

Grant Aid

Outline of the Program

Scope of the Program

Grant Aid is a form of ODA involving the provision of funds to the governments of developing countries without the obligation of repayment. The aim is to support economic and social development by helping the government of the recipient country to introduce and upgrade its public facilities and equipment. The main categories of Japanese Grant Aid are as follows:

(1) General Grant Aid

Grant aid for general project (including grant aid for infectious diseases control, grant aid for information technology [IT], grant aid for good governance, grant aid for the global environment, grant aid for child welfare, grant aid for rehabilitation*, grant aid for human resources development, grant aid to deal with anti-personnel mines and grant aid for soft component support), grant aid for debt relief, non-project grant aid for structural adjustment support (including sector program grant for environmental and social development), Japanese grant aid for human resources development scholarship and grant assistance for grassroots projects*.

(2) Grant aid for fisheries

(3) Grant aid for cultural activities (including grant aid for cultural heritage)

(4) Emergency grant aid (support for disaster relief, democratization, and reconstruction and development)

(5) Food aid* (Kennedy Round [KR])

(6) Grant aid for increase of food production* (2nd Kennedy Round [2KR]).

Of these categories, JICA is responsible for grant aid for general project and Japanese grant aid for human resources development scholarship under category (1); grant aid for fisheries (2); grant aid for



Elementary school in Nepal built with Grant Aid.

cultural heritage (3); food aid (5); and grant aid for increase of food production (6).

JICA's work includes: (1) preliminary examination to check on the content of requests for Grant Aid, the scale of the projects and the approximate costs; (2) monitoring aimed at ensuring that a Grant Aid project began after the signing and exchange of an intergovernmental agreement (Exchange of Notes [E/N]) is being executed according to the E/N and guidelines of the Japanese Grant Aid for general projects and for fisheries; and (3) follow-up activities to maintain and enhance the effects of a project.

The Japanese Ministry of Foreign Affairs (MOFA) provides the funds for Grant Aid projects.

Target Field of Grant Aid

Countries eligible for Grant Aid are those that qualify for interest-free financing from the International Development Association* (IDA) of the World Bank. Projects are concerned with nation-building and poverty alleviation in developing countries, and the countries receiving this aid should be unable to undertake the projects with their own funds and borrowing capacity. Projects entailing commercial profit, high-tech projects out of line with the technical levels of the recipient country and those which run the risk of being channeled to military ends are ineligible.

Grant Aid is made available mainly for social development in such fields as education, health and medical care, daily water supply and agricultural development; upgrading of public infrastructure* such as roads, bridges, and airports; and environmental conservation projects.

The Grant Aid program thus gives priority in particular to basic human needs* (BHN) projects that meet the most basic needs of human life. It contributes to nation-building in recipient countries while ensuring

wide-ranging linkage with Technical Cooperation provided by Japan and other donors*.

Procedure of Grant Aid Implementation

Based on receipt of approval for proposed projects from the Ministry of Foreign Affairs, JICA embarks upon a basic design study* involving basic design and estimated costs.

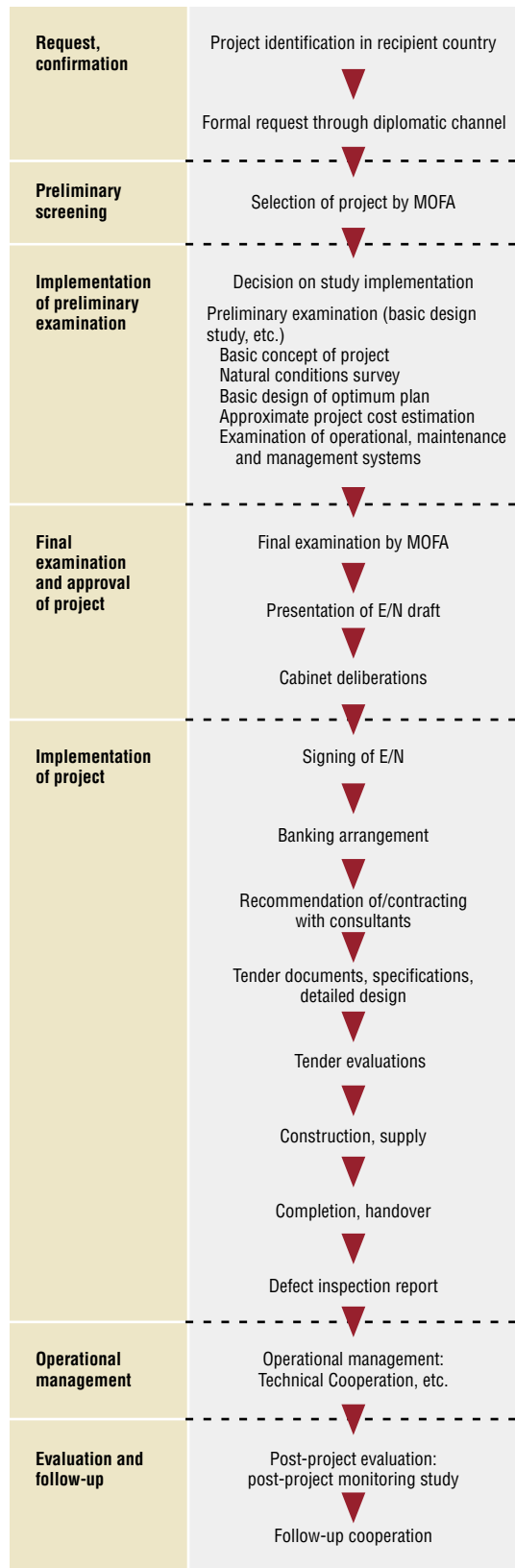
Such studies are generally performed by consultants under contract; 155 were carried out in fiscal 2000. In cases where the content of a promising project proposal seems to require further on-site examination, a preliminary study may occur before the basic design study.

Once the studies are completed, projects are presented to the Cabinet after consultations on practicalities between MOFA and the Ministry of Finance. A final decision is made once the Ministry of Finance has given its approval. Projects brought before the Cabinet in fiscal 2000 included 146 grant aid for general projects, 4 Japanese grant aid for human resource development scholarships, 15 grant aid for fisheries, 2 grant aid for cultural heritage, 26 food aid projects and 49 grant aid for increase of food production projects.

Definitively approved Grant Aid projects are initiated with the signing of an E/N by the governments of Japan and the recipient country. MOFA then instructs JICA to facilitate the project. Grant Aid projects begin with the conclusion of contracts between the recipient government and Japanese consultants and companies. JICA ensures that everything proceeds smoothly by recommending consultants and submitting guidelines of the Japanese Grant Aid for general projects and for fisheries outlining the basic approach to the project.

Once a Grant Aid project has been completed and handed over to the recipient country, we provide follow-up cooperation if the country's government is unable to maintain and manage the project on its own. Follow-up cooperation includes the dispatch of experts and study teams to carry out repair and construction work. Cooperation to restore the essential function of facilities built with Grant Aid is sometimes provided through supply of new equipment or spare parts. Follow-up is indispensable for sustainable development* and training in recipient countries.

Figure 3-9 Grant Aid Project Cycle and Its Principal Stages



Program Topics

Introduction of Ex-ante Evaluation

JICA aims to provide results-oriented cooperation. We have experimentally compiled a ex-ante project evaluation table concerning projects in each sector of groundwater development, education, health care, and roads and bridges in an attempt to bring greater clarity to project results in Grant Aid. Furthermore, consistent with the research summary, JICA has endeavored to ensure increased transparency while disclosing this information in the format of a report.

Strengthening the Implementation System

Improving operational quality and strengthening our implementation system are constant concerns for JICA, as we must be certain of our capacity to respond appropriately to the increasingly diverse and complex needs of recipient countries.

In particular, we try to identify and formulate high-quality projects by establishing closer links with Technical Cooperation. We make effective use of organizational structures and personnel both within JICA and from outside, specifically international agencies and other donors as well as JICA's overseas offices, senior advisors* and project formulation advisors*.

Improving Project Monitoring

Grant Aid projects are realized after JICA has performed basic design studies to calculate the approximate project costs involved. In order to make effective use of funds, stringent investigation of the most appropriate design standards and calculation details in line with requests from recipient nations are undertaken.

JICA has always tried to ensure that such investigations are as fair as possible. In fiscal 1999, we set up an Office of Technical Coordination and Examination to raise the level of basic design work in cooperation with outside experts. Technical advisors for implementation of Grant Aid projects have been sent to facilitate the exchange of opinions with everyone involved at the implementation stage.

As part of an effort to further improve the examination system, in fiscal 2000, we expanded our program for dispatching technical advisors for implementation of

Grant Aid projects, and, with regard to the contract for the procurement of the equipment of the Grant Aid project, we have experimentally introduced a pre-shipment inspection system that is carried out by third-party organizations.

We are also revising the content of our supply guidelines, which set out basic approaches to project implementation through the enhancement of consultants' reporting duties and strengthening of the system of checks. The title of these guidelines has also been changed to "Guidelines of the Japanese Grant Aid for General Projects and for Fisheries."

JICA is working to link capital aid cooperation experts (experts dispatched to promote loan assistance* and Grant Aid) and Project-type Technical Cooperation so as to strengthen its guidance of initial project operation and maintenance/management. JICA is also devising ways of ensuring that Grant Aid projects that have been implemented are used sustainably and effectively in the recipient countries, while liaising with the activities of other aid organizations when required.

JICA's grant aid for increase of food production projects (2KR) have endeavored to improve procurement procedures through such means as implementation of the Japan International Cooperation System (JICS) for organization of procurement management, and introduction of a committee system.

Information Disclosure and Publicity

Enactment of the "Freedom of Information Act" has made it all the more important to provide the Japanese general public with information on ODA programs.

To ensure total transparency, JICA releases information on the results of studies and tenders, and we are currently considering how best to disclose the results of projects to allow for maximum accessibility. We are creating videos and pamphlets explaining how Grant Aid works and presenting projects that are now under way in various countries. JICA is also preparing videos and pamphlets on our operations to keep the Japanese people fully abreast of JICA activities.

Response to Needs

The Grant Aid budget to deal with global issues

such as poverty and the environment has been increased. Aimed at responding to diversifying needs in recipient countries and at providing aid more effectively, grants are being provided in areas such as child welfare, the global environment, anti-personnel mines, human resources development, rehabilitation, infectious

diseases control, IT and good governance. As well as creating links with Technical Cooperation and loan aid, we are implementing effective projects in collaboration with UNICEF (United Nations Children's Fund), the WHO (World Health Organization) and other international agencies, donors and NGOs.