



# Japanese ODA Loans and FIDIC

Satoshi Iijima  
Director General  
Project Development Department  
JBIC

- 
- Japanese ODA Loans
  - Consultants' Role in our Loans
  - FIDIC and Us
  - Issues and Challenges

- 
- Japanese ODA Loans
  - Consultants' Role in our Loans
  - FIDIC and Us
  - Issues and Challenges



# Purpose

- To assist economic and social development of developing countries by providing soft loans

# History

Started in India (1958)



Middle East (1971), Latin America (1972),  
Africa (1973)



*FY 2006*

*Commitment: US\$6,508 million*

*Balance: US\$95,988 million*

*(as of 2007/3)*

*In total, 77 countries are ODA Loan recipients.*

# Operations

ODA Loan Operations

OECF

1961

+

JEXIM

1950

International Financial Operations (Non-ODA)

- Export Loans
- Import Loans
- Overseas Investment Loans
- Untied Loans
- Guarantees

The ODA Loan Operations of JBIC will be succeeded by new JICA on October 1, 2008.

JBIC

1999

International Financial Operations (Non-ODA)

New JICA

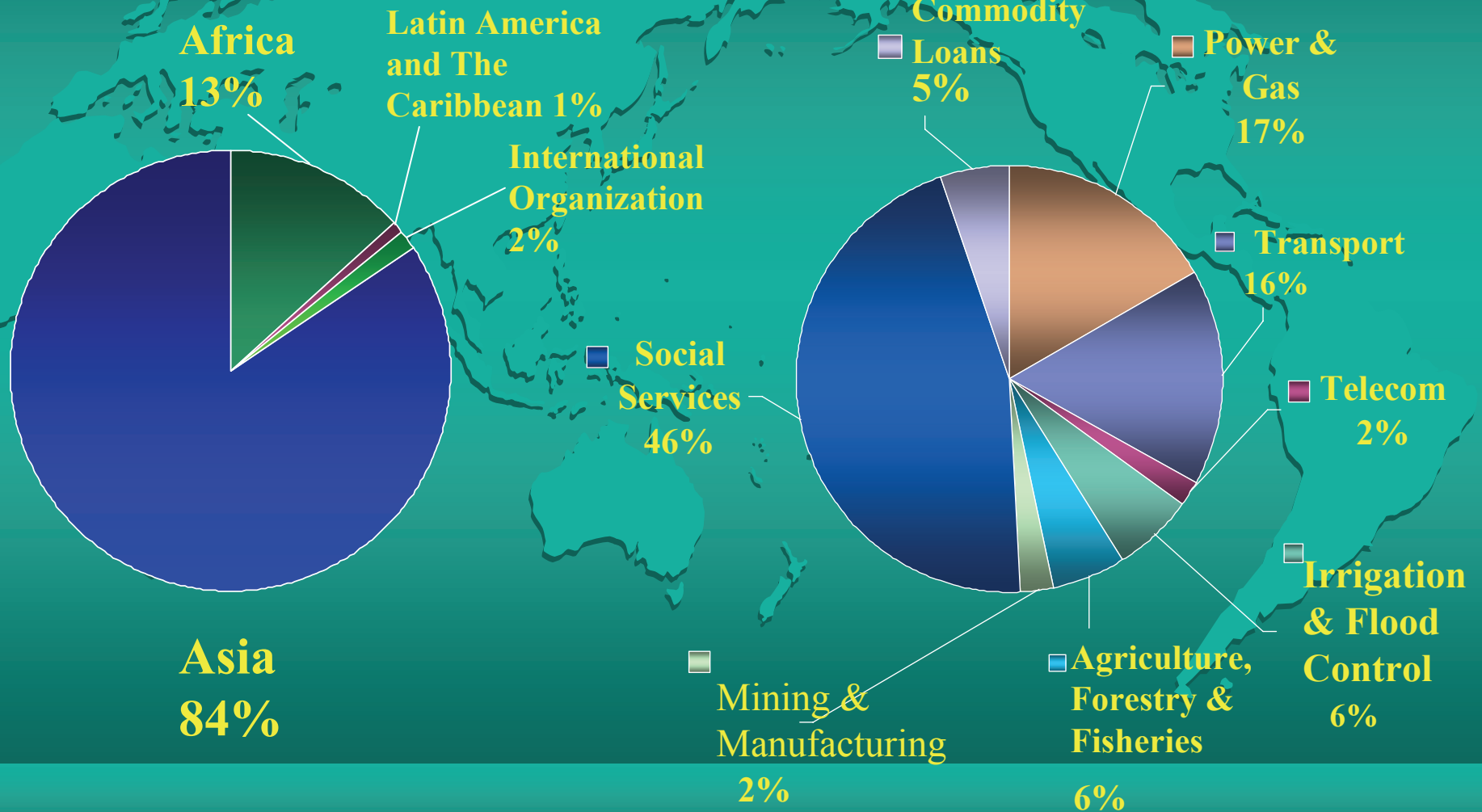
A New Policy Finance Institution

October 1, 2008

# Geographical and Sectoral Distribution

2006

(Commitment Base)



# Standard Conditions

(effective from April 1, 2007~ September 30, 2007)

Category	GNI (US\$, 2005)	Interest (%)	Repayment Period (years)	Grace Period (years)	Conditions for Procurement
Low-Income Countries	Minimum Interest Rate "MIRAI"	0.01	40	10	Untied
Least Developed Countries		0.80	30	10	Untied
Low-Income Countries	~\$875	1.30	30	10	Untied
Lower-Middle-Income Countries	\$876 ~\$1,675	1.50	30	10	Untied
Middle-Income Countries	\$1,676 ~\$3,465	1.50	25	7	Untied
Upper-Middle-Income Countries	\$3,466 ~\$6,055	1.70	25	7	Untied

STEP (Special Term for Economic Partnership) can be provided to Low-Income Countries, Lower-Middle-Income Countries and Middle-Income Countries to which a tied aid can be extended under OECD rules (except Least among Less Developed Countries and Upper-Middle-Income Countries)



# Tying Status

(Unit: %)

□□	General Untied	Partially Untied	Bilateral Tied	Tied	Total
2002	88.1	0.0	3.5	8.5	100
2003	92.1	0.0	2.1	5.8	100
2004	77.2	12.1	0.3	10.4	100
2005	89.9	0.2	0.0	9.9	100
2006	91.5	1.3	0.0	7.1	100

General Untied: General-untied ODA contains no particular procurement conditions.

Partially Untied: Under partially untied ODA, the countries eligible for procurement include Japan and all countries mentioned in the DAC List of Aid Recipients (including both Part1 and Part2).

Bilateral Tied: Under bilateral-tied ODA, the countries eligible for procurement are Japan and the borrowing country.

Tied: Under tied ODA, the countries eligible for procurement are only Japan.

## Employment of Consultants Contract Concurrence Amount

FY	Number of Contracts	Amount	Rate of General Untied
2002	55	\$ 337 million	35%
2003	35	\$ 285 million	25%
2004	36	\$ 180 million	71%
2005	36	\$ 170 million	71%
2006	53	\$ 222 million	78%

# Project Example



**DELHI MASS RAPID TRANSPORT  
SYSTEM PROJECT  
(INDIA)**



**TENOM PANGI HYDRO-ELECTRIC PROJECT  
(MALAYSIA)**





**HAI VAN TUNNEL CONSTRUCTION PROJECT  
(VIET NAM)**



**SECOND MEKONG INTERNATIONAL  
BRIDGE CONSTRUCTION PROJECT  
(THAI & LAOS)**



**DEVELOPMENT PROJECT OF THE  
INSTITUTE OF TECHNOLOGY IN  
BANDUNG  
(INDONESIA)**



**AGRARIAN REFORM INFRASTRUCTURE  
SUPPORT PROJECT  
(PHILIPPINES)**

# Harmonization with other partners

- Paris Declaration : Aid effectiveness
- ex. Five Banks Initiative in Viet-Nam

*The JBIC, ADB, World Bank, AfD and KfW are working closely with the Government of Viet-Nam on harmonizing lending processes, focusing on achieving concrete and tangible outputs, and sustaining momentum of the ongoing efforts.*



# Future Directions

*“US\$ 10 billion Increase of Japanese ODA”  
(Statement at G8 Gleneagles Summit. July,  
2005)*

*“Integration of ODA Operations”  
(New JICA : Grant Aid + Technical Assistance  
+ Loan)*





# Feature: Quality Based Lending

*Consultant: QBS Selection*

*Construction: Pre-Qualification,  
Two-Envelop*



# Procurement

- Guidelines for the Employment of Consultants
- Guidelines for Procurement



- 
- Japanese ODA Loans
  - Consultants' Role in our Loans
  - FIDIC and Us
  - Issues and Challenges

# Types of Assignment



- Preinvestment studies
- Preparation services
- Implementation services
- Other services

# Responsibilities of Consultants



Independent  
Engineer

*“Faithful adviser to the Borrower”*

Adviser with  
little authority

# Selection Method: QBS



*Discussions concerning costs shall be conducted only after the highest ranked consultant is invited. (Sec. 3.01, 3.08)*

- 
- Japanese ODA Loans
  - Consultants' Role in our Loans
  - FIDIC and Us
  - Issues and Challenges

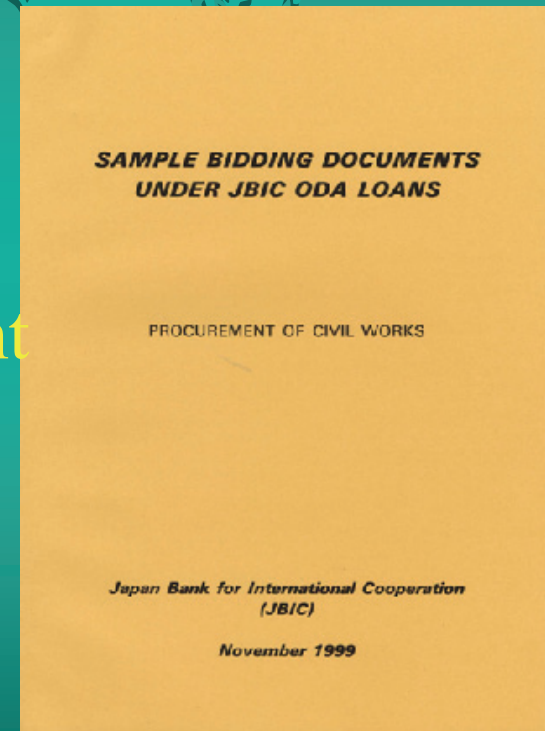
# Sample Bidding Documents

- Our SBD for Civil Works (1999) recommends FIDIC Red book 4<sup>th</sup> Ed.(1987)

## Other Sample Documents :

- Supply and Installation of Plant and Equipment
- Turnkey Contracts
- Goods
- Smaller works (Civil Works)
- Consultants

(<http://www.jbic.go.jp/english/oec/guide/index.php>)



# International Contract Administration Course

- Curriculum and Course materials are developed, cooperated by AJCE
- 5 day seminar was conducted at Asian Institute of Technology in Thailand on Feb., 2007
- Invited 23 Government Officers (mostly project managers) of 11 Loan Recipient Countries in Asia



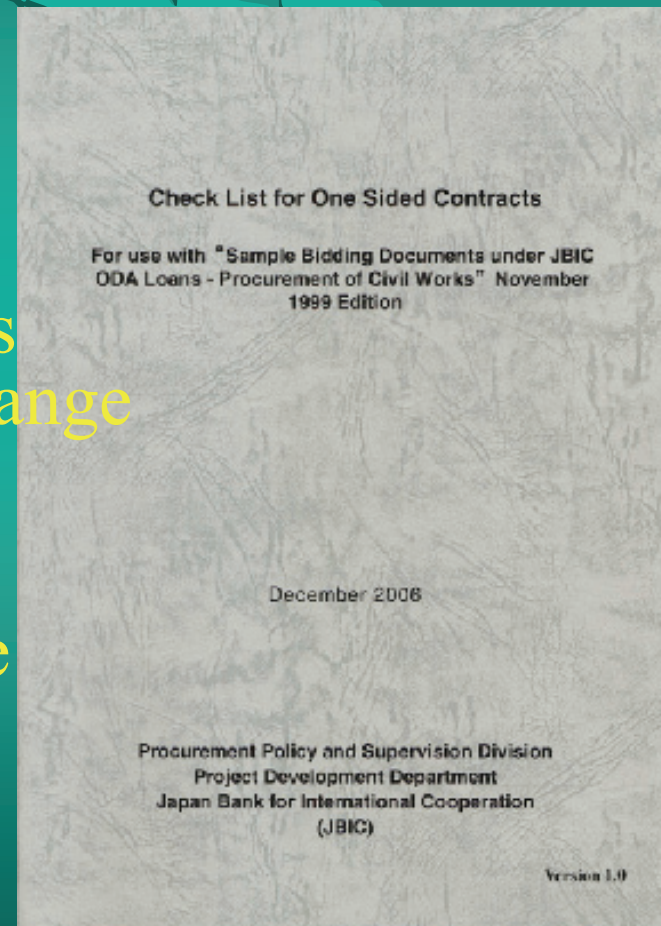






# Check List for One Sided Contracts

- Drafted by AJCE
- Actual examples of contract clauses prepared by the borrower which change fair risk allocation among parties.
- Being used for our review when we give concurrence to borrowers



(<http://www.jbic.go.jp/english/oec/guide/index.php>)

# Check List for One Sided Contracts

Examples :

- Excessive approval requirement by the Employer for the Engineer's decision
- Employee of the Employer is serving as the Engineer

- 
- Japanese ODA Loans
  - Consultants' Role in our Loans
  - FIDIC and Us
  - Issues and Challenges



# Current Issues

- Acceleration

- Transparency

- E-Procurement

# Cooperation with FIDIC



- More FIDIC knowledge to Developing Countries
- Increase Adjudicators in Asia for DAB