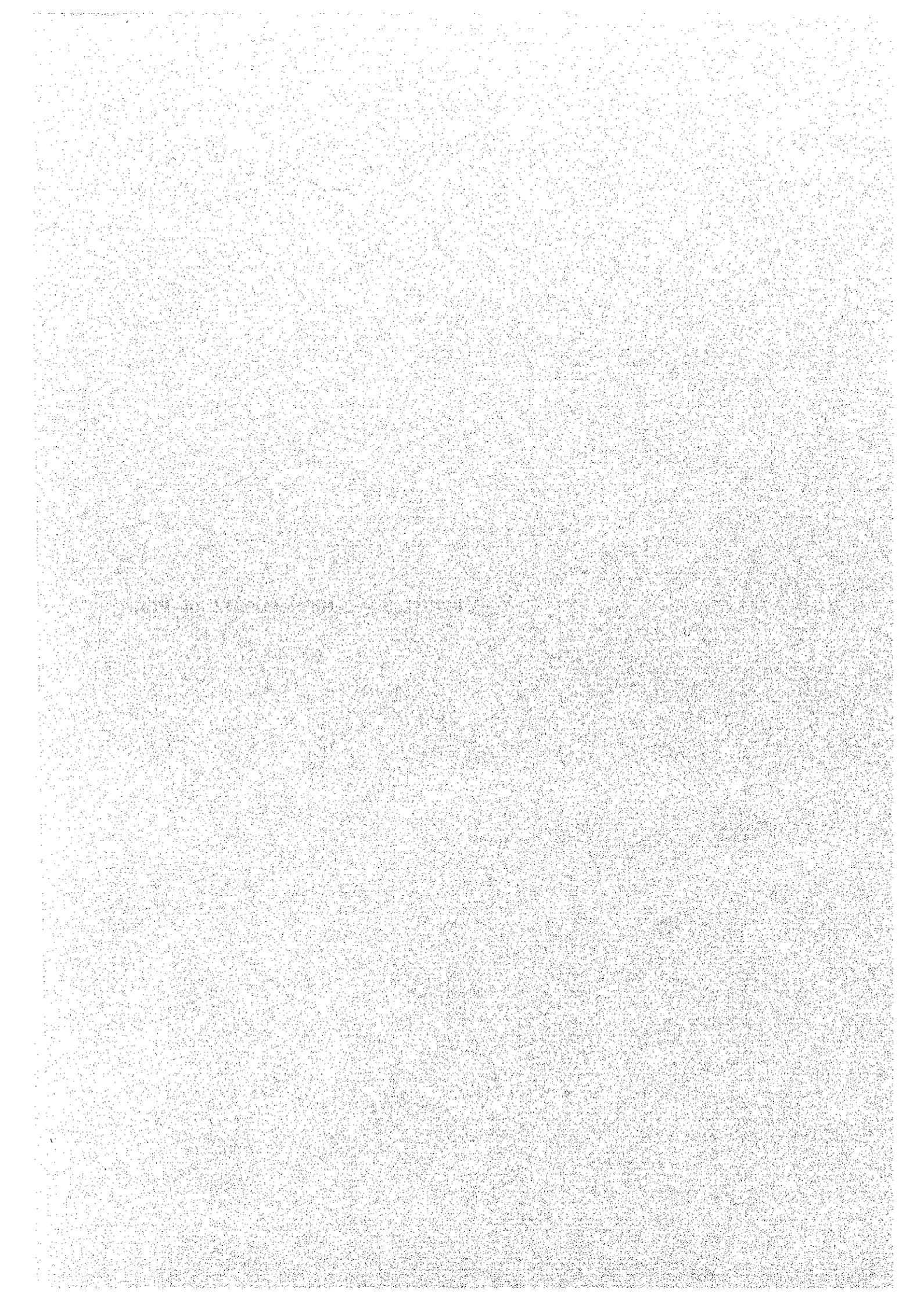


Chapter 3 Implementation Plan



Chapter 3 Implementation Plan

3-1 Implementation Plan

3-1-1 Implementation Concept

This project will be officially implemented in accordance with the grant aid framework of the Japanese government, after the project has been approved by the national governments of both Japan and BiH, and an Exchange of Notes (E/N) has been concluded.

After an E/N has been concluded between the governments of both countries, a Japanese consultant firm recommended by JICA shall in accordance with the grant aid framework of the Japanese government, conclude a consultant agreement with the Ministries of Health of both entities. This agreement will come into effect on verification by the Japanese government, and on the basis of this the consultant shall carry out the work relating to tenders and supervision.

Procurement of equipment shall be undertaken by Japanese supplier chosen by tender who will conclude contracts with the Ministries of Health of both entities; these agreements also shall come into effect on verification by the Japanese government. The supplier shall undertake the procurement, transportation and installation of the necessary equipment, and shall also carry out operational training of each item of equipment, in addition to preparing a list of manufacturers and/or agents as well as manuals and other technical materials needed for maintenance after procurement.

Under this project the Ministries for Health of both entities shall be responsible for the agreement on behalf of Bosnia and Herzegovina side. The executing agencies of the Project are shown below.

Federation of Bosnia and Herzegovina: Department for Medical Affairs and Organization of Health System, Ministry of Health, Federation of Bosnia and Herzegovina

Republic of Srpska: Department of Health Reform and Reconstruction, Ministry of Health and Social Welfare, Republic of Srpska

3-1-2 Implementation Conditions

Because the overland transportation and installation of the equipment procured in this project will be carried out during the winter, it is expected that snow on the ground will hinder transportation and the movement of technicians, and lower working efficiency. In order that the project may be completed within the time limits of the E/N, the project as a whole will be considered so as to ensure sufficient time for these processes.

3-1-3 Scope of Works

The Government of Japan

- ① Costs related to the procurement of equipment for the project
- ② Costs related to transportation overseas and overland to each of the Dom Zdravljas
- ③ Costs related to the installation and setting up of equipment
- ④ Costs related to the test operation and operational training of the equipment procured, operation, maintenance inspections and technical training for maintenance.

The Ministries of Health of both entities in Bosnia and Herzegovina

- ① The provision of information and materials necessary for installation and set-up.
- ② The removal of old equipment from places where the new equipment is to be installed, and the preparation of the location after removal.
- ③ The securing of space for the unloading of the procured equipment.
- ④ The provision of a place in which to store the equipment prior to installation.
- ⑤ The securing of physical condition with regard to the carrying-in and installation of the procured equipment.

3-1-4 Consultant Supervision

After carrying out the work related to tenders that will select the equipment supplying contractors, the consultant shall supervise work related to the procurement and installation of the equipment so that implementation of the project proceeds smoothly.

Consultant supervision shall cover the following points: firstly, confirmation that the equipment procured by the supplier is consistent with the descriptions laid down in the agreement; where necessary, the consultant shall inspect the medical equipment prior to shipment. With regard to transportation by ship and overland, attention must be paid to packing and the number of days needed for transportation and customs clearance; the consultant shall give the supplier guidance and supervision on this point. With regard to installation work on site, the consultant shall be assiduous in at all times having a grasp of the situation on site, giving appropriate advice and guidance both to the executing agencies of the BiH side, and to the supplier, and shall provide proper reports on the progress of the installation work to the relevant organizations of the governments of both countries.

With regard to equipment needing an explanation relating to operation or maintenance, the person(s) responsible for operation/maintenance on the BiH side will be given simple training during the period of implementation. The consultant shall contact and consult the executing agencies and the supplier, and see that valid and effective training is carried out.

The consultant shall compose a team of 4 experts, comprising a project manager and three equipment/facility planning experts, to carry out implementation and supervision.

3-1-5 Procurement Plan

(1) Procurement in BiH

Of the equipment to be procured in this project, in the case of such items as ambulance vehicles and computers, supplies (either made in Japan or in third countries) may, after consideration of the transportation situation and costs, and social conditions in Bosnia and Herzegovina, be obtained from local agencies.

(2) Procurement from Third Countries

In consideration of market trends in medical equipment in Bosnia and Herzegovina and the circumstances of companies manufacturing the relevant equipment, for the following equipment either Japanese-made products or products made in a third country will be procured.

RTG apparatus	Film X-ray developing machine	Ultrasound
Biochemistry analyzer	Spectrophotometer	Blood cell counter
ECG	Defibrillator	Spirometer
Balance	Ambulance vehicle	Computer
Washing machine for laboratory glassware		

As for the procurement from third countries, the official request form the recipient side to the government of Japan is necessary in advance of the tender stage of the Project.

(3) Transportation Period

Of the equipment to be procured for this project, items made in Japan will be packed in separate lots for each site, loaded on board ship, landed at the port of Kopa, then transported overland to the site. Items manufactured in third countries will be delivered to the port of Kopa, and in the same way transported overland to the site. Equipment procured from Japan will take approximately 5 weeks to be transported by sea. It is estimated that overland transportation to the sites, including procedures for customs clearance, will take approximately 3 weeks.

3-1-6 Implementation Schedule

(1) Work Relating to Tenders

After the consultant agreement with the Ministries of Health of both entities of Bosnia and Herzegovina is verified by the Japanese Government, the consultant shall start the tender related operations. As the tender related operations, a set of tender documents shall be prepared, the approval of it shall be obtained from Bosnia and Herzegovina. Then the publication of tender / distribution of tender documents / tendering / evaluation of tender results / negotiation of equipment procurement agreement / agreement of equipment procurement shall be conducted. The period necessary for the tender related operations is approximately three months.

(2) Procurement of Equipment and Installation Work

After the equipment supplying contracts between the each Ministry of Health and the procurement contractor have been verified by the Japanese government, the work of the equipment supplying contractors will begin. A period of approximately 9 months will be needed from the procurement of equipment to the completion of installation and the handing over to the recipient sides.

The implementation schedule from the conclusion of E/N to the completion of the project is shown in Figure 3-1.

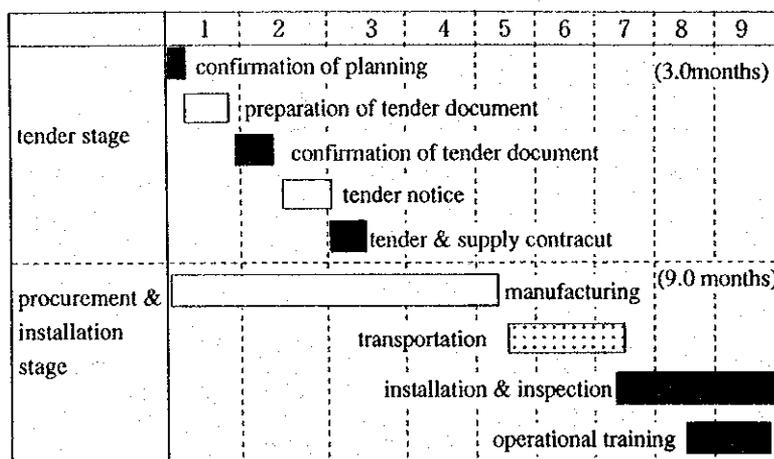


Figure 3-1 : Work Implementation Schedule Chart

3-1-7 Obligations of Recipient Side

The obligations of the recipient side regarding the implementation of this project are as follows.

- ① Provision of the necessary information/documentary materials
- ② Arrangements for smooth customs clearance and domestic transportation of the procured equipment within each entity of BiH.
- ③ Exemption from customs duties and taxation for those persons involved in the supply of equipment and provision of services.
- ④ Accordance of the necessary facilities and assurance of safety for Japanese nationals bringing in equipment or providing services related to the implementation of this project.
- ⑤ The payment of expenses for the formalities of Banking Arrangements (B/A) and Authorization to Pay (A/P)
- ⑥ The deployment of the personnel and budget needed for the effective implementation of this project (including the O/M cost of equipment procured under grant aid).
- ⑦ Appropriate and effective upkeep and maintenance of the equipment procured as part of this project.
- ⑧ The issue of permits, licenses and other authorizations needed for the implementation of this project.
- ⑨ The costs involved in the formalities for tax exemption
- ⑩ The collection and storage of data regarding the state of use of the equipment procured under this project.

- ① Other expenses necessary for the implementation of this project, other than those listed above.

3-2 Project Cost Estimation

The cost for implementing this project is shared by the government of two entities of Bosnia and Herzegovina and the government of Japan as follows.

Japanese side :	Cost for procuring the equipment	
Bosnia and Herzegovina side :	[Work cost on each Dom Zdravlja]	
	Removing of existing equipment	500 KM
	Room adjustment	1,000 KM
	Room cleaning	500 KM
	Amount	2,000 KM
	[Total Cost]	
	Federation (2,000 KM x 14 sites)	28,000 KM
	Srpska (2,000 KM x 9 sites)	18,000 KM
	Total	46,000 KM

Estimate conditions	
Estimate conditions	January, 1999
Ordering method	bundled in a lot
Other	this project shall be implemented in compliance with the grant

3-3 Operation and Maintenance Costs

The use and the daily inspection of the equipment to be procured by this Project shall have no technical problem under the present personnel system (doctors, nurses, radiologists / radiology technicians, clinical examination technicians and so on) of Dom Zdravljas of this Project. In addition, the regular inspection and the repair of the equipment which need special techniques shall be handled by the after sales services of the agents of manufacturers. The maintenance costs of the main equipment to be procured by this Project (RTG apparatus, film developing machine, ultrasound, ECG, biochemical analyzer, spectrophotometer, blood cell counter, and ambulance) are estimated as follows.

① Costs of Maintenance and Repair Parts

The annual costs to maintain the diagnostic equipment shall be the annual costs related to the maintenance services (technical costs and simple parts costs, to be conducted once or twice a year) and the costs related to repair parts. The costs of the parts replaced once in several years shall be estimated based on the price and the replacement frequency (years). Then the annual

maintenance costs of each Dom Zdravlja on the diagnostic equipment to be procured by this Project can be estimated as shown in Table 3-1.

Table 3-1 : Estimation of Maintenance Cost

	RTG	Developer	Ultrasound	ECG	B. analyzer	Spectro	B.C.C.
Maintenance service	2,500	640	1,300	510	1,000	1,000	1,000
Cost of parts	5,000	254	5,200	155	1,022	1,022	656
Total	7,500	894	6,500	665	2,022	2,022	1,656

Federation	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	total cost
FD-01 Novi Travnik	1	7,500	0	-	1	6,500	0	-	1	2,022	0	-	0	-	16,022
FD-02 Tuzla	1	7,500	1	894	1	6,500	0	-	1	2,022	0	-	1	1,656	18,572
FD-03 B. Petrovac	1	7,500	1	894	1	6,500	0	-	0	-	1	2,022	1	1,656	18,572
FD-04 Capljina	1	7,500	0	-	1	6,500	1	665	1	2,022	0	-	1	1,656	18,343
FD-05 Tesanj	1	7,500	1	894	1	6,500	0	-	1	2,022	0	-	1	1,656	18,572
FD-06 Konjic	1	7,500	1	894	1	6,500	1	665	1	2,022	0	-	1	1,656	19,237
FD-07 Ljubski	1	7,500	1	894	1	6,500	1	665	1	2,022	0	-	0	-	17,581
FD-08 Maglaj	1	7,500	1	894	1	6,500	0	-	1	2,022	0	-	1	1,656	18,572
FD-09 Bugojno	1	7,500	1	894	1	6,500	1	665	1	2,022	0	-	0	-	17,581
FD-10 Neum	1	3,750	1	894	1	6,500	0	-	0	-	1	2,022	1	1,656	14,822
FD-11 Novi grad	1	7,500	0	-	1	6,500	0	-	0	-	0	-	0	-	14,000
FD-12 Gracanica	1	7,500	1	894	1	6,500	0	-	1	2,022	0	-	1	1,656	18,572
FD-13 Posusje	1	7,500	1	894	1	6,500	1	665	0	-	1	2,022	0	-	17,581
FD-14 Buzim	1	3,750	1	894	1	6,500	0	-	0	-	0	-	1	1,656	12,800
FD-15 Ustikolina	0	-	0	-	1	6,500	1	665	0	-	1	2,022	0	-	9,187
	14	97,500	11	9,836	15	97,500	6	3,990	9	18,198	4	8,088	9	14,904	250,016

Srpska	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	q/ty	cost	total cost
RS-01 Novi Grad	1	7,500	1	894	1	6,500	0	-	0	-	1	1,656	1	1,656	16,550
RS-02 Bratunac	1	7,500	1	894	1	6,500	1	665	0	-	1	2,022	1	1,656	19,237
RS-03 K. Dubica	1	7,500	1	894	1	6,500	1	665	0	-	1	2,022	0	-	17,581
RS-04 Kalinovik	0	-	0	-	1	6,500	1	665	0	-	1	2,022	0	-	9,187
RS-05 Sipovo	1	7,500	1	894	0	-	1	665	0	-	1	2,022	1	1,656	12,737
RS-06 Ljubinje	1	7,500	1	894	1	6,500	0	-	0	-	1	2,022	1	1,656	18,572
RS-07 Ribnik	1	3,750	1	894	1	6,500	0	-	0	-	0	-	1	1,656	12,800
RS-08 Rudo	1	7,500	1	894	1	6,500	1	665	0	-	1	2,022	1	1,656	19,237
RS-09 Kostanjica	1	7,500	1	894	1	6,500	0	-	0	-	1	2,022	1	1,656	18,572
RS-10 Sekovici	1	7,500	1	894	1	6,500	1	665	0	-	1	2,022	1	1,656	19,237
	9	63,750	9	8,048	9	58,500	6	3,990	0	-	8	16,176	8	13,248	163,712

② Costs of Examination

The increased amount of the annual examination costs shall be estimated on the premises that the examination costs of the sites doing the said examinations shall be increased to 1.2 to 1.5 times of the present ones, and the costs of the sites having no usable equipment at present because of trouble (Table 3-2) shall be estimated in such a way that the costs for the expected examinations are the increased amount itself. Based on the above mentioned concept, the increased amount of the annual examination costs of each Dom Zdravlja to be caused by the costs of consumables necessary for examinations is estimated as shown in Table 3-2.

Table 3-2 : Estimation of Operation Cost () shows an increment of testing, * shows an estimated number of testing

Federation	RTG	Developer	Ultrasound	ECG	B. analyzer	Spectro	B.C.C.	Increment
FD-01 Novi Travnik	1,980 (22)	-	528 (20)	-	480 (20)	-	-	2,988
FD-02 Tuzla	5,940 (66)	396 *	528 (20)	-	600 (25)	-	495 (25)	7,959
FD-03 B. Petrovac	2,970 (33)	198	106 (4)	-	-	240 (10)	594 (30)	4,108
FD-04 Capljina	4,950 (55)	-	660 (25)	1,680 (70)	1,200 (50)	-	990 (50)	9,480
FD-05 Tesanj	3,960 (44)	264	396 (15)	-	720 (30)	-	594 (30)	5,934
FD-06 Konjic	1,530 (17)	102	396 (15)	600 (25)	240 (10)	-	198 (10)	3,066
FD-07 Ljubski	4,500 (50)	300	- (0)	600 (25)	14,400 (600)	-	-	19,800
FD-08 Maglaj	2,970 (33)	198	528 (20)	-	14,400 (600)	-	792 (40)	18,888
FD-09 Bugojno	7,920 (88)	528	528 (20) *	2,400 (100)	1,200 (50)	-	-	12,576
FD-10 Neum	1,980 (22)	132	53 (2)	-	-	720 (30)	594 (30)	3,479
FD-11 Novi grad	1,530 (17)	-	396 (15)	-	-	-	-	1,926
FD-12 Gracanica	5,940 (66)	396	1,056 (40)	-	7,200 (300)	-	2,376 (120)	16,968
FD-13 Posusje	3,960 (44)	264	264 (10)	720 (30)	-	960 (40)	-	6,168
FD-14 Buzim	* 2,520 (28)	168	1,320 (50)	-	-	-	238 (12)	4,246
FD-15 Ustikolina	-	-	79 (3) *	120 (5)	-	144 (6)	-	343
Total FD	52,650	2,946	6,838	6,120	40,440	2,064	6,871	117,929

Srpska	RTG	Developer	Ultrasound	ECG	B. analyzer	Spectro	B.C.C.	Increment
RS-01 Novi Grad	1,170 (13)	78	792 (30)	-	-	-	990 (50)	3,030
RS-02 Bratunac	2,970 (33)	198	792 (30)	480 (20)	-	1,680 (70)	693 (35)	6,813
RS-03 K. Dubica	2,790 (31)	186	396 (15)	480 (20)	-	240 (10)	-	4,092
RS-04 Kalinovik	-	-	264 (10) *	408 (17)	-	72 (3)	-	744
RS-05 Sipovo	990 (11)	66	-	-	-	240 (10)	594 (30)	2,130
RS-06 Ljubinje	990 (11)	66 *	264 (10)	-	-	240 (10)	198 (10)	1,758
RS-07 Ribnik	900 (10)	0 *	396 (15)	-	-	-	396 (20)	1,752
RS-08 Rudo	1,530 (17)	102 *	264 (10)	-	-	360 (15)	396 (20)	3,132
RS-09 Kostanjica	990 (11)	66 *	264 (10)	-	-	480 (20)	594 (30)	2,394
RS-10 Sekovici	1,530 (17)	102	18 (7) *	120 (5)	-	120 (5)	198 (10)	2,088
Total RS	13,860	864	3,450	2,208	-	3,432	4,059	27,933

③ Costs of Vehicle Maintenance

The maintenance costs of the vehicles to be procured by this Project shall include the fuel costs and the maintenance costs. The fuel costs shall be estimated in accordance with the premises that the transportation of patients to upper facilities shall be conducted once a day (twenty times a month). The annual fuel costs shall be estimated based on the distance between each Dom Zdravlja and the upper hospital, the fuel efficiency (mileage covered by 1 litre = approx. 9 km), and the unit price of gasoline in both entities, and the maintenance cost shall be estimated as 5% of the fuel costs. The annual maintenance costs of each Dom Zdravlja are shown in Table 3-3.

Table 3-3 : Estimation of Maintenance and Operation Cost of Ambulance Vehicles

Federation	planned vehicle	distance	monthly fuel cost	annual fuel cost	maintenance	total
FD-01 Novi Travnik	1	90km	210	2,520	126	2,646
FD-03 B. Petrovac	1	120km	280	3,360	168	3,528
FD-05 Tesanj	1	200km	467	5,604	280	5,884
FD-06 Konjic	1	124km	289	3,468	173	3,641
FD-08 Magraj	1	120km	280	3,360	168	3,528
FD-10 Neum	1	200km	467	5,604	280	5,884
FD-11 Novi Grad*	1	20km	47	564	28	592
FD-12 Gracanica	1	110km	257	3,084	154	3,238
FD-15 Ustikolina	1	50km	117	1,404	70	1,474
Total FD	9		2,414	28,968	1,447	30,415

Srpska	planned vehicle	distance	monthly fuel cost	annual fuel cost	maintenance	total
RS-02 Bratunac	1	84km	168	2,016	101	2,117
RS-05 Sipovo	1	180km	360	4,320	216	4,536
RS-06 Ljubinje	1	120km	240	2,880	144	3,024
RS-08 Rudo	1	240km	480	5,760	288	6,048
RS-10 Sekovici	1	80km	160	1,920	96	2,016
Total RS	5		1,408	16,896	845	17,741

The results of these estimation arranged for each entity are as shown in Table 3-4. Since for this project it is intended that components for each item of equipment will include supplies for six months, and since the need for maintenance parts and spare parts will not arise until the second year, yearly expenses are divided into those for the initial year, and those for subsequent years; assuming an annual rise in prices of 7%, the maintenance costs for each entity for the initial year and subsequent years are as listed below.

Federation of Bosnia and Herzegovina	First year	158,000 KM
	Second year and thereafter	430,000 KM
Republic of Srpska:	First year	48,000 KM
	Second year and thereafter	224,000 KM

Table 3-4 : Summary of Maintenance Cost and Operation Cost

Federation

Equipment	First year				inflation 7% per year	Second year and thereafter				inflation 7% per year
	maintenance	operation	vehicle	total		maintenance	operation	vehicle	total	
RTG apparatus	0	52,650		52,650		102,962	52,650		155,612	
Film developer	0	2,946		2,946		9,788	2,946		12,734	
Ultrasound	0	6,838		6,838		95,335	6,838		102,173	
ECG	0	6,120		6,120		3,954	6,120		10,074	
B. analyzer	0	40,440		40,440		18,362	40,440		58,802	
Spectrophotometer	0	2,064		2,064		8,161	2,064		10,225	
Blood cell counter	0	6,871		6,871		15,055	6,871		21,926	
Ambulance vehicle			30,400	30,400				30,400	30,400	
Total FD	0	117,928	30,400	148,328	158,711	253,616	117,928	30,400	401,944	430,080

Srpska

Equipment	First year				inflation 7% per year	Second year and thereafter				inflation 7% per year
	maintenance	operation	vehicle	total		maintenance	operation	vehicle	total	
RTG apparatus	0	13,860		13,860		64,828	13,860		78,688	
Film developer	0	924		924		8,008	924		8,932	
Ultrasound	0	3,450		3,450		57,201	3,450		60,651	
ECG	0	2,208		2,208		3,954	2,208		6,162	
B. analyzer	0	0		0		0	0		0	
Spectrophotometer	0	3,432		3,432		16,321	3,432		19,753	
Blood cell counter	0	4,059		4,059		13,382	4,059		17,441	
Ambulance vehicle			17,741	17,741				17,741	17,741	
Total RS	0	27,933	17,741	45,674	48,871	163,695	27,933	17,741	209,369	224,025

Since these maintenance costs will in actuality be treated as expenditure by the individual Dom Zdravlja, the results of the trial calculations were compared with the present expenditure levels of each Dom Zdravlja, as being the level of increase in maintenance expenditure after the procurement of equipment in this project. It will be seen that for the Federation there will be an average increase of 2.90%, and for Srpska an average increase of 4.91% ,with a range for individual Dom Zdravljas of between 0.36% and 9.09%. The equipment planned for procurement in this project will not exert pronounced pressure on the present levels of expenditure, and it is judged that at each of the Dom Zdravljas, at the same time that the equipment will be put to good use, it will also be possible for it to be satisfactorily maintained.

Table 3-5 : Comparison of Cost Increase and Budget Size of Dom Zdravlja

Federation	increment				annual expenditure(b)	rate (a) / (b)
	maintenance	operation	vehicle	total (a)		
FD-01 Novi Travnik	16,023	2,990	2,646	21,659	1,212,000	1.79%
FD-02 Tuzla	18,585	7,960	-	26,545	7,459,200	0.36%
FD-03 B. Petrovac	18,585	4,110	3,528	26,223	744,000	3.52%
FD-04 Capljina	18,355	9,480	-	27,835	1,200,000	2.32%
FD-05 Tesanj	18,585	5,930	5,880	30,395	1,230,600	2.47%
FD-06 Konjic	19,244	3,070	3,646	25,960	2,820,000	0.92%
FD-07 Ljubski	17,572	19,800	-	37,372	1,329,600	2.81%
FD-08 Maglaj	18,585	18,890	3,528	41,003	948,000	4.33%
FD-09 Bugojno	17,572	12,580	-	30,152	2,076,000	1.45%
FD-10 Neum	18,585	3,480	5,880	27,945	480,000	5.82%
FD-11 Novi grad	13,982	1,930	588	16,500	---	---
FD-12 Gracanica	18,585	16,970	3,234	38,789	2,404,800	1.61%
FD-13 Posusje	17,572	6,170	-	23,742	1,147,200	2.07%
FD-14 Buzim	12,732	4,250	-	16,982	840,000	2.02%
FD-15 Ustikolina	9,055	340	1,470	10,865	120,000	9.05%
Average						2.90%

Srpska	increment				annual expenditure(b)	rate (a) / (b)
	maintenance	operation	vehicle	total (a)		
RS-01 Novi Grad	16,545	3,030	-	19,575	1,354,000	1.45%
RS-02 Bratunac	19,244	6,810	2,117	28,171	1,268,000	2.22%
RS-03 K. Dubica	17,572	4,090	-	21,662	994,000	2.18%
RS-04 Kalinovik	9,055	740	-	9,795	257,000	3.81%
RS-05 Sipovo	12,889	2,130	4,536	19,555	891,000	2.19%
RS-06 Ljubinje	18,585	1,760	3,024	23,369	257,000	9.09%
RS-07 Ribnik	12,732	1,750	-	14,482	308,000	4.69%
RS-08 Rudo	19,244	3,130	6,048	28,422	342,000	8.29%
RS-09 Kostanjica	18,585	2,390	-	20,975	241,000	8.68%
RS-10 Sekovici	19,244	2,090	2,016	23,350	360,000	6.49%
Average						4.91%

Chapter 4 Project Evaluation and Recommendation

Chapter 4 Project Evaluation and Recommendation

4-1 Project Effect

4-1-1 Effects of the Project

The objective of this Project is to reform the functions of Dom Zdravljas. Using more actual terms, the objectives are to improve the diagnostic functions necessary for medical services (diagnostic imaging, specimen analysis, physiological analysis) and to secure the emergency medical functions (emergency services such as small surgery and transportation of patients to referral hospitals). The equipment to be procured by this Project is essential for these activities and will dissolve the severe deterioration, frequent trouble, and the lack of existing equipment.

Dom Zdravlja provides the diagnostic functions such as diagnostic imaging, specimen analysis, and physiological analysis not only to the doctors of Dom Zdravlja, but also the doctors in Ambulantas and Family Medicine Teams in the municipality. In addition, Dom Zdravlja is the first access point of emergency services for the residents of municipality. Therefore, the effects of the improved functions of Dom Zdravlja will bring the improvement of diagnostic activities at the primary level, preparation of infrastructure for the Family Medicine Component, and the securing of access for emergency services. These effects would be a wide spread improvement in the medical services in the municipalities.

4-1-2 Benefits to the Residents

This Project shall cover the Dom Zdravlja, the central organ of local medical activities of each municipality in the primary medical service of Bosnia and Herzegovina. Each Dom Zdravlja covers all the residents in the municipality. Therefore, the effects of this Project shall benefit all the residents of twenty-five municipalities of approximately 740,000.

Table 4-1 : Coverage of 25 Dom Zdravljas (population of municipalities)

Federation			Srpska		
FD-01	Novi Travnik	34,000	RS-01	Novi Grad	50,000
FD-02	Tuzla	160,000	RS-02	Bratunac	27,000
FD-03	Bosabski Petrovac	7,600	RS-03	Kozarska Dubica	30,000
FD-04	Capljina	29,000	RS-04	Kalinovik	5,000
FD-05	Tesanj	66,000	RS-05	Sipovo	13,000
FD-06	Konjic	40,000	RS-06	Ljubinje	5,000
FD-07	Ljubski	30,000	RS-07	Ribnik	15,000
FD-08	Maglaj	30,000	RS-08	Rudo	12,000
FD-09	Bugojno	50,000	RS-09	Kostajnica	8,500
FD-10	Neum	5,000	RS-10	Sekovici	10,000
FD-11	Novi grad	12,000	Sub total 175,500		
FD-12	Gracanica	60,000			
FD-13	Posusje	17,000			
FD-14	Buzim	20,000			
FD-15	Ustikolina	5,000			
Sub total		565,600	Total		741,100

4-1-3 Soundness for Operation and Maintenance

After procurement of the equipment by this Project, the increased costs of operation and maintenance for each Dom Zdravlja shall be approximately 9,800 to 41,000 KM a year (average of 24,000 KM). This increase of costs accounts for 0.36 to 9.09% of the present expenses of each Dom Zdravlja (average of 3% for the Federation and 5% for Srpska). The increase of costs is determined sufficiently payable under the present accounting situation of Dom Zdravlja.

4-2 Recommendation

4-2-1 Practical Assignment of Family Medicine Team

The introduction of Family Medicine System is a very important issue in the reform and reconstruction plan of PHC as well as the improvement of functions of primary medical facilities. In order to bring Family Medicine System into practice, a conclusive factor is field activities by Family Medicine Teams consisting of doctors and nurses who are educated on the Family Medicine concept. Training of doctors and nurses and the necessary equipment for Family Medicine Teams have been provided by the supports of the United Nations Organizations and the foreign countries so far. Some the twenty-five municipalities in which the Dom Zdravljas of this Project are located, the teams assigned to Ambulantas have already started their activities. In other municipalities, the doctors and nurses of Dom Zdravlja have finished training and they are waiting to be assigned and start the activities. The development of activities is fairly delayed in Srpska compared with the Federation because the related supports were proceeded in the Federation first. Since all the donors are now trying to support both entities at present, similar activities are expected to start in Srpska also.

However, looking at the present state of each municipality, there are some areas where the residents do not understand the new system enough yet, and they are worried the increase of the burden for medical expenses by each household after the new system is implemented. In order to effectively introduce the system without fail, an adequate site-selection in the introduction program is necessary. At the same time, not only the training and procurement of equipment, but also the proper measures suited to the occasion, such as IEC programmes, are considered necessary.

4-2-2 Preparation of Medical Statistics

From hygienic standpoint, the severest living state of the nation during and after the war has already gone. In addition, the Reform and Reconstruction Plan by the Ministries of Health of both entities are proceeding fairly favorably. However, both entities have not conducted any census after the war. Furthermore, because the functions of medical statistics have not recovered yet, there is no basic material to determine the trend of national healthcare at present, which causes serious problem in formulating an effective health plan from the standpoint of

long term range. However, looking at the present state of each municipality, numerical values related to dynamic trends in population or medical statistics have been obtained to a certain degree. By effectively utilizing these numerical data, it is not impossible to prepare certain basic materials. It will take fairly long before the statistic functions of entity level are completely recovered. During the course of that time, if any cooperative action is taken by the related organizations within a municipality, medical statistics of community level will become available and the recovery of the medical statistics functions of entity level will be promoted.

[Appendices]

- 1. Member List of Study Team**
- 2. Study Schedule**
- 3. List of Party Concerned in Recipient Country**
- 4. Minutes of Discussion**

1. Member List of the Study Team

Basic Design Study

Masami OISHI	Leader Grant Aid Division Economic Cooperation Bureau Ministry of Foreign Affairs
Masami FUJITA	Technical Adviser Expert Service Division Bureau of International Medical Center of Japan Ministry of Health and Welfare
Chiharu ABE	Project Manager International Techno Center Co.,Ltd.
Hiroshi TASEI	Equipment Planner 1 Overseas Engineering Service
Toshihiko MATSUKI	Equipment Planner 2 International Techno Center Co.,Ltd.
Chihiro FUKAMI	Facility Planner 1 Overseas Engineering Service
Shuichi SUZUKI	Facility Planner 2 International Techno Center Co.,Ltd.
Yuka KAWABATA	Cost and Procurement Planner International Techno Center Co.,Ltd.
Namiko AKITSU	Interpreter International Techno Center Co.,Ltd.

Consulation on Draft Report

Masami FUJITA	Leader Expert Service Division Bureau of International Medical Center of Japan Ministry of Health and Welfare
Chiharu ABE	Project Manager International Techno Center Co.,Ltd.
Hiroshi TASEI	Equipment Planner 1 Overseas Engineering Service
Yuka KAWABATA	Cost and Procurement Planner International Techno Center Co.,Ltd.
Namiko AKITSU	Interpreter International Techno Center Co.,Ltd.

2. Study Schedule

Basic Design Study

DATE	SCHEDULE
1 Aug. 24 Mon.	Leaving Tokyo / Arriving at Vienna (FUJITA, ABE) Leave Tokyo / Arriving at Frankfurt (TASEI, MATSUKI, AKITSU)
2 Aug. 25 Tue.	Meeting with JICA and Embassy of Japan, Austria (FUJITA, ABE) Leaving Frankfurt / Arriving at Vienna (TASEI, MATSUKI, AKITSU) Leaving Vienna / Arriving at Sarajevo (FUJITA, ABE, TASEI, MATSUKI, AKITSU) Meeting with MOFA, BiH Meeting with Federation MOH Meeting with Embassy of Japan, BiH
3 Aug. 26 Wed.	Move to Banja Luka from Sarajevo Meeting with Srpska MOH
4 Aug. 27 Thu.	Visiting DZ Celinac Meeting with Srpska MOH Meeting with WHO, Banja Luka
5 Aug. 28 Fri.	Visiting Celinac Meeting with Ministry of Health and Social Welfare, RS Meeting with Minister of Health and Social Welfare, RS Director for Health System Reform and Reconstruction Meeting with Ministry of Health and Social Welfare, RS
6 Aug. 29 Sat.	Move to Sarajevo from Banja Luka
7 Aug. 30 Sun.	Team Meeting
8 Aug. 31 Mon.	Meeting with WHO Meeting with Federation MOH Meeting with World Bank Meeting with BiH MOFA
9 Sep. 1 Tue.	Meeting with Middle Bosnia Canton MOH Visiting DZ Travnik, FD Visiting DZ and Ambulanta / Novi Travnik, FD Meeting with OHR Drvar Office
10 Sep. 2 Wed.	Meeting with Federation MOH (Dr. Rados) Visiting Family Medicine Site Meeting with WHO
11 Sep. 3 Thu.	Meeting with Federation MOH Signing of Minutes of Discussion at BiH, MOFA Leaving Vienna / Arriving Sarajevo (FUKAMI, SUZUKI, KAWABATA) Team Meeting
12 Sep. 4 Fri.	Leaving Sarajevo / Arriving Vienna (OISHI, FUJITA) Visiting Busovaca
13 Sep. 5 Sat.	Team Meeting, Review of Data
14 Sep. 6 Sun.	Move to each sites
15 Sep. 7 Mon.	Visiting DZ Buzim / Bihac, FD Visiting DZ Novi Grad / Srpska Kostajnica, RS
16 Sep. 8 Tue.	Visiting International Rescue Committee Visiting DZ Bosanski Petrovac / Drvar, FD Visiting DZ Kozarska Dubica, RS Meeting with CESVI / Drvar

DATE		SCHEDULE
17	Sep. 9 Wed.	Visiting DZ Bugojno / Kpures, FD Visiting DZ Sipovo / Ribnik, RS
18	Sep.10 Thu.	Visiting DZ Ustikolina /Vogosca / Konjic, FD
19	Sep.11 Fri.	Visiting DZ Novi Grad / Olovo / Tesanj /Maglaj, FD
20	Sep.12 Sat.	Team Meeting, Review of Data
21	Sep.13 Sun.	Team Meeting, Review of Data
22	Sep.14 Mon.	Visiting DZ Tuzla / Celic,FD Visiting DZ Doboj / Modrica / Rudo / Kalinovik, RS
23	Sep.15 Tue.	Visiting DZ Odzak / Gradacac, FD Visiting DZ Ljubinje / Bileca, RS
24	Sep.16 Wed.	Visiting DZ Gracanica / Zavidovici, FD Visiting DZ Sekovici / Bratunac, RS
25	Sep.17 Thu.	Visiting DZ Capljina / Posusje / Siroki Brijeg, FD
26	Sep.18 Fri.	Visiting DZ Neum / Ljubuski / Grude , FD
27	Sep.19 Sat.	Move to each sites
28	Sep.20 Sun.	Meeting with Federation MOH, Team Meeting
29	Sep.21 Mon.	Visiting DZ Novi Travnik / Gornji Vakuf, FD Visiting DZ Pale / Sokolac / Visegrad, RS
30	Sep.22 Tue.	Meeting with Federation MOH
31	Sep.23 Wed.	Visiting DZ Mrkonjic Grad / Kotr Varos, FD
32	Sep.24 Thu.	Meeting with Ministry of Health and Social Welfare, RS Visiting DZ Gradiska / Derventa, RS
33	Sep.25 Fri.	Meeting with FD Sarajevo Canton MOH Meeting with FDNeretva-Herzegovina canton Minister of MOH
34	Sep.26 Sat.	Meeting with Federation MOH
35	Sep.27 Sun.	Review of Data
36	Sep.28 Mon.	Meeting with Embassy of Japan ,BiH Meeting with Zenica-Doboj Canton Minister of MOH
37	Sep. 29 Tue.	Leaving Sarajevo / Arriving Vienna (ABE)
38	Sep.30 Wed.	Meeting with JICA and Embassy of Japan (ABE) Leaving Sarajevo / Arriving Vienna (TASEI, SUZUKI, KAWABATA)
39	Oct.1 Thu.	Leaving Vienna / Frankfurt
40	Oct.2 Fri.	Arriving Tokyo

Consultation on Draft Report

DATE	SCHEDULE
1 Dec.6 Sun.	Leaving Tokyo / Arriving at Vienna
2 Dec.7 Mon.	Meeting with JICA and Embassy of Japan Leaving Vienna / Arriving at Sarajevo Meeting with Federation MOH
3 Dec.8 Tue.	Meeting with Federation MOH Meeting with MOFA, BiH Meeting with Federation MOH Meeting with MOFA, BiH
4 Dec.9 Wed.	Meeting with Federation MOH Meeting with MOFA, BiH Meeting with Federation MOH
5 Dec.10 Thu.	Meeting with Federation MOH Supplementary exam
6 Dec.11 Fri.	Meeting with Federation MOH Supplementary exam
7 Dec.12 Sat.	Team Meeting, Review of Data
8 Dec.13 Sun.	Team Meeting, Review of Data
9 Dec.14 Mon.	Leaving Tokyo / Arriving at Vienna (FUJITA) Meeting with Federation MOH Meeting with MOFA, BiH
10 Dec.15 Tue.	Meeting with JICA and Embassy of Japan (FUJITA) Leaving Vienna / Arriving at Sarajevo Meeting with MOFA, BiH
11 Dec.16 Wed.	Meeting with Federation MOH (Minister Ljubic, Dr. Rados) Move to Banja Luka from Sarajevo
12 Dec.17 Thu.	Meeting with Ministry of Health and Social Welfare, RS
13 Dec.18 Fri.	Move to Sarajevo from Banja Luka Meeting with Federation MOH
14 Dec.19 Sat.	Meeting with Federation MOH
15 Dec.20 Sun.	Team Meeting, Review of Data
16 Dec.21 Mon.	Signing of Minutes of Discussion at BiH, MOFA
17 Dec.22 Tue.	Meeting with JICA and Embassy of Japan Move to Banja Luka from Sarajevo
18 Dec.23 Wed.	Leaving Sarajevo / Arriving Vienna
19 Dec.24 Thu.	Meeting with JICA and Embassy of Japan / Leaving Vienna
20 Dec.25 Fri.	Arriving Tokyo

3. List of Party concerned in Recipient Country

Ministry of Foreign Affairs, BiH

Mihovil Malbasic
Assistant Minister
Dept. for Multilateral Relations

Mithat Pasic
Head of Unit
Unit for Reconstruction, Dept. for Multilateral Relations

Jasna Cehic ,M.A.
International Aid Coordinator
Dept. for Multilateral Relations

Aziz Hadzimuratovic, B.Sc.
Counselor/Head of Unit
Unit for Reconstruction, Dept. for Multilateral Relations

Vildana Bijedic
Unit for Reconstruction, Dept. for Multilateral Relations

Ministry of Health, Federation of BiH

Bozo Ljubic, MD, PhD, Prof.
Minister of Health

Ibrahim Ramic, MD
Deputy Minister

Drazenka Rados, MD, PhD
Assistant to Minister, Assistant Minister/Director
Dept for Medical Affairs and Organization of Health System

Bakir Nakas, MD, PhD
Assistant to Minister for International Relations

Ministry of Health and Social Welfare, Republic of Srpska

Zeljko Rodic, MD, Prim., Dr.
Minister of Health and Social Welfare

Zarko Pavic, MD, PhD
Associate Minister/Director
Dept. for Health System Reform and Reconstruction

Milos Bajic, MD
Associate Minister/Director
Dept. for Health Care and Health Insurance

4. Minutes of Discussion

(1) Minutes of Discussion, Basic Design Study (Federation of Bosnia and Herzegovina)

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

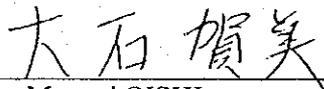
In response to a request from the Government of Bosnia and Herzegovina (hereinafter referred to as "the Government"), the Government of Japan decided to conduct a Basic Design Study on the Project for Improvement of Medical Equipment in Primary Health Care Institutions (Phase II) in Bosnia and Herzegovina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

JICA sent to Bosnia and Herzegovina a study team, which is headed by Ms. Masami Oishi. Grant Aid Division, Economic Cooperation Bureau, Ministry of Foreign Affairs, and is scheduled to stay in the country from 25, August to 30, September, 1998.

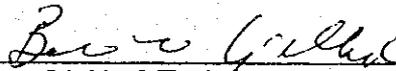
The team held discussions with the officials concerned of the Government and conducted a field survey at the study area.

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.

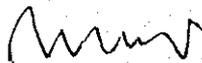
Sarajevo, 3rd September, 1998



Ms. Masami OISHI
Leader,
Basic Design Study Team
JICA



Bozo Ljubic, MD, PhD, Associate Prof.
Minister of Health,
Federation of Bosnia and Herzegovina



Mr. Mihovil Malbasic
Assistant Minister,
Department for Multilateral Relations,
Ministry of Foreign Affairs,
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, Federation of Bosnia and Herzegovina

Executing Agency : Department for Medical Affairs and Organization of Health System,
Ministry of Health, Federation of Bosnia and Herzegovina

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. Japan's Grant Aid Programme

(1) The Government has understood the system of Japanese 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.

6. Schedule of the Study

(1) The team will proceed further study in Bosnia and Herzegovina until September 30, 1998.

(2) JICA will prepare the draft report in English and dispatch a mission to Bosnia and Herzegovina in December 1998, in order to explain its contents.

(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 April, 1999.

7. Monitoring of the Project

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

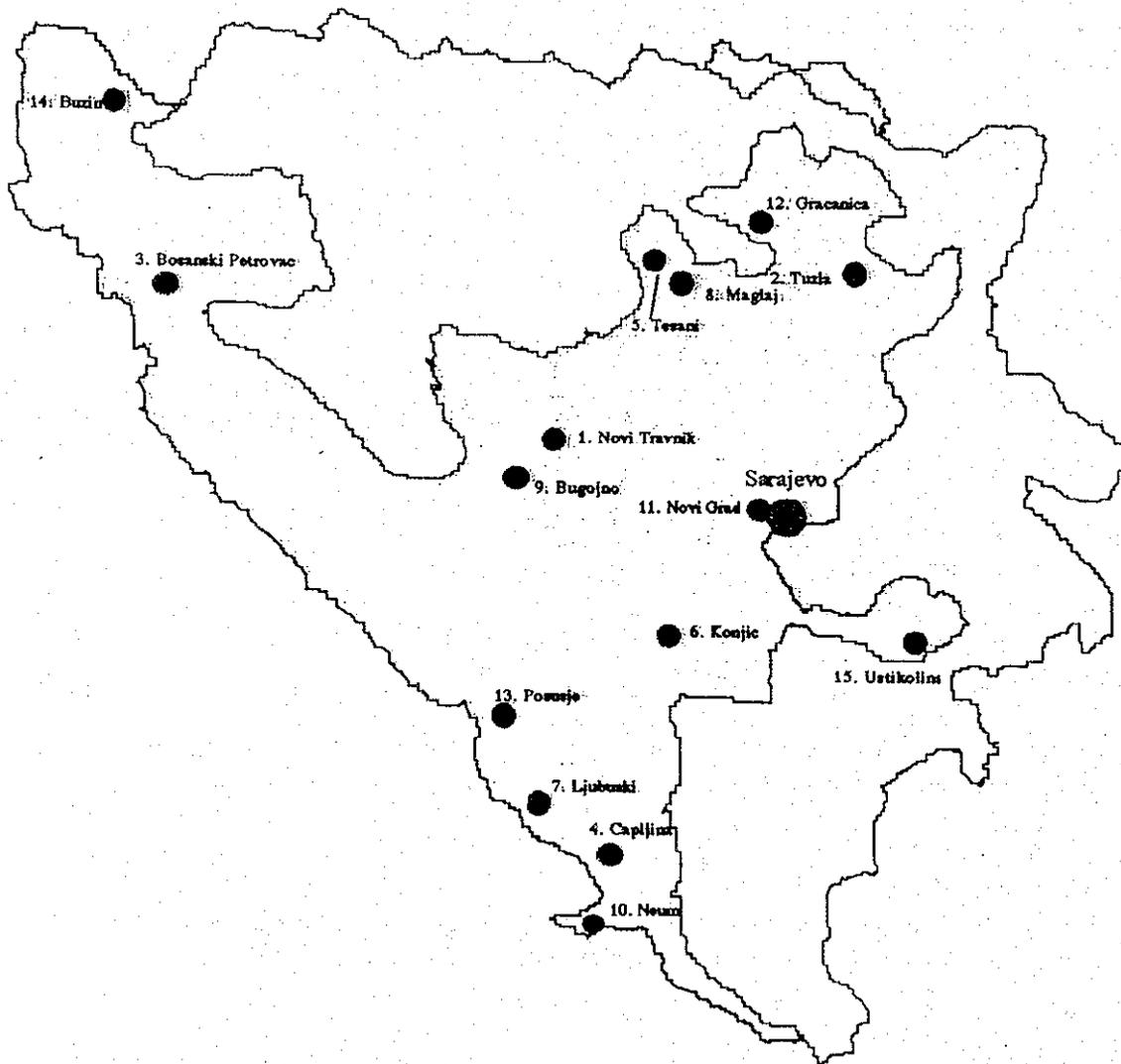
8. Other relevant issues

The Ministry of Health confirmed that every Dom Zdravljas provides adequate and necessary primary and basic health care to those who seek for medical services regardless of their ethnic background, religion or race.

7. *Ag. M. (JICA)*

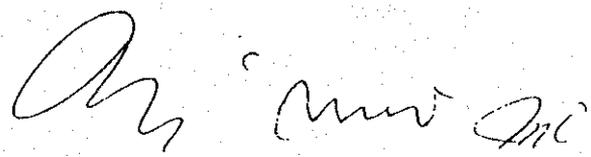
Dom Zdravljas as Project Site

- | | | | |
|---|-------------------|----|------------|
| 1 | Novi Travnik | 9 | Bugojno |
| 2 | Tuzla | 10 | Neum |
| 3 | Bosanski Petrovac | 11 | Novi Grad |
| 4 | Capljina | 12 | Gracanica |
| 5 | Tesanj | 13 | Posusje |
| 6 | Konjic | 14 | Buzim |
| 7 | Ljubuski | 15 | Ustikolina |
| 8 | Maglaj | | |



List of Requested Equipment

	Order of Priority															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Novi Travnik	Tuzla	Bosanski Petrovac	Capljina	Tesanj	Konjic	Ljubuski	Maglaj	Bugojno	Neum	Novi Grad	Gracanica	Posusje	Buzim	Ustikolina	Total
1	RTG apparatus	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
2	Film x-ray dev. machine		1	1	1	1	1	1	1	1	1	1	1	1	1	14
3	Ultrasound	1	1	1	1	1	1	1	1	1	1		1	1	1	14
4	Spirometer	1	1	1	1	1	1	1	1	1	1		1	1	1	14
5	ECG	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
6	Biochemistry analyzer	1	1		1	1	1	1	1		1		1			10
7	Spectrophotometer			1						1		1		1	1	5
8	Blood cell counter	1	1	1	1	1		1	1	1	1	1		1	1	13
9	Microscope	1	1	1	1	1		1	1	1	1	1	1	1	1	14
10	Centrifuge	1	1	1	1	1		1	1	1	1	1	1	1	1	14
11	Sterilizer		1	1	1	1	1	1	1	1	1	1	1	1	1	14
12	Balance			1	1	1	1	1	1	1	1			1	1	11
13	Distilator	1		1	1	1	1	1	1	1	1	1	1	1	1	14
14	Washing machine for lab. glassware	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
15	Ambulance vehicle	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
16	Defibrillator		1	1	1	1	1	1	1	1	1	1	1	1	1	14
17	Reanimation set	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
18	Laryngoscope	1	1	1	1	1	1	1		1	1	1	1	1	1	14
19	Aspirator	1		1	1	1	1	1	1	1	1		1	1	1	13



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:

- 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 a 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)
Determination of Implementation	(The Notes exchanged between the Government of Japan and the recipient country)

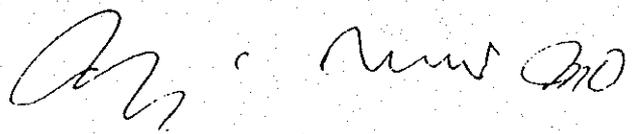
- (2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA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



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 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

Handwritten signatures and initials

(2) Minutes of Discussion, Basic Design Study (Republic of Srpska)

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

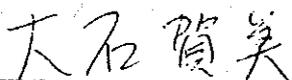
In response to a request from the Government of Bosnia and Herzegovina (hereinafter referred to as "the Government"), the Government of Japan decided to conduct a Basic Design Study on the Project for Improvement of Medical Equipment in Primary Health Care Institutions (Phase II) in Bosnia and Herzegovina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

JICA sent to Bosnia and Herzegovina a study team, which is headed by Ms. Masami Oishi, Grant Aid Division, Economic Cooperation Bureau, Ministry of Foreign Affairs, and is scheduled to stay in the country from 25, August to 30, September, 1998.

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.

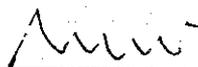
Sarajevo, 3rd September, 1998



Ms. Masami OISHI
Leader,
Basic Design Study Team
JICA



Prim Dr. Zeljko Rodic, MD
Minister of Health and Social Welfare,
Republic of Srpska



Mr. Mihovil Malbasic
Assistant Minister,
Department for Multilateral Relations,
Ministry of Foreign Affairs,
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 Welfare, Republic of Srpska

Executing Agency : Department for Health System Reform and Reconstruction, Ministry of Health and Social Welfare, Republic of Srpska

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. Japan's Grant Aid Programme

(1) The Government has understood the system of Japanese 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.

6. Schedule of the Study

(1) The team will proceed further study in Bosnia and Herzegovina until September 30, 1998.

(2) JICA will prepare the draft report in English and dispatch a mission to Bosnia and Herzegovina in December 1998, in order to explain its contents.

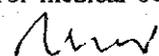
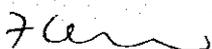
(3) In case that the contents of the above explanation is accepted in principle by the Government, JICA will complete the final report in English and send it to the Government by the end of April, 1999.

7. Monitoring of the Project

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

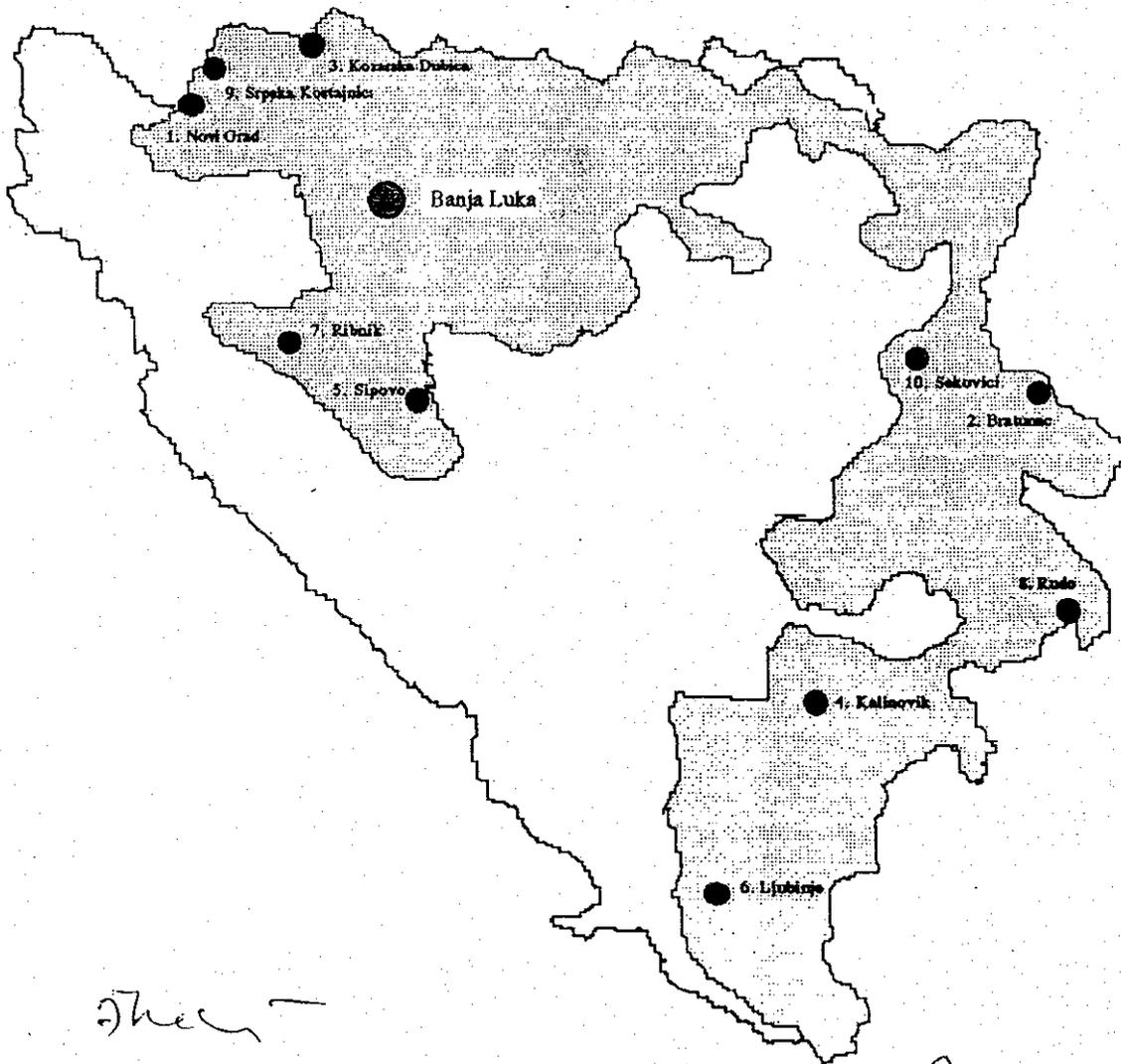
8. Other relevant issues

The Ministry of Health and Social Welfare confirmed that every Dom Zdravljas provides adequate and necessary primary and basic health care to those who seek for medical services regardless of their ethnic background, religion or race.



Dom Zdravljas as Project Site

- | | | | |
|---|-----------------|----|-------------------|
| 1 | Novi Grad | 6 | Ljubinje |
| 2 | Bratunac | 7 | Ribnik |
| 3 | Kozarska Dubica | 8 | Rudo |
| 4 | Kalinovik | 9 | Srpska Kostajnica |
| 5 | Sipovo | 10 | Sekovici |



List of Requested Equipment

		Order of Priority										Total
		1	2	3	4	5	6	7	8	9	10	
		Novi Grad	Bratunac	Kozarska Dubica	Kalinovik	Sipovo	Ljubinje	Ribnik	Rudo	Srpska Kostajnica	Sekovici	
1	RTG apparatus	1	1	1	1	1	1	1	1	1	1	10
2	Film x-ray developing machine	1	1	1	1	1	1	1	1	1	1	10
3	Ultrasound	1	1	1	1		1	1	1	1	1	9
4	ECG	1	1	1	1	1	1	1	1	1	1	10
5	Spectrophotometer		1	1	1	1	1	1	1	1	1	9
6	Blood cell counter	1	1		1	1	1	1	1	1	1	9
7	Microscope	2	2	2	1	1	2	1	1	1	2	15
8	Centrifuge		2	2	1	1	2	1	1	1	2	13
9	Sterilizer	2	2	2	1	1	2	1	1	1	1	14
10	Balance	1	1	1	1	1	1	1	1	1	1	10
11	Distilator	1	1	1	1	1	1	1	1	1	1	10
12	Ambulance vehicle	1	1	1	1	1	1	1	1	1	1	10
13	Defibrillator	1	1	1	1	1	1	1	1	1	1	10
14	Reanimation set	1	1	1	1	1	1	1	1	1	1	10
15	Laryngoscope	1	1	1	1	1	1	1	1	1	1	10
16	Aspirator	1	1	1	1	1	1	1	1	1	1	10
17	Computer	2	2	2	1	1	1	1	1	1	1	13

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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 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.

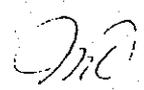
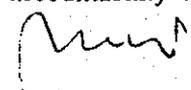
(4) under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.

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:

- 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 a 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)
Determination of Implementation	(The Notes exchanged between the Government of Japan and the recipient country)

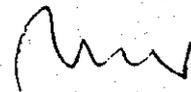
(2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA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



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 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

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(3) Minutes of Discussion, Consultation on Draft Report (Federation of Bosnia and Herzegovina)

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

In August and September 1998, the Japan International Cooperation Agency (JICA) dispatched a Basic Study team on the project for improvement of medical equipment in primary health care institutions (Phase II) (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.

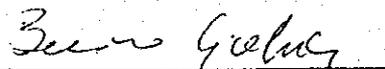
In order to explain and to consult the Bosnia and Herzegovina side on the components of the draft report, JICA sent to Bosnia and Herzegovina a study team, which is headed by Dr. Masami Fujita, M.D., Expert Service Division Bureau of International Cooperation, International Medical Center of Japan, Ministry of Health & Welfare, and is scheduled to stay in the country from December 7 to 23, 1998.

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

Sarajevo, December 21, 1998



Dr. Masami FUJITA, M.D.
Leader,
Draft Report Explanation Team,
JICA



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

Witness



Mr. Mihovil Malbasic
Assistant Minister,
Department for Multilateral Relations,
Ministry of Foreign Affairs,
Bosnia and Herzegovina

ATTACHMENT

1. Component of draft report

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

2. Japan's Grant Aid System

- 1) Bosnia and Herzegovina side has understood the system of Japanese Grant Aid explained by the team (See ANNEX-I).
- 2) Bosnia and Herzegovina side 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 recipient side

The procurement of the equipment described in ANNEX-III, are finally requested by the recipient side 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 Bosnia and Herzegovina side around April, 1999.

5. Monitoring

Department for Medical Affairs and Organization of Health System, Ministry of Health, has responsibility to conduct periodical monitoring and evaluation of the progress of all phases 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 strongly requested that Japanese side would include a biochemistry analyzer for Tuzla Dom Zdravlja(DZ) on finalizing the Basic Design Study Report, and the team confirmed that Tuzla DZ expenses a large amount of operational cost with the existing equipment.
- 2) Ministry of Health strongly requested that Japanese side would include one each ambulance vehicle for Ljubski DZ, Buzim DZ and Posusje DZ.
- 3) Ministry of Health will take the following measures:
 - i) assign a X-ray technician to Neum DZ by the end of 1999.
 - ii) secure necessary budget for the operation and maintenance, and personnel for the Project, especially for Ustikolina DZ.
 - iii) 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 Bosnia and Herzegovina Side
ANNEX-III : Targeted Dom Zdravljias and Equipment List

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.

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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

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

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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.

3. 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 a 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 cost 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 Japan's 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.

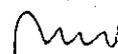
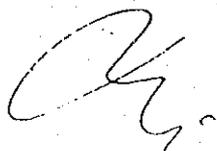
(2) Selection of consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA selects (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.

ANNEX-II : Undertaking of Bosnia and Herzegovina Side

Necessary measures to be taken by Bosnia and Herzegovina side 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 Targeted Dom Zdravljas and Equipment List

	FD-01 Novi Travnik	FD-02 Tuzla	FD-03 Bosanski Petrovac	FD-04 Capljina	FD-05 Tesanj	FD-06 Konjic	FD-07 Ljubski	FD-08 Maglaj	FD-09 Bugojno	FD-10 Neum	FD-11 Novi grad	FD-12 Ormanica	FD-13 Posusje	FD-14 Buzim	FD-15 Ustikolina	Total
RTG apparatus	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	14
Film X-ray development machine		1	1	0	1	1	1	1	1	1	0	1	1	1	0	11
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Spirometer	1	1	1	1	0	1	1	1	1	1	1		1	1	1	13
ECG	0	0	0	1	0	1	1	0	1	0	0	0	1	0	1	6
Biochemistry analyzer	1	0		1	1	1	1	1	1		0	1	0			8
Spectrophotometer			1							1		0	1	0	1	4
Bloodcell counter	0	1	1	1	1	1		1	0	1	0	1		1	0	9
Microscope	1	1	0	1	1	1		1	1	1	1	1	1	1	1	13
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Sterilizer		1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
Balance			1	1	1	1	0	1	1	1	1			1	1	10
Distillator	1		1	1	1	1	1	1	1	1	1	1	1	1	1	14
Washing machine for laboratory glassware	1	1	0	1	1	1	1	1	1	0	1	1	0	0	0	10
Ambulance vehicle	1	0	1	0	1	1	0	1	0	1	1	1	0	0	1	9
Defibrillator		0	1	1	1	1	1	1	1	1	1	1	1	1	1	13
Reanimation set	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
Laryngoscope	1	1	1	1	1	1	1	1		1	1	1	1	1	1	14
Aspirator	1		1	1	1	1	1	1	1	1	1		1	1	1	13

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(4) Minutes of Discussion, Consultation on Draft Report (Republic of Srpska)

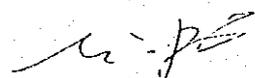
MINUTES OF DISCUSSIONS
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Sarajevo, December 21, 1998

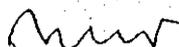


Dr. Masami FUJITA, M.D.
Leader,
Draft Report Explanation Team,
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ATTACHMENT

1. Component of draft report

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

2. Japan's Grant Aid System

- 1) Bosnia and Herzegovina side has understood the system of Japanese Grant Aid explained by the team (See ANNEX-I).
- 2) Bosnia and Herzegovina side 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 recipient side

The procurement of the equipment described in ANNEX-III, are finally requested by the recipient side 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 Bosnia and Herzegovina side around April, 1999.

5. Monitoring

Department for Health System Reform and Reconstruction, Ministry of Health and Social Welfare, has responsibility to conduct periodical monitoring and evaluation of the progress of all phases 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 strongly requested that Japanese side would include a ultrasound, a defibrillator and a computer for Kalinovik Dom Zdravlja(DZ) on finalizing the Basic Design Study Report, and the team confirmed that a full-time doctor has been assigned to Kalinovik DZ already.
- 2) Ministry of Health and Social Welfare will take the following measures:
 - i) secure necessary budget for the operation and maintenance, and personnel for the Project, especially for Ljubinje DZ and Kostanjica DZ.
 - ii) 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 Bosnia and Herzegovina Side
ANNEX-III : Targeted Dom Zdravljas and Equipment List

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 Noes, 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 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 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.

3. 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 a 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 cost 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 Japan's 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 selects (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.

ANNEX-II : Undertaking of Bosnia and Herzegovina Side

Necessary measures to be taken by Bosnia and Herzegovina side 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 Targeted Dom Zdravljas and Equipment List

	RS-01 Novi Grad	RS-02 Bratunac	RS-03 Kozarska Dubica	RS-04 Katinovik	RS-05 Sipovo	RS-06 Ljubinje	RS-07 Ribnik	RS-08 Rudo	RS-09 Kostajnica	RS-10 Sekovici	Total
RTG apparatus	1	1	1	0	1	1	1	1	1	1	9
Film X-ray development machine	1	1	1	0	1	1	1	1	1	1	9
Ultrasound	1	1	1	0	0	1	1	1	1	1	8
ECG	0	1	1	1	1	0	0	1	0	1	6
Biochemistry analyzer											
Spectrophotometer		1	1	1	1	1	0	1	1	1	8
Bloodcell counter	1	1		0	1	1	1	1	1	1	8
Microscope	2	1	2	1	1	1	1	1	1	1	12
Centrifuge		1	2	1	1	1	0	1	1	1	9
Sterilizer	2	2	2	1	1	1	1	1	1	1	13
Balance	1	1	1	1	0	1	1	1	1	1	9
Distilator	1	1	1	1	1	1	0	1	1	1	9
Ambulance vehicle	0	1	0	0	1	1	0	1	0	1	5
Defibrillator	1	1	1	0	1	1	1	1	1	1	9
Reanimation set	1	1	1	1	1	1	1	1	1	1	10
Laryngoscope	1	1	1	1	1	1	1	1	1	1	10
Aspirator	1	1	1	0	1	1	1	1	1	1	9
Computer	1	1	1	0	1	1	1	1	1	1	9

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