

1. Member List of the Survey Team

1. Hayao ADACHI

Leader

Development Specialist

Japan International Cooperation Agency

2. Masahiro TANAKA

Equipment Planner 1

Grant Aid Management Department

Japan International Corporation System

3. Masanori TAKAISHI

Equipment Planner 2

Grant Aid Management Department

Japan International Corporation System

4. Takefumi MAYUMI

Procurement Planner

Grant Aid Management Department

Japan International Corporation System

2. Survey Schedule

Itinerary (B/D)

	Date	1	2, 3	4	Stay	
1	Oct,4 (Sun)		Narita 11:55 → Zurich 17:35 (SR169)		Zurich	
2	Oct,5 (Mon)		Zurich 10:10 → Tel Aviv 14:00 (SR332)		Tel Aviv	
3	Oct,6 (Tue)	Courtesy Call to E.O.J, JICA Office (Tel Aviv), MOPI Cand MPW and Site Survey (GAZA)			Tel Aviv	
4	Oct,7 (Wed)		Courtesy Call to Ministry of Public Works (Ramallah)		Jerusalem	
5	Oct,8 (Thu)		Site Survey Nablus		-do-	
6	Oct,9 (Fri)		Site Survey Hevron		-do-	
7	Oct,10 (Sat)		Minutes of Discussion (Ramallah) MPW		-do-	
8	Oct,11 (Sun)		Minutes of Discussion (Ramallah) MPW		-do-	
9	Oct,12 (Mon)		Signing of Minutes (GAZA) MPW		Tel Aviv	
10	Oct,13 (Tue)	Courtesy Call and Report to E.O.J, JICA Office Tel Aviv 15:10 (SR1333) → Zurich 19:15	Courtesy Call and Report to E.O.J, JICA Office. Move to Ramallah		1, Zurich 2,3,4 Ramallah	
11	Oct,14 (Wed)	Zurich 16:40 (JL412)→	Discussion (Ramallah) with MPW		1, On flight 2,3,4 -do-	
12	Oct,15 (Thu)	Tokyo	Site Survey Jenin		-do-	
13	Oct,16 (Fri)		Team Meeting		-do-	
14	Oct,17 (Sat)		Site Survey Jericho		-do-	
15	Oct,18 (Sun)		Discussion (Ramallah) with MPW		-do-	
16	Oct,19 (Mon)		Discussion (Ramallah) with MPW. Local Distributor Survey		-do-	
17	Oct,20 (Tue)		Discussion (Ramallah) with MPW. Local Distributor Survey		2,3 Ramallah 4 Jerusalem	
18	Oct,21 (Wed)		Discussion (Ramallah) with MPW Local Distributor Survey	Visit Transport firm		-do-
19	Oct,22 (Thu)		Courtesy Call to MPW. Visit Transport firm			-do-
20	Oct,23 (Fri)		Internal meeting			2,3,4 Jerusalem
21	Oct,24 (Sat)		Move to Tel Aviv			2,3,4 Tel Aviv
22	Oct,25 (Sun)		Internal meeting			-do-
23	Oct,26 (Mon)		Visit to Transportation firm			-do-
24	Oct,27 (Tue)		Local Manufacturer Survey			-do-
25	Oct,28 (Wed)		Local Distributor Survey			-do-
26	Oct,29 (Thu)		Local Distributor Survey			-do-
27	Oct,30 (Fri)		Meeting with Embassy of Japan			-do-
28	Oct,31 (Sat)		Internal meeting			-do-
29	Nov,1 (Sun)		Local Distributor Survey			-do-
30	Nov,2 (Mon)		Tel Aviv 15:10→ Turin 21:55 (AZ811)	Survey of Equipmet		2, Turin 3, 4 Tel Aviv
31	Nov,3 (Tue)	Procurement Survey	Making field survey report	Tel Aviv 7:00→ Munich 10:05 (LH689)	2, Turin 3, Tel Aviv 4, Munich	
32	Nov,4 (Wed)	Turin 9:45→ Stockholm 14:40 (SR414)	Courtesy Call to E.O.J, JICA Office	Procurement Survey	2, Stockholm 3, Tel Aviv 4, Munich	
33	Nov,5 (Thu)	Procurement Survey	Tel Aviv 16:10→ Zurich 19:30 (SR333)	Munich 7:20→ London 9:55 (LH4566)	2, Stockholm 3, Zurich 4, London	
34	Nov,6 (Fri)	Stockholm 8:20→ 10:45 Zurich 12:50 (SR168)→	Zurich 12:50 (SR168)→	London 8:10→10:55 Zurich 12:50 (SR168)→	On flight	
35	Nov,7 (Sat)		Tokyo 8:30			

- 1 HAYAO ADACHI
- 2 MASASHIRO TANAKA
- 3 MASANORI TAKEISHI
- 4 TAKEFUMI MAYUMI

Itinerary (Draft B/D)

	Date	1	2, 3	Stay
1	Jan,29 (Fri)		Narita 12:50 → Zurich 17:35 (SR169)	Zurich
2	Jan,30 (Sat)		Zurich 10:10 → Tel Aviv 14:55 (SR332)	Tel Aviv
3	Jan,31(Sun)	Beijin 14:35 → Zurich 18:15 (SR199)	Local Distributor Survey	-do-
4	Feb.1 (Mon)	Zurich 10:10 → Tel Aviv 14:55 (SR332)	Courtesy Call to E.O.J. and JICA	-do-
5	Feb,2 (Tue)	Courtesy Call to MOPIC and MPW (GAZA)		-do-
6	Feb,3 (Wed)	Courtesy Call to Ministry of Public Works (Ramallah)		Ramillah
7	Feb,4 (Thu)	Discussion with MPW		-do-
8	Feb,5 (Fri)	Team Meeting		-do-
9	Feb,6 (Sat)	Site Survey Jericho		-do-
10	Feb,7 (Sun)	Minutes of Discussion (Ramallah)		-do-
11	Feb,8(Mon)	Signing of Discussion (Ramallah)		Tel Aviv
12	Feb,9 (Tue)	Courtesy Call and Report to E.O.J, JICA Office Tel Aviv 16:05 (OS712)	Courtesy Call and Report to E.O.J, JICA Office	-do-
13	Feb,10(Wed)	(NH402)→Tokyo	Local Manufacturer Survey	-do-
14	Feb,11(Thu)		Local Manufacturer Survey	-do-
15	Feb,12 (Fri)		Local Manufacturer Survey	-do-
16	Feb,13 (Sat)		Tel Aviv 05:30→ (SR337) Zurich 12:50 (SR168)→	On flight
17	Feb,14(Sun)		Tokyo 8:30	

1 HAYAO ADACHI

2 MASAHIRO TANAKA

3 TAKEFUMI MAYUMI

3. List of Party Concerned in the Recipient Country

1. Ministry of Planning And International Cooperation
 - (1) Waleed A. SIAM (Director General)
 - (2) Yassir M. Najjar (Director)
2. Ministry of Public Works
 - (1) Daifallah Elakhras (Deputy Minister of Ministry of Public Works)
 - (2) Maher Ghnaim (General D. of Technical Dep.)
 - (3) Eng. Fuad Manna (Director)
 - (4) Afif Essaid (Director)
 - (5) Faisal Fraihat (Director of Machines & Transport)
 - (6) Hasan Khalil Hasan (Director of Roads Dept)
 - (7) Zakaria Hajeer (Director Lab & Testing Studies)
 - (8) Musa Tadollah (Director of Jerico office)
 - (9) Iasan Sabobeh (Designer)
3. Ministry of Travel & Transport

Akram Al-Awawdeh (Director General)
4. Palestinian Contractors Union

Daoud Al-Zeel (Chairman)
5.
 - (1) Palestinian Tractor
 - 1) Farid Abu Ghosh (General Manager)
 - 2) Mohammed sbeih (Head of Sales Dept)
 - (2) Tomeco
 - 1) Sakher Khatib (Deputy General Manager)
 - 2) Hassan Abu Dalo (Service Manager)
 - (3) JAMAL O. Masri Co. LTD
 - 1) Muhannad Masri (Director)
 - 2) Fawz Ziadah (Engineer)
 - (4) Transportation company

Khaled Hamadalah (General Director)
 - (5) Golden Eagle

Hanadi Kaloti (General Director)
 - (6) CLAUDE INPROT EXPORT SERVICE

Claude Ohana (General Director)
 - (7) Midle East Logistic Services Ltd.

Josh Podell (General Director)
 - (8) Netzer Sereni

Zion COHEN (Chief Eng.)
 - (9) Comasco Construction Machinery & Systems
 - 1) Haim Danon (Managing Director)
 - 2) Victor Robino (Deputy Managing Director)
 - (10) Wiesenfeld & Associate, Engineers

Joshph Wiesenfeld (Managing Director)
 - (11) CLA

Sami Suez (Managing Director)

MINUTES OF DISCUSSIONS

STUDY ON
IMPROVEMENT AND MAINTENANCE OF MAIN ROADS
IN THE WEST BANK

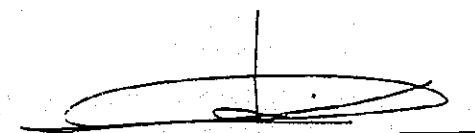
In response to the request from Palestinian Interim Self-Government Authority (hereinafter referred to as "PA"), the Government of Japan (hereinafter referred to as "GOJ") decided to conduct the Study on the Project for Improvement and Maintenance of Main Roads in The West Bank (hereinafter referred to as "the Project"), and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA")

JICA sent to PA the Study Team (hereinafter referred to as "the Study Team)", which was headed by Mr. ADACHI Hayao, Development Specialist JICA, and the Study Team is scheduled to stay in the country from October 7 to November 4, 1998.

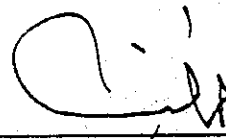
The Study Team held a series of discussions with the officials concerned of the PA and conducted field surveys at the study areas.

In the course of discussions and field surveys, the authorities concerned of the PA and the Study Team confirmed the main items described on the attached sheets. The Study Team will proceed to further studies and prepare the Study Report.

Gaza, October 12, 1998

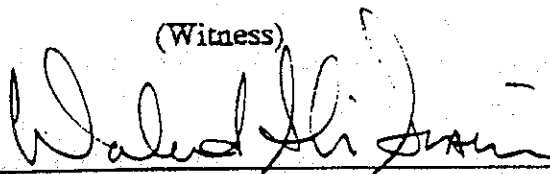


Mr. ADACHI Hayao
Leader,
Study Team,
JICA



Mr. Daifallah Elakhras, Dipl. Eng
Deputy Minister of Ministry of Public Works
PA

(Witness)



Mr. Walid SIAM
Director General of International Cooperation
Ministry of Planning and International Cooperation
PA

ATTACHMENT

1. Objective

The objectives of the Project are to procure the equipment necessary for the improvement and maintenance of roads in the West Bank to improve the transportation condition.

2. Project site

The West Bank (see ANNEX-I)

3. Responsible Ministry and Executing Agency

(1) Coordinate Organization

-Ministry of Planning and International Cooperation

(2) Responsible Ministry

-Ministry of Public Works (MPW)

(3) Executing Agency

- Road Department MPW - the West Bank

4. Items Requested by the MPW

After discussions with the Study Team, the items shown in ANNEX-II were finally requested by the MPW.

However, the final components of the Project, both quantity and specifications, will be decided after further studies.

5. Japan's Grant Aid System

(1) The Palestinian side has understood the system of Japan's Grant Aid explained by the team, as described in ANNEX-III.

(2) The Palestinian side 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 Consultant will proceed to further Studies in the West Bank and the Gaza Strip until November 4, 1998.

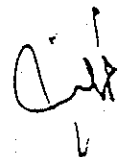
(2) JICA will prepare the draft report in English and dispatch a mission in order to explain its contents around January, 1999.

(3) In case that the contents of the report is accepted in principle by PA, JICA will complete the final report and sent it to PA by the end of March, 1999.

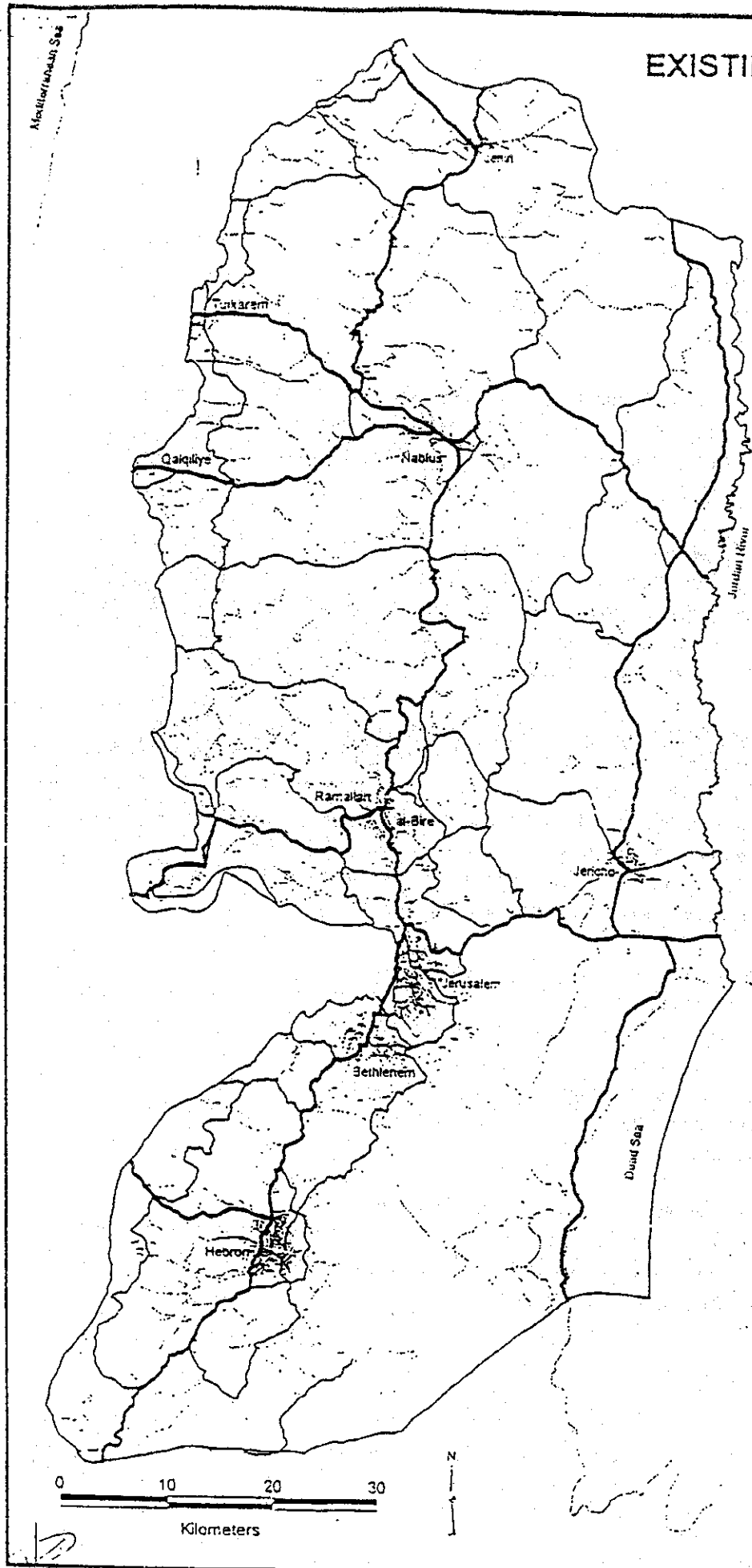
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7. Other Relevant Issues

- (1) Referring to the item 3 of the Annex-IV, tax exemption and customs clearance, in the Minutes of Discussions, the Team has requested that the PA side should take necessary measures for the tax exemption and customs clearance, by coordinating with the Government of Israel, if required. The PA side has agreed to the Team's request.
- (2) Referring to the item 2 of the Annex-IV, Banking Arrangement, in the Minutes of Discussions, both parties have agreed that the Banking Arrangement should be undertaken by following the procedures in the previous similar projects of the Grant Aid of Japan to the PA.
- (3) Referring to the item 5 of the Annex-IV, proper maintenance of the equipment and materials, in the Minutes of Discussions, the Team has requested that the existing stockyards should be arranged to contain the equipment and materials to be granted by Japan before their arrival in Palestine. The PA side has agreed to the Team's request.
- (4) Both parties have agreed that the conditions for the selection of the objective routes, as the basis of the computation for the quantities of the equipment and materials, would be the following: (a) to be limited in the category of improvement and maintenance works of the existing roads including the light works for the expansion of the pavement and shoulder spaces; (b) to put priorities on the zones where are presently governed mainly by PA; and (c) to complete the improvement and maintenance works for the objective routes within five years.
- (5) Both parties have agreed that the Grant would cover the transportation and all commercial costs of the equipment and materials to be granted by Japan until the arrival in Ramallah. In this regards, the Team has requested to PA side to take necessary measures for the immediate clearance of the import procedures related to the Government of Israel. The PA side has agreed to the Team's request.
- (6) The PA side has requested that the counterparts should be trained in Japan for the purpose of technology transfer for: (a) management of equipment; and (b) planning of the road maintenance. The Team replied that the request would be conveyed to the officials concerned in the Government of Japan.



EXISTING ROAD SYSTEM



Legend

- MAIN ROADS
- REGIONAL RD.
- LOCAL ROADS

Note: Negevland included

Sources:
- PALGRIC
- Road Atlas of Israel, 1954



Ministry of Planning and
International Cooperation

Handwritten signature

Items requested by the MPW

	Description	Q'ty
1	Motor Grader, Ap.135HP, with Ripper	2
2	Bulldozer, Ap.220-240HP, with Ripper	2
3	Excavator, Ap.20ton, 0.8m ³ , with Breaker	3
4	Backhoe Loader, Ap.85HP, with Breaker	4
5	Wheel Loader, Ap.13ton, 1.6m ³	2
6	Truck Loader, Ap.200Hp	1
7	Dump Truck, Ap.16ton	10
8	Truck Trailer, Max.30-35ton	1
9	Service Car, with tools	3
10	Vibratory Roller, Ap.10ton	1
11	Tyre Roller, Ap.10ton	1
12	Hand Guided Roller, Ap.600-700Kg	4
13	Cargo Truck with 3ton Crane	1
14	Water Tanker, 6,000-8,000l	1
15	Asphalt Milling Machine	1
16	Air Compressor, 7m ³ /min	1
17	Concrete Mixer, Ap.0.5m ³ , Stationaly type	3
18	Asphalt Cutting Saw	5
19	Pick Hammer	2
20	Mobile Stone Crusher, 7ton/hr	1
21	Workshop Tools	1set
22	Spare Parts, 5-7%	1set

In addition to the above

P.A side is requesting following additional Equipment and modification of capacities

1. Asphalt Milling Machine cutting width 1.2m 1unit
2. Road Painting Machine mobile type 1unit
3. Motor Grader Ap.135hp 1unit
4. One (1) Bulldozer Ap.300hp (modification of capacities)
5. One (1) Excavator Ap.30ton (modification of capacities)
6. One (1) Wheel Loader Ap.16ton (modification of capacities)

ON JAPAN'S GRANT AID PROGRAM

1. Japan's Grant Aid Procedures

- (1) The Japan's Grant Aid Program is executed by the following procedures.
- Application (request made by a recipient country)
 - Study (Study conducted by JICA)
 - Appraisal & Approval (Appraisal by the Government of Japan and Approval by the Cabinet of Japan)
 - Determination of Implementation (Exchange of Notes between both Governments)
 - Implementation (Implementation of the Project)
- (2) Firstly, an application or a request for a project made by the recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to see whether or not it is suitable for Japan's Grant Aid. If the request is deemed suitable, the Government of Japan entrusts a study on the request to JICA (Japan International Cooperation Agency).

Secondly, JICA conducts the Study, using a Japanese consulting firm. If the background and objective of the requested project are not clear, a Preliminary Study is conducted prior to a Study.

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

Fourthly, the Project approved by the Cabinet becomes official when pledged by the Exchange of Notes signed by both Governments.

Finally, for the implementation of the Project, JICA assists the recipient country in preparing contracts and so on.

2. Contents of the Study

(1) Contents of the Study

The purpose of the Study conducted on a project requested by JICA is to provide a basic document necessary for appraisal of the project by the Japanese Government. The contents of the Study are as follows:

- a) to confirm background, objectives, benefits of the project and also institutional capacity of agencies concerned of the recipient country necessary for project implementation,
- b) to evaluate appropriateness of the Project for the Grant Aid Scheme from a technical, social and economical point of view,
- c) to confirm items agreed on by both parties concerning a basic concept of the project,
- d) to prepare a basic design of the project,
- e) to estimate cost involved in the project.

Final project components are subject to approval by the Government of Japan and therefore may differ from an original request.

Implementing the project, the Government of Japan requests the recipient country to take necessary measures involved which are itemized on Exchange of Notes.

(2) Selecting (a) Consulting Firm(s)

For smooth implementation of the study, JICA uses (a) consulting firm(s) registered. JICA selects (a) firm(s) through proposals submitted by firms which are interested.

The consulting firm(s) used for the study is(are) recommended by JICA to a recipient country after Exchange of Notes, in order to maintain technical consistency and also to avoid possible undue delay in implementation caused if a new selection process is repeated.

3. Japan's Grant Aid Scheme

(1) What is Grant Aid?

The Grant Aid Program provides a recipient country with non reimbursable funds needed to procure facilities, equipment and services for economic and social development of the country under the following principles in accordance with relevant laws and regulations of Japan. The Grant Aid is not in a form of donation or such.

(2) Exchange of Notes (E/N)

The Japan's Grant Aid is extended in accordance with the Exchange of Notes by both Governments, in which the objectives of the Project, period of execution, conditions and amount of the Grant, etc. are confirmed.

(3) "The period of the Grant Aid" means one Japanese fiscal year (commencing from 1st April ending on 31st of March) which the Cabinet approves the Project for. Within the fiscal year, all procedure such as Exchange of Notes, concluding a contract with (a) consulting firm(s) and (a) contractor(s) and a final payment to them must be completed.

(4) Under the Grant, in principle, products and services of origins of Japan or the recipient country are to be purchased.

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

However the prime contractors, namely, consulting, contractor and procurement firms, are limited to "Japanese nationals". (The term "Japanese nationals" means Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons.)

(5) Necessity of the "Verification"

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

(6) Undertakings required to the Government of the recipient country

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

- a) to secure land necessary for the sites of the project and to clear and level the land prior to commencement of the construction work,
- b) to provide facilities for distribution of electricity, water supply and drainage and other incidental facilities in and around the sites,
- c) to secure buildings prior to the installation work in case the Project is providing equipment,
- d) 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,



- e) 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,
- f) 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

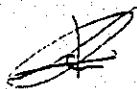
The recipient country is required to maintain and use facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for their operation and maintenance as well as to bear all expenses other than those to be borne by the Grant Aid.

(8) Re-export

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

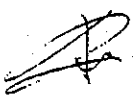
(9) Banking Arrangement (B/A)

- a) The Government of the recipient country or its designated authority shall open an account in the name of the Government of the recipient country in 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 Government of the recipient country or its designated authority under the contracts verified.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to pay issued by the Government of the recipient country or its designated authority.



Necessary measures to be taken by the PA in case Japan's Grant Aid is executed.

1. To provide necessary facilities for the Project such as electricity and other incidental facilities.
2. To bear the following commissions to the Japanese foreign exchange bank for the banking services based upon the Banking Arrangement.
 - (a) Advising Commission of Authorization to Pay
 - (b) Payment Commission
3. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment brought for the Project at the port of disembarkation.
4. To accord Japanese nationals whose services may be required in connection with the supply of products and the services under the Verified Contracts such facilities as may be necessary for their entry into PA and stay therein for the performance of their work.
5. To maintain and use the equipment procured under the Grant properly and effectively.
6. To bear all expenses other than those to be borne by the Grant, necessary for the execution of the Project.
7. To ensure the necessary budget and personnel for the proper and effective implementation of the Project, including operation and maintenance of the equipment procured under the Grant.



Minutes of Discussions

Study

On

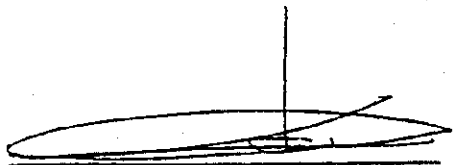
The Project for Improvement and Maintenance of Main Roads
In the West Bank
(Consultation of Draft Report)

In October 1998, the Japan International Cooperation Agency (JICA) had dispatched the Basic Design Study Team on the Project for Improvement and Maintenance of Main Roads in the West Bank (hereinafter referred as the "the Project") to Palestinian Interim Self-Government Authority (hereinafter referred to as "PA"), and through discussions, field survey, and technical examination of the results in Japan, JICA has prepared the draft report of the study.

In order to explain and to consult the PA on the components of the draft report, JICA sent to PA a study team, which is headed by Mr. ADACHI Hayao, Development Specialist, JICA (hereinafter referred to as "the Team"), and is scheduled to stay in the country from January 30 to February 13, 1999.

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

Ramallah, February 8, 1999



Mr. ADACHI Hayao
Leader
Study Team
JICA

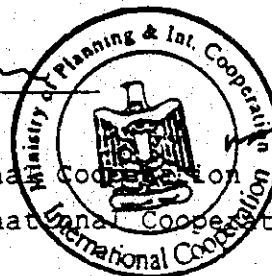


Mr. Daifallah Elakhras, Dipl. Eng.
Deputy Minister of Ministry of Public Works
PA

(Witness)



Mr. Walid Siam
Director General of International Cooperation
Ministry of Planning and International Cooperation
PA



ATTACHMENT

1 COMPONENTS OF THE DRAFT REPORT

The Palestinian side has agreed and accepted in principal the components of the draft report proposed by the Team.

2 JAPAN'S GRANT AID SYSTEM

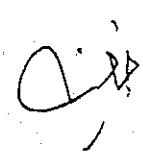
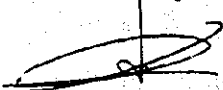
- (1) The Palestinian side has understood the system of Japanese Grant Aid explained by the Team as described in ANNEX-I.
- (2) The Palestinian side will take necessary measures, described in ANNEX-II for smooth implementation of the Project on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

3 SCHEDULE OF THE STUDY

The Team will make final report in accordance with the confirmed items, and send it to PA by the end of March 1999.

4 OTHER RELEVANT ISSUES

- (1) Referring to the item 2 of the Annex-II, Banking Arrangement, in the Minutes of Discussions, both parties have agreed that the Banking arrangement should be undertaken by following the procedures in the previous similar projects of the Grant Aid of Japan to the PA.
- (2) Referring to the item 6 of the Annex-II, proper maintenance of the equipment and materials, in the Minutes of Discussion, the Team has requested that the existing stockyards should be arranged to contain the equipment and materials to be granted by Japan before their arrival in Palestine. The PA side has agreed to the Team's request.
- (3) Both parties have agreed that the Grant would cover the transportation and all commercial costs of the equipment and materials to be granted by Japan until the arrival in Ramallah.



ON JAPAN'S GRANT AID PROGRAM1. Japan's Grant Aid Procedures

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- c) to confirm items agreed on by both parties concerning a basic concept of the project,
- d) to prepare a basic design of the project,
- e) to estimate cost involved in the project.

Final project components are subject to approval by the Government of Japan and therefore may differ from an original request.

Implementing the project, the Government of Japan requests the recipient country to take necessary measures involved which are

itemized on Exchange of Notes.

(2) Selecting (a) Consulting Firm(s)

For smooth implementation of the study, JICA uses (a) consulting firm(s) registered. JICA selects (a) firm(s) through proposals submitted by firms which are interested.

The consulting firm(s) used for the study is(are) recommended by JICA to a recipient country after Exchange of Notes, in order to maintain technical consistency and also to avoid possible undue delay in implementation caused if a new selection process is repeated.

3. Japan's Grant Aid Scheme

(1) What is Grant Aid?

The Grant Aid Program provides a recipient country with non reimbursable funds needed to procure facilities, equipment and services for economic and social development of the country under the following principles in accordance with relevant laws and regulations of Japan. The Grant Aid is not in a form of donation or such.

(2) Exchange of Notes (E/N)

The Japan's Grant Aid is extended in accordance with the Exchange of Notes by both Governments, in which the objectives of the Project, period of execution, conditions and amount of the Grant, etc. are confirmed.

(3) "The period of the Grant Aid" means one Japanese fiscal year (commencing from 1st April ending on 31st of March) which the Cabinet approves the Project for. Within the fiscal year, all procedure such as Exchange of Notes, concluding a contract with (a) consulting firm(s) and (a) contractor(s) and a final payment to them must be completed.

(4) Under the Grant, in principle, products and services of origins of Japan or the recipient country are to be purchased. When the two Governments deem it necessary, the Grant may be used for the purchase of products or services of a third country origin. However the prime contractors, namely, consulting, contractor and procurement firms, are limited to "Japanese nationals". (The term "Japanese nationals" means Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons.)

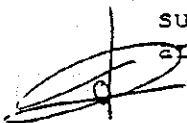
(5) Necessity of the "Verification"

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

(6) Undertakings required to the Government of the recipient country

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

- a) to secure land necessary for the sites of the project and to clear and level the land prior to commencement of the construction work,
- b) to provide facilities for distribution of electricity, water supply and drainage and other incidental facilities in and around the sites,



- c) to secure buildings prior to the installation work in case the Project is providing equipment,
- d) 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,
- e) 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,
- f) 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

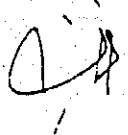
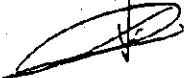
The recipient country is required to maintain and use facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for their operation and maintenance as well as to bear all expenses other than those to be borne by the Grant Aid.

(8) Re-export

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

(9) Banking Arrangement (B/A)

- a) The Government of the recipient country or its designated authority shall open an account in the name of the Government of the recipient country in 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 Government of the recipient country or its designated authority under the contracts verified.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to pay issued by the Government of the recipient country or its designated authority.



Necessary measures to be taken by the PA in case Japan's Grant Aid is executed.

1. To provide necessary facilities for the Project such as electricity and other incidental facilities.
2. To bear the following commissions to the Japanese foreign exchange bank for the banking services based upon the Banking Arrangement.
 - (a) Advising Commission of Authorization to Pay
 - (b) Payment Commission
3. To support prompt execution of customs clearance of products purchased under the Grant Aid.
4. To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed by the PA with respect to the products and services under the Verified Contracts.
5. To accord Japanese nationals whose services may be required in connection with the supply of products and the services under the Verified Contracts such facilities as may be necessary for their entry into PA and stay therein for the execution of the Project.
6. To maintain and use the equipment procured under the Grant properly and effectively.
7. To bear all expenses other than those to be borne by the Grant, necessary for the execution of the Project.
8. To ensure the necessary budget and personnel for the proper and effective implementation of the Project, including operation and maintenance of the equipment procured under the Grant.

