

Real Aid in Action



Annual Report 2019

Japan International Cooperation System

Year ended March 31, 2019



Profile of JICS

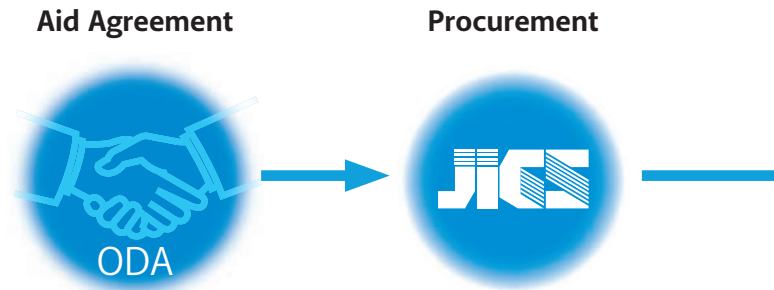
Japan International Cooperation System (JICS) is the first organization in Japan to specialize in procurement operations within the field of international cooperation. JICS' activities primarily focus on aid project-related procurement and supervision operations within Japan's Official Development Assistance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

Why is a procurement expert organization necessary?

Procurement using ODA funds—which are sourced from taxes paid by Japanese citizens—must be carried out economically, in a timely manner and to the required level of quality. At the same time, it is imperative that the procurement process be impartial, fair, competitive and transparent. To achieve these objectives, purchases of materials, equipment, facilities and services need to be conducted according to public procurement rules through a tender process. Furthermore, aid funds must be managed appropriately.

To meet these requirements, JICS carries out these procedures as the procurement agent of the recipient-country government. A procurement agent possesses expert knowledge and experience relating to public procurement, materials and equipment, and other relevant aspects.

JICS' Role: "Making Aid Tangible through Procurement"



▼ A Brief History of JICS

1989–1993 Initial Phase

1989 Established as an incorporated foundation

- ▶ Technical Cooperation-related services
- ▶ Grant aid-related consulting services
- ▶ Procurement agent services within Japan's grant aid programme



1989 Began compiling specifications on Technical Cooperation and studies of grant aid projects for the increase of food production

1990 Began conducting follow-up studies for grant aid projects

1993 Began procurement agent services for Non-Project Grant Aid

From 1993 Procurement of equipment for Mongolia under Non-Project Grant Aid

1994–1998 Growth Phase

- ▶ Expansion of procurement consulting services and procurement agent services



1997 Began services for grant aid projects for child health

1998 Began consulting services for Grant Aid for the increase of food production and services for Emergency Grant Aid projects

From 1998 Assistance to Indonesia during the Asian currency crisis: Procurement of pharmaceuticals and medical equipment, and maritime transportation of government rice through Emergency Grant Aid

1999–2003 Expansion Phase

- ▶ Expansion of procurement consulting services
- ▶ Diversification of procurement agent services through reconstruction assistance



2002 Began services for grant aid for research assistance projects and consulting services for Grant Assistance for the Food Aid project

2003 Began services for Grant Aid for Conflict Prevention and Peacebuilding projects

From 2002 Road construction, etc., in Afghanistan through Emergency Grant Aid and Non-Project Grant Aid

From 2003 Collection of small arms in Cambodia through Grant Aid for Conflict Prevention and Peacebuilding

Procurement of Goods

Commencement of Project Execution Supervision and Management Services in Construction Projects

As articulated in JICS' MVV, each employee works to contribute to the peace and stability of the international community. To achieve this goal, we strive to improve the quality of our services as a service provider through activities in developing countries and Japan.

JICS' Mission, Vision and Values (MVV)

MISSION

JICS will contribute to the peace and stability of the international community as a player in the international cooperation field.

VISION

JICS aims to be the world's best service provider in the international cooperation field.

VALUES

Impartiality, Fairness and Transparency
JICS will maintain an impartial stance to ensure fairness and transparency.

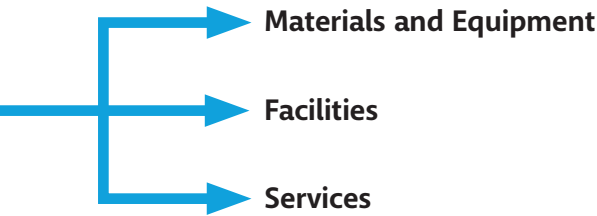
Reliability
JICS will respect local input and build trust with its clients.

Maximizing the Impact of Aid
JICS will focus its efforts on maximizing the impact of aid.

Creation and Challenge
JICS will be unrestricted by conventional ideas, and take up the challenge of creating and providing new services.

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2004–2011 Transitional Phase

- ▶ Increase in project management of construction as part of procurement agent services
- ▶ Commencement of services related to ODA Loans and international organizations



2004 Began services for primary checks of ODA Loans procurement-related documentation

2006 Began procurement agent services for projects related to international organizations and services for Grant Aid for Community Empowerment

2009 Began services for Program Grant Aid for Environment and Climate Change

From 2004 Procurement of portable electrical transformers and water treatment equipment, etc., under Emergency Grant Aid as part of reconstruction assistance in Iraq

From 2005 Sea wall reconstruction, hospital construction, bridge construction, etc., under Non-Project Grant Aid as part of assistance in dealing with damage from the 2004 Indian Ocean earthquake and tsunami

From 2006 Assistance for measures by the ASEAN Secretariat and the World Organization for Animal Health to combat an avian influenza epidemic

2012–2018 Reform Phase

- 2012** Transited to a not-for-profit, general incorporated foundation
- ▶ Strengthened competitiveness and implemented strategies to further develop existing businesses
- ▶ Developed new businesses targeting Public-Private Partnerships (PPP) and the private sector



2013 Began participation in JICA's Support for Japanese Small- and Medium-Sized Enterprises (SMEs) Overseas Business Development

2015 Won a new contract for a Grant Aid Project under Public-Private Partnership

2016 Won a new contract for a Grant Aid Project for Construction

From 2015 Project for Reduction of Non-Revenue Water in Yangon City, Myanmar, through Grant Aid Project under Public-Private Partnership

From 2016 Project for the Reconstruction of Flood-Affected Schools in Myanmar, through Grant Aid Project for Construction

Development of Management Services in Construction Projects

Launch of Management Services in Projects under PPP

To contribute to peace and stability in the international community, we will strive to further refine the strengths we have developed over 30 years, and aim to become an international cooperation “integrator” that gives shape to meeting the needs of recipient communities.



JICS Has Grown as a Procurement Expert Organization while Adapting to the Changing Environment for International Cooperation

In April 2019, JICS celebrated the 30th anniversary of its founding. Over that period, the environment for international cooperation has undergone significant transformations in response to turbulent changes in the global situation. I wish to express our sincere gratitude to the many stakeholders involved in the ODA sector, without whose generous support and cooperation we would not have been able to play the role we have throughout these changing times. Those stakeholders include the Government of Japan and its affiliated agencies such as Japan’s Ministry of Foreign Affairs and the Japan International Cooperation Agency (JICA), the governments of recipient countries, and partners from industry involved in the provision of ODA.

JICS was established in 1989 as Japan’s first procurement expert organization in the international cooperation sphere. JICS initially provided support operations for studies and procurement within technical cooperation projects and general grant aid projects. In 1993, JICS commenced the provision of procurement agent services for grant aid projects.

Since then, procurement agent services have broadened in scope from procurement of products to management of facilities and infrastructure construction

projects, in response to new aid issues faced by the international community. Such issues included support following the 1997 Asian currency crisis, post-war peacebuilding following the Cambodian civil war and the wars in Afghanistan and Iraq, and recovery and reconstruction following the 2004 Indian Ocean earthquake and tsunami. In recent years, JICS’ role has further expanded to include such areas as Grant Aid Projects under Public-Private Partnership, which contribute to the adoption overseas of Japan’s advanced infrastructure technology.

During this period, JICS has also been involved in providing services for primary checks of procurement-related documents under Japanese ODA loan projects, and procurement agent services for projects related to international organizations.

The Realization of Appropriate Procurement Bolsters the Effectiveness of ODA Projects

In order to use Japan’s aid funds efficiently while giving shape to meeting the needs of recipient communities, appropriate procurement of equipment and facilities is crucial. We are proud to play a vital role as a procurement organization in ensuring that this process is carried out effectively.

JICS has an operational track record of providing procurement agent services in 122 countries, and when related services

are also included, we have a record of achievements covering some 150 countries and regions. Our strengths stem from our technical expertise relating to materials and equipment along with facilities and infrastructure construction, spanning a broad array of fields; the information we have accumulated on each country and region, as well as our network of contacts at a myriad of organizations around the world; and our high level of compliance awareness. Furthermore, JICS’ staff approach their work daily with an enthusiasm that may be characterized as “wanting to contribute to the economic and social development of developing countries through the effective realization of ODA projects.”

Working to Achieve International Cooperation-Related Project Outcomes That Provide Satisfaction and Benefits to a Diverse Range of Stakeholders

Having reached its 30th anniversary, JICS has set a future direction of aiming to become an international cooperation “integrator” that is able to support both Japan’s development cooperation policies and efforts to achieve the United Nations’ Sustainable Development Goals (SDGs).

JICS is a neutral organization that possesses know-how in public procurement, and I believe that JICS is capable of identifying and linking the needs of a wide variety of stakeholders. JICS will work to enhance its responsiveness and its capabilities in producing proposals while helping to plan and execute aid projects that have a distinctive and visible connection with Japan and other international cooperation projects in ways that optimally meets the needs of recipient communities. While procurement agent services remain JICS’ mainstay, we are always conscious of the problem solving demanded by the international community, and hence we are committed to taking up challenges in new service spheres.

September 2019

久保 徹

Toru Kubo
President

Japan International Cooperation System (JICS)

To Become an International Cooperation “Integrator”

Since its founding in 1989, JICS has worked to expand and improve the quality of the services it provides, while following the trends and demands of the times. Celebrating JICS' 30th anniversary, we are striving not only to continue our role as a procurement expert but also to become an “integrator” that creates new value in the field of international cooperation. In this section, JICS directors and staff discuss the organization's history and its future outlook.

To Realize the Trends and Demands of the Times and to Act on Them



Kazuki Takeuchi
Vice President and Senior Director General



Nobuyuki Ezaki
Director,
Country Assistance Division 3,
First Management Department



Aya Ishii
Assistant Section Director,
Country Assistance Division 6,
Second Management Department

Takeuchi: JICS was established in 1989, when the Government of Japan was expanding its ODA program. At the time, there was a strong need for expert organizations that could realize ODA projects in a rapid, neutral, fair and transparent manner. JICS began from scratch by learning the basic processes necessary for the execution of ODA projects. Sometimes this included learning technical knowledge and skills from personnel at overseas institutions.

During our first decade, we continued to expand our working scope in response to the various needs from the Government of Japan and from domestic and international society. For example, in the reconstruction support program in Afghanistan in 2003, JICS was involved in the provision of infrastructure facilities. Our services were not only limited to procurement but also to program management under the Peacebuilding and Comprehensive Small Arms Management Program in Cambodia (2003–2008). We established the Japan Assistance Team for Small Arms Management in Cambodia (JSAC) to carry out the collection of small arms through collaboration with various program members. Furthermore, as part of reconstruction support following the Indian Ocean earthquake and tsunami in December 2004, JICS was involved in the procurement of materials and equipment and also the construction of facilities and infrastructure in Indonesia, Sri Lanka, and the Maldives. I was involved in several of these projects, which in hindsight were turning points for JICS.

Ezaki: JICS has undertaken a large number of construction projects. This is one of the fields in which we have extensive expertise. With regard to projects to build secondary schools in Ethiopia—which I managed since 2014—we were involved from the beginning of selection of local construction companies and supervised the entire process through to completion for each project.

The Program Grant Aid for Environment and Climate Change was targeted at developing countries that lack the implementation capabilities and financial resources to achieve both reductions in greenhouse gas emissions and economic growth, and countries that have been made vulnerable by such adverse effects of climate change as drought or desertification. JICS' role was not limited to the procurement of equipment necessary for flood control measures and the reconstruction of cyclone-hit regions. We also handled the procurement of services, such as consultants and construction companies, as well as overall management of projects. JICS' experience in the supervision of construction projects has also led to involvement in current operations relating to Grant Aid Projects under Public-Private Partnership (PPP)—a new form of development assistance—in Myanmar and Cambodia.

Ishii: When I joined JICS in 2010, I was involved in the procurement of equipment such as Japanese-manufactured construction machinery and heavy vehicles through the Program Grant Aid for Environment and Climate Change. These were used in reconstruction efforts following severe flooding that affected a wide area of West Africa in 2009. JICS has been engaged—on an ongoing basis—in Food Assistance and other projects for the satisfaction of basic human needs. In addition, we are expected to respond to the trends and demands of the times, such as preventive measures to cope with natural disasters as a result of climate change. Introducing high-quality, Japanese products for use overseas is one such trend. When I worked at the Embassy of Japan in Morocco, I was present as a spectator to the project to procure advanced equipment manufactured by Japanese small- and medium-sized enterprises (SMEs) for digitizing cultural assets. The equipment was delivered

Collection of small arms in Cambodia (ceremony in 2003 at which weapons were incinerated) ↓



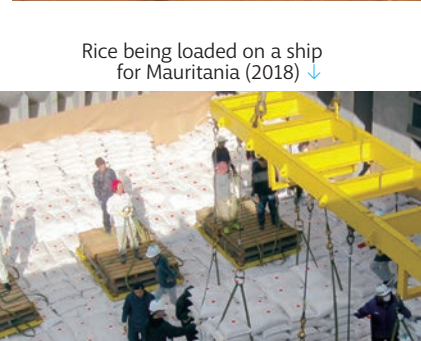
Construction of an evacuation shelter as part of reconstruction assistance following the Indian Ocean earthquake and tsunami (Indonesia, 2009) ↓



to the National Library of the Kingdom of Morocco in accordance with their strong wishes to preserve and deliver their precious manuscripts and documents to the next generation in a sustainable way. Through this project, JICS contributes to the principal objectives of both Japan and Morocco.

Takeuchi: JICS has proactively expanded into services outside of the Grant Aid scheme. From

2004, JICS began providing primary check services for procurement-related documents under Japanese ODA Loans. Since 2006, we have been a procurement agent for the Association of Southeast Asian Nations (ASEAN) and other international organizations. JICS' operations have always remained united in its efforts to respond to the various needs of society based on the transparent management of funds.



Rice being loaded on a ship for Mauritania (2018) ↓

Many Assets Built Up by JICS

Ezaki: JICS has carried out procurement agent services, surveys, screening and other operations in many forms vis-à-vis more than 150 countries and regions. One of JICS' strengths is the large number of staff who are proficient in foreign languages. This enables JICS to build sound relationships with stakeholders in English-, French- and Spanish-speaking countries. Another asset is our broad knowledge and our extensive database covering manufacturers of all types of equipment. This has been built up through the experience we have accumulated in handling procurement across a diverse range of fields. We also have a solid grasp of local conditions in each country, such as shipping terms and customs clearance systems. While human and information resources are extremely important, I believe that JICS' greatest strength is its ability to respond rapidly to the requests of project stakeholders. As an organization focused on supporting its frontline staff, JICS is highly adept at accurately understanding information from donors and beneficiaries. Hence, we are able to speedily

respond to the requests and questions received from recipient-country governments and the Government of Japan by utilizing our organizational experience and the knowledge of individuals within it.

Ishii: I feel that the trust built up over 30 years by those who have been dedicated to the organization's projects is one of JICS' most precious assets. Thanks to our sound relationships with stakeholders through their extensive knowledge and professional operations, I am able to carry out my mission smoothly.

Takeuchi: I think it is important to emphasize JICS' integrity. The funds used for ODA projects originally come from Japanese taxpayers. As such, it is necessary for JICS to accomplish projects in a fair and transparent manner and with integrity. Without this in mind, we would be unable to fulfill our social mission, and then people's trust and expectations in international cooperation would be lost. Our corporate culture places a strong emphasis on compliance, as this is essential for an organization established as a public service corporation.

To Become an "Indispensable Organization"

Ezaki: JICS continuously thinks outside the box and strives for best practices. To deliver aid projects that truly meet local needs—within the budget and schedule—we draw on our entire collective knowledge and experience. A project to which I was assigned in 2018 for the procurement of a patrol boat for Viet Nam had a limited budget and schedule. Within this situation, I placed importance on compressing the schedule for the design phase. As a result, thanks to such factors as the full cooperation provided by Japan's National Police Agency,

we were able to deliver a high-quality, Japanese-built patrol boat within a short delivery schedule.

Ishii: There are many actors within the field of ODA. I believe that JICS' value is its ability to steer a project to success by following up on aspects that other key stakeholders would be unable to cover. In Food Assistance, at its final stage, bilateral discussions between the donor country and the recipient country are held to follow up on how to best use (distribute or sell) granted rice, wheat and other foodstuffs

Handover ceremony for a secondary school (Senegal, 2013) ↓

Drilling rig for geothermal energy development (Ethiopia, 2015) ↓





by the recipient country and to check the status of the use of funds set aside from the sale of the granted products (the so-called “counterpart funds”). JICS’ role is to coordinate these discussions as the secretariat as it is in the unique position of having a grasp of the overall procurement picture. This is not limited to Food Assistance. We also follow up to ensure that the procured goods will be utilized appropriately by the recipient country for their economic and social development.

Takeuchi: Although JICS has accumulated experience in the international cooperation field

for over 30 years, it must frequently tackle issues that we as a single organization cannot solve alone. In such situations, JICS utilizes the networks it has cultivated to date to identify potential partner companies and institutions. Through collaboration with these partners, we aim to realize solutions to the issues we face. This type of activity is one facet of becoming an “indispensable organization.” By linking together the technologies and ideas of a wide range of enterprises, JICS can generate new value that will create benefits for all stakeholders.

To Become an “Integrator”

Ezaki: JICS links together diverse stakeholders involved in international cooperation—including donors, the governments of recipient countries and companies—thereby giving tangible shape to programs and projects and enhancing their effectiveness. JICS has set a goal of becoming an “integrator” that contributes to the social and economic development of recipient countries. For JICS to play the role of an “integrator” at the core of international cooperation projects, we need to carefully build sound relationships with all stakeholders. Until now, we have cultivated relationships with companies from the position of procurement agent—in other words, as the organization tasked mainly with implementing public tenders for procurement contracts. However, in pursuing activities to support the overseas expansion of companies—including Japanese SMEs—seeking to provide solutions to issues faced by developing countries, we must win companies’ trust from the position of a new business partner.

Ishii: Even in cases where the needs of stakeholders are somewhat abstract at the start of the process, by the end the international cooperation “integrator” must transform these needs into a tangible form. For example, when we receive a request, such as “We want to improve the healthcare environment,” we closely examine the needs and current situation of the recipient country by asking such questions as “What kind of a training and support system does the country need to establish for enabling local personnel to become

proficient at using equipment?” In addition, we build up a detailed picture of such factors as relevant policies and the distribution market for equipment. Hence, we develop a base of information from which the project will be given tangible form and provide optimal solutions from the perspective of all stakeholders, including the Japanese and recipient-country governments, supplier companies, and end users. Within an approach where all stakeholders in Japan are working together to address global issues, such as achieving the United Nations’ Sustainable Development Goals (SDGs), I believe that part of our mission as an “integrator” and one of the stakeholders is to link together a myriad of actors, including government agencies and enterprises.

Takeuchi: The advance of technology and significant changes in the global economy and international situation have a large impact on the international cooperation field. The model for conducting international cooperation continues to evolve in response to the changing times while adhering to the values articulated by the international community, such as the SDGs. Within this changing environment, we need to become an organization that can respond flexibly while maintaining the public nature required of a procurement agent organization. If we can achieve this, we believe that JICS will be able to further increase its contribution to global society, specifically by evolving into an “integrator” that links together a diverse array of institutions and enterprises in many countries.

Japanese-manufactured CT scanner delivered to Ukraine (2018) ↓ Handover ceremony for an ambulance delivered to Saint Lucia (2019) ↓

