

A deep well with a hand pump provides a stable water supply to a drought-prone village community (The Project for Groundwater Development and Sanitation Improvement in Drought Prone Rural Areas 2000-2002, Zambia)



# Grant Aid

## Financial aid for building social and living infrastructure

### Grant Aid Scheme and JICA's Work

Grant aid is financial cooperation whereby the Japanese government provides funds as a portion of ODA to the governments of developing countries without the obligation of repayment. This is to contribute to the development of the developing country through the implementation of a project.

JICA's work consists of: (1) a preliminary study that checks the content, scale, and the approximate costs of a grant aid project; (2) facilitating operations necessary for appropriately implementing a grant aid project, which begins after the signing and exchange of an intergovernmental agreement (an Exchange of Notes [E/N]); and (3) a follow-up that aims to maintain or further enhance the effects of an implemented project after its completion.

Recently, more effective cooperation activities are being provided through a combination of not only hardware assistance, including facilities and equipment, but also software assistance, such as technical guidance and human resources development. For instance, in order to help local people acquire maintenance and management know-how to operate equipment provided by grant aid, human resources development is carried out through the dispatch of experts from Japan and inviting locals to Japan for training. In some cases, on the other hand, training and research facilities necessary for technical cooperation are built with grant aid.

Until now, the Japanese Government (Ministry of Foreign Affairs [MOFA]) has implemented grant aid projects and JICA has provided support for their implementation. However, after the establishment of the new JICA (October 2008), JICA will function as the main implementing body for general grant aid, overseeing all activities from conducting studies to project supervision and payment processes.

### Target and Procedures of the Scheme

JICA carries out the following procedures when implementing grant aid.

#### 1. Request

When a developing country wishes for grant aid from Japan, it must submit a formal request to a local Japanese diplomatic mission.

The request for the grant aid has to satisfy the following criteria:

- (1) The issue targeted by the project is given high priority in the social and economic development plans of the recipient country.
- (2) The project would contribute mainly to the stability of a democratic regime and the improvement of welfare.

- (3) The project would meet high public demand despite low profitability.
- (4) The recipient country has difficulties carrying out the project on its own and a loan is not suitable.
- (5) Management system and budget are secured to implement the project effectively.
- (6) There is no risk of assistance being channeled for military ends.

#### 2. Preliminary Study

In response to the approval notification for a study by MOFA, JICA dispatches a study team that includes private consultants to investigate, among other matters, level of public interest, management and operation systems, and coordination with technical cooperation. Furthermore, the study team examines basic conditions including the purpose, content, effects, optimal scale, and the environment for implementing the grant aid. Project cost is calculated based on the study.

#### 3. Examination

Based on the related documents, including the basic design study report compiled during the study, MOFA examines the content of the cooperation. Subsequent consultation between MOFA and the Ministry of Finance takes place to secure the necessary budget. Finally, the Cabinet decides whether the cooperation should be implemented.

#### 4. Implementation

Following the Cabinet decision, the grant aid project commences with an Exchange of Notes, which stipulates the purpose and content of the cooperation, by the governments of Japan and the recipient country.

At the implementation stage of the grant aid project, JICA ensures that the construction of facilities and procurement of materials and equipment are carried out properly and promptly. In a series of processes from conclusion of contracts to completion of construction and procurement of materials and equipment, JICA gives advice to, has communication with, and provides onsite instruction to the recipient country's government and Japanese consultants.

#### 5. Follow-up

After the completion of cooperation, the government of the recipient country takes charge of maintenance and management. However, unexpected problems such as the breakdown of equipment can occur. In response, JICA provides follow-up cooperation as necessary; for example, the procurement of equipment and materials, dispatch of a repair team, emergency work, etc., to support the sustainability of the effects of cooperation provided to the developing country.