

## JAPAN FUND FOR POVERTY REDUCTION (JFPR)

### 2010 OPERATIONAL GUIDELINES FOR APPLICATION, APPROVAL AND EXECUTION OF JFPR PROJECT GRANTS

TOPIC	APPLICABLE POLICIES & PROCEDURES	NOTES
<b>APPLICATION AND APPROVAL PROCESS</b>		
<b>1. Grant Application Format and Submission</b>	<ul style="list-style-type: none"> <li>• JFPR Grant Proposal Application Form is available in the OCO Website in the "Departments" module of MyADB.</li> <li>• OCO announces regular invitation for JFPR applications.</li> <li>• As early as during the concept stage and prior to entering it in ADB's information systems, the proponent Department is requested to provide advance information to OCO indicating the title of the proposal, DMC recipient, amount, and a one-paragraph description.</li> </ul>	<ul style="list-style-type: none"> <li>• Grant proposal submission dates to OCO are 18 January, 8 March, 10 May, 9 August, and 11 October.</li> <li>• The pre-concept submission [using the <b>Initial Title and Description Form (ITD)</b> which is available in the OCO Website] should identify and disclose any sensitive aspects as well as potential risks that may arise as a result of the project (e.g., adverse environmental impacts, resettlement, etc.). OCO will provide an initial assessment as to whether JFPR funding could be considered.</li> </ul>
<b>2. Grant Objective</b>	<ul style="list-style-type: none"> <li>• To help the poorest and most vulnerable groups living in destitution in ADB Developing Member Countries (DMCs).</li> </ul>	<ul style="list-style-type: none"> <li>• The JFPR Policy Guidelines agreed with Government of Japan (GOJ) spells out the Annual Guidance for each year.</li> <li>• The Terms and Conditions of JFPR are set forth in the arrangement letter between the GOJ and ADB of 7 October 2009.</li> </ul>
<b>3. Poverty Focus</b>	<ul style="list-style-type: none"> <li>• Must provide relatively rapid, direct and demonstrable benefits to the poor and vulnerable groups of society.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Poverty Focus</b></li> </ul>
<b>4. Grant Types Awarded</b>	<p><i>Either one of two types:</i></p> <ul style="list-style-type: none"> <li>• Project Grants</li> <li>• Capacity Building Grants</li> </ul>	<ul style="list-style-type: none"> <li>• Applications must indicate only <b>one</b> type of grant although capacity-building components may be part of project grants.</li> </ul>

<b>5. Project Grants</b>	<ul style="list-style-type: none"> <li>• Activities in direct support of improving services and facilities for the poor, reinvigorating social safety nets, etc.</li> <li>• Testing of new approaches (in a particular geographic area with a particular target group), particularly in the social sectors, which are replicable on a larger scale or lay the groundwork for future ADB operations.</li> </ul>	
<b>6. Capacity Building Grants</b>	<ul style="list-style-type: none"> <li>• Capacity building and improvement measures to bolster local communities and NGOs or to expand capabilities/coverage of social fund-type institutions.</li> <li>• Measures that promote positive interactions among government institutions, NGOs, communities and generate incremental benefits.</li> <li>• Capacity building for improved accountability of local governments or communities with weak social/poverty indicators.</li> </ul>	
<b>7. Priority Areas</b>	<ul style="list-style-type: none"> <li>• Innovative programs designed or implemented by <i>local communities or NGOs</i> with <i>rapid, demonstrable benefits</i> for the poor and vulnerable, and have good prospects for developing into <i>sustainable</i> activities over the long term.</li> <li>• Primarily social sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Application must clearly present an innovative approach.</li> <li>• In case a proposal is similar to a project previously approved, value-added to the new proposal should be mentioned clearly in the Grant Proposal document.</li> <li>• JFPR will not fund cultural heritage or tourism-related projects.</li> <li>• Education sector is prioritized in the social sectors.</li> </ul>
<b>8. Required Linkage to ADB Strategies</b>	<ul style="list-style-type: none"> <li>• Grants must support and be linked to ADB strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Application must be linked to LTSF and must state the relevant CPS, PRSP/NPRS and PPA that would be supported by the Grant.</li> <li>• JFPR project cannot fund (i) activities that are normally funded under ADB loans; (ii) activities that are normally funded under ADB budgets for preparation of loans; (iii) TAs that can be financed by TASF/JSF grants.</li> <li>• Applications must provide the rationale for grant funding versus lending.</li> </ul>

<p><b>9. Selection Criteria</b></p>	<ul style="list-style-type: none"> <li>• Rapid, demonstrable benefits to the poor and vulnerable</li> <li>• Innovative approach</li> <li>• Specific and concrete goals or objectives to be achieved and measurable indicators or criteria should be mentioned.</li> <li>• Linkage to the relevant CPS, PRSP/NPRS and PPA</li> <li>• Recipient's ownership of the grant</li> <li>• Participatory approach [i.e. NGOs (including Japanese NGOs), community groups and local governments] in preparation of application and/or grant implementation</li> <li>• Sustainability or exit strategy of the activities after grant is completed</li> <li>• Disciplined budget process for the use of grant funds</li> <li>• Capacity of grant executing agency to implement, monitor and supervise grant activities</li> <li>• Justification of incremental ADB costs</li> <li>• Priority will be given to proposals in which Japanese NGOs, Civil Society Organizations, and/or aid agencies will be involved.</li> <li>• Proposals submitted to other Japanese Trust Funds will not be supported by JFPR. Likewise, any grant proposal which will overlaps with Japanese bilateral assistance will not be supported by JFPR.</li> </ul>	<ul style="list-style-type: none"> <li>• Where activities are multi-sector related, consultations with relevant sector divisions of the Regional Departments must be sought and stated in the application.</li> <li>• Where NGO(s) have already been identified, applications must provide the name(s) of the NGO(s) along with a brief description.</li> <li>• Rationale for grant funding should be demonstrated by tangible impacts with measurable indicators to targeted areas and beneficiaries. Description of the components could be considered from the viewpoint of supervision, monitoring and post-evaluation of explicit outcome with quantitative indicators.</li> </ul>
<p><b>10. Grant Ceiling Amount and Seed Money</b></p>	<ul style="list-style-type: none"> <li>• Minimum size of application: US\$200,000.</li> <li>• Maximum: US\$3 million. Under exceptional circumstances and after prior clearance by the Office of Cofinancing Operations (OCO), a grant proposal of up to US\$4 million may be submitted for consideration.</li> </ul>	<ul style="list-style-type: none"> <li>• Technical reviews should verify that the costing of activities is a disciplined process.</li> <li>• With regard to assistance to Afghanistan, proposals exceeding US\$4 million would be considered on an exceptional basis in consultation with the Government of Japan.</li> </ul>
<p><b>11. Eligible Expenditures Categories</b></p>	<ul style="list-style-type: none"> <li>• Goods, small civil works, consultant services, local training/workshops, and audit. [Ineligible expenditures include the following: activities normally funded under ADB loans; activities normally funded under ADB budgets or by donors for preparation of ADB-financed projects, including technical assistance for these activities; preparation of Poverty Reduction Strategy papers (PRSP) and other Technical Assistance for poverty reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Where funding for local training or workshops is requested, application must have a separate category of expenditures, called <i>training</i> or <i>workshops</i>.</li> </ul>

	<p>monitoring activities; academic research, land acquisition, purchase of motor vehicles, government staff salaries, and foreign training or study tours.</p> <ul style="list-style-type: none"> <li>• United Nations agencies <i>may not</i> be direct recipients of grants, but they are eligible to participate in the JFPR grant implementation as consultants subject to their selection by the Recipient following ADB's consultant selection procedures.</li> <li>• In special circumstances, ADB incremental costs (such as staff consultants) for supervision and monitoring may be requested up to 5% of the total grant amount. Justification must be provided based on the complexity of grant implementation and the resulting need for additional ADB staff resources beyond those provided by the regular administration budget which includes the regular JFPR direct and identifiable administration cost. (See Item 25 on ADB supervision under "Grant Execution" below).</li> </ul>	<ul style="list-style-type: none"> <li>• Training must be linked to a grant component and be described separately, including the number of participants. Cost table must include <i>unit cost per participant</i>.</li> <li>• Exceptions on the purchases or lease of motor vehicles may be warranted subject to justification provided in the proposal.</li> <li>• Annual external audits are required for all JFPR grants and must be included in the cost table.</li> <li>• Justification for financing of ADB incremental costs must be provided in the application, such as technical work to be undertaken with community groups and NGOs not normally funded under ADB budget.</li> <li>• Further guidance on incremental cost is provided in the Memo on Budget and Administrative Arrangements for Business Travel and Staff Consultants which is found in the OCO Website</li> </ul>
<p><b>12. JFPR Contributions from the Government of Japan</b></p>	<ul style="list-style-type: none"> <li>• In May 2000 the Government of Japan provided initial funding of US\$92.6 million. An additional US\$151.1 million contribution was made to the regular program in March 2002, US\$58.8 million in March 2003, \$23.3 million in March 2004, \$18.0 million in March 2005, and \$15.4 million in March 2006. A further contribution of \$32.5 million was provided by GOJ on 31 March 2009 bringing total contributions to about \$393 million.</li> </ul>	

<p><b>13. Implementation Arrangements</b></p>	<ul style="list-style-type: none"> <li>• Recipient execution - Government (central or local), public institutions, NGOs, and community groups - is the <b>standard</b> grant implementation arrangement.</li> <li>• ADB administered, in accordance with supervisory fiduciary responsibilities for due diligence, economy and efficiency, and compliance with ADB's <i>Loan Disbursement Handbook, Procurement Guidelines</i> and <i>Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers.</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Grants are normally executed by the recipient governments (central or local). However, community groups and NGOs (local and international NGOs, and particularly Japanese NGOs) may also be selected as grant recipients and/or grant implementing agencies.</li> </ul>
<p><b>14. Grant Implementation Agency</b></p>	<ul style="list-style-type: none"> <li>• Except when fully justified, must be identified in the grant application and should endorse the components and activities of the grant.</li> </ul>	<ul style="list-style-type: none"> <li>• If the implementation agency is not a government entity, the application must demonstrate the agency's mission, track record, program of activities, source of financing, and evidence of financial probity.</li> </ul>
<p><b>15. Quality Review</b></p>	<ul style="list-style-type: none"> <li>• A concept paper needs to be peer reviewed, circulated for interdepartmental comments, and submitted for approval by the concerned head of the department or office in accordance with ADB procedures.</li> <li>• Directors and Directors General are responsible for quality review of proposals emanating from their respective Divisions/Regional Departments, including the technical content of activities, inputs and outputs. RSDD will review the over-all project design, the Summary Poverty Reduction and Social Strategy (SPRSS), and compliance with safeguards.</li> <li>• Project Officers are strongly urged to vet the technical aspects of their proposals with staff (outside project team), in the relevant themes and sectors through peer reviews. SRC is mandatory and must be completed before the Grant Proposal is submitted to OCO. Requests for funding should include the names of peer reviewers and attendees of the SRC meeting and their comments, if any, to facilitate OCO's review of Grant Proposals.</li> <li>• Grant Proposals must be vetted with Country Directors who will confirm their consistency with the CPS.</li> </ul>	<ul style="list-style-type: none"> <li>• A concept paper template for grants has been developed by SPD. The template, together with the Initial Poverty and Social Assessment (IPSA) template, may be downloaded from the E-board and from the OCO Website.</li> <li>• Division and Country Directors and Directors General of the relevant Regional Departments must endorse the activities and merit of the Grant Application for submission to OCO.</li> <li>• Directors General of Regional Departments prioritize and select final applications for submission to OCO.</li> <li>• Interdepartmental comments matrix and SRC minutes should be included in the formal submission to OCO.</li> </ul>
<p><b>16. Approval Process of</b></p>	<p>Three Steps:</p>	<ul style="list-style-type: none"> <li>• The Grant Proposal must conform with</li> </ul>

<p><b>GOJ</b></p>	<ul style="list-style-type: none"> <li>• OCO reviews applications to ensure consistency with JFPR objectives and guidelines and seeks clarifications or further explanations.</li> <li>• OCO recommends those applications which meet JFPR criteria to GOJ.</li> <li>• GOJ approves, rejects or seeks further clarifications.</li> </ul>	<p>the template and must include the prescribed appendixes.</p> <ul style="list-style-type: none"> <li>• The clearances section must have the signatures of the CD or Division Director, and the DG.</li> <li>• OCO has ten calendar days to review the Grant Proposal before submitting to GOJ. For its part, GOJ generally will communicate its decision within 4 to 6 weeks from receipt of the Grant Proposals provided that all questions have been addressed.</li> </ul>
<p><b>17. Approval Process of ADB</b></p>	<ul style="list-style-type: none"> <li>• The Project Officer prepares the draft Board Paper using the JFPR Board Paper template in the ADB Portal.</li> <li>• He/she submits the draft Board Paper to OCO, CTL, and COSO for conformity review (bullets 1 and 2 may be done while awaiting GOJ approval)</li> <li>• Upon receipt of clearances from OCO, CTL, and COSO, the draft Board Paper is submitted for to OSEC for editing, and then to DER for printing.</li> <li>• The final Board Paper is submitted with “Recommendation” in covering memo for approval by the President or circulation to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of the JFPR Grant Proposal Paper by the Board if the JFPR financing exceeds \$1.5 million and by the President if \$1.5 million or below.</li> <li>• To expedite processing, the Project Officer may submit the draft Board Paper for conformity review while the Grant Proposal is being reviewed by GOJ. All comments from GOJ, however, should be incorporated into the final Board Paper.</li> </ul>
<p><b>18. Bank Fiduciary Responsibility as Grant Administrator</b></p>	<ul style="list-style-type: none"> <li>• All Grants are ADB-administered and supervised in accordance with fiduciary responsibilities, with due diligence to economy and efficiency, and in compliance with procurement and financial management guidelines (same as for ADB Loans), with assistance of financial management specialist in the Regional Department, if necessary.</li> <li>• Directors General of the Regional Departments are responsible for portfolio quality and supervision compliance, in accordance with ADB guidelines (ADB’s <i>Loan Disbursement Handbook</i>, <i>Procurement Guidelines</i> and <i>Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers</i>.)</li> </ul>	
<p><b>19. Approved Grant Proposal</b></p>	<ul style="list-style-type: none"> <li>• The Approved Grant Proposal (the first page of the full application) is the binding document for the agreed components and budgets.</li> </ul>	<ul style="list-style-type: none"> <li>• Requests for future reallocations need to refer to the Approved Grant Proposal.</li> </ul>
<p><b>20. JFPR Procurement Plan</b></p>	<ul style="list-style-type: none"> <li>• Prepared by the Project Officer, reviewed by COSO.</li> </ul>	

<b>21. Retroactive Financing</b>	<ul style="list-style-type: none"> <li>From the date of Grant Approval when included in the JFPR-LOA of up to 10% of the approved Grant amount. Procurement procedures for the retroactive financing period should be cleared with COSO.</li> </ul>	
<b>22. JFPR Letter of Agreement (JFPR -LOA)</b>	<ul style="list-style-type: none"> <li>Project Officer drafts the JFPR-LOA on the basis of the approved JFPR Grant Proposal. Project Officer seeks endorsement of the draft JFPR-LOA from the DMC and EA and distributes it for clearances.</li> <li>Grant amounts on para 1 of the JFPR -LOA <b>must</b> match those in the approved JFPR Grant Proposal.</li> <li>When the Grant Recipient is a NGO, local community group or another civil society organization, the concerned DMC government must show support for the grant. Three options are available: (i) a JFPR LOA between ADB and the non-government recipient, together with a separate letter to ADB from the DMC (usually the Ministry of Finance) expressing their support; (ii) a single JFPR-LOA signed by ADB and the representatives of both the DMC and the Recipient; (iii) two agreements - the JFPR-LOA between ADB and the DMC, and a Memorandum of Agreement (MOA) between the DMC and the entity (NGO) responsible for implementation of the JFPR activities.</li> </ul>	<ul style="list-style-type: none"> <li>Clearances required from CTL and OGC and copied to OCO.</li> <li>The Project Officer attaches the approved JFPR Grant Proposal as an Annex to the LOA.</li> <li>JFPR-LOA clearance may require a financial management assessment when the Recipient is an NGO or civil society organization. Project Officer should consult with the respective Disbursement Officer (CTL).</li> </ul>
<b>23. JFPR-LOA Signing</b>	<ul style="list-style-type: none"> <li>Country Director or Division Director and DMC government representative.</li> <li>At least ten days before the event, the Embassy of Japan and OCO should be informed about the LOA signing so that a representative of the embassy can attend. OCO, in turn, will alert Japanese authorities in Tokyo about the event.</li> <li>Invite media as well for the signing ceremony.</li> </ul>	<ul style="list-style-type: none"> <li>Suggest in-country signing ceremony.</li> <li>JFPR LOA must be signed <u>within six months of ADB's approval of the grant. Otherwise, the grant may be cancelled.</u></li> <li>Project Officer prepares news release in consultation with DER.</li> <li>The signed LOA is sent to OSEC for safekeeping. Copies are sent to OCO, CTL, COSO, and OGC.</li> </ul>
<b>24. Grant Effectiveness</b>	<ul style="list-style-type: none"> <li>Upon signature of the JFPR-LOA.</li> <li>Eligible expenditures may be incurred starting on the Date of Effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Grant <u>is subject to cancellation if it remains undisbursed for more than 6 months after the Date of Effectiveness.</u></li> </ul>
<b>25. ADB Supervision</b>	<ul style="list-style-type: none"> <li>Project Officer should appropriately plan and budget for semi-annual supervision and monitoring visits, normally in conjunction with supervision and monitoring visits of the counterpart loan.</li> <li>In cases where the approved Grant Proposal includes <i>incremental ADB costs</i> to support grant implementation under <i>exceptional circumstances</i>, a separate account will be set up for the approved amount.</li> </ul>	<ul style="list-style-type: none"> <li>The cost of business travel can be charged to JFPR Admin Cost. Please refer to the Memo on Budget and Administrative Arrangements for Business Travel and Staff Consultants (16 June 2004) which is found in the OCO Website.</li> </ul>

		<ul style="list-style-type: none"> <li>The separate account to cover incremental ADB costs becomes effective when the JFPR-LOA is signed.</li> </ul>
<b>26. Grant Closing Date and Grace Period</b>	<ul style="list-style-type: none"> <li>Grant Closing Date<sup>1</sup> is maximum four years after JFPR grant effectiveness. No expenditures may be incurred or become due after the Grant Closing Date except for expenditure for the final audit report.</li> <li>There is a 6-month grace period after the grant closing date.</li> </ul>	<ul style="list-style-type: none"> <li>Grace period is to allow for payment of outstanding invoices for goods delivered and services completed before the Closing Date. Audit may be completed during the grace period.</li> </ul>
<b>27. Extension of Closing Date</b>	<ul style="list-style-type: none"> <li>Grant Closing Date may be extended, but not beyond four years, if additional time is needed to complete grant activities for eligible expenditures.</li> <li>Grant execution must not exceed four years. Extensions are allowed only under special circumstances and only to complete contracts well underway before the Grant Closing Date.</li> </ul>	<ul style="list-style-type: none"> <li>Request for extension must be received by OCO at least 30 days in advance of the Grant Closing Date.</li> <li>Extension Request format is available in the OCO Website in MyADB.</li> <li>Request confirms that JFPR activities do not change; otherwise, a Grant Reallocation / Change in Scope / Change in Implementation Arrangement(s) Request may be required.</li> </ul>
<b>28. Auditing Requirements</b>	<ul style="list-style-type: none"> <li>Annual audits by independent auditors must be received by Project Officer within 6 months after the end of the fiscal year or closing date.<sup>2</sup> The report should include certified copies of the audited accounts and financial statements and the report of the auditors relating to said statements, including the auditors' opinion on the use of the JFPR Funds, and the operation of any imprest account and the application of any statement of expenditures (SOE) procedure authorized under the JFPR Project. Financial Management Specialist in the relevant Regional Department should review audit.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of annual external audit should be included in the application.</li> </ul>
<b>29. Reporting Requirements</b>	<ul style="list-style-type: none"> <li>Hard copy submissions of Grant Status Reports were discontinued beginning in 2009 with the activation of the Lotus Notes-based Progress Reporting System (PRS). The PRS contains basic grant data, grant status, utilization, performance ratings, issues and problems, and actions taken.</li> </ul>	<ul style="list-style-type: none"> <li>A Request for IT Service (RITS) needs to be filed to gain edit access to JFPR PRS.</li> </ul>

<sup>1</sup> This pertains to the physical completion date. The grace period of six months after this physical completion date is meant to allow for the closing of accounts.

<sup>2</sup> This is based on the new instruction from CTL. LOAs that preceded the instruction, however, will still be governed by the 9-month submission limit.

	<p>The grant status should be updated at least once every six months. The report needs to be submitted online by the project officer to the Director who will clear it and endorse it to the DG for approval.</p>	<p>To open JFPR-PRS in HQ, please follow these steps:</p> <ol style="list-style-type: none"> <li>1. Go to Lotus Notes Workspace</li> <li>2. Click on File\Database\Open</li> <li>3. From the Server List, Select <b>LNADBG1\ADB</b></li> <li>4. From the Database List, Select <b>JFPR Progress Reporting</b></li> </ol> <p>To open JFPR-PRS in RM, please follow these steps:</p> <ol style="list-style-type: none"> <li>1. Go to Lotus Notes Workspace</li> <li>2. Click on File\Database\Open</li> <li>3. From the Server List, Select your RM Server i.e., URMMAIL/ADB</li> <li>4. From the Database List, Go to <b>apps</b> folder</li> <li>5. Inside the <b>apps</b> folder select on <b>JFPR Progress Reporting</b></li> </ol> <ul style="list-style-type: none"> <li>• One month before this 6-month period elapses, the system will generate an email reminder that will be sent to the project officer, analyst, and admin assistant to update the project status.</li> </ul>
<p><b>30. Knowledge Sharing: Dissemination of Project Results and Lessons Learned</b></p>	<ul style="list-style-type: none"> <li>• The project officer should see to it that the results of the project and the lessons derived from project implementation are shared in-country for possible replication and upscaling. These should also be shared with staff of ADB at headquarters, as well as other development partners.</li> </ul>	<ul style="list-style-type: none"> <li>• The proposal should include provisions for dissemination meetings/conferences and production of project publications. OCO will assist in the dissemination effort through organization of JFPR Series Meetings at Headquarters, and a publication series highlighting lessons learned.</li> </ul>
<p><b>31. Implementation Completion Memorandum (ICM)</b></p>	<ul style="list-style-type: none"> <li>• Required for all grants.</li> <li>• Due 6 months after Grant Closing Date.</li> </ul>	<ul style="list-style-type: none"> <li>• ICM guidelines and format are available in the OCO Website in MyADB.</li> </ul>

		<ul style="list-style-type: none"> <li>• ICMs shall be disclosed in the JFPR Website.</li> </ul>
<b>32. Closing the Project</b>	<ul style="list-style-type: none"> <li>• JFPR projects follow loan disbursement procedures, and may, in case of utilization of Incremental Cost, as for hiring staff consultants, also use TA disbursement procedures. The usual disbursement procedure is through EA's submission of withdrawal applications (WA), following loan disbursement procedures. There may also be disbursements through ADB's direct engagement of the consultants, i.e., when using Incremental Cost, which follow TA disbursement procedures. In these cases, the closing of the JFPR account will need to follow the procedures for both loan and TA.</li> <li>• The Project Officer initiates the financial closing and all steps for loan and TA closing need to be taken. In addition, the interest earned on JFPR imprest account, minus bank charges, needs to be remitted to JFPR account maintained at ADB before the financial closing of the account.</li> </ul>	<ul style="list-style-type: none"> <li>• Once the final withdrawal application and/or consultant's final claims have been settled, the Project Officer requests CTLA to close the Grant Account. Appendix 2 of PAI 5.11 provides a sample memo.</li> <li>• Refer to the Memo on Treatment of Interest Earned from Imprest Account (dated 4 March 05) which may be downloaded from the OCO Website in MyADB ADB.</li> </ul>
<b>33. Grant Cancellation</b>	<ul style="list-style-type: none"> <li>• If the LOA is not signed within 6 months from the formal grant approval date.</li> <li>• If the project does not commence implementation and shows no disbursements 6 months after JFPR-LOA signature.</li> <li>• If related ADB loan operation(s) is (are) cancelled, contracts already underway prior to the cancellation of the ADB loan operations can be completed but the remainder of the JFPR grant funds must be cancelled.</li> <li>• GOJ must be informed immediately about the cancellation as well as in the next semi-annual report.</li> </ul>	<ul style="list-style-type: none"> <li>• JFPR Grants approved under previous Guidelines and those approved under these new guidelines which are closely linked to ADB loans and are approved as such shall follow this cancellation policy.</li> </ul>
<b>34. Reallocation of Funds by Expenditure Category or Component</b>	<ul style="list-style-type: none"> <li>• For reallocation up to 30% of the amount for an approved expenditure category or component, or for reallocations involving amounts of less than \$20,000, regardless of the percentage of category of expenditure or component, the Project Officer should request approval from the relevant Division or Country Director and provide a copy of the approved memorandum to CTL, OGC, and OCO. Increases or decreases above 30% of the amount for an approved expenditure category or component, or dropping or adding new categories or components involving amounts of at least \$20,000, require OCO approval. The request, endorsed by the Division or Country Director and the Director General of the Regional Department, should be submitted to Head, OCO using the standard</li> </ul>	<ul style="list-style-type: none"> <li>• Reallocation Request Form is available in the OCO Website in MyADB.</li> <li>• Approval for requests for reallocation should be obtained <u>before entering into contracts and/or incurring expenditures in excess of approved category and/or component allocations.</u></li> <li>• <b>The 30% criteria does not apply to the contingencies category.</b></li> </ul>

	<p>Reallocation Request Form. The Grant Status Report needs to be current and finalized before OCO approves the Reallocation. OCO will furnish copies of its approval to OGC and CTL for their information.</p>	
<p><b>35. Change in Scope and Implementation Arrangements</b></p>	<ul style="list-style-type: none"> <li>Changes in scope and implementation arrangements are considered with respect to their impact on the project. A change in a project's scope or implementation arrangements is major if the change has a fundamental, substantial, or material effect on the project's purpose, objectives, components, benefits, impact, procurement or other implementation arrangements. Notwithstanding that a change is classified as minor based on the above criteria, if the cost change among categories of expenditure is estimated in excess of 15 percent of the total project cost, then the change in scope is considered as major. The Project Officer consults COSO, CTL, and OGC as to whether the proposed change is major or minor (email communication with cc. to OCO and the Directors concerned will be sufficient). If it is determined that the proposed change(s) in scope or implementation arrangements is (are) a minor change(s), the Project Officer should request approval from the relevant Division or Country Director and provide a copy of the approved memorandum to COSO, CTL, OGC, and OCO. If the change(s) is (are) determined to be a major change(s), a request memo, endorsed by the Division or Country Director and the Director General, must be sent to Head, OCO for approval.</li> </ul>	<ul style="list-style-type: none"> <li>The request for a Change in Scope and Implementation Arrangements is incorporated in the request form for Major Grant Reallocation and Significant Changes in the OCO Website in MyADB.</li> </ul>
<p><b>36. Change in Grant Objectives</b></p>	<ul style="list-style-type: none"> <li>For significant changes in the Grant Development Objectives, a request, endorsed by the Division or Country Director and approved by the Director General, must be sent to OCO and OGC. OGC will advise the Project Officer if an amendment of the LOA is necessary. For its part, OCO will determine if GOJ approval is required. GOJ will approve/reject the request within four weeks of its receipt from OCO.</li> </ul>	<ul style="list-style-type: none"> <li>In case an amendment of the LOA is deemed necessary, the Project Officer drafts the amendment in consultation with OGC. OGC clears the amendment.</li> </ul>
<p><b>37. Japan Visibility and Involvement of Local Japanese Officials</b></p>	<ul style="list-style-type: none"> <li>The Project Officer should inform and seek the support of the local Embassy of Japan for the Grant Proposal during concept stage and as soon as the draft proposal is ready. Once the proposal has been approved, it is necessary that the Project Officer inform the embassy of Japan about the approval.</li> </ul>	<ul style="list-style-type: none"> <li>The concept paper/draft proposal must be explained to and discussed with the Embassy of Japan with a brief summary which outlines the proposal. Documents should be submitted to the Embassy at least seven working days before the consultation to give the Embassy official time to consider them. Any comments made by the Embassy should be reflected and a summary of the consultation should be included in the Grant Proposal submitted to OCO.</li> </ul>

	<ul style="list-style-type: none"><li>• It is highly recommended that ADB involve and cooperate with Japanese NGOs, Civil Society Organizations, or aid agencies.</li><li>• The Embassy of Japan should be informed from time to time about project progress and milestones especially when major changes in scope and objectives are required. Throughout all phases of the project, from concept to completion, the Project Officer should answer inquiries from the Embassy of Japan regarding the project and discuss where necessary.</li></ul>	<ul style="list-style-type: none"><li>• This step is crucial as GOJ's internal approval process involves seeking comments from / obtaining the endorsement of the local Japanese embassy. The list of Japanese Embassy focal persons is found in the OCO Website.</li><li>• Refer to the Guidance Note on Visibility for specific examples of visibility measures.</li></ul>
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