

Fiscal 2017 Business Report

Grant Aid-Related Operations

Item	Description	Actual Figures in FY2016		Actual Figures in FY2017	
		New	Continuing	New	Continuing
1. Procurement Agent Services and Procurement Consulting Services					
(1) Procurement agent services for grant aid for the economic and social development programme	—	39	10	29	47
(2) Procurement agent services for non-project grant aid	—	1	109	0	94
(3) Procurement agent services for food assistance	—	15	14	10	27
(4) Procurement agent services for grant aid project for procurement of goods	—	—	—	2	0
(5) Procurement agent services for emergency grant aid	—	0	3	0	3
(6) Procurement agent services for grant aid for conflict prevention and peacebuilding	—	1	11	0	11
(7) Procurement agent services for grant assistance for the food security project for underprivileged farmers	—	0	1	0	1
(8) Procurement agent services for grant aid for disaster prevention and reconstruction	—	0	6	0	4
(9) Procurement agent services for grant aid projects under private-public partnership	—	1	1	0	2
(10) Procurement agent services for grant aid project for construction	—	0	1	0	1
(11) Procurement agent services for grant aid for community empowerment	—	1	32	0	26
(12) Procurement agent services for program grant aid for environment and climate change	—	0	25	0	17
(13) Procurement consulting services for cultural grant assistance	—	1	0	4	1
(14) Procurement consulting services for general grant aid	—	—	—	2	0

2. Studies and Screening on International Cooperation Operations

(1) Study for cultural grant assistance	Study for project development of grant assistance for cultural grass roots projects and analysis of project applications for grant assistance for cultural grass roots projects, preliminary study for cultural grant assistance	3	0	1	1
(2) Feasibility studies/Planning for improvement of equipment	Study on work ratio of construction/Feasibility studies/Planning for improvement of equipment	1	2	2	0
(3) Screening	Grant assistance for Japanese NGO projects	1	0	1	0

Technical Cooperation-Related Operations

(1) Technical Cooperation (Cooperation with consultants)	Support for procurement of equipment, support for tender of facility construction, promotion of contract, supervision of construction	3	0	1	4
(2) Study on projects, evaluation and procurement support	Feasibility study on equipment and facility construction, evaluation at the end of a project, procurement of equipment, supervision of construction	2	0	2	0
(3) Support for local procurement/Follow-up cooperation	Dispatch of short-term procurement support staff/study/support for technical cooperation projects	1	1	0	1

Loan Aid-Related Operations

(1) Procurement management services for loan aid	Check and audit of procurement-related documents	1	0	3	1
(2) Study for Japanese ODA Loans, etc.	Study and support on implementation of loan projects	3	3	3	4

Multilateral Aid-Related Operations

Business contributing to the promotion of the appropriate and efficient implementation of international cooperation programs carried out by international agencies and organizations, foreign governments and other organizations engaged in international cooperation	Procurement agent services, etc.	2	7	2	8
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Other Activities

(1) Project subsidy	Supply of the Equipment under the Machinery and Equipment Project for Saudi Japanese Automobile High Institute in FY2016	1	0	—	—
(2) Project formulation survey on SME support	Feasibility surveys and verification surveys with the private sector for disseminating Japanese technology for the Japan International Cooperation Agency (JICA), verification surveys and monitoring studies for the Japan External Trade Organization (JETRO)	0	1	4	0
(3) Support for companies aiming to win project contracts from international agencies and organizations	—	0	1	0	1
(4) Dispatch of experts and procurement consulting staff	—	2	3	2	1
(5) Procurement support for equipment in Public-Private Partnerships (PPP) and the private sector	Support for local procurement for SATREPS, etc.	—	—	6	1

Other Projects Integral to Fulfilling the Objectives of the Foundation

(1) Support for NGOs	Evaluating and choosing NGOs for support and providing funds	13 NGOs	9 NGOs
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Education and Support Promoting International Cooperation

Education and support promoting international cooperation	Medical Lectures for Travelers	5 times	5 times
	Participation in international cooperation festivals and events	2 times	1 time

Fiscal 2017 Balance Sheet

March 31, 2018

(Unit: yen)

Item	FY2017	FY2016	Variance
I Assets			
1. Current assets			
Cash equivalents	755,755,654	1,183,969,168	(428,213,514)
Accrued revenues	348,680,081	321,523,440	27,156,641
Prepaid expenses	12,119,281	24,398,250	(12,278,969)
Advances paid	9,727,719	329,301	9,398,418
Suspense payments	8,713,208	27,327,630	(18,614,422)
Total current assets	1,134,995,943	1,557,547,789	(422,551,846)
2. Fixed assets			
(1) Endowment			
Endowment in installment deposits	137,000,000	137,000,000	0
Endowment in investment securities	250,000,000	250,000,000	0
Total endowment	387,000,000	387,000,000	0
(2) Specific assets			
Accumulated assets for support to non-governmental organizations	10,000,000	10,000,000	0
Assets reserved for executive officers' retirement benefits	9,358,500	6,061,500	3,297,000
Total specific assets	19,358,500	16,061,500	3,297,000
(3) Other fixed assets			
Vehicles and other transportation devices	4,767,377	8,141,239	(3,373,862)
Equipment attached to building	76,831,208	19,973,662	56,857,546
Appliances and fixtures	76,699,648	35,674,276	41,025,372
Software	170,255,051	2,622,670	167,632,381
Deposit and security moneys	72,627,481	150,213,355	(77,585,874)
Long-term prepaid expenses	4,511,778	2,707,596	1,804,182
Prepaid pension expenses	76,084,534	78,281,023	(2,196,489)
Investment securities	37,326	75,810	(38,484)
Software in progress	0	19,396,000	(19,396,000)
Total other fixed assets	481,814,403	317,085,631	164,728,772
Total fixed assets	888,172,903	720,147,131	168,025,772
Total assets 1)	2,023,168,846	2,277,694,920	(254,526,074)
II Liabilities			
1. Current liabilities			
Accrued payments	92,678,511	116,996,394	(24,317,883)
Allowance for bonus	102,300,220	134,310,380	(32,010,160)
Provision for head office's restoration	0	44,000,000	(44,000,000)
Deposit received	14,205,393	7,975,511	6,229,882
Deposit received for the Improvement of the Petra Museum Project	280,076,097	430,535,259	(150,459,162)
Reserve for operational losses	22,014,889	22,014,889	0
Income tax payable	64,100	50,485,600	(50,421,500)
Total current liabilities	511,339,210	806,318,033	(294,978,823)
2. Fixed liabilities			
Reserve for executive officers' retirement benefits	9,358,500	6,061,500	3,297,000
Total fixed liabilities	9,358,500	6,061,500	3,297,000
Total liabilities 2)	520,697,710	812,379,533	(291,681,823)
III Net Assets			
1. Designated net assets			
Contributions and subscriptions	372,000,000	372,000,000	0
Total designated net assets	372,000,000	372,000,000	0
[Amount of allotment to the endowment]	[372,000,000]	[372,000,000]	[0]
2. General net assets			
[Amount of allotment to the endowment]	[15,000,000]	[15,000,000]	[0]
[Amount of allotment to specific assets]	[10,000,000]	[10,000,000]	[0]
Total net assets 1) - 2)	1,502,471,136	1,465,315,387	37,155,749
Total liabilities and net assets	2,023,168,846	2,277,694,920	(254,526,074)

Fiscal 2017 Statement of Net Equity Increase (Decrease)

April 1, 2017–March 31, 2018

(Unit: yen)

Item	FY2017	FY2016	Variance
I General Net Assets Increase or Decrease			
1. Current increase or decrease			
(1) Current profits			
1) Profit from the management of the endowment	2,025,211	1,981,321	43,890
Interest received from the endowment	2,025,211	1,981,321	43,890
2) Profit from business activities	2,380,328,445	2,606,371,322	(226,042,877)
Profit from grant aid programs	1,906,702,133	2,228,373,697	(321,671,564)
Profit from technical cooperation programs	95,372,714	43,858,550	51,514,164
Profit from loan programs	223,208,438	166,188,089	57,020,349
Profit from programs with international agencies and organizations, etc.	121,612,533	108,269,427	13,343,106
Profit from other commissioned projects	33,432,627	59,681,559	(26,248,932)
3) Miscellaneous profits	5,044,124	2,622,313	2,421,811
Miscellaneous profits	5,044,124	2,622,313	2,421,811
Total current profits (A)	2,387,397,780	2,610,974,956	(223,577,176)
(2) Current expenses			
1) Operating expenses	1,883,354,281	2,059,155,131	(175,800,850)
2) Administrative expenses	435,011,925	410,822,639	24,189,286
Total current expenses (B)	2,318,366,206	2,469,977,770	(151,611,564)
Current increase or decrease for the year (C) = (A) - (B)	69,031,574	140,997,186	(71,965,612)
2. Nonrecurring increase or decrease			
(1) Nonrecurring increase			
1) Gain on sales of fixed assets	44,630	3,072,040	(3,027,410)
2) Reversal of provision for head office's restoration	2,002,000	0	2,002,000
Total nonrecurring increase	2,046,630	3,072,040	(1,025,410)
(2) Nonrecurring expenses			
1) Loss on sales and retirement of noncurrent assets	19,331,378	261,067	19,070,311
2) Office transfer expenses	14,200,481	0	14,200,481
3) Provision for head office's restoration	0	44,000,000	(44,000,000)
Total nonrecurring expenses	33,531,859	44,261,067	(10,729,208)
Nonrecurring increase or decrease for the year (D)	(31,485,229)	(41,189,027)	9,703,798
General net assets increase or decrease for the year before income taxes (E) = (C) + (D)	37,546,345	99,808,159	(62,261,814)
Income taxes—current (F)	390,596	50,805,183	(50,414,587)
General net assets increase or decrease for the year (G) = (E) - (F)	37,155,749	49,002,976	(11,847,227)
General net assets at beginning of year (H)	1,093,315,387	1,044,312,411	49,002,976
General net assets at end of year (I) = (G) + (H)	1,130,471,136	1,093,315,387	37,155,749
II Designated Net Assets Increase or Decrease			
1) Amount of transfer to general net assets	0	0	0
Amount of transfer to general net assets	0	0	0
Designated net assets increase or decrease for the year	0	0	0
Designated net assets at beginning of year	372,000,000	372,000,000	0
Designated net assets at end of year (J)	372,000,000	372,000,000	0
III Net Assets at End of Year (I) + (J)	1,502,471,136	1,465,315,387	37,155,749

Governance System

JICS' governance system is organized as follows.

Board of Trustees

The Board of Trustees supervises and oversees the Board of Directors, and its members have voting rights in decisions concerning important matters, such as the selection and dismissal of executive directors, auditors, and trustees, as well as revisions to JICS' Articles of Incorporation. The Board of Trustees provides leadership based on the broad expertise of its members in the management and handling of JICS' affairs. Accordingly, members of the Board of Trustees are highly knowledgeable of these matters and possess experience working in diverse settings, including corporations, international organizations, independent administrative institutions, universities, and NGOs.

Board of Directors

The Board of Directors makes decisions concerning the management of JICS' operations. Two outside executive directors (a member of a corporation and a university professor, respectively) and two auditors (an attorney at law, and a certified public accountant, respectively) collectively supervise the performance of duties by JICS' president and vice president. The president is required to convene a meeting of the Board of Directors regularly, and report on JICS' management and general tasks in an effort to maintain a high degree of transparency in organizational management.

Accounting Auditor

JICS recognizes that it must ensure strict internal controls and compliance in connection with its financial affairs and management, since it manages funds used for aid on behalf of the governments of recipient countries as part of its procurement agent services. Accordingly, it has voluntarily appointed an accounting auditor to conduct audits of related matters.

Board of Directors/Board of Trustees

Board of Directors and Accounting Auditor As of July 1, 2018

President	Toru Kubo	
Vice President	Kazuki Takeuchi	
Executive Director	Mutsuko Asakura	Professor, Law School at Waseda University
Executive Director	Hiroki Kato	General Manager, Legal Department, Ajinomoto Co., Inc.
Auditor	Michio Masaki	Attorney at Law, CITY-YUWA PARTNERS
Auditor	Naoki Sou	Certified Public Accountant, Tax Accountant
Accounting Auditor	Kiyoshi Toi	Certified Public Accountant

Board of Trustees As of July 1, 2018

Chairman	Masaoki Takeuchi	President, International Development Center of Japan
	Michio Arita	Secretary General, International Cultural Institute
Members	Kiyoshi Kodera	Former Executive Secretary of Development Committee of the World Bank and International Monetary Fund, Former Deputy Vice-Minister for International Affairs, Ministry of Finance, Japan, Former Vice President of Japan International Cooperation Agency (JICA), Chair of the Board of WaterAid Japan, Senior Research Associate, Overseas Development Institute (ODI) in the UK
	Makoto Tochigi	Journalist
	Yoshihiro Yamaguchi	Senior Executive Director, The Overseas Construction Association of Japan, Inc.
	Sachiko Yamano	President, Japan International Cooperation Center

Fiscal 2017 Meetings of the Board of Directors and the Board of Trustees

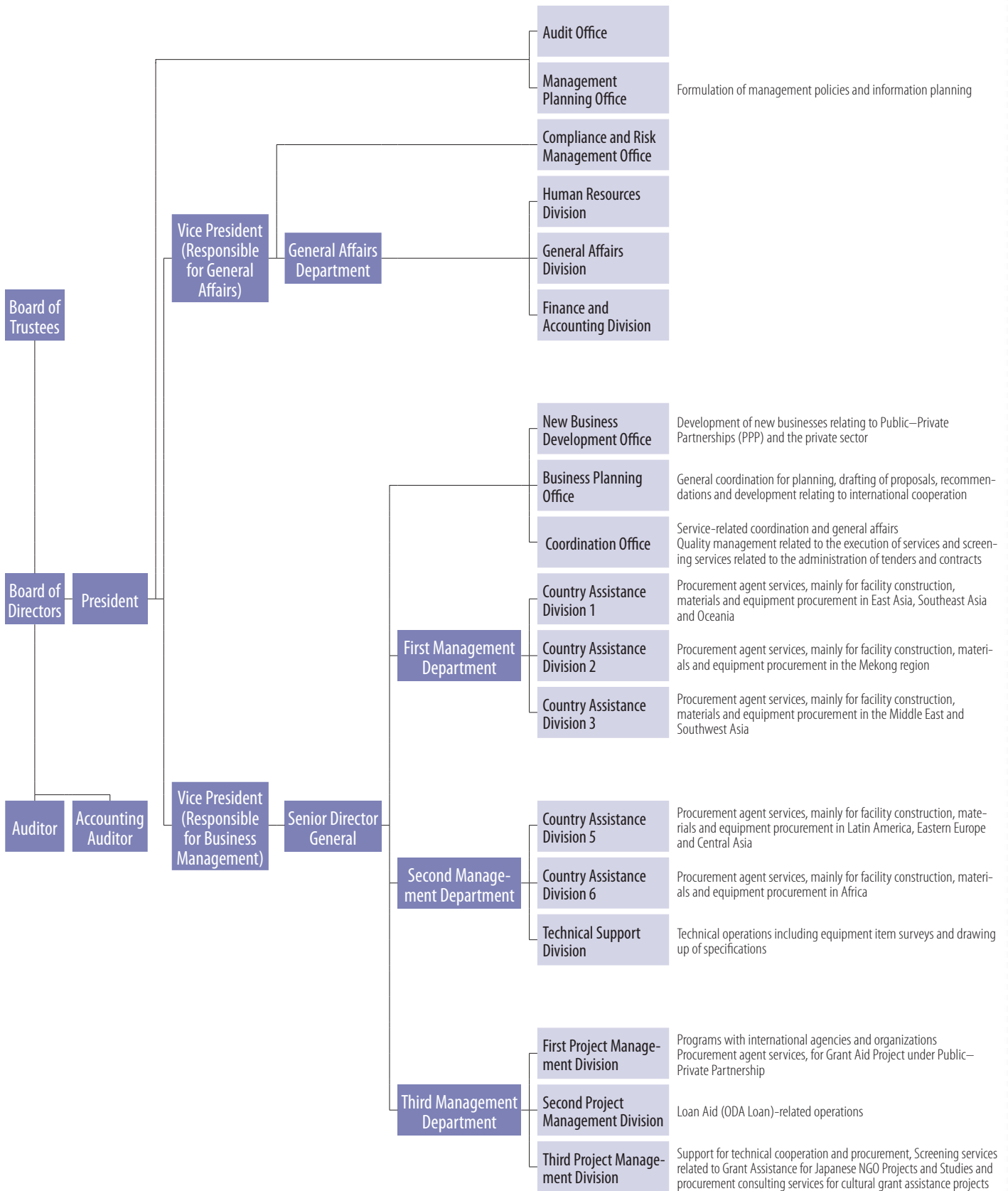
In fiscal 2017, the Board of Directors met six times and the Board of Trustees met once.

At Board of Directors' meetings, management overviews, business issues, management and organizational issues and the status of progress regarding new business developments were reported in a timely manner and key issues were deliberated.



Organization Chart

(As of June 1, 2018)



Compliance

1. JICS' Compliance Policy

JICS carries out procurement and other related activities for international cooperation projects. Accordingly, in addition to its employees, JICS' stakeholders include the government and citizens of Japan, governments and citizens of countries that receive aid through such projects, as well as organizations offering tenders, and contractors such as suppliers, construction companies, and consultants. JICS understands that its ability to act in the interests

of these stakeholders is integral to its mission.

JICS' procurement activities are equivalent to public procurement, and, therefore, must be conducted fairly and appropriately while ensuring transparency. Therefore, JICS has established a compliance system for the purpose of maintaining a high level of trust among its stakeholders.

2. Compliance System

(1) Compliance Committee

Chaired by JICS' president, the Compliance Committee is responsible for strengthening compliance, responding to any case of a breach of compliance, and examining measures for preventing the recurrence of such cases.

(2) Compliance and Risk Management Office

This office takes steps for enhancing compliance in JICS' organizations and analyzes risks throughout these organizations in order to improve risk management.

(3) Audits by auditors, accounting auditor and tax accountants

Auditors are responsible for auditing the performance of duties by the Board of Directors and executive directors, while the accounting auditor and tax accountants are consigned to conduct external audits of financial and accounting records. In addition to checking financial statements and confirming whether internal controls are in place and being followed, the accounting auditor also inspects bank accounts (in which funds for aid have been deposited) being administered by JICS on behalf of governments of countries receiving assistance as part of its procurement agent services.

(4) Audit Office

The Audit Office is responsible for internal auditing under the direct supervision of the president. From its standpoint as an independent body, the office conducts audits to determine whether operations are carried out appropriately and efficiently, and reports the results to the president.

JICS has set up the following system for promoting compliance.

(5) Internal reporting system

JICS has established an internal reporting system for the purpose of preventing violations of laws or regulations, and for dealing with any such violations that occur. The system provides contact points for reporting information, including a reporting line and access to auditors, legal advisors, and lawyers from outside JICS.

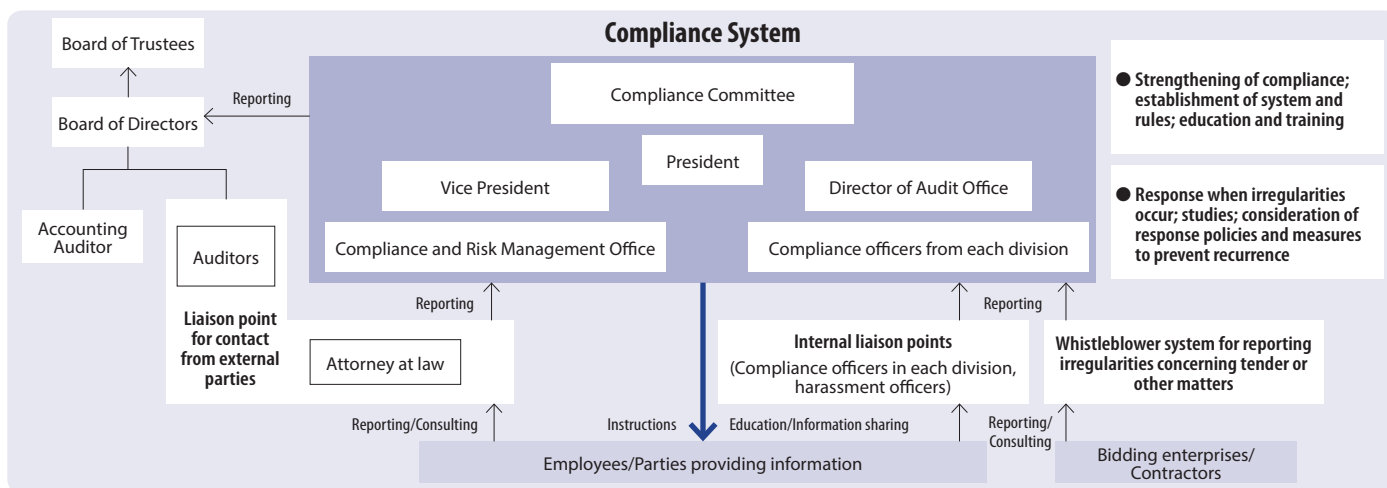
(6) Whistleblower system for reporting irregularities concerning tender or other matters

JICS has established a whistleblower system for the purpose of ensuring that procurement procedures, including those involving tender executed by JICS, are conducted impartially, and that contracts made with other parties are properly executed.

(7) JICS Code of Conduct

We conduct ourselves in accordance with the following 10 standards as organizational principles.

- ① Behaving in accordance with our responsibilities as a public service corporation
- ② Providing high-quality services
- ③ Strictly observing laws and rules
- ④ Exercising due consideration for local conditions
- ⑤ Practicing information disclosure
- ⑥ Managing information appropriately
- ⑦ Respecting human rights
- ⑧ Acting resolutely in response to anti-social groups
- ⑨ Working to protect the environment
- ⑩ Creating a safe and satisfying workplace environment



3. Measures for Protecting Personal Information

JICS recognizes that it has a social responsibility to handle personal information in an appropriate manner. Accordingly, it has established a basic policy on personal information protection along with related rules. In recognition of these measures, JICS received accreditation under the PrivacyMark system in Japan on June 17, 2011. (The accreditation was renewed for the third time on June 17, 2017.)



JICS is certified as an entity authorized to use the "PrivacyMark" logo, and is subject to laws in Japan.



Education on protecting personal information

Name of Organization:

Japan International Cooperation System (JICS)

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President:

Toru Kubo

Date of Establishment:

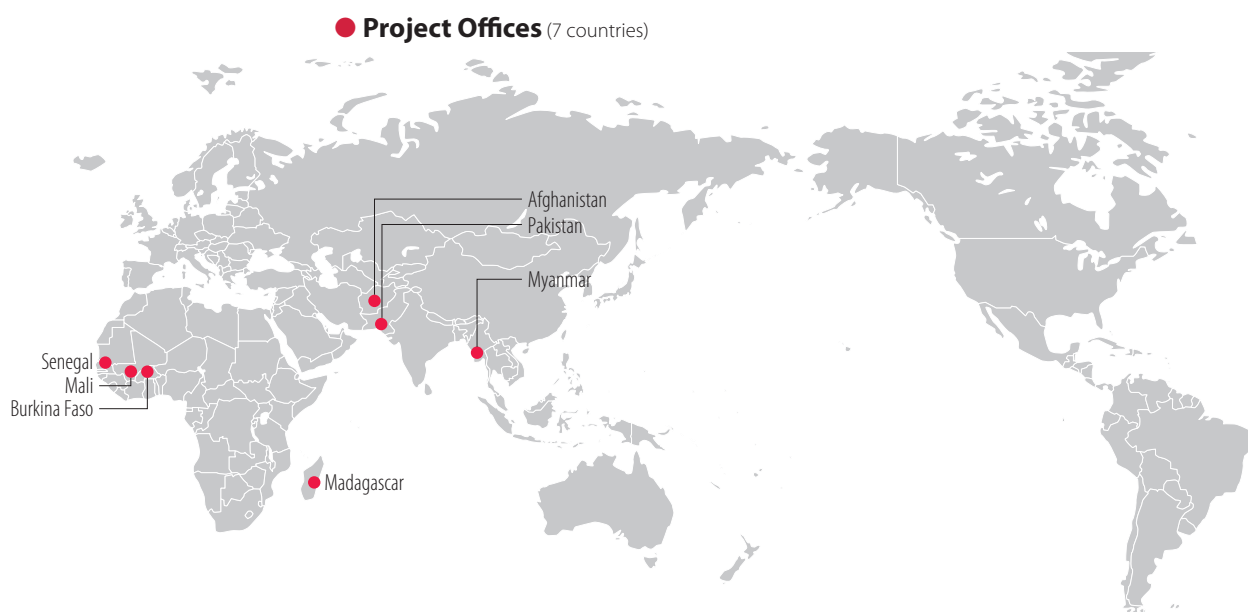
April 12, 1989

Endowment:

¥387 million

Number of Employees:

159 (as of August 1, 2018)



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