



Part 1

Principal Activities in FY2010

Highlights of Operations in FY2010

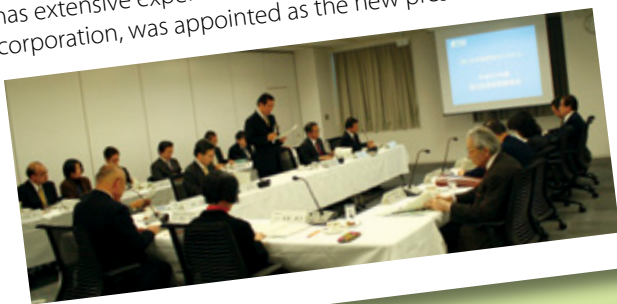
JICS to Become a General Incorporated Foundation

JICS has set its future policy under the public-interest corporation system reforms and decided to submit applications to become a general incorporated foundation. JICS is proceeding with the various procedures toward transition in April 2012.

New President, Vice President and Secretary General

JICS appointed a new President, Vice President and Secretary General in FY2010.

After concluding examinations on the future of JICS, public recruitment procedures for a new president were conducted to strengthen the organizational structure and further improve service quality. Toru Nakatani, who has extensive experience as a manager of a private-sector corporation, was appointed as the new president.



Steady Provision of Grant Aid for Community Empowerment

Grant Aid for Community Empowerment was established in 2006 to support comprehensive capacity development in communities facing poverty, hunger, infectious diseases and other fundamental issues. JICS has now supported a total of 26 projects under this assistance scheme. Through the end of March 2011, these projects have included support for the construction of 421 schools with over 2,200 classrooms in 12 countries, mostly in Africa. These schools have made it possible for over 100,000 children to attend school.



Large Increase in Program Grant Aid for Environment and Climate Change

Program Grant Aid for Environment and Climate Change was established in 2008 as part of the Japanese government's efforts to support countermeasures to climate change in developing countries. The number of projects receiving this grant aid was greatly increased in FY2010. In particular, the number of clean energy access support projects for the spread of photovoltaic systems, projects providing support to improve the ability to respond to natural disasters caused by climate change, and forest conservation projects increased. As of the end of March 2011, JICS was supporting a total of 68 Program Grant Aid for Environment and Climate Change projects.



JICS' President Toru Nakatani Conducts Field Inspections in Sudan and Kenya

JICS' President Toru Nakatani traveled to Sudan (the present Republic of South Sudan) and Kenya November 13–21, 2010. He inspected ongoing and completed projects at each location, and exchanged opinions with the concerned parties.



JICS' Then-Vice President Takashi Sakamoto visits Cambodia and Laos

Mr. Takashi Sakamoto, who was then serving as the Vice President of JICS, traveled to Cambodia and Laos December 19–25, 2010 for field inspections of projects, and to attend a mine clearing machinery handover ceremony.

At the ceremony, then-Vice President Sakamoto, two other JICS project staff, and others involved with the project received an award from the Government of Cambodia. In Laos, he inspected 4 elementary schools in Saravane Province, which were built using Grant Aid for Community Empowerment, and donated small blackboards from JICS as JICS Project Support Program.



JICS' Then-Secretary General Toshiyuki Ezuka visits Senegal and Burkina Faso

Mr. Toshiyuki Ezuka, who was then serving as the Secretary General of JICS, traveled to Senegal and Burkina Faso January 23–30, 2011 for field inspections of projects and to attend a handover ceremony.



In Senegal, he attended the handover ceremony for a school built under the first Grant Aid for Community Empowerment, the "Project for Construction of Classrooms for Elementary Schools and Junior High Schools," where he exchanged opinions with concerned organizations.

In Burkina Faso, he inspected elementary schools constructed with Grant Aid for Community Empowerment, and exchanged opinions with the local parties involved.

JICS Project Support Program Fully Implemented

JICS initiated the Project Support Program from FY2009 as a social contribution activity which presents memorial gifts to facilities constructed by projects for which JICS served as the procurement agent, and to institutions where equipment and materials were supplied. The memorial gifts are donated to help promote the future activities of the recipient facilities and institutions. In FY2010, the program supported 13 projects including distribution of a tsunami disaster prevention education pamphlet and donations of

disposable gowns in collaboration with private-sector businesses, to prevent the spread of infectious diseases.



Highlights

Grant Aid for Community Empowerment

Steady Progress Made by Grant Aid for Community Empowerment Scheme —JICS' Role in Project Implementation—

Grant Aid for Community Empowerment was established in 2006 with the objective of providing support for comprehensive capacity building by communities grappling with a variety of threats to people's lives and secure livelihoods, including poverty, hunger and infectious disease. Some of the distinctive characteristics of the scheme are its use of local specifications and design for construction projects and its proactive utilization of local enterprises, materials and equipment. The scheme also makes possible flexible responses suited to the local situation. At the same time, this program requires advanced capabilities in project management and supervision. A diverse level of ingenuity and attention to detail are essential for effective construction schedule control and quality assurance. Within this aid program, JICS undertakes selection and contracting of construction consultants and construction companies as the procurement agent for developing-country governments, and provides on-site project management.

Background of the Establishment of Grant Aid for Community Empowerment

Two principal factors drove the establishment of Grant Aid for Community Empowerment. Firstly, Japan's ODA budget, and in particular the grant aid program budget, has substantially shrunk. Secondly, in reconstruction aid for areas that sustained damage from the major earthquake and tsunami that occurred in December 2004 off the coast of Sumatra, affecting many countries surrounding the Indian Ocean, JICS undertook procurement operations and provided project management services. JICS built up a sound record of achievements in the reconstruction of a wide range of facilities, including schools and hospitals, by utilizing local resources (enterprises, materials and equipment). Hence, JICS was able to accumulate significant valuable experience relating to such operations.

In construction projects carried out under General Grant Aid programs prior to the establishment of Grant Aid for Community Empowerment, Japanese construction companies carried out construction work as the primary contractor. However, in reconstruction for areas affected by the Sumatra Earthquake and Indian Ocean Tsunami, the key focus was on urgency, which meant that local construction companies were actively utilized. Since this approach was relatively successful, the idea emerged of applying this as a new approach within grant aid projects. That became the genesis of Grant Aid for Community Empowerment.

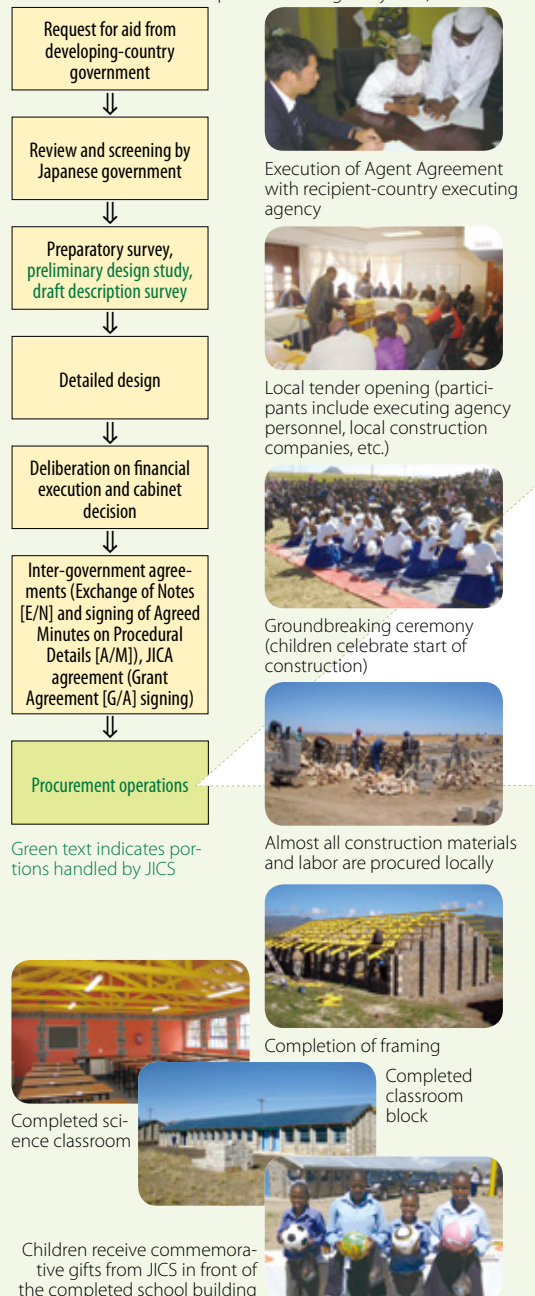
There were two major goals in establishing Grant Aid for Community Empowerment. The first goal was to reduce costs. This was driven by the rising need to utilize limited grant aid funds as efficiently as possible. The second goal was to address increasingly diverse needs. Although grant aid has, until recently, for the most part involved projects focusing on a single field—for example, constructing schools or building hospitals—Grant Aid for Community Empowerment, as the name implies, provides assistance necessary for communities to raise their general level of development. Rather than building only schools or only hospitals, a single project may also include such elements as roads, electricity, health facilities and water supply. The objective is to provide multifaceted and comprehensive support.

At around the time this scheme was first launched, the Fourth Tokyo International Conference on African Development (TICAD IV) was held in Yokohama, Japan. The conference included debate on the theme of what Africa needs, leading to a renewed recognition of the importance of education. As part of its policy of strengthening aid to Africa, the Government of Japan announced its international commitment to doubling aid to Africa by 2012, and stated its intention regarding education-related aid programs in Africa. For this reason, one feature of this grant aid scheme's initial projects is the large number of school construction projects in Africa. Of the 26 Grant Aid for Community Empowerment projects implemented to date, 20 projects include the construction of schools or classrooms (excluding teacher-training facilities). More than half of



● Flow of JICS' Operations under Grant Aid for Community Empowerment

(Small-scale infrastructure development utilizing local resources based on the procurement agent system)





Children attend class at a completed school (Bolivia)

these school-construction projects—13 out of 20—were undertaken in Africa. A closer analysis of these school-building projects reveals that up to the end of March 2011, under the Grant Aid for Community Empowerment scheme, JICS handled projects in 12 countries—principally in Africa—comprising the completion of 421 schools and totaling more than 2,200 classrooms. Through these efforts, over 100,000 children are now able to attend school.

General Flow of Operations for Grant Aid for Community Empowerment

Let's look at the actual flow of operations for Grant Aid for Community Empowerment. First of all, after a developing-country government makes a request for aid to the Japanese government, the Japanese side considers the content of the project. As a result, for projects recognized as having potential for implementation as grant aid, a study team is dispatched by JICA, which reexamines the details of the request. Confirmation of the local situation is obtained through such means as discussions with recipient government officials. In the survey process, after examining whether the project is of the appropriate scale and content to be implemented as grant aid, a study report is compiled. Subsequently, after the completion of internal Japanese government approval procedures related to the execution of grant aid, the Japanese government and the recipient government execute an agreement relating to the aid project called an Exchange of Notes (E/N). Following that, JICA executes a Grant Agreement (G/A) with the recipient government, which formally brings into effect international commitments relating to the implementation of Grant Aid for Community Empowerment.

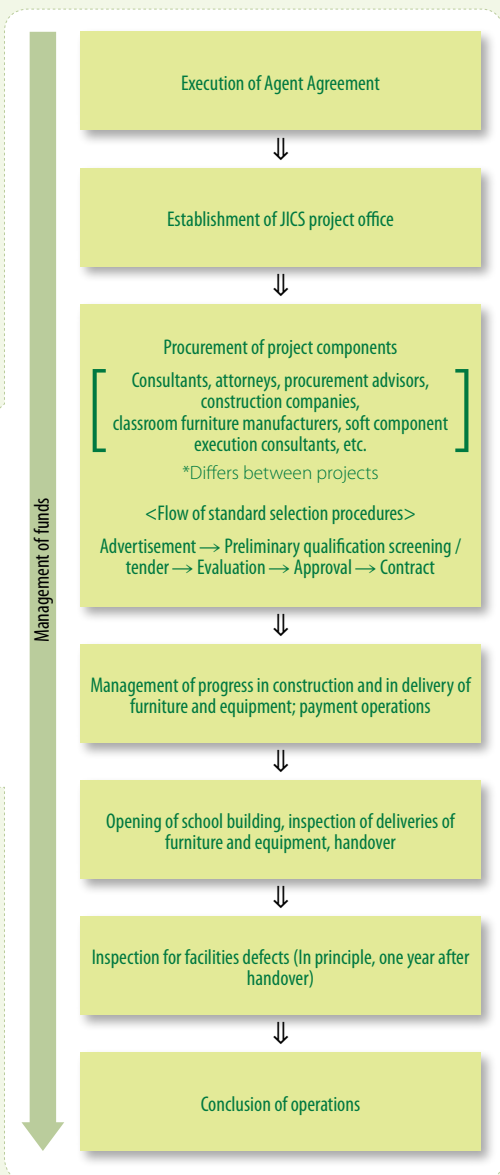
After the decision has been made to implement a project, JICS first of all concludes an Agent Agreement with the recipient government. This agreement stipulates what kinds of services JICS will provide in relation to the project. For example, in the case of a school construction project, JICS acts as the agent on behalf of the recipient government, and initially selects and signs contracts with consultants for the detailed project design. Based on the subsequently formulated detailed design, JICS then selects and executes contracts with construction companies. While the consultants supervise the construction work in progress, JICS manages the grant aid funds, including payments to the contracted parties. At the same time, JICS coordinates between the various project stakeholders to ensure that the school is completed in line with the original plans, and supervises the progress and other services so that the project proceeds smoothly. After the project is completed, it is formally handed over to the recipient government.

Grant Aid for Community Empowerment, in principle, utilizes local materials, equipment and construction companies for the building of schools in line with local-standard specifications. Such projects as bridge and road construction are also carried out in this way. However, in some countries there are no existing standard specifications or quality-management standards, or local construction companies do not have a thorough knowledge of such specifications and standards. In such cases, if local technical capabilities alone are insufficient to ensure that a minimum quality standard is attained, JICS responds by applying the knowledge and technology it has accumulated to date in the many projects in which it has been involved. As a result, new technologies and the thinking behind quality management systems take root in local construction companies. This is another key feature of this grant aid program.

Difficulty of Project Execution Based on a Tendering Process and Using Local Enterprises

In Grant Aid for Community Empowerment, when selecting construction companies and other contractors, in principle, JICS opens a tender based on international competitive bidding. On such occasions, although JICS opens a tender in the project's local area, because the local currency often has an unstable exchange rate against major international currencies, the extent of declines in monetary value owing to commodity price inflation and price volatility is often very large. Hence, there is a constant risk that such factors may have a significant impact on tenders. In this light, it is clear that the tender process for Grant Aid for Community Empowerment must cope with a unique set of challenges.

Furthermore, local construction companies and furniture manufacturers



are generally not accustomed to the way in which Japanese ODA projects are implemented, and it is a fact that in many cases they have quite a different approach to contract fulfillment compared with Japan. Consequently, when a tender is evaluated, JICS of course not only assesses a company's level of competence and technical capabilities, but also carefully verifies the quality of the company's staff and looks closely at its previous experience. JICS also verifies the financial soundness and other aspects of companies that submit bids. From among the companies that meet the requirements outlined above, the company that submits the lowest price is selected as a candidate contractor.

Even after the contractors have been determined via this type of robust tender process, the projects do not always proceed smoothly. There are sometimes cases where the contractor experiences cash flow difficulties, leading to difficulties in the procurement of construction materials. In such cases where problems emerge during the project implementation process, responding appropriately and flexibly within the agreed rules—including contract terms and conditions—so as to avoid schedule delays, is crucial to the smooth running of a project.

The Importance of Management of Project Funds

In the management of project funds, since there is the constant risk of declines in monetary value owing to commodity price inflation and exchange rate fluctuation, it is essential to undertake measures to avoid or mitigate risk exposure. For example, JICS works to ensure that project funds are managed efficiently in line with the project circumstances by such means as conversion of the grant aid funds to foreign currency—specifically, the currency specified in contracts for contractors payment—to minimize exposure to foreign exchange fluctuation risk. Even so, for projects in certain countries, on occasion JICS has no choice but to enter into contracts that specify payments in currencies that cannot be remitted from overseas. In such cases, it is not uncommon for JICS to open an account at a local bank for the purpose of managing project funds.

In this way, as well as utilizing funds effectively, JICS strives to the utmost extent to avoid risk and manage funds appropriately, down to the last yen. Meanwhile, JICS faces a great number of difficult hurdles in its overall management of each project, meaning it bears very heavy responsibilities in fulfilling its mission of managing project funds. Simultaneously, this is also an important key in determining a project's success or failure, and hence JICS believes that fulfilling this mission is an important part of the organization's *raison d'être*.

Future Outlook

Five years have now elapsed since Grant Aid for Community Empowerment was established, and many projects implemented under this scheme have now been completed. Looking at cost reduction during this period, although it is only a simple comparison, we compared the unit cost of past school construction projects executed under General Project Grant Aid with the unit cost under Grant Aid for Community Empowerment, in the same country. We confirmed that in some instances, the cost was considerably lower in the latter case. In terms of addressing increasingly diverse needs, as we have seen in Palestine and other countries, while the first phase saw mainly single-component projects covering only the construction of schools, in the second phase we are seeing examples of multi-component projects being carried out, which involve a diverse array of assistance, including electrical power projects, roads and hospitals. The starting point for the concept behind Grant Aid for Community Empowerment is, as the name makes clear, "community empowerment." Consequently, multi-component projects that support communities from several angles may be thought of as fitting closely with the concept underpinning Grant Aid for Community Empowerment. We anticipate that this type of project is likely to increase depending on the situation in recipient countries.

In the future, JICS will work to leverage the diverse know-how it has cultivated through its experience to date, as it focuses on further realizing the original objectives of Grant Aid for Community Empowerment—reducing costs and addressing increasingly diverse needs. JICS will also aim to ensure projects are executed in a smooth manner. JICS also proactively conveys the local needs of each area to the Ministry of Foreign Affairs of Japan, and we believe that JICS can contribute in a variety of ways to the identification of high-quality projects.



A recently opened school receives commemorative gifts from JICS (Madagascar)



Science experiment equipment procured in conjunction with a school construction project (Palestine)



A completed health center (Vietnam)



The Prime Minister of Lesotho, Mr. Pakalitha Mosisili (center-right), and the Japanese Ambassador to Lesotho (left) unveil a plaque commemorating the construction of a secondary school (Lesotho)



Prior to the handing-over inspection, project participants engage in discussion at the project site (Nicaragua)

The Role of JICS in ODA

The Needs Fulfilled by ODA

The Great East Japan Earthquake of March 2011 reminded us how Japan is interdependent with the international community. Countries and regions from all over the world provided monetary donations and relief goods following this disaster. The donors included not only the developed nations but also low-income and least developed countries that receive official development assistance (ODA). These donations apparently reflect Japan's international contributions to date, centered on assistance to developing countries.

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

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

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

The Role of JICS in ODA

ODA refers to economic cooperation undertaken by the Japanese government for the purpose of assisting developing

countries in the development of their economies and societies, and helping improve the welfare of the people of developing countries and promote stable livelihoods.

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

Since its launch in 1989, as a fair and neutral procurement organization, JICS has provided a broad array of services related to the procurement procedures for goods, equipment and services necessary in the execution of many types of ODA projects. The information below provides an overview of the main operations in which JICS is involved.

Grant Aid-related Operations

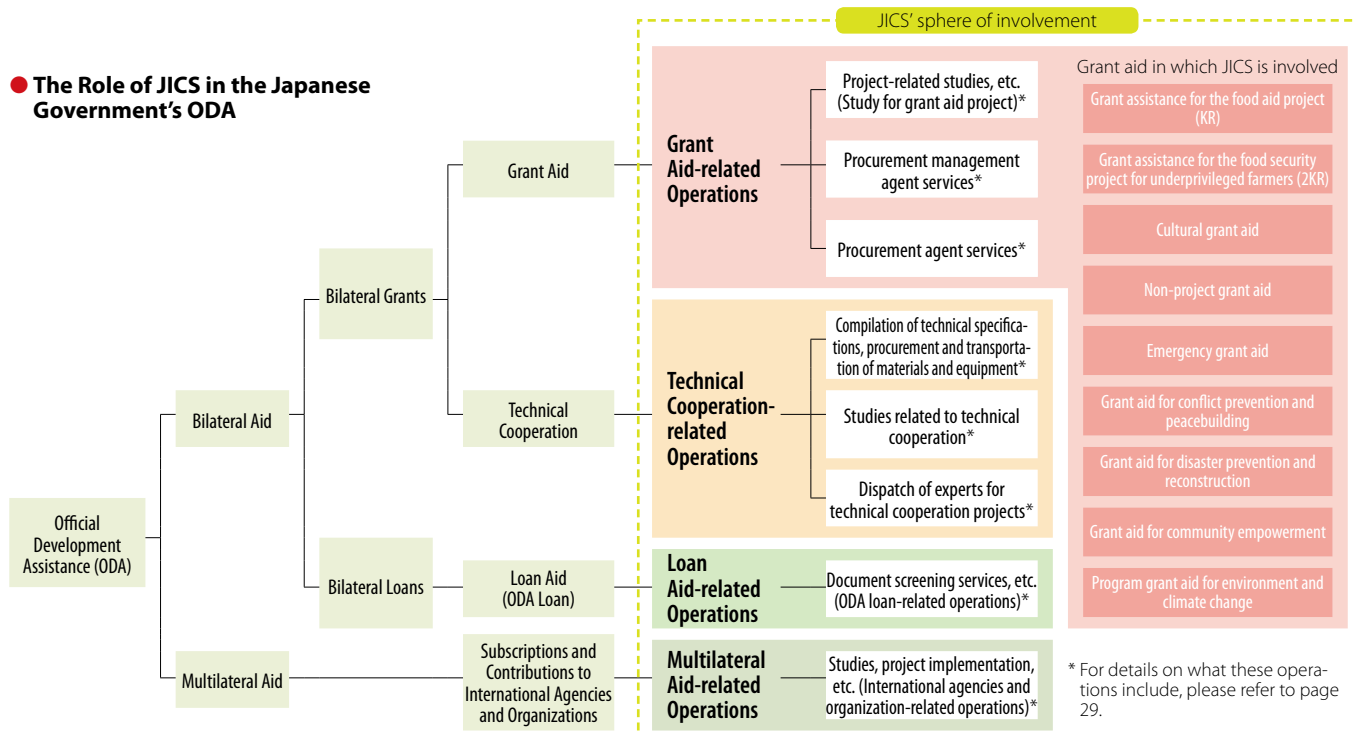
With the objective of contributing to the economic and social development of developing countries, grant aid is a form of assistance that includes no requirement for the recipient country to repay the funds needed for the procurement of goods, equipment and services. JICS is involved in the execution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

■ Grant Assistance for the Food Aid Project (KR)

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

JICS' role: Since FY2001, JICS has provided food procurement services under Agent Agreements signed with developing

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



countries. Under these agreements JICS also acts as the secretariat for intergovernmental consultative committees, which are tasked with monitoring the distribution of the procured foodstuffs as well as the counterpart funds* deposited by recipient governments. Furthermore, since 2007 JICS has been undertaking procurement agent services, including the management of funds.

In FY2010, JICS provided procurement agent services for 44 Grant assistance for the food aid project procurements, centered on the African region.

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

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

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

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

In FY2010, JICS cooperated with studies in 9 countries and provided procurement agent services for 22 Grant assistance for the food security project for underprivileged farmers procurements.

■ Cultural Grant Aid

Japan provides grant aid for the purpose of promoting culture and education, as well as for the preservation of cultural heritage in developing countries. This grant aid comprises



Emergency grant aid: Delivering the first batch of relief supplies following earthquake damage in Qinghai Province, China

funds for the purchase, transportation, installation of materials and equipment, and construction of facilities necessary for the aforementioned cultural and educational activities. General cultural grant aid is carried out vis-à-vis governmental and public agencies while grassroots grant aid is provided to non-governmental organizations (NGOs) and local public agencies.

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

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

In FY2010, JICS analyzed Grassroots cultural grant aid project applications under contract with the Ministry of Foreign Affairs, conducted preliminary study of General cultural grant aid applications under contract with JICA, provided 15 procurement management services under contracts with recipient governments, and implemented tendering support works for four projects.

■ Non-project Grant Aid

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

JICS' role: Since FY1993, under Agent Agreements signed with developing country governments, JICS has been carrying out the appropriate management of grant aid funds and procurement of necessary goods and equipment, including raw materials (petroleum products, steel, paper, etc.) and machinery for public works (vehicles and construction machinery), which are selected from a list of eligible products agreed upon between the two governments.

In FY2010, JICS provided a total of 45 procurement agent services for Non-project grant aid in various countries in Oceania, the Middle East, Africa and Asia.



Grant aid for conflict prevention and peacebuilding: Landmine removal equipment and operators (Cambodia)

■ Emergency Grant Aid

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

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

In FY2010, JICS provided procurement agent services for a total of 15 Emergency grant aid projects including projects continuing in Iraq and Afghanistan.

■ Grant Aid for Conflict Prevention and Peacebuilding

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

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

In FY2010, JICS provided procurement agent services for a total of nine Grant aid for conflict prevention and peacebuilding projects including projects continuing since before the previous fiscal year in Sudan (the present Republic of South Sudan), Palestine, Afghanistan and Cambodia, and new projects in Haiti, Uganda and other country.

■ Grant Aid for Disaster Prevention and Reconstruction

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



Grant aid for conflict prevention and peacebuilding: Al Quds Street under construction (Palestine)

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

JICS' role: Since the establishment of this grant aid in FY2006, based on Agent Agreements signed with developing country governments, JICS as a procurement agent has been undertaking the management of funds, carrying out the procurement of necessary goods and equipment, handling the procurement of such services as those provided by consultants and construction companies, and providing overall project management services.

In FY2010, JICS provided procurement agent services for a total of four Grant aid for disaster prevention and reconstruction projects in areas suffering earthquake and cyclone disaster, including projects continuing since before the previous fiscal year.

■ Grant Aid for Community Empowerment

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

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

In FY2010, JICS provided procurement agent services for a total of 26 Grant aid for community empowerment projects: 21 for projects continuing from the previous fiscal year and five for new projects for the construction of schools, the repair of reservoirs and other works in Africa and Asia.



Grant aid for community empowerment: Elementary school that was constructed using grant aid (Burkina Faso)

■ Program Grant Aid for Environment and Climate Change

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

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

In FY2010, JICS provided procurement agent services for a total of 68 Program grant aid for environment and climate change projects: 22 for projects continuing from the previous fiscal year, mostly for the introduction of photovoltaic power generation systems, and 46 for new projects including forest conservation projects and projects in Africa and other regions to improve the capacity to cope with natural disasters caused by climate change.

Technical Cooperation-related Operations

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

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



Program grant aid for environment and climate change: Solar panels installed in Hambantota (Sri Lanka)

procurement operational support for JICA overseas offices.

In FY2010, JICS conducted purchase and delivery works for 81 equipment and materials procurements, and for 330 equipment and materials procurements to be sent together with experts, and also dispatched short-term assistance staff to 16 countries.

Loan Aid-related Operations (ODA Loan)

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

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

In FY2010, JICS conducted 393 primary checks for projects in Southwest Asia, Latin America, Africa, the Middle East and Eastern Europe. JICS was also responsible for survey works on strengthening procurement management at JICA headquarters.

Multilateral Aid-related Operations

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

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

In FY2010, JICS conducted procurement and other works for four projects continuing from the previous fiscal year, and contributed to smooth and steady project implementation.



Multilateral aid-related operations: "Roadside Station" completed under Japan's Program for Improving Efficiency of Logistics and Distribution of the "East-West Economic Corridor" and "Southern Economic Corridor" (Cambodia)

JICS' Major Activities in FY2010

JICS' services may be broadly divided into two categories—those that encompass overall project execution and management (including procurement), and those that support procurement procedures for only a particular part of a project. In this section, we introduce JICS' major activities during FY2010 relating to each service type.

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
- Objective: As a means of improving the infrastructure for the provision of primary education in Oromia region, construction of a total of 38 primary schools comprising 240 classrooms
- Agent Agreement Counterparty: Oromia Education Bureau, Oromia National Regional State, Government of Ethiopia
- Grant Amount: ¥1,041 million
- Intergovernmental Agreement: December 2007
- Delivery/Completion: April 2010

Rising School Attendance Rate Leads to Serious School Shortage

Ethiopia, which has one of the world's lowest levels of gross national income (GNI) per capita at approximately \$160, is pursuing a policy of prioritizing children's education as one of the country's key strategies for addressing poverty. However, Ethiopia's educational infrastructure has been unable to keep pace with increases in the school attendance rate, leading to a serious shortage of primary schools and other facilities.

To alleviate this situation, the Ethiopian government made a request to the Government of Japan for grant aid to build schools. In response, the Japanese government conducted research and subsequently, in December 2007, formally agreed with the Government of Ethiopia to implement the Project for Construction of Primary Schools in Oromia Region. Following that, JICS entered into an Agent Agreement with the Ethiopian government, and—as that government's agent—selected domestically within Ethiopia the construction consultants, construction companies and furniture suppliers necessary for the school construction project. Further, JICS signed contracts with the selected firms and proceeded with execution of the project.

Initial Construction Plan Increased from 31 to 38 Schools

Within this project, JICS not only managed the grant aid funds on behalf of the Ethiopian government but also selected the consultants and construction companies required in the



A completed school



Tape cutting at a school opening ceremony

execution of the project and handled the procurement of school furniture and other materials and equipment necessary for the provision of school education. Initially, based on the report (Outline Design Study) compiled by the JICA study team after in-country research, JICS selected local construction consultants, which subsequently conducted more in-depth site surveys and carried out detailed design work. Similarly, JICS conducted selection of the construction companies by opening a local tender. During the construction phase, JICS managed progress of the project and implemented payments to the contract counterparties.

During the execution of the project, although JICS faced a myriad of difficult challenges, the most severe difficulty was the access to the construction sites. Nearly all of the 38 schools built as part of the project were distant from major roads in remote locations. Furthermore, including the most remote planned construction sites, the project was spread over an area spanning approximately 500km in diameter. For one of the sites, construction materials and furniture had to be carried in on donkeys, while another site was only reachable after driving more than five hours on an unpaved road. Owing to the broad area over which the construction project was spread, it was also difficult to monitor the progress of each site.

Ethiopia has an annual rainy season between June and September. During this period, torrential rain often causes landslides on the roads used to access the construction sites, thus preventing construction vehicles from reaching the sites. Since this could lead to a suspension in construction work, it naturally places restrictions on the period in which construction could be carried out. For this reason, it was necessary to finish construction work before the rainy season began, and it was important to conduct expeditious and timely contractor selection procedures and construction work. However, even during the dry season, there were disruptions to construction operations. For example, owing to drought, there was the case of a dam drying up, which meant the local hydroelectric power plant could not operate. With power cuts lasting up to 20 hours per day, local cement plants ceased operations, causing the supply of cement on the market to fall sharply.

Furthermore, during this time, the world was swept by the global financial crisis, whose impact caused a fall in foreign exchange in Ethiopia. This led to large price increases for steel reinforcing rods and other imported materials, which affected the construction period. Against this backdrop, JICS conducted frequent consultations with the Oromia Education Bureau—the recipient-country executing agency—as well as with the Embassy of Japan in Ethiopia, JICA and other project stakeholders, with the aim of maintaining a common understanding of the situation among all interested parties. By responding flexibly to a variety of issues, JICS strove to ensure



A scene from a school opening ceremony



Pupils receive lessons inside one of the new classrooms

that the project progressed smoothly.

As of December 2008, it was anticipated that the project would be able to build a total of 31 schools comprising 200 classrooms. However, subsequently in January and July 2009, the local currency was devalued against the US dollar, which meant that the purchasing power of procurement funds held in dollars increased by approximately 10%. In light of this, it was decided that an additional seven schools and 40 classrooms deemed high priority would be constructed under the project, resulting in a total of 38 schools and 240 classrooms. The provision of these new facilities has enabled 11,520 pupils to receive school classes.

Under this project, the provision of each of the schools included components related to training and knowledge development, including support for training programs covering the use of the facilities built. As part of this, local consultants specializing in the medical field provided instructions on

hygiene, including the proper use of toilets and correct hand-washing methods. At the end of the two-day workshops, the teachers and pupils who had received instruction painted murals on school walls illustrating what they had learned as a means of communicating the importance of good hygiene to not only the people directly involved in the schools but also to the wider local community.

Utilizing the Reconstruction Support Know-how JICS Acquired Following the Indian Ocean Tsunami

Prior to the launch of Grant Aid for Community Empowerment, JICS had built up significant experience in the execution of reconstruction support in relation to the aftermath of the Sumatra Earthquake and Indian Ocean Tsunami. JICS accurately identified local needs and responded by selecting—via a tender process—local construction companies and furniture suppliers, which could satisfy those needs. During the school construction project in Ethiopia, JICS was able to fully utilize its know-how on construction using local materials to the greatest extent possible. Specifically, this know-how concerns how to acquire the materials necessary to meet the needs of the community at the lowest cost and at an appropriate level of quality, while also realizing prompt procurement. JICS also possesses expertise on the most effective ways to ensure that operations are completed within the period specified in the contracts. This requires providing meticulous project management vis-à-vis local companies whose financial position is often severe as well as companies that have a very different approach to the fulfillment of contract compared with Japanese companies. JICS believes that it was successful in conveying to local stakeholders the importance of paying particular attention to fairness and transparency during the various project execution processes.

Following on from this project, in June 2011, the Japanese and Ethiopian governments concluded an Exchange of Notes regarding the second-phase project, the Project for Construction of Secondary Schools in Amhara Region. Leveraging the experience gained during the implementation of the first-phase project, JICS is focusing its efforts on ensuring smooth progress in the second-phase project.

Grant Aid For Community Empowerment (Palestine)



- Project Name: The Project for Support for the Public Activities of the Communities in Jordan Valley, Palestine
- Objective: Improvement of living conditions in the Jordan Valley through the construction of basic public infrastructure in the area
- Agent Agreement Counterparty: Ministry of Local Government of the Executive Authority of the Palestinian Authority
- Grant Amount: ¥1,176 million
- Intergovernmental Agreement: March 2010

Providing Support at the Community Level to an Area Deprived of Development Opportunities

In Palestine, where the Israeli occupation continues, owing to controls on land use, movement and other restrictions specific to occupied territory, the economy is run down and it is difficult to provide a satisfactory level of public services to citizens. A large number of hospitals, educational facilities, community centers, roads, electric power facilities and other infrastructure lack basic repairs, while facilities and equipment

suffer ongoing obsolescence. In particular, in the Jordan Valley—the area covered by this project—such key social and economic indicators as school attendance rates and medical services are low, even in comparison with the other parts of the Palestinian West Bank, and the need for development is particularly high.

The objective of this project is to improve the living conditions of residents of the Jordan Valley. In addition to the construction of medical and educational facilities and community

centers, which were of particular urgency, the project also focused on improving such general infrastructure as roads and the electrical grid. Furthermore, by implementing the procurement of a range of equipment, including ambulances, mobile clinics, school buses and water tankers, the project strove not only to greatly improve living conditions for residents of the area at the community level, but also aimed to spur increased economic independence based on these improvements.

A Multi-component Project that is Concurrently Promoting Aid in Several Spheres

This project differs from single-component Grant Aid for Community Empowerment projects covering school construction owing to the diverse array of aid spheres that it encompasses, including such areas as medical and educational facilities, roads and electrical infrastructure. For this reason, it is necessary to carry out project design and contract tender procedures with respect to each field. In addition, in projects involving a large number of assistance fields, the number of contracted companies inevitably becomes large. As a procurement agent, JICS fulfills the role of managing the execution of aid across this broad range of fields. As of the end of June 2011, excluding consultants, JICS has signed contracts with six local construction companies, and expects to enter into contracts with at least 10 further companies in relation to future equipment procurement after conducting selection through a tender process. Ultimately, JICS anticipates entering into contracts with a total of approximately 20 companies, and carrying out monthly payments to contractors while managing the execution of each contract.

Furthermore, in the case of multi-component projects in which aid is promoted across several spheres simultaneously, since the range of governmental agencies and other stakeholders involved is also very broad, the amount of labor and time devoted to coordinating these activities can also become quite large.

For multi-component projects such as this, although it is necessary to deal with specialized technology relating to each field, such as roads and electricity supply, from a cost perspective it is difficult to assign experts separately for each field. For this reason, JICS believes that this point is likely to become a key issue in the execution of effective aid.

Maximizing the Effective Utilization of Grant Aid Funds

This project, which commenced in December 2010, is planned for completion in March 2012. Tenders for the construction of buildings, roads and the electrical grid have already been completed, and construction work is now under way. As of the end of June 2011, approximately 30% of construction work has been completed. In June and July, all tenders for construction and equipment were carried out, and all of the initially planned contracts have been signed.

In the first lot of tenders, competition was particularly strong, enabling JICS to enter contracts at prices that were lower than its initial estimates. This has resulted in the gaining of a certain amount of latitude in terms of grant aid funds, and additional discussions are now being held with the recipient government regarding the most effective fields in which to allocate remaining funds, from the perspective of further improving the living conditions of local communities. JICS believes that these unexpected remaining funds reflect the

efforts expended to ensure that precious grant aid funds are utilized as effectively as possible. JICS will continue to strive to realize expeditious and smooth project execution while respecting the needs of recipient countries.



Local construction companies gather at a pre-tender explanatory briefing regarding the road construction portion of the project



Palestinian consultants check plans while overseeing construction works



Road repair work being carried out (foreground) and completed electrical transmission lines (background)



Completed transmission lines and pylon

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"
- Objective: Promotion of smooth and efficient cross-border logistics in the Mekong region
- Area Covered: East-West Economic Corridor; Southern Economic Corridor
- Participating Countries: Five countries (Cambodia, Laos, Myanmar, Vietnam and Thailand)
- Total Program Cost: US\$10.0 million
- Program Composition: (1) Project for the improvement of customs clearance and other customs functions
(2) Project for the establishment of logistics terminals
(3) Project for the establishment of model areas
(4) Project for the development of human resources in the logistics field
- Project Approval: June 2009

Contributing to Smooth and Efficient Cross-border Transportation in the ASEAN Region

Much attention is being focused on the ASEAN region and its anticipated future role as the "world's factory." The region is also expected to take on increasing economic importance as a major market with a very large combined population. To function as a globally competitive manufacturing center and develop into an attractive market, a key issue that the ASEAN region must address is the improvement of logistics efficiency—particularly intra-regional cross-border transportation—as an essential element supporting production and marketing activities. Against this background, Japan's Program for Improving Efficiency of Logistics and Distribution of the "East-West Economic Corridor" and the "Southern Economic Corridor" was launched.

This program was consistent with the objectives of the Japan-ASEAN Integration Fund (JAIF), which was established with a contribution from the Japanese government to assist ASEAN integration. In line with this, a portion of the JAIF was utilized in relation to the execution of this program. Further, JICS and the Japan International Cooperation Center (JICE) formed a consortium and leveraged their respective strengths in the implementation of this program—JICE in human resource development and other knowledge-related spheres, and JICS in the infrastructure area. JICS conducted tenders and other procedures as the procurement agent for the governments of Cambodia, Laos, Myanmar and Vietnam, and carried out the selection of consultants and construction companies as well as the procurement of equipment.

Aiming to Simplify Border Procedures and Strengthen Customs Clearance Functions

In the Mekong region, comprising Cambodia, Laos, Myanmar, Vietnam and Thailand, a Cross-Border Transport Agreement (CBTA) was signed in September 2007. Based on this CBTA, these countries are working to simplify border procedures, including through the implementation of a "Single Window/Single Stop" system that unifies the processing point for customs clearance of exports and imports between the participating countries. Although the "Single Window/Single Stop" system is not mandatory for all border crossings within the Mekong region, its implementation is being prioritized for bilateral borders between countries along the East-West Economic Corridor and the Southern Economic Corridor, and each country is undertaking efforts to realize this objective.

At the Laos-Vietnam border crossing on the East-West Economic Corridor, with financial cooperation from the Asian Development Bank (ADB), facilities had already been installed on the Vietnam side of the border at Lao Bao for customs inspections and customs clearance procedures. However, on the Laos side in Dansavanh, facilities had not yet been installed. Through this program, a common control area was constructed in Dansavanh, including such facilities as an office for freight immigration, freight customs clearance and quarantine inspection officials and a bonded warehouse. In addition, in Lao Bao, the program installed a large X-ray unit for freight inspection. Through these improvements, it is hoped that customs clearance functions between Laos and Vietnam will be speeded up significantly, marking a major step toward the realization of "Single Window/Single Stop" between the two countries.



The program's coverage area. The two red dotted lines indicate the East-West Economic Corridor and the Southern Economic Corridor.



A freight inspection and customs-clearance facility in Lao Bao, Vietnam



A sign indicating the roadside station at Pursat, Cambodia

The facilities in Dansavanh may also be utilized as a freight trans-shipment terminal, providing logistics-terminal capabilities. The program included the procurement of forklift vehicles for trans-shipment at the Dansavanh facilities. Furthermore, there is an ongoing program to train personnel involved in logistics. Principally targeting transportation companies, through logistics seminars in each country, pilot training, evaluation seminars and other activities, the program aims to enhance the capacity and performance of the industry as a whole.

Completed Roadside Stations in Cambodia and Laos Enhance Safety and Convenience for Economic Corridors Users

The roadside stations that were under construction in Cambodia and Laos have been completed, and operation of the facilities commenced in January 2011 at Pursat, Cambodia, and in February 2011 at Phalansay, Laos. For both countries, these were their first full-fledged roadside station facilities.

For the launch of the roadside stations, it was important to first provide the local people with a sound understanding of the roadside station concept. To achieve this objective, JICS invited government officials and other local stakeholders from the recipient countries to Japan for a three-day training program that included visits to observe facilities. At the same time, JICS dispatched experts from Japan to the local areas in Cambodia and Laos to run workshops and training sessions for government officials and private-sector managers.

The roadside station in Cambodia was built on National Highway 5, which is a portion of the Southern Economic Corridor connecting Thailand, Cambodia and Vietnam. The new facilities are fulfilling a crucial role for tourism and logistics in the region. The roadside station built in Laos performs a similar role on the East-West Economic Corridor, approximately halfway between the Thai and Vietnamese borders. At the Cambodian roadside station, stores sell a variety of local specialties, including products made from marble as well as textiles. At the Laotian roadside station, efforts are being made to sell products developed as part of a "One District, One Product" (ODOP) program. The establishment of the two roadside stations and the provision of rest services and tourist information for road users further bolster the safety and convenience of the Economic Corridors. It is hoped that the facilities will also serve to promote the development of local industries

through such benefits as the sale of locally produced goods and employment opportunities for local residents.

JICS Implemented Four Projects Simultaneously as the Procurement Agent for Four Countries

In general, for most of the projects in which it is involved, JICS usually enters into an Agent Agreement with a single country and carries out its operations. However, for this program, JICS acted as the procurement agent for four countries, and hence needed to maintain close communication with personnel from each country, while coordinating the projects based on agreement from each country. This coordination work may be considered as one of the key tasks handled by JICS during the execution of the program. Furthermore, in each country, a large number of government agencies were involved in the program. For example, in the case of Cambodia, such agencies as the Ministry of Commerce, the Ministry of Economy and Finance, the Ministry of Planning and the Ministry of Public Works and Transport participated in the program. This meant that if coordination was not handled carefully, problems may later arise over differences of opinion. In addition, to achieve smooth progress according to the project plan, it was necessary to adapt to sudden changes in circumstances as they arose, including such unpredictable occurrences as cyclones or outbreaks of violence.

The program featured a number of unusual characteristics compared with JICS' other operations. For example, the program's funding party was the JAIF rather than the Government of Japan, and within this one program four projects were implemented simultaneously. Such characteristics made it a particularly challenging program. JICS intends to effectively utilize the experience gained during the program in a wide variety of future projects.

Note: "Single Window" refers to a system whereby export and import procedures are completed through a single processing point. "Single Stop" refers to the joint implementation of inspections by the exporting and importing countries at the border crossing, meaning procedures may be completed in a single stop at the border.



Inside the roadside station at Pursat, Cambodia



The opening ceremony for the Pursat roadside station

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



- Project Name: The Project for Introduction of Clean Energy by Solar Electricity Generation System
- Objective: Installation of photovoltaic panels in the suburbs of Hambantota and the introduction of appropriate management and maintenance of the installed system
- Agent Agreement Counterparty: Ministry of Finance and Planning, Sri Lanka
- Grant Amount: ¥860 million
- Intergovernmental Agreement: December 2009
- Delivery/Completion: August 2011



Responding to Increasing Electricity Demand with Clean Energy

In Sri Lanka, which has recently emerged from a long civil war, a diverse range of fields, including tourism, agriculture and industry, are at present seeing a vibrant level of economic activity, leading to greater demand for electricity. To meet this brisk level of electricity demand while restricting greenhouse gas emissions, the Sri Lankan government has formulated a plan to generate 10% of domestic electricity from clean energy sources by 2016, and is aggressively promoting the adoption of solar and wind power.

To support these efforts by the Sri Lankan government, the governments of Japan and Sri Lanka concluded an Exchange of Notes on December 4, 2009, relating to the installation of a solar power generation system in the suburbs of the southern Sri Lankan city of Hambantota. This marked the start of the Project for Introduction of Clean Energy by Solar Electricity Generation System, a FY2009 Program Grant Aid for Environment and Climate Change project.

JICS' First Solar Power Generation System Procurement Project

Following the Exchange of Notes by the two governments, JICS signed an Agent Agreement with the Government of Sri Lanka, giving JICS the role of agent for the Sri Lanka Sustainable Energy Authority (SLSEA), the executing agency for this project. JICS conducted an in-country study on solar power generation together with consultants specializing in solar power technology, and carried out preparations for a tender.



The control building shortly before completion

This project marked JICS first execution of procurement for a grid-connected photovoltaic (PV) system. After conducting a series of detailed studies, which included confirmation of the necessary equipment and important points of consideration for the transmission of electricity generated from a PV system over Sri Lanka's electrical grid, JICS prepared the tender documents. In line with requests from the Sri Lankan project-executing agency, SLSEA, JICS refined the draft documents several times, and the sale of the completed tender documents finally commenced in mid-January 2010.

Since this was the first solar power generation system project, 18 companies expressed interest in the project, a much higher number than usual. In relation to the content of the tender documents, JICS received an extremely large number of questions concerning such matters as the equipment and system specifications and the installation method. Although JICS initially planned to open the tender on March 25, as it was necessary for all the companies that expressed interest in the tender to fully understand the tender conditions and content, in an exceptional move, the tender date was changed. JICS established several periods for replies and amendments, to ensure that the tendering companies were able to adequately prepare.

Tender Opened after Change in Installation Site Location

After implementing the aforementioned preparations, during which JICS and the tendering companies reached a common understanding over the tender conditions, JICS received a request from SLSEA in late March 2010 indicating the wish to change the installation site location. The principal reason for the change was that the original site contained a much larger amount of rock than anticipated, making preparation of the site more difficult. Up to that point, the site had been determined while anticipating the route on which equipment would be transported. Although the site plan had been redrawn several times in accordance with the requirements of the site's shape and other work had been carried out, when there is a request for a change in site location from the



Installation of the solar PV panels and preparation of the site

executing agency owing to the condition of the site, JICS is obliged to alter the plan in order to ensure that the project proceeds smoothly. Consequently, the tender was postponed until SLSEA was able to find an alternative site and complete a land survey.

In April 2010, SLSEA notified JICS that it had identified an alternative site. JICS personnel immediately traveled to Sri Lanka with the project consultants to conduct a study of the candidate site identified by SLSEA. Fortunately, the alternative site was located near a major highway, and the shape of the site was more suited for the solar power generation system than the original site. The consultants carried out the site survey and drew up the plans again, and based on these the project specifications were amended. In late May, after the amendment work was finally complete, the modified tender documents were sent to the companies who purchased the original tender documents and the new tender schedule was notified. Subsequently, after several additional rounds of questions and answers, the tender was opened in July, with officials from SLSEA invited to observe. At the tender, the submitted envelopes received from each company were opened, and after the technical document screening was carried out it was apparent that the content of the tenders was based on a substantial level of research. The high quality of the tenders reflected the multiple rounds of questions and answers that had taken place since publication of the tender notice. There were no cases of tenders lacking sufficient documentation and no companies were disqualified. All companies passed the technical screening and advanced to the next stage—price evaluation. When the price bids were opened, the lowest bid was within the price estimate range. As a result, JICS signed a contract with the company that submitted the lowest-price tender on behalf of SLSEA, and conducted negotiations to ensure that the solar power generation systems installed would be the maximum possible capacity within the aid funds allocated to the project.

Local Power Generation System Procurement Operations Begin

In August 2010, the project entered the stage of local procurement operations for the power generation system. The deadline for completion of the construction and installation work was one year. Drawings for the civil engineering, construction and electrical equipment components of the project were received from the contracted companies in rapid succession. Consultants then checked for any flaws in the submitted drawings and to confirm whether or not the submitted content conformed to the tender conditions as desired by the executing agency, SLSEA. JICS followed up on progress

of this work as part of its construction management operations. The JICS local coordinator, who principally carries out his operation from the JICS Colombo Office, visited the project site 2–3 times a month once construction work commenced, traveling six hours each way to Hambantota. The JICS coordinator used these visits to confirm the progress of operations on the site and worked to coordinate between the project's various stakeholders. Whenever materials and equipment for the project arrived at the Port of Colombo, the JICS coordinator assisted to perform the customs procedures necessary for customs clearance by gathering the required documentation from the contracting companies and SLSEA. If the electricity or water supply at the project site was found to be disrupted, the JICS coordinator would respond by undertaking efforts to ensure that supply was restored—including through visits to the electrical or water utility.

For JICS, this was its first solar power generation system project, and hence required ongoing trial and error. However, thanks to the unified efforts of all the parties involved, the project was able to proceed without significant delays. After signing an agreement with the successful tendering company, the schedule was completed virtually as planned, and from August 2011, electricity generated by the solar generation system was able to be transmitted over Sri Lanka's electrical power grid.

Leveraging Valuable Experience Gained in Future Projects

The project site—empty, rough ground at the start—has been developed into an orderly arrangement comprising some 3,500 solar PV panels installed over an area of approximately 15,000m².

To ensure that the system is put to effective use, training programs were carried out vis-à-vis personnel from the executing agency, covering such aspects as system and equipment maintenance and procedures for operation. JICS expects this training to be instrumental in bolstering the level of effective utilization of the system.

With all installation work and training completed, clean energy from the solar power generation system is now being supplied to the people of Sri Lanka. While the project had to overcome a myriad of issues before reaching this successful conclusion, there was a large amount of knowledge gained and many solutions were developed during this process. In future projects, if similar issues arise, JICS is confident that it will be strongly positioned to leverage the experience gained from this project.



The solar PV panels laid out in neat rows during the installation work

Support Services for Procurement Procedures

Technical Cooperation-related Operations

Overview of Technical Cooperation Support Provided by JICS

Technical cooperation promotes nation building in developing countries by facilitating the adoption of technology among people in developing countries and by helping to raise the level of technology used. This mode of aid enables recipient countries to draw on Japan's extensive range of technology and experience. Along with operations related to grant aid, support operations related to the procurement of materials and equipment necessary for technical cooperation is one of JICS' two core founding missions. Since its establishment, JICS has provided a diverse range of technical cooperation-related services. These include the preparation of specification documents regarding procurement and tender documents related to domestic procurement in Japan and arrangement of transportation (support for procurement in Japan), and support for procurement operations at JICA overseas offices (support for local procurement).

Support for Procurement in Japan

In relation to procurement in Japan, JICS undertakes support for the procurement of equipment necessary for technical cooperation projects and the activities of technical cooperation experts, as well as the provision of information. Specific operations necessary for the procurement of equipment include the preparation of technical specification documents, the preparation of tender notices and explanatory materials for tenders, assistance for the execution of tender openings, inspection of contracted equipment and materials, and arrangement of transportation.

FY2010 was the year in which the Science and Technology Research Partnership for Sustainable Development (SATREPS) moved into full swing. The SATREPS project was launched in FY2008 for the purpose of promoting international joint research between Japan and universities and research institutions in recipient countries. The project specifically focuses on finding solutions to such global-scale issues as the environment, energy, disaster prevention and infectious diseases. In the case of ordinary technical cooperation, JICA principally procures in Japan the materials and equipment necessary for a project and then ships them to the recipient country. However, for SATREPS projects, there are cases where equipment purchased and owned by a Japanese university or research institution is shipped to the recipient country for use there. Under the SATREPS project, JICS provided support operations related to the purchase and transportation of equipment and materials.

In particular, for shipment, JICS applied its extensive experience in shipping items overseas to support universities and research



Within support for procurement in Japan, a pre-delivery inspection is conducted to verify that the equipment conforms to the contract conditions

institutions, which do not ordinarily have involvement in export operations. Based on the specifications and performance of the equipment items to be shipped, JICS considered the most appropriate packaging and transportation method and performed various export procedures. Since the latest research and analysis apparatus used in SATREPS projects includes very sophisticated, high-performance equipment, there is a high possibility that such equipment will be subject to various export regulations. For this reason, JICS undertook these operations with the utmost care.

Support for Local Procurement

Local procurement is carried out by JICA overseas offices in relation to materials and equipment necessary for technical cooperation projects. For countries that have significant support needs, JICS dispatches personnel to support procurement procedures and undertakes such operations as support for the preparation in Japan of various documentation, including specification and tender documents, necessary for local procurement.

The core element of local-procurement support is the dispatch of support personnel. In FY2010, JICS dispatched procurement support personnel to 16 countries, including Uganda, Tanzania, Senegal and Uzbekistan. The needs of each country are diverse, and encompass such areas as support for the establishment of systems, such as the preparation of manuals related to the execution of procurement procedures and the maintenance of information on companies that provide procurement price estimates, as well as support for tender procedures related to first-time purchases of high-value equipment.

For countries in which JICS has built up a track record of support, since JICS has accumulated a range of information related to procurement systems—including office manuals—and local business customs, it is relatively easy for JICS to provide support. In contrast, for countries where JICS provides support for the first time, it is necessary to begin by ascertaining information regarding procurement systems and confirming local business customs. For this reason, utilizing the experience JICS has accumulated to date, in accordance with the situation in each country and office, JICS works to prepare practical manual drafts and gather information. By providing this type of support, JICS contributes to the appropriate and smooth execution of local procurement operations.



A JICS staff member (left) explains the flow of procurement procedures at a training session for JICA project formulation advisor who have been assigned to work in Afghanistan



A local procurement seminar for the Middle East region held at the JICA Jordan Office. JICS personnel participated as lecturers together with JICA personnel.

Loan Aid-related Operations

Overview of Operations

Beginning in FY2004, JICS has carried out primary checks of procurement-related documentation prepared by recipient countries under loan aid agreements. JICS performs these operations under commission from JICA (until September 2008, these operations were performed under commission from the former Japan Bank for International Cooperation [JBIC]). As of September 30, 2011, JICS had carried out screening of documentation for approximately 2,000 loan-aid agreements with 41 countries.

JICS confirms, within 3–7 days per case, whether the procurement-related documentation submitted by a recipient government conforms with JICA procurement guidelines and standard international agreement terms. Through these operations, JICS supports the appropriate and transparent management of Japan's ODA budget as well as the smooth execution of loan-aid projects in recipient countries.

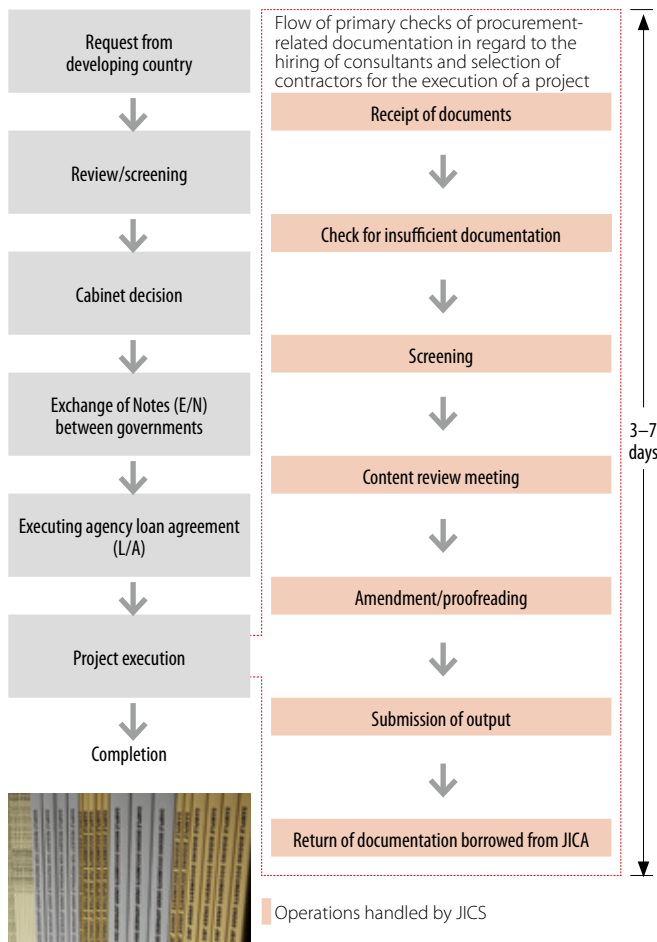
Primary Checks of Loan Aid Procurement-related Documentation

Loan aid is principally executed in six steps (please refer to the chart on the right side). Following the decision to execute the loan aid project, the Japanese and recipient governments perform an Exchange of Notes and sign a loan aid agreement. Subsequently, the project's procurement procedures are commenced. Within the procurement process, the verification of whether the content of procurement-related documentation prepared by the recipient government conforms with JICA procurement guidelines and other standards is called the "primary checks." Specifically, in the procurement (selection) process for consultants and contractors, JICS performs checks on 10 types of procurement-related documents prepared between the tender and contract execution to verify that the documents conform with JICA procurement guidelines. The documents checked include three types relating to the selection of consultants and seven types required for the selection of contractors (letter of invitation, contract, documents for preliminary screening of qualifications*, tender documents, etc.). The results of this screening process are submitted to JICA as a report compiled using a prescribed form. JICS also provides a brief report to identify any problems, unclear items or insufficient information in the documentation.

To date, JICS has carried out primary checks for loan-aid documentation submitted by 41 recipient countries, including India, Bangladesh, Indonesia and Peru. In FY2010, JICS handled 393 such cases.

In addition, JICS has dispatched its staff as lecturers for seminars organized by JICA related to procurement procedures for loan-aid projects. The seminar participants are recipient

Steps in the Loan Aid (ODA Loans) Execution Process



government personnel. Since 2005, such seminars have been held in Morocco, India, Egypt, Peru and other countries.

* Primary checks of qualifications refer to procedures for evaluating whether a company is capable of undertaking responsible construction work. This screening involves checking such items as a company's financial position, management situation and business performance prior to a tender.

JICS System for Carrying out Primary Checks of Loan Aid Procurement-related Documentation

JICS utilizes the knowledge and expertise it has accumulated to date in relation to ODA projects to carry out primary checks operations for projects in developing countries in Asia, Africa, Central and South America and other regions. To ensure that it is able to prepare appropriate reports based on expeditious, thorough screening, JICS assigns staff members to undertake these operations who are fluent in such languages as English, French and Spanish and highly versed in procurement procedures.

Aiming to Make Further Contributions

Since its establishment, JICS has carried out procurement operations related to grant aid and technical cooperation. In addition to these operations, by undertaking primary checks of loan aid procurement-related documentation, JICS has enhanced its level of expertise vis-à-vis this field.

In the future, through additional improvements to the quality and efficiency of these operations, JICS will aim to make further contributions to the execution of loan aid operations.



A JICS content review meeting, which is carried out as part of primary checks of loan aid procurement-related documentation

JICS Recent Events

New President, Vice President and Secretary General

The JICS President, Vice President and Secretary General have changed as shown in the following table.

After concluding examinations on the future of JICS, public recruitment procedures for a new president were initiated from April 2010 to strengthen the organizational structure and further improve service quality. Toru Nakatani, who has extensive experience as a manager of a private-sector corporation, was appointed as the new president at an extraordinary meeting of the Board of Directors held in July 2010.

Title	Predecessor	Successor	Appointed
President	Takahisa Sasaki	Toru Nakatani	Sept. 1, 2010
Vice President	Yukihisa Sakurada	Takashi Sakamoto	July 31, 2010
Secretary General	Yoshinari Oshima	Toshiyuki Ezuka	Oct. 1, 2010

Note: Takashi Sakamoto retired as Vice President on July 31, 2011 and Toshiyuki Ezuka was appointed as his successor on August 1, 2011.

Participation in International Cooperation Events

JICS participated in the three events during FY2010: Global Festa JAPAN 2010 held at Hibiya Park in Tokyo on October 2 and 3, 2010, World Collaboration Festival 2010 held at the Oasis 21 "Ginga no Hiroba" and the Hisaya Odori Park "Mochinoki Hiroba" in Nagoya on October 23 and 24, 2010, and One World Festival held at the Osaka International House Foundation on February 5 and 6, 2011.

In its booth at Global Festa JAPAN 2010, JICS displayed panels introducing its activities and presented "JICS Staff Works Introduction Meetings" for the second consecutive year where young staff gave explanations of the works they are responsible for at JICS and their impressions.

At World Collaboration Festival 2010, where JICS participated for the first time, JICS presentation featured panels explaining JICS and its activities.

At One World Festival, JICS participated as one member of the Joint ODA Booth together with the Ministry of Foreign Affairs, Japan International Cooperation Agency (JICA) Osaka International Centre and other organizations involved with ODA. This year's booth featured the panel display "ODA as



A JICS staff member explaining his work at Global Festa JAPAN 2010



A JICS staff member explaining ODA and JICS works contents at One World Festival

Seen in Photographs and Illustrations" and a quiz rally. The JICS corner presented panels introducing the construction of an elementary school as an example of JICS procurement contents and procedures. Staff responded to questions about ODA and JICS activities.

Reports and Exchange of Views on the NGO Support Activities of JICS in FY2010

A meeting for reports and exchange of views on the NGO support activities of JICS was held in the JICS Conference Room on October 22, 2010.

In the activity reports in the first half of the meeting, each NGO reported on the contents and results of its activities implemented with JICS support during FY2007–FY2008. Representatives from other NGOs, examiners and other participants asked questions and made comments. In the second half of the meeting, participants shared their approaches to fundraising and exchanged diverse opinions based on their respective experiences. The meeting content was significant, despite the limited time.



NGO representatives exchanging opinions at the meeting

President Toru Nakatani Conducts Field Inspections in Sudan and Kenya

President Toru Nakatani traveled to Sudan (the present Republic of South Sudan) and Kenya November 13–21, 2010 for field inspections of projects, and to exchange opinions with concerned organizations.

In southern Sudan, he conducted field inspection of all sites where the Grant Aid for Conflict Prevention and Peacebuilding projects "Project for Improving Facilities and Equipment of Multi-Service Training Center in Juba" which includes the construction and improvement of the training center building, and "Project for Construction and Rehabilitation of Bridges on Main Roads in Juba City" for the rebuilding of bridges and the construction of culverts (buried water conduits) are in progress, and exchanged opinions with the concerned parties. The visit brought renewed awareness of the great importance of these two projects in the building of a new nation.

In Kenya, President Nakatani exchanged opinions with parties involved with the Program Grant Aid for Environment and Climate Change "Program for Community-Based Flood Disaster Management to Adapt to Climate Change in the Nyando River Basin" and visited completed facilities and facilities under construction in Kisumu County, Kenya, nearby Lake Victoria.



President Nakatani exchanging opinions with a Bureau Director of the Ministry of Labour, Public Service and Human Resources Development in Sudan (the present Republic of South Sudan)

Then-Vice President Takashi Sakamoto visits Cambodia and Laos

Mr. Takashi Sakamoto, who was then serving as the Vice President of JICS, traveled to Cambodia and Laos December 19–25, 2010 for field inspections of projects, and to attend a mine clearing machinery handover ceremony.

As the procurement agent for the Cambodian Mine Action Centre (CMAC) under the Grant Aid for Conflict Prevention and Peacebuilding “Program for Integrated Mine Clearance and Landmine Victim Assistance in the Kingdom of Cambodia,” JICS is responsible for supervising the overall progress of the project, including the implementation of site surveys and the procurement of labor and materials. Following the complete delivery of mine clearing machinery and other items, a grand handover ceremony was held on December 21, attended by several hundred landmine victims, local residents and other parties concerned.

At the ceremony, then-Vice President Sakamoto, two other JICS project staff, and others involved with the project received an award from the government of Cambodia.

In Laos, then-Vice President Sakamoto inspected 4 elementary schools in Saravane Province, which were built using Grant Aid for Community Empowerment, and donated small blackboards from JICS as JICS Project Support Program.



Then-Vice President Sakamoto (2nd from right) standing in front of the mine clearing machinery adjusted for Cambodia.

Then-Secretary General Toshiyuki Ezuka visits Senegal and Burkina Faso

Mr. Toshiyuki Ezuka, who was then serving as the Secretary General of JICS, traveled to Senegal and Burkina Faso January 23–30, 2011 for field inspections of projects and to attend a handover ceremony.

Then-Secretary General Ezuka went to Senegal to attend the handover ceremony for a school built under the first Grant

Aid for Community Empowerment, the “Project for Construction of Classrooms for Elementary Schools and Junior High Schools,” where he exchanged opinions with concerned organizations.

In Burkina Faso, he inspected school buildings, dormitories, toilets and wells at two elementary schools constructed with the Grant Aid for Community Empowerment “Project for Construction of Elementary Schools (Phase 4)” and exchanged opinions with the local parties involved.



Then-Secretary General Ezuka shaking hands with the principal of an elementary school built in Burkina Faso

Second Meetings of the Board of Trustees and Board of Directors for FY2010

The second regular meeting of the Board of Trustees for FY2010 took place on March 17, 2011 and the second regular meeting of the Board of Directors for FY2010 was held on the following day March 18, 2011 at the JICS conference room.

At the meeting of the Board of Trustees, the following points were discussed and approved: (1) FY2010 operation planning and revised budget; (2) FY2011 project policy and planning; (3) FY2011 budget; (4) election of Board of Directors; (5) change to transition policy under the public-interest corporation system reforms, and method of selection of the first Trustees; and (6) Audit Report from the Certified Public Accountant.

At the meeting of the Board of Directors, the following points were discussed and approved: the above-mentioned points (1) – (3), (5) and (6); election of the President and Vice President; election of the Trustees; and selection of the first candidate Trustees after the change of legal status.

The JICS FY2011 project policy was adopted with the four points: (1) implement appropriate projects in response to changing ODA needs, (2) improve abilities and expand works as appropriate for an international procurement agency, (3) reinforce and expand information disclosure and information transmission functions, and social contribution, and (4) advance preparations for the change in legal status.

In the transition policy under the public-interest corporation system reforms, the decision was reached to apply as a general incorporated foundation since this is considered more flexible than a public-interest corporation in terms of organizational operations criteria.



The second regular meeting of the Board of Trustees

Social Activities of JICS

Operation of Technical Information Center for Medical Equipment

JICS established the Technical Information Center for Medical Equipment in 1999. This center provides information concerning medical facilities and equipment manufactured in Japan and provided under prior Japanese grant aid. JICS operates the center with cooperation from concerned organizations.

In FY2010, in response to inquiries from staff at local medical institutions, the staff provided information 11 times, mostly regarding equipment maintenance methods and the purchase of repair parts and materials.

The NGO Support Activities of JICS in FY2010

JICS has been providing NGO support since FY1999 as one social contribution activity, to realize more refined international cooperation.

In FY2010, JICS solicited applications from NGOs seeking assistance over about three months from July through September 2010, and received 40 applications. Of these, 13 organizations were subsequently chosen to receive support by the Screening Committee.

One of the greatest strengths of this program is that the funds can be used to employ staff to strengthen organizations and for human resources development expenses and other expenses that strengthen the foundations of the NGOs. In FY2010, 26 of the 40 applications received requested funds for strengthening the foundations of NGOs, highlighting the needs NGOs face to strengthen their organizational foundations.

● NGOs Supported by JICS in FY2010

Name of NGO	Country	Support Description	Amount Granted (yen)
Asian Community Center 21 (ACC21)	Japan	Funds for strengthening the foundations of the NGO	800,000
AFRICA CHILDREN EDUCATION FUND (ACEF)	Kenya	Equipment and materials purchase and transport expenses	800,000
Education Sponsorship in Asia	India and Bangladesh	Funds for strengthening the foundations of the NGO	702,000
Fukuoka NGO Network	Japan	Funds for strengthening the foundations of the NGO	790,652
Kansai NPO Alliance	Japan	Funds for strengthening the foundations of the NGO	800,000
International Volunteer Center of Yamagata	Cambodia	Equipment and materials purchase and transport expenses; project operation expenses	780,000
Committee for Assisting and Promoting Education of the Disabled in Sudan	Sudan	Project operation expenses	756,000
NAGOYA NGO CENTER	Japan	Project operation expenses; NGO operation expenses	778,400
Japan Association for Refugees	Japan	Funds for strengthening the foundations of the NGO	600,000
Human Rights Now	Japan	Funds for strengthening the foundations of the NGO	700,000
Community Road Empowerment	The Philippines	Project operation expenses; funds for strengthening the foundations of the NGO	680,000
Link~an organization for linking together forest, water & people	Thailand	Equipment and materials purchase and transport expenses; project operation expenses	800,000
WakuWaku Gaia	Myanmar	Equipment and materials purchase and transport expenses; project operation expenses	950,000

Efforts to Promote Understanding of International Cooperation

JICS hosts students for the Period of Integrated Study and dispatches lecturers to deepen understanding of international cooperation, ODA and JICS activities among a broader range of people.

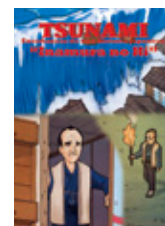
JICS implemented the following educational activities during FY2010.

Date	Location	Theme	Contents
Feb. 17, 2011	Josai Kawagoe Junior High School	"From the Frontlines of Japan's International Cooperation"	Lecture in English for third-year students
Feb. 19, 2011	Japan Women's University Junior High School	"Afghanistan Peace: What we can do"	Lecture on ODA in Afghanistan and JICS activities for second-year students
March 15, 2011	Meguro Ward Higashiyama Junior High School	"The International Community and Japan: Aspirations for International Cooperation"	Lecture on the importance of international cooperation for third-year students

Project Support Program: Distributing "Burning of the Rice Field"

JICS initiated its Project Support Program from FY2009, in commemoration of JICS 20th anniversary, as one of the activities toward the goal of advancing still higher quality international cooperation. This program presents memorial gifts to facilities constructed by projects for which JICS served as the procurement agent, and to institutions where equipment and materials were supplied. The memorial gifts are given to help promote the future activities of the recipient institutions.

Based on disaster relief experience in the Sumatra Earthquake and Indian Ocean Tsunami, JICS is distributing a tsunami disaster prevention education pamphlet "Inamura no Hi" ("Burning of the Rice Field")*. In FY2010, JICS had the booklet translated into Spanish, printed and bound in Spanish and other languages, and distributed at schools, orphanages and other facilities in Indonesia, Sri Lanka, Bangladesh and Peru. The other main FY2010 Project Support Program accomplishments are summarized in the following table.



* Pamphlet created by MERCY Malaysia, Asian Disaster Reduction & Response Network (ADRRN) and Asian Disaster Reduction Center (ADRC) in the aftermath of the enormous damage caused by the Sumatra Earthquake and Indian Ocean Tsunami to enhance tsunami disaster-prevention awareness. The pamphlet is being published in several languages, especially those of the disaster-stricken countries.

● FY2010 Main Project Support Program Accomplishments

Country	Project Name	Items Donated
Afghanistan	Medical Equipment for City Hospitals, Clinics, Tuberculosis Center, and Regional Hospitals	Disposable gowns
Pakistan	OIE/Japan Special Trust Fund Project on Avian Influenza Control at Source in Southeast Asia	Disposable gowns
Ethiopia	The Project for Construction of Primary Schools in Oromia Region	School books
Nicaragua	The Project for Rehabilitation and Equipment of Educative Infrastructure in the Northern Part of Nicaragua	Natural science dictionary, natural environment conservation dictionary, volleyballs, soccer balls
Bhutan	The Project for Construction of Educational Facilities	Projector, laptop computer
Laos	The Project for Improvement of School Environments in the Three Southern Provinces	Small blackboards

* See page 44 for all the FY2010 program accomplishments.