

Annual Report 2010



Real Aid in Action

Japan International Cooperation System

At a Glance

Profile of JICS

Japan International Cooperation System (JICS) is the only not-for-profit foundation in Japan specializing in procurement operations within the field of international cooperation. JICS' activities primarily focus on aid project supervision within the Japanese government's Official Development Assistance (ODA) programs and other cooperation programs with developing countries.

"Procurement" refers to the acquisition of and payment for goods and services necessary to achieve a specific objective. Since its establishment in 1989, JICS has appropriately and effectively carried out the selection and procurement of goods and services (i.e., transportation, design, construction, etc.) needed in local areas where cooperation projects are being implemented.

JICS aims to be a leader in procurement-related operations, with capabilities for executing a full spectrum of international cooperation needs. JICS has set its sights for the future on expanding operations on behalf of a broad range of international agencies and organizations and is working to build up its base of expertise and knowledge while focusing on the development of its human resources.

● Revenue by Type of ODA (FY2010) (Unit: million yen)

Multilateral ODA

● Programs with international agencies and organizations, etc. 102 3.2%

Other activities related to grant aid (studies, research, etc.) 0.3%

Program grant aid for environment and climate change 16.5%

Grant aid for community empowerment 28.2%

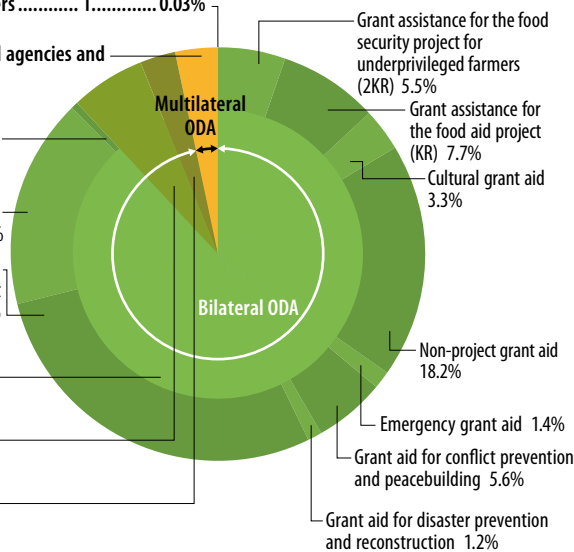
Bilateral ODA

● Grant aid 2,816 88.1%

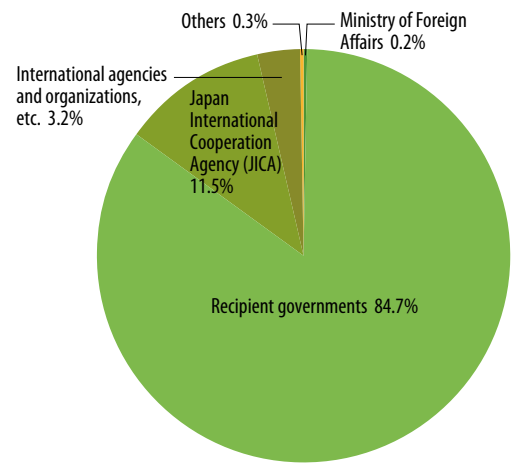
● Technical cooperation 188 5.9%

● Loan aid (ODA loan) 90 2.8%

● Others 1 0.03%



● Revenue by Client (FY2010)



The JICS Vision

JICS is a public-service foundation working to ensure the appropriate and effective procurement of goods and services required in developing countries, within the framework of the Japanese government's official development assistance and other support for developing countries. JICS endeavors to carry out its operations in accordance with the following precepts.

JICS plays a bridging role in assistance projects

JICS maintains an impartial stance to ensure fairness and transparency

JICS puts its knowledge and experience to work in assistance projects

JICS endeavors to manage its operations appropriately and to train capable personnel

Outline of JICS

Name of Organization:

Japan International Cooperation System (JICS)

Head Office:

Shinjuku EAST Building, 10-5, Tomihisa-cho, Shinjuku-ku, Tokyo 162-0067, JAPAN

Main Contact Information and Website:

Tel: +81-3-5369-6960

Fax: +81-3-5369-6961

E-mail: jics@jics.or.jp

URL: http://www.jics.or.jp/jics_html-e/index.html

President:

Toru Nakatani

Vice President:

Toshiyuki Ezuka

Date of Establishment:

April 12, 1989 (Established as a public-service foundation authorized by the Minister of Foreign Affairs)

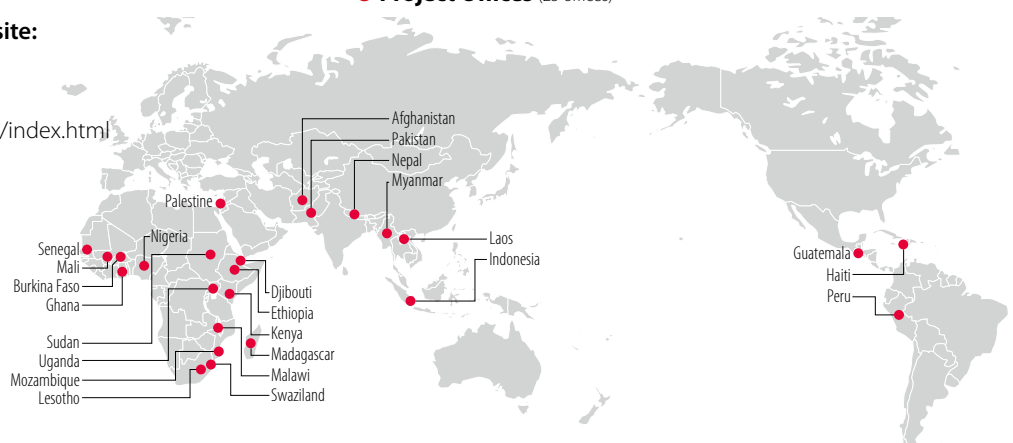
Endowment:

¥387 million

Number of Employees:

198 (as of September 1, 2011)

● Project Offices (25 offices)



2 A Message from the President

3 Part 1 Principal Activities in FY2010

4 Highlights of Operations in FY2010

6 **Special Feature: Grant Aid for Community Empowerment**

9 The Role of JICS in ODA

13 JICS' Major Activities in FY2010

13 Managing Overall Project Execution: Procurement Agent (Management) Services

Grant Aid For Community Empowerment (Ethiopia)

[Project Name: The Project for Construction of Primary Schools in Oromia Region, Ethiopia]

14 Grant Aid For Community Empowerment (Palestine)

[Project Name: The Project for Support for the Public Activities of the Communities in Jordan Valley, Palestine]

16 Projects for International Agencies and Organizations

[Program Name: Japan's Program for Improving Efficiency of Logistics and Distribution of the "East-West Economic Corridor" and the "Southern Economic Corridor"]

18 Program Grant Aid for Environment and Climate Change (Sri Lanka)

[Project Name: The Project for Introduction of Clean Energy by Solar Electricity Generation System]

20 Support Services for Procurement Procedures

Technical Cooperation-related Operations

21 Loan Aid-related Operations

22 JICS Recent Events

24 Social Activities of JICS

25 Part 2 Description of Projects

26 Countries Targeted for JICS Main Projects

28 Revenue by Scheme and Client

29 Revenue by Function

30 Revenue by Type of ODA (FY1989–FY2010)

31 Revenues and Expenditures by Fiscal Year

32 Project Results by Country in FY2010

35 List of Projects in FY2010

35 Grant Aid

42 Technical Cooperation

43 Loan Programs

43 Business Contributing to the Promotion of the Appropriate and Efficient Implementation of International Cooperation Programs Carried Out by International Agencies and Organizations, Foreign Governments and Other Organizations Engaged in International Cooperation

44 Follow-up and After-care Activities

44 Research and Studies on Methods to Efficiently Implement International Cooperation

44 Education and Support Promoting International Cooperation

44 Other Activities Necessary to Achieve the Purposes of the Foundation

45 Reference Materials

45 FY2010 Business Report

46 FY2010 Statement of Revenues and Expenditures

47 FY2010 Balance Sheet

48 FY2010 Statement of Net Equity Increase (Decrease)

49 FY2010 Cash Flow Statement

50 A Brief History of JICS

51 Board of Directors /Board of Trustees

52 Organization Chart

53 The Articles of Foundation of Japan International Cooperation System (JICS)

56 Compliance

A Message from the President

First of all, I wish to convey my deepest sympathies to the victims of the Great East Japan Earthquake and all others affected by this disaster. I sincerely pray for the rapidest possible reconstruction and recovery in the disaster-affected areas. I also wish to express my heartfelt respect to everyone involved in projects and activities that aim to bring about this recovery.

Underpinned by the support and cooperation of a large number of stakeholders in Japan and overseas, Japan International Cooperation System (JICS) steadily carried out its operations in FY2010, ended March 31, 2011. An important milestone during FY2010 was the organizational decision by JICS to seek approval for transition to the status of a general incorporated foundation. This decision is part of JICS' planned course of action in response to reforms being implemented in Japan's public-interest corporation sector.

Originally, JICS' policy for transitioning to a new status envisaged seeking approval to become a "public-interest incorporated foundation" based on the position JICS occupies and the characteristics of its operations. Hence, we commenced various research and preparatory projects based on such a scenario. However, after embarking on this research and preparations, it became apparent that there were several major issues related to the transition to public-interest incorporated foundation status. Furthermore, in recent times there has been vigorous debate within Japanese society concerning such matters as the purpose of institutions involved in ODA, and basis on which such institutions exist and operate, thereby highlighting the potential for significant future changes in JICS' operating environment. Based on recognition of this situation, all JICS employees participated in efforts to build a consensus regarding the direction in which the organization should proceed. After substantial debate and consideration, from the perspective of ensuring the continuing survival of the organization, we arrived at the conclusion that the most appropriate course of action would be to pursue a transition to a not-for-profit general incorporated foundation. At present, JICS is pursuing various formal procedures as it aims to make this transition in April 2012.

Further, with regard to how we are handling the transition to a general incorporated foundation and our response to an increasingly severe operating environment, we believe that continued management of the organization under the institutional arrangements used to date is likely to be difficult. Specific areas of concern include medium-term planning, organizational and internal control systems, and the



human resource system. For this reason, we have established a task force, which is currently undertaking a thorough examination of a range of issues that JICS must address in the near future. As JICS takes on these tasks, based on reflections on our past performance, we want to avoid becoming fixated on any particular output or the system-building process itself, but rather we will work to steadily implement the measures required. We plan to then examine the results of our efforts and make further improvements and refinements to ensure that we are able to build an optimal structure for JICS.

With regard to JICS' operations, we have moved from dealing mainly with projects focused on the procurement of materials and equipment, including Non-project Grant Aid, Grant Assistance for the Food Security Project for Underprivileged Farmers (2KR) and Grant Assistance for the Food Aid Project (KR), to projects with a longer-term impact, including Grant Aid for Community Empowerment and Program Grant Aid for Environment and Climate Change. The latter types of projects, which encompass the construction of facilities, now account for a large proportion of JICS operations. If one looks at our operations by project type, the increase in Program grant aid for environment and climate change stands out in particular. In addition to projects focusing on adaptation to and mitigation of the effects of climate change—including natural disasters and deforestation—JICS is also involved in projects that aim to provide communities with access to clean energy through the installation of solar power generation facilities and other infrastructure. For such projects, JICS carries out operations as a procurement agent, which includes conducting preliminary studies—an area that was

previously outside JICS' role in providing procurement agent services.

In the area of operations commissioned by international agencies and organizations, JICS is steadily implementing operations relating to ongoing projects and is also working to expand such operations by gathering information from and exchanging opinions with international institutions.

On June 27, 2011, the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan released the "FY2011 Priority Policy Issues for International Cooperation." In this document, the Government of Japan clearly articulates that its top-priority task for international cooperation in FY2011 is to utilize ODA as a means of reconstruction of areas that sustained enormous damage from the Great East Japan Earthquake, and that reconstruction shall be carried out in a future-oriented, open manner.

I believe that JICS' procurement operations can play a significant role in further enhancing the efficiency of ODA, and that we can contribute to Japan's national interests. To achieve recognition as one of the world's highest-quality service providers in the international cooperation sphere, JICS will work to address a broad array of issues and changes in an appropriate and expeditious manner. We will also focus on steadily carrying out our operations and studying effective means to bolster JICS' standing as a trusted organization, both in Japan and abroad. In these endeavors, we look forward to your continued guidance and encouragement.

Toru Nakatani

Toru Nakatani
President
Japan International Cooperation System (JICS)