

44886

Japan Social Development Fund Annual Report Fiscal Year 2007



THE WORLD BANK

Concessional Finance and Global Partnerships



THE GOVERNMENT OF JAPAN

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

Japan Social Development Fund
Annual Report **Fiscal Year** 2007



THE WORLD BANK
Concessional Finance and
Global Partnerships



THE GOVERNMENT OF JAPAN

Message from Arif Zulfiqar
Chair, JSDF Steering Committee
Director, Trust Fund Operations Department



Cover Photo by Curt Carnemark.

For the Japan Social Development Fund (JSDF), the Fiscal Year (FY) 07 was a year to look back and reflect on the Program's achievements. The evaluation of the Program enabled us to take stock and assess whether the Fund was meeting its basic aims of directly responding to the needs of marginalized, poorest and most vulnerable groups, introducing new approaches or ideas to development, promoting stakeholder participation in project activities, building capacity of local governments, Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs), and empowering members of disadvantaged groups.

In terms of its core objective, the program has achieved considerable success. The program has been found to be unique among the portfolio of trust funds administered by the World Bank, both in terms of its ability to reach out and deliver real benefits to the poorest and most vulnerable groups in low-income and lower middle-income countries and also in encouraging task team leaders to test innovative methods that are new or alternative approaches to delivering services.

FY07 has seen a clear increased demand for JSDF grants by task teams. For the second time since the program started, proposals amounting to over \$40 million under the regular program were submitted to Japan for approval. Proposals continue to cover a wide array of issues ranging from fostering public-private sector community collaboration and partnership in the management of the cotton sector reforms in Mali to helping reduce young people's head injuries and injury-related deaths due to motorcycle accidents in Thailand.

The seed fund, which was established in 2002, continues to be a great help in mobilizing stakeholder participation in the design of JSDF projects. Thirteen seed fund grants were approved in FY07, and six of these seed fund grants resulted in eight proposals submitted in the same year. For the first time since the introduction of the seed fund, one grant produced three proposals.

The Government of Japan (GoJ) has already generously contributed over \$370 million to the JSDF as of June 2007. On behalf of the World Bank and of the JSDF Steering Committee (SC), I wish to express our thanks to GoJ for its continued support to the program. The SC reiterates its commitment to maintaining the quality of the program, fostering innovations and encouraging the application of lessons learned, from the closed grants to new ones, and to the Bank's broader social development efforts. Together, Ministry of Finance and the Bank will continue to promote a program that brings rapid, demonstrable benefits and builds ownership, capacity, empowerment and participation of local communities and CSOs.

Arif Zulfiqar

Director, Trust Fund Operations (TFO), and
Chair, JSDF Steering Committee

Contents

Message from the Chair of the JSDF Steering Committee	iii
Abbreviations	vii
Chapter 1: Introduction and Overview	1
JSDF Origins and Objectives	1
The Five JSDF Programs	2
FY07 Program Highlights	3
Chapter 2: JSDF, FY02 to FY07	4
The Overall JSDF Program	4
The JSDF Regular Program	5
The Post-Tsunami Recovery Grants	10
The JSDF Seed Fund	10
Impact of the JSDF Seed Fund	12
Grant Quality Review and Approval Process	12
Grant Implementation and Reporting	13
Working with Civil Society	13
Chapter 3: JSDF Program Evaluation	14
Objective of the Evaluation	14
Findings	14
Reaching the Poorest and Most Vulnerable	14
Participation, Empowerment and the Contribution of Civil Society	16
Capacity Building	16
Innovation	16
Sustainability	16
Project Results and Performance	16
Recommendations	20
Chapter 4: Review of JSDF Completed Grants	21
Chapter 5: JSDF Administration and Communication	23
Communication Processes	23
Further Information on JSDF	23
Annex 1: JSDF Project and Capacity Building Grants Approved in FY07	24

Annex 2: FY01–07 Regional Distribution of JSDF Regular Program Grants	29
Annex 3: JSDF Seed Grants Approved in FY07	31
Annex 4: JSDF Post-Tsunami Recovery Grants Approved in FY07	32
Annex 5: Fiscal Year 2007 Annual Policy Document	33

LIST OF BOXES

Box 1: Expected Features of JSDF Projects	1
Box 2: Emergency Response to the Tsunami-affected Communities in Southern Thailand	11
Box 3: Armenia - Piloting Reforms in the Childcare System	15
Box 4: Vietnam - Northern Mountain Poverty Reduction Project (NMPRP)	17
Box 5: Lao PDR- Village Investment for the Poor	18
Box 6: Northern Uganda Youth Rehabilitation Fund (NUYRF)	19

LIST OF FIGURES

Figure 1: Contributions, Allocations and Disbursements, FY02–07	2
Figure 2: Number of JSDF Grants by Year and Type, FY02–07	4
Figure 3: Approved JSDF Grants by Value and Type, FY02–07	5
Figure 4: Number of Regular Program Grants by Type, FY02–07	6
Figure 5: FY07 Regional Distribution of Regular Program Grants, by Value	7
Figure 6: Sectoral Distribution of Regular Program Grants by Value, FY07	7

LIST OF TABLES

Table 1: FY07 Approved Grant Proposals By Recipient	13
Table 2: FY07 Approved Grant Proposals By Implementing Agency	13

Abbreviations

AFR	Africa Region
CDD	Community Driven Development
CFP	Concessional Finance and Global Partnerships
CSOs	Civil Society Organizations
EAP	East Asia and the Pacific Region
ECA	Europe and Central Asia Region
FY	Fiscal Year
GPOs	Grassroots Producers Organizations
GRM	Grant Reporting and Monitoring
GoJ	Government of Japan
IDA	International Development Association
JSDF	Japan Social Development Fund
LCR	Latin America and the Caribbean Region
MBR	Maya Biosphere Reserve
MNA	Middle East and North Africa Region
NGOs	Non-Governmental Organizations
NMPRP	Northern Mountain Poverty Reduction Project
NUYRF	Northern Uganda Youth Rehabilitation Fund
SAR	South Asia Region
SC	Steering Committee
PIPs	Project Implementing Partners
TFO	Trust Fund Operations
TRs	Technical Reviewers
TTLs	Task Team Leaders
VIP	Village Investment for the Poor
VPUs	Vice Presidential Units
YOP	Youth Opportunities Program



Chapter 1

Introduction and Overview

JSDF ORIGINS AND OBJECTIVES

The Japan Social Development Fund (JSDF) was established in June 2000 by the Government of Japan (GoJ) and the World Bank. The JSDF was initially established in response to the devastating impact of the East Asian financial crisis in the late 1990s. It subsequently expanded to become a leading source of support for innovative approaches to provide direct support to the most disadvantaged groups in developing countries.

The objective of the JSDF is:

To provide grants in support of innovative social programs to help alleviate poverty in eligible client countries of the World Bank Group.

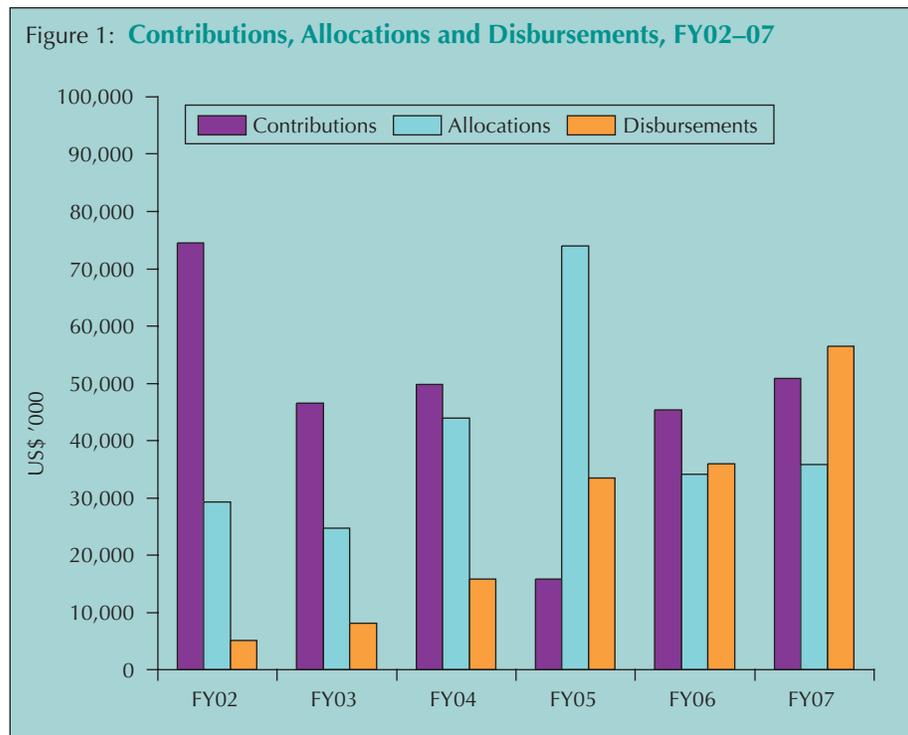
In order to achieve this objective, JSDF supports developing countries' central and local governments, Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs) in a wide variety of projects. All of these projects are expected to meet certain fundamental criteria (see Box 1).

Box 1

Expected Features of JSDF Projects

JSDF projects are expected to:

- Be innovative – introducing new approaches or ideas to development. Some may be entirely new innovations, others may involve introducing ideas that are new to the country in question, but have had success elsewhere;
- Directly respond to the needs of marginalized, vulnerable or disadvantaged groups. Marginalization may be a function of location, gender, age, ethnicity, physical fitness...;
- Provide reasonably rapid, demonstrable and sustainable benefits. JSDF will not support projects that will take many years to deliver benefits to the target population;
- Build capacity of local governments, NGOs and CSOs, empower the members of disadvantaged groups, and promote stakeholder participation in project activities.



GoJ had provided \$371 million to the JSDF program by the end of FY07. Since the start of the program 250 grants have been approved, with a total value of \$276 million. As Figure 1 shows, the overall JSDF program has expanded slowly, but steadily over the past six years. Disbursements were slow in the early years, but exceeded \$55 million in FY07. However, new program allocations were close to the FY06 levels at \$36 million.

THE FIVE JSDF PROGRAMS

There are five categories of JSDF grants:

- Regular program grants, which finance either project or capacity building grants aimed at introducing innovative programs which provide direct benefits to disadvantaged communities;
- Seed fund grants, which are small grants to help in preparation of proposals for regular program grants, and particularly, to provide resources to permit consultations to take place with proposed beneficiary groups, who may be remotely located or widely dispersed;
- Special grants to support a range of development and capacity building activities in Afghanistan;
- Special grants to support recovery measures following the tsunami which struck on 26th December 2004, affecting a number of Southeast Asian and Indian Ocean countries; and
- Special grants for rehabilitating and revitalizing areas affected by the earthquake which hit Pakistan in October 2005.

FY07 PROGRAM HIGHLIGHTS

In FY07, 20 grants totaling \$27 million were approved under the regular program, of which eleven were for projects, and nine for capacity building. The number of regular program projects nearly doubled compared to FY06, but still constituted only two-thirds of projects approved in FY05. One of the countries affected by the tsunami, the Seychelles, received \$2.4 million to support two projects in the context of the rehabilitation of its fisheries sector. Funding of seed fund proposals picked up again in FY07, and more than doubled compared to FY06, reaching FY05 levels at \$0.61 million.

The JSDF program did not fund any new special grants for Pakistan or Afghanistan in FY07.



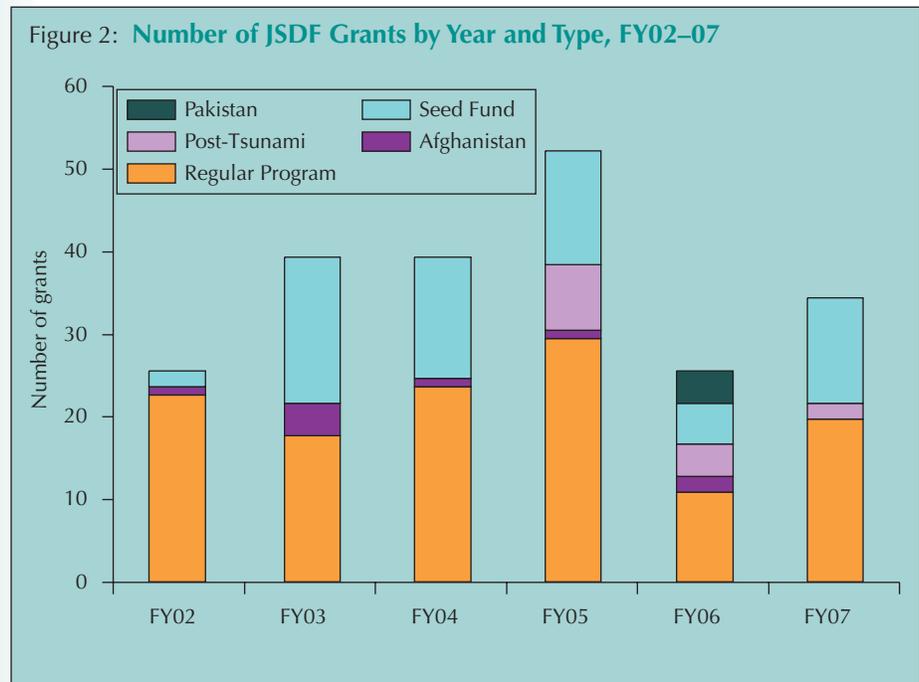
Chapter 2

JSDF, FY02 to FY07

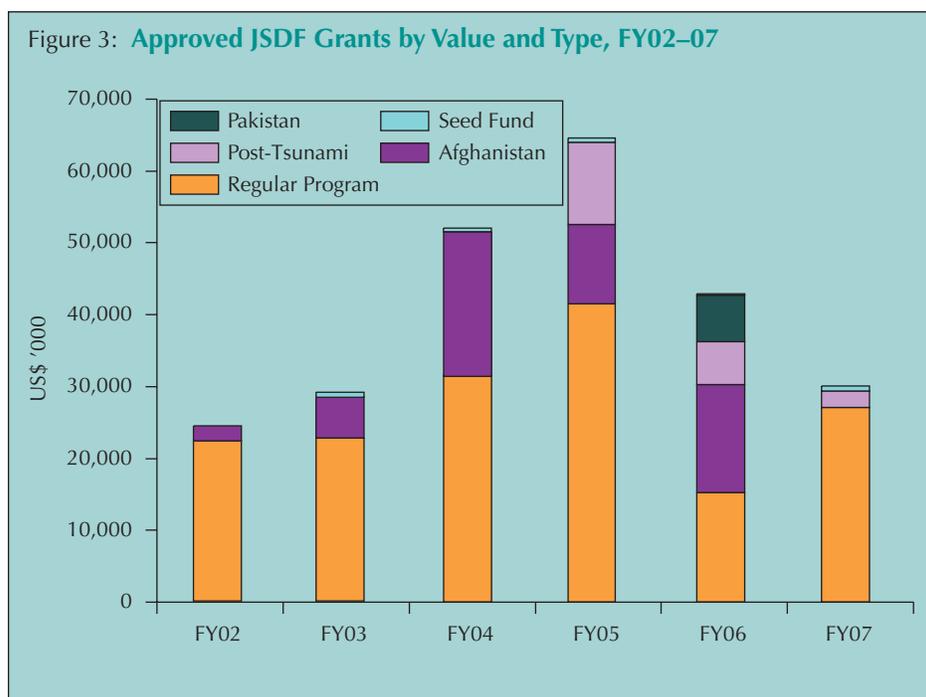
THE OVERALL JSDF PROGRAM

Figures 2 and 3 show how the JSDF program has developed over the past six years (since FY02), in scale and in scope. Figure 2 shows wide variations in the number of approved JSDF grants, starting with 26 in FY02, peaking at 52 in FY05 and decreasing to 34 in FY07. The peak in FY05 is attributable to not only grants approved under the regular program, but also to those approved following the December 2004 tsunami.

Figure 3 shows that when the grants are viewed from a “value” perspective, the picture changes¹. From FY02 until FY05 there was a steady rise in the value of approved regu-



¹It will be noted that the data on grants approved in Figure 3 differs slightly from the data on “allocations” in Figure 1. Grants approved (Figure 3) are recorded in the year in which approval is received from Japan. Allocations are recorded subsequently by Accounting and sometimes a grant approved in June is not recorded as an allocation until July – in the following financial year.



lar program grants, with FY05 values being the highest in the history of the program. The special grants to Afghanistan, while small in number, are very significant in value terms, accounting for much of the increase in FY04 and remaining significant in FY05 and FY06. Because no Afghanistan and /or Pakistan grants were approved in FY07, however, the total value of all JSDF grants fell sharply in FY07 to just under \$30 million. The FY07 post-tsunami grants were 40 percent of their FY06 levels.

THE JSDF REGULAR PROGRAM

There are two main types of JSDF regular program grants:

- Project grants support either activities providing direct relief measures to poorer population groups, or 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 a community’s development. They may also finance a stand-alone project, or pilot activities which may subsequently be replicated on a larger scale with World Bank Group or other financing.
- Capacity building grants which finance capacity building activities to strengthen local communities, local governments, local institutions and/or NGOs, by promoting collaboration between local governments and communities and by improving decision-making and accountability of local communities.

Both project and capacity building grants were available to low-income and lower middle-income countries as defined in the 2006 World Development Report.

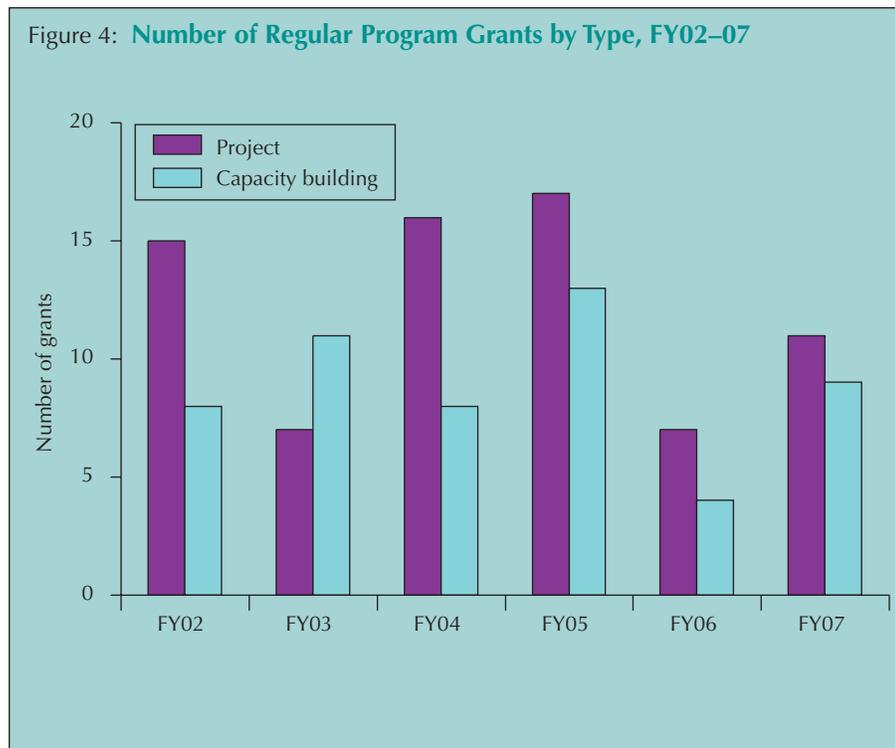


Figure 4 shows the distribution of grants between the two categories since FY02. FY07 saw a 50 percent increase in project grants, and a 100 percent increase in capacity building grants, when compared to FY06. While FY07 numbers have not quite caught up with the FY05 numbers for both categories, this increase signifies a rise in the demand for both of these valuable sources of funding.

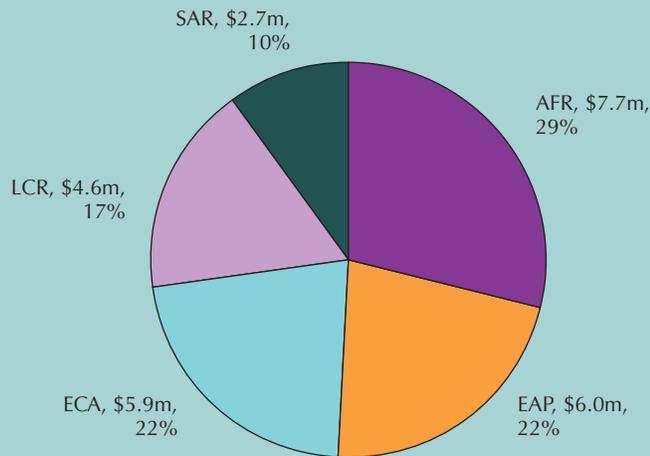
The JSDF FY07 Policy Guidelines and Program Allocation specifies that “approximately 50 percent of total JSDF funds should go to eligible countries in East, South and Central Asia” (see Annex 5). Figure 5 and Annex 1 show that in FY07 JSDF exceeded this target, with 54 percent of funds going to these regions. Over the FY02-07 period the target has been comfortably achieved, with over 60 percent of grants (\$102 million) going to South, East and Central Asia. Annex 2 shows the regional distribution of JSDF grants.

Figure 6 presents the sectoral distribution of FY07 regular program grants. Given the social development emphasis of JSDF, it is not surprising that about 42 percent of the grants cover such areas as gender, social inclusion, social protection and risk management. Other major sectors are agriculture, fishing and forestry, health and other services, law and justice, and education.

Some features of the projects approved in FY07 are noteworthy:

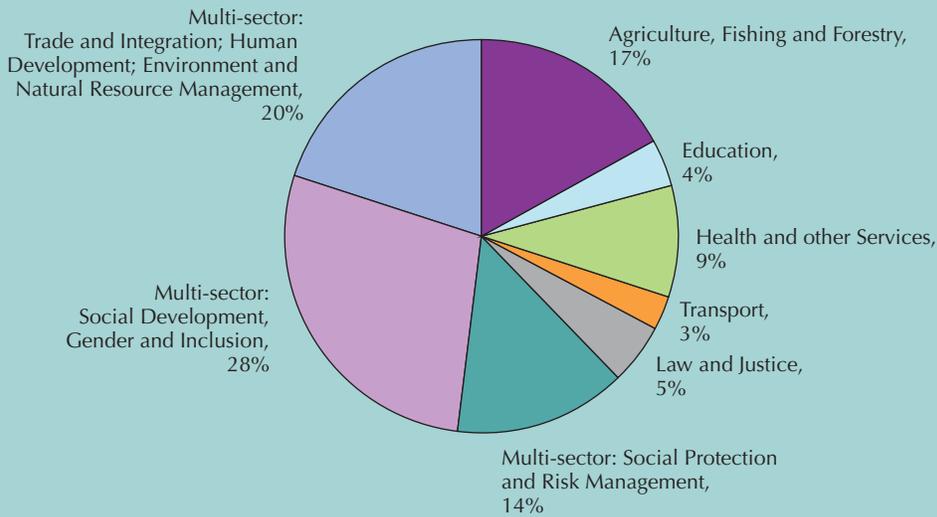
- Of the 11 project grants approved by Ministry of Finance, six grants focused on women and youth. In *Georgia*, the grant will contribute to increased social cohesion through the social integration of youth from different ethnic, regional, and rural communities to mainstream social, economic and political life via the establishment of youth-friendly spaces, pilot business development initiatives for young entrepreneurs and capacity building support to agencies working

Figure 5: **FY07 Regional^a Distribution of Regular Program Grants, by Value (US\$m.)**



a. Regional Distribution includes allocation to central VPUs (e.g. Legal and Networks).

Figure 6: **Sectoral Distribution of Regular Program Grants by Value, FY07**



on youth issues at the local level. In *Colombia*, the grant will improve the quality of life of young people in the poorest zones of the District of Cartagena de Indias by offering these youths an alternative to violence, illegal activities or self-destructive behaviors through training and alternative career opportunities in the arts. Youth in *Thailand* will be targeted by a grant which will contribute to reducing head injuries and injury-related deaths due to motorcycle accidents, through increased use of motorcycle helmets and increased awareness of road safety issues. In *Azerbaijan*, the grant aims to enhance the social inclusion of, and promote economic opportunities for young, internally displaced persons who have spent most of their lives suf-

fering from the effects of war, and who are now living in isolated new settlements and in collective centers in large urban areas. In *Indonesia*, cost-effective interventions will be developed and tested that can provide food security to communities in dire need of such programs by empowering the women in these communities. Marginalized farmers and women in the poor rural households of *Uzbekistan* will receive an opportunity to improve their livelihoods, through increased income-generating opportunities from sericulture and silk production by establishing and sustaining community-based silk micro-enterprises while addressing the environmental degradation of the area caused by the decline of the Aral Sea.

- A number of programs focus on improving service delivery and access to information for the poor. For example, in *Sierra Leone*, the grant will develop a model for the provision of legal support services by improving access to institutions of law and increasing accountability of state institutions to its constituents, and by providing practical solutions to injustices faced by the country's citizens. In *Mozambique*, innovative approaches will be introduced to bring essential health services closer to communities so as to improve the health status of the population. In the *Dominican Republic*, support will be provided to vulnerable and marginalized groups within communities to benefit from the Access to Information Law. In *Romania*, an entire project will be focused on highly marginalized Roma communities by strengthening local regional Roma civil society organizations and helping them develop and implement participatory tools to monitor and evaluate Roma social inclusion, and to provide broad access to this information.



Student activities such as yoga, tai chi, therapeutic body manipulation are performed in the seven learning centers under the JSDF grants in Colombia. Photo provided by Martha Laverde.



Community members working in a village in Sri Lanka. Photo by Ashoka Herath.

- Other projects will help communities build capacity and increase income-generating opportunities to create sustainable livelihoods. In the case of *Paraguay*, the capacity of indigenous communities to participate in local development and decision making will be developed, through the design and implementation of community sub-projects and community strengthening activities. In *Guatemala*, capacity building funding will be provided to improve economic diversification and governance for sustainable community livelihoods. In *Mali*, poor small-holder cotton farmers will be empowered by strengthening their capacity to manage, in a participatory and inclusive manner, the development of their business. Another capacity building grant in *Kenya* will support activities specifically designed for Kenya's rural traditional herbal medicine practitioners at the grassroots and district levels that will provide the basis for future scientific validation of effective traditional medicines and formal integration with allopathic medicine. In *India*, the grant aims to enhance the livelihood opportunities of rural artisans in the market for cultural industries and related sectors in several Indian states that are among the poorest in India, but are traditionally known for their rich cultural heritage. In *Brazil*, a grant will strengthen, support, and expand market opportunities for poor grassroots producer organizations in the northeast that are organized into rural productive alliances and are working in the fields of agro-processing and trade, handicrafts, or other light industry.
- Two grants were provided for improving physical living conditions of poor communities. In *Pakistan*, a grant will aim to alleviate economic and social poverty in the north of the country

through improvement in housing and living conditions. Approximately 70,000 people in four districts of Northern Pakistan will benefit from this grant. In the *Philippines*, a viable model of civil society-local government-community partnership will be created, which will focus on addressing shelter needs, improving physical and environmental conditions, and enhancing economic opportunities of urban poor communities.

The JSDF places particular emphasis on innovation, and the new grants in FY07 show that this remains a major feature. For example in *Tanzania*, a cash transfer program will be tested using a CDD approach. In *Indonesia*, poor communities and marginalized groups will be engaged in community development, in order to develop their capacity in using cultural creativity to reduce poverty, enliven poor villages and allow villagers to solve divisive problems collectively.

THE POST-TSUNAMI RECOVERY GRANTS

On December 26, 2004 a powerful undersea earthquake resulted in a tsunami which led to horrific impacts along the coasts of many Indian Ocean countries. There was an unprecedented response to the disaster from all over the world, and Japan, itself abundantly familiar with tsunamis, was one of the leading providers of immediate and longer-term recovery assistance. One channel of this assistance was the JSDF.

GoJ agreed that JSDF grants might be used to finance activities directly providing for reconstruction measures and the improvement of services and facilities for poorer population groups in tsunami-affected countries. In order to facilitate the use of JSDF grants in these exceptional circumstances, GoJ agreed that some of the usual limits on the use of JSDF grants could be relaxed. Grant applications could be considered from any country affected by the tsunami, and could be for additions to existing grants or for new grants. Proposals did not necessarily need to complement existing Bank operations nor did they need to wait for the usual “rounds” of JSDF applications.

By the end of FY07, 14 post-tsunami recovery grants had been approved by GoJ. These grants benefit six of the countries hit by the tsunami—Indonesia, the Maldives, Sri Lanka, Thailand, Somalia, and the Seychelles. Details of post-tsunami grants provided in FY07 are shown in Annex 4. The first detailed status report of a grant provided for tsunami relief, approved prior to FY07, is summarized in Box 2 below. Further information on this project is available on the JSDF website.

THE JSDF SEED FUND

JSDF projects are intended to assist marginalized or disadvantaged communities, and when project proposals are reviewed, it must be evident that the intended beneficiaries have been consulted and involved in project design. The process of participative consultation with communities who are sometimes distant from capital cities requires special resource allocations. In this context, in March 2002, GoJ agreed to the establishment of a special fund to facilitate this process. Seed fund grants are provided to Bank teams, who are preparing possible JSDF pro-

Box 2

Emergency Response to the Tsunami-affected Communities in Southern Thailand

Amount of grant: \$1.95 million

Grant Recipient/Executing Agency: The World Bank

Grant objective:

The overall goal of the grant is to support communities in southern Thailand affected by the tsunami. The objectives of the grant are to: (i) provide medium-term support to communities to help them rebuild their social, cultural and environmental assets and help restore their lost livelihoods; (ii) promote networking and mutual learning among communities and community organizations; and (iii) develop the capacity of community groups to provide support and leadership in traumatized communities and support the sustainable management of the coastal and marine ecosystems.

Description of the Grant

Under the project, block grants are provided through three Project Implementing Partners (PIPs) to 96 communities and networks of communities, for two main types of subprojects: small-scale infrastructure (e.g., community stores, centers and piers); and livelihood activities (e.g., capital for goods and equipment for community enterprises, such as fish raising). To help ensure that the project's development objectives are achieved, the grant also supports the establishment of a monitoring and evaluation system.

A Mid-Term Beneficiary Assessment, conducted in February – April 2007, yielded important findings and recommendations. According to village leaders and project beneficiaries, JSDF-funded activities were identified with the facilitation of PIPs as being closely aligned with their expressed needs. Villagers, all of whom had listed fisheries as the major source of employment, prioritized occupation and income-earning activities. The projects funded included fishing equipment funds, village cooperative shops and supplementary occupational groups.

Expected Areas of Findings and Lessons Learned

Before the end of the project, both the quantitative survey and beneficiary assessment will be repeated in order to evaluate the grant's impact. The final grant report will incorporate data from the monitoring and evaluation system to describe what the project was intended to achieve, how it sought to accomplish its objectives, and what impact it had. The report will document lessons learned and highlight their applicability to current and future government policies and programs, as well as World Bank CDD operations.

Part way through project implementation, interesting findings and areas of potential impact and lessons learned are emerging, some key ones being:

Social Capital and Community Empowerment. Communities, PIPs and other stakeholders agree that the most significant potential impact of the project is in strengthening the capacities of participating communities to better manage their own development.

Economic Benefits. Many communities proposed economic activities with the explicit purpose of eliminating the role of "middlemen" in economic transactions.

Sustainability. The likelihood of the activities financed under the grant being sustained will depend on a number of factors: alignment of activities with community priorities; quality of community participation; learning and networking opportunities provided; and continued availability of financing. The potential of community-based savings groups, village banks and community foundations as models for the long-term financial sustainability of community activities is of particular interest to stakeholders.

Targeting Vulnerable Groups. During implementation, two particular groups have emerged as requiring additional targeting measures to reach them: Children born of immigrants without citizenship and women in Muslim communities. The final report will highlight what measures were effective in ensuring inclusion of these populations.

posals, and are in need of resources to organize participatory activities. Since JSDF projects are intended to finance demand-driven activities, intensive consultations with stakeholders are required to ensure that a participatory approach is followed in the design of grant activities. Hence, grants of up to \$50,000 enable task teams to elicit directly the input of beneficiary communities, civil society groups, NGOs and local government counterparts. JSDF seed fund grants can disburse for up to 12 months.

Sixty-seven seed fund grants have been approved since FY02. By far the largest number, 24, have been used in Africa (AFR), where 16 countries have benefited. In addition, other regions, which have made substantial use of seed fund grants, are Europe and Central Asia (ECA) with 14 grants, East Asia and the Pacific (EAP) with 12 grants, Latin America and the Caribbean (LCR) with 10 grants, and South Asia (SAR) with six grants. Since the establishment of the seed fund, only one country, Indonesia, has received more than three seed fund grants.

Annex 3 lists the thirteen seed fund grants approved in FY07. It is clear that the geographic and discipline range of these grants is wide. Every World Bank region, except for Middle East and North Africa is represented. One country, Colombia, benefited from two grants. A range of subjects was covered, from eradication of child-begging in Senegal, to provision of pro-poor targeted secondary school scholarships in Nepal, and from strengthening social protection for Bangladeshi migrants to the Middle East, to strengthening good governance in land distribution in Cambodia.

IMPACT OF THE JSDF SEED FUND

There is no expectation that every seed fund grant will lead to a JSDF proposal, or that every proposal that is prepared using a seed fund grant will be endorsed by the JSDF Steering Committee (SC). The objective of consultation is to compare the originally conceived project with the needs and expectations of the target communities, and it is to be expected that at times there may be a disconnect, or, the discovery that other projects are in fact addressing the communities' needs. Nevertheless, seed fund proposals are reviewed carefully and critically to assess the likelihood of development of a successful proposal.

It is worth noting that in the first two years of the seed fund operation, few of the grants resulted in proposals endorsed by the SC. During FY02–07, 67 seed fund requests were approved, resulting in 32 proposals which were approved by Japan. In particular, in FY07 there were eight regular program proposals submitted to, and endorsed by the SC, which had resulted from six seed grants (one seed grant for Cambodia resulted in the submission of three proposals). Hence, around 50 percent of the seed fund usage resulted in a proposal over the FY02-07 period.

GRANT QUALITY REVIEW AND APPROVAL PROCESS

Proposals for JSDF grants are first vetted by technical reviewers and cleared by the country lawyer, the country finance officer, the relevant World Bank Country Director and Sector Manager, and the regional trust fund coordinator. The World Bank JSDF SC then reviews the propos-

als, which are cleared, with minimal revisions, for submission to GoJ, returned to task teams for revision and resubmission, or rejected. The SC recommends only proposals that meet the JSDF criteria for approval by GoJ, which then approves them, rejects them or requests more information. Once approval is obtained, the legal counsel begins preparation of the Grant Agreement.

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 from the date of countersignature of the grant agreement. Grants can be implemented by local governments, NGOs, CSOs and/or community groups. The World Bank task teams are required to submit grant progress reports on a yearly basis, excerpts from which are available on the JSDF website. A new process of review of completed JSDF grants has now been introduced. Chapter 4 presents the results of the latest review, which covers all grants that completed activities in FY07.

WORKING WITH CIVIL SOCIETY

The JSDF encourages the participation of NGOs and CSOs in the planning, preparation and implementation of grants. Experience suggests that high quality NGOs can reach the poor in ways that government projects cannot. Under the JSDF, an NGO/CSO can be both the recipient and the implementing agency, although sometimes, depending on a country’s laws or the government’s preference, a governmental agency is the recipient and the NGO/CSO the implementing agency. Implementation may also be jointly carried out by a NGO/CSO and the recipient government.

The following tables give the breakdown of grant proposals approved in FY07. Table 1 shows that the government is the recipient in eight of the 20 JSDF grants.

Table 1: **FY07 Approved Grant Proposals By Recipient**

	Number of Grants	Percentage
Government	8	40
NGO/CSO	12	60
Total	20	100

Table 2: **FY07 Approved Grant Proposals By Implementing Agency**

	Number of Grants	Percentage
Government	8	40
NGO/CSO	11	55
Joint Govt/NGO/CSO	1	5
Total	20	100

Table 2 shows that the benefit of using an NGO/CSO as an implementing agency is recognized. Fifty-five percent of the grants approved in FY07 are implemented by NGO/CSOs and an additional five percent are jointly implemented by an NGO/CSO with a government agency.

A JSDF grant can empower NGOs and CSOs that may be working on a small scale to expand very much needed interventions. By supporting NGO/CSOs, JSDF is able to contribute to capacity building and sustainability of activities that will assist the most vulnerable population.



Chapter 3

JSDF Program Evaluation

OBJECTIVE OF THE EVALUATION

An evaluation of the JSDF program was carried out from June to December 2006 with three main goals:

- Review the progress and development impact of the JSDF achieved to date;
- Assess the achievements of the JSDF, as a whole and of selected grants, in the light of the Program's objectives; and
- Make recommendations on ways in which the Program might better achieve its objectives in the future.

Forty-three projects, which were 80 percent or more complete, were selected for review from the portfolio. Performance of the grants was rated on a four-point rating scale: *High, Substantial, Modest and Low*.

FINDINGS

The evaluation results are based on a desk review of the 43 projects, stakeholder interviews, findings from visits to eight countries to evaluate ten projects selected randomly, and a web-based survey taken by TTLs. The evaluation team reviewed the key features of the JSDF program and concluded that, in terms of its core purpose, JSDF has achieved considerable success. The team wrote that "JSDF occupies a unique place among the portfolio of Trust Funds administered by the World Bank".²

REACHING THE POOREST AND MOST VULNERABLE

The desk study of JSDF projects showed that projects with a 'safety net' theme (e.g., childcare system reform) were gen-

² ITAD Ltd, Strategic Evaluation of the Japan Social Development Fund. June 2007.

erally successful in reaching the most vulnerable. The field visit findings showed that beneficiaries were included in project design through community groups or CSOs' involvement. The evaluation revealed further that JSDF projects are more successful in delivering direct benefits to disadvantaged groups using innovative approaches than similar projects under different donor arrangements. The web survey found that most TTLs believed strongly that JSDF projects focused more on the poorest and the most vulnerable than other Bank instruments. The Armenia Piloting Reforms in the Childcare System project (Box 3 below) was reviewed by the evaluation team and found to be a good model for targeting the poorest and most vulnerable.

Box 3

Armenia - Piloting Reforms in the Childcare System

Amount of grant: \$961,000

Grant Recipient/Executing Agency: Ministry of Finance & Economy

The grant aimed at improving child welfare in Armenia through: (i) improving effectiveness of social support for children at risk; (ii) piloting family-based care for currently institutionalized children deprived of parental care and for disabled children; and (iii) fostering community participation in support of children at risk and their families.

The number of socially vulnerable families and children at risk is substantial in the Shirak marz area of Armenia and particularly in the city of Gyumri. The city was devastated by the severe earthquake in 1988, and has also suffered decline caused by the economic transformation process taking place in the country, exacerbated by war and blockade. Many of the children born after the earthquake grew up in temporary shelters, such as wooden cottages, wagons, campers and tents, and were deprived of appropriate social conditions. Even now, almost 20 years later, some 4,000 families live in temporary shelters in conditions of extreme poverty to the extent that they cannot afford to buy clothes and shoes for their children to go to school. The project is thus seen as highly relevant to the local needs of families and children at risk in the overall context of poverty reduction.

Considerable effort was made at the start of the project to carry out surveys in the affected areas and to establish a database of families and children at risk. The procedure of selection of the project beneficiaries was objective and based on the survey data, target families and children were identified and personal files created; this was afterwards followed by meetings, visits and personal consultations to decide on a course of action and on which families and children to include and support.

The evaluation concluded that the project is considered highly relevant, given the scale of the children-at-risk problem in the country and the limited services available to address the issue. The program was ambitious in terms of aiming to assist in changing the culture of childcare nationally, focusing on providing rehabilitation services for families at risk in place of the previous system of placing vulnerable children in institutions. The project is fully consistent with JSDF's poverty reduction aims and principles.



Children at a childcare center. Photo by Yuri Kozyrev.

PARTICIPATION, EMPOWERMENT AND THE CONTRIBUTION OF CIVIL SOCIETY

The field visit findings suggested a *modest* assessment, and frequently participation rather than empowerment was in greater evidence. In the web survey, TTLs only seldom mentioned participation as being the ‘most important feature of the JSDF program’ and there was no mention of empowerment. While *substantial* participation took place during implementation in particular, there was virtually no evidence of empowerment. This may be because the earlier JSDF projects had a two-year implementation time frame. With the extension of the implementation period to four years, there could be more evidence of empowerment in the future.

CAPACITY BUILDING

Capacity building is a key feature of JSDF projects, and the evaluation showed that this feature is one for which there is *substantial* achievement overall. The Evaluation Team found capacity was raised in both ‘technical’ areas and in ‘participatory/facilitation processes and skills’. TTLs believe JSDF enhanced the Bank’s best practice in capacity building.

INNOVATION

Projects were ranked as having a *high* achievement with respect to innovation. Innovation was also identified as the single most important feature of the JSDF by TTLs. The most common form of innovation was in community development components or in ways of working with institutions and in partnerships (e.g., working with national NGOs as implementing agents). Some projects were innovative in the national context; others were said to be innovative in terms of reaching particular marginalized or remote groups. The Vietnam Northern Mountain Poverty Reduction Project was an innovative approach to poverty reduction for people located in remote communes (Box 4).

SUSTAINABILITY

The findings from the field visits suggested that, while slightly less than half the projects had *substantial* sustainability prospects, in all but one of the cases the grants were (or had been) scaled up into components of an IDA project, or in some cases projects with other donor support. There were also examples of sustainability of certain project activities where local community associations have maintained former project activities. The Lao PDR Village Investment Project described in Box 5 is evidence of a project continuing after closure of the grant under IDA credit funding, and it is likely to be adopted as a model nationwide by other donors.

PROJECT RESULTS AND PERFORMANCE

Project Component and Output Performance. The desk review showed that only some 10 percent of projects had serious problems of non-achievement. Of the 10 projects visited in the

Box 4

Vietnam - Northern Mountain Poverty Reduction Project (NMPRP)

Amount of grant: \$1,395,000

Grant Recipient/Executing Agency: Ministry of Planning and Investment

NMPRP is a multi-sectoral poverty reduction project targeting remote ethnic minority communities. It was the first JSDF-supported large scale community-based poverty reduction project in Vietnam aimed at experimenting and evaluating new project implementation approaches based on community participation. The objective of the JSDF grant was to fund six of the 12 NMPRP pilot province communes in Pho To, Bac Giang and Hoa Binh provinces, introduce participatory monitoring and support pilot activities during the first two years of the main project. The grant was aimed at testing most of the project activities in two types of communes.

NMPRP was designed as a commune investment program, and not targeted at individual households. Its objective was that “poor villages use a variety of infrastructure and social services” and that “institutional capacities are built at commune and district levels”. Innovative features included support of village health services through allocation of funds to boost regular village budgets and a shift to smaller-scale infrastructure at village level. A key feature of NMPRP was that it adopted a participatory approach. The pilot program helped develop methods for community participation within the overall project cycle, especially for monitoring community infrastructure projects and community procurement. NMPRP was one of the first projects implemented within the government structure to establish the village as a key unit for targeting and participation. Emphasis on community participation was supported by the overall reform agenda adopted by the government.

A specific feature of this grant was that some activities have been implemented by a consortium of Japanese NGOs which was formed for this assignment.

Due to its pilot nature and strong emphasis on building capacities at institutional levels, the overall impact on target beneficiaries has been substantial.



Children on their way home from farm work. Photo by Tran Thi Hoa.

Box 5

Lao PDR - Village Investment for the Poor

Amount of grant: \$1,161,000

Grant Recipient/Executing Agency: Ministry of Agriculture & Forestry

The Village Investment for the Poor (VIP) project aims to improve the welfare of poor rural households, especially of ethnic minority groups, and in doing so, strengthen capacity of rural communities to address their own problems. More specifically, it seeks to: a) help poor rural households improve food security and basic services in their communities; b) strengthen the decision-making and operational capacities at community level for planning, design, implementation, operation and maintenance and monitoring of sub-projects; c) reinforce the programs and resources of the district government units and the district agriculture and forestry offices and ensure that they respond effectively to community demands and priorities.

The approach used in the VIP in Lao PDR represents a possible model for the entire country and perhaps elsewhere. The VIP approach combines individual, or small group loans, for productive purposes with a community level infrastructure grant for a facility, which the community members had identified and they themselves managed. This approach resulted in a system which enhanced enterprise productivity and, through the community grant, also benefited the poorest members of the village.

field 'as a group' seven were assessed as having output levels of 'good quality with some weaknesses', with three having moderate quality of outputs with several weaknesses. Four of the ten had one or more (mostly peripheral) discontinued components. In two cases, the projects had some success in reforming policy, although the generally short time frame of JSDF projects makes this aim difficult to achieve. JSDF has successfully pioneered approaches to community infrastructure development with beneficiaries 'taking full charge' in terms of selection of the type of infrastructure, the project management and payment for the work performed.

Outcomes - Achievement of Grant Development Objective. The evaluation did note several examples of 'impact' in the projects visited, including child trafficking in *Benin*; improvements for children and their families in two towns in *Armenia* (albeit in the latter case at a relatively small scale); household income increases in *Lao PDR* (Village Investment for the Poor), *Indonesia* (marginal fishing communities) and *Uganda* (youth vocational training, featured in Box 6). Given the scale of the micro-loans provided, the evaluation team felt that income benefits were supplementary, rather than sufficient, to make a fundamental change in people's lives. The site visits confirmed that JSDF projects have made some tangible differences in people's lives, with the qualification that many of the projects studied are pilots and the scope is, by definition, quite limited.

Value Added of JSDF Operations. With the field experience gained from the range of JSDF grants completed, the potential for learning lessons and adding value to Bank and recipient country operations is immense. The desk study indicated that JSDF is most likely to add value by the introduction of new or enhanced community development approaches or in operationalizing principles of working with NGOs. It was noted that where grants were linked to

Box 6

Northern Uganda Youth Rehabilitation Fund (NUYRF)

Amount of grant: \$1,661,000

Grant Recipient/Executing Agency: Ministry of Finance & Economy

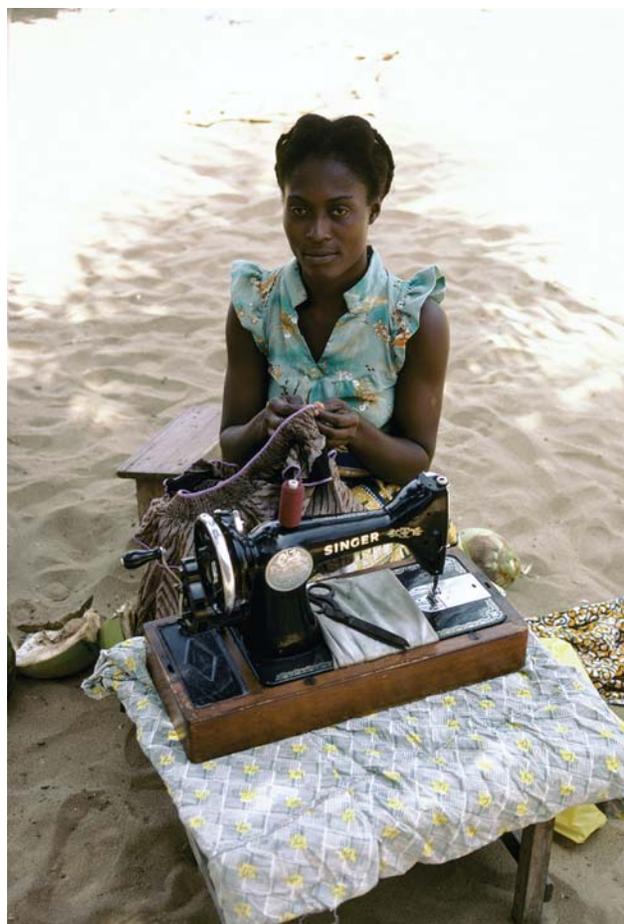
The grant aims to selectively test the merits and feasibility of interventions that target vulnerable youth in Northern Uganda. The grant was to also test implementation arrangements, particularly how to involve CSOs and community-based organizations (CBOs) in implementation. The goals of the grant were to address the acute problem of these children as soon as possible, and the activities funded by the grant were to be complementary to, and strengthen the efforts of the objectives of the associated IDA operation.

The project delivered vocational skills training to 3,152 youths across 18 districts. A beneficiary assessment was conducted after the close of the project in which 350 beneficiaries were interviewed, 77 percent of whom were still practicing the vocational skill they had acquired through the project. More than eighty percent rated the courses as good or very good on content, practicality and administration. From this, it can be inferred that, in terms of the project's objective to equip youth with specific skills, the project was successful.

Through the project, capacities were increased, not just of the beneficiaries who attended training courses, but also of the main implementing agency, World Vision International, and the institutions and individuals delivering the courses. Institutions that carried out the training reported benefiting from the training in financial management and psycho-social support, as well as from the experience itself. World Vision learned lessons that enriched their subsequent programs and gained experience in working with the Bank and the Government of Uganda at both national and district levels. Therefore, the first objective outlined in the project monitoring and evaluation document, "to build the capacity of CBOs, private sector and NGOs to respond to the unique needs of the youth," was also satisfied.

The fourth objective, "to enable the youth to participate in the Bank project activities" has to some degree taken place. There is a policy in place by which NUYRF beneficiaries are to be given priority, particularly in terms of applying for tools.

NUYRF results influenced the main IDA project which was increased by \$6 million for the Youth Opportunities Program (YOP), which is specifically aimed at projects in which youth received training. YOP has adopted several features of the NUYRF approach. NUYRF beneficiaries have in some instances benefited from funding under this Bank project.



Some beneficiaries work with their sewing machines in the market.
Photo by Curt Carnemark.

an IDA project, there were clear examples of new practices being adopted. *Ecuador* provides an interesting instance of law and justice being given greater visibility as an important factor in social development and poverty reduction, with the potential (if the mechanisms existed) for influencing both the country's and the Bank's policy on a wider scale.

RECOMMENDATIONS

The following recommendations were made by the evaluation team:

- Redefine the JSDF purpose statement as a result-oriented statement with measurable outcomes at the grant development objective stage. This recommendation is expected to be realized in the FY08 Annual Policy Document;
- Reformulate JSDF's 'Strategic Aim' to include the majority of the current elements of the purposes as 'key features' which define and guide JSDF, but are not objectives in themselves. This is also expected to be reflected in the FY08 Annual Policy Document;
- Develop a strategy for improving the sustainability of results after the completion of the JSDF grant into the uptake, scaling-up or replication stage. Starting with FY08, JSDF proposals will be required to have an exit strategy and a mechanism for ensuring the long-term sustainability of the activities;
- Develop program and project level communications strategies for sharing lessons learned, and for communicating results across the Bank and across projects. A proposal for a separate facility for the promotion of JSDF which would help disseminate the lessons learned is being considered by GoJ;
- Strengthen Japan's visibility. In this regard, a Guidance Note on Visibility to be shared with Bank staff and implementing agencies has been prepared for review by GoJ. More concrete actions are being taken to consistently promote Japan's visibility;
- Establish a separate grant facility or window to strengthen core management functions such as evaluation, communications, reporting, and managing hand-over activities after grant closure. A draft proposal is being considered by GoJ;
- Help ensure that full proposals are not prepared, which have little or no chance of success, by initial submission of short concept notes for review by Concessional Finance and Global Partnerships (CFP);
- Simplify the processes of technical and administrative review of JSDF proposals. Technical reviewers (TRs) will send comments to TFO and one set of comments (TFO's and TR's comments combined) will be sent in the future to TTLs.



Chapter 4

Review of JSDF Completed Grants

The purpose of reviewing completed grants is to learn from the experiences of grant implementation, and particularly, to provide feedback that could lead to program improvements. This year's review was carried out on 16 grants which closed in FY07, each with end-disbursement dates on or before October 31, 2007. Of these grants, 14 were from the regular program, one was from the special program for Afghanistan, and one was an emergency grant to assist Indonesia in its recovery efforts after the 2004 tsunami. Unless otherwise indicated, and to avoid skewing the analysis, the review focuses on projects within the regular program, and comments separately on the performance of the remaining grants, such as those from the special program and the emergency grant.

Project grants account for 50 percent of the 16 grants reviewed, and 89 percent of the funding. The 16 grants are distributed among five of the Bank's six regions: six were in ECA, five in EAP, two in SAR, two in AFR and one in LCR. The grants addressed issues in 14 countries, with Indonesia, and Tajikistan each receiving two grants. Only one grant was closed without disbursement, and may therefore be regarded as unsuccessful (the emergency grant for the Pilot Housing Program for Vulnerable Communities in Aceh, Indonesia).

The review methodology is based on grant completion reports prepared by TTLs in the Grant Reporting and Monitoring (GRM) System, and, on data provided by the Bank's Trust Fund Accounting Department. Performance of the grants was rated by the TTLs concerned on a six-point rating scale: *Highly Satisfactory*, *Satisfactory*, *Moderately Satisfactory*, *Moderately Unsatisfactory*, *Unsatisfactory*, and *Highly Unsatisfactory*. In addition to the above assessments, the GRM reports also provide information on other key aspects of the JSDF program objectives, e.g., participation of commu-

nities/civil society organizations; sustainability of implemented activities after closure of the grant; and lessons learned under the grant that can be used in other Bank projects and in scaling up other grant activities.

Concerning the achievement of development objectives of the 14 projects in the regular program, one project was rated *highly satisfactory* (Russian Federation), 12 projects were rated *satisfactory* (two in Tajikistan and one in each of the following countries: Armenia, Cambodia, Congo, Georgia, India, Indonesia, Moldova, Peru, Philippines, and Vietnam), while one project was rated *moderately satisfactory* (in São Tomé and Príncipe). Hence, over 90 percent of the projects under the regular program were rated *satisfactory* or *highly satisfactory* in achieving their development objectives. This can be regarded as a positive achievement in a program which supports innovative projects targeted at exceptionally disadvantaged groups. The emergency grant for Afghanistan was rated *satisfactory*, and as already noted, the Pilot Housing Program for Vulnerable Communities in Aceh (Indonesia) project was never activated, primarily because of the regulatory and processing hurdles encountered in trying to launch the project.

For grant implementation performance, 11 projects were rated *satisfactory*, two *moderately satisfactory*, and one *moderately unsatisfactory*. Thus, close to 80 percent of the projects under the regular program exhibited successful implementation performance. The Afghanistan project was rated *highly satisfactory*, an impressive result in a difficult environment.

The GRM completion reports also shed light on the extent, to which some of the broader objectives of JSDF were achieved in the 14 projects under the regular program where activities were implemented. In 11 of these grants, it is reported that all, or virtually all, of the planned grant objectives and outputs were achieved. In three cases, achievement was partial. Again, given the pilot and innovative nature of JSDF projects, it is notable that close to 80 percent were successful in delivering on their objectives.

Sustainability and replicability are two of the criteria, against which the success of JSDF interventions may also be measured. Of the 14 regular program grants, the activities of 12 were reported by the TTLs as likely to be sustained, while the sustainability of two were uncertain due to possible resource limitations. The activities of nine grants were reported as clearly replicable – and, in some cases, were already being replicated in-country with scaling up through Bank operations or other interventions. Some are being replicated in other countries. In three further cases, it was reported that replication was possible, and in only two cases was it considered unlikely.

JSDF encourages projects that work with local governments, civil society institutions or NGOs. Nine of the 14 projects met these criteria under the regular program.

Finally, the completion reports provide useful information on disbursement patterns. Apart from the Indonesia project related to the tsunami that never disbursed, all grants disbursed more than 70 percent of the funds allocated, with 10 of the 14 grants disbursing over 90 percent of the grant amounts. The grant for Afghanistan was fully disbursed.



Chapter 5

JSDF Administration and Communication

COMMUNICATION PROCESSES

An annual report is submitted by the World Bank to the GoJ 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, the Bank provides quarterly unaudited financial statements to GoJ, and an annual audited financial statement. The Annual Policy Document (see Annex 5), in which the JSDF guidelines are specified, is revised and approved by GoJ each year.

FURTHER INFORMATION ON JSDF

There are several websites which maintain information on the Japan Social Development Fund. The main JSDF website is on the World Bank's external main site:

<http://www.worldbank.org/jsdf>.

The website of the Tokyo office of the World Bank also includes information on JSDF.

English: <http://www.worldbank.org/japan/about>.

Japanese: <http://www.worldbank.org/japan/about-j>.

Annex 1: JSDF Project and Capacity Building Grants Approved in FY07

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Round Nineteen			
Colombia (C)	Introducing Innovative Arts-Based Education to Displaced and Violence-Affected communities	950,000	To improve the quality of life of young people in the poorest zones of the District of Cartagena de Indias. The grant will: (i) assist with the rebuilding of the self-esteem and psychological well-being of under-privileged youths who have been victims of displacement and violence, (ii) provide these youths with an alternative to violence, illegal activities or self-destructive behaviors by providing training and alternative career opportunities in the arts, and (iii) create a community of citizens devoted to peace-building and nonviolent conflict resolution.
Indonesia (P)	Improving Food Security by Empowering Poor Women	1,576,257	To develop and test cost-effective interventions that can provide food security to communities in dire need of such programs by empowering the women in these communities. In the short run, the aim is to eliminate hunger and reverse the vicious poverty cycle for these communities. In the long run, the proposal aims to provide tested, community-based alternatives to current government food security programs.
Sierra Leone (C)	Developing a Model for Delivering Primary Justice Services	879,436	To develop a model for the provision of justice services by: (i) improving poor Sierra Leoneans' ability to access institutions of law and government, both customary and formal; (ii) increasing the accountability of institutions of customary and formal law and government to their constituents; (iii) decreasing impunity of those who violate basic rights and freedoms of poor Sierra Leoneans; and (iv) providing practical, concrete, and creative solutions and remedies to injustices which poor Sierra Leoneans face.
Uzbekistan (P)	Karakalpakstan Silk Development Pilot Project	1,984,728	To improve the livelihood of poor rural households in the Turtkul, Ellikkala, Beruni and Khujakli districts of Karakalpakstan through increased income-generating opportunities from sericulture and silk production by establishing and sustaining community-based silk micro-enterprises while addressing the environmental degradation of the area caused by the decline of the Aral Sea.
Round Twenty			
Mozambique (P)	Piloting Innovations in Health Service Delivery for the Poor	1,149,783	To introduce innovative approaches to bringing essential health services closer to communities so as to improve the health status of the population.

Annex 1: JSDF Project and Capacity Building Grants Approved in FY07 (cont.)

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Round Twenty (cont.)			
Philippines (P)	Urban Partnerships for Sustainable Upliftment, Renewal, Governance and Empowerment Project	2,000,000	To institutionalize in local government units a viable model of civil society-local government-community partnership in addressing the shelter needs, improve the physical and environmental conditions, and enhance economic opportunities of urban poor communities.
Georgia (C)	Youth Development and Inclusion	1,279,350	The project will promote and support the empowerment and participation of young people in the economic and social life of their communities, through the establishment of youth-friendly spaces, pilot business development initiatives for young entrepreneurs and by providing capacity building support to agencies working on youth issues at the local level. The grant will focus on economically disadvantaged regions and ethnically diverse communities.
Romania (C)	Empowering Roma Communities to Influence and Monitor Local Agendas	656,740	To support the Roma communities to: (i) self-organize and become real partners for local governments; and (ii) identify their needs and voice their priorities. The grant will also strengthen local/regional Roma CSOs by supporting Roma NGOs and CBOs in developing and implementing participatory tools to monitor and evaluate Roma social inclusion, and to provide broad access to this information. It will also create underlying conditions and incentives for social accountability through the use of participatory monitoring mechanisms and publicity.
Guatemala (C)	Improving Economic Diversification and Governance for Sustainable Community Livelihoods in Petén	1,577,400	To (i) strengthen the capacity of CBOs and enterprises, including the community forestry concessions of the Maya Biosphere Reserve (MBR) and CBOs in southern Petén, to implement community-based natural resource management; and (ii) help establish a model process of participatory planning, monitoring and evaluation to facilitate institutional learning processes, assure transparency, and enable CBOs to take a primary role in project implementation, and support effective co-management and co-administration of the MBR and other protected areas in Petén beyond this project's life.

Annex 1: JSDF Project and Capacity Building Grants Approved in FY07 (cont.)

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Round Twenty-one			
Paraguay (P)	Indigenous Community Development in Paraguay	1,599,200	To develop capacity of indigenous communities to participate in local development and decision making through the design and implementation of community sub-projects and community strengthening activities in a selected group of departments. The grant would: (i) support small productive, income-generating and community development subprojects for indigenous communities; (ii) support capacity building of: indigenous communities and local institutions, to design, implement and monitor these activities (including the provision of technical assistance); (iii) develop a transparent and participatory monitoring and evaluation system that would allow indigenous organizations and local communities to hold accountable state and private institutions working with them; and (iv) related to the above, assess implementation progress, and systematize and disseminate the lessons learned.
India (P)	Making Globalization Work for the Rural Poor in India	1,775,774	To help poor communities set up their own self-managed grassroots cluster level institutions in order to access decent sustainable livelihoods on a long-term basis. This project aims to enhance the livelihood opportunities and share of rural artisans in the market for cultural industries and related sectors in the Indian states of Andhra Pradesh, Bihar, Jharkhand, Orissa, Rajasthan and Tamil Nadu, which are among the poorest in India but traditionally known for their rich cultural heritage.
Mali (C)	Capacity Building for Mali Cotton Farmers' Organizations	1,077,100	To enable innovative and efficient public-private sectors community collaboration and partnership in the management of the cotton sector reforms, a key economic sector for the poor small scale farmers of Mali, through: (i) empowerment of Mali poor small-holder cotton farmers by strengthening their capacity to manage in a participatory and inclusive manner the development of their business, (ii) efficient participation of poor farmers in policy dialogue and decision making in relation to the implementation of the government reforms program for the cotton sector, aimed at increasing the sector competitiveness and reducing rural poverty.
Thailand (P)	Community Youth Helmet Use Program	859,200	To reduce head injuries and the injury-related deaths due to motorcycle accidents, through increased use of motorcycle helmets and increased awareness of road safety issues.

Annex 1: JSDF Project and Capacity Building Grants Approved in FY07 (cont.)

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Round Twenty-one (cont.)			
Brazil (C)	Linking Grassroots Producers Organizations to Global Markets	1,592,800	To strengthen, support, and expand market opportunities for poor grassroots producers organizations (GPOs) in Northeast Brazil organized under the umbrella of rural productive alliances that are working in the fields of agro-processing and trade, handicrafts, or other light industries (e.g., garments). The Grant will build the capacity of participating poor rural GPOs to enable them to benefit from the opportunities offered by expanding global markets of products which these organizations can produce competitively, provided that additional support is given to make the overall institutional framework and bargaining structure more responsive to their needs and constraints, particularly in the identification of market demands for products GPOs can produce, and the enhancement of their competitive advantages as commercial producers.
Round Twenty-two			
Tanzania (P)	Community-Based Conditional Cash Transfer Pilot	1,720,500	To test how a conditional cash transfer program could be implemented through a social fund using a CDD approach, and to determine what incentive framework may need to be in place to achieve results.
Azerbaijan (P)	Internally Displaced Youth Support Project	1,985,800	To enhance the social inclusion of, and promote economic opportunities for, young internally displaced persons who have spent most of their lives suffering from the effects of war and who now are living in isolated, so-called 'New Settlements', and in collective centers in large urban areas.
Indonesia (P)	Creative Communities Fund	1,572,950	To engage poor communities and marginalized groups in community development, develop their capacity in using cultural creativity to reduce poverty, enliven poor villages and allow villagers to solve divisive problems collectively. The fund will finance block grants to local communities to be used for village planning and investment, and to promote engagement of the very poor with community leadership through the use of performance and culture.

Annex 1: JSDF Project and Capacity Building Grants Approved in FY07 (cont.)

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Round Twenty-two (cont.)			
Dominican Republic (C)	Access to Information and Downward Accountability	527,200	To support vulnerable and marginalized groups within communities to benefit from the Access to Information Law in Dominican Republic. In particular, the grant will strengthen the capacity of vulnerable groups to express their voice, participate in policy discussions, demand accountability and monitor government services that are key for increased social inclusion and for reducing extreme poverty.
Pakistan (P)	Addressing the Poverty-Built Environment Nexus	959,239	To alleviate economic and social poverty in Northern Pakistan through improvement in housing and living conditions. Approximately 70,000 people in four districts of Northern Pakistan will benefit from this grant.
Kenya (C)	Capacity Building of Rural Traditional Herbalists	1,278,755	To support capacity building activities specifically designed for Kenya's rural traditional herbal medicine practitioners at the grassroots and district levels. Such activities provide the basis for future scientific validation of effective traditional medicines and formal integration of these medicines with allopathic medicine.
TOTAL FY07		27,002,212	

¹P - Project; C - Capacity Building

Annex 2: FY01–07 Regional Distribution of JSDF Grants Regular Program

Region	Fiscal Year	Number of Grants	Grant Amount (US\$)
East Asia and the Pacific	01	17	19,483,034
	02	6	5,573,889
	03	6	10,146,014
	04	9	12,218,002
	05	10	17,265,779
	06	3	3,033,992
	07	4	6,008,407
	Subtotal	55	73,729,115
South Asia	01	3	3,686,923
	02	4	2,951,900
	03	5	4,023,106
	04	6	6,758,255
	05	0	0
	06	1	1,370,539
	07	2	2,735,013
	Subtotal	21	21,525,736
Europe and Central Asia	01	5	3,036,500
	02	5	7,037,175
	03	4	5,430,500
	04	0	0
	05	5	7,405,084
	06	2	3,834,285
	07	4	5,906,618
	Subtotal	25	32,650,162
Middle East and North Africa	01	0	0
	02	3	1,569,295
	03	0	0
	04	1	1,952,487
	05	1	1,128,200
	06	0	0
	07	0	0
	Subtotal	5	4,649,982
Latin America and the Caribbean	01	3	4,270,075
	02	2	2,538,500
	03	2	2,409,300
	04	3	4,063,500
	05	6	5,333,345
	06	2	2,900,000
	07	4	4,647,400
	Subtotal	22	26,162,120
Africa	01	3	2,225,780
	02	3	2,634,949
	03	1	649,450
	04	5	6,668,582
	05	8	10,330,121
	06	3	4,087,593
	07	6	7,704,774
	Subtotal	29	30,213,656

Annex 2: FY01–07 Regional Distribution of JSDF Grants Regular Program *(cont.)*

Region	Fiscal Year	Number of Grants	Grant Amount (US\$)
Total JSDF Grants	01	31	32,702,312
	02	23	22,305,708
	03	18	22,658,370
	04	24	31,660,826
	05	30	41,462,529
	06	11	15,226,409
	07	20	27,002,212
TOTAL		157	193,018,366

Annex 3: JSDF Seed Grants Approved in FY07

Country	Title of Grant Proposal	Grant Amount (in US\$)	Approval Date
Azerbaijan	Empowerment and Social Inclusion of Internally Displaced Youth	48,920	7/20/2006
Peru	Legal Services Development Initiative	49,993	10/24/2006
Tanzania	Community-Based Conditional Cash Transfer Project	45,980	09/28/2006
Senegal	Community-Driven Eradication of Child Begging in Senegal	46,150	11/07/2006
Colombia	Results-Oriented Local and Institutional Capacity Building in Colombia's Pacific Coast	47,250	11/08/2006
Cambodia	Strengthening Good Governance in Land Distribution	48,350	11/09/2006
Kyrgyz Republic	Making Local Budgets Work for the Poor in Rural Kyrgyz Republic	49,350	1/30/2007
Colombia	Access to Opportunities for Young People in Colombia; a Youth to Youth Approach	43,300	2/26/2007
Sierra Leone	Conditional Cash Transfer Pilot	45,000	4/2/2007
Brazil	Leveling the Playing Field for Quilombola (Slave Descendent) Communities	44,950	4/27/2007
Nepal	Pro-Poor Targeted Secondary School Scholarship	48,950	4/27/2007
Bangladesh	Strengthening Social Protection for Bangladeshi Migrants to the Middle East through NGO-Provided Information Campaign, e-Departure Orientation, and Non-Formal Education	45,300	6/4/2007
Nicaragua	Innovations for Rural Women's Economic Empowerment	49,910	6/8/2007
TOTAL FY07		613,403	

Annex 4: JSDF Post-Tsunami Recovery Grants Approved in FY07

Country (grant type ¹)	Title of Grant Proposal	Grant Amount (US\$)	Development Objective
Seychelles (P)	Fishing Industry Rehabilitation	2,000,000	To rehabilitate of one of the three artisanal fishing quays that were damaged by the December 2004 tsunami. This will help the many boat-owners, fishermen and traders improve their livelihoods, which was affected by constrained use of the facilities after the tsunami. Proper and safe access/use of the quay will contribute to improve sanitary conditions and marketability of the fisheries products. Investing in infrastructure rehabilitation will provide direct benefits to poor and vulnerable groups in the Seychelles.
Seychelles (C)	Strengthening the Capacity of the Seychelles Fishing Authority (SFA) to Undertake Tsunami Ecosystem Impact Assessment	368,300	To strengthen the Seychelles Fishing Authority to identify ecosystem changes attributable to the December 2004 tsunami (and other natural and anthropogenic changes in the ocean environment); and to determine how these changes in the ecosystem are reflected in catches by the artisanal and industrial fleets.
TOTAL FY07		2,368,300	

¹P - Project; C - Capacity Building

Annex 5: Fiscal Year 2007 Annual Policy Document

1. **Objective.** To provide grants in support of innovative social programs to help alleviate poverty in eligible client countries of the World Bank Group.¹ 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 Country Assistance Strategy, Poverty Reduction Strategy Paper 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.
- (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.

All low-income and lower middle-income countries as defined in the 2006 World Development Report are eligible for both Project Grants and Capacity Building Grants.²

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 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.

¹ Includes the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation, all referred to hereafter as the Bank.

² Where a seed fund grant has been approved, country eligibility for a follow-on grant will be based on eligibility when the seed fund grant was approved.

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 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, and a detailed budget. This will also include any risks (for example political, environmental, problems with the implementing agency, civil war or post-conflict situation) that may affect implementation of the grant.

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 percent financing under JSDF. Requests may also include the cost of the grant audits. Incremental costs of 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.³

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 or the implementing agency is an NGO or a local community group, it is required that the central or local government give its agreement to the arrangement. UN agencies may not be recipients of JSDF grants.⁴ In any case, the total term of the grant should not exceed four years after signature of the grant agreement. Any exceptions would need to be fully justified and would require CFP's clearance. 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.

³ Exceptions on the purchases of motor vehicles may be warranted subject to justification provided in the proposal.

⁴ UN agencies may participate in JSDF grant activities as consultants provided that the selection is in accordance with Bank Guidelines.

10. **Progress Reporting.** For the purposes of monitoring the development outcomes, the grant agreement, based on the grant application, 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 documenting 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. Advice may be sought from Legal 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 6 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. **Consultation with Local Japan Officials and Japanese Visibility.** In order to ensure harmonization and coordination, the Bank task teams are required to consult with the Embassy of Japan accredited to the recipient country about the JSDF grant application before submission of the proposal to CFP for review. Such consultation and information sharing by task teams will help expedite the decision-making process. Staff in operational units should also encourage grant signing ceremonies in the 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. **Allocation.** The FY07 allocation, to be approved along the schedule below, is 40 million dollars.

17. **Schedule.** The JSDF Steering Committee submits proposals to GoJ two to three times a year (see below for FY07). 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.

SCHEDULE PROPOSED FOR FY07

Round	Announcement	Submission to Japan
Round 21	September 2006	December 2006
Round 22	January 2007	March 2007
Round 23	February 2007	May 2007

Cover Photo by Curt Carnemark.

**CONCESSIONAL FINANCE AND
GLOBAL PARTNERSHIPS**



THE WORLD BANK
Washington, DC



THE GOVERNMENT OF JAPAN