

# Grant Aid

## Financial Cooperation for Building Living Foundations for the Future of Developing Countries

### Building Foundations for the Future of Countries

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.

### 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.

### 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

# Assistance for Myanmar

## Grant Aid for Building Socioeconomic Foundations

JICA provides Grant Aid for improving basic infrastructures, adapting to climate change, controlling borders, strengthening maritime security and many other areas. In fiscal 2012, the characteristics of Grant Aid could be illustrated by the cooperation in Myanmar, which was the largest assistance conducted by JICA.

In line with reforms for democratization and reconciliation with its citizens in Myanmar, the government of Japan has established the following goals as economic cooperation pillars: (1) assistance for improvement of people's livelihoods; (2) assistance for capacity building and institutions development to sustain economy and society; and (3) assistance for development of infrastructure and related systems necessary for sustainable economic development, under three pillars. JICA is providing Grant Aid for support for medical care, agriculture, electric power, infrastructure, telecommunication and other areas.

For example, in the telecommunication sector, the number of communication

service users is increasing along with the rapid progress of democracy and economic reforms. This has created an urgent need to improve the communication network. However, due to many years of restrictions on imports and insufficient financial resources, there are serious problems with the capacity and quality of communication network.

To address these issues, the Government of Myanmar has requested cooperation to make urgent improvements to the communication networks in and between three major cities with particularly acute needs—Yangon, Mandalay, and Nay Pyi Taw. A Grant Agreement for this assistance was signed in December 2012.

It is expected that the project contributes to improve the communication infrastructure which is the foundation for the economic activities and the people's life, invigorate all categories of economic activities, improve the lives of residents of the three major cities, and enable governments to operate more efficiently. In addition, the project is expected to lead to

investments by companies including from Japan.

This project includes technical support for engineers in Myanmar. JICA's Grant Aid is supporting the country's knowledge as well as its infrastructure.



A Tower for Telecommunication in Yangon

## 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