

Part 1

Principal Activities
in FY2012

Special Feature

JICS' first year as a general incorporated foundation Transformation into an Organization that Seeks Challenges

When Japan International Cooperation System (JICS) made the transition to a not-for-profit general incorporated foundation in April 2012, it utilized this opportunity to examine how best to respond to a broad array of organizational issues.

Out of this organizational renewal process was born the Medium-term Operational Action Plan, which runs for three fiscal years through March 2015.

Accompanying the transition, JICS also overhauled its organizational structure and is working to develop personnel capable of excelling in an international procurement institution.

In this special feature, two of the managers responsible for steering the organization's reform process explain key initiatives launched in FY2012—the plan's first year—and outline the organization's future direction.

● Example of an Initiative under the Medium-term Operational Action Plan (1)

Winning of a contract through public tender by JICA: Expert on Project Implementation Promotion for ODA Loans in Uzbekistan

JICS won a contract with JICA that ran from May 2012 through March 2013 involving the dispatch to Uzbekistan of specialists in the area of loan aid execution-related facilitation. This project had the objective of building capacity in each of the Uzbek government agencies involved in the execution of loan aid programs, thereby speeding up the execution of loan aid projects. With regard to loan aid projects currently being executed, including the Talimarjan Thermal Power Plant Expansion Project and the Qarshi-Termez Railway Electrification Project, JICS provided support to each government agency involved in the execution at the project preparatory stage, procurement procedures stage and loan execution stage. JICS also provided support in relation to new project candidates. In addition, JICS reviewed the need for new technical support relating to loan aid and provided support for the two technical cooperation projects currently being executed.



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Progress in the Medium-term Operational Action Plan

The Medium-term Operational Action Plan depicts "the world's best service provider in the international cooperation field" as the ideal image for JICS in 10 years' time. To reach this goal, JICS will steadily carry out its traditional operations centering on procurement agent services while also working to develop new service fields. Key initiatives implemented in FY2012 were as follows.

1. New Business Development Projects

To accelerate the development of new services, following on from the competition held between January and March 2012, JICS ran a second "internal business competition" in November 2012, which resulted in the submission of seven proposals. From among these, JICS selected "Opening of the Internal Travel Medicine Course to Outside Participants" for commercialization during FY2013. This course is a series of five lectures for people planning to travel to developing countries, covering such topics as prevention and care of infectious diseases. Previously, the course was only open to JICS employees, but we

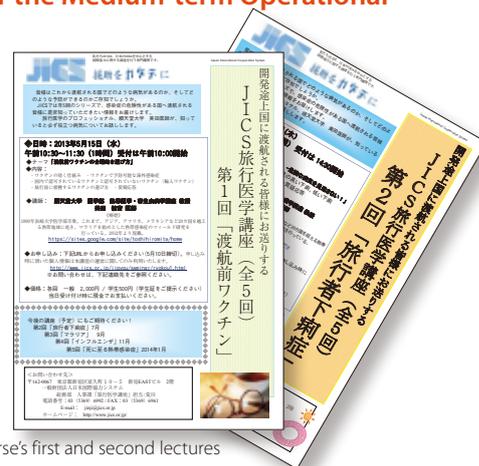
believe that making this resource available to a wider audience will lead to a significant and useful service.

In July and August 2012, JICS held weekly meetings to examine new business proposals, for which Department heads and senior management gathered from the early morning to engage in concentrated discussions on these proposals. We requested each department, division and office to submit at least one proposal per meeting, or a total of at least seven proposals. The final tally of proposals considered exceeded 140. These were all recorded in a database, and we intend to follow through by working toward the implementation

● Example of an Initiative under the Medium-term Operational Action Plan (2)

Start of the JICS Travel Medicine Course (Series of Five Lectures)

As a new service, we began running the JICS Travel Medicine Course in May 2013. This course provides medical information for people preparing to travel to countries where there is significant risk of contracting infectious diseases.



Leaflets for the course's first and second lectures



of the most promising proposals. The Medium-term Operational Action Plan is currently in its second year, and we have been able to sense changing awareness and attitudes toward the development of new businesses—staffs are clearly becoming more spontaneous and proactive.

2. Strengthening Contacts with Outside Organizations

With regard to the deep cultivation of our traditional operations centered on procurement agent services, we worked to increase opportunities for contact with the Ministry of Foreign Affairs of Japan (MOFA) and the Japan International Cooperation Agency (JICA) to an even greater extent than in the past. This included active submission of proposals and participation in publicly tendered projects. As a result, in FY2012, JICS won the contract for a JICA project put out for public tender—"Expert on Project Implementation Promotion for ODA Loans in Uzbekistan."

In addition to this, we increased contacts with organizations other than MOFA and JICA. These included such

ministries as the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry and the Ministry of Defense; such public bodies as the Japan External Trade Organization (JETRO) and the Japan Science and Technology Agency (JST); such private-sector organizations as the Japan Machinery Center for Trade and Investment (JMC) and the Promotion Council for the Low-Carbon Cities; and private-sector companies. Utilizing JICS' local project offices in counterpart countries and business travel by JICS staff, we made visits to international organizations and donors, and after conducting extensive hearings and discussions to identify and analyze frontline needs and issues, submitted project plans and proposals.

To ensure that we could adequately respond to such needs, we formulated new business development policies, overhauled our organizational structure, established the Office of New Business Development and formed new business development teams. Based on these initiatives, we are working to strengthen our efforts and plan to commercialize the most promising new business proposals in our database at an early stage. Further details on the organizational overhaul are provided later in this article.

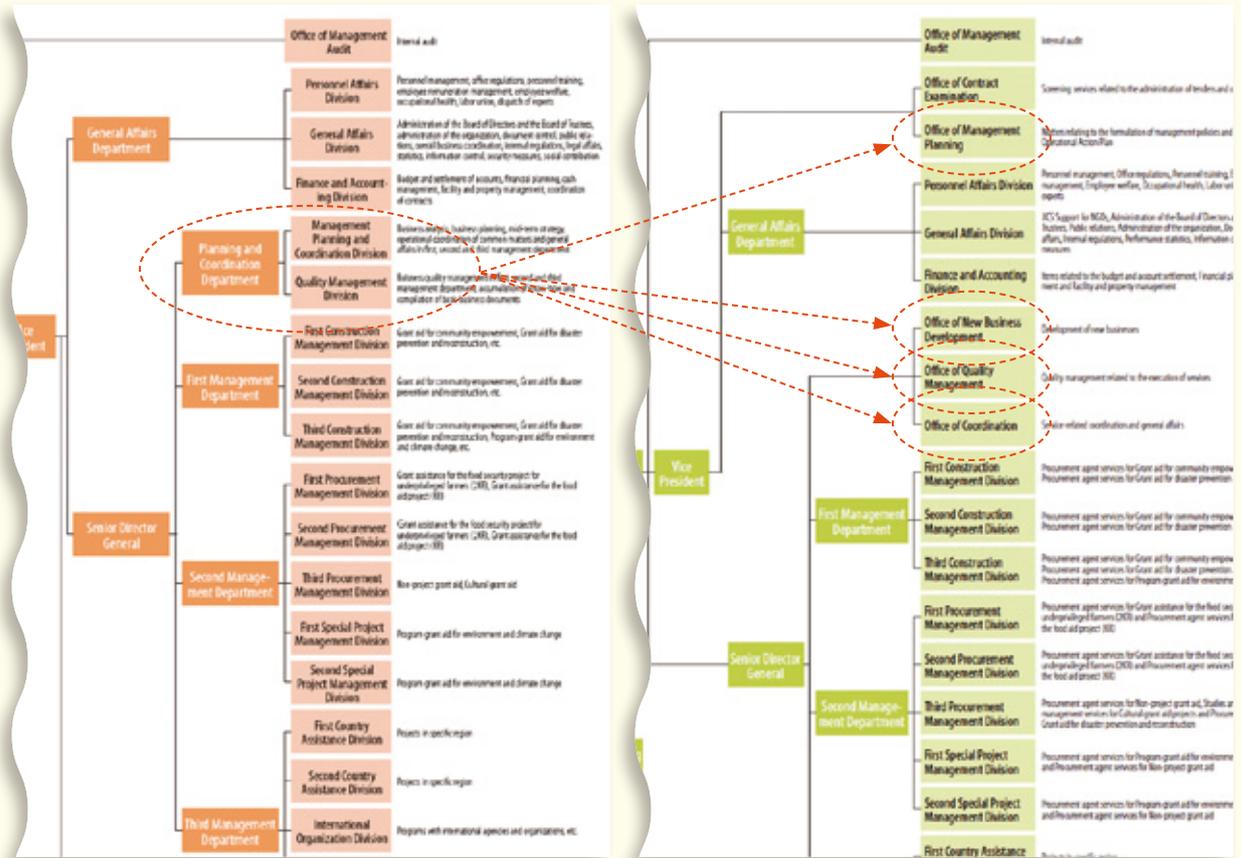
Non-Project Grant Aid: Changing in Response to Society's Needs

The content of aid for developing countries is usually decided on the basis of the results of preparatory studies, and aid is generally provided in the form of a project. However, as its name suggests, a special characteristic of Non-Project Grant Aid is that the details of the aid content are not fixed at the stage the funding occurs. For this reason, it is an aid scheme with a high degree of freedom to flexibly select projects based on the developing country's needs and coordination with other donors.

In recent years, as seen in reconstruction aid in Afghanistan and South Sudan as well as aid in the aftermath of the 2004 Indian Ocean earthquake and tsunami, Non-Project Grant Aid-related needs are becoming more diverse and complex. Within situations that involved severe security risks or in cases where there were very demanding time constraints, JICS has responded flexibly

Special Feature

The newly implemented Planning and Coordination Department within the structure implemented on April 1, 2012 (left) and the Office of Management Planning, Office of New Business Development, Office of Quality Management and Office of Coordination under the modified structure implemented on July 1, 2013 (right)



and proactively in the provision of new services, including the construction of facilities not previously envisaged as part of Non-Project Grant Aid.

Japan's Grant Aid for Provision of Industrial Products—a scheme that was established following the Great East Japan Earthquake in March 2011—is derived from the ordinary Non-Project Grant Aid scheme. By providing high-quality industrial products (vehicles, electrical equipment, medical equipment, etc.) produced in disaster-affected areas in Japan, the scheme not only supports the economic and social development efforts of developing countries, it also contributes to the recovery of disaster-affected areas in Japan. The companies in disaster-affected areas contracted to supply products for this scheme have taken on new staff while avoiding lay-offs of existing employees, thereby testifying to the positive impact the scheme has had on the employment situation.

Other derivative schemes of Non-Project Grant Aid include Japan's Non-Project Grant Aid for Provision of Japanese Next Generation Ecofriendly Vehicles, Japan's Non-Project Grant Aid for Provision of Medical Equipment, and Japan's Non-Project Grant Aid for Provision of Japanese small- and medium-sized enterprise's (SME) Products, which were launched in FY2012. Under SME



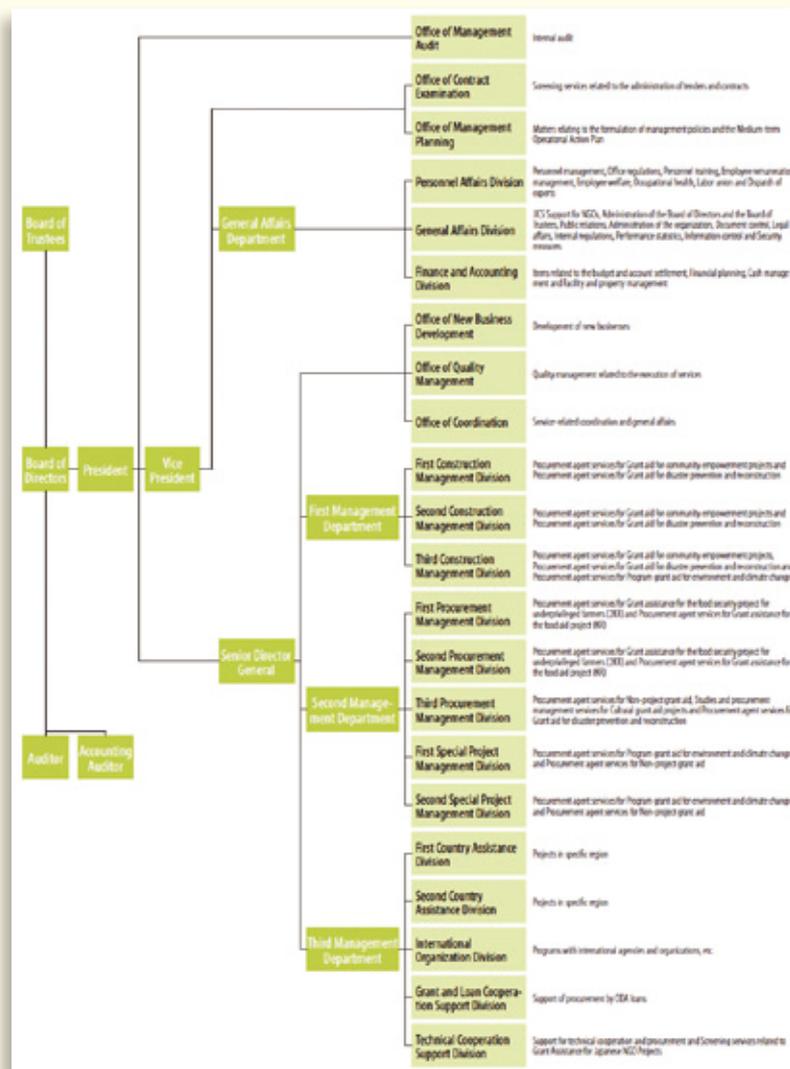
non-project grant aid, by procuring the products of Japanese SMEs that possess excellent technology, the scheme provides a boost to the overseas expansion of such SMEs while also supporting the economic and social development efforts of counterpart countries. Some developing countries do not allow the import of certain goods that have not undergone prior approval and registration procedures, and for SMEs there are some regions that present particularly difficult challenges for exporters. Such factors illustrate that many issues remain to be solved. However, if the needs of a developing country are properly identified and these are carefully matched to the requests of SMEs, the scheme offers opportunities to contribute to the economic growth of the developing country. For SMEs, the scheme can

become a catalyst to the development of overseas operations and it is hoped that it will open up a range of new business possibilities.

Focusing on Further Strengthening of JICS' Organization and Human Resources

Accompanying the transition to a general incorporated foundation, JICS implemented a new organizational structure on April 1, 2012, comprising two offices, five departments and 18 divisions. This overhaul reduced the average size of each organizational unit and was aimed at better enabling managers to keep closely in touch with their subordinates' progress, thereby facilitating more detailed supervision of the quality of operations. The new structure also aimed to foster a competitive organization that would produce high-quality proposals.

Subsequently, during FY2012 JICS carried out an audit of its new organizational structure, and the results of this audit



The current Organization Chart (modified on July 1, 2013)



identified the need to rebuild a structure that could steer ample resources toward the development of new businesses. A modified structure was implemented on July 1, 2013.

1. Organizational Overhaul

(a) Move to a structure comprising six offices, four departments and 16 divisions Under the structure adopted in FY2012—two offices, five departments and 18 divisions—the Planning and Coordination Department was responsible for multiple functions. The modified structure separated these into four independent offices—Office of Management Planning, Office of Coordination, Office of Quality Management and Office of New Business Development.

(b) Establishment of Office of New Business Development

Previously, new business development was the responsibility of the Management Planning and Coordination Division, which handled this along with management planning and coordination functions. Through the organizational overhaul implemented in July 2013, an

independent Office of New Business Development was established, a policy was formulated for the development of new businesses, and cross-organizational teams were formed to lead new business development projects. Based on these initiatives, experience and knowledge accumulated to date by JICS is being utilized to comprehensively review new business development, including the potential for entering new business domains, as we work toward the commercialization of new businesses.

Specifically, we plan to formulate, propose and win a contract for a new landmine clearance project, and also collaborate with an outside partner to win a contract through public tender for a Public–Private Partnership (PPP)-related project. From a medium- to long-term perspective, we have already begun studying fields in which JICS has no prior experience, to evaluate the potential for project participation in such fields as project finance and electric power generation.

2. Progress in Human Resource Development

JICS' master plan for human resource development, which we launched in

FY2012, contains two key objectives—the cultivation of project managers who operate and manage our traditional procurement agent services and the development of personnel capable of winning contracts with international institutions and implementing those projects.

Specifically, we are undertaking training programs to bolster the skills of project managers and building up our experience by dispatching staff to work within such international organizations as the United Nations Development Programme (UNDP) and the Association of Southeast Asian Nations (ASEAN) Secretariat. These programs are already beginning to bear fruit.

Human resource development is a medium- to long-term task, and in FY2013 we have introduced a testing and qualification program to assess how accurately project managers have acquired the practical knowledge necessary for their jobs. We believe that it takes several years for the results of human resource development to clearly show up.

As the environment for ODA continues to change, JICS must strive to further enhance its competitive advantages. Based on the Medium-term Operational Action Plan, which is in its second year, we are working to further strengthen our organization and human resources, as we invest our utmost efforts in expanding traditional operations and developing new business.

The Environment for JICS and ODA

The Changing Face of ODA

Since JICS commenced its procurement services in 1989, ODA has been transformed by such major trends as the rapid advance of globalization and the rise of emerging economies. This article briefly covers the history of those changes and explains the current environment for JICS and ODA.

Japan's ODA Programs Spanning More than Half a Century

Japan's ODA programs began in 1954 as part of the post-Second World War settlement process. Since then, over more than half a century, Japan has provided ODA totaling approximately ¥30 trillion to some 190 countries and areas. The core diplomatic principle underpinning Japan's continuing support for developing countries is "A peaceful and prosperous international community means a peaceful and prosperous Japan."

Significant Changes in the ODA Environment in Japan and Abroad

In recent years, the ODA environment has begun to change significantly, both internationally and domestically. Along with the globalization of the movement of people, goods, capital, technology and information, we have seen the emergence of many cross-border issues that affect the entire planet. These include such environmental issues as climate change and global warming, such infectious diseases as HIV and avian influenza, and such security issues as terrorism. In response, Japan's ODA has expanded from its traditional focus on the Asia region to now cover all regions of the world. Many emerging countries, which have achieved rapid economic growth, are now actively participating as donors in the provision of assistance to developing countries. This has meant an increase in development funds and a greater array of choices in the content of aid programs for developing countries.

Meanwhile, since the 1990s Japan's economy has been affected by ongoing deflationary pressures following the collapse of the so-called inflationary bubble of the late 1980s. More recently, the country has also been affected by such events as the 2008 global financial crisis. Deterioration in Japan's economic and fiscal position has led to large decreases in the country's ODA budget.

In these circumstances, to continue Japan's contribution to the international community and maintain peace and prosperity for the country, Japan has responded to many of the issues mentioned above in ways that go beyond the traditional approach to ODA. At the same time, Japan has worked to further increase its international presence.

Japan's International Cooperation Philosophy

In light of the circumstances outlined above, the Ministry of Foreign Affairs of Japan conducted a major review of Japan's ODA programs. Based on this, in June 2010 Japan articulated its international cooperation philosophy focusing on ODA as "Enhancing enlightened national interest—Living in harmony with the world and promoting peace and prosperity." Three

main principles underpin this philosophy.

1. The country will continue to make contributions aimed at solving issues affecting the international community, thereby helping to create a better international environment for Japan.
2. Assistance for developing countries should not be viewed as "an act of charity" but a means of furthering the world's common interests, including Japan.
3. To put this philosophy into practice, the country will take an "All Japan" approach that is not limited to ODA. This includes drawing on public and private human resources, expertise, financial resources and technology.

The Great Potential of Public-Private Partnership

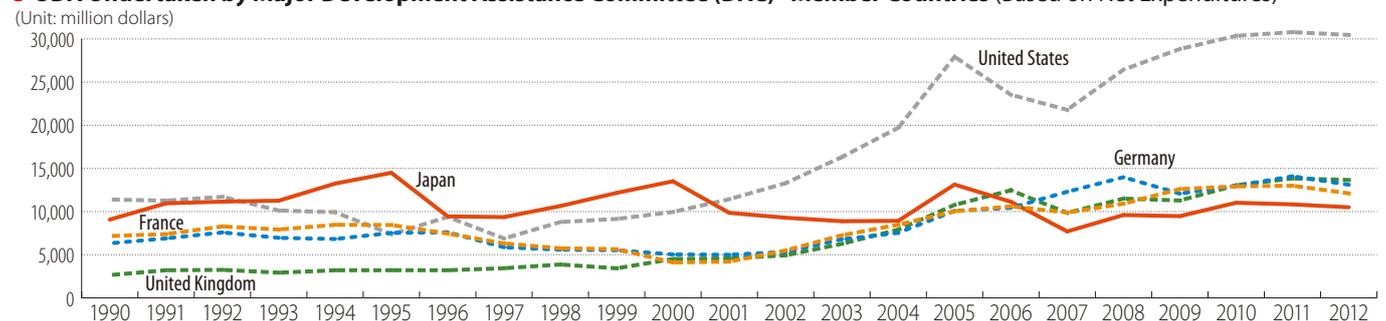
A huge amount of money is required to address global-scale problems and meet the diverse development needs of developing countries. Hence, it is desirable to draw on private-sector financial resources in addition to ODA. For this reason, as expressed in the third principle above, international assistance through Public-Private Partnership (PPP) has attracted significant attention. For developing countries, assistance provided by private-sector Japanese companies encompasses not only financial resources but also the transfer of know-how and technology. It can contribute to the development of industry and expansion of employment, thereby promoting growth for the developing country as a whole. For Japanese companies, involvement in ODA can lead to greater business opportunities abroad, and it is hoped that such activities will help to stimulate the Japanese economy.

Furthermore, it is believed that PPP has a useful role to play in Base of Pyramid (BOP) business, which is undertaken by private-sector companies and non-governmental organizations (NGOs). BOP business has the goal of addressing social issues affecting approximately four billion people in developing countries who survive on very low incomes.

JICS and Changes in the ODA Environment

The development of new businesses is one of the main themes under JICS' Medium-term Operational Action Plan, which commenced in April 2012. Within this, JICS has identified PPP as one of the potential areas in which new businesses can be developed. JICS is considering how to build partnerships with private-sector companies—including those based in local areas and SMEs—as well as NGOs. Through such initiatives, JICS is working to respond flexibly to changes in the ODA environment while striving to create an organization that can meet the needs of the international community.

ODA Undertaken by Major Development Assistance Committee (DAC)* Member Countries (Based on Net Expenditures)



Source: OECD DAC
 Notes: 1. Excluding assistance provided to Eastern Europe and countries no longer classified as developing
 2. 1992 amount for the United States excludes military debt relief 3. 2012 amounts are estimates

* DAC: A forum within the Organisation for Economic Co-operation and Development (OECD) to discuss issues surrounding aid, development, and poverty reduction in developing countries. At present, the DAC comprises 23 countries and the European Commission (EC). Japan joined the DAC in 1964.

The Role of JICS in ODA

The Needs Fulfilled by ODA

Many people in the world are struggling to overcome poverty and hunger. In recent years, as globalization has rapidly advanced, the international community has faced an increasing number of issues that transcend borders—problems that cannot be solved by countries acting alone. Such issues include environmental problems, the spread of infectious diseases and financial and economic crises. Japan is expected to make international contributions towards overcoming those issues through ODA, as a responsible member of the international community.

Furthermore, Japan is highly dependent on imports of a wide range of raw materials, energy and food, many of which come from developing countries. From this perspective, it is clear that the lives of people in Japan are deeply affected by and are dependent on stability within the international community.

To contribute to the maintenance of peace and stability in the international community, and through that ensure Japan's own security and prosperity, Japan carries out ODA as an important part of its national policy.

The Role of JICS in ODA

ODA refers to economic cooperation undertaken by the Japanese government for the purpose of assisting developing countries in the development of their economies and societies, and helping improve the welfare of the people of developing countries and promote stable livelihoods.

ODA is divided into two broad categories—bilateral aid that is conducted directly in cooperation with a particular developing country and multilateral aid that is carried out through an international organizations. Bilateral aid can be further divided into three modes—grant aid, technical cooperation and loan aid.

Since its launch in 1989, as a fair and neutral procurement organization, JICS has provided a broad array of services related to the procurement procedures for goods, equipment and

services necessary in the execution of many types of ODA projects. The information below provides an overview of the main operations in which JICS is involved.

Grant Aid-related Operations

With the objective of contributing to the economic and social development of developing countries, grant aid is a form of assistance that includes no requirement for the recipient country to repay the funds needed for the procurement of goods, equipment and services. JICS is involved in the execution of the following grant aid schemes.

Grant Assistance for the Food Aid Project (KR)

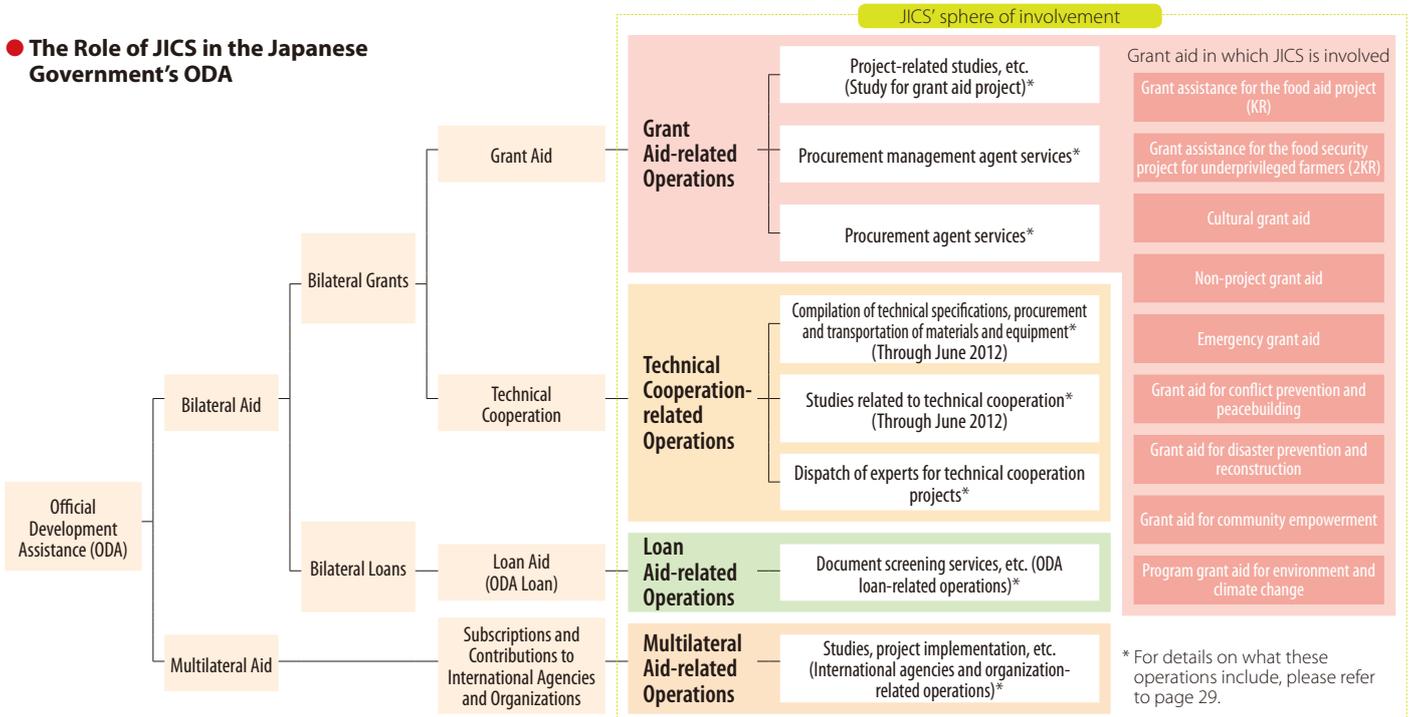
Since 1968, Japan has been providing grant aid to developing countries facing food shortages, for the procurement of rice, wheat, maize and other staple grains. Food aid is sometimes referred to as "KR" owing to its historic link with the Kennedy Round (KR) of negotiations under the General Agreement on Tariffs and Trade (GATT). The International Grain Agreement came into effect in 1967 as a result of the KR negotiations, and this aid program was launched in accordance with the aforementioned agreement.

JICS' role: ▶ Since FY2001, JICS has provided food procurement services under Agent Agreements signed with developing countries. Under these agreements JICS also acts as the secretariat for intergovernmental consultative committees, which are tasked with monitoring the distribution of the procured foodstuffs as well as the counterpart funds* deposited by recipient governments. Furthermore, since 2007 JICS has been undertaking procurement agent services, including the management of funds.

In FY2012, JICS provided procurement agent services for 40 Grant assistance for the food aid project procurements, centered on the African region.

* Note: Under self-help efforts, developing country governments deposit local currency counterpart funds equivalent to a certain proportion of the value of goods and equipment procured by grant assistance. These funds are utilized for local economic and social development projects after consultation with the Japanese government.

● The Role of JICS in the Japanese Government's ODA



■ Grant Assistance for the Food Security Project for Underprivileged Farmers (2KR)

This is grant aid to developing countries which suffer food shortages, for the procurement of fertilizer and agricultural goods and equipment that will help increase the production of grain crops (rice, wheat, maize, etc.). Japan commenced this scheme in 1977, and it is carried out in Asia, Africa, Central and South America, Eastern Europe, the Commonwealth of Independent States (CIS) and others. The alternative name for this program is 2KR, which is derived from the name KR that is used to refer to Grant assistance for the food aid project.

JICS' role: ▶ Since its establishment, JICS has been commissioned by JICA to carry out studies in Japan and in recipient countries for this program. Since FY1997, based on contracts signed with developing country governments, JICS has been acting as a procurement management agent to undertake the fair and expeditious procurement of agricultural goods and equipment. JICS also acts as the secretariat for intergovernmental consultative committees, which are tasked with monitoring the distribution of the procured goods and equipment as well as the counterpart funds deposited by recipient governments. Additionally, since FY2004 JICS has been undertaking procurement agent services, including the management of funds.

In FY2012, JICS cooperated with studies in 10 countries and provided procurement agent services for 17 Grant assistance for the food security project for underprivileged farmers procurements.

■ Cultural Grant Aid

Japan provides grant aid for the purpose of promoting culture and education, as well as for the preservation of cultural heritage in developing countries. This grant aid comprises funds for the purchase, transportation, installation of materials and equipment, and construction of facilities necessary for the aforementioned cultural and educational activities. General cultural grant aid is carried out vis-à-vis governmental and public agencies while grassroots grant aid is provided to nongovernmental organizations (NGOs) and local public agencies.

JICS' role: ▶ The Ministry of Foreign Affairs of Japan first commissioned JICS to carry out preliminary studies on requested equipment in FY1993. Since FY1995, based on contracts signed with recipient governments, JICS has provided ancillary services related to the procurement of equipment, including public notice, implementation and evaluation of the tendering process. Since 2009, JICS has been carrying out procurement management works running all the way through to management of equipment and materials delivery.



Rice procured as part of a Grant assistance for the food aid project (KR) (Gambia)

In addition, from FY2000 through FY2009, JICS was engaged in a range of follow-up services including the dispatch of technical experts to assess the usage status of previously delivered equipment and for the procurement of repair parts as necessary. Since FY2004, JICS has been undertaking the analysis of project applications.

In FY2012, JICS analyzed Grassroots cultural grant aid project applications under contract with the Ministry of Foreign Affairs of Japan, conducted preliminary study and application analyses of General cultural grant aid projects under contract with JICA and provided 27 procurement management services under contracts with recipient governments.

■ Non-project Grant Aid

Non-project grant aid provides funds to developing countries that are implementing economic and social reforms such as poverty reduction programs for the procurement and importation of necessary goods and equipment from overseas. The scheme is called Non-project grant aid since it is not tied to any specific project at the time it is approved.

JICS' role: ▶ Since FY1993, under Agent Agreements signed with developing country governments, JICS has been carrying out the appropriate management of grant aid funds and procurement of necessary goods and equipment, including raw materials (petroleum products, steel, paper, etc.) and machinery for public works (vehicles and construction machinery), which are selected from a list of eligible products agreed upon between the recipient governments and the Government of Japan. In recent years, as a means of support that contributes to recovery following the Great East Japan Earthquake, this program includes the procurement of industrial products manufactured in disaster-affected areas and materials produced by Japanese SMEs that possess an advanced level of technology.

In FY2012, JICS provided a total of 59 procurement agent services for Non-project grant aid in various countries in Oceania, the Middle East, Africa and Asia.

■ Emergency Grant Aid

Japan provides emergency grant aid from a humanitarian perspective, giving urgently needed funds to assist overseas victims of natural disasters and conflicts, as well as aid to restore the basic living infrastructure of affected communities. One important feature of this scheme is that it can be used to quickly procure and deliver the necessary items. Emergency grant aid can also be used to support democratization in developing countries, including the holding of elections, and to support post-conflict reconstruction development.



Japan implemented a Non-project grant aid project to assist recovery and reconstruction from flood damage that occurred in December 2011 and support disaster prevention measures. The procured construction materials and agricultural machinery are lined up (Myanmar)

JICS' role: ▶ Since FY1998, based on Agent Agreements signed with developing country governments, JICS has been appropriately managing grant aid funds and carrying out emergency procurement of necessary goods, procurement procedures required for the construction of facilities and project management operations.

In FY2012, JICS provided procurement agent services for a total of 11 Emergency grant aid projects including projects (that had been in progress) since before the previous fiscal year in Iraq, Afghanistan, Thailand and Palau and other countries.

■ Grant Aid for Conflict Prevention and Peacebuilding

The objectives of this scheme are to assist developing countries in conflict prevention and peacebuilding efforts through such measures as programs for the reintegration of former soldiers, recovery of small arms and ethnic reconciliation. The scheme provides funds for the procurement of goods and labor necessary for programs carried out in developing countries. This type of grant aid has been implemented since FY2002.

JICS' role: ▶ Since FY2002, based on Agent Agreements signed with developing country governments, JICS has been managing funds as well as undertaking project progress management and implementation support of programs in accordance with the particular characteristics of the assistance being provided. Core services include the management of aid funds.

In FY2012, JICS provided procurement agent services for a total of eight Grant aid for conflict prevention and peacebuilding projects (that had been in progress) since before the previous fiscal year in Sudan (the present Republic of South Sudan), Afghanistan, Cambodia, Haiti, Uganda and other countries.

■ Grant Aid for Disaster Prevention and Reconstruction

For developing countries that are vulnerable to natural disasters, Japan provides grant aid comprising funds necessary for facility construction and restoration to assist disaster prevention measures and post-disaster reconstruction.

In post-disaster reconstruction, to facilitate rapid response even in turmoil-affected situations and enable the provision of several types of assistance simultaneously, it is essential to utilize very advanced coordination capabilities. Japan's assistance draws on expertise across a diverse number of fields and manages relief efforts through an integrated approach.

JICS' role: ▶ Since the establishment of this grant aid in FY2006, based on Agent Agreements signed with developing country governments, JICS as a procurement agent has been undertaking the management of funds, carrying out the procurement of necessary goods and equipment, handling the

procurement of such services as those provided by consultants and construction companies, and providing overall project management services.

In FY2012, JICS provided procurement agent services for a total of six Grant aid for disaster prevention and reconstruction projects in areas suffering earthquake and cyclone disaster, including projects continuing since before the previous fiscal year.

■ Grant Aid for Community Empowerment

This scheme was established with the objective of assisting comprehensive capacity development in communities facing such threats to human life and secure livelihoods as poverty, hunger and infectious disease. Grant aid for community empowerment can reduce project costs by incorporating local input into project specifications and design and positively utilizing local enterprises and locally sourced goods and equipment, and is expected to lead to the efficient use of grant aid funds. While this scheme can flexibly respond to diverse local needs and conditions, it requires high-level procurement management because of the wide range of means needed to meet procurement schedules and secure quality.

JICS' role: ▶ Since the establishment of this grant aid in FY2006, as a procurement agent based on Agent Agreements signed with developing country governments, while undertaking the management of funds, JICS conducts a wide variety of procurement on behalf of recipient governments such as carrying out the procurement of necessary goods and equipment and handling the procurement procedures of such services as those provided by consultants and construction companies for facilities construction.

In FY2012, JICS provided procurement agent services for a total of 31 Grant aid for community empowerment projects: 23 for projects continuing from the previous fiscal year and eight for new projects in Africa and Asia.

■ Program Grant Aid for Environment and Climate Change

From the perspective of strengthening developing countries' response measures to climate change, this grant aid scheme provides funds necessary for the formulation of climate change-related policies and response plans, and for the procurement of materials and equipment and facility construction services needed for the execution of such plans. The scheme has three main focus areas—measures to combat global warming, antipollution measures and protection of the natural environment.



Generators procured through an Emergency grant aid project carried out in response to an electricity shortage caused by a power station fire that occurred in November 2011 (Palau)



A road and bridge constructed through a Grant aid for conflict prevention and peacebuilding project to help facilitate the return and resettlement of internal refugees displaced by conflict (Uganda)

JICS' role: ▶ Since FY2008, under Agent Agreements signed with developing country governments, JICS as a procurement agent has been undertaking the management of funds, carrying out the procurement of necessary goods and equipment, handling the procurement of such services as those provided by consultants and construction companies, and providing overall project management services.

In FY2012, JICS provided procurement agent services for a total of 65 Program grant aid for environment and climate change projects: that had been in progress since before the previous fiscal year.

Technical Cooperation-related Operations

Technical cooperation promotes nation building in developing countries by facilitating the adoption of technology among people in developing countries and by helping to raise the level of technology used. This mode of aid enables recipient countries to draw on Japan's extensive range of technology and experience. With the primary objective of facilitating "human resources development"—especially for younger generations who will play an important role in their country's future—the implementation of technical cooperation is led by JICA through such programs as the acceptance of training participants from developing countries, the execution of technical cooperation projects and the dispatch of experts and volunteers overseas.

JICS' role: ▶ Since its launch in 1989, JICS has been commissioned by JICA to undertake the provision of a broad array of services. These include the provision of information related to equipment necessary for the execution of technical cooperation, preparation of such procurement-related documentation as technical specifications and tender documents, and procurement operational support for JICA overseas offices. Since July 2012, JICS has only provided procurement administration support to JICA's overseas offices.

In FY2012, JICS conducted purchase and delivery works for 28 equipment and materials procurement projects that had been in progress since the previous fiscal year, and dispatched short-term assistance staff to 20 countries.

Loan Aid-related Operations (ODA Loan)

Loan aid (ODA loan) involves the loan of development funds to developing countries under such concessionary conditions as long repayment periods and low interest rates. In the implementation of loan aid to developing countries, the lending terms are determined after consideration of a broad range of factors, including average income levels in the recipient country. Unlike grant aid, loan aid requires repayment of aid funds. Hence, this mode of aid aims at nurturing ownership of the development process within the developing country by promoting the efficient use of loan funds and appropriate execution of projects.

JICS' role: ▶ Since FY2004, JICS has been carrying out primary checks of procurement-related documentation prepared by recipient countries to verify that the documentation conforms to JICA guidelines. JICS also conducts studies aimed at facilitating the smooth execution of loan aid programs.

In FY2012, JICS conducted 290 primary checks for projects in Southwest Asia, Latin America, Africa, the Middle East and Eastern Europe.

Multilateral Aid-related Operations

Multilateral aid enables Japan to contribute indirectly to the development of developing countries through subscriptions and contributions to development aid institutions that are part of the United Nations, and international development finance institutions, such as the World Bank.

JICS' role: ▶ Since FY2006, JICS has provided procurement services for multilateral aid-related programs carried out by international agencies and organizations, including project works commissioned by the ASEAN Secretariat using part of the Japan-ASEAN Integration Fund (JAIF) established by the Japanese government to support ASEAN integration.

In FY2012, JICS conducted procurement and other works for a total of seven projects, adding three projects to four projects continuing from the previous fiscal year, and contributed to smooth and steady project implementation.



Access slopes were installed in all of the buildings constructed through a Grant aid for community empowerment project aimed at alleviating a classroom shortage. This design addressed the needs of students who use a wheelchair to attend school attendance (Senegal)



As part of technical assistance provided through a Program grant aid for environment and climate change project focusing on forest conservation, a training program was held in Japan in January–February 2013 (Cameroon)

JICS' Major Activities in FY2012

Non-Project Grant Aid That Also Supports Recovery in Japan's Disaster-Affected Areas (Papua New Guinea)

As part of its recovery assistance for areas affected by the Great East Japan Earthquake, the Japanese government is implementing Japan's Grant Aid for Provision of Industrial Products (Non-Project Grant Aid). Under this program, industrial products made in disaster-affected areas are provided in accordance with requests from developing countries. Below, we introduce an example of this program carried out in Papua New Guinea and explain the background of JICS' procurement services and provide an overview of the project.

Hiroshi Sato
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Second Management Department



- Project Name: Japan's Grant Aid for Provision of Industrial Products (Non-Project Grant Aid)
- Objective: Assistance for recovery in eastern Japan and economic assistance in the developing country
- Counterpart of Agent Agreement: Department of National Planning and Monitoring, Government of Papua New Guinea
- Grant Amount: ¥150 million
- Exchange of Notes (Bilateral Agreements): March 12, 2012
- Delivery / Completion: October 2012

Q1. Please explain the details of how this project was decided and implemented and the role JICS played.

On March 11, 2011, a devastating earthquake measuring magnitude 9.0 on the Richter scale struck off the coast of Miyagi Prefecture in northeastern Japan. The tsunami triggered by this earthquake engulfed the coast in parts of the Tohoku and Kanto regions, causing catastrophic damage.



The exterior (left) and interior (right) of a printing factory damaged in the earthquake

In response to this unprecedented disaster—officially named

the Great East Japan Earthquake—the Japanese government embarked on a wide range of measures aimed at supporting reconstruction and recovery in disaster-affected areas. As part of these measures, the government decided to implement a new program titled Japan's Grant Aid for Provision of Industrial Products (Non-Project Grant Aid) through which industrial products made in disaster-affected areas are provided to developing countries based on requests from those countries.

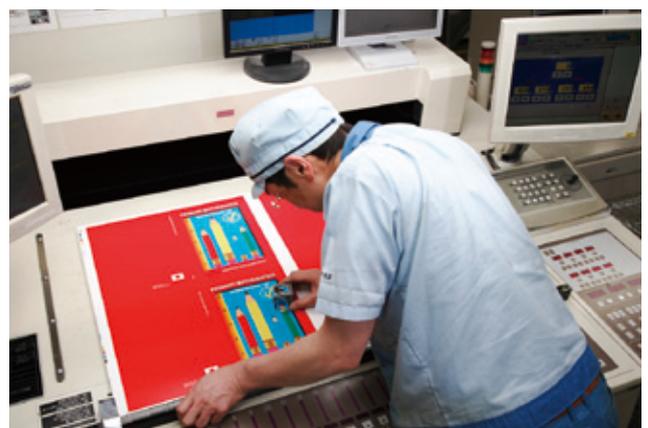
Utilizing its database of previously executed procurement projects, JICS provided a list of approximately 200 industrial products produced by companies in disaster-affected areas based on the needs of developing countries. JICS organized the information according to a number of themes, such as welfare and health care, and then submitted the list to the Ministry of Foreign Affairs of Japan.

After the decision was made to implement the grant aid program covering 15 countries—including Papua New Guinea—JICS signed agent agreements with each of the counterpart governments and appropriately managed the grant funds on behalf of those governments. JICS then carried out procurement services based on requests from the developing countries for items produced in disaster-affected areas. Items included medical equipment, construction machinery, welfare-related equipment, vocational training equipment and educational equipment.

Q2. Please outline the difficult aspects of this project and facets in which you were able to utilize the experience JICS has accumulated to date.

Since this project was part of a new ODA program, it involved a certain amount of trial and error. In disaster-affected areas, compared with primary products and intermediate products, the number of companies that make final products is small and such companies are not easy to find. Despite such difficulties, JICS was able to provide a product list of more than 200 products. We were proud that the procurement database built up since JICS' establishment was instrumental in making this possible.

There were concerns expressed by developing countries regarding the safety of products made by companies in Fukushima Prefecture. In response, JICS established safety limits for radioactive materials and carried out procurement only after confirming that products were within those lim-



Color proofs for the textbooks are carefully checked

its. The companies supplying products were very happy to participate in the program since the receiving parties were national governments, whose acceptance of goods from disaster-affected areas stood as proof of the safety of those products.

The project demanded speedy execution to ensure that its contribution to recovery in disaster-affected areas was maximized. While maintaining transparency and fairness, the procurement procedures were streamlined, and as a result nearly all procurement was completed within one year of the Exchange of Notes between Japan and the counterpart governments.

Q3. Please provide an overview of the results of this project in Papua New Guinea.

On March 12, 2012, the governments of Japan and Papua New Guinea signed the Exchange of Notes regarding the execution of this project. On March 23, 2012, JICS signed a procurement agent agreement with the Government of Papua New Guinea, under which JICS was also responsible for the appropriate management of the grant funds. Based on requests from Papua New Guinea, JICS undertook the procurement of six types of items—textbooks, notebooks, ballpoint pens, projectors with document camera, disaster first aid kits and passenger automobiles. The procurement was carried out through competitive tenders for products made by companies with factories

in areas affected by the Great East Japan Earthquake.

To produce the textbooks and notebooks, several companies in Miyagi Prefecture—which suffered severe damage from the tsunami—received the textbook cover and text data from Papua New Guinea, which was used as the basis for printing of the books. The books were subsequently bound and were delivered in time for the start of the school year. In Papua New Guinea, since there is a shortage of textbooks, books are not owned by individual students but instead passed on to the next class. The textbooks provided on this occasion are also expected to be used by a large number of children over a long period.

This project was helpful in promoting economic recovery in the Tohoku region, including disaster-affected areas. The manufacturing companies involved and other people from disaster-affected areas showed their appreciation for the opportunity to take part in the project.

JICS is currently carrying out procurement for four countries newly participating in this program, as assistance for developing countries and disaster-affected areas continues.



A class is taken using the new textbooks distributed through this project



The brand new textbooks after the completion of printing

Program Grant Aid for Environment and Climate Change "The Project for Introduction of Clean Energy by Solar Electricity Generation System" (Jordan / Costa Rica)

As part of the Cool Earth Partnership, which assists developing countries' efforts to deal with climate change, Japan has begun 27 solar electricity generation system projects in FY2009. In this article, two JICS staff members assigned to projects in Jordan and Costa Rica provide overviews of the projects up to completion and discuss some of the difficulties they encountered.

Jordan:

Naoko Ochiai
International Organization Division
Third Management Department



- Project Name: The Project for Introduction of Clean Energy by Solar Electricity Generation System
- Objective: Installation of solar photovoltaic (PV) systems and implementation of technical training covering basic knowledge of the systems and maintenance methods

Jordan

- Implementing Organizations: Royal Scientific Society (RSS) (Site 1: El Hassan Science City); Ministry of Tourism & Antiquities (Site 2: Dead Sea Panoramic Complex)
- Grant Amount: ¥640 million
- Generating Capacity: 280kW (Site 1); 100kW (Site 2)
- Handover Dates: May 24, 2012 (Site 1); February 8, 2012 (Site 2)

Costa Rica:

Akiko Omori
Second Special Project Management Division
Second Management Department



Costa Rica

- Implementing Organization: Instituto Costarricense de Electricidad (Costa Rican Institute of Electricity; ICE)
- Grant Amount: ¥810 million
- Generating Capacity: 1MW (Adjacent to the Miravalles Geothermal Power Plant); 3kW (Within the grounds of the Instituto Costarricense de Electricidad head office)
- Handover Date: November 22, 2012 (Miravalles)

Q1. Please explain the details of the solar electricity generation system projects in Jordan.

Jordan is one of the countries being seriously affected by climate change, particularly through such phenomena as desertification and drought. Despite the country's location in the Middle East, it lacks commercial petroleum production and relies heavily on imports to meet its energy needs. Consequently, improving the country's energy self-sufficiency ratio and adopting renewable energy sources are designated as key national environmental policies. The Japanese government, as part of its Cool Earth Partnership, decided to implement "The Project for Introduction of Clean Energy by Solar Electricity Generation System" with Jordan. This would involve the installation of solar photovoltaic (PV) systems at two sites—at El Hassan Science City in the capital of Amman and at Dead Sea Panoramic Complex.

Together with a Japanese consultant possessing technical expertise in solar electricity generation systems, JICS conducted the basic survey in Jordan, verified such aspects as the validity of system installation and the effectiveness of the planned sites, and carried out project planning and design. Subsequently, as the procurement agent of the Jordanian government, JICS supervised the overall project, including selection and contracting of installation companies via a competitive tender, and managing progress of the installation work and the grant funds.



The solar PV panels at El Hassan Science City

Q2. There were two separate project sites—did this create difficulties?

Each site had its own implementing organization, and the tendering procedures and installation period were different. Consequently, we carried out procurement as two separate packages. Package 1 was for El Hassan Science City, handled by the Royal Scientific Society (RSS), and Package 2 was for the Dead Sea Panoramic Complex, handled by the Ministry of Tourism & Antiquities. However, since it is essential to coordinate the schedule and manage the funds for the project as a whole, we faced the difficulty of needing to balance the progress of the two packages.

Furthermore, separate from the implementing organizations, there was a government department acting as the liaison for the project, and since each site had a different contracted company doing the installation work, we sometimes struggled to coordinate the various parties involved. However, thanks to the cooperation we received from all parties, the installation work was completed without incident. The solar PV systems include a display showing how much electricity is being generated, enabling people who view the systems to readily see that the electricity being supplied is taking advantage of the country's long hours of sunshine. This feature also serves to educate the public and raise awareness regarding the use of renewable energy.



The solar PV panels at the Dead Sea Panoramic Complex



Her Royal Highness Princess Sumaya, the Ambassador of Japan to Jordan, Junichi Kosuge (front row, right-hand end) and project-related personnel participate in the ribbon-cutting ceremony at El Hassan Science City

The newly installed systems were handed over to the Ministry of Tourism & Antiquities on February 8, 2012 and to the RSS on May 24, 2012. At the handover ceremony on May 24, as an expression of appreciation, Her Royal High-

ness Princess Sumaya of Jordan gifted a shield to all those involved in the project, including JICS.



Display showing the amount of sunshine and volume of electricity generated (Dead Sea Panoramic Complex)

Costa Rica

Q3. In Costa Rica, what was the background to the solar electricity generation system project and how did it proceed?



Solar PV panels laid out at the foot of Miravalles Volcano

The Costa Rican government is very proactive in dealing with environmental issues. In 2007, it announced a target of Costa Rica becoming carbon neutral (equal CO₂ emissions and absorptions) within 20 years, and has promoted forest plantations to offset emissions. In addition, the government is pursuing the use of renewable energy sources, such as geothermal, wind and hydroelectric power, and such sources now account for more than 90% of electricity generation.

As a means of cooperating with the efforts of Costa Rica, the Japanese government decided to implement this project by utilizing Japan's outstanding environmental technology. After the Exchange of Notes between the two governments, JICS entered a procure-

ment agent agreement with Instituto Costarricense de Electricidad (Costa Rican Institute of Electricity; ICE), and supervised the entire project, including management of the grant funds and progress of the project. At the end of October 2012, the installation project was successfully completed, making it the first megawatt-class solar electricity generation facility in Central America.

The Costa Rican government plans to make the project a model for future projects, and is using it as a benchmark for the construction of second and third solar power generation facilities using the country's own resources. For this reason, JICS implemented a training program for employees of ICE from the time the facility was under construction, which was taught by a Japanese consultant with substantial technical expertise. The course covered the system technology and operation and maintenance of solar PV systems.

Q4. The project seems to have progressed smoothly, but were there any unexpected hitches?

During the construction of the facility's foundations, we found some of the concrete on which the solar PV panels were to be mounted to be in poor condition. When the problem was discovered, we considered the alternatives available for dealing with the situation. If the concrete needed to be relaid, we wanted to avoid a delay in the construction schedule if at all possible, and we held a number of discussions with the consultant and construction company to achieve this outcome. In the end, although some of the foundations had to be

relaid, thanks to superb direction by the consultant, the sincere efforts and high level of

technical capabilities of the contractors, and a great amount of cooperation from the Costa Rican side, the project was completed with a minimum of delay. After the facility commenced operation, the Costa Rican officials praised the Japanese consultant and companies for their strenuous efforts and excellent competence.



President of Costa Rica, Laura Chinchilla Miranda (second from the right), and the Ambassador of Japan to Costa Rica, Yoshiharu Namiki, shake hands



Personnel involved in the project carry out the ribbon-cutting ceremony

Summary of the Project in Both Countries

Q5. Please explain how you leveraged your experience and know-how in these projects.

These projects, encompassing the procurement and installation of solar PV systems, had features in common with both equipment and materials procurement and major facilities projects that include civil engineering works, which JICS has handled to date as a procurement agent. We were able to successfully execute procurement operations that contained both of these elements thanks to JICS' start as an equipment procurement agent and subsequent experience accumulated in the management of many construction projects, such as construction of schools and hospitals as part of the Grant Aid for Community Empowerment program.

Through this involvement in the installation of such specialized systems as solar power generation, we believe that JICS has gained valuable know-how that we will be able to utilize in a wide range of future system construction projects. This particularly pertains to project management and setting conditions for the tendering and contracting process.

Grant Aid for Community Empowerment (Burkina Faso)

The children of Burkina Faso have to cope with a learning environment that is far from ideal. For example, there are many classrooms with more than 100 students in a class and many schools have only straw-thatched buildings. JICS is involved in ongoing projects that began with such objectives as increasing children's opportunities to receive primary education and enhancing the quality of education. In this article, we look at the roles that JICS is playing in such projects.

Takuya Sei

Third Construction
Management
Division
First Management
Department



FY2009

- Project Name: Projet de construction d'écoles primaires (Phase IV) (The Project for Construction of Primary Schools (Phase IV))
- Objectives: Construction of 68 primary schools (237 classrooms) in Kouritenga, Boulgou, Boulikemde and Yatenga provinces, including classrooms, staff housing, toilets and wells; and the provision of classroom furniture
- Counterpart of Agent Agreement: Ministry of Basic Education and Literacy, Burkina Faso
- Grant Amount: ¥998 million
- Exchange of Notes (Bilateral Agreement): April 2, 2009
- Delivery / Opening: March 2013

FY2012

- Project Name: Projet de construction et d'équipement de salles de classe dans les écoles primaires publiques (Phase V) (The Project for Construction and Installation of Classrooms in Public Elementary Schools (Phase V))
- Objectives: Construction of 63 primary schools (288 classrooms) in Kouritenga, Boulgou, Koulpelogo, Kenedougou, Houet, Tuy, Balé, Leraba and Comoé provinces including classrooms, staff housing and toilets; and the provision of classroom furniture
- Counterpart of Agent Agreement: Ministry of Basic Education and Literacy, Burkina Faso
- Grant Amount: ¥1,138 million
- Exchange of Notes (Bilateral Agreement): July 6, 2012
- Planned Opening: September 2014 (approximate)



The red portions indicate the nine provinces in which the project has been completed or is currently being implemented



Q1. Please provide an overview of "The Project for Construction of Primary Schools (Phase IV)."

In Burkina Faso, there are many classrooms with more than 100 students and many schools have only adobe brick and straw-thatched buildings. There are also shortages of classroom furniture, such as desks and chairs, while disease outbreaks due to unclean drinking water are also not uncommon.

As part of the expansion of assistance in the educational field announced by Japan at The Fourth Tokyo International Conference on African Development (TICAD IV) in May 2008, the Japanese government made the decision in April 2009 to implement "The Project for Construction of Primary Schools (Phase IV)" (hereinafter the "Fourth Project") through Grant Aid

for Community Empowerment. This project aimed to increase opportunities for children in Burkina Faso to receive primary education and to enhance the quality of education. Grant Aid for Community Empowerment was the first Japanese cooperation scheme to be implemented in Burkina Faso, and by proactively utilizing local specifications and designs as well as local companies and materials, we were able to realize lower construction costs. As the procurement agent of the Government of Burkina Faso, JICS supervised the execution of the entire project, including selection and contracting of local construction companies and management of funds. During the construction period, the project encountered a range of difficulties, such as roads to construction sites becoming impassable due to torrential rainfall and the temporary evacuation from the country of Japanese staff members due to riots that led to a deterioration in the security situation. However, thanks to the great efforts of all those involved with the project, 68 schools totaling 237 classrooms were completed, providing an improved educational environment for 11,850 students.



Children wave flags of both countries to greet guests at a handover ceremony

Q2. Please provide an overview of “The Project for Construction and Installation of Classrooms in Public Elementary Schools (Phase V)” and its current progress.

The strategic development plan for basic education prepared by the Burkina Faso government (Programme de Développement Stratégique de l'Éducation de Base (PDSEB); 2011–2020) has set the goal of achieving a primary education net enrollment rate (the number of students enrolled as a percentage of the population of children aged six to 11 years only, the original age range for primary school students) of 75% by 2015 and 100% by 2020. The plan also aims to achieve normalization whereby each classroom is used by students of a single grade rather than a mixture of grades.

Although the primary education net enrollment rate improved from 44% in 2001 to 60% in 2010, the increase in student numbers has led to a shortage of classrooms. Even using makeshift facilities of only wooden posts and straw-thatched roofs without walls there is still insufficient capacity. The situation is so serious that there are overcrowded classrooms packing in more than 180 children and some schools are refusing enrollments of entire grades. As is apparent from this description, not only is it necessary to replace temporary classrooms and add new classrooms, the shortage of toilets along with classrooms and the lack of staff housing in outlying regions means that it is essential to adopt a similar approach to the Fourth Project by constructing school facilities that include classrooms, staff housing and toilets.

On July 6, 2012, the governments of Japan and Burkina Faso conducted an Exchange of Notes to officially launch “The Project for Construction and Installation of Classrooms in Public Elementary Schools (Phase V)” (hereinafter the “Fifth Project”). Recognizing the results achieved in the Fourth Project, JICS once again entered a procurement agent agreement with the Burkina Faso government for the new project. The first batch of tenders and construction contracts has been completed and construction work has begun. JICS has also begun preparing for the second batch of tenders.



The Burkina Faso Minister of Basic Education and Literacy, Mrs. Koumba Boly-Barry (center, dressed in blue), and the Ambassador of Japan to Burkina Faso, Tsutomu Sugiura, perform the ribbon-cutting ceremony.

Q3. What experience did you gain in the Fourth Project that could be applied in the Fifth Project?

In the Fourth Project, quality and construction progress greatly depended on the capacity of local construction companies. In particular, there was a divergence between the quality expectations of the Japanese side and the expectations of local construction companies, and this had an impact on work progress.

JICS is involved in the Grant Aid for Community Empowerment scheme worldwide, and the knowledge gained through these projects is shared across our organization. In Senegal, within the Grant Aid for Community Empowerment project “Projet de construction de salles de classe pour l'enseignement élémentaire et moyen dans les region de Dakar et Thiès” implemented from October 2011, we introduced a system of pilot sites, which was effective in improving quality. Based on this experience, we decided to adopt a similar approach in the Fifth Project in Burkina Faso. The pilot sites serve not only to remedy the differences in quality standards between Japan and Burkina Faso, but also have the advantage of facilitating technical guidance and the transfer of technology to local companies.

Within the Fifth Project, school buildings that had shed roofs were converted to gable roofs with steel trusses. Although the Fourth Project used local standard designs, to further assure construction quality and improve school building durability,

this enhancement was introduced in the Fifth Project.

During the construction period of the Fourth Project, political instability led to the issuing of evacuation advice to Japanese staff members, which made construction quality assurance difficult. In the Fifth Project, for sites where the security of Japanese staff members cannot be assured—making site access problematic—it is difficult to conduct efficient construction and obtain the required level of quality. Consequently, we have agreed with the Burkina Faso government to either postpone construction in such cases or look for alternative sites.

Although the projects have involved trial and error in many aspects, both JICS and the Burkina Faso government share the common desire to complete the schools as soon as possible, and we are committed to deepening our cooperative relationship to realize even greater effectiveness in current and future projects.



Minister of Basic Education and Literacy, Mrs. Koumba Boly-Barry, delivers a message to students

Q4. What do you regard as the main significance of this project?

This project contributes to realizing “Basic education—expansion of access and quality,” stated in the TICAD IV Yokohama Action Plan, and “Achieving universal primary education,” one of the Millennium Development Goals (MDGs) announced in September 2000, and meets the assistance policies of the Japanese government.

Along with the Fourth Project, through three school construction projects carried out by Japan since 1995, a total of 228 schools encompassing 707 classrooms have been constructed, and these results have been appraised highly in Burkina Faso. Apart from these, Japan is currently engaged in several more projects in Burkina Faso, and through these projects JICS has built extremely strong relationships with many Burkina Faso government agencies. While utilizing these relationships, we hope to in the future contribute to further enhancing Japan’s presence in Burkina Faso.

Grant Assistance for the Food Security Project for Underprivileged Farmers (Bhutan)

In Bhutan, although agriculture is the main industry, productivity is low due principally to geographical constraints. To help remedy this situation, since 1997 JICS has carried out the procurement of agricultural machinery. We talked to the JICS staff member responsible for this project about the benefits generated by Japanese-manufactured agricultural machinery, which enjoys an immense level of trust among Bhutan’s farmers, and measures aimed at enhancing farmers’ self-reliance.

Kenji Kashiwazaki

First Procurement Management Division
Second Management Department



- Project Name: FY2010 / FY2012 Grant Assistance for the Food Security Project for Underprivileged Farmers (2KR)
- Objectives: Grant of tillers and other agricultural machinery
- Counterpart of Agent Agreement: Ministry of Agriculture and Forests, Bhutan
- Grant Amount: ¥130 million (FY2010); ¥110 million (FY2012)
- Exchange of Notes (Bilateral Agreement): March 21, 2011 (FY2010); February 5, 2013 (FY2012)
- Delivery / Completion: March 18, 2013 (FY2010)

Q1. Please provide a brief outline of the background and objectives of the Grant Assistance for the Food Security Project for Underprivileged Farmers in Bhutan.

In Bhutan, agriculture is the main industry, accounting for 19% of GDP and 59% of the total population. However, since the entire country consists of rugged mountainous terrain, the average area cultivated by each farming household is extremely small, and production efficiency is poor. Consequently, production of such staple food crops as rice and wheat is unable to satisfy domestic demand. Furthermore, in recent years owing to an increasing number of young people migrating to urban areas rather than taking over the family farm, rural areas are facing serious labor shortages and the average age of farmers is increasing.

To help remedy this low productivity, from 1984 to 2010 the Japanese government implemented a total of 23 projects to assist the food security of underprivileged farmers in Bhutan (up to FY2004, Grant Aid for Increase of



The ODA emblem can be seen on a trailer towed by a tiller

Food Production). This mainly comprised the procurement of such agricultural machinery as small tillers and auxiliary trailers and bottom plows. In particular, Japanese-manufactured small tillers are able to turn in a small radius, making them suitable for tilling terraced rice paddies and other small-scale plots. Added to their excellent durability and ease of operation, these machines have gained a high level of popularity among Bhutan's farmers. The FY2012 project includes the grant of 152 small tillers, bringing the total of procurements to date to 2,478 units. Although many farmers wish to purchase tillers, there is a wait of several years to receive the machines. Within Bhutan, Vietnamese- and Chinese-manufactured machines are beginning to be sold through private-sector channels, but farmers' strong degree of trust in Japanese-made machinery has led to the Bhutanese government expressing its hope that grants from Japan will continue.

Q2. What role did JICS play in this project?

Up until FY2012, JICS has participated in local surveys (in FY2011 and FY2012, surveys were conducted together with an external consultant) to confirm the distribution situation of previously granted agricultural machinery and the usage circumstances of farmers. JICS is engaged as the procurement agent of the Bhutan Ministry of Agriculture and Forests, and the knowledge gained through local surveys is useful in the procurement of agricultural machinery appropriate to the prevailing situation in Bhutan.

In actual fact, the production volume is increasing among farmers who use the machinery procured to date, and labor costs are declining. This is helping to significantly raise incomes and living standards. The auxiliary trailers provided with tillers are also being used effectively to carry harvested crops and farm equipment.

In addition to monitoring the distribution of procured machinery, JICS also has the important role of checking on the situation for accumulation of counterpart funds. Within the Grant Assistance for the Food Security Project for Underprivileged Farmers, to achieve the highest possible aid effectiveness, the counterpart government accumulates money received from the sale of procured equipment as counterpart funds, which are mandated for specific uses. The Bhutanese government utilizes these funds effectively for the construction of rural roads and irrigation schemes as well as measures aimed at self-sustaining development.

As one example of this, counterpart funds is being used to build a work facility next to the Agriculture Machinery Centre (AMC). Here, a farm-work machine for attachment to a tractor is being manufactured, and a prototype has already been completed. At the AMC, repairs are carried out for the machinery granted by Japan as well as the management and sale of spare parts. The technical capabilities accumulated at the AMC have sufficient potential for the country to move to a new stage of development—the manufacturing of Bhutan's own agricultural machinery.



Long-awaited tillers arrive from Japan

Q3. What key issues remain, and what is the future outlook?

The history of Japanese assistance for Bhutan began with the dispatch of the late Keiji Nishioka to Bhutan in 1964. For 28 years, he worked relentlessly for the development of agriculture in Bhutan, and was revered in Bhutan as "Dasho Nishioka," which means "Nishioka the Great" in Bhutanese. To this day, grant aid and technical aid have continued unbroken. Bhutanese people resemble Japanese people in both appearance and character, and are very diligent. In the near future, the country aims to graduate from Grant Assistance for the Food Security Project for Underprivileged Farmers, and hopes to pursue self-sustaining development.

From the FY2012 project, to bolster Bhutan's efforts for self-reliance, some of the details of the assistance program have been modified compared with the procurement conditions used in the past. Specifically, procurement items are now focused on small tillers and single reversible plows that accompany the tillers. The cost of spare parts, which previously accounted for 20% of the small tiller "Free on Board (FOB)" price, has been reduced to 5%, and we plan to propose that spare parts be reduced to zero for the next project. By rapidly shifting to a method whereby the recipient country purchases the



Assembly of the newly arrived small tillers

goods that the country is capable of purchasing by its own means, we hope that Bhutan will lift its level of self-reliance. By reducing the amount of grant funds used on spare parts, the number of small tiller units procured can be increased, thereby increasing the benefits for farmers.

We are able to make such advances thanks to the healthy relationship built up with Bhutan over many years, and JICS hopes to continue its participation in the future as a stakeholder in Bhutan's overall agricultural policy. We intend to focus our full energies on assisting Bhutan's country-building efforts based on the policy of maximizing Gross National Happiness (GNH).

Stakeholder Comment

How do JICS' stakeholders—from their various perspectives—view the services provided by JICS and Japan's ODA programs? JICS' stakeholders include such parties as the governments and citizens of Japan and its partner countries, and the companies and NGOs involved in each procurement project. For this report, we asked the Ambassador of the Republic of Benin, a country in West Africa, to give his comments as one such stakeholder.

Rather than offering goods to people in need of help, let us teach them how to make goods

Ambassador of
the Republic of
Benin to Japan

Zomahoun D. C. Rufin



PROFILE

Born in Dassa-Zoumé, Republic of Benin, in 1964. In 1987, became a state-sponsored overseas student at the Beijing Language and Culture University, China. Came to Japan at his own expense in 1994. In 1999, enrolled in the dissertation course of the doctoral program at Sophia University, Tokyo. Has appeared in various Japanese television programs, including Koko Ga Hen Da Yo Nihonjin. Assistant to Takeshi Kitano, film director and actor. In 2000, built Takeshi Primary School in Benin. Since 2004, Special Advisor to the President of the Republic of Benin. In 2004, established the non-profit organization (NPO) IFE in Japan. Appointed Ambassador of the Republic of Benin to Japan in 2011.

Japan taught me the importance of education

When I first came to Japan, the thing that surprised me the most was the country's 100% literacy rate. That was unthinkable in my mother country. The official language of Benin is French, but 75% of the population was unable to read or write. That was because most people in Benin either never attended school or were unable to maintain attendance. Although primary school is compulsory in Benin, there were few schools and students had to pay fees. Children from homes with no financial resources could not go to school, and instead from a young age had to help at home doing agricultural chores and other work.

Despite Japan's small land area and lack of mineral resources, it has developed into an economic superpower. Comparing my own country with Japan, I became aware of how important education is to the development of a country. To ensure that education becomes universal, it is vital that compulsory education be free. I have come to dream of building many primary schools in Benin using my own resources. Thanks to my appearances on Japanese television programs, I was able to publish two books—Zomahoun no Hon and Zomahoun, Oi ni Naku—which became best sellers. Using the royalties from those books, I was able to build Takeshi Primary School, Edo Primary School and Meiji Primary School. The reason I named the schools after Japanese historical eras and a Japanese given name was because I wanted to express my gratitude towards Japan and also because I hoped that children in Benin would take an interest in Japan.

Fulfilling the dream of making primary education universal

To continue activities in pursuit of the realization of my dream, in March 2002 I established the IFE Foundation in my mother country. In addition to the objective of raising the literacy rate through increased participation in primary education, the foundation aims to contribute to cooperative relationships between the countries of Asia—including Japan—and the countries of Africa. This includes the promotion of collaboration and mutual understanding in the spheres of education, culture, technology and medicine.

In Benin, all primary school fees were abolished in 2006, and to date through ODA programs the Japanese government has built 185 primary schools (795 classrooms)*1. Moreover, a further 53 schools (241 classrooms) *2 are planned for construction. Thanks to these efforts, many children are now able to attend school. Among the countries carrying out ODA programs, Japan's ODA is the most splendid. We, the people of Benin, are filled with gratitude. According to Benin government statistics from October 2012, the school enrollment rate is more than 82%.

JICS' role in contributing to the implementation of efficient assistance

Benin faces a huge array of issues, not only in education but across many fields. These include medicine and health care, the environment and food self-sufficiency. However, we, as the people of Benin, must not shirk our own efforts to become self-reliant, so that we do not need to depend on assistance from overseas. In China, there is a saying, "If you want to help people in need, rather than giving them things, teach them how to make things. It is better to give them a job." Benin is an agricultural country, so even though it is important to receive rice, what we really want is to learn how to raise the productivity of our own rice farming. We want to be taught effective methods. In the ODA carried out by Japan to date, I believe that JICS has played an important role as our agent, by providing necessary services and procuring equipment, as well as from the perspective of project management. I have observed that JICS is constantly thinking about how Japan's ODA funds—from the taxes paid by Japanese citizens—can be utilized most effectively. I want JICS to continue to play an active role, and not only within Japan's ODA. Of course, that will bring even greater responsibilities. However, I am sure JICS will rise to the challenge and respond to the demands placed upon it.

*1: The total number of schools built through the Primary Schools Construction Project (FY1996, FY1997 and FY2003) and the Fourth Primary Schools Construction Project (FY2007) implemented by Japan.

*2: Planned number of schools to be built under the Fifth Primary Schools Construction Project

● Main Results Achieved by JICS in the Republic of Benin (Results relating to Japan's Grant Aid Schemes)

Grant Year	Project Name	Japanese Government Grant Amount	Content of Project	JICS' Role
2007	FY2007 Grant aid for community empowerment "Fourth Primary Schools Construction Project"	¥1,030 million	The construction of 57 primary schools encompassing 275 classrooms in Kouffo Department, Zou Department, Collines Department and Dangbo City within Ouémé Department; and installation of equipment used in the school classrooms	As procurement agent for the Government of the Republic of Benin, selection and contracting of local construction companies, supervision of construction work and management of funds
2008	FY2008 Non-project grant aid	¥500 million	Procurement of deformed steel bar and corrugated galvanized sheet iron	Selection and contracting of suppliers, supervision of delivery and management of funds
2012	FY2012 Grant aid for community empowerment "Fifth Primary Schools Construction Project"	¥1,227 million	Construction of 53 primary schools encompassing 241 classrooms in northwest Benin; installation of educational equipment	As procurement agent for the Government of the Republic of Benin, selection and contracting of local construction companies, supervision of construction work and management of funds

JICS Recent Events

FY2012 Meetings of the Board of Trustees and the Board of Directors

In FY2012, the first year of JICS' transition to a general incorporated foundation, the Board of Directors convened six times and the Board of Trustees convened twice.

The Board of Directors met more frequently than in the past, thereby enabling timely reporting and deliberation on such matters as the foundation's management situation and progress of the newly launched Medium-term Operational Action Plan. This was carried out to ensure the sound operation of the foundation.

The table on the right-hand side sets out the main deliberation items and reported items at the meetings.

* The Management Summary Report for the fourth quarter was presented at the first ordinary meeting of the Board of Directors for FY2013 held on June 5, 2013.

Date	Meeting Type	Agenda
2012 April 20	First Extraordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> Establishment of the Board of Directors Operation Regulations Establishment of the Directors' Rules of Authority Decision regarding basic fund Discussion of compensation to the external auditor Discussion of Contracts for Limitation of Liability for external directors and the external auditor Discussion of appointment of advisors Discussion of FY2012 operating policies, operating plan and budget
June 6	First Ordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> FY2011 Business Report FY2011 Settlement of Accounts and Audit Report Discussion of convocation of the Ordinary Meeting of the Board of Trustees (including agenda) Discussion of audit rules by auditors
June 22	Ordinary Meeting of the Board of Trustees	<ul style="list-style-type: none"> Establishment of the Board of Trustees Operation Regulations Appointment of the Chair of the Board of Trustees Establishment of the rules regarding compensation and expenses for directors and trustees Discussion of the FY2011 Business Report Discussion of the FY2011 Settlement of Accounts and Audit Report
August 30	Second Extraordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> Partial amendment of rules regarding JICS full-time director retirement allowance Establishment of system for reporting by full-time directors to auditors Establishment of policy regarding management of conflict of interest Report on execution of duties of President and Vice President Management Summary Report for the first quarter Implementation status of the Medium-term Operational Action Plan
November 15	Third Extraordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> Management Summary Report for the second quarter Implementation status of the Medium-term Operational Action Plan FY2013 Budget formulation policy
2013 February 19	Fourth Extraordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> Partial amendment of rules regarding the JICS Support for NGOs and the relevant notification Establishment of the JICS Risk Management Regulations Discussion of omission of resolution regarding proposal to trustees Management Summary Report for the third quarter Implementation status of the Medium-term Operational Action Plan Discussion of internal control audits relating to non-income and expenditure transactions
Late February–Early March	Decision of Board of Trustees via omission of resolution	<ul style="list-style-type: none"> Appointment of a trustee
March 19	Second Ordinary Meeting of the Board of Directors	<ul style="list-style-type: none"> Discussion and resolution of FY2013 draft operating policies and operating plan Discussion and resolution of FY2013 draft budget Discussion of partial amendment of JICS Organizational Regulations Discussion of FY2013 advisor appointments Report on status of execution of duties of President and Vice President



First Ordinary Meeting of the Board of Directors for FY2012 held on June 6, 2012

NGO Support Activities of JICS in FY2012: Reports on Activities and Exchange of Views

Since FY1999, JICS has conducted Support for NGOs. This program aims to promote the development of NGOs active in the international cooperation sphere, and involves the provision of financial support to approximately 10 NGOs with a maximum of ¥1.0 million per NGO

each year. The funds are used to support NGO activities and the financial foundations of NGOs.

On October 17, 2012, 12 of the NGOs supported in FY2010 reported on activities carried out using JICS' support and the results of those activities. There was

also an exchange of views with external experts. The event also included an exchange of views on a theme selected by the participating NGOs—"NGO Fundraising (Differences between the Tokyo Area and Other Regions)".

● Participating NGOs

- Asian Community Center 21 (ACC21)
- Africa Children Education Fund (ACEF)
- Education Sponsorship in Asia
- Fukuoka NGO Network (FUNN)
- Kansai NPO Alliance
- International Volunteer Center Yamagata (Approved Specified Non-Profit Organization IVY)
- Committee for Assisting and Promoting Education for the Disabled in Sudan
- Nagoya NGO Center
- Japan Association for Refugees
- Human Rights Now
- Community Road Empowerment (CORE)
- Link ~ an organization for linking together forest, water & people



One of the NGOs presenting its activity report

NGO Support Activities of JICS in FY2012

With the objective of contributing to the development of the international cooperation activities of civil society groups, JICS provides financial support to small and medium-sized Japanese NGOs that conduct aid activities for developing countries. Accompanying JICS' transition to a general incorporated foundation in FY2012, this program is classified as planned expenditure for the public fund.

In FY2012, applications included those from NGOs that have previously received

support through the program and NGOs active in regions outside of the Tokyo area. Applications were received from a total of 33 NGOs, and 12 of these groups were selected to receive support after deliberation by the Review Committee. As has been the case in recent years, many of the applications were for Funds for Strengthening the Foundations of the NGOs*. Assistance to reinforce the foundations of NGOs is a distinctive characteristic of this program. There are

very strong needs among small and medium-sized NGOs working to achieve stable management and more robust foundations, and JICS receives many such applications each year.

JICS is committed to steadily carrying out this program in the future.

* Support for expenses necessary to stabilize and strengthen organizational management

● NGO Support Activities of JICS in FY2012: Groups Selected to Receive Support

Name of NGO	Country of Activity	Support Content	Grant Amount (Yen)
NPO Ai Mirai	Sri Lanka	With the aim of achieving stable dairy product supplies, to enhance water buffalo breeding and management technology and ensure access to milk, carry out technical training and construction of cowsheds and dairy factories	Project operation expenses ¥1,000,000
Japan Association for Maetao Clinic	Thailand	To prevent infection spread within the hospital, establish hospital internal management guidelines and conduct workshops to increase awareness; supplement equipment and materials in short supply	Project operation expenses ¥923,000
Caring for Young Refugees Aichi	Japan	With the aim of strengthening public relations and organizational capabilities, produce a web site and conduct fundraising training	Funds for strengthening the foundations of the NGO ¥513,000
Development Education Association and Resource Center (DEAR)	Japan	Hold training sessions to nurture development education practitioners, mentors and coordinators in the Hokuriku region	Project operation expenses ¥820,000
Go! Fly! Wheelchairs	Japan	To continue wheelchair reuse projects overseas, begin charging fees for wheelchair repair and cleaning services in Japan and establish a management foundation	Funds for strengthening the foundations of the NGO ¥464,000
Japan Bangladesh Cultural Exchange Association	Bangladesh	To improve residents' nutrition and enhance incomes, aim to enhance development and production technology for soy processed products and promote sales by dispatching experts and installation of factory equipment	Project operation expenses ¥1,000,000
Haiti-No-Kai	Haiti	To secure food supplies and help people escape poverty, with the aim of improving agricultural productivity, purchase agricultural machinery and equipment and dispatch experts	Project operation expenses ¥713,000
Association for Shaking Hands with Bangladeshis	Japan	Assign full-time staff and strengthen public relations and administration with the aim of increasing membership and cooperating organizations, and establish a management foundation	Funds for strengthening the foundations of the NGO ¥1,000,000
Nonprofit Organization Network HITO	Myanmar	To assist local people and women in Myanmar achieve self-reliance, dispatch Japanese language education and sewing instruction experts	Project operation expenses ¥918,000
Birumero no kai	Myanmar	With the objective of providing preschool children with basic learning skills, conduct workshops to improve educational techniques of small temple-school instructors	Project operation expenses ¥700,000
Free The Children Japan	Japan	Review sponsor targeting, prepare brochures for different sponsor categories, strengthen public relations, including renewal of the donation web site, and establish a management foundation	Funds for strengthening the foundations of the NGO ¥970,000
Love green Japan (LGJ)	Japan	Assign full-time staff, install necessary equipment and strengthen public relations and administration with the aim of increasing membership and cooperating organizations, and establish a management foundation	Funds for strengthening the foundations of the NGO ¥960,000

Establishment of Task Forces to Enhance Operational Efficiency and Standardize Documentation

Accompanying JICS' transition to a general incorporated foundation, the organization must cope with a more competitive environment than in the past. From the perspective of strengthening our organizational systems to make them more responsive to the competitive environment, we established two internal task forces—one assigned to the enhancement of operational efficiency and the other assigned to the standardization of documentation. These task forces analyzed operational procedures used to date as well as issues relating to delivered output.

In the Operational Efficiency Task Force, with the objective of raising the efficiency of administrative procedures relating to written approvals required

as part of operations, the processes of organizational decision-making and information sharing were overhauled.

In the Documentation Standardization Task Force, to increase the convenience of clients, we overhauled the

delivered output from the perspective of quality management, and standardized content to make it more easily understood by clients. These efforts aim to achieve a more consistent format for our diverse operational documentation.



Task force members

Participation in International Cooperation Events

In FY2012, JICS participated in two international cooperation events.

On October 6 and 7, 2012, JICS exhibited a booth at Global Festa Japan 2012 in Hibiya Park, Tokyo. The booth exhibit included introductions to solar electricity generation projects and Non-Project Grant Aid. The latter project exhibit explained how the scheme contributes to recovery by granting products made in areas directly affected by the Great East Japan Earthquake.



At Global Festa Japan 2012, JICS staff provide an explanation of the solar electricity generation projects

Employees that have recently joined JICS provided a panel display for students explaining their own career paths and the work in which they are involved. During the event, the employees who produced the display directly responded to questions from students. Many students showed interest in career opportunities at JICS, and there were a large number of questions fielded.



Recently joined JICS employees answer questions on career paths

On February 2 and 3, 2013, JICS exhibited a booth at the One World Festival held at Osaka International House. The exhibit introduced JICS' role in the execution of ODA and the JICS support program for NGOs. After the event on February 2, JICS participated in an NGO support program explanatory meeting and social exchange with participating groups. JICS used this opportunity to introduce the application process for the JICS NGO Support Program.



The JICS booth at One World Festival

Initiatives to Promote Understanding of International Cooperation

To deepen understanding among the general public of international cooperation, ODA and JICS' operations, JICS accepts school groups engaged in integrated studies and dispatches lecturers to schools and universities.

In FY2012, lectures were given at two schools. Details are shown in the table below.

Date	School	Theme	Content
February 16, 2013	Japan Women's University Affiliated Junior High School	International understanding class (Afghanistan)	The lecture for eighth-grade students covered a general introduction to ODA and the current situation in Afghanistan. The JICS lecturer explained the position and circumstances of women and children in Afghanistan.
March 14, 2013	Higashiyama Junior High School, Meguro, Tokyo	Look at the world! What we want to hold as important as Japanese	JICS president Toru Nakatani gave a lecture to ninth graders. He explained that maintaining Japan's present standard of living depends on partnerships with the international community, and cited examples of support from countries around the world when Japan was struck by the Great East Japan Earthquake to reinforce the importance of international cooperation. He also talked about the courtesy and manners that are important to Japanese people.



Students listen intently to the explanations given by a JICS staff member (Japan Women's University Affiliated Junior High School)



The lecture being given by President Nakatani (Higashiyama Junior High School, Meguro, Tokyo)