



Semi-Annual Progress Report

October 2007

Semi-Annual Progress Report to the Government of
Japan on the Japan Fund for Poverty Reduction
(JFPR) for the Period Ending
30 June 2007

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1. Pursuant to paragraph 3 subpara. 2(12) of the Arrangement Letter dated 24 May 2000 establishing the Japan Fund for Poverty Reduction (JFPR), and the 2005 Directional Guidance Paper, paragraph 12, we are pleased to submit herewith a progress report on the implementation of JFPR for the period 01 January to 30 June 2007.

GOJ Contributions

2. The total contribution from the Government of Japan (GOJ) as of 30 June 2007 remained at \$360.4 million. The last contribution made to the Fund was on 24 March 2006, in the amount of \$15,479,614.78 (¥ 1,824,350,000.00) [Attachment (i)].

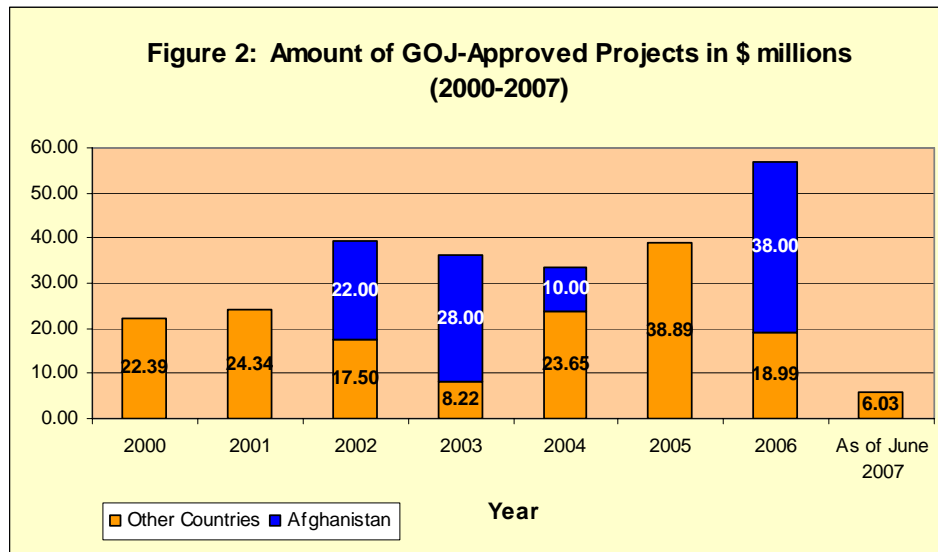
GOJ Approvals: Net Uncommitted Balance

3. Four (4) projects totaling \$6.03 million were approved by GOJ during the first semester of 2007. ADB, on the other hand, approved seven projects with a total amount of \$11.02 million, of which four projects were approved by GOJ in 2006 [Attachment (ii)]. As of the end of June 2007, a total of 98 grant proposals (with a total amount of \$257.80 million) had been approved by the Government of Japan. Of these, 97 grant proposals (with a total amount of \$255.30 million) had been approved by ADB.

4. Based on the statement on the “Status of Grant” prepared by the Controller’s Department [Attachment (iii)], the “uncommitted balance available for new commitments” as of 30 June 2007 was \$163.42 million. This takes into account the total amount of effective grants (i.e., grants whose Letters of Agreement had been signed), as well as grants that had been approved by ADB but that were not yet effective, less the four projects that have been cancelled so far. This also takes into account income from investments as well as administrative expenses. Deducting from this amount the grant that has been approved by GOJ which is awaiting ADB approval (\$2.50 million), the net uncommitted balance is \$160.92 million.

5. As of 30 June 2007, seven (7) proposals were still awaiting GOJ approval, one (1) of which was submitted in March 2006, and six (6) in June 2007. A strong pipeline of over 40 projects projects for the remainder of 2007 and 2008 shows continued strong interest of regional departments in JFPR.



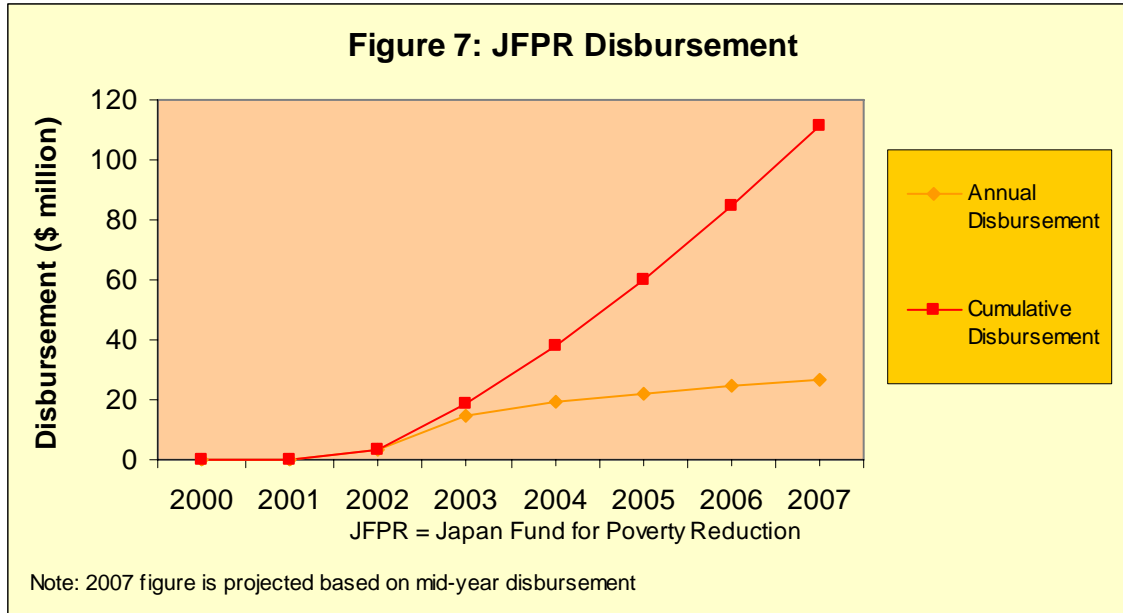


LOA Signing

6. Out of the 97 projects that had been approved by ADB as of 30 June 2007, 89 have become effective, i.e., their Letters of Agreement (LOA) have been signed. 6 projects became effective from January to June 2007. Four of these LOA-signing activities are featured in Attachment (iv).

Disbursement

7. Total project disbursement during the first half of 2007 amounted to \$13.3 million, compared to \$11.1 million for the same period during the previous year (Jan-Jun 06) and \$13.4 million over the immediate preceding semester (Jul-Dec 2006). This brought total project disbursements to \$97.8 million (Fig. 7). The project which registered the highest disbursement during the first semester of 2007 was JFPR 9037-AFG: Emergency Road Rehabilitation Project in Afghanistan (\$4.4 million). Others were JFPR 9024-AFG: Road Employment Project for Settlement and Integration of Returning Refugees and Displaced Persons (\$1.2 million); and JFPR 9077-SRI: Post-Tsunami Utility Connections for the Poor (\$529.7 thousand). Following closely behind were JFPR 9001-PHI: Supporting the Livelihood for the Poor in the Southern Philippines and JFPR 9076-SRI: Public Works Restoration and Rehabilitation of Line Drainage Systems of Tsunami-Affected Local Government Roads, both with over \$450 thousand in disbursements for the period.



Completed and Cancelled Projects

8. As of 30 June 2007, of the 89 projects that had become effective since year 2000, four (4) were completed in 2004, four (4) in 2005, eight (8) in 2006, and seven (7) in 2007. Out of these 23 completed projects, nine (9) have submitted Implementation Completion Memoranda (ICM), while the rest are under preparation. The ICMs will be used as input for monographs that will be published by OCO beginning last quarter of 2007 to highlight best practices and lessons learned.

9. One project was cancelled in January 2007 – “JFPR 9090-PAK: Iron and Folic Acid Fortification in Small Scale Milling to Improve the Lives of the Poor Especially Women and Children.” The reason for the cancellation was the absence of implementation progress and disbursement despite requests from ADB to the Executing Agency which appeared to not have the capacity to initiate project activities. The project changed hands when Pakistan was reassigned from SARD to the new CWRD after the realignment of regional departments.

Monitoring and Evaluation

10. During the first semester of 2007, the evaluation of the Japan Funds by the Operations Evaluation Department (OED) got underway. The Terms of Reference for the evaluation of the Japan Funds being administered by ADB, including JFPR (the other Funds are Japan Special Fund and Japan Scholarship Program). It was agreed that OED, under Director Keith Leonard, would undertake the independent evaluation which would involve a team of external evaluation consultants led by former OED Director Graham Walter. To ensure comparability of JFPR results with those of the evaluation of the World Bank-administered Japan Social Development Fund, the evaluation team looked at the evaluation TORs for JSDF. Inputs were received from the Ministry of Finance, Japan. Mobilization activities began in December 2006, while HQ-based research, interviews, and field activities began in January 2007. Evaluation missions were conducted to Indonesia, Cambodia, Philippines, Mongolia, and Tajikistan. OCO participated in

the visits to Indonesia and Cambodia to observe the evaluation process, while also taking the opportunity to review the JFPR projects in those countries. [Photos from these visits and the review mission to Tajikistan in April 2007 are included in Attachment (v)]. A draft report was submitted to OCO in June 2007 to seek inputs and comments particularly on the strategic and operational recommendations. The final report was submitted to the Board on 20 September and simultaneously released in the ADB website.

Outreach and Visibility

11. OCO continues to promote JFPR visibility both within and outside ADB by ensuring media coverage of grant signing activities in the field. These events are attended by Japanese embassy officials, Government officials, as well as the ADB Country Director and Resident Mission staff. These and other important JFPR project milestones are usually featured in ADB Today. The JFPR Website continues to be an important venue for disseminating information on JFPR.

12. The third JFPR Series Meeting was held on 24 May 2007 featuring “Lessons in Solid Waste Management and Income Generation for Vientiane’s Poor.” Dr. Sayamang Nanthavone and Ms. Khamfong Phoumvongxay, Project Manager and Deputy Project Manager, respectively, and Mr. William J. Willis, project consultant, gave a presentation on the project’s objectives, accomplishments, and lessons learned to over 40 headquarters staff.

13. Attachment (iv) shows the ADB Today Announcements for January to June 2007, while Attachment (v) shows a compilation of photos representing some key events and activities from that period.

GOJ Contributions for JFPR

Date of Contribution	Local Currency (Yen)	US Dollar
24-May-00	10,000,000,000.00	92,648,353.18
22-Mar-02	7,900,000,000.00	61,065,161.94
08-Mar-02		90,000,000.00
24-Mar-03	7,080,000,000.00	59,850,374.06
30-Mar-04	2,584,692,000.00	23,307,561.21
17-Mar-05	1,876,820,000.00	18,012,572.58
24-Mar-06	1,824,350,000.00	15,479,614.78
Total		360,363,637.75

Japan Fund for Poverty Reduction
GOJ and ADB Grant Approvals - January to June 2007

	Grant No.	DMC	Name	Grant (\$mn)	Grant Type	Project Officer	Division	GOJ Approval	ADB Approval	Sector	Linked to Loan, Loan No., Date Approved
1	9103	BHU	Rural Skills Development	1.99	CB	Leah Gutierrez	SAUD	17-Oct-06	15-Jan-07	Education	L1830-BHU: Basic Skills Development (BSDP) [21-Jun-01]
2	9108	KGZ	Improving Access to Quality Basic Education for Children with Special Needs	1.00	P	Asel Chyngysheva	KYRM	11-Apr-07	28-May-07	Education	GR0020-KGZ: Second Education [28-Oct-05]; L2007-KGZ: Community
3	9104	KGZ	Improving Livelihoods of Women through Development of Handicrafts Industry	2.00	P	Asel Chyngysheva	KYRM	16-Nov-06	17-Jan-07	Industry and Trade	Proposed Loan - Vocational Education and Skills Training
4	9107	LAO	Enhancing Institutional Capacity of Local Government Agencies and	0.53	CB	Manoshi Mitra	SEAE	29-Jan-07	11-May-07	Agriculture and Natural Resources	L2259-LAO: Northern Region Sustainable Livelihoods through
5	9109	MON	Community-Based Heating Supply in Rural Remote Areas	2.00	P	Teruhisa Oi	EAEN	11-Apr-07	29-Jun-07	Energy	L1548-MON: Ulaanbaatar Heat Efficiency Project [25-Sep-97]
6	9106	MON	Community-Driven Development for Urban Poor in Ger Areas	1.50	P	Tsetsegmaa Amar	EASS	21-Dec-06	02-Mar-07	Multisector	P37967-MON: Urban Development Sector Project [20 December 06 -tentative]
7	9105	PAK	Microfinance for the Poorest in Pakistan	2.00	P	Sukanda Lewis	CWGF	21-Dec-06	30-Jan-07	Finance	Improving Access to Financial Services Program, targeted for board approval
8		VIE	Livelihood Improvement of Vulnerable Ethnic Minority Communities Affected by Hydropower Projects in Vu Gia River Basin, Quang	2.50	P	Pradeep Perera	SEID	11-Apr-07		Health, Nutrition and Social Protection	Proposed Loan: Song Bung 4 Hydropower (Feb 2007)

Legend:

Approved by GOJ from Jan-Jun 2007

Total ADB Approvals from Jan-Jun 2007

\$11.02m

Total GOJ Approvals from Jan-Jun 2007

\$6.03m

CB = Capacity Building P = Project

ASIAN DEVELOPMENT BANK
ADMINISTRATOR FOR JAPAN FUND FOR POVERTY REDUCTION (JFPR)
FROM THE GOVERNMENT OF JAPAN

STATUS OF GRANT
as of 30 June 2007
(Amounts in US dollar)

TOTAL CONTRIBUTION			360,363,637.75 ^{a/}
INCOME FROM INVESTMENTS			53,459,370.04
INTEREST EARNED ON BANK ACCOUNT			264,624.66
OTHER INCOME/(LOSSES)			<u>(38,012.12)</u>
TOTAL AMOUNT AVAILABLE			414,049,620.33
EXPENSES			
Project Expenditures		(97,773,275.94)	
Administrative Expenses			
Salaries & Benefits	(187,500.00)		
Staff Consultants	(1,475,447.07)		
Business Travel	(885,335.36)		
Other Contractual Services	(33,656.79)		
Other Administrative Expenses	(6,666.98)		
External Auditor's Fiscal Services	(4,000.00)		
Representation - Headquarters	<u>(15.06)</u>	(2,592,621.26)	
Financial expenses		<u>(5,956.24)</u>	<u>(100,371,853.44)</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES			313,677,766.89
TRANSLATION ADJUSTMENTS			<u>(497,521.38)</u>
NET ASSETS AFTER TRANSLATION ADJUSTMENTS			313,180,245.51 ^{b/}
Less: Outstanding Commitments			<u>(141,722,255.64)</u>
UNCOMMITTED BALANCE			<u><u>171,457,989.87</u></u>
Less: TAs Approved But Not Yet Effective			
9098/VIE: Improving Vitamin A Nutrition & Deworming for Poor & Vulnerable Children		(1,000,000.00)	
9099/VIE: Expansion of Learning Opportunities for Ethnic Minority Youth		(1,500,000.00)	
9104/KGZ: Improving Livelihoods of Rural Women Through Development of Handicrafts Industry		(2,000,000.00)	
9107/LAO: Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao People's Democratic Republic		(533,500.00)	
9108/KGZ: Improving Access to Quality Basic Education for Children with Special Needs		(1,000,000.00)	
9109/MON: Community-Based Heating Supply in Rural Remote Areas		<u>(2,000,000.00)</u>	<u>(8,033,500.00)</u>
UNCOMMITTED BALANCE AVAILABLE FOR NEW COMMITMENTS			<u><u>163,424,489.87</u></u>
^{a/} Represents the US dollar equivalent of contributions committed.			
^{b/} Represented by:			
Cash in bank			2,380,441.14
Investments			298,984,818.28
Accrued interest			2,567,909.96
Advances			9,347,852.13
Interfund Receivable			<u>32,000.77</u>
			313,313,022.28
Less: Interfund Payable	132,776.77		
Accrued expenses		<u>-</u>	<u>132,776.77</u>
			<u><u>313,180,245.51</u></u>
			-

Friday, 1 June 2007**JFPR: Second (of four batches) submission deadline is today**

Send grant proposals and seed money applications to PD, OCO, through your Director. Ensure staff review committee clearance and coordination with the Japanese Embassy. Check out guidelines and templates in the [cofinancing section](#) on the ADB portal. *Megumi Araki, 6147*

Friday, 25 May 2007**JFPR series: Lessons in solid waste management and income generation for Vientiane's poor**

Lao representatives of the Project Coordination Unit reported on a JFPR solid waste management and income generation project that closes next month. Discussions focused on lessons on technical as well as operational aspects which would be useful for ongoing and future projects. *Megumi Araki, 6147*

Thursday, 24 May 2007**MNRM: Agreement signed for JFPR urban poor project**

CD Adrian Ruthenberg, and Mongolia's Finance Minister N. Bayartsaikhan, and Construction and Urban Development Minister J. Narantsatsralt signed an agreement for a JFPR [project](#) to help the urban poor prioritize their development needs, decide how to use resources, and manage assistance offered to their communities. *Bayarmaa Tsetsgee, 5505*

Wednesday, 9 May 2007**URM: Press conference on enactment of the universal salt iodization law**

CD Hong Wei, Ambassador of Japan Yuichi Kusumoto, Leading Specialist of the Cabinet of Ministers Tanzilya Narbaeva, and Deputy Minister of Health Bakhtiyar Niyazmatov met with media on a JFPR-supported legislation by Uzbekistan's Government to improve nutrition of mothers and children in Central Asia. *Bekhzod Rakhmatov, 5508*

Tuesday, 10 April 2007**PRM: \$2 million JFPR grant signed to expand microfinance outreach in Pakistan**

Economic Affairs Division Joint Secretary Salim Sethi and CD Peter Fedon signed a grant agreement that supports innovative approaches to increase access to finance for the country's poor. Ambassador of Japan Seiji Kojima, Finance Secretary Tanvir Ali Agha, and Finance Senior Joint Secretary Iqbal Hussain attended. *Khurram Masood, 5513*

Wednesday, 7 March 2007**LRM: ADB provides technical assistance to develop microfinance institutions in the Lao PDR**

CD James Nugent (pictured, seated left) and the Lao PDR's finance officials signed agreements for a \$1.98 million JFPR grant and a \$472,000 JFICT grant to support the development of private, sustainable microfinance institutions, and the efficient and effective financial management of the Agriculture Promotion Bank. *Rattanatay Luanglatbandith, 5544*

Monday, 26 February 2007**NRM: Signing ceremony held for commercial agriculture development and livelihood improvement projects at Ministry of Finance**

Grant and project [agreements](#) for an \$18 million agriculture project and a JFPR letter of agreement for a \$1 million project to improve livelihoods of farmers and disadvantaged groups in the eastern region were signed on 23 February by OIC [Paolo Spantigati](#) and Ministry of Finance Joint Secretary Madhav Ghimire (pictured).

Pawitra Gurung, 5515

Friday, 2 February 2007**New guidelines for JSF and JFPR**

ADB and the Government of Japan have agreed on policy guidelines, operating procedures, and allocations for JSF and JFPR in 2007. JSF has an allocation of \$80 million, while JFPR has an allocation of \$50 million. Read memos for [JSF](#) and [JFPR](#). The guidelines may be downloaded from the [cofinancing tab](#) of ADB's portal. *Megumi Araki, 6147*

Photo-Documentation of Some Key Events from January to June 2007

JFPR Review/Evaluation Missions

12 to 19 February 2007

Mission of JFPR Coordinator Megumi Araki to **Yogyakarta and Lombok Provinces, Indonesia** where he accompanied the OED Evaluation Team composed of Graham Walter and Jon Cook to two JFPR projects: **JFPR 9000-INO: Assisting Girl Street Children at Risk of Sexual Abuse**, and **JFPR 9016-INO: Supporting Community-Based Basic Education for the Poor**.



(Left) The combined mission, together with the head of the Implementing NGO meets with girl clients of the drop-in center that was established by the project. The center served as venue for counseling and non-formal education sessions for the girl street children.

(Below) The mission meets with provincial education officials on JFPR 9016, which provided resources to remote schools and training on school based management to school heads and community-parent-teacher associations. The other photos show school buildings that were improved under the JFPR project.





27 February to 4 March 2007

Mission of JFPR Staff Consultant to **Phnom Penh and Siem Reap, Cambodia**, to review **JFPR 9006-REG: Community Action for Preventing HIV/AIDS**; **JFPR 9017-CAM: Community Based Livelihood Enhancement**, and **JFPR 9064-CAM: Improving the Access of Poor Floating Communities on the Tonle Sap to Social Infrastructure and Livelihood Activities**. The mission was conducted in conjunction with the evaluation mission of the OED evaluation team.

(Below, left) The mission takes part in a workshop involving representatives of the small Siem Reap-based NGOs that are implementing various activities under JFPR 9064 to support floating communities in Tonle Sap. The workshop focused on implementation progress and issues, particularly the slow disbursement which had led to delays in programmed activities. Staff action, with support from OCO, has resulted in improved funds flow arrangements.



(Above, right) The combined mission team meets inside a boat house with mothers who are engaged in basket-weaving using dried water hyacinth. The mothers were trained and are provided marketing support by an NGO under JFPR 9064. Their incomes help support the schooling of their children who attend classes at a floating school in the area.

(Below, left) Signage on the project vehicle of JFPR 9017. The pick-up truck is necessary as project sites are located in remote villages. Project interventions include provision of revolving funds to support small livelihood projects such as backyard aquaculture, cattle and hog-raising; veterinary services; community theater as trauma therapy; and support for adult education. (Below, right) The mission inspected this rice bank that was established by one village association. Farmers contribute rice to the bank from which they can borrow rice for consumption in the event of a lean harvest.



16 to 23 April 2007

Mission of Megumi Araki to *Tajikistan* to review **JFPR 9043-TAJ: Community Participation and Public Information Campaign for Health Improvement**, **JFPR 9078-TAJ: Community-Based Rural Road Maintenance**, and **JFPR 9089-TAJ: Community Based Rural Power Supply** and to strengthen coordination with the local Japanese embassy and JICA as well as to discuss projects in the pipeline.

(Below, left) With CWRD's Infrastructure Division Project Officer Tetsuro Miyasato, Mr. Araki meets with counterparts from the Tajikistan government to discuss a planned community-based flood control project which will link to a loan project and which will be proposed under JFPR. (Below, right) The mission, which includes Yukihiro Shiroishi (project officer of JFPR 9043), meets with project staff and other stakeholders.





The photo above (left) shows one of the prospective sites for the micro-hydropower plants that will be constructed under JFPR 9089. The photo on the right shows Mr. Araki inspecting road rehabilitation works under JFPR 9078.

JFPR Series Meeting

JFPR conducted the third JFPR Series Meeting on 24 May 2007 to disseminate project results and lessons learned from JFPR 9035-LAO. The meeting entitled “Lessons in Solid Waste Management and Income Generation for Vientiane’s Poor” included presentations by Dr. Sayamang Nanthanavone and Ms. Khamfong Phoumvongxay, Project Manager and Deputy Project Manager, respectively, and Mr. William J. Willis, project consultant. The meeting was attended by over 40 people including representatives from BOD-Japan, ADB management, and staff.



