

Grants

● Building Foundations for the Future of Developing Countries

Grants are a type of financial assistance in which funds are granted to a developing country to support construction work or services such as procuring equipment and materials that are necessary for socioeconomic development. Since Grants are financial assistance with no obligation for repayment, they target mainly developing countries with low income levels.

Assistance is provided mainly for development of socioeconomic infrastructure, such as hospitals, schools, water supply systems, irrigation systems, roads, bridges, ports, and power supply. In recent years, assistance has also been extended for peacebuilding, developing business environments, disaster prevention and reconstruction after disasters, measures to cope with climate change, and development of human resources for those who will play important roles in their own countries' policymaking.

Where necessary, technical guidance for operation and maintenance is also provided so that the facilities and other systems financed by Grants are sustainably managed.

● Project Cycle

Grants are carried out in a project cycle consisting of six major steps, as described in the chart.

- 1 JICA conducts a preparatory survey as a part of project preparation. In the preparatory survey, JICA examines the appropriateness of the project and develops an outline of the project together with the government of the partner country.
- 2 The Japanese government receives an official request for the project from the partner country.
- 3 JICA examines and appraises the contents of the requested project and conducts an ex-ante evaluation.
- 4 Based on the result of JICA's appraisal, the Japanese government approves the project to be financed by Grants at the Cabinet level. Then, the government of the partner country

signs the Exchange of Notes and Grant Agreement with the Japanese government and JICA, respectively.

- 5 As the main conductor of the project, the government of the partner country implements the project, whereas JICA, respecting the partner country's ownership, monitors the progress of the project and gives advice to the stakeholders in order to ensure proper and smooth implementation.

- 6 After completion of the project, JICA conducts an ex-post evaluation, and where necessary provides Follow-Up Cooperation to resume the performance of the equipment and facilities as well as to support the activities for disseminating the project outcome. Feedback from the evaluation will be utilized for preparing new projects.

By applying this project cycle sequence, from the planning stage to ex-post evaluation, JICA conducts strategic and effective operation of Grants.

● Types of Grants Implemented by JICA

1. Project Grants

This is a type of Grant in which the government of a partner country enters contracts with consultants or contractors to build facilities or to procure equipment and materials. It is mainly used for establishing foundations for basic human needs or for building socioeconomic infrastructure.

2. Sector Grants

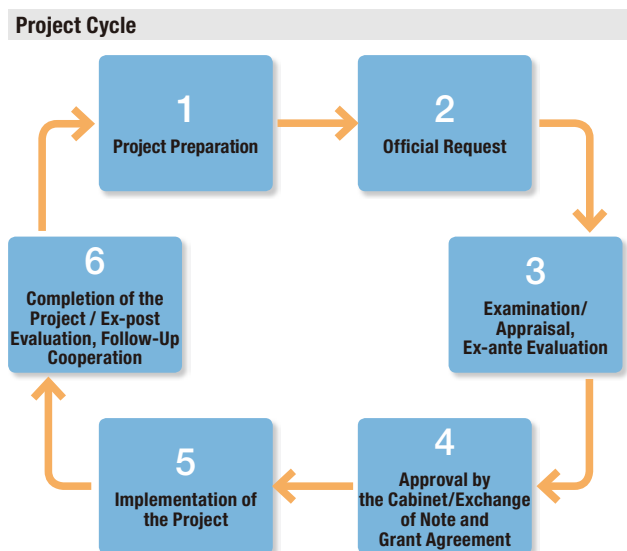
This is a type of Grant in which multiple subprojects are implemented in a flexible manner under a single Grant program. When assisting restoration or reconstruction from disputes or disasters, prompt and flexible responses to a variety of rapidly changing needs are required. Therefore, this type of Grant was applied to a project to support Syrian refugees in Jordan, and to a project for restoration and reconstruction after disasters caused by Typhoon Yolanda that struck the Philippines in November 2013.

3. Grants in Association with an International Organization

This is a type of Grant in which an Exchange of Notes and a Grant Agreement are signed with an international organization to implement a project for the government of a partner country while making use of the expertise of the international organization.

4. Grants through Budget Support

This is a type of Grant in which budget support is provided for a developing country for purposes such as the promotion of a poverty-reduction strategy that is a comprehensive development plan for the country's socioeconomic development. There are three categories in this type of Grant: (1) general budget support, in which purposes and expense items are not specified; (2) budget support for a sector in which purposes and expense items are limited to a certain sector; and (3) budget support for a common fund in which support is given to a special account opened by the government of a partner country or a supporting agency.





Sindhuli Road in Nepal. Construction progressed under Grants from 1995 and was completed after approximately 20 years. The road was functional even after the Nepal Earthquake in 2015, and became a vital transportation route for relief supplies.

● Recent Initiatives

1. Initiatives to Mitigate Project Risks

As Grants are conducted in developing countries, they face a variety of risks, such as delays in arrangements that a partner country's government is responsible for, and may discourage the contracting companies to bid for the projects. In order to mitigate such risks in the course of project implementation, JICA has reviewed the Grant procedural system comprehensively and has taken measures for improvement. Major initiatives in place in fiscal 2015 are as follows.

- **Clarification of responsibilities that JICA and the partner country's government must comply with**

For Project Grants, JICA has clarified, in detail, responsibilities that JICA and the partner country's government are to comply with in order to strengthen measures to ensure the fulfilment of duties. More precisely, the responsibilities of JICA and the partner country's government that are necessary to run a project are confirmed in more specific terms than before in the preparatory survey, the responsibilities of both parties are clearly stated in the Grant Agreement, and the partner country's government is obligated to report periodically the state of the project's progress. In connection with this, documents, including Grant Agreement, Procurement Guidelines, and a format for contracts, have been revised.

- **Organization of the project briefing session**

For projects mainly in African countries, to allow candidate companies to obtain information at earlier stages than before, JICA started to organize a project briefing session before the project implementation stage to share information that has been

collected through the preparatory survey.

- **Allocation of Grants for contingency**

Grants for contingency are allocated to all projects that consist of construction work and some of those that consist of equipment. This enables management of unexpected risks in developing countries, such as a sudden rise in material costs, discrepancies between conditions for construction and actual construction sites, deterioration of the security situation or political instability, and natural disasters.

2. Grants in Cooperation with Japan's Local Governments

Local governments in Japan have accumulated experience through overcoming various challenges in connection with urban development. They also have know-how gained through operating public works, such as water and sewer services and solid waste management, which have expanded along with the economic growth of Japan. In order to apply such experiences and know-how to the infrastructure improvement of developing countries, and also to revitalize Japan's local communities through building relationships between local communities and developing countries, JICA has introduced a system to implement Grants based on project proposals from Japan's local governments. Based on the project proposals, JICA will conduct preparatory surveys for cooperation together with these local governments. Moreover, in the implementation stage of Grant projects, the local governments will provide technical assistance.