



Part I

Main Activities in FY2008



Marking 20 Years

Special Feature

Japan International Cooperation System (JICS) marked its 20th anniversary in April 2009.

Global conditions and the economic environment have drastically changed in last 20 years, and the needs for Official Development Assistance (ODA) have also changed. Accordingly ODA and the implementation schemes which deliver it have changed dramatically. In October 2008, the Japan International Cooperation Agency (JICA), an ODA executing agency, and the ODA (loan aid operations) division of the former Japan Bank for International Cooperation (JBIC) merged, with the further addition of part of the grant aid operations of the Ministry of Foreign Affairs, to create New JICA.

The duties and role of JICS have also changed, in line with the progress of Japan's ODA, and expanded. JICS' duties have broadened, to include procurement of services as well as of equipment and materials, and its duties now commonly encompass management of entire projects for the provision of facilities.

JICS has also expanded one step from Japan's ODA to work as a procurement agent for international organizations and foreign governments for the smooth implementation of international cooperation projects.

This special feature examines the work of JICS within the new scheme of Japan's ODA and presents projects commissioned by international agencies and other bodies.

1. JICS and the New Japan's ODA

(1) The New Implementation Scheme for Japan's ODA (Official Development Assistance)

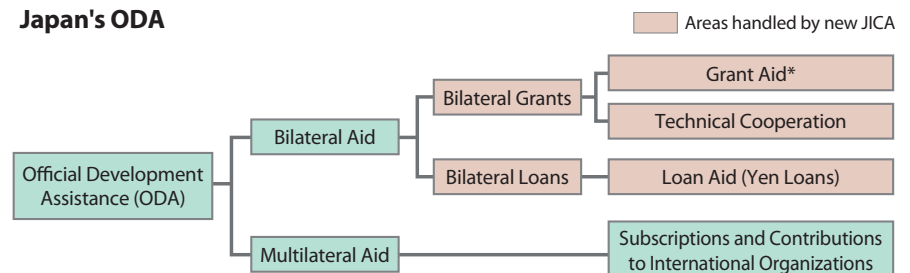
The 20 years since 1989, when JICS was founded, have been a time of turbulent change in the state of the world, and the environment in which Japan's ODA operates has also changed greatly. In 1989, when JICS was founded, Japan led the world in its pro-

vision of ODA. But the Japanese budget for ODA peaked in 1997, and is now at approximately 60% of the peak level, making Japan the fifth-largest ODA provider. The declining budget obliges us to implement ODA programs more effectively and efficiently, and the Japanese government is working to that end in various ways.

The ODA Charter was adopted in 1992, and in 1999, the Overseas Economic Cooperation Fund (OECF) merged with the Export-Import Bank of Japan to establish the Japan Bank for International Cooperation (JBIC). The New ODA Charter was adopted by cabinet resolution in 2003, with the aims of making ODA more strategic and transpar-

Photo a: A school in Indonesia reconstructed with aid for Tsunami damage recovery
 b: Children on a project site in Madagascar
 c: A school building being constructed in Lesotho with Grant Aid for Community Empowerment

Japan's ODA



*Part of grant aid is under the jurisdiction of the Ministry of Foreign Affairs.

ent, encouraging broad-based public participation and deepening understanding of Japan's ODA in Japan and abroad. In the same year, the Japan International Cooperation Agency was converted to an independent administrative agency, and its Japanese name was changed, among a range of other reforms.

Then, in October 2008, the Japan International Cooperation Agency (JICA) and the ODA (loan aid) division of the former JBIC merged, with the further addition of part of the grant aid operations of the Ministry of Foreign Affairs, to create a new ODA implementation body.

This integrated three different types of assistance, namely technical cooperation (JICA), loan aid (JBIC) and grant aid (Ministry of Foreign Affairs), for unified implementation by the new JICA. Led by the vision of "Inclusive and Dynamic Development," New JICA is beginning work on comprehensive aid that employs organic combinations of aid methods.

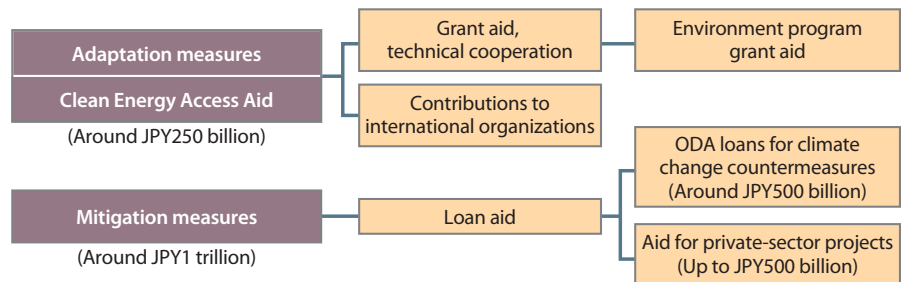
(2) The Broadening Operations of JICS, and its Reorganization

JICS had previously focused on procurement of equipment and materials and surveys under technical cooperation and grant aid. That remained true under the new ODA implementation scheme.

JICS began its operations in 1989 with the preparation of specification documents for equipment and materials needed for grant aid surveys and technical cooperation. From 1990, its role expanded to include procurement management for grant aid, and the purchasing and shipping of equipment and materials related with technical cooperation. In 1993 JICS started working as a procurement agent for Non-Project Grant Aid. Its work expanded and diversified to cover a broad range of procurement tasks.

Before 2001, JICS' operations had mainly been focused on procurement of equipment and materials, but in that year, JICS undertook a reconstruction project for Afghanistan that became a turning point. After that, JICS began to take charge of management of facilities construction projects, through its roles in the procurement activities. JICS was commissioned with Iraq reconstruction grant aid and Cambodian peace-building projects in 2003, and with reconstruction projects for the Sumatra Earthquake and Tsunami Disaster in the Indian Ocean in 2005, and there has been an uninterrupted rise in facilities projects. Grant Aid for Community Empowerment and Grant Aid for Disaster Prevention and

The Cool Earth Partnership



Reconstruction were established in 2006, and Environment Program Grant Aid began in 2008. In these project schemes as well, JICS has been building the needed facilities, in addition to procurement of equipment and materials.

In these facilities construction projects, JICS provided comprehensive project management, acting as a procurement agent for the counterpart government, identifying local needs, coordinating among diverse agencies, procuring equipment and materials, and selecting and contracting constructors for facilities, as well as managing progress and funds.

JICS has built up a body of expertise in international procurement, and to put that expertise to good use, it is strengthening its efforts to win orders for international cooperation projects implemented by international organizations and foreign governments.

In addition to its usual work in procurement of equipment and materials, JICS has been working in recent years for projects to build facilities, and for projects from international organizations. In October 2008, JICS reorganized in order to respond to these diverse changes more swiftly and appropriately.

This reorganization made the First Management Department responsible for facilities construction-related projects, such as Grant Aid for Community Empowerment and Grant Aid for Disaster Prevention and Reconstruction, and made the Second Management Department responsible for work focused on procurement of equipment and materials, such as food aid, Grant Assistance for Underprivileged Farmers, non-project grant aid, technical cooperation and cultural grant aid. A Office of Quality Management was also established to provide cross-departmental management of the quality of work and outcomes from the two departments. JICS aims to strengthen the specializations of the two departments, with their accumulated experience, while also fostering inter-divisional collaboration, and to greatly improve the quality of its

work, with the needs of clients constantly in mind.

(3) New Environment Program Grant Aid

■ The Cool Earth Partnership

Environmental issues are a challenge for the whole world, and there is a social awareness that they must be tackled by diverse measures and at all levels from individuals to nations. Japan has been addressing the environmental problems of developing countries for many years. In January 2008, Japan announced the Cool Earth Partnership at the World Economic Forum (the Davos Conference).

The Partnership aims to help to stabilize the climate by providing aid worth USD10 billion (JPY1.25 trillion), over five years from 2008, to developing countries which are trying to reconcile greenhouse gas emission cuts with economic growth. "Environment Program Grant Aid" was established in FY2008 as grant aid for the implementation of this assistance.

■ Environment Program Grant Aid

The Environment Program Grant Aid calls aid for the formulation of policies and plans



An urban street in Bangladesh

“Program Decision Support” and aid for specific projects “Program Implementation Support.” The latter is further subdivided into two types: “Comprehensive Support,” which combines hard aspects like facilities, equipment and materials, with soft component (technical cooperation) aspects such as dispatch of experts, training and workshops; and “equipment supply,” which basically provides equipment and materials.

In this grant aid, JICS serves as a procurement agent, based on a contract with the government of the developing country, providing procurement of equipment, materials and services, as well as management of the project as a whole.

Environment-friendly Garbage Trucks

Bangladesh

The Programme for Improvement of Solid Waste Management in Dhaka City Toward the Low Carbon Society

The capital region around Dhaka, has a population of over 12.2 million, and management of the growing volume of waste is becoming a serious problem. JICA conducted a development study and implemented a technical cooperation project starting in February 2007, as well as dispatching Japan Overseas Cooperation Volunteers.

Raising garbage collection and transportation capacity is becoming an important task in Dhaka. Many of the garbage collection trucks and other equipment have become dilapidated, and most will become unusable within the next few years. However, the government could find no source of funding for independent procurement of garbage collection trucks, and asked Japan for grant aid.



Illustration of a completed garbage collection truck station

Japanese counterparts took the view that the introduction of garbage collection trucks fueled by compressed natural gas (CNG) would assist a transition towards a low-carbon society and a recycling-based society. On February 18th, 2009, “The Programme for Improvement of Solid Waste Management in Dhaka City toward the Low Carbon Society” was adopted as comprehensive-support type Environment Program Grant Aid. For this project, JICS signed a procurement agent agreement with the city of Dhaka and is providing fund management, procurement of equipment and materials, and management of the project as a whole.

This aid will procure 45 CNG garbage collection trucks, 20 arm roll trucks, and 35 compactor trucks, construct facilities for the maintenance and management of garbage collection trucks, and dispatch experts in environmental education, the maintenance management of vehicles and facilities, and monitoring of greenhouse gas reduction effects.

This project is expected to reduce the CO₂ emission volume per garbage collection truck per day from approximately 45kg to approximately 17kg, and raise the garbage collection rate in Dhaka from 58% to 67%. As a result, the methane and other gases emitted from illegally dumped waste will be reduced, as will emissions of greenhouse gases, and these improvements are expected to mitigate climate change and improve the living environment.

(4) New Developments in Grant Aid for Community Empowerment

■ Assistance for community development through projects such as school construction

In 2008, JICS started six new projects in

Grant Aid for Community Empowerment. The six target countries were Vietnam, Bhutan, Laos, Bolivia, Nicaragua and Lesotho. Of those, the aid for Vietnam, for which JICS provided procurement agency, attracted attention as the first multi-component Grant Aid for Community Empowerment project. A comprehensive

package, it included infrastructure improvement in areas damaged by forest fires, specifically filling low ground with earth to improve forested areas, the construction of canals, roads, bridges, medical facilities, educational facilities and other works, together with provision of equipment and materials. Selection of construction contractors was completed within FY2008, and the construction work will be done in FY2009.

All the other projects were for school construction. In each case, JICS has been working as a procurement agent on behalf of the counterpart government, and is working steadily on procurement preparations, such as confirming final construction locations and numbers of classrooms, and selecting construction contractors.

Construction works began in FY2008 for four projects for which procurement agent agreements were signed in FY2007, in Senegal, Niger, Madagascar and Ethiopia.

Approaching the Completion of Construction Phase 1

Madagascar

Project for Construction of Classrooms for Elementary Schools in the Regions of Antsiranana and Toliara

In Madagascar, construction, divided into phase I and phase II, is under way in 52 elementary schools (204 classrooms). Construction of phase I (65 classrooms in 24 schools) began in FY2008 and was largely completed by March 2009. Construction in phase I was in the region of Toliara in the Southeast. Phase II is scheduled to build 139 classrooms in 28 schools in the region of Antsiranana in the Northeast.

Completing construction within the planned period required hard work by local



A CNG workshop in Dhaka, which provides replacement parts, repairs and other services



Local people standing in front of a new school in Madagascar



A goat, given as a gift in Madagascar

contractors. As these were medium-sized local companies, not backed by large capital, it was certainly not easy for them to arrange equipment and materials and organize funding, but they did their best until the work was done, to reach the goal of building schools for the children. At a handover ceremony at a school in the mountains, local residents gave a goat as a gift to express their gratitude for the realization of their own school.

This plan built the learning environment for 10,000 children. The manager of the regional education office, attending a school handover ceremony said, "We will use this school carefully for 50 years, and then a few of our graduates will thank you by coming to build schools in Japan."

Facing an Array of Constraints

Ethiopia Project for Construction of Primary Schools in Oromia Region

This project in Ethiopia was initially planned to provide 348 classrooms in 57 elementary

schools in the provinces of North Shawa, West Herarge and Arsi. JICS has been working on various preparations for construction in FY2008, after agreeing a procurement agent agreement with the Ethiopian government in December 2007.

Most of the planned sites are in isolated parts of the interior, far

from trunk roads. Some require transportation of equipment and materials by donkey, while others require driving for five hours or more on unpaved roads. As it is extremely difficult to access the region in the rainy season, which lasts from June to September, the construction period is constrained by the need to complete work within the dry season. This necessitated swift selection of contractors. Also, rapid price inflation and other factors forced a reduction from the initial plan in the quantity of construction. After a tendering process for the selection of construction contractors, and following confirmation with the Ethiopian government, it was decided in December 2008 that 200 classrooms in 31 schools should be constructed, and contracts were signed with eight local construction contractors. In January 2009, the currency was devalued against the US Dollar, which opened up some margin in Dollar-based procurement funding, and it was decided that additional 28 classrooms should be built at five schools, for a final total of 228 classrooms at 36 schools.

Following this adjustment in the procurement preparation phase, construction work began on the first 31 schools in February 2009, without problems. Work progressed smoothly, and largely according to plan, with excavation and laying of foundation stones in some schools completed by March 2009. Final completion of construction, including the additional five schools, is expected in 2010.



Ethiopia - Foundation works for school construction

From the Field

Madagascar and Aid for Community Empowerment

The Exchange of Notes for the 5th Non Project Grant Aid, between Japanese and Malagasy governments, was signed in November 19th 1999. JICS was designated as the Agent according to the Agreement of December 15th 1999. Following these signing, JICS liaison office in Madagascar was created in April 2000. Its first office was established in Isoraka, Antananarivo (Tana). Two local staffers including myself worked there to represent JICS. Due to the political and economic circumstances, the liaison office had to relocate to another building in Isoraka in September 2002.

Since 2000, various projects for Madagascar have been entrusted to JICS Tana office: Non-Project Grant Aid, KR11, KRI, Cultural Aid, etc. When Grant Aid for Community Empowerment started in 2007, the liaison office moved for the second time to Ampefiloha. From this date, Japanese office staff have worked full time and the number of local staff increased. Two project offices were also created temporarily in Toliary and Antsiranana.

The office has changed address twice and various staff were replaced but me, I'm still there. Maybe, in order to be able to tell how important for JICS Tana to take part in the Nippon-Malagasy cooperation.



Manantena

2. Aiming to Become an International Procurement Agency

(1) The Road to Becoming an International Procurement Agency

JICS has supported Japan's ODA since it was established in 1989, as the Japan's only public ODA procurement organization with a fair and neutral position. Over those 20 years, JICS has broadened its role beyond procurement of equipment and materials, getting involved in various projects for the provision of facilities, and its diversifying work now extends to the management of entire projects.

In recent years, JICS has been actively engaged in the international cooperation activities of international organizations and foreign government, alongside its work in Japan's ODA.

Starting with assistance for avian influenza countermeasures, commissioned by the ASEAN Secretariat in FY2005, JICS was also commissioned by the World Organisation for Animal Health (OIE) in 2006 to provide procurement services for special programs involved in avian influenza disease control. In FY2007, JICS was commissioned by the ASEAN Secretariat to perform surveys for a project to develop major roads spanning three countries, Cambodia, Laos and Vietnam. JICS was also commissioned with a project in Mongolia by the Millennium Challenge Account (MCA), the new US grant aid system, together with Crown Agents.

In FY2008, JICS was commissioned by the

World Organisation for Animal Health (OIE) to provide phase II of procurement services for special programs involved in avian influenza disease control, and by the Asia-Europe Foundation (ASEF) to support avian influenza countermeasures.

In a different approach from Japan's ODA, JICS received a "Subsidy for Projects to Promote Oil Refining Technology and Other Measures in Oil-producing Countries" from the Agency for Natural Resources and Energy under Japan's Ministry of Economy, Trade and Industry, and was able to put its accumulated expertise to good use in procuring vehicles quickly for Saudi Arabia.

JICS is starting to exploit its body of experience and knowledge in international procurement, built up in the course of its work to date, to evolve into an international procurement management agency.

(2) Cooperation with International Organizations, US Grant Aid, and Other Parties

Joint Commission with Crown Agents for a US Grant Aid Project in Mongolia

The Millennium Challenge Account (MCA)

In January 2008, JICS and Crown Agents, a British procurement agency, were commissioned with the MCA project in Mongolia. "MCA" is the Millennium Challenge Account, a new grant aid framework begun by the US in March 2003. It provides large-scale economic assistance for the purpose of poverty reduction in developing countries which have

cleared certain US-stipulated levels in 16 indicators in three fields: Good governance, human development (health and education), and sound economic policy.

On October 22nd, 2007, the US and Mongolian governments agreed a compact (equivalent to a Japanese exchange of notes) worth a total of USD285 million for MCA aid to Mongolia.

The executing agency for this aid is "MCA Mongolia," an organization set up independently from the Mongolian government. Through this project, it aims to contribute to the reduction of poverty and sustainable economic growth through measures such as reform of property rights, vocational training and health care, over a period of five years.

Acting as the procurement agent for MCA Mongolia

Working with Crown Agents as a member of the procurement agent team for MCA Mongolia, JICS dispatched a staff member to work in the project office, which was set up in Ulaanbaatar in February 2008. The work mainly consists of supporting procurement procedures for goods and services procured by MCA Mongolia. Specifically, this involves tasks such as announcements of tender, preparing tender documents, tender evaluation reports and contract documents. Recruitment of consultancy companies for tasks such as project detailed designs, environmental assessments and audits began in June 2008, and the consultant selection procedures, which occupied the first half year of the project plan, have been completed.

Support for New Influenza Countermeasures

In collaboration with related agencies

• Vigilance Against New Influenza

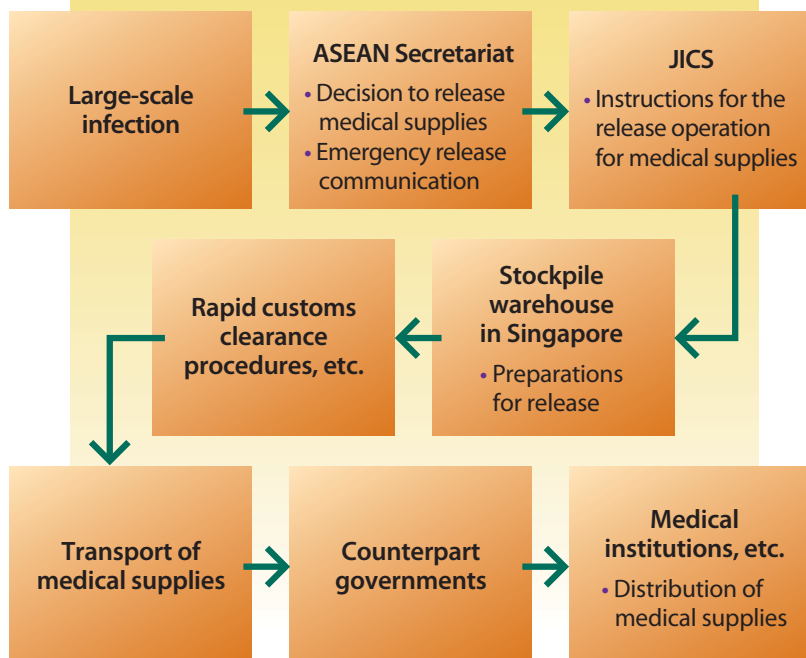
In recent years, mutation of avian influenza has raised concern of new influenza capable of human-to-human transmission. The fact that cases of human infection with avian (H5) influenza were particularly numerous in the ASEAN region has prompted increased vigilance against new influenza.

As part of that vigilance, a project is under way for rapid containment in the event of confirmed human-to-human infection in the ASEAN region, by swiftly transporting drugs to the affected country and administering them to minimize the spread of infection. The project uses a portion of the Japan-ASEAN Integration Fund (JAIF), which was established at the ASEAN Secretariat with a contribution from the Japanese government, to procure and stockpile anti-viral drugs (Tamiflu, Relenza) and personal protective equipment. JICS concluded an implementation agency contract for this project with the ASEAN Secretariat in April 2006, to procure anti-viral drugs and equipment, arrange warehouse facilities for them, and manage stockpiles, and also to develop



Protective equipment stored in a warehouse in Cambodia

ASEAN's operations in the event of widespread infection with new influenza



implementation procedures for emergency operation in the event of a possible outbreak of pandemic influenza.

• Containment drill participation

In April 2007, JICS participated in a drill for containment of a new influenza strain, organized by the World Health Organization (WHO), the ASEAN Secretariat and the Japanese Ministry of Foreign Affairs. In the drill, the ASEAN Secretariat and the Japanese Ministry of Foreign Affairs, acting on the advice of the WHO Western Pacific Regional Office, decided to release stockpiled goods and JICS arranged transportation. The drill scenario, which mirrored the actual flow of events, envisaged an outbreak of new influenza in Cambodia, and verified whether decision making within related agencies and liaison between them could be performed quickly and efficiently.

JICS smoothly issued transport instructions to the stockpile warehouse in Singapore and performed transport logistics tasks, earning highly favorable evaluations from the other parties.

• Advance distribution and training

The goods were stored in a warehouse in Singapore, a logistical relay point, but for more rapid implementation of containment, it was decided that half of the stockpile

should be distributed in advance to ASEAN member states. JICS was responsible for arrangements and progress management for the advance distribution.

The shipment of goods for advance distribution was combined, between July and December 2008, with an assessment of systems for reception of goods in ASEAN nations, and of their reception of anti viral drugs in an envisaged emergency situation, and related training. JICS attended the acceptance processing for the goods in each country, and provided necessary advice.

• For early judgment

Rapid judgment of whether or not an influenza virus infection is present at the poultry level is important for preventing a new influenza outbreak. To that end, Japan contributed through the UN Food and Agriculture Organization (FAO) and the World Organisation for Animal Health (OIE) for "the Japanese Special Trust Fund Programme for Highly Pathogenic Avian Influenza Control at Source in Southeast Asia," as an element in support for countermeasures against new and avian influenza strains in Asia. Acting as the procurement agency for the OIE, JICS procured testing and analysis equipment to eight countries in Southeast Asia, including Thailand and Cambodia, and was involved in renovation



Workshop in Bangkok, Thailand



A Malaysian livestock research center researcher using a sequencer supplied in Phase I

works in Thailand.

JICS was also commissioned by the OIE in January 2009 to procure testing and analysis equipment to Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka and Mongolia. Procurement of the necessary equipment is under way.

■ Development of Trunk Roads Linking Three Countries

Japan-CLV cooperation

• The Cambodia-Lao PDR-Vietnam Development Triangle

The region where Cambodia, Laos and Vietnam come together has been dubbed the "Development Triangle," and there is a need for development of road networks among the major cities of the region, and of its economic and social infrastructure. At a summit among Cambodia, Laos and Vietnam in November 2004, the three countries agreed to work together for the development of the region. The Japanese government announced that it would cooperate



Roads Covered by the Study

with this Development Triangle, and it was decided that USD20 million from the Japan-ASEAN Integration Fund (JAIF), which was established with a contribution from Japan, should be applied to the development of the region.

The abbreviation "CLV" uses the initials of Cambodia, Lao PDR and Vietnam.

• **Feasibility Study**

Japan and the CLV countries held a working-level meeting in June 2007 to discuss development aid to the Development Triangle. At the meeting, the CLV side proposed a feasibility study (F/S) into refurbishment works (including some new construction) of the trunk road network in the Development Triangle, totaling 609.5km. The three countries wanted this feasibility study to be implemented as a project of the highest priority, using USD1.5 million of the USD20 million.

Implementation of the F/S was agreed at the Japan-Mekong Foreign Ministers' Meeting in January 2008, and JICS was tasked with implementation and supervision of the study. JICS began implementation and supervision of the study in March 2008.

The roads covered by the study were a total of 609.5km of trunk routes, of which 362.3km were in Cambodia, 186km in Laos and 61.2km in Vietnam. The final study report, taking into account issues such as nature conservation and environmental problems, was submitted to relevant agen-

■ **Improving Vehicle Servicing Skills in Saudi Arabia**

Vehicle procurement for a Ministry of Economy, Trade and Industry project

• **Automobile High Institute**

Following its steady economic progress, Saudi Arabia graduated from the status of an ODA target country in August 2008. Therefore, it has been decided to end the Saudi Japanese Automobile High Institute (SJAHI) Project Phase II, a technical cooperation project implemented by the Japan International Cooperation Agency (JICA) within 2009. This project taught over 800 students skills for servicing vehicles, and the graduates are working as engineers, supporting the country's car industry. Saudi Arabia is strongly interested in a continuation of this project by Japan, so as a way of further strengthening relations between the two countries, the Japanese side has decided to provide the project with continued support as an element in the "Subsidy for Projects to Promote Oil Refining Technology and Other Measures in Oil-producing Countries (Industrial Cooperation Program for Oil-producing Countries)" by the Agency for Natural Resources and Energy under Japan's Ministry of Economy, Trade and Industry.



A staff member placing a JICS sticker on a car

cies in February 2009. The report is to be used as basic reference material for preparation of refurbishment plans and other purposes in future.

• **Procurement of practice vehicles**

Responding to the public notice of this project, JICS submitted a work proposal and, after the decision was taken to provide the subsidy on February 19th, 2009, procured the necessary equipment and materials. In this project, JICS procured 95 practice vehicles for learning how to disassemble and assemble vehicles. The cars were of 22 models, which are widely distributed in Saudi Arabia, from seven Japanese manufacturers.

A handover ceremony for the vehicles and other necessary equipment and materials was held on March 16th, attended by the vice-governor of the Technical and Vocational Training Corporation (TVTC) and the director and instructors from SJAHI on the Saudi side, and by representatives of the Ministry of Economy, Trade and Industry, the consul from Jeddah and others on the Japanese side. The event was favorably reported by local media.

The vehicles procured for this project are all the latest models that are on sale in Saudi Arabia, and the students are expected to learn more beneficial technical skills by using them to practice on.



The handover ceremony at the Saudi Japanese Automobile High Institute

The Role of JICS in ODA

Japan provides Official Development Assistance (ODA) as an important national policy in response to the expectations of the international community.

JICS plays an important role in implementing ODA through various supporting operations, mainly grant aid projects, technical cooperation projects and yen loan projects. Since its establishment in 1989, JICS, as a fair and impartial procurement agency, has built on its experience in equipment procurement to provide services appropriate for conditions in developing countries and that truly meet their needs. JICS will continue to contribute to promoting a high standard of international cooperation by providing timely support for appropriate and effective implementation of assistance. The information below describes the main projects in which JICS is involved.

Grant Aid

Grant aid is a form of assistance whereby funds are provided to a developing country without repayment obligation, for a specific, agreed-upon purpose. JICS is involved in the types of grant aid described below.

Grant Aid for Infectious Diseases Prevention and Treatment

Grant aid for infectious diseases prevention and treatment provides aid for vaccination and procurement of therapeutic drugs to control various infectious diseases such as polio, tuberculosis, malaria and AIDS and others that threaten lives in developing countries.

JICS was commissioned by JICA from 1997 to 2007 to carry out studies in Japan and on site concerning equipment needed in the field of infectious diseases control. Since 1997, JICS has been carrying out procurement management based on contracts with the developing countries' governments.

Since infectious diseases control must be put into action without delay and the validity periods of vaccines and drugs are also limited, project management always demands swiftness and accuracy.

Grant Assistance for Underprivileged Farmers (2KR, formerly known as Grant Aid for Increase of Food Production)

Grant Assistance for Underprivileged Farmers (2KR) is aid provided for purchasing agricultural equipment such as machinery and fertilizer to help increase production of food crops (rice, wheat, maize, etc.) in developing countries where there are food shortages. This grant aid, begun in 1977, is implemented yearly in Asia, Africa, Latin America, Eastern Europe, CIS countries, and others. Grant aid for increase of food production (2KR) has been changed since FY2005 to grant assistance for underprivileged farmers (2KR) in order to show that Japan will provide more effective support to developing countries in their self-help efforts for achieving food self-sufficiency. By clarifying that aid recipients are poor, small-scale farmers, Japan will strengthen its efforts to support increase of food production in those countries.

Since its founding in 1989, JICS has been commissioned by JICA to carry out studies concerning this grant aid in Japan and on site.

Since FY1997, JICS, in accordance with contracts with developing countries' governments, has been serving as a procurement management agent contributing to fair and rapid procurement of agricultural equipment. It also acts as the secretariat for intergovernmental committees following up on how the equipment procured was distributed and monitoring accumulation of counterpart funds (Note). Additionally, since FY2004, JICS has been carrying out management of funds.

Note: Developing countries' governments set aside local currency funds equivalent to a certain amount of the value of equipment procured by grant aid. These funds are then used for local economic and social development projects after consultation with the Japanese government.

Food Aid (KR)

This grant aid is provided to developing countries with food shortages for the purpose of buying rice, wheat, maize or other grains. Based on the food aid rules of the

International Grain Agreement, which came into effect as part of the Kennedy Round (KR) at GATT in 1967, food aid began in 1968 and is referred to as "KR" because it came out of the Kennedy Round.

Since FY2001, JICS, in accordance with contracts with developing countries' governments, has been serving as a procurement management agent helping ensure the fair and rapid procurement of food. It has also been acting as the secretariat for intergovernmental committees following up on how the food procured was distributed and monitoring accumulation of counterpart funds. Additionally, since FY2007, JICS has been providing procurement agent service including management of funds.

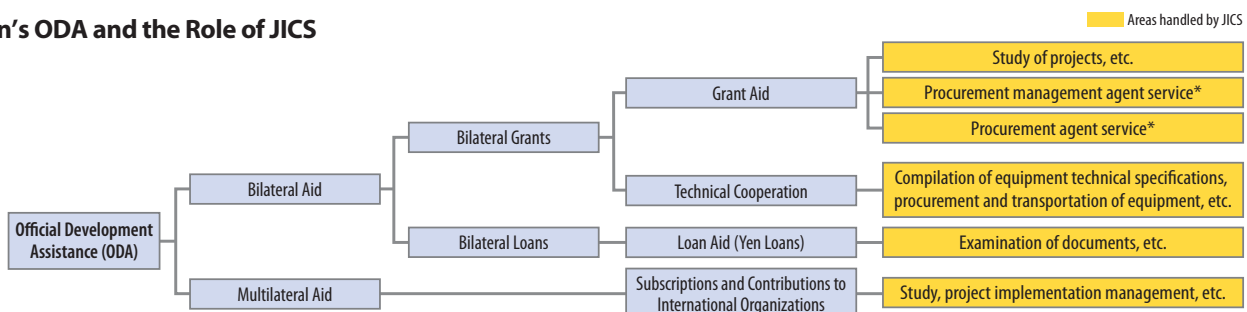
Cultural Grant Aid

Cultural grant aid provides funds for purchasing, transporting and installing various types of equipment used for cultural and educational activities, with the aim of promoting mutual understanding and friendship between Japan and developing countries through support for the development of culture and education.

Commissioned by the Ministry of Foreign Affairs of Japan, in FY1993 JICS began carrying out preliminary studies both in Japan and on site concerning equipment requested for this grant aid. Since FY1995, in accordance with contracts with developing countries' governments, JICS has assisted with tendering (public notice, implementation and evaluation of the tendering process) for equipment procurement. Additionally, since FY2000, JICS has been carrying out follow-up activities by procuring repair parts and dispatching technical experts to ensure that the equipment procured is used continuously and effectively.

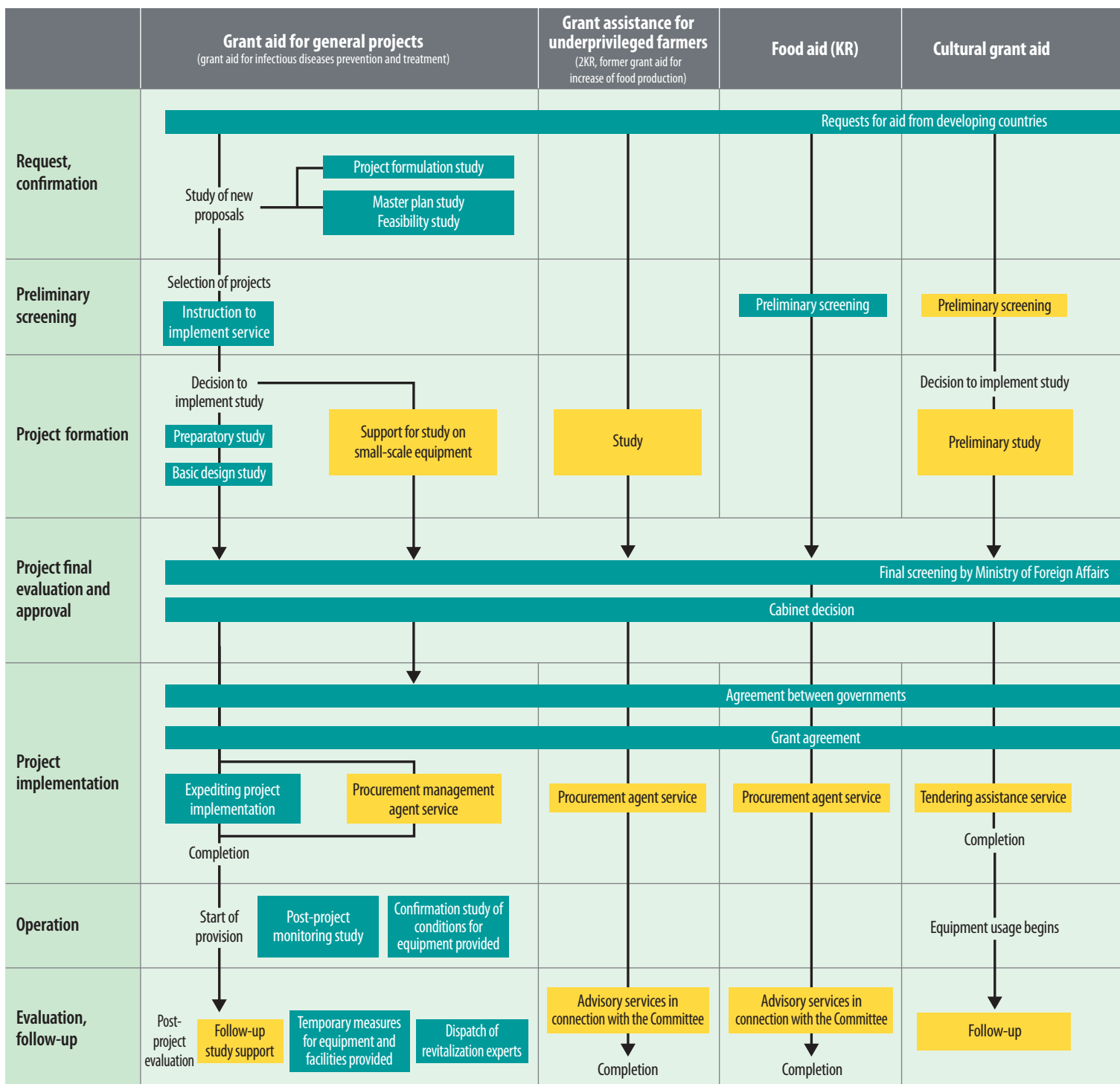
Since FY2004, JICS has been analyzing project applications for general cultural grant aid and grassroots cultural grant aid. The main types of equipment procured by this grant aid include sound and lighting equipment for theaters, sports equipment, equipment for excavating and preserving archaeological sites, musical instruments, equipment for producing cultural and edu-

Japan's ODA and the Role of JICS



* Please refer to page 30 for details of the service.

Areas Handled by JICS in the Case of Grant Aid Projects



cational programs, materials related to Japanese language education, and others.

Grant Aid for Research

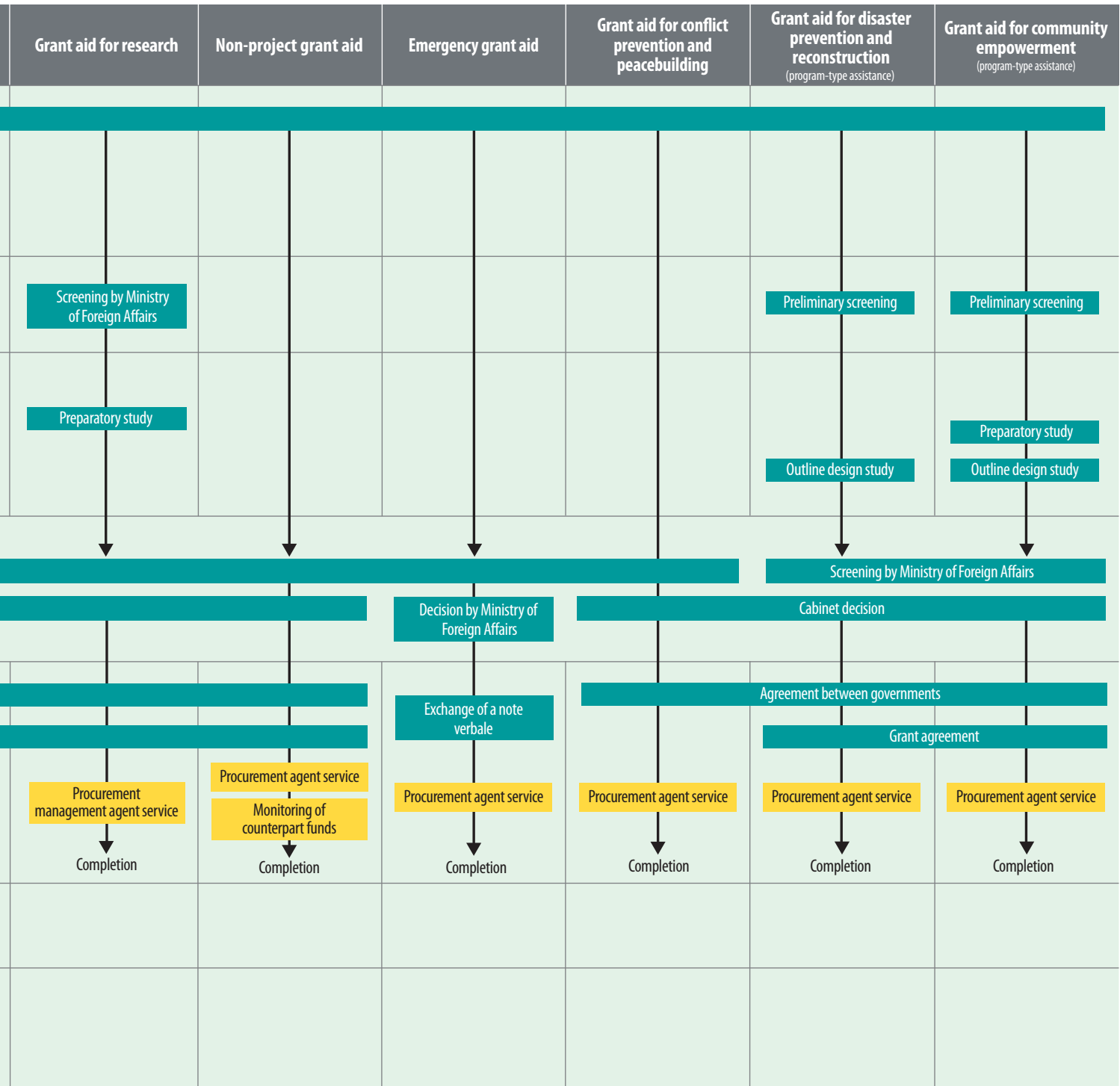
This grant aid supports activities for research and development of new technologies to solve various problems affecting developing countries.

Since FY2001, in accordance with con-

tracts with the governments of developing countries, JICS has been managing grant aid provided for research and development activities, and offering coordination and support to ensure that activities among researchers and manufacturers in Japan and developing countries are carried out smoothly.

Non-Project Grant Aid

Non-project grant aid supports developing countries implementing economic and social reforms such as poverty reduction by providing funds to purchase equipment and materials from abroad. Since this aid is not earmarked for specific projects when a decision is made to provide it, it is called non-project grant aid.



Since FY1993, JICS, in accordance with contracts with developing countries' governments, has been helping them to procure the necessary equipment, such as raw materials (petroleum products, steel products, paper products, etc.), machinery (vehicles, construction machinery) required for public works projects and others, as well as managing the funds provided for this purpose.

Emergency Grant Aid

Emergency grant aid is provided for emergency assistance in the following three areas:

- (1) **Emergency disaster assistance**
Support for rehabilitation after natural disasters or man-made disasters such as civil war.
- (2) **Support for democratization**
Support for establishing democracy after the

collapse of undemocratic regimes or in the aftermath of long-running civil conflict.

(3) **Assistance for reconstruction and development**
Support is provided for emergent projects in the transition period from humanitarian support immediately after a conflict or disaster to full-scale development assistance, so that the rehabilitation and reconstruction

process can be implemented smoothly.

Since FY1997, in accordance with contracts with the governments of developing countries, JICS manages procurement of food, medical equipment, drugs, vehicles (water tank trucks, ambulances, etc.), construction equipment and so on, and also manages the funds provided. Depending on circumstances, JICS also carries out its own monitoring of how the equipment is being used after procurement.

Grant Aid for Conflict Prevention and Peacebuilding

Grant aid for conflict prevention and peacebuilding is intended for assisting social reintegration of former soldiers, helping recover small arms, and promoting ethnic reconciliation in developing countries. It provides funds for procuring the necessary equipment and services for conflict prevention and peacebuilding programs in developing countries. This grant aid has been provided since FY2002 as part of non-project grant aid.

Since FY2002, in accordance with contracts with developing countries' governments, JICS has been serving as an implementation management agent, managing funds as well as conducting project progress management and supporting implementation appropriate to various program formats.

Grant Aid for Disaster Prevention and Reconstruction

Grant aid for disaster prevention and reconstruction is intended to provide seamless assistance, from emergency relief for natural disasters, etc. to full-scale rehabilitation and reconstruction aid. It began in FY2006, aiming at providing multi-component assistance such as restoration and reconstruction of schools, medical institutions and roads, according to the changing needs of the affected areas. Since disaster response requires speed and multi-faceted support simultaneously, a higher level of procurement management capabilities and knowledge of diverse fields are needed. JICS supports the smooth and effective implementation of grant aid for disaster prevention and reconstruction as a procurement agent, and has been managing the funds, in accordance with contracts with the governments of developing countries, since FY2006.

Grant Aid for Community Empowerment

Grant aid for community empowerment began in FY2006, aiming at supporting comprehensive capacity development of communities facing threats such as poverty, hunger and disease. This grant aid is expected to reduce costs and make communities more competitive by using local businesses,

equipment and materials adopting local specifications and design, allowing flexible response to various situations according to local conditions. On the other hand, a high level of procurement management capabilities is necessary since close attention is required to ensure quality. Since FY2006, JICS, in accordance with contracts with developing countries' governments, has been providing procurement agent service including fund management.

Environment Program Grant Aid

This grant aid scheme was established in FY2008 to support climate change measures in developing countries as part of the Cool Earth Partnership announced by the Japanese Government in January 2008. It provides the funds needed to develop, formulate and implement policies and plans to reduce greenhouse gases (mitigation measures) and to address climate change issues (adaptation measures).

JICS has been managing these funds since FY2008, procuring equipment and services and managing the entire project as a procurement agent, in accordance with contracts with developing countries' governments.

Note: This grant aid is not included in the chart on pp.12-13 because the flow of operations is diverse.

Technical Cooperation

The aim of technical cooperation is to pass on Japan's skills and knowledge to create human resources that can be productive for the future, in order to promote nation-building in developing countries. JICA plays a central role in carrying out technical training of participants from developing countries, dispatching experts and volunteers to developing countries, and implementing technical cooperation projects, development studies and others. Provision of equipment needed for these projects also constitutes an indispensable component of technical cooperation.

Since its establishment in 1989, JICS has been commissioned by JICA to handle equipment provision. At the request of JICA headquarters, overseas offices, dispatched experts, volunteers, and staff working in technical cooperation projects, JICS provides various services including direct assistance for procurement-related duties, such as writing out technical specifications necessary for equipment procurement, selecting suppliers through tendering, etc. and handling transportation procedures, providing information about equipment, and carrying out various studies in Japan and abroad.

Yen Loans

Yen loans, also referred to as loan aid, are long-term, low-interest loans of development funds to developing countries through JICA (until September 2008, through the former Japan Bank for International Cooperation (JBIC)).

Since FY2004, JICS has been carrying out the primary check to examine whether procurement documents prepared by borrowing countries concerning projects they implement are in conformity with guidelines. JICS also conducts studies to facilitate the smooth implementation of yen loan programs.

Follow-up Activities

JICS undertakes the follow-up activities described below, to ensure that equipment procured with ODA funds is being used effectively.

Support for Database Creation

Commissioned by JICA, JICS provides support for building a database related to past records of grant aid and equipment provision through technical cooperation.

Operation of the Technical Information Center

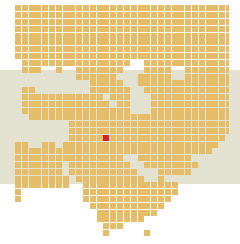
To remedy the shortage of technical information required for operating and maintaining medical equipment procured to developing countries through grant aid, JICS has established the Technical Information Center in cooperation with Overseas Medical Equipment Technical Assistants (OMETA), to provide one-stop access for staff in charge at local medical institutions.

Support for NGOs

JICS, as part of its social contribution activities, provides funding of a maximum of one million yen per year per NGO to relatively small Japanese NGOs to support their activities. This funding is made available to approximately ten NGOs per year. JICS has implemented Support for NGOs totaling 80 million yen to 99 organizations using its own funds since FY1999, the tenth anniversary of JICS.

Various Projects

Iraq



For Fuller Aid

Emergency Grant Aid, Grant Aid for Conflict Prevention and Peacebuilding

In October 2003, the Japanese Government announced grant aid totaling USD1.5 billion to assist Iraqi reconstruction. These grant aids were focused on reconstruction and improvement of the basic infrastructure of Iraqi people's lives, such as electrical power, medical care, sanitation, and public order, across the whole country. JICS, acting as the procurement agent for the Iraqi Government, is responsible for fund management and project management (total management) of the bilateral direct aid portion (equivalent to USD800 million).

Since FY2003, JICS has handled nine equipment procurement projects, 11 build-

ing rehabilitation projects and one peace-building grant aid project, and continued the implementation of these projects in FY2008.

The projects involving the procurement of vehicles and equipment were the "Project for the Provision of Fire Trucks", "Project for the Provision of Equipment for Solid Waste and Sewage Management (Baghdad Mayoralty)", "Project for the Provision of Equipment for Solid Waste and Sewage Management (Ministry of Municipality and Public Works)", "Project for the Provision of Police Buses and Motorcycles" and "Project for the Provision of Equipment for Solid Waste Management in Samawah". In these projects, the balance of the budget was used for additional procurement, and the projects were completed without problems. For the "Project for the Provision of Ambulances", JICS has initiated procedures for the procurement of additional ambulances, using the balance of the budget.

Among our facility rehabilitation projects, we have completed the procurement of additional spare parts of the "Project for Installation of Mobile Substations in Iraq", using the balance of the budget, and completed all executive work, according to the initial plans and without problems, for the "Project for Rehabilitation of Mosul Gas Turbine Power Station", "Project for Rehabilitation of Mosul Hydroelectric Power Station No.1", "Project for Construction of



Samawah Diesel Power Station



Tank for Samawah Diesel Power Station



Handover ceremony for Samawah Diesel Power Station



Police motorcycle handover ceremony

Diesel Power Station in Samawah" and "Project for Improvement of Transit Switches".

In particular, construction of the facilities for the "Project for Construction of Diesel Power Station in Samawah", which is intended to improve electrical power supply in Samawah, where Japanese Ground Self-Defense Force troops were stationed, and the surrounding region, was completed in December 2008, and a ceremony was held to celebrate completion of the power station. The ceremony was attended by State Secretary for Foreign Affairs Seiko Hashimoto, as the representative of the Japanese Government, together with the Iraqi Minister of Electricity, the governor of the Al-Muthanna governorate and local residents, in a splendid event.

We are also using the balance of the budget for additional procurement in the "Project for Rehabilitation of 4 General Hospitals in the Southern Region of Iraq", "Project for Rehabilitation of 4 General Hospitals in the Northern Region of Iraq", and "Project for Rehabilitation of 3 General Hospitals in the Central Region of Iraq". In the "Project for Improvement of Water Supply in Baghdad", we are working towards completion of the initial plan with ongoing equipment delivery and on-site installation work.

JICS will continue working for the smooth completion of the remaining Iraq restoration aid projects.

Afghanistan

Supporting transportation through improvement of the road network

Road Sector Program Grant Aid

Afghanistan was devastated by civil war and conflict, and Japan has been vigorously engaged in assisting the reconstruction of the country, including hosting the International Conference on Reconstruction Assistance to Afghanistan (Tokyo Conference) in January 2002. Our efforts have been particularly focused on reconstruction and improvement of infrastructure, through grant aid and other aid activities, such as restoration of intercity trunk roads. On February 13, 2007, as one element in its aid for the road sector, Japanese Government decided, in response to a request from the Afghan Government, to implement "The Programme for

Improvement of Kabul Road Engineering Centre". Acting on the project, Agent agreement was signed between the Ministry of Public Works of Afghanistan and JICS on February 22, under which we have been providing selection of a consultant, a construction company, and trading companies for equipment supply, and procurement management and funding management for the project as a whole.

In the course of many years of conflict, the Kabul Road Engineering Centre has been damaged and essential equipment looted. This project is refurbishing and rebuilding the facilities of the centre, procuring maintenance equipment, and providing initial instruction in the operation of the equipment. Refurbishment and reconstruction works on the facilities were completed on December 3, 2008 with a handing-over ceremony on January 6, 2009, to mark the completion. The project is currently also the target of technical cooperation from the Japan

International Cooperation Agency (JICA). The Kabul Road Engineering Centre, restored from its bullet-pocked state with Japanese aid, will realize smoother transport and logistics within the country by managing and maintaining its road network, thereby aiding economic progress. In addition, it will contribute to the training of road maintenance engineers for the whole country.



Staff enthusiastically checking the delivered equipment

Indonesia, Sri Lanka, the Maldives

Gratitude expressed at a commemorative ceremony

Reconstruction efforts to cope with the damage caused by large-scale earthquake off the coast of Sumatra and by Indian Ocean Tsunami Disaster

On December 26, 2004, a large scale earthquake off the coast of Sumatra, Indonesia, and the accompanying Tsunami, caused enormous damage along the coastlines of countries facing the Indian Ocean. Japanese Government provided a total of JPY24.6 billion in Non-Project Grant Aid to Indonesia, Sri Lanka and the Maldives, which were particularly damaged in the region. As the procurement agent for three affected countries, JICS has been engaged since 2005 in reconstruction aid activities, such as procurement of goods and the reconstruction of damaged facilities.

In Indonesia, the last reconstruction

works, on facilities such as marketplaces and hospitals, ended in FY2008, and all procurement of goods and construction works under 177 contracts were completed by June 2008. The Banda Aceh City and Nias Island, which suffered particularly severe damage, are now returning to normal life. A ceremony for the Banda Aceh City's 803rd anniversary was held in 2008 and many participants expressed their gratitude for Japan's reconstruction aid during the ceremony.

In Sri Lanka, another six schools were reconstructed in FY 2008, and many children are starting to study in their new school facilities. The President of Sri Lanka himself participated in an impressive opening ceremony at Sri Sumangala College, one of the reconstructed schools.

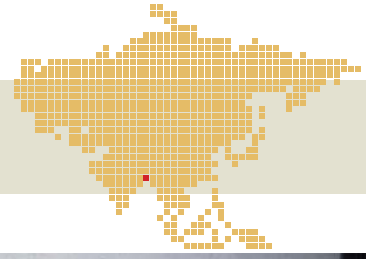
This Tsunami Reconstruction Aid was the first time JICS has

participated in a large-scale multiple sector (field) project. After JICS faced with new and difficult challenges, all procurement of goods and reconstruction works in Indonesia and Sri Lanka were successfully completed in FY2008 with various experiences for JICS.



A market in Aceh, Indonesia

Bangladesh



Saving People with Cyclone Shelters

Grant Aid for Disaster Prevention and Reconstruction

Bangladesh is one of the most densely populated countries in the world, with approximately 140 million people living in an area of 144,000km². Most of the national land lies in one of the largest delta in the world, at less than 9 m above sea level, so 20% of the country is inundated in monsoon season, causing enormous damage. Countermeasures against disaster are one of the most important challenges for the nation.

In November 2007, Bangladesh was hit by the enormous cyclone Sidr, causing 3,000 people killed, over 800 people missing and great damage that affected 8.92 million people. Especially, in the southwest of the coun-

try heavily affected by the Sidr, there are not enough cyclone shelters.

To remedy the situation, Japan has implemented Grant Aid for Disaster Prevention and Reconstruction, building 36 cyclone shelters in the four southwestern divisions.

As procurement agent for the Bangladeshi Government, JICS used a tender process to select and contract local construction companies from within Bangladesh, including the four southwestern divisions, and has been working on the construction management with a consultant firm since October 2008 for the project.

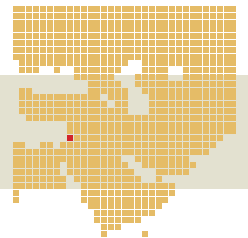
After the completion of the project, the 36 cyclone shelters will accommodate approxi-



Children in a district where a shelter is being constructed

mately 61,000 people in the event of a disaster. These shelters will be also used as elementary schools for the communities in ordinary circumstances.

Palestine



Road Improvement in Jericho

Grant Aid for Conflict Prevention and Peacebuilding

Jericho, a center of transport linking the West Bank territory of the Palestinian Authority with neighboring Jordan, has a climate that is warm even in winter, and has relatively plentiful water resources. It is expected to develop industrially as a logistics hub. Remains of dwellings and the oldest city, from around 10,000 years ago, can be found around Jericho, and there are many Christian holy sites bearing traces of Jesus. So Jericho, with its population of approximately 25,000 people, is visited by 630,000 tourists a year.

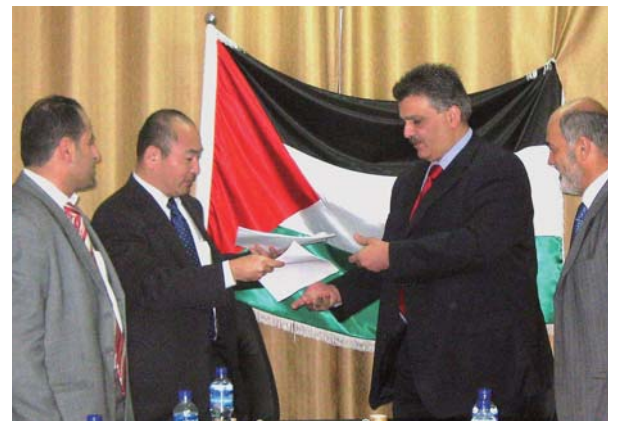
However, roads within the city are poorly maintained, and approximately 60% are unpaved, an impediment to safe and smooth road transport. The extreme increase in traffic flow continues to worsen

damage to the roads. Of the city's roads, only around 19% have street lighting and around 11% have sidewalks, a state not conducive to safety in residents' lives, commercial activities and tourism.

The situation prompted the Palestinian Authority to request grant aid from Japan to improve Jericho's residential roads, develop its sidewalks and street lighting, and procure the equipment and materials necessary for road maintenance management. In December 2008, Japan decided to implement aid through Grant Aid for Conflict Prevention and Peacebuilding, as an element in its efforts to realize the "Corridor for Peace and Prosperity" concept.

On February 5, 2009, JICS concluded an agent agreement with the Palestinian Authority (Ministry of Local

Government) to act as the procurement agent. Based in a project office in Ramallah in the West Bank, JICS is engaged in on-site work including selection of consultants, detailed designs, and tendering preparations for the selection of construction contractors.



The signing of the agent contract between JICS and the Palestinian Authority

Cambodia

Clearing Landmines to Provide Farmland

Grant Aid for Research

Countless landmines that were buried in Cambodia during its 20 years of civil war are still in place. The Cambodian Mine Action Centre (CMAC) was founded in 1992 to remove those mines, and it is working hard to that end.

Until now, mine clearance has been a manual operation, requiring large amounts of time and labor, in which the operators were often exposed to danger. In 2006, Japan conducted field tests of the basic performance of demining machines and mine detectors, as the first Grant Aid for Research, as a step towards the mechanization of mine clearance. The second phase, beginning in 2008, put three mine removal machines into operation tests in real minefields. JICS served as the project manager for these projects.

The current Project for Research and Development of Mine Clearance Related Equipment, Phase II has developed more practical clearance activities, combining elements such as clearance by the operation of demining machines, manual clearance by demining operators, and checking by mine detection dogs. As a result, clearance activity was progressing more efficiently than anticipated, and all models of machinery were certified by the Cambodian Government in December 2008. The equipment used in the tests was procured using project funds and transferred to CMAC.

Cultivation, mainly of rice and maize, has begun on land which has been fully cleared of mines and transferred to residents. Messages received from local people say things like “we

are grateful that areas we could not enter before are now usable farm land” and “at last I could get my own farm land.” Minefields which had become desolate are being reborn as farm land, enriching people's lives.



Japanese-made demining machines on display at the handing-over ceremony in January 2009

Guatemala

Identifying Local Needs

Cultural Grant Aid

Guatemala has been rebuilding and progressing since the end of its civil war in 1996, but many weapons still remain as a harmful legacy of the war. These weapons are often used in crime and threaten the people's lives. The Government of Guatemala has responded by making one of its key policies “the promotion and diffusion of sports to build the mental and physical health of the public”, and it provides venues free of charge in which the public can get involved in sports with peace of mind.

In FY2008, JICS conducted a cultural grant aid survey into the diffusion and promotion of sports in Guatemala. La Democracia National Park, which was the subject of the survey, has one million users a year, and many people go there to enjoy baseball, soccer, judo and other sports.

The survey was conducted in accordance

with the policy of the national park to expand martial arts and combat sports, which can be enjoyed from a young age and build character through discipline. The findings of the survey confirmed the plan to install judo mats and two boxing rings, built indoors to international standards, and use related activities as attractions to encourage use of the park.

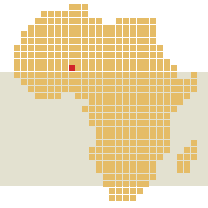
Acting on the survey, the “Project for the Improvement of Sports Equipment of “La Democracia National Park”” was debated in cabinet in May 2009, and procedures for its implementation are under way. This project corresponds to “cooperation related to martial arts and other aspects of traditional Japanese cul-

ture,” which is a focus of Cultural Grant Aid. The dispatch of JOCV judo team members in liaison with JICA's Japan Overseas Cooperation Volunteers (JOCV) is under consideration, to follow the implementation of this cooperation (installation of sports equipment).



Indoor facilities where judo mats and boxing rings are to be installed

Niger



Improving the Basic Food Situation

Food Aid (KR)

Niger, in West Africa, has a land area of 1,267,000km² and a population of around 13.7 million. A large desert occupies two thirds of the land area, and agriculture, centered on self sufficiency, is limited to the south, where the Niger River flows. There is little rainfall, irrigation equipment is undeveloped, and water resources are lacking, so almost all agriculture is rain fed. As a result, crop yields are strongly controlled by rainfall, and droughts are frequent. Desertification is advancing, promoted by the impact of recent climate change, and there was a severe food shortage in 2005, due to drought and locusts.

Japan has been providing Food Aid to Niger since FY2002, and it provided rice under the Food Aid again in FY2008 to

improve the desperate food situation. As procurement agent for the Government of Niger, JICS selected carriers to transport aid rice, and implemented services such as delivery management. The procured rice is sold to the public through the food corporation at below the market price, and the revenue is accumulated as a "counterpart fund." The fund is used for purchasing grain and rice grown in Niger for distribution in areas suffering food shortages, to assist in stable supplies of food throughout the country.

An inter-governmental meeting (committee) is held after the arrival of the rice. JICS serves as the secretariat for the meeting, which hears reports of the state of aid rice



Threshing by traditional farming methods

distribution, the level of the counterpart fund, and other matters, discuss points for improvement, and allow dialog between Japan and Niger to facilitate more effective aid.

Nicaragua



Effective use of a counterpart fund

Grant Assistance for Underprivileged Farmers (2KR)

Nicaragua has a land area of approximately 130,000km². It is a low-to-middle income country in Central America, with a population of around 5.1 million. A large majority of the poor are employed in agriculture, which is the major industry in the country. In the last few years, El Nino and other abnormal climatic effects have reduced production of the main crops, and there is concern over worsening poverty.

Japan has been implementing Grant Assistance for Underprivileged Farmers (2KR) since 1989, for the purpose of fertilizer procurement to increase food production. This aid is intended as measures against poverty and to ensure food security, and JICS has been performing procurement

agent services.

The procured fertilizer is distributed mainly to small farmers. It makes a great contribution to improving the living standards of such farmers, by increasing their production of maize, rice, frijol and other main crops.

Payments for fertilizer that is sold are collected as a counterpart fund by the Nicaraguan Government and used to further economic and social development. For Nicaragua, which constantly lacks funding for its national budget, this counterpart fund is a precious funding source, and the government is diligent in building up the fund.

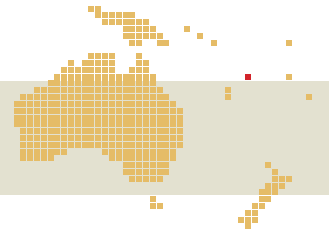
The accumulated counterpart fund is used on projects for purposes such as raising agricultural productivity and developing roads linking farm villages to markets. Grant

Assistance for Underprivileged Farmers goes beyond supply of fertilizer, as it significantly contributes to improving living standards through effective use of the counterpart fund.



People delighted by the completion of a road built using the counterpart fund. The completion of this road enables them to carry produce to market.

Tuvalu



Contributing to the Stabilization of Electrical Supply

Non-Project Grant Aid

Tuvalu is a small island nation situated in Oceania, in the South Pacific, comprising nine beautiful atolls. It has a population of 10,000 people. The main industries are agriculture and fishing, and the people live self-sufficient lives. Land elevation is low, so Tuvalu has drawn worldwide attention in recent years as a country at risk of inundation due to the impact of climate change.

Japan has provided Tuvalu with four consecutive rounds of Non-Project Grant Aid, between FY2005 and FY2008. JICS has served as the procurement agent for this grant aid, providing the Government of Tuvalu with procurement-related services since FY2005.

One characteristic of the aid delivered to Tuvalu under this Non-Project Grant Aid is that the only item provided is diesel fuel, but this diesel fuel is used in a power station built with the assistance of the Japanese Government. Tuvalu has few resources and a small national budget, making it difficult to obtain diesel fuel, so Japan's aid, contributing to the stabilization of domestic power supply, is enormously important for the country.

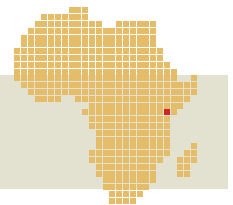
Non-Project Grant Aid is Japan's financial aid that began in FY1987. JICS assists many



The power station in Tuvalu that uses the diesel fuel provided

developing countries through its procurement work.

Kenya



Procurement of HIV Test Kits

Grant Aid for Infectious Diseases Prevention and Treatment

HIV prevalence rate among adults (aged 15 - 49) was 7.1 - 8.5% in Kenya in 2007 with an estimated 1.5 - 2.0 million of people infected with HIV against approximately 37.5 million population. (UNAIDS). Kenya has set HIV/AIDS control as one of its most important challenges since 1999, and it has employed comprehensive HIV/AIDS control activity, including preventive education, testing, medical treatment and other elements. VCT service is the center of HIV prevention measures, and the Ministry of Health is supposed to provide the HIV test kits used by the service free of charge. However, as there were not enough kits, the government of Kenya requested the government of Japan for aid. JICS conducted a survey in FY2007, followed by procurement manage-

ment in FY2008.

Testing HIV status in Kenya are performed in three stages, and three types of kits are used, one for each stage. Since the kits have a short expiration period of around one and a half years, if a large volume of kits are procured at once, there is a risk that their shelflives could be short by the time they reach the VCT centers where kits are used by end users. Therefore, delivery was divided into three times; between August 2008, October/November 2008, and January 2009.

JICS performed acceptance inspections of the procured goods in Kenya in August 2008 and January 2009, and confirmed the state of distribution. As at the first acceptance inspection, there was

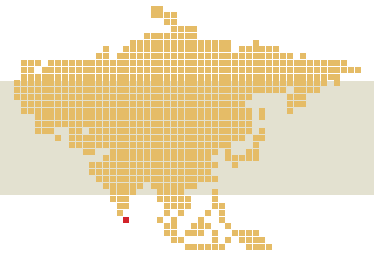
concern over a shortage of Determine that was used in the first test, JICS discussed this matter with the Ministry of Health. As a result, the second delivery was adjusted to arrive around one month earlier. This kind of flexible adjustment of the procurement schedule enables aid to match local needs.



Procured Determine HIV test kit

Sri Lanka

SRI LANKA



Procurement Support to the JICA Office

Technical Cooperation

A shift to local procurement is being promoted in the equipment and materials needed for technical cooperation implemented by the Japan International Cooperation Agency (JICA), and in FY2007, approximately 90% of procurement, on a procurement value basis, was local. It is now increasingly common for JICS to dispatch procurement support staff to JICA overseas offices to support fast and efficient procurement.

Procurement assistance at the JICA Sri Lanka office in FY2008 covered procurement procedures (implementation of competitive shopping, evaluation, contract agreement, etc.) for five projects in one month. In some cases, the tendered specifications do not satisfy the specifications required for the

project, so the evaluation work involved detailed comparison of specifications.

Other than projects within Sri Lanka, JICS also assisted procurement procedures for medical supplies to Papua New Guinea and Fiji as third-country procurement projects ordered from JICA head office.

JICS also studied qualification scrutiny criteria for companies participating in competitive tenders, as a step towards introducing a company registration system that would strengthen the base for procurement at that office. Many companies in Sri Lanka, particularly small and medium ones, express an interest in providing goods and

services for JICA, so the setting of qualification scrutiny criteria is a challenge.

JICS will continue to provide support in line with the needs of JICA overseas offices.



JICS staff (right) in contract negotiations with the prioritized tenderer

YEN LOANS

Primary Check Services for Japanese ODA Loans

Japanese ODA Loans (Yen Loans)

Japanese ODA Loans, known as "Yen Loans," consist of development fund loans to developing countries under lax terms of low-interest rates and long repayment periods. These loans were previously implemented by Japan Bank for International Cooperation (JBIC), but as the Overseas Economic Cooperation Operations Division of JBIC was integrated into Japan International Cooperation Agency (JICA) in October 2008, they are now implemented by JICA.

When the borrowing countries use the funds to develop economic and social infrastructure such as electric power, gas, transportation and communication systems, the necessary goods and services must be procured in line with procurement procedures based on the Japanese ODA Loan

Guidelines.

Since FY2004, JICS has been commissioned by JBIC to carry out the primary check of procurement-related documents prepared by the borrowing countries to confirm that they are in accordance with the procedures stipulated in the guidelines.

In June 2008, a Japanese ODA loan project management training session was conducted for office staff members in JICA Paraguay office. After the integration of the OECO division of JBIC into JICA, yen loan procurement management operations in Paraguay were transferred to the JICA Paraguay office and a JICS staff member was dispatched to the office as a lecturer to provide training opportunities aimed at supporting system development of yen loan operations under new JICA.

In addition, Yen Loans seminars and pro-



Yen loan project management training at the JICA Paraguay office

urement seminars are provided to assist the project executing organizations or the borrowing countries in understanding the management of yen loan operations, and a member of JICS participated as a lecturer in procurement seminars held in Kenya and Paraguay in FY2008.

JICS will continue to work in support of JICA, which has taken on Yen Loans.

JICS Recent Events

A Meeting of Experts on the NGO Support Activities of JICS

On April 24, 2008, a meeting was held for experts to discuss the policies regarding the NGO support activities of JICS for the next three years. JICS launched NGO support activities in FY1999 as part of its social action projects and has since supported 63 organizations for 88 projects in total.

The implementation policies of these support activities have been revised every three years, and in this meeting there was a discussion on the project policies for the 4th period (FY2008 ~ FY2010), based on the questionnaire results collected from the organizations which JICS supported over time. They discussed the necessity of strengthening the organizational capacities of NGOs and increasing the amount of training opportunities for local NGOs. It was confirmed that policies concerning scale, targets and components of their support should be maintained while making utmost efforts to make this support more effective.

Meeting participants:

Mr. Yukihisa Sakurada
Vice President, JICS

Ms. Michiyo Arita
Secretary General, Kansai NPO Alliance

Mr. Fujio Samukawa
Director, Non-Governmental Organizations Cooperation Division, International Cooperation Bureau, Ministry of Foreign Affairs

Ms. Michiyo Hashiguchi
Deputy Director General, Training Affairs and Citizen Participation Department, Japan International Cooperation Agency

Mr. Shunichi Hiraki
Affiliate Professor, LEC University Graduate School of Accountancy

Mr. Tatsuya Watanabe
Professor, Tokyo Keizai University

(Their respective titles are as of April 24, 2008.)



Meeting of the experts

Participation in the TICAD IV with an Information Booth

JICS participated in the Fourth Tokyo International Conference on African Development (TICAD IV) held at Pacifico Yokohama from May 28 to 30, 2008. Since the exhibition was not open to the public, it took place in a restricted area; nevertheless, about 120 people, including African government officials, U.N. staff and media representatives came to visit the booth. The JICS booth mainly introduced recent projects in Africa, as well as JICS' role and position as a procurement agent. In the JICS booth, panels displayed program activities on Food Aid, Grant Assistance for Underprivileged Farmers, Non-project Grant Aid, and Grant Aid for Community Empowerment, which are mainly implemented in Africa.



Above: JICS staff explaining to a visitor

Left: A panel showing support activities in Africa

First Regular Meetings of the Board of Trustees and the Board of Directors for FY2008

The first round of regular meetings of the Board of Trustees and the Board of Directors for FY2008 was held on June 18, 2008 at Arcadia Ichigaya in Tokyo. At the meeting of the Board of Trustees which took place in the morning, the following points were discussed and approved: (1) the operations report of FY2007; (2) closing statements and audit report of FY2007; and (3) selection of a new member of the Board of Directors. In the afternoon, the Board of Directors discussed and approved the above-mentioned



Project plans being introduced to the Directors and Trustees

points (1) and (2). Using the time between the two meetings, two projects were introduced, namely, the Emergency Grant Aid for the Reconstruction of Iraq and Support for Areas affected by the Sumatra Earthquake and Indian Ocean Tsunami Disaster.

New Member of the Board of Directors:

Mr. Kunihiko Fukao
Senior Managing Director, Tokio Marine & Nichido Life Insurance Co., Ltd.

Participation in the Global Festa JAPAN 2008

JICS participated in the Global Festa JAPAN 2008 held at Hibiya Park on October 4 and 5, 2008. In its booth, JICS introduced the structure of the organization and JICS' operations related to the Grant Aid for Disaster Prevention and Reconstruction, Food Aid, and Grant Assistance for Underprivileged Farmers. In those two days, about 400 people visited the booth and comments such as "Now, I understand ODA better than before," and "JICS is working hard behind the scenes," were received.



We displayed many photos taken at project sites.

Participation in the International Cooperation Career Fair 2008

JICS participated in the "International Cooperation Career Fair 2008" held in Tokyo on November 8, 2008. About 1,000 visitors to the fair were students and people interested in studying or working in the field of international cooperation. In its booth, JICS exhibited panels introducing the structure of the organization and its operations, while the staff explained JICS' work that they are involved in. By participating in the fair, the staff themselves found a renewed commitment towards international cooperation as they were being asked by visitors questions such as "What is procurement?" "What kind of expertise and qualifications are needed?" and "Do you find the job rewarding and satisfying?"



JICS staff answering the questions of visitors at the International Cooperation Career Fair 2008

Second Regular Meetings of the Board of Trustees and the Board of Directors for FY2008

The second round of regular meetings of the Board of Trustees and the Board of Directors for FY2008 was held at the conference room on the 6th floor of JICS Headquarters on March 18, 2009. At the meeting of the Board of Trustees which took place in the morning, the following points were discussed and approved: (1) operation planning and revised budget; (2) project policy and planning; (3) budget; (4) selection of new members of the Board of Directors; and (5) transition into a public-service corporation and the selection of the first members of the Board of Trustees



JICS' new approach was explained to the Board of Trustees and the Board of Directors, respectively.

after the transition. In the afternoon the Board of Directors approved the above-mentioned (1) to (3) and (5), and elected a President and a Vice President, and selected a new member of the Board of Trustees.

In each meeting of the Board of Trustees and the Board of Directors, explanations were made concerning new endeavors, such as the "Project for the Stockpile of Tamiflu and PPE against Potential Pandemic Influenza" commissioned by the ASEAN Secretariat and the World Organization for Animal Health, and the study of the development of the trunk road network running through Cambodia, Laos, and Vietnam.

New Members of the Board of Directors:

Mr. Masaoki Takeuchi
President, International Development Center of Japan

Mr. Tsuyoshi Hinokuchi
Director, Tsuyoshi Hinokuchi Tax Accountant Office

New Member of the Board of Trustees:

Mr. Masahiro Murakami
Vice President, Japan International Cooperation Center

Policies for Project Implementation in FY2009 (Outline)

1. Implement the appropriate ODA projects that respond to needs
2. Improve capabilities towards a better international procurement organization, capable of expanding project operations
3. Improve and strengthen the functions of information dissemination as well as social contribution
4. Promote readiness to become a public-service corporation

Participation in the One World Festival

The One World Festival was held at the Osaka International House Foundation on December 20 and 21, 2008, where JICS participated by exhibiting in a joint booth together with other organizations delivering ODA. In the booth, added to the explanation of the ODA system, guided mini-tours showing panel boards were conducted to introduce specific support activities in relation to the Support for Reconstruction in the Aftermath of the Major Earthquake off the Coast of Sumatra and the Tsunami in the Indian Ocean, so that visitors would understand the role of each organization in ODA. Some comments heard from among the mini-tour participants were: "I have come to understand the significance of ODA at the time of disasters," and "It is interesting to know of the activities undertaken by various organizations."



JICS staff conducting guided mini-tours using panel boards

Social Activities of JICS

JICS Staff Give Gifts to Orphanages in Indonesia

JICS acted as a procurement agent for the Project for the Reconstruction for the Area Affected by the Earthquake in Yogyakarta and Central Java in 2006. The JICS staff in charge of the project learned from the local staff about the children at two orphanages in Yogyakarta. They visited those places and found there was a shortage of toys and clothes. As they appealed for support within JICS office, more than 10 cardboard boxes full of toys and clothes were collected in two weeks. Little by little over time, these gifts were brought to Indonesia by JICS staff who went on official trips and were finally delivered to those two orphanages in November 2007 and April 2008.



Children playing with the toys given as gifts

JICS Gets a Visit from the Students of Hekinan Municipal Higashi Junior High School

Students from Hekinan Municipal Higashi Junior High School visited JICS on June 13, 2008. As they have a great interest in the



The staff explaining how to wear protective gear against the avian flu virus

field of medicine, the staff introduced two programs called Grant Aid for Infectious Disease Prevention and Treatment and the Project for the Stockpile of Tamiflu and PPE against Potential Pandemic Influenza, by showing the commodities that JICS had actually procured, such as mosquito nets and medical appliances.

JICS Gets a Visit from the Students of Tokyo Jogakkan Middle School

Students from the Tokyo Jogakkan Middle School visited JICS on February 4, 2009 in connection with their studies on social contribution. First, the JICS staff explained the outline of ODA and the role of JICS, and then answered questions pertaining to matters such as the “methods of removing land-mines” and the “ways to recover small arms.” After the Q & A session, the students were given some work exposure that included the writing of reports and the filing of papers.

The NGO Support Activities of JICS

On April 24, 2008, a meeting was held for experts to decide on the policies concerning the NGO support activities of JICS for the next 3 years (page 22). The meeting for the report and exchange of views on the NGO support activities of JICS was held on September 3. It was attended by eight



The staff answering questions from students of the Tokyo Jogakkan Middle School

organizations that received support in FY2005 and FY2006, examiners, experts, etc. At the meeting, each NGO gave an account of its activities overseas and the impact of the support coming from JICS. A discussion took place at the meeting on ways to promote better understanding of their activities and stronger cooperation with local citizens and NGOs.

NGO Participants: Intercommunication Center for Asia and Nippon (ICAN), Caring for Young Refugees (CYR), Association for the cooperation and Rural Self-support in West Africa (CARA), Terra People Act Kanagawa (TPAK), Tokushima International Cooperation (TICO), Japanese Association for the Promotion of Health in Myanmar, Action with Lao Children, Atelier for Development and the Future

In FY2008, 26 organizations applied for assistance from JICS, out of which 11 organizations were selected to receive support amounting to 9.33 million yen. For FY2008, nearly 60% of the applicants requested for “funds for strengthening the foundation of NGOs,” which is meant to support NGOs to strengthen their operations. The fund can be used for public relations activities, further fund-raising, human resources development, and the maintenance of office equipment.

NGOs Supported by JICS in FY2008 (in alphabetical order)

| Name of NGO | Country | Support Description | Amount Granted (yen) |
|--|---|--|----------------------|
| Action with Lao Children | Laos | •Funds for strengthening the foundation of NGOs | 603,090 |
| APCAS (Action for Peace, Capability and Sustainability) | Sri Lanka | •Project operation expenses | 1,000,000 |
| Aspiring Citizens for Community Empowerment with sunny smile, Inc. | Philippines | •Funds for strengthening the foundation of NGOs | 1,000,000 |
| NGO Fukuoka Network | Japan | •Funds for strengthening the foundation of NGOs | 958,355 |
| India Welfare Village Society | India | •Project operation expenses •Funds for strengthening the foundation of NGOs | 781,800 |
| Japan Campaign to Ban Landmines | Cambodia Nepal | •Funds for strengthening the foundation of NGOs | 878,000 |
| Japan International Center for the Rights of the Child | Cambodia | •Funds for strengthening the foundation of NGOs | 1,000,000 |
| Jumma Net | Bangladesh | •Project operation expenses | 840,000 |
| NVDA (Network for Voluntary Development in Asia) | 28 countries in the Asia Pacific region | •Funds for strengthening the foundation of NGOs | 500,000 |
| Terra People Association | Sri Lanka | •Funds for strengthening the foundation of NGOs | 965,960 |
| Terra Renaissance | Cambodia Uganda, etc. | •Funds for strengthening the foundation of NGOs | 800,000 |