

Grant Aid — Financial Cooperation for Building Living Foundations for the Future of Developing Countries

For the Future of Countries with Low Income Levels

Grant Aid is financial assistance extended to a developing country (partner country) with no obligation for repayment. Targeting mainly developing countries with low income levels, this type of aid covers a wide range of cooperation, including development of social and economic infrastructure as well as education, HIV/AIDS, child health, environment and other areas, to build the foundation for future development in those countries.

Aside from Grant Aid extended directly by the Ministry of Foreign Affairs of Japan due to the necessity in executing diplomatic policies, JICA is responsible for providing Grant Aid and handles related operations, including preparatory surveys, advice and guidance to a partner country for project implementation, and post-project management.

A Broadening Frontier to Meet Diversifying Needs

With the progress of globalization, the world faces a number of new challenges such as climate change, large-scale natural disasters, conflicts and terrorism. Developing countries are particularly vulnerable to these challenges, and the areas covered by Grant Aid have been becoming increasingly broader in recent years to respond to the diversifying needs for assistance. One example is peace-building and reconstruction of conflict affected countries such as Afghanistan, where JICA extended grants for restoring and building roads, hospitals and other vital infrastructures. Other areas of growing needs include: counter-terrorism such as strengthening border control and maritime security; environment management and mitigation and/or adaptation to climate change such as the introduction of renewable energy sources and facility construction for safe and stable water supplies; disaster

prevention and recovery such as facility construction and equipment procurement to prepare for and recover from the increasing number of natural disasters including flooding, earthquakes, tsunamis and other events. JICA has been tackling promptly such issues in developing countries in order to respond to the rapid changes in international circumstances and needs for assistance. Since many of these are global challenges, they are also important for Japan to enjoy peace, stability and prosperity. At the same time, Japanese knowledge and technologies are, if useful, extensively utilized for this assistance.

Along with broadening areas of needs, JICA has been strengthening its integrated approach, where assistance is provided together with technical guidance and human resources development. For instance, to provide local residents with the know-how to enable them to operate and maintain equipment installed through Grant Aid, experts are dispatched from Japan, or residents are invited to Japan for training. To further increase the development impact Grant Aid may also be



Grant Aid was provided for the construction of the international airport terminal in Kabul, the capital of Afghanistan. The airport is now functioning as a valuable link between Afghanistan and the world with a large increase of passengers from 300,000 before the project to more than 900,000 at present. (Photo by Sayad Jan Sabawoon)

Types of Grant Aid (Portion implemented by JICA)

Scheme Name	Outline
Grant Aid for General Projects	Support for projects implemented for basic human needs, education, etc. (including the construction of hospitals, schools and roads, or the procurement of materials and equipment for public transport vehicles, etc.)
Grant Aid for Community Empowerment	Support for comprehensive skills development in communities faced with threats to human life or safe living
Grant Aid for Conflict Prevention and Peacebuilding	Support and others for spreading the necessary economic and social infrastructures in post-conflict countries
Grant Aid for Disaster Prevention and Reconstruction	Disaster prevention assistance and post-disaster reconstruction assistance
Grant Aid for Environment and Climate Change	Support for adoption of policies and planning related to climate change countermeasures, etc., and for related projects
Grant Aid for Poverty Reduction Strategies	Public financing support for countries implementing poverty reduction strategies
Grant Aid for Human Resource Development (Scholarship)	Support for training young administrative officials
Grant Aid for Fisheries	Support for projects promoting the fisheries industry
Cultural Grant Assistance	Support for equipment procurement and facilities development needed for promotion of culture, etc.
Grant Aid for Underprivileged Farmers	Support for purchase of agricultural equipment and fertilizers, etc., to support self-help efforts toward food self-sufficiency
Grant Aid for Cooperation on Counter-Terrorism and Security Enhancement	Support for strengthening piracy countermeasures and other public security policies

provided in combination with Technical Cooperation. One example is the construction of training and research facilities required for human resources development or organizational reinforcement by Technical Cooperation.

Procedure for the Implementation of Grant Aid

Project Identification and Formulation

Regarding project content, JICA conducts preparatory surveys and other surveys in discussion with the government of the partner country, while examining from a variety of perspectives on the country's current situation, objectives of project implementation, scale of cooperation, the operation and management structures if implemented and the expected outcome. Based on this information, necessary costs are calculated.

Project Examination and Approval

Concerning the implementation process and results of preparatory surveys, JICA shares all information with the Japanese government, verifies the appropriateness of implementing a project and then examines the contents of cooperation.

Based on the results of the surveys, the Japanese government conducts necessary reviews and procedures for securing budgets and then submits project proposals to the Cabinet for a final decision on implementation.

Exchange of Notes and Grant Agreements

After approval by the Cabinet, the government of the partner country and the Japanese government sign documents (Exchange of Notes) summarizing the objectives and content of cooperation for the project.

JICA then signs a "Grant Agreement" with the government of the partner country that sets the specific conditions for the grant.

Project Implementation

At the project implementation stage following the signing of the Exchange of Notes and Grant Agreement, JICA offers advice and implementation guidance to the partner country and consultants. This advice and guidance is to ensure that facility construction as well as materials and equipment procurement proceed in an appropriate manner without delays, from the time the agreement is signed through transfer of the materials and equipment until completion of construction.

Post-Project Management

After cooperation is completed, the government of the partner country handles operations and maintenance. However, there will be cases when equipment breakdowns or other unexpected problems occur. In such circumstances, JICA provides Follow-up Cooperation in the form of materials and equipment procurement, dispatch of repair teams and emergency repair work in order to maintain the effectiveness of cooperation.

Preparatory Surveys

Formulating Cooperation that Maximizes the Benefit of the Three Assistance Schemes of Technical Cooperation, ODA Loans and Grant Aid

Enhancing Implementation of Effective Projects through Preparatory Surveys with Flexibility and Speed

Preparatory surveys are performed to formulate a cooperation program, identify and formulate individual projects, and confirm a project's relevance, effectiveness and efficiency. These surveys are conducted as needed based on decisions reached after consultations with the Ministry of Foreign Affairs of Japan. When appropriate, a single survey can be used for a cooperation program and individual projects. Using this approach allows preparatory surveys to take place with flexibility and speed.

The preparatory surveys enable JICA to optimize combinations and synergistic effects of the three assistance schemes of Technical Cooperation, ODA Loans and Grant Aid, and thereby increase prospects for the cooperation to yield greater development benefits.

The objectives of preparatory surveys can be divided broadly into the following two categories.

- 1) A survey to "set a development goal for cooperation" and "draft suitable cooperation scenarios (cooperation program) for attaining the goal" in order to assist partner countries in solving specific development issues in an effective and efficient manner
- 2) A survey to identify and formulate individual projects, examine relevance, effectiveness and efficiency of the candidate projects, formulate basic plans for these projects, and propose cooperation contents