

Part I
General Remarks

Main Activities in FY2005



Special
Feature

Post-disaster Rehabilitation Activities and JICS' Role

The December 2004 earthquake off the coast of Sumatra and tsunami in the Indian Ocean caused unprecedented damage over a huge area. Japan had been involved in post-disaster rehabilitation activities several times throughout the world before, but this was our first experience with damage on such a broad scale, diverse and constantly changing needs, and the need for speedy and flexible response. JICS, acting as procurement agent for Indonesia, Sri Lanka and the Maldives, gained valuable experience, learning how to move more quickly and flexibly while remaining fair and securing competitiveness in procurement, and how to handle projects in the hands of local consultants and builders. The know-how accumulated on this occasion was put to good use in subsequent relief efforts for the earthquake in Pakistan in October 2005.

This section of the Annual Report describes the role played by JICS in Japan's assistance in response to the Major Earthquake off the Coast of Sumatra and Tsunami in the Indian Ocean and the Pakistan earthquake.



Roadbed improvement in Indonesia

Sumatra Earthquake and Indian Ocean Tsunami Disaster Responding Quickly and Flexibly to Needs While Securing Fairness and Competitiveness

The 9.0 magnitude earthquake off the coast of Sumatra on December 26, 2004 triggered a massive tidal wave in the Indian Ocean. A survey by the International Monetary Fund and the World Bank made public in February 22, 2005 established that as a result of this disaster 300,000 people were dead or missing, 1.5 million people were displaced and damages totaled more than 753 billion yen. The unprecedented scale of damage startled the world.

The Japanese government announced that it would provide non-project grant aid totaling 24.6 billion yen to

Indonesia, Sri Lanka and the Maldives, and agreements were signed with the governments of the respective countries on January 17, 2005. Following this, JICS made procurement management contracts with the three countries' governments.

Flexible Response with Non-project Grant Aid

In the case of non-project grant aid, a "long list" of goods and services is decided upon when Japan provides the



A rebuilt school handed over to Sri Lanka residents

funds, and after Japan and the recipient government have agreed on the list's contents, items to be provided are selected from the list and specific uses decided upon for those items. This system makes it possible to respond flexibly in accordance with the counterpart government's requirements and in coordination with other donors to appropriately meet the varied and rapidly changing needs of the affected population.

Non-project grant aid is actually for the purpose of supporting developing countries' efforts to improve their socioeconomic systems rather than for funding specific projects; it serves as a type of foreign currency support for importing goods. In the case of this disaster, non-project grant aid was applied flexibly by allowing funds to be used for local procurement and also for procurement of services, with the goal of providing rapid emergency response and assistance for relief efforts.

Under these circumstances, JICS also undertook to carry out its own survey of conditions in the affected areas at an opportune moment immediately after the disaster.

Actual implementation for various projects is officially decided in bilateral government meetings (Committee) held as required. The affected countries' governments decide what they need help with, assign priority levels and discuss these projects in Committee meetings. Their needs cover a broad range, and after discussions in Committee meetings aid is directed to the highest-priority areas. Committees do not simply select which projects will be undertaken; they also keep track of progress and identify problems that may arise. Committee participants are the counterpart government's ministry or agency in charge of coordinating assistance and other ministries, as well as the local Japanese embassy. JICS takes part as an adviser on procurement issues, supporting procurement proce-

dures, reporting on their progress, and so on.

Needs Changing Day by Day

Non-project grant aid in response to the Major Earthquake off the Coast of Sumatra and Tsunami in the Indian Ocean differed in a number of ways from other non-project grant aid or Japanese ODA proffered until then.

First, due to the scale of the disaster, the scope of procurement was very broad compared to the usual non-project grant aid, which included repairing schools and public health centers to restoring roads or embankments, necessitating procurement of the services of consultants and building contractors. In some cases, needs were determined or restoration plans drawn up on the basis of JICA emergency development studies. Further, various projects proceeded at different speeds but nevertheless had to be carried out simultaneously.

Another difference was the unexpectedly rapid shift from emergency needs to reconstruction needs, and despite the quick changes we had to respond appropriately.

JICS was expected to respond quickly and flexibly, but since these projects were funded using public money provided for developing countries, procedures ensuring fairness, impartiality, transparency and competitiveness were also important. Using all of our resources to the full, we carried out projects balancing the need for speed with fair procedures.

Additionally, when local consultants and builders were used, they were sometimes unaccustomed to Japanese aid-related contract procedures and at times did not fully understand the extent of process management and quality control required of them. That problem was addressed by stationing Japanese experts to inspect sites and hold meetings with builders to provide appropriate instructions and technical advice as well as project supervision.

Through this experience, JICS gained precious know-how—how to be fast and flexible while ensuring fairness and transparency, how to handle local procurement, and how to deal with and supervise local builders and respond to unpredictable situations—knowledge that will certainly be useful in relief efforts elsewhere in the future.



Construction of a fishing lamp workshop in Indonesia

Indonesia

Providing Assistance in Many Areas

Indonesia was the country most severely affected by the earthquake and tsunami disaster, with an estimated 225,000 persons dead or missing as of February 1, 2005. Proximity to the earthquake's epicenter meant that there was severe damage over an area stretching 800 km along the coast.

The Japanese government agreed to provide 14.6 billion yen in non-project grant aid and entered into a formal agreement to that effect with the Indonesian government on January 17, 2005. JICS made a procurement agent contract with Indonesia the same day. JICS secured office space in Jakarta, the capital of Indonesia, in late January and shortly thereafter opened another office in Banda Aceh, the site of reconstruction, for handling support activities.

The reconstruction blueprint for Aceh and Nias Island (North Sumatra state) was drawn up by Indonesia's National Development Planning Agency (BAPPENAS) in cooperation with relevant government organizations and NGOs and all assistance activities for the affected areas are being carried out according to this blueprint.

In the affected areas, much of the basic infrastructure was wiped out, and public security deteriorated due to the



Building an embankment for a road detour

confusion in the aftermath of the disaster. Furthermore, Aceh province was closed to foreigners until shortly before the earthquake and tsunami due to the activities of the Free Aceh Movement (GAM). This situation made it difficult for Japanese and other foreigners, as well as for Indonesians living in other parts of the country, to carry out adequate surveys of local conditions. The scale of the disaster, and the unprecedented number of donors and NGOs rushing into the area to extend support, made coordination difficult. In the initial stages, especially, it was extremely difficult to get an accurate picture of where relief was needed and which areas already had sufficient relief supplies, with conditions changing almost hourly. Conditions also made it very difficult to draw up the reconstruction blueprint.

The rehabilitation works for which Japan would provide assistance were decided upon in discussions between

• Main Relief Undertakings and Items Procured

Area	Projects	Items Procured
Medical care	Emergency relief supplies (drugs/equipment)	Drugs (250 types), medical equipment (110 types), monitoring how these items were used
	Reconstruction of public health centers	Repairs to 5 public health centers, ambulances, lab equipment for research, medical kits, mobile treatment units, motorcycles, etc.
Broadcasting	Support for radio and television broadcasting	Broadcasting equipment for radio stations (furniture, news-gathering vehicles, emergency equipment, rehabilitation equipment) Broadcasting equipment for television stations (news-gathering vehicles, emergency equipment, rehabilitation equipment), repair work on radio station buildings
Transport	Emergency road repairs	Construction equipment, supplies (rock-filled bamboo embankment baskets, corrugated pipes), rebuilding of road (between Meulaboh and Calang, etc.)
Infrastructure	Emergency repairs to water channels (embankments), etc.	Construction equipment, supplies (rock-filled bamboo embankment baskets, sandbags), 1 excavator, 2 mobile drainage pumps, water channel and embankment construction
	Preparation of drainage facilities, development of area model	Construction of 3 emergency shelters, road construction (planned; 3 roads totaling 3.7 km), rebuilding of drainage channels and construction of new channels (planned), repairs to pumping stations (planned; 4 locations)
Daily living	Restoration of running water and sanitation facilities	Construction equipment, sanitation facility equipment (sewage collection vehicles, trash collection vehicles, fire trucks, trucks), laying 200 km of water pipes
Community care	Reconstruction of orphanages	Repairs to and rebuilding of orphanages, facilities for orphanages
Industry	Support for fisheries	Fish farming equipment (trucks, construction equipment, vehicles), building of fish farming facilities, fishing equipment, fishing boats, building of facilities for the Fishing Bureau, ice plant equipment (ice makers, freezers, generators)
	Restoration of markets	Rebuilding 8 traditional retail markets, building 1 wholesale market, rebuilding of weights and measures facility, set of weights and measures equipment
Education	Support for restoration of universities, etc.	Lab equipment for research labs, chemical reagents, books, construction of university facilities
	Support for vocational training schools	13 mobile vocational training units, 6 sets of equipment for vocational training centers, repairs to vocational training centers
	Support for dormitories	Classroom equipment for <i>madrasah</i> (Islamic religious schools) and <i>pesantren</i> (traditional Islamic boarding educational institutions), study equipment for public schools, repairs and reconstruction work for public schools
Public administration	Plan for restoring land registers	Restoration of land registers, construction of building housing freeze-drying equipment, warehouses for storing land registers, equipment for putting records into digital format

the Japanese and Indonesian governments (Committee meetings). The Rehabilitation and Reconstruction Agency for Aceh and Nias (BRR) was set up in April to coordinate support offered by other national governments, international organizations, NGOs and others. The 14 projects for which Japan was asked to provide support were selected to avoid overlaps with other donors. However, Japan is also working with other donors and NGOs, for example helping to support vocational training schools through grant aid for mobile vocational training units, along with equipment for and repairs to vocational training centers, with the ILO providing operating funds for the centers and the German Technical Cooperation Organization (GTZ) and Indonesian government corporations drawing up training programs and training personnel. Working with NGOs, Japan provided non-project grant aid for repairs to orphanages operated by those NGOs.

The 14 projects for which Japanese aid was requested ranged from medical care, broadcasting, transport and infrastructure to daily living, community care, industry, education and public administration. Many of the projects involved construction, for example, rebuilding roads, and repairing or building various facilities. In some cases, Japan's flexible and rapid response with non-project grant

aid made it possible to take on projects, such as the plan for restoring land registers, which would have taken too long for other donors to execute.

In the emergency relief goods category, procurement of drugs and medical equipment, and delivery of these goods after monitoring and verifying how equipment and supplies already procured were being used, was completed by March 2006. Contracts for various projects were also made with suppliers, consultants and contractors by March 2006 and work begun. For example, repairs to the 122 km long stretch of road between Calang and Meulaboh, two cities on the west coast of Aceh Province, got underway on December 15, 2005.

The focus of JICS operations shifted over time, from assessing initial needs, ascertaining the details of projects and working to procure emergency relief supplies, to work involving supervision of several facilities-type projects.

The head of BRR, Kuntoro Mangkusubroto, praised JICS for having made a great contribution to improving local government procurement and operational capabilities and expressed his gratitude toward the Japanese government, saying "The Indonesian government and local inhabitants will never forget the aid we received when we needed it most."

Local Report by JICS staff

Helping Fishermen Help Themselves

Handing Over Fishing Boat Engines

The fishing boat engines eagerly awaited by fishermen finally arrive at Aceh Port. Each engine is unloaded from the container and checked against the contract list. A crowd of fishermen, drawn by the news that the engines have arrived, has gathered and looks on with curiosity. I report that the check has been completed and shake hands with the supervisor on the Indonesian side, signifying that the handover has taken place. These engines are just one of many items on the list that JICS has helped procure, but it's an emotional moment for me.

Across the way, a fishing boat maintenance and inspection workshop is under construction; the walls are already up. Smiling to myself, I think, "Finally, the local people will be able to see a building taking shape," and remember all that has gone on before.

Difficult Job, Positive Memories

From Jakarta, it's a four-hour flight to Aceh. Damage from the tsunami had made communications difficult,

and it often happened that the perceptions and ideas of the central government did not match local needs, or that there were differences of opinion in how to proceed. Checking specifications for equipment and facilities involved discussions in English, a foreign language for both sides; it was sometimes frustrating when we failed to make each other understood. There were endless meetings, to avoid duplication of aid with other donor countries. I recall many such incidents, but when I see something taking concrete shape, I can look back fondly even on the troubles and frustrations I experienced.

The reconstruction work is ongoing, and some construction hasn't even begun yet. It's too early to relax, but the happiness I feel at seeing even partially completed projects makes me wonder how I will feel when it's all

done. Here on the front lines, we keep working hard so that we build something we're proud of and that will help local people live more comfortably.



Sri Lanka

First Shipment Arrives in March 2005

Approximately two-thirds of the Sri Lanka's coastline was ravaged by the tsunami resulting from the earthquake off Sumatra. Roads, railway tracks, schools, hospitals, police stations, hotels, shops, homes, markets and other buildings were destroyed by the tsunami, which left over 38,000 dead and 5,000 missing. More than 800,000 people were affected by the disaster. There are many fishing villages along the coast, and over 40,000 out of the 80,000 dwellings that were destroyed were fishermen's homes. Many of those fishermen barely eked out a living at fishing, so the loss of fishing boats and tackle was especially disastrous for them as it robbed them of their means of livelihood.

The Japanese government decided to provide 8 billion yen in non-project grant aid and signed an agreement to that effect with the Sri Lankan government on January 17. Following this, JICS signed a procurement management contract with the Sri Lankan government on February 3, secured office space in Colombo and began its work.

The first shipment, consisting of nine used sewage collection vehicles donated by the city of Yokohama, arrived at the end of March 2005. These vehicles, together with 30 water tanks procured in Sri Lanka, were donated to the Sri Lankan government. Technical assistance for maintenance and upkeep of sewage facilities was also provided to ensure a sanitary environment in refugee camps and temporary housing. Following provision of this urgently-needed equipment and assistance, reconstruction of Deepankara Primary School in

Hambantota in southern Sri Lanka began in June 2005. The school building was completed in January 2006, and repairs to or rebuilding of facilities, roads and other infrastructure components is continuing. Among primary and middle schools surveyed by JICA, it was determined that 13 needed rebuilding; reconstruction work for other schools has begun following start of construction on Deepankara Primary School and is expected to be completed by April 2008.

With the aim of preventing similar disasters in the future, Sri Lanka forbade construction along the coastline and is now working on the details of a township reconstruction plan, mainly town planning to rebuild dwellings for those who lost homes. Construction of Japan-Sri Lanka "friendship villages" in three locations, to provide housing for those in need, also started in January 2005. In addition to construction of relocated dwellings, these villages will have roads, running water, kindergartens, community halls, post offices, community administration offices, small market-places and other public facilities. These projects are based on an emergency development study carried out by JICA to survey the extent of damage and reconstruction needs, and on a housing reconstruction plan proposed by JICA to the Sri Lankan Ministry of Housing. We hope that this joint project, involving technical cooperation from JICA and non-project grant aid, which does not simply prepare a community living environment but was also conceived to allow resident participation in upkeep and maintenance of the facilities, will have a synergy effect.

JICS also provided support for a wide range of projects in the areas of sanitation and daily living, education, transportation, health care, fisheries, public safety and administrative services, as described below.

• Main Relief Undertakings and Items Procured

Area	Projects	Items Procured
Sanitation, daily living	Plan for providing used sewage collection vehicles (transport, instruction in vehicle maintenance, spare parts) and high-pressure washers	Shipping for 9 sewage collection vehicles (provided gratis by the city of Yokohama), sets of spare parts for the vehicles, dispatch of sewage collection technicians, 9 high-pressure washers
Daily living	Plan for providing water trucks and water tanks in refugee camp and temporary housing areas	11 water trucks, 30 water tanks
	Support for housing for people affected by the disaster	Construction of Friendship Villages (construction of relocation housing, organizing public infrastructure facilities)
	Restoring the Matara district aqueduct and plan for restoring potable water to affected areas	Repairs to aqueduct (30 m X 1), water pipes, 60,000 water meters
	Plan to support construction of sewage treatment facilities	2 sewage treatment facilities
Transport	Electricity supply to refugee camps and temporary housing	100 small electricity generators
	Plan for purchasing heavy construction machinery and spare parts for existing machinery	Construction equipment (1 bulldozer, 2 excavators), sets of spare parts needed for construction machinery
	Repairing bridge pillars and causeways	Repairs to 5 bridge pillars in the south and 4 causeways in the east
Public security	Plan for rebuilding 6 police stations	Construction of police stations (police boxes) in 6 locations
Education	Plan for rebuilding 13 elementary and middle schools	Construction of 13 schools
Fisheries	Plan for buying fisheries equipment	11 container workshops, spare parts for outboard motors, materials for repairing fishing boats, labor costs for repairing fishing boats, 1,772 small fishing boats, fishing equipment, 300 outboard motors, 3 fishing vessels, 11 container-type ice makers, 12 cold storage units, 30 refrigerated vehicles, repairs to fishing ports
Medical care	Plan for purchasing medical care-related equipment	5 mobile testing units, sets of medical equipment for 33 hospitals, equipment for anti-rabies measures
Public administration	Provision of vehicles to administrative officers coordinating restoration projects in affected provinces	64 pickup trucks, rental of 22 pickup trucks

Maldives

Assistance Mainly for Fisheries and Public Infrastructure

The Maldives is a small island country encompassing 1,190 islands, 198 of which are inhabited. The main industries there are fishing and tourism. Approximately one-third of the population of 290,000 was affected by the tsunami resulting from the earthquake; on some islands, the entire population was forced to relocate. The main industries were also severely disrupted, with 21 of the Maldives' 87 resort facilities experiencing damage and many small and medium-size fishing boats used for the mainstay activity of pole-and-line fishing for bonito destroyed. In the agricultural sector, over 4,000 farmers on 70 islands lost their farming equipment or had their crops damaged, and the soil was also severely affected by salt damage.

The Japanese government decided to provide 2 billion yen in non-project grant aid, and the agreement to this effect was signed with the Maldives government on January 17, 2005. Following this, JICS signed a procurement management contract with the Maldives government on the same day.

The first relief goods coordinated by JICS, 15 wireless radio sets for fishing vessels, arrived at Wilingili Island near the capital of Male in May. This was the first equipment to reach the Maldives with JICS acting as procurement management agent, which oversaw tendering and selected a local company to obtain the goods.

Wireless radio equipment is essential for fishermen, who rely on it to fish safely and efficiently. Delivery of other equipment procured—spare parts for fishing boat engine repairs, propellers and shafts—was completed by March 2006. Procurement procedures and signing of contracts for delivery of fishing vessels is also proceeding smoothly.

The Japanese government provided aid in coordination with FAO. Regarding repairs to fishing boats, the Maldives Ministry of Fisheries, Agriculture and Marine Resources and FAO surveyed damage to the boats and JICS procured the necessary repair parts, which were handed over to FAO. FAO then carried out technical guidance and repairs, using those parts. For provision of fishing tackle, the Maldives Ministry of Fisheries, Agriculture and Marine Resources conducted a survey of damages. Based on this assessment, FAO supplied snorkels, hooks for bonito fishing lines and other simple supplies, while JICS was in charge of procuring poles for bonito fishing, pumps for spraying and draining seawater, electric generators and other equipment. In the agriculture sector, the Maldives Ministry of Fisheries, Agriculture and Marine Resources and FAO handled a needs study and agricultural training, while JICS arranged for procurement of farming equipment. FAO is conducting all of these projects using special funds provided by Japan for post-tsunami reconstruction.

The public administration buildings to be constructed on Gan and Fonadu islands have been designed to be large enough to serve the needs of the influx of population expected on these islands due to relocation from other islands decimated by the tsunami. The buildings, on elevated foundations, are two stories tall so that they can double as shelters in case of a tsunami or other natural disaster, and are also equipped with emergency solar-powered lighting. Including these buildings, all the construction sites are within

Laamu Atoll, which suffered the most extensive damage, and construction is being carried out with great care to all aspects of the projects, including project management.



Delivery of farm machinery and training in its use

• Main Relief Undertakings and Items Procured

Area	Projects	Items Procured
Industry	Plan for purchasing fisheries-related equipment	Spare parts for repairing fishing boat engines, propellers and shafts, etc. for 13 boats, CB wireless radio, fishing equipment, 8 85-foot fishing boats
Infrastructure, public administration	Setting up public administration offices	Setting up public administration building on Gan Island, setting up public administration building on Fonadu Island, solar power generation system for public administration offices
	Repairing causeway	Repairing 2 causeways linking Gan Island and Fonadu Island in Laamu Atoll
	Restoration of power distribution grid	Equipment necessary for restoring the power distribution grid on Laamu Atoll and installation thereof
	Improvement of sewage treatment system	Equipment necessary for improving sewage treatment system and installation thereof
Agriculture	Provision of agriculture-related machinery and equipment	Tractors, pickup trucks, backpack sprayers, shredders, boats, electric power generators, spare parts, etc.

Pakistan Earthquake, October 2005

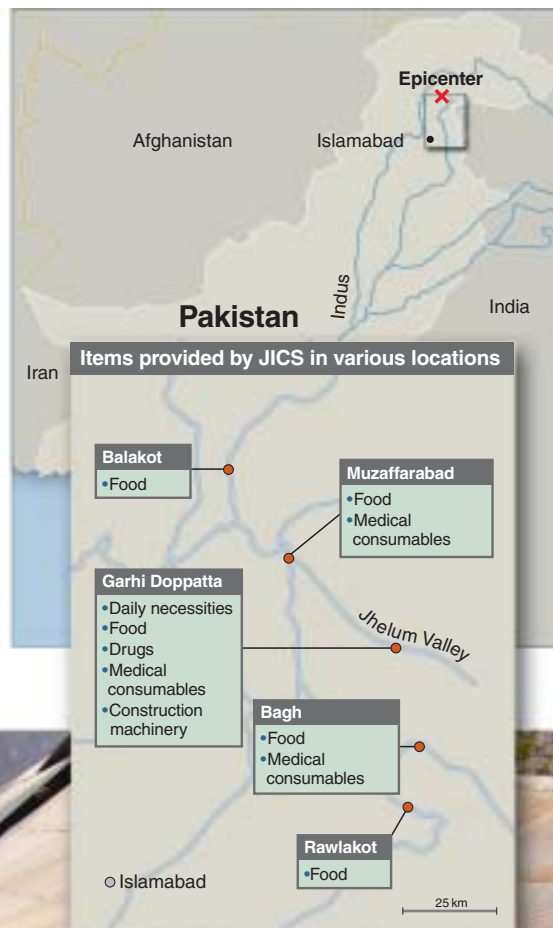
Rapid Response Thanks to Experience Gained in Relief Efforts after the Earthquake off Sumatra and the Indian Ocean Tsunami Disaster

A major earthquake occurred in northern Pakistan on October 8, 2005, causing widespread damage that left over 73,000 dead and more than 120,000 injured. It also destroyed the homes of over 3.3 million people.

The Japanese government immediately dispatched a Japan Disaster Relief team, provided emergency relief supplies and on October 17 pledged 1,284 million yen in emergency grant aid for the government of Pakistan. On the same day, JICS made a contract with the Pakistan government to supervise funds and act as procurement agent for the necessary relief goods and services.

Many people in the affected areas were forced from their homes as buildings collapsed, roads were destroyed and landslides blocked access. As winter approached, the most urgent priority was to deliver relief supplies quickly to help improve living conditions.

Items selected in response to the Pakistan government's urgent request included tents, blankets and other shelter-related items, food, consisting mainly of ready-to-



A damaged school, Jhelum Valley



Displaced persons living in tents provided through emergency grant aid

eat canned goods, medical equipment, first aid supplies and drugs for persons in need of medical care, and construction machinery essential for civil engineering works aimed at restoring damaged areas.

The Pakistan government chose the area around the Jhelum Valley, situated in the northeast of Azad Jammu and Kashmir province near the quake's epicenter and one of the most heavily damaged regions, as the destination for relief goods. Once the requested items had arrived and been stockpiled in designated government warehouses, the goods were swiftly distributed by government officials to residents in the region beginning October 26, with some going to NGOs assisting relief operations there.

The Pakistan government subsequently added Bagh, Rawlakot, Muzaffarabad and Balakot to the areas JICS was asked to procure relief goods for. Like the Jhelum Valley, these towns, located in Azad Jammu and Kashmir Province and Northwestern Frontier Province, had also suffered severe damage in the earthquake.

After the decision to provide grant aid on October 17, things moved quickly and JICS was able to deliver most of the relief goods originally planned on by the end of November. And beginning in January 2006, monitoring by

locally-based consultants was carried out to ascertain that the goods bound for the earthquake victims had been reliably distributed.

Further to the earlier emergency grant aid, on March 13, 2006 the Japanese government decided to provide an additional 4 billion yen in non-project grant aid to assist reconstruction in Pakistan. Here again, JICS is involved as procurement management agent for rebuilding and providing equipment for educational and health care facilities.



Mattresses distributed to people affected by the disaster

The Role of JICS in Official Development Assistance (ODA)

Working to Promote Smooth Implementation of ODA

Japan provides official development assistance (ODA) as an important national policy in response to the expectations of the international community.

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

Grant Aid

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

Grant Aid for Infectious Diseases Prevention and Treatment

Grant aid for infectious diseases prevention and treatment

provides aid for vaccines and administration of therapeutic drugs to control various infectious diseases such as polio, tuberculosis, malaria and AIDS and others that threaten lives in developing countries.

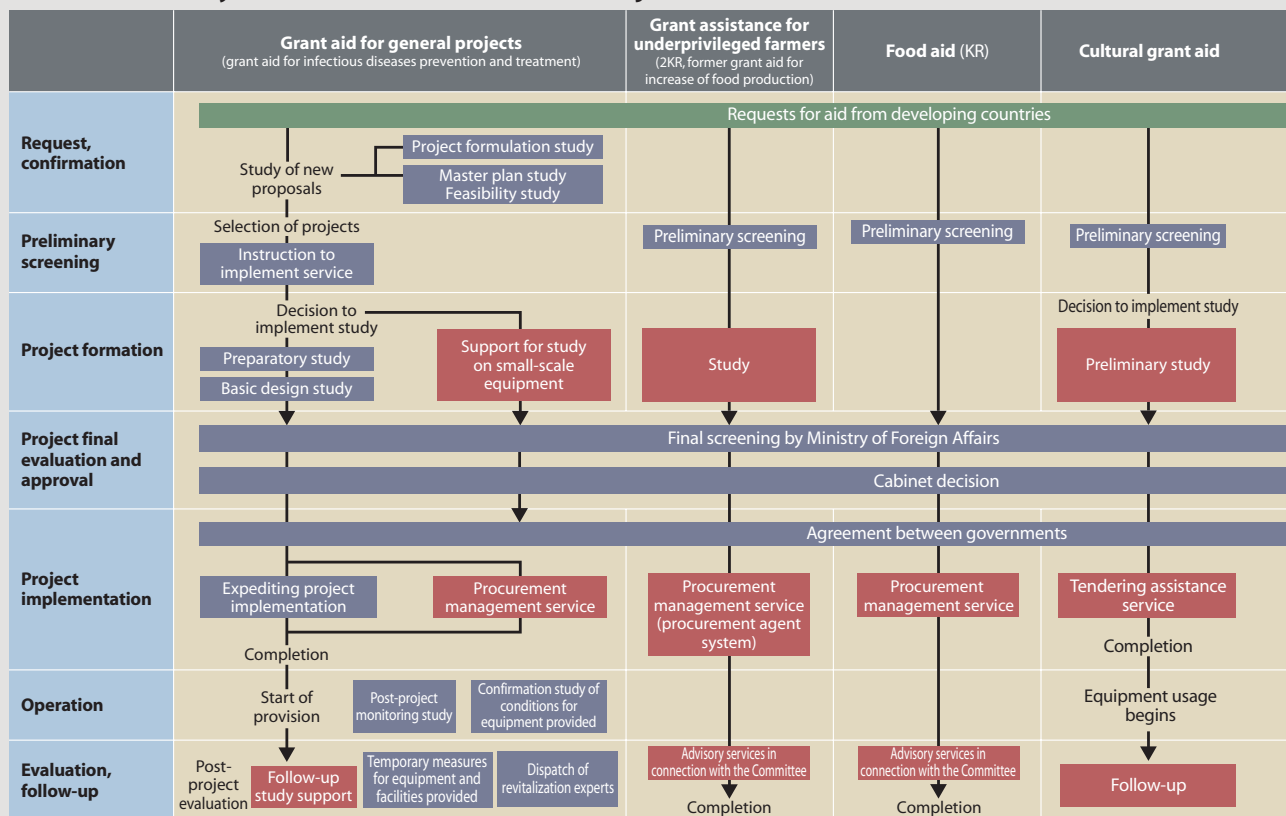
JICS has been delegated by JICA since 1997 to carry out studies in Japan and on site concerning equipment needed in the field of infectious diseases control. Following these studies, JICS carries out procurement management based on contracts with the developing countries' governments.

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

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

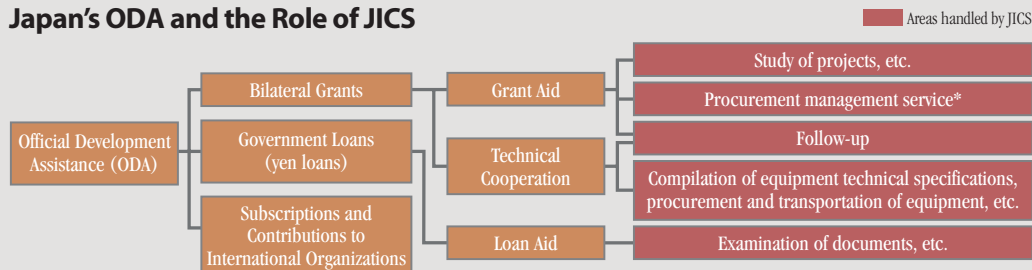
Grant Assistance for Underprivileged Farmers (2KR) is aid provided for purchasing agricultural equipment such as machinery and fertilizer to help increase production of food crops (rice, wheat, maize, etc.) in developing countries where there are food shortages. This grant aid, begun in 1977, is implemented yearly in Asia, Africa, Latin America, Eastern Europe, CIS countries, and others. Grant aid for increase of food production (2KR) has been changed since

Areas Handled by JICS in the Case of Grant Aid Projects



FY2005 to grant assistance for underprivileged farmers (2KR) in order to show that Japan will provide more effective support to developing countries in their self-help efforts for achieving food self-sufficiency. By clarifying that aid recipients are poor, small-scale farmers, Japan will strengthen its efforts to support increase of food production in those countries.

Japan's ODA and the Role of JICS



* Through contracts with the developing country's government, JICS manages and supervises the overall tendering process for procuring equipment and services in connection with grant aid. In some cases, JICS supports the developing country's government, which implements projects, while in others it acts as the developing country's agent, handling all duties, from managing grant aid funds provided to making contracts with equipment suppliers. The latter system is referred to as the procurement agent system and is used for non-project grant aid, emergency grant aid, and grant aid for conflict prevention and peacebuilding.

Since its founding in 1989, JICS has been delegated by JICA to carry out studies in Japan and on site.

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

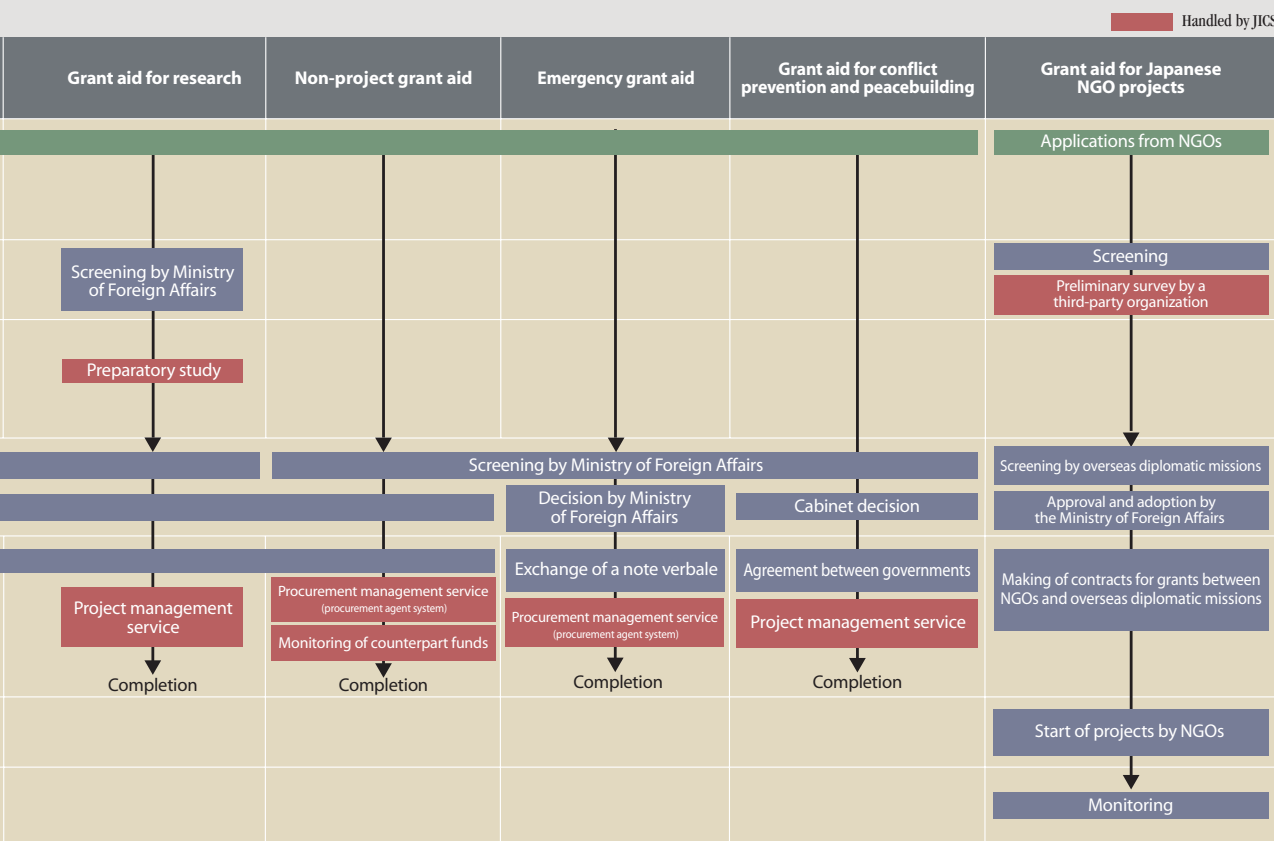
Note: Developing countries' governments set aside local currency funds equivalent to a certain amount of the value of equipment procured by

grant aid. These funds are then used for local economic and social development projects after consultation with the Japanese government.

Food Aid (KR)

This grant aid is provided to developing countries with food shortages for the purpose of buying rice, wheat, maize or other grains. Based on the food aid rules of the International Grain Agreement, which came into effect as part of the Kennedy Round (KR) at GATT in 1967, food aid began in 1968 and is referred to as "KR" because it came out of the Kennedy Round.

Since FY2001, JICS, in accordance with contracts with developing countries' governments, has been serving as a



procurement management agent helping ensure the fair and rapid procurement of food. It also acts as the secretariat for intergovernmental committees following up on how the food procured was distributed and monitoring accumulation of counterpart funds.

Cultural Grant Aid

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

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

In FY2004, JICS began analyzing project applications and also project applications for grassroots cultural grant aid. The main types of equipment procured include sound and lighting equipment for theaters, sports equipment, equipment for excavating and preserving archaeological sites, musical instruments, equipment for producing cultural and educational programs, materials related to Japanese-language education, and others.

Grant Aid for Research

This grant aid supports research activities into various problems affecting developing countries, and supports research and development and commercialization of new technologies for products intended for developing countries.

Since FY2001, in accordance with contracts with the governments of developing countries, JICS has been managing grant aid provided for research and development activities, and offering coordination and support to ensure that activities among researchers and manufacturers in Japan and developing countries are carried out smoothly.

Non-Project Grant Aid

Non-project aid is grant aid intended to provide rapid support to developing countries with economic difficulties such as growing accumulated debt or a rising international balance of payments deficit, as part of assistance to improve the country's economic structure. Since this aid is not ear-

marked for specific projects (e.g. building schools, etc.), it is called non-project grant aid.

Since FY1993, JICS, in accordance with contracts with developing countries' governments, has been helping procure the necessary equipment, such as raw materials (petroleum products, steel products, paper products, etc.) needed to improve the country's economic structure, machinery (vehicles, construction machinery, etc.) required for public works projects and others.

Emergency Grant Aid

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

(1) Emergency disaster assistance

Support for rehabilitation after natural disasters or man-made disasters such as civil war.

(2) Support for democratization

Support for the establishment of democracy after the collapse of undemocratic regimes or in the aftermath of long-running civil conflict.

(3) Assistance for reconstruction and development

Support for smooth implementation of the rehabilitation and reconstruction process in countries and areas involved in conflicts. It is bridge support implemented in the period between emergency and humanitarian support for refugees and affected people before the restoration of peace, and development assistance after a certain period after peace has been restored.

Since FY1997, in accordance with contracts with the governments of developing countries, JICS has procured food, medical equipment, drugs, vehicles (water tank trucks, ambulances, etc.), construction equipment and other urgently-needed goods. Depending on circumstances, JICS also carries out its own monitoring of how the equipment is being used after procurement.

Grant Aid for Conflict Prevention and Peacebuilding

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

Since FY2002, in accordance with contracts with developing countries' governments, JICS has been serving as a procurement management agent, managing funds and overseeing and supporting activities appropriate to various program formats.

Technical Cooperation

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

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

Yen Loans

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

The role of JICS, delegated by JBIC, is primarily to examine whether procurement procedures, documents and decisions made by borrowing countries are appropriate in conformity with prior agreements at the time of signing loan contracts, according to guidelines, standard documents and others stipulated by JBIC. JICS also examines estimates of operations costs and basic designs formulated by borrowing countries in commissioned studies on development projects implemented by JBIC, by dispatching experts to the countries concerned.

Follow-up Activities

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

Follow-up Examination

Once cooperation in developing countries has been completed, various projects are maintained and operated by the developing countries themselves. However, project implementation is sometimes hampered by equipment break-

downs or lack of funds. To help in this situation, JICA carries out follow-up cooperation as needed, providing support to ensure that the effects of support to developing countries can be sustained.

JICS, delegated by JICA, examines whether documents concerning technical specifications and cost estimates that consultants have submitted are properly prepared in conformity with JICA standards, in JICA follow-up studies.

Support for Database Creation

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

Operation of the Technical Information Center

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

NGO-related Projects

JICS supports NGO activities from several different perspectives.

Grant Aid for Japanese NGO Projects

Grant aid for Japanese NGO projects is grant aid provided for economic and social development or emergency humanitarian support projects, etc. by Japanese NGOs in developing countries.

Since FY2003, delegated by the Ministry of Foreign Affairs of Japan, JICS has been evaluating the goals, content, and appropriateness of size and funding requirements for proposal applications submitted by NGOs. If necessary, local studies are also conducted. Through this activity, JICS contributes to strengthening the partnership between the Japanese government and NGOs and to the further development of NGO activities.

Support for Non-Governmental Organizations

JICS provides funding of a maximum of one million yen per year per NGO to relatively small Japanese NGOs to support their activities. This funding is made available to approximately ten NGOs per year. Support for NGOs has been implemented, as one of JICS' own projects, since FY1999, the tenth anniversary of JICS.

Providing Assistance to More Countries in a Wide Variety of Projects

Angola *(Grant Aid for Infectious Diseases Prevention and Treatment)*

Procuring Mosquito Nets to Protect Against Malaria

Among Sub-Saharan nations, Angola is especially disadvantaged in terms of public health and medical care as an aftereffect of a long drawn-out civil war in that country. In particular, it is among the nations with the highest rates of infant mortality (154 per thousand live births) and of mortality in children under 5 (260 per thousand live births).

Malaria has long been endemic in Angola and is the leading cause of death among the population. To deal with this situation, Angola's Ministry of Health embarked on a five-year strategy called "Roll Back Malaria" whose goals are to reduce new cases of malaria, now running three million a year, to 900,000 a year; provide over half the country's children under 5 and pregnant women with insecticidal mosquito nets so that they can sleep restfully; and offer appropriate treatment to over half of all new malaria patients within 24 hours of symptoms appearing over the five years from 2005.

Accordingly, Angola adopted the Project for Malaria Control and requested grant aid from Japan to obtain funds for procuring mosquito nets, drugs for treating malaria, testing equipment and other necessary goods.

In April 2005, JICS made a consulting service agreement with the Angolan Ministry of Health and has provided support for appropriate procurement. In June, JICS organized a tender to select equipment providers and



Mother and child receive a mosquito net

made procurement contracts to supply enough mosquito nets for about 130,000 people, drugs for treating patients with severe cases of malaria, and testing kits, microscopes and other equipment for detecting the disease.

Goods procured include about 270,000 doses of malaria treatment drugs that involve taking two drugs together for more effective treatment. In February 2006, hospital and public health staff in charge of treating malaria from the target regions gathered and actively participated in a two-day training session to learn how to use the drugs and study the Health Ministry's policies on malaria-control measures. Local television stations reported on the training, reflecting the strong degree of interest in this issue among the general public.

The equipment and goods procured under this project will be provided mainly to pregnant women and children under 5 living in Benguela Province. We hope that the mosquito nets and drugs provided will help bring down malaria infection and mortality rates, and that the testing equipment provided will contribute to improving the testing system so that the disease can be diagnosed in the early stages.



Training for the solar power source package procured by JICS

Guinea *(Grant Assistance for Underprivileged Farmers) (2KR) (formerly Grant Aid for Increase of Food Production)*

Toward Appropriate Monitoring of Counterpart Funds

Japan has provided grant aid for increase of food production (2KR) to Guinea since FY1985, and JICS has been involved in this program as a procurement management agent since FY1998.

A field study conducted by JICA in November 2004 pointed out lack of sufficient monitoring of counterpart funds* by the Guinean Ministry of Cooperation that is responsible for the fund. For this reason, JICS, as part of its activities to improve the ministry's monitoring function by providing support for upkeep and maintenance and strengthening the organization, dispatched a survey team of three technical support personnel, who worked from November 12 to December 7, 2005 to set up a database for tracking equipment sales.

The survey team taught local personnel the necessary skills for inputting data of 2KR sales for FY2001 and set up a database of sales performance for FY2004 on the ministry's computers.

This system allows real-time monitoring of sales of equipment procured in FY2004 and accumulation of counterpart funds. It also provides instant information on the funds that have been accumulated versus stipulated counterpart fund levels.

When the work of inputting data from FY2004 sales was left in the hands of the ministry, an official there indicated Guinea's intention of attempting to be the first of all 2KR recipient countries to provide Japan with qualitative fund accumulation reports. And as of mid-June 2006, the Japanese government received a report from Guinea



Setting up the sales performance database

that about 70%, or 3.2 billion Guinea francs (approximately 80 million yen), had already been accumulated versus the 4.6 billion Guinea francs (120 million yen) it was required to accumulate in the project in FY2004.

Since sale of the equipment procured in FY2004 only began in March 2006, this means that 70% of funds had already been accumulated in only three months. Considering that in the past only 10% of counterpart funds had been accumulated by the four-year time limit, owing to devaluation of the Guinea franc and delays in collecting accounts receivable for sales on credit, the efforts made by the ministry this time are truly remarkable.

As far as sales of equipment procured in FY2004 are concerned, Guinea promised to end sales on credit, which had been responsible for the shortfall in accumulated counterpart funds, in order to meet its responsibility to set aside the full stipulated amount. The new database, which reliably identifies all sales, allowed Guinea to end sales on credit, and thanks to the database, the ministry is now confident that it can accumulate counterpart funds and carry out 2KR aid effectively.

*Local currency funds developing countries are required to accumulate for local projects in proportion to the amount of aid received.



Computers provided in FY2004

Mongolia *(Food Aid)*

Supporting Procurement of Wheat

Japan provides food aid to countries with food shortages to enable them to procure rice, wheat or other sustenance. In FY2005, Mongolia received funds to procure wheat, on which the local diet is based. In May 2005, JICS signed a procurement management contract with the Mongolian government and supervised all the operations involved in wheat procurement. Thanks to speedily arranged procedures, JICS was able to deliver 9,730 tons of wheat to Mongolia by the end of 2005, just before the Lunar New Year, when food demand peaks.

At one time, Mongolia was self-sufficient in wheat and even exported its surplus but today, the great grain-producing areas of the country are just a memory. Wheat production has fallen sharply and the country's self-sufficiency rate has dipped to about 30%. A major reason for this situation is that production by collective farms under the socialist system was no longer sustainable after the collapse of the Soviet Union when supplies of farm machinery, fertilizer and other production equipment ceased.

Consequently, for eight years from 1992, Japan provided grant aid for increase of food production (2KR, now called "Grant Assistance for Underprivileged Farmers") to procure farm machinery to increase food production and continues to provide food aid for procuring foodstuffs in short supply. JICS has been involved in procurement activities for this aid for several years now.



Handover at a silo in Hutul

El Salvador *(Cultural Grant Aid)*

Purchase of Planetarium Equipment for a Children's Museum

In addition to hands-on displays for teaching children about wholesome living habits, health and hygiene and the natural environment, the Tin Marin Children's Museum of El Salvador holds music festivals, art exhibitions, plays and other events as part of its activities in children's education. The museum had 70,000 visitors in 2003 and is a popular attraction.

The museum decided that a planetarium was an essential component in its expanded program for teaching children about the natural sciences and built a structure housing a planetarium dome. However, a limited budget made it impossible to buy the necessary equipment, and thus the El Salvador government requested cultural grant aid from Japan in order to buy planetarium equipment.

JICS, delegated by the Japanese Foreign Ministry, carried out a field survey in November 2004 to verify the appropriateness of the grant aid request, the dome's size and construction status, as well as provisions for upkeep and maintenance, and discussed these matters with museum representatives and the architect for the project.

Based on the findings of that survey, Japan agreed with El Salvador to implement cultural grant aid on August 17, 2005. Following this, JICS entered into a contract with the El Salvador government to assist with tendering operations (announcing the tender for the equipment to be procured, drawing up tender specifications, holding the tendering session, evaluating bids and so on).



Simplified planetarium projector procured by JICS

Afghanistan *(Non-project Grant Aid, Emergency Grant Aid, others)*

Assistance Plays a Vital Role in Establishing Peace

After elections held in October 24, Hamid Karzai, head of the Transitional Administration, was elected the first president of the Islamic Republic of Afghanistan. The first parliamentary elections took place in October 2005 and parliament opened in December, marking the beginning steps on the road to democracy.

Japan has been involved in various projects to support the consolidation of peace in Afghanistan. Projects continued in FY2005 and JICS was also involved in those projects.



Experiments and training with antenna at Mazar-i-Sharif police headquarters

In FY2002, JICS helped procure medical equipment, as part of emergency grant aid. Initially, the equipment procured was for the city and the province of Kabul. However, there was also a need for basic health care equipment in remote areas, and in response to a request by the Afghan government, JICS also procured basic health care equipment for 100 clinics in regional areas. After delivering the equipment to a warehouse of the Ministry of Public Health in Kabul and sorting it, JICS also handled shipping within the country, a task made difficult by the rugged terrain and underdeveloped road access. But thanks to the cooperation of all parties involved, JICS was able to complete this project, which helped bolster our confidence in our ability to handle similar undertakings in the future.

The equipment provided under this project made it possible for people living in outlying areas, forced until then to travel to urban areas for medical care, to receive treatment locally.

Following JICS' involvement in projects with the Kabul Police in FY2003 and the Kandahar Police in 2004, in 2005, we assisted with emergency grant aid to support the Mazar-i-Sharif Police and with a counterpart funds project to support the Kandahar Highway Police.

The Mazar-i-Sharif Police Support Project was for installing a wireless communications system and providing vehicles to help the police work more speedily and efficiently. Japanese experts were dispatched when the equipment was delivered, to lecture on subjects ranging from wireless theory to upkeep and maintenance of the equipment over a three-week period.

The second project involved procurement of wireless communications equipment, automobiles and motorcycles for the Kandahar Highway Police, which patrols the 100km stretch of highway from Kandahar toward Herat for which Japan has been handling road improvement, and for the Maiwand Police and the Gereshk Police, in order to improve security on this road sector. Separately from procurement of this equipment, JICS is also handling the supplying of fuel for Kandahar Highway Police two- and four-wheeled vehicles and the refurbishing of police checkpoints along the road.

Additionally, as a voluntary project, JICS has provided Kabul Medical University with a bus manufactured for sales promotion activities and donated by a Japanese auto maker. JICS bore the costs to have the bus shipped to Afghanistan. Interested parties within JICS also arranged a toy collection drive and donated the toys to an orphanage in Kabul.



Patrol cars delivered to the Kandahar Highway Police

Iraq *(Emergency Grant Aid, Grant Aid for Conflict Prevention and Peacebuilding)*

Procurement Contributing to Peace

At an international conference to discuss reconstruction in Iraq held in Madrid in October 2003, the Japanese government announced that it would allocate 1.5 billion U.S. dollars in grant aid and 3.5 billion dollars in yen loans.

Within the grant aid framework of direct support, which excludes support through international organizations and international funds for the reconstruction of Iraq, Grassroots Human Security Grant Aid and assistance through NGOs, JICS has been monitoring the progress of various projects and overseeing the appropriate supervision and disbursement of funds in its role as a procurement agent for the Iraq government. Beginning with the Project for the Provision of Police Vehicles, JICS has been involved in procurement management and supervision of funds for another eight emergency grant aid projects for equipment procurement, 11 cases of equipment procurement for facilities rehabilitation, and one case of grant aid for conflict prevention and peacebuilding up to FY2005.

In the Project for the Provision of Equipment to Primary Health Centers in the Governorate of Al-Muthanna, JICS procured and also shipped medical equipment for 32 health centers within the governorate. This was a complementary operation to the repair and rebuilding of the health centers by Japan's Ground Self-Defense Forces, and the equipment procured included basic medical equipment for outpatient examinations, obstetrics and neonatal examinations and testing.

In the Project for the Provision of Fire Fighting Vehicles, delivery of 69 of the vehicles purchased by the Ministry of Interior was completed in FY2005. In the Project for the Provision of Equipment for Solid Waste and Sewage Management, JICS procured 219 trash collection vehicles, sewage treatment equipment, and construction equipment that will be used at solid waste processing facilities for the

Ministry of Municipalities and Public Works. Twenty-seven vehicles, mainly for trash collection, were handed over to the City of Samawah, helping restore trash collection and sewage management services there.

In the Project for the



Solid waste processing equipment procured and donated

Installation of Mobile Substations, shipment and local installation of 23 units was completed in FY2005, and many of the newly installed facilities have begun operating. This was the first case of direct assistance for facilities rehabilitation carried out by Japan, and shipment of the units was done in difficult circumstances in an area that is not fully secure.

New projects that were inaugurated in FY2005 were the Project for Construction of Diesel Power Station in Samawah, an emergency grant aid project and the Program for Police Training and Mentoring in Al-Muthanna Province, a grant aid project for conflict prevention and peacebuilding. The first project involves building a large diesel power generation facility in Samawah. Power shortages are a major inconvenience in daily life in Iraq and it is hoped that this facility will improve living conditions for citizens.

The second program provides partial financial assistance from Japan for police training in the Governorate of Al-Muthanna, where Japan's Self-Defense Forces were stationed until August 2005, as part of an overall police training project carried out by U.K. and British-affiliated security companies in the three southern governorates of Basra, Maysan and Al-Muthanna. This program is teaching 6,200 police officers the necessary skills and knowledge for police work in the areas of local patrolling, interrogation, crime scene technical work, legal officiating, and operating a joint headquarters system. Training began in January 2006 and will continue over a six-month period. It is hoped that this training will help police forces maintain local law and order effectively and contribute to reestablishing public safety in Iraq.

Fire trucks that were procured and donated



Support Activity for JICA Offices *(Technical Cooperation)*

Personnel Dispatched to Assist with Local Procurement

Since October 2004, when JICA introduced local procurement for equipment, swifter and more efficient procedures have been promoted. In this connection, in FY2005 JICS dispatched personnel to support local procurement to JICA offices in China, Afghanistan, Sri Lanka and Jordan. These personnel assisted with various procurement-related duties and helped set up systems at those offices.

At JICA's China office, JICS support staff was dispatched for three months, from November 2005 to January 2006, who assisted with procurement procedures in individual cases by preparing requests for quotations in the case of quotations from designated bidders and answering questions relating to such, evaluating tender documents, preparing contracts and so on. Additionally, the personnel helped set up a procurement system at that office, by teaching local staff how to prepare specifications; holding study sessions on trading practices; and preparing draft versions of how to draw up projected price lists, draft criteria for designation in the case of designated bidding, and draft eligibility criteria for examination in the case of preannounced projects.

Based on the Field-Oriented Approach adopted by JICA, the ratio of procuring equipment from Japan fell by half in the three years from 2002 to 2005, compared to local procurement, which grew 1.5 times, climbing from 52% to 76% over the same period. These figures show that local



Preliminary announcement of local procurement at JICA's China office

equipment procurement at JICA overseas offices has steadily increased.

Meanwhile, many problems remain to be ironed out. Sourcing equipment locally is quicker and less expensive, but in many countries it is not possible to buy equipment in the same way as in Japan. The strict public procurement procedures that have been introduced are not always well understood by local businesses submitting tenders. In fact, there have been cases where it was impossible to obtain sample estimates before starting procurement procedures, deliveries were delayed due to complicated customs and duty exemption procedures or lack of willingness on the part of local businesses to honor contract provisions, or where adequate after-sales service was not provided. And establishing the system—preparing various forms, setting up a designated businesses system, preparing appropriate projected prices and so on—at JICA's overseas offices remains a major task for the future.

Thus while the system for adopting local equipment procurement is still in transition, JICS will continue to assist in ensuring fairness, transparency and competitiveness in procurement that is efficient and economical at the same time through such means as providing Help Desk service for equipment procurement, as well as sending personnel to support local procurement operations.



Local staff in charge of procurement at JICA's Sri Lanka office

Document Examination and Seminars *(Yen Loans)*

Preliminary Document Examination and Local Lectures

Yen loans, also referred to as loan aid, are long-term, low-interest loans of development funds to developing countries agreed upon by governments of Japan and the recipient country and implemented through the Japan Bank for International Cooperation (JBIC).

Yen loans are used to finance construction of power generating stations, water purification plants, roads and other infrastructure. Procurement of goods and services for the construction must be carried out according to procurement and consultant hiring guidelines stipulated by JBIC. In FY2005, JICS, delegated by JBIC, conducted preliminary document checks to ascertain that procurement documents basically conformed to JBIC guidelines and other requirements.

JBIC also organizes local seminars for the governments and implementing organizations of yen loan countries to coach them on the system and procedures and to ensure that they have a good understanding of the basic principle of yen loans. In FY2005, JICS sent lecturers to Morocco, Tunisia, Pakistan, and Egypt, who brought up a number of problems often observed in procurement-related documentation in their lectures.

Through preliminary document checking and dispatching of seminar lecturers, JICS contributes to promoting effective utilization of yen loans in implementing programs.



JICS personnel lecturing at a JBIC seminar in Morocco

Grant Aid for Japanese NGO Projects

Impartial Evaluation of Applications

Since FY2003, JICS, delegated by the Ministry of Foreign Affairs of Japan, has been evaluating the grant aid activities of Japanese NGOs carried out in partnership with the Ministry. Evaluation examining the appropriateness of the funding requirements in proposal applications submitted by NGOs is carried out impartially and objectively.

Examination consists of judging whether prices for equipment and facilities (materials and labor) are appropriate and whether intended use and scale are appropriate, and of identifying possible problems related to upkeep and maintenance. The implementation system, appropriateness of costs, cost-effectiveness and other 'soft' aspects of proposal applications are also examined. The NGOs themselves are also checked to ascertain their financial condition and financial oversight system, and a report is then drawn up. Field studies are also carried out on a number of projects to ascertain whether they are adhering to plans and to confirm progress in implementation.

In FY2005, JICS conducted over 100 domestic examinations, almost the same number as the previous year. We are also examining an increasing number of interim project reports and completion reports. There were many NGO emergency humanitarian projects, due to the Pakistan earthquake, similarly to the previous year when there were many projects related to the Sumatra earthquake and Indian Ocean tsunami. We also examined proposal applications and field monitoring studies for emergency humanitarian aid by Japan Platform, a public-private group, providing behind-the-scenes support. Through this activity, JICS contributes to strengthening the partnership between the Ministry of Foreign Affairs and NGOs.



Field study of plan for building a children's welfare center in the former Serbia-Montenegro (Kosovo)

JICS Support for NGOs

Trial-basis Support for Training to Strengthen Organizations

To achieve its goal of promoting higher-quality international cooperation, JICS began offering direct support to small and medium-size NGOs undertaking aid projects in developing countries through its JICS support for NGOs program in FY1999.

In addition to direct support, in FY2003 JICS started supporting network-style NGOs to contribute to capacity-building, and also began helping by providing funds for strengthening the foundations of NGOs in FY2004, offering support responding to broader needs. In FY2005, JICS also offered support, on a trial basis, for training carried out by network-style NGOs to improve NGO operational capabilities.

Applications from NGOs are accepted once a year and recipients are selected after examination of their applications. In FY2005, JICS received applications from 16 groups for both its regular support and training support programs and selected the 10 groups listed on page 47 to receive support.

Examination, including the content of projects and operating status of each group, is carried out by an examining committee made up of JICS executive officers and outside experts. Each NGO is notified of the result of its application, with comments and advice from committee members concerning its application and projects.

Meetings are also held where groups that received grants submit progress reports on their projects and their accomplishments so far. In FY2005, prospective attendees



A private hospital in Cambodia that received mats and other medical equipment from SECOND HAND, an NGO supported by JICS

were polled beforehand on topics they wished to put on the agenda, and at the meeting they discussed the pros and cons of providing used goods and how to end projects so that local residents can become self-sufficient.

Further, to carry out self-evaluation of this support activity, examining committee members traveled on field trips to Thailand and Cambodia and sent questionnaires to NGOs. Questionnaire results revealed that NGOs considered JICS's support to offer advantages compared to other groups supporting NGOs, since JICS funds can be applied to a broader range of uses and funds are disbursed in advance. Knowing this motivates JICS to continue supporting NGOs in ways that meet their diverse needs.

Members of the examining committee*

(in alphabetical order following chairman)

Yukihisa Sakurada: Vice President, JICS (Chairman)

Michiyo Arita: Secretary General, Kansai NPO Alliance

Shunichi Hiraki: Professor, Faculty of Economics, Niigata University

Takuo Kidokoro: Director, Non-Governmental Organizations Assistance Division, Economic Cooperation Bureau, Ministry of Foreign Affairs

Tatsuya Watanabe: Assistant Professor, Faculty of Contemporary Law, Tokyo Keizai University

Takashi Yoshida: Deputy Managing Director, Training Affairs and Citizen Participation Department, Japan International Cooperation Agency

* Titles as of November 2005.



Committee member Shunichi Hiraki (far left) inspecting the Thai National Satsatian School for the Deaf to which NGO Asia Mind, supported by JICS, sent group bearing aids and other equipment

Creating the Right Organization for an International Procurement Management Body

As one of its policies for carrying out operations in FY2005, JICS put forward bringing the organization up to standards as an international procurement management body. In line with this, JICS has been taking various measures, such as standardizing operational processes, improving corporate governance and so on.

The following describes various activities, mainly concerned with these measures, which were implemented in 2005.

New Board of Trustees Chairman and Vice Chairman

Following the resignation of chairman Shigeru Ishikawa on March 31, 2005, vice chairman Akira Hasumi served as interim chairman until the first regular meeting of the JICS Board of Trustees on June 23, at which Mr. Hiroshi Matsumoto was chosen as the new chairman. At the same meeting, trustee Ms. Yoriko Meguro was chosen as vice chairman, inaugurating a two-vice chairman structure for the Board of Trustees.



First regular Board of Trustees meeting in FY2005

Adoption of the JICS Code of Conduct

Based on the JICS Vision, the JICS Code of Conduct was adopted on April 1, 2005. This Code sets out the principles that JICS personnel are required to adhere to, with the goal of promoting higher-quality international cooperation. The full text of the Code of Conduct is carried on page 2.

Update on Reorganization

A major reorganization, centering on the operations departments, was carried out in June 2004; JICS has been conducting its operations under this new structure since then. From the perspective of observing and evaluating how the new structure is actually working and whether any modifications are needed, no major changes were made this year. However, we took the measures below, as steps toward our goal of improving our standards as an international procurement management organization.

Compliance Committee Formed

In light of the increasing focus on corporate social responsibility and corporate governance in recent years in corporate management circles, JICS is working to put in place systems to improve compliance.

The JICS Vision adopted in 2003 states that “JICS endeavors to manage its operations appropriately” and the Code of Conduct adopted in April 2005 says that JICS personnel and the organization will observe laws and rules. To better acquaint personnel with these requirements and to strengthen the compliance function, a Compliance Committee was formed in November 2005.

This Committee works to improve compliance within the organization, by discussing basic policies and planning for better compliance and JICS’ response if improprieties should occur.

Overseas Offices Reorganized

JICS offices in Cambodia and Vietnam were closed in May 2005, and a new office was opened in Jordan in June.

The Cambodia and Vietnam offices were closed because office functions there were longer necessary, taking into account current JICS projects in those areas. The new Jordan office, in Amman, was opened to facilitate carrying out duties in connection with reconstruction projects in Iraq that JICS is involved in, and two personnel were dispatched there initially.

This reorganization leaves JICS with four overseas offices, in Jordan, Mongolia, Afghanistan and Madagascar, although the Mongolia office is scheduled to close on September 1, 2006.

Project Evaluation

The importance of project evaluation for ODA is well-known, and the major organizations carrying out ODA in Japan—the Ministry of Foreign Affairs, JICA, and JBIC—carry out a wide range of such evaluations and make the



Trustee Ryokichi Hirono (left) inspecting Malalai Hospital, Afghanistan

results public.

JICS has recognized the need to carry out its own evaluation of projects it is involved in and has begun planning and setting up a system to conduct evaluations. But unlike the public organizations above, JICS takes part in ODA projects as a delegated party. Given the special nature of its activities with regard to ODA, JICS has been studying a basic policy and plans for drawing up and implementing guidelines, premised on evaluation with the focus mainly on internal operations processes.

Further, as part of these evaluation activities, trustee Ryokichi Hirono traveled to Afghanistan from the end of January to the beginning of February 2005 to inspect JICS projects there. JICS is involved in several projects there, including Emergency Grant Aid and Non-project Grant Aid, implementation of which our Afghanistan office is assisting with. After his inspection trip, trustee Hirono reported on his findings to the Board of Directors and the Board of Trustees. In his report, he brought up the need for improvements in several areas, from the implementation system for JICS projects and appropriate personnel training to operations in general.

These valuable findings will allow us to take specific action concerning project and evaluation activities in the future.

JICS Guidelines for the Procurement of Consultant Services Drawn Up

In March 2006, JICS adopted the JICS Guidelines for the

Procurement of Consultant Services, which were implemented from April. These guidelines set out general principles for observing impartiality, fairness and competitiveness when selecting consultants.

Nowadays, an increasing number of projects where JICS acts as procurement management agent involve construction work for reconstruction after natural disasters and so on. The contractors handling these projects are selected by ordinary international tender. However, depending on the project, the work involved or the construction environment may differ, and since contractors large and small,

from many countries and of varying technical capability, participate in the bidding for construction work, highly specialized knowledge and extensive experience are required to set down bid conditions, conduct technical evaluation of the bidding, supervise the work and so on.

Thus, in cases where the help of a consultant is deemed necessary to carry out the project in question appropriately and effectively, grant aid funds are used, with the consent of the recipient country, to hire a consultant to handle the work, and selection of such consultants is generally done through international competitive bidding.

Since JICS foresees having to procure such consultants in the future, we recognized the need to set down clear selection criteria, which led to adopting the JICS Guidelines for the Procurement of Consultant Services. The JICS Procurement Guideline for equipment procurement was implemented in April 2005.

JICS' Procurement Concept

JICS shall timely implement procurement of the goods and services required for the purpose of supplying them to the people of the recipient countries, maximizing economy and efficiency in procurement, and ensuring impartiality, fairness, competitiveness and transparency. Besides implementing ordinary procurement, JICS shall provide necessary services and make all possible efforts in order to help people in the recipient countries benefit from the various projects.

JICS—Active in Many Areas

Iraq's Municipalities and Public Works Minister Visits

On October 25, 2005, Iraqi Minister of Municipalities and Public Works Nesreen Berwari visited JICS headquarters and met with JICS president Takahisa Sasaki to discuss implementation of the Project for the Provision of Equipment for Solid Waste and Sewage Management for which JICS is acting as the procurement management agent.

The minister described environmental sanitation conditions and stressed the dire shortage of equipment in Iraq, and also expressed her appreciation for the work that JICS has performed.

Global Festa Japan 2005

The Global Festa Japan 2005 event, formerly known as the International Cooperation Festival, took place at Tokyo's Hibiya Park on October 1 and 2, 2005. JICS operated a booth there, with a panel exhibit describing procurement flow mainly for aid projects in response to the Earthquake off the Coast of Sumatra and Tsunami in the Indian Ocean, assistance for Iraq and grant aid for research for mine clearing activities in Afghanistan, and explaining JICS' position within the ODA framework. This attracted many interested visitors, principally students.



One World Festival

The One World Festival took place at International House, Osaka on February 4 and 5, 2006. JICS participated for the fifth time with panel displays on disaster relief in the Indian Ocean tsunami and reconstruction in Iraq, a DVD showing mine-clearing activities in Afghanistan, and INFO-PACK sheets describing JICS' activities. Visitors found these displays informative.



Students from Onizaki and Minami Jojo Junior High Schools Visit JICS

In FY2005, JICS was visited by junior high school students on two occasions: on May 10, 2005, by six students from Tokoname Municipal Onizaki Junior High School (Aichi prefecture), and on June 8 by 15 students from Jojo Municipal Minami Jojo Junior High School (Kyoto prefecture). The two groups of students, who were visiting Tokyo on official school trips, visited JICS as part of comprehensive studies on the theme of international understanding at their schools.

JICS staff described ODA and the activities of JICS and talked about the work they were doing, their experiences overseas, and their feelings about working on ODA projects.

The students related how, thanks to their visit, they now had a better understanding of ODA, procurement of relief goods and other aspects of a subject they were not ordinarily exposed to.

Internship Program

Following inauguration of this program in 2004, three students, from Ibaraki University, Ritsumeikan University and for the first time from Osaka Keizai University, respectively, participated in the 2005 JICS Internship Program. The students spent two weeks assisting with operations for grant assistance for underprivileged farmers, the technical cooperation support program and others, and also helped create the panels for the JICS booth at the Global Festa held in October.

The Internship Program is scheduled to continue in FY2006.