

Annual Report 2013



Real Aid in Action

Japan International Cooperation System

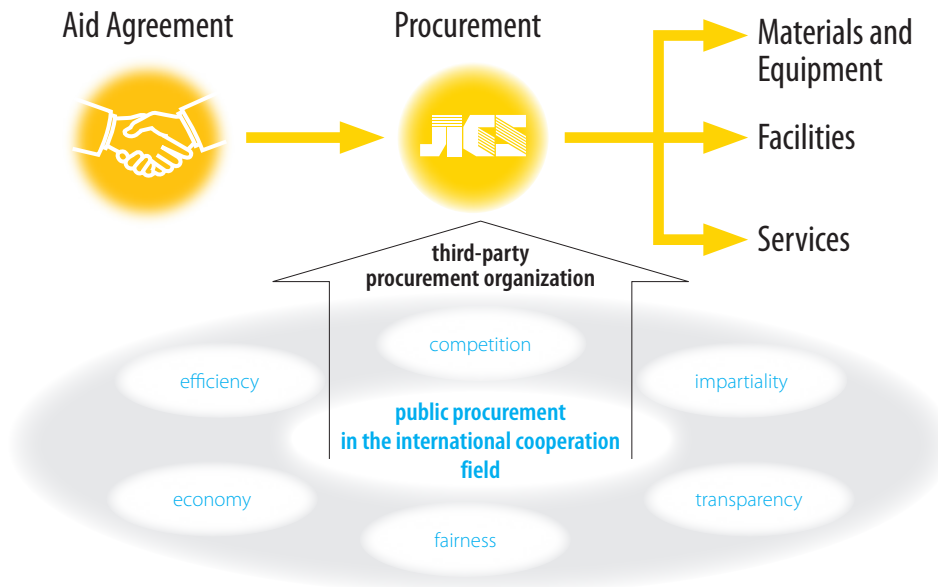
Japan International Cooperation System (JICS) was the first foundation in Japan to specialize in procurement operations within the field of international cooperation. JICS' activities primarily focus on aid project-related procurement and supervision operations within the Japanese government's Official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

"Procurement" refers to the acquisition of and payment for goods and services—such as transportation, design and construction—necessary to achieve a specific objective. Since

its establishment in 1989, JICS has appropriately and effectively carried out the selection and procurement of goods and services needed in local areas where cooperation projects are being implemented.

JICS aims to become "the world's best service provider in the international cooperation field" which is described in "Mission, Vision and Value" (MVV). In pursuit of this goal, JICS is building up its base of expertise and knowledge while focusing on the development of human resources.

JICS' Role: "Making Aid Tangible through Procurement"



Why is a specialist procurement organization necessary?

1. With regard to the acquisition of necessary goods and services, it is necessary to perform a variety of technical and specialized operations to ensure that quality, economic performance and appropriate timing are maintained. These include rigorous and complex procedures, preparation of technical specifications and other procurement-related documentation, execution of tenders and evaluation of bids, management of aid funds and other operations, which it is difficult to fully handle.
2. Procurement operations for ODA programs—which are ultimately paid for by Japanese taxpayers—demand impartiality, fairness, competitiveness and transparency. To assure the fulfillment of these conditions, it is necessary to have an organization that will manage aid funds on the recipient-country government's behalf and carry out public procurement, including tender procedures.

To coincide with its transition to the status of a general incorporated foundation, JICS conducted a bottom-up discussion process encompassing its entire organization to determine MVV, which forms the fundamental starting point for all its strategies. The thorough adoption of this MVV by all employees is a key priority for JICS.



Definition of MISSION

JICS' mission expresses the organization's social raison d'être and its philosophy regarding its contribution to society. All JICS employees undertake their day-to-day duties with a sense of pride and responsibility for fulfilling JICS' mission.

Definition of VISION

JICS' vision articulates its medium-term goals for fulfilling its mission. Rather than being satisfied with its current status, through the achievement of its vision JICS strives to become an organization that is trusted not only in Japan but worldwide.

Definition of VALUE

It is important that each employee adheres to JICS' values as the organization strives to realize its vision. All employees act in accordance with JICS' four core values.



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By Taking on Strategic Challenges, We Aim to Build Competitive Advantage

Celebrating JICS' 25th Anniversary

On April 12, 2014, JICS celebrated the 25th anniversary of its founding. Simultaneously, 2014 is also a milestone year for Japan's Official Development Assistance (ODA) program, which reached the 60th anniversary since its commencement. In keeping with the changing eras and evolution of the international community, the Japanese government's international cooperation programs have also needed to change. For a quarter of a century since its establishment, JICS has adapted its operations and roles to meet changing needs. In recent years, JICS has had opportunities to participate not only in the implementation of Japan's ODA programs but also in programs carried out by international institutions. On this occasion, I would like to reiterate JICS' sincerest gratitude to all those with whom we have had the chance to work.

The World's Best Service Provider

When JICS made the transition to a not-for-profit general incorporated foundation on April 1, 2012, it articulated a vision under which it aims to become "the world's best service provider in the international cooperation field." As the most trusted partner in the international cooperation sphere, JICS will continue striving to surpass the quality expectations of its clients and partners, and aims to become the choice of clients the world over. We want all executives and employees of JICS to approach their work with sincerity so that JICS can remain an organization that supports the peace and stability of the international community.

Proposing, Winning and Expanding Projects, and Measures to Strengthen JICS' Organization

In FY2012, to realize this vision we embarked on our three-year Medium-term Operational Action Plan. Under the following four themes, we are implementing measures related to winning and expanding projects as well as the strengthening of our organization.

1. Seeking new business which utilizes JICS' know-how
2. Developing new business
3. Recruiting and nurturing human resources
4. Strengthening management control (strengthening revenue and expense management, project management, and risk management)

Under the first theme, seeking new business which utilizes JICS' know-how, in addition to steadily implementing our existing core services, we intend to leverage our experience to date to win further business and expand operations. Through proposal-based competitive business tenders, JICS has been selected to be nominated to act as procurement agent for many recipient countries during the period from FY2013 to FY2015, ending March 31, 2016. Since its establishment, JICS has built up a large information resource covering many types of equipment and materials as well as manufacturers. JICS leverages this intangible asset during its involvement in the implementation of various types of non-project grant aid. The project categories corresponding to such operations include: Japan's Grant Aid for Provision of Industrial Products, which provides industrial products manufactured in areas affected by the Great East

Japan Earthquake; Japan's Non-Project Grant Aid for Provision of Japanese Small and Medium sized Enterprises (SMEs) Products, which provides SME-produced products; and Japan's Non-Project Grant Aid for Introduction of Japanese Advanced Products and Its System, which provides medical equipment and Japanese next-generation eco-friendly vehicles to developing countries.

With regard to the second theme, developing new business, the New Business Development Office was established at the time of JICS' organizational overhaul in FY2013. This office is examining how JICS can expand its sphere of business operations in the future based on the knowledge and experience accumulated in its operations to date. We have also established the Conflicts of Interest Management Committee as part of our internal control structure.

FY2014, ending March 31, 2015, is the final year of our Medium-term Operational Action Plan. As well as assessing and summing up the achievements and tasks remaining from the plan's three years, we are conducting reviews that will contribute to the preparation of our next medium-term management plan.

Strategic Measures

To realize its vision in the future, JICS aims to bolster its competitive advantage. Hence we want to transform JICS into an organization that is capable of taking up strategic challenges. Each individual staff member must maintain a keen awareness of our core goal—realizing JICS' vision. We must also focus on the ideal shape that we want JICS to have in the future. As well as reliably fulfilling JICS' traditional role, in a development-aid world where major changes are occurring, we are determined to strategically utilize all of the resources at JICS' disposal to create new value that can contribute to solutions to a range of emerging issues, and expand our operations. For example, in the area of Public-Private Partnerships (PPP), we believe that it is important for us to consider—on an ongoing basis—opportunities to enter this field.

Strengthening Compliance Systems

To carry out our operations while maintaining the trust of a diverse array of stakeholders, it is vital that we strengthen our compliance and risk management. In August 2014, we established the Compliance and Risk Management Office as a specialist organizational unit tasked with working toward this goal. We are committed to implementing measures that will further reinforce internal controls.

We look forward to your continued guidance and encouragement as we undertake these efforts.



Toru Nakatani
Toru Nakatani President

Japan International Cooperation System (JICS)

FY2012–FY2014 Progress on the Medium-term Operational Action Plan:

Main Achievements to Date and Issues to be Addressed

Medium-term Operational Action Plan Four Themes

1. Seeking new business which utilizes JICS' know-how

FY2012

★ Main Achievements

- Conducted questionnaire to stakeholders

Winning of contracts through a competitive process / Nominated Contractor

Grant Aid for Cultural Grassroots Projects analysis of project applications / JICA Cultural Grant Aid preliminary studies / JICA Uzbekistan Loan Aid execution-related facilitation / Grant Assistance for the Food Aid Project / Non-Project Grant Aid (six out of seven regions)

Steadily won contracts for traditional operations

FY2013

★ Main Achievements

Winning of contracts through a competitive process

Grant Assistance for Japan's NGO Projects screening services / Sub-Sahara Loan Aid project development and loan execution-related facilitation / Syria aid preliminary survey / Grant Aid for Cultural Grassroots Projects analysis of project applications

Strengthening of proposal capabilities and winning new contracts

FY2014

■ Issues to be Addressed

- Human resource development and acquisition of qualifications
- Strengthening information-gathering capabilities

2. Developing new business

★ Main Achievements

- Held an internal business proposal competition for new business development projects
- Number of internal business proposals submitted to the database of new business development projects: 140
- Formulated regulations for the Conflicts of Interest Management Committee

Creation of a self-motivated and proactive approach

★ Main Achievements

- Established the New Business Development Office
- Undertook new business development tasks

Collaboration in Public–Private Partnerships (PPP)

Small and Medium sized Enterprises (SMEs) assistance-related studies: 2 / Dispatch of personnel for geothermal power development project

Building organizational structures and achieving results

■ Issues to be Addressed

- Building a base for making decisions on launching new businesses

3. Recruiting and nurturing human resources

4. Strengthening management control

- Human resource development
- Revenue and expense management
- Strengthened project management
- Strengthened risk management

★ Main Achievements

- Prepared long-term human resources training plan and a human resources roadmap
- Implemented measures to improve quality through enhancement of operational efficiency and standardization of documentation tasks
- Formulated internal risk management regulations
- Held conferences and training sessions aimed at improving budget control

Measures to strengthen organizational infrastructure

★ Main Achievements

- Introduced an internal certification system for project managers
- Implemented measures to improve the quality of procurement service through standardization of tendering procedure tasks and sharing of lessons learned
- Improved the utilization of the Risk-Control Matrix (RCM)
- Prepared policies for Business Continuity Plan (BCP) / Held training for information security and safety management
- Held conferences and training sessions aimed at improving budget management

Skill improvement aimed at enhancing competitiveness

★ Main Achievements

- Established the Compliance and Risk Management Office

■ Issues to be Addressed

- Human resource development and acquisition of qualifications
- Analysis of organizational risk and enhancement of organizational risk management