

Real Aid in Action



# Annual Report 2015

**Japan International Cooperation System**

Year ended March 31, 2015



## Mission, Vision and Value (MVV)

To coincide with its transition to the status of a general incorporated foundation, Japan International Cooperation System (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.

## JICS Code of Conduct

Based on the precepts of the JICS Mission, Vision and Value, we pledge to act in accordance with the ten principles shown below, with the goal of promoting higher-quality international cooperation.

### 1. Behaving in accordance with our responsibilities as a public service corporation

We will act responsibly based on awareness of our role as an organization involved in international cooperation, to meet society's expectations toward us as a public-service organization.

### 2. Providing high-quality services

We will endeavor to provide high-quality services in a timely and effective manner that are valuable in the implementation of international cooperation and which ensure the satisfaction and trust of stakeholders.

### 3. Strictly observing laws and rules

We will strictly observe all relevant laws, internal rules, societal norms and international rules. Furthermore, we will act according to social common sense and will not engage in inappropriate conduct. We will report to or consult the responsible person specified in the rule upon discovering or committing any violation of laws, rules, etc.

### 4. Exercising due consideration for local conditions

In our overseas activities, we will observe local laws and exercise due consideration for local conditions, including traditions, customs, culture and the environment.

### 5. Practicing information disclosure

To ensure greater transparency in the management of our operations, we will maintain a proactive stance toward information disclosure covering such areas as details of our projects and our administrative situation.

### 6. Managing information appropriately

We will strictly manage all information in our possession, including personal information, through compliance with laws and relevant rules concerning the protection of personal information, the implementation of information security measures and strict adherence to confidentiality obligations.

### 7. Respecting human rights

We will respect human rights in all circumstances and will not discriminate on the basis of sex, age, nationality, race, ethnicity, beliefs, religion, social status or physical disability.

### 8. Acting resolutely in response to anti-social groups

We will adopt a resolute stance toward anti-social groups or organizations that threaten social order or safety.

### 9. Working to protect the environment

Based on awareness that addressing environmental problems is an important part of our mission, we will undertake proactive efforts on our own initiative that contribute to environmental protection.

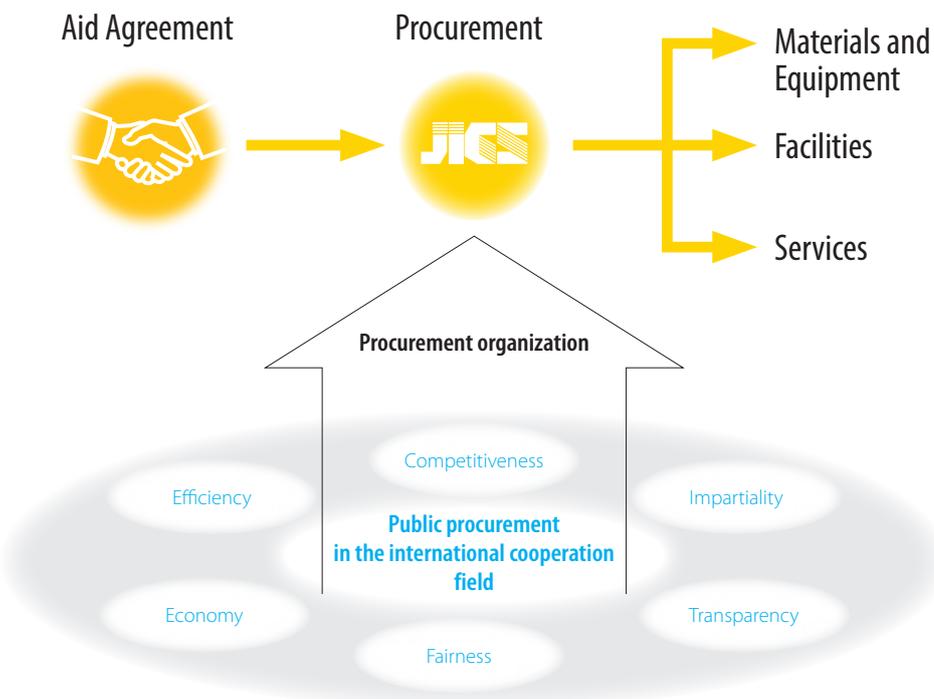
### 10. Creating a safe and satisfying workplace environment

To maintain orderly workplaces and enable executives and employees to work to the best of their abilities, we will strive to build safe and satisfying workplaces. To ensure the safety of executives and employees, both in Japan and abroad, we will develop a crisis management system and strive to achieve safe management at all times.

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

"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' 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, all of which 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.

As articulated in JICS' mission, which is part of the organization's "Mission, Vision and Value" (MVV), each employee is committed to "contributing to the peace and stability of the world as a player in the international cooperation field." To achieve this goal, through activities in developing countries and Japan, we work daily to improve the quality of our services as a service provider. As stated in our VISION, JICS "aims to be the world's best service provider in the international cooperation field," gaining the trust of people in Japan and around the world. We will endeavor to further deepen the knowledge, experience and know-how we have accumulated to date, and strive to improve our capabilities so that we can create new, quality services that provide client satisfaction.



## —Contributing to the realization of the objectives of the Japanese government's Development Cooperation Charter: "For peace, prosperity and a better future for everyone"—

JICS will progress from a player in the execution of ODA to a player in the development cooperation field

### Formulation of JICS' Next Medium-term Management Plan

In April 2012, when JICS made the transition to a not-for-profit general incorporated foundation, the organization embarked on its Medium-term Operational Action Plan 2012–2014. The plan was prepared based on JICS' VISION of "aiming to be the world's best service provider in the international cooperation field," and encompassed the following four themes:

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).

Over this period, we pursued the strengthening of JICS' organization, and the plan reached its final year in FY2014. In that year, the Japanese government formulated general principles for the Development Cooperation Charter. Against this backdrop, JICS worked on the task of discussing and preparing its follow-on plan, Medium-term Management Plan 2015–2017, which articulates the future shape that the organization will strive to achieve.

### Steady Execution of JICS' Core Operations and Pursuit of New Opportunities

In grant aid-related procurement agent services, which account for approximately 90% of JICS' operating revenue, based on more than 20 years of experience, information and accumulated data, we respond to client needs as they arise and work to steadily execute projects while enhancing the level of value added. In 2014, the Ebola hemorrhagic fever epidemic struck many countries, centering on the West Africa region. During that time, as the procurement agent for emergency grant aid, JICS gathered information in the affected countries despite restrictions on travel to the region by Japanese citizens, and delivered protective equipment and other items to countries in need. Meanwhile, with the aim of simultaneously promoting development in developing countries and the overseas advancement of Japanese enterprises, JICS continues to carry out the procurement of such items as small and medium-sized enterprises (SME)-produced products, medical and healthcare equipment, and products manufactured in areas affected by the Great East Japan Earthquake. These categories are being specifically promoted by the Japanese government.

By winning trust based on the steady execution of projects, we were successful in receiving contracts for projects involving service operations and management components. Such projects are a new initiative in the grant aid field. These are to be used of the concept of Public-Private Partnerships (PPP)—a new format for our operations—and require us to further enhance our capabilities as we embrace a range of changes.

In the loan aid field, JICS has been commissioned by the Japan International Cooperation Agency (JICA)\* since FY2004 to carry out basic screening of the content of procurement-related documentation submitted by recipient-country governments to confirm whether or not such documentation complies with the loan program guidelines. JICS employees have accumulated frontline skills through the execution of grant aid procurement agent operations, and these employees have gone on to acquire a robust knowledge of loan aid program guidelines. This has contributed to JICS' winning contracts in such areas as Ex-Post Procurement Audit and support for procurement by governments of loan aid recipient-countries and at the loan execution stage.

\* Contracted with the former Japan Bank for International Cooperation (JBIC) until September 2008



### Creating New Value through the Development of New Business

In July 2013, we established the New Business Development Office as part of our efforts to take up challenges in international cooperation fields outside of ODA. In addition to building structures necessary for new business development, we carried out specific approaches.

In the Japanese government's SPORT FOR TOMORROW program, which seeks to contribute to the international community through sports, JICS employees cooperated in a trial program held in Malawi. This program involves the organization of *UN-DOKAI* (sports days), which is a familiar part of Japan's recreational culture and a core event in the calendar of local communities. Underpinned by our experience in research and procurement in the sports field within Cultural Grant Aid, we believe that this achievement reflects our efforts to develop business from a new perspective.

### Organizational Strengthening to Bolster Reliability Supports JICS' Operations

We are continuing our efforts related to organizational structures and training programs in such areas as the development of human resources capable of producing high value-added service, strengthening of internal controls and compliance systems, and enhancement of risk management capabilities.

In November 2014, JICS undertook registration as a First class Registered Architects Office in Japan. Within our experience in procurement agent operations in the construction field, by building up further expertise we aim to become a procurement organization that possesses strong technical capabilities.

### Progressing as a Player in Development Cooperation

In February 2015, the Japanese Cabinet formally adopted the new Development Cooperation Charter, which replaces the Official Development Assistance Charter (ODA Charter) general principles utilized to date. Through projects in such areas as geothermal energy development, small-scale hydroelectric generation and disaster prevention, JICS is working to raise its responsiveness to global-scale issues. Simultaneously, we are collaborating with a broad array of stakeholders as an organization with a wide-range of knowledge of the practical frontline of international cooperation. Hence, we are determined to provide service execution and proposals that will contribute to the aforementioned Development Cooperation Charter general policy principles. In these endeavors, we look forward to your guidance and encouragement.

November 2015

**Toru Nakatani**  
President

Japan International Cooperation System (JICS)

## ■ Medium-term Operational Action Plan 2012–2014

### Main Achievements

Theme	2012	2013	2014
<b>1. Seeking new business which utilizes JICS' know-how</b>			
	<ul style="list-style-type: none"> <li>Won nominated procurement agent status through competitive process (non-project grant aid in six regions, grant assistance for the food aid project)</li> <li>Won one contract through competitive process (grant aid)</li> <li>Expansion of non-project grant aid tied to Japanese products (assistance for disaster-affected regions, SME products, medical equipment, next-generation automobiles)</li> <li>Took measures to enhance the quality of operations (standardization of operational documentation, sharing of case studies)</li> </ul>	<ul style="list-style-type: none"> <li>Won four contracts through competitive process (including one loan aid project)</li> <li>Handled emergency grant aid-related operations (project for Syrian refugees)</li> <li>Continued efforts to enhance the quality of operations</li> </ul>	<ul style="list-style-type: none"> <li>Won seven contracts through competitive process in grant aid and technical cooperation (including a grant aid project involving service operations and management components which introduces the concept of PPP)</li> <li>Loan Aid: Actively participated in competitive process; won six contracts</li> <li>Handled emergency grant aid-related operations (Ebola hemorrhagic fever counter-measures), undertook measures in a new field (small-scale hydroelectric generation)</li> <li>Expanded non-project grant aid tied to Japanese products (disaster prevention, equipment produced in a local region)</li> </ul>
<b>2. Developing new business</b>			
	<ul style="list-style-type: none"> <li>Held an internal business proposal competition for new business development projects</li> <li>Total of 140 internal business proposals submitted to the database of new business development projects</li> <li>Established a management system for conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>Established the New Business Development Office</li> <li>Undertook new business development tasks</li> <li>Won contracts through competitive process (two SME assistance-related studies, dispatch of personnel for geothermal power development project)</li> </ul>	<ul style="list-style-type: none"> <li>Won five contracts through competitive process (including medical waste disposal, water purification and waste disposal projects)</li> <li>Participated in SPORT FOR TOMORROW program</li> <li>Reviewed new business development activities and adjusted their procedures</li> </ul>
<b>3. Recruiting and nurturing human resources</b>			
<b>4. Strengthening management control (strengthening revenue and expense management, project management and risk management)</b>			
	<ul style="list-style-type: none"> <li>Formulated long-term human resources training plan</li> <li>Prepared human resources roadmap</li> <li>Formulated internal risk management regulations</li> <li>Held conferences and training sessions aimed at improving budget control</li> </ul>	<ul style="list-style-type: none"> <li>Introduced an internal certification system for project managers</li> <li>Improved the utilization of the Risk-Control Matrix (RCM)</li> <li>Held training for information security and safety management</li> <li>Prepared policies for Business Continuity Plan (BCP)</li> <li>Held training on managerial accounting</li> </ul>	<ul style="list-style-type: none"> <li>Dispatched staff to international agencies (Asian Development Bank, United Nations Development Programme)</li> <li>Established Compliance and Risk Management Office</li> <li>Held training on managerial accounting</li> <li>Conducted training program for internal audit staff relating to protection of personal information</li> <li>Conducted training in Japan for local in-country coordinators</li> </ul>

## ■ Medium-term Management Plan 2015–2017

### Development Cooperation Charter: Basic Policies and Priority Issues

#### Basic Policies

- Contributing to peace and prosperity through cooperation for non-military purposes
- Promoting human security
- Cooperation aimed at self-reliant development through assistance for self-help efforts as well as dialogue and collaboration based on Japan's experience and expertise

#### Priority Issues

- "Quality growth" and poverty eradication through such growth
- Sharing universal values and realizing a peaceful and secure society
- Building a sustainable and resilient international community through efforts to address global challenges

In accordance with the Development Cooperation Charter, achieve tangible results and continue to make project proposals through the steady execution of operations

### Major Themes and Issues

- Achievement of a stable management foundation
- Improvement of operational productivity
- Acquisition of human resources capable of winning in competitive proposal situations
- Internal control and risk management

- Reinforcement of core capabilities in grant aid-related operations and increase of added-value
  - Expansion of loan aid-related operations
  - Enhancement of operations related to international agencies

- Review of policies for personnel recruitment, development and rotation

- Enhancing the organization's reliability
- Strengthening of compliance, information security and project office management
- Improvement of client satisfaction



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**Note Regarding Names of Grant Aid Sub-schemes in this Annual Report**

Grant Aid sub-scheme names (classifications) used in this Annual Report, such as Non-Project Grant Aid and Grant Aid for Community Empowerment, were discontinued as of March 2015. From April 2015 onward, schemes for which execution has been decided are classified by procurement method, such as "Procurement Method for Facilities, Materials and Equipment" and "Procurement Agent Method," depending on the nature of the project in question. Within these classifications, JICS is mainly involved in "Procurement Agent Method" projects.

The execution of most of the projects cited in this Annual Report had been decided in or prior to March 2015. Consequently, we ask readers to be aware that, for convenience, those projects are cited and explained using the former sub-scheme names.