

Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized

Japan Social Development Fund Annual Report *Fiscal Year 2002*



Japan Social Development Fund
Annual Report Fiscal Year 2002



THE WORLD BANK

Trust Fund Operations

Message from the Chair
JSDF Steering Committee



In its second year of operation, the Japan Social Development Fund (JSDF) continued to be a major catalyst for grass-roots development. The JSDF applies innovative methods to the development process and encourages the direct participation and empowerment of NGOs, civil society groups and community groups. This was confirmed by JSDF stakeholders during an extensive interviewing process undertaken as part of the preparation of this year's Annual Report. The message from World Bank managers and staff, grant recipients and executing agencies was clear: the JSDF is achieving its objectives. JSDF is providing direct assistance to those that need it most; the grants are helping forge new partnerships and empowering groups with the authority to make decisions and execute grants. The grants are also demonstrating to Governments that empowering NGOs, communities and civil society groups with the authority and resources needed to take charge of their own development can be effective, sustainable and important in building the basis for accountability and legitimacy. In the words of one World Bank Task Team Leader managing a JSDF grant: "For the first time, disadvantaged groups were not only recognized by the authorities, but were made to feel that their involvement was important for the reforms to be successful. Instead of victims, they felt like partners..."

In Fiscal Year 2002, 21 grants were approved by the Government of Japan, totaling US\$26 million in allocations. These grants are benefiting 18 countries in six regions. This represented a decrease in grants approved when compared to Fiscal Year 2001. One reason for this decline was that the World Bank had initiated a more thorough quality review process and had been able to learn from the FY01 experience about the types of grants that can have the most impact. The World Bank will increase its efforts to better educate its clients on the availability and benefits of the JSDF and to support Bank Task Teams interested in applying for JSDF funds.

In FY02, the World Bank worked to streamline JSDF processes to make the grant application, implementation and management processes easier and more effective. The Government of Japan allocated US\$1 million to create the JSDF Seed Fund, a small sub-grant facility supporting grant preparation activities. The JSDF grant implementation period was increased from two to four years. The World Bank is now issuing an annual policy document to guide the JSDF development process and continues to simplify grant implementation procedures.

Finally, it is important to highlight the participatory nature of JSDF grants. All JSDF grants approved in FY02 involved the direct participation of NGOs, civil society groups and/or communities in the design and, in many cases, the implementation of JSDF grants. Initial experience suggests that JSDF grants in support of Community Driven Development (CDD) has a real potential to create tangible results while building the capacity needed to enable communities to take charge of their own development. This is the basis for sustainable development and the key to breaking the cycle of alienation and poverty. Many of the grants applying CDD methods are highlighted throughout this report. They are a testament to the principles of community-based development and partnership and their contributions to fighting the menace of poverty in the world.

Arif Zulfiqar

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

Message from the Chair, JSDF Steering Committee	ii
Chapter 1: Overview of the JSDF	1
Cumulative Achievements of the JSDF	3
New Developments in Fiscal Year 2002	4
Chapter 2: JSDF Operations in Fiscal Year 2002	5
Regional Distribution	6
Sectoral Distribution	8
Supporting Capacity Building and Sustainability	9
Partnering with NGOs in Grant Implementation	9
JSDF Seed Fund	10
Special Window for Afghanistan	10
Chapter 3: Voices from the Field	11
Chapter 4: JSDF Grants in Focus	14
Benin: Child Protection Fund	14
Cambodia: Basic Education in Reconciliation Areas	17
Samoa: Protection of Poor and Vulnerable Groups during Health Reform	20
Chapter 5: Responding to Client Needs:	
JSDF Special Programs	24
JSDF Seed Fund	24
JSDF Afghanistan	25
Chapter 6: JSDF Governance Mechanisms	28
Grant Quality Review and Approval Processes	28
Grant Implementation and Reporting	28
Communication Processes	29
JSDF Website	29
Annex 1: JSDF Grants Approved in Fiscal Year 2002	31
Annex 2: Fiscal Year 2003 Policy Document	34



“The JSDF provides a great opportunity to involve NGOs in the Bank’s work while tackling grassroots development issues. This is something other trust funds don’t allow for. The JSDF supports more innovation and allows for ideas to bubble up from the NGO community... they bring us the ideas and we help by bringing JSDF funds to them.”

—World Bank Task Team
Leader, East Asia and
Pacific Region

Overview of the JSDF

The Japan Social Development Fund was established by the Government of Japan and the World Bank in June 2000 to create a mechanism for providing direct grant assistance to the poorest and most vulnerable groups in eligible countries of the World Bank Group, while fostering long-term social development. The JSDF is one of the few trust funds in the Bank that targets the poorest groups in developing societies and provides an important complement for larger scale Bank operations which typically work on more systemic issues. The JSDF aims to bridge the gap in the development process between governments and NGOs, community groups and civil society by encouraging the engagement of these groups in the design, implementation and management of grants. By encouraging the decentralization of all aspects of a grant to the local level, JSDF grants are designed to have a direct and immediate effect on poverty alleviation at the local level while building capacity and encouraging learning and sustainability.

This learning process is not limited to grant recipients and beneficiaries. World Bank Task Team Leaders involved in JSDF grants maintain that their experience working with NGOs on JSDF grants has resulted in important knowledge and lessons for the World Bank, often culminating in a new Bank-financed operation or modifications to an existing Bank-funded project. Additionally, the engagement of groups at the community level has produced a greater sense of goodwill by these groups, who are marginalized from the development process, toward both the Government and the World Bank.

The JSDF was created in 2001 with a US\$93 million contribution from the Government of Japan. The main purpose of the JSDF is to provide grants to support innovative programs to respond to the needs of the poorest and most vulnerable groups and build capacity, participation and empowerment of civil society, local communities and NGOs (Box 1).

“The Bank does not typically work at the grassroots level but the JSDF enables us to effectively engage organizations working here. A true partnership results in which everyone wins.”

—World Bank Task Team Leader,
Africa Region



Cambodian school children benefit from the JSDF Basic Education grant implemented by Save the Children, Norway. This grant is featured in Chapter 3, *JSDF Grants in Focus*.

To effectively manage the JSDF, the World Bank has established a high-level Steering Committee. The Steering Committee is responsible for reviewing JSDF grant proposals, providing guidance to Bank Task Team Leaders on JSDF grants, and recommending grants for final approval by the Government of Japan. Each fiscal year provides for four rounds of funding. Grant applications are submitted by Bank Task Team Leaders and reviewed by the JSDF Steering Committee. Grants are reviewed based on a defined set of evaluation criteria (Box 2) which contribute to the purposes of the JSDF: innovation, rapid response, targeting the poor, and building capacity.

The JSDF supports two types of grants. Project grants, designed to provide direct support to the poor, are available to World Bank member countries whose 1999 per capita GNP did not exceed US\$1,445. Capacity building grants, intended to strengthen local communities, NGOs and/or local institutions, are available to low-income and lower middle-income countries (as defined in the 2001/2002 World Development Report). At the time of the creation of the JSDF, the social and economic

Box 1

Purposes of the JSDF

1. To support innovative programs which directly respond to the needs of the poorest and most vulnerable groups of society.
2. To provide rapid and demonstrable benefits, which can be sustained, to the poorest and most vulnerable groups.
3. To build capacity, participation and empowerment of civil society—local communities and NGOs.

impacts of the financial recession of the late 1990's were reaching crisis proportions, especially in the countries of East, South, and Central Asia and the Pacific. To help mitigate the effects of the financial crisis, approximately 50 percent of JSDF funds have been targeting these countries.

CUMULATIVE ACHIEVEMENTS OF THE JSDF

- The Government of Japan has approved 57 grants totaling US\$62 million¹ in eight rounds of funding in FY01 and FY02 combined (July 2000–June 2002).
- Since the Program's inception, a total of 32 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\$28 million, representing 45 percent of total allocations.
- Eastern and Central Asia follows with US\$13.2 million in allocations, or 21 percent of total funds. South Asia and Latin America and the Caribbean received US\$7.8 million and US\$8.3 million, respectively, equaling 13 percent of total funds. The Africa Region received US\$3.2 million in JSDF grants, representing 5 percent of total funds, followed by the Middle East and North Africa Region, which received a total of US\$1.6 million, or 3 percent of total funds.
- The sectoral distribution of JSDF grants has focused on direct poverty alleviation and social protection efforts. The social protection sector has received the most funds, totaling US\$13 million and representing 21 percent of the JSDF portfolio. The rural development sector received a total of US\$12 million in funds, amounting to 19 percent of the portfolio, followed by the human development sector (US\$9 million or 15 percent of the portfolio). Other sectors include urban development, law and social justice, health, education, water and sanitation and several multi-sectoral grants.

"The purpose of the JSDF is very important to the Bank and the countries in which we work. Often times, community-based groups are not directly involved in the development process. The JSDF provides funds to do just this and it is an important part of sustainable development."

—World Bank Task Team Leader,
Eastern and Central Asia Region

Box 2

JSDf Grant Selection Criteria

1. Direct, demonstrable and rapid benefits to the poor and most vulnerable.
2. Application of innovative mechanisms to provide direct assistance which cannot be financed through credits/loans.
3. Direct participation of community groups and/or NGOs (including Japanese NGOs) to encourage long-term sustainable development.
4. Support to Bank Country Assistance Strategy.
5. Complement to existing Bank-financed project(s)—either under preparation or implementation.
6. Commitment and ownership of the Recipient.
7. Tangible outcome/impact indicators and mechanisms for measuring outcomes and monitoring progress.

¹ Four JSDF grants have been cancelled during this period, including grants in India, Honduras, Mongolia and the ASEAN School Net Regional program.

- The JSDF is supporting 16 capacity building projects for a total of US\$17.5 million. These grants are working to strengthen local communities, NGOs and local institutions to encourage long-term learning and sustainable development.
- The JSDF has been very successful in creating partnerships with NGOs around JSDF grant programs. NGOs are implementing a total of 23 JSDF grants, or 40 percent of the JSDF portfolio.

NEW DEVELOPMENTS IN FISCAL YEAR 2002

The Government of Japan increased its support of the JSDF with a US\$60 million contribution in March 2002. Additionally, a special allocation of US\$18.3 million was made by the Government of Japan to support the reconstruction efforts of Afghanistan. Total contributions by the Government of Japan to the JSDF amount to US\$172.3 million.

In order to address the concerns raised by some Task Team Leaders and implementing agencies, the JSDF grant implementation period was extended from two to four years.

A more thorough discussion of FY02 activities and developments appears in the following chapter.

The JSDF supports a number of water and irrigation grants designed to improve access to vital resources and increase agricultural productivity.





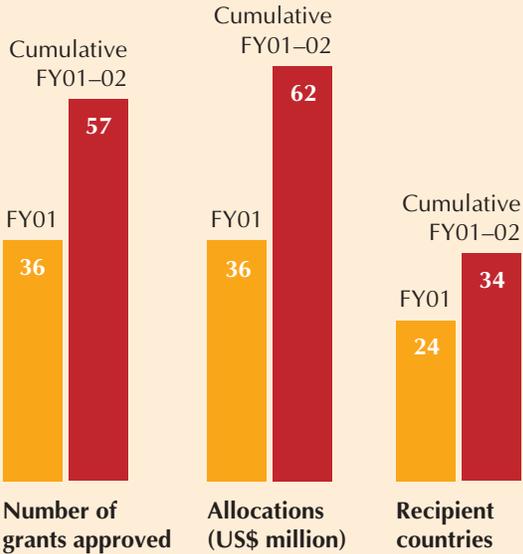
JSDF Operations in Fiscal Year 2002

In its second full year of operation, the JSDF continued to provide a significant amount of funding (US\$26 million in total allocations) for programs designed to address the basic contributors to poverty: lack of economic opportunities, lack of access to basic social services, lack of educational opportunities, lack of applicable skills, and lack of security. JSDF grants financed well-targeted activities designed to have an impact at the community level but with possibilities of being scaled up. These activities included, but were not limited to, community and at-risk group outreach programs, micro-credit facilities, community investment funds, teacher training, the creation of community-based institutions, public health awareness programs, and small-scale infrastructure projects. By involving local communities, NGOs and civil society groups in the design and implementation of JSDF grants, activities have been more responsive to the needs of beneficiaries and more realistic to achieve.

“The JSDF grant really helped the [health reform] process. The Government was pushing hard for health reform and the Bank project was funding activities in the government and private sectors. The JSDF enabled the Government to engage NGOs in the process, not just through consultations, but with financial support. They were now part of the health reform process. This was very good for the Government, the NGOs, and health reform as a whole”

—World Bank Task Team Leader, East Asia and Pacific Region

Figure 1 **FY01 and FY02: Number of Grants, Amount (in US\$ millions) and Number of Recipient Countries**



In FY02, **twenty-one grants were approved** by the Government of Japan, totaling **US\$26 million in allocations**. These grants are benefiting **18 countries** in **six regions**.

REGIONAL DISTRIBUTION

JSDF Grant in Focus

Nicaragua: Community-Level Vulnerability Reduction Program (US\$1.5 million)

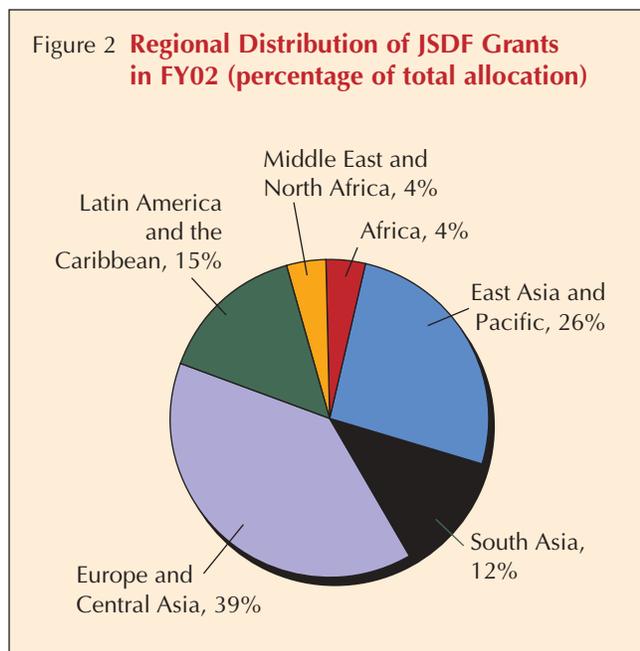
Grant Objective:

To empower the poorest communities of Managua to carry out sustainable solutions to social and environmental risks adversely affecting their living conditions.

In terms of regional distribution of funds, the Europe and Central Asia Region received the most funds in FY02, with 39 percent of total allocations, followed by East Asia and the Pacific, 26 percent, Latin America and the Caribbean, 15 percent, and South Asia, Africa, and the Middle East and North Africa with 12 percent, 4 percent, and 4 percent, respectively (Figure 2).

Tajikistan was the largest grant recipient, receiving US\$4.2 million for two grants: one, a US\$1.6 million grant, designed to **reduce poverty in the high mountain environments around Lake Sarez**, and a second grant, the **Community-Based Urban Water Supply Management Project** (US\$2.6 million), aims to improve access to basic water services and to reduce risks of typhoid fever epidemics by piloting a community-based repair and maintenance program for communal water distribution systems in residential units. Both of these grants involved community groups in the grant design process. The Lake Sarez grant is being implemented by FOCUS Humanitarian Assistance, an international NGO.

Armenia was the second largest grant recipient in FY02, receiving a total of US\$3 million for two grants. The **Piloting Reforms in the Childcare System Project** (US\$961,000) intends to improve child welfare through three main activity areas: 1) improving the effectiveness of social support for children at risk, 2) piloting of family-based care for currently institutionalized children, and 3) fostering community participation in support of children at risk and their families. This grant is being implemented by the Ministry of Finance. The **Community Based Urban Water Supply Management Project** (US\$2 million) is also a pilot project employing a community-based approach to the installation of water meters in urban dwellings and the maintenance of the piping systems in urban dwellings. This grant is being implemented by the Municipal Development Project Management Unit, set up as part of a World Bank operation.



The Philippines was the third largest grant recipient in FY02, receiving a total of US\$2.7 million for two grants. The **Community-Managed Agrarian Reform and Poverty Reduction Project** (US\$2 million), implemented by the Department of Agrarian Reform, is piloting the Government’s Community Managed Agrarian Reform Program which combines land distribution with support services and on-farm investments. The second grant, **Developing Community Capacities for Pro-Poor Budgeting and Local Government Accountability**, is also a pilot project working to increase the participation of the poor and other citizens in tracking the incidence of poverty and increasing the accountability of local government budgetary and expenditure processes.

Nine new countries were added to the list of JSDF grant recipients in FY02. These countries include Papua New Guinea (one grant for US\$500,000), Guinea and Mali (a joint US\$1 million grant), Georgia (two grants totaling US\$1.8 million), Tajikistan (two grants for US\$4.2 million), Ecuador (one grant for US\$1.8 million), Armenia (two grants for US\$3 million), Peru (one grant for US\$758,500), and Russia (one grant for US\$1.3 million).

JSDF Grant in Focus

India: Self Employed Women’s Association (SEWA) Capacity Building Project (US\$1.2 million)

Grant Objective:

To expand SEWA’s capacity to train and empower new and existing members towards securing or improving their livelihood

Table 1 **Country Distribution of JSDF Grants by Number and Amount in FY02**

Region	Country	Number of Grants	Amount (US\$)
East Asia and Pacific	Papua New Guinea	1	468,300
	Cambodia	1	796,900
	Philippines	2	2,718,269
	Regional Program	1	2,000,000
	Lao PDR	1	737,420
	Subtotal	6	6,720,889
South Asia	Pakistan	1	950,000
	India	2	2,166,036
	Subtotal	3	3,116,036
Europe and Central Asia	Georgia	2	1,857,275
	Tajikistan	2	4,218,900
	Armenia	2	2,931,000
	Russia	1	1,252,700
	Subtotal	7	10,259,875
Latin America and the Caribbean	Ecuador	1	1,780,000
	Peru	1	758,500
	Nicaragua	1	1,489,300
	Subtotal	3	4,027,800
Africa	West Africa	1	973,949
	Subtotal	1	973,949
Middle East and North Africa	Jordan	1	994,860
	Subtotal	1	994,860
Total		21	26,093,409

Table 2 **Regional Distribution of JSDF Grants Approved in FY02 (Rounds 5–8)**

Region	Fifth Round		Sixth Round		Seventh Round		Eight Round	
	Number of Grants	Amount (US\$)	Number of Grants	Amount (US\$)	Number of Grants	Amount (US\$)	Number of Grants	Amount (US\$)
East Asia and Pacific	1	468,300	3	3,515,169	2*	2,737,420	1	956,400
South Asia			1	950,000	1	1,209,636	2	3,222,700
Europe and Central Asia			3	5,598,775	2	1,438,400	1	1,489,300
Latin America & the Caribbean			1	1,780,000	1	758,500		
Middle East and North Africa			1	994,860				
Africa			1	973,949				
Total	1	468,300	10	13,812,753	6	6,143,956	4	5,668,400

* includes East Asia ASEAN Schoolnet Regional Program

JSDF Grant in Focus

Guinea & Mali: Strategic Alliance for Grassroots Capacity Building in Early Childhood Development (US\$973,949)

Grant Objective:

To build the foundation in Guinea and Mali for increased capacity, knowledge and skills of community leaders, local NGOs and government officials in the design and implementation of strategies that improve public understanding and parental participation in the provision of quality enhanced early childhood development programs

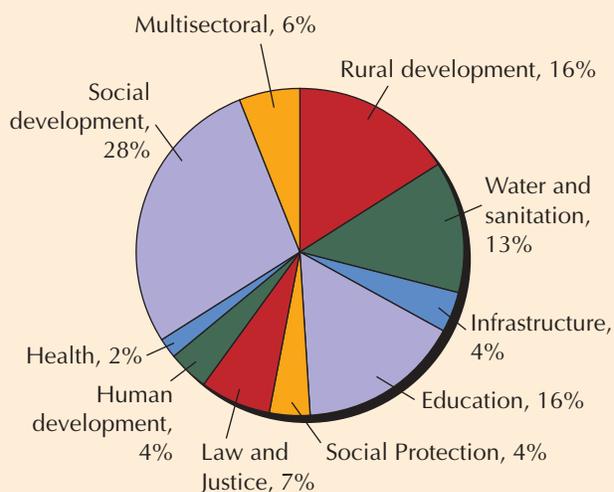
SECTORAL DISTRIBUTION

The sectoral distribution of JSDF grants in FY02 was quite varied and demonstrated a broadening of coverage beyond social protection projects, which provide social safety net services to mitigate the immediate effects of an economic crisis, towards more social development projects designed to create longer-term development opportunities (Figure 3). Social development grants funded in FY02 included the Peru grant **Giving Voice to the Poor in Influencing, Planning and Evaluating Service Delivery**, a capacity building grant working to empower poor groups to participate in the needs-based design and effective, transparent and accountable delivery of social programs. Also included in the FY02 social development portfolio:

- **Russia, Local Governance and Civic Engagement in Rural Russia Capacity Building Project**
- **Armenia, Community Based Urban Water Supply Management Project**
- **Lao PDR, Empowerment of Local Communities in the Remote Upland Watershed**
- **Philippines, Developing Community Capacities for Pro-Poor Budgeting and Local Government Accountability**
- **Philippines, Community-Managed Agrarian Reform and Poverty Reduction Project**

Rural development grants comprise the second largest share of the FY02 portfolio, with US\$4.4 million in funds for four grants. These grants include the Capacity Building grant in Papua New Guinea (US\$500,000) which aims to improve rural incomes and reduce rural poverty by supporting sustainable small scale mining practices, the Cambodia grant designed to build the capacity and service provision ability of Cambodian water user groups (US\$800,000), the poverty reduction grant in Tajikistan (US\$1.6 million) and a pilot information technology program for rural areas of the Pune District in India (US\$1 million).

Figure 3 **Sectoral Distribution of Grants Approved in FY02 (percentage of total allocation)**



SUPPORTING CAPACITY BUILDING AND SUSTAINABILITY

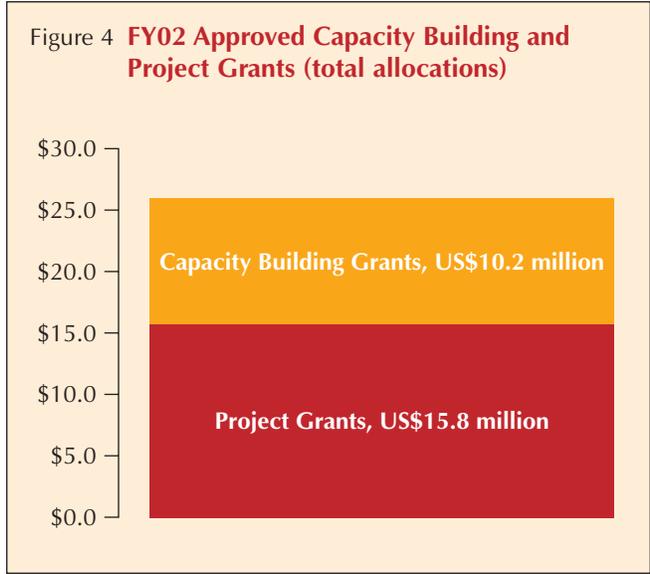
In FY02, JSDF supported nine capacity building grants amounting to US\$10.2 million, or 39 percent of the FY02 portfolio.

Capacity building grants were approved for Papua New Guinea, Cambodia, Guinea and Mali, Jordan, Ecuador, Peru, India, and Russia. Activities financed include community outreach and training, socio-economic surveys, information and education programs, facilitation of workshops and “town hall” meetings, small scale infrastructure investments, parent/teacher association group training, life skills development, monitoring system design and training of trainers programs.

PARTNERING WITH NGOs IN GRANT IMPLEMENTATION

The JSDF has been quite successful in creating implementation partnerships with both local and international NGOs, which are implementing 62 percent of JSDF grants approved in FY02. This compares with 30 percent in FY01. The remaining grants are being implemented by central government ministries, municipal government offices, or the project coordination units of existing World-Bank funded projects.

All of the JSDF grants approved in FY02 involved the direct participation of NGOs, community groups and/or local government in the design of grant activities and objectives. The process of substantively engaging these groups in this process can be costly and time consuming and difficult to do given the lack of grant preparation resources. This issue was addressed in FY02 with the creation of the JSDF Seed Fund.



JSDF SEED FUND

In March 2002 the Government of Japan approved the availability of Seed Fund grants for Bank Group task teams to support the preparation costs of JSDF proposals. The preparation of JSDF proposals frequently involves participatory discussions with civil society groups to design the JSDF proposals for maximum effectiveness and sustainability. The JSDF Seed Fund was established to facilitate this process by covering the extra costs of such a consultative process. Applications for seed grants of up to US\$50,000 may be submitted by task

teams to help prepare forthcoming JSDF proposals. Eligible expenditures include: consulting services (including those from community consultation program experts), local consultant costs, and Bank staff travel and subsistence directly related to preparation of the JSDF grant proposal. Task teams that receive seed funding are expected to deliver well-developed JSDF grant proposals within 12 months of the approval of the seed grants.

Two JSDF Seed Fund grants were approved in FY02: for Bangladesh to support the preparation of the grant **Tackling the Arsenic Crisis: Community Managed Water and Off Grid Electricity Pilots** (US\$36,500), and for Ethiopia to help prepare the **Pastoral Community Support Project** (US\$18,500). The Seed Fund is discussed in greater detail in Chapter 5.

SPECIAL WINDOW FOR AFGHANISTAN

Also in March 2002, the Government of Japan and the World Bank agreed to set up a special window within the JSDF to support activities in Afghanistan under a three-year program of assistance for the country’s reconstruction and transition toward political, economic and social stability. The Government of Japan contributed US\$18.3 million to the program.

Three grants for Afghanistan were approved in FY02, totaling US\$4 million: the NGO Support Program (US\$2 million), the Capacity Building for National Solidarity Program (US\$1.5 million), and the NGO/Health Sector Emergency Rehabilitation and Development Program (US\$500,000). (See Chapter 5.)



Voices from the Field²

“When the Village Investment for the Poor [VIP] program came into the village in May 2002, the people of Nakaikhia were quite sure they had met with yet another talk-only project and were skeptical. There was also some skepticism from the Government side about the selected village; the district administration said that it would not be possible to work with the people there as they had a reputation for being lazy and difficult.

“After ten months of VIP presence in the village, there are seven small-scale activities which are ongoing: at the community level a rice bank and a village medicine fund (all villagers are considered target group members and all are eligible to benefit), and at the target-group level pig-raising, chicken-raising, vegetable gardening, a small-scale shop and the improvement of rice yields.

“The people as well as the village administration are changing their minds about VIP, having seen that there is action. Together with the district and provincial agricultural teams, they are learning new skills and how to work in teams.”

—Excerpt from the Lao PDR agricultural development project Village Investment for the Poor (VIP) component case study of Nakaikhia village, Khammouane Province funded by Japan Social Development Fund

² As part of the preparation of the FY02 JSDF Annual Report, the JSDF team felt it important to engage its clients and beneficiaries in the reporting process. A number of Bank Task Team Leaders and grant recipients were interviewed by an independent consultant to better assess their experiences working with JSDF grants, and the strengths, weaknesses and areas of improvement of the JSDF as a whole. Interviews were conducted either in person or by phone using a questionnaire to guide data responses.

I think this grant has opened the eyes of the officials in China. This kind of project is new for them, they have not done a pilot before, as they usually employ a top-down approach to their projects. I think the grant will contribute to a change in attitude and, depending on the success, has the chance of being replicated in other areas of China where there are high rates of unemployment.”

—*World Bank Task Team Leader, China
Assisting the Urban Poor in Liaoning
Province*

In some of the communities we work in, more than 50 percent of the population is made up of school-aged children. In many cases, more than 50 percent of these kids don’t go to school.”

—*Project Advisor, Save the Children,
Cambodia
Cambodia, Basic Education
in Reconciliation Areas Project*

One of the most innovative features of the grant is the life skills program being piloted in selected areas. Through the schools, children are being provided with an animal, a chicken or a pig that the child has to care for and raise with the help of the program. This is teaching basic skills that are essential for the community and at the same time is providing a means for a family’s livelihood.”

—*World Bank Task Team Leader
on the Life Skills Component,
Cambodia, Basic Education Project*

At times the Bank rules and regulations are difficult to understand. For the second grant, the life skills component was dropped because the JSDF would not approve the grant with that Component. This is a shame because we have seen a lot of success with the program in the first grant”

—*World Bank Task Team Leader
Cambodia, Basic Education Project*

“The JSDF is very helpful in supporting activities that are not supported by Bank operations. The serious plight of street children in Mongolia was identified during the implementation of a separate Bank project. Once we understood the problem better, we put together a JSDF grant proposal to help.”

—World Bank Task Team Leader
Mongolia, Reintegration of Street
Children in Civil Society Grant Project

“If the purpose is that this should be NGO-driven, the JSDF team should have more direct communication with the NGOs themselves. This would increase learning and create a better understanding for the people in the JSDF of what the NGOs are confronting.”

—World Bank Task Team Leader
Africa Region

“Part of the beauty of the JSDF is that it encourages innovation, but innovation implies some risk.”

—World Bank Task Team Leader
Latin America and Caribbean Region

“Once a grant is approved, the required paperwork, procurement plans and lawyer clearances are very difficult, especially for executing agencies that are not familiar with the procedures. The work tends to fall on the shoulders of the Task Manager, but we have limited financial resources and little time to do the work required. There is little incentive for us to apply for a grant because we know it means a lot of work with little support. We do it because we want to help the country.”

—World Bank Task Team Leader

“We all appreciate the fact that programs like the JSDF exist. They serve a very useful purpose. Anyone giving away grant money should be congratulated. We should all be grateful to the people of Japan and its Government. The Bank should be more willing to loosen the requirements for smaller size grants so the costs of managing and administering them are not so high.”

—World Bank Task Team Leader



JSDF Grants in Focus

BENIN: CHILD PROTECTION FUND

Amount of Grant: US\$758,000

Status: Active

Grant Recipient/Executing Agency: Agence de Financement des Initiatives (AGeFIB), a local NGO

Grant Objective: To pilot methods for preventing further child labor migration and emigration and the rescue and rehabilitation of current victims of exploitative child trafficking

“Usually World Bank-administered grant money comes in the form of foreign consultants conducting analyses and preparing reports. The JSDF grant money provides real funds to produce tangible results on the ground. This is what grant money should do. It is good for the Bank and, more importantly, it is good for the beneficiary.”

—World Bank Task Team
Leader, Africa Region

The financial crisis of the late 1990s dramatically changed the economic climate around the world and the textile and cotton markets were no exception. With close to 80 percent of Benin’s export value comprised of cotton, the fiber market economy in Benin was hard hit, especially for poor farmers, the majority of actors in this sector. A tragic coping strategy employed by much of the rural population in Benin was to expel children early from the household, and send them off to find work—primarily in the neighboring countries, Gabon and Cote d’Ivoire. Organized groups of professional intermediaries actively encourage the parents



Curt Caronmark/World Bank

The JSDF supports projects aimed at protecting vulnerable children and preventing child labor.

to give up their children. This phenomenon, commonly referred to as “child trafficking”, is illegal, and the children end up exploited, with no papers and no legal status in the receiving country.

While street children currently receive great attention, little attention is paid to child laborers, who work basically as slave labor and whose numbers are greater than street children. In the hardest hit area of Zou, as much as 15 percent of rural children have emigrated explicitly in order to find work. Some villages have sent up to half the child population aged 6–16 abroad, and more than half of the villages are affected by the phenomenon.

The JSDF Grant

The child trafficking issue became very clear to the World Bank team during the preparation and implementation of a larger World Bank operation, the Benin Social Fund, a Bank-financed project currently under implementation and designed to improve access to basic social services for the poorest and most vulnerable population of Benin. Through extensive participatory local research, financed by Norway and carried out by local researchers, the risks and causes for child trafficking were identified, stakeholders were engaged and key implementation actors were involved in the grant design process. Local civil society groups

Box 4

Benin: Child Protection Grant Components and Activities

1. Capacity Building for AGeFIB and implementing NGOs Component

Activities: Institutional strengthening to NGOs to expand and improve their current activities in child protection and to improve their financial management capacities; training in techniques for working with trafficked children, reintegrating children into their communities and assisting families in finding alternative activities for their children.

2. Integrated Village Component

Activities: Awareness raising for children and families, with focus on household heads and village chiefs, education programs for the recruiters and mediators of children in the villages, targeting of at-risk families with assistance to create employment and other alternatives for financial sustainability and school/apprenticeship for the children, and provision of micro-grants/credits to initiate economic activities that support reinsertion of trafficked children back into the home.

3. Monitoring and Evaluation Component

Activities: Develop a detailed system for micro-intervention accounting and systematic registration of participation and outputs; conduct two surveys in the participating areas to identify which children had left to work, how they had departed, and with whom.

and NGOs were identified to participate in the implementation process and the Agence de Financement des Initiatives, a local NGO, was selected as the executing agency for the grant.

“Being able to pilot a program with the help of JSDF funds is a big asset for us in the Bank. We can effectively educate a Bank Country Team by using the results of the pilot and then have a Bank project follow that is well informed and designed. The outcomes of this grant are currently being used to design a project now. That project will take the results of the pilot national.”

—World Bank Task Team Leader,
Benin

The Project is designed as a pilot, to test methods for preventing further child labor migration and emigration and for rescuing and rehabilitating current victims of exploitative child trafficking. To achieve these objectives, three components are being implemented: (1) a capacity building component designed to develop the skills of AGeFIB and other NGOs engaged in the implementation process; (2) an integrated village component, consisting of a sensitization and support program designed to increase awareness of the problem while providing at-risk families with assistance to create employment and other alternatives for financial sustainability; and (3) a comprehensive monitoring and evaluation component, which will be critical to both demonstrate the lessons learned from the grant implementation process and replicate the program on a national level, the ultimate objective of the pilot Project.

The primary beneficiaries of the grant are labor migrating and emigrating Beninese children, children at risk, and the families and communities they come from.

Results to Date

In its second year of operation, considerable progress has been made on the awareness and information campaigns and in training NGOs working in the area of child labor migration. There has been some delay in receiving proposals from these NGOs to fund specific activities, which is why only about 35 percent of funds have been disbursed to date. A number of NGO proposals have now been received and all remaining funds should be utilized.

To date the primary impact has been on increasing awareness of the issue of child trafficking and building the capacity of potential actors. Actual interventions by NGOs are just now starting.

Strengths and Challenges

The main strength of the JSDF, according to the Task Team Leader, is its unique ability to finance activities on a smaller scale, to then learn from the implementation process and, it is hoped replicate that process on a national level. The Bank’s ability to pilot initiatives on a smaller scale is limited, and the JSDF provides this opportunity for countries to learn from implementation on a small scale rather than borrowing funds to implement an untested development activity on a national level.

One of the main challenges that faced the Benin Project was in the up-front design process. With no funds available to help prepare the grant, it was extremely difficult to do so in a way that was inclusive and participatory. With-

out an existing Bank-funded project at the time the grant was prepared, the Bank TTL believes it would have been impossible to effectively prepare a JSDF proposal. The creation of the Seed Fund is viewed as an effective means to address this problem.

Additionally, and given the fact that the JSDF is designed to support innovation and learning on a local level, it is widely viewed by Bank Task Team Leaders that some JSDF guidelines need to be reviewed to encourage innovation and piloting new methodologies and activities. Often times, new kinds of interventions are viewed as questionable and can result in innovative activities being either dropped from grant proposals or significantly modified.

CAMBODIA: BASIC EDUCATION IN RECONCILIATION AREAS

Amount of Grant: US\$1,620,500

Status: Active

Grant Recipient/Executing Agency: Save the Children, Norway, an International NGO

Grant Objective: To promote access, improve learning quality and ensure the enhancement of the quality of life of the most vulnerable children in the target areas

“The JSDF encourages the Bank and NGOs to become real trusted partners.”

—World Bank Task Team Leader,
East Asia and Pacific Region

Cambodia has the lowest school enrollment levels in the Asia-Pacific region. Only 5.4 percent of villages in Cambodia have a lower secondary school and a mere 2 percent have an upper secondary school.³ School enrollment for children under seven years old is 65 percent and much lower in the northern districts of the country. Child labor rates are high, especially among females. Teachers are extremely lacking in number, skills and teaching materials.

In the reconciliation areas of the north, including the Siem Reap and Utdor Meanchey Provinces targeted by the JSDF grant, the population suffered at the hands of the Khmer Rouge between 1972 and 1998. There is extreme poverty in these areas and a large population of school aged children (82,900 aged 6–15 years old, with 43 percent of those children having no access to education). Only about 13 percent of the 47,900 primary school students pass primary education.

The **Basic Education in Reconciliation Areas Project** has been supported by a US\$1.6 million JSDF grant. The grant, now in its second and final year of implementation, aims to promote access, improve learning quality and ensure the enhancement of the quality of life of the most vulnerable children in the target areas. The grant consists of three main components: (1) promoting access for

³ UNDP figures for 2002.

children to basic education, (2) achievement learning and enhancing and enriching learning quality, and (3) enhancing the quality of life (Box 5).

The local Cambodia office of Save the Children, Norway, was awarded the grant and has been responsible for grant implementation, working in partnership with the Provincial Education Office of Siem Reap Province.

Results to Date

The Cambodia Basic Education Project has been successful in achieving the planned outcomes, building cross-cutting support for the project within Cambodia, and applying innovative life skills development approaches to the development process. Performance indicators demonstrating grant outcomes are detailed below.

- 36 new school buildings have been constructed (all 25 planned-for concrete school buildings and 11 of 27 wooden “mini” schools are completed; the rest are under construction).
- Four District Education Office buildings have been completed; the last two are under construction.

Box 5

Cambodia Basic Education in Reconciliation Areas Components and Activities

Component 1: Promotion of access for children to basic education

Activities: Capacity building for the Provincial and District Education Offices (PEO), creation of School Support Committees to encourage decentralized decision making and community involvement, construction of 23 co-primary schools and 25 wooden “mini” schools and renovation of seven district offices, provision of furniture and equipment to 190 classrooms, 23 libraries, seven district offices, and provision of learning materials and medicine to 4000 very poor children

Component 2: Achievement learning, and enhancing and enriching learning quality by improved training of teachers and school administrators

Activities: Implementation of Provincial Education Training of Trainers (PETT) program to create cadre of teacher trainers, develop learning teaching materials and methods, organize resources, conduct in-service teacher training program, and develop/strengthen the monitoring, evaluation and reporting system of the Provincial Education Office

Component 3: Enhancement of the quality of life

Activities: Development and implementation of a life skills and vocational skills approach to help improve the welfare of children, coordination of activities of donors and NGOs working in the sector, provision of life skills training to targeted children

- The number of completed grade 1-6 schools in the target area has increased from 23 to 41.
- 236 teachers have achieved the ability to apply the “Child Friendly Learning Environment” (CFLE) learning pedagogy.
- The number of schools with statistics and action plans has increased from 21 to 135. Forty seven of these schools use school development plans as an efficient quality management tool, while another 88 have more simple action plans.
- 470 children in 24 pilot schools learned life skills and apply them at home.

Data is already demonstrating that the grant has had an impact on learning quality, enrollment rates and life skills.

- Learning quality has improved as demonstrated by the increased promotion rate—from 71 percent (31,988 children) in 2001 to 83 percent (48,743 children) in 2002. (Given the increase in total number of students, the number of children being promoted has increased significantly).
- 66,569 children were enrolled in grades 1–6 by the end of 2002, an increase of 7,776 children (12 percent) compared to the previous year (58,693). This represents an enrollment rate of 88 percent.

A comprehensive evaluation of the grant is currently planned and will examine in more detail the outcomes and impact of the JSDF grant, especially concerning dropout rates, learning quality, the views and experiences of children in the target schools, and the opportunities for replicating the project on a national level.

A major indicator of the project’s success is the recent awarding of a second JSDF grant to Save the Children, Norway, for other target areas of Cambodia. This is the first NGO to be awarded a second JSDF grant under the program.

Strengths and Challenges

Both the Bank Task Team Leader and the Project Advisor in Cambodia for Save the Children agree that the main strength of the JSDF is its ability to



Masaru Goto/World Bank

In just two years of implementation, grade 1–6 enrollment rates in grant-targeted areas increased by 7,776 children and promotion rates, by 50 percent.

provide funds directly to NGOs to implement responsive and well-targeted programs. Both actors agree that the experience of working together was a new one and that the JSDF was the catalyst for the development of a real partnership, which facilitated the implementation and learning processes of both parties.

“Part of the beauty of the JSDF is that it encourages innovation, but innovation implies some risk”

—World Bank Task Team Leader,
Cambodia

The TTL shares the view of most other TTLs interviewed, in that, administratively, the JSDF should review its requirements in order to continue to encourage the innovation it seeks to support. For example, the very successful life skills development activities funded by the first grant were questioned and ultimately dropped from the second grant at the request of the JSDF administrators.

“The (JSDF) procedures are strict but good. Now that we know what is required, the design of the second grant was much easier.”

—Save the Children Norway,
Cambodia

Another challenge cited by both the Bank and the NGO executing agency was the project preparation process. While the design process for the first project was viewed by the NGO as difficult, strict and demanding, mainly due to the team’s inexperience with World Bank policies and procedures, the design of the second project was much easier as the team was already familiar with the processes.

A second procedural challenge was the extension process. Due to administrative problems and the required approval process for the grant to become active and money to be disbursed, there was a six month delay between the grant signing date and the disbursement of funds. Despite this delay, the grant is still scheduled to close on its original date. Save the Children believes most, if not all, proposed activities will be completed in time but believes there should be an easier means to extend the implementation period of the grant. This issue was addressed in FY02 when the JSDF administrators agreed to extend the JSDF grant implementation period to four years.

Finally, in terms of process improvements, the Bank and NGO agree that the procedures are good, but could be simplified, and that more of the decisions about what should be included as part of a grant should be left to the discretion of the technical experts.

SAMOA: PROTECTION OF POOR AND VULNERABLE GROUPS DURING HEALTH REFORM

Amount of Grant: US\$338,300

Status: Active

Grant Recipient/Executing Agency: Government of Samoa, Department of Health

Grant Objective: To assist the recipient in strengthening health safety nets and facilitating the adjustment process for poor and vulnerable groups during the health sector reform process.

The Government of Samoa is in the midst of a comprehensive health reform process designed to improve the management of health resources to provide equitable access to quality health services. As the reform will touch all levels of the delivery system, there will be some negative effects on key stakeholders, particularly disadvantaged groups (defined as impoverished, highly vulnerable with poor access to health services) and women's committees.

The objective of the JSDF grant is to provide safety nets and to ease the adjustment process for poor and vulnerable groups during the health sector reform process in Samoa. The grant, now in its second year of implementation, is financing four components: (1) an innovative fund to support community and NGO activities in health service delivery and provision, (2) a capacity building component for NGOs, women's committees and other community groups for carrying out health or related activities at the community level, (3) provision of training to key resource groups, such as NGOs and technical and academic institutes, who can provide a supportive network for community-based health activities, and (4) the funding of two annual audits (Box 6).

Demonstrating the linkages between Bank operations and the JSDF grant, this grant proposal was the result of the concerns of the Government of Samoa over borrowing Bank funds for a component designed to strengthen NGO capacity and increase their role in health reform. The activities under this component became the JSDF grant proposal, which was ultimately approved.

Results to Date

The Samoa Project is utilizing a very innovative and decentralized approach to capacity building and to the implementation of grassroots-based health programs. Through the creation of a centrally managed fund, the grant is supporting community-based and NGO activities in health service delivery and provision. A total of 122 proposals for funding have been submitted by NGOs, Community-Based Organizations (CBOs), and various community entities, about 25 percent of which have been processed by a Grant Operations Committee (GOC). Eighteen sub-grant contracts totaling US\$73,560 were approved by the GOC and signed by the Minister of Health.

A common risk in small grant funds is the concern that grant recipients will lack the institutional capacity and accountability to adhere to procurement procedures and guidelines. During a recent grant monitoring mission, the Bank team examined the eighteen signed JSDF sub-grant contracts and found that the procurement methods stipulated in the Grant Operational Manual were followed by all recipients. Additionally, the review process documentation prepared by the Project Management Team and GOC were of extremely high quality, demonstrating a transparent and effective selection process.

“Within two weeks of posting the notice for accepting applications for funding from NGOs, the (PCU) office received 100 applications. There was an overwhelming response from the community.”

—World Bank Task Team Leader,
Samoa

Samoa: Protection of the Poor and Vulnerable during Health Reform Grant Components and Activities

Component 1: An Innovative Fund

Activities:

- Piloting of an integrated diabetes prevention and treatment program in a rural region using women's health committees, specialist nurses, diabetes prevention program staff and community nurses managed by a community committee
- Development of a pilot community-managed transport service to assist people in a remote area to get better access to health services
- Piloting of a community-based financing scheme by an NGO to assist disadvantaged groups to access health services
- Piloting of a partnership between a community group and the Public Health Division to monitor community health status
- Piloting a community-based scheme to support improvements to and maintenance of rural health facilities

Component 2: Capacity Building

Activities: Provision of training in project management and organization for community groups, in key areas of preventive health and communication skills for women's committees, and in communication skills for community and women's committee leaders

Component 3: Support Network for Health

Activities: Provision of training to key resource groups, such as NGOs and technical and academic institutes, which can provide a supportive network for community-based health activities

Component 4: Annual Audits

Activities: Conduct of an audit at the end of each project year.

Strengths and Challenges

According to the Bank Task Team Leader, the JSDF grant was quite useful for the Government to push for health reform while engaging NGOs and other community groups that are not typically engaged in the health reform process. The response to the small grants program was overwhelming, much greater than the team had expected, which demonstrates the community's willingness and interest to participate in the health reform and services delivery processes. The JSDF helped the Government effectively engage these groups directly, creating impact for health reform while promoting a partnership mentality between the Government and NGOs and community-based groups.

The challenges associated with the JSDF grant centers around JSDF processes and procedures. Echoing a common sentiment, the Bank Task Team Leader believed that the grant could not have been effectively prepared, or implement-

ed, had there not been an existing Bank-financed project to offset some of the preparation costs. Additionally, the Bank-funded project implementation unit in the Ministry of Health is charged with managing the implementation of both the Bank project and the JSDF grant. This group's familiarity with Bank regulations and procedures has been a tremendous asset to the JSDF grant, and the Task Team Leader is unsure how groups that are new to Bank policies and procedures could effectively implement a JSDF grant.

Additionally, and despite the relatively small size of a JSDF grant compared to a Bank operation, the JSDF does not enable financial support for the necessary mechanisms that are needed for a project to be managed effectively. These mechanisms include project management training, project monitoring systems and the capacity for grant executors. If the JSDF is to effectively support sustainability, the creation of this capacity and the associated support systems should be considered a priority for the JSDF.

In terms of process improvements, the Seed Fund is believed to be of enormous value to both Bank teams and the future implementing agencies of grants. Without these funds, grant proposals cannot be effectively designed, nor can local stakeholders be engaged in any kind of dialogue or participatory process.



Responding to Client Needs: JSDF Special Programs

JSDF SEED FUND

The JSDF was established to support innovative and well-targeted programs that produce rapid results while engaging local participation and encouraging empowerment. These goals are process-oriented and require not only a well-conceived project design, but a thorough and inclusive preparation process. This preparation process should at a minimum involve beneficiaries, key stakeholders and potential implementers in grant discussion sessions/workshops, it should examine the current needs of the communities which will be targeted, assess organizational and institutional capacity needs, and define risks and mitigation strategies. This process is critical to the success of any size project and requires time, resources and funding. After the first year of operation, the Bank and the Government of Japan recognized the need to support task teams in the grant preparation and design process, and in March 2002, the JSDF Seed Fund was established with a US\$1 million allocation of funds from the JSDF grant facility.

A JSDF Seed Fund is available to finance the cost of activities up to a maximum of US\$50,000. The expected outcome of each award is a well-developed JSDF grant proposal within 12 months of the approval of the funds. Seed Fund applications must present a compelling case for assistance in covering the extra costs of a participatory preparation process. Eligible expenditures include: consulting services (including those from community consultation program experts), local consultant costs, and Bank staff travel and subsistence.

As the Seed Fund was established late in the fiscal year, only two proposals were approved in FY02: a US\$36,000 grant to prepare the **Community Managed Water and Off Grid Electricity Pilot Project** in Bangladesh and an US\$18,500 grant to help prepare the **Pastoral Community Support Project** in Ethiopia (Box 7).

“The preparation of the grant was extremely difficult. Engaging local NGOs and community groups, assessing the needs, designing the project, detailing disbursement plans, this all takes time and funding. If there had not been a Bank project under implementation at the time, we would not have been able to prepare the JSDF grant and the country would have lost some important funding.”

—World Bank Task Team
Leader

JSDF Seed Fund Grants Approved in FY02

Bagladesh: Tackling the Arsenic Crisis: Community Managed Water and Off-Grid Electricity Pilots (US\$36,000)

Planned JSDF Grant Objective: To demonstrate the technical, economic and institutional effectiveness of community-managed, combined piped water and off-grid (renewable) electricity systems, with one point water treatment facilities, as a more effective and reliable means of supplying rural communities with safe, arsenic-free drinking water.

Planned JSDF Grant Components (tentative): Community mobilization, identification of pilot communities, technical assistance to candidate communities to design feasible schemes; funding of equipment (with operational and partial capital costs borne by communities); and monitoring, evaluation, reporting and public dissemination of results.

Preparation Activities financed by the Seed Fund: Assessment of institutional options and global experience in delivering clean and healthy piped water and electricity in low-income rural areas; participatory assessments through workshops and surveys, community consultation, mobilization and organization; donor and stakeholder coordination/collaboration; and collation of global and regional experiences.

Ethiopia: Pastoral Community Development Project (US\$18,500)

Planned JSDF Grant Objective: To secure broad NGO and community participation in the IDA-financed Pastoral Community Development Project (PCDP), by building upon and expanding the work that NGOs have already undertaken in pastoral communities.

Planned JSDF Grant Components (tentative): Creation of a community development fund to hire NGOs for community participatory assessment and stakeholder consultation; development of an NGO forum to promote collaboration and sharing of experiences with respect to community development; and design and implementation of a project outreach and communication strategy for information dissemination to stakeholders.

Preparation Activities Financed by the Seed Fund: Hiring of a consultant, who will work in close collaboration with the PCDP project task team, to provide all inputs for the JSDF grant proposal, through consultations in Ethiopia with field staff, government, and the NGO community and meetings with the Bank Task team.

“The creation of the Seed Fund is extremely helpful in grant preparation. If JSDF grants are to be successful, the grant design process must be thorough and inclusive. Without these funds, this would not be possible.”

—World Bank Task Team Leader,
East Asia Region

JSDF AFGHANISTAN

In March 2002, the Government of Japan and the World Bank agreed to set up a special window within the JSDF with an initial allocation of US\$18.3 million to support activities in Afghanistan. This three-year program of assistance will work to support grants contributing to the country’s reconstruction and transition toward political, economic and social stability.

“Afghanistan needs a vision for tomorrow—of an Afghanistan where people are safe and ethnic relations harmonious; where there is a government that represents and effectively promotes the will of the people; where men and women are free to pursue their way of life and improve their livelihoods; where the economy is growing and poverty is disappearing over time; where the entire population, including girls, can get educated; where everyone has access to basic medical services and clean water; and where good governance and non-intrusiveness of government authorities are the rule.”

—James D. Wolfensohn,
Remarks at the working session
on the Reconstruction of
Afghanistan held at the
US State Department

The facility will fund two types of grants, like the main JSDF, to support: Project Grants and Capacity Building Grants. Project grants include activities falling under the following categories: improvement of services and facilities, rehabilitation of infrastructure, and reinforcing social safety nets. Capacity building grants include capacity building and improvement measures (for example, to bolster governmental institutions, local communities and NGOs through learning by doing or to expand the capabilities or coverage of social fund-type institutions), and measures nurturing positive interactions within and among government and non-government organizations, interest groups, and communities in ways geared to generate substantive incremental benefits.

Similar to the larger JSDF Facility, grants for Afghanistan are encouraged to support the direct participation of civil society, NGOs and community groups. The majority of grants are expected to be executed by the Government of Afghanistan. However, following the demonstration of their financial soundness, track record, and satisfactory arrangements for use and accounting of grant funds, local community groups and NGOs may also be selected as executing agencies.

Three grants to support Afghanistan’s reconstruction were approved in FY02, totaling US\$4.1 million: the **Health Sector Emergency Rehabilitation and Development Project** (US\$500,000), the **NGO Support Program** (US\$2,046,000), and the **Capacity Building for National Solidarity Program** (NSP) (US\$1,510,100) (Box 8).

JSDF Afghanistan Grants Approved in FY02

Health Sector Emergency Rehabilitation and Development Project (US\$500,000)

Grant Development Objective: 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.

Grant Components:

Component 1, Improved Information Flow for Remote Provinces, will provide computers and high frequency radios powered by solar panels for voice-data communications in selected remote provincial health offices.

Component 2, Managing Health Partnerships with NGOs, will provide technical assistance and training to health care managers in establishing and managing performance-based partnership agreements (PPAs) with NGOs to expand health service delivery to under-served rural areas.

NGO Support Program (US\$2,046,000)

Grant Development Objectives: To assist the Afghanistan Interim Authority (AIA) in launching a two-million-dollar NGO Support Program that will issue grants, through the Government, to local NGOs.

The objectives of the program are threefold:

1. To ensure the full participation of Afghan communities in the choice, planning and implementation of local reconstruction efforts
2. To accelerate the provision to local communities of services and resources that improve living conditions and enhance productive capacities at the local level
3. To increase interaction between the Government and local communities, and between Government institutions and the NGO sector.

Grant Components:

The Afghanistan **NGO Support Program** will establish the guiding policies, procedures and transparency of the NGO grant facility intended to finance activities in the areas of micro-finance, health and education, community infrastructure, women's development and advocacy and media.

Capacity Building for National Solidarity Program (US\$1,510,100)

Grant Development Objective: To facilitate the full participation of Afghan communities in deciding, planning, and implementing local reconstruction activities through education and capacity building programs.

Grant Components:

The proposed grant comprises three components: production of technical manuals and other project documentation, local level awareness and capacity building programs in community mobilization for NSP staff, and pilot projects and other activities to field-test procedures, methodologies, and new capacities.



JSDF Governance Mechanisms

At the creation of the JSDF, the Government of Japan and the World Bank established a comprehensive governance structure to guide the JSDF operation process and to ensure the transparent and effective management of the Fund.

GRANT QUALITY REVIEW AND APPROVAL PROCESSES

JSDF proposals are initially vetted by Country Directors, Sector Managers and technical reviewers. The World Bank Steering Committee, established at the creation of the JSDF, is charged with reviewing grant proposals. Grants are either cleared with minimal revision for submission to Japan, sent back to the Task Teams for revision and resubmission, or rejected. The Steering Committee recommends those applications which meet the JSDF criteria for approval by the Government of Japan. The Ministry of Finance of the Government of Japan approves, rejects or seeks further clarifications on grants. Following Japan's approval, Bank Task Team Leaders are required to sign a Letter of Undertaking and submit a procurement plan prior to signing of the Grant Agreement between the Recipients and the Bank.

GRANT IMPLEMENTATION AND REPORTING

JSDF grant implementation requires compliance with the Bank's Procurement and Financial Management Guidelines (same as for Bank loans and credits). The grant implementation period is a maximum of four years. Grants can be implemented by three groups: the central or local Government, NGOs and/or community groups, or the World Bank. Bank execution is only possible under exceptional circumstances and requires a waiver of the requirement for Recipient grant execution. World Bank Task Teams are required to submit grant progress reports, excerpts from which are available to the Government of Japan and the public via the JSDF website.

COMMUNICATION PROCESSES

The World Bank submits an Annual Report to the Japanese authorities (also available on the JSDF website) to review the progress of grants financed by the JSDF and ensure that the overall objectives of the Fund and the grants are being achieved. Additionally, review meetings are conducted between Washington and Japan where JSDF grant proposals, approvals and process issues are discussed and proposed improvements are suggested.

Finally, the World Bank, Japanese authorities and the Asian Development Bank (which has established a similar facility, the Japan Fund for Poverty Reduction) periodically discuss the overall performance of the JSDF, key issues in implementation progress, and future priorities.

JSDF WEBSITE

The JSDF has created a website (<http://www.worldbank.org/rmc/jsdf>) to provide relevant information on the purpose of the Fund and the ongoing progress of grants. The World Bank maintains the website to ensure information is provided to the public.

Other useful links are:

JSDF Information Brochure:<http://www.worldbank.org/rmc/jsdf/JSDF5.pdf>

FY01 JSDF Annual Report: <http://www.worldbank.org/rmc/jsdf/JSDF%20-%20Annual%20Report%2001.pdf>

FY02 JSDF Annual Report:
<http://www.worldbank.org/rmc/jsdf/JSDFAnnualReportFY02.pdf>

Annex 1: JSDF Grants Approved in Fiscal Year 2002

Country/Program	Grant Name	Amount in US\$	Grant Objective
Round Five			
Papua New Guinea	Improve Rural Incomes and Reduce Rural Poverty by Supporting Integrated Sustainable Development of Communities Affected by or Involved in Artisanal and Small-Scale Mining	468,300	Mitigation or elimination of the negative environmental, social and cultural effects of artisanal and small-scale mining on affected communities through an integrated approach of (i) reducing occupational health and safety risks; (ii) improving the policy.
Round Six			
Cambodia	Capacity Building and Basic Service Provisioning in Cambodian Water User Groups	796,900	To pilot a participatory process by forming water user groups consisting of the poorest and most vulnerable in the peri-urban areas, enabling them to plan, implement, operate, maintain and manage water supply and sanitation facilities.
Philippines	Developing Community Capacities for Pro-Poor Budgeting and Local Government Accountability	718,269	On a pilot basis, to increase the participation of the poor and other citizens in tracking poverty incidence and making local government budgets and expenditures more transparent and accountable.
Philippines	Community-Managed Agrarian Reform and Poverty Reduction Project	2,000,000	To pilot the Government's Community Managed Agrarian Reform Program (CMARP) that combines land distribution with support services and on-farm investments.
Pakistan	Sindh Vulnerable Groups Fund	950,000	To test alternative, community based interventions for targeting the poorest and most vulnerable in the province of Sindh. Project will rely on partnerships with civil society and local governments to design interventions specific to Sindh group needs.
West Africa	Strategic Alliance for Grassroots Capacity Building in Early Childhood Development	973,949	To build the foundation in Guinea and Mali for increased capacity, knowledge and skills of community leaders, local NGOs and government officials in the design and implementation of strategies that improve public understanding and parental participation.

Annex 1: JSDF Grants Approved in Fiscal Year 2002 (cont.)

Country/Program	Grant Name	Amount in US\$	Grant Objective
Georgia	Improving Livelihood Security in Kolkheti Lowland	1,379,875	To help the poor and vulnerable communities living in the buffer zone adjacent to the Kolkheti National Park to identify and execute alternative income generating opportunities, improve fishing and agriculture practices and protect critical environmental functions of Kolkheti Wetlands.
Tajikistan	Reducing Poverty in High Mountain Environments Around Lake Sarez	1,586,400	To promote village level economic and social development among the vulnerable communities in the face of physical isolation, transition related restructuring, limited livelihood possibilities and risks of natural disasters.
Tajikistan	Community-Based Urban Water Supply Management Project	2,632,500	To pilot a community based repair and maintenance program for communal water distribution systems in the residential units in the capital aimed at reducing large water losses and wastage inside dwellings and risks of typhoid fever epidemics.
Jordan	Building Capacity for Integrating "At Risk" Children into Mainstream Society	994,860	To build capacity of community based organizations and NGOs in reintegrating "at risk" children into mainstream society.
Ecuador	Law and Justice for the Poor	1,780,000	To support the creation of a culture of peaceful dispute resolution and support civil society to access effective alternative resolution in the main cities, rural areas and indigenous communities.
Round Seven			
Lao PDR	Empowerment of Local Communities in Remote Upland Watershed	737,420	To pilot the creation of an enabling environment for poor, ethnic minorities in the remote upland watershed areas through the provision of health and basic literacy services.
Armenia	Piloting Reforms in the Childcare System	961,000	To improve child welfare through improvement in the effectiveness of social support for children at risk, piloting of family-based care for currently institutionalized children, and fostering community participation in support of children at risk and their families.
Georgia	Community Based Health Insurance	477,400	To pilot and test a community based health insurance scheme of risk-pooling in Eastern and Western Georgia.

Annex 1: JSDF Grants Approved in Fiscal Year 2002 (cont.)

Country/Program	Grant Name	Amount in US\$	Grant Objective
Peru	Giving Voice to the Poor in Influencing, Planning and Evaluating Service Delivery	758,500	To empower poor groups to participate in the needs-based design and effective, transparent and accountable delivery of social programs.
India	Self Employed Womens' Association (SEWA) Capacity Building	1,209,636	To expand SEWA's capacity to train and empower new and existing members towards securing or improving their livelihood.
East Asia	ASEAN Schoolnet	2,000,000	To pilot ASEAN Schoolnet in 5 countries as part of the World Bank's WorLD program. WorLD equips underprivileged schools with hardware, software and provides teacher training/ support to bring school children into a global internet learning network.
Round Eight			
India	Empowering the Poor: A Pilot IT Program for rural areas of Pune District	956,400	To promote IT literacy among rural and disadvantaged populations of Pune district; employ IT to empower the rural poor by stimulating local commerce and business and improving their access to essential information and services.
Armenia	Community Based Urban Water Supply Management Project	1,970,000	To pilot a community-based approach to installation of water meters in urban dwellings and to the maintenance of the piping systems in urban dwellings.
Russia	Local Governance and Civic Engagement in Rural Russia	1,252,700	To promote greater communal influence and oversight of budgetary processes and create alternative channels for service provision to the rural villagers.
Nicaragua	Community-Level Vulnerability Reduction Program	1,489,300	To empower the poorest communities of Managua to carry out sustainable solutions to social and environmental risks adversely affecting their living conditions.

Annex 2: Fiscal Year 2003 Policy Document

In FY03, the JSDF program and policy guidelines and operating procedures are being streamlined through the introduction of an Annual Policy Document agreed with the Government of Japan (GOJ). The Policy document sets out the terms for the JSDF which would be applicable during the fiscal year. The terms of the Policy document are:

Objective. To provide grants in support of innovative social programs to help alleviate poverty in eligible client countries of the World Bank Group. (See below, criteria for country eligibility.)

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 focus on activities which: (i) respond directly to the needs of the poorest and most vulnerable groups through new and innovative methods; (ii) support initiatives that lead to rapid, demonstrable benefits with positive prospects of developing into sustainable activities; or (iii) 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 World Bank Group entities. Approximately 50 percent of total JSDF funds will go to eligible countries in East, South and Central Asia.

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 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 which are classified as low-income, i.e., whose 2001 per capita GNP does not exceed US\$1,445.

(ii) **Capacity Building Grants** finance capacity building and improvement measures, for example to bolster local communities and NGOs through learning by doing, or to expand the capabilities or coverage of social fund-type institutions, or to support local governments working with communities on World Bank-funded projects/programs. Eligible countries include the low-income countries and lower middle-income countries as defined in the 2002 World Development Report.

Amount. JSDF Grants can range from US\$50,000 to US\$3 million. Proposals exceeding US\$2 million are subject to higher scrutiny by the JSDF Steering Committee; the latter may request technical reviewers to verify that the costing of the activities followed a disciplined process.

Funding Proposal. Grants are approved by the Government of Japan on the basis of a standard One-Page Funding Proposal, available on the Bank systems which serves as the legally binding document with the donor. The Proposal contains basic data, overall development objectives of the grant, expected key performance indicators and expenditure categories. The concerned managing unit in the Bank must sponsor the activity and designates a team leader. Requests must be in line with the Country Assistance Strategy objective(s), which is confirmed by the country director as well as with the sector approach as confirmed by the Sector Manager, and are submitted to the JSDF Steering Committee after review by the Cofinancing Coordinators in the Operational Vice Presidencies.

Supplementary Information. In addition to the One-Page Funding Proposal, the complete application form includes Supplementary information (Background Information) comprising a checklist, details such as grant components and outputs, and a detailed budget.

Checklist. All questions must be answered. Preference will be given to proposals which promote collaboration with local and international NGOs (preferably Japanese NGOs) and civil society organizations.

Eligible Expenditures. Eligible expenditures include goods, small civil works, services, training and workshops. Procurement of such goods, civil works, services and training must follow Guidelines of the relevant World Bank Group entity. Requests may also include the cost of annual audits. Incremental costs (including staff costs) of the relevant World Bank Group entity of up to 5 percent of the total grant amount may be requested for preparation and implementation activities in applications of unusual complexity which require Bank staff resources beyond those that can be financed by regular administration budget (mainly to facilitate community participation or NGO collaboration).

Ineligible Activities/Expenditures. The following activities/expenditures 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; and (v) purchases of motor vehicles.⁴

⁴ Exceptions on the purchases of motor vehicles may be warranted subject to justification provided in the proposal.

Schedule. The JSDF Steering Committee submits proposals to GOJ four times a year (see below). GOJ confirms its decisions (approved or rejected) on proposals within four weeks from submission.

Grant Execution Arrangements. Grants must be recipient-executed. Recipients of JSDF Grants include governments (central or local), as well as international or local NGOs or local community groups following the Task Team Leader's determination of their financial soundness, track record, and satisfactory arrangements for use and accounting of grant funds. UN agencies may not be recipients of JSDF grants.⁵ The maximum grant implementation period is four years. The Bank, through the designated TTL of the grant, would carry out its fiduciary responsibilities for grant supervision, in accordance with the standards applicable to Bank administered grants.

Progress Reporting. The Task Team Leader monitors grant outputs and submits a semi-annual Grant Status Report documenting progress and agreed changes to meet the grant objectives. A final progress report will be prepared documenting actual cumulative inputs and outputs through the grant implementation period.

Reallocation of Funds (Expenditure Categories). Reallocation of grant funds would be carried as follows:

- (i) For reallocations up to **30 percent** of the amount for an approved expenditure category, TTLs must seek advice from Legal and the Loan Department (for recipient-executed grants). A request does not need to be submitted to CFP.
- (ii) For reallocation of funds to **new** eligible expenditure categories totaling up to **10 percent** of the grant amount, a request must be submitted to the Country Director for approval. The request should be cleared with CFP, Legal and the Loan Department
- (iii) For reallocations of funds **more than 30 percent** of the amount for an approved expenditure category or adding a new expenditure category more than 10 percent of the grant amount, a request must be sent to CFP for submission to the Government of Japan. GOJ would provide its approval/rejection within four weeks from its receipt of the request from CFP. The amendment should be cleared with CFP, Legal and the Loan Department (if the grant is recipient executed) and approved by the Country Director and Sector Manager.

⁵ UN agencies may participate in JSDF grant activities as consultants provided the selection is in accordance with Bank Guidelines.

Changes in Scope of Grant. Where a change is needed in the grant component, the Legal Department should be consulted if any amendments/clearances are required as described below:

(i) For small changes in the activities supported by the grant (e.g., a change up to **30 percent** of the amount for a component as budgeted in Background Information is considered to be small), TTLs should consult Legal if an amendment is required. A request does not need to be submitted to CFP.

(ii) For significant changes in the grant components, the request must be approved by the Country Director and Sector Manager. The request should be cleared with CFP and Legal. Significant changes are defined as: (a) a change of more than **30 percent** in the amount of a component; or (b) adding a new component. For significant changes in the Grant Development Objectives (GDO) the request must be sent to CFP which will determine if GOJ approval is required. GOJ would provide its approval/rejection within four weeks from its receipt of the request from CFP. The amendment should be cleared with CFP, Legal and the Loan Department (if the grant is recipient executed) and approved by the Country Director.

Grant Cancellation Policy. The balance of grants is subject to cancellation under the following circumstances: (i) the grant agreement has not been signed 12 months after the formal grant approval date; and (ii) no implementation progress including zero disbursements for six months after signature of the grant agreement. A request should be submitted to CFP for exceptions to (i) and (ii).

Visibility. The Bank Group encourages signature ceremonies for JSDF grants in the field, with the inclusion of Japanese embassy officials. It also encourages Bank staff in the field to invite local and international press to these ceremonies. Staff should inform CFP in advance of the signing ceremony. The Bank will also make efforts to expand the visibility of the JSDF through continued wide distribution of the JSDF Brochure, the JSDF Annual Report, inclusion of JSDF information in relevant Bank documents, information sessions on JSDF for Japanese NGOs and workshops for Japanese NGOs.

Maintenance of Documentation. Operational departments will keep copies of documentation, related to JSDF grants, for example, Terms of Reference and contracts for consultants, reports and other outputs prepared by consultants, status reports, etc., in accordance with the Bank's Administrative policies and procedures.

Schedule for FY03	
Round Announcement	Submission to Japan
June 2002	August 2002
October 2002	December 2002
January 2003	March 2003
April 2003	June 2003

