On behalf of the grant country recipients, and on its own behalf, the World Bank Group would like to thank the Government and the people of Japan for their generous contribution to development assistance in fighting poverty.
More than twenty years ago, Japan had a unique vision for poverty reduction—providing poor countries the chance to develop human resource capacities through world-class technical assistance and access to global knowledge. These are the essential building blocks for countries to prepare policies and programs for economic growth, and improve the quality of life for the poor. In 1989, Japan partnered with the World Bank to realize this vision, and established the Japan Policy and Human Resources Development Fund, commonly known as the PHRD Fund, under the trusteeship of the World Bank. The mission of the PHRD Fund is best summarized in the words of the Honorable Ryutaro Hashimoto, the former Minister of Finance of the Government of Japan and Governor of the World Bank and the International Monetary Fund—“to provide technical assistance for developing countries to help develop human resources that could take the responsibility of formulating and implementing development policy.” (September 26, 1987)

**The Key Principles of Aid Effectiveness**

Through the PHRD program, Japan has pioneered the key principles of aid effectiveness—

- Consolidating contributions for various sectors and themes under one main fund, helping to avoid the proliferation of trust funds.
- Aligning grants with country priorities reflected in development assistance strategies.
- Avoiding earmarks by country or sector.
- Allowing efficient procurement of goods and services by untying grant funds.
A Major Source of High-Impact Grant Financing

The Japan PHRD Fund is one of the major sources of grant funds for technical assistance and capacity building initiatives for low-income countries (with per capita annual income of US $900 or less at the time of receiving the grants). The Fund was one of the first and in many instances only sources of concessional finance for countries in economic and financial crisis.

PHRD programs are unique and have long-term impact.

- **Global coverage**—Benefiting more than 150 countries.
- **Multiplier effect**—The linking of grants with World Bank project financing, training and capacity building has strengthened the recipient countries’ institutional and management capacities which in turn helped to leverage internal and external resources.
- **Strategic focus**—Emphasis on country context, human resources development, financial crisis response, environment, agricultural research, and education, combined flexibility with continuity, leading to sustained results.
- **High development impact**—Two independent evaluations of the PHRD scholarships and technical assistance programs reported high development effectiveness.

The top nine recipient countries of PHRD grants are:

- Bangladesh
- Bosnia and Herzegovina
- Brazil
- Indonesia
- Mexico
- Pakistan
- Philippines
- Vietnam

**DIVERSE AND UNIQUE PROGRAMS**

- From 1989 to 2008, the PHRD Technical Assistance (TA) Program, the largest program of the PHRD Fund, assisted countries with the preparation and implementation of operations to be financed by the World Bank and supported climate change-related activities. Following restructuring in 2009, the Program is now focused on increasing rice production in Africa, disaster preparedness and disability assistance.

- The Joint Japan/World Bank Graduate Scholarship Program supports post-graduate training for country nationals. This is the longest-running program supported by the PHRD Fund.
- Until 2008, the PHRD-World Bank Institute (WBI) Capacity Development Grants Program supported capacity development activities, with a particular focus on East, South and Central Asia.
- The Japan Indonesia Presidential Scholarship Program (JIPS), established in 2008, supports Indonesian academics studying aspects of economic and social development.
- The Japan-World Bank Partnership Program supports research programs, workshops, and seminars that promote increased collaboration between Japan and the World Bank.

**The Core Programs**

![Photo by Thomas Sennett]
The PHRD TA Program has evolved as a unique strategy for providing technical assistance to improve the quality of development programs. The focus on upstream project preparation—as well as the requirement that grants be untied and implemented directly by recipient governments—has been critical to the program's continued high relevance and effectiveness.

In 2008 a major independent evaluation of the PHRD TA program was completed. The study found that:

• There are few alternative funding sources which have the advantages of PHRD grants.

Capacity Building

• Strengthening institutional capacity in a participatory manner has been one of the most significant contributions of the PHRD Fund.

• Supporting policy formulation and reform through technical assistance and training, helping recipient countries develop appropriate macro-economic policies, reform financial and banking systems, formulate agricultural and food policies, and improve health and educational systems.

• Improving the design of water supply, irrigation, drainage and transport systems.

• Assisting post-conflict countries and supporting pioneering climate change initiatives.

Mobilizing knowledge for under-resourced countries through scholarships.

PHRD FUND’S IMPRESSIVE ACHIEVEMENTS

PHRD TA Program—A Model of Relevance and Effectiveness

Recipients Yesterday, Emerging Donors Today

Many of the first countries to receive grants have since graduated out of low-income status. Some of these same countries have since experienced dramatic growth and are now donors themselves and members of the G20. A good degree of their successes may be partially attributed to Capacity building and knowledge transfers financed with the PHRD Fund.

In 2008 a major independent evaluation of the PHRD TA program was completed. The study found that:

• There are few alternative funding sources which have the advantages of PHRD grants.

“...The preparation of projects at a sub-national level requires capacity building in a wide range of areas, including financial management, procurement, and social safeguards. The increasing focus on participation that ensures widespread consultation is resource-intensive and may not be affordable to all countries. PHRD TA has helped mainstream these approaches while at the same time supporting technically complex operations with the best technical advice.

• Climate Change grants are seen as relevant to national development priorities, and the need for funding these initiatives appears to be growing.

(See complete report at http://www.worldbank.org.phrd (English) or http://www.worldbank.org/japan/about-j (Japanese))
First Responder in Crisis and Conflict

Japan has long been among the first to respond to crisis.

- The Financial Sector Advisory Services Program (1998) was an early response to the financial crisis in Asia, particularly China, Indonesia, the Philippines, Republic of Korea, Thailand and Vietnam.
- The Miyazawa Initiative—a follow up to the Financial Sector program—helped the ailing economies in the region with a focus on industrial change, urban redevelopment, innovation systems and exports. The report “Can Asia Compete?” was a significant output of the project.
- The Post-Conflict Fund supported reconstruction and development efforts in Bosnia and Herzegovina, Cambodia, East Timor, Tajikistan and Rwanda.

Examples of support to post-conflict countries:

- Bosnia and Herzegovina—post-conflict operations focusing on small-scale, labor-intensive public works to create employment, rehabilitate the local infrastructure and facilitate refugee return. These activities significantly improved the quality of life of the people.
- Cambodia—promoting dialogue between the government and local communities to establish a secure environment for local people.
- Rwanda—assisting the government with resettlement of refugees and the basic infrastructure. The grant contributed to the successful privatization of Rwanda’s national utilities company.
- Timor Leste—helping communities become familiar with democratic principles of participation and representation. The grant also financed the rehabilitation of infrastructure and the recovery of economic activities, and offered support to the most vulnerable groups, including female-headed households and victims of violence.

Regeneration of Post-Soviet Economies with PHRD Technical Assistance

Twenty years ago, the Berlin Wall fell and the Soviet Union subsequently collapsed. Much of Eastern Europe emerged from this tumult in crisis. There was limited knowledge of how to structure and operate private sector banking, productive industries, agribusiness and land tenure. The public administration system was ill-equipped to deal with the transition from a command economy to a deregulated one.

The only source of grant funds for urgently needed technical assistance for these countries was the PHRD TA program. These grants made a unique contribution to building sustainable institutions equipped to integrate with the global economy.
Andhra Pradesh is one of the most drought-prone areas of India and home to 35 million people, many of them living in poverty. A PHRD TA grant helped to prepare the Andhra Pradesh Drought Adaptation Initiative Project which used village planning to mitigate the harsh effects of drought. The project relies on partnerships, monitoring of drought response efforts, and integrates adaptation strategies into poverty reduction.

TA supported the preparation of the Chad Urban Development Project. The project helped to improve governance for service delivery. Chad was subsequently awarded a $15 million World Bank grant.

Making the Intangible Real

Technical assistance grants have helped developing countries to prepare more than 3,000 projects subsequently financed by the World Bank. There are numerous examples of how these projects have resulted in improved social and economic infrastructure, delivery of social services (such as health, education, social protection, water supply and sanitation), agricultural research and productivity, public administration, governance and access to credit and energy.

Improving Governance and Capacity in the West Bank and Gaza:
The PHRD grants have significantly contributed to the preparation of several innovative projects in the West Bank and developed the implementation capacity of the Palestine Authority. Most notably the Municipal Development and Lending Fund is:

- Supporting local governments through performance-based capital investment grants, enhancing capacity and accountability to citizens.
- Ensuring donor alignment. Six donors are providing financing in a fully harmonized manner.

Photo by Curt Carnemark

Readying the Kerala Government to Increase Rural Water Supply:
For the first time in years, village homes in most of north Kerala are not starved for water during the dry summer months between February and May. The change has been brought about by Jalanidhi, the Kerala government’s innovative rural water supply and sanitation program, which was prepared by a Japan PHRD TA grant. This program brought water into village homes by putting local communities in charge of managing their own water supply.

Improving Governance and Capacity in the West Bank and Gaza:
The PHRD grants have significantly contributed to the preparation of several innovative projects in the West Bank and developed the implementation capacity of the Palestine Authority. Most notably the Municipal Development and Lending Fund is:

- Supporting local governments through performance-based capital investment grants, enhancing capacity and accountability to citizens.
- Ensuring donor alignment. Six donors are providing financing in a fully harmonized manner.

Photo by Curt Carnemark

Improving Governance and Capacity in the West Bank and Gaza:
The PHRD grants have significantly contributed to the preparation of several innovative projects in the West Bank and developed the implementation capacity of the Palestine Authority. Most notably the Municipal Development and Lending Fund is:

- Supporting local governments through performance-based capital investment grants, enhancing capacity and accountability to citizens.
- Ensuring donor alignment. Six donors are providing financing in a fully harmonized manner.

Photo by Curt Carnemark
Changing the Climate for Climate Change

Japan hosted the landmark 1997 meeting of the United Nations Convention on Climate Change in Kyoto. Since then Japan has provided leadership in the implementation of the Kyoto protocol, and supported many international initiatives related to climate change. This has included adaptation and mitigation activities including the reduction of greenhouse gas emissions and the strengthening of technical and institutional capacity.

PHRD Supports Pioneering Efforts on Adaptation to and Mitigation of Climate Change

The PHRD Climate Change Initiative grants led to pioneering work to reduce carbon footprints and help local populations adapt to a changing climate. These grants have:

- Strengthened the capacities of government institutions to understand climate change issues.
- Supported the preparation of long-term strategic planning to cope with climate change, linked science to development through analytical and monitoring work.
- Financed pilot projects to learn about the costs and benefits of adaptation.
- Facilitated research cooperation with leading climate institutes in Japan.
- Enabled the training of local scientists in many countries in the Latin American region to apply advanced-resolution climate models.

Climate change grants are making a difference

- The Caribbean—modeling activities supported the preparation of a regional strategic framework on climate change subsequently adopted at the highest government level.
- Colombia—supported the development of a first-of-its-kind carbon-water-cycle protocol in high mountain ecosystems (“paramos”). This modeling effort provided key inputs for the development of adequate adaptation measures.
- Bulgaria—a climate change grant helped the Government to develop plans to promote the use of geothermal energy and to reduce emissions of greenhouse gases. A study of the barriers to geothermal energy utilization supported the introduction of the new law on Renewable Energy.
The Joint Japan/World Bank Graduate Scholarship Program has brought a new level of excellence and sense of service to a generation of professionals. “The Scholarship Program will create a community of highly trained professionals working in development-related fields...the scholars will return to their countries to apply their enhanced knowledge and skills toward helping accelerate the pace of economic and social development.” Kenji Yamaguchi, Executive Director for Japan, World Bank, May 27, 1987

Two decades of experience have shown that this program is an invaluable resource for building skills and leadership in development professionals, skills that are necessary in order for countries to prosper in the highly interconnected and competitive global economy. More than 3,750 scholarships have been awarded to mid-career professionals for studies in critical areas, such as public management and finance, infrastructure planning and management, urban and rural development, agriculture and water resources management. Most of the scholarships have been awarded to candidates from low-income countries.

Thirty seven Japanese NGO scholars were recipients of the scholarships. In recent years, a sharp increase in the number of scholars studying in Japan was noted. Japanese universities have provided study opportunities for more than 466 scholars.

The program also includes partnerships with universities in Africa, Japan and the United States. The collaboration of the Graduate Scholarship Program with leading Japanese academic institutions reflects Japan’s commitment to capacity development through targeted knowledge transfer in areas where Japan has a strong knowledge base. Five Partnership Programs have been established in four Japanese universities. The program at Yokohama National University draws on Japan’s special expertise in infrastructure development. At the University of Tsukuba, students can focus on policy management. Programs at Keio University, Yokohama National University, and the Saitama University/National Graduate Institute for Policy Studies (GRIPS), specialize in tax policy.

www.worldbank.org/wbi/scholarship

Niermala Hindori-Badrising
Policy Advisor to the President of Suriname, Government of Suriname, Institute of Social Studies, 1996

GUIDING A GENERATION TOWARD LEADERSHIP

“At Yokohama University, I researched an alternate approach to applying soil bioengineering to stabilize roadside slopes as well as aiding in day-to-day road maintenance in Bhutan. Field trips offered an opportunity to observe the success of the Miyawaki method of reforestation in stabilizing or rehabilitating failed slopes in Japan. When I returned to Bhutan, I observed a trial plot of land for a year to evaluate the applicability of the Miyawaki method to Bhutan’s roadside. Results indicate that the method will be useful in stabilizing roadside slopes. Having successfully completed my master’s degree in March 2005, I am continuing my work in Bhutan’s Department of Roads. Currently, I am an executive engineer in the Roads Division, under the Ministry of Works and Human Settlement, Thimphu.”

Chimi, Alumni of Yokohama National University, Japan, 2003.
At the launch, World Bank President, James D. Wolfensohn commented, “Japan is the second largest contributor to the World Bank, and its generous assistance to poorer countries in Asia-Pacific and around the world is well known and widely respected. But experience shows that money alone won’t make the difference. The key is knowing how to unlock the power of knowledge and expertise. The TDLC is a fantastic resource, drawing on the experience of Japan and other countries across the region; it will serve as a center for collaboration, especially in promoting intra-regional knowledge sharing. More than just a new facility we are, I hope, opening a new chapter in Japan’s engagement with the region and the world.”

Mr. Sadakazu Tanigaki, Japanese Minister of Finance said, “The TDLC is a valuable instrument in aiding human resource development and administrative capacity building in the Asia-Pacific region. Japan has great expectations for the center.”

The Tokyo Development Learning Center (TDLC), set up on June 1, 2004, provides a knowledge and training center affiliated with the Global Development Learning Network (GDLN). The GDLN uses satellite, fiber and digital telecommunications to link partners around the world. Public, private and non-governmental organizations are encouraged to collaborate in seminars, training events and meetings with their counterparts. It enables Japan to act not only as a financier for regional development, but also as a supplier of development practice, knowledge and solutions that build capacity on the ground.

At the launch, World Bank President, James D. Wolfensohn commented, “Japan is the second largest contributor to the World Bank, and its generous assistance to poorer countries in Asia-Pacific and around the world is well known and widely respected. But experience shows that money alone won’t make the difference. The key is knowing how to unlock the power of knowledge and expertise.

The TDLC is a fantastic resource, drawing on the experience of Japan and other countries across the region; it will serve as a center for collaboration, especially in promoting intra-regional knowledge sharing. More than just a new facility we are, I hope, opening a new chapter in Japan’s engagement with the region and the world.”

Mr. Sadakazu Tanigaki, Japanese Minister of Finance said, “The TDLC is a valuable instrument in aiding human resource development and administrative capacity building in the Asia-Pacific region. Japan has great expectations for the center.”

The TDLC has enhanced technical and human resources capacities, drawing on Japanese expertise and experience in health services and disaster risk management. Through innovative learning programs including a network of over 700 Japanese universities, the center reaches a broad range of audiences in East Asia Pacific, Africa and beyond.

To learn more, visit www.JoinTokyo.org

Foreign Affairs of the Government of Japan. The East Asia Prospects Study has been carried out jointly by the World Bank and various Japanese institutions, including the International Center for the Study of East Asian Development, Kitakyushu, Japan, GRIPS, FASID and Jetro-IDE. (All the books published under this program can be found at the following websites publications.worldbank.org and books.google.com)
Creating Opportunity for Japanese Nationals

The Japan Staff and Extended Term Consultant Program finances the cost of Japanese nationals to work at the World Bank for two to five years. About 146 Japanese nationals have participated since its inception in 2000.

“I am deeply grateful for the support of the PHRD program between 2004 and 2007 while I worked in the World Bank Jakarta Office as a fixed-term staff. Since mid-2007, I have been working with the World Bank Kabul Office as Senior Economist. The program provided me with a great opportunity to learn the World Bank system and mission.”

Yoichiro Ishihara, Senior Economist, World Bank Office Kabul, Afghanistan.

Japanese Expertise for Global and Regional Development

Japanese consultants have shared their expertise through more than 2,500 consultancy assignments under the Japan Consultant Trust Fund. These assignments were awarded to individuals as well as Japanese organizations. The major Japanese organizations which provided global expertise included: Nagoya University, PADECO Company Limited, The Kansai Electric Power Company Ltd, Almec Corporation and Mitsubishi Research Institute.

Creating Opportunities: Promoting Japan’s Visibility

The main approaches adopted to ensure that the contribution of Japan in supporting the PHRD is widely recognized are:

- World Bank staff consult with the Embassy of Japan in the recipient countries about the PHRD program to ensure harmonization and coordination.
- Grant recipients indicate that the publications, training programs, seminars and workshops financed by PHRD grants have received funding from the Government of Japan; the Japanese national flag is displayed in the publications and in the banners displayed at seminars.
- All press releases issued by the World Bank with respect to PHRD grants refer to the financial contribution from Japan.
- Recipients ensure that PHRD-financed activities are well covered by local media, and that all related publicity materials, official notices, reports and publications explicitly acknowledge Japan as the source of funding received.
- The Embassy of Japan is invited to the Grant signing ceremonies with the Recipients.

(The Guidance Note on promoting Japan’s Visibility can be found in the PHRD Annual Reports)

For more information, visit: http://www.worldbank.org.phrd (English) or http://www.worldbank.org/japan/about-j (Japanese)

Signing Ceremony for the Japan PHRD Technical Assistance Grant for the preparation of the Syr Darya Delta Control and Northern Aral Sea Preservation Project - Phase II. In the picture are H. E. Mr. Tetsuo Ito, Ambassador Extraordinary and Plenipotentiary of Japan to Kazakhstan and Mr. A. S. Yesimov, Minister of Agriculture of the Republic of Kazakhstan. Photo was taken by a World Bank staff member.
Need continues to outpace assistance. Food, energy and financial crises have shaken regions, while climate change and associated natural disasters are taking a huge toll on human and economic resources. HIV/AIDS and other emerging infectious diseases continue to spread across the globe. After two decades of support for institutional development, Japan is looking toward the future to provide assistance in the areas of rice production enhancement in Africa, disaster preparedness and rehabilitation, improving nutrition status, development of an AIDS vaccine, and providing social protection for the poorest who have been driven into extreme poverty in the wake of the global economic crisis. It is expected that Japan’s support to the global and regional programs, the graduate scholarship programs and other knowledge sharing programs will continue.

The PHRD Fund’s original objective—to be at the cutting edge of development assistance through flexible, appropriate and timely responses to help developing countries strengthen capacity, develop sound development policies and deal with crises—remains as relevant today as it was twenty years ago.
PHRD Program Management And Administration Team

Standing from left: Ms. Milagros B. Reyes, Program Assistant; Mr. Roberto Tarallo, Manager; Ms. Bermet Sydygalieva, Operations Analyst; Mr. Mohamed I. Diaw, Senior Program Assistant. Seated from left: Ms. Junhui Wu, Director, Global Partnership and Trust Fund Operations; Ms. Wahida Huq, Senior Operations Officer. Photo by Deborah W. Campos

Joint Japan/World Bank Graduate Scholarship Program Team

In the photo are (left to right) Lamoussa Gama, Program Officer; Danielle Carbonneau, Scholarships Administrator; and Yumi Ejiri, Program Analyst.