

# Grant Aid

## Financial Cooperation for Building Life 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 sectors, including development of social and economic infrastructure as well as education, HIV/AIDS, child health, the 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 of executing diplomatic policies, JICA is responsible for providing Grant Aid and handles related operations, including preparatory surveys, advice and guidance to the partner country for project implementation, and post-project management.

### ● Procedure for the Implementation of a Grant Aid Project

#### 1) 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 the country's current situation, objectives for project implementation, scale of cooperation, operation and management structures if implemented, and the expected outcome. Based on this information, necessary costs are calculated.

#### 2) 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 the project, and then examines the content 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.

#### 3) Exchange of Notes and Grant Agreements

After approval by the Cabinet, the government of the partner country and the Japanese government sign documents called the 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.

#### 4) Project Implementation

At the project implementation stage following the signing of the Exchange of Notes and the 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.

#### 5) Post-Project Management

After cooperation is completed, the government of the partner country handles operations and maintenance. However, there are cases when equipment breakdowns or other unexpected problems occur. In such circumstances, JICA provides Follow-up Cooperation [[→ see page 136 for details](#)] 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 in Terms of the Portion Implemented by JICA

Scheme Name	Outline
<b>Grant Aid for General Projects</b>	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 transportation vehicles, etc.
<b>Grant Aid for Community Empowerment</b>	Support for comprehensive skills development in communities faced with threats to human life or safe living
<b>Grant Aid for Conflict Prevention and Peacebuilding</b>	Support for spreading the necessary economic and social infrastructure in post-conflict countries
<b>Grant Aid for Disaster Prevention and Reconstruction</b>	Disaster prevention assistance and post-disaster reconstruction assistance
<b>Grant Aid for Environment and Climate Change</b>	Support for adoption of policies and planning related to climate change countermeasures, etc., and for related projects
<b>Grant Aid for Poverty-Reduction Strategies</b>	Public financing support for countries implementing poverty-reduction strategies
<b>Grant Aid for Human Resources Development (Scholarships)</b>	Support for training young administrative officials
<b>Grant Aid for Fisheries</b>	Support for projects promoting the fisheries industry
<b>Cultural Grant Assistance</b>	Support for equipment procurement and facilities development needed for promotion of culture, etc.
<b>Grant Aid for Cooperation on Counterterrorism and Security Enhancement</b>	Support for strengthening piracy countermeasures and other public security policies

## ● New Efforts

### 1. Implementation of Grant Aid Programme

#### (Promotion of Restoration, Reconstruction, and Other Activities)

When assisting restoration or recovery from disasters or disputes, prompt and flexible responses to a variety of rapidly changing needs are required. Based on the lessons learned in past activities, such as the Grant Aid Projects for the Sumatra Earthquake and the Indian Ocean Tsunami, JICA, together with the Ministry of Foreign Affairs, has launched a Grant Aid Programme to use multiple procurement types under one Exchange of Note and Grant Agreement in a flexible manner.

In fiscal 2013, JICA signed a Grant Agreement for the Project for Urgent Improvement of Water Sector for the Host Communities of Syrian Refugees in Northern Governorates (Jordan), and also formulated a program to restore and reconstruct from disasters caused by Typhoon Haiyan (Yolanda) in the Philippines. [[→ see the Case Study](#)]

### 2. Additional Grant

JICA, together with the Ministry of Foreign Affairs, has improved the procedure to amend a Grant Aid Project to promptly and properly cope with, for instance, effects of rapid changes in foreign-exchange rates. It was applied in fiscal 2013 to a total of nine projects, such as the Project for Restoration of the Democracia Bridge in Honduras.

Together with the Contingency Fund, which has already been implemented on a trial basis, it has been improved to flexibly cope with unexpected risks in developing countries, such as a sudden rise in material costs, discrepancies between construction terms and the actual construction site, deterioration of public order and political instability, and natural disasters, in order to assist project implementation by Japanese contractors.

#### Case Study

### Assistance with Grant Aid That Will Stimulate Business Environment

## Export Enhancement of Infrastructure Systems

### Assisting Operational Improvement of the Central Bank of Myanmar

Global demand for infrastructure is huge, including in developing countries and mainly in newly emerging countries, and infrastructure development is indispensable to the sustainable growth and social development of those countries.

As a way to enhance development of infrastructure and business environment in developing countries, Japan utilizes ODA to promote technologies, know-how, and other excellent qualities of the country to make them global standards, through acceleration of infrastructure export by Japanese companies.

In line with the Japanese government's policies, JICA continues to assist Myanmar,

which received the largest amount of Grant Aid in both fiscal 2012 and fiscal 2013, through modernizing the operational infrastructure of the Central Bank.

A Grant Agreement for operational information and communications technology (ICT) systems was signed in October 2013 in order to maintain and improve creditability of the financial sector and to rectify inefficient operations at the Central Bank.

This project is expected to increase efficiency of the Central Bank's operations and further to



Office space at the Central Bank of Myanmar: many tasks such as fund settlements and securities settlements are controlled manually by using ledger sheets.

modernize the financial sector in Myanmar through high technology and know-how in ICT systems provided by Japanese companies and related entities.

#### Case Study

### Philippines: Creation of a Grant Aid Programme to Support Restoration and Reconstruction from Disasters Caused by Typhoon Yolanda

## Build Back Better: An Effort to Reconstruct the Stricken Area to a Better State

### Building Disaster-Resistant Society

Typhoon Haiyan, called Yolanda in the Philippines, formed in November 2013 and struck the Visayas and surrounding areas of the central Philippines, causing over 6,000 deaths, over one million damaged houses, and over four million evacuees.

JICA, while dispatching the Medical Team of Japan Disaster Relief Team to the site, providing emergency supplies and other supports, studied the needs with medium- and long-term restoration and reconstruction in its scope and

considered how best to provide support using Grant Aid. In this process, JICA shared with the Government of the Philippines the concept of build back better, aiming not only to recover a disaster-stricken area to its previous state but also to reconstruct it to a better state, which has been reflected in Grant Aid planning policies.

With Grant Aid, JICA is looking at early restoration and reconstruction of social infrastructure such as medical facilities, schools, and local government facilities; economic infrastructure such as airports and electricity;

and disaster-prevention infrastructure such as weather radar, to assist building a disaster-resistant society in the Yolanda-stricken area.

JICA is on track for early implementation of these measures, with technical advice based on past experiences that include reconstruction after the Great East Japan Earthquake, and in cooperation with the Project on Rehabilitation and Recovery from Typhoon Yolanda, an emergency aid survey to provide assistance in activities such as creation of mid- to long-term restoration plans to build a disaster-resistant area.