

ANNEX-III

Japan's Grant Aid

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Japan's Grant Aid

1. Japan's Grant Aid System

(1) What is Grant Aid?

The Grant Aid Program provides 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 supplies through the donation of materials as such.

(2) Exchange of Notes (E/N)

Japan's Grant aid is extended in accordance with the Notes exchanged by the two governments concerned, in which the objectives of the Project, period of the 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 Noes, concluding contracts with (a) consultant firms(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 weather, 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 the third country.

However, the prime contractors, namely, consulting constructing and procurement firms, are 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 of 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 as necessary measures as the following:

- 1) To secure the completion of building rehabilitation work prior to the procurement of the equipment.
- 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 expenses 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 exchanged 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 authorization to pay issued by the Government of the recipient country or its designated authority.

2. Grant Aid Procedures

(1) Japan's 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)
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.

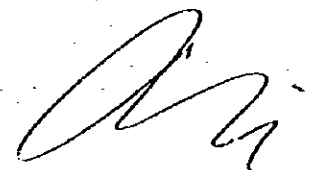
Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm (s).

Thirdly, the government of Japan appraises the project to see whether or not it is suitable for Japan's 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 Government 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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ANNEX-IV Necessary Measures

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Necessary Measures to be taken by the Government in case Japanese Grant Aid is executed

1. To secure the sites for the Project
2. To clear the sites prior to commencement of the installation.
3. To provide facilities for distribution of electricity, water supply, telephone, drainage, sewage and other incidental facilities to the Project sites
 - 1) To secure building prior to the procurement in case the installation of the equipment
 - 2) Electricity distributing line to the sites
 - 3) City water distribution to the sites
 - 4) City gas distribution to the sites
 - 5) General furniture such as curtain, tables, chairs and others
 - 6) X-ray protection facilities for X-ray apparatus
4. To bear commissions to the Japanese foreign exchange bank for the banking services based upon Banking Arrangements.
5. To exempt taxes and to take necessary measures for customs clearances of the materials and equipment brought for the Project at the port of disembarkation
6. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under verified contract such facilities as may be necessary for their entry into Bosnia and Herzegovina and stay therein for the performance of their work
7. To maintain and use properly and effectively the equipment purchased under the grant
8. To ensure all the expense and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the product under the grant aid.

**MINUTES OF DISCUSSIONS
BASIC DESIGN STUDY
ON
THE PROJECT FOR IMPROVEMENT OF MEDICAL EQUIPMENT
IN PRIMARY HEALTH CARE INSTITUTIONS
IN
BOSNIA AND HERZEGOVINA**

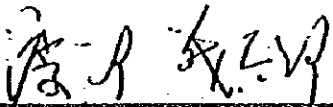
In response to a request from the Government of Bosnia and Herzegovina (hereinafter referred to as "the Government"), the Government of Japan decided to conduct a Basic Design Study on the Project for Improvement of Medical Equipment in Primary Health Care Institutions in Bosnia and Herzegovina (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

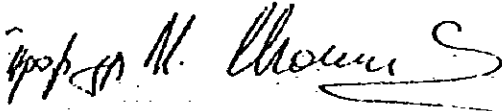
JICA sent to Bosnia and Herzegovina a study team that is scheduled to stay in the country from 10th July to 17th August, 1997.

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

In the course of discussions and field survey, both parties have confirmed the main items described on the attached sheets. The team will proceed to further works and prepare the Basic Design Study Report.

Pale, 13th August, 1997


Mr. Yoshitaro WATANABE
Resident Representative,
JICA Austria Office


Mirko SOSIC, MD, PhD, Prof.
Minister of Health and Social Protection
Republic of Srpska


Mr. Aziz HADZIMURATOVIC
Head of Department
of Reconstruction and International Assistance
on Behalf of
Ministry of Foreign Affairs of
Bosnia and Herzegovina

ATTACHMENT

1. Objectives of the Project

The objective of the Project is to improve the function of Dom Zdravljas by the upgraded medical activities in project sites, using the procured equipment under Japan's grant aid.

2. Project Sites

After the discussions with the team, Dom Zdravljas shown in Annex-I were requested as the project sites by the Government.

3. Responsible Ministry and Executing Agency

Responsible Ministry : Ministry of Health and Social Protection

Executing Agency : Ministry of Health and Social Protection

4. Items requested by the Government

After discussions with the team, the items shown in Annex-II were finally requested by the Government.

However, the final components of the Project may differ from the above items, if it is judged necessary after further studies.

5. Comments by the Japanese side

Facilities of Dom Zdravljas

It is considered that the facilities of Dom Zdravljas may need to be improved regarding installation of X-ray apparatus. It is recommended that the Ministry of Health and Social Protection confirms the condition of those facilities of Dom Zdravljas, determines necessity of preparation works, and develops concrete plans of the works if necessary.

Equipment Concept

Some requested equipment is considered to include the equipment for Ambulantas. However, those equipment for Field Ambulantas should be excluded from the concept of the Project, based on the objectives of the project and the project sites above mentioned.

6. Japan's Grant Aid Programme

(1) The Government has understood the system of Japan's Grant Aid system explained by the team. (See Annex - III)

(2) The Government will take necessary measures, described in Annex-IV, for smooth implementation of the Project on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

7. Schedule of the Study

(1) The team will proceed further study in Bosnia and Herzegovina until August 17, 1997.

(2) JICA will dispatch a mission to Bosnia and Herzegovina in October 1997, in order to explain the result of analysis in Japan.

(3) In case that the contents of the above explanation is accepted in principle by the Government, JICA will complete the final report in English and send it to the Government by the end of January, 1998.

8. Monitoring of the Project

The Executing Agency has responsibility for monitoring progress of all phases of the Project such as allocation of funds, training and maintenance and operation of Dom Zdravljas.

ANNEX

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| ANNEX-I | Dom Zdravljas as Project Sites |
| ANNEX-II | List of Requested Equipment |
| ANNEX-III | Japan's Grant Aid |
| ANNEX-IV | Necessary Measures |

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ANNEX-I

Dom Zdravijas as Project Sites

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Dom Zdravljas as Project Sites

1. CELINAC
2. KOTOR VAROS
3. MRKONJIC GRAD
4. DOBOJ
5. GRADISKA
6. MODRICA
7. DERVENTA
8. PALE
9. SOKOLAC
10. VISEGRAD
11. GACKO
12. BILECA
13. NEVESINJE

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ANNEX-II List of Requested Equipment

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ANNEX-II-1 : List of Requested Equipment

	1	2	3	4	5	6	7	8	9	10	11	12	13
Descriptions	CELINAC	KOTOR VAROS	MRKONJIC GRAD	DOBOJ	GRADISKA	MODRICA	DERAVENTA	PALE	SOKOLAC	VISEGRAD	GACKO	BILECA	NEVESINJE
RTG apparatus	1	1	1	1	1	1	1	1	1	1	1	1	1
Steriliser	5	6	6	12	8	10	8	8	12	8		4	6
Ultrasound	1	1	1	1	1	1	1	1	1	1	1	1	2
Defibrillator	1	1	1	2	1	1	1	1	1	1	1	1	1
ECG	1	1	2	2	1	3	1	4	5	3	1	3	2
Reanimation set	3	1	1	2	1	5	1	2	3	1	1	1	2
Otoscope	9	4		6	4	10	4	6	15	3	2	3	4
Ambulance vehicle	3	2	2	4	3	3	3	3	2	3	2	4	3
Complete Instrument for Small Surgery	9	1	3	3	3	1	3	1	1	2	2	5	3
Ophthalmoscope	3	3	2	4	3	1	3	2	15	2	2	1	4
Computer	1	1	1	1	1	3	1	1	2	1	1	1	1

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Annex-II-2 : List of Equipment (Additional)

	1	2	3	4	5	6	7	8	9	10	11	12	13
Dom Zdravlja	CELINAC	KOTOR VAROS	MRKONJIC GRAD	DOBOJ	GRADISKA	MODRICA	DERAVENTA	PALE	SOKOLAC	VISEGRAD	GACKO	BILECA	NEVESINJE
Descriptions													
Film x-ray developing machine	1	1	1	1	1	1	1	1	1	1	1	1	1
Blood cell counter	1	1	1	1	1	1	1			1	1		1
Spectrophotometer	1	1	1	1	1	1	1			1	1	1	1
Microscope	2	2	2	2	2	2	2	1	1	1	1	1	1
Centrifuge	2	2	2	2	2	2	2	1	1	1	1	1	1
Laborat. balance	1	1	1	1	1	1	1	1	1		1		1
Destilator	1	1	1	1	1	1	1	1	1		1		1
Oxygen apparatus, mobile	1	1	1	1	1	1	1	1					
Laryngoscope with incubation tubes	1	1	1	1	1	1	1	1	1	1	1	1	1
Aspirator	1	1	1	1	1	1	1	1	1	1	1	1	1

ANNEX-III Japan's Grant Aid

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Japan's Grant Aid

1. Japan's Grant Aid System

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2. Grant Aid Procedures

(1) Japan's Grant Aid Program is executed through the following procedures.

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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 Japan's 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 Government 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.

ANNEX-IV

Necessary Measures

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Necessary Measures to be taken by the Government in case Japanese Grant Aid is executed

1. To secure the sites for the Project
2. To clear the sites prior to commencement of the installation.
3. To provide facilities for distribution of electricity, water supply, telephone, drainage, sewage and other incidental facilities to the Project sites
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4. To bear commissions to the Japanese foreign exchange bank for the banking services based upon Banking Arrangements.
5. To exempt taxes and to take necessary measures for customs clearances of the materials and equipment brought for the Project at the port of disembarkation
6. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under verified contract such facilities as may be necessary for their entry into Bosnia and Herzegovina and stay therein for the performance of their work
7. To maintain and use properly and effectively the equipment purchased under the grant
8. To ensure all the expense and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the product under the grant aid.

(3) Federation Protion : Basic Design Study (2)


**MINUTES OF DISCUSSIONS
BASIC DESIGN STUDY
ON
THE PROJECT FOR IMPROVEMENT OF MEDICAL EQUIPMENT
IN PRIMARY HEALTH CARE INSTITUTIONS
IN BOSNIA AND HERZEGOVINA
(CONSULTATION ON DRAFT REPORT)**


In July and August 1997, the Japan International Cooperation Agency (JICA) dispatched a Basic Study team on the project for improvement of medical equipment in primary health care institutions (hereinafter referred to as "the Project") to Bosnia and Herzegovina, and through discussions, field survey, and technical examination of the results in Japan, has prepared the draft report of the study.

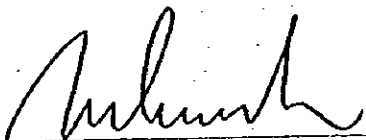
In order to explain and to consult the Bosnia and Herzegovina side on the components of the draft report, JICA sent to Bosnia and Herzegovina a study team, which is headed by Mr. Tomiaki ITO, First Project Study Division, Grant Aid Project Study Department, JICA, and is scheduled to stay in the country from October 2 to 13, 1997.

As a result of discussions, both parties confirmed the main items described on the attached sheets.

Sarajevo, October 10, 1997


Mr. Tomiaki ITO
Leader,
Draft Report Explanation Team
JICA


Bozo LJUBIC, MD, Ph.D, Associate Prof.
Minister of Health
Federation of Bosnia and Herzegovina


Mr. Aziz HADZIMURATOVIC
Head of Department
of Reconstruction and International Assistance
on Behalf of
Ministry of Foreign Affairs of
Bosnia and Herzegovina



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ATTACHMENT

1. Component of draft report

The Government of Bosnia and Herzegovina has agreed and accepted in principal of components of the draft report proposed by the team.

2. Japan's Grant Aid System

- 1) The Government of Bosnia and Herzegovina has understood the system of Japanese Grant Aid explained by the team (See ANNEX-I).
- 2) The Government of Bosnia and Herzegovina will take the necessary measures, described in ANNEX-II, for smooth implementation of the Project on condition that the Grant Aid assistance by the Government of Japan is extended to the Project.

3. Items requested by the Government of Bosnia and Herzegovina

The procurement of the equipment described in ANNEX-III, are finally requested by the Government of Bosnia and Herzegovina for the consideration by the Government of Japan to be provided under the Grant Aid.

The requested items shall be re-examined and referred to on finalizing the Basic Design Study Report.

4. Further schedule

The team will make the final report in accordance with the confirmed items, and send it to the Government of Bosnia and Herzegovina around January, 1998.

5. Monitoring

Ministry of Health have responsibility to conduct periodical monitoring and evaluation of the progress of all phase of the Project such as allocation of funds and distribution, maintenance and utilization of the equipment, manpower development, and reporting it to the Embassy of Japan annually.

6. Other relevant issues

- 1) Ministry of Health will secure necessary budget for the operation and maintenance, and personnel for the Project.
- 2) Ministry of Health will get various internal clearances as applicable.
- 3) Ministry of Health will complete physical works of X-ray diagnosis room in the project sites prior to installation stage of the Project.

ANNEX-I : Japan's Grant Aid
ANNEX-II : Undertaking of the Government of Bosnia and Herzegovina
ANNEX-III : Equipment List



ANNEX-I : Japan's Grant Aid

1. Japan's Grant Aid System

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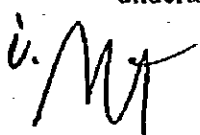
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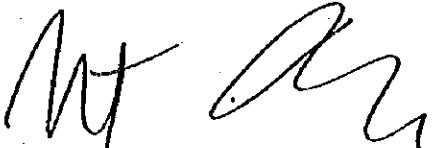
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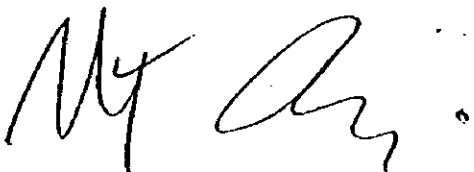
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ANNEX-II : Undertaking of the Government of Bosnia and Herzegovina


Necessary measures to be taken by the Government of Bosnia and Herzegovina in case Japan's Grant Aid is executed.

1. To provide temporary site office, warehouse and stock yard during the implementation period.
2. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment purchased for the Project at port of disembarkation.
3. To exempt Japanese Nationals involved in the Project from customs duties, internal taxes including sales tax and other fiscal levies which may be imposed in Bosnia and Herzegovina with respect to the supply of the products and the services under the verified contracts.
4. To accord Japanese Nationals whose services may be required in connection with the supply of the products and services under the verified contract such facilities as may be necessary for their entry in Bosnia and Herzegovina and stay therein for the performance of their work.
5. To maintain and use properly and effectively the equipment purchased under the Grant.
6. To bear all the expenses other than those to be borne by the Grant, necessary in connection with the implementation of the Project.
7. To bear commissions to the Japanese foreign exchange bank for the banking services based upon Banking Arrangement.

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ANNEX-III : Equipment List

	Federation of BiH														Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	BUSOVACA	ODZAK	KUPRES	GRADACAC	SIROKI BRJEG	GORNJI VAKUF	OLOVO	TRAVNIK	ZAVIDOVICI	VOGOSCA	DRVAR	BIHAC	CELIC	GRUDE	
F 01 RTG apparatus	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 02 Film x-ray developing machine	1	1	1		1	1	1		1	1	1	1	1		11
F 03 Ultrasound	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 04 Spirometer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 05 ECO	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 06 Biochemistry analyzer		1			1			1	1			1			5
F 07 Spectrophotometer							1			1	1		1	1	5
F 08 Blood cell counter						1	1	1	1	1		1	1		7
F 09 Microscope		1					1		1	1	1	1	1		7
F 10 Centrifuge				1	1	1	1	1	1	1	1	1	1	1	11
F 11 Steriliser	1				1	1	1	1	1	1	1	1	1		10
F 12 Balance				1	1	1	1	1	1	1		1	1	1	10
F 13 Distilator	1			1	1		1	1	1	1		1	1	1	10
F 14 Ambulance vehicle	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 15 Defibrillator	1	1	1		1	1	1	1		1	1	1	1	1	12
F 16 Reanimation set		1	1	1	1	1	1			1	1	1	1	1	11
F 17 Laryngoscope	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
F 18 Aspirator	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14

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(4) Srpska Protion : Basic Design Study (2)

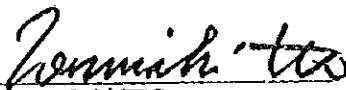
MINUTES OF DISCUSSIONS
BASIC DESIGN STUDY
ON
THE PROJECT FOR IMPROVEMENT OF MEDICAL EQUIPMENT
IN PRIMARY HEALTH CARE INSTITUTIONS
IN BOSNIA AND HERZEGOVINA
(CONSULTATION ON DRAFT REPORT)


In July and August 1997, the Japan International Cooperation Agency (JICA) dispatched a Basic Study team on the project for improvement of medical equipment in primary health care institutions (hereinafter referred to as "the Project") to Bosnia and Herzegovina, and through discussions, field survey, and technical examination of the results in Japan, has prepared the draft report of the study.

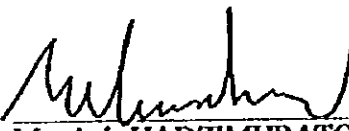
In order to explain and to consult the Bosnia and Herzegovina side on the components of the draft report, JICA sent to Bosnia and Herzegovina a study team, which is headed by Mr. Tomiaki ITO, First Project Study Division, Grant Aid Project Study Department, JICA, and is scheduled to stay in the country from October 2 to 13, 1997.

As a result of discussions, both parties confirmed the main items described on the attached sheets.

Sarajevo, October 10, 1997


Mr. Tomiaki ITO
Leader,
Draft Report Explanation Team
JICA


Mirko ŠĆIĆ, MD, Ph.D, Prof.
Minister of Health and Social Welfare
Republic of Srpska


Mr. Aziz HADZIMURATOVIC
Head of Department
of Reconstruction and International Assistance
on Behalf of
Ministry of Foreign Affairs of
Bosnia and Herzegovina

ATTACHMENT

1. Component of draft report

The Government of Bosnia and Herzegovina has agreed and accepted in principal of components of the draft report proposed by the team.

2. Japan's Grant Aid System

- 1) The Government of Bosnia and Herzegovina has understood the system of Japanese Grant Aid explained by the team (See ANNEX-I).
- 2) The Government of Bosnia and Herzegovina will take the necessary measures, described in ANNEX-II, for smooth implementation of the Project on condition that the Grant Aid assistance by the Government of Japan is extended to the Project.

3. Items requested by the Government of Bosnia and Herzegovina

The procurement of the equipment described in ANNEX-III, are finally requested by the Government of Bosnia and Herzegovina for the consideration by the Government of Japan to be provided under the Grant Aid.

The requested items shall be re-examined and referred to on finalizing the Basic Design Study Report.

4. Further schedule

The team will make the final report in accordance with the confirmed items, and send it to the Government of Bosnia and Herzegovina around January, 1998.

5. Monitoring

Ministry of Health and Social Welfare have responsibility to conduct periodical monitoring and evaluation of the progress of all phase of the Project such as allocation of funds and distribution, maintenance and utilization of the equipment, manpower development, and reporting it to the Embassy of Japan annually.

6. Other relevant issues

- 1) Ministry of Health and Social Welfare will secure necessary budget for the operation and maintenance, and personnel for the Project.
- 2) Ministry of Health and Social Welfare will get various internal clearances as applicable.
- 3) Ministry of Health and Social Welfare will complete physical works of X-ray diagnosis room in the project sites prior to installation stage of the Project.

ANNEX-I : Japan's Grant Aid
ANNEX-II : Undertaking of the Government of Bosnia and Herzegovina
ANNEX-III : Equipment List

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ANNEX-I : Japan's Grant Aid

1. Japan's Grant Aid System

(1) What is Grant Aid?

The Grant Aid Program provides 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 supplies through the donation of materials as such.

(2) Exchange of Notes (E/N)

Japan's Grant aid is extended in accordance with the Notes exchanged by the two governments concerned, in which the objectives of the Project, period of the 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 firms(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 weather, 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 the third country.

However, the prime contractors, namely, consulting constructing and procurement firms, are 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 of 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 as necessary measures as the following:

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- 1) To secure the completion of building rehabilitation work prior to the procurement of the equipment.
- 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 expenses 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 exchanged 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 authorization to pay issued by the Government of the recipient country or its designated authority.

2. Grant Aid Procedures

(1) Japan's 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)
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.

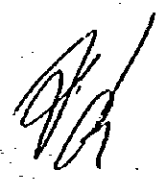
Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm (s).

Thirdly, the government of Japan appraises the project to see whether or not it is suitable for Japan's 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 Government 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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ANNEX-II : Undertaking of the Government of Bosnia and Herzegovina

Necessary measures to be taken by the Government of Bosnia and Herzegovina in case Japan's Grant Aid is executed.

1. To provide temporary site office, warehouse and stock yard during the implementation period.
2. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment purchased for the Project at port of disembarkation.
3. To exempt Japanese Nationals involved in the Project from customs duties, internal taxes including sales tax and other fiscal levies which may be imposed in Bosnia and Herzegovina with respect to the supply of the products and the services under the verified contracts.
4. To accord Japanese Nationals whose services may be required in connection with the supply of the products and services under the verified contract such facilities as may be necessary for their entry in Bosnia and Herzegovina and stay therein for the performance of their work.
5. To maintain and use properly and effectively the equipment purchased under the Grant.
6. To bear all the expenses other than those to be borne by the Grant, necessary in connection with the implementation of the Project.
7. To bear commissions to the Japanese foreign exchange bank for the banking services based upon Banking Arrangement.



ANNEX-III : Equipment List

	Republic of Srpska													Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	
	CELINAC	KOTOR VAROS	MRKONJIC GRAD	DOBOJ	GRADISKA	MODRICA	DERVENTA	PALE	SOKOLAC	VISEGRAD	GACKO	BILECA	NEVESINJE	
S 01 RTG apparatus	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 02 Film x-ray developing machine	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 03 Ultrasound	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 04 ECO	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 05 Spectrophotometer	1	1	1	1	1	1	1			1	1	1	1	11
S 06 Blood cell counter	1	1	1	1	1	1	1			1	1		1	10
S 07 Microscope	2	2	2	2	2	2	2	1	1	1	1	1	1	20
S 08 Centrifuge	2	2	2	2	2	2	2	1	1	1	1	1	1	20
S 09 Steriliser	2	2	2	2	2	2	2	1	1	1		1	1	19
S 10 Balance	1	1	1	1	1	1	1	1	1				1	10
S 11 Distilator	1	1	1	1	1	1	1	1	1		1		1	11
S 12 Ambulance vehicle	1		1		1	1	1	1	1	1	1	1	1	11
S 13 Defibrillator	1	1	1	1	1	1	1	1		1	1		1	11
S 14 Reanimation set	1	1	1	1	1	1	1	1		1	1	1	1	12
S 15 Laryngoscope	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 16 Aspirator	1	1	1	1	1	1	1	1	1	1	1	1	1	13
S 17 Computer	1	1	1	1	1	1	1	1	1	1	1	1	1	13

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