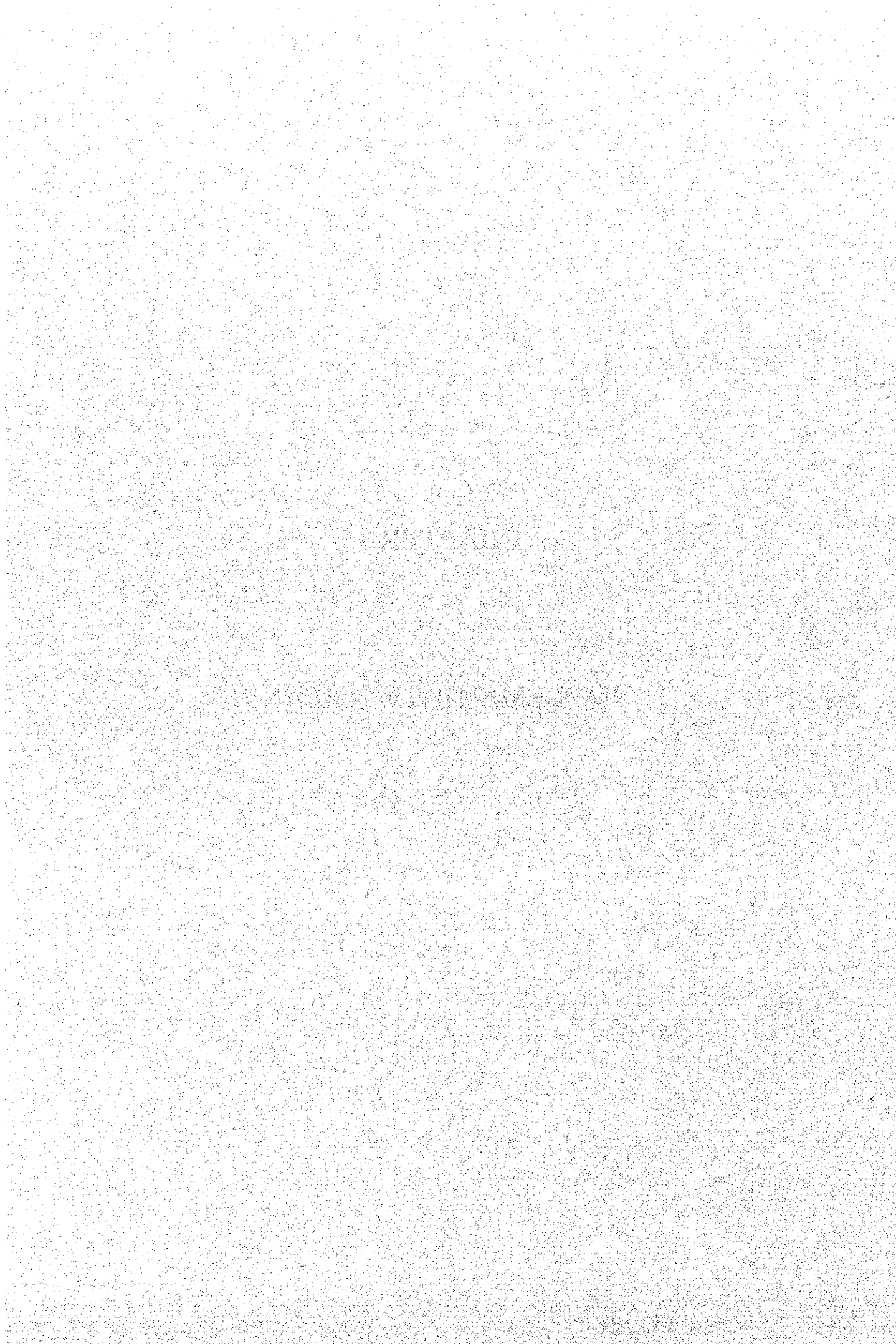


CHAPTER 3

IMPLEMENTATION PLAN



CHAPTER 3 IMPLEMENTATION PLAN

3.1 Implementation Plan

3.1.1 Implementation Concept

The following are the main concepts in the implementation plan:

- The road will be constructed by a contractor employing labor man powers.
- Materials and equipment necessary for the Project will be procured in Lao PDR as far as available. Items unavailable locally will be procured from Japan or third countries. Third countries will be selected based upon the items, i.e. cost, quality, required delivery time, etc...
- The construction method and progress schedule of the Project will be planned reflecting local conditions of climate, rainy season, topography, geology, transportation and others.
- Easy and low cost method of construction will be adopted for the Project as much as possible.
- Organization for construction and supervision of the Project will be proposed upon standardization and specifications for construction as well as construction supervision.
- Traffic control and safety control during construction will be planned to maintain passage for present traffic;
 - Both traffic lane will be opened during the improvement work as much as possible.
 - Flagmen and facilities for traffic control should be arranged.
 - The existing road and bridges should be opened for traffic during construction. Traffic control and safety control should be considered carefully.
- Quarry, borrow pit and disposal area should be selected, based on rationality.

- The measures to cope with UXO contamination should be taken adequately.
- Major components of the work are as follows;
 - Improvement of the existing road (72.91 km)
 - Repair of the existing bridges (7 bridges)

3.1.2 Implementation Conditions

The following are the basic conditions for implementing the plan:

(1) UXO (Unexploded Ordnance) Contamination

In Lao PDR many shells had shot and many land mines had laid during war time, and some of them still remain as UXO above or below the ground. It has been reported that there have been a much possibility of encounter the UXO along the National Road No.9 in Savannakhet.

Before commencing the project these UXO should be investigated, searched, removed and disposed in order to ensure the safeguard for the personnel and equipment involved in the road construction project.

For the above mentioned purpose, the undertakings of both Governments, Japan and Lao PDR are provided as follows:

Japanese Government (Investigation and Search)

a. UXO Search under Stage 1 Works

The UXO investigation and search work shall be carried out for the Basic Design Study on the Project for Improvement of National Road No.9 between Seno and Muang Phalan (approximately 73 km) in Lao PDR.

A sampling programme shall be required both to determine the full extent of the contamination along the existing road and gather the data fundamental to the development of the necessary UXO clearance plans and specifications.

A sampling programme shall be assessed following 50 m wide by 2 m long strip in every 100 m to provide 2% overall sampling.

The planned borrow pits and quarries should also be searched.

b. UXO Search under Stage 2 Works

Based on the results of Stage 1 Works the detailed Stage 2 Works was discussed between the Consultant and Contractor as follows:

- Section from km 0 to km 21 (excluding around 10 km point and 16 km point): no research.
- Detour road area for pavement reconstruction: 11 m of UXO Search width.
- Detour road area for pavement overlay: 8 m of UXO Search width.
- Under the existing road No.9: no research.

c. Recommended Implementation Plan

Retrust contract is advised with the local Contractor who has an enough ability and experience of UXO Search in Lao PDR.

Lao PDR Government

The removal and disposal of UXO following the result of Stage 2 Works.

(2) Crushed Stone (Aggregate)

A crushed stone should be clean, stiff, durable and free from foreign obstacles such as clay. It should be characterized with a large internal friction angle and high stability in order may not be damaged due to the heavy impact from the traffic load.

Japanese Industrial Standards A5001 (Crushed stone for road construction) one of the Specification for a crushing stone provides the physical requirements as follows;

Requirements

Specific gravity	:	not less than 2.45
Water absorption	:	less than 3.0%
Los Angles abrasion test	:	less than 35%

On the other hand AASHTO (T96-92) does not provide any physical requirements in its Standard Specification, it describes a term to be regarded when it is applied.

In the United States the physical requirements are provided in each State. For example Standard Specification in Hawaii requires the result of Los Angles abrasion test should be less than 30%, in North Carolina it should be less than 55%. The physical requirements deviate so much between each Standard Specification.

Field investigations and material tests had conducted for six candidate quarries. An overall result shows the existing sand stone quarry where supplying a crushed stone to National Road No.13 Project has an advantage of haul distance to supply a material with reasonable haulage.

The material test results show its physical property as follows;

Specific gravity	:	2.64
Water absorption	:	0.8%
Los Angles abrasion test	:	48% (as of primary test)
		38% (as of secondary test)

At a primary test, testing specimen was sampled based on the sieving which is provided in the Standard Specification. At a secondary test the sampling was based on not only the sieving but also grain size control. 10% of deviation shows the importance of grain size control (pay regard to elongation and flankiness) when it is produced at a quarry.

The required crushing plant which can supply a good size of aggregate effectively should be planned and designed for the implementation of the project. It should be installed on site within the target schedule and operated without any delay.

Because the existing plant is consisted with a primary crushing equipment and sieving equipment only which can not supply a good quality of aggregate from the sand stone.

The followings are minimum requirements of plants from the quality and quantity point of view.

Type : portable crushing plant
 Primary crushing equipment : jaw crusher
 Secondary crushing equipment : hydro-cone crusher
 Tertiary crushing equipment : impact crusher (for grain size control)

When the crushing plant is operated a care should be taken not only quantity control but also quality control, especially for the elongation and flankiness control.

3.1.3 Scope of Works

The undertakings of both Governments, Japan and Lao PDR are listed in Table 3.1.3-1.

Table 3.1.3-1 Undertaking of Both Governments

Item	Contents	Undertaken by		Remarks	
		Japan	Lao PDR		
Road Improvement	Procurement of materials and equipment	Procurement	○		
		Customs clearance		○	
	UXO (Unexploded Ordnance) contamination	Removal of the UXO, if required		○	
	Temporary work	Acquisition of lots		○	Lots for field office, stock yard and work shop
		Other works than the above	○		
	Acquisition of right-of-way, quarry site, etc.	Acquisition of ROW, etc.		○	
		Removal of existing properties		○	Fences, houses, etc.
		Clearing and grubbing	○		Trees, etc.
	Main work	Land for disposal of waste materials arising from existing facilities		○	
		Other works than the above	○		

The lots for field office, storage yard and workshop to be prepared by the Government of Lao PDR are estimated at 3.0 ha. These should be located near the Project area.

3.1.4 Consultant Supervision (Road improvement)

A Japanese consultant will supervise the implementation of the Project on behalf of the Government of Lao PDR. The consultant will carry out the detailed design and assist in tendering and construction supervision, in

accordance with the consultant contract concluded between the Government of Lao PDR and consultant.

Detailed Design

Major works in the detailed design to be carried out by the consultant are as follows:

- Site Survey for detailed design
- Detailed Design of the Road and related Structures
- Preparation of Drawing and Specifications
- Construction Schedule and Cost Estimates
- Preparation of Tender Documents

The necessary time for the detailed design is about 3 months each, for the first and second phases.

Assistance in Tendering

The consultant will render the following services during the period from tender publication to construction contract

- Tender publication
- Pre-qualification
- Tendering
- Tender evaluation
- Contract facilitation

The necessary time for assistance in tendering is about 3 months each, for the first and second phases.

Construction Supervision

The consultant will carry out supervision of the construction work, which will be executed by the contractor. The main work items are as follows:

- Inspection and approval of site survey
- Inspection and approval of construction planning
- Quality control
- Progress control
- Measurement of work
- Inspection of safety aspects
- Preparation of a road maintenance manual
- Final inspection and turnover

The construction period is about 39 months. To successfully carry out supervision, the consultant personnel are required to be stationed on the site during the entire construction period.

3.1.5 Procurement Plan

In principle, materials, equipment and labor necessary for the Project are planned to be procured locally as far as available. Items which are not available from local sources with required quality, quantity or cost are planned to be procured from Japan or third countries.

(1) Materials

The main construction materials, which are produced in Lao PDR, are aggregates and base course materials. Other materials can be purchased from local suppliers, but in many cases the stocks are not sufficient.

Table 3.1.5-1 shows the procurement plan for major materials.

Table 3.1.5-1 Material Procurement Plan

	Procured from			Remarks
	Lao P.D.R.	Japan	Third Country	
Material for Structure				
Crushed stone	○			Imported
Base course material	○			
Cement	○			
Sand for concrete	○			
Aggregate for concrete	○			
Aggregate for asphalt	○			
Sand for asphalt pavement	○			
Bitumen for asphalt pavement			○	Imported
Road marking paint			○	
Reinforcing steel			○	
Wire mesh	○			
Precast concrete products	○			
Guard rail			○	
Gabion			○	
Rubble	○			
Traffic sign boards			○	
Material for Temporary Structure				
Timber for forms	○			Imported
Plywood for forms	○			
Nails	○			
Annealed wire	○			Imported
Timber for staging	○			
Sand bags	○			Imported
Electric welding bars	○			
Oxygen and acetylene	○			Imported
Safety facilities	○			
H-beams, sheet piles			○	Imported
Oil, fuel and fat	○			

(2) Equipment

In principle, it is planned to procure equipment from local contractors under lease contract. Equipment which is not available locally will be procured from Japan or third countries.

Procurement plan of the major equipment is shown in Table 3.1.5-2.

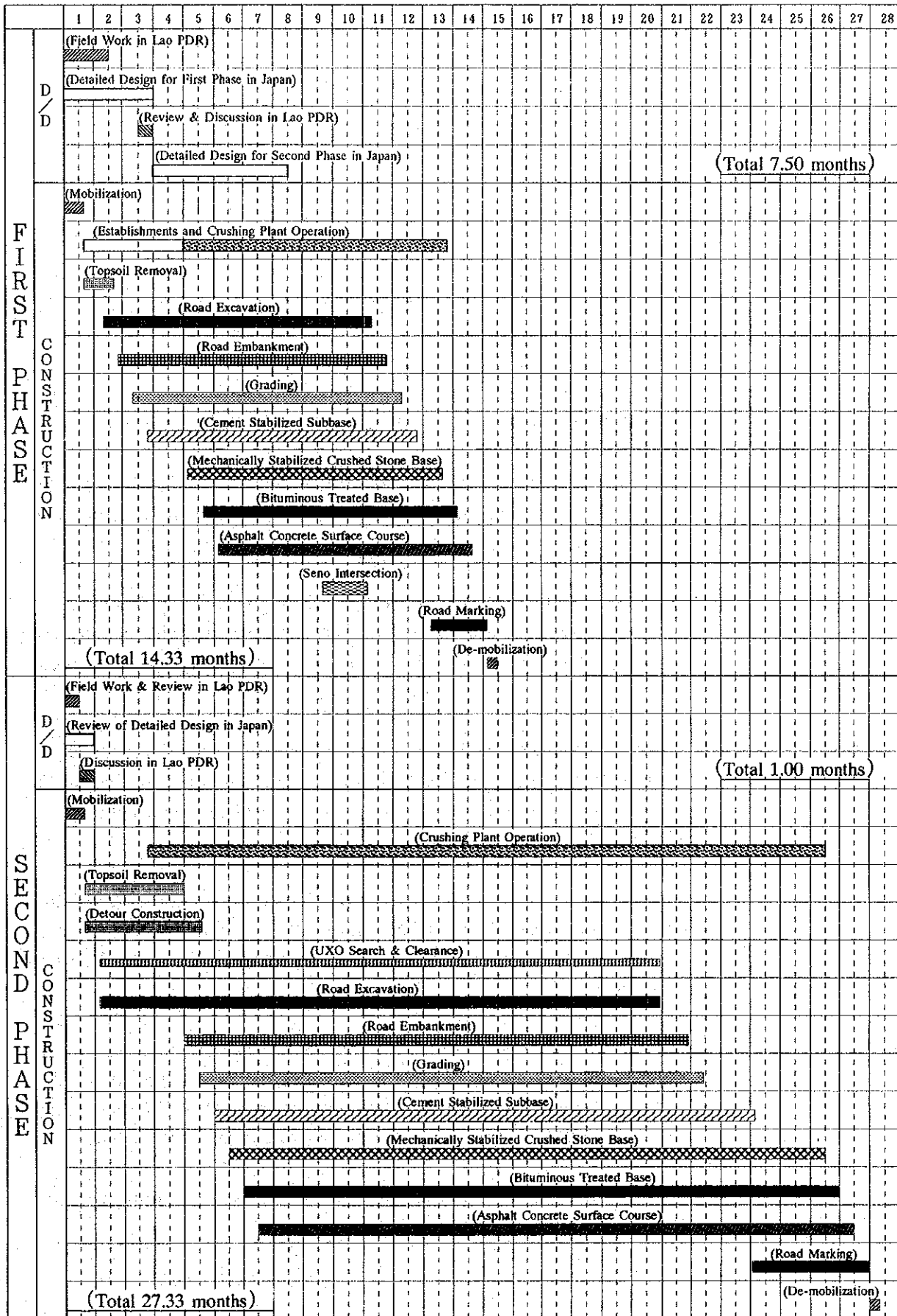
Table 3.1.5-2 Equipment Procurement Plan

	Procured from			Remarks
	Lao P.D.R.	Japan	Third Country	
Bulldozer(s)			○	
Backhoe excavator(s)			○	
Tractor shovel			○	
Dump truck(s)			○	
Cargo truck(s)			○	
Semi-trailer(s)			○	
Mobil crane(s)			○	
Diesel Hammer			○	
Vibro hammer			○	
Pick hammer			○	
Breaker(s)			○	
Motor grader(s)			○	
Macadam roller			○	
Tire roller			○	
Vibration roller			○	
Tamper(s)			○	
Concrete plant(s)			○	
Asphalt plant(s)		○		
Asphalt distributor(s)			○	
Chip spreader(s)			○	
Water tank truck(s)			○	
Air compressor(s)			○	
Submerged pump(s)			○	
Generator(s)			○	
Crushing and screening plants		○		
Mower(s)			○	
Chain saws(s)			○	
Pick-up truck(s)			○	

3.1.6 Implementation Schedule

Implementation schedules for the road improvement are shown in Table 3.1.6-1.

Table 3.1.6-1 Implementation Schedule



3.1.7 Obligations of Lao PDR

The following necessary measures should be taken by the Government of Lao PDR on condition that the Grant Aid by the Government of Japan is extended to the Project:

- (1) To provide data and information necessary for the Project.
- (2) To secure the land necessary for the execution for the Project, such as the Right of Way, land for Bridges, temporary offices, working areas, storage yards and others.
- (3) To clear the sites prior to the commencement of the construction including removal of the UXO (Unexploded Ordnance), if required.
- (4) To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
- (5) To bear commissions to the Japanese foreign exchange bank for its banking services, based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
- (6) To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in Lao PDR and prompt internal transportation of the materials and equipment for the Project purchased under the Grant Aid.
- (7) To exempt Japanese national 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.
- (8) To accord Japanese Nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into Lao PDR and stay therein for the performance of their work.
- (9) To provide necessary permissions, licences and other authorizations for implementing the Project, if necessary.

- (10) To maintain and use properly and effectively the facilities constructed under the Project.
- (11) To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the project area during implementation of the Project.
- (12) To bear all the expenses, other than those covered by the Japanese Grant Aid, necessary for the Project.

3.2 Project Cost Borne by the Government of Lao PDR

Project cost born by Lao PDR is estimated at nil. (Refer to Appendix 5).

3.3 Operation and Maintenance Plan

Maintenance of the improved road will be carried out by the Communication Department. Although the Department has neither sufficient budget for the maintenance of asphalt concrete pavement, the pavement is more durable when compared with the existing pavement, and is expected to largely reduce the time and expenses for maintenance.

Routine maintenance of roads and related facilities should be executed. Routine maintenance crews shall be set up and operated under the supervision of the Government. As remarkable defects are found on roads during routine maintenance, the Government should formulate special maintenance projects, based upon detailed inspections.

The routine maintenance activities required for the project road are shown in Table 3.2-1.

Table 3.2-1 Routine Maintenance Activities

Inspection	Remarks
Pavement	- settlement, crack, depress, scale, fracture
Shoulder	- scouring, settlement, deformation
Cut slope, Embankment	- slope failure, erosion, etc.
Side ditch (gutter, lid)	- settlement, deformation, etc.
Drainage pipe	- choked, etc.
Drain pit	- sediment, etc.
Outlet	- deformation, etc.
Others	

The annual cost necessary for maintenance of the Project road is estimated as follows: (refer to Table 3.2-2)

Table 3.2-2 MAINTENANCE PLAN FOR THE PROJECT ROAD

1. Routine Inspection							(Total road length : 7.3 Km)
Facility	Inspection Item	Interval	Number of Staff	Equipment/Material	Days	budget (Kip)	
.Ditches	Existing of mud, sand, obstacles, etc.	12 times/year (5 days/round) (Kip/person * day)	2 persons	Measuring tape, scoop, hammer, bar	120preson * day/year	6,000,000	
.Culvert crossing road	Existing of mud, sand, obstacles, etc.						
.Pavement	Crack, deformation, potholes, etc.						
.Cut slope	Collapse, erosion, etc.						
.Embankment slope	Collapse, erosion, etc.			Pick-up truck (Kip/day)	60units * day/year	7,380,000	
.Bridges	Surface of deck, abutment, pier, river condition						
.Road marking	Stain, discolor						
.Sign boards	Damage, deformation, stain, discolor						
.Traffic Signal System	Lamp, Wattmeter, Circuit Breaker, Connection Box						
					Sub-total	13,380,000	
2. Clearing							
Facility	Inspection Item	Interval	Number of Staff	Equipment/Material	Days	budget (Kip)	
.Ditches	Removal of deposit of mud, sand, obstacle	2 times/year (10 days/round) (Kip/person * day)	5 persons	Scoop, bar brooms hand tool	100preson * day/year	5,000,000	
.Pavement							
.Cut slope							
.Embankment slope				Pick-up truck (Kip/day)	20units * day/year	2,460,000	
.Bridges							
.Road marking							
.Sign boards							
.Traffic Signal System							
					Sub-total	7,460,000	
3. Repair							
Facility	Inspection Item	Interval	Number of Staff	Equipment/Material	Days	budget (Kip)	
.Ditches	Repair of pothole	4 times/year (25 days/round) (Kip/person * day)	4 persons		400preson * day/year	20,000,000	
.Culvert crossing road	Removal of deposit of mud, sand, obstacle			Plate tamper (Kip/day) Pick-up truck (Kip/day)	100units * day/year 100units * day/year	4,300,000 12,300,000	
.Pavement							
.Cut slope							
.Embankment slope				Base course : 0.2m x 5m2 x 100spot Reseat : Kip/m3 x 5m2 x 100spot	100m3/year 500m2/year	5,000,000 2,100,000	
.Bridges							
.Road marking							
.Sign boards				Signal Bulb and Other parts	L. Sump/year	400,000	
.Traffic Signal System							
					Sub-total	44,100,000	
4. Electricity for Traffic Signal System							
Facility	Inspection Item	Interval	Number of Staff	Equipment/Material	Days	budget (Kip)	
.Traffic Signal System	Wattmeter	12 times/year	1 person	Electricity : 1.7kw/h x 24h = 40kw-h/day = 15,000 kwh	365days/year L. Sump/year	3,700,000 3,700,000	
					Sub-total	3,700,000	
Grand total :						68,640,000	

CHAPTER 4

PROJECT EVALUATION AND RECOMMENDATION



CHAPTER 4 PROJECT EVALUATION AND RECOMMENDATION

4.1 Project Effect

Population in Savannakhet Province in 1997 is estimated at 711,500 of whom nearly 132,000 (18%) live in Savannakhet City (Khanthabouly District). The Project consists of improving National Road No.9 from Seno to the East which is 73 km length. The population of the road section is 126,000 and entire People of Savannakhet Province are indirect beneficiaries of the Project.

Traffic congestion in the center of Seno is often observed, and present traffic volume is counted at 1,900 vehicles per day inside the Seno City, and nearly 300 vehicles at the end of the Project. The Project road is one of the top priority roads among the National Road in Lao PDR because the future traffic volume is expected to be much increased by development of the East-West Transport Corridor.

The major direct effects of implementing the project are as follows:

<u>Direct effect</u>	<u>Expected effect by the Project</u>
• Safety and comfort for traffic	- Driving will be safe and comfortable on the road without deformations and holes. - Walking will be safe and comfortable on the road shoulders without muddy surface.
• Reduction of travel time	- Travel times on the Project Road is expected to be significantly reduced by the improvement of road surface and alignment.
• Environment protection	- Dust and erosion will be much minimized by road surface treatment. - Water pollution will be lessened, by reducing muddy water drained from roads.
• Less road maintenance cost	- Road maintenance cost will be minimized by providing the durable pavement. - Road rehabilitation works will be deferred until the life of new pavement, about 8 years.
• Lower vehicle maintenance costs	- Running on smooth pavement will result in lower costs and prolong the life of vehicles. - Wide shoulder in populated area and asphalt concrete pavement will enable traffic to move more smoothly.

4.2 Recommendation

Since the Project will greatly contribute to improve the traffic conditions along the road, to upgrade residents' living standards in Savannakhet Province, and to inspire the socio-economic activities of the country, as well as provide traffic conditions in Savannakhet Province the East-West International Transport Corridor from North-East Thailand via Central Lao to Da Nang Port in Vietnam which will accelerate the transit trade among Indochina countries, it is concluded that it is appropriate to implement the Project under Japan's Grant Aid.

For the smooth implementation of the Project, the followings shall be ensured.

- The government of Lao PDR is expected to secure the following matters to be adequately settled before the implementation of the Project;
 - Securing land for borrow pits, quarries and disposal areas.
 - Removal or relocation of obstacles, if required.
 - Clearance of UXO contamination before the detailed design stage.
- The government of Lao PDR shall certainly perform the proper coordination with the ADB section.
- The government of Lao PDR shall properly establish the reliable organization and procedure for the road maintenance.

APPENDICES

APPENDIX 1

MEMBER LIST OF THE STUDY TEAM

APPENDIX – 1 MEMBER LIST OF THE STUDY TEAM

1. First Field Study in Lao PDR

Mr. Satoshi UMENAGA	Leader	Second Project Study Division, Grant Aid Project Study Department, Japan International Cooperation Agency (JICA)
Mr. Junichi HIRAIDE	Technical Advisor	Deputy Director, National Highway Division, Road Bureau, Ministry of Construction
Ms. Yoko CHIBA	Project Coordinator	Planning Division, Grant Aid Project Management Department, Japan International Cooperation Agency (JICA)
Mr. Tsuneo BEKKI	Chief Consultant / Transportation Planning	Katahira & Engineers International
Mr. Yoshitaka YANAGISAWA	Road Design, Engineer	Katahira & Engineers International
Mr. Yasuaki MURAMOTO	Bridge Design Engineer	Katahira & Engineers International
Mr. Eiji TAKEMORI	Natural Condition Survey Engineer	Kokusai Kogyo Co., Ltd.
Mr. Minoru MIURA	Construction Planning/ Cost Estimator	Katahira & Engineers International
Mr. Hidetaka SAGARA	Road Design Engineer (2)	Katahira & Engineers International
Mr. Kazuyuki HIRAOKA	Cost Estimate Engineer (2)	Katahira & Engineers International

2. Explanation of Interim Report and Second Field Study in Lao PDR.

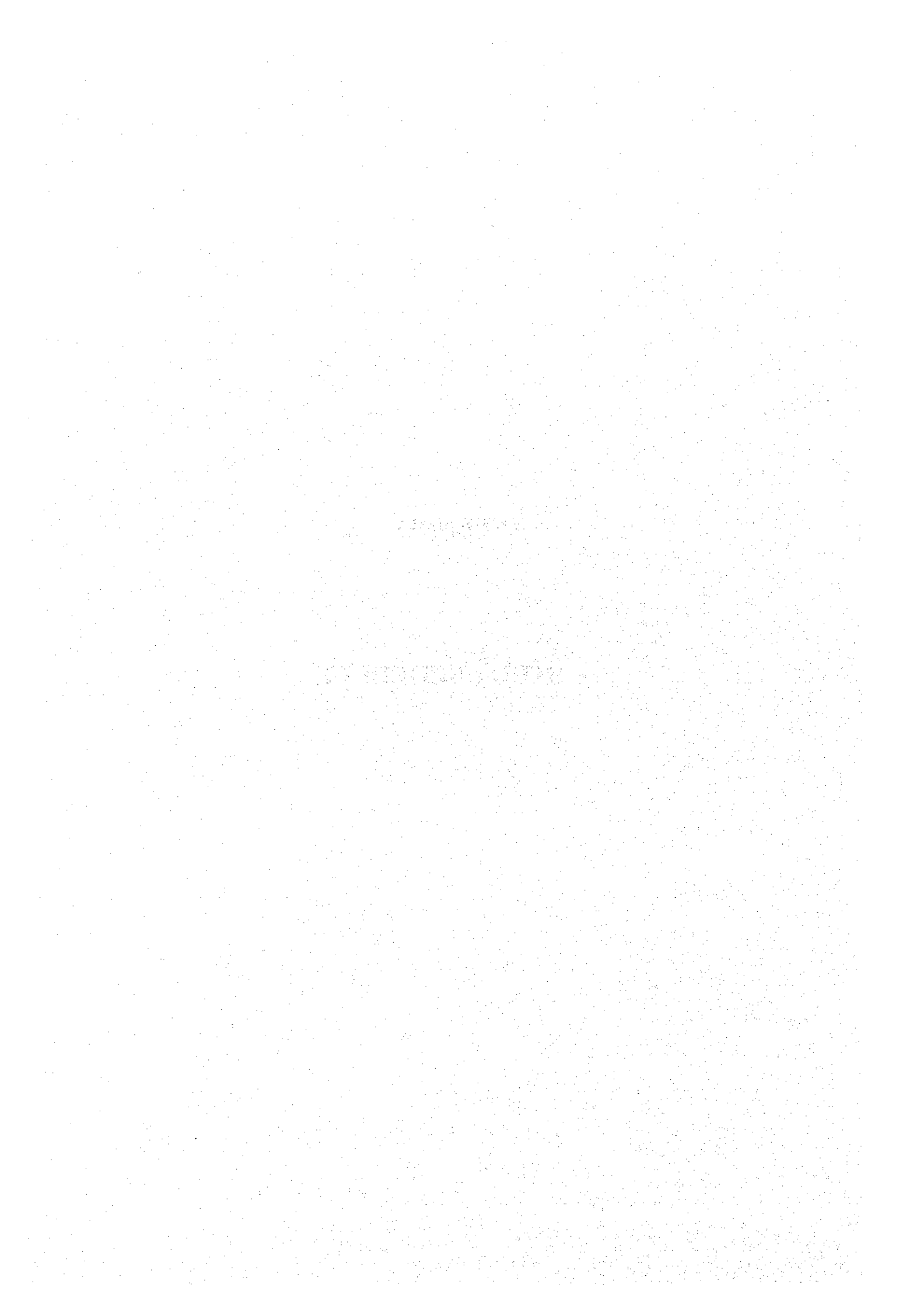
Mr. Satoshi UMENAGA	Leader	Second Project Study Division, Grant Aid Project Study Department, Japan International Cooperation Agency (JICA)
Mr. Tsuneo BEKKI	Chief Consultant / Transportation Planning	Katahira & Engineers International
Mr. Yoshitaka YANAGISAWA	Road Design, Engineer	Katahira & Engineers International
Mr. Yasuaki MURAMOTO	Bridge Design Engineer	Katahira & Engineers International
Mr. Kazuyuki HIRAOKA	Cost Estimate Engineer (2)	Katahira & Engineers International

3. Explanation of Summary on the Study in Lao PDR.

Mr. Toru TAKE	Leader	Deputy Director First Project Management Division, Grant Aid Project Management Department, Japan International Cooperation Agency (JICA)
Mr. Tsuneo BEKKI	Chief Consultant / Transportation Planning	Katahira & Engineers International
Mr. Yoshitaka YANAGISAWA	Road Design, Engineer	Katahira & Engineers International
Mr. Minoru MIURA	Construction Planning/ Cost Estimator	Katahira & Engineers International

APPENDIX 2

STUDY SCHEDULE



APPENDIX – 2 STUDY SCHEDULE

1. First Field Study (July 5 to August 15, 1998)

(O): officials (C): consultants

No.	Date	Activities
1	July 5 (Sun)	<ul style="list-style-type: none"> Mr. Umenaga, Mr. Hiraide, Ms. Chiba, Mr. Bekki, Mr. Yanagisawa, Mr. Muramoto, Mr. Takemori and Mr. Sagara left Tokyo for Bangkok.
2	July 6 (Mon)	<ul style="list-style-type: none"> 8 members left Bangkok for Vientiane. Discussion at JICA Lao Office and Embassy of Japan
3	July 7 (Tue)	<ul style="list-style-type: none"> Discussion with Communication Department, MCTPC Courtesy call on Committee for Investment and International Economic Cooperation (CIC) Negotiation with Milsearch-BPKP
4	July 8 (Wed)	<ul style="list-style-type: none"> Vientiane to Savannakhet Site Inspection
5	July 9 (Thu)	<ul style="list-style-type: none"> Discussion with DCTPC
~6	~ 10 (Fri)	<ul style="list-style-type: none"> Site survey
7	July 11 (Sat)	<ul style="list-style-type: none"> Savannakhet to Vientiane (O) Site survey
8	July 12 (Sun)	<ul style="list-style-type: none"> Field study (C)
9	July 13 (Mon)	<ul style="list-style-type: none"> Discussion with MCTPC (O)
~10	~ 14 (Tue)	<ul style="list-style-type: none"> Field study (C)
11	July 15 (Wed)	<ul style="list-style-type: none"> Proposal on Minutes of Discussions (O) Field study (C)
12	July 16 (Thu)	<ul style="list-style-type: none"> Signing on Minutes of Discussions (O) Information to JICA Lao Office and Embassy of Japan (O) Field study (C)
13	July 17 (Fri)	<ul style="list-style-type: none"> Vientiane to Bangkok (O) Field study (C)
14	July 18 (Sat)	<ul style="list-style-type: none"> Bangkok to Tokyo (O) Field study (C)
15	Jul. 19 (Sun)	<ul style="list-style-type: none"> Field study (C)
~27	~ 31 (Fri)	
28	Aug. 1 (Sat)	<ul style="list-style-type: none"> Mr. Miura, Mr. Hiraoka left Tokyo for Bangkok. (C)
29	Aug. 2 (Sun)	<ul style="list-style-type: none"> 2 members left Bangkok for Vientiane. (C) Field study (C)
30	Aug. 3 (Mon)	<ul style="list-style-type: none"> Field study (C)
~38	~ 11 (Tue)	
39	Aug. 12 (Wed)	<ul style="list-style-type: none"> Discussion with MCTPC
40	Aug. 13 (Thu)	<ul style="list-style-type: none"> Information to JICA Lao Office and Embassy of Japan
41	Aug. 14 (Fri)	<ul style="list-style-type: none"> Vientiane to Bangkok
42	Aug. 15 (Sat)	<ul style="list-style-type: none"> Bangkok to Tokyo (7 members)

2. Explanation of Interim Report and Second Field Study in Lao PDR.
(October 17 to October 31, 1998)

No.	Date	Activities
1	Oct. 17 (Sat)	<ul style="list-style-type: none"> • Mr. Bekki, Mr. Yanagisawa, Mr. Muramoto and Mr. Hiraoka left Tokyo for Bangkok
2	Oct. 18 (Sun)	<ul style="list-style-type: none"> • 4 members left Bangkok for Vientiane
3	Oct. 19 (Mon)	<ul style="list-style-type: none"> • Submission and explanation of Interim Report to Embassy of Japan and JICA Lao Office. • Submission and explanation of Interim Report to Communication Department, MCTPC
4	Oct. 20 (Tue)	<ul style="list-style-type: none"> • Negotiation with Milsearch-BPKP
5	Oct. 21 (Wed)	<ul style="list-style-type: none"> • Vientiane to Savannakhet (C) • Discussion with DCTPC
6	Oct. 22 (Thu)	<ul style="list-style-type: none"> • Site Survey(C)
7	Oct. 23 (Fri)	<ul style="list-style-type: none"> • Site Survey(C)
8	Oct. 24 (Sat)	<ul style="list-style-type: none"> • Savannakhet to Vientiane • Mr. Umenaga left Tokyo for Bangkok
9	Oct. 25 (Sun)	<ul style="list-style-type: none"> • Mr. Umenaga left Bangkok for Vientiane • Field Study(C)
10	Oct. 26 (Mon)	<ul style="list-style-type: none"> • Field Study(C)
11	Oct. 27 (Tue)	<ul style="list-style-type: none"> • Discussion at Communication Department, MCTPC • Field Study
12	Oct. 28 (Wed)	<ul style="list-style-type: none"> • Proposal on Minutes of Discussions • Field Study
13	Oct. 29 (Thu)	<ul style="list-style-type: none"> • Signing on Minutes of Discussions • Information to JICA Lao Office and Embassy of Japan
14	Oct. 30 (Fri)	<ul style="list-style-type: none"> • Vientiane to Bangkok
15	Oct. 31 (Sat)	<ul style="list-style-type: none"> • Bangkok to Tokyo

3. Explanation of Summary on the Study in Lao PDR.
(February 16 to February 25, 1999)

No.	Date	Activities
1	Feb. 16 (Tue)	<ul style="list-style-type: none"> Mr. Bekki, Mr. Yanagisawa and Mr. Miura left Tokyo for Bangkok Mr. Take(Leader) arrived in Lao in advance
2	Feb. 17 (Wed)	<ul style="list-style-type: none"> 3 members left Bangkok for Vientiane and joined to Mr. Take
3	Feb. 18 (Thu)	<ul style="list-style-type: none"> Submission and explanation of Draft Final Report to Embassy of Japan and JICA Lao Office. Submission and explanation of Draft Final Report to MCTPC
4	Feb. 19 (Fri)	<ul style="list-style-type: none"> Mr. Bekki(Chief Consultant) lectured on design method of Intersection, Bridge Planning and Flexible Pavement at MCTPC
5	Feb. 20 (Sat)	<ul style="list-style-type: none"> Study Team Discussion
6	Feb. 21 (Sun)	<ul style="list-style-type: none"> Study Team Discussion
7	Feb. 22 (Mon)	<ul style="list-style-type: none"> Discussion with MCTPC Proposal on Minutes of Discussions
8	Feb. 23 (Tue)	<ul style="list-style-type: none"> Signing on Minutes of Discussions Information to JICA Lao Office
9	Feb. 24 (Wed)	<ul style="list-style-type: none"> Vientiane to Tokyo via Bangkok (4 members)
10	Feb. 25 (Thu)	<ul style="list-style-type: none"> Arrived at Tokyo

APPENDIX 3

**LIST OF PARTIES CONCERNED
IN LAO PDR**

APPENDIX – 3 LIST OF PARTIES CONCERNED IN LAO PDR

M.C.T.P.C (Ministry of Communication, Transport, Post and Construction):

Mr. Phao BOUNNAPHOL	Minister of MCTPC
Mr. Kham Loud SIDLAKONE	Vice Minister
Mr. Math SOUNMALA	Deputy of Cabinet Office
Mr. Sommad PHONSENA	General Director, Communication Department
Mr. Khattiyasack CHAYAVONG	Director, Construction Division
Mr. Chanh	Director, Road Administration Division
Mr. Khampeng SENGHEUANGSY	Deputy Director, Construction Division
Mr. Khamphore	Director of Administration Division
Ms. Chanthanom SOULIGNO	Administrative Officer, International Relations Division
Mr. Oulay PHADOUANEDETH	Head of Planning and Technical Division
Mr. Khamphet INTHIDETH	Deputy Chief of Planning and Technical Division
Mr. Inpong SOUKAVONG	Engineer of Planning and Technical Division
Mr. Bouachanh OUANSAVANH	Director of Budgeting Division
Ms. Keoviengsanh KHAMHOSY	Deputy of Budgeting Division
Mr. Hirotsada MATSUKI	JICA Expert
Mr. Shigeru TAWATARI	JICA Expert

D.C.T.P.C (Department of CTPC Savannakhet Province):

Mr. Inthalongsing	Director, DCTPC
Mr. Xayarath BAPHANITH	Director, DCTPC
Mr. Kam Seo Moonlaphrasith	Mekong Bridge Project Sv., DCTPC
Mr. Kieng Kham Thipptanahe	Road Maintenance Management Sv, DCTPC
Mr. Thong Phounie Inthirat	Road Maintenance Management Sv, DCTPC
Mr. Phouvong	Communication Office, DCTPC

Ministry of Foreign Affairs:

Mr. Vichit XINDAVONG	Director General, Department of Asia-Pacific and Africa
----------------------	---

Bureau of Prime Minister, Committee of Investment and Corporation:

Mr. Thongphachanh SONNASINH	Director of International Economic Corporation
-----------------------------	--

Milsearch:

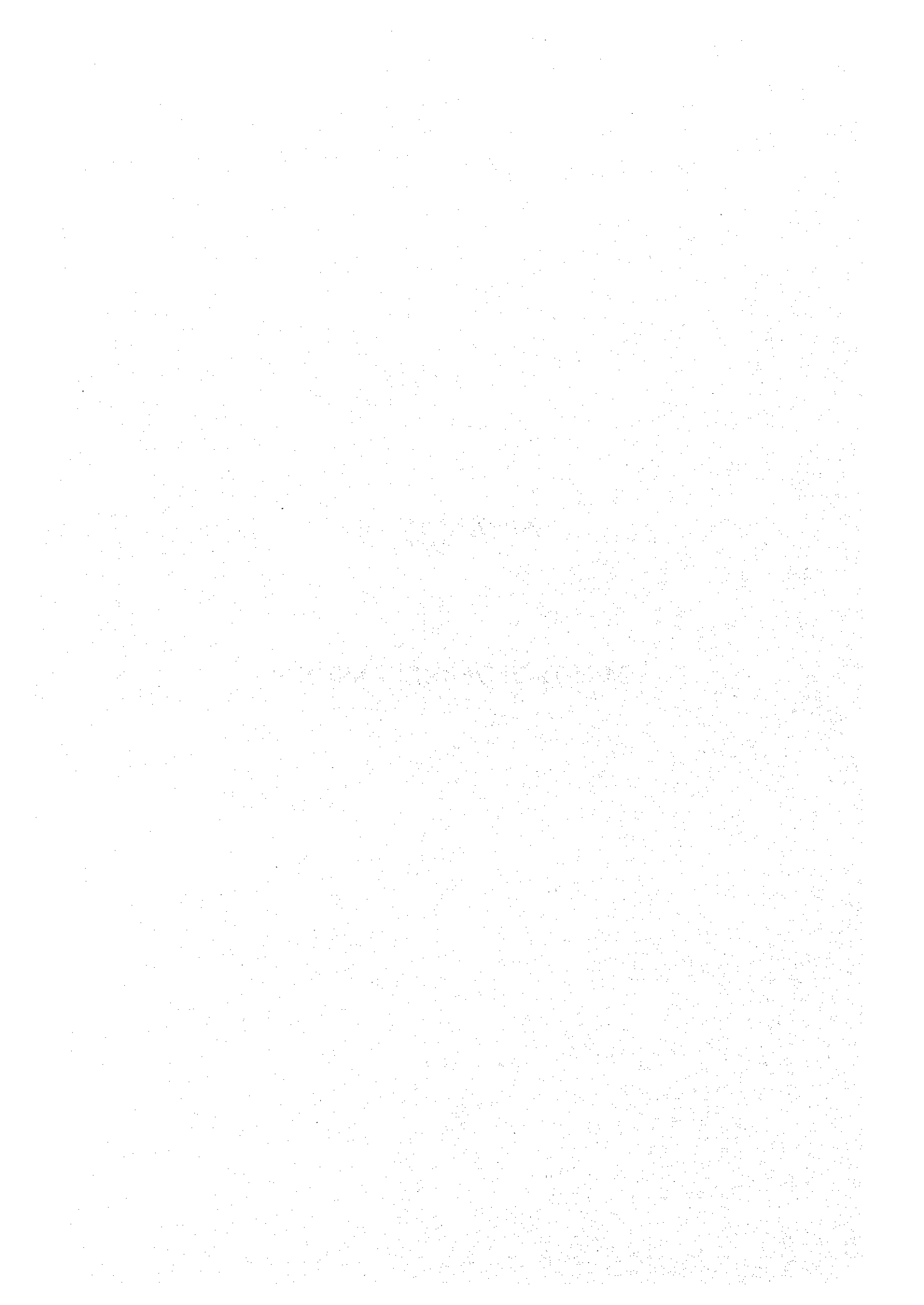
Mr. Ronald E. HAWKINS

Mr. Paul G McGINNESS

Mr. Souphamith BOUNLAVONG

APPENDIX 4

MINUTES OF DISCUSSIONS



Minutes of Discussions
on
the Basic Design Study
on
the Project for Improvement of National Road NO.9
in
Lao People's Democratic Republic

Based on the results of the Preliminary Study, the Japan International Cooperation Agency (hereinafter referred to as "JICA") decided to conduct a Basic Design Study on the Project for Improvement of National Road No.9 (hereinafter referred to as "the Project").

JICA sent to Lao PDR a Study Team (hereinafter referred to as "the Team"), which is headed by Mr. Satoshi UMENAGA, Second Project Study Division, Grant Aid Project Study Department, JICA, and is scheduled to stay in the country from July 6 to August 14, 1998.

The Team held discussions with the concerned officials of the Government of Lao PDR, and conducted a field survey at the project site.

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

Vientiane, July 16, 1998



Mr. Satoshi UMENAGA
Leader
Basic Design Study Team
Japan International Cooperation Agency



Mr. Sommad PHOLSENA
Director General
Communication Department,
Ministry of Communication, Transport, Post
and Construction

NECESSARY MEASURES TO BE TAKEN BY THE GOVERNMENT OF LAO PDR

The following necessary measures should be taken by the Government of Lao PDR on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To provide data and information necessary for the Project.
2. To secure the land necessary for the execution of the Project, such as the Right of Way, land for bridges, temporary offices, working areas, storage yards and others.
3. To clear the sites prior to the commencement of the construction including removal of the UXO (Unexploded Ordnance), if required.
4. To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
5. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
6. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in Lao PDR and prompt internal transportation of the materials and equipment for the Project purchased under the Grant Aid.
7. 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.
8. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under the verified contract such facilities as may be necessary for their entry into Lao PDR and stay therein for the performance of their work.
9. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
10. To maintain and use properly and effectively the facilities constructed under the Project.
11. To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.

Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

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

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt excursion 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 the 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 an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority.

tb

BR

contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of the 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 consulting 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.

3. Japan's Grant Aid Scheme

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 supplied 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 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) consulting 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 a 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 or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the

Handwritten mark

JAPAN'S GRANT AID SCHEME

1. 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 Governments 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 Governments of Japan and the recipient country.

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

2. Basic Design Study

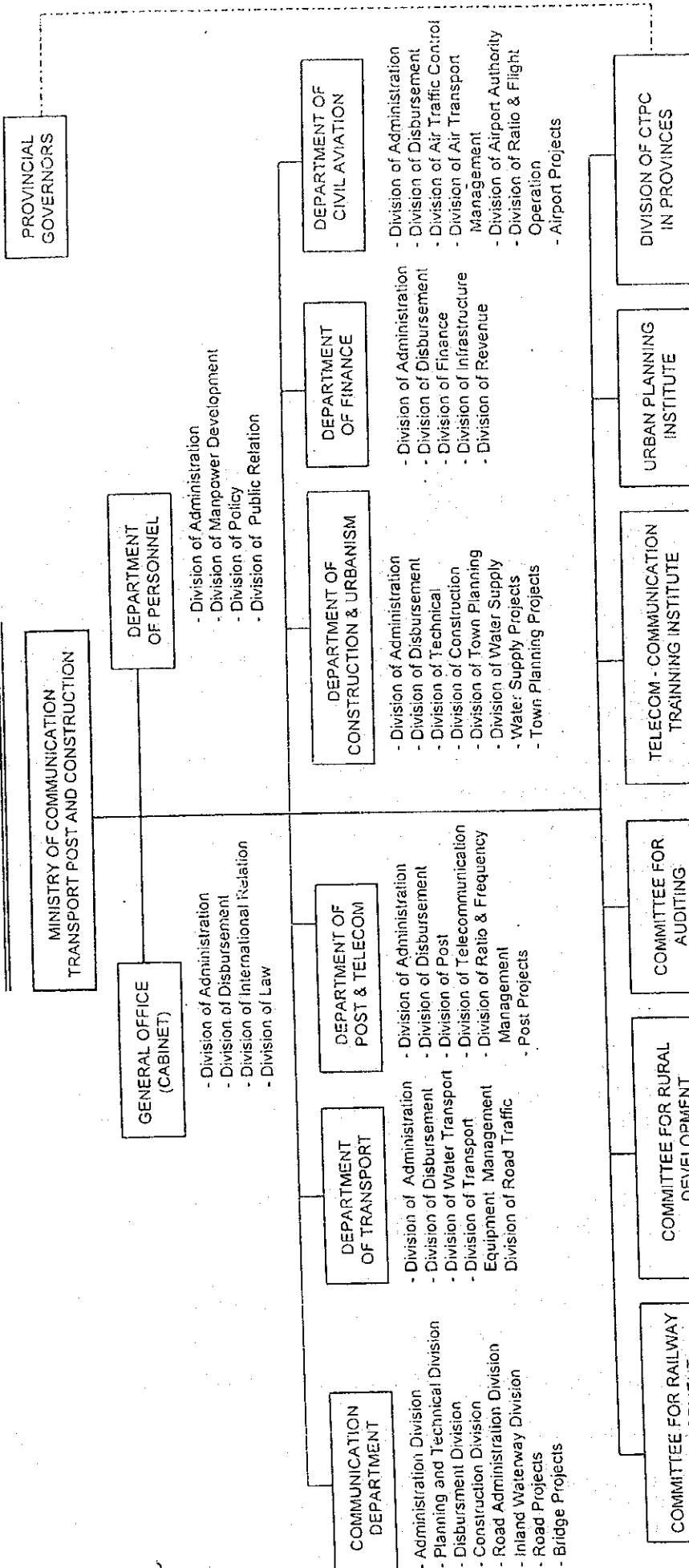
1) Contents of the study

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

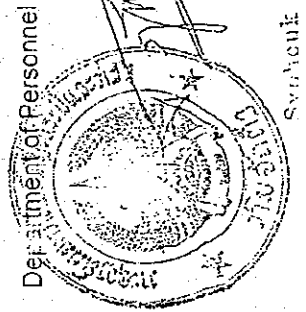
- a) Confirmation of the background, objectives, and benefits of the Project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
- b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from 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 costs of the Project.

The contents of the original request are not necessarily approved in their initial form as the

ORGANIZATION CHART



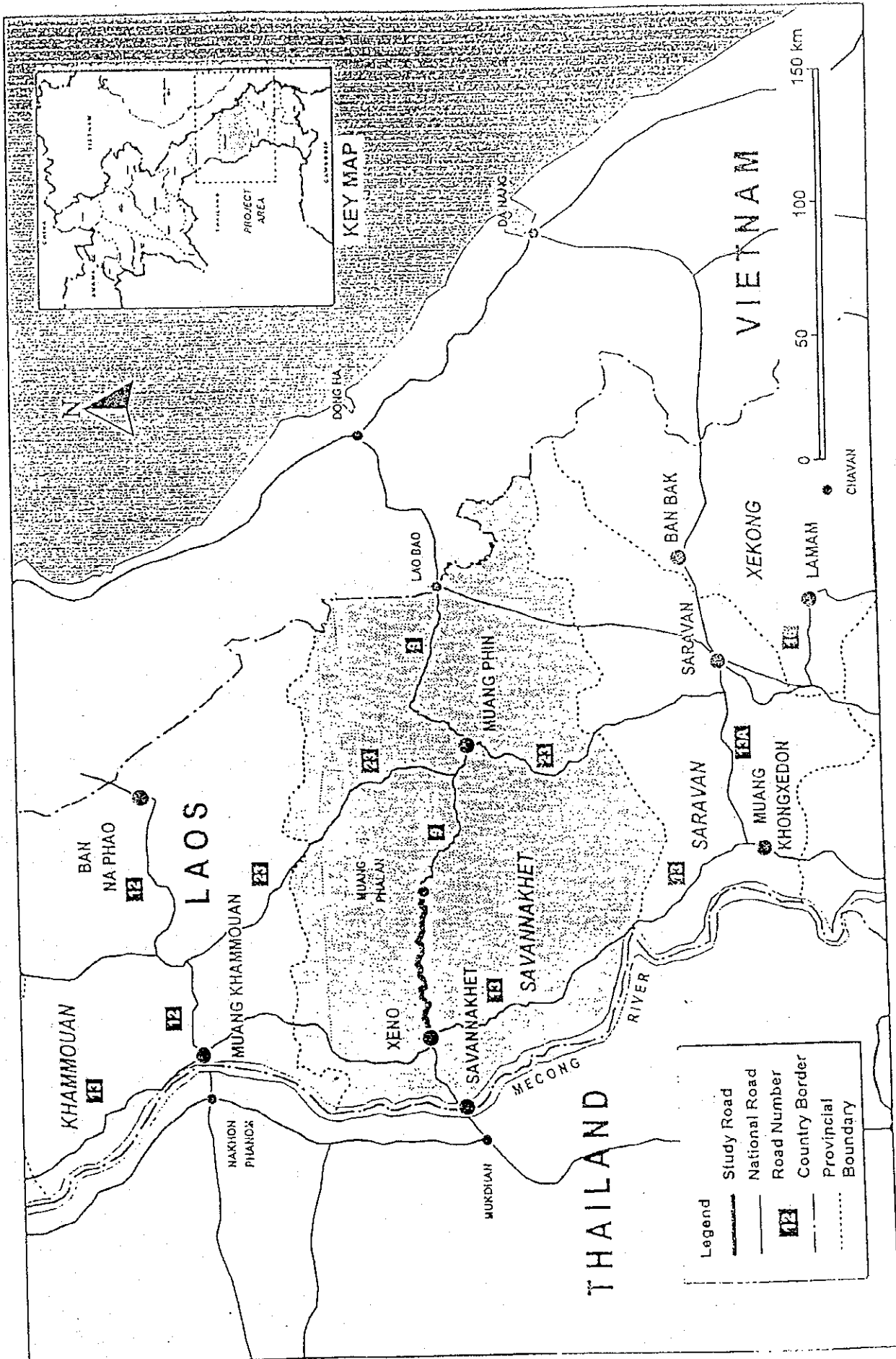
Date 14 FEB 1980



Ministry of Communication
Transport Post and Construction



SUYICHONE VONGPHANDY



PROJECT SITE

125

125

6. NECESSARY MEASURES TO BE TAKEN BY THE GOVERNMENT OF LAO PDR

- (1) The Government of Lao PDR will take necessary measures described in Annex-4 for smooth implementation of the Project, on condition that Grant Aid assistance by the Government of Japan is extended to the Project.
- (2) Concerning the item 3 in Annex-4, the Government of Lao PDR will remove all UXOs in accordance with the results of the UXO search conducted by the consulting firm under contract with the Team. The removal work by the Government of Lao PDR will commence simultaneously with the search work from November, 1998.

7. FURTHER SCHEDULE OF THE STUDY

- (1) The Team will proceed to further studies in Lao PDR until August 14, 1998.
- (2) Based on the results of the first Field Survey, JICA will prepare the Interim Report and dispatch a team in October, 1998 in order to consult the Government of Lao PDR on the outline of the Draft Basic Design.

8. OTHER RELEVANT ISSUES

- (1) The Government of Lao PDR will take necessary measures to coordinate between the Government of Japan and the Asian Development Bank (ADB).
- (2) The Government of Lao PDR will take all possible measures to secure the safety of the concerned people during the study and implementation of the Project on condition that the Grant Aid by the Government of Japan is extended to the Project.
- (3) The Government of Lao PDR pointed out that the necessity for the traffic improvement at the center of Seno.
- (4) The Government of Lao PDR emphasized the importance of the human resources development to improve the ability of construction and maintenance work.

12)

ATTACHMENT

1. OBJECTIVE

The objective of the Project is to improve National Road No.9 to cope with socio-economic demands of the country.

2. PROJECT SITE

The site of the Project is shown in Annex-1.

3. RESPONSIBLE ORGANIZATION AND IMPLEMENTING AGENCY

- (1) Responsible Organization : Ministry of Communication, Transport, Post and Construction
(MCTPC)
- (2) Implementing Agency : Communication Department, MCTPC

The organization chart is shown in Annex-2.

4. ITEMS REQUESTED BY THE GOVERNMENT OF LAO PDR

After the series of discussions, the following were finally requested by the Government of Lao PDR.

Improvement of the deteriorated road condition on National Road No.9 including 7 bridges, from Seno to Muang Phalan. (approximately 73 km)

5. JAPAN'S GRANT AID SYSTEM

The Government of Lao PDR has understood the system of Japan's Grant Aid explained by the Team as described in Annex-3.

Minutes of Discussions
on
the Basic Design Study
on
the Project for Improvement of National Road NO.9
in
Lao People's Democratic Republic

In July 1998, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Basic Design Study team on the Project for Improvement of National Road No.9 (hereinafter referred to as "the Project"), to Lao PDR, and through discussions and field survey in Lao PDR, and technical examination of the results in Japan, has prepared the Interim Report on the study.

In order to explain and to consult the Government of Lao PDR on the components of the Interim Report and conduct the additional field survey, JICA sent to Lao PDR a study team (hereinafter referred to as "the Team"), which is headed by Mr. Satoshi UMENAGA, Second Project Study Division, Grant Aid Project Study Department, JICA, and is scheduled to stay in the country from October 18 to 30, 1998.

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

Vientiane, October 29, 1998



Mr. Satoshi UMENAGA
Leader
Basic Design Study Team
Japan International Cooperation Agency



Mr. Sommad PHOLSENA
Director General
Communication Department,
Ministry of Communication, Transport, Post
and Construction

ATTACHMENT

1. COMPONENTS OF THE INTERIM REPORT

The Team explained the component of the Interim Report. However, this Report is tentative one and the final component of the Project will be decided after further studies.

2. PROJECT SITE

The site of the Project is shown in Annex-1.

3. RESPONSIBLE ORGANIZATION AND IMPLEMENTING AGENCY

(1) Responsible Organization : Ministry of Communication, Transport, Post and Construction
(MCTPC)

(2) Implementing Agency : Communication Department, MCTPC

The organization chart is shown in Annex-2.

4. JAPAN'S GRANT AID SYSTEM

(1) The Government of Lao PDR has understood the system of Japan's Grant Aid explained by the Team as described in Annex-3.

(2) The Government of Lao PDR will take necessary measures described in Annex-4 for smooth implementation of the Project, on condition that Grant Aid assistance by the Government of Japan is extended to the Project.

5. UXO REMOVAL WORK

(1) Concerning the item 3 in Annex-4, the Government of Lao PDR will remove all UXOs in accordance with the results of the UXO search (identification of the location including excavation) conducted by the consulting firm under the contract with the Team.

(2) The report of the results of the search mentioned above (1) will be notified by the consulting firm to the Team, the Government of Lao PDR, and JICA Lao office.

(3) The removal work by the Government of Lao PDR will be implemented simultaneously with the search work from middle of November, 1998 to middle of February, 1999.

(4) The Government of Lao PDR will report the progress of the removal work monthly and whenever UXO be removed, and submit the certification of all removal work upon its completion, to JICA Lao office.

(5) The Government of Lao PDR will assign coordinator as liaison among MCTPC, consulting firm (Search teams) and Lao Army. The coordinator will accompany with the consulting firm on site.

- (6) Compensation to local people caused by the need to remove structures, damage crops etc. during the UXO search will be the responsibility of the Government of Lao PDR. However, the consulting firm will seek approval from the Government of Lao PDR before taking any action that may cause damage to crops, fences or other structures that may lead to compensation claims.
- (7) The Government of Lao PDR should be responsible for all necessary actions to avoid explosion accident after UXO identification conducted by the consulting firm.

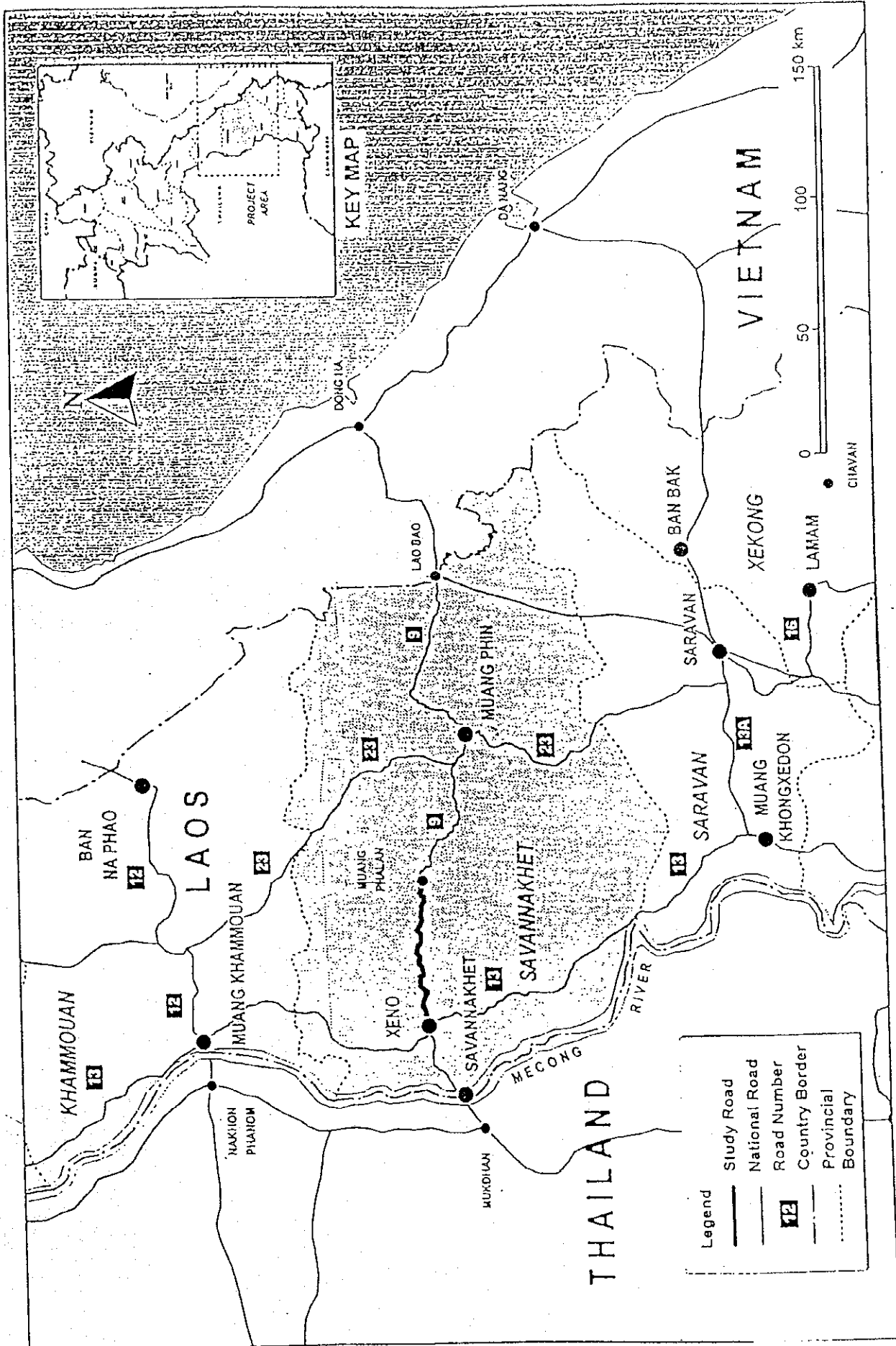
6. FURTHER SCHEDULE OF THE STUDY

Based on the results of the second Field Survey, JICA will prepare the Draft Basic Design Report and dispatch a team in February, 1999 in order to consult the Government of Lao PDR on the outline of the Draft Basic Design.

7. OTHER RELEVANT ISSUES

- (1) The Government of Lao PDR will take necessary measures to coordinate between the Government of Japan and the Asian Development Bank (ADB).
- (2) The Government of Lao PDR will take all possible measures to secure the safety of the concerned people during the study and implementation of the Project on condition that the Grant Aid by the Government of Japan is extended to the Project.

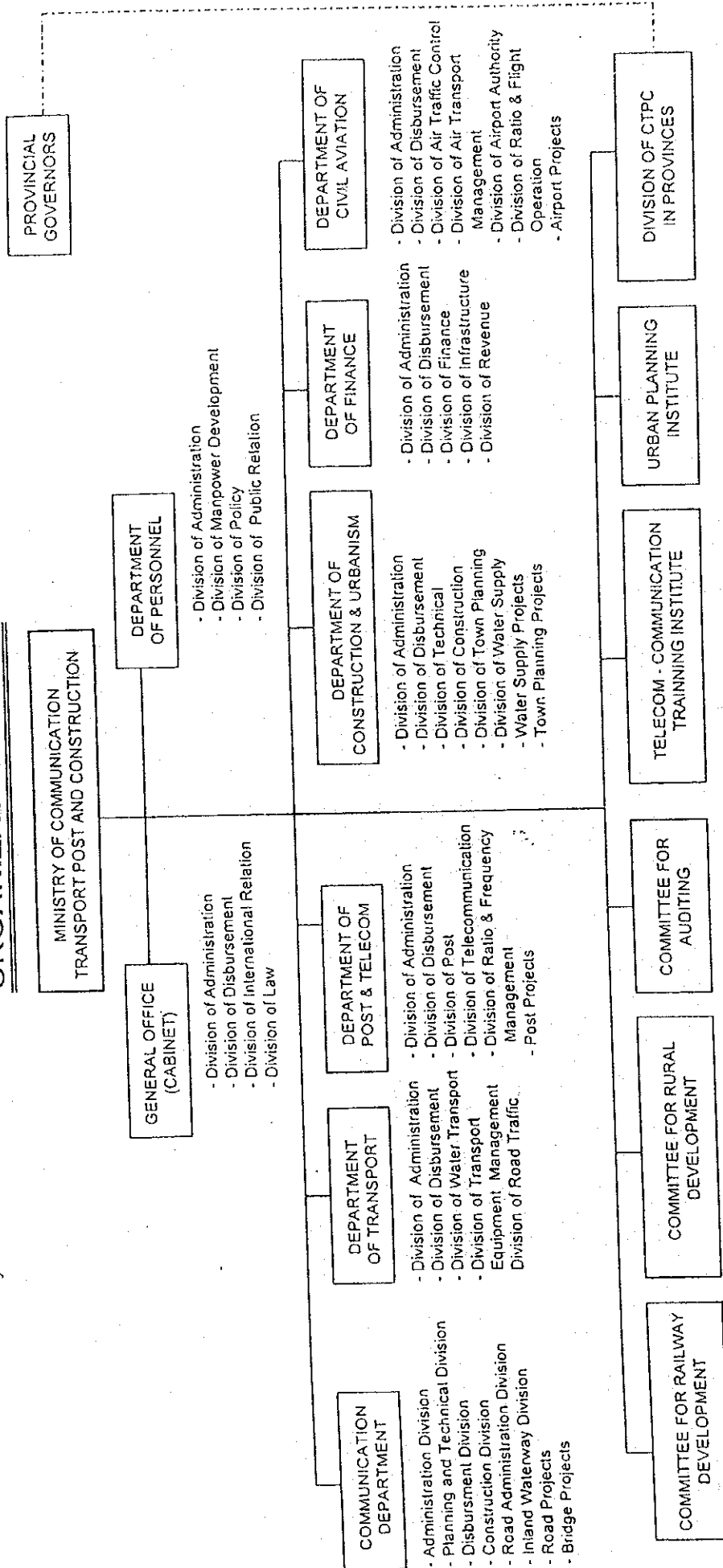




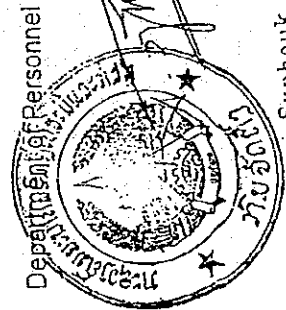
PROJECT SITE

Handwritten signature or initials

ORGANIZATION CHART



Date 14 FEB 1998



Syphouk VONGPHAKDY

Ministry of Communication
Transport, Post and Construction



JAPAN'S GRANT AID SCHEME

1. 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 Governments 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 Governments of Japan and the recipient country.

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

2. Basic Design Study

1) Contents of the study

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

- a) Confirmation of the background, objectives, and benefits of the 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 costs of the Project.

The contents of the original request are not necessarily approved in their initial form as the

contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of the 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 consulting 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.

3. Japan's Grant Aid Scheme

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 supplied 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 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) consulting 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 a 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 or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the

Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

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

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt excursion 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 the 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 an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority.



NECESSARY MEASURES TO BE TAKEN BY THE GOVERNMENT OF LAO PDR

The following necessary measures should be taken by the Government of Lao PDR on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To provide data and information necessary for the Project.
2. To secure the land necessary for the execution of the Project, such as the Right of Way, land for bridges, temporary offices, working areas, storage yards and others.
3. To clear the sites prior to the commencement of the construction including removal of the UXO (Unexploded Ordnance), if required.
4. To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
5. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
6. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in Lao PDR and prompt internal transportation of the materials and equipment for the Project purchased under the Grant Aid.
7. 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.
8. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under the verified contract such facilities as may be necessary for their entry into Lao PDR and stay therein for the performance of their work.
9. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
10. To maintain and use properly and effectively the facilities constructed under the Project.
11. To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.



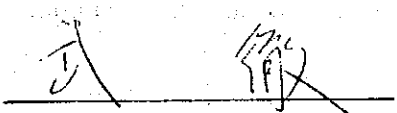
Minutes of Discussions
on
the Basic Design Study
on
the Project for Improvement of National Road NO.9
in
Lao People's Democratic Republic
(Consultation on Draft Report)

In July and October 1998, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Basic Design Study team on the Project for Improvement of National Road No.9 (hereinafter referred to as "the Project"), to Lao PDR, and through discussions and field survey in Lao PDR, and technical examination of the results in Japan, has prepared the Draft Report on the study.

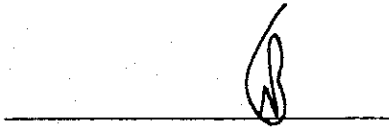
In order to explain and to consult the Government of Lao PDR on the components of the Draft Report, JICA sent to Lao PDR a study team (hereinafter referred to as "the Team"), which is headed by Mr. Toru TAKE, Deputy Director, First Project Management Division, Grant Aid Project Management Department, JICA, and is scheduled to stay in the country from February 17 to 24, 1999.

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

Vientiane, February 23, 1999



Mr. Toru TAKE
Leader
Basic Design Study Team
Japan International Cooperation Agency



Mr. Sommad PHOLSENA
Director General
Communication Department,
Ministry of Communication, Transport, Post
and Construction

ATTACHMENT

1. COMPONENTS OF THE DRAFT REPORT

The Government of Lao PDR has agreed and accepted in principle the components of the Draft Report proposed by the Team.

2. PROJECT SITE

The site of the Project is shown in Annex-1.

3. RESPONSIBLE ORGANIZATION AND IMPLEMENTING AGENCY

- (1) Responsible Organization : Ministry of Communication, Transport, Post and Construction
(MCTPC)
- (2) Implementing Agency : Communication Department, MCTPC

The organization chart is shown in Annex-2.

4. JAPAN'S GRANT AID SYSTEM

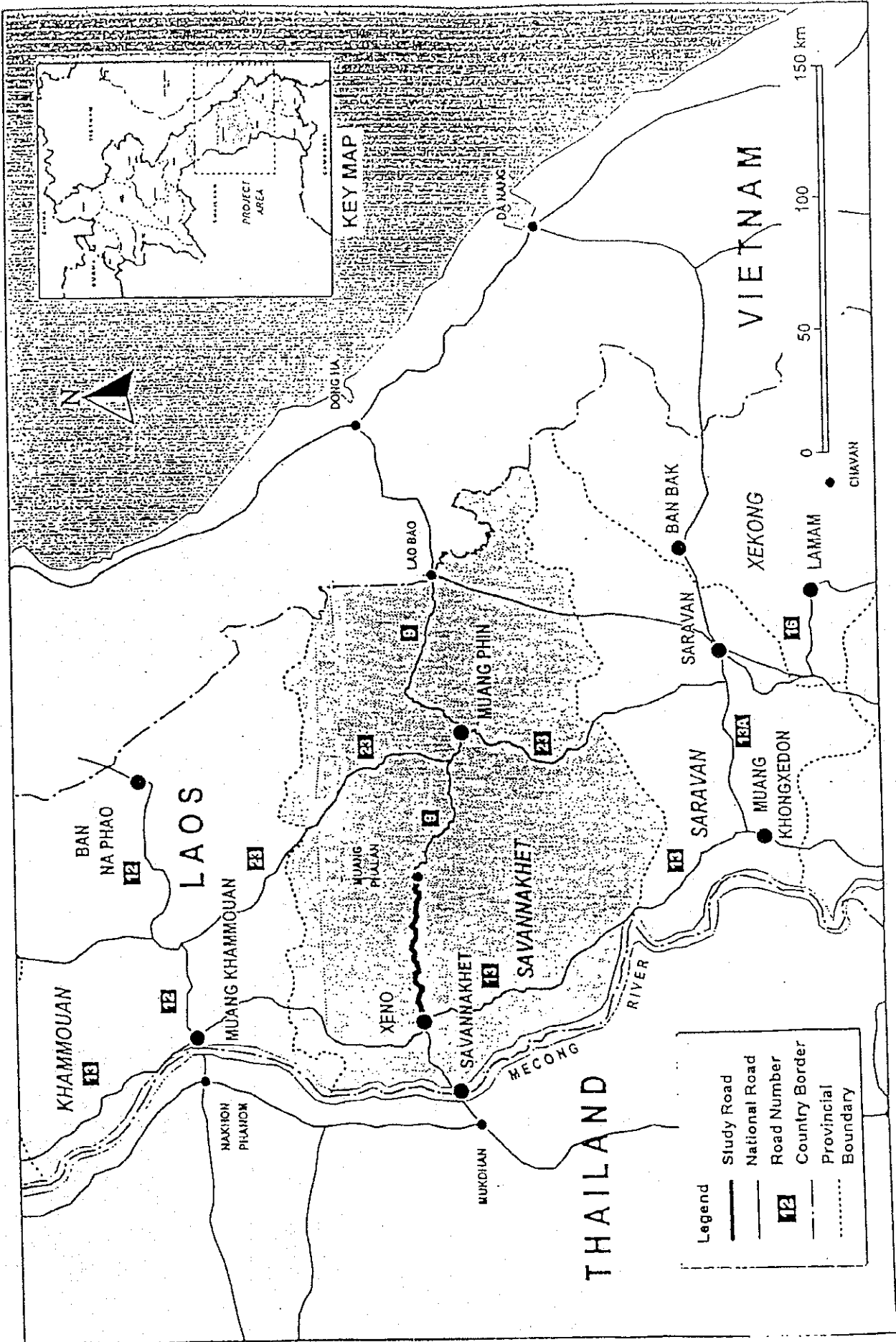
- (1) The Government of Lao PDR has understood the system of Japan's Grant Aid explained by the Team as described in Annex-3.
- (2) The Government of Lao PDR will take necessary measures described in Annex-4 for smooth implementation of the Project, on condition that Grant Aid assistance by the Government of Japan is extended to the Project.

5. UXO REMOVAL WORK

- (1) The Government of Lao PDR submitted the certification of all removal work at the Basic Design stage to the Team, which is shown in Annex-5.
- (2) Concerning the item 3 in Annex-4, the Government of Lao PDR will remove all UXOs without delay when UXOs are found at the construction stage.

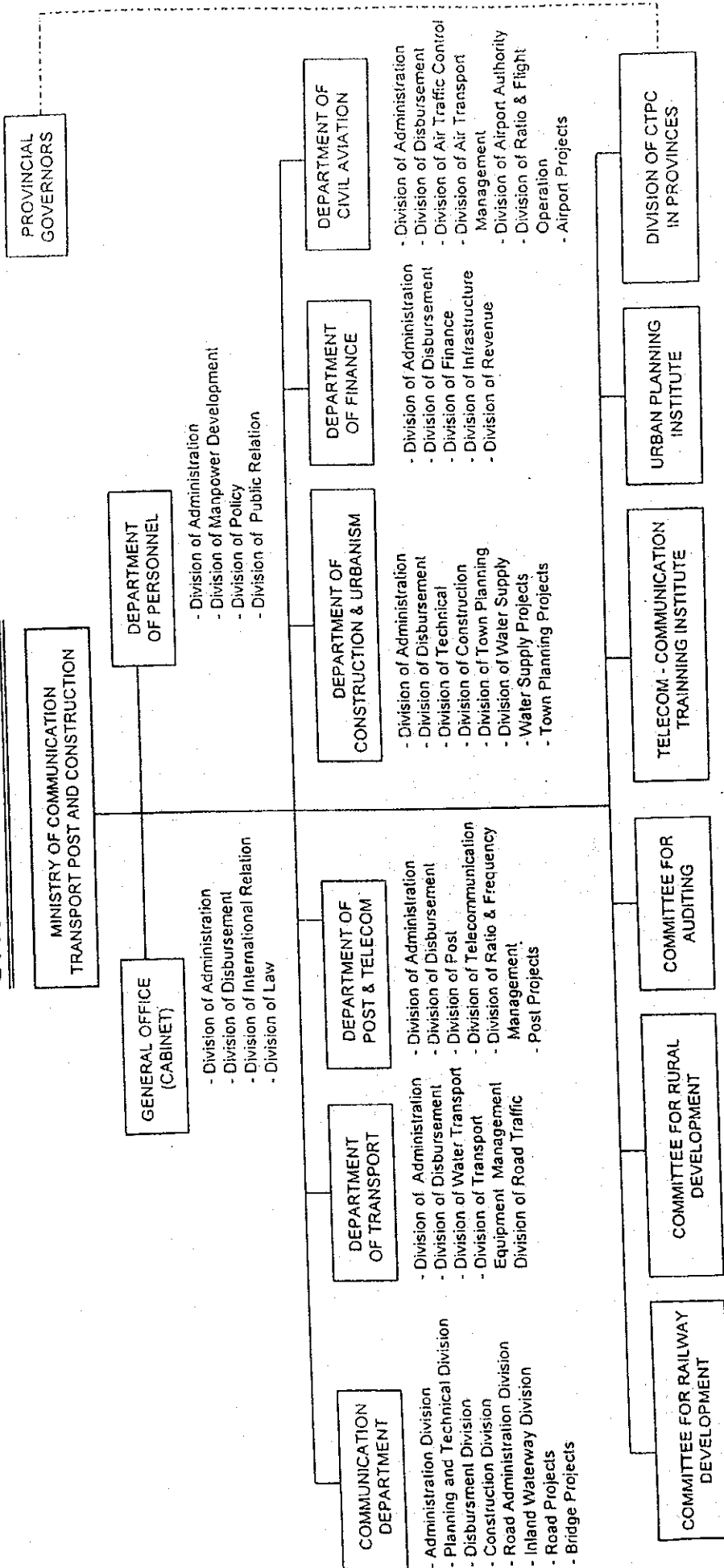
6. FURTHER SCHEDULE OF THE STUDY

The Team will complete the Final Report in accordance with the confirmed items and forward it to the Government of Lao PDR around the end of May.

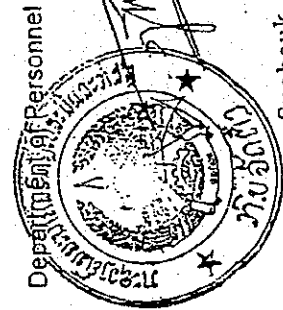


Handwritten marks and signatures at the bottom right of the page, including a stylized signature and a circular stamp.

ORGANIZATION CHART



Date 14 FEB 1998



Syphouk VONGPIAKDY

Ministry of Communication
Transport Post and Construction



JAPAN'S GRANT AID SCHEME

1. 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 Governments 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 Governments of Japan and the recipient country.

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

2. Basic Design Study

1) Contents of the study

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

- a) Confirmation of the background, objectives, and benefits of the 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 costs of the Project.

The contents of the original request are not necessarily approved in their initial form as the

contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of the 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 consulting 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.

3. Japan's Grant Aid Scheme

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

Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

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

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt excursion 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 the 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 an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority.

NECESSARY MEASURES TO BE TAKEN BY THE GOVERNMENT OF LAO PDR

The following necessary measures should be taken by the Government of Lao PDR on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To provide data and information necessary for the Project.
2. To secure the land necessary for the execution of the Project, such as the Right of Way, land for bridges, temporary offices, working areas, storage yards and others.
3. To clear the sites prior to the commencement of the construction including removal of the UXO (Unexploded Ordnance), if required.
4. To make passable all roads and bridges leading to the Project sites before the commencement of inland transportation of materials and equipment.
5. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
6. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation in Lao PDR and prompt internal transportation of the materials and equipment for the Project purchased under the Grant Aid.
7. 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.
8. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under the verified contract such facilities as may be necessary for their entry into Lao PDR and stay therein for the performance of their work.
9. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
10. To maintain and use properly and effectively the facilities constructed under the Project.
11. To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.