

Guidelines on the grant for contingencies

The Guidelines aim to provide conditions and procedures for use of the grant for contingencies (hereinafter referred to as “the Contingency”) under the Japanese Grant.

1. Definition of the Contingency

The Contingency is an amount preliminarily allocated at a certain rate of the project cost in the Japanese grant, in preparation for the occasion when an additional cost is required for some unforeseen reason after the signing of E/N, and it becomes difficult to implement the project within the original scope and conditions assumed at the time of E/N signing.

2. Amount of the Contingency

The necessary amount of the Contingency will be decided by the government of Japan.

3. Applicable conditions for using the Contingency

The recipient country (hereinafter “the Recipient”) may use the Contingency when it becomes difficult to implement the project within the original scope and conditions assumed at the time of signing E/N; hence an additional cost is required. Conditions applicable for using the Contingency and respective possible ways to use it are as follows:

(1) Force Majeure (e.g. deterioration in the security situation, natural disaster)

Possible ways for use:

- i. Securing of safety (security guards, equipment, etc.) and restoration
- ii. Suspension of construction work (personnel downsizing, preservation of construction site, resumption of construction work, standby during suspension, etc.)
- iii. Evacuation (travel expenses, compensation for theft during evacuation, etc.)
- iv. Property damage (limited to losses caused by deterioration in the security situation or natural disaster, etc.)

- v. Other conditions attributable to deterioration in the security situation or natural disaster

(2) Unexpected Environmental Conditions, etc.

Possible ways for use: Increased cost due to environmental and other conditions that are beyond the assumption made at the design stage.

(3) Changes of Economic/Market Conditions

Possible ways for use: Changes of the economic and/or market conditions that affect the project cost.

(4) Losses Caused by Delay on the Obligation of the Recipient

Possible ways for use: Among losses caused by a delay on the obligations of the Recipient, only the cost that the government of Japan approves as unavoidable are eligible.

4. Procedures for disbursement

Procedures for disbursement of the Contingency are as follows.

- (1) The Recipient submits a request in writing which specify the aims and reasons for disbursement of the Contingency, to JICA.
- (2) Based on the request, JICA reviews the appropriateness of disbursement, and gives concurrence to the Recipient subject to the result of a review.
- (3) Only after JICA gives the concurrence to the Recipient, the Recipient can conclude the amendment contract for using the Contingency.

5. Operational procedure

As for the detailed operational procedure, JICA sets a manual within the scope set forth in the Guidelines.

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