

# An Overview of New JICA

## 1 Birth of New JICA: The World's Largest Bilateral Aid Agency

Japan International Cooperation Agency (JICA) will be reborn on **October 1, 2008**, as an aid donor agency providing technical cooperation, concessionary loans (ODA loans), and grant aid in a more integrated fashion. The government of Japan is implementing the organizational reforms to improve the quality of ODA operations, enabling it to conduct ODA policy in a more strategic manner and strengthen its implementation regime.

As part of this realignment, the Overseas Economic Cooperation Operations of Japan Bank for International Cooperation (JBIC) and part of the grant aid provided by Japan's Ministry of Foreign Affairs (MOFA) will be integrated with the technical cooperation offered by JICA. New JICA will thus provide comprehensive assistance for developing countries by making the most of a broader range of aid instruments in an effective and efficient manner and a network of 100 overseas offices around the world.

## 2 New JICA's Operations

### 2.1 Major Assistance Tools (Schemes)

- **Technical cooperation:** Technical assistance extended to developing countries by dispatch of experts and volunteers, acceptance of trainees, various surveys, etc.
- **ODA loans:** Concessionary loans provided to developing countries
- **Grant aid:** Financial assistance extended to developing countries without an obligation for repayment

#### Technical Cooperation



UGANDA; NERICA Rice Promotion Project



PALESTINE; Project for Improving Reproductive Health (Maternal and Child Health)

#### ODA Loans



INDIA; Delhi Mass Rapid Transport System Project



LAOS and THAILAND; Second Mekong International Bridge Construction Project

#### Grant Aid



MALI; Project for Water Supply in Kayes, Segou and Mopti Areas



BANGLADESH; Construction of Multipurpose Cyclone Shelters Project V

## 2.2 Enhancing the Impact of Assistance

### 2.2.1. A More Strategic Framework

New JICA will focus on a strategic framework of its assistance to achieve the medium-to-long-term development goals of developing countries, setting sights on increasing development impact. For this purpose, specific targets addressing each development issue will be defined and an appropriate assistance scenario will be prepared by JICA, to achieve these targets.

### 2.2.2. More Predictable Aid

Operational "rolling plans" will be prepared for individual developing countries to harmonize JICA's assistance with their development policies. This will enable JICA to adopt a long-term perspective in supporting the formulation of future candidate projects. As rolling plans will be used in policy dialogue with developing countries, JICA's assistance will become more predictable.

### 2.2.3. Speedier Project Formulation

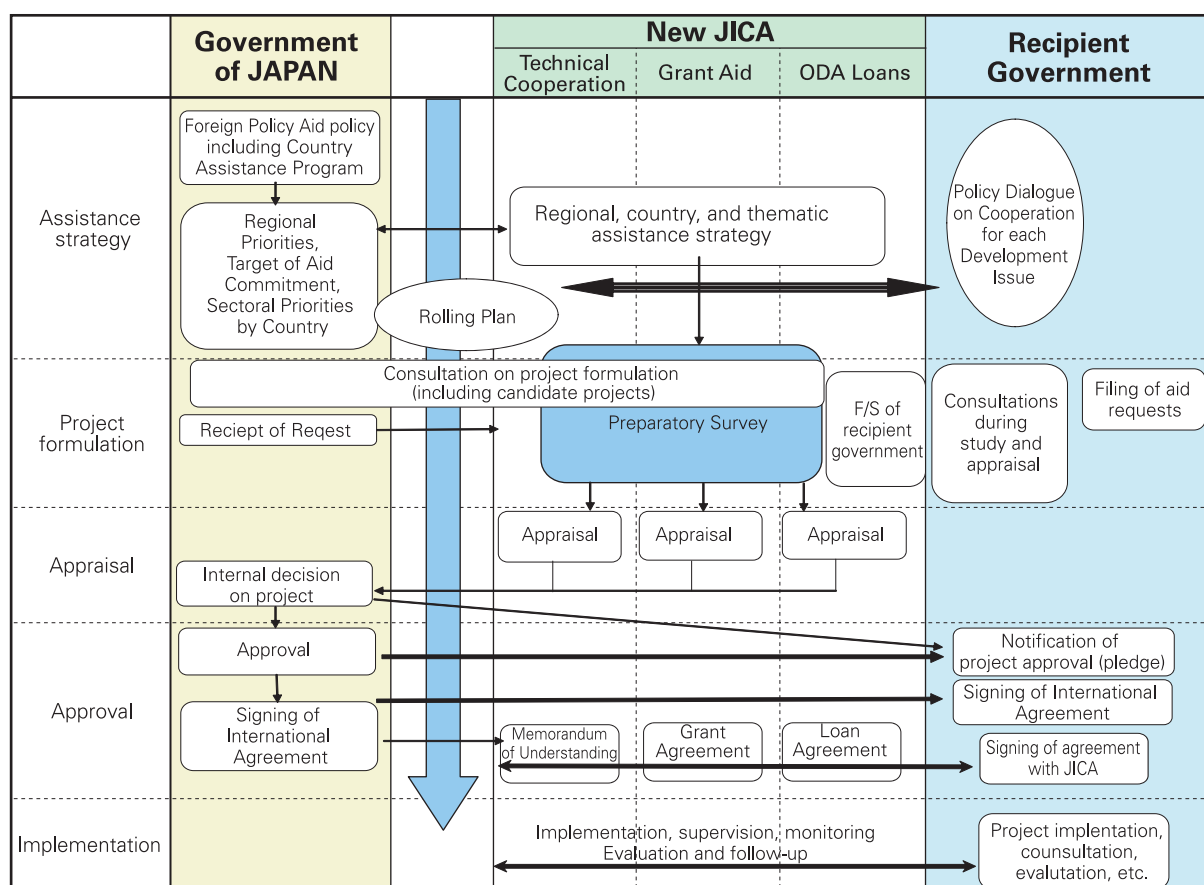
"Preparatory survey" to prepare assistance projects will be conducted to ensure flexibility and speed at the project preparation stage and to achieve mutually reinforcing effects among the three aid schemes. (See 2.3.2). Such survey will enable JICA to conduct both project identification and formulation in a seamless manner, thereby significantly shortening the preparation period leading to actual implementation.

### 2.2.4. Assistance Tailored to Real Needs: Synergy of Aid Schemes

Since New JICA will implement technical cooperation, ODA loans, and grant aid operations in an integrated fashion, it will be able to integrate these three aid schemes to offer assistance that most effectively addresses the needs of developing countries.

## 2.3 Operational Flow of New JICA (See Flow Chart below)

To ensure efficiency, flexibility, and speed, New JICA will establish a region-centered approach, conducting overall aid activities under three aid schemes for each country and region.



### 2.3.1. Assistance Strategy

Country assistance strategies will be prepared to support each developing country's efforts to achieve medium and long-term development goals. Based on these policies, rolling plans will be drafted and revised as necessary.

### 2.3.2. Project Formulation

Preparatory survey (See 2.2.3) will be conducted and utilized to formulate projects with flexibility and speed.

#### A. Scope of Survey

- Develop and determine specific targets for assistance with individual development goals and prepare appropriate assistance scenarios.
- Identify and formulate individual projects; prepare the basic project plan and propose assistance that JICA can provide; assess relevance, effectiveness, and efficiency of the proposed projects.

#### B. Studies Included in the Preparatory Survey

- Project formulation study (formerly implemented by JICA)
- Preliminary examinations for grant aid (including preliminary studies and basic design studies<sup>1</sup>, formerly implemented by JICA)
- Part of development studies<sup>2</sup> (formerly implemented by JICA)
- Special Assistance for Project Formation (SAPROF) studies (formerly implemented by JBIC)
- Formulation studies for JICA's assistance scenario targeting specific development goals by combining all aid schemes, as necessary (new study)

<sup>1</sup> Other studies include outline design studies and basic design studies for equipment.

<sup>2</sup> The studies for formulation of or preliminary preparations for future projects (funded primarily by grant aid or ODA loans).

### 2.3.3. Project Appraisal

New JICA will conduct independent project appraisals utilizing its expert knowledge and report its findings to the government of Japan. After government approval and signing of international agreements with recipient governments, New JICA will then sign written agreements with recipient country governments. (See 3. "Administrative Matters")

### 2.3.4. Project Implementation

Based on the characteristics of the three aid schemes, New JICA will implement and supervise the individual projects as follows;

Technical cooperation: Through the collaboration of overseas offices and the Development Issues Departments

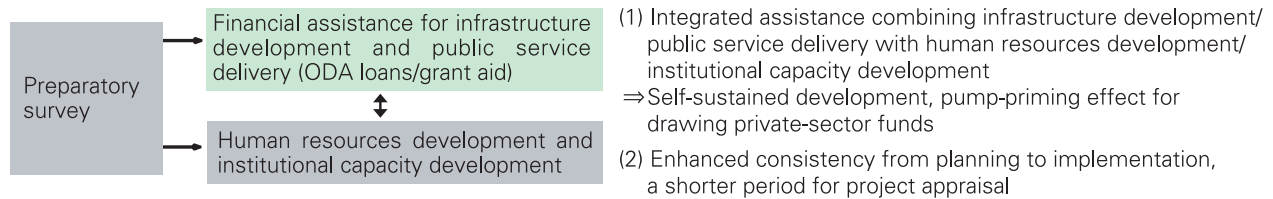
ODA loans: Primarily conducted by overseas offices with support from the Regional Departments

Grant aid: Primarily conducted by the Finance Facilitation and Procurement Supervision Department, with support provided by overseas offices

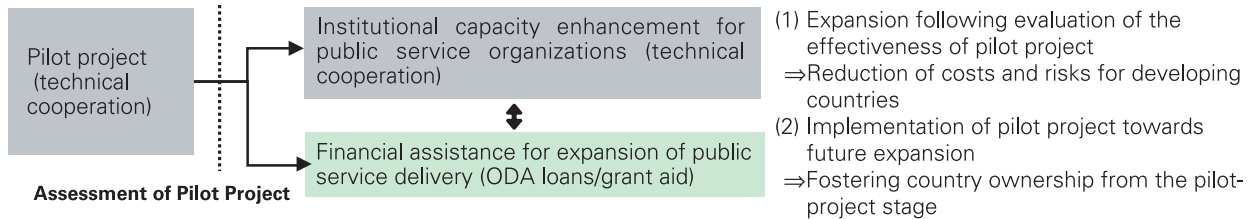
Overseas offices function as local points of contact with developing-country governments and other donor agencies at each project stage and respond in a timely and appropriate manner to coordinate the needs of developing countries and other stakeholders.

## (A) Synergy from Integration of Three Aid Schemes

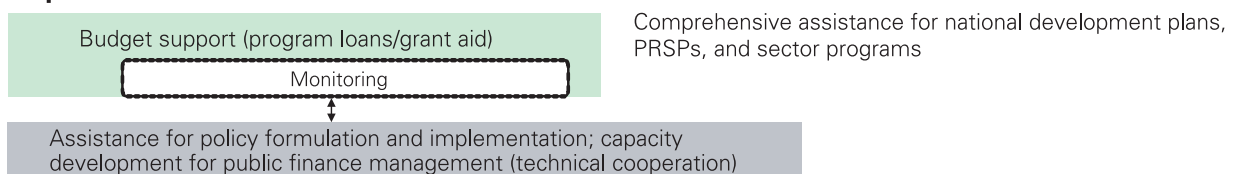
### ■ Speedier and more effective development impact



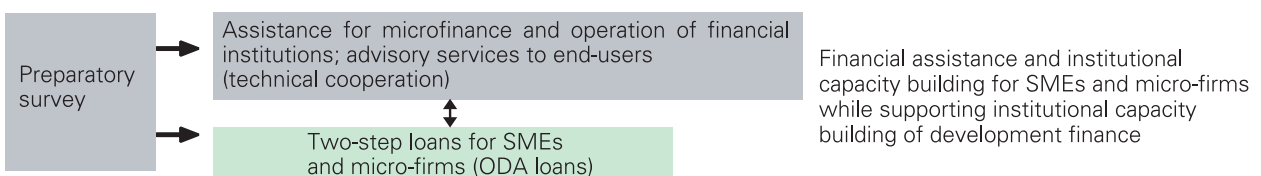
### ■ Speed-up and Spread-out of development impact



### ■ Comprehensive assistance to countries receiving budget support, from policymaking to its implementation

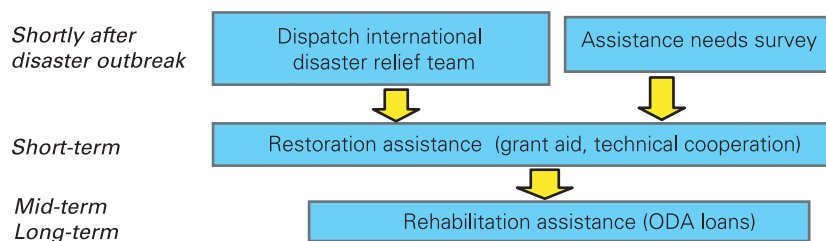


### ■ Comprehensive assistance for private-sector development and improvement in living standards in developing countries

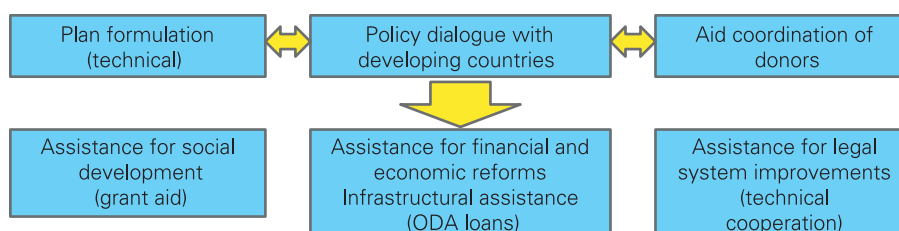


## (B) Examples of Aid through Combination of Assistance Tools

### 1. Comprehensive Assistance for Large scale Natural Disasters



### 2. Policy and Institutional Reforms



### 3.1 Submitting a Request

#### 3.1.1. Where to Submit a Request

The local Japanese embassy will receive requests for assistance under Japanese ODA from developing-country governments. Inquiries about assistance, meanwhile, can be made at any JICA overseas office, as New JICA will provide timely and well-focused assistance in response to inquiries on aid requests.

#### 3.1.2. When to Submit a Request

Before the merger, surveys of bilateral development assistance needs (for technical cooperation and grant aid) were normally conducted once a year in the same period for all countries. As New JICA intends to respond in a timely and speedy manner to requests for assistance, efforts are currently being made to increase the flexibility and speed with which needs assessments are made, projects considered, appraisals conducted, and approval given. Requests for ODA loans, meanwhile, can be submitted and approved any time of year, as in the past.

### 3.2. Final Commitment to Project Implementation

#### 3.2.1 Signing of International Agreement

When an assistance project is approved by the government of Japan, it will sign an international agreement to pledge assistance with the recipient government. JICA will thereupon sign an agreement for technical cooperation, ODA loans, or grant aid, implement the project or monitor and supervise developing-country government's implementation of the project. The scope and form of bilateral pledges are set out below. Even after New JICA is inaugurated, international agreements will be signed on a bilateral basis between governments.

Aid Scheme	Name of Bilateral Pledge Document	Brief Description
Technical cooperation	Note verbal	Information provided will be similar to that in premerger document; signed between governments
ODA loans	Exchange of notes (E/N)	Information provided will be similar to that in premerger document; signed between governments
Grant aid	Exchange of notes (E/N)	Information provided and its significance will differ from that in premerger document

#### 3.2.2. Signing of Agreement with JICA

Following a bilateral pledge between governments, New JICA will sign a written agreement to implement its aid scheme.

Aid Scheme	Name of Written Agreement	Brief Description
Technical cooperation	MOU (tentative name, memorandum of understanding)	After the exchange of a note verbal, a detailed project design study will be conducted to determine the scope of the technical cooperation, and an agreement (MOU) comparable to pre-merger R/D or S/W will be signed
ODA loans	L/A (loan agreement)	Unchanged from pre-merger procedures; a loan agreement will be signed after the exchange of notes
Grant aid	G/A (grant agreement)	The agreement will cover JICA's responsibilities (supervision of the implementation of grant aid), payment conditions, responsibilities of the recipient country, and procurement conditions



### 3.2.3. Monitoring and Evaluation of Project Implementation

The procedures on the monitoring and evaluation for the implementation of various projects are generally the same as before. As for the grant aid\*, New JICA will be responsible for monitoring and evaluation, which had been done by Japan's MOFA.

\*See "3.2.5. D. JICA's and MOFA's Responsibilities for Grant Subschemes"

### 3.2.4. Notes on the Transfer of ODA Loans

Various procedures will be taken to transfer the portfolio of ODA loans from JBIC to New JICA. For details, see the formal notifications to be issued by relevant JBIC departments.

### 3.2.5 Notes on the Transfer of Grant Aid

#### A. Verification of the Contract

JICA previously screened contracts prior to verification by MOFA. New JICA will now verify the contracts.

#### B. Disbursement

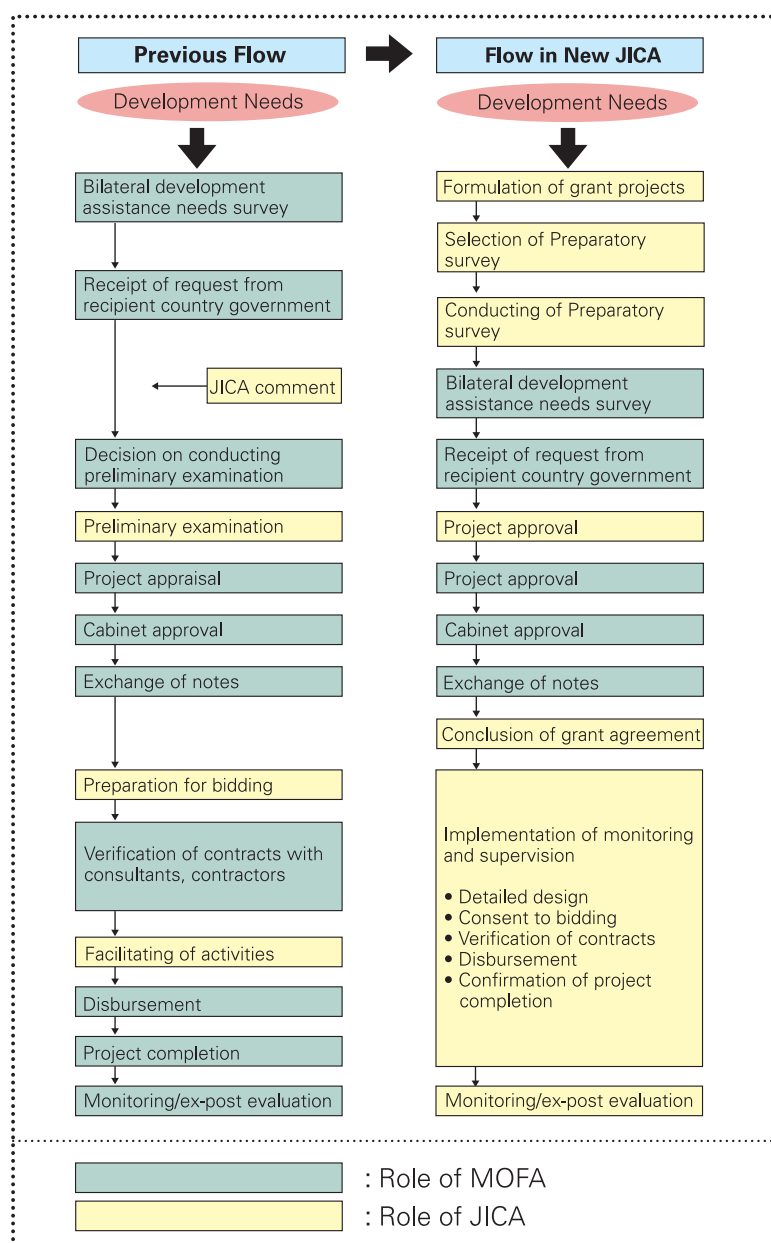
MOFA was previously responsible for disbursement. This responsibility will now be in the hands of New JICA.

#### C. Project Monitoring and Evaluation

MOFA previously monitored and evaluated projects. These functions will now be performed by New JICA.

#### D. JICA's and MOFA's Responsibilities for Grant Subschemes

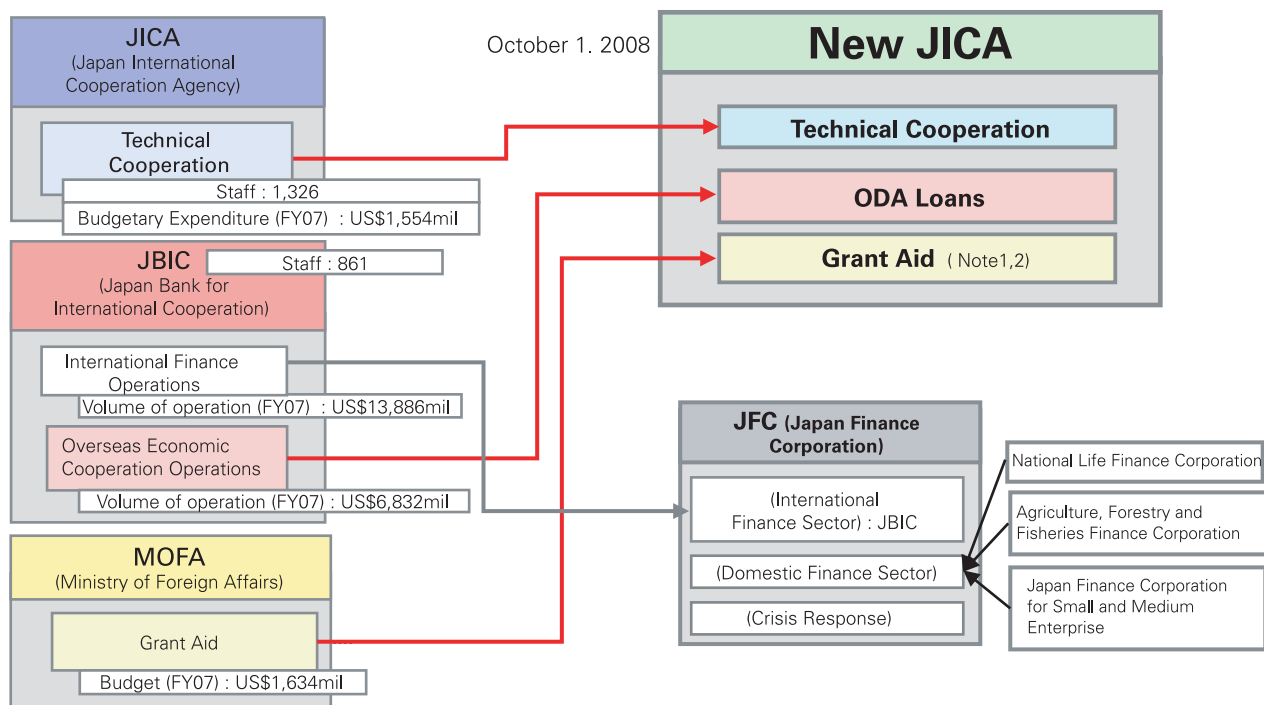
### 【Operational Flow of Grant Aid】



Name of Scheme	JICA	MOFA
Grant aid for general projects	○	
Non-project grant aid		○
Grant aid for grassroots human security projects		○
Grant aid for Japanese NGO projects		○
Grant aid for human resource development scholarship	○	
Grant aid for cooperation on counter-terrorism and security enhancement		○
Grant aid for disaster prevention and reconstruction	○	
Grant aid for community empowerment	○	
Grant aid for fisheries	○	
Cultural grant aid	○	
Grant aid for cultural grassroots projects		○
Emergency grant aid		○
Food aid	○	
Grant assistance for underprivileged farmers	○	
Grant aid for environmental issues and addressing climate change	○	
Grant aid for poverty reduction strategy	○	

## Organizational Chart of New JICA

The Japan International Cooperation Agency (JICA) will be reborn as a new, more comprehensive aid agency on October 1, 2008, by taking over the concessionary loans administered by JBIC and part of grant operations previously under the jurisdiction of the Ministry of Foreign Affairs.



Exchange Rate used : JPY100.10/US\$ (IFS rate for 2008 March end)

### Note1:

This excludes Grant Aid which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

### Note2:

The transfer of grant aid operations to New JICA will result in a number of changes. To date, JICA has conducted preliminary examinations for grant projects, including basic design study, and provided support for their implementation. Following the merger with JBIC, which will result in the transfer of the grant aid budget (cabinet approval expected in or after October 2008), JICA will continue conducting its former operations while also becoming responsible for the supervision of project implementation. (For the purpose of categorization, preliminary examinations will be conducted under the framework of Preparatory survey.)

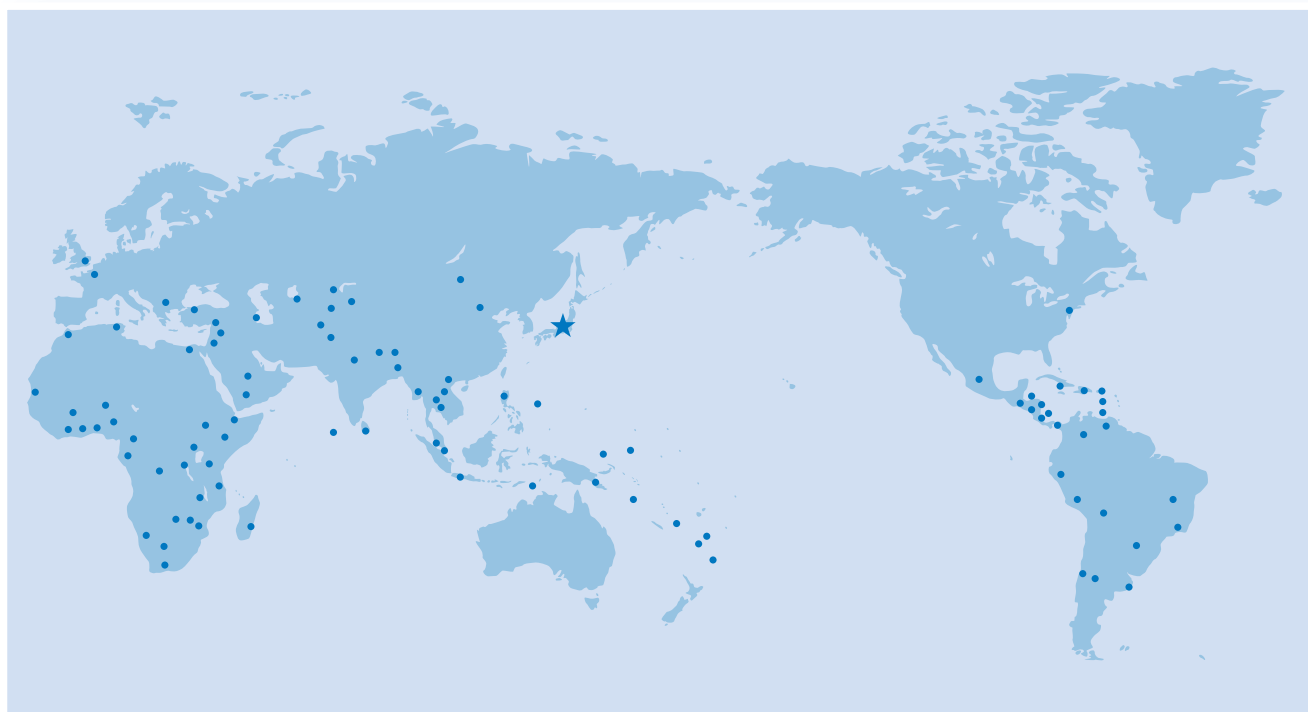
## Comparison with Other Major Donor Agencies

World Bank	Number of Staff	8,600
	Volume of operation	US\$19,634mil
Asian Development Bank	Number of Staff	2,443
	Volume of operation	US\$6,851mil
United States Agency for International Development	Number of Staff	2,227
	Volume of operation	US\$3,976mil
New JICA	Number of Staff	1,633
	Volume of operation*	US\$10,280mil

Exchange Rate used : JPY100.10/US\$ (IFS rate for 2008 March end)

\*estimated based on FY2008 budget (full year)

- **Overseas Offices**  
96 overseas offices
- **Offices in Japan**  
Headquarters (Tokyo) and 17 domestic offices



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**Japan International Cooperation Agency (JICA)**

Website <http://www.jica.go.jp/english/>