
JICA Knowledge Co-Creation Program
Strengthening of Project Value Chain for DFIs in SADC Countries

Project Value Chain

alias, project cycle
Overview

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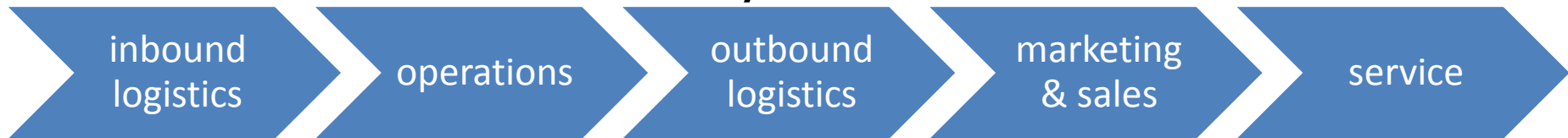
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Value Chain

by Michael Porter

Primary activities



Secondary activities

procurement

human resources management

technological development

infrastructure

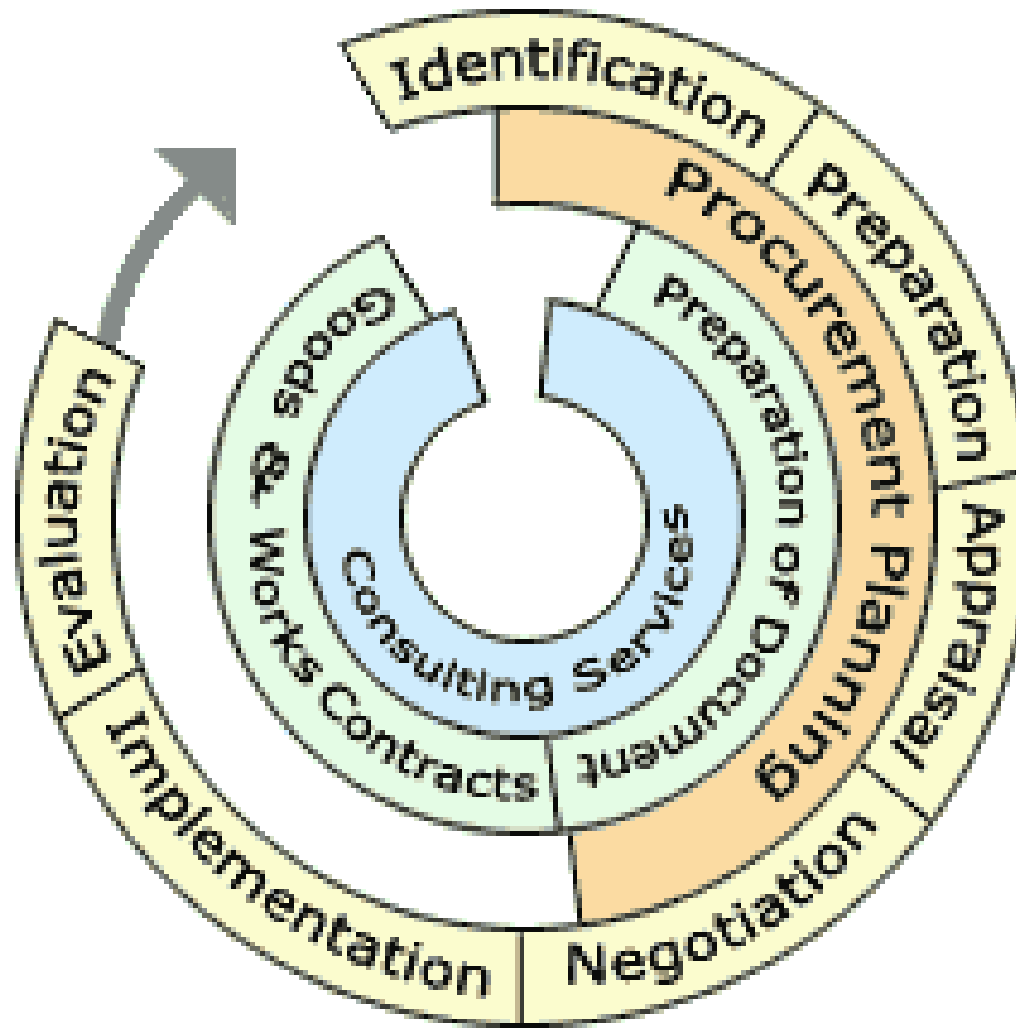
Value Chain: Primary activities

- **Inbound Logistics** - receive, store, and disseminate inputs from suppliers.
- **Operations** - transform inputs into outputs (products and services).
- **Outbound Logistics** - collect, store, and distribute the output.
- **Marketing and Sales** - inform buyers about products and services, induce buyers to purchase them, and facilitate their purchase.
- **Service** - keep the product or service working effectively for the buyer after it is sold and delivered.

Value Chain: Secondary Activities

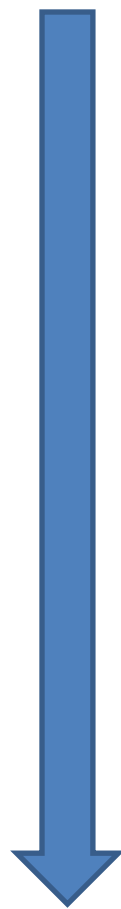
- **Procurement** - acquisition of inputs, or resources, for the firm.
- **Human Resource management** - recruiting, hiring, training, developing, compensating and dismissing or laying off personnel.
- **Technological Development** - the equipment, hardware, software, procedures and technical knowledge brought in the firm's transformation of inputs into outputs.
- **Infrastructure** - legal, finance, planning, public affairs, government relations, quality assurance and general management, etc.

Project Cycle: at a glance (Mandala)



Source: World Bank

Project Cycle: Sequence



JICA's ODA Loan	World Bank*
☐ Identification	☐ Identification
☐ Formulation	☐ Preparation
☐ Appraisal	☐ Appraisal
☐ Commitment, E/N, L/A	☐ Negotiation/Board Approval
☐ Procurement/Disbursement	☐ Implementation
☐ Supervision	
☐ Post-evaluation	☐ Evaluation
☐ Post-monitoring	
☐ Feedback	* Source: World Bank homepage , Resource Guide: Project Cycle

Project Cycle: Stages

Identification

- To conduct developmental studies (e.g. thematic, sectoral).
- To identify projects meeting development needs and select project to go on to the next formulation/preparation stage.

Project Cycle: Stages

Formulation/Preparation

- To prepare Feasibility Study (F/S) report with detailed studies on economic, social, financial, technical, environmental aspects of the project.
- To prepare environmental impact assessment(EIA), implementation plan (I/P), etc.
- Borrower to request for a loan for the project.

Project Cycle: Stages

Appraisal

- To review the F/S and all other studies conducted in the previous stages, and also the procurement plan identifying the types and amounts of equipment, goods, civil works and services that will be procured.
- To prepare appraisal report covering a detailed description of the project and its implementation.

Project Cycle: Stages

Commitment, E/N, L/A

- Lender and borrower agreeing on the terms of the loan supporting the project after negotiation.
- Lender's decision for a loan; commitment, is conveyed to borrower, and conclude a loan agreement (L/A) (after conclusion of E/N).

Project Cycle: Stages

Procurement/Disbursement

- After L/A is concluded and effectuated, the borrower can use the loan to purchase the goods and services necessary for the project's objectives in accordance with the lender's procurement guidelines.
- Disbursement of the loan will be made in accordance with the lender's disbursement guidelines.

Project Cycle: Stages

Supervision

- Borrower is responsible for implementing the project, but lender monitors the project to ensure that the terms of L/A are honored including procurement guidelines.
- Lender and borrower communicate closely throughout the project cycle, and lender advises borrower when needed.

Project Cycle: Stages

Post-Evaluation

After the completion of the project, whole project process is reviewed, the project's outcome is measured against its original objectives, and the lessons for improvement to be extracted.

Project Cycle: Stages

Post-Monitoring

To monitor maintenance and operations of the project after the completion, for a certain period of time, to ensure the sustainability of the project.

Project Cycle: Stages

Feedback

Information feedback will be made from the result of post-evaluation, supervision, post-monitoring, for new projects and also projects under different stages of implementation, closing the project cycle.

Thank you