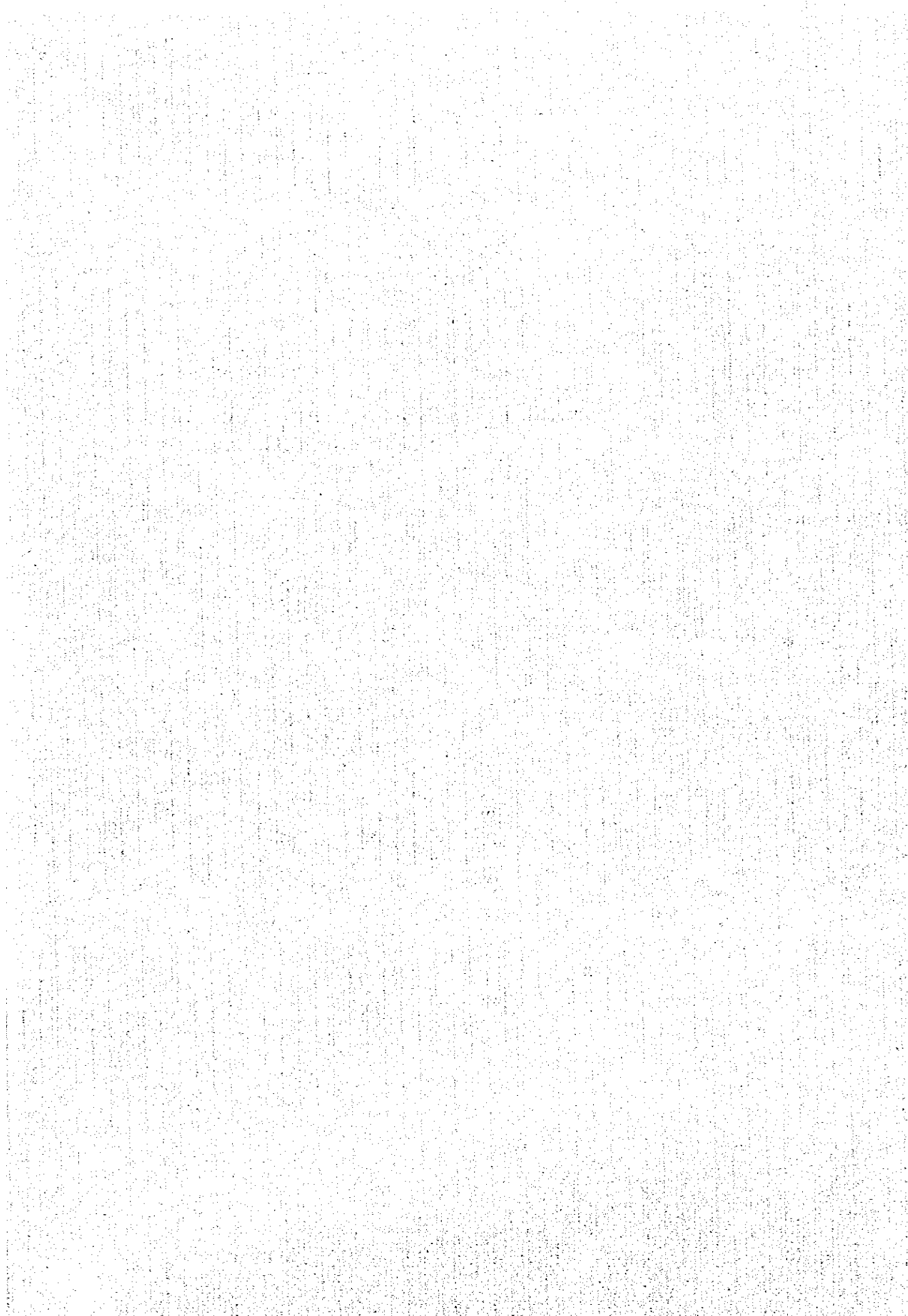


Chapter4 Project Evaluation and Recommendations



CHAPTER 4 PROJECT EVALUATION AND RECOMMENDATIONS

4 - 1 PROJECT EFFECT

Land surface transportation plays a decisive role in the national economic development. In 1987, the Mozambique Government announced its Economic Rehabilitation Program (ERP) to steer the war-ravaged national economy toward recovery and stability. The ERP focused on the monetary and fiscal reform, such as exchange rate adjustments, switch from price controls to a market-based price system, restraints on government expenditure, and strengthening of taxation and taxable bases. As a result, the GDP grew at an annual rate of 5.3% during the four-year period from 1986 to 1990. The agricultural production rebounded dramatically. For example, the production of maize increased 2.7 times over the same period.

Faced with a slow recovery of civil order, serious bottlenecks in the transportation network and the shortage of storage and marketing facilities, the Mozambique people do not have adequate incentives to expand their productive activities on a constant basis. Moreover, some adverse consequences of the new monetary and fiscal policies, such as rising domestic prices caused by the exchange rate depreciation, has a dampening effect on agricultural and other sectors outputs, seriously constraining the country's prospects of increasing foreign exchange earnings.

In 1989, the Mozambican Government launched the Economic and Social Rehabilitation Program (ESRP). The ESRP proposes as its center piece the Priority District Program (PDP) in order to expedite the early recovery and sustained growth of agricultural production. In addition, the Government announced, and has been implementing, the ROCS Plan for the transportation sector in order to support the distribution and marketing of agricultural outputs.

In Mozambique, the investments in the transportation sector have traditionally been geared to those routes that connect the neighboring land-locked countries to the major ports on the east coast. In 1973, for example, transportation industries in the country generated a combined surplus of US\$ 110 million. A decade later, the surplus plummeted to US\$ 34 million, a drop of more than 70%. The figure was somewhat improved in 1989 to US\$ 42 million. The value of the surplus is equivalent to a little more than 10% of GDP of the same year. The transportation sector plays an important role in the national economy, by earning the much-needed hard currencies and creating employment opportunities.

The Project reconstructs a number of bridges that are integral to the operation of arterial highways, and thus makes a significant contribution to the mitigation of persistent bottlenecks in the national highway network. However, the current conditions of major highways are very poor, and many are nearly impassable during the rainy season. Because the existing highways do not function as a network, the vehicular traffic is at present virtually negligible in many sections. Moreover, available demographic statistics are inadequate and no one knows how many of the refugees have returned. Under such circumstances, it is not

possible, nor appropriate, to apply to the present Project the usual method of project analysis: namely, forecasting future levels of population, industrial output, household income and other relevant socio-economic indices, forecasting the future transport demand on the basis of the current demand, and analyzing the expected benefits of a given project. In addition, the highway routes, on which the bridges selected for the Project are located, play varying roles in the country's transportation network. Thus, it is not possible to analyze the benefits of the Project as one whole. Instead, the expected benefits of the Project are broken down to five groups per relevant highway route, as summarized in Table 14 below.

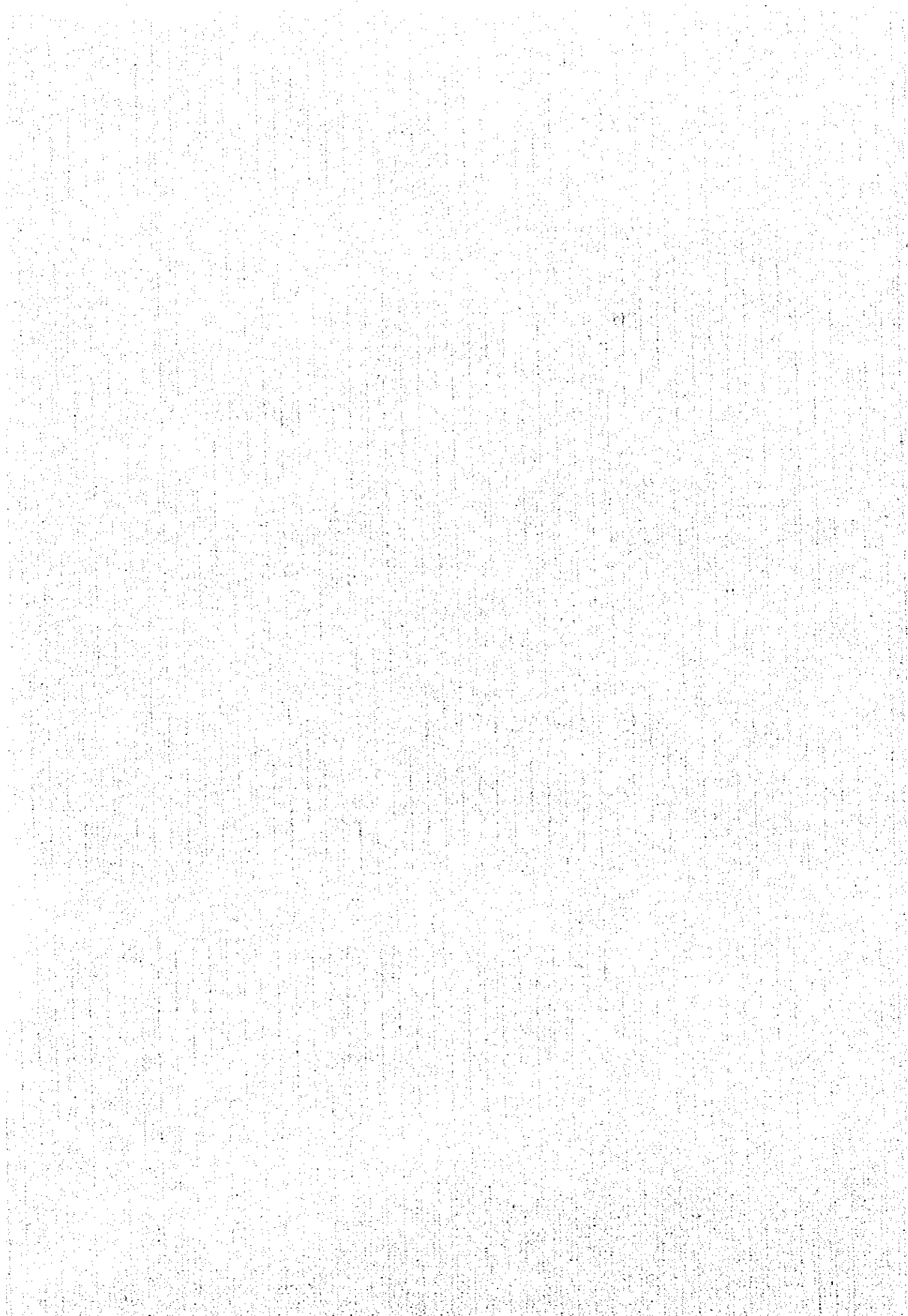
Table 9 Expected Benefits of the Project

Routes	Bridges	Expected Benefits
102	Pungue Mecumbezi	Route 102 is an international highway linking Zambia and Malawi to Beira Port, serving one of the largest daily traffic volumes (500 vehicles, mostly of heavy types) in the country's road network. If this route should go out of service, the vehicular traffic would have to detour through Harare, traveling 400 km to reach Beira Port instead of 200 km on the route. The full operation of the route is very important for increasing the country's foreign exchange earnings.
1 213	Zangue Xisadze I Xisadze II	Zangue bridge is located about 5 km south from the ferry boat terminal at Caia on Zambezi River. It is located on Route 1 running north-south. The traffic from Route 213 that links Caia and Beira also passes this bridge. Xisadze I and Xisadze II bridges are located on Route 213. This route is added to the top priority routes for urgent rehabilitation, because the section north of Beira in Route 1 is not yet opened. If three bridges should go out of service, the vehicular traffic would have to detour as far as Chimoio, traveling some 1,000 km from Beira to Quelimane instead of 400 km on the route.
225	Chiraba Namtangurine	Chiraba bridge is located about 30 km north from the ferry boat terminal at Caia. Chiraba and Namtangurine bridges are located on Route 225, which is the only route linking Quelimane to Beira. If this route should go out of service, the vehicular traffic would have to detour through Harare, the same as the case of the Zangue bridge mentioned above.
232	Metuce Namtirroi Moloeue	Three bridges are located on Route 232 that goes from Quelimane to Nampula, the country's third largest city in the north. The Mozambican Government started constructing this route before, but had to abandon during the civil war. If this route should go out of service, the vehicular traffic would have to detour through Malawi, traveling some 800 km instead of 400 km on the route. However, the detouring route itself often gets out of service, indicating the absolute necessity of the route.
8	Mecuburi Mutibaze Thi-Thi	Route 8 is an international highway linking Malawi to Nacala Port. The road improvement is currently under way with the IDA fund. Therefore, the rehabilitation of three bridges are very important. The railway runs parallel to the route and transports more than 80% of goods transported between Malawi and Nacala. The development of the route will generate more traffic from Zambia and Malawi, adding to the country's foreign exchange earnings.

4 - 2 RECOMMENDATIONS

Mozambique requires huge capital outlays to develop a network of highways that will effectively service its vast land area. At the present moment, the country has no all-weather route which links throughout the year the four northern provinces (Niassa, Cabo Delgado, Nampula and Zambezia), where more than 60% of the country's population resides, to the southern provinces, especially to the national capital. In order to maximize the impacts of the present Project, it will be essential to improve the highways and related facilities. More specifically, the section between Incope and Caia and the section between Namacurra and Rio Ligonha are still in poor conditions and in need of improvement. Without the concurrent development of these sections, the rehabilitation of the bridges will not complete the north-south transportation axis. Moreover, it is necessary to provide more effective facilities to cross Zambezi River, the natural divider of the southern and the northern terrain. The full benefits of the Project will become manifest with these related investments.

Appendices



[Appendices]

1. Members of the Study Team

(1) First Visit to Mozambique (1996/2/21 - 1996/3/16)

Position	Name	Company
Project Manager	Mr. Tomonori Arai	Ministry of Foreign Affairs, Economic Cooperation Bureau
Technical Counselor	Mr. Chouji Tsukuda	Honshu-Shikoku Bridge Authority, Deputy Manager, Hayashima Operation Office, Second Operation Bureau
Grant Aid Division	Mr. Nobuhiko Hanasato	Japan International Cooperation Agency, Second Basic Study Division, Grant Aid Study & Design Department
Chief Consultant	Mr. Junji Yasui	CHODAI Co., Ltd.
Road and Bridge designer	Mr. Yasuo Morita	CHODAI Co., Ltd.
Surveyor	Mr. Yukio Koike	CHODAI Co., Ltd.
Construction Planning and Cost Estimate	Mr. Sadaaki Sibata	CHODAI Co., Ltd.
Translator	Ms. Saho Toda	CHODAI Co., Ltd.

2) Second Visit to Mozambique (1996/5/11 - 1996/6/19)

Position	Name	Company
Project Manager	Mr. Kenji Suzuki	Ministry of Foreign Affairs, Economic Cooperation Bureau Grant Aid Division, Assistant Director
Technical Counselor	Mr. Satoshi Okano	Honshu-Shikoku Bridge Authority, Deputy Manager, Imabari Operation Office
Chief Consultant	Mr. Junji Yasui	CHODAI Co., Ltd.
Road and Bridge design	Mr. Masami Takahashi	Nippon Koei Co., Ltd.
Surveyor(1)	Mr. Yukio Koike	CHODAI Co., Ltd.
Surveyor(2)	Isao Inuzuka	Nippon Koei Co., Ltd.
Construction Planning and Cost Estimate	Mr. Sadaaki Sibata	CHODAI Co., Ltd.
Translator	Ms. Saho Toda	CHODAI Co., Ltd.

2. Itinerary

(1) Governmental Mission

1) First Visit to Mozambique

Official Month/Date	Project Manager: T. Arai	Mr. C. Tsukuda	Mr. N. Hanasato
2/21(Wed)	Move from Narita to Johannesburg via Hong Kong		
2/22(Th.)	Move from Johannesburg to Maputo, Visit to DNEP		
2/23(Fri.)	Meeting with DNEP		
2/24(Sat)	Site Survey from Chokue to Xai Xai		
2/25(Sun)	Holiday		
2/26(Mon.)	Site Survey at Mahau Bridge		
2/27(Tu.)	Meeting with DNEP		
2/28(Wed)	Meeting with DNEP		
2/29(Th.)	Signing Minutes of Meeting		Move from Maputo to
3/1(Fri.)	Move from Maputo to Harare		
3/2(Sat)	Visit and Report to the Japanese Embassy in Zimbabwe		
3/3(Sun)	Move from Harare to Singapore Via Johannesburg		
3/4(Mon.)	Arrive at Singapore		
3/5(Tu.)	Move from Singapore to Narita		

2) Second Visit to Mozambique

Official Month/Date	Project Manager: K. Suzuki	Mr. S. Okano
5/11(Sat)	Move from Narita to Johannesburg via Hong Kong	
5/12(Sun)	Move from Johannesburg to Maputo, Visit to DNEP	
5/13(Mon)	Meeting with DNEP	
5/14(Tu.)	Site Survey at Caia bridge, Zangue bridge and Chiraba bridge. Move to Beira	
5/15(Wed)	Site Survey at Pungue bridge, Arrive at Maputo	
5/16(Th.)	Meeting with DNEP	
5/17(Fri.)	Meeting with DNEP, Signing Minutes of Meeting	
5/18(Sat)	Holiday	
5/19(Sun)	Move from Maputo to Hong Kong via Johannesburg	
5/20(Mon.)	Move from Hong Kong to Narita	

(2) Study Team

1) First Visit to Mozambique

Official Month/Date	Mr. J. Yasui	Ms. S. Toda	Mr. Y. Morita	Mr. Y. Koike	Mr. S. Shibata
2/21(Wed)	Move from Narita to Johannesburg via Hong Kong				Same as Mr. Yasui
2/22(Th.)	Move from Johannesburg to Maputo, Visit to DNEP				Same as Mr. Yasui
2/23(Fri.)	Meeting with DNEP				
2/24(Sat)	Site Survey from Chokue to Xai Xai		Move from Narita to Johan'g. Via Hong Kong	Same as Mr. Yasui	
2/25(Sun)	Holiday		Move from Johannesburg to Maputo	Same as Mr. Yasui	
2/26(Mon.)	Meeting with DNEP				
2/27(Tu.)	Site Survey at Mahau Bridge			Move from Maputo to Nampula	
2/28(Wed)	Meeting with DNEP			Meeting with DNEP(Nampula)	
2/29(Th.)	Meeting with DNEP, Signing Minutes of Meeting			Site Survey at Namirroi Bridge, Malela Bridge and Molocue Bridge	
3/1(Fri.)	Move from Maputo to Beira			Review of Collected Information Verbal Survey	
3/2(Sat)	Move from Beira to Chimoio			Visit to Nacala Port	
3/3(Sun)	Site Survey at Pandira, Mecumbezi and Pungue			Site Survey at Mecuburi Bridge, Thi Thi Bridge and Mutibaze Bridge	
3/4(Mon.)	Move from Chimoio to Beira			Review of Collected Information	
3/5(Tu.)	Visit to Beira Port, Review of Collected Information			Review of Collected Information, Visit to Contractor	
3/6(Wed)	Site Survey at Xisadze Bridge I, II, Zangue Bridge, Chiraba Bridge, Namitangurine Bridge			Review of Collected Information	
3/7(Th.)	Review of Collected Information			Move from Nampula to Maputo	
3/8(Fri.)	Move from Beira to Maputo			Information Collection, Visit to Contractor	
3/9(Sat)	Meeting with DNEP				
3/10(Sun)	Move from Maputo to Harare	Holiday			
3/11(Mon.)	Report to the Japanese Embassy	Information Collection			
3/12(Tu.)	Holiday	Information Collection, Meeting with DNEP			
3/13(Wed)	Move from Harare to Johan'g.	Move from Maputo to Singapore via Johannesburg			
3/14(Th.)	Move from Johanne. to S'pore	Arrive at Singapore			
3/15(Fri.)	Move from Sing. to Narita	Move from Singapore. Arrive at Narita			
3/16(Sat)	Arrive at Narita				

2) Second Visit to Mozambique

Official Month/Date	Mr. J. Yasui	Mr. M. Takahashi and Mr. Y. Koike	Mr. I. Inuzuka	Mr. S. Shibata
5/11(Sat)	Move from Narita to Johannesburg via Hong Kong			
5/12(Sun)	Move from Johannesburg to Maputo			
5/13(Mon.)	Visit to MPWH and DNEP			
5/14(Tu.)	Site Survey at Zangue Bridge and Chiraba Bridge	Information Collection		
5/15(Wed)	Site Survey at Pungue Bridge	Information Collection	Preparation for Site Survey	
5/16(Th.)	Meeting with DNEP	Preparation for Site Survey	Move to Nampula	
5/17(Fri.)	Meeting with DNEP (Signing Minutes of Meeting)	Move to Quelimane	Nampula (Local DNEP meeting)	
5/18(Sat)	Meeting with DNEP	Meeting with Local DNEP	Site Survey at Mecuburi Bridge	
5/19(Sun)	Move to Nampula	Site Survey	Information Review	
5/20(Mon.)	Meeting with Local DNEP	Site Survey at Chiraba Bridge	Site Survey at Mutibaze Bridge	
5/21(Tu.)	Site Survey (Thi-Thi)	Chiraba Bridge	Site Survey at Thi-Thi Bridge	
5/22(Wed)	Meeting with Local DNEP	Site Survey at Zangue Bridge	Meeting with Local DNEP	
5/23(Th.)	Site Survey at Molocue Bridge	Site Survey at Xisadze I, II Bridge	Information Review	
5/24(Fri.)	Site Survey at Matela Bridge and Namirroi Bridge	Zangue Bridge	Preparation for Site Survey	Information Collection
5/25(Sat)	Move to Beira	Move to Beira	Move to Beira	Information Collection
5/26(Sun)	International Meeting at Beira			Move from Maputo
5/27(Mon.)	Meeting with Local DNEP	Move to Chimoio		Arrive at Johannesburg
5/28(Tu.)	Information Collection	Site Survey at Pungue Bridge		Move from Johannesburg
5/29(Wed)	Move to Maputo	Pungue Bridge		Move from Singapore
5/30(Th.)	Meeting with DNEP	Site Survey at Mecuburi Bridge		Arrive at Narita
5/31(Fri.)	Information Review	Move to Beira		
6/1(Sat)	Information Review	Site Survey at Beira		
6/2(Sun)	Holiday	Move to Quelimane		
6/3(Mon.)	Information Review	Site Survey at Quelimane		
6/4(Tu.)	Information Review	Move to Molocue		
6/5(Wed)	Information Collection	Site Survey at Namirroi		
6/6(Th.)	Meeting with DNEP	Namirroi Bridge		
6/7(Fri.)	Meeting with DNEP	Site Survey Molocue		
6/8(Sat)	Information Collection	Molocue Bridge		
6/9(Sun)	Holiday	Site Survey at Metuce		
6/10(Mon.)	Move to South Africa	Metuce Bridge		
6/11(Tu.)	Move to Harare	Move to Nampula		
6/12(Wed)	Report to the Japanese Embassy	Move to Maputo		
6/13(Th.)	Move to South Africa	Maputo (Information Collection)		
6/14(Fri.)	Examine results of entrusted survey	Maputo (Information Collection)		
6/15(Sat)	Information Collection	Maputo (Preparation for Return)		
6/16(Sun)	Holiday	Move from Maputo, Move to Johannesburg		
6/17(Mon.)	Move from Johannesburg			
6/18(Tu.)	Arrive at Singapore			
6/19(Wed)	Move from Singapore, Arrive at Narita			

3. List of Personnel in the Recipient Country

MINISTRY OF PUBLIC WORKS AND HOUSING (MOPH)

NATIONAL DIRECTORATE OF ROAD AND BRIDGES (DNEP)

Mr. Carlos Fragoso	Director
Mr. Joao David Mabombo	Deputy Director
Mr. Tiago Massingue	Coordinator-1
Mr. Atanasio Mugunhe	Coordinator-2
Mr. Agostinho V. Notece	Dept. of Maintenance
Mr. Evaristo R. Mussupai	Dept. of Maintenance
Mr. G. L. Verma	Consultant

REGIONAL OFFICES OF DNEP

SOFALA

Mr. Joao Godinho	Chief of department of road and bridges
Mr. Arne Johanson	Consultant
Mr. Horacio Ribeiro	Director of ECMEP

MANICA

Mr. Armand	Chief of department of road and bridges
Mr. Jose Rodrigues	Consultant
Mr. Brito Soca	Director of ECMEP

ZAMBEZIA

Mr. Carlos Bras	Chief of department of road and bridges
Mr. Manuel Noronha	Consultant
Mr. Elias Marrengule	Director of ECMEP

NAMPULA

Mr. Santos Manuel	Chief of department of road and bridges
Mr. Sergio Vasconcellos	Consultant
Mr. Herculano Cumbe	Director of ECMEP

**Minutes of Discussions
on
the Basic Design Study
on
the Project for Reconstruction of Bridges on the Main National Roads
in
the Republic of Mozambique
(First Field Study)**

In response to a request from the Government of the Republic of Mozambique, the Government of Japan has decided to conduct a Basic Design Study on the Project for Reconstruction of Bridges on the Main National Roads (hereinafter referred to as "the Project"), and entrusted the study to the Japan International Cooperation Agency (JICA).

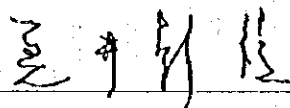
JICA sent to the Republic of Mozambique a Basic Design Study Team headed by Mr. Tomonori ARAI, Economic Cooperation Bureau, Ministry of Foreign Affairs, which is scheduled to stay in the country from February 22 to March 13, 1996.

The team held a series of discussions with the concerned officials of the Government of the Republic of Mozambique, and conducted a field survey at the study area.

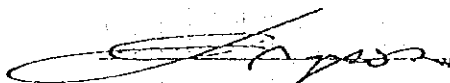
As a result of discussions and field survey, both sides agreed the main items described in the attached sheets.

The Team will proceed to further works and prepare the Interim Report.

Maputo, February 28, 1996



Tomonori Arai
Leader
Basic Design Study Team
JICA



Carlos Fragoso
Director National
National Directorate of
Roads and Bridges
Ministry of Public Works
and Housing
Republic of Mozambique

ATTACHMENT

1. OBJECTIVE

The objective of the Project is to construct permanent bridges to replace old bridges which have deteriorated due to war, severe weather and age, and are hindering the safe transportation in the Project areas. Improvement and reconstruction of the roads and bridges are the key factors that shall help execution of National Reconstruction Program of the Mozambique Government. By constructing the new bridges, all weather access will be provided to ensure basic transport facilities in the Project area, and to relieve the communities from suffering their daily life. And in the long term view, socio-economic activities will be encouraged hence to contribute to the development of the Project area.

2. PROJECT IMPLEMENTING AGENCY

National Directorate of Roads and Bridges, Ministry of Public Works and Housing.

3. PROJECT SITE

The proposed sites which are subject to the first field survey of the Project are shown in Annex-1

4. MAJOR ITEMS REQUESTED BY THE MOZAMBIKAN SIDE

As a result of the series of discussions, the bridges listed in Annex-2 are requested for the first field study by the Mozambican side. However, the site where risk of the safety is foreseen will be neglected from the list. The final components of the Project will be decided after further studies.

5. CRITERIA FOR THE SELECTION AND PRIORITIZATION OF BRIDGES

The criteria for the selection and prioritization of bridges subject to the second field study are shown in ANNEX-3

6. JAPANESE GRANT AID PROGRAM

The Mozambican side has understood the system of Japanese Grant Aid Program explained in ANNEX-4.

7. SAFETY MEASURE

The Mozambican side will take all possible measures to secure the safety of the team during the field survey.

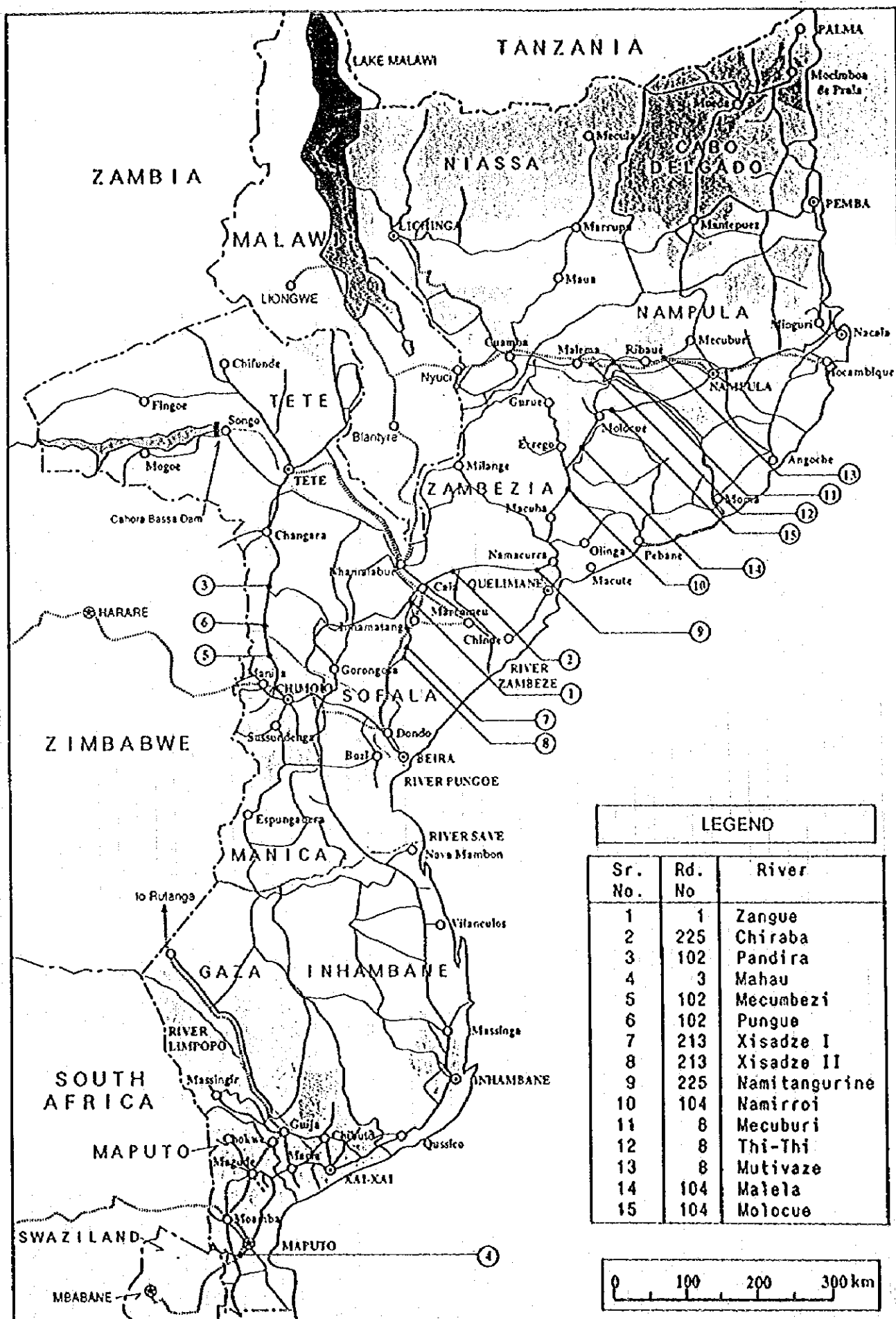
8. NECESSARY MEASURES TO BE TAKEN BY THE MOZAMBIKAN SIDE

The Mozambican side will take necessary measures described in ANNEX-5 for smooth implementation of the Project on condition that the Grant Aid by the Government of Japan is extended to the Project.

8. FURTHER SCHEDULE OF THE STUDY

- 1) The team will proceed to further studies in the Republic of Mozambique until March 13, 1996.
- 2) Based on the results, JICA will prepare an Interim Report and dispatch a team in the end of April 1996 in order to explain and confirm the contents, then proceed the second field study.
- 3) Based on the results of the second field study, JICA will prepare a Draft Basic Design and dispatch a team in the end of July 1996 in order to explain and confirm the contents.
- 4) Upon acceptance of the Draft Basic Design by the Republic of Mozambique, JICA will complete the Basic Design Report and forward it to the Mozambican side by October 1996.

ANNEX-1 The Proposed Site of the First Field Survey



ANNEX-2 List of Bridges for the first field study being requested by the Mozambique Government

Sr. No.	Rd. No	River	Province	Note
1	1	Zangue	Sofala	Concrete Bridge
2	225	Chiraba	Zambezia	Concrete Bridge
3	102	Pandira	Manica	Concrete Bridge
4	3	Mahau	Maputo	Concrete Bridge
5	102	Mecumbezi	Manica	Concrete Bridge
6	102	Pungue	Manica	Concrete Bridge
7	213	Xisadze I	Sofala	Bailey Bridge
8	213	Xisadze II	Sofala	Bailey Bridge
9	225	Namitangurine	Zambezia	Bailey Bridge
10	104	Namirroi	Zambezia	Bailey Bridge
11	8	Mecuburi	Nampula	Bailey Bridge
12	8	Thi-Thi	Nampula	Bailey Bridge
13	8	Motivaze	Nampula	Bailey Bridge
14	104	Malela	Zambezia	Bailey Bridge
15	104	Molocue	Zambezia	Bailey Bridge
Number of Bridges to be Investigated				15

The bridges investigated in detail in the second field study are selected from the bridges listed above.

ANNEX-3 Criteria for selection and prioritization of bridges for Basic Design.

(1) Road Development Policy of Mozambique Government

1. Five Year Development Plan
2. ROCS I and ROCS II Plan (Post War Recovery Project)
3. Strategy and Priority of the Development on National Highway (Grade of the National Highway)

(2) Present Status and Serviceability of Bridges

1. Permanent Bridge (Passable, Lack of Capacity)
2. Temporary Bridge (Passable, Lack of Capacity)
3. Permanent Bridge (Deteriorated, Dangerous Situation)
4. Temporary Bridge (Deteriorated, Dangerous Situation)
5. Impassable

**(3) Socio Economic Factor
(Industrial and Agricultural Production, Population etc.)**

**(4) Average Daily Traffic Volume
(Present and Future Traffic Demand if any)**

(5) Social Redevelopment Plan of the Mozambique Government

1. Resettlement Area for Returnee
2. Industrial and Agricultural Redevelopment Plan

ANNEX-4 Japanese Grant Aid Program

1. Grant Aid Procedures

- 1) Japanese Grant Aid Program is executed through the following procedures.

Application	(Request made by a recipient country)
Study	(Basic Design Study conducted by JICA)
Appraisal & Approval	(Appraisal by the Government of Japan and Approval by Cabinet)
Determination of Implementation	(The Notes exchanged between the Government of Japan and the recipient country)

- 2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it suitable for Japanese Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such matters as preparing tenders, contracts and so on.

2. Basic Design Study

1) Contents of the Study

The aim of the Basic Design Study (hereafter referred to as "the Study"), conducted by JICA on a requested project (hereafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the Study are as follows:

- a) Confirmation of the background, objectives, and benefits of the requested Project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
- b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- d) Preparation of a basic design of the Project
- e) Estimation of costs of the Project

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of Japanese Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the Project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA select (a) firms(s) based on proposals submitted by interested firms. The firm(s) selected carry(ies) out a Basic Design Study and Write(s) a report, based upon terms of reference set by JICA.

The consulting firm(s) used for the Study is (are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

3. Japanese Grant Aid Scheme

1) What is Grant Aid?

The Grant Aid Program provided a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

2) Exchange of Notes (E/N)

Japanese Grant Aid is extended in accordance with the Notes exchanged by the two Governments concerned, in which the objectives of the Project, period of execution, conditions and amount of the Grant Aid, etc., are confirmed.

- 3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed. However in case of delays in delivery, installation or construction due to unforeseen factors such as whether, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two Governments.

- (6) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

(7) "Proper Use"

The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expense other than those covered by the Grant Aid.

(8) "Re-export"

The products purchased under the Grant Aid should not be re-exported from the recipient country.

(9) Banking Arrangements (B/A)

- a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an authorization to pay issued by the Government of the recipient country or its designated authority.

Figure-1 Flow Chart of Japanese Grant Aid Procedure

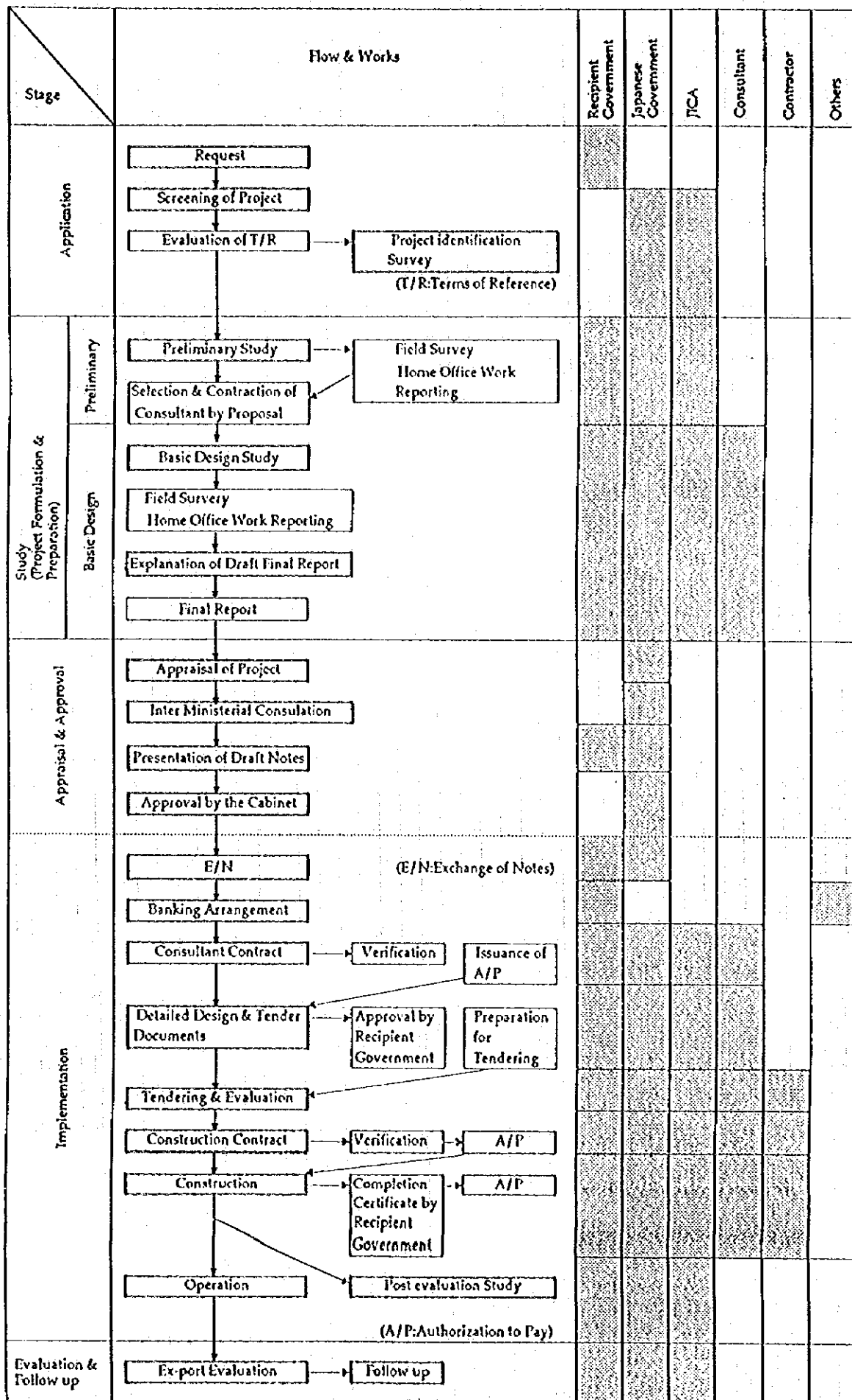


Table-1 Major Undertaking to be taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		●
2	To clear, level and reclaim the site when needed		●
3	To construct gates and fences in and around the site		●
4	To construct the parking lot	●	
5	To construct roads		
	1) Within the site	●	
	2) Outside the site		●
6	To construct the bridges	●	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution main to the site		●
	b. The supply system within the site (receiving and elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm, sewer and others) to the site		●
	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the site	●	
	4) Gas Supply		
	a. The city gas main to the site		●
	b. The gas supply system within the site	●	
	5) Telephone System		
	a. The telephone trunk line to the main distribution frame/panel (MDF) of the building		●
	b. The MDF and the extension after the frame/panel	●	
	6) Furniture and Equipment		
	a. General furniture		●
	b. Project equipment	●	
8	To bear the following commissions to the Japanese foreign exchange bank for the banking services based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
9	To ensure unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and custom clearance of the products at the port of disembarkation		●
	3) Internal transportation from the port of disembarkation to the project site	●	
10	To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.		●
11	To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the product and services under the verified contracts.		●
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant.		●
13	To bear all the expenses, other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and installation of the equipment.		●

ANNEX-5 NECESSARY MEASURES TO BE TAKEN BY THE MOZAMBIKAN SIDE

Following necessary measures should be taken by the Mozambican side on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To assure the safety of the project implementation.
2. To provide data and information necessary for the Project.
3. To secure the land necessary for the execution of the Project, such as the land for bridges, temporary offices, working areas, storage yards and others.
4. To clear the sites prior to the commencement of the construction including the area where land mine are embedded.
5. To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
6. To demolish, if necessary, existing bridges according to the construction schedule which will be provided in the later stage.
7. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
8. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in the Republic of Mozambique and prompt internal transforation therein of the materials and equipment for the Project purchased under the Grant Aid.
9. To exempt Japanese nationals engaged in the Project from customs duties, internal taxes and other fiscal levies which may be imposed in the Republic of Mozambique with respect to the supply of the products and services under the verified contracts.
10. To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the Republic of Mozambique and stay therein for the performance of their work.
11. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
12. To maintain and use properly and effectively the facilities constructed under the Project.
13. To coordinate and solve the issues related to the project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.

**Minutes of Discussions
on
the Basic Design Study
on
the Project for Reconstruction of Bridges on the Main National Roads
in
the Republic of Mozambique
(Second Field Study)**

In February to March 1996, the Japan International Cooperation Agency (JICA) dispatched the first Basic Design Study Team on the Project for Reconstruction of Bridges on the Main National Roads (hereinafter referred to as "the Project"), to the Republic of Mozambique, and through discussion, field survey and technical examination of the results in Japan, has prepared the Interim Report.

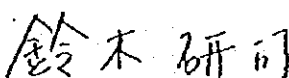
In order to explain and to consult the Mozambican side on the Interim Report, and execute further survey, JICA has sent to the Republic of Mozambique a second Basic Design Study Team headed by Mr. Kenji SUZUKI, Assistant Director, Grant Aid Div., Economic Cooperation Bureau, Ministry of Foreign Affairs, and which is scheduled to stay in the country from May 12 to 19, 1996.


The team held a series of discussions with the concerned officials of the Government of the Republic of Mozambique, and conducted a field survey at the study area

As a result of discussions and field survey, both sides have confirmed the main items described in the attached sheets.

The Team will proceed to further works and prepare the Basic Design Study Report.

Maputo, May 17, 1996


Mr. Kenji SUZUKI
Leader
Basic Design Study Team
JICA


Mr. Carlos Fragozo
Director National
National Directorate of
Roads and Bridges
Ministry of Public Works
and Housing
Republic of Mozambique

ATTACHMENT

1. OBJECTIVE

The objective of the Project is to construct permanent bridges to replace old bridges which have deteriorated due to war, severe weather and age, and are hindering the safe transportation in the Project areas. Improvement and reconstruction of the roads and bridges are the key factors that shall help execution of National Reconstruction Program of the Government of Mozambique. By constructing the new bridges, all weather access will be provided to ensure basic transport facilities in the Project area, and to relieve the communities from suffering their daily life and in the long term view, socio-economic activities will be encouraged hence to contribute to the development of the Project area

2. ITEMS REQUESTED BY THE GOVERNMENT OF MOZAMBIQUE

As a result of the series of discussions, the bridges listed in Annex-1 are requested for the second field study by the Mozambican side. However, the site where risk of the safety is foreseen will be neglected from the list. The final components of the Project will be decided after further studies. The proposed sites which are subject to the second field survey of the Project are shown in Annex-2

3. JAPANESE GRANT AID SYSTEM

The Mozambican side has understood the system of Japanese Grant Aid Program explained in ANNEX-3.

4. NECESSARY MEASURES TO BE TAKEN BY THE MOZAMBIKAN SIDE

The Mozambican side will take necessary measures described in ANNEX-4 for smooth implementation of the Project on condition that the Grant Aid by the Government of Japan is extended to the Project.

5. FURTHER SCHEDULE OF THE STUDY

- 1) The team will proceed to further studies in the Republic of Mozambique until June 15, 1996.
- 2) Based on the results, JICA will prepare an the Draft Basic Design Report in English and dispatch a team in August 1996 in order to explain and confirm the contents.
- 3) In case that the content of the report is accepted in principle by the Government of Mozambique, JICA will complete the Basic Design Report and forward it to the Mozambican side by October 1996.

6. OTHER RELEVANT ISSUES

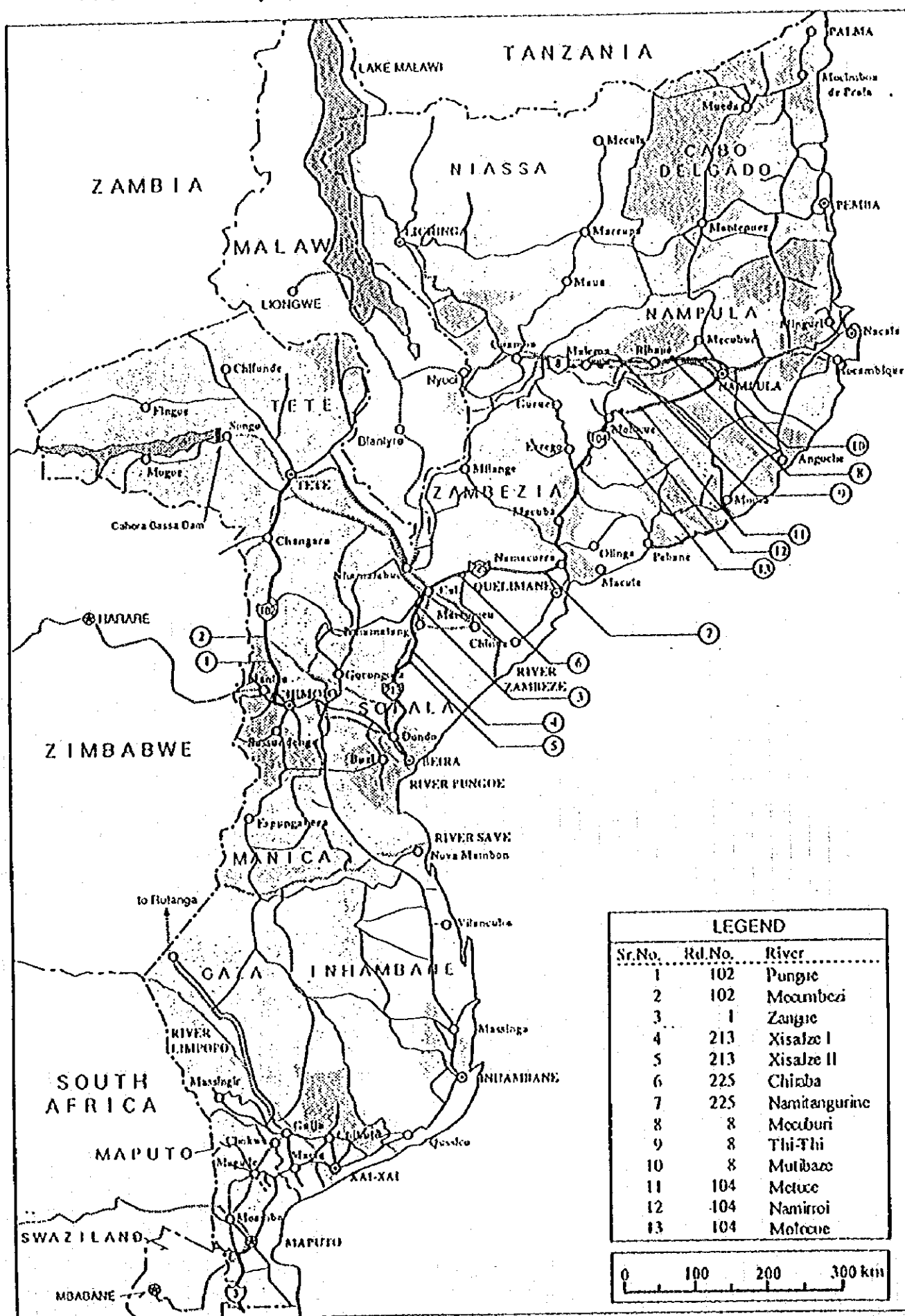
- (1) The Government of Mozambique shall provide all necessary information and data in case that the Basic Design Team visits Mozambique.
- (2) The Mozambican side will take all possible measures to secure the safety of the team during the field survey
- (3) The Mozambican side agreed to make the possible use of the existing structure for the bridges which will be reconstructed to reduce the construction cost.
- (4) The Mozambican side agreed to remove the temporally bridges for the detour after completion of the permanent bridges.
- (5) The Mozambican side recommended to the JICA study team that the Chiraba bridge is the most urgent to reconstruct due to the traffic safety.
- (6) The Mozambican side requested to the JICA study team to change the Maleda bridge to Metuce bridge as a target bridge for the second field survey with the reason explained in the memorandum attached this minutes.

ANNEX-1 List of Bridges for the Second field study being requested by the Mozambique Government

Priority.	Rd. No	Bridge Name	Province
1	102	Pungue, Mocimbezi	Manica
2	1, 213	Zangue, Xisadze I, Xisadze II	Sofala
3	225	Chiraba, Namitangurine	Zambezia
4	8	Mecuburi, Thi-Thi, Mutivaze	Nampula
5	104	Naminoi, Metuoc, Molococ	Zambezia
Number of Bridges to be Investigated		13	

The bridges studied in Basic Design Study are selected from the bridges listed above.

ANNEX-2 The Proposed Site of the Second Field Survey



ANNEX-3 Japanese Grant Aid Program

1. Grant Aid Procedures

- 1) Japanese Grant Aid Program is executed through the following procedures.

Application	(Request made by a recipient country)
Study	(Basic Design Study conducted by JICA)
Appraisal & Approval	(Appraisal by the Government of Japan and Approval by Cabinet)
Determination of	(The Notes exchanged between the Government
	Implementation of Japan and the recipient country)

- 2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it suitable for Japanese Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such matters as preparing tenders, contracts and so on.

2. Basic Design Study

1) Contents of the Study

The aim of the Basic Design Study (hereafter referred to as "the Study"), conducted by JICA on a requested project (hereafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the Study are as follows:

- a) Confirmation of the background, objectives, and benefits of the requested Project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
- b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- d) Preparation of a basic design of the Project
- e) Estimation of costs of the Project

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of Japanese Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the Project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA select (a) firms(s) based on proposals submitted by interested firms. The firm(s) selected carry(ies) out a Basic Design Study and Write(s) a report, based upon terms of reference set by JICA.

The consulting firm(s) used for the Study is (are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

3. Japanese Grant Aid Scheme

1) What is Grant Aid?

The Grant Aid Program provided a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

2) Exchange of Notes (E/N)

Japanese Grant Aid is extended in accordance with the Notes exchanged by the two Governments concerned, in which the objectives of the Project, period of execution, conditions and amount of the Grant Aid, etc., are confirmed.

3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed.

However in case of delays in delivery, installation or construction due to unforeseen factors such as whether, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two Governments.

- 4) Under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.

When the two Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of a third country.

However the prime contractors, namely, consulting constructing and procurement firms, and limited to "Japanese nationals". (The term "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

- 5) Necessity of "Verification"

The Government of recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

- 6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the following:

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- (5) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.

- (6) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

(7) "Proper Use"

The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expense other than those covered by the Grant Aid.

(8) "Re-export"

The products purchased under the Grant Aid should not be re-exported from the recipient country.

(9) Banking Arrangements (B/A)

- a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an authorization to pay issued by the Government of the recipient country or its designated authority.

Table-1 Major Undertaking to be taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		•
2	To clear, level and reclaim the site when needed		•
3	To construct gates and fences in and around the site		•
4	To construct the parking lot	•	
5	To construct roads		
	1) Within the site	•	
	2) Outside the site		•
6	To construct the bridges	•	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		•
	b. The deep wiring and internal wiring within the site	•	
	c. The main circuit breaker and transformer	•	
	2) Water Supply		
	a. The city water distribution main to the site		•
	b. The supply system within the site (including and elevated tanks)	•	
	3) Drainage		
	a. The city drainage main (for storm, sewer and other) to the site		•
	b. The drainage system (for toilet, sewer, ordinary waste, storm drainage and other) within the site	•	
	4) Gas Supply		
	a. The city gas main to the site		•
	b. The gas supply system within the site	•	
	5) Telephone System		
	a. The telephone trunk line to the main distribution transponder (HBF) of the building		•
	b. The HBF and the extension after the transponder	•	
	6) Furniture and Equipment		
	a. General furniture		•
	b. Protect equipment	•	
8	To bear the following commitments to the Japanese foreign exchange bank for the banking services based upon the FFA		
	1) Advancing commitment of A/P		•
	2) Payment commitment		•
9	To ensure unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	•	
	2) Tax exemption and custom clearance of the products at the port of disembarkation		•
	3) Internal transportation from the port of disembarkation to the project site	•	
10	To accord Japanese nationals whose activities may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.		•
11	To exempt Japanese nationals from Customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the product and services under the verified contracts.		•
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the grant.		•
13	To bear all the expenses, other than those to be borne by the grant, necessary for construction of the facilities as well as for the transportation and installation of the equipment.		•

ANNEX-4 NECESSARY MEASURES TO BE TAKEN BY THE MOZAMBIKAN SIDE

Following necessary measures should be taken by the Mozambican side on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To assure the safety of the project implementation.
2. To provide data and information necessary for the Project.
3. To secure the land necessary for the execution of the Project, such as the land for bridges, temporary offices, working areas, storage yards and others.
4. To clear the sites prior to the commencement of the construction including the area where land mine are embedded.
5. To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
6. To demolish, if necessary, existing bridges according to the construction schedule which will be provided in the later stage.
7. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
8. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in the Republic of Mozambique and prompt internal transportation therein of the materials and equipment for the Project purchased under the Grant Aid.
9. To exempt Japanese nationals engaged in the Project from customs duties, internal taxes and other fiscal levies which may be imposed in the Republic of Mozambique with respect to the supply of the products and services under the verified contracts.
10. To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the Republic of Mozambique and stay therein for the performance of their work.
11. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
12. To maintain and use properly and effectively the facilities constructed under the Project.
13. To coordinate and solve the issues related to the project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.





REPÚBLICA DE MOÇAMBIQUE
MINISTÉRIO DAS OBRAS PÚBLICAS E HABITAÇÃO

DIRECÇÃO NACIONAL DE ESTRADAS E PONTES
TELEFONES 47 51 45/6 - TELEX 6471 & 6884 DNEP MO - FAX 47 55 33
Av. de Moçambique, N° 1225 - Caixa Postal 403 - Maputo

MEMORENDUM

To:
Mr. Kenji Suzuki
Team Leader,
Second Field Study

From:
Carlos Fragoso
National Director
National Directorate of Roads & Bridges

Memo No. D/JICA/I/96

Date: May 16, 1996

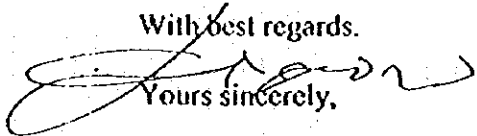
SUBJECT: Project for Reconstruction of Bridges on the Main National Roads in Mozambique- Second Field Study

Dear Mr. Suzuki,

I take this opportunity of thanking you once again for coming to Mozambique in connection with the Second Field Study for the above subject. I take this honour of informing you the following regarding this project:

1. As informed to you during our discussions on the subject I wish to confirm that the road from Namaccura to Nampula will be one of the project roads which will be taken up for rehabilitation/ upgrading with the Development Fund of European Community. The agreement for the Development Fund for Mozambique for various sectors including that for roads is likely to be signed in September this year in Lome Convention VIII of European Community.
2. Due to confusions in the names given by the local population, the Malela bridge was included in the list by mistake. As was seen by the team of first field study the Malela bridge is substantially complete and should not be a part of this study. The name of the bridge what was intended to be included is Metuce. This bridge was designed as five span continuous bridges span 18.3+ 3X22 +18.3m (total length 102.6m) in reinforced concrete with precast girders. One abutment, one pier is complete and one pier is partially constructed. This bridge is about 30 Km from Namirroi bridge towards Nampula. I request you to kindly consider this change. Inconvenience caused in this regard is regretted.

With best regards.


Yours sincerely,

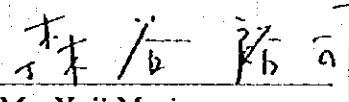
Minutes of Discussions
Basic Design Study on the Project
for
Reconstruction of Bridges on the Main National Roads
in
the Republic of Mozambique
(Explanation of Draft Basic Design Report)


From February to March 1996 and from May to June 1996, the Japan International Cooperation Agency (JICA) dispatched the Basic Design Study Team on the Project for Reconstruction of Bridges on the Main National Roads (hereinafter referred to as "the Project"), to the Republic of Mozambique. Through discussion, field survey and technical examination of the results in Japan, JICA has prepared the draft report of the study.

In order to explain and to consult the Mozambican side on the component of the Draft Final Report, JICA sent to the Republic of Mozambique a Study Team headed by Mr. Yuji Moriya, Third Project Management Division, Grant Aid Project Management Department, JICA and is scheduled to stay in the country from 28th of October to 1st of November, 1996.

As a result of discussions, the both side have confirmed the main items described in the attached sheets.

Maputo, November 1, 1996


Mr. Yuji Moriya
Leader
Basic Design Study Team
JICA


Mr. Carlos Fragoso
Director National
National Directorate of
Roads and Bridges
Ministry of Public Works
and Housing
Republic of Mozambique

ATTACHMENT

1. COMPONENTS OF DRAFT REPORT

The Government of Mozambique has agreed and accepted in principle the components of the Draft Report proposed by the team.

The construction works explained in ANNEX-I are finally requested by the Government of Mozambique

2. JAPAN'S GRANT AID SYSTEM

The Government of Mozambique have understood the system of Japan's Grant Aid explained in ANNEX-II

3. NECESSARY MEASURES TO BE TAKEN BY THE MOZAMBIKAN SIDE

The Government of Mozambique will take necessary measures described in ANNEX-II for smooth implementation of the project on condition that the Grant Aid by the Government of Japan is extended to the Project

4. FURTHER SCHEDULE OF THE STUDY

The team will make the Final Report in accordance with the confirmed items, and send it to the Mozambican side by the end of January, 1997.

5. OTHER RELEVANT ISSUES

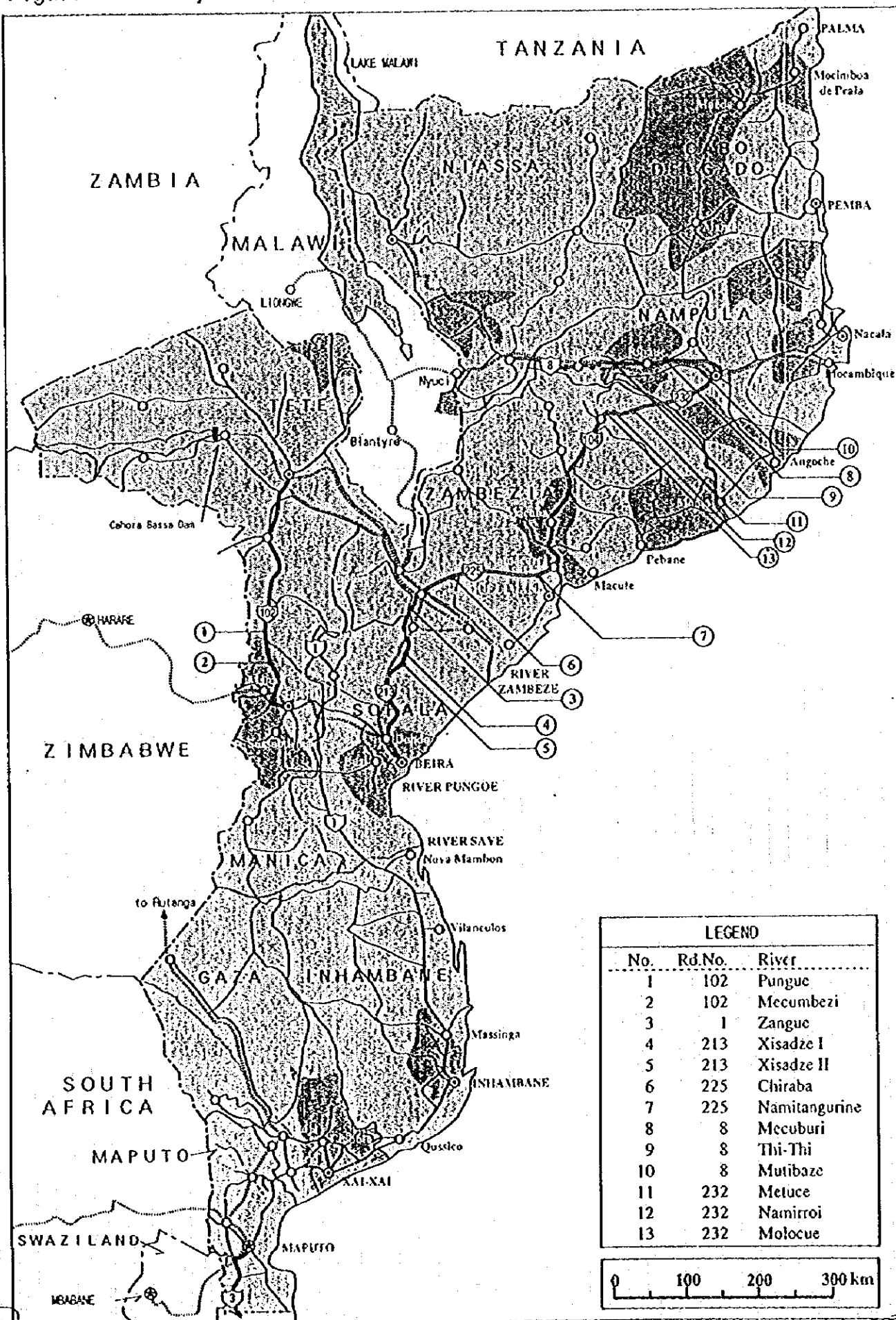
1. The Mozambican side will take all possible measures to secure the safety of the construction team during the bridge construction.
2. The Mozambican side agreed to make the possible use of the existing structure for the bridges which will be reconstructed.
3. The Mozambican side agreed to give assistance and material for the construction of temporally bridges for a detour route of new bridges to the Japanese side. The Mozambican side will remove the temporally bridges after completion of the construction works.
4. Approach roads for the Metuce bridge, Namirroi bridge and Molocue Bridge shall be accomplished by the Mozambican side.

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ANNEX-I Construction Works Requested by the Mozambican side

Bridges	Location		Financed by Japanese Grant		
	Origin	Distance from Origin (km)	Approach Road (Origin side) (m)	Bridge length (m)	Approach Road (Destination side) (m)
Pungue	Route 6	62.0	500.0	150.5	350.0
Mecumbezi	Route 6	46.0	0	77.4	0
Zangue	Matondo	45.0	50.0	144.2	75.0
Xisadze I	Dondo	170.0	80.0	11.5	80.0
Xisadze II	Dondo	195.0	100.0	20.6	100.0
Chiraba	Zambezi River	30.0	350.0	120.0	350.0
Namitangurine	Zambezi River	143.0	110.0	30.0	110.0
Metuce	Mocuba	333.4	0.0	103.3	0.0
Namirroi	Mocuba	302.8	0.0	82.4	0.0
Molocue	Mocuba	278.0	0.0	89.51	0.0
Mecuburi	Nacala	289.0	110.0	30.0	70.0
Mutibaze	Nacala	241.0	110.0	45.0	115.0
Thi-Thi	Nacala	372.0	110.0	30.0	110.0

Figure—1 Project Site



ANNEX-II Japanese Grant Aid Program

1. Grant Aid Procedures

- 1) Japanese Grant Aid Program is executed through the following procedures.

Application	(Request made by a recipient country)
Study	(Basic Design Study conducted by JICA)
Appraisal & Approval	(Appraisal by the Government of Japan and Approval by Cabinet)
Determination of Implementation	(The Notes exchanged between the Government of Japan and the recipient country)

- 2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japanese Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such matters as preparing tenders, contracts and so on.

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2. Basic Design Study

1) Contents of the Study

The aim of the Basic Design Study (hereafter referred to as "the Study") conducted by JICA on a requested project (hereafter referred to as "the project") is to provide a basic document necessary for the appraisal of the project by the Japanese Government. The contents of the Study are as follows :

- a) Confirmation of the background, objectives, and benefits of the requested project and also institutional capacity of agencies concerned of the recipient country necessary for the project's implementation.
- b) Evaluation of the appropriateness of the project to be implemented under the Grant Aid Scheme from technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the project.
- d) Preparation of a basic design of the project.
- e) Estimation of costs of the project

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the project is confirmed considering the guidelines of Japanese Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the project. Therefore, the implementation of the project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

(5)

2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm (s). JICA select (a) firm (s) based on proposals submitted by interested firms. The firm (s) selected carry(ies) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA.

The consulting firm(s) used for the Study is (are) recommended by JICA to the recipient country to also work on the project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

3. Japanese Grant Aid Scheme

1) What is Grant Aid?

The Grant Aid program provided a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

2) Exchange of Notes (E/N)

Japanese Grant Aid is extended in accordance with the Notes exchanged by the two Governments concerned, in which the objectives of the project, period of execution, conditions and amount of the Grant Aid, etc. are confirmed.

3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm (s) and (a) contractor (s) and final payment to them must be completed.

However in case of delays in delivery, installation or construction due to unforeseen factors such as whether, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two Governments.

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- 4) Under the Grant Aid in principle, Japanese products and services including transport or those of the recipient country are to be purchased.

When the two Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of a third country.

However the prime contractors, namely, consulting constructing and procurement firms, and limited to "Japanese nationals". (The term "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

5) Necessity of "Verification"

The Government of recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the following.

- (1) To secure land necessary for the sites of the project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt execution for unloading customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- (5) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.

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- (6) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

(7) "Proper Use"

The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expense other than those covered by the Grant Aid.

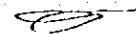
(8) "Re-export"

The products purchased under the Grant Aid should not be re-exported from the recipient country.

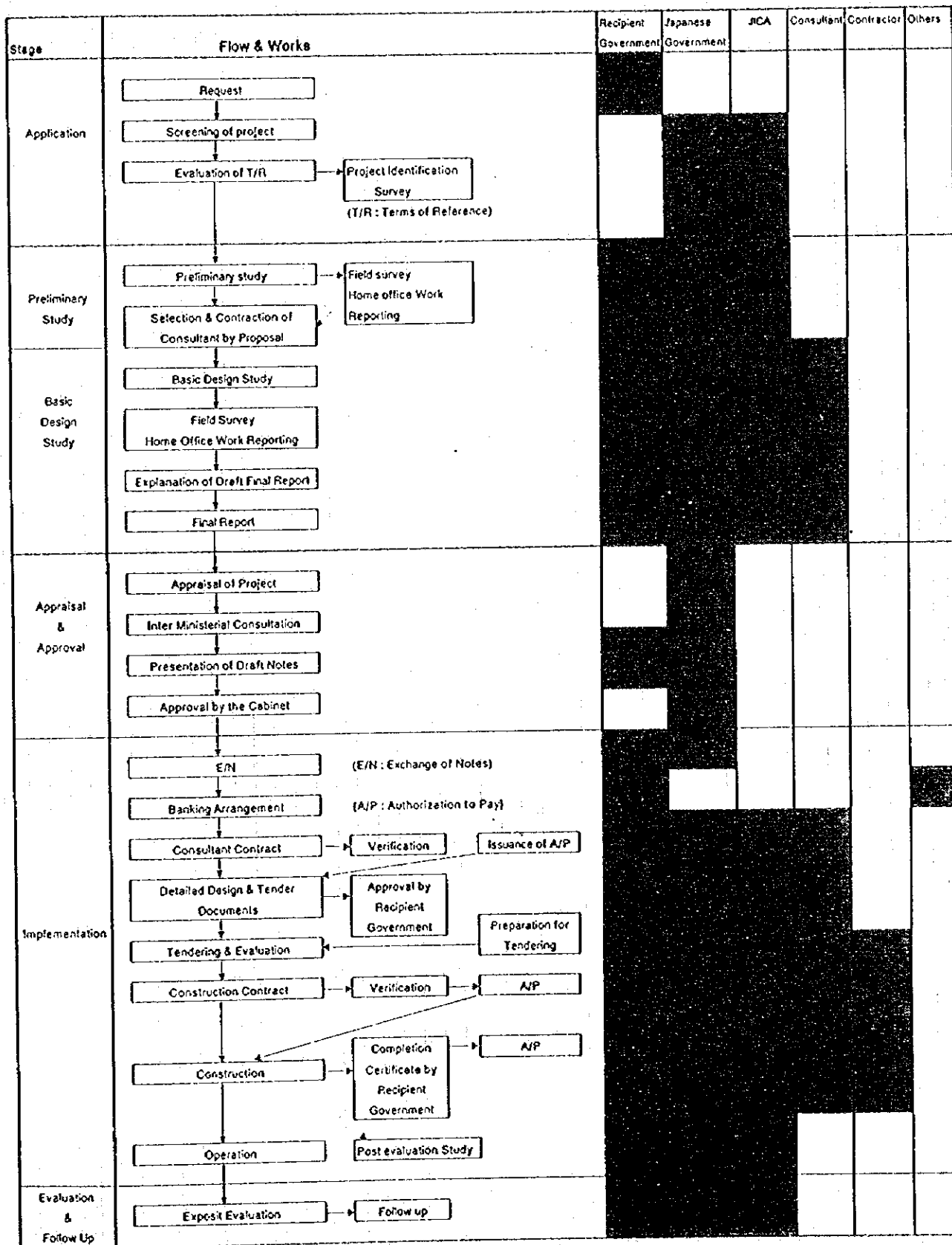
(9) Banking Arrangements (B/A)

- a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an authorization to pay issued by the Government of the recipient country or its designated authority.

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Flow Chart of Japanese Grant Aid Procedure



Major Undertaking to be taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		●
2	To clear, level and reclaim the site when needed		●
3	To construct gates and fences in and around the site		●
4	To construct the parking lot	●	
	To construct roads		
5	1) Within the site	●	
	2) Outside the site		●
6	To construct the bridges	●	
	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities.		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution		●
	b. The supply system within the site (receiving and elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm, sewer and others) to the site		●
7	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the site	●	
	4) Gas Supply		
	a. The city gas main to the site		●
	b. The gas supply system within the site	●	
	5) Telephone System		
	a. The telephone trunk line to the main distribution frame/panel(MDF) of the building		●
	b. The MDF and the extension after the frame/panel	●	
	6) Furniture and Equipment		
	a. General furniture		●
	b. Project equipment	●	
8	To bear the following commissions to the Japanese foreign exchange bank for the banking services based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
9	To ensure unloading and customs clearance at port of disembarkation in the recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and custom clearance of the products at the port of disembarkation		●
	3) Internal transportation from the port of disembarkation to the project site	●	
10	To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work		●
11	To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the product and services under the verified contracts.		●
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant.		●
13	To bear all the expenses, other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and installation of the equipment		●

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