

Central Asia & Caucasus Portfolio Review Study

Final Report

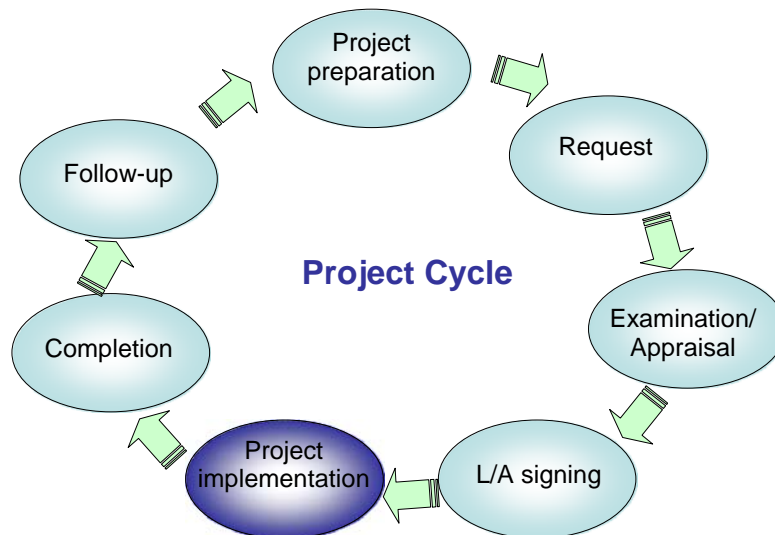
October 2009

JAPAN INTERNATIONAL COOPERATION AGENCY

OPMAC Corporation

Preface

The Yen Loan Project follows a project cycle consisting of the following steps: (1) Project preparation, (2) Yen Loan project application from a recipient government, (3) Examination, appraisal, and ex-ante evaluation of the project, (4) Loan Agreement (L/A), (5) Project implementation, (6) Project completion and ex-post evaluation, and (7) Follow-up.



The Project Supervision System to be considered and presented here shall promote project implementation at “Project Implementation” stage, produce as a result high-quality project output and make achievement of the development goal more reliable.

In particular, it focuses on the process management during the project implementation.

While monitoring implementation process, it is possible to timely understand project progress status objectively, not only implement more precise project supervision, but identify a problem early, take precaution and remedial action. Moreover, managers will be able to get a full picture of multiple projects and understand a problem at a glance.

Project supervision methods of Yen Loan Project shall be proposed in this report. Furthermore, this proposal shall include explanation of supervision system and portfolio review as specific project supervision tools, the ways of project supervision based on specific implementation cases used as a reference (the World Bank, Yen Loan Project for Indonesia) and current situation of Yen Loan Project in Central Asia and Caucasus.

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Chapter 1. Supervision of Yen Loan Project

Supervision of on-going Yen Loan projects should carry out monitoring continuously during the project implementation. That is to say that if investment, activities are at in-process stage, then attention should be paid to every detail of that process, and if problems were identified they should be solved by taking necessary measures.

On the other hand, for example, even if a problem is identified, there emerges a necessity of time to search for solutions, time to execute, time to resolve and other, however, JICA staff fulfilling many duties with limited personnel is required to consider the priority of duties, use available resources as project supervision tools and conduct more efficient project supervision.

Project Supervision focused on such process on the basis of Process Monitoring System (PMS) can objectively comprehend progress and characteristic of the project. Through this system, problems can be identified early and preventive measures as well as countermeasures can be taken. In addition that at the level of the person in charge, more complete project supervision can be easily implemented, one can take a general view of the whole project and understand problems at a glance at the supervisor level.

The implementation of 1) process monitoring, 2) portfolio review, 3) information sharing as the essentials of PMS brings together eventually the enhanced project progress and further improvement of disbursement rate.

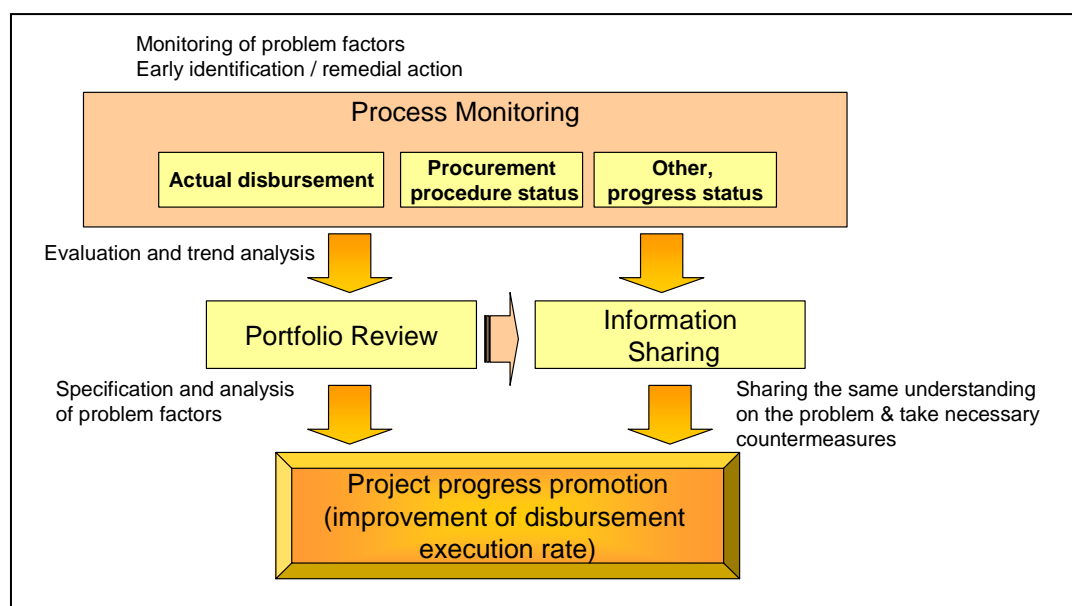


Figure 1-1 Progress improvement ⇒ Improvement of disbursement rate

For all Yen loan projects, there are procedures such as L/A effectuation, consultant selection, and procurement of main contractors. Also, during project implementation (after the selection of consultant and procurement of main contractor), there need further necessary procedures such as disbursement application, amendment of L/A and contract (in cases of changes in the contract, changes in L/A, extension of L/A term depending on the situation). If

problems are encountered at every stage of these procedures, they appear in the form of procedural delays. Therefore, after having the delay of each procedure early detected and having a problem identified, the striving for the problem solution is extremely important at making the project effectively progress.

1. 1 Project Supervision Flow, Procedures and Project Supervision System of Yen Loan Project

Based on the above approach, the flow during project supervision is as follows. The schedule of project supervision to be carried out throughout the year is shown concretely in Table 1-1.

Daily Procedure

Update the data on the e-Project Monitoring system, check the process delay status (see Chapter 2).

Quarterly / Round Table Meeting (RTM)

- Conduct quarterly consultation meetings depending on the needs of project supervision among JICA, Executing Agency and related government agencies.
- Check mainly the following items through a common performance assessment (the staff of JICA (person in charge) carries out rating and consultation with Executing Agency) conducted at each round table meeting (see Chapter 2 for assessment standards, etc.)
 - ✧ Individual package progress
 - ✧ Overall progress
 - ✧ Procurement performance
 - ✧ Comparison of actual and projected disbursement
 - ✧ Safeguard
 - ✧ Communication and project management
- Prepare the Action Plan and share with the Executing Agency regarding low ratings (*see Project Supervision System: Chapter 2*).
- Discuss at the Round Table Meeting concerning the aspects not included into performance assessment (Example: analysis of actual disbursement in relation with actual construction progress, management of counterpart funds, risk management, probability of the goal achievement).
- Summarize the results of the meeting in the Minutes and sign.
- Conduct the Annual Evaluation Meeting to review all aspects of projects in a comprehensive manner.

Table 1-1 Annual Project Supervision Schedule

	April	May	June	July	August	September	October	November	December	January	February	March
JICA	<u>RTM quarterly</u> <ul style="list-style-type: none">• Check current status (each project and sector)• Check status of national budget provision for this year and budget claim for next year• Aspects of Action Plan supervision (see Table1-2 Aspects of Project Supervision System “Quarterly”)			<u>RTM quarterly</u> <ul style="list-style-type: none">• Check improvement status of the Action Plan supervision aspects• Identify problems and discuss remedial action (including the date of taking remedial action)• Check status of budget planning for next year• Check long-term prospects of disbursement			<u>RTM quarterly</u> <ul style="list-style-type: none">• Check disbursement status and problems, discuss disbursement promotion• Check status of taking remedial action on aspects of Action Plan supervision, discuss remedial action• Check status of budget provision for next year			<u>RTM quarterly</u> <ul style="list-style-type: none">• Promote final disbursement• Check long-term prospects of disbursement• Annual comprehensive evaluation and review• Confirm the actions to be taken in the next fiscal year		
	<u>Daily (Using Web Supervision System)</u> <ul style="list-style-type: none">• Procurement procedure• Disbursement procedure• Sector study• New project formation• Overall project supervision• New project appraisal, loan agreement, etc.											
	<u>Monthly</u> <ul style="list-style-type: none">• Comparison of actual and forecasted disbursement (gap analysis)											
Executing Agency (domestic procedure)			Additional national budget request, etc.		National budget claim and consultation for next year			Special disbursement promotion period				
	<u>Daily</u> <ul style="list-style-type: none">• Procurement procedure• Disbursement procedure			<ul style="list-style-type: none">• Project implementation progress supervision• Confirm compliance of the safeguard policies			<ul style="list-style-type: none">• Reporting (Status reporting through submission of PSR/Progress Report)• Risk management and other issues					
Central Government (e.g., Ministry of Finance, Planning etc.)	RTM			RTM			RTM			RTM		
	New YEN loan application				Additional national budget examination and decision			National budget examination and decision for next year			Signing new YEN loan project	

Note: Annual schedule of Executing Agency and Central Government is a typical example.

Also, the aspects that can be supervised on a daily basis and the aspects that should be regularly supervised are classified in Table 1-2, and each verification method is proposed. JICA staff in charge of project supervision performs independently the operations shown here, which suppose making good use of regular operation already carried out as well as available data and resource.

Table 1-2 Project Supervision System

Period	Aspects of Project Supervision	Operations	Supervision Tools
Daily	Procurement procedure	JICA's concurrence for each procurement procedure. Receive an application from Executing Agency and review the contents. If JICA has no objection on the application, process concurrence procedures.	Reflect the information in e-Project Monitoring System
	Disbursement procedure	Disbursement procedure after receiving a disbursement application. In case of Commitment Procedure, reflect the information obtained from JICA's Loan Administration Dept. into "e-Project Monitoring System".	
Monthly	Comparison of actual and forecasted disbursement	Make disbursement forecast and compare with actual disbursement, conduct the gap analysis.(Perform as part of "Disbursement Prospects (<i>Toyushi-Mikomi</i>)").	<ul style="list-style-type: none"> • Reflect the information in e-Project Monitoring System • Prepare "Disbursement Prospects (<i>Toyushi-Mikomi</i>)"
Quarterly	Progress	Review PSR of every package lot, check progress status through interview with the person concerned, conduct rating of every package and overall progress, perform problem analysis and investigation of remedial action.	Reflect in Performance Evaluation Table and Action Plan
	Procurement (performance evaluation)	For procurement schedule, perform comparative analysis of planned and actual for each package, rating, problem analysis and investigation of remedial action.	
	Disbursement (performance evaluation)	Perform comparative analysis quantitatively of construction progress % and cumulative actual disbursed amount, rating, problem analysis and investigation of remedial action.	
	Budget management	(In case the project's progress is affected by counterpart fund) Check status of national budget provision, perform rating, problem analysis and investigation of remedial action.	
	Safeguard	Check approval, implementation and monitoring status related to EIA, progress of resettlement and land acquisition, problem and other, perform rating, problem analysis and investigation of remedial action.	
	Communication and project management	Perform rating and summarize the improvement points as needed on submission status of PSR and progress report, adequacy of report content, smooth communication with the borrower / Executing Agency. Also, perform performance evaluation (rating) of the management capability of the whole project.	
	Development objective	Review the probability of development goal achievement.	
	Risk management	List the project external conditions and perform the rating while updating the status depending on the situation.	

Period	Aspects of Project Supervision	Operations	Supervision Tools
	Other	Make the list if there are specific concerns related to relevance, efficiency, effectiveness, impact and sustainability of the project, and perform the rating while updating the status depending on the situation. For example, check if operation and maintenance of the completed felicities are properly carried out after completion.	
Annual	Comprehensive evaluation	Review the actual condition of country-level portfolio and Action Plan with Borrower/Executing Agency; evaluate the overall status of each project and country portfolio, and check Action Plan for the next year and development objective.	Use portfolio analysis results as RTM data based on performance evaluation and Action Plan.

Though there is appropriate content for cases where a problem in daily operations is reported, a smoother implementation of the project becomes possible through information sharing by the web system. That is, as discussed below, stakeholders including Borrowers look through the supervision tools at the Web, persons concerned can simultaneously share the information and problem recognition.

1. 2 Relation between Project Supervision and Project Evaluation

Supervision of Yen loan project at the implementation phase makes the inputs (such as capital, equipment, materials) needed to achieve the development objective, produces outputs through the activities in order those outputs to be used effectively. Specifically, pursue for outputs through at once efficient and effective activities, as well as to reduce and avoid risk hindering to achievement of the development objective. Such measures combined with project evaluation measures relate to improvement of project quality.

As for the evaluation of Yen loan project, assess relevance, efficiency, effectiveness, impact, sustainability (DAC evaluation 5 criteria) based on DAC evaluation principle, and efforts have been made to evaluate Yen loan projects systematically and objectively as possible. In addition, these criteria are used to evaluate all Yen loan projects at the JICA's ex-ante and ex-post evaluation. Moreover, designed common form is used recently to make it easier to analyze DAC evaluation 5 criteria in Minutes of Discussion (M/D) and even PSR, which approve the project framework and to be exchanged with Borrower / Executing Agency during appraisal in order to be able to evaluate with the same criteria at any stage of project cycle. This is a mechanism reporting changes in PSR, for example, in order to check whether there are changes in approved content (M/D content) during appraisal of this form including development objective, project scope, cost, schedule and others, and current project implementation.

Checkpoints of DAC evaluation 5 criteria are shown in Table 1-3.

Table 1-3 DAC evaluation 5 criteria and check-points

Classification	Item	Check-points
Relevance	Necessity and priority	Consistency with policy and measures
	Development Objective	Demand/supply balance, necessity, etc.
	Proper planning	Relevance of project scale, timing and introducing technology
Efficiency	Scope	
	Period — L/A effectuation	Plan vs actual and/or standard days comparison
	Consultant selection	Plan vs actual and/or standard days comparison
	Procurement of contractors	Plan vs actual and/or standard days comparison
	Construction progress	Plan vs actual, rate of achievement to the target
	Cost — Disbursed amount	Plan vs actual, rate of achievement to the target
	Counterpart fund	Plan vs actual
	Implementation structure	Organization, staff placement
Effectiveness	Effect	Operation/Effect indicators, reference indicators
	Financial and economic effect	Internal rate of return, etc.
Impact	Economic	Expected impact, etc.
	Environmental — EIA implementation	Implementation result (in comparison with planned)
	Monitoring status	Compare with planned, actual results
	Social — Resettlement	Compare with planned, progress, compensation, public consultation, etc.
	Land acquisition	Compare with planned, progress, compensation, public consultation, etc.
	Other (anti-infectious disease measures, etc.)	(Depending on the project characteristic)
Sustainability	Operation and management	Management capacity, technology, training of operational organization, etc.
	Operation and Maintenance costs and budget	Financial situation, maintenance management, resource provision necessary for operation (depending on the project characteristic)

Table 1-4 summarizes 1) check-points of the Yen loan project of Central Asia and Caucasus (see Chapter 3), 2) check-points subject to project supervision and rating conducted by the former JBIC Indonesia office and the World Bank (see Chapter 3), and 3) the aspects of overall performance supervision covering from the viewpoint of DAC 5 evaluation.

Table 1-4 Project Supervision Aspects

Performance Supervision	Yen loan projects in Central Asia and Caucasus	Performance rating (case of World Bank)	DAC 5 evaluation criteria
1. Progress			
Progress of each package lot	◎	◎	◎
Overall progress of project	○	◎	◎
2. Procurement			
Consultant selection procedure	◎	◎	◎
Procurement procedure of contractor	◎	◎	◎
3. Disbursement			
Comparison of construction progress and actual disbursement	○	—	—
Comparison of actual and forecast (short-, medium-term)	◎	◎	—
4. Budget management			
Efficiency of disbursement procedure	○	◎	—
Project costs (planned vs actual cost)	○	—	◎
Provision of counterpart funds	○	◎	◎
5. Safeguard			
Approval, implementation and monitoring of EIA	○	◎	◎
Resettlement and land acquisition	○	◎	◎
6. Communication and project management			
PSR and progress report	○	◎	—
Consultation meetings / Action Plans	○	◎	—
7. Development objective			
Purpose achievement, expectation	○	◎	◎
8. Risk management			
External conditions, critical risk	○	◎	◎
9. Other			
Project specific concerns	◎	◎	◎

Note: ◎ – stands for supervision aspects and used as analysis object for evaluation

○ – although it is not systematically supervised, it is subject to supervision depending on the characteristics of project.

Chapter 2. Portfolio Review

2. 1 Project and Portfolio Review Web System

Currently, the information of project management and portfolio review is included as a new additional function introduced in the e-Project Monitoring System in Central Asia and Caucasus.

(1) Project and Portfolio Supervision

At present time, since the project basic data and information regarding disbursement and procurement can be all checked at the Web as a project supervision tool, a page is added where Performance Rating and Action Plan can be checked at the web. However, this part shall not be updated on a daily basis, only once a quarter as a prospect, especially during Round Table Meeting.

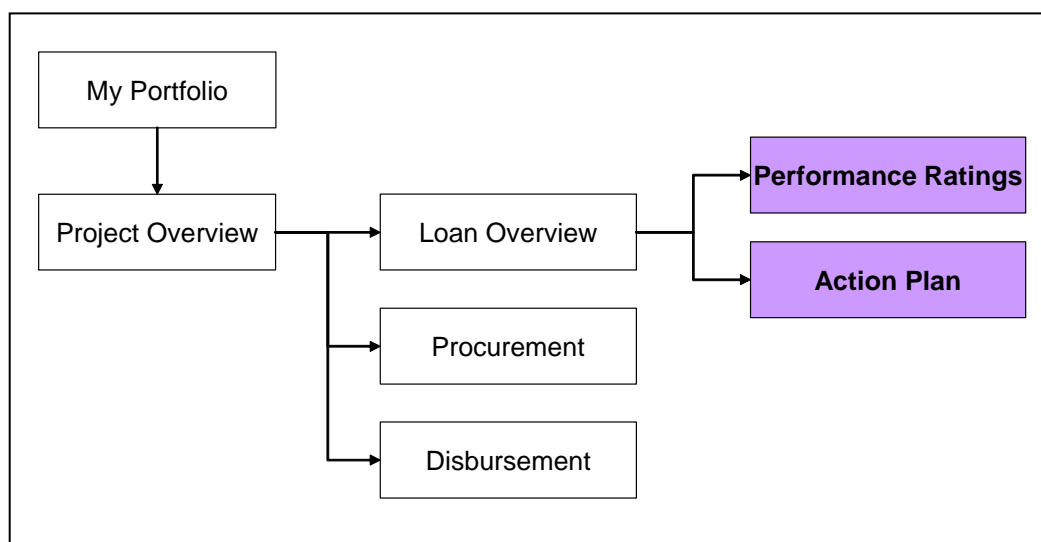










Figure 2-1 Structure of e-Project Monitoring System (Project and Portfolio Review)

Performance Rating shall be displayed by clicking Table 2-1, and Action Plan in Table 2-2.

Table 2-1 Performance Rating (Image)

	Last	Now
Individual Component Ratings		
Package A		
Package B		
Package C		
Consulting Service		
Overall Project Progress		
Procurement		
Disbursement		
Physical progress - Disbursement rate		
Forecast - Disbursement rate		
Financial Management		
Safeguard Management		
Communication/Reporting		
Others		
Critical Risks		
Project Objective		

Table 2-2 Action Plan (Example)

Date: 2009-06-18								
Item	Rating	Current Status	Required Action	By Whom	By When	Remarks	Data Input	Output
Individual Component								
Distribution	U	ABB requested PIO to approve the modification of 22 clauses of the Contract. 1. Modifications on SCADA signals, Clamp and Damper for OPGW have been approved, however, the amount has not been agreed between PIO and ABB. 2. Discussion on OPGW length is still under discussion (ABB claims that the actual length of OPGW is 3% longer than in DD and causes additional payment)	ABB and PIO (Ministry of Energy) have to reach mutual agreement not to cause any unnecessary delay.	ABB/PIO/Ministry of Energy	ASAP			Yes
Transmission	U							Yes
Consultant	U	1. Some errors in disbursement forecast 2. Troubles related to OPGW length between PIO and ABB (SCADA)	1. Forecast disbursement schedule as precise as possible. 2. Cooperate between PIO and Contractors for smooth implementation.	Consultant	With regard to the issues on OPGW length, it should be solved as soon as possible.			Yes
Overall Project Progress	U	Loan Agreement has been extended for five years.	Complete the project by Oct. 20, 2010.	Executing Agency, Contractors, Consultant				Yes
Procurement	-							Yes
Disbursement (Forecast-Disbursement rate)	U	Some errors are observed between actual and forecast	Take prompt actions not to cause unnecessary internal delay and take into consideration the required time for procedure in Japan and banks.	Contractors, PIO, Consultant	All the time			Yes
Safeguard Management	-							No
Communication/Reporting	S							No

[\[Download As Excel\]](#)

(2) Reference Information

Many implementing agencies in Central Asia and Caucasus region experience the Yen loan project for the first time and unfamiliar with the procedure. Therefore, it is desirable in future to show reference information on Web required during the project implementation stage, so one can refer to anytime. Specifically, we propose to publish the following information.

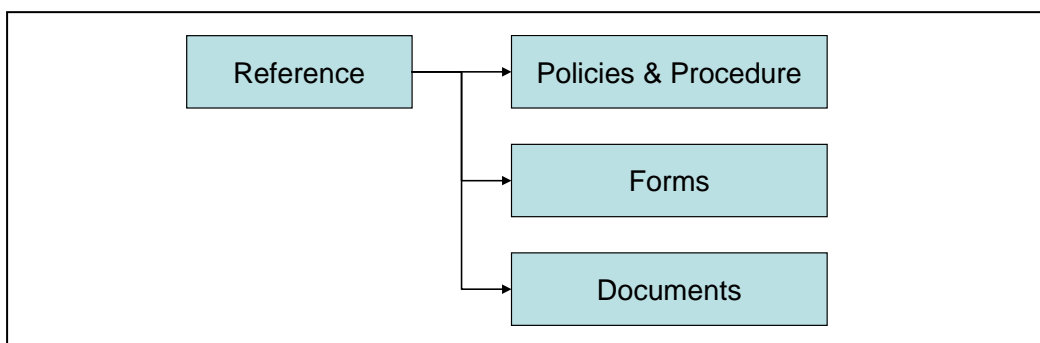


Figure 2-2 Structure of e-Project Monitoring System (Reference Information)

- a. Policies and procedure related to implementation of Yen loan project
 - Guideline (guideline for consultant selection, procurement guideline, procurement guideline manual, environmental guideline)
 - GTC : General Terms of Condition
 - Handbook used at past procurement seminar
 - Operation Handbooks on Yen Loans drawn up in other countries
- b. Forms used during implementation of Yen loan project
 - Forms for disbursement application
 - PSR forms
- c. Documents related to the project
 - Press release of each project
 - Documents concerning countries and projects

(3) Access Right

In case of opening e-Project Monitoring System on Web for the stakeholders, the issue of access permit limit should be considered. As a proposal, we suggest the following access objects and disclosure items.

Table 2-3 Access Right

		System Management	Content Editing	Reading
JICA	System manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	General manager (higher position)	Not allowed	Not allowed	<input checked="" type="checkbox"/>
	Sector manager	Responsible sector only <input checked="" type="checkbox"/>	Responsible sector only <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Staff in charge	Not allowed	Responsible sector only <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Borrower	Borrower's supervising organization	Not allowed	Not allowed	Only projects concerned <input checked="" type="checkbox"/>
	Implementing entity (Ministry)	Not allowed	Not allowed	Responsible project only <input checked="" type="checkbox"/>
	Responsible person of Executing Agency (Project manager)	Not allowed	Not allowed	Responsible project only <input checked="" type="checkbox"/>

Furthermore, the extension of access right for consultants of Yen loan project with given ID and password might be considered when it becomes possible to implement information sharing on Web smoothly.

Moreover, it is necessary to implement the data management carefully because the data on Web are not generally disclosed. Therefore, it is suggested that JICA not merely receive an application for ID/password and issue, when ID and password are issued for each Executing Agency, but also to make it subject to getting a signature to agree to the obligation of privileged information protection from ID holder. Draft application form for access permit is given at the end as reference materials.

Although an outline of the e-Project Monitoring System is proposed above, concrete and detailed handling methods will be shown in a separate volume of the instruction manual.

2. 2 Tools of Project and Portfolio Supervision

The details concerning performance evaluation and Action Plan are shown below as tools used in Project Supervision.

(1) Performance Evaluation

Performance evaluation shall be conducted using a rating at least once a quarter. Rating is graded according to 4 ranks: “HS” (Highly Satisfactory), “S” (Satisfactory), “U” (Unsatisfactory), “HU” (Highly Unsatisfactory), non-applicable as evaluation items are indicated as “N/A”.

Progress

◆ Individual Package (Contract) Progress

Project rating shall be conducted by each procurement component. For example, in case of the electric power project divided into 4 components of (1) power plant, (2) transmission substation, (3) transmission and distributing networks, (4) consulting service, the rating of each component progress shall be performed based on the following criteria. Furthermore, if status of a component with delay improves by remedies, then the revised plan with applied remedies shall be made a baseline.

H S	Implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
S	Implementation is in substantial compliance with the original/formally revised implementation plan. (Less than 6 months delay)
U	Implementation is not in substantial compliance with the original/formally revised implementation plan but remedial action has been agreed. (More than 6 months delay)
H U	As in “U,” but remedial action has not been agreed. Or, as in “U,” but problems are not being addressed appropriately.

◆ Overall Progress

The average of each component shall be looked through to determine the overall progress of the project. This is not striking a weighted average depending on the package size, but striking an average on the assumption that all components regardless of the size are important, since the development objective cannot be achieved even if one component constituting the project lacks. In fact, if more than half of the package has “U” or “HU”, then the overall progress cannot be rated higher than “S”. In order to have the overall progress rated “S”, for example, in case of 3 packages, more than 2 components must be rated higher than “S”.

General criteria are shown below.

H S	Implementation of all components is in substantial compliance with the original implementation plan or with the formally revised plan.
S	Implementation of most components is in substantial compliance with the original/formally revised plan except for a few that are subject to remedial action.
U	Implementation of most components is not in substantial compliance with the original/formally-revised plan but remedial action has been agreed.
H U	As in “U,” but remedial action has not been agreed.

Procurement (Performance Evaluation)

The criteria determining to what extent the procurement schedule makes progress according to the plan is shown in the following table. So-called plan implies set up as a baseline of standard schedule of procurement procedure defined in the e-Project Monitoring System. Moreover, this rating shall be applied to the consultant selection procedure at the stage of consultant selection. Rating shall be conducted for each package at the stage of procurement, and procurement rating shall be performed taking that average if there exist more than two packages.

H S	Procurement implementation exceeds or is fully in accordance with the original procurement schedules or agreed revised schedule.
S	Procurement implementation is fully in substantial compliance with the original/agreed revised procurement schedules. (Less than 3 months delay, and expected to be solved within one month.)
U	Procurement implementation is not in substantial compliance with the original/formally revised procurement schedule but remedial action to solve within 3 months has been agreed. (More than 3 months delay)
H U	More than 6 months delay in procurement schedule. Or, as in "U," but remedial action has not been agreed.

Note. Amongst the procurement procedures, there are procedures (such as “P/Q Evaluation”, “Tender Document Preparation”, “Bid Evaluation”) that require concurrence of JICA. Evaluation shall be performed by assessing delays of each procedure.

Disbursement (Performance Evaluation)

◆ Comparison of construction progress and actual disbursement

Construction progress is often expressed in progress percentile (%) of completed construction, (i.e., “Completed portion / total construction scope x 100%”. However, such construction progress may not be included in the PSR or progress report submitted from the

Executing Agency. In order to compare the actual disbursement with construction progress, such construction progress status need to be updated through interviewing the Executing Agency, project consultant, and/or contractors, or through requesting the Executing Agency to include such figure in the PRS.

Even though such updated construction progress data may not be obtained easily, following performance rating can be conducted whenever such data are available.

To note, the amount of disbursement requested each time is calculated based on the achieved construction progress minus certain amount of advance payment and retention. Therefore, the accumulated disbursement amount is expected to be less than accumulated construction progress. Considering such relation of progress payment and disbursement, it is assumed that about 80 % of construction progress achievement can be disbursed with smooth disbursement procedure.

H S	Accumulated (actual) disbursement is about 75 – 80 % (or more than 75%) of actual construction progress (%). Or, the requested amount claimed from contractors is disbursed within one month of such request.
S	Accumulated (actual) disbursement is about 70 – 75 of actual construction progress (%). Or, the requested amount claimed from contractors is disbursed within two months of such request.
U	Accumulated (actual) disbursement is about 50 – 70 of actual construction progress (%). Or, the requested amount claimed from contractors is disbursed within two – three months of such request.
H U	Accumulated (actual) disbursement is less than 50 % of actual construction progress (%). Or, the requested amount claimed from contractors is not disbursed within three months of such request.

◆ Comparison of Forecast and Actual Disbursement

JICA prepares “Disbursement Prospects (‘Toyushi-mikomi’)” every month, and conducts disbursement forecast. Following performance rating is carried out based on this disbursement forecast. However, it should be noted that JICA receives disbursement forecast data from the Executing Agency, but such forecast may be revised by JICA if the forecast is observed difficult to achieve. In such occasion, the performance rating should be conducted based on the data provided by the Executing Agency to share the same information with Borrowers. In addition, the forecast data provided by the Executing Agency may not be expressed by each package but by whole project. If forecast data by package is not available, it is recommended to propose the Executing Agency to provide forecast data by package, and then to conduct performance rating by package base. Also, such rating shall be given to the disbursement of the period between the previous and current ratings. This can be done by referring to the forecast data of “Disbursement Prospects (‘Toyushi-mikomi’)”.

H S	Disbursed more than target.
S	Disbursed more than 90 % of target.
U	Disbursed more than 70 % of target.
H U	Disbursed less than 69 % of target.

Budget Management

It is necessary to monitor the financial arrangement for non-eligible portion of Yen loan. In other words, if some portion of the project is financed by the counterpart fund, there are cases of deferring the execution of loan budget if national annual budget is not approved. Assuming the above mentioned, rating of the management of counterpart fund and project budget shall be carried out.

H S	At least 90 percent of the counterpart funds required for timely and effective project implementation have been budgeted for the current fiscal year and are being released in a timely fashion, and reliable provision is made for the overall project budget. All financial covenants are complied with.
S	Although there are some difficulties and delays, provision of counterpart funds is likely to face only moderate problems. Provision for at least 70 percent of the required funds has been made, and funds are being released on time. (No negative impact on the disbursement.)
U	There are major shortcomings in the timeliness and/or amount of counterpart funds (less than 70 percent of needed funds) that will affect implementation and/or jeopardize the viability of the project entity, but acceptable measures are being taken to address these issues. The shortcomings have negative impact on disbursement by delaying the procedure, but expect to be solved within one month.
H U	As in “U,” but appropriate action to correct the problems has yet to be taken, or there is no expectation of compliance.

Safeguard

The rating on safeguard policies is given to the cases related to the special consideration on natural and social environment, resettlement, land acquisition, and indigenous / vulnerable group of people. Specifically, issues related to safeguard policy (e.g., countermeasures to mitigate / minimize/ compensate for the negative impacts from the project, and necessary monitoring and evaluation procedures) are evaluated along the JICA’s Environmental Guidelines and agreed arrangement between JICA and the Borrower.

H S	The agreed safeguards mitigation / development plans are being adequately implemented. In addition, Project implementation fully complies with or exceeds requirements.
S	The agreed mitigation / development plans are being adequately implemented. Minor issues have arisen on one or more of the safeguards mitigation / development plans, but remedial action has been taken or is programmed. In addition, Project implementation is in substantial compliance with the requirements of the safeguard policy except for a few that are subject to remedial action.
U	For one or more of the mitigation / development plans, implementation is not proceeding satisfactorily. Remedial actions have been discussed with the borrower, but their implementation is uncertain. In addition, project implementation is not in substantial compliance with the requirements of the safeguard policy but remedial action has been agreed.
H U	Same as “U,” but problems are not being addressed appropriately.

Communication and Project Management

As for the Project Supervision in Central Asia and Caucasus, there are many cases of project supervision conducted by Tokyo headquarter and the information from distant place mainly consists of PSR and progress report regularly submitted by Executing Agency. To ensure the smooth progress of the project, the efforts for early problem solution between the parties concerned are essential, but PSR and progress report should be taken seriously as important communication tool. Rating shall be conducted along with overall evaluation of the project management.

H S	Project management is doing its job with minor or no problems. In addition, PSR (Project Status Report) or the Progress Report is sufficiently prepared and regularly submitted without delay.
S	Despite some shortcomings, project management is doing its job with only moderate problems. In addition, PSR or Progress Report is regularly submitted without delay.
U	There are major deficiencies in project management resulting in significant delays in project implementation and/or achievement of project development objectives, but acceptable measures are being taken to strengthen managerial capacity. PSR / Progress Report is poorly prepared, or not submitted on time (last report submission is within 6 months from now).
H U	As in “U,” but appropriate corrective action is yet to be taken. PSR / Progress Report has not submitted more than 6 months.

Risk Management

There are cases where external conditions have to be met to ensure the smooth project implementation. For example, a case of electric power project is on condition that talks with a supplier go smoothly in order to conclude a contract for fuel supply. Such external conditions need to be supervised.

Low or Negligible (N)	No critical external factors, and high possibility to achieve project objective in sustainable manner.
Modest (M)	One or more external factors (risks) is observed and it may become obstacles to achieve project objective in sustainable manner, but high possibility to overcome the external factors (risks).
Substantial (S)	One or more external factors (risks) is observed and it may become obstacles to achieve project objective in sustainable manner, but remedial action has been agreed.
High (H)	As in “U,” but remedial action has not been agreed.

Development Objective

The likelihood of achieving the development objective shall be evaluated. The following is set as criteria in case of conducting the rating of likelihood of achieving this development objective, but it is desirable to assess after having done overall evaluation of the above rating. For example, if a likelihood of making negative impact on a project by external conditions is high, likelihood of the objective achievement becomes low in risk management.

H S	Project is expected to achieve or exceed its project development objective and yield substantial development benefits.
S	Project is expected to achieve most of its project development objective and yield satisfactory development benefits without major shortcomings.
U	Project is expected not to achieve most of its project development objective or to yield substantial development results.
H U	Project is expected not to achieve its project development objectives or to yield worthwhile development results.

Rating shall be conducted through the above criteria, and rating results shall be entered into performance evaluation table on Web by a person in charge as shown in next chapter. If rating result is “U” and “HU”, it is desirable to record grounds as “Remark” and share understanding between JICA staff concerned and Executing Agency.

Others

Depending on project feature, a risk threatening ensurance of relevance, efficiency, effectiveness, impact, sustainability of project might arise. For example, when introducing the latest technology to be introduced in a country for the first time, sustainability of project results may not be maintained and effectively operated without maintenance ability and technology only by establishment of hard infrastructure. In this case, potentially problematic items shall be targeted in rating and need to be listed separately as supervision items. Depending on the characteristics and importance of a project, it is desirable to determine rating criteria based on consultation with JICA staff and Executing Agency.

(2) Action Plan

As for the abovementioned performance evaluation, if some items are evaluated as “U” or “HU”, the Action Plan (sample: see Table 2-2) is prepared by clarifying (1) Current Status, (2) Required Action, (3) (countermeasures to be taken) By whom, (4) By when, (5) Remarks (e.g., notes for JICA). This Action Plan shall be created on Web by a person in charge of JICA, but through making possible to be viewed by a person in charge of Executing Agency, both Executing Agency and JICA can directly make comments regarding relevance of remedial action and period set, and to plan the improvement. Moreover, this Action Plan and Quarterly Status Sheet already being used at Round Table Meeting have the same function; therefore, the Action Plan is printed out and used as the Quarterly Status Sheet at the Round Table Meeting.

Chapter 3. Reference: Cases of Project Supervision

3. 1 Yen Loan Project and Project Supervision

Supervision methods and tools of the Yen Loan Project currently carried out by JICA at the project implementation stage have similarities for each country and differences in the methods depending on a recipient country. Each of the characteristics is summarized as follows.

Table 3-1 Project Supervision Tools of the Yen Loan Project

	Tool	Content
Common for the countries	Information Search System “Yusaku”	Outline It is possible to search for information related to the Yen Loan Project (basic information as project name, loan date, period and other, disbursement history, borrower’s name and other, procurement performance, contracts data, information on repayment, etc.
		Advantage Data input is made at every necessary procedure (e.g., Loan Agreement, L/A effectuation, procurement concurrence, disbursement, contract amendment), and such data is reflected into the search system. For this reason, accurate and wide range of data can be obtained from the search system “Yusaku”.
		Weakness Data analysis obtained by the search and problems of data background cannot be verified. Moreover, the search method is comparatively complicated, and there is no guarantee that necessary data can be obtained at a time. Furthermore, sampled data in Excel as a search result often need to be edited if you use the data in practice.
	Verification of actual disbursement and disbursement forecast	Outline To make future forecast disbursement for long- and short-term on a regular basis and check actual disbursement of every project. Once per six months in the long term and monthly in the short term.
		Advantage Although one will need to communicate regularly with the Executing Agency and consultants of the Yen loan project, it will be possible to check periodically the difference between forecast and actual disbursement in order to check the status of disbursement on a regular basis, and there are many cases when the process itself becomes effective project supervision.
		Weakness Verification process of actual and forecast disbursement itself is not a mechanism leading to remedial action, though much has been done on the part of financial management of loan accounts and necessarily determine the causes of disbursement delay.
	PSR (Project Status Report) / Progress Report	Outline PSR stats agreed contents regarding framework, schedule, cost and important points with Borrower during appraisal. Implementation status report shall be received quarterly in the form used in similar PSR form from Borrower during project implementation. However, PSR was introduced several years ago, the project with signed Loan Agreement before the introduction which progress report independently drawn up by Executing Agency is reported to JICA quarterly. Furthermore, submission of the report is stipulated in L/A.
		Advantage Specific progress and problems of the project can be concretely understood also, on-the-spot actual information can be read in the report. It is possible for PSR to compare with a planned one, and easily understand changes.

	Tool	Content
		Weakness Though it is stipulated in L/A, Executing Agency does not regularly submit PSR/Progress Report and submit late. Also, JICA is in the position of reviewing submitted PSR, but it is one-way system without a mechanism guiding an action from JICA side.
	Mid-term review	Outline Relevance, effectiveness and other shall be examined on the 5 th year after signing L/A. Third party (consultant) shall conduct project evaluation at interim stage and able to compare with ex-ante evaluation.
		Advantage Further project supervision becomes possible through obtaining evaluation results of field survey, lessons learned and recommendations, and conducting necessary improvement.
		Weakness Mid-term review is conducted to limited number of projects. Review is carried out only one time, not continuous.
Specific for countries	Interim Supervision / Monitoring	Representative office of JICA and Regional Department of JICA Headquarter responsible for Borrower's project supervision conduct project supervision of each project as daily operations. Methods, depth and frequency vary by country. Normally, transfer of rights to representative office goes through direct talks and political conferences, consultation on project supervision of representative office with Borrower, Executing Agency and parties concerned (consultant, contractor, etc.). For a country without right transfer, staff of responsible Regional Department of JICA Headquarter often makes an official trip and checks the progress on-site.
	Portfolio Review Meeting	Portfolio review meetings have been held under the guidance of representative office and Regional Department of Headquarter depending on a country. Their methods and frequency vary by country. Also, there are cases of conducting meetings in cooperation with other donors.
	Others	There exist project supervision tools individually introduced in each country. For example, "Process Monitoring System" has been set up in Indonesia as project supervision tools and process of disbursement and procurement procedure is monitored. Also, the system to share project progress management on Web with JICA staff and Executing Agency has been established through introduction of e-Project Monitoring system.

As shown above, there are many project supervision tools, the way concretely how project supervision should be conducted using the tools of specific project supervision and portfolio implementation methods depends on the situation of conducting various activities by policy and practice of the overseas representative office and regional department of headquarter in charge of project supervision.

The next section introduces project supervision and portfolio review implemented in Indonesia.

3. 2 The Case of Project Supervision and Portfolio Review¹

As Indonesia has accumulated experience in Yen Loan projects supervision, and such experience of portfolio review of Indonesia have many similarities with already introduced system in Central Asia department, Indonesia's practice on project supervision is described below as a reference for future system establishment.

Also, project supervision and portfolio review of other donors, particularly the World Bank, shall be summarized as a reference.

3. 2. 1 The Case of Project Supervision on Yen Loan for Indonesia

Disbursement method of Indonesia's Yen Loan projects is almost all transfer method and commitment method. This differs from special account method widely used in the projects of the World Bank and ADB, and since payment items pass the one-by-one checking process along the project progress, problems of each project can be early detected through monitoring of that process.

Former JBIC Jakarta office took notice of the above issue and monitored actually required time for each procedure of consultant selection, procurement, disbursement application, compared with usually required time (standard time) and established a system which checks causing of delays in procedures.

Among them, specific implementation status of project supervision, portfolio review, process monitoring is as follows.

(1) Project Supervision

The whole management system of former JBIC Jakarta office (Yen Loan operation section) is shown in Table 3-2. As shown in this Table, Yen Loan Project Supervision operations have procedures implemented daily, weekly, monthly, quarterly, annually, upon completion, and they consist of 3 parts pertaining to Portfolio Review Meeting which review the disbursement performance, the procurement procedures, and other cross-cutting issues in the whole country. The approach lying in the basis of a series of project supervision operations is that Yen loan project ensures implementation in accordance with necessary procedures at every stage from L/A signing to project completion, early detects occurred delay at stage of each procedure, identifies the cause of delay and attempt to solve this problem. Jakarta office conducts project supervision in a systematic manner by reviewing Indonesia-specific domestic procedures (procedure of development budget approval, resettlement and land acquisition compensation procedure, procedure of procurement committee approval, etc.), and also by pointing out critical external factors which affect the progress of project implementation.

¹ The case is based on the study report pertaining to multiple Project Supervision and Portfolio Review conducted in 2005-2008. Report as a reference as follows. "Improvement of project monitoring and acceleration of implementation of Yen Loan Projects in Thailand, Indonesia and the Philippines (April 2005)", "The Study on Country Portfolio Performance Review (CPPR) in Indonesia (June 2005)", and "Special Assistance for Project Implementation (SAPI) on Newly committed Yen Loan Projects in Indonesia (February 2007)".

Table 3-2 Project Supervision Tools of Jakarta Office

Disbursement Procedure					Procurement Procedure			
Timing	Tools	To do items	Timing	Remarks	Tools	To do items	Timing	Remarks
Daily	①Request for Disbursement	Check the status of processing the request for disbursement (Received date/ sent date to Tokyo HQ / Disbursed date)	As soon as the request is received	<ul style="list-style-type: none"> Input data of administration number, requested amount, whom to be paid, etc. at the time of receipt Input the date sent to Tokyo HQ and disbursement date when the process is completed. Save the data in the shared folder and disclose the information within the Jakarta Office 	⑧Procedural Monitoring System (PMS)	A. Consultant selection procedure	At receipt and concurrence	Input dates of application, receipt, and concurrence
						B. Procurement of contractors	Ditto	Ditto
						C. other application	Ditto	Ditto
						D. Progress report submission	At receipt	Input date of receipt of QPR and PCR. Also, confirm if MPR is submitted.
						E. Data input for disclosure	At concurrence of consulting service contract and contractors' contract with the contract amount more than certain level.	Use the sheet for consulting service and contractors. For detail description, use the data input sheet sent from Tokyo HQ.
	Ad hoc Monitoring Meeting	Hold the meeting among JBIC staffs and Executing agency on adhoc basis	As necessary	Use the PMS, Project check sheet, and progress report	Ad hoc Monitoring Meeting	Hold the meeting among JBIC staffs and Executing agency on adhoc basis	As necessary	Use the PMS, Project check sheet, and progress report
Weekly					⑨Weekly Check Sheet	Check the procedure of the week (for the outstanding procedure under the process)	Every Friday	Calculate the required dates for the procedure, and check the delay. If it is taking more time than standard schedule, check the reason for the delay with project officers.
Monthly	② Disbursement Check Sheet (DCS)	A. Short-term disbursement prospect	middle of the month	Project officer inputs the forecast data.	Monthly Progress Report (MPR)	Confirm the progress monthly.	Every month	Receive from the Executing Agency. Consultant prepares for the Executing Agency. (Submission of the Monthly Report is not mandatory.)
		B. Actual disbursement amount	middle of the month	PMS administrator inputs the actual disbursement amount in the sheet.				
		C. Cumulative disbursement chart		The chart is automatically updated when the data above is inputted.				
	③Short-term Disbursement Forecast (MDF)	Forecast disbursement up to 4 months in advance based on ⑦.	middle of the month	Input data on the sheet sent from JBIC HQ at the beginning of the month				
	④Short-term Disbursement Forecast Trend Table (OSTEF)	Compare the disbursement forecast and actual disbursement up to the last month, and check if any payment was delayed or made earlier than expected.	middle of the month (after "Short-term Disbursement Forecast" is made.)	Officer in charge prepared the sheet to compare the forecast and actual disbursement result.				
	⑤Monthly Report	A. Total disbursement result of the previous month B. Gap between forecast and actual disbursement of previous month by project C. Issues to be focused in the month	beginning of the month	Send the report to MOF and BAPPENAS, and share the same information on concerns.				
Quarterly	⑥Disbursement forecast / actual disbursement comparison table (QDR)	Comparison of three-month forecast and actual disbursement result (both short-term and long-term) and analysis of the reason of the gap	Quarterly	Prepare the table based on the materials above. Prepare the forecast/actual disbursement result table by each project and each sector.				
	Quarterly Monitoring Meeting	Hold the (3-day long) meeting co-chaired by BAPPENAS. Director or sub-director of Executing Agency need to attend the meeting.	Every Jan., April, July, and Oct.	BAPPENAS: Quarterly Meeting Report (for previous meeting)	Quarterly Monitoring Meeting	Hold the (3-day long) meeting co-chaired by BAPPENAS. Director or sub-director of Executing Agency need to attend the meeting.	Every Jan., April, July, and Oct.	BAPPENAS: Quarterly Meeting Report (for previous meeting)
				Executing Agency: Action Program				Executing Agency: Action Program
				JBIC: ①Monthly Report ②Disbursement forecast / actual result comparison table ③Portfolio performance review				JBIC: ①Monthly Report ②Disbursement forecast / actual result comparison table ③Portfolio performance review
	Steering Committee	Hold the Steering Committee meeting if some problems are not solved at the ad hoc or Quarterly Meeting, and require the commitment from high ranking officials	As required	PMS, Progress report, Portfolio performance review	Steering Committee	Hold the Steering Committee meeting if some problems are not solved at the ad hoc or Quarterly Meeting, and require the commitment from high ranking officials	As required	PMS, Progress report, Portfolio performance review
Yearly	⑦Long-term disbursement forecast (LDF)	Disbursement forecast of current and next fiscal year (by quarterly base) and confirmation of outstanding balance of loan (not-disbursed amount)	June and Sept.	Use the format sent from JBIC HQ.	Study on required dates for Procurement procedure by sector	Examine the required time from the L/A signing to the start of the construction.	Annually	Can be used at the Yen Loan Project acceleration meeting, Monitoring meeting, and CPPR.
	JBIC Portfolio Performance Review Form (JBIC - PPR)	Portfolio review of JBIC's projects	Quarterly	Used at the monitoring meeting and CPPR meeting.	JBIC Portfolio Performance Review Form (JBIC - PPR)	Portfolio review of JBIC's projects	Quarterly	Used at the monitoring meeting and CPPR meeting.
At completion					Project Completion Report (PCR)	Use the format of PCR.	At completion	Executing Agency needs to prepare the PCR as stated in L/A.

* The colored cells express who has the responsibility to conduct the task. Green: Secretary; Yellow: Project officer of Disbursement Unit, Blue: Project officer, Orange; JBIC Japanese officer (Project officer also conduct the task in some cases)

(2) Portfolio Review

Former JBIC Jakarta office objectively evaluated the performance of disbursement progress, procurement procedure progress, main construction progress closely related to the project progress, by examining the present situation of procurement in Indonesia and obstacles for smooth implementation of the project, and also by setting up “Rating” taking the criteria of Table 3-3 for portfolio supervision. In addition, as a problem unique to Indonesia, the main cause of disbursement delay due to the late budget allocation at the beginning of each year along with the problem of DIPA (development budget document) approval delay, project management skills, land acquisition, resettlement, environmental consideration are classified as targeted items in the rating. The criteria is set up in order to evaluate each of them according to 4 ranks: “HS (Highly Satisfactory)”, “S (Satisfactory)”, “US (Unsatisfactory)”, “HUS (Highly Unsatisfactory)”.

Table 3-3 Rating Table of Former JBIC Jakarta Office

Rating category		Highly Satisfactory HS	Satisfactory S	Unsatisfactory US	Highly Unsatisfactory HUS
Main Ratings	15 Disbursement	Disbursed more than Target	Disbursed more than 80% of the Target	Disbursed more than 60% but less than 79% of the Target	Disbursed less than 59% of the Target
	16 Procurement	Within 700 days	Within 900 days	More than 900 days	More than 1400 days
	17 Progress	More than Target	Around Target	Within 30% less than Target	Over 30% less than Target
Other Ratings	18 DIPA (DP)	—	Already approved	Not yet approved	—
	18 Project Management (PM)	More than expected	Expected	Under expected	Very poor management
	18 Land Acquisition (L)	Settled before appraisal	Settled before L/A	Still arranged	Not scheduled
	18 Resettlement (RS)	same as above	same as above	same as above	same as above
	18 Environment (E)	same as above	same as above	same as above	same as above

NOTE::	Procurement	Counting days spent from the effectuation of L/A to the concurrence of the Construction Contract
	Project Management	Punctuality of documentation, Quarterly Progress Report, appointment of project manager and good response from E/A.
	Monitoring Status	* means projects situated in the poor performance zone in the Project Status Coordinates
	US and HUS	Projects of US and HUS must be monitored and HUS projects shall be considered at steering committee.
	Other Rating	In case either US or HUS, describe as PM-US, PM-HUS, RS-HUS.

Source: JBIC “The Study on Country Portfolio Performance Review (CPPR) in Indonesia (June 2005)”

Evaluation example of each project using the above rating criteria is shown in Table 3-4. Table 3-4 shows the implemented project list by Ministry A supervising sector “A” in Indonesia. This table represents the data actually used at portfolio meeting of Ministry A and former JBIC; unsatisfactory items of performance status are marked red, and seriousness of the issue is indicated with thickness of the red arrows. For example, there are many HUS in procurement rating of the project Ministry A responsible for, and it indicates that improvement of procurement procedure is necessary.

Table 3-4 Portfolio Review Table (Indonesia, Ministry A)

L/A No	Executing Agency	L/A Signing	Disbursement			Rating of Problem						
			Forecast Jan-Sep 2005	Disburs. Jan-Sep 2005	Ratio %	Disbursement	Procurement	Const. Progress	Others			
									DIPA	Manage.	Land A.	Resettle.
IP-472	MOC-DGAC	1996/12/04	1,800	1,822	101%	HS	HUS	S	US	HS	-	-
IP-473	MOC-DGAC	1996/12/04	4,800	3,600	75%	US	HUS	S	US	US	-	-
IP-491	MOC-DGAC	1998/01/28	2,447	2,327	95%	S	HUS	S	US	S	-	-
IP-514	MOC-DGAC	2004/03/31	5,800	3,090	53%	HUS	HS	S	US	HS	-	-
IP-427	MOC-DGLC	1994/11/29	58	45	78%	US	HUS	HS	US	HS	-	-
IP-469	MOC-DGLC	1996/12/04	1,325	1,034	78%	US	HUS	S	US	S	-	-
IP-489	MOC-DGLC	1998/01/28	1,850	1,763	95%	S	HUS	HS	US	S	-	-
IP-490	MOC-DGLC	1998/01/28	575	220	38%	HUS	HUS	S	S	HUS	-	-
IP-508	MOC-DGLC	2001/12/13	300	0	0%	HUS	HUS	-	S	HUS	US	US
IP-518	MOC-DGLC	2004/03/31	0	0	0%	HUS	-	HS	-	-	-	-
IP-447	MOC-DGSC	1995/12/01	973	895	92%	S	HUS	S	US	HUS	-	-
IP-471	MOC-DGSC	1996/12/04	370	243	66%	US	HUS	S	HUS	US	-	-
IP-492	MOC-DGSC	1998/01/28	1,370	352	26%	HUS	HUS	HUS	US	US	-	-
IP-493	MOC-DGSC	1998/01/28	920	485	53%	HUS	HUS	HUS	S	HUS	-	-
IP-520	MOC-DGSC	2004/03/31	0	0	0%	-	HUS	-	-	HUS	-	-
IP-521	MOC-DGSC	2004/03/31	0	0	0%	-	HUS	-	-	HUS	-	-
IP-448	MOC-ETA	1995/12/01	771	0	0%	HUS	HUS	US	US	HUS	-	-
IP-507	MOC-ETA	2001/12/13	454	38	8%	HUS	HUS	US	US	HUS	-	-
			23,814	15,914	67%	50%	94%	13%	80%	33%	-	-

Analysis from Portfolio Review Table:

- ✧ In procurement of the project taking more than 1400 days (3.8 years) almost => time loss at preparation stage is large.
- ✧ Delay of 80% projects because of DIPA (Project Budget Document) approval => Project has been delayed due to no budget enforcement for a few months during one year
- ✧ Due to the abovementioned, disbursement achievement is low

After reviewing the rating according to the timing of quarterly Monitoring Meeting, sector issues and project issues along with their improvement status can be checked in the portfolio supervision table through comparison with previous portfolio supervision table.

Sector Issue

According to the vertical column of “Rating of Problem” in Portfolio Review Table, the whole sector faces similar problem. Through understanding the problems of sector, former JBIC Jakarta office conducted annual Yen Loan high-level meeting and managed to encourage Indonesian government to make efforts for problem solving.

Moreover, the World Bank (hereinafter, WB) and Asian Development Bank (hereinafter, ADB) conducted similar meeting with the same counterpart agencies, and it became evident from the portfolio review results of former JBIC that both WB and ADB face the same problems and it was possible to conduct a joint meeting in cooperation with other donors.

For example, WB and ADB participated at Country Portfolio Performance Review (CPPR) meeting which took place in September of 2005 not as usual observers but as members of both

former JBIC and donor members, drew up Action Plan (Action Plan: Harmonization for DIPA and Yen Loan) concerning the problem of DIPA (Project Budget Document) approval time that became a serious delay factor in Indonesia and through consultation with Indonesian government managed to obtain the result of smoothly proceeding DIPA approval in January of 2006.

Project Issue

Problems of individual projects can be clearly seen in Portfolio Review Table. The Table is shared among Indonesian governments (including Executing Agency and related ministries) and former JBIC officers at the quarterly monitoring meetings, and used to promote discussion for smooth implementation of the project.

(3) Process Monitoring

First of all, it was understood from the above portfolio review that timely procurement is critical (i.e., there should not be any delay in the procurement process). Then, former JBIC Jakarta office developed “Process Monitoring System” (PMS) to monitor the progress of this procurement procedure to identify a problem early and to find countermeasures if any delay problem was found. Similar project supervision tool, as described below, has been introduced to monitor on-going Yen loan projects in Central Asian countries.

Standard Schedule of Procedure and Procedure Monitoring

Former JBIC Jakarta office calculated standard schedule of procedure as criteria to determine whether there are delays or not based on smoothly proceeded past project experience of comparative projects, the Guidelines for the Employment of Consultants under Japanese Yen Loans, the Guidelines for Procurement under Japanese Yen Loans, and procurement sample document. Number of days of standard schedule based on past cases in Indonesia has become a milestone at conducting procedure for Indonesia.

Monitoring System is the mechanism that incorporates checking number of days taken for each step of procurement, comparison of actual number of passed days for each step and standard number of days stated above (target number of days). The Monitoring system includes (1) project closely approached to target number of days, and (2) identify the projects that exceed target number of days, understanding of present condition of those projects and delay reason as well as problem solving.

The same method was applied to the monitoring of disbursement procedure; disbursement application documents have been checked, and then monitoring for the following has been carried out by confirming (1) how much of construction progress was included in the disbursement request received from the Executing Agency, and (2) number of days taken to process and deliver application documents to former JBIC. It was possible to confirm how much of construction progress was paid to each contract, problem of application delay status, and reasons of delay through this operation. Particularly, checking at which step of disbursement application procedure and at what organization the documents got stuck, and disbursement application can early solve the problem regarding a contract with delay.

As for other procedures, among documents received by former JBIC Jakarta office such as contract amendment application, L/A amendment application, L/A reallocation application are monitored in similar way with procurement and disbursement procedure, and timing of those applications is the system that can monitor processing number of days.

Analysis of Actual and Forecast Disbursement Gap

For on-going Yen Loan Project, though forecasting of projected disbursement amount for the next three months and checking of actual disbursement for previous and this month is carried out once per month every month, former JBIC Jakarta office used the sheet shown in Table 3-5 monthly for each project to analyse how much is the difference between previously forecasted and actual disbursement, and how is the trend. It became possible to make more accurate forecast based on previous actual disbursement by using this table.

Table 3-5 Analysis of Actual and Forecast Disbursement Gap

Actual		Prospect (mil.yen)													GAP
Cumulative	Monthly (mil.y)	As of	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	
18	18	Apr-03	37												(19)
29	11	May-03	11	18											(7)
29	0	Jun-03	8	116	11										(11)
29	0	Jul-03	14	9	0	0									0
29	0	Aug-03		14	37	20	0								0
52	23	Sep-03			0	0	130	0							23
52	0	Oct-03				230	0	130	0						0
175	123	Nov-03					0	0	107	0					123
283	108	Dec-03						0	0	0	0				108
283	0	Jan-04							0	0	0	0			0
283	0	Feb-04							0	0	0	0	0		0
	0	Mar-04								0	0	0	0	0	0
	0	Apr-04									0	0	0	0	0
	0	May-04										0	0	0	0
	0	Jun-04											0	0	0
		B/M/E													217
229		Prospect													Gap total

Cumulative disbursement until FY 2002:
5,572

Also, the cumulative total for actual disbursement has been graphed and the analysis graph (Figure 3-1) for each project has been made to compare with long-term disbursement forecast and used for purpose of monthly project supervision analysis.

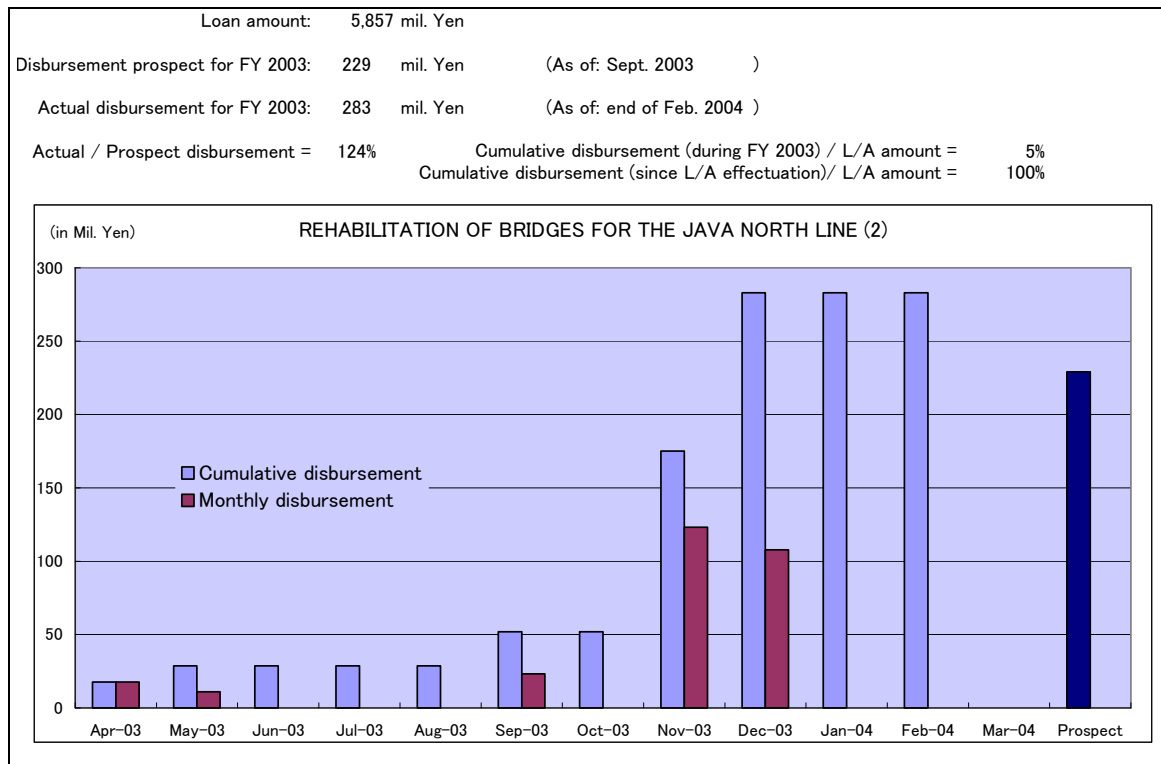
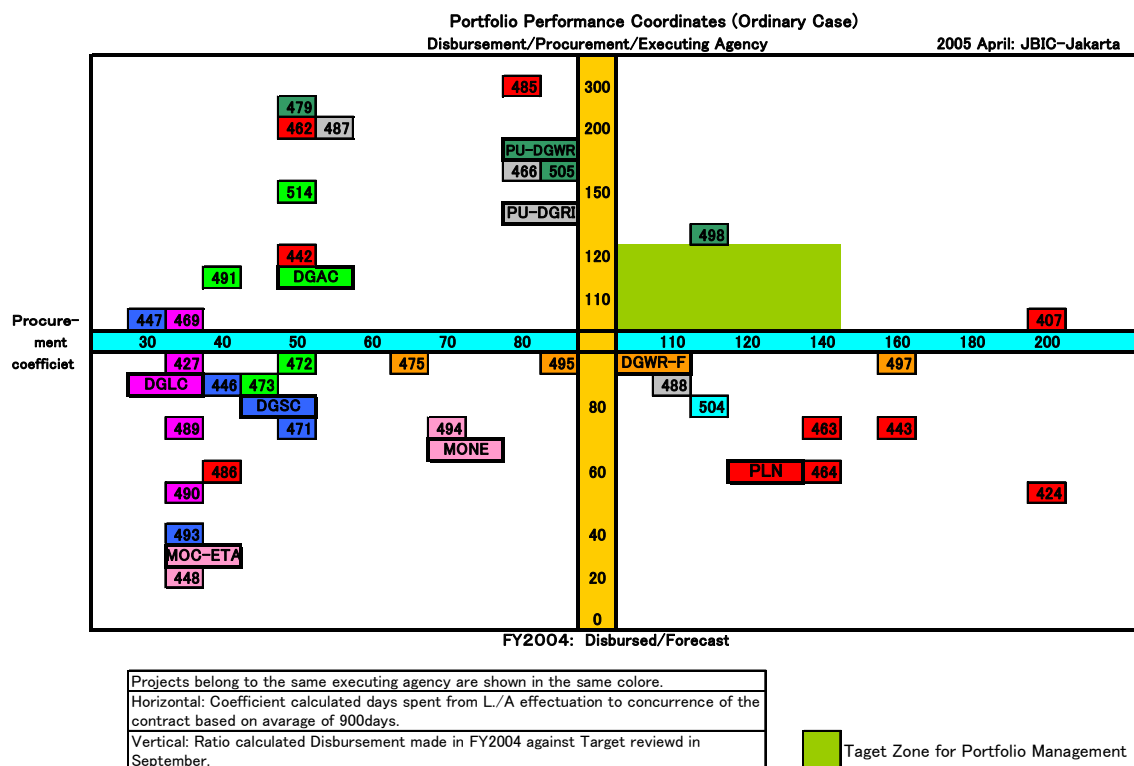


Figure 3-1 Analysis of long-term disbursement forecast and actual disbursement

Sharing and Feedback of Monitoring Results

Project monitoring sheet could be viewed on Web among related stakeholders in Indonesia, therefore, both Indonesian stakeholders and former JBIC Jakarta office confirmed the same understanding on the project progress, items causing delays, and reasons of those delays, which is shown on Web. Moreover, management of own procedures became easier for Indonesian side and further procedures could be planned because it was possible to check status of internal procedures of Executing Agency and former JBIC. Managing the whole Yen Loan Project, BAPPENAS (Indonesia's governmental agency to be a focal point for Yen Loan Projects) now could check when it wanted to check progress status of the whole Yen loan project and individual project, as for the Ministry of Finance doing approval of disbursement application documents, the Ministry can understand the timing of budget enforcement more accurately.

Figure 3-2 shows relation between procurement and disbursement, which can be constructed through portfolio review and process monitoring.



- ◆ Left down coordinate : problem in both procurement and disbursement ⇒special management
- ◆ Left up coordinate : problem in procurement ⇒ procurement promotion needed
- ◆ Right down coordinate : based on improvement of procurement disburse can be expected, however attention to such procedure as on stage contract changes is required
- ◆ Right up coordinate : good performance

Figure 3-2 Relation of procurement and disbursement

In Indonesia 900 days in average are needed from LA effectuation to the date of contract agreement, thus horizontal axis shows coefficient obtained by dividing the number of days based on performance issues raised by it, and indicates that the higher numbers in short time was spent on procedures. Vertical axis shows the ratio of loan performance for the expected disbursement. The upper part of axis shows that if take projects with raising disbursement due to smoothly going procurement procedures as blue-chip projects, they will be positioned from the left side of coordinate to right up. This coordinate is a quick reference table which indicates projects with delayed both procurement and loan, projects with delayed either procurement or loan, and projects with both good procurement and loan as well.

<Information sharing>

As it was mentioned above, in the former JBIC office in Jakarta, portfolio review and system of process monitoring have been used as tools for project supervision. Aiming to effectively conduct policy discussions based on the specific situation, project management activities, feedback and information sharing about outcomes of using these tools are conducted according to the following conditions.

Table 3-6 Yen loan projects for Indonesia: Activities on sharing information

	Tools	Level	Related stakeholders
Annual	Annual Yen Loan Project Review Meeting	Policy dialogue on sector issues and cross-cutting issues in Indonesia	High level
Quarterly	Quarterly Monitoring Meeting	Discussion of concerned issues on each project	Supervising agency, Executing Agency
Daily	Update and share the information on Project Monitoring System	Checking any delay in procedures, and propose countermeasures	Executing Agency and in-charge person

For Indonesian side it might be taking time performing each procedure because of lack of experience and knowledge of methods, to which former JBIC office in Jakarta was responding by indirect assistance distributing “JBIC ODA Loan Handbook” with soft data of necessary forms to Executing Agency. In addition, the manual explaining how to see e-Project Monitoring (publishing PMS information on the web) was also provided to Indonesian side.

(1) Annual Yen Loan Project Review Meeting (Sector issue)

Annual Yen Loan Review Project Meeting was held with participation of BAPPENAS, Ministry of Finance, and directors of performing agency from Indonesian side, and Japanese Embassy, representative of former JBIC office, related experts from Japan’s side. At the meeting, analysis of portfolio of Yen loan projects for Indonesia and sector’s common problems were discussed by BAPPENAS and former JBIC office in Jakarta. As a sector issues it was, for instance, a slow progress in sub-loan agreement pertaining to electric power project, for project of Ministry of Transportation it was about time which was needed for procurement, for Ministry of Public Services it was the problems of required land purchasing were brought on the topic. These problems, as it was mentioned above, were problems of sector which could be seen from the table of portfolio review, and were used as tools for information sharing.

(2) Quarterly Monitoring Meeting (Projects issues)

The Quarterly Monitoring Meeting was held in the form of setting to the core of discussion between former JBIC office in Jakarta and BAPPENAS, and it was coming to agreement on present conditions and problems of individual project and action plan (who and up to what time would solve the problem).

And since the topics and results of discussion were published at the Web monitoring project (E-Project Monitoring), executing agencies with access right were able to see them online.

(3) e-Project Monitoring

Former JBIC Jakarta office introduced “e-Project Monitoring System” as a web-based monitoring system to allow important stakeholders to share project-related information. Through this e-Project Monitoring System, updated project status was confirmed by related stakeholders. If there exist delay in project progress, former JBIC project officer described his/her understanding of the reason of delay. Consequently, both former JBIC and Indonesian side could confirm the project status without any time lag. To note, the update history could be recorded in the Web, therefore the project history on progress was also shared with related

stakeholders.

The e-Project Monitoring System established for the Central Asia is up-graded version of this Indonesia's system.

3. 2. 2 Project Supervision of the World Bank

Policy and methods on project supervision of the World Bank can be referred to Operational Policies (OP) 13.05 and Bank Procedures (BP) 13.05 (July, 2001) within the World Bank Operational Manual, as well as Guidelines to Staff on Project Supervision that is used as a reference at project supervision operations by staff of the World Bank.

The World Bank implements project supervision at each step of the project cycle: during project planning, project implementation and after project completion.

Table 3-7 Procedure of the WB Project Supervision

Time	Implementing body	Content
Planning for Supervision	On agreement with WB & Borrower government /Executing Agency	Summarize the following agreement items in Project Implementation Plan (PIP) <ul style="list-style-type: none"> • monitoring and evaluating of progress in project implementation and achievement of development outcomes, with a common set of criteria to be used for project monitoring and evaluation • the use of results frameworks, performance indicators, and associated outcome targets • the reports required for effective project monitoring, evaluation, and disclosure to be provided by the borrower, along with their outlines, content, and format.
	WB	Develop and agree with the borrower on, an overall plan for Bank supervision of the project. The supervision plan summarizes the key areas on which supervision will focus, especially the critical risks to project success, and outlines how those risks will be monitored during project implementation. It also records the project implementation arrangements agreed with the borrower.
	WB	If WB has identified any inadequacies in the borrower's arrangements for implementation, it works with borrower staff to develop an action plan to remedy the deficiencies, identifying the actions required and the timeframe for their completion.
	WB	Summarize the arrangements for implementation and supervision in the Project Appraisal Document (PAD).
Project start-up	WB	Once the loan is approved by WB, ensure that supervision priorities for the coming year are clearly defined and consistent with the PIP and the supervision plan. WB prepares the initial Implementation Status and Results Report (ISR) and the initial report for the Audit Reports Compliance System (ARCS)
	WB, Borrower	WB provides copies of the PAD, the project legal agreements (including supplemental letters), and agreed minutes of negotiations to borrower staff responsible for implementation. WB also confirms any remaining actions required before effectiveness and advises the borrower on the desirability of completing them expeditiously. As appropriate, WB conducts project launch workshops with the borrower to reemphasize the project's development objectives and clarify project requirements in such areas as procurement, disbursement, financial management, and environmental and social safeguards

Time	Implementing body	Content
During project implementation	WB	<p>During project implementation, WB regularly</p> <ul style="list-style-type: none"> (a) monitors progress in all substantive aspects of the project against the targets, development objectives, and performance monitoring indicators set out in the PAD and PIP; (b) monitors procurement implementation and disbursement, recommending ways to ensure that procurement activities and loan disbursements proceed smoothly in line with the planned schedule; (c) reviews the interim and annual audited statements and other project progress reports submitted by the borrower; (d) ascertains the extent of compliance with loan covenants, including those related to environmental and social safeguards; (e) assesses risks to successful implementation, operation, and sustainability of the project; and (f) reviews the continued relevance of the project to borrower and WB priorities. <p>As appropriate, WB visits the project sites and facilities to review progress, provide advice, meet with project beneficiaries and stakeholders, perform sample reviews of the documentation supporting disbursement, review Interim Financial Reporting, carry out ex-post reviews of procurement, and obtain additional information.</p>
	WB	Updates the ISR at least once every twelve months and whenever there are significant supervision findings.
	WB, Borrower	When a problem arises during project implementation that affects more than one project (e.g., counterpart fund availability or procurement regulations), WB flags it for attention at a Country Portfolio Performance Review, or at any other opportunity for the borrower and Bank management to discuss portfolio issues
	WB	If WB notes any significant deviations from the provisions of the PAD and the PIP, it discusses with the borrower the steps required to get the project back on track. If WB determines that the borrower is not complying with covenants set out in the legal agreements, it works with the borrower to remedy the situation
	WB	Bank staff use appropriate portfolio management tools to help improve the performance of projects under supervision. If WB's project rating system indicates that a project is a potential problem project, WB provides more intensive supervision until the status improves.
	WB	In addition to regular supervision activities and periodic site visits, it may be useful to carry out (a) an early review after the first year of project implementation, to help avoid delay in identifying and resolving implementation problems; and (b) a comprehensive midterm review--an exercise generally held at project midpoint, during which representatives of WB and the borrower reassess the project's original development objectives, their relevance in light of new circumstances, and the likelihood of achieving them.
At Project Completion	WB, Executing Agency	WB and borrower staff (in consultation with any cofinanciers/donors) prepare an Implementation Completion Report (ICR) that measures the project's degree of success in meeting its implementation and development objectives and reviews and records the lessons learned from the experience.

Source: BP13.05 of the WB (Project Supervision).

The WB's Guidelines to Staff on Project and the Annual Work Program Agreement (WPA) summarize aspects of each work, resource for project supervision, important milestone and output. Moreover, at preparation stage of WPA and during drawing up Project Supervision Report, the following factors were considered and settled on Project Supervision Program.

- (1) Country and sector-specific factors
 - (i) state of relations between the country and the Bank, and whether the relations are recent or long standing;
 - (ii) country's overall economic and financial situation;
 - (iii) commitment of the country and relevant agencies to the project's development objectives throughout the implementation period;
 - (iv) sectoral situation and issues;
 - (v) institutional capability and interagency coordination; and
 - (vi) changes in government policies or regulations that may affect project objectives or implementation.
- (2) Project factors
 - (i) technical, policy, and institutional complexity;
 - (ii) degree of innovation;
 - (iii) strength of project management and other agencies concerned with the project, and the need for related training of their staff;
 - (iv) anticipated difficulties in procurement and disbursement or in meeting the Bank's safeguard policies;
 - (v) whether the project is the first or a repeater for a particular agency, sector, or country;
 - (vi) quality of project management reporting;
 - (vii) extent and nature of cofinancing arrangements, including export credit and private cofinancing arranged during project implementation;
 - (viii) quality of project preparation; and
 - (ix) stage of project implementation (start-up, investment, or operating).
- (3) Factors related to the World Bank.
 - (i) location of supervision responsibility (headquarters or country office);
 - (ii) availability of qualified staff and consultants;
 - (iii) availability of resources for supervision from the Bank's administrative budget; and
 - (iv) availability of supplementary resources, such as bilateral consultant trust funds and supervision budgets of cofinancing agencies.

Report on the WB Project Supervision consists of (1) Transmittal Memorandum, (2) Project Status Report (PSR), (3) other materials (The Minutes of Mission, Notes on Follow-up After Mission, etc.). Particularly, the PSR contains performance rating to evaluate project progress, project risks, and likelihood of achieving development objectives as shown in Table 3-8.

The World Bank rates every important check point in Project Supervision as in Table 3-8, constantly monitors project progress status, project risk, the possibility of development objective achievement by sharing with Executing Agency after having specified in PSR, makes efforts to solve a problem through consultation with Borrower and Executing Agency regarding a project with a problem in performance.

The approach of Results Frameworks underlying Project Supervision and performance

indicators is based on connection of inputs → activities → result → outcome → impact → achievement of development goal, and common with evaluation tools of Yen Loan Project.

Development objective and input, result, risk and external conditions, outcome and impact are concretely related regarding the setting of development objective and performance indicators. Specifically, performance indicators of a result and outcome and performance indicators of impact are listed in the Table attached to PSR, and this is a mechanism that can check baseline, target and performance.

Though it does not seem that disbursement performance evaluation has been made for each disbursement request in strict accordance with WB Rating Table 3-8, it is because the special account method is applied to most WB projects. WB does not carry out specific disbursement performance rating, but reviews its performance by Audit Report of a project according to Table 3-9 (specifically, delay of more/less than 3 months).

Table 3-8 Ratings of World Bank

1. Implementation Progress Ratings

		Highly Satisfactory (HS)	Satisfactory (S)	Unsatisfactory (U)	Highly Unsatisfactory (HU)
< Individual Component >					
Individual Component		Implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.	Implementation is in substantial compliance with the original/formally revised implementation plan.	Implementation is not in substantial compliance with the original/formally revised implementation plan but remedial action has been agreed.	As in "U," but remedial action has not been agreed. As in "U," but problems are not being addressed appropriately.
Special Case	Gender Component	Gender components (analysis, integration, monitoring, and sex-disaggregated data collection) are being implemented in a timely and satisfactory manner.	Implementation of the critical aspects of the gender components is proceeding in a timely and satisfactory manner. There are some problems with certain other aspects, but these are not undermining the progress of implementing the components and are being addressed by the borrower/implementing agency.	There are major problems in implementing some or all of the gender components in the project, including aspects critical to the success of the components and the project as a whole. However, appropriate measures are being taken by the borrower/implementing agency to address the problems.	As in "U," but problems are not being addressed appropriately.
	Institution-Building Components	All training is proceeding in a timely and satisfactory manner.	There are some problems in making timely and/or suitable arrangements for training, or in carrying out training, but final training results are expected to meet appraisal targets.	Some or all training is experiencing major problems, and there is uncertainty whether the final training results will closely meet appraisal expectations. However, appropriate measures are being taken by the borrower/implementing agency to address the problems.	As in "U," but problems are not being addressed appropriately.
	Technical Assistance Progress	All technical assistance is being arranged/provided in a timely and satisfactory manner.	There are some problems in arranging/providing the desired technical assistance, but the final results of the technical assistance are expected to be well in line with appraisal expectations.	There are major problems in implementing some or all of the technical assistance provisions of the project, and there is uncertainty whether the technical assistance will reach appraisal expectation, but the borrower/implementing agency is taking appropriate action.	As in "U," but problems are not being addressed appropriately.
	Studies Progress	All project studies are proceeding in a timely and satisfactory manner.	Some or all project studies are experiencing some problems (preparation and/or agreement on the Statement of Mission Objectives, staffing, conduct of field work and/or timeliness of other required actions), but the output of all studies is expected to be within appraisal expectations.	Some or all studies are experiencing major problems, and there is uncertainty whether the final output will meet appraisal expectations. The borrower/implementing agency is, however, taking action to address the problems.	As in "U," but problems are not being addressed appropriately.
< Summary Implementation Progress Rating >					
Overall Implementation Progress (Unweighted average of individual component)		Implementation of all components is in substantial compliance with the original implementation plan or with the formally revised plan.	Implementation of most components is in substantial compliance with the original/formally revised plan except for a few that are subject to remedial action.	Implementation of most components is not in substantial compliance with the original/formally revised plan but remedial action has been agreed.	As in "U," but remedial action has not been agreed.
< Specific Aspects of Project Implementation >					
Financial Management		The borrower's financial management system operates efficiently and is highly reliable. It continues to provide sound and timely financial information required to manage and monitor the implementation of the project. Appropriate internal controls are in place and functioning effectively.	As in HS, but minor deficiencies have been noted that do not have a material impact on the overall functioning of the financial management system, and are being addressed by the borrower/implementing agency.	Major deficiencies have been noted in the borrower's financial management system that have a material impact on its overall effectiveness in ensuring the proper management of project funds. However, appropriate measures are being taken by the borrower/implementing agency to address the problems.	As in "U," but problems are not being addressed appropriately.
Financial Performance		At least 90 percent of the counterpart funds required for timely and effective project implementation have been budgeted for the current fiscal year and are being released in a timely fashion, and reliable provision is made for the overall project budget. All financial covenants are complied with.	Although there are some difficulties and delays, provision of counterpart funds is likely to face only moderate problems. Provision for at least 70 percent of the required funds has been made, and funds are being released on time.	There are major shortcomings in the timeliness and/or amount of counterpart funds (less than 70 percent of needed funds) that will affect implementation and/or jeopardize the viability of the project entity, but acceptable measures are being taken to address these issues. Noncompliance with financial covenants has a major effect on project implementation/ achievement of development objectives, but there is firm expectation of compliance in the near future.	As in "U," but appropriate action to correct the problems has yet to be taken or, in the case of financial covenants, there is no expectation of compliance.
Project Management		Project management is doing its job with minor or no problems.	Despite some shortcomings, project management is doing its job with only moderate problems.	There are major deficiencies in project management resulting in significant delays in project implementation and/or achievement of project development objectives, but acceptable measures are being taken to strengthen managerial capacity.	As in "U," but appropriate corrective action is yet to be taken.
Procurement Progress	Compliance with agreed procurement schedules	No deviations on critical procurement actions, and no material deviations on non-critical actions.	No deviations on critical procurement actions but prevalent delays in non-critical actions	Delays in critical procurement actions resulting in up to 20 percent delay in project completion.	Delays in critical actions resulting in over 20 percent estimated delay in project completion.
	Quality and reliability of procurement administration	Documentation and decisions are of the highest quality, sound, and transparent, and the procurement unit operates efficiently at high standards. No heavy supervision by the Bank required. No deterioration perceptible. No, or very few, substantiated complaints from bidders.	The system operates well and needs only moderate supervision and Bank input, documentation furnished by the borrower requires only moderate revisions, and operation of the procurement unit is good or improving in respect to the initial assessment at PAD stage. Evaluation reports given to the Bank seldom need clarifications. Ex post reviews reveal a consistent pattern of clear, well-documented decisions. Small number of substantiated complaints leading to change in original decisions for contract award.	Two or more of the following issues are detected: Procurement needs substantial supervision and resources; documentation is of poor quality, requiring major and frequent revisions and clarifications; moderate amount of substantiated complaints, frequently leading to changes in award recommendations; the procurement unit operation is affected by important deficiencies in key areas of operation assessed at the PAD stage, or performance is deteriorating.	One of the following issues is detected: Frequent and persistent major substantiated complaints, leading to changes in award decisions; extremely slow processing of bid evaluations; general lack of transparency in reporting and decision making, taking several rounds of reviews and clarifications to evaluate reports or bidding documents; substantiated accusations of corruption being submitted to the Bank in more than one case in any two-year period. General non-adherence to the action plan to improve the procurement function as agreed as part of the project design. General poor reputation with bidders.
Safeguard Management Performance Rating		The agreed safeguards mitigation / development plans are being adequately implemented.	The agreed mitigation / development plans are being adequately implemented. Minor issues have arisen on one or more of the safeguards mitigation / development plans, but remedial action has been taken or is programmed.	For one or more of the mitigation / development plans, implementation is not proceeding satisfactorily. Remedial actions have been discussed with the borrower, but their implementation is uncertain.	Same as "U," but problems are not being addressed appropriately.
Other Legal Covenants		All covenants are complied with.	The borrower/implementing agency/guarantor is not in full compliance with all legal covenants, but there is firm expectation of early compliance. This noncompliance does not (a) significantly affect the implementation of the project or the accomplishment of its development objectives, or (b) seriously violate Bank statutory requirements to ensure that the proceeds of its loans are used only for the purposes for which the loans are made (as would, for instance, long delays in submitting audited project accounts).	Noncompliance has a major effect on project implementation/ achievement of development objectives, or constitutes a serious violation of Bank statutory requirements, but there is firm expectation of compliance in the near future.	As in "U," but there is no firm expectation of early compliance.
Monitoring and Evaluation (M&E)		Appropriate M&E system in place and being used by the Bank and borrower to focus attention and to report progress toward project outcomes using the agreed key performance indicators.	Appropriate M&E system in place and used by the Bank and borrower to report progress against the agreed key performance indicators.	Appropriate M&E system absent, but some of the agreed key performance indicators are being used by the Bank or borrower to report progress.	Appropriate M&E system absent, and none of the agreed key performance indicators are used by the Bank or borrower to report progress.

2. Critical Risk (CR) Rating

		Low or Negligible (N)	Modest (M)	Substantial (S)	High (H)
Critical Risk		A probability of 25 percent or less that the key assumption may fail to hold or materialize.	A probability of 26-50 percent that the key assumption may fail to hold or materialize.	A probability of 51-75 percent that the key assumption may fail to hold or materialize.	A greater than 75 percent probability that the key assumption may fail to hold or materialize.

3. Compliance with Safeguard Policies

		Highly Satisfactory (HS)	Satisfactory (S)	Unsatisfactory (U)	Highly Unsatisfactory (HU)
Compliance with Safeguard Policies		Project implementation fully complies with or exceeds requirements.	Project implementation is in substantial compliance with the requirements of the safeguard policy except for a few that are subject to remedial action.	Project implementation is not in substantial compliance with the requirements of the safeguard policy but remedial action has been agreed.	Project implementation is not in substantial compliance with the requirements of the safeguard policy and remedial action has not been agreed.

4. Development Objective (DO) Rating

		Highly Satisfactory (HS)	Satisfactory (S)	Unsatisfactory (U)	Highly Unsatisfactory (HU)
Development Objective		Project is expected to achieve or exceed its project development objective and yield substantial development benefits.	Project is expected to achieve most of its project development objective and yield satisfactory development benefits without major shortcomings.	Project is expected not to achieve most of its project development objective or to yield substantial development results.	Project is expected not to achieve its project development objectives or to yield worthwhile development results.

Implementation Progress Rating	Critical Risk Rating	Development Objective Rating
S, HS	L, M	S, HS
U, HU	S, H	U, HU
S	H	U
U	L	S

Source: Guidelines to Staff on Project Supervision, World Bank

The World Bank Portfolio Review

Policy and method of WB Country Portfolio Review are shown in OP13.16 and BP13.16 (September, 1994) of WB Operational Manual.

At the beginning of each fiscal year, WB and Borrower discuss project and organizational problems through Portfolio Review Meeting. The following to be carried out at preparation stage before holding the meeting: 1) objective of Portfolio Review Meeting, 2) implementation progress status of Action Plan developed at the previous Portfolio Review Meeting, 3) present situation of portfolio, 4) project and organizational problems that should be put on the agenda, 5) prepare draft Action Plan (depending on situation).

The following is included in the case used at the meeting in Indonesia by WB regarding supervision aspects of specific Portfolio Review.

Table 3-9 WB Portfolio Supervision Aspects

Portfolio	Content
1. Portfolio Outline	Performance during past 3 years, present, forecast for next 1 year
(1) Active Portfolio	<ul style="list-style-type: none">• Total number of projects• Committed amount• Outstanding loan amount (not-disbursed amount)
(2) Disbursement Performance	<ul style="list-style-type: none">• Annual disbursement amount• Disbursement ratio• Projects in pipeline
(3) Portfolio Riskiness (Problematic Project)	<ul style="list-style-type: none">• Number of projects with problems• Ratio of total number of projects• Commitment amount and ratio of problematic projects
(4) Development Impact/ Project Rating Exit	<ul style="list-style-type: none">• Number of completed projects• Outcome of the project• Completed project – committed project ratio
2. Disbursement Status by Project (by sector)	<ul style="list-style-type: none">• Loan signing date• L/A effectuation date• Completion date• Operation period• Loan amount• Cancelled amount• Forecast disbursement amount (every quarter)• Disburse amount (Cumulative disbursement as of current month)• Outstanding loan amount (not-disbursed amount)• Indication of problematic project
3. Project Rating Monitoring Table	<ul style="list-style-type: none">• Problem status (current situation, when the problem emerged, how it is going to be solved, etc.)• Rating of Table 3-8• PSR• Mid-term Review Plan• Mid-term review result

Source: JBIC Indonesia Portfolio Review Study, Final Report (June, 2005)

Moreover, special features of WB's Portfolio Review includes (i) monthly distribution of the portfolio review status, (ii) comprehensive and simple representation of portfolio, and (iii) its presentation with summary of rating table.

< Client Connection >

Since September of 2003 so called Client Connection system had been introduced as a service to share information on Web between WB and Borrower / Executing Agency. This information sharing system was established to share constantly latest information of WB projects on Web with Borrower / Executing Agency of WB project and donors of WB trust fund. The feature of this system is summarized in Table 3-10.

Table 3-10 Client Connection Outline

Information Source	Specific data related to a project is directly reflected from WB internal project management and financial system. Information posted on WB homepage and arranged by countries can be shared as well.
Those who can obtain access permit	<ul style="list-style-type: none"> • Staff of Borrower's government offices concerned and Executing Agency • Donors of WB trust fund (access right to the information of Donor Centre section). • WB staff
Access right	<ul style="list-style-type: none"> • Application procedure: before staff of organization concerned tries to use Client Connection, organization to which staff wishing to get access belongs to, has to submit access right application form, and then access must be permitted. Furthermore, access application request can be made on Web page of Client Connection. • Access scope: in case of permitting access application, access limit will differ depending on position of access user. For example, 1) WB project supervisor from central government monitoring Borrower's all WB projects can access Country Analysis Tools, 2) person in charge of project implementation can access detailed data of responsible project, 3) person in charge of submitting procurement documents can access procurement part. (According to Figure 3-3 access scope is limited depending on a person).
Information types	<ul style="list-style-type: none"> • Related project data: project outline, disbursement (disbursement application, monthly disbursement performance, etc), repayment status, procurement. • Country analysis tool: country portfolio (the present situation of multiple on-going projects, outline), debt management status • Information: report, news, statistics • Reference materials: policy and procedure, required form, reference data and indicator (exchange rate, etc.)
Actions to be taken by Borrower / Executing Agency through Client Connection	<ul style="list-style-type: none"> • Disbursement: after login, disbursement application document can be created through Client Connection using e-Form, and after submission, status of WB internal procedure can be checked. Timing of payment to contractor can be checked in advance. (Online submission of disbursement application documents is currently under development). • Procurement: after submission of documents required to obtain WB concurrence, subsequent procedures can be checked.
Security	To provide data security on Client Connection, many measures were taken and information is protected by strong firewall. Also, user of Client Connection has to sign Access Agreement that obliges strictly observe the protection of password information confidentiality. Furthermore, as mentioned, accessible scope is limited depending on position.
User status	Users started using Client Connection in a restricted form in September of 2003, in January of 2004 users spread all over the world. 150 countries and more than 7000 user in May of 2007.

Source: Client Connection Homepage FAQ and "WB Introduction to Client Connection" (presentation materials).

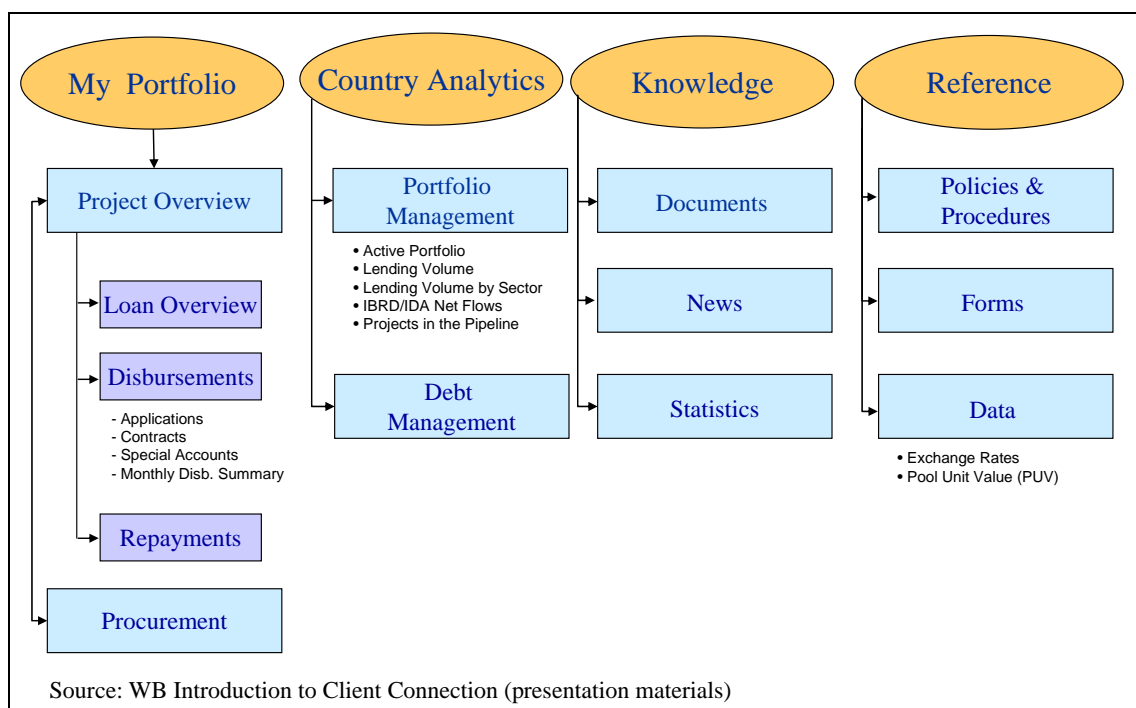


Figure 3-3 Client Connection Structure

3. 3 Supervision of Yen Loan Projects in Central Asia and Caucasus

There are seven on-going Yen Loan projects in Central Asia and Caucasus as shown in Table 3-11.

Table 3-11 List of On-going Yen Loan Projects

Country	L/A number	Project	Executing Agency
Uzbekistan	UZB-P7	Tashkent Thermal Power Plant Modernization Project	Uzbekenergo
	UZB-P8	Tashguzar-Kumkurgan New Railway Construction Project	Uzbekistan Temir Yullari
Kazakhstan	KAZ-P5	Astana Water Supply and Sewerage Project	Akimat
Azerbaijan	AZB-P3	Shimal Gas Combined Cycle Power Plant Project (Second Unit)	Azerenerji
	AZB-P4	Provincial Cities Water Supply and Sewerage Project	Azersu (water supply state company)
Armenia	ARM-P1	Electricity Transmission and Distribution Project	Energy Invest PIO
	ARM-P2	Yerevan Combined Cycle Co-generation Power Plan Project	Yerevan Thermal Power Plant

Among these on-going Yen Loan projects, regular project supervision of Uzbekistan projects is mainly implemented by JICA Uzbekistan representative office, while the projects of other countries are supervised by regional departments of JICA Headquarter.

e-Project Monitoring System

At present, E-Project Monitoring System is introduced as these tools of project supervision. The following items can be checked in the system: 1) basic project information, 2) comparison chart of planned and actual consultant selection procedure, 3) comparison chart of planned and actual procurement of contractors, 4) comparison chart of forecast and actual disbursement, 5) other related remarks.

L/A No.	Project Name	Ex. Agency	Officer	Status	Data Input
UZH-P8	Tashguzar-Kumkurgan New Railway Construction Project	Uzbekistan Temir Yullari	Homma	On Going	
UZH-P7	Tashkent Thermal Power Plant Modernization Project	Uzbekenergo	Homma	On Going	
KAZ-P5	Astana Water Supply and Sewerage Project	Akimat	Kudo	On Going	
AZH-P4	Provincial Cities Water Supply and Sewerage Project	Azersu	Tabata	New	
AZH-P3	Shimal Gas Combined Cycle Power Plant Project (Second Unit)	Azerenerji	Homma		
ARM-P2	Yerevan Combined Cycle Co-generation Power Plant Project	Yerevan Thermal Power Plant	Tabata	On Going	
ARM-P1	Electricity Transmission and Distribution Project	Energyinvest PIO	Tabata	On Going	

Figure 3-4 Project List (e-Project Monitoring System)

Here, the projects list like in Figure 3-4 is shown in the initial screen, after having compared each procedure of consultant selection and contractor procurement with the standard schedule, project with delay will blink red, and becomes the mechanism that draws attention of a responsible person to points to be paid attention.

In addition, as shown in Figure 3-5, the progress can be displayed in the form of the bar chart through comparison with the original plan for each project.

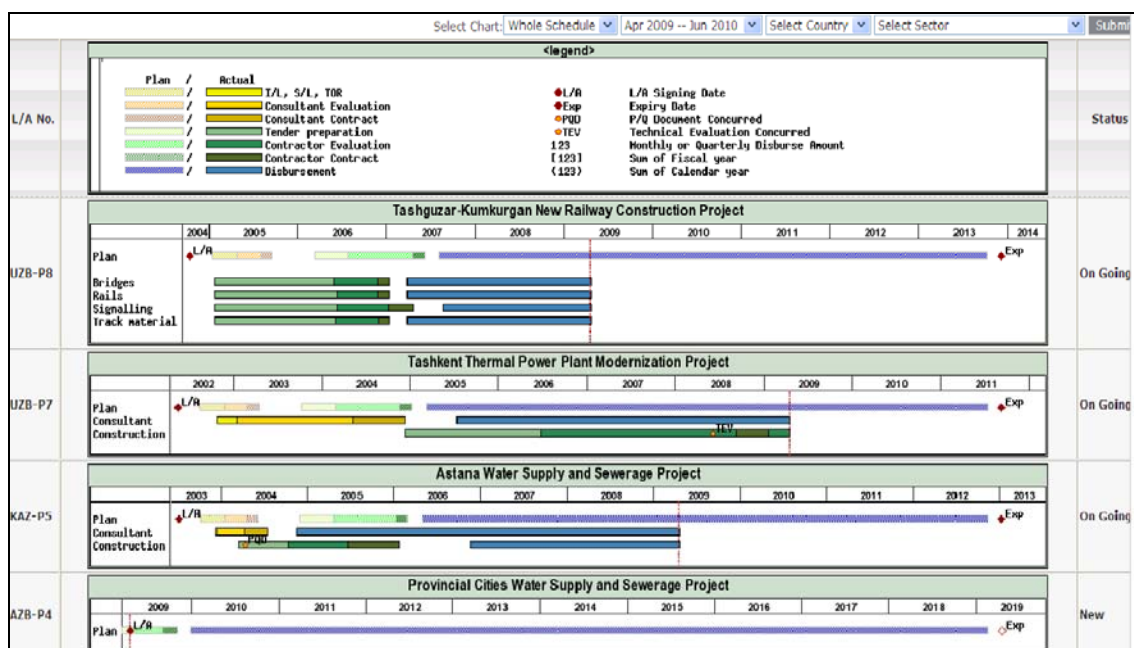


Figure 3-5 Comparison of Planned and Actual (Project Information Sharing System)

Round Table Meeting

Round Table Meeting has been held with participation of Executing Agency, JICA and Borrower's Ministries. The Action Plan is prepared in advance to summarize concerns for each project and remedial action to be taken. However, this Round Table Meeting and Action Plan are not implemented for all projects, but are planned to be expanded in the future.

Such supervision of Yen loan projects in Central Asia and Caucasus can be implemented in accordance with the Annual Project Supervision Schedule as shown in Table 0-1. In addition, with the use of e-Project Monitoring System, more efficient and effective supervision of the projects will be realized.

User Account Request

Please complete the form below:

Step 1: Organization Details

Organization Name
(required)

Telephone Number
(required)

Please include the country/city/region code.

Postal Address
(required)

Please provide the complete address for your organization/department.

Step 2: Personal Details

Full Name
(required)

Position/Title
(required)

Email Address
(required)

Postal Address
(required)

Telephone Number
(required)

Cellular phone
(required)

Step 3: Web Access Agreement

This agreement must be signed by an applicant. Please submit the signed original to JICA Headquarter:

(Address for submission)

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Full Name (Please print)

Title

Organization

Authorized Signature

Date