

JICS INFO-PACK

Japan International Cooperation System (JICS)

Loan Aid (ODA Loans)

1. Japanese ODA Loans

The Japanese ODA Loans are one of the schemes of ODA (Official Development Assistance) and implemented by the Japan International Cooperation Agency (JICA), through which the Japanese government assists the social and economic development of the Borrower's country by means of loan with long repayment periods and low interest rates. ODA Loans, which require repayment, unlike Grant Aid, promote the effective use of the borrowed

funds and the appropriate supervision of the projects in the Borrower's country and also bring upon their ownership and independence during the process. The Borrower utilizes the funds to implement projects for the development and improvement to social infrastructures such as electricity, water supply and sewage facilities, transportation and communication services.

For the implementation of projects, the Borrower is responsible for all procedures to be in accordance with the provisions set forth in the Guidelines for Procurement under Japanese ODA Loans (hereinafter "JICA Guidelines") whereby ensuring fairness, transparency, economy, and efficiency throughout the process.

2. Project Cycle of Japanese ODA Loans

The Japanese ODA Loans usually follow a sequence of standard procedures consisting of 6 steps: Project Preparation, Request of ODA Loan Projects, Examination/Appraisal and Ex-ante Evaluation, Exchange of Notes/Loan Agreement, Project Implementa-

tion, Project Completion/Ex-post Evaluation and Follow-up. Since lessons learned from the Ex-post evaluation and monitoring after project completion provide useful information, and are fed back to the preparation of future projects, the sequence is called the "Project Cycle".

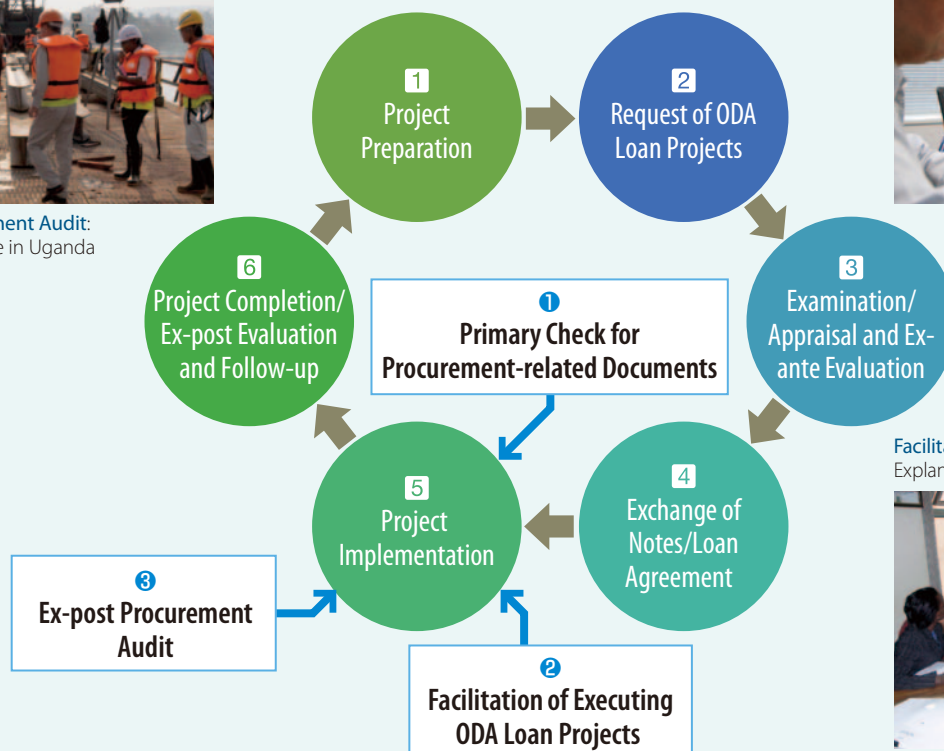
Out of the steps of the Project Cycle, JICS has provided the following services under contract with JICA.

- 1 "Primary Check for Procurement-related Documents"— reviews the compliance of Procurement-related Documents with JICA Guidelines and JICA Standard Documents
- 2 "Facilitation of Executing ODA Loan Projects"— supports JICA in the facilitation of procurement and disbursement procedures
- 3 "Ex-post Procurement Audit"— ensures the compliance of the Borrower's procurement procedures with the Loan Agreement and JICA Guidelines



Ex-post Procurement Audit:
Visit to Project Site in Uganda

Project Cycle of Japanese ODA Loans



Primary Check for Procurement-related Documents:
Review session at JICS Headquarters

Facilitation of Executing ODA Loan Projects:
Explanation of disbursement in Uganda



① Primary Check for Procurement-related Documents

The objective of the Primary Check is to screen the procurement-related documents which have been prepared by the Borrowers after conclusion of the Exchange of Notes and the Loan Agreement. During the process of selection of Consultants and Contractors, a number of documents must be prepared by the Borrowers in accordance with JICA Guidelines. These documents include "Request for Proposal", "Contract for the employment of the consultants" for the selection of consultants; and "Prequalification Documents", "Bid Documents", "Contract for the procurement of goods and works" for the selection of contractors, to name a few.

JICS performs the primary check of these documents to examine whether they are appropriately prepared by the Borrowers, i.e. whether the documents are in compliance with JICA Guidelines.



Review session at JICS Headquarters

② Facilitation of Executing ODA Loan Projects

The progress of projects may be hindered in newly Borrowing countries, because the executing agency of the Borrower is not accustomed to the procedures, and/or the procedures for the internal approval are very complicated. With the aim to facilitate the smooth progress of projects, JICA dispatches experts to the Borrower's countries in order to identify factors which prevent the implementation of projects and provide solutions to these issues. The services involve (1) formulation of new projects, (2) facilitation of procurement procedures, (3) facilitation of disbursement procedures, (4) improvement of repayment procedures, and (5) support for investment estimation, etc.

JICS has dispatched experts for the facilitation of projects to Uzbekistan in 2012 and countries in Sub-Saharan Africa in 2013 under contract with JICA.



Presentation of disbursement method in Kenya

③ Ex-post Procurement Audit

The objectives of Ex-post Procurement Audit are to ensure that (1) the procurement procedures were performed by the Borrower in accordance with JICA Guidelines, and (2) the confirmation and concurrence procedures for the procurement-related documents between the Borrower and JICA were properly made in accordance with the Loan Agreement.

JICS has conducted several Ex-post Procurement audit works under contract with JICA. While most of the Ex-post Procurement Audit is conducted in Japan, on-site audits are implemented for selected projects. Results of the audit, issues and weaknesses in the procurement procedures are reported to JICA.



On-site audit in Kenya