



Annual Report 2018

Japan International Cooperation System

Year ended March 31, 2018

Real Aid in Action



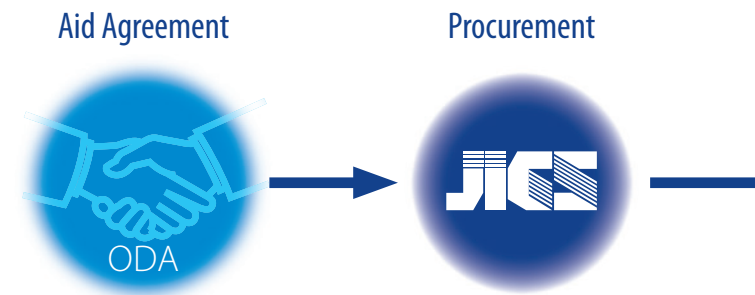
Japan International Cooperation System (JICS) is the first foundation in Japan to specialize in procurement operations within the field of international cooperation. JICS' activities primarily focus on aid project-related procurement and supervision operations within the Japanese government's Official Development Assistance (ODA) programs and other cooperation programs with developing countries.

Why is a specialist procurement organization necessary?

Procurement using ODA funds—which are sourced from taxes paid by Japanese citizens—must be carried out economically, in a timely manner and to the required level of quality. At the same time, it is imperative that the procurement process be impartial, fair, competitive and transparent. To achieve these objectives, purchases of materials, equipment, facilities and services need to be conducted according to public procurement rules through a tender process. Furthermore, aid funds must be managed appropriately.

To meet these requirements, JICS carries out these procedures as the procurement agent of the recipient-country government. A procurement agent possesses expert knowledge and experience relating to public procurement, materials and equipment, and other relevant aspects.

JICS' Role: "Making Aid Tangible through Procurement"



● A Brief History of JICS

1989–1993 Initial Phase

1989 Established as an incorporated foundation

- ▶ Technical Cooperation-related services
- ▶ Grant aid-related consulting services
- ▶ Procurement agent services within Japan's grant aid programme



1989 Began compiling specifications on Technical Cooperation and studies of grant aid projects for the increase of food production

1990 Began conducting follow-up studies for grant aid projects

1993 Began procurement agent services for Non-Project Grant Aid

From 1993 Procurement of equipment for Mongolia under Non-Project Grant Aid

1994–1998 Growth Phase

- ▶ Expansion of procurement consulting services and procurement agent services



1997 Began services for grant aid projects for child health

1998 Began consulting services for Grant Aid for the increase of food production and services for Emergency Grant Aid projects

From 1998 Assistance to Indonesia during the Asian currency crisis: Procurement of pharmaceuticals and medical equipment, and maritime transportation of government rice through Emergency Grant Aid

1999–2003 Expansion Phase

- ▶ Expansion of procurement consulting services
- ▶ Diversification of procurement agent services through reconstruction assistance



2002 Began services for grant aid for research assistance projects and consulting services for Grant Assistance for the Food Aid project

2003 Began services for Grant Aid for Conflict Prevention and Peacebuilding projects

From 2002 Road construction, etc., in Afghanistan through Emergency Grant Aid and Non-Project Grant Aid

From 2003 Reducing small arms in Cambodia through Grant Aid for Conflict Prevention and Peacebuilding

Procurement of Goods

Commencing Project Execution Supervision and Management Services in Construction Projects

As articulated in JICS' MVV, each employee works to contribute to the peace and stability of the international community. To achieve this goal, we strive to improve the quality of our services as a service provider through activities in developing countries and Japan.

JICS Mission, Vision and Values (MVV)

MISSION

JICS will contribute to the peace and stability of the international community as a player in the international cooperation field.

VISION

JICS aims to be the world's best service provider in the international cooperation field.

VALUES

Impartiality, Fairness and Transparency

JICS will maintain an impartial stance to ensure fairness and transparency.

Reliability

JICS will respect local input and build trust with its clients.

Maximizing the Impact of Aid

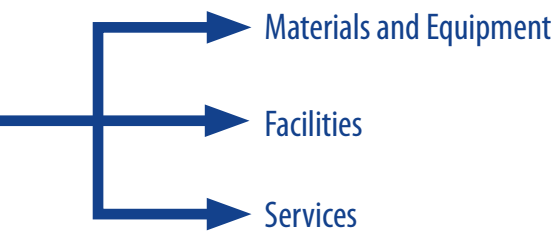
JICS will focus its efforts on maximizing the impact of aid.

Creation and Challenge

JICS will be unrestricted by conventional ideas, and take up the challenge of creating and providing new services.

Contents

- 01 JICS Mission, Vision and Values (MVV)/Contents
- 02 A Message from the President
- Principal Activities in Fiscal 2017**
- 03 Development Cooperation and the Role of JICS in ODA
- 04 Special Feature
- 06 JICS' Sphere of Involvement in ODA-Related Programs
- 09 JICS' Major Activities in Fiscal 2017
- 12 Ongoing Operational Domain Expansion
- Description of Projects**
- 13 Current Profit by Scheme and Client
- 14 Countries Targeted for JICS' Main Projects
- 16 Project Results by Country
- 18 List of Projects in Fiscal 2017
- 22 JICS' CSR Work
- Reference Materials**
- 23 Fiscal 2017 Business Report
- 24 Fiscal 2017 Balance Sheet
- 25 Fiscal 2017 Statement of Net Equity Increase (Decrease)
- 26 Governance System
- 27 Organization Chart
- 28 Compliance
- 29 Outline of JICS



**2004–2011
Transitional Phase**

- ▶ Increase in project management of construction as part of procurement agent services
- ▶ Commencement of services related to Loan Aid and international organizations and agencies



- 2004** Began services for primary checks of Loan Aid procurement-related documentation
- 2006** Began procurement agent services for projects related to international organizations and agencies, and services for Grant Aid for Community Empowerment
- 2009** Began services for Program Grant Aid for Environment and Climate Change
- From 2004** Procurement of portable electrical transformers and water treatment equipment, etc., under Emergency Grant Aid as part of reconstruction assistance in Iraq
- From 2005** Sea wall reconstruction, hospital construction, bridge construction, etc., under Non-Project Grant Aid as part of assistance in dealing with damage from the 2004 Indian Ocean earthquake and tsunami
- From 2006** Assistance for measures by the ASEAN Secretariat and the World Organization for Animal Health to combat an avian influenza epidemic

**2012–2017
Reform Phase**

- 2012** Transited to a not-for-profit, general incorporated foundation
- ▶ Strengthened competitiveness and implemented strategies to further develop existing businesses
- ▶ Developed new businesses targeting Public-Private Partnerships (PPP) and the private sector



- 2015** Won a new contract for a Grant Aid Project under Public-Private Partnership
- 2016** Won a new contract for a Grant Aid Project for Construction
- From 2015** Project for Reduction of Non-Revenue Water in Yangon City, Myanmar, through Grant Aid Project under Public-Private Partnership
- From 2016** Project for the Reconstruction of Flood-Affected Schools in Myanmar, through Grant Aid Project for Construction

Developing Management Services in Construction Projects

Launching Management Services in Project under PPP

The field of development cooperation is characterized by a rapidly changing environment. We see change as an opportunity for growth, and aim to further build on our existing strengths while broadening the scope of our operations. As a player in the development cooperation field, we contribute to peace and stability in the international community.

Development Cooperation and JICS' Core Procurement Agent Services

Within the objectives of its development cooperation program, the Japanese government works to address global-scale issues as part of efforts toward achieving the United Nations Sustainable Development Goals (SDGs), and aims to generate “quality growth” both in developing countries and Japan, based on partnerships with developing countries. JICS' core operations—procurement agent services undertaken as part of Japan's grant aid programme—have to date built a track record spanning 122 countries. At present, JICS' operations are centered on the execution of equipment projects covering 77 countries, and these projects are linked to support for overseas business development by Japanese companies, reflecting one of the priority policies for development cooperation pursued by the Japanese government. The procured equipment includes products manufactured by Japanese small and medium-sized enterprises (SMEs), medical equipment, disaster reduction equipment, and equipment manufactured in local regions in Japan. JICS prepares proposals and carries out projects that respond to the diverse needs of recipient countries, and in particular countries that have small populations and are vulnerable to natural disasters, such as island nations in the Caribbean and Oceania regions. Such projects aim to address common problems faced by these countries, while realizing effective and efficient procurement based on information accumulated by JICS regarding materials and equipment and the recipient countries and regions.

Expanding JICS' Scope of Operations

In the Project for Reduction of Non-Revenue Water in Mayangone Township in Yangon City, a Grant Aid Project under Public-Private Partnership (PPP) in which JICS is utilizing its experience in providing procurement agent services within facility construction projects, JICS has introduced management innovations in order to respond to expectations by stakeholders for rapid progress. As a result, construction work has begun, making the project the first in this grant aid scheme to move into the construction phase.

In operations related to Loan Aid and Technical Cooperation, JICS has taken up the challenge of participating in the competitive process for contracts. In primary checks of procurement-related documents prepared by borrower countries in the Loan Aid program, JICS has been appointed to manage these operations on a worldwide basis for fiscal 2017 through fiscal 2019. While utilizing our database, we are striving to enhance operational efficiency as we fulfill this work.

In PPP-related operations, JICS is collaborating with consultants to submit proposals for contracts in such areas as feasibility surveys and verification surveys with the private sector for disseminating Japanese technology for the Japan International Cooperation Agency (JICA), the Japan External Trade Organization (JETRO) and other agencies. However, with regard to submitting independent contract proposals and targeting high-quality projects, we continue to work toward this goal with a view to developing these operations into a new business for JICS.



Reorganization That Leverages JICS' Regional Expertise and Technical Strengths

In JICS' medium-term management plan 2015–2017, we set a goal of enhancing the productivity of our operations and the reliability of our organization, and reviewed progress in reaching this goal. As a result, in June 2018, for procurement agent services we implemented a reorganization that allocates divisional responsibilities based on countries and regions, thereby moving away from the previous method of organizational classifications based on procurement items. Furthermore, we have created a new Technical Support Division, which draws together personnel who possess technical expertise. In medium-term management plan 2018–2020, we are aiming to take full advantage of organizational changes and further demonstrate the frontline capabilities and responsiveness of our staff, who have strengths vis-à-vis countries and regions. While identifying the needs of partner countries, we will strive to create plans and proposals covering multiple projects as we work toward the effective and efficient execution of Japan's ODA.

All of us at JICS possess an enthusiastic desire to contribute to the well-being of developing countries, and we diligently work to improve our skills and knowledge on a daily basis as we strive to provide high-value-added services.

August 2018

久保 徹

Toru Kubo
President
Japan International Cooperation System (JICS)