

DRBF 28th ANNUAL INTERNATIONAL CONFERENCE

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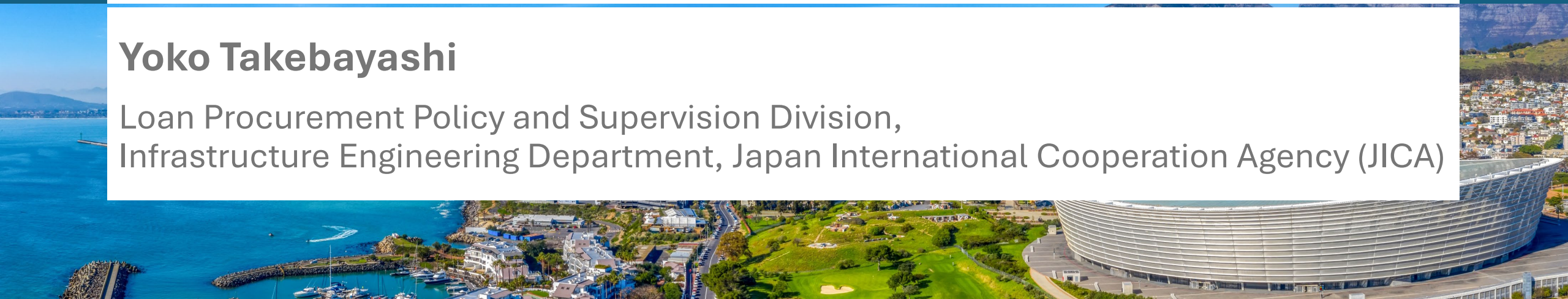




The State of Disputes: Interim Findings of JICA's Survey on DB

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Background: JICA's Policy on DB

- **Criteria of application of DB provision**

Contract Amount \$1=JPY135	Type of DB
Over JPY 10 billion (\$ 74 million)	Standing DB/3 members (required)
Over JPY 3 billion (\$ 22 million) and less than JPY 10 billion(\$ 74 million)	Standing DB/1 or 3 members (required)
Less than JPY 3 billion (\$ 22 million)	Standing DB is recommended

- ✓ Establishment of DB shall be discussed and agreed at JICA's Appraisal.
- ✓ The entire DB cost shall be included in the total project cost and covered by the JICA loan.

Background: Outline of the DB Survey

- **Purpose:**

- ✓ Understand good practices / obstacles in DB establishment
- ✓ Draw recommendations for further promotion of standing DBs

- **Duration:** September 2024 – July 2025

- **Target:** 247 contract-lots (contracted in 2018 to 2023)

125 contract-lots: No provision of standing DB in contract

52 contract-lots : With standing DB provision but not yet established

70 contract-lots (28%): Standing DB established

→ Sent questionnaire to Employers, Contractors and Consultants

→ Received 467 responses and conducted analysis for 100 contract-lots

Trends: Major Findings of the DB Survey

- **Timing of Establishment:** Difficult to establish with the deadline

Within the contractual deadline	13 lots
After the contractual deadline	31 lots (<u>70% is being delayed</u>)

- **Major Obstacle:** Appointment and approval of DB members

Type of contract-lots	with S. DB provision but not yet established	with S. DB established
Appointment and approval of DB members	27	27
DB agreement	2	6
Budgeting and Cost	2	9
Others	16	1

Trends: Major Findings of the DB Survey

- **Informal Opinion:** Not yet used, but considered beneficial if used

How many times Informal Opinion (IO) requested?

1	7 lots	Was it beneficial?	Yes	16 responses
1 - 4	6 lots			
5 or more	4 lots			
subtotal	17 lots	No	4 responses	
0	30 lots			

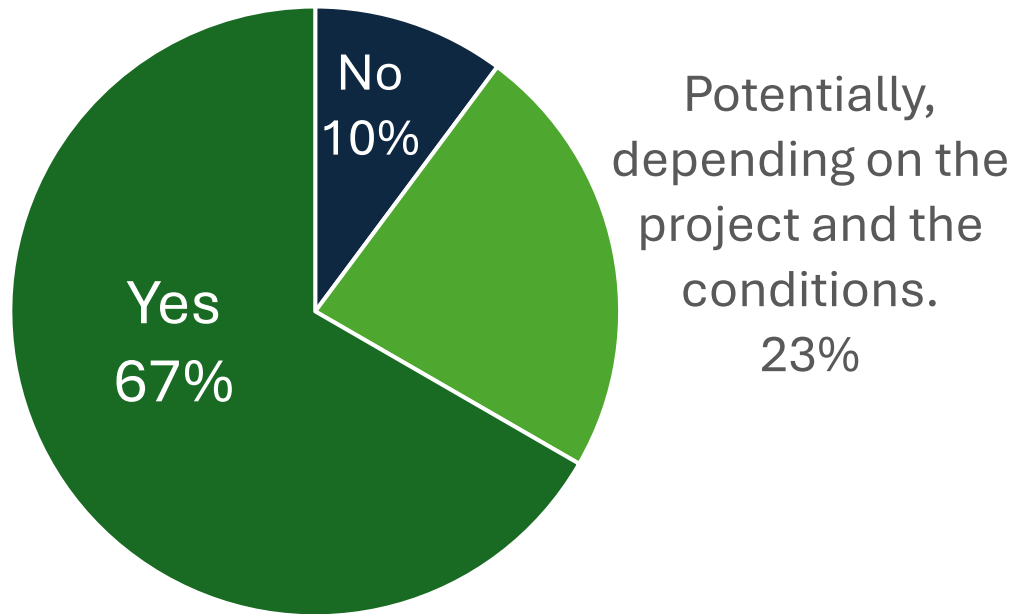
We haven't encountered any situation where we needed to request the DB for an IO.	22
The other Party did not agree to request the DB to seek an IO.	7
We did not know / not informed that we could obtain an IO.	3
The process for requesting the DB to seek an IO is not transparent.	3
We were not convinced that an IO would be beneficial in avoiding a dispute.	3

Lack of understanding?

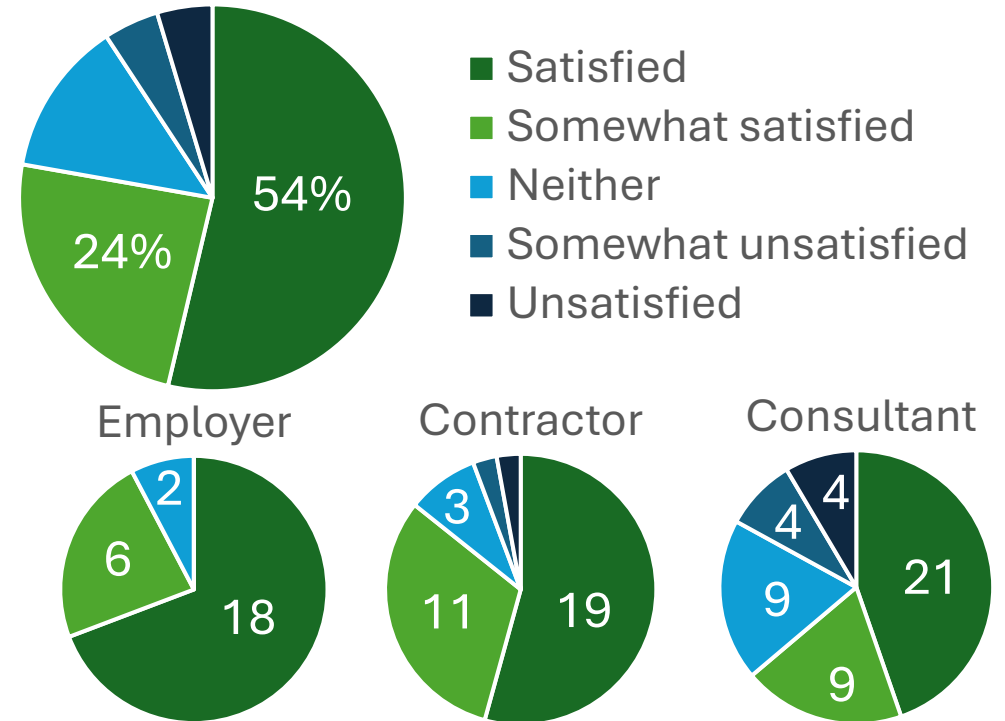
Trends: Major Findings of the DB Survey

- **Experience of DB:** Avoidance function is largely recognized, and satisfactory level is high (78%: Satisfied + somewhat satisfied)

DBs are effective in avoiding Disputes?



Generally satisfied with the Dispute Board?



Recommendations: JICA's possible actions

- **Knowledge sharing seminar:** Organize seminar for project owners and relevant government agencies to share good practices (i.e. **dispute avoidance mechanism, use of Informal Opinion**).
- **DB provision:** Consider changes to facilitate early establishment of S. DB (i.e. **set realistic deadline, nominate DB members at bidding stage**)
- **DB members:** Closely work with DRBF representatives (i.e. **Dr. Castro and Dr. Hardjomuljadi**) to increase the number of potential DB members who understand local regulations/context and facilitate early project completion and to prepare a potential member list.
 - **JICA continues to promote Standing DB establishment with close cooperation with DRBF!**