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**Project Agreement between Japan International Cooperation Agency  
and UNDP for Partnership Services for Support Unit to the  
Monitoring Committee on the Japanese ODA Loan project (IV)**

**MIDTERM REVIEW REPORT, (MARCH TO JULY 2014)**

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## Abbreviations and Acronyms

BTMU	Bank of Tokyo-Mitsubishi UFJ
EoJ	Embassy of Japan
E/N	Exchange of Notes
FMA Agreement	Project Agreement between Japan International Cooperation Agency and United Nations Development Programme for Partnership Services for Support Unit to the Monitoring Committee on the Japanese ODA Loan project (III)
GCPI	General Company for Ports of Iraq
GoI	Government of Iraq
GoJ	Government of Japan
JICA	Japan International Cooperation Agency
JFY	Japanese Fiscal Year
L/A	Loan Agreement
L/C	Letter of Credit
LCOM	Letter of Commitment
LMT	UNDP's Loan Management Team
M/C	Monitoring Committee for Japanese ODA Loan Projects
MMPW	Ministry of Municipality and Public Works
MoB	Mayoralty of Baghdad
MoC	Ministry of Communication
MoCH	Ministry of Construction and Housing
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoH	Ministry of Health
MoIM	Ministry of Industry and Mineral
MoO	Ministry of Oil
MoP	Ministry of Planning
MoT	Ministry of Transport
MoWR	Ministry of Water Resources
MoM	Minutes of Meeting
MPM	Monthly Progress Meeting
MPR	Monthly Progress Report
NRC	North Refinery Company
PMAC	Prime Minister's Advisory Commission
PMT	Project Management Team of implementing ministries and agencies
P/Q	Prequalification
REMEK	Regional Ministry of Electricity in Kurdistan
RMMTK	Regional Ministry of Municipalities and Tourism in Kurdistan
SCFSR	State Company for Fertilizer South Region
SOC	South Oil Company
SRC	South Refinery Company
TBI	Trade Bank of Iraq
ToR	Terms of References
UNDP	United Nations Development Programme

Japan International Cooperation Agency (JICA) and UNDP have renewed the Project Agreement for Partnership Services for Support Unit to the Monitoring Committee on the Japanese ODA Loan Project on 3 March 2014 to expand and enhance the joint cooperation to support the Government of Iraq (GoI).

UNDP Loan Management Team (LMT) has the dual roles of (i) supporting JICA's monitoring capacity and activities of the M/C and (ii) assisting GoI, especially PMTs under each implementing line ministry and agency.

## **Context**

### **Brief Background:**

The Government of Japan (GoJ) announced a USD 5 billion assistance package including USD 3.5 billion Japanese ODA loans to support Iraq's reconstruction at the Madrid Conference in October 2003. The GoJ pledged loan assistance for 21 projects and JICA concluded 20 loan agreements amounting to USD 4.4 billion as of 31 July.

All project activities, such as procurement, project management and financial management, are undertaken by implementing ministries and agencies of GoI under Japanese ODA Loan. JICA promotes efficient use of loan money and, due to its mandate, needed to ensure that the project implementation was undertaken in an accountable, transparent and efficient manner in line with JICA guidelines and regulations and that the loans were properly used for the purpose of achieving each project's objectives.

As one of the actions to strengthen the monitoring mechanism for projects under Japanese ODA loan, GoJ, JICA and GoI established a M/C under the leadership of the Prime Minister's Advisory Commission (PMAC), the Ministry of Finance (MoF) and the Ministry of Planning (MoP). The first M/C meeting was held on July 22, 2008 in Baghdad with the presence of concerned officials of GoI, GoJ and JICA, where the M/C proved to be a very effective mechanism to expedite project implementation. Since 5th August 2009, UNDP has been actively playing a supporting unit role to the M/C, based on the Partnership Services for the Support Unit to the M/C on the Japanese ODA loans.

### **Intended objective:**

The Partnership Services aimed to support and strengthen monitoring capacity and activities of the M/C, to ensure that projects were implemented in a transparent and accountable manner in accordance with JICA's rules and regulation, as well as those of GoI, in particular in procurement and financial management. The Partnership Services also aimed to assist the GoI and implementing agencies to strengthen their capacity to implement projects in procurement and financial management; and to execute the projects' budget as planned through UNDP's technical and procedural support in line with JICA's requirements. UNDP Iraq assessed the implementing projects of GoI and provided recommendations and technical support to GoI in order to develop efficient and effective project management.

## Targeted Project

L/A No.	Implementing Ministry / Agency	Name
IQ-P1	MoT/GCPI	Port Sector Rehabilitation Project
IQ-P2	MoWR	Irrigation Sector Loan
IQ-P3	MoE	Al-Mussaib Thermal Power Plant Rehabilitation Project
IQ-P4	MoCH	Samawah Bridges and Roads Construction Project
IQ-P5	MoO	Engineering Service for Basrah Refinery Upgrading Project (E/S)
IQ-P6	MoIM/SCFSR	Khor Al-Zubair Fertilizer Plant Rehabilitation Project
IQ-P7	MoO/SoC	Crude Oil Export Facility Reconstruction Project
IQ-P8	MoE	Electricity Sector Reconstruction Project
IQ-P9	MoMPW	Basrah Water Supply Improvement Project
IQ-P10	KRG-MoE	Electricity Sector Reconstruction Project in Kurdistan Region
IQ-P11	KRG-MoMT	Water Supply Improvement Project in Kurdistan Region
IQ-P12	MoB	Baghdad Sewerage Facilities Improvement Project (E/S)
IQ-P13	MMPW	Water Supply Sector Loan Project in Mid-Western Iraq
IQ-P14	MoE	Al-Akkaz Gas Power Plant Construction Project
IQ-P15	KRG-MoE	Deralok Hydropower Plant Construction Project
IQ-P16	MoH	Health Sector Reconstruction Project
IQ-P17	MoC	Communication Network Development Project for Major Cities
IQ-P18	MoO	Engineering Services for Beiji Refinery Improvement Project (E/S)
IQ-P19	MoO	Basrah Refinery Upgrading Project
IQ-P20	MoT/GCPI	Port Sector Rehabilitation Project (II)
	MoE	Hartha Power Plant Construction

Note: IQ-P10 is only for the evaluation.

## Implementation Progress and Reviews

### I. Support Unit to the M/C

1. LMT played an important role in the M/C in presenting analyses and recommendations identified through UNDP's monitoring activities in procurement management, financial management, organizational set-ups etc. Minutes of M/C in English were prepared and submitted to JICA, Embassy of Japan (EoJ) and GoI for official dissemination to all relevant ministries and agencies, with Arabic translation of the summary of the minutes. (Clause 2 of the Terms and Reference for Partnership Service for the Support Unit to the Monitoring Committee on the Japanese ODA Loan Projects, hereinafter referred to as the "ToR")

M/C Meeting No.	Date	Venue
22 <sup>nd</sup> M/C	13 February 2014	PMAC, Baghdad
23 <sup>rd</sup> M/C	5 June 2014	PMAC, Baghdad

2. LMT conducted periodical required reporting in financial management, procurement management, contract management and organizational issues of the PMTs to oversight GoI entities (PMAC, MoF and MoP), and JICA on the occasion of the M/C Meetings. (Item 3.1 of the ToR)
3. LMT's presentations were recognized as analytical and informative which contributed not only to the smooth implementation of the project, by each implementing ministry

and agency, but also for strategic insights of the entire programme by oversight GoI entities. In each M/C meeting, LMT delivered following analysis and recommendations (Clause 2 and item 3.5 (c) of the ToR) ;

- a. Review on the status of implementation of actions agreed in the previous M/C;
  - b. Issues raised during the preparatory meeting  
(Tax exemption, Arabic translation for custom clearance, LA effectuation);
  - c. Overview on Progress of ODA Loan Projects;
  - d. Procurement and Contract Management issues;
  - e. Financial Management /Outstanding banking charges;
  - f. Reporting;
  - g. Tax Exemption; and
  - h. Code of Authorities
4. On 11 March 2014, JICA, PMAC and UNDP jointly held the ceremony to announce the JICA-UNDP's fourth extension of the Partnership Agreement. "The GoI welcomes the stronger partnership between JICA and UNDP. Together, they can contribute to the further improving Iraq's national infrastructure and its various economic projects. This monitoring mechanism is also developing the GoI's project management and its approach to internationally standardized business procedures with an established monitoring committee, one of the longest continual GoI committees, providing oversight and variety of modality to resolve the issues identified for all parties' efforts and its platform becomes a knowledge sharing catalyst to disseminate success and lesson learnt among us." said Mr. Thami Ghadban, Chairman of PMAC and of the Japanese ODA Monitoring Committee. "The tripartite collaboration mechanism between JICA, UNDP and GoI is a good example of international cooperation with the concepts of partnership and ownership at its heart" he further added.

## **II. Preparatory Assistance for the ODA Loan Projects**

1. LMT maintained major areas of (i) developing the criteria of assigning the PMT members, (ii) Organizational Set-up, and (iii) establishing work procedures and coordination mechanisms.(Item 3.1 (a) of the ToR)
2. Since 2009, LMT conducted successive analyses and evaluations on the ODA Loan implementation set-ups and the related institutional capacities of the GoI to identify institutional weaknesses, capacity deficiencies, capacity development needs and to propose optimal organizational arrangements, including PMT structures, staffing, mode of functioning, work procedures and empowerment, in relation to the ODA projects. The ultimate purpose of these analyses and evaluations has been ensuring effective, efficient and timely implementation of the ODA Loan projects. LMT has submitted a proposed "Code of Authorities to the ODA Loan PMT Directors" to PMAC.(Item 3.1 (a) of the ToR)
3. Since the 21st ODA Loan Monitoring Committee meeting held in November 2013, LMT continually reviewed and discussed the Proposed Code of Authorities with the ODA Loan implementing PMTs and oversight ministries. Though PMTs very much acknowledged, the comprehensive approach of the Code of Authorities was getting difficult to adopt in the transitional period in Iraq.

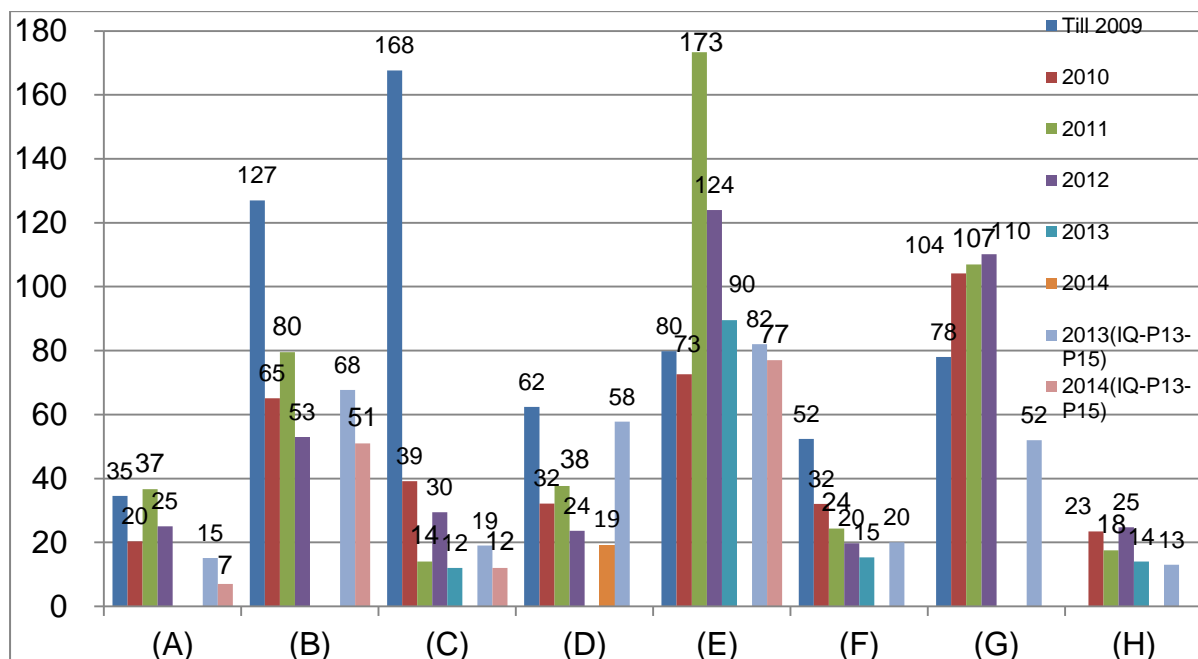
4. Effectuation of the New Project (Item 3.1 (d) of the ToR)
  - a. One of the major challenges for preparatory stage was the effectuation of the new project. E/N and Loan Agreement (L/A) for Port Sector Rehabilitation (II), IQ-P20 of which E/N and signed in February 2014 between the GoI and GoJ and between GoI and JICA, respectively.
  - b. GoJ pledged Hartha Power Plant Construction Project in March 2014, LMT started monitoring activities while the project is waiting for signing E/N and L/A.

### III. Procurement Management

As the result of LMT's monitoring activities on the Procurement Management, PMTs' understanding and compliance with JICA rules and regulations has improved, the timeliness of the procurement process, however, has areas of improvement. LMT will continually and carefully monitor and identify any bottlenecks with new and on-going projects.

1. Procurement Plan (Item 3.2 (a) and (b) of the ToR)
 

Submission of the Procurement Plan was one of the mandatory exercises for all PMTs as emphasized in the JICA ODA Seminar in February 2014. All required PMTs have submitted. LMT organized the Workshop to review the submitted Procurement Plans in April 2014 together with JICA.
2. Procurement Management (Item 3.2 (c) and (d) of the ToR)
  - a. Procurement progresses were monitored though various monitoring activities. As the general tendency, the procurement process has been shortened year by year. Especially, new projects (IQ-P13-P15), attended the procurement trainings even before starting procurement process, accomplished shorter period than old projects.



(A) JICA's concurrence of PQ Document, (B) PQ Evaluation, (C) JICA's concurrence of PQ Evaluation, (D) JICA's concurrence of Bid Documents (E) Bid Evaluation, (F) JICA's concurrence of Bid Evaluation, (G) Contract Negotiation, (H) JICA's concurrence of Contract  
Average duration for each Procurement Stage (As of 30 April 2014)

- b. IQ-P9, P13-P20 are at the procurement process. The verification of the procurement process in accordance with JICA guidelines is the key for the monitoring activities of LMT, thus, LMT attends the each procurement event, such as P/Q openings, pre-bid meeting and bid opening and report to JICA for the findings or bottlenecks in order to prevent deviation.

3. Monthly Progress Report (Item 3.2 (e) of the ToR)

LMT provided the presentation on the way to prepare the Monthly Progress Report especially for the new projects. Quality of reporting has improved. This enabled JICA/LMT to capture more accurate information. On the other hand, certain PMTs do not submit the Monthly Progress Reports, LMT to encourage those PMTs to submit it in timely manner with solving the reason that hinders their submissions.

#### IV. Financial Management

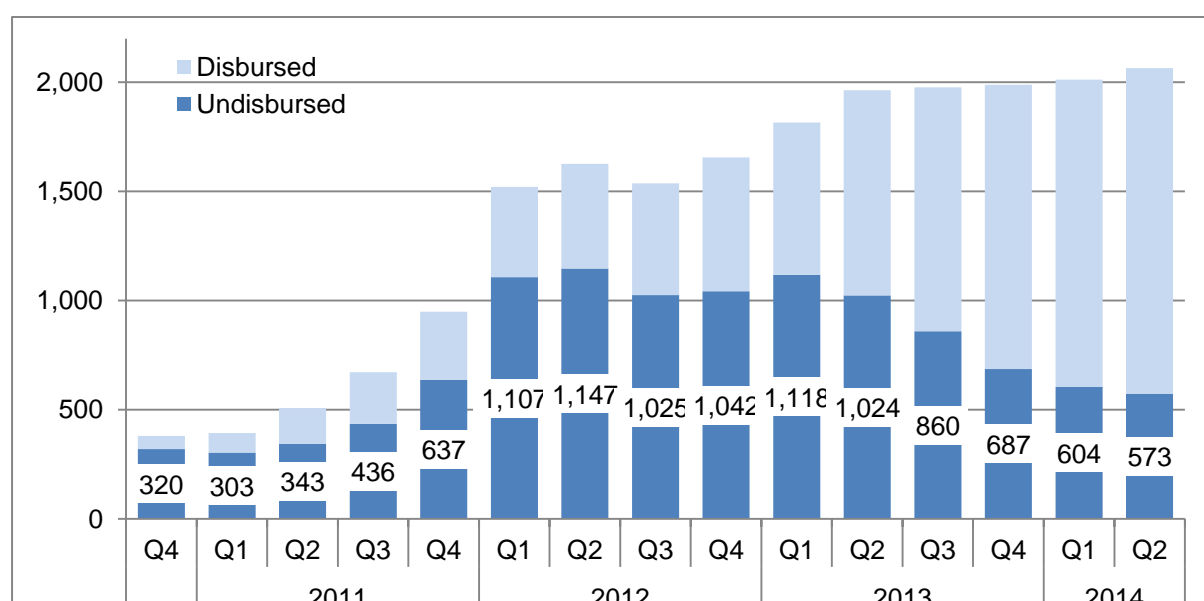
1. Disbursement Plan (Item 3.3 (a) and (d) of the ToR)

- a. All PMTs were requested to submit a Disbursement Plan as emphasized in JICA ODA Seminar in Tokyo in February 2014 and submitted Disbursement Plans were reviewed in accordance with the result of the Workshop in April 2014 organized by UNDP together with JICA.

2. Disbursement of JFY

- a. As a result of encouragement to accelerate the project implementation as well as disbursement. The final accumulated disbursement amount in the Japanese Fiscal Year (JFY) 2013 was USD716 million. It is ranked as 4th among all nations supported by JICA loan assistance. The cumulative disbursement is approx. USD1,738 million, with the record of each JFY; 2008: approx. 5 million; 2009: approx. 40 million; 2010: approx. 160 million; 2011: approx. 320 million; 2012: approx. 500 million.
- b. The analysis of LMT shows the necessity of accumulating the commitment amount for maintaining good disbursement records for ODA Loan projects as following table.

Commitment Amount (Million USD)



Disbursement Record (As of 31 May 2014)



3. LMT assesses the financial management processes of bookkeeping and information management system in the implementing agencies; and of the MoF in the limited areas of the Japanese ODA loan and provides the recommendations to JICA and the M/C. (Item 3.3 (c) and (d) of the ToR)
4. LMT continually monitors, assists and provides advice to the PMTs to comply the financial procedures with JICA's applicable guidelines. (Item 3.3 (c) of the ToR)
5. LMT monitors the financial management procedures under each project, identifies any problems or malfunctions delaying the processes and provides advice and guidance to JICA and the M/C to resolve these issues.
6. Letter of Credit (LC) (Item 3.3 (b) of the ToR)  
LMT played a key role in following-up financial issues with the Trade Bank of Iraq (TBI), Bank of Tokyo-Mitsubishi UFJ (BTMU), line ministries, as well as beneficiaries in some cases. This facilitated and accelerated the LC issuance and payment.

## **V. Contract Management**

1. Physical Monitoring on Site (Item 3.4 (a) and (c) of the ToR)
  - a. LMT acts on behalf of JICA in the physical monitoring of the implementation of each project through physical verification, timely site-visit monitoring missions and updating the progress of each project. In 2012, LMT set up the modality that LMT consults with JICA to consolidate the agenda to be discussed on sites prior to mission and submits mission reports to JICA.
  - b. Since the delivery of goods and services on sites is progressing, physical monitoring at sites is becoming very important to capture the actual situation and identify the issues to overcome. LMT strengthened the cycle of the on-site monitoring activities to expand the coverage of monitoring activities on the progress of the projects and developed reporting format as well as supporting documents in the first half year of 2014. However, due to the security situation in Iraq, LMT's mission has been limited for the last months. Currently, the security clearance of missions is able to be obtained on acceptable level. LMT will dispatch more missions for projects under implementation in the second half year of 2014.
2. Since November 2012 LMT includes checkpoints of safety measures on the works on site monitoring mission report, which checked solely by LMT to figure out the situation. However, responding to recent fatal accidents on the site, LMT changed the modality of checking the safety measures as with PMTs in order to enhance their awareness towards safer site condition. In case that LMT identifies the items does not comply with the list, it urges PMT to act, and confirms their actions in the next site visit monitoring mission. (Item 3.4 (b) of the ToR)

3. Tax exemption and Custom levy waiver have been negatively impacting project implementation since last year and was recognized as cross-cutting issue at the M/C level. LMT has closely monitored the situation and provided suggestion and recommendation to the M/C, however, the custom clearance for non-Japanese company still takes time. (Clause 2 and Item 3.4 (a) and (c) of the ToR)
4. LMT had also provided the reports on the analysis and recommendations at the implementation stage of the specific projects upon the request of JICA and the M/C. (Clause 2 and Item 3.4 (d) of the ToR)
5. JICA and LMT hold quarterly meetings to share and update the information of project progress for close monitoring.

## VI. Capacity Development

LMT supports the institutional capacity building of the implementing line ministries in procurement, project management and financial management wherever necessary. The capacity development is a key component of LMT's scope of work to tackle identified bottlenecks through monitoring activities. After five years of implementing ODA loan Projects in Iraq, PMTs have accumulated experiences and knowledge and each PMT has their specific and diverse needs and demands for the capacity development. The trainings have been organized by targeting projects in similar implementation stage. Depending on their needs, the on-the-job trainings may need to be considered, such as reporting.

1. UNDP Training Programme (Item 3.5 (b) of the ToR)

Responding the actual needs of PMT, which directly linked with the progress of projects, following trainings shall provide the basic knowledge with PMTs in order to acquire the pragmatic skills required for the smooth implementation of the Japanese ODA Loan Projects in line with JICA's rules with focus on new projects (IQ-P13-P20). UNDP is preparing them in 2014; however, the timing and venue of implementation took time to be determined, due to the current security situation in Iraq.

No.	Area	Name of Course	Target
1	Procurement	Bidding Process for the Selection of Contractor	IQ-P13-P20
2		Bidding Process for the Selection of Supplier	Projects having procurement of equipment
3		Contract Management (2 Groups)	All Projects
4	Financial Management	Financial Management Training (Letter of Credit and Disbursement Plan)	IQ-P13-P20

2. Proposed measure for Capacity Building (Item 3.5 (c) of the ToR)
  - a. LMT organized the following workshop for discussing on improving the areas of weaknesses identified and learning from some projects, which have been able to overcome project management challenges based on the observations and analyses of the 2013 Performance Evaluation (Refer to VII in this report). For effective implementation of the projects, all PMTs set their activities' plans in 2014 as the baseline.

No.	Name of Course	Date and Venue
1	Project Management and Performance Evaluation in 2013	20-22 April 2014, Dubai, UAE

- b. LMT also organized the small Financial Management Workshops for PMTs in Basra, Erbil and Baghdad upon the strong request from the PMT Directors, LMT invited not only the person in charge of the finance, but also PMT Directors, Engineers and Procurement Specialists those who are involved in the projects. These Workshops have contributed to have same understanding of the procedures in the PMTs as well as smooth financial management. Based on the English materials developed past 4 years, LMT provided presentations in Arabic in order to extend active discussion among the participants.
    - c. LMT agreed with PMTs in Basra to formulate a study group to discuss and learn among PMTs to accelerate projects implementation.
3. Capacity Building for Expansion the Knowledge (Item 3.5 (d) of the ToR)
  - a. The Ministry of Planning is mandated to provide monitoring to the governmental project. It is important to discuss with MoP how best two parties are able to coordinate to jointly dispatch on-site missions to the projects funded by Japanese ODA Loan. Success of such coordination will contribute to the capacity development of MoP at the same time. Though UNDP has initiated the dialogue with MoP and received positive feedback from DG of International Cooperation of MoP, no official response from MoP has been received.
  - b. UNDP organized Financial Management Workshop for TBI from 11 to 17 June 2014 in Tokyo, Japan with cooperation of BTMU. TBI is only the bank in Iraq practicing the L/C; therefore the capacity development of L/C department of TBI is an important key for encouraging the foreign investment to Iraq as well as accelerating the Japanese ODA Loan projects' implementation. The workshop was not only reviewing shipping documents but also acquiring the mechanism how to receive, monitor and control the SWIFT. This opportunity will help to accelerate TBI's monitoring and controlling system as a bank.

## VII. Performance Evaluation

LMT submitted 2014 annual performance evaluation of PMT to the Chairperson of M/C in March 2014 based on the agreed key performance indicators. The summary of scores is below.

ODA Loan Project No.	Ministry /Agency	PMT Organizational Efficiency / Effectiveness (25)	Proc. Mngmt (30)	Contract Mngmt (5)	Financial Mngmt (30)	Reporting (10)	Total Points out of Max. Applicable Points to Project (A)	Max. Applicable Points to each Project (B)	% (total /max) (C) = (A)/(B)	Adjusted Points (converted to 100 points) (C)*100	Rank
<b>Group 1</b>											
IQ-P1	MoT/GCPI	16.0	4.0	4.0	26.5	10.0	60.5	78.0	77.5%	77.5	1
IQ-P2	MoWR	9.0	5.9	1.9	27.5	8.0	52.3	86.0	60.8%	60.8	6
IQ-P3	MoE	8.0	1.5	0.0	16.5	2.0	28.0	78.0	35.9%	35.9	10
IQ-P4	MoCH	9.0	2.0	0.0	15.7	6.0	32.7	78.0	41.9%	41.9	9
IQ-P5	MoO	-	-	-	-	-	-	-	-	-	-
IQ-P6	MoIM /SCFSR	17.5	1.5	0.0	26.2	6.0	51.2	78.0	65.7%	65.7	4
IQ-P7	MoO/SOC	10.0	4.0	0.0	23.1	8.0	45.1	78.0	57.8%	57.8	7
IQ-P8	MoE	15.0	15.9	1.7	25.5	8.0	66.1	100.0	66.1%	66.1	3
IQ-P9	MMPW	14.0	20.7	0.0	25.0	4.0	63.7	100.0	63.7%	63.7	5
IQ-P10	RMEK	14.0	3.0	2.5	25.1	8.0	52.6	78.0	67.5%	67.5	2
IQ-P11	RMMK	14.0	10.0	0.0	16.8	6.0	46.8	86.0	54.5%	54.5	8
IQ-P12	MoB	4.5	-	-	6.4	-	10.9	35.0	31.2%	31.2	-
<b>Group 2</b>											
IQ-P13	MMPW	19.0	18.5	-	18.3	6.0	61.8	95.0	65.0%	65.0	1
IQ-P14	MoE	5.5	8.9	-	14.2	8.0	36.6	95.0	38.5%	38.5	3
IQ-P15	RMEK	14.0	14.1	-	17.0	10.0	55.1	95.0	58.0%	58.0	2
<b>Group 3</b>											
IQ-P16	MoH	18.5	3.0	-	-	6.0	27.5	43.0	64.0%	64.0	1
IQ-P17	MoC	12.5	3.5	-	-	8.0	24.0	43.0	55.8%	55.8	2
IQ-P18	MoO/NRC	7.0	-	-	-	8.0	15.0	35.0	42.9%	42.9	-
IQ-P19	MoO/SRC	7.5	4.0	-	-	0.0	11.5	43.0	26.7%	26.7	3

\* P5/P12/P18 are only Engineering Services and not ranked.

\*\* Grouping is applied for evaluation in 2013 and based on the timing when L/A was signed.

(Clause 3.6 of the ToR)

Result of Performance Evaluation 2013

## **VIII. Consultation**

LMT will organize the knowledge sharing workshops among JICA's borrowers' countries in August 2014. Recognized as an effective intervention for Japanese ODA Loan projects in Iraq, this monitoring mechanism needs continuous improvement. With a strong focus on development results, effective monitoring and evaluation is one of key pillars of good governance at all levels to improve delivery including budget execution, and to demonstrate results through "Plan-Do-Check-Action" (PDCA) business cycle. This workshop is proposed to achieve the following objectives through discussions and dialogue among countries;

- To share the "monitoring" and "evaluation" mechanism for development results from different countries with their successes and challenges;
- To exchange views on how to setting targets, formulate indicators, collect information and assess progress;
- To share some countries' experiences of sustaining on-going monitoring and feedback mechanism for improvement in improving delivery;
- To explore effective measures to promote the culture of results orientation and ensuring the accountability of actions and behaviors through motivations and incentives;
- To identify an effective approach to link monitoring and evaluation with capacity development efforts for improved performance.

## **IX. Recommendation and Lesson Learned**

LMT recommends the following points as way forward of the ODA loan projects;

1. Preparatory Assistance for the ODA loan projects  
This is one of the critical elements for smooth implementation of the ODA loan projects; optimal organizational set-up of PMTs with reasonable delegated authorities. However, the current status of GoI will make very difficult for PMTs to be delegated authorities in comprehensive manner. The direct communication with top executives will be a key for speedy decision making, therefore, the M/C and JICA is recommended to organize the workshop for the awareness of ODA Loan projects for the high level officials, once new government is formulated.
2. Procurement Management  
PMTs generally understand JICA's rules and regulations. However, several issues observed in the implementation stage were caused by the procurement process, such as vagueness in drafting contracts or contract negotiations. PMTs need to acquire the philosophy behind and interpretation of JICA's rules and regulations as well as international standards in order to avoid the potential risks of disputes in the implementation stage.
3. Financial Management  
It is recommended to review the disbursement plans of all projects and set a realistic target of disbursement amount of JFY2014 for the following reasons. One of the challenges in the latter half year of 2014 is how to accumulate the disbursement

amount of JFY 2014. As the mentioned above, Iraq has maintained the good trend of disbursement amount for years, however, the progress of the projects those to be contributed the disbursement amount of JFY2014 is far behind the schedule, and the current political and security situations in Iraq prevent the M/C and/or JICA from the effective intervention to solve the issues. In addition, the commitment ratio, shown in the above table at IV 2.b, reached nearly saturation point, and new commitments are required for the pipeline of portfolio of Iraqi ODA Loan projects.

#### 4. Contract Management

Although LMT needs further observation and analysis on the Monthly Progress Meeting (MPM), assumes following points as further recommendations.

- a. Generally speaking, the preparations of the three parties in MPM are not enough to settle the issues in the meetings. Some discussion points are not well shared in advance, and each party seems to not have enough evidence to support their claims.
- b. Documentation of the Minutes of Meeting (MoM) can be considered as challenge for all three parties. Fundamentally, the MoM is a quasi-agreement of related parties that is legally binding for certain level for next actions; however, in most cases, the wording of MoM is very vague and unclear, mixing between opinions and agreements and lacks specific action points This leads further confusion in interpretation of the MoM among the parties. In addition, the act of signing the MoM itself comes to be the main purpose of the meeting, and MoM becomes rather a record of proceedings of the meeting than its minutes. All parties shall explicitly stipulate agreed and/or disagreed points in order to make the MoM and agreement on solid steps of action, otherwise, discussions will be looping in the same points for months.
- c. Regarding PMT's role, they shall develop their capacities in : i) formulating an outline of their internal opinion before attending meetings, ii) requesting the Consultants for organizing necessary information or data in order to develop further and solid negotiation with the Contractors iii) enhancing the skills of expressing their opinions or requirements, most of the PMTs just express their claims fragmentally and are not able to lead the negotiation to realize their claims in the project context. Especially in discussing the issues of contract dispute, PMTs shall review and refer the contract agreement precisely. The current way of referring the contracts are very rough and sensory – such as “according to the contract” or “does not comply with specifications” without referring the clauses of the contract. PMT shall identify exact “sentences” or “words” in the clauses with their optimal interpretation to convince other parties. This skill could be said as the one of the most important capacities of public officials.

#### 5. Capacity Development

The regular capacity trainings are far behind schedule due to security situation in Iraq, in the latter half year of 2014, LMT shall facilitate those trainings.