

The Medium-Term Plan of Okinawa Institute of Science and Technology Promotion Corporation FY2009-2011

Preamble

In accordance with Article 30 of the General Principle Act for Independent Administrative Institutions, Okinawa Institute of Science and Technology Promotion Corporation has established hereby its second medium-term plan to achieve the medium-term objectives instructed by the Prime Minister as of February 27, 2009 in accordance with Article 29 of the same act.

Introduction

This is our second medium term plan for the time period April 1 2009 to March 31 2012. We accomplished the objectives of the first plan in establishing interdisciplinary research in areas that integrate components from biology, physics, chemistry and mathematical and computational science. We created laboratories in temporary quarters and recruited 19 Principal Investigators, 10 of whom are non-Japanese. We began the construction of the buildings on the campus site in Onna Village. We also produced a plan for the establishment of the new University. All of this has given us a secure foundation for proceeding to the next stage and attaining the goal of opening the new University by FY2012 with about 50 Principal Investigators.

Although Okinawa is remote from the main urban centers in Japan, we believe that it is possible to develop an international university with an environment able to attract the “best in the world” teachers and students, and it is our mission to realize this. We think that in the fullness of time, the University will not only be an international important center for research and education in science and technology but will also contribute to sustainable economic and social development in Okinawa, which is a major goal of OIST. This is much as the establishment of research institutes and a university fifty years ago resulted in massive growth of research and educational institutes, private firms, and private research institutes, which led to creation of new industry in the San Diego area in Southern California. Success at OIST will provide a model for other institutions for strengthening their global competitiveness in science and technology.

Many things need to be done in the next three years to achieve our objectives. We will continue to work with relevant organizations including the Cabinet Office to achieve smooth progress towards our goals in order to meet expectation of the general public, which takes into consideration financial support by the government.

We now set out in details the steps we will take to achieve the medium term objectives.

I. Enhancement of the quality of services offered to the public and other operational matters

**1. Research and development (R&D) on science and technology
(R&D activities)**

We will continue to promote innovative cutting edge R&D based on the ideas of individual investigators at OIST PC to achieve the Medium-term objectives in establishing an international center of science and technology in Okinawa. We will provide a research environment with resources optimized to achieve efficient and rapid progress. Cross-disciplinary and collaborative research will be encouraged. Local laboratory resources will be supplemented with advanced technological and computational facilities supported with central resources. Collaboration with external investigators by means of joint research agreements will be encouraged to extend and share the capabilities of the OIST effort. In order to maximize the research results from these collaborative efforts OIST will encourage sharing of its facilities and equipment with such external researchers. Evaluation of the performance of researchers at OIST PC will be carried out according to the highest international standards in concert with our objective to open a world-class university. In order to ensure effective and efficient evaluation of R&D activities, OIST PC will use an external committee including international scientists and follow the principles established in the National Guideline on the Evaluation for Governmental Research and Development (approved by the Prime Minister on October 31, 2008).

(Recruitment of researchers)

We will continue our efforts to recruit outstanding researchers in interdisciplinary fields, both Japanese and international, who are at the level of faculty in the

world's best graduate universities. As part of our last Plan, we formed Graduate Committees in 3 broad fields: Neuroscience, Molecular Sciences, and Mathematical and Computational Biology. Many of our researchers belong to more than one of these committees, which are designed to promote interactions as well as forming the nucleus for future Ph.D. training. We will strengthen the Neurosciences by recruiting internationally in the area of Non-Human Primate Brain Research, and have designed a facility for this development which should become available in fiscal year 2010. We will recruit in Structural Biology to expand the Molecular Sciences. Both of these fields should attract researchers with expertise in the imaging area and increase the number of researchers with experience in physics and chemistry. We have launched a new initiative in the Environmental Sciences with Marine Genetic Diversity as the first area of focus. We will expand this field in collaboration with other institutions in Japan and abroad. To supplement this group we will recruit researchers with interests in theoretical aspects of population biology and ecology. A fourth Graduate Committee in the Environmental Sciences will be established with FY2010 in view as our effort in this field grows. We have established a DNA sequencing facility and will develop in FY2009 the computational tools for genome analysis. This will strengthen the molecular sciences and computational sciences and will form an additional focus for the groups using genetics in their research. Finally, to target outstanding young investigators who are the heart of our program, we have established the Independent New Investigatorships, which will continue beyond FY2009. These are single term 5 year Principal Investigator appointments for young scientists, and are advertised with no restriction to specific subjects, although candidates are informed about the areas that we can best support.

These recruitments will be carried out to attract international investigators who are capable of conducting cutting-edge, creative R&D activities in interdisciplinary fields based on free, innovative ideas. The standard of more than 50% international researchers will be targeted by actively recruiting through leading international journals, websites, and societies. An important element in our recruiting will be our workshops, courses, and seminars, which give us direct contact with a wide range of potential candidates and a global network of leading scientists who know us first hand and who can help with our attracting the best candidates. A process in recruiting researchers by taking into account their originality and potential will be established, and clear recruitment

standards based on transparency and fairness will be used that include broad advertising, a formal application and review procedure, search committees with appropriate expertise, use of outside reviewers, and requiring seminars and interviews. The recruiting process will take into account age distribution and gender.

The new principal investigators hired in this period will become the core of the faculty of the new university, and all appointments will be compatible with the academic structure of the new University so that the transfer to the new University will proceed smoothly. We will develop a personnel policy in FY2009 for researchers and make it public pursuant to the Law concerning Effective Promotion of Research and Development and Enhancement of Research and Development Ability by Facilitating Reform in Research and Development System, and endeavor to create a better research environment for young, female and foreign researchers.

2. Publication of research results and promotion of their use

We will continue to publish our results in scientific journals with high impact, make presentations at leading scientific meetings, and participate in international scientific societies so that at the time of its opening the new University will be well recognized internationally. In doing so, we will make efforts to develop a mechanism for proper management of our research results. We will continue to seek protection of and develop our intellectual property according to the policies established in our previous Plan. We will encourage exchanges and cooperation with industry in a fair and open manner to promote effective use of research results. We will explore the possibility of spinning out certain activities into the formation of new companies, including in the software area.

3. Training of researchers and exchange of researchers

With the opening of part of the new campus in FY2009, we will accept more doctoral students through collaborative graduate programs etc. with established universities, both in Japan and abroad. In order to make effort in obtaining outstanding students from Japan and overseas, we will build an environment to accept those students in an appropriate manner based on collaborative programs with MOUs. Similarly, we will support the research activities of

postdoctoral trainees under the guidance of OIST PIs. Such support will lead to producing outstanding young scientists who will be prepared to carry out outstanding R&D activities on their own. We will continue to host international courses, workshops, and seminars with an emphasis on graduate students, postdocs, and young researchers, both from Japan and abroad. To enhance the international recognition of our program, we will host international symposia on interdisciplinary topics from time to time, and we will encourage scientific exchange with our researchers by means of sabbatical and visiting appointments. Both short-term and long-term exchanges of external researchers and dispatch of OIST researchers will be supported.

4. Preparation for establishing the graduate university

To prepare for the opening of the new University in FY2012, we will develop the basic educational and research capabilities required to submit an application to MEXT for approval of the establishment in March 2011. The principles to be set out in the considerations of the OIST PC BOG, the internal OIST PC University Preparation Working Group, and the OIST University Founding Committee will be incorporated in developing the academic requirements, admissions policies, curricula, and organizations included in the application. Since the new University will need to recruit and retain outstanding world-class faculty in the fierce competition with major overseas and Japanese universities after the opening, OIST PC will examine appropriate treatment for them, including salary system, tenure and retirement options, according to international standards and take necessary measures to prepare for it. We will also take the necessary measures toward recruitment of outstanding graduate students internationally. When the new Graduate University Founding Committee is formed, OIST PC will act as the administrative office and secretariat for the committee and will undertake tasks as needed for the operation of the committee. In addition, procedures will be established to ensure the smooth passage of the members of OIST PC, including both research and administrative personnel, into the structure of the new University. In terms of the time frame, we will obtain clarification about the salary system, tenure and retirement, and basic academic and administrative structure within FY2009. Decisions about details of academic curricula will continue to evolve as new researchers and new scientific areas are added during the ongoing expansion to reach about 50 PIs within 2012.

5. International public relations activity and transmission of information

We will make available public news about the research achievements and the academic and administrative development of OIST in a timely manner by means of press releases, newsletters, PR documents, open house events, web postings, email alerts and other efficient and effective means. Such information will be distributed both at home and abroad to enhance public recognition of the plans and progress for establishing OIST. In addition, we will make available scientific and technical information about research results, workshops and courses, and opportunities for research and training at OIST through our website and publications with the goal of enhancing our recruiting of researchers and students and building collaborative relationships with other international universities and research institutes and industries, etc.

II. Measures taken to achieve goals regarding the efficiency of operations

1. Improvement of efficiency of organizational management

OIST PC must grow as we build toward the opening of the University, but we are committed to improving efficiency wherever this can be achieved and to maintaining a flat, flexible organizational structure. We will make staff assignments focused on clear and non-redundant lines of responsibility. We have made efforts to reduce expenses by outsourcing our payroll etc. and we will steadily improve procurement, invoicing and accounting procedures, by eliminating redundant activities without sacrifice of compliance. Outsourcing will be monitored to ensure an effective outcome. By the end of FY2010 we will centralize HR activities, and we will also develop our Shared Research Facilities operations to eliminate duplication and wastage. We will work for reduction of the percentage of managerial staff to achieve the minimum required to function efficiently and effectively. Through these measures, we will work for reduction of the percentage of staff in the managerial sections to achieve the minimum required to function efficiently and effectively.

2. Appropriate and efficient budget enforcement

In view of the large and increasing public funding provided to OIST PC, we will manage the budget to provide cost-effective delivery of world-class research without inefficiency and waste. We will make certain that our administrative and research personnel thoroughly understand about the importance of cost-

awareness and reduce waste. We will develop segment-specific financial information reporting to provide greater transparency in our financial operations. We will change our financial control system so that we can more clearly obtain information not only on money spent but also on funds committed.

3. Compliance with appropriate tendering and contracting processes and enhancement of procurement efficiency

In general OIST PC will use open competitive tendering of contracts etc. under the Plan for Restructuring and Streamlining Independent Administrative Institutions (approved by the Cabinet Meeting on December 24, 2007). If OIST PC awards a contract at its own discretion because of unavoidable special requirements, then OIST PC will set out audit items and conduct an internal audit of such items to verify the fairness of the contracting.

To cope effectively with the growing complexity of the procurement procedures resulting from the increase of open competitive tenders, we will streamline the contracting process by concluding multi-year contracts in an appropriate manner, and computerizing the contracting procedures for greater efficiency.

4. Adjustment of salary levels

As for the administrative salaries at OIST PC, OIST PC will review the salary level of its personnel under the Plan for Restructuring and Streamlining Independent Administrative Institutions to see whether the salary level is acceptable to the public or not, adjust the salary level if necessary and make public the results of the review as well as measures for adjustment, if taken. Upon conducting a review, OISTPC will do so from the following viewpoints stipulated in the Direction of Guidance (approved by the MIAC Policy and IAI Evaluation Committee in December 2007).

- 1) Whether the salary standard is still higher than that of public servants after taking into account the geographical factors, educational background and other factors of employees.
- 2) Whether any corrective actions can be made to lower the managers-to-regular administrative staff-ratio, in order to help lower the salary standard
- 3) Whether OISTPC is able to fully justify its salary standard by taking into account the huge sum of government subsidies, the existence of

accumulated loss, and the salary standard of private companies carrying out similar operations

- 4) Whether the salary standard is deemed fit for OISTPC operations.

Given that we are competing for PIs in the international arena, it is essential that our salaries for the scientists are competitive. We achieved success in hiring PIs and researchers in establishing the foundation of OIST in the first Medium-Term Plan, but we must continue to implement a competitive salary structure for scientists along with a strict evaluation system during second Medium-Term Plan. This salary structure for the research and academic staff will be considered in establishing the salary structure for the new University.

5. Effective use of assets

We will conduct periodic inspection and inventories of our facilities in order to manage effectively our fixed assets. The effective use of Seaside House and Seaside Faculty Housing will be pursued based on the guidelines developed and under the Plan for Restructuring and Streamlining Independent Administrative Institutions. Moreover, in this Medium-Term Plan we will develop similar guidelines for the new research and administrative buildings and facilities that will be constructed, in order to ensure their effective use.

6. Implementation of measures for greater operational efficiency

We will make efforts to achieve supervising and international auditing functions based on the Plan for Restructuring and Streamlining Independent Administrative Institutions, and continue to enhance its internal control and governance processes by receiving strictly examination on the adequacy of our tendering and contracting processes as well as salary levels.

OIST PC will formulate a clear and concrete annual plan every fiscal year, and develop a mechanism for organized periodical self-inspection and evaluation of internal operations, drawing upon examples of other universities, both domestic and foreign. Results of the self-inspection and evaluation, together with the feedback from the Evaluation Committee for Independent Administrative Institutions, will be considered in planning for improvement of internal operations.

III. Improvement of Financial Conditions

We will attempt to increase our revenues from sponsored research and corporate donations, and will apply for competitive research grants wherever appropriate. Starting in FY2009, we will include rationalized quantitative target objectives in our annual plans, etc. concerning acquisition of external funds that can be obtained as an organization and will take proactive measures strategically. In doing so, OIST PC will recognize the necessity of establishing independent financial assets in the future, for example in the form of a foundation of the university. We will obtain outstanding personnel with expertise to surely promote these measures, and conduct an investigation of new and existing funding opportunities, along with ways on how to provide effective administrative support for researchers to assist them in applying for outside grants, including providing technical assistance in submitting applications and necessary resources. The outcome of the investigation will be placed in action step by step.

Budget, Income & Expenditure Planning, Capital Planning

Budget as shown in Appendix 1

Income & Expenditure Planning as shown in Appendix 3

Capital Planning as shown in Appendix 4

IV. Limitation on short-term loans

Limitation on short-term loans is one billion yen. This is done when the receipt of management grants is delayed, and when there is a need to respond to contingencies, etc.

V. Plan for transferring or mortgaging important assets

The corporation has no plan for transferring or mortgaging important assets.

VI. Use of surplus fund

Should there be any surplus fund, the corporation should shall apply said funds to the improvement of the research operations and to the development of research infrastructure.

VII. Other matters of importance relating to operation

1. Facilities and equipment

We will proceed with the construction of the laboratory and administrative buildings on the Onna Campus and will commission and occupy them on completion. In order to attract outstanding students and researchers, and faculty, world-class standards will be maintained in constructing the new campus. We will ensure that the natural environment is carefully preserved.

We need urgently to implement the housing and living support program to have an attractive research and educational environment for international faculty and students.

In selecting equipment for the facilities and for the research program, the highest international criteria will be used, although open competition and performance comparison will always be employed.

The facilities and equipment planning is shown in Appendix 2.

2. Personnel matters

(Policy)

Recruiting during the next Medium-Term Plan will focus on selecting outstanding personnel for the operations of OIST PC who can readily make transition into the structure of the new university. This recruiting will be done in a planned manner that emphasizes international communication skills. To ensure that employees perform to the best of their abilities, educational programs will be encouraged in professional and personal areas. Emphasis will be based on flexibility and cooperative work arrangements. Flexibility in staff composition will be maintained by using a mixture of fixed-term and permanent appointments. Evaluation and promotion of employees will be conducted in an open and fair manner that rewards special contributions and enables employees to perform to the best of their abilities. In order to handle new activities required to open the University, we will encourage personnel exchanges with other educational and research institutions, administrative institutions and private companies to share expertise, technologies, and experience. We will work proactively to utilize outstanding personnel from

Okinawa.

(Personnel indicators)

At the end of the period of this Medium-term Plan, the number of full time staff members (excluding that of fixed-term employee) shall be 30 or less as compared to 30 at the beginning of the period.

* Fixed term employees shall be placed in addition.

3. Matters related to the disposal of reserve fund

None

4. Enhancement of the administrative structure

In order to establish a world-class educational and research university OIST will need to have the highest quality of management skills in place. The administrative organization will be developed systematically to provide a foundation that will transfer smoothly to the new university. Examples of other leading research universities, both Japanese and international, will be used as models. We will implement a structure for organizational review that will allow adjustment and improvement as part of standard operation. As stated above, we will develop our administrative systems to be compatible with the functions required at the time of opening of the graduate university. We will ensure sufficient overlap of the OIST PC and university systems so that the transition will proceed smoothly.

5. Social responsibilities

(Compliance with laws, regulations, and codes of ethical conduct)

We will continue to ensure that all research activities that require ethical approval or need to be conducted under special conditions of safety will be properly reviewed by the appropriate committees, which we have set up in compliance with Japanese laws and regulations. We will take appropriate measures for document control, information disclosure and personal information protection, and preventing misconduct in research activities and misappropriation of research funds

(Cooperation with the local community)

Since OIST will become an integral component of the community in Okinawa,

(English Translation)

we will cooperate with prefectural and local authorities in building the social and business infrastructure that will insure this. We will visit schools, hold open house meetings, and welcome guests to inform the community about our activities and build the ties necessary for a solid relationship with the community.

In parallel with the establishment of OIST, Plan for Environmental Improvement in the Vicinity of OIST, established by Okinawa Prefectural Government, is being carried out by various local stakeholders. OIST PC will proactively extend cooperation to this plan to foster deeper ties with the local community and create a community-based graduate university.

(Environmental consideration)

OIST is in an environmentally beautiful and sensitive area in Okinawa, and we will take special precautions to minimize the environmental impact of our activities. We will use environmentally friendly products wherever possible and will minimize the environmental burden by efficient use of energy, consistent with the Law concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities.

(Creation of safe and friendly work environment)

OIST will promote safety measures for prevention of accidents and mitigation of disasters. We will work to create a comfortable work environment where individual employees can fully develop their abilities and enjoy their work. We will provide measures for both physical and mental health promotion, preventing power and sexual harassment, and coping with all other labor problems adequately. In addition, OIST PC will provide a system to help its personnel continue working while raising children and achieve a better work-life balance.

(English Translation)

Medium Term Plan

Appendix 1: Budget for FY2009 - FY2011

		(\ mil)
Items	Amount	
Revenues		
Subsidy for Operation		14,570
Subsidy for Facilities		7,445
Donation		270
total		22,285
Expenses		
Operating Expenses		11,754
[Personnel Expenses		3,699
General Administrative Operating Expenses]		8,055
Administrative Expenses		2,816
[Personnel Expenses		1,137
Running expenses]		1,679
Construction Expenses		7,445
Other		270
total		22,285

Notes:

Due to rounding-off, total amounts and sums of each item in both columns do not necessarily correspond to each other.

Personnel Expense Estimation

Estimated total amount during the period shall be 930 million yen. The above amount shall correspond to base salaries and allowances for officers and other employees in Personnel Expenses of Administrative Expenses.

Calculation of Subsidy for Operation

[Amount of subsidy for operation] =
 [Personnel expenses for administration]+
 [Expenses for operation + Expenses for administration] x [CPI] +
 [Extraordinary items]

[Personnel expenses for administration] =
 [Base salary, etc.] +

(English Translation)

[Pension and health insurance] +
[Special allowance for kids] +
[Retirement bonus]

[Base salary, etc.] =

([Salary for the executives (previous year)] +
[Base salary for administrative staff (previous year)] +
[Allowances for Salary administrative staff (previous year)] +
[Extra-hour payments (previous year)]) x
[1 + annual raise ratio]

[Expenses for Operation] =

[Expenses for Operation (previous year)] x
[Political Priority]

[Expenses for Administration] =

[Expenses for Administration (previous year)] x
[Improvement of Efficiency] x
[Political Priority]

[CPI] : Consumer Price Index of the previous year

[Extraordinary items] : Expenses caused by regulation change, etc.

[Improvement of Efficiency] : As a result of saving efforts, 0.99 is tentatively assumed in these calculations.

[Political Priority] : Necessity of expansion, good evaluation results, etc.

(English Translation)

Medium Term Plan

Appendix 2: Construction Plan for FY2009 - FY2011

(\ mi)

Items	Budget	Source of Budget
<Onna Village Main Campus> Construction Lab 2 Auditorium Infrastructure	Total 7,445	Subsidy for Facilities
<All campus common> Minor renovation Disaster recovery Large Equipment Maintenance		

Note 1 : The amount is estimate, and it could be added for necessary facilities and equipment to achieve the Medium-term objectives, and for repair works of them considering those overage condition etc.

Note 2 : The amount of the Subsidy for Facilities by each Fiscal Year will be decided in the process of its budget compilation etc, because the estimated required amounts might be changed due to the development of the research activities and /or operational works.

Medium Term Plan

(English Translation)

Appendix 3: Estimated Income Statement for FY2009 - FY2011

		(\ mil)
Items	Amount	
Expenses		
Ordinary Expenses	14,211	
Operating Expenses	8,084	
Personnel Expenses	3,699	
General Administrative Operating Expenses	4,385	
Administrative Expenses	2,779	
Personnel Expenses	1,137	
Running Expenses	1,642	
Other	270	
Depreciation	3,078	
Finance Charges	_____	
Extraordinary Items	_____	
Revenues		
Subsidy for Operation	10,863	
Donation	281	
Reversal of Depreciation (Subsidy for Operation)	3,023	
Reversal of Depreciation (Donation)	7	
Reversal of Depreciation (Donated assets)	37	
Extraordinary Items	_____	
	0	
Net Profit	_____	
Reversal of Reserve for Specific Objectives	_____	
Gross Profit	0	

Note:

Due to rounding-off, total amounts and sums of each item in both columns do not necessarily correspond to each other.

(English Translation)

Medium Term Plan

Appendix 4: Estimated Cash Flow Statement for FY2009 - FY2011

(\ mil)

Items	Amount
Cash Outflow	
Cash Outflow for Operation	11,133
Cash Outflow for Investment	11,152
Cash Outflow for Financing	0
Carry-over for the next period	0
Cash Inflow	
Cash Inflow from Operation	14,840
[Cash Inflow from Subsidy for Operation	14,570
Cash Inflow from Donation	270
Cash Inflow from Investment	7,445
[Cash Inflow from Subsidy for Facilities	7,445
Cash Inflow from Financing	0
Carry-over from the previous period	0

Note:

Due to rounding-off, total amounts and sums of each item in both columns do not necessarily correspond to each other.