



# Japan Social Development Fund

## Annual Report

Fiscal Year 2004



THE WORLD BANK

Concessional Finance and Global Partnerships

Japan Social Development Fund  
Annual Report **Fiscal Year** 2004



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Message from the Chair,  
JSDF Steering Committee



Photo by Curt Carnemark.

During Fiscal Year 2004, the objectives of the Japan Social Development Fund (JSDF) were at the forefront of global discussions. The main purpose of the JSDF, to provide direct support to the poor and most vulnerable populations in the development process and to build capacity, participation and empowerment of local communities and civil society, has become an even greater focus of international development policy. At the Shanghai conference on poverty reduction held in May 2004, President Wolfensohn stated “while there is no one-size-fits-all solution to reducing poverty, large-scale poverty reduction depends on several key factors,” and cited “poor people as agents of change and assets for development solutions” as first among those factors. During the World Bank Conference on Local Development, community-driven development (CDD) programs were highlighted in recognition of the fact that they “knit communities together to solve local problems with services and infrastructure.” Both events stressed strengthening the voice of citizens and empowering communities, core principles of the JSDF, to improve the quality and type of services that they receive.

While the protection and involvement of beneficiaries has long been a valued aspiration in policy dialogue, this approach has become imperative to development efforts given globalization and the pursuit of the Millennium Development Goals (MDGs). History reminds us that economic advancement without social gains cannot be sustained, and that market gains without improved living standards can create serious social consequences. The JSDF operates with the understanding that social programs – health, education, employment, child protection, effective judicial systems – are important building blocks to a healthy society. The JSDF is among the few vehicles that allow a direct interface with the poor and most vulnerable, those who are at the heart of the Bank’s mission to alleviate poverty, appreciably extending the reach of social development efforts.

The JSDF also provides a platform for cooperation with NGOs and other stakeholders in the development process, which has led to meaningful progress in areas not previously associated with the Bank's work. Financial assistance from Japan has made it possible, for example, for a project for Cambodian farmers to be supported by a Norwegian NGO under the supervision of World Bank staff. It is truly a global effort. The JSDF channels the comparative advantages of its partners to help local entities take the responsibility to maintain their own infrastructure and systems. This brings more participation and cohesion to local development efforts.

At the end of its fourth year in operation, the JSDF is at a point where nearly all grants approved to date are under implementation. This provides an opportunity to gather lessons from on-the-ground experience and to build upon the Program's successes. To date, almost US\$100 million for 86 grants have been approved to support projects in 41 countries. I would like to take this opportunity to recognize the Government of Japan for its contribution to the development agenda through this innovative Program. We look forward to supporting the Program's further evolution in the years ahead with a view to enhancing our collective efforts for those in greatest need.

**Arif Zulfiqar**

Director, Trust Fund Operations, and  
Chair, JSDF Steering Committee

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# Acronyms and Abbreviations

AFR	Africa Region
AIDS	Acquired Immune Deficiency Syndrome
CAS	Country Assistance Strategy
CDD	Community Driven Development
CFP	Concessional Finance and Global Partnership Vice Presidency
DDR	Disarmament, Demobilization and Reintegration
EAP	East Asia and Pacific Region
FY	Fiscal Year
GNI	Gross National Income
GNP	Gross National Product
GOJ	Government of Japan
HIV	Human Immunodeficiency Virus
JSDF	Japan Social Development Fund
JPY	Japanese Yen
LAC	Latin America and the Caribbean Region
MDGs	Millennium Development Goals
MNA	Middle East and North Africa Region
NGO	Non-Governmental Organization
PDR	People's Democratic Republic
PRSP	Poverty Reduction Strategy Paper
SAR	South Asia Region
SARS	Severe Acute Respiratory Syndrome
STD	Sexually Transmitted Diseases
TTL	Task Team Leader
UN	United Nations





*“These programs are about giving poor people respect, listening to them, giving them opportunities to advance themselves—putting them in charge of the decisions that affect their lives without waiting years for help to finally arrive from the capital city.”*

—World Bank President James Wolfensohn on social development programs, May 2004

## Overview of the JSDF

The Japan Social Development Fund is an untied grant facility established by the Government of Japan and the World Bank in June 2000. The JSDF facilitates active participation of local communities and civil society organizations, including NGOs, in the development process.

### BACKGROUND

Initially established to offset the devastating effects of the East Asian financial crisis in the 1990's, the Japan Social Development Fund (JSDF) has expanded its assistance to support project activities in low and lower middle-income countries throughout the world. Recognizing the need for direct relief, and that the affected groups have a critical role in their own recovery and development, the Government of Japan (GOJ) partnered with the World Bank to establish the JSDF. The JSDF helps link governments with non-governmental organizations (NGOs), community groups and civil society so that they can effectively engage in the design, implementation and supervision of grant-funded projects. To date the GOJ has approved US\$99.3 million for 86 grants in 41 countries.



Cambodian school children have benefited from the JSDF Public Education for Disadvantaged Children grant implemented by Save the Children, Norway. This grant is featured in Chapter 3, *JSDF Grants in Action*. Photo by Save the Children (Norway) in Cambodia.

### JSDF Grants support projects which:

- are innovative
- directly respond to the needs of the marginalized and most vulnerable groups of society
- provide *rapid benefits* which can be *demonstrated* and *sustained*
- build capacity, participation and empowerment of *local* governments and civil society (local communities and NGOs)



The Vietnam Northern Mountains Poverty Reduction Project supported activities including household water supply, health and adult literacy which directly benefited women and children in the poorest communes. Photo by Tran Thi Hoa.

The JSDF is intended to support activities that are innovative, participatory and demand-driven. Grants respond to the needs of vulnerable groups in ways which enhance their capacities and strengthen their participation in the development process. The Program provides direct relief to beneficiary groups, often through the delivery of social assistance or the provision of health and human services. The JSDF also encourages innovative schemes and partnerships to promote social development activities at the local level. Grant recipients may be a central or local government organization, a community group or an NGO. The JSDF serves as a mechanism to work for poverty alleviation directly at the community level.

The JSDF specifically targets marginalized populations and operates in tandem with larger-scale World Bank operations. The JSDF is based on the premise that local development is more relevant when undertaken with the participation of community members, and that transparency is increased and local governance strengthened by building local capacity.

The JSDF supports the Millennium Development Goals (MDGs) by providing a platform for stakeholders to collaborate in the pursuit of sustainable progress in health and social development. The MDGs promote human development as the key to sustaining social and economic progress in all countries, developed and developing, and recognize the importance of creating a global partnership for development.

### JSDF Grant in Focus

**Indonesia** – Support for Female-Headed Households in Conflict Areas (US\$1.7 million)

**Grant Objective:** To reverse the downward poverty spiral that affects female-headed households in conflict areas and to provide families with small business management and organization skills, a small amount of resources, and support to help stabilize and improve their economic status

## PROJECT AND CAPACITY BUILDING GRANTS

The JSDF finances two grant types: project grants and capacity building grants. Project grants provide direct assistance to the poor by supporting the improvement of services, strengthening social safety nets, or through innovation and testing of new approaches, particularly in the social sectors. Project grants often use the Community Driven Development (CDD) approach which fosters local participation in the community's development. A JSDF grant may finance a stand-alone project, or pilot activities which may be replicated on a larger scale with World Bank Group or other financing. Project grants are available for activities in World Bank member countries whose 2002 per capita income was less than US\$1,435.

### JSDF Grant in Focus

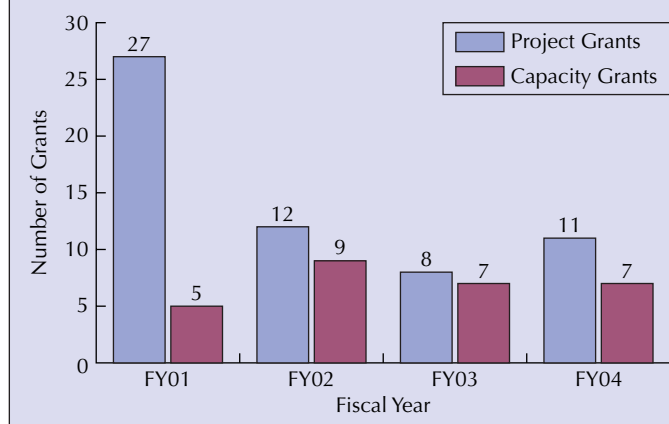
**Honduras** – Community Disaster Management in the Barrios of Tegucigalpa (US\$1.98 million)

**Grant Objective:** In coordination with the local government of Tegucigalpa, to empower the poorest and most vulnerable communities to identify and implement demand-driven disaster mitigation activities to counter the frequent flooding and landslides in the city's high-risk areas

Capacity Building grants strengthen the provision of social services by expanding the capabilities of institutions that serve the community. The grants can provide support for organizations to participate in the planning, implementation and evaluation of development in their community, and may be used to strengthen local communities or NGOs through experiential training or to reinforce local governmental institutions that provide essential services or social benefits. Grants may also be used to increase the coverage of social fund-type institutions, to foster positive interactions among government and NGOs, or to improve local communities' ability to monitor social or poverty indicators. Capacity Building grants are available to both low and lower middle-income countries.

In FY01, 27 of the 32 grants approved, or 84 percent, were project grants. By the end of FY04, about one third of total grants approved were for capacity building projects. The initial concentration may be attributed to the fact that project grants lend themselves to more urgent needs, whereas capacity grants are more developmental in nature.

Figure 1: Number of JSDF Grants by Type per Fiscal Year





The JSDF supports projects aimed at protecting vulnerable children, preventing child labor and improving the lives of children at risk. Photo by Norman Piccioni.

### **JSDF IN PROFILE: FY01 TO FY04**

- Overall, the Government of Japan has approved 86 grants totaling US\$99.3 million<sup>1</sup> in fourteen rounds of funding.
- 41 countries in six regions are benefiting from JSDF grants.
- The East Asia and Pacific Region has received the greatest amount of JSDF funding, with a total of US\$44.4 million, representing about 45 percent of total allocations.
- The Europe and Central Asia Region has received US\$15.5 million in allocations, or 16 percent of total funds. The Latin America and the Caribbean and Africa Regions received US\$12.6 million and US\$12.2 million, or 13 and 12 percent of total funds, respectively. The South Asia Region received US\$11 million in JSDF grants, representing 11 percent of total funds, followed by the Middle East and North Africa Region, which received a total of US\$3.5 million or four percent of total funds.
- The sectoral distribution of JSDF grants has focused on direct poverty alleviation and social protection efforts. The social protection sector received the most funds, totaling US\$16.2 million, or 16 percent of funds awarded, followed by the rural development sector (about US\$14 million, or 14 percent), education (\$12 million, or 12 percent), health and urban development (\$10 million and \$9.5 million, respectively, about 10 percent each). Other

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<sup>1</sup> Over the FY01-04 period, the Government of Japan actually approved a total of 95 grants, nine of which were dropped before activation.

sectors included human development, law and judicial reform, public sector reform, water and sanitation, and infrastructure. There were also several multi-sector grants.

- The JSDF is supporting 28 capacity building projects for a total of US\$29.4 million. These grants are working to strengthen local communities, NGOs and local institutions to encourage long-term learning and sustainable development.
- JSDF Seed Fund grants for project preparation have been approved for work in 26 countries.
- The Special Window for Afghanistan has financed six grants for a total of US\$27.7 million.

### **JSDF Grant Selection Criteria**

- Results in direct, demonstrable and rapid benefits to the marginalized and most vulnerable
- Applies innovative mechanisms to provide direct assistance which cannot be financed through loans/credits
- Encourages direct participation of community groups and/or NGOs (including Japanese NGOs) to promote long-term sustainable development
- Supports the Country Assistance Strategy (CAS) objectives
- Complements existing World Bank-financed project(s) – either under preparation or implementation
- Demonstrates commitment and ownership of the Recipient
- Applies tangible indicators and mechanisms for measuring outcomes and monitoring progress



*“The pilot’s main lesson was that communities know best about their needs, their strengths and weaknesses, their dreams and their constraints. In a nutshell, communities must be trusted. Whole heartedly. The pilot also showed that given an opportunity, the poor are capable of managing their development effectively and transparently....But above all, the program aims at giving back to the people their right to dream and hope for a better future. A future in which they decide upon and are accountable for their own development, with the Government acting as a facilitator and a provider of technical assistance. As one poor woman said, ‘we have a dream, we just needed to know how to get there.’”*

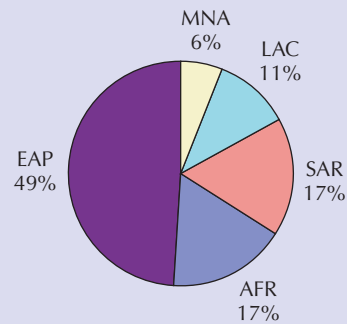
—Excerpt from World Bank presentation on the Community Development and Livelihood Improvement, the so-called ‘Gemi Diriya’, Project, Sri Lanka

# JSDF Funding in FY04

## REGIONAL AND SECTORAL DISTRIBUTION OF FUND ALLOCATIONS: FY01-FY04

In FY04, US\$24.7 million was approved for 18 project and capacity building grants to 16 countries.<sup>2</sup> The regional distribution of the grants approved in FY04 was relatively consistent with that of previous years. In FY04, grants were awarded to five of the Bank’s six regions, with East Asia and the Pacific receiving the lion’s share at 49 percent of grants approved, of which three went to Indonesia, and one each to China, Lao PDR, Mongolia, the Philippines, and Vietnam. East Asia also received a regional grant (see below). In South Asia, India received three grants, and Pakistan one. Nigeria, the Republic of Congo and Tanzania each received one grant in the Africa Region. Colombia and Honduras received grants in the Latin America and the Caribbean Region, while Egypt received the one grant awarded to the Middle East and North Africa Region. The Europe and Central Asia Region did not receive any JSDF grants in FY04. Honduras and the Republic of Congo were both first time recipients of JSDF grants this year.

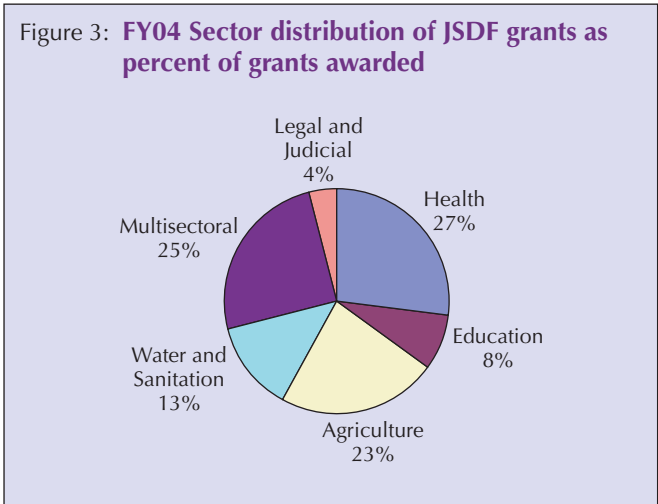
Figure 2: **FY04 Regional distribution of JSDF grants as percent of grants awarded**



<sup>2</sup>Two additional grants were approved to India and Indonesia but dropped before activation.

To put FY04 regional allocations in the context of the overall program, of the 86 grants approved to date, the majority of funding has gone to Asian countries: 63 percent in FY04 and 56 percent of total grant funding over FY01–04. The table in Annex 3 shows the number of grants and the amounts allocated to each region in each fiscal year since the Program’s inception.

In FY04, the breakdown by sector of JSDf grants approved reflects an emphasis on health, with just over US\$6.9 million or 27 percent of the total amount allocated. Multi-sector projects also received a significant 25 percent of FY04 funding, with five grants awarded for work related to social protection, rural development, and risk management. In addition, four grants totaling US\$5.7 million (23 percent) were approved for the agriculture sector, two grants for water and sanitation (US\$3.1 million, 13 percent), two for education (US\$1.9 million, 8 percent) and one for legal and judicial reform (US\$0.9 million, 4 percent).



**JSDf GRANT DEVELOPMENTS IN FY04**

Notable in FY04 was the approval of a US\$3 million grant approved for the East Asia Region to combat the further spread of SARS. A World Bank Task Team began preparation of the proposal almost immediately following the initial outbreak to fund activities in support of containment efforts and to protect populations against this contagious and potentially fatal disease. The four-year grant will help to strengthen monitoring systems and public education for health promotion. The amount approved for this grant is the maximum amount that can be allocated for a grant under the regular JSDf program. In addition, grants testing particularly innovative approaches were approved this year for community disaster management, participatory forest management, and mainstreaming indigenous peoples in agrarian reform.

**JSDf Grant in Focus**

**East Asia Region** – Prevention and Control of SARS (US\$3 million)

**Grant Objective:** To help prevent and control Severe Acute Respiratory Syndrome (SARS) in the East Asia and Pacific Region by building the capacity of local governments and communities through the design, implementation and evaluation of SARS health promotion programs, and improvement of the surveillance system to monitor the SARS epidemic

## SPECIAL WINDOW FOR AFGHANISTAN

Intense military conflict for more than twenty years destroyed most of Afghanistan's infrastructure, and chronic outbursts of violence hindered the development of civil systems and basic services. Hence, access to clean water, a reliable food supply, and education and health services are available to only a small fraction of the population of 28 million.

In March 2002, the Government of Japan established a special three-year window under the JSDF program to help support Afghanistan's reconstruction and transition toward political, economic and social stability. Support is provided for both project and capacity building grants. To date, six grants have been approved for Afghanistan totaling US\$27.7 million. The grants finance both relief and development activities. Through FY03, the grants ranged from US\$500,000 to almost US\$3 million. In FY04, a decision was taken to allow larger grants due to the country's enormous needs and the challenges inherent in managing grants in the Afghani environment. One grant was approved in FY04 for US\$20 million in support of Afghanistan's National Emergency Employment Program for Disarmament, Demobilization and Reintegration (NEEPDDR) and for Rural Livelihood Support (see box below).



Qazan Villager, representative of the Community Development Council, discusses with the WB team priorities for his village. Photo by Norman Piccioni.

## **FY04 JSDF Support to Afghanistan – National Emergency Employment Program for Disarmament, Demobilization and Reintegration (NEPDDR) and for Rural Livelihood Support (NEEPRLS) Program**

The objectives of this grant are to help create employment opportunities through the ongoing IDA-funded National Emergency Employment Project (NEEP) workfare programs for ex-combatants in order to facilitate their re-integration into society as a component of the broader Afghanistan New Beginnings Program (ANBP, a Japanese-funded government initiative). The grant will also provide alternative income opportunities for those living in areas where opium poppy production is widespread and is thus an integral part of the Afghani government's strategy to eliminate the production of illicit drugs. Given the enormity of the task combined with the implementation challenges particular to Afghanistan, the Governments of Japan and Afghanistan and the Bank came to the conclusion that the planned activities should be funded by one JSDF grant rather than a series of smaller grants, so that the activities could be managed centrally and in a well-coordinated manner.

NEEP subprojects will be used to provide short-term unskilled and other employment opportunities as a social safety net for program participants—ex-combatants and poor rural people in poppy producing areas or in source areas for poppy farm labor. Ex-combatants will be provided training on construction equipment and vocational and business management training, allowing them to start up sustainable, small-scale construction businesses capable of undertaking rural access and irrigation sub-projects as part of the NEEP. Where needed, small equipment will be made available through lease-purchase arrangements. Rural access and irrigation infrastructure rehabilitated under the NEEP will improve legitimate agricultural production. The geographic targeting will correspond to the DDR and alternative livelihoods for poppy producing areas targeting strategies and program schedules and other “lead-in” programs of the “Vision for Consolidation of Peace”. Initially the NEEPDDR program will commence in Kunduz as a pilot funded from the first NEEP, followed by Gardez, Mazar-e-Sharif, Kabul/Parwan, Bamyan, Kandahar, and other cities. The NEEPRLS program interventions will be focused in the main poppy producing areas in Helmand, Kandahar, Uruzgan, Badakhshan and Nangarhar.

### **JSDF SEED FUND**

As a consequence of the JSDF focus on funding demand-driven activities, preparation of project proposals commonly requires extensive discussions with civil society groups and beneficiaries in order to maximize the project's effectiveness and likelihood of sustainability. To support this process, the Government of Japan approved the establishment of the JSDF Seed Fund in March 2002 to help defray the additional preparation costs of participatory activities. Seed grants for up to US\$50,000 allow a task team to elicit directly the input of beneficiary communities, civil society groups, NGOs, and local government counterparts to identify and design project activities and prepare the JSDF proposal. Recipients are expected to submit a well-developed JSDF grant proposal within 12 months of seed grant approval.

In FY04, 15 seed grants were approved for a total of US\$571,384. Eight seed grants were approved for countries in the Africa Region, three in the Europe and Central Asia Region two in the Latin America and Caribbean Region and one each in the East Asia and Pacific and South Asia Regions. A list of the Seed Fund grants approved in FY04 appears in Annex 2.

## CONTINUED PARTNERING WITH LOCAL AND INTERNATIONAL NGOs

The percentage of NGOs implementing JSDF grants has increased since the first year of the Program. Originally, central or local governments in recipient countries were the primary executors of JSDF grants. However NGOs and community groups may also be selected as implementing agencies, provided they can demonstrate financial soundness and a track record of satisfactory arrangements for use and accounting of grant funds.

NGOs may be either international or local groups. Often local NGOs have on-the-ground knowledge of vulnerable populations but lack the resources to realize programs of assistance. The JSDF matches NGO knowledge and manpower with financing, as well as training, organization and overall support. Such collaborations have proven to be useful to all parties in the case of many JSDF-supported projects, often producing positive spin-off effects and achievements originally thought to be beyond the scope of the project. The grant for education for disadvantaged groups in Cambodia profiled in Chapter Three is one example. By many accounts, these NGO partnerships help to realize substantive and meaningful change in the areas in which they are working.

In FY04, 39 percent of JSDF grants approved had an NGO as the primary implementing agency.<sup>3</sup> The remaining grants are being implemented by central or local government agencies or, in some cases, by the project implementation unit of an existing World Bank-funded project. Several of these grants, such as the

*“The strength of JSDF grants is that by going through NGOs, there is an opportunity to engage with a community on complementary strengths and to hold a dialogue in-country.”*

—A World Bank Task Team Leader

### JSDF Grant in Focus

**India** – Capacity Building for Community Forest Management (US\$2 million)

**Grant Objective:** To help forest-dependent village groups, the State Forest Department, Panchayat Raj Institutions, NGO partners, and other stakeholders explore innovative approaches to natural resources management, evaluate their respective roles, and build strategic partnerships to improve implementation of the Madhyar Pradesh Joint Forest Management Resolution

<sup>3</sup>This compares to 27 percent in FY03, 62 percent in FY02, and 30 percent in FY01. The FY04 figure does not reflect grants with central government implementing agencies who have engaged NGOs to execute the project.

Forest Management Project in India (see *JSDF Grant in Focus*), also involve collaboration with NGOs engaged by the central or local government in order to benefit from their local experience and day-to-day management capacity to reach the grant objectives and foster project development.



Photo by Curt Carnemark.



*"The poor people perceive this program as their own. They named it: 'Gemi Diriya' or 'strength of a village' and they perceive this strength as their own strength . . . The Gemi Diriya program is about giving these people their sense of dignity, their sense of community and their sense of pride. The selection of communities is based on poverty and willingness criteria and their commitment to self-development. Communities decide how to use their budget and what to use it for. They contract service providers and technical assistance, and they negotiate the best prices . . . The Gemi Diriya program aims at improving people's livelihoods by providing them with better standards of life and better employment opportunities."*

—Board Presentation to the World Bank Executive Directors, March 2004

## JSDF Grants in Action

No two JSDF grant-financed operations are alike. Each grant is implemented at the grass roots level and is unique to the area it supports. The tailored nature of the JSDF grants contributes to a high rate of ownership by local counterparts and often results in outcomes beyond those envisioned in the grant proposal. This multiplier effect may be attributable to the involvement of the target group in the design, supervision and monitoring of grant activities. Moreover, implementation of the project becomes an act of development in itself as target groups learn while they both implement and benefit from the project. The following portrayals of three representative JSDF grants in East Asia and the "JSDF Grant in Focus" boxes throughout this

### JSDF Grant in Focus

**Cambodia** – Capacity Building and Provision of Basic Services in Cambodian Water Users Groups (US\$796,900)

**Grant Objective:** To use social intermediation techniques and target peri-urban areas to form Water User Groups to pilot innovative, participatory water supply and sanitation services and to take primary responsibility for planning, operation, maintenance and management of the services



Photo by Curt Carnemark.

report illustrate the diverse social development activities that the grants support. Although each is unique, they all offer lessons that may be relevant for other projects.

## CHINA: ASSISTING THE URBAN POOR THROUGH PARTICIPATORY COMMUNITY PROJECTS IN LIAONING PROVINCE

**Amount of Grant:** US\$1,243,000

**Grant Recipient/Implementing Agency:** Local District Governments of Tiexi and Shuangta with the support of the Liaoning Provincial Planning Commission

**Grant Objective:** To support poverty alleviation for the urban poor who are living far below the provincial average income level by helping them gain skills through training; and to help the poor communities to organize themselves and to strengthen their capacity to interact more effectively with their local government to voice concerns and identify the needs of the community, and to implement and monitor small community-managed programs

In response to a financial and economic crisis in the early 1990's, China undertook a state-owned enterprise reform program due to which the residents of the Liaoning Province experienced unemployment rates of up to 40 percent for over six years. Rather than a temporary financial solution, community residents requested training and capacity building which would allow them to earn a living and to participate in a community-driven program which would bring about improvements in their District.

The Urban Poor JSDF grant supports the unemployed and the poorest in two districts of Liaoning Province through programs in (i) community-managed small works; (ii) vocational skills training for women; and (iii) capacity building of communities. The activities comprise small business training and micro-business start-up support, and community participation in the planning, development and growth of income-generating activities. On-the-job training is provided, and NGO-supported technical assistance for communities to organize themselves for sustained employment opportunities has also been piloted.

### RESULTS AND IMPACT OF THE JSDF GRANT

Assistance to develop community capacity and to interact with local government entities helped ensure the success of this JSDF grant. Project information was publicized throughout district communities, and concerns and needs were identified through community meetings. Based on local discussions, vocational training, including basic accounting, book-keeping and marketing, was provided and community-managed small sanitation programs were established. Women's training programs helped convert skills such as dress making, hair dressing and catering into income generating

The Urban Poor Project provided vocational training and sub-grants for small business development which resulted in a substantial increase in average monthly incomes of the beneficiaries. Photo by Curt Carnemark.



micro-enterprises. Small business credits allowed families to improve their livelihood. This was the case for a retired nurse and her handicapped husband who opened a clinic in their home which serves the community. The grant has also brought communities together for the common good. In the Dong Feng community, when all the bids of three companies invited for a road-paving project were too high for the community to afford, one of the companies decided to rebuild the road at no profit because it would significantly benefit the community. Members of the community contributed labor, and the company was able to complete the road successfully.

*“The JSDF grant is an excellent tool for complementing critical programs affecting the poor which would otherwise be ineligible for funding from other sources within the Bank.”*

—A World Bank staff member

Although project implementation suffered a set-back due to the SARS outbreak in 2002, the grant has had an overall positive effect since its approval at the end of FY01. The project aims to demonstrate the feasibility of a community-driven program implemented at the lowest levels of local government. The project was designed to be flexible in order to respond to diverse community needs and its results have proved that it could be used as a model for other districts. Based on the project’s success, the Liaoning Provincial government is considering implementing similar projects in other urban areas.

## **CAMBODIA: PUBLIC EDUCATION FOR DISADVANTAGED CHILDREN**

**Amount of Grant:** US\$1,827,474

**Grant Recipient/Implementing Agency:** Save the Children Norway – Cambodia Office (SCN-CO), NGO

**Grant Objectives:** To increase access to public education for disadvantaged children grades one through six in Preah Vihear province, to improve the quality of education with children actively involved in the learning process, and to promote extensive community participation while improving the efficiency of public school management

This grant builds on the success of an earlier JSDF grant, Basic Education in Reconciliation Areas, and is one of the first such follow-on grants. While the two grants are not formally linked, the first served as an inspiration for the second, and both have witnessed remarkable success for beneficiaries as well as for stakeholders.

Preah Vihear is a province in the north of Cambodia, bordering on Thailand and Lao PDR. The Khmer Rouge has dominated the province since 1970, and fighting in this area did not end until 2000. Though the province is no longer in conflict, it remains one of the least accessible and poorest in Cambodia. Approximately 50 percent of the children under 15 do not have access to education. Most of the population resides in small villages, many of which offer no access to the formal education system. Schools are frequently far from home, illiteracy is widespread, and many parents doubt the value of education. Moreover, children are expected to contribute to agricultural work from an early age.



Enrolling girls, children from ethnic minority groups, children with disabilities, children from exceptionally large and/or poor families, and orphans represents a further challenge. Due to their marginalized status, these children are often not allowed or simply not able to attend school. To rectify the situation requires a holistic approach, targeting districts without schools, and prioritizing the disadvantaged communities within each District.

## RESULTS AND IMPACT OF THE JSDF GRANT

In the first year of operation, the project has progressed considerably. Construction of 28 “mini-schools” is underway and enrollment has increased significantly: 71 percent of school age children in the target areas were enrolled during the 2003-2004 school year, with an increasing number of children from ethnic minorities and other vulnerable groups, including girls and those from the poorest families. Recruitment of 290 teachers took place in the final quarter of FY04, with the cooperation of the Ministry of Education, which will provide their salaries. The mini-school design piloted under the JSDF grant has been cited as a model in the education plan of the National Education Ministry.

The project has had to overcome the serious physical challenge of landmines, embedded devices that have remained active years after the war. De-mining agencies continue to clear areas surrounding the school building construction sites. Unfortunately, child playground space remains limited.

The project is improving the quality of education through an interactive learning process. Employing an Initiative Reinforcement and Application technique, the children learn to make decisions involving both theoretical matters as well as those

*“We like the school. It is better than learning under the trees.”*

—A student of the Public Education Project

*“The mini-school is very important in providing the opportunity for vulnerable groups to study. It also shows the ownership of the community in education.”*

—Quarterly progress report of the Public Education Project



A major reason for the success of the Public Education Project is the extent of involvement of the community in supporting its school. Photo by Save the Children (Norway) in Cambodia.

*“When I become a teacher I will teach my people here . . . When they have knowledge they can help in developing the village.”*

—A student of the Public Education Project

related to hands-on practical pursuits. In addition to academics, the children plant flower and herbal gardens for use in traditional medicine and cut bamboo to construct the school fence. In an evaluation of the project, children asked were very aware of the skills they had acquired and how they could apply them in their lives.

A contributing factor to the success of this project is collaboration with an experienced NGO that is the implementing agency. Save the Children Norway began funding projects in Cambodia in 1979, and established an office there in 1988. Strengthening local capacity and ownership through skills transfer and the delegation of responsibility is one of their principal objectives. Accordingly, the NGO has reduced its expatriate staff over time and replaced them with trained local staff. With the exception of one officer, the project is now entirely staffed by Cambodian nationals. The Bank team has found the NGO staff reliable and thoughtful, characteristics which have contributed to a strong dialogue with local government.

The results of the two JSDF-funded education projects were presented in a series of workshops throughout the country to disseminate the significant lessons learned and to share the project as a model for education in Cambodia. The successful results of these projects are described in a report entitled “Schools of Hope: Community-Focused Partnerships in Recent Conflict Areas in Siem Reap, Cambodia” published by the World Bank.

## INDONESIA: MARGINAL FISHING COMMUNITY DEVELOPMENT PILOT

**Amount of Grant:** US\$1,610,000

**Grant Recipient/Implementing Agency:** Bappenas in conjunction with the Ministry of Marine and Coastal Resources and the Department of Poverty Alleviation and Community Empowerment

**Grant Objective:** To develop and test different participatory planning and development management models in very poor coastal fishing communities to raise fishing productivity and income levels

Indonesia has over 19,000 islands and one of the world's largest coastal fishing communities. Most of them are very poor. Virtually every social indicator – average life expectancy, nutrition and basic needs – is significantly worse among the fishing communities than the general standard prevalent among Indonesia's 27 million poor who are already living below the internationally recognized US\$1 per day poverty measure. In addition, poverty in coastal fishing communities is driving the rapid destruction of Indonesia's coral reefs.

Due to many inherent natural and man-made risks, small-scale fishing is prone to failure, and unsupported, unregulated fishing communities are perpetually endangered. Although the project had to overcome initial skepticism about fishing communities as a priority target group, it is clear that fishing families easily fall into a cycle of poverty. A high percentage of women in these communities are widowed and cannot take up the fishing business or support themselves by other



The JSDF grant for Marginal Fishing Community Development developed participatory planning and development management pilots in very poor coastal communities to raise fishing productivity and income levels. Photo by Curt Carnemark.

means. Consequently, their children drop out of school because the family is too poor to keep them enrolled or, very commonly, needs them to work. In a similar dynamic, fishing communities affect the surrounding villages which rely on their business. When the fishing industry suffers, the village commercial sector also suffers and the financial consequences are far reaching. This JSDF grant is the first to provide support to this area.

This grant provides the funds to pilot well-defined models in approximately 40 fishing communities across Indonesia's different geographic coastal areas that directly address the well documented factors contributing to poverty in these

### JSDF Grant in Focus

**Tajikistan** – Community-Based Urban Water Supply Management Project (US\$2,632,500)

**Grant Objectives:** To organize and register Homeowners Associations in the poorest neighborhoods to participate in the Project, to implement repair of internal water supply systems and train community groups to operate and maintain them, to sensitize users to rational water consumption, and to establish and strengthen the contractual relationship between communities and the water utility



Women's training programs funded by the JSDF have helped convert skills such as basket and dress making into micro-businesses for income generation. Photo by Michael Foley.

communities. The communities have few opportunities to participate in local decision-making which affects them. Lessons learned through this pilot are enabling a more informed scaling-up of effective community driven development activities in fishing communities. In collaboration with the Ministry of Planning and local communities, the project is working to improve market access, address the lack of appropriate technology to meet the needs of coastal fishermen, and clearly define maritime property rights.

## **RESULTS AND IMPACT OF THE JSDF GRANT**

Implementing since July 2002, the project is yielding positive outcomes for stakeholders and collaborating groups. Community-driven development methods are effectively supporting fishing communities by giving them a role in the decision-making process, and teaching them how to broker discussions on legal issues related to their work.

The Ministry of Marine and Coastal Resources, the co-implementing agency, has participated in project design and implementation, and contributes to the website created to disseminate information on progress achieved. The project is proceeding smoothly in spite of a recent government turnover at the national level, and, given the satisfactory results to date, the Government of Indonesia has requested a World Bank loan to scale up activities piloted under the JSDF grant.

# JSDF Governance Mechanisms



*A comprehensive governance structure was created by the Government of Japan and the World Bank at the inception of the JSDF. Its purpose is to ensure transparent and efficient management of the JSDF, and includes quality review and approval, implementation and reporting, and communication processes.*

## **GRANT QUALITY REVIEW AND APPROVAL PROCESS**

Proposals for JSDF grants are first vetted by technical reviewers and endorsed by the respective World Bank Country Director and Sector Manager. The World Bank JSDF Steering Committee then reviews the proposals, which are either cleared with minimal revision for submission to Japan, returned to Task Teams for revision and resubmission, or rejected. The Steering Committee recommends proposals that meet the JSDF criteria for approval by the Government of Japan (GOJ). The Ministry of Finance of the GOJ approves, rejects or requests more information on project proposals. Once approved by the Government of Japan, legal counsel begins preparation of the Grant Agreement. The World Bank Task Team Leader submits a procurement plan before signature of the Grant Agreement by the Recipient and the Bank.

## **GRANT IMPLEMENTATION AND REPORTING**

JSDF grant implementation requires compliance with the World Bank's Procurement and Financial Management Guidelines. These guidelines are the same as those required for World Bank loans and credits. The grant implementation period is a maximum of four years. Grants can be implemented by the central or local government, NGOs and/or community groups. World Bank Task Teams are required to submit grant progress reports on a yearly basis.

## **COMMUNICATION PROCESSES**

An annual report is submitted by the World Bank to the Japanese authorities to review the progress of grants financed by the JSDF and to ensure that the overall objectives of the Program and the grants are being achieved. The annual report is available on the JSDF website. In addition, review meetings are conducted between the World Bank and Japan where JSDF grant proposals, approvals and process

issues are discussed and improvements are agreed. The Annual Policy Document (see Annex 5), in which the JSDF guidelines are specified, is revised each year and approved by the Government of Japan.

**JSDF WEBSITE**

A website has been established to provide relevant information on the purpose of the Program, criteria and procedures for grant application, and ongoing progress of JSDF grants. The website is maintained by the World Bank and is available to the public at <http://www.worldbank.org/jsdf>.

**JSDF Grant in Focus**

**Yemen** – Promoting Gender Equity (US\$383,435)

**Grant Objective:** To mitigate barriers to women’s development through changes in social and organizational perceptions of the causes, manifestations and implications of gender-based inequality; to promote a movement against gender-based violence by strengthening the capacity of civil society organizations to raise awareness; and to sensitize state institutions to the issue of violence against women and how they can address it



Photo by Bill Lyons.



## Annex 1: JSDF Project and Capacity Building Grants Approved in FY04

Country (Grant Type <sup>4</sup> )	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
<b>Round Twelve</b>			
Congo (C)	Community Action for Reintegration and Recovery	742,800	To strengthen the capacity of community-based organizations contributing to the post conflict rehabilitation process so they are more effective service delivery agents, better informed, better managed, sustainable and accountable to the communities they serve
East Asia Region (P)	Prevention and Control of SARS	3,000,000	To help prevent and control SARS through the design, implementation and evaluation of SARS health promotion programs and improvement in the surveillance system to monitor the SARS epidemic
Egypt (P)	Preventing Child Labor	1,952,487	To rehabilitate and reintegrate into schools child laborers and to support effective measures to prevent child labor
Honduras (P)	Community Disaster Management in the Barrios of Tegucigalpa	1,984,500	To implement new and participatory demand-driven disaster mitigation and management activities in poor and vulnerable communities by strengthening the partnership between the communities, NGOs and local government
<b>Round Thirteen</b>			
India (C)	Jharkhand Participatory Forest Management	458,400	To help forest dependent village groups, NGO partners, and other stakeholders explore innovative approaches to natural resources management, alternative institutional roles, and new strategic partnerships
Indonesia (C)	Support for Female-Headed Households in Conflict Areas	1,696,700	To reverse the downward poverty spiral that affects female-headed households in conflict areas and to provide families with the skills and resources to improve their economic status
Pakistan (P)	Participatory Rural Sanitation in Southern Punjab	1,138,350	To enable the local government to provide rural sanitation in partnership with communities and local NGOs, based on an innovative model of private-public partnership
Tanzania (P)	Community-Based Coastal Resource Management and Sustainable Livelihoods	1,885,673	To overcome the problems of poverty and resource degradation in the coastal areas of Zanzibar and Kilwa District by enhancing the livelihoods of the poor and vulnerable groups in the coastal communities
<b>Round Fourteen</b>			
China (C)	Capacity Building of NGOs for HIV/AIDS/STDs Prevention	721,400	To develop and strengthen the capacity of selected NGOs to develop, implement and manage HIV/AIDS/STD programs in Xinjiang Province

<sup>4</sup> (P) – Project Grant, (C) – Capacity Building Grant

Annex 1: JSDF Project and Capacity Building Grants Approved in FY04 (cont.)

Country (Grant Type <sup>4</sup> )	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
<b>Round Twelve</b>			
Colombia (C)	Education Improvement for Indigenous Population	900,000	To assist municipal governments, indigenous organizations and NGOs to jointly design, implement and evaluate high quality and culturally suited school programs for indigenous populations; and to increase school enrollment of indigenous children and youth
India (C)	Capacity Building for Community Forest Management	1,955,500	To help forest dependent village groups, NGO partners, and other stakeholders explore innovative approaches to natural resources management, alternative institutional roles, and new strategic partnerships
Indonesia (C)	Improving Educational Quality through Enhanced Community Participation	1,018,612	To develop and test innovative, practical and cost-effective interventions to improve education quality through community participation and to generate strong empirical evidence regarding the interventions' effectiveness
Indonesia (P)	Upper Semarang Land Conservation and Poverty Alleviation Project	1,364,030	To assist poor populations by providing them access to under-utilized government-owned land for sustainable production activities and to assist poorer land-owning farmers to participate in the social planting program on their own landholdings
Lao PDR (P)	Sustainable Rural Mobility and Participation	935,200	To assist key vulnerable groups, especially children and women, by reducing their transport related burden, to use a community-driven approach to strengthen local capacity in road works maintenance, and to support the establishment of an effective rural transport policy framework
Mongolia (P)	Community-Led Infrastructure Development for the Urban Poor in Ulaanbaatar	1,987,100	To improve the quality of life of the urban poor through building local infrastructure and low-cost sanitation in selected informal settlements ("Ger areas") in Ulaanbaatar through a participatory planning methodology
Nigeria (P)	Women's Initiative for Sex Education and Economic Empowerment (WISE)	1,499,929	To empower Nigerian women in the sex trade to live healthier lives through training in reproductive health and safe sex, vocational training for income-generating skills and counseling and clinical testing services
Philippines (P)	Development and Testing of Innovative Approaches for Mainstreaming Indigenous People in Selected Agrarian Reform Communities	1,178,760	To develop and test innovative approaches so indigenous peoples (IP) can better benefit from agrarian reform, including developing effective targeting mechanisms and appropriate incentive systems for local government to mainstream IP concerns in development planning
Socialist Republic of Vietnam (P)	Community-Based Management of Pu Luong Cuc Phuong Limestone Landscape	316,200	To build the capacity of local communities and relevant stakeholders to manage the ecosystem and to design a community-based natural resource management strategy promoting sustainable resource use and development in this culturally and ecologically important area
<b>TOTAL FY04</b>		<b>24,735,641</b>	

## Annex 2: JSDF Seed Grants Approved in FY04

Country	Title of Grant Proposal	Grant Amount (in US\$)	Approval Date
Uganda	Building Capacity of Civil Society Associations Supporting the Poor and Socially Vulnerable in the Exercise of Their Land Rights	49,880	10/1/2003
Bosnia and Herzegovina	Refugee Water Supply and Sanitation Project	13,800	10/2/2003
Guinea	Building on a Success: Linking Onchocerciasis with Reproductive Health	49,300	10/31/2003
Paraguay	Indigenous People	30,434	12/22/2003
Sierra Leone	Capacity Development for Strengthening Social Capital	39,290	1/21/2004
Peru	Afro-Peruvian Local Development and Inclusion in Decentralization Initiatives	27,500	1/28/2004
Ethiopia	Preventing Fistulas with IMTs and Rural Community Participation: Transport's Role in Empowering Communities for Health in Ethiopia	50,000	3/3/2004
Kenya	Youth Development Support	40,700	3/31/2004
Vietnam	Community-Based Disaster Management Project	48,300	4/9/2004
India	Orissa Fund for Development Initiatives	44,556	4/12/2004
Uganda	Promoting Social and Public Accountability through Community-Based Monitoring	29,700	4/12/2004
Turkey	Disadvantaged Children and Youth	34,604	4/30/2004
Chad	Youth Empowering and Conflict Mitigation	37,300	5/11/2004
Chad	Women Empowerment Project	37,300	6/3/2004
Tajikistan	Supporting Innovation in Community-Linked Development	38,720	6/18/2004
<b>TOTAL FY04</b>		<b>571,384</b>	

## Annex 3: FY01-FY04 Regional Distribution of JSDF Grants

Region	Fiscal Year	Number of Grants	Grant Amount (US\$)
East Asia and Pacific	01	16	19,347,600
	02	6	6,720,889
	03	4	6,146,014
	04	9	12,218,002
	<b>Subtotal</b>	<b>35</b>	<b>44,432,505</b>
South Asia	01	3	1,568,923
	02	3	3,116,036
	03	4	2,813,630
	04	3	3,552,250
	<b>Subtotal</b>	<b>13</b>	<b>11,050,839</b>
Europe and Central Asia	01	5	3,036,500
	02	7	10,259,875
	03	2	2,207,800
	04	0	0
	<b>Subtotal</b>	<b>14</b>	<b>15,504,175</b>
Middle East and North Africa	01	2	574,435
	02	1	994,860
	03	0	0
	04	1	1,952,487
	<b>Subtotal</b>	<b>4</b>	<b>3,521,782</b>
Latin America and the Caribbean	01	2	3,590,575
	02	3	4,027,800
	03	2	2,099,000
	04	2	2,884,500
	<b>Subtotal</b>	<b>9</b>	<b>12,601,875</b>
Africa	01	4	3,886,780
	02	1	973,949
	03	3	3,189,630
	04	3	4,128,402
	<b>Subtotal</b>	<b>11</b>	<b>12,178,761</b>
Total JSDF Grants	01	<b>32</b>	32,004,813
	02	<b>21</b>	26,093,409
	03	<b>15</b>	16,456,074
	04	<b>18</b>	24,735,641
<b>Total</b>		<b>86</b>	<b>99,289,937</b>

## Annex 4: FY01- FY04 Special Window for Afghanistan

Title of Grant Proposal (fiscal year, grant type <sup>5</sup> )	Grant Amount (US\$)	Development objective
NGO Support Program (FY02, P)	2,046,000	To ensure the full participation of Afghani communities in the choice, planning and implementation of local reconstruction efforts, to accelerate the provision to local communities of services and resources, and to increase interaction between the Government institutions and local communities and NGOs
Capacity Building for National Solidarity Program (FY03, C)	1,510,100	To ensure the swift and proactive launch of the National Solidarity Program (NSP), a long-term, sustainable, Government-owned initiative which aims to ensure the full participation of Afghani communities in deciding, planning, and implementing local reconstruction activities
NGO Health Sector Emergency Rehabilitation and Development Project (FY03, P)	500,000	To improve the delivery of basic health services such as immunization, maternal care, and family planning, in under-served areas of Afghanistan through strengthening the Government's ability to work systematically with NGOs
Creating Future Micro-Entrepreneurs – Targeting Youth (FY03, P)	2,979,690	To improve and promote the social and economic status of youth in Afghanistan in order to prepare them for a lifelong career and to enable them to generate or earn income on a sustained basis
Capacity Building: First Microfinance Bank of Afghanistan (FY03, C)	650,100	To support the capacity-building of the newly established Microfinance Bank of Afghanistan to provide financial services to the poor and underserved
National Emergency Employment Program for Disarmament, Demobilization and Reintegration (NEEPDDR) and for Rural Livelihood Support (NEEPRLS) (FY04, P)	20,000,000	To help create employment opportunities for ex-combatants through the NEEP workfare programs in order to facilitate their re-integration in society, and to contribute to the Government's alternative livelihood program in opium poppy producing areas
<b>Total</b>	<b>27,685,890</b>	

<sup>5</sup> (P) – Project Grant, (C) – Capacity Building Grant

# Annex 5: Fiscal Year 2005 Annual Policy Document

## JAPAN SOCIAL DEVELOPMENT FUND (JSDF) FY05 POLICY GUIDELINES AND PROGRAM ALLOCATION

**1. Objective.** To provide grants in support of innovative social programs to help alleviate poverty in eligible client countries of the World Bank Group.<sup>6</sup> Grants approved under the program are subject to the criteria set forth in these Guidelines.

**2. Focus.** JSDF Grants complement Bank-financed operations and programs compatible with the development objectives of the CAS, PRSP or poverty reduction elements of Sector Strategies. The Grants are intended to focus on activities which: (i) respond directly to the needs of the poorest and most vulnerable groups; (ii) encourage the testing of innovative methods; (iii) support initiatives that lead to rapid, demonstrable benefits with positive prospects of developing into sustainable activities; or (iv) build ownership, capacity, empowerment and participation of local communities, non-governmental organizations (NGOs) and other civil society groups to facilitate their involvement in operations financed by the World Bank. Approximately 50 percent of total JSDF funds should go to eligible countries in East, South and Central Asia.

**3. Grant Types and Country Eligibility.** There are two types of JSDF Grants:

(i) **Project Grants** finance: (a) activities directly providing relief measures, supporting the improvement of services and facilities for poorer population groups, or reinforcing/reinvigorating social safety nets, or (b) innovation and testing of new approaches, particularly in the social sectors. Such grants may be made for activities in countries that are members of any of the World Bank Group entities and whose GNI per capita is less than \$1,465 as defined in the 2005 World Development Report.

(ii) **Capacity Building Grants** finance capacity building and improvement measures, e.g., to bolster local communities and NGOs through learning by doing, to expand the capabilities or coverage of social fund-type institutions, or to support local governments working with local communities. Eligible countries include the low-income countries and lower middle-income countries as defined in the 2005 World Development Report.

**4. Amount.** JSDF Grants can range from US\$200,000 to US\$2 million. Under exceptional circumstances and after prior clearance by CFP, a grant

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<sup>6</sup>Includes the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation, all referred to hereafter as the Bank.

proposal of up to US\$3 million may be submitted for consideration. Proposals exceeding US\$2 million would be subject to higher scrutiny by the JSDF Steering Committee; the latter may request technical reviewers to verify the validity and viability of proposed activities and that their costing follows a disciplined process.

**5. Funding Proposal.** Grants are approved by the Government of Japan (GOJ) on the basis of a standard one-page Funding Proposal. The Proposal contains basic data, overall development objectives of the grant, expected key performance indicators and expenditure categories. In addition to the one-page Funding Proposal, the complete application form includes supplementary information comprising a detailed description of the activities to be funded, a general plan for implementation, outputs and outcomes expected, a detailed budget, and a checklist of questions to assist in evaluating the application's eligibility.

**6. Review of Proposals.** The concerned managing unit in the Bank must sponsor the activity and designate a Task Team Leader (TTL). Requests must be in line with the CAS objectives, as confirmed by the Country Director and the sector approach, confirmed by the Sector Manager, and are submitted to the JSDF Steering Committee through the Japan Trust Funds Administration Unit after review by the Operational Vice Presidencies. To the extent possible, proposals should promote collaboration with local and international NGOs, in particular Japanese NGOs and civil society organizations.

**7. Eligible Expenditures.** These include goods, small civil works, services, training and workshops, with all expenditures eligible for 100% financing under JSDF. Requests may also include the cost of the grant audits. Incremental costs up to 5 percent of the total grant amount may be requested, including World Bank staff costs, to facilitate community participation or NGO collaboration. Also, consideration will be given to funding incremental costs for operations of unusual complexity or innovation which require Bank staff resources beyond those that can be financed by the regular administration budget.

**8. Ineligible Expenditures.** The following cannot be financed under JSDF: (i) pilot activities with no linkages to Bank-financed operations, (ii) academic research, (iii) government staff salaries, (iv) foreign training or study tours, or (v) purchases of motor vehicles.<sup>7</sup>

**9. Grant Execution Arrangements.** Grants must be recipient-executed. Recipients of JSDF Grants may be governments (central or local), international or local NGOs, or other local community groups which the Task Team Leader has determined are financially sound, have a strong track record, and employ satisfactory arrangements for use and accounting of grant funds. In case the recipient

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<sup>7</sup> Exceptions on the purchases of motor vehicles may be warranted subject to justification provided in the proposal.

or the implementing agency is an NGO or a local community group, it is required that the central or local governments give its agreement to the arrangement. UN agencies may not be recipients of JSDF grants.<sup>8</sup> The maximum grant implementation period is four years. The TTL of the Grant will carry out the Bank's fiduciary responsibilities for grant supervision, in accordance with Bank standards and use of *Procurement Guidelines*.

**10. Progress Reporting.** For the purposes of monitoring the development outcomes, the grant agreement – based on the one-page Funding Proposal – will be the binding document. The Task Team Leader will be responsible for preparing annual Grant Status Reports, rating the status of grant implementation, and document the completion of deliverables and outputs. For grants over US\$1 million, an *Implementation Completion Memorandum* (ICM) will be prepared at completion documenting actual cumulative inputs, outputs and outcomes through the grant implementation period, and the results will be shared with the donor. For grants under US\$1 million, the final Grant Status Report will include additional information regarding grant activity outcomes.

**11. Reallocation of Funds by Expenditure (Disbursement) Category or Activities.** Reallocations among expenditure categories or grant activities, including dropping or adding new eligible categories or grant activities, may be cleared by the Sector Manager/Director, in consultation with the Legal Department and CFP. The Legal Department should be consulted if any amendments are required, to be approved by the Country Director.

**12. Change in Grant Objectives.** For significant changes in the Grant Development Objectives a request must be sent to CFP which will determine if GOJ approval is required. GOJ will approve/reject the request within four weeks of its receipt from CFP. Subsequent grant amendment letters are cleared with the Legal Department in accordance with Bank procedures.

**13. Grant Cancellation Policy.** The balance of grants is subject to cancellation under the following circumstances: (i) the grant agreement has not been signed within 12 months of the formal grant approval date, (ii) there has been no implementation progress, including zero disbursements, for six months after signature of the grant agreement, or (iii) there is lack of progress as determined by CFP. CFP may clear exceptions on the basis of a satisfactory explanation.

**14. Japan Visibility and Engagement of Local Japan Officials.** It is highly recommended that the task team inform the Japanese embassy accredited to the recipient country about a JSDF application under preparation. Prior information sharing by task teams will help expedite the decision making process. Staff in operational units should also encourage grant signing ceremonies in the

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<sup>8</sup> UN agencies may participate in JSDF grant activities as consultants provided that the selection is in accordance with Bank Guidelines.

field, with the inclusion of Japanese embassy officials, inviting local and international press to these ceremonies. Task teams should aim to inform the Japanese embassy as well as CFP – which will alert the Japanese authorities in Tokyo – at least 10 days in advance of the signing ceremony. Decisions on any future JSDF grant proposals for a country would take into consideration the Bank and recipient’s efforts to comply with the above. In addition, CFP may promote visibility of JSDF by: (i) informing Country Directors of the importance of signing ceremonies to Japanese officials and the public to ensure recognition and support for JSDF funding; and (ii) continuing widespread distribution of the JSDF Annual Report, inclusion of JSDF information in relevant Bank documents, and occasional information sessions for Japanese organizations.

**15. Maintenance of Documentation.** Operational departments will keep copies of documentation related to JSDF grants, in accordance with the Bank’s Administrative and document retention policies, among others, Terms of Reference and consultant contracts, reports and other outputs prepared by consultants, and status reports.

**16. Schedule.** The JSDF Steering Committee submits proposals to GOJ three times a year (see below). GOJ will confirm its decisions on proposals within four weeks from submission where GOJ is satisfied with the contents of the application. In case GOJ requires clarifications the final decision on the proposal may take longer.

<b>Schedule Proposed for FY05</b>		
<b>Round</b>	<b>Announcement</b>	<b>Submission to Japan</b>
Round 16	September 2004	December 2004
Round 17	December 2004	March 2005
Round 18	February 2005	May 2005



Cover photo by Curt Carnemark.

**CONCESSIONAL FINANCE AND  
GLOBAL PARTNERSHIPS**



**THE WORLD BANK**  
Washington, DC