses, during 2002 and 2001 was 1.66% and 3.84%, respectively.

**NOTE E - UNDISBURSED GRANTS**

The following is a summary of changes in undisbursed grants for the years ended December 31, 2002 and 2001 (in thousands of JPY):

	2002	2001
Undisbursed grants as of January 1, .....	955,573	620,370
Grants approved. ....	455,314	366,472
Cancellations. ....	(1,539)	(5,673)
Grants, net. ....	453,775	360,799
Translation adjustments. ....	(93,042)	111,308
Disbursements. ....	(233,870)	(136,904)
Undisbursed grants as of December 31, .....	<u>1,082,436</u>	<u>955,573</u>

**NOTE F - TRANSLATION ADJUSTMENTS**

As indicated in Note B, adjustments resulting from the translation of assets and liabilities into Japanese yen are shown as translation adjustments in the Statement of Changes in Fund Balance. Such adjustments consist of the following for the years ended December 31, 2002 and 2001 (in thousands of JPY):

	2002	2001
Cumulative adjustments, beginning of year. ....	117,956	30,305
Translation adjustments. ....	(76,426)	87,651
Cumulative adjustments, end of year. ....	<u>41,530</u>	<u>117,956</u>

**NOTE G - CONCENTRATION OF CREDIT RISK**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. At December 31, 2002 and 2001, the Fund had cash and overnight bank deposits in a Japanese financial institution with operations in Japan and in the United States of ¥309,014,540 and ¥472,883,758, respectively. The Bank, as the Administrator of the Fund, does not anticipate nonperformance by any of its counterparties. The amount of credit risk shown, therefore, does not represent expected losses.



**Inter-American Development Bank**

1300 New York Avenue N.W.

Washington, D.C. 20577

Tel: (202) 623-1000 Fax: (202) 623-3096

[www.iadb.org](http://www.iadb.org)