



# JAPANESE TRUST FUNDS AT THE INTER-AMERICAN DEVELOPMENT BANK



ANNUAL REPORT  
2008

Cover photo: This community center on the outskirts of Guatemala City, in La Brigada, Mixco, was supported by the IDB's Japan Poverty Reduction Program during 2006-2008. *Fundación Esfuerzo y Prosperidad*, FUNDAESPRO, is a non-profit community organization established in 1990 with the mission to improve the living conditions of the poorest in Guatemala.

The center was built by the community on a lot formerly used as a solid waste site; the municipal government granted a 25-year no-cost lease on the condition the center benefit the community directly. Photo by Susana Cárdenas, VPC/GCM, August 2008.

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## INTRODUCTION

2008 was another outstanding year for the Japanese Trust Funds (JTF) as they responded to the high volume of demand for technical cooperation financing from across the spectrum of Bank sector priorities throughout the Latin America and Caribbean (LAC) Region. The achievements that are presented in this report reflect the strong, long-term and ongoing collaboration between the Japanese Government and the Inter-American Development Bank (IDB) that has focused on the shared objective of promoting economic development with social progress.

Since their establishment, the Japanese Trust Funds have been recognized, and also appreciated, in the IDB for their relevance to the Bank's core activities. In addition, the funds have gained a reputation for rigorous management that ensures the efficient allocation of resources, and adequate technical preparation that is the basis for technical cooperation projects designed to achieve a strong development impact.

The Japanese Trust Funds include five separate programs, each with its own specific focus and priority areas:

- The Japan Special Fund, the largest active trust fund at the IDB, is the single most significant source of flexible, untied, external funding for IDB technical cooperation activities. Created in 1988, the Japan Special Fund has supported the Bank's efforts to improve the infrastructure stock of borrowing member countries, protect the natural environment, and promote the productive sectors.
- The Japanese Trust Fund for Consultancy Services, established in 1995, is another strong instrument for applying Japanese know-how and development experience to the challenges facing the developing countries of the Americas.
- The JSF Poverty Reduction Program, created in 2001, supports small-scale, community-based poverty initiatives and also finances complementary activities for IDB loan operations.
- The IDB/Japan Program was created in 1999, in response to the significant—and increasing—interest of the Latin American and Caribbean countries in learning about the economic and social development experience of Japan and other East Asian countries.
- The Japan-IDB Scholarship Program established in 1991 reflects the importance Japan attaches to human resource development in Latin America and the Caribbean.

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## ABBREVIATIONS

CBP	Community Based Program
IDB	Inter-American Development Bank
IJP	IDB/Japan Program
JCF	Japanese Trust Fund for Consultancy Services
JICA	Japan International Cooperation Agency
JPO	JSF Poverty Reduction Program
JSF	Japan Special Fund
JSP	Japan-IDB Scholarship Program
JTF	Japanese Trust Fund
LAC	Latin America and the Caribbean
LEP	Loan Enhancement Program
NGO	Non-governmental organization
SECCI	Sustainable Energy and Climate Change Initiative
STF	Strategic Thematic Fund
TC	Technical Cooperation

*This report was prepared by Peter Sollis, Goro Mitsuura, Susana Cárdenas, Haruo Suga under the direction of Marguerite S. Berger, Chief, Grants and Cofinancing Management Unit, Vice-Presidency for Countries, Inter-American Development Bank.*

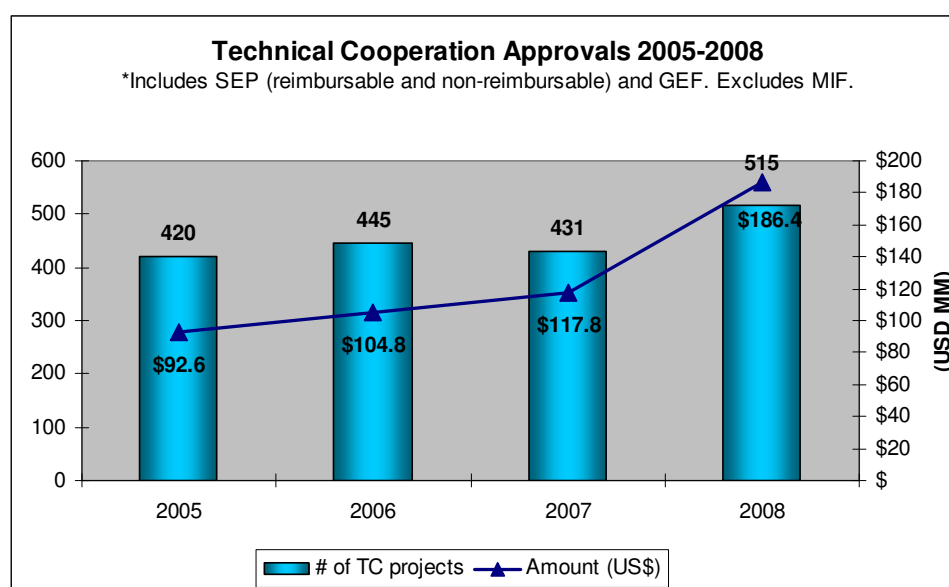
## I. AN OVERVIEW OF TECHNICAL COOPERATION IN THE IDB IN 2008

- 1.1 The Inter-American Development Bank (IDB) is carving out a new strategic direction for technical cooperation (TC) that complements its realignment<sup>1</sup> by strengthening country focus and technical quality to better serve the development needs of the Latin American and Caribbean (LAC) region.
- 1.2 The new *Framework for Technical Cooperation* and the new *Bank Policy on Technical Cooperation*, approved in April 2008, represent the first revision to Bank TC policy in over 30 years.
- 1.3 Implementation of the new Framework and Policy moved quickly during 2008 and has already yielded impressive results, as outlined in this report.

### A. Trends and 2008 Performance of the TC Program

- 1.4 The Bank's TC program has grown significantly over the past four years. Graphs 1 and 2 show the program's growth and the importance of donor trust fund (DTF) resources. Total annual approved amounts for the TC program increased by 58% from 2007 to 2008.

Graph 1

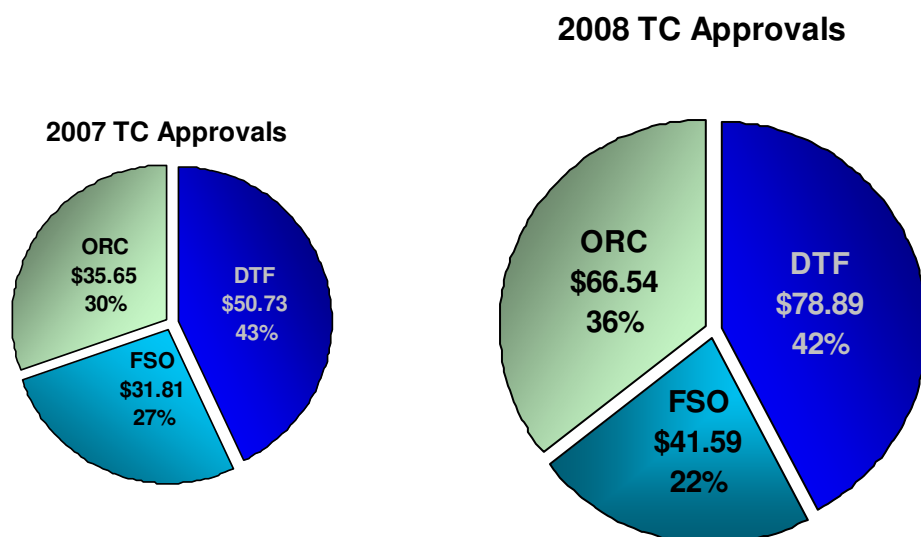


<sup>1</sup> In December 2006, the Board of Executive Directors at the IDB approved and began implementation of a new organizational model in a process known as the Realignment. The Realignment sought to strengthen the Bank's strategic capacity, deepen its leadership, increase its flexibility and transparency in decision making, and make monitoring and control functions more efficient. For more information on the Realignment, please visit: <http://www.iadb.org/aboutus/IV/realignment.cfm>.



- 1.5 Donor trust funds continue to play a major role in the TC program. As shown in Graph 2, there was an increase of 56% in amount of TC approvals from 2007 to 2008. In 2008, donor trust funds financed the equivalent of US\$79 million in TC projects.

**Graph 2**  
**Approvals by Source of Funding**

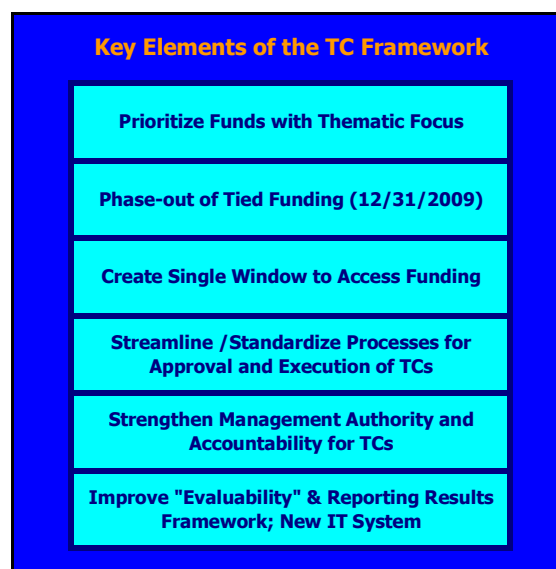


**Key:** Ordinary Capital (ORC); Donor Trust Funds (DTF); Fund for Special Operations (FSO)

## B. Reforming the IDB's Technical Cooperation Program

- 1.6 The increase in technical cooperation projects approved in 2008 is the direct result of changes implemented following approval of the new TC Policy and Framework.

- 1.7 The objectives of the new TC Framework are to: (i) make TC an integral part of country strategies and programming; (ii) increase utilization of grant resources for TC; (iii) streamline and standardize procedures to reduce transaction costs, make execution more flexible and increase supervision effectiveness; (iv) and improve monitoring and reporting on development outcomes to the IDB's Board of Directors and to Donors.



1.8 The new organizational model at the Bank places greater emphasis on technical quality, country and regional strategies and programming and performance-based management. Consistent with this model, the Bank is increasingly emphasizing TC programming that is results-focused, risk-based and responsive to country priorities.

1.9 To realize the objectives of the TC Framework, the IDB has undertaken the following strategic actions during 2008.

**a. Increasing Relevance of TC Operations to Countries**

1.10 In its Grants and Co-financing Management Unit (GCM), the Bank has created a Single Window (SW) project clearinghouse and regional teams of fund managers who support the integration of TC into each country program. The SW matches priority TC demand with existing funding sources, reduces transaction costs, and achieves a more robust programmatic approach to TC identification. It helps to balance the sector thematic focus of many of the funding sources with country program objectives.

i. Internal controls have been strengthened by making improvements in IT systems and processes for TC registration and certification of resource availability. The separation of the function of fund-raising from fund-management in the Bank's realignment

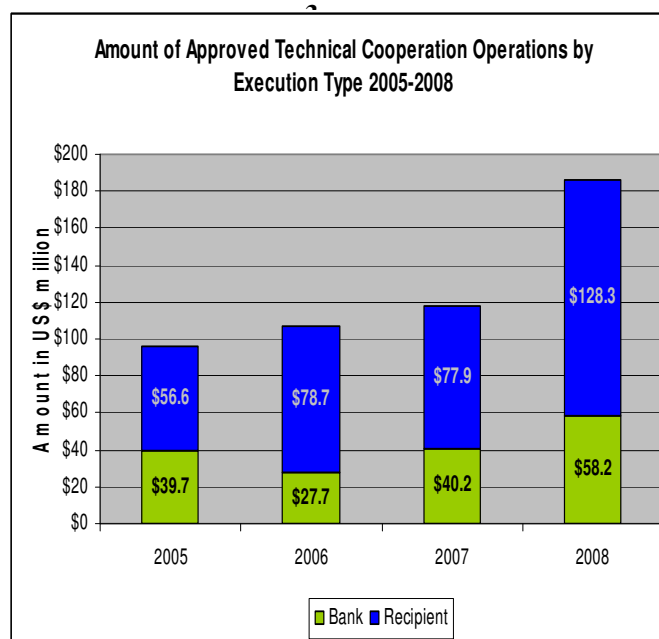
also supports robust internal controls and fulfillment of the Bank's fiduciary obligations.

ii. The Bank's TC program is making an important contribution to strengthening country systems by providing financing directly to TC beneficiaries in the borrowing countries. Sixty-eight (68%) of the approved amount of TC in 2008 represents recipient executed operations as compared to 66% in 2007 (Graph 3).

**b. Improving Access to Funding for Technical Cooperation**

i. Higher thresholds in management authority for TC approval have increased efficiency in the approval process.

**Graph**

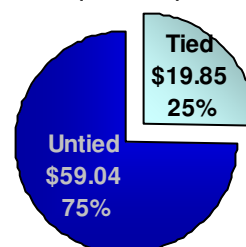


- ii. New simplified and standardized internal procedures for TC development are in the final approval stage.
- iii. The Bank is engaging donors in substantive dialogue to amend agreements and make them less complex and more user-friendly. Several countries whose funds require consultations with capitals have adopted an administrative silence provision to allow the Bank to approve proposals on its own if no objection is voiced within a set time period, generally 15 working days.

**Graph 4**

- iv. In 2008 the use of untied funds increased while tied funds are phasing out. Donor trust fund approvals show a preference for untied funding (Graph 4). At the end of the year, the Bank had 13 tied and 24 untied TC funds. One untied single donor fund: *Spanish Fund for the Entrepreneurship* was created. In 2008, Spain also decreased the portion of the tied Spanish General Cooperation Fund<sup>2</sup>, one of the Bank's largest Single Donor Funds, from 75% to 50%.

**2008 Trust Fund Approvals by Procurement Condition (US\$ MM)**



- v. Donors are increasing contributions to multi-donor funds. Several donors with Single Donor Funds have also contributed to untied multi-donor funds (e.g. Japan and Italy to the Sustainable Energy and Climate Change Initiative—SECCI). In addition, some donors that do not have Single Donor Funds are contributing to multi-donor funds (e.g. Germany to SECCI). Four multi-donor funds were created in 2008: *Food Price Crisis Fund*, *Aquafund*, *Aid for Trade*, and *Market Solutions to Mobilize Social Change*.
- vi. The Bank put in place a new process for programming Regional Technical Cooperation (RTC) in 2008, which has improved project quality, reduced time to approval, increased transparency, and improved efficiency in use of resources.
- vii. The Bank Group as a whole is working in a more coordinated fashion to improve TC management across functional and organizational areas (IIC, MIF, and the Bank). The new TC procedures under consideration by senior management provide a more uniform process.

### **c. Quality Assurance for Technical Cooperation**

<sup>2</sup> In addition The Spanish General Cooperation Fund (FGE) granted two concessions: 1) a greater delegation of authority of up to €100,000 to the Fund Manager to declare eligibility of TC operations; and 2) twenty -one calendar days, time-bound non-objection approval of operations.

- i. The Bank's realignment increased the accountability of project team leaders and division chiefs, not only at the project preparation stage but also in execution. Team leaders are now assigned to a project from design to closing.
- ii. The Bank is now requiring all TC projects to undergo a Quality and Risk Review (QRR). Previously, smaller projects were not subject to such a review.
- iii. Approval of a new Development Effectiveness Framework in 2008 is expected to improve reporting on TC project execution and outcomes. The framework includes a specific matrix for knowledge and capacity building products, most of which are financed with TC funds.
- iv. Significant improvements have been made in data management with new information systems to identify execution bottlenecks and reduce costs. These systems have strengthened data collection and analysis. This includes detailed online information regarding TC approvals and ability to provide key inputs on execution and lessons learned to donor annual reports. The Bank plans to begin issuing quarterly reports on TC approval and execution in 2009.
- v. The creation of a new integrated TC management system with real-time reporting capabilities has been included in the Bank's overhaul of the complete IT system. Work is expected to begin in 2009.

**d. Strengthening Execution**

- i. In 2008, the Bank launched a concentrated initiative to improve TC portfolio quality and execution. Underperforming TC projects have been reformulated or cancelled, reassigning some project team leaders and reallocating funds to new operations.
- ii. As a result of the Bank's increased focus on execution, TC disbursements increased by 25% from 2007 to 2008.

**e. Strategic Grant Resource Mobilization and Partnership Building**

- i. During 2008, the Bank re-engaged with donors within its new mandate at a high level meeting in Spain, organized by its new Office of Outreach and Partnerships. In addition, the Bank's commitment to promoting visibility of donor contributions was expanded by facilitating direct contact between Donors and beneficiaries of trust fund activities, strengthening coordination with the embassies and development assistance agencies of the donor countries, sponsoring events to disseminate the results of donor-financed technical cooperation and developing and disseminating reports and materials on activities financed with donor trust funds.
- ii. In addition to supporting the creation of the five funds and their initiatives with dedicated staff members and consultants, the Bank made available resources from its

Ordinary Capital income and its fund for special operations (FSO) that have allowed donors to leverage their contributions (See Annex X). A total of US\$54.7 million in Ordinary Capital and US\$30 million from FSO was allocated for this purpose in 2008.

- iii. Total contributions to donor trust funds received in 2008 amounted to approximately US\$52.7 million. The Bank received commitments of €300 million from Spain for a new fund to promote access to clean water and sanitation, US\$7 million from Japan; and US\$4 million from Finland. Part of the contribution from the People's Republic of China in connection with its membership in the Bank will also be used to finance TC operations.
- iv. Finally, the Bank received a total of US\$97.1 in new commitments from donors, including US\$74.2 million from Canada through project specific grants.
- v. The Bank expanded its range of partners beyond traditional donors in 2008, reaching out to the private sector. The Office of Outreach and Partnerships organized a pioneering event in Colombia –the Social Investment and Philanthropy Matchmaking Forum– that brought together non-profit groups from Latin America and potential donors from the private sector.

## **C. Moving Forward**

- 1.11 During 2009, the Bank will continue to devote particular attention to the execution of TC projects and the achievement of planned results. It will also further improve its own rules and procedures to achieve more efficiency gains.
- 1.12 The Bank is also placing renewed emphasis on monitoring, evaluation and reporting, with the implementation of the new Development Effectiveness Framework and engaging in new efforts to publicize donor contributions.
- 1.13 The Bank plans to integrate its three major co-financing instruments into one Project Specific Grant (PSG) instrument with simplified procedures; this is expected to facilitate relationships between donors and the Bank.
- 1.14 Several new STFs will be created in 2009. Annex I provides information on new STFs as well as a list of current active Donor Trust Funds and the Special Programs/Grants funded from the IDB's Ordinary Capital.
- 1.15 The Bank expects a small decline in the amount of technical cooperation financed in 2009 as compared to the record year 2008, but an increase in Investment Grants financed primarily with donor contributions.
- 1.16 IT improvements to be implemented in 2009 will further strengthen internal controls and enhance the management of the TC program. The Bank anticipates completion of the upcoming "IT Roadmap" that will revamp all of its information systems. In the meantime, tactical modules

are being developed to improve the management of TC operations. A donor contribution system is being developed to manage all contributions and requests for tranches received for Trust Funds and Project Specific Grants. Improved websites are under development: an Intranet site to allow for better information sharing within the Bank; and an improved Internet site to provide more detailed information to donors, including the ability to view approvals and other graphical data. Planned improvements in the Trust Fund Administration System (TFAS) will integrate all TC operations not yet in the system, including those funded by the Bank's Fund for Special Operations (FSO), the Global Environment Facility (GEF), the Regional Public Goods (RPG) program and the Program to Implement the External Pillar of the Medium Term Action Plan for Development Effectiveness (PRODEV).

## II. The Japanese Trust Funds

### 2.1 Overall Status

Over the life of the Japanese Trust Funds, resources have been targeted to the poorest C and D countries rather than to middle income A and B countries. Thus, C and D countries have received the largest portion of the approved resources — 54.7%, while A and B countries have received 34.6%. In addition, 10.7% of approved resources have financed regional TCs; a figure that indicates the importance attached to supporting regional initiatives. Furthermore, the distribution of TCs by sector shows how the Japanese Trust



*ASIA-LAC Forum, Oct 2008, Japan*

Funds have maintained their relevance to changing Bank priorities; Social sector projects account for 30.1% of approved resources, Environment 24.7%, Infrastructure 22.5%, Modernization of the State 8.0%, and Productive activities 6.6%. In 2008, the country allocation mirrored overall trends with approved resources favoring C and D countries (51.5%) followed by A and B countries (45.7%) and then regional TCs (2.9%). In terms of sector allocation, the infrastructure sector had the highest allocation (50.3%), followed by Social sectors (27.2%), Modernization of the State (8.6%), Environment (7.5%), and Productive (3.5%). This distribution reflects the greater emphasis placed recently by the Bank on infrastructure improvements as well as the fact that Japan has financed environment projects through its contributions to the Sustainable Energy and Climate Change Initiative (SECCI) and Disaster Prevention Multi-donor Trust funds.

### 2.2. Approval Performance in 2008

#### 2.2.1 Japan Special Fund

The objective of the Japan Special Fund (JSF) established by the Government of Japan in 1998 is to foster social and economic growth in the IDB's borrowing member countries. The JSF is the largest active trust fund administered by the IDB, and is fully untied. Since its establishment, the JSF has financed technical cooperation (TC) activities that have included loan preparation as well as loan implementation and pilot activities for a total of US\$217.7 million.

With flexible financing for technical cooperation in such sectors as education, social development, rural development, water and sanitation, environmental protection, natural disaster prevention, transportation, energy, and capital markets, the JSF is an essential resource supporting IDB operations.



*Children in the community center in Mixco, Guatemala that was supported by JPO*

During 2008, 15 JSF-financed TC projects were approved for a total of US\$10.6 million (see table 1 below). As indicated above, a large proportion of approved resources were used to finance technical cooperations supporting activities in the infrastructure sector (50.3%). The TC operation to support “Technical Studies for the North-East Corridor of Transmetro” being undertaken in Guatemala is a good example of the important innovative work on infrastructure in the JSF 2008 portfolio. This TC is financing the necessary technical studies and designs for a major investment in Guatemala City’s public transport network required for the creation of a Transmetro bus service. This is expected to bring significant improvements in the quality of service for an estimated daily ridership of more than 145.000 passengers. Of particular note are studies to assess the gender dimension of the proposed investments in order to improve the safety of the passenger environment, specifically for women bus-riders and particularly at night.

**Table 1: JSF Projects Approved by the Bank in 2008**

COUNTRY	PROJECT NAME	AMOUNT
		US\$
Bolivia	Support for preparation of water and sewerage investment program for peri-urban areas (ATN/JF-10973-BO)	240,000
Brazil	Strengthening of the institutional capacity to combat crime and violence in the States of Brazil (ATN/JF-11022-BR)	900,000
Brazil	Support to the preparation of the loans for the five Brazilian municipalities of São João do Meriti, Santa Maria, Barra Mansa, Alvorada and Colombo (ATN/JF-11115-BR)	500,000
Brazil	Support for design & implementation of second phase of the Social Reform Program (ATN/JF-11263-BR)	560,000
Colombia	Sustainable Energy and Biofuel Strategies for Colombia (ATN/JF-10827-CO)	922,000
Ecuador	Modernization of the Labor Training Systems and Implementation of a Competitive Fund for Labor Training (ATN/JF-10883-EC)	640,500
Ecuador	Institutional Strengthening of the Municipality of Quito’s Secretariat for Social Development (ATN/JF-11000-EC)	669,600
Ecuador	Support for Universal Basic Education (ATN/JF-11414-EC)	340,000
Guatemala	Technical Studies for the North-East Corridor of Transmetro (ATN/JF-11003-GU)	1,000,000
Guyana	Expanding Bioenergy Opportunities in Guyana (ATN/JF-10916-GY)	675,000
Mexico	Support for a Program to Strengthen Agricultural and Livestock Health and Technology Systems (ATN/JF-11273-ME)	500,000
Panama	Measurement and Forecast of the Economic Impact of Panama Canal and related activities on the Republic of Panama (ATN/JF-11091-PN)	1,180,000
Uruguay	Strengthening accountability and institutional capacity building for the community development and social protection in Uruguay (ATN/JF-10802-UR)	513,600
Uruguay	Institutional Strengthening of the Ministry of Social Development (ATN/JF-11410-UR)	1,196,000
Uruguay	Revitalization of Old Town Montevideo (ATN/JF-11451-UR)	745,000
<b>TOTAL</b>		<b>10,581,700</b>



Another 2008 TC operation that highlights the additionality brought by the JSF is that supporting the Institutional Strengthening of the Ministry of Social Development (MIDES) in Uruguay. This TC supports the implementation of an IDB loan project with MIDES, the ministry responsible for leading the government's efforts, under the Equity Plan, to mitigate the poverty and social impact on Uruguay of the world economic downturn. TC activities will support the design, execution and evaluation of intersectorial policies and program as well as strengthen information systems. This TC operation is consonant with the policy of Government of Japan to support strongly actions that address, and overcome, income disparities in the region.

### 2.2.2 Japanese Trust Fund for Consultancy Services (JCF)

The Japanese Trust Fund for Consultancy Services (JCF) established in 1995 provides financial assistance for non-reimbursable technical cooperation activities that promote knowledge transfer through the use of Japanese technical expertise. Since its inception the JCF has supported TC operations for total of US\$40.3 million. The JCF resources are partially tied funds that finance the consulting services of Japanese nationals or firms. In turn, Japanese consulting firms may engage firms and/or individual consultants who are nationals of the IDB's borrowing member countries to perform services under their supervision.

During 2008, 5 JCF-financed TC operations were approved for a total of US\$5.2 million as detailed in table 2 below. This list includes operations in Colombia and Mexico to support the Sustainable Energy and Climate Change Initiative (SECCI).

One noteworthy TC operation supporting innovation is that in Baja California, Mexico which is promoting the Residential Use of Renewable Energy and Energy Efficiency. This TC operation finances a pilot project that focuses on improving energy efficiency through the use of solar energy resources. Its importance is related to the identification of sustainable energy supply options that are both broadly accessible because of price and that have positive environmental impacts in terms of reducing the level of fossil fuel use.

**Table 2: JCF Projects Approved by the Bank in 2008**

COUNTRY	PROJECT NAME	AMOUNT
		US\$
Brazil	Support to the preparation of the loans for the five Brazilian municipalities of São João do Meriti, Santa Maria, Barra Mansa ,Alvorada and Colombo (ATN/JC-11114-BR)	1,500,000
Colombia	Sustainable Energy and Biofuel Strategies for Colombia (ATN/JC-10826-CO)	594,000
Guatemala	Support of the Preparation of Aurora-Cañas Central Corridor Project, Guatemala City (ATN/JCF-10901-GU)	1,340,000
Mexico	Residential use of renewable energy and energy efficiency in Baja California (ATN/JC-11155-ME)	749,000
Peru	Integrated management of water resources for the supply of Lima Metropolitan Area (ATN/JC-11448-PE)	1,000,000
<b>TOTAL</b>		<b>5,183,000</b>

### **2.2.3 Japan Special Fund Poverty Reduction Program (JPO)**

The JSF Poverty Reduction Program (JPO), established in 2001 with US\$30 million, provides non-reimbursable financial resources for technical cooperation operations that support poverty alleviation activities that generate direct impacts for low-income and vulnerable populations. The JPO has two financing windows: the Community Based Program (CBP) and the Loan Enhancement Program (LEP). The maximum size of TC operations financed under the CBP is US\$150,000, with LEP related TC operations funded up to a maximum of US\$1.5 million.

#### **The Community-Based Program**

The CBP finances community-based activities with a potential direct impact on low-income and vulnerable groups. The projects are usually designed and implemented by non-governmental organizations (NGOs), civil society organizations (CSOs), as well as local governments, to provide services to low-income and vulnerable groups.

#### **The Loan Enhancement Program**

The LEP finances activities that are complementary to IDB loan operations directly benefiting low-income and vulnerable groups. Such activities may include: (1) capacity building and training of local governments or civil society and non-government organizations that provide social services to poor and vulnerable groups, and (2) poverty reduction activities similar in scope and content to the loan operations that the LEP is designed to complement.

In 2008, the JPO financed 14 technical cooperation operations amounting to US\$2.0 million.

**Table 3: JPO Projects Approved by the Bank in 2008**

COUNTRY	PROJECT NAME	AMOUNT
		US\$
Argentina	Community Radios as Agents of Social Change (ATN/JO-11043-AR)	149,990
Bolivia	Improving the Nutritional Status of Children of El Alto (ATN/JO-10798-BO)	150,000
Bolivia	Educational Opportunities for Adolescents in the Mining Districts of Cerro Rico, Potosi (ATN/JO-10911-BO)	150,000
Brazil	Com. Domínio Digital Simões Filho (ATN/JO-10797-BR)	149,954
Chile	Reschooling Program for High School Dropouts (ATN/JO-11029-CH)	148,176
Chile	Educational Model for Encouraging Principles in Citizens and enable them to overcome extreme poverty (ATN/JO-11045-CH)	148,606
Guatemala	Empowerment and Social Inclusion of Older People in Rural Communities (ATN/JO-11285-GU)	149,200
Mexico	Improving Bilingual Educational Services to the Indigenous Population in Chiapas (ATN/JO-11199-ME)	149,600
Peru	Education Program: Music as a Strategy for Social Inclusion (ATN/JO-11378-PE)	147,000
Uruguay	Poverty Reduction and improvement of hygienic conditions of lowest income rural population (ATN/JO-10792-UR)	134,700
Uruguay	Social inclusion for women under severe risk situation, taking advantage of Information Technology (ATN/JO-10940-UR)	150,000
Uruguay	Ciudad Vieja Center for Employment Development (ATN/JO-11228-UR)	150,000
Venezuela	Strengthening the formation Program of Huellas Juvenile Group (ATN/JO-11449-VE)	89,714
Venezuela	Awareness-raising, Early Detection and Treatment of Clubfoot (ATN/JO-11450-VE)	149,800
<b>TOTAL</b>		<b>2,016,740</b>

## 2.3. Projects completed in 2008

At the end of 2008 there were 160 TC operations in the portfolio financed by the Japanese Trust Funds. During 2008, 36 TC operations completed execution. In order to illustrate the types of activities supported and to get an indication of results attained by the TCs supported by the Japanese trust funds, the next section presents details on five TC operations that completed execution during 2008.

### 2.3.1 JSF completed projects

**Project Name: Support for Social Rental Housing Program**

**Country: Brazil**

**Approval date: August 9, 2004**

**Amount: \$465,000**

**Project number: ATN/JF-8672-BR**

#### **Objective:**

São Paulo, Brazil's industrial and financial center has recently experienced a city center exodus of population, the relocation of government services and private companies, as well as a failure to maintain public spaces. In addition, vacant and underutilized city center buildings have been turned into tenements, where residents live in adverse physical conditions. In an effort to address this situation, São Paulo's municipal government launched a Social Rental Housing Program (BR-0391) to build and remodel 1,600 housing units for rental to residents. The objective of the loan program was to promote urban renewal in the city center by making quality



*Low-income rental housing in Brazil, supported by JSF*

housing available to families with income three times below the minimum wage. Many of these families had elderly residents with no access to other rental housing facilities. The TC supported the implementation of the loan program by financing the design and appraisal of condominium management models.

#### **Results:**

This TC contributed to design of the condominium management model to be implemented by the loan program. It not only supported a successful pilot to test management options but also laid the basis for the program's monitoring and evaluation system. Additionally, the TC contributed to the program's success through a community out-reach campaign that provided prospective residents with the knowledge and the tools to establish and maintain healthy living conditions. The TC also strengthened the coordination as well as communication between participating public entities in the loan program, particularly, the Secretariat of

Housing and Urban Development of the Municipality of São Paulo and the Metropolitan Housing Corporation. The TC activities identified new challenges, including the issues of residents unwilling to pay their rent as well as those subletting to other tenants, and also provided support on how to meet these challenges through training programs to strengthen the relationships and participation of key stakeholders in the program.

### **Support for Preparation of Citizen Security Program**

**Country:** Nicaragua

**Approval date:** December 12, 2003

**Amount:** US\$300,000

**Project number:** ATN/JF-8551-NI

#### **Objective:**

The objective of the TC operation was to design the components with their corresponding activities of the Citizen Security Program in Nicaragua (NI-0168). The Program, currently in execution, has the following components: 1) Institutional Strengthening; 2) Social Communication; and 3) Violence Prevention.

#### **Results:**

The TC operation financed critical activities for program preparation as well as program execution. In the first instance, it financed workshops and meetings to bring together, for the first time, the main institutional actors working in the area of citizen security -- National Police, Ministry of Education, Secretariat for the Youth, National Penitentiary System, Ministry of the Family, and local governments. All were aware of the fact that citizen security was an important issue facing the country and that all were doing their own independent activities in that area. However, in the absence of inter-institutional protocols information exchange was limited, if non-existent and an essential element for inter-institutional coordination was lacking. A diagnostic of the institutional situation facilitated a broad understanding of what needed to be done in terms of establishing new inter-institutional arrangements, particularly identifying the leadership role of the Ministry of Interior as well as the actions to strengthen the Ministry's General Direction of Citizen's Security within the framework of Citizen Security Program. To date, the arrangement has worked to maximize collaboration between involved institutions.

In summary, the TC operation financed the significant effort needed to prepare the loan program in all its aspects. This included not only the technical issues related to targeting as well as the violence prevention component but



*Community workshop with gang members*



*Community residents participating in the Nicaragua Citizen Security Program*

also other substantive aspects associated with institutional strengthening and program execution. The impact of the TC operation can be judged by the successful preparation of an operation that is currently executing. While concrete results of this program are yet to materialize, it is important to recognize that the solid technical and institutional basis of the program activities constitute an important first step towards creating sustainable outcomes.

#### **Support for Preparation of Citizen Security Program**

**Country:** Panama

**Approval date:** July 28, 2005

**Amount:** US\$250,194

**Project number:** ATN/JF-9327-PN

#### **Objective:**

The objective of this TC operation was to contribute to the design of a Program for Strengthening Citizen Security in Panama (PN-L1003), with specific attention on the identification of key violence prevention activities, and the design of the mechanism for coordination of the public entities and civil society organizations that will participate in program execution in the targeted municipalities of Panama, Colon and David. In order to achieve this objective, the TC supported a series of activities including: (a) institutional analysis of the participating institutions, (b) the elaboration of the operative regulations, (c) an in-depth study of juvenile violence in Panama, (d) an evaluation of existing programs directed towards secondary prevention and the design of a strategy for juvenile violence prevention, as well as (e) an institutional analysis of the Panamanian National Police. Learning from the experience of previous TC operations supporting the design of violence prevention programs, this particular TC operation also financed the activities to design the program's monitoring and evaluation framework.

#### **Results:**

This TC operation fulfilled its objective by providing essential inputs for the preparation of a loan supporting the "Program for Strengthening Citizen Security in Panama" (PN-L1003). The TC operation highlights how the identification of the key activities should build on the experience of the preparation of similar loan operations (in the Panama case, the Nicaragua operation was instructive). In addition, the TC activities identified one key lesson learned. This is that substantial regional differences exist with respect to the characteristics of juvenile violence, even in a relatively small country such as Panama, and that such regional differentiations must be a factor informing project design.

### **2.3.2 JCF completed projects**

**Project Name:** Review and Modernization of the Drainage Master Plan for the Urban Area of La Paz

**Country:** Bolivia

**Approval date:** December 9, 2003

**Amount:** US\$750,000

**Project number:** ATN/JC-8537-BO

**Objective:**

The objective of this TC operation was to provide the technical inputs for a loan operation designed to reduce property damage as well as personal injury and loss of life caused by the flash flooding resulting from the deficiencies in the rainwater drainage system of the city of La Paz. Its purpose was to modernize the city's rainwater drainage master plan for use as a tool for the planning and execution of preventive and corrective actions, both structural and nonstructural, to ensure the rainwater drainage system fulfills its basic function. To do so, the TC financed: (i) general basic studies, (ii) diagnostic of existing drainage systems, (iii) conceptualization and characterization of the master plan; and (iv) formulation of the drainage system master plan for the city of La Paz.

**Results:**

This TC operation supported the preparation of an IDB loan supporting the La Paz Storm Drainage Program. The technical cooperation operation, completed successfully, has allowed the city authorities, and its residents, to have a better understanding of the current conditions of the rainwater drainage system and of the priority actions, both structural and non-structural, needed to address the shortcomings of the rainwater drainage system over the short, medium and long term. The activities have mobilized broad institutional and citizen support for the loan program, which is currently implementing the short-term actions included in the master plan.

**Regional Transportation Planning Information System**

**Country: Brazil**

**Approval date: August 9, 2004**

**Amount: US\$750,000**

**Project number: ATN/JC-8810-BR**

**Objective:**

The goal of this TC operation was to improve and broaden the process of planning and decision-making in transportation at the Ministry of Transportation (MT). Its purpose was to design, develop and implement planning and management solutions based on the introduction and use of a Geographic Information System (GIS). The proposed solutions, once implemented, are designed to provide the MT with additional analytical tools to support the implementation of transportation projects and to maintain a digital database. The intention is to make the database available to other public agencies, universities, the private sector, and to the general public, for the development of their own uses and applications.

**Results:**

This TC had ambitious goals and was designed with the intention of benefiting not just the Ministry of Transportation but also the other public and private stakeholders concerned with improving public transportation as well as transport strategy and policy development. The TC financed; (i) a system with its constituent tools that will improve the effectiveness and efficiency of government strategic planning, management decisions, and operations in the area of transportation planning and infrastructure management; (ii) the compilation of relevant data and information and its inclusion into one database that will reduce data management costs through the elimination of redundant data collection and maintenance



efforts; iii) an information system that has strengthened the MT's institutionality by extending and consolidating inter-institutional collaboration on data and information exchange; (iv) the introduction of a system with potential to increase the flow of information from the public to the private sector; and (v) the development of new, as well as the consolidation of existing, technical capacity in the MT about the use and application of GIS technologies.

Benefits for public and private activities in other sectors, such as health, education, environment and natural resources, are expected from the better application of transport and transportation data. For example, readily available transportation data in digital format are now available to support studies to improve access to health care and education, provide inputs into environmental impact assessments and contribute information to the management of natural resources.

Brazil demonstrated full ownership of the TC operation. The National Transportation Policy Secretariat, the counterpart agency, for example, mobilized a technical team to work together with the Consortium contracted to execute the TC activities. In addition, the counterpart contracted the services of a group of Brazilian academics to provide a thorough technical analysis of the Consortium's work. The MT also made available to the Consortium adequate office facilities in Brasília that were used for the first phase needs analysis inventory and then during the conceptual design of the future system.

### **2.3.3 JPO Completed Projects**

#### **Supporting Community Action to Reduce Child Labor in Artisanal Gold Mining Communities in Putina Province, Puno, Peru**

**Country: Peru**

**Approval date: August 16, 2006**

**Amount: US\$148,000**

**ATN/JO-9967-PE**

Puno is one of the poorest regions in the country, though its gold mines are some of the most productive. Puno's mining activity is largely informal and artisanal, and takes place at 5,000 meters above sea level under melting glaciers. Miners and their families migrate to live in makeshift towns with substandard housing, schools, and basic services. Between 2006 and 2008 a US\$148,000 JPO grant to World Learning, an international non-profit organization, provided financial and technical support to educate children, teachers, parents, and local authorities on harm caused to children who work in artisanal gold mining. The project proposed engaging the community via strengthening of community organizations and the development of alternative income-generating activities.

World Learning recruited women artisans from organizations in Ayaviri and Melgar to provide intensive training in Quechua and Spanish in knitting and loom-weaving for ten women's groups. Specialized trainers were also recruited to train two youth groups on jewelry-making and the processing of medicinal and aromatic plants. In the process, the executing NGO facilitated community dialogue and awareness-raising activities on the impact of child labor in mining.

The project was highly successful on several counts. Project execution was fully and effectively



participatory in convening a wide set of stakeholders: each sub-project had an advisory committee composed of the local representative of the Family Welfare Institute (Instituto Nacional de Bienestar Familia, INABIF), mayors of both districts, and regional government representatives. The advisory committee joined World Learning staff to monitor project implementation and develop a plan for the project's long-term sustainability. Training was considered to be highly effective: women and youth participating in them have produced quality, marketable products.

Twelve newly-formed artisan associations are developing alternate sources of income as a means to reduce



child labor. Women's organizations showed off the quality of their work in local fairs and fashion shows. A strong participatory monitoring and evaluation system helped the community members to gain specialization in their productive activities, organize at the district and provincial levels, and seek markets for their products. Local authorities have learned of the organizational and business potential as well as recognized the pressing needs of the communities for which they have committed local government support. These accomplishments gave the community members confidence in their new skills and the motivation to continue their organization and entrepreneurship.



*Training in knitting and loom-weaving in Puno, Peru*

There is evidence of a reduction in the number of mining labor hours among children and adolescents whose mothers are involved in community groups –from 5 hours to 3.6 hours per day. From a baseline of 6% of children from these communities involved in the most dangerous mining-related tasks (searching for gold in rock refuse, rock crunching, metal hauling and handling of mercury), the project noted a decrease to 3.4%.

The parents' level of understanding of the harm caused by child labor also increased, from 19% of parents with "good understanding", to 30%. As awareness among parents and alternative educational activities for children increased, the number of hours children spent in the mines was reduced.

### **Beekeeping Training and Support Fund for Small Rural Producers in El Chaco**

**Country: Paraguay**

**Approval date: February 28, 2006**

**Amount: US\$149,400**

**ATN/JO-9709-PR**

Between 1995 and 2003, Paraguay's poverty rose quickly with 19% of the country's population living in extreme poverty. The western state of Presidente Hayes, in the Chaco region of the country, contributed to rising national poverty levels: there 83% of the population is rural, infant mortality (children under 1 year old) was at 21.6 per 1000 live births, and child mortality (up to 5 years of age) is 26.4%. Chronic malnutrition in six-to-nine year olds is among the highest in the country at 23.1%. Between 2006 and 2008, the Bank supported the work of Fundación Microsol, a non-profit NGO whose mission is to reduce poverty by carrying-out economic, social and cultural development programs in partnership with local communities. In 2006, a grant of US\$149,400 from the JPO enabled Fundación Microsol to provide technical assistance to 25 low-income families (approximately 125 direct beneficiaries) in the Presidente Hayes Department. The objective was to improve and expand the agricultural and beekeeping business of participating families over a 2-year period, and to increase their access to basic social services. Eventually, Fundación Microsol hopes to be able to extend micro-credit to these producers.



*Beneficiaries received training*

The community of Benjamín Aceval, with its elevated and fertile land, proved to be an ideal experimental sight. The community farmed sugar cane as a single crop, which is harvested every six months but a good business only if on large plots of cultivated land. Small subsistence farmers did not enjoy the technical nor managerial capacity to start a new non-traditional crop, nor the necessary financing and organizational capability to achieve commercial-level quantity and quality. The project thus proposed to combine beekeeping with traditional agriculture which required the cultivation of melliferous flowers, ideal for agriculture, and for harvesting by domesticated honey bees.



The project included a range of activities responding to community needs: integrated health and nutrition education and services; training and technical assistance on beekeeping; purchase of equipment and basic materials for beekeeping, establishment of a Microsol-managed “Support Fund” with capital coming from the community’s reimbursement of equipment and materials; and, support for product marketing. By the end of the project, noticeable achievements were related to:

- Health training for community and local health promoters that triggered positive attitudes and improved health practices.
- Planned and diversified agriculture: farmers are able to develop new, non-traditional crops thus reducing their dependence on sugar cane, as well as introducing sustainable farming practice to conserve the soil and help recover degraded lands
- Micro-entrepreneurship in profitable products: honey and wax, flowers and herbs, artisanal food products and cleaning fluids.
- Purchase and deployment of appropriate equipment and materials which enabled business start-up and provided a clear incentive to farmers; commitment from farmers to capitalize the “Support Fund” through the purchase of these materials.
- Direct sales of products by producers themselves.

In addition, community leaders stressed that the project had established a new environmental management team to work alongside producers, contributing to greater productive sustainability and strengthened teamwork. Given higher incomes as a result of beekeeping, the community was able to access micro-credit from the Fundación Microsol. In addition, the Fundación introduced lessons learned into its intervention model for replication in other rural areas in Paraguay.

## **2.4. The Contribution of Japanese Trust Funds to the Region**

During 2007, the evaluation of the Japanese Trust Fund program concluded that the majority of TC operations have helped the Bank and its regional borrowers to design and implement key projects and programs for promoting sustainable economic growth and social development. Overall, the evaluation confirmed positive performance in the areas of *relevance, effectiveness, sustainability, internal control* and *efficiency*. On the other hand, the *monitoring and evaluation, innovation, additionality, and visibility* dimensions left room for further improvements.

In 2008, the Japanese Trust Funds have sought to address the areas with room for improvement while maintaining the performance standards identified in the 2007 evaluation. The Japanese Trust Funds have helped the Bank leverage its development operations by funding key activities that introduced innovative approaches and strengthened the capacity of the Bank’s development partners and clients. The Japanese Trust Funds continue to help IDB clients effectively manage their own development process with activities that constitute important additionality features. One noteworthy JSF financed TC in terms of innovation is that supporting the Guatemala City Transmetro project (ATN/JF-11003-GU); another is the Bio-energy project in Guyana (ATN/JF-10916-GY) designed to explore that country’s agricultural potential for bio-energy production.



Sustainability was largely enhanced by the involvement of diverse stakeholders such as local governments, private sector and civil society institutions. Projects such as the low-income housing program in Sao Paulo and the reduction in child labor in mining project in Puno illustrate the importance of engaging local government and local communities to ensure the sustainability of development interventions. JSF financing for the preparation of loan programs on citizen security underscores the importance of building capacity of national level institutions and providing incentives for collaboration among them to tackle cross-cutting, multi-dimensional development challenges, such as violence.

Important progress was made during 2008 with ensuring the visibility of Japan's contribution to technical cooperation activities. Inviting representatives from Japanese Embassies to seminars, meetings and workshops financed by the Japanese Trust Funds is becoming a regular practice; likewise the contributions from the Japanese Trust Funds are recognized on materials published with Japanese support. Furthermore, the JTF is developing effective alliances locally with different Japanese aid agencies as part of the effort to attain development impact and enhance the visibility of Japan's contribution to the Bank's work.

### **III. Collaboration with Japanese aide agencies**

#### **3.1 Background and present status**

To promote collaboration in the field of technical cooperation, the Bank and Japan International Cooperation Agency (JICA) signed a cooperation agreement in 2005. This focuses on how the Bank and JICA can maximize their respective resources and the impact of their interventions by combining their efforts. Since the agreement, JTF has financed more than 20 projects (mainly community based projects) with collaboration established in the areas of information sharing, project formulation, advisory service, as well as the use of JICA volunteers. Based on the achievements during the year 2008, the IDB and JICA agreed a Memorandum of Understanding that was signed in March, 2009.

#### **3.2 Case of Guatemala**

Guatemala is one of the most successful countries for collaboration with JICA. Since 2006, the IDB office in Guatemala has had periodical meetings with JICA and the Embassy of Japan to share information about new Bank TC proposals and to identify potential areas of collaboration with resources from the Grass Roots Grants and volunteers programs. Two projects approved in 2007 with JSF and JPO resources received important JICA banking. One project supports the "Strengthening of the National Network of



*Red de Grupos Gestores, Suchitepéquez, Guatemala*

Community Promotion Groups (RNGG)”, and the other “Small producers of Cocoa beans and Bamboo growers in the municipalities of San Antonio and Chiccao in Suchitepequez department”, These TCs aim to (i) strengthen the RNGG (Red Nacional de Grupos Gestores) and its management model in support of rural development initiatives and (ii) test the model through the financing of a small pilot project in a specific community. On the basis of a joint site visit by the Bank, JICA, and RNGG as well as discussions between JICA and RNGG, a JICA volunteer in marketing strategy and market research was placed in the pilot community in department of Sololá and JICA is considering additional volunteers in productive activities.

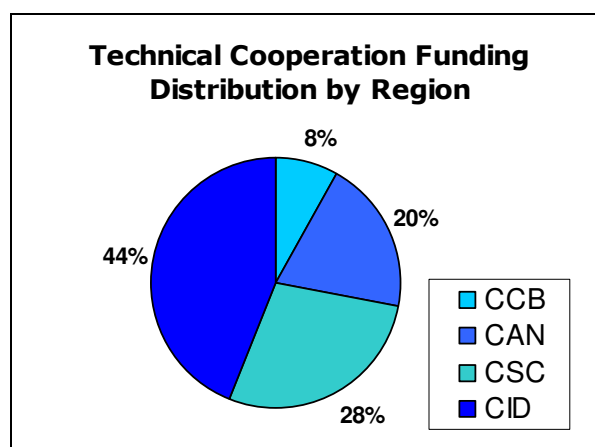
#### **IV. Contribution to Thematic Funds or “New Dimension of Collaboration”**

In 2008 the Government of Japan announced significant contributions to two of the Bank’s crucial initiatives in the areas of Sustainable Energy and Climate Change Initiative (SECCI), and Natural Disaster Risk management. Both initiatives have important roles in supporting the development of the Bank’s knowledge base in areas of high demand for the Region. Consequently, in addition to the financial resource made available by Japan, the Bank has also hired Japanese specialists with specific technical expertise in areas that are seen as critical to the overall development of each of the two initiatives.

##### **4.1 SECCI initiative**

In early 2007 the Bank established SECCI with the objective of streamlining climate change mitigation and adaptation within the IDB, and of targeting the provision of comprehensive sustainability options in the energy, water and environmental sectors, and of building climate resilience in key priority areas within the region. At the Bank’s annual meeting held in Miami April 2008, the Government of Japan announced that it would contribute a maximum of US\$5 million to the SECCI Multi-Donor Trust Fund, recognizing the IDB’s strategic role in the promotion of climate change related investments and technical cooperations in the region. The SECCI Multi-Donor Trust Fund is complemented by a SECCI-IDB Fund financed with a US\$20 million contribution from the Special Programs/Grants of Ordinary Capital resources. This decision by the Board of Executive Directors demonstrates the Bank’s commitment to: (i) increase investments in renewable energy, energy efficiency and bio-fuels; (ii) increase the IDB sustainable energy’s portfolio, and (iii) include adaptation to climate change in the design of Bank investments in order to mitigate climate change impacts.

The significance of Japan’s US\$5 million contribution is that during 2008, 35 operations were approved for a total of US\$ 17,685,744; of these 19 were financed with resources from the SECCI-IDB Fund and 16 were financed with support from the SECCI-MSC. All four Bank regional departments had SECCI operations, though CID, had the largest number of operations (10) which can be attributed to the substantial interest in Central America, including the poorest countries in the development of bio fuels and Renewable Energy Action Plans.



Over the 2007-2008 period SECCI funding has focused on Brazil and Mexico, which had 6 and 4 TC operations, respectively. This distribution reflects the important role that these countries have had to date in terms of investments and knowledge creation in renewable energy and bio-fuels. Japan's contribution to SECCI also helps the initiative to support innovations in the areas of carbon finance and energy efficiency that represents opportunities to mainstream the results of SECCI financed TC operations and pilot projects in IDB infrastructure operations.

Furthermore, Japan's contribution to SECCI fund played an important role in supporting the development of the Bank's knowledge base in topics of Sustainable Energy and Climate Change. For this purpose, the Initiative is continuously bringing highly recognized institutions to work close together with the Bank. This is done by the programming of joint collaborations, the organization of international conferences and the signature of memorandums of understanding to promote key activities.

Reflecting the growing interests of major donors including Japan, SECCI has also been recognized as an important generator of new operations and innovative mechanisms for adding value to ongoing activities. The achievements over the first two years show the potential that SECCI has in creating new products which respond to both public and private sector clients in LAC region.

## 4.2 Disaster Risk Management

2008 marked the end of the implementation of the Bank Action Plan for Improving Disaster Risk Management 2005-2008 (GN-2339-1), designed to incorporate disaster risk management into Bank operations. A series of activities implementing the Action Plan were financed using JSF resources, including;

**Country Disaster Risk Evaluation (ATN/JF-9349-RS: US\$720,000):** Focusing on four high risk countries in Latin America and the Caribbean (Bolivia, Guatemala, Jamaica and Peru), the TC operation supports the development of country-specific risk evaluations, and the analysis of the appropriate role for the Bank in sharing and managing countries' disaster risk.

**Information and Indicators Program for Disaster Risk Management (ATN/JF-7906-RG: US\$795,000):** This project, initiated in 2003, comprises two major components: (i) the development of disaster risk and risk management indicators and (ii) a Case Study of Information on Disaster Risk Management. The Case Study was completed in 2008 with the submission of the final documents and with this the project execution has ended. The development of risk indicators was completed in 2007, and the results are being widely used in evaluating country-specific risks, for example, in the Central America Probabilistic Risk Assessment (CAPRA), which is being implemented by the IDB and World Bank.

## V. IDB/Japan Program

### 5.1 Overview

The countries of Latin America and the Caribbean have shown a significant—and increasing—interest in learning about the economic and social development experiences of Japan and other countries in East Asia. As a result, the IDB created the IDB/Japan Program (IJP) in 1999, with funds mainly from the Government of Japan (US\$29.7 million plus interest). The IJP is a focal point for the planning, executing, and following up of activities that strengthen the links between both regions.

### 5.2 Program Highlights

In collaboration with the Japan Bank for International Cooperation (JBIC), the IDB hosted ASIALAC Trade and Investment Forum aimed at strengthening and expanding the commercial ties between LAC and Asian countries. The Forum, held between October 30<sup>th</sup> and 31<sup>st</sup> in Tokyo, was constituted by:

(i) Panel Discussions: chaired by top-level Japanese and LAC executives and entrepreneurs that centered on presentations and exchanges on key economic sectors such as Infrastructure, SECCI, and Energy and mining of particular relevance to the business communities on both sides of the Pacific.

(ii) Working Groups: composed of representatives of Japanese and LAC public and private sectors, and facilitated by specific country export and investment promotion agencies, that identified the main opportunities and challenges involved in promotion trade, investment, and exports between LAC and Japan.



*ASIA-LAC Forum, October 30 and 31, 2008, Tokyo*

## VI. Japan-IDB Scholarship Program

### 6.1. Overview

Because of the importance Japan attaches to human resource development in Latin America and the Caribbean, the Japan-IDB Scholarship Program (JSP) was established in the Inter-American Development Bank in 1991 with financial support from the Government of Japan. The program was launched by means of a letter of agreement between the Bank and Japan's Ministry of Finance, with initial Japanese funding of JPY60,928,000 (US\$448,000).

The Scholarship Program supports master's degree studies in development-related fields for students from IDB borrowing member countries. Scholarships are awarded through a competitive selection process on the basis of merit. Awards are made on a one-year basis. Students in programs that require two years of study may apply for a renewal of their scholarship award provided they demonstrate excellence in their first year of studies. Scholarship recipients must agree to return to their countries after graduation to work in promoting economic and social development.

Overall, according to a recent survey of scholarship recipients, the program has a strong impact on the realization of personal career goals. Scholarship recipients also rate the knowledge they acquire as highly applicable to their own context. They perceive the contribution to the social and economic development of their countries as fairly high and the contribution to the modernization of the state as above average. The outstanding response rate (72% of potential survey subjects responded) can be considered as a sign of continued interest and appreciation on the part of the beneficiaries.

The Japan-IDB Scholarship Program consists of three subprograms, based on the location of the university attended and its academic calendar. The Northern Hemisphere Program targets students interested in matriculating from graduate programs in universities in the Northern Hemisphere. While the majority of applicants to this program study in the United States, many also choose to study in Canada, Spain, France, Great Britain, Mexico, or countries of Central America. The typical academic program in these countries extends from early autumn to late spring of the following year. The Northern Hemisphere Program usually accepts applications until early May and completes the selection process in mid-June, with students commencing classes in September.

The Southern Hemisphere Program targets students interested in undertaking graduate studies in universities in South America, where the standard academic year runs from March through December. The majority of scholarship recipients in this program choose to study in Chile, whose graduate programs are renowned throughout Latin America for their excellence. Brazil and Argentina have also received many students.

The Special Program for Study in Japan supports students who pursue graduate studies in Japanese universities. Established within the JSP in 1994, the Special Program funds graduate studies in Japanese-based English-language programs of relevance to Latin American and Caribbean development. Scholarship recipients may enter these programs in April or September.



## 6.2. Program Highlights

In 2008, the Japan-IDB Scholarship Program awarded 27 scholarships, bringing the total number of awards made to students from the LAC region since the program was established to 639. Applicants from the Bank's low-income borrowing member countries (Group C and D countries) received 17 scholarships, accounting for 62% of the total.

The Special Program for Study in Japan made grants to a total of eight students. One is from a C country (Dominican Republic); two are from Costa Rica and the others are from Mexico, Brazil and Colombia. The students began master's degree programs at International University (international development, MBA), Shimane University (geoscience), Nagoya University (environmental studies), Ritsumeikan University (economics) and University of Tokyo (civil engineering).

In the Southern Hemisphere Program, scholarships were awarded to 9 students from eight countries. Of this total, seven scholarship recipients (78%) are from Group C and D countries. Recipients were selected from among 104 applicants, of whom 64 were from Group C and D countries.

Scholarship recipients matriculated at Pontificia Universidad Catolica de Chile, Universidad de Concepción, Universidad de Los Andes and Universidad Torcuato di Tella. Students undertook master's degree studies in diverse fields, including public policy, economics, natural resources, and social science. Bolivia and Ecuador each had two students chosen as new scholarship recipients in the Southern Hemisphere Program, while Colombia, Nicaragua, Peru, Paraguay and Honduras all had one.

The Northern Hemisphere Program continued to experience the greatest demand of the three JSP subprograms. In 2008, the JSP awarded scholarships to 10 candidates from among 321 applicants. Seven of the recipients (70%) are from C and D countries. Haiti had two scholarship recipients. One applicant from each of the following countries was also awarded a scholarship: Argentina, Bolivia, Chile, Colombia, Costa Rica, Guatemala, Jamaica and Uruguay. Of the 10 Northern Hemisphere awardees, 7 are studying in the United Kingdom, 1 in Spain and 2 in Canada. The awardees are pursuing degrees in academic programs that include regional development, economics, public policy, public health, social and cultural psychology, tropical coastal management, and environmental change and statistics.

# Annex 1

## JSF Projects with Bank Approval by Country (CY1988-2008)

(USD thousand)

Country		1988-1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	%
<b>Country Group A</b>		<b>3,329</b>	<b>282</b>	<b>4,203</b>	<b>2,207</b>	<b>1,495</b>	<b>2,968</b>	<b>2,099</b>	<b>827</b>	<b>465</b>	<b>915</b>	<b>1,017</b>	<b>4,741</b>	<b>3,149</b>	<b>27,697</b>	<b>11.3</b>
	Argentina			1,100			750					299	598	150	2,897	1.2
	Brazil	2,730		916	2,207	1,495	1,649		450	465	291	147	474	2,110	12,934	5.3
	Mexico	599	282	1,437			569	2,099	377		534	571	3,569	650	10,687	4.4
	Venezuela			750							90		100	240	1,180	0.5
<b>Country Group B</b>		<b>23,067</b>	<b>123</b>	<b>2,498</b>	<b>549</b>	<b>4,244</b>	<b>3,426</b>	<b>2,406</b>	<b>2,389</b>	<b>-</b>	<b>2,296</b>	<b>7,075</b>	<b>3,133</b>	<b>1,366</b>	<b>52,572</b>	<b>21.5</b>
	Chile	1,270	123	725		555		1,245			251	296	1,044	297	5,806	2.4
	Colombia	5,957		1,173	15	1,285	2,247	541	1,641		600	3,708	1,339	922	19,428	7.9
	Peru	15,840		600	534	2,404	1,179	620	748		1,445	3,071	750	147	27,338	11.2
<b>Country Group C</b>		<b>35,502</b>	<b>749</b>	<b>5,529</b>	<b>750</b>	<b>2,451</b>	<b>2,297</b>	<b>403</b>	<b>2,295</b>	<b>-</b>	<b>2,690</b>	<b>1,559</b>	<b>5,547</b>	<b>4,069</b>	<b>63,841</b>	<b>26.1</b>
	Bahamas	5,051											-	-	5,051	2.1
	Barbados	5,155											-	-	5,155	2.1
	Costa Rica	8,037	749	175					1,895		250	448	840	-	12,394	5.1
	Jamaica	7,950			750	338		403			120	120	-	-	9,681	4.0
	Panama	1,780		1,936		1,963	450		400		800	542	3,020	1,180	12,071	4.9
	Suriname			2,158		150					750	149	720	-	3,927	1.6
	T & T	2,880		1,260							630		72	-	4,842	2.0
	Uruguay	4,649					1,847				140	300	895	2,889	10,720	4.4
<b>Country Group D</b>		<b>33,512</b>	<b>500</b>	<b>5,414</b>	<b>5,303</b>	<b>2,447</b>	<b>6,454</b>	<b>2,506</b>	<b>1,975</b>	<b>846</b>	<b>3,876</b>	<b>5,136</b>	<b>5,034</b>	<b>4,015</b>	<b>77,018</b>	<b>31.5</b>
	Belize	1,217							300				106	-	1,623	0.7
	Bolivia	9,132		720					750			149	143	540	11,434	4.7
	Dominican Rep	772		1,425	1,173	450	1,357	200		453	567	300	-	-	6,697	2.7
	Ecuador	2,449		100	2,325		1,300			270	739	1,307	816	1,650	10,956	4.5
	El Salvador	1,090					1,049	1,099			274	447	569	-	4,528	1.9
	Guatemala	2,372		1,100	500	595	1,500	380			1,058	906	3,400	1,149	12,960	5.3
	Guyana	5,181		345	525						750		-	676	7,477	3.1
	Haiti	3,390									488	500	-	-	4,378	1.8
	Honduras	1,150	500	1,243		1,402	598	499	625	123		149	-	-	6,289	2.6
	Nicaragua	3,545		481	780		650	328	300			840	-	-	6,924	2.8
	Paraguay	3,214										538	-	-	3,752	1.5
<b>Regional</b>		<b>5,219</b>	<b>-</b>	<b>2,846</b>	<b>3,517</b>	<b>910</b>	<b>1,445</b>	<b>5,260</b>	<b>2,100</b>	<b>795</b>	<b>1,310</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>23,431</b>	<b>9.6</b>
<b>Total</b>		<b>100,629</b>	<b>1,854</b>	<b>20,490</b>	<b>12,326</b>	<b>11,547</b>	<b>16,590</b>	<b>12,674</b>	<b>9,586</b>	<b>2,106</b>	<b>11,087</b>	<b>14,816</b>	<b>18,455</b>	<b>12,599</b>	<b>244,555</b>	<b>100.00</b>

Note: After the year 2001, the figures also include the JPO project approval.

## Annex 2

### JCF Projects with Bank Approval by Country (CY1995-2008)

(USD thousand)

Country		1995-1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	%
<b>Country Group A</b>		-	-	960	-	750	-	750	-	750	750	1,200	2,460	2,249	9,869	24.5
	Argentina														-	0.0
	Brazil					750		750		750	750	1,200	960	1,500	6,660	16.5
	Mexico			960									1,500	749	3,209	8.0
	Venezuela														-	0.0
<b>Country Group B</b>		-	6	12	150	1,500	1,200	1,200	-	-	-	600	2,160	1,594	8,422	20.9
	Chile		6				200	1,200							1,406	3.5
	Colombia			12		1,500						600	960	594	3,666	9.1
	Peru				150		1,000						1,200	1,000	3,350	8.3
<b>Country Group C</b>		40	992	1,991	-	-	1,098	400	-	1,500	-	720	-	-	6,741	16.7
	Bahamas	40	992	1,241											2,273	5.6
	Barbados														-	0.0
	Costa Rica														-	0.0
	Jamaica							400							400	1.0
	Panama			750						1,500					2,250	5.6
	Suriname														-	0.0
	T & T														-	0.0
	Uruguay						1,098					720			1,818	4.5
<b>Country Group D</b>		83	204	-	1,649	986	640	400	2,250	600	-	-	-	1,340	8,152	20.2
	Belize					195									195	0.5
	Bolivia		135						1,500						1,635	4.1
	Dominican Rep														-	0.0
	Ecuador				750	750									1,500	3.7
	El Salvador									600					600	1.5
	Guatemala	83	69		149		640							1,340	2,281	5.7
	Guyana							400							400	1.0
	Haiti				750										750	1.9
	Honduras					41									41	0.1
	Nicaragua														-	0.0
	Paraguay								750						750	1.9
<b>Regional</b>		1,016	558	714	992	1,344	106	901	276	133	157	313	129	522	7,161	17.7
<b>Total</b>		1,139	1,760	3,677	2,791	4,580	3,044	3,651	2,526	2,983	907	2,833	4,749	5,705	40,345	100.00

### Annex 3

#### Scholarship by Subprogram and Nationality of Students from the LAC Region

Nationality of Students	Northern Hem Sub-total	Southern Hem. Sub-total	Japanese Univ. Sub-total	# of Students	%
Argentina	38	9	2	49	7.7%
Bahamas	2	0	0	2	0.3%
Barbados	5	0	0	5	0.8%
Belize	2	0	1	3	0.5%
Bolivia	15	20	2	37	5.8%
Brazil	15	3	8	26	4.1%
Chile	33	3	2	38	6.0%
Colombia	41	20	44	105	16.5%
Costa Rica	20	13	4	37	5.8%
Dominican R.	12	14	1	27	4.2%
Ecuador	13	5	6	24	3.8%
El Salvador	7	5	1	13	2.0%
Guatemala	12	3	1	16	2.5%
Guyana	6	0	1	7	1.1%
Haiti	18	0	0	18	2.8%
Honduras	8	5	1	14	2.2%
Jamaica	9	0	0	9	1.4%
Japan	4	0	0	4	0.6%
Mexico	37	8	7	52	8.2%
Nicaragua	12	10	1	23	3.6%
Panama	4	2	1	7	1.1%
Paraguay	10	4	0	14	2.2%
Peru	29	23	10	62	9.7%
Suriname	1	0	0	1	0.2%
Trin. & Tobago	6	0	1	7	1.1%
Uruguay	14	7	0	21	3.3%
Venezuela	9	2	4	15	2.4%
<b>Total</b>	<b>382</b>	<b>156</b>	<b>98</b>	<b>636</b>	<b>100%</b>

**Annex 4**  
**JSF Projects Approved by the Bank**  
**(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Acquisition of Building Materials for Housing damaged by Hurricane Gilbert and Institutional Strengthening for Rehabilitation Efforts	Jamaica	Other	12/14/1988	5,000,000
<b>TOTAL (CY1988)</b>			<b>1</b>	<b>5,000,000</b>
Coastal Conservation Preinvestment Project	Barbados	Other	7/12/1989	1,100,000
Municipal, Departmental and Regional projects data bank	Colombia	Modernization of the State	8/16/1989	1,000,000
Management and Conservation of the Bao River Basin	Dominican Rep	Infrastructure	11/15/1989	772,000
Emergency Social Fund Program - Second Stage -	Bolivia	Other	11/29/1989	3,860,000
Decentralization and Regionalization of the Public Health Care System	Haiti	Social	12/13/1989	2,540,000
Agriculture Roads Program -TC-	Haiti	Infrastructure	12/20/1989	850,000
Preparation of Architectural Drawing for the New Pasteur Hospital	Uruguay	Social	12/20/1989	2,200,000
<b>TOTAL (CY1989)</b>			<b>7</b>	<b>12,322,000</b>
TC for the Financing of Basic Studies on the Environmental Impact of the Guerreto-Oaxaca Forestry Development Project	Mexico	Environment	4/25/1990	450,000
Marine Cargo Terminal at Clifton Point, New Province	Bahamas	Infrastructure	10/17/1990	2,000,000
Program to Improve Conditions for the Development of Trading Company in Latin America	Regional	Productive	10/31/1990	1,583,000
<b>TOTAL (CY1990)</b>			<b>3</b>	<b>4,033,000</b>
Feasibility Study and Designs for Health Sector Rationalization Program, Stage 1	Barbados	Social	1/9/1991	1,750,000
Georgetown Water and Sewerage Master Plan Study	Guyana	Environment	2/13/1991	1,800,000
Feasibility Study for the Health Sector Reform Program	T & T	Social	2/27/1991	2,200,000
Global Program of Portable Water and Sewerage	Bolivia	Environment	5/1/1991	5,072,117
Social Emergency Fund	Peru	Social	9/18/1991	4,000,000
Urban Rehabilitation Project Feasibility Study	Guyana	Infrastructure	10/9/1991	1,100,000
Feasibility and Final Design Studies for the Preparation of the Urban Sanitation Program	Costa Rica	Environment	10/9/1991	4,870,000
Preparation of a Long-Term Solid Waste Management Plan, Feasibility Studies and Final Design	Barbados	Environment	11/13/1991	1,555,000
<b>TOTAL (CY1991)</b>			<b>8</b>	<b>22,347,117</b>
Natural Resources Conservation	Costa Rica	Environment	2/19/1992	1,937,000
Road Rehabilitation and Improvement Program	Guyana	Infrastructure	3/18/1992	781,000
Preparation of the Port Antonio Sanitation Project : Feasibility and Designs	Jamaica	Environment	7/29/1992	1,700,000
Technical Cooperation for Agricultural Sector : Policies and Preparation	Nicaragua	Productive	8/5/1992	2,800,000
Strengthening of Economic Unit for Ministry of Finance	Bahamas	Modernization of the State	10/14/1992	351,375
<b>TOTAL (CY1992)</b>			<b>5</b>	<b>7,569,375</b>
Improvement of Revenue Collection Systems	Bahamas	Other	1/13/1993	1,500,000
Caribbean Pine Plantation and Resin Extraction Feasibility Study and Pilot Project	Colombia	Environment	2/24/1993	1,940,000
Institutional Strengthening of Tax Administration Service	Honduras	Other	3/17/1993	1,150,000
Environmental Planning Program	Ecuador	Social	5/12/1993	1,049,000
TC for the Organization of a Seminar on Environment Law and Policy in Latin America	Regional	Environment	5/12/1993	40,000
Over-The-Counter Securities Market Feasibility Study	Mexico	Modernization of the State	7/27/1993	148,500

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Credit and Technical Cooperation for a Communal Banks Program to Benefit Rural Women Microentrepreneurs (TC)	Guatemala	Productive	9/3/1993	150,000
Credit and Technical Cooperation for a Communal Banks Program to Benefit Rural Women Microentrepreneurs (Small Project)	Guatemala	Productive	9/3/1993	500,000
Rehabilitation of Priority Project (Sanitation and Health Sector)	Peru	Environment	10/6/1993	1,000,000
Institutional Development of the Legislature	Peru	Modernization of the State	10/6/1993	2,700,000
Non-Traditional Export Promotion	Ecuador	Other	10/13/1993	800,000
National Network of Public Sector Investment Project Banks	Colombia	Modernization of the State	11/24/1993	1,100,000
Feasibility and Environmental Impact Studies for Export Corridors Project	Paraguay	Infrastructure	12/22/1993	989,000
<b>TOTAL (CY1993)</b>			<b>13</b>	<b>13,066,500</b>
Strengthening of Tax Administration	Guatemala	Modernization of the State	3/30/1994	977,000
Agricultural Diversification and Generation and Transfer of Technology	Paraguay	Productive	5/18/1994	1,500,000
Institutional Strengthening of the Ministry of Economic and Finance	Peru	Modernization of the State	5/24/1994	2,000,000
Preparation of a Feasibility Study for the Forestry Conservation and Management Project and Support for Pilot Agroforestry and Forest Protection Activities	Nicaragua	Productive	5/25/1994	745,000
Latin America Regional Conference on Issues in Public and Economic Development : The Experience of East Asia	Regional	Modernization of the State	6/1/1994	149,500
Strengthening of the General Administration - III stage	Uruguay	Other	6/15/1994	1,100,000
Pacific Coast Sustainable Development Program	Colombia	Environment	7/14/1994	532,000
Credit and Technical Cooperation for Microentrepreneurs in Belize, to be executed by the National Development Foundation of Belize (TC)	Belize	Productive	7/18/1994	150,000
Credit and Technical Cooperation for Microentrepreneurs in Belize, to be executed by the National Development Foundation of Belize (Small Project)	Belize	Productive	7/18/1994	500,000
Investment, Credit and Technical Assistance Program for Small Agricultural Producers to be Executed by the Fundacion Integral Campesia (TC)	Costa Rica	Productive	10/20/1994	105,000
Investment, Credit and Technical Assistance Program for Small Agricultural Producers to be Executed by the Fundacion Integral Campesia (Small Project)	Costa Rica	Productive	10/20/1994	500,000
Credit and Technical Assistance Program for Small Agricultural Producers and Rural Microentrepreneurs to be executed by the Asociacion Costarricense para Organizaciones de Desarrollo (TC)	Costa Rica	Productive	10/20/1994	125,000
Credit and Technical Assistance Program for Small Agricultural Producers and Rural Microentrepreneurs to be executed by the Asociacion Costarricense para Organizaciones de Desarrollo (Small Project)	Costa Rica	Productive	10/20/1994	500,000
Institutional Strengthening of the National Tax Administration (SUNAT)	Peru	Modernization of the State	11/9/1994	2,200,000
Feasibility Study for the Galapagos Environmental Management Program	Ecuador	Environment	11/11/1994	600,000
Feasibility Studies for Solid Waste Water Management	Bahamas	Environment	11/28/1994	600,000
<b>TOTAL (CY1994)</b>			<b>16</b>	<b>12,283,500</b>
Wayuu Irrigation and Economic Development Project	Colombia	Social	1/11/1995	285,000

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Harnessing Asia Pacific Relationship for Strengthening the Civil Society in Latin America	Regional	Modernization of the State	3/14/1995	150,000
Credit and Technical Cooperation Program for Microentrepreneurs in Panama (TC)	Panama	Productive	5/4/1995	130,000
Credit and Technical Cooperation Program for Microentrepreneurs in Panama (Small Project)	Panama	Productive	5/4/1995	250,000
Project Chile, Phase 2	Chile	Infrastructure	5/18/1995	620,000
Technical Studies for the Northern Coastal Highway Improvement Project	Jamaica	Infrastructure	5/26/1995	500,000
Technical Cooperation for Subsector Irrigation Program	Peru	Productive	6/1/1995	750,000
National Rural Transportation Infrastructure Program	Peru	Infrastructure	6/27/1995	650,000
Community Based Marine Conservation Program in Brazil	Brazil	Environment	6/29/1995	550,000
Youth in Development	Regional	Other	7/12/1995	38,000
Studies for the Environment Program of the Guatemala Metropolitan Area-PAMG	Guatemala	Environment	8/24/1995	744,960
Technical Studies for Priority Trunk Road	T&T	Infrastructure	8/24/1995	680,000
Credit and Technical Assistance Program for Small Microentrepreneurs to be executed by " El Instituto de Promocion Economico Social de Uruguay" (TC)	Uruguay	Productive	9/1/1995	100,000
Credit and Technical Assistance Program for Small Microentrepreneurs to be executed by " El Instituto de Promocion Economico Social de Uruguay" (Small Project)	Uruguay	Productive	9/1/1995	500,000
Conference on "Policy Based Finance and Alternatives for Financial Market Development : Application of Lessons from East-Asia to Latin America"	Regional	Modernization of the State	9/28/1995	150,000
Preservation and Environment Protection of the National Park of Serra da Capivara	Brazil	Environment	10/4/1995	1,700,000
Technical Studies for the Electricity Sector Hybrid Program	Guyana	Infrastructure	11/6/1995	750,000
Technical Studies for the Preparation of a Program for the Economic and Social Improvement of Depressed Western Bolivia Mining Area	Bolivia	Social	12/19/1995	200,000
Family Island Infrastructure	Bahamas	Infrastructure	12/26/1995	600,000
<b>TOTAL (CY1995)</b>			<b>19</b>	<b>9,347,960</b>
Environmental Institutional Strengthening	Peru	Environment	1/17/1996	1,800,000
Institutional Strengthening of the Multisector Investment Bank (BMI)	El Salvador	Other	1/19/1996	340,000
El Valle de Anton Geothermal Field in Panama	Panama	Infrastructure	2/7/1996	1,400,000
Development Program for Bahia de Asuncion	Paraguay	Infrastructure	2/23/1996	725,000
Youth from IDB member countries : Venezuela, in particular	Regional	Other	2/28/1996	58,337
Inter-American Institute for Social Development training program for opinion makers in Latin America and Caribbean	Regional	Social	4/10/1996	1,500,000
Technical Studies for First year Road & Bridge	Jamaica	Infrastructure	5/8/1996	750,000
Development of Economic and Trade Policies for Uruguay MERCOSUR Negotiations	Uruguay	Modernization of the State	5/21/1996	749,000
Establishment of a Network of Wildlife Sanctuaries	Brazil	Environment	5/30/1996	480,000
Training Agronomists in Sustainable Agriculture of the Humid Tropics	Regional	Social	6/12/1996	1,000,000
Conference on Development Thinking and Practice	Regional	Other	7/16/1996	400,000
Rimac River Watershed Management Program	Peru	Environment	8/1/1996	740,000
Preparation of the Alternative Development	Colombia	Social	8/5/1996	350,000
Bridge Rehabilitation and Replacement Program	Guyana	Infrastructure	8/28/1996	750,000

## JSF Projects Approved by the Bank (CY1988-2008)

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Forum on Modernization of the State and Strengthening of Civil Society	Regional	Modernization of the State	10/4/1996	150,000
Feasibility Study on Interoceanic Corridors	Chile	Infrastructure	10/17/1996	650,000
Designs of Berthing Facilities (Bridgetown Port Expansion Project)	Barbados	Infrastructure	10/23/1996	750,000
Decontamination of Critical Areas (ES-0074) : Design and feasibility studies	El Salvador	Environment	11/6/1996	749,698
Studies on Waste Water Treatment Plants for Pereira	Colombia	Environment	12/4/1996	750,000
Solid Waste Management Project	Belize	Environment	12/20/1996	566,720
<b>TOTAL (CY1996)</b>			<b>20</b>	<b>14,658,755</b>
Technical Studies for the Rio Grande de Tarcoles Watershed Management Program	Costa Rica	Environment	7/7/1997	748,770
Water Supply to the Metropolitan Zone of the Valley of Mexico	Mexico	Environment	8/1/1997	282,000
The Privatization of Solid Waste Management Service in San Pedro de Sula	Honduras	Environment	12/5/1997	500,000
Los Vilos -La Serena Toll Road-	Chile	Infrastructure	12/16/1997	123,200
<b>TOTAL (CY1997)</b>			<b>4</b>	<b>1,653,970</b>
Japanese Language Program	Regional	Social	1/9/1998	73,920
Tibitoc Water Treatment Facility	Colombia	Environment	1/14/1998	123,000
Miravalles 3 Geothermal Power Plant	Costa Rica	Infrastructure	1/14/1998	175,000
System of Inventory and Follow-up of Public Investment Projects	Dominican Rep	Infrastructure	3/9/1998	750,000
Regional Biodiversity Strategy for the Tropical Andes	Regional	Environment	3/9/1998	740,000
Promotion Identification Projects with JSF	Regional	Other	3/11/1998	240,000
Urban Infrastructure Program in States with Tourism Potential	Venezuela	Infrastructure	4/22/1998	750,000
Wastewater treatment program for nine cities in the State of Chihuahua	Mexico	Environment	4/27/1998	746,641
Tegucigalpa Comprehensive Municipal Modernization Program	Honduras	Infrastructure	5/1/1998	742,500
San Pedro de Sula Comprehensive Municipal Modernization Program	Honduras	Infrastructure	5/1/1998	500,500
Water and Sanitation Program in Marginal Rural Areas	Mexico	Environment	5/8/1998	136,000
Secondary Education Program	T&T	Social	5/8/1998	750,000
Rosario-Victoria Bridge	Argentina	Infrastructure	5/11/1998	200,609
Program of Consolidation of Water and Sanitation Reform	Dominican Rep	Environment	5/13/1998	675,000
Lake Gatun Water Plant Project	Panama	Environment	6/3/1998	300,000
Air Transport Sector Reform	Guyana	Infrastructure	6/10/1998	300,000
Support Program for Civic Coexistence	Colombia	Modernization of the State	6/18/1998	700,000
Rodonorte Toll Road (Lot 5)	Brazil	Infrastructure	6/22/1998	100,000
Symposium on Financial and Business Cooperation between Latin America and Japan	Regional	Other	6/23/1998	740,000
Productive Infrastructure Development and Tenure Regularization in Rural Trinidad	T&T	Productive	6/29/1998	510,000
Design of the Safety and the Natural Resources Components of the Program to Reactivate the Productive Agrofood Sector of Guatemala	Guatemala	Productive	6/29/1998	100,000
Modernization and Reform for Primary Health Care: Province of Salta	Argentina	Social	6/29/1998	199,260
GIS-Based Planning Support System for Highway Planning and Management	Argentina	Infrastructure	7/9/1998	700,000



**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Bolivia	Infrastructure	7/9/1998	720,000
GIS-Based Decision Support System for Transportation Planning and Infrastructure Management	Chile	Infrastructure	7/9/1998	725,000
Rimichaca Riobamba Toll Road Project	Ecuador	Infrastructure	7/10/1998	100,000
Childcare Program for Children under Five Years Old through In-Home Nurseries -Wawa Wasi-	Peru	Social	7/14/1998	600,000
Sustainable Development Program of the Darian	Panama	Environment	7/29/1998	750,000
Bridge Rehabilitation Project Request for Additional Funding	Guyana	Infrastructure	7/31/1998	45,000
Socio-environmental pilot program in an area of extreme poverty	Colombia	Social	9/1/1998	350,000
Formulation of the National Environmental Strategy for Panama	Panama	Environment	9/14/1998	430,000
Modernization of the State-Owned Telecommunications Utility	Suriname	Infrastructure	9/17/1998	700,000
Caribbean Community	Regional	Modernization of the State	9/23/1998	975,000
Strategic Initiatives for Health Sector Reform	Nicaragua	Social	10/13/1998	481,400
Environmental Conservation in Tocantins	Brazil	Environment	10/14/1998	750,000
Eastern Development Program	Guatemala	Social	10/14/1998	1,000,000
Japanese Language Program	Regional	Other	10/16/1998	44,500
Support for Health Reform	Suriname	Social	11/4/1998	750,000
Planning Activities under Japan Program	Regional	Other	11/16/1998	32,000
Support for Preparation of the Community Development Fund	Suriname	Social	12/10/1998	708,000
Instrument Development for Health System Reform in Panama	Panama	Social	12/18/1998	456,136
Castello-Raposo Toll Road Project	Brazil	Infrastructure	12/21/1998	65,849
Proposal on Maternal and Child Health Care for Indigenous Population in Mexico	Mexico	Social	12/22/1998	554,300
<b>TOTAL (CY1998)</b>			<b>43</b>	<b>20,489,615</b>
Social Indicators Integrated System (SIISE)	Ecuador	Social	1/20/1999	1,000,000
Studies in Support of Educational Reform in Nicaragua	Nicaragua	Social	1/21/1999	230,000
Social Infrastructure and Capacity Building Projects	Dominican Rep	Social	2/5/1999	749,500
Preparation of the Terms of Reference for the Azfural Geothermal Feasibility Study	Colombia	Infrastructure	2/12/1999	14,560
Street Children Awareness Campaign	Regional	Infrastructure	5/11/1999	77,000
Disaster Mitigation in Central America	Regional	Productive	6/9/1999	1,110,000
Feasibility Study for the Prediction and Amelioration of Socioeconomic Impacts of El Nino Southern Oscillation (ENSO) in L.A. and Caribbean	Regional	Environment	7/14/1999	998,000
Development of Financial Sector Restructuring Strategy and Instruments	Ecuador	Modernization of the State	8/1/1999	575,000
Financial Sector Adjustment Program	Peru	Modernization of the State	8/2/1999	534,100
Comprehensive EA Review towards Improved Environmental Management Capacity (1)	Regional	Environment	8/13/1999	400,000
Comprehensive EA Review towards Improved Environmental Management Capacity (2)	Regional	Environment	8/13/1999	140,000
Education Reform Phase 2	Guatemala	Social	8/30/1999	500,000
Support for Development of Renewable Energy Markets in Brazil	Brazil	Infrastructure	9/1/1999	898,950
Emergency attention to boys/girls and adolescents affected by hurricane Mitch in the city of Managua	Nicaragua	Social	9/16/1999	550,000

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Water Supply and Sanitation of Cuenca	Ecuador	Environment	9/23/1999	750,000
Energia Norte Power Project	Brazil	Infrastructure	9/29/1999	285,000
Evaluation and Design of the Mahaica-Rosignol Road	Guyana	Infrastructure	10/12/1999	525,300
Secondary Education Improvement and Expansion	Brazil	Social	10/18/1999	750,000
Primary Education Support Project : Project Preparation and Master Plan Development	Jamaica	Social	10/25/1999	750,000
Dona Francisca Hydroelectric Power Plant Project	Brazil	Infrastructure	11/11/1999	273,513
Support to Secondary Education (1)	Dominican Rep	Social	11/30/1999	423,800
Regional Tourism Program Preparation for the Mundo Maya Organization(OMM)	Regional	Social	12/1/1999	791,600
<b>TOTAL (CY1999)</b>			<b>22</b>	<b>12,326,323</b>
Japanese Language Program	Regional	Social	2/3/2000	39,690
Consolidation of the Institutional and Regulatory Framework for Sustainable Energy-Efficiency Services for the Industrial Sector	Peru	Infrastructure	2/22/2000	750,000
La Chorrera Power Plant, Panama	Panama	Infrastructure	3/2/2000	340,075
Preparation of Municipal Infrastructure and Reform Program for Panama City	Panama	Infrastructure	3/30/2000	432,500
Sustainable Use of Tropical Forest in Acre	Brazil	Environment	5/17/2000	750,000
Program for the Reduction of Family Violence	Peru	Social	5/17/2000	400,000
Preparation of Investment Project in Basic Education in Suriname	Suriname	Social	5/24/2000	150,000
GIS Strengthening to Support Regional Transportation Studies and Highway Planning and Privatization	Peru	Infrastructure	5/26/2000	750,000
Education Innovations in the Independencia District	Peru	Social	6/19/2000	504,144
Procedures for Atraumatic Resrative Treatment (PRAT)	Regional	Social	6/28/2000	870,200
Education and Know-how in Panama	Panama	Infrastructure	7/20/2000	190,000
Design of Social Protection Program	Colombia	Social	7/20/2000	545,410
Integrated Water Resources Planning and Management in Paraiba	Brazil	Environment	7/21/2000	745,000
Local Government Training Program	Honduras	Social	7/26/2000	750,000
Sewerage Master Plan for Quetzaltenango	Guatemala	Environment	7/31/2000	595,000
Solid Waste Management and Disposal in the Coffee Belt Region of Colombia	Colombia	Environment	8/2/2000	740,000
Tools for AIDS Prevention and Disease Management/Treatment	Jamaica	Social	8/18/2000	338,325
EDE Sur and EDE Norte Project	Dominican Republic	Infrastructure	10/2/2000	450,000
Sustainable Development Strategy of the Panama Canal Watershed	Panama	Environment	11/1/2000	1,000,000
National Land Use Planning Strategy	Honduras	Environment	11/13/2000	652,000
Santiago-Valparaiso-Vina del Mar Toll Road Project	Chile	Infrastructure	12/19/2000	554,590
<b>TOTAL (CY2000)</b>			<b>21</b>	<b>11,546,934</b>
Capital Expenditures for Rural Electricity Distribution	Guatemala	Infrastructure	1/3/2001	750,000
Technical Assistance for the Launch of the Seguro Materno - Infantil - SMI	Peru	Social	1/24/2001	429,000
Rural Roads Rehabilitation and Maintenance Pilot Program	Ecuador	Infrastructure	1/31/2001	750,000
Implementation of National Public Investment System	Peru	Modernization of the State	3/2/2001	750,000
Integrated Management of the Patos Lagoon Estuary	Brazil	Environment	3/9/2001	750,000
Environmental Strategy	Nicaragua	Environment	3/14/2001	650,000
Sustainable Urban Transportation System in Parana	Brazil	Infrastructure	3/28/2001	750,000

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Reforming Technical Education in Upper Primary and Secondary School	Honduras	Social	5/11/2001	448,400
Support to the Infrastructure Fund in Argentina	Argentina	Other	6/1/2001	750,000
Sustainable Cultivation and Harvesting of the Sempre-Vivas Flower Species in Brazil	Brazil	Productive	6/19/2001	149,000
Program to Support the modernization of Secondary Education and Teacher Training	Uruguay	Social	7/6/2001	597,000
Support for an Indigenous Bilingual and Intercultural Basic Education Pedagogy Bachelor's Program	Colombia	Social	7/20/2001	739,505
Spatial Information System for National Infrastructure Management and Planing	Uruguay	Infrastructure	7/27/2001	750,000
Reform of Drug Treatment Center	Colombia	Social	8/1/2001	322,500
Design of a Sustainable Development program for the Lower Rio Lempa	El Salvador	Environment	8/20/2001	298,650
Model program for the Prevention, Detection and Treatment of Domestic Violence in the Health and Early Childhood Education Sectors	Colombia	Social	8/27/2001	748,000
Sustainable Development Strategy for Bocas del Toro Province	Panama	Environment	9/10/2001	450,000
Support to Housing Policy for Low-Income Population	Dominican Rep	Social	9/28/2001	746,820
Coastal Resource Management Program Phase II - Feasibility Studies -	Ecuador	Environment	10/30/2001	550,000
Support for the Implementation and Monitoring of the Reconstruction Program	El Salvador	Social	11/21/2001	750,000
Consultation and Project Design, Socioemvironmental Component of the Mesoamerican Biological Corridor	Regional	Environment	12/3/2001	745,000
Strengthening the Trinational System of the Program for Sustainable Development in the Upper Rio Lempa River	Regional	Environment	12/3/2001	700,000
Comprehensive Project for at Risk Infants and Adolescents of the Uruguayan Family	Uruguay	Social	12/17/2001	500,000
<b>TOTAL (CY2001)</b>			<b>23</b>	<b>14,073,875</b>
Support to the Preparation of Youth Development Program	Jamaica	Social	2/19/2002	403,000
Establishment of a Caribbean Regional Technical Assistance Center	Regional	Modernization of the State	2/28/2002	650,000
Urban Crime and Impunity in Colombia	Colombia	Modernization of the State	3/4/2002	350,400
San Pedro Sula Water and Sewerage Project	Honduras	Environment	3/15/2002	148,830
Institutional Development for Information Technology	Dominican Rep	Modernization of the State	5/8/2002	200,000
Mainstreaming Domestic and Social Violence Prevention into Primary Education Policy	Regional	Social	6/7/2002	750,000
Science and Technology Program : Program Preparation	Peru	Infrastructure	6/12/2002	620,000
Program to Combat Desertification in Brazil and Neighboring Countries	Regional	Environment	6/12/2002	1,000,000
Information and Indicators Program for Disaster Risk Management (1)	Regional	Environment	6/12/2002	795,000
Information and Indicators Program for Disaster Risk Management (2)	Regional	Environment	6/12/2002	505,000
Developing a National Sustainable Market for Clean Rural Energy Services	El Salvador	Infrastructure	6/24/2002	750,000
Girl's Education in Latin America	Regional	Social	7/15/2002	600,000
Corporate Restructuring of ISSSTE	Mexico	Social	8/12/2002	750,000
Design of Low-Income Housing Program	Nicaragua	Social	9/20/2002	327,550
Design and Formulation of the Country Environmental Strategy for Sustainable Development in ES	El Salvador	Environment	10/24/2002	348,700

**JSF Projects Approved by the Bank  
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JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Design and Implementation of the Strategic Plan for the National Program for Microenterprise Financing	Mexico	Productive	11/15/2002	600,000
Support for the preparation of the Integrated program for Citizens Security	Guatemala	Modernization of the State	11/19/2002	380,000
<b>TOTAL (CY2002)</b>			<b>17</b>	<b>9,178,480</b>
Support for Coordination between the Special Indigenous Judicial System and the National Judicial System	Colombia	Social	1/22/2003	650,000
Developing a Coordinated Water Action Plan for Latin America and the Caribbean	Regional	Environment	2/13/2003	600,000
Modernization of Expenditure and Taxation and Investment Fund for Growth and Competitiveness	Costa Rica	Modernization of the State	4/18/2003	325,000
National Strategy for Environmental Management	Costa Rica	Environment	4/21/2003	470,000
Slum Upgrading Program	Costa Rica	Social	5/29/2003	500,000
Support for the Program of Culture and Citizenship for Social Inclusion	Brazil	Social	6/5/2003	450,080
Support for the Preparation of Mundo Maya Program	Regional	Infrastructure	6/6/2003	750,000
Sustainable Development of the Huetar Atlantica Region	Costa Rica	Environment	7/7/2003	600,000
Analysis of the Social Strategy	Mexico	Social	8/7/2003	377,000
Analisis of Housing market and Initial Development of Financing Mechanisms for Low-income Households	Colombia	Infrastructure	10/1/2003	390,574
Integrity Indexes for Public Institutions	Colombia	Modernization of the State	11/7/2003	600,000
Strategic Environmental Assessment Evaluation of the Northern Corridor of Bolivia from La Paz to Guayaramerin	Bolivia	Infrastructure	11/26/2003	750,000
Support for the Preparation of the Citizens Security Program	Nicaragua	Modernization of the State	12/12/2003	300,000
<b>TOTAL (CY2003)</b>			<b>13</b>	<b>6,762,654</b>
Caribbean Education Sector HIV/AIDS Response Capacity Building Program	Regional	Social	2/11/2004	565,000
Support for Social Rental Housing Program	Brazil	Infrastructure	4/1/2004	465,000
Symposium on Strengthening Business Relations Between Latin America and Japan	Regional	Productive	4/22/2004	230,000
Technical Cooperation for the Privatization of four international airports	Honduras	Infrastructure	5/11/2004	123,000
Strengthening the Territorial Public Investment System	Dominican Rep	Social	5/14/2004	452,813
Enhancing Ecuador's Demographic and Mother-Child Health Information	Ecuador	Social	6/22/2004	270,000
<b>TOTAL (CY2004)</b>			<b>6</b>	<b>2,105,813</b>
Peru Border Crossing	Peru	Infrastructure	1/21/2005	610,000
Support for the Preparation of the Water Supply Program for Medium Size Cities Program	Ecuador	Environment	2/18/2005	464,000
Investment Opportunities in Central America and the Dominican Republic	Regional	Other	3/23/2005	250,000
Seminar "Meeting the MDGs: Sharing Best Practices Between Asia and LAC"	Regional	Social	3/30/2005	90,000
Formulation of the Sustainable Development Program for the Province of Chiriquí	Panama	Environment	6/23/2005	550,000
Sustainable Development Program for the Central Pacific – Brunca Region	Costa Rica	Environment	6/23/2005	250,000
Design of a Solid Waste Disposal Solution for the Eastern Region	Dominican Rep	Environment	7/12/2005	567,000
Support for the Preparation of the Citizen Security Program in Panama	Panama	Modernization of the State	7/28/2005	250,194

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Bank Action Plan for Improving Disaster Risk Management (1)	Regional	Environment	8/10/2005	720,000
Bank Action Plan for Improving Disaster Risk Management (2)	Regional	Environment	8/10/2005	100,000
Multi Issuer Subordinated Debt (Tier II Capital) Issuance	Brazil	Other	8/30/2005	200,000
Guayaquil International Airport	Ecuador	Infrastructure	8/30/2005	125,000
Technical Cooperation for the Investment in the Red Vial 6 Toll Road Project	Peru	Infrastructure	8/30/2005	124,410
Technical Cooperation for the Investment Program at Carrasco International Airport in Montevideo	Uruguay	Infrastructure	8/30/2005	140,000
Support for a National Census of School Infrastructure and Equipment	Guatemala	Social	9/1/2005	750,000
Seamless Education System Beginning at Early Childhood Care	Trinidad & Tobago	Social	10/4/2005	630,000
Citizen Security and Justice – Focusing on Trafficking in Persons	Jamaica	Social	10/14/2005	120,000
Technical Cooperation for the Investment Program of ATE II Transmission Project	Brazil	Infrastructure	11/30/2005	91,350
Central American Infrastructure Investment Fund	Regional	Other	11/30/2005	150,000
Development of Innovative Financing Instruments for Small and Medium-Sized Municipalities	Mexico	Modernization of the State	12/1/2005	384,000
Support the Antioquia Alliance for Equity	Colombia	Social	12/2/2005	600,000
Preparation of Rural Water and Sanitation Feasibility Studies	Haiti	Environment	12/13/2005	488,000
Development of the Rural Economy in the Sierra	Peru	Productive	12/22/2005	600,000
<b>TOTAL (CY2005)</b>			<b>23</b>	<b>8,253,954</b>
Pilot Program on Adolescent Reproductive Health in Medellin	Colombia	Social	1/18/2006	749,000
Institutional Capacity Strengthening and Pre-Investment Support for Indigenous Entrepreneurial Development	Guatemala	Social	5/9/2006	637,000
Energy Efficiency Development in Nicaragua	Nicaragua	Infrastructure	6/30/2006	726,350
Technical Cooperation for the Charrua-Temuco Transmission Project	Chile	Infrastructure	6/14/2006	146,000
Implementation of the Mandatory Health Care Quality Assurance System	Colombia	Social	6/22/2006	750,000
Support for 3x1 Program for Migrants	Mexico	Social	6/30/2006	571,200
Seminar on Enhancing Private Sector Partnership between Japan - Latin American and the Caribbean	Regional	Other	8/3/2006	29,200
Absenteeism in Jamaica's Primary Schools	Jamaica	Social	8/7/2006	120,000
Support to the Social Protection System	Panama	Social	9/7/2006	407,000
Road Program for Territorial Integration and Social Equity of the Department of Antioquia	Colombia	Infrastructure	9/20/2006	480,000
Improving Targeting of the Universal Health Insurance Program in Ecuador	Ecuador	Social	9/28/2006	750,000
Environment Management Capacities of the Ministry of Environment and Energy - MINAE	Costa Rica	Environment	10/20/2006	148,000
Developing Citizenship Competencies to Prevent Violence and Build Democracy	Colombia	Social	10/23/2006	600,000
Studies for the Olmos Irrigation Project	Peru	Productive	11/21/2006	1,280,000
Support to the Program against Extreme Poverty (PEP)	Colombia	Social	12/15/2006	679,825
Preparation of the Social Development Program	Costa Rica	Social	12/20/2006	300,000
<b>TOTAL (CY2006)</b>			<b>16</b>	<b>8,373,575</b>
Preparation of the Sustainable Development Program for the Colón Province	Panama	Environment	1/29/2007	680,000

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support to Execution of Phase 2 of FORTEM and Additional Feasibility Studies	Mexico	Social	2/7/2007	1,500,000
Development of the Provinces Coclé, Herrera, Los Santos and Veraguas	Panama	Productive	2/8/2007	740,000
Strengthening of Grupos Gestores	Guatemala	Social	2/21/2007	1,500,000
Technical Cooperation for the Investment Program of ATE III Transmission Project	Brazil	Infrastructure	2/22/2007	96,600
Sustainable Tourism Plans and Investment Designs in Protected Natural Areas	Costa Rica	Environment	3/6/2007	240,000
Institutional Strengthening Program for the Urban, Housing and Environmental Ministry	Uruguay	Infrastructure	3/22/2007	745,000
Support for the Sustainable Development of the Interior	Suriname	Social	4/9/2007	720,000
Support for Persons with Disability	Colombia	Social	4/12/2007	550,000
Sustainable Development Program for the North Huetar and Chorotega Regions	Costa Rica	Environment	5/7/2007	600,000
Master Plan for Revitalizing Veracruz Historic Center (1)	Mexico	Infrastructure	5/9/2007	1,104,000
Master Plan for Revitalizing Veracruz Historic Center (2)	Mexico	Infrastructure	5/9/2007	216,000
Technical Cooperation for the Investment in the El Dorado International Airport Project	Colombia	Infrastructure	5/25/2007	220,800
Support to the Design of the Comprehensive Crime Prevention and Combat on Delinquency Strategy (EIPDCD)	Mexico	Modernization of the State	7/12/2007	600,000
Tourism and HIV/AIDS : Strengthening protection and understanding among the tourism industry and its members to combat HIV/AIDS	Belize	Social	7/17/2007	106,020
Support the Sustainable Development of the Lower Urubamba	Peru	Social	9/18/2007	750,000
Development of Monitoring and evaluation systems for indigenous peoples in Chile	Chile	Social	9/26/2007	750,000
Support to the Ministry of Social Welfare to Institutionalize a Special Protection Program	Ecuador	Social	11/8/2007	517,000
Support for the Health System of São Bernardo do campo	Brazil	Social	12/18/2007	85,000
<b>TOTAL (CY2007)</b>			<b>19</b>	<b>11,720,420</b>
Strengthening accountability and institutional capacity building for the community development and social protection in Uruguay	Uruguay	Social	1/23/2008	513,600
Sustainable Energy and Biofuel Strategies for Colombia	Colombia	Infrastructure	2/6/2008	922,000
Modernization of the Labor Training Systems and Implementation of a Competitive Fund for Labor Training	Ecuador	Social	3/18/2008	640,500
Expanding Bioenergy Opportunities in Guyana	Guyana	Infrastructure	4/1/2008	675,000
Support for preparation of water and sewerage investment program for peri-urban areas	Bolivia	Environment	5/13/2008	240,000
Technical Studies for the North-East Corridor of Transmetro	Guatemala	Infrastructure	5/21/2008	1,000,000
Institutional Strengthening of the Municipality of Quito's Secretariat for Social Development	Ecuador	Modernization of the State	5/28/2008	669,600
Strengthening of the institutional capacity to combat crime and violence in the States of Brazil	Brazil	Modernization of the State	6/6/2008	900,000
Measurement and Forecast of the Economic Impact of Panama Canal and related activities on the Republic of Panama		Infrastructure	7/11/2008	1,180,000
Support to the preparation of the loans for the three Brazilian municipalities of São J. Do Meriti, Santa Maria, and São Luis	Brazil	Infrastructure	7/30/2008	500,000

**JSF Projects Approved by the Bank  
(CY1988-2008)**

JSF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support for design & implementation of second phase of the Social Reform Program	Brazil	Social	10/20/2008	560,000
Support for a Program to Strengthen Agricultural and Livestock Health and Technology Systems	Mexico	Productive	10/23/2008	500,000
Institutional Strengthening of the Ministry of Social Development	Uruguay	Social	12/15/2008	1,196,000
Support for Universal Basic Education	Ecuador	Social	12/16/2008	340,000
Revitalization of Old Town Montevideo	Uruguay	Infrastructure	12/17/2008	745,000
<b>TOTAL (CY2008)</b>			<b>15</b>	<b>10,581,700</b>

<b>TOTAL</b>			<b>314</b>	<b>217,695,520</b>
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## JCF Projects Approved by the Bank (CY1996-2008)

JCF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support in the Preparation of a National GIS System Project	Bahamas	Environment	10/28/1996	40,000
<b>TOTAL (CY1996)</b>			<b>1</b>	<b>40,000</b>
Technical Cooperation for the Donor Coordination Unit	Bolivia	Other	4/14/1997	134,760
The Conference of the Challenge for the Industry of technological change and innovation	Chile	Other	4/18/1997	6,000
The Conference of the Development of Securities Markets in Emerging Markets: Obstacles and Reconditions for Success	Regional	Modernization of the State	9/30/1997	6,000
Development of National Geographical Information System	Bahamas	Other	11/5/1997	992,000
<b>TOTAL (CY1997)</b>			<b>4</b>	<b>1,138,760</b>
Ground Water Recharge Project for the Ecological Conservation Zone in Mexico City	Mexico	Environment	2/11/1998	960,000
Renewal Manizales City	Colombia	Infrastructure	4/1/1998	12,000
Adolescent Reproductive Health Education	Bahamas	Social	7/22/1998	1,240,800
Hiring of Consulting Services to Support the MIF Program	Regional	Other	11/11/1998	90,000
Business Plan for the City of Knowledge in Panama	Panama	Infrastructure	11/20/1998	750,000
<b>TOTAL (CY1998)</b>			<b>5</b>	<b>3,052,800</b>
Support for Developing a Sustainable Public Transit System in a Pilot City, Cuenca	Ecuador	Infrastructure	1/6/1999	750,000
Training Reform Transition	Haiti	Social	5/5/1999	750,000
Sustainable Municipal Forestry Management	Guatemala	Productive	9/7/1999	149,000
Decentralization and Effective Citizen Participation : Lessons Learned	Regional	Modernization of the State	11/8/1999	605,000
Design of Maternal and Child Health Insurance in Peru	Peru	Social	12/23/1999	150,000
<b>TOTAL (CY1999)</b>			<b>5</b>	<b>2,404,000</b>
Environmental Management and Water Quality Improvements in Coal Mining Operations in Santa Catarina	Brazil	Environment	1/19/2000	750,000
Feasibility Study for a Portable and Wastewater Treatment Facility on Caye Caulker	Belize	Environment	1/19/2000	195,250
Feasibility Studies of the Azufral Geothermal Field -Phase 1-	Colombia	Infrastructure	3/1/2000	1,500,000
Feasibility Studies of an Expansion of the Electricity Transmission Network	Ecuador	Infrastructure	10/3/2000	750,000
Pre-feasibility Study for Hydrological Works on the Puyang-Tumbes River	Regional	Infrastructure	10/4/2000	687,000
Promotion of Stock Exchange Transaction and Capital Market in Central America, Panama & Dominican Republic (MIF)	Regional	Modernization of the State	10/20/2000	120,000
SME Development through Entrepreneurship Enhancement	Regional	Productive	10/27/2000	355,000
<b>TOTAL (CY2000)</b>			<b>7</b>	<b>4,357,250</b>

**JCF Projects Approved by the Bank  
(CY1996-2008)**

JCF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Program for the Improvement of Surveys and the Measurement of Living Conditions in Guatemala	Guatemala	Social	2/6/2001	640,000
Integration of INE and Cadastral Spatial Data Base to Support Rural Infrastructure Planning and Management	Uruguay	Infrastructure	10/4/2001	350,000
Developing a Sustainable Urban Transportation System for Arequipa	Peru	Infrastructure	10/17/2001	1,000,000
Plan for the Development of the Artisan Fishery Sector of the Vth Region of Chile	Chile	Productive	10/31/2001	200,000
Pilot Project for the Educational Connectivity Program and Preparation of an Expansion Strategy	Uruguay	Social	12/19/2001	748,200
<b>TOTAL (CY2001)</b>			<b>5</b>	<b>2,938,200</b>
Mathematical models for Billings and Barra Bonita Reservoirs and comprised Tiete River sketches within the state of Sao Paulo	Brazil	Environment	3/1/2002	750,000
Support to the Preparation of Information and Communication Technology Project	Guyana	Infrastructure	6/3/2002	400,000
Hydrologic Modeling and Pollution Control Study for the Cocepcion and San Vicente Bays	Chile	Environment	9/4/2002	1,200,000
Municipal Benchmarking System for Central America	Regional	Infrastructure	9/13/2002	640,000
Technical Assistance for the Preparation and Implementation of the Information and Communication Technology Loan Project	Jamaica	Infrastructure	11/11/2002	400,000
<b>TOTAL (CY2002)</b>			<b>5</b>	<b>3,390,000</b>
Urban Transportation Planning in La Paz	Bolivia	Infrastructure	1/13/2003	750,000
Policy Studies and Environmental Management for Groundwater in Asuncion Metropolitan Area	Paraguay	Environment	2/24/2003	750,000
Review and Modernization of the Drainage Master Plan for the Urban Area of La Paz	Bolivia	Environment	12/9/2003	750,000
<b>TOTAL (CY2003)</b>			<b>3</b>	<b>2,250,000</b>
Design of the Wastewater Interception, Treatment and Disposal System for Panama City	Panama	Environment	4/21/2004	1,500,000
Regional Transportation Planning Information System	Brazil	Infrastructure	8/9/2004	750,000
Support the Water Resources Management in El Salvador	El Salvador	Environment	9/17/2004	600,000
<b>TOTAL (CY2004)</b>			<b>3</b>	<b>2,850,000</b>
Support for the Amazon Protection System (SIPAM)	Brazil	Environment	12/2/2005	750,000
<b>TOTAL (CY2005)</b>			<b>1</b>	<b>750,000</b>
Sustainable Development Plan for the Rio Uruguai Watershed	Brazil	Environment	8/9/2006	1,200,000
Support to the Preparation of the Montevideo Urban Transport Program	Uruguay	Infrastructure	9/7/2006	720,000
Road Program for Territorial Integration and Social Equity of the Department of Antioquia	Colombia	Infrastructure	9/20/2006	600,000
<b>TOTAL (CY2006)</b>			<b>3</b>	<b>2,520,000</b>
CEDAE's Commercial and Operative Efficiency Improvement Program	Brazil	Environment	1/17/2007	960,000

**JCF Projects Approved by the Bank  
(CY1996-2008)**

JCF Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Support to Execute Feasibility Studies for Metropolitan and City Centers	Mexico	Infrastructure	4/11/2007	1,500,000
Water Resources Management Plan for the Mashcón and Chonta Watersheds, with Emphasis on Ensuring Water Availability in the Sub-Basins Paccha, Azufre and Río Grande	Peru	Environment	10/24/2007	1,200,000
Strengthening of the provision of electricity service in non-interconnected areas	Colombia	Infrastructure	12/19/2007	960,000
<b>TOTAL (CY2007)</b>			<b>4</b>	<b>4,620,000</b>
Sustainable Energy and Biofuel Strategies for Colombia	Colombia	Infrastructure	2/6/2008	594,000
Support of the Preparation of Aurora-Cañas Central Corridor Project, Guatemala City	Guatemala	Infrastructure	3/19/2008	1,340,000
Support to the preparation of the loans for the three Brazilian municipalities of São J. Do Meriti, Santa Maria, and São Luis	Brazil	Infrastructure	7/30/2008	1,500,000
Residential use of renewable energy and energy efficiency in Baja California	Mexico	Infrastructure	9/3/2008	749,000
Integrated management of water resources for the supply of Lima Metropolitan Area	Peru	Environment	12/17/2008	1,000,000
<b>TOTAL (CY2008)</b>			<b>5</b>	<b>5,183,000</b>
<b>TOTAL</b>			<b>51</b>	<b>35,494,010</b>

**JPO Projects Approved by the Bank  
(CY2001-2008)**

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
National System for Monitoring Poverty Indicators (SINASIP)	Honduras	Social	7/5/2001	150,000
Support of a Social Reform Program	Colombia	Social	8/8/2001	227,575
Program to Elaborate a Poverty Reduction Strategy for the Dominican Republic	Dominican Rep	Social	9/4/2001	610,400
Preparation of the Poverty Reduction Strategy	Guatemala	Social	9/12/2001	750,000
Reorganization of Health Services Networks in Colombia	Colombia	Social	10/1/2001	209,000
<b>TOTAL (CY2001)</b>			<b>6</b>	<b>2,515,975</b>
Development of Organization of Older Adults	Regional	Social	1/28/2002	750,000
Support the Population of Active and Disabled Lobster Divers in the Honduran Moskitia	Honduras	Social	7/12/2002	350,000
Management of Environmental Risk in Low Income Human Resettlement in Central America's Urban Areas	Regional	Environment	8/19/2002	210,000
Support for the Preparation of a Vulnerable Neighborhood Intervention Program	Chile	Social	10/7/2002	745,000
Women in Rural Area	Mexico	Social	11/20/2002	749,000
Design of a Subsidy Program for the Water and Sanitation Sector	Colombia	Environment	12/18/2002	191,000
Strengthening Civil Society Organization Networks through Information Technology	Chile	Modernization of the State	12/20/2002	500,000
<b>TOTAL (CY2002)</b>			<b>7</b>	<b>3,495,000</b>
Support to the Design and Implementation of the Sector Program of Fiscal and Social Reform	Peru	Social	3/20/2003	748,000
Instruments and Methodologies for Targeting Children, Adolescents and Women who Depends on the Streets and Garbage Dumps for their Survival	Honduras	Social	7/10/2003	625,000
Support the Upgrading and Completion of the Poverty Elimination Strategy and Action Plan in Belize	Belize	Social	8/8/2003	300,000
Accelerating Rural Energy Coverage in Panama	Panama	Infrastructure	9/30/2003	400,000
Regional Ethno-Tourism Project Targeting Areas of Extreme Poverty in Central America	Regional	Infrastructure	12/16/2003	750,000
<b>TOTAL (CY2003)</b>			<b>5</b>	<b>2,823,000</b>
Prevention and Assistance System for Domestic Violence, Gender and Child Abuse	Ecuador	Social	3/21/2005	149,500
Training of Trainers on Indigenous Land Demarcation – Support to Indigenous Communities	Venezuela	Social	4/4/2005	90,000
Junior Achievement Program to Low Income Youth in Santiago	Chile	Social	5/2/2005	130,928
Increasing Access to Primary Health Care for Amerindian Communities	Guyana	Social	6/13/2005	750,000
A Cervical Cancer Prevention Program for Extreme Poverty Areas in Rural Michoacan	Mexico	Social	7/26/2005	149,995
Overcoming Barriers in Family Micro-Ranching	El Salvador	Social	8/18/2005	130,000
Promotion and Consolidation of Rights-Based Sexual and Reproductive Health through Piloting Community and Local Participation Experiences	Chile	Social	9/14/2005	120,000
Support to Vulnerable Population through the Provision of Social Basic Services and Creation of Opportunities for Social and Economic Insertion	Peru	Social	10/3/2005	110,100
Growing Well Program - Creciendo Bien	Guatemala	Social	11/7/2005	308,000

**JPO Projects Approved by the Bank  
(CY2001-2008)**

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
Program for Underprivileged Communities with Interactive Participation in the Municipality of Guatajiagua, Department of Morazán	El Salvador	Social	12/7/2005	144,208
Support the National Strategic Plan for HIV/AIDS	Suriname	Social	12/15/2005	750,000
<b>TOTAL (CY2005)</b>			<b>11</b>	<b>2,832,731</b>
The Community Providing Health and Development for All	Guatemala	Social	1/3/2006	125,000
Creating Connections for Children and Youth without Families	Colombia	Social	1/6/2006	150,000
Pilot Project for Supporting Disabled Women's Labor Insertion, in the Municipality of Managua	Nicaragua	Social	1/6/2006	113,900
Kwamalasamutu Community Rural Development	Suriname	Social	2/27/2006	149,000
Pilot Program to Provide Beekeeping Training and a Support Fund for Small Rural Producers	Paraguay	Productive	2/28/2006	149,400
Promoting Youth Employment and Socio-Environmental Responsibility to Reduce Poverty in the Lurín River Basin Valley, Located in Metropolitan Lima	Peru	Productive	4/10/2006	143,000
Strengthening of the Local Capabilities and Tourist Operation for the Areas of La Palma and El Real de Santa Maria, Province of Darien	Panama	Infrastructure	4/13/2006	134,733
Learning Together: Strengthening of Education and Community through Service-Learning Action	Uruguay	Modernization of the State	4/21/2006	150,000
Occupational Support Center "Citizen of Tomorrow"	Colombia	Social	5/11/2006	148,500
Strengthening of Citizen Monitoring on Indigent Families Social Protection Efforts	Argentina	Social	5/12/2006	150,000
Economical Sustainable Alternatives for Barranco do Mundo Settlement	Brazil	Productive	5/19/2006	147,420
Community Building through Opportunities for At Risk Youths in the Municipality of Santa Tecla	El Salvador	Social	6/2/2006	150,000
Prevention and Control of the Vector Transmission of the Chagas Disease in the Lenca Indigenous Communities in the Department of La Paz	Honduras	Social	6/5/2006	149,000
Support to Poor People with Disabilities (PwD) of the City of Buenos Aires	Argentina	Social	7/6/2006	149,100
Teenage Girls Polytechnic Center	Uruguay	Social	6/14/2006	150,000
HIV/AIDS Prevention in Vulnerable Afro-Ecuadorian Population	Ecuador	Social	7/21/2006	132,100
Promoting Healthy Communities together with Healthy Schools - Strengthening Community Based Actions for Preventive Health Care	Guatemala	Social	7/14/2006	143,800
Local Capacity Building to Reduce Displaced Children Vulnerability in Suba, Bogotá	Colombia	Social	7/31/2006	150,000
Creation of Micro-Businesses for the Integration of the Indigenous Population of Sonsonate into Local Economic Development	El Salvador	Social	8/8/2006	148,300
Supporting Community Action to Reduce Child Labor in Artisanal Gold-Mining Communities in Puno	Peru	Social	8/16/2006	148,000
Supporting Socio-Economic Development for the Chaco Central Indigenous Communities	Paraguay	Social	8/23/2006	122,900
Project Rainbow: Health and Opportunities for Vulnerable Children, Youth and Women through Community Capacity Building, Training and Mobilization	Dominican Rep	Social	8/29/2006	150,000

**JPO Projects Approved by the Bank  
(CY2001-2008)**

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
Ethnic Development of the Indigenous Quechuan Communities of Cuicuno, Tilipulo and Santo Samán: Strengthening of the Production Chain and Commercialization of Handcrafted Textiles	Ecuador	Productive	9/25/2006	149,240
Local Economic Development Support of the Balsamo Micro Region to Increase Poor Families Income throughout Eco-Tourism Micro Business Promotion	El Salvador	Social	9/12/2006	148,761
Strengthening the Financial, Technical and the Administrative Capacities of Tobati's Craft Workers	Paraguay	Social	9/27/2006	116,600
Solidarity Youth	Ecuador	Social	10/23/2006	149,900
Increased Nutrition for Children in the Southern Province of Bahoruco	Dominican Rep	Social	11/3/2006	149,582
The Training of Artisans and Youths in the Community Working toward the Expansion of Tourism, Culture, and Ecological Advancement for Lake Titikaka, Guaqui	Bolivia	Infrastructure	11/20/2006	149,475
Environmental Sanitation for Huambi Parish	Ecuador	Environment	11/28/2006	126,064
AraucaníAprende: Improving Educational Outcomes in Low-Income Primary Schools	Chile	Social	11/29/2006	149,915
Local Development Window	Peru	Infrastructure	11/29/2006	1,500,000
Rural Supply Chain Development Program	Haiti	Productive	11/29/2006	500,000
Alimentary and Financial Self-Support for Aché and Ava Guaraní Indigenous Communities	Paraguay	Social	11/28/2006	148,663
<b>TOTAL (CY2006)</b>			<b>33</b>	<b>6,442,353</b>
Strengthening of Skills for Paid Work of Women Victims of Violence in Poverty Situations	Chile	Social	1/10/2007	149,455
Promotion of accessible culture, art and recreation for at-risk youth	Ecuador	Social	1/8/2007	149,000
Strengthening of the Local Capacities to Prevent and assist Domestic Violence	Ecuador	Social	1/11/2007	149,700
Implementation of Hospital Management Model	Guatemala	Social	2/28/2007	1,600,000
Capacity Building of Scavengers Families of the Open Dump Located in the City of San Miguel to Enhance their Access to Social Services and Economic Opportunities	El Salvador	Social	3/8/2007	137,500
Capacity building process and strategic pilot experiences for Afro-Brazilian Women's Organizations in the Metropolitan Area of Rio de Janeiro	Brazil	Social	3/23/2007	141,775
Pilot program for the poverty reduction in rural families with economic and social vulnerability, within 4 HJC of 4 Antioquian rural cities	Colombia	Social	4/19/2007	118,181
"Child Friendly Schools": Pilot Project for Intercultural Rural Education	Bolivia	Social	5/2/2007	143,010
Community Cottage and Kitchen Enterprises	Trinidad & Tobago	Social	5/2/2007	72,125
Development opportunities for youth at social risk	Chile	Social	5/7/2007	144,200
Local Capacity Building to improve education performance in Guanajuato and Aguascalientes	Mexico	Social	5/23/2007	149,143
Early Childhood Development in 3 Villas of Northern Córdoba	Argentina	Social	5/17/2007	149,580
Ecotourism as a development alternative for areas under illicit crops substitution programs	Colombia	Infrastructure	6/6/2007	150,000
Trabajando sobre ruedas	Venezuela	Social	6/12/2007	100,235

**JPO Projects Approved by the Bank  
(CY2001-2008)**

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
Community Prevention and Control of the Vector Transmitted Chagas Disease in the Municipalities of Nueva Granada and Estanzuelas, Department of Usulután	El Salvador	Social	6/4/2007	132,250
Managerial solutions and information technology to improve healthcare to the poor: The Pathway House of Araxá	Brazil	Social	8/13/2007	150,000
Development of Small Communities supported for the Grupos Gestores Network	Guatemala	Social	9/5/2007	150,000
Proyecto "Recuperar" : preventing and eradicating child labor in migrant families, especially favoring those working in waste recovery and recycling	Argentina	Social	9/13/2007	149,964
Emprende Rural	Guatemala	Social	9/26/2007	149,820
Multimedia Community Centers for Development	Uruguay	Infrastructure	10/24/2007	150,000
ASSISTED SCHOOL TRAJECTORIES – Improving social and productive integration through increasing graduation rates at the end of primary and secondary school for aboriginal children and youngsters	Argentina	Social	11/7/2007	149,650
Strengthening of Socio-productive Alliances in Argentina	Argentina	Social	11/7/2007	149,000
Hands-on training for rural young entrepreneurs in eastern Chalatenango	El Salvador	Productive	11/26/2007	150,000
Creating and Strengthening Micro enterprises for the Integrated Management of Solid Waste Generated in the San Andrés Valley	El Salvador	Environment	12/5/2007	149,500
Strengthening the capacities of the civil society to reduce the poverty in Colombia	Colombia	Modernization of the State	12/12/2007	150,000
Program of prevention and support against risk factors to vulnerable youth in Bogotá through formal education	Colombia	Social	12/18/2007	149,680
Competitiveness and Trade Program	Panama	Social	12/19/2007	1,600,000
<b>TOTAL (CY2007)</b>			<b>27</b>	<b>6,733,768</b>
Poverty Reduction and improvement of hygienic conditions of lowest income rural population	Uruguay	Environment	1/14/2008	134,700
Com. Domínio Digital Simões Filho	Brazil	Social	1/11/2008	149,954
Improving the Nutritional Status of Children of El Alto, Bolivia	Bolivia	Social	1/17/2008	150,000
Educational Opportunities for Adolescents in the Mining Districts of Cerro Rico, Potosí	Bolivia	Social	3/14/2008	150,000
Social inclusion for women under severe risk situation, taking advantage of Information Technology	Uruguay	Social	4/30/2008	150,000
Reschooling Program for High School Dropouts	Chile	Social	6/12/2008	148,176
Community Radios as Agents of Social Change	Argentina	Social	6/16/2008	149,990
Educational Model for Encouraging Principles in Citizens and enable them to overcome extreme poverty	Chile	Social	6/12/2008	148,606
Improving Bilingual Educational Services to the Indigenous Population in Chiapas	Mexico	Social	9/19/2008	149,600
Ciudad Vieja Center for Employment Development	Uruguay	Social	10/3/2008	150,000
Integrated Development for rural communities through older adults	Guatemala	Productive	10/29/2008	149,200
Education Program: Music as a Strategy for Social Inclusion	Peru	Social	12/9/2008	147,000



**JPO Projects Approved by the Bank  
(CY2001-2008)**

JPO Projects	Country	Bank Sector	Bank Approval	Approval Amount (US\$)
Social Indicators for the Monitoring of Poverty Alleviation	Mexico	Social	5/22/2001	569,000
Strengthening the formation Program of Huellas Juvenile Group	Venezuela	Social	12/17/2008	89,714
Awareness-raising, Early Detection and Treatment of Clubfoot	Venezuela	Social	12/17/2008	149,800
<b>TOTAL (CY2008)</b>			<b>14</b>	<b>2,016,740</b>

<b>TOTAL</b>			<b>103</b>	<b>26,859,567</b>
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AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS

Japan Special Fund  
Established by the Government of Japan  
December 31, 2008 and 2007

## 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 sheets 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, 2008 and 2007, and the related statements of changes in fund balance and cash flows for the years 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 audits.

We conducted our audits 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. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 at December 31, 2008 and 2007, and the changes in its fund balance and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

Washington, D.C.  
March 31, 2009

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

**BALANCE SHEET**

	December 31,	
	2008	2007
<b>ASSETS</b>		
Cash	\$ 264,300	\$ 87,123
Investments	77,474,824	88,683,510
Total assets	<u>\$ 77,739,124</u>	<u>\$ 88,770,633</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Administrator	\$ 812,697	\$ 911,297
Undisbursed grants	38,572,228	40,598,323
Fund balance	38,354,199	47,261,013
Total liabilities and fund balance	<u>\$ 77,739,124</u>	<u>\$ 88,770,633</u>

**STATEMENT OF CHANGES IN FUND BALANCE**

	For the years ended December 31,	
	2008	2007
<b>ADDITIONS</b>		
Contributions	\$ 7,181,949	\$ 6,313,407
Income from cash and investments	-	4,111,520
Total additions	<u>7,181,949</u>	<u>10,424,927</u>
<b>DEDUCTIONS</b>		
Grants, net	12,060,244	18,802,053
Loss from cash and investments	3,796,232	-
Direct and indirect expenses	106,603	509,346
Administrative commissions	125,684	110,485
Transfer to another fund	-	3,000,000
Total deductions	<u>16,088,763</u>	<u>22,421,884</u>
<b>Change in Fund balance</b>	(8,906,814)	(11,996,957)
<b>Fund balance, beginning of year</b>	<u>47,261,013</u>	<u>59,257,970</u>
<b>Fund balance, end of year</b>	<u>\$ 38,354,199</u>	<u>\$ 47,261,013</u>

*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**

	For the years ended December 31,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Fund balance	\$ (8,906,814)	\$(11,996,957)
Adjustments to reconcile Change in Fund balance to Net cash used in operating activities:		
Net unrealized loss (gains) on investments	5,409,706	(1,822,562)
(Decrease) increase in Due to Administrator	(98,600)	378,813
(Decrease) increase in Undisbursed grants	(2,026,095)	7,763,275
<b>Net cash used in operating activities</b>	<u>(5,621,803)</u>	<u>(5,677,431)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net decrease in Investments	<u>5,798,980</u>	<u>5,720,657</u>
<b>Net cash provided by investing activities</b>	<u>5,798,980</u>	<u>5,720,657</u>
<b>Net increase in Cash</b>	177,177	43,226
<b>Cash, beginning of year</b>	<u>87,123</u>	<u>43,897</u>
<b>Cash, end of year</b>	<u><u>\$ 264,300</u></u>	<u><u>\$ 87,123</u></u>

*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, 2008 and 2007

**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 are contributed by the Government to the Fund in Japanese yen and are immediately converted into United States dollars. As of December 31, 2008, the Government has contributed ¥ 28,239,997,000 (equivalent to approximately \$235,207,000).

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 \$29.7 million was transferred from the Japan Special Main Account to cover approximately \$2.0 million per year in non-reimbursable grants.

In 2001, the Government approved the establishment of the Japan Poverty Reduction Program (JPO Program) under the framework of the Fund and set aside \$30 million for this purpose. The JPO Program was established to increase the focus of the Fund towards the financing of poverty reduction initiatives to support the Bank's initiatives in this respect.

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. Pursuant to the agreement establishing the JPO Program, as amended, funding will be provided for grants approved over the period from 2001 to 2010.

On March 19, 2007, the Government and the Bank signed a letter of Contribution to accept the terms and conditions of the Multidonor Disaster Prevention Trust Fund (the MDPTF), and to transfer \$3.0 million from the Fund to the MDPTF.



The accompanying Appendixes I and II 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 2008, administrative commissions were charged to the Fund in the amount of \$125,684 (2007 - \$10,485)

Audit costs of the Fund are paid by the Bank. During 2008, the Bank paid audit fees in the amount of \$13,780 (2007 - \$13,000).

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

The financial statements of the Fund are prepared in conformity with United States generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP 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.

##### ***New accounting pronouncement***

On January 1, 2008, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. The adoption of this standard did not have a material impact on the Fund's financial position and results of operations.

##### ***Investments***

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in Income or Loss from cash and investments in the Statement of Changes in Fund Balance.

##### ***Grants***

Technical cooperation 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 United States dollar is the functional currency of the Fund. Assets and liabilities denominated in Japanese yen, if any, are translated to United States dollars at market rates of exchange prevailing at the Balance Sheet dates, with adjustments resulting from the translation process presented as Translation adjustments in the Statement of Changes in Fund Balance.

##### ***Fair values of financial instruments***

The following methods and assumptions were used by the Fund in measuring the fair value for its financial instruments:

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

**Investments:** Fair values for investment securities are based on quoted prices, where available; otherwise they are based on external pricing services, independent dealer prices, or discounted cash flows.

#### **NOTE C - 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. Such resources are currently invested in high quality securities through an investment pool managed by the Bank. The investment pool may include government, agency, corporate

and bank obligations, and asset- and mortgage-backed securities, substantially all with credit quality equivalent to ratings ranging from AAA to A+.

The Bank limits the Fund's activities of investing in securities to a list of authorized dealers and counterparties. 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 the counterparties.

Net unrealized losses on investments held at December 31, 2008, in the amount of \$5,409,706 (2007 – gains of \$1,822,562) were included in Income (Loss) from cash and investments. The average return on investments, including realized and unrealized losses and gains, during 2008 and 2007 was (4.41%) and 4.38%, respectively.

#### **NOTE D – FAIR VALUE MEASUREMENTS**

Effective January 1, 2008, the Fund adopted SFAS 157, which provides a new framework for measuring fair value under GAAP. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Substantially all of the investment pool securities are measured at fair value based on quoted prices in markets that are not active, solicited broker/dealer prices or prices derived from alternative pricing models, utilizing discounted cash flows. These methodologies represent valuation techniques consistent with the market and income approaches, which have been applied without change. At December 31, 2008, the Fund investments are classified within Level 2 of the SFAS 157 fair value hierarchy.

#### **NOTE E - UNDISBURSED GRANTS**

The following is a summary of changes in Undisbursed grants for the years ended December 31, 2008 and 2007:

	2008	2007
Undisbursed grants as of January 1 . . . . .	\$ 40,598,323	\$ 32,835,048
Grants approved. . . . .	12,981,186	20,995,612
Cancellations. . . . .	(920,942)	(2,193,559)
Grants, net. . . . .	12,060,244	18,802,053
Disbursements. . . . .	(14,086,339)	(11,038,778)
Undisbursed grants as of December 31. . . . .	<u>\$ 38,572,228</u>	<u>\$ 40,598,323</u>

#### **NOTE F - 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, 2008, the Fund had cash in one financial institution in the United States in the amount of \$264,300 (2007 - \$87,123). The Bank, as the Administrator of the Fund, does not anticipate non-performance by any of the counterparties. The amount of credit risk shown, therefore, does not represent expected losses.

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

**SUPPLEMENTARY BALANCE SHEET BY PROGRAM**

		December 31,							
		2008				2007			
		Japan Special Main Account	Japan Program	Poverty Reduction Program	Total	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
<b>ASSETS</b>									
Cash		\$ 11,823	\$ 251,379	\$ 1,098	\$ 264,300	\$ 54,668	\$ 16,953	\$ 15,502	\$ 87,123
Investments		35,612,329	22,715,176	19,147,319	77,474,824	39,232,164	24,991,737	24,459,609	88,683,510
Total assets		<u>\$ 35,624,152</u>	<u>\$ 22,966,555</u>	<u>\$ 19,148,417</u>	<u>\$ 77,739,124</u>	<u>\$ 39,286,832</u>	<u>\$ 25,008,690</u>	<u>\$ 24,475,111</u>	<u>\$ 88,770,633</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Due to Administrator		\$ 344,416	\$ 192,679	\$ 275,602	\$ 812,697	\$ 560,802	\$ 74,708	\$ 275,787	\$ 911,297
Undisbursed grants		25,340,472	3,196,626	10,035,130	38,572,228	24,251,164	3,892,482	12,454,677	40,598,323
		25,684,888	3,389,305	10,310,732	39,384,925	24,811,966	3,967,190	12,730,464	41,509,620
<b>Fund balance</b>		9,939,264	19,577,250	8,837,685	38,354,199	14,474,866	21,041,500	11,744,647	47,261,013
Total liabilities and fund balance		<u>\$ 35,624,152</u>	<u>\$ 22,966,555</u>	<u>\$ 19,148,417</u>	<u>\$ 77,739,124</u>	<u>\$ 39,286,832</u>	<u>\$ 25,008,690</u>	<u>\$ 24,475,111</u>	<u>\$ 88,770,633</u>

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

**SUPPLEMENTARY STATEMENT OF CHANGES**  
**IN FUND BALANCE BY PROGRAM**

		For the years ended December 31,							
		2008				2007			
		Japan Special Main Account	Japan Program	Poverty Reduction Program	Total	Japan Special Main Account	Japan Program	Poverty Reduction Program	Total
<b>ADDITIONS</b>									
Contributions	\$	7,181,949	\$ -	\$ -	\$ 7,181,949	\$ 6,313,407	\$ -	\$ -	\$ 6,313,407
Income on cash and investments		-	-	-	-	1,884,626	1,089,586	1,137,308	4,111,520
Total additions		<u>7,181,949</u>	<u>-</u>	<u>-</u>	<u>7,181,949</u>	<u>8,198,033</u>	<u>1,089,586</u>	<u>1,137,308</u>	<u>10,424,927</u>
<b>DEDUCTIONS</b>									
Grants, net		9,729,603	382,746	1,947,895	12,060,244	11,274,636	1,707,637	5,819,780	18,802,053
Loss on cash and investments		1,755,661	1,081,504	959,067	3,796,232	-	-	-	-
Direct and indirect expenses		106,603	-	-	106,603	509,346	-	-	509,346
Administrative commissions		125,684	-	-	125,684	110,485	-	-	110,485
Transfer to another fund		-	-	-	-	3,000,000	-	-	3,000,000
Total deductions		<u>11,717,551</u>	<u>1,464,250</u>	<u>2,906,962</u>	<u>16,088,763</u>	<u>14,894,467</u>	<u>1,707,637</u>	<u>5,819,780</u>	<u>22,421,884</u>
<b>Change in Fund balance</b>		(4,535,602)	(1,464,250)	(2,906,962)	(8,906,814)	(6,696,434)	(618,051)	(4,682,472)	(11,996,957)
<b>Fund balance, beginning of year</b>		<u>14,474,866</u>	<u>21,041,500</u>	<u>11,744,647</u>	<u>47,261,013</u>	<u>21,171,300</u>	<u>21,659,551</u>	<u>16,427,119</u>	<u>59,257,970</u>
<b>Fund balance, end of year</b>	\$	<u><u>9,939,264</u></u>	<u><u>\$ 19,577,250</u></u>	<u><u>\$ 8,837,685</u></u>	<u><u>\$ 38,354,199</u></u>	<u><u>\$ 14,474,866</u></u>	<u><u>\$ 21,041,500</u></u>	<u><u>\$ 11,744,647</u></u>	<u><u>\$ 47,261,013</u></u>

AUDITORS' REPORT AND FINANCIAL  
STATEMENTS

Japanese Consultants Fund  
Established by the Government of Japan  
December 31, 2008 and 2007

## 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 sheets of the Japanese Consultants Fund Established by the Government of Japan (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2008 and 2007, and the related statements of changes in fund balance and cash flows for the years 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 audits.

We conducted our audits 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. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 at December 31, 2008 and 2007, and the changes in its fund balance and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

Washington, D.C.  
March 31, 2009

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

**BALANCE SHEET**

	December 31,	
	2008	2007
<b>ASSETS</b>		
Cash	\$ 15,174	\$ 56,115
Investments	17,825,619	18,860,645
Total assets	<u>\$ 17,840,793</u>	<u>\$ 18,916,760</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Administrator	\$ 382	\$ 8,040
Accrued expenses	13,780	13,000
Undisbursed grants	10,966,521	7,966,024
Fund balance	<u>6,860,110</u>	<u>10,929,696</u>
Total liabilities and fund balance	<u>\$ 17,840,793</u>	<u>\$ 18,916,760</u>

**STATEMENT OF CHANGES IN FUND BALANCE**

	For the years ended December 31,	
	2008	2007
<b>ADDITIONS</b>		
Contributions	\$ 2,301,775	\$ 2,085,424
Income from cash and investments	-	858,343
Total additions	<u>2,301,775</u>	<u>2,943,767</u>
<b>DEDUCTIONS</b>		
Grants, net	5,455,832	4,737,491
Loss from cash and investments	855,714	-
Administrative commissions	46,035	41,708
Accountant fees	13,780	13,000
Transfer to another fund	-	25,168
Total deductions	<u>6,371,361</u>	<u>4,817,367</u>
<b>Change in Fund balance</b>	(4,069,586)	(1,873,600)
<b>Fund balance, beginning of year</b>	<u>10,929,696</u>	<u>12,803,296</u>
<b>Fund balance, end of year</b>	<u>\$ 6,860,110</u>	<u>\$ 10,929,696</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**

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Fund balance	\$(4,069,586)	\$(1,873,600)
Adjustments to reconcile Change in Fund balance to Net cash provided by operating activities:		
Net unrealized loss (gains) on investments	1,076,510	(488,217)
(Decrease) increase in Due to Administrator	(7,658)	8,040
Increase (decrease) in accrued expenses	780	(470)
Increase in Undisbursed grants	<u>3,000,497</u>	<u>2,427,091</u>
<b>Net cash provided by operating activities</b>	<u>543</u>	<u>72,844</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net increase in Investments	<u>(41,484)</u>	<u>(27,164)</u>
<b>Net cash used in investing activities</b>	<u>(41,484)</u>	<u>(27,164)</u>
 <b>Net increase (decrease) in Cash</b>	(40,941)	45,680
<b>Cash, beginning of year</b>	<u>56,115</u>	<u>10,435</u>
<b>Cash, end of year</b>	<u><u>\$ 15,174</u></u>	<u><u>\$ 56,115</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, 2008 and 2007

**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).

On November 1, 2006, the Government and the Bank signed an agreement to transfer resources from the Fund to the Inter-American Investment Corporation (IIC) to finance professional fees and related expenses for consultancy services performed by Japanese individual consultants in cases related to development assistance and support activities at the IIC. On October 22, 2007, the Fund transferred to IIC \$25,168.

Resources are contributed by the Government to the Fund in Japanese yen and are immediately converted into United States dollars. As of December 31, 2008, the Government has contributed ¥4,803,600,000 (equivalent to approximately \$42,034,725).

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 2008, administrative commissions were charged to the Fund in the amount of \$46,035 (2007 - \$41,708).

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

The financial statements of the Fund are prepared in conformity with United States generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP 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.

***New accounting pronouncement***

On January 1, 2008, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. The adoption of this standard did not have a material impact on the Fund's financial position and results of operations.

***Investments***

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in Income or Loss from cash and investments in the Statement of Changes in Fund Balance.

***Grants***

Technical cooperation 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.

***Foreign of currencies***

The financial statements are expressed in United States dollars, which is the functional and reporting currency of the Fund.

***Fair values of financial instruments***

The following methods and assumptions were used by the Fund in measuring the fair value for its financial instruments:

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

***Investments:*** Fair values for investment securities are based on quoted prices, where available; otherwise they are based on external pricing services, independent dealer prices, or discounted cash flows.

**NOTE C - 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. Such resources are currently invested in high quality securities through an investment pool managed by the Bank. The investment pool may include government, agency, corporate and bank obligations, and asset- and mortgage-backed securities, substantially all with credit quality equivalent to ratings ranging from AAA to A+.

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

Net unrealized losses on investments held at December 31, 2008, in the amount of \$1,076,510 (2007 - gains of \$488,217) were included in Income (Loss) from cash and investments. The average return on investments, including realized and unrealized losses and gains, during 2008 and 2007 was (4.41%) and 4.36%, respectively.

**NOTE D – FAIR VALUE MEASUREMENTS**

Effective January 1, 2008, the Fund adopted SFAS 157, which provides a new framework for measuring fair value under GAAP. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Substantially all of the investment pool securities are measured at fair value based on quoted prices in markets that are not active, solicited broker/dealer prices or prices derived from alternative pricing models, utilizing discounted cash flows. These methodologies represent valuation techniques consistent with the market and income approaches, which have been applied without change. At December 31, 2008, the Fund investments are classified within Level 2 of the SFAS 157 fair value hierarchy.

**NOTE E - UNDISBURSED GRANTS**

The following is a summary of changes in Undisbursed grants for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Undisbursed grants as of January 1. . . . .	\$ 7,966,024	\$ 5,538,933
Grants approved. . . . .	5,705,290	4,749,290
Cancellations. . . . .	<u>(249,458)</u>	<u>(11,799)</u>
Grants, net. . . . .	5,455,832	4,737,491
Disbursements. . . . .	<u>(2,455,335)</u>	<u>(2,310,400)</u>
Undisbursed grants as of December 31. . . . .	<u><u>\$ 10,966,521</u></u>	<u><u>\$ 7,966,024</u></u>

AUDITORS' REPORT AND FINANCIAL  
STATEMENTS

Japanese Scholarship Fund  
Established by the Government of Japan  
December 31, 2008 and 2007

## REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying balance sheets of the Japanese Scholarship Fund Established by the Government of Japan (the Fund), administered by the Inter-American Development Bank (the Bank), as of December 31, 2008 and 2007, and the related statements of changes in fund balance and cash flows for the years 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 audits.

We conducted our audits 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. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 at December 31, 2008 and 2007, and the changes in its fund balance and its cash flows for the years then ended in conformity with United States generally accepted accounting principles.

*Ernst & Young LLP*

Washington, D.C.  
March 31, 2009

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

**BALANCE SHEET**

	December 31,	
	2008	2007
<b>ASSETS</b>		
Cash	\$ 735,464	\$ 387,820
Investments	7,500,783	7,909,756
Total assets	<u>\$ 8,236,247</u>	<u>\$ 8,297,576</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Administrator	\$ 83,090	\$ 34,514
Accounts payable and accrued expenses	92,281	64,229
Undisbursed scholarships	4,652,923	4,563,272
Fund balance	3,407,953	3,635,561
Total liabilities and fund balance	<u>\$ 8,236,247</u>	<u>\$ 8,297,576</u>

**STATEMENT OF CHANGES IN FUND BALANCE**

	For the years ended December 31,	
	2008	2007
<b>ADDITIONS</b>		
Contributions	\$ 2,104,302	\$ 2,302,122
Income from cash and investments	-	374,891
Total additions	<u>2,104,302</u>	<u>2,677,013</u>
<b>DEDUCTIONS</b>		
Scholarships, net	1,470,079	2,333,087
Administrative expenses	165,186	161,671
Loss from cash and investments	367,583	-
Total deductions	<u>2,002,848</u>	<u>2,494,758</u>
<b>Change in Fund balance before translation adjustments</b>	101,454	182,255
Translation adjustments	(329,062)	(88,317)
<b>Net change in Fund balance after translation adjustments</b>	(227,608)	93,938
<b>Fund balance, beginning of year</b>	3,635,561	3,541,623
<b>Fund balance, end of year</b>	<u>\$ 3,407,953</u>	<u>\$ 3,635,561</u>

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

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

**STATEMENT OF CASH FLOWS**

	For the years ended December 31,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Fund balance before translation adjustments	\$ 101,454	\$ 182,255
Adjustments to reconcile Change in Fund balance before translation adjustments to Net cash provided by operating activities:		
Net unrealized losses (gains) on investments	291,766	(274,842)
Increase in Accounts payable and accrued expenses	24,940	41,023
(Decrease) increase in Undisbursed scholarships	(362,099)	225,575
Increase (decrease) in Due to Administrator	48,576	(88,821)
<b>Net cash provided by operating activities</b>	<u>104,637</u>	<u>85,190</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net decrease (increase) in Investments	<u>117,207</u>	<u>(526,330)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>117,207</u>	<u>(526,330)</u>
<b>Effect of exchange rate fluctuations on Cash</b>	<u>125,800</u>	<u>28,015</u>
<b>Net increase (decrease) in Cash</b>	347,644	(413,125)
<b>Cash, beginning of year</b>	387,820	800,945
<b>Cash, end of year</b>	<u><u>\$ 735,464</u></u>	<u><u>\$ 387,820</u></u>
<b>Supplemental disclosure of noncash activities:</b>		
Increase resulting from exchange rate fluctuations:		
Undisbursed scholarships	\$ 451,750	\$ 116,036
Accounts payable and accrued expenses	3,112	540
Due to Administrator	-	(244)

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



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

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008 and 2007

**NOTE A - NATURE OF THE FUND**

On February 18, 1991, the Government of Japan (the Government) and the Inter-American Development Bank (the Bank) signed an agreement (the Agreement) to establish the Japanese Scholarship Fund (the Fund) which is funded by the Government and administered by the Bank.

The purpose of the Fund is to offer a Scholarship Program which affords the opportunity to selected individuals, essentially from developing member countries of the Bank, with a public or private sector background, to pursue further studies at national or international institutions renowned for their programs in development-related fields. The scholars trained under the Scholarship Program are required to return to their countries to apply their enhanced knowledge and skills to help accelerate economic and social development.

Resources are contributed by the Government to the Fund in Japanese yen, and are immediately converted into United States dollars, to the extent not needed to fund yen operations. As of December 31, 2008, the Government has contributed ¥4,133,453,000 (equivalent to approximately \$36,111,891).

Pursuant to the Agreement, the Bank is authorized to charge the Fund direct costs of administration. During 2008, \$165,186 was charged to the Fund for direct administrative costs (2007 - \$161,671).

The Bank, as Administrator, makes disbursements during the year on behalf of the Fund for scholarships and direct administrative costs. At December 31, 2008, amounts Due to Administrator were \$83,090 (2007 - \$34,514).

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

The financial statements of the Fund are prepared in conformity with United States generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP 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.

***New accounting pronouncement***

On January 1, 2008, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. The adoption of this standard did not have a material impact on the Fund's financial position and results of operations.

***Investments***

Investments are carried and reported at fair value. Realized and unrealized gains and losses are included in Income or Loss from cash and investments in the Statement of Changes in Fund Balance.

***Scholarships***

The amounts approved under scholarships are recorded as deductions from the Fund balance when approved. Cancellations of the undisbursed portion of scholarships approved for students who have completed their participation in the Scholarship Program, are recorded as an offset to scholarships in the

period in which they occur. Repayments of scholarships from students who have selected not to return to their home country, are recorded as an offset to scholarships in the period in which they are made.

### ***Translation of currencies***

The United States dollar is the functional currency of the Fund. The Fund approves and disburses a portion of its scholarships and administration expenses in Japanese yen. Assets and liabilities denominated in Japanese yen, if any, are translated to United States dollars at market rates of exchange prevailing at the Balance Sheet dates. The adjustments resulting from the translation of assets and liabilities into United States dollars 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 by the Fund in measuring the fair value for its financial instruments:

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

**Investments:** Fair values for investment securities are based on quoted prices, where available; otherwise they are based on external pricing services, independent dealer prices, or discounted cash flows.

## **NOTE C - 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. Such resources are currently invested in high quality securities through an investment pool managed by the Bank. The investment pool may include government, agency, corporate and bank obligations, and asset- and mortgage-backed securities, substantially all with credit quality equivalent to ratings ranging from AAA to A+.

The Bank limits the Fund's activities of investing in securities to a list of authorized dealers and counterparties. 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 the counterparties.

Net unrealized losses on investments held at December 31, 2008, in the amount of \$291,766 (2007 – gains of \$274,842) were included in Income (Loss) from cash and investments. The average return on investments, including realized and unrealized gains and losses, during 2008 and 2007 was (4.32%) and 4.40%, respectively.

## **NOTE D – FAIR VALUE MEASUREMENTS**

Effective January 1, 2008, the Fund adopted SFAS 157, which provides a new framework for measuring fair value under GAAP. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly indirectly, for substantially the full term of the asset or liability;
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Substantially all of the investment pool securities are measured at fair value based on quoted prices in markets that are not active, solicited broker/dealer prices or prices derived from alternative pricing models,

utilizing discounted cash flows. These methodologies represent valuation techniques consistent with the market and income approaches, which have been applied without change. At December 31, 2008, the Fund investments are classified within Level 2 of the SFAS 157 fair value hierarchy.

#### **NOTE E - UNDISBURSED SCHOLARSHIPS**

The following is a summary of changes in Undisbursed scholarships for the years ended December 31, 2008 and 2007:

	2008	2007
Undisbursed scholarships as of January 1, . . . . .	\$ 4,563,272	\$ 4,221,661
Scholarships approved. . . . .	1,697,457	2,595,824
Cancellations. . . . .	(186,928)	(202,744)
Disbursements . . . . .	(1,872,628)	(2,167,505)
Translation adjustments. . . . .	451,750	116,036
Undisbursed scholarships as of December 31, . .	<u>\$ 4,652,923</u>	<u>\$ 4,563,272</u>

#### **NOTE F - SCHOLARSHIPS**

Scholarships, net for the years ended December 31, 2008 and 2007 consist of the following components:

	2008	2007
Scholarships approved. . . . .	\$ 1,697,457	\$ 2,595,824
Cancellations. . . . .	(186,928)	(202,744)
Recuperations . . . . .	(40,450)	(59,993)
Scholarships, net. . . . .	<u>\$ 1,470,079</u>	<u>\$ 2,333,087</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, 2008 and 2007, the Fund had cash in two financial institutions, one in the United States and one in Japan. The total cash balance of both accounts as of December 31, 2008 and 2007 was \$735,464 and \$387,820, respectively. The Bank, as the Administrator of the Fund, does not anticipate non-performance by any of the counterparties. The amount of credit risk shown, therefore, does not represent expected losses.





**Inter-American Development Bank**  
**1300 New York Avenue, NW**  
**Washington, DC 20577**  
**(202) 623-1000**