

MINUTES OF DISCUSSIONS
BASIC DESIGN STUDY
ON
THE PROJECT
FOR
IMPROVEMENT OF WATER DISTRIBUTION FACILITIES
IN
THE NORTHERN DISTRICTS OF THE WEST BANK (PHASE-I)
(CONSULTATION ON DRAFT REPORT)

In July 1999, the Japan International Cooperation Agency (JICA) dispatched a Basic Design Study Team on the Project for Improvement of Water Distribution Facilities in the Northern Districts of the West Bank (Phase-I) (hereinafter referred to as "the Project") to the Palestinian Interim Self-Government Authority (hereinafter referred to as "PA"), and through discussions, field survey, and technical examination of the results in Japan, has prepared the draft report of the Study.

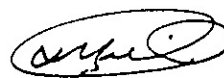
In order to explain and to consult PA side on components of the draft report, JICA sent to PA a study team, which is headed by Mr. Katsuo Shoji, Deputy Director, First Project Management Division, Grant Aid Management Department, JICA, and is scheduled to stay in PA from October 23 to 29, 1999.

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

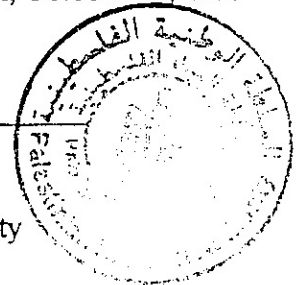
Ramallah-El Bireh, October 28, 1999

小路克雄

Mr. Katsuo Shoji
Leader
Basic Design Study Team
JICA



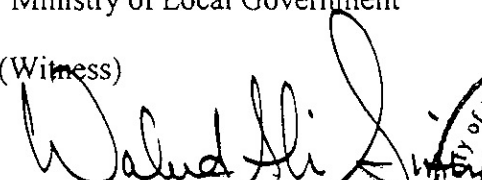
Mr. Fadel Kawash
Deputy Head
The Palestinian Water Authority



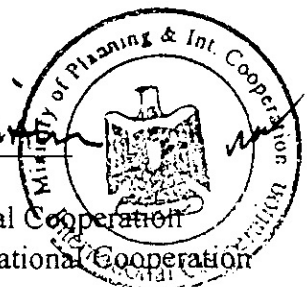


Mr. Hussein El A'raj
Deputy Minister
Ministry of Local Government

(Witness)



Mr. Waleed A. Siam
Director General of International Cooperation
Ministry of Planning and International Cooperation



ATTACHMENT

1. Components of the Draft Report

PA has agreed and accepted in principle the components of the Draft Report proposed by the Team.

2. Japan's Grant Aid System

- (1) PA has understood the system of Japan's Grant Aid explained by the Team, as described in Annex-I.
- (2) PA will take necessary measures, as 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. Further schedule

The Team will make the final report in accordance with the confirmed items, and send it to PA by the end of January 2000.

4. Other relevant issues

- (1) The Team explained to PA side the construction method and process of new distribution pipes in the Project for efficient connection work of service pipes for each household by PA side. PA side understood the above and confirmed to execute the connection work smoothly in cooperation with the Japanese side according to the construction schedule of the Project.
- (2) The Team requested PA side to secure the budget for installation of the piping materials to be procured under the Project for facilitating the connection of service pipes with the new distribution pipeline and the budget for connection of service pipes from the house to the sluice valves on the either side of the road to be installed by the Japanese side (for the distribution pipes with the diameters of not less than 75mm) and PA side (for the distribution pipes with the diameter of 50mm). PA side agreed on that.
- (3) The Team requested PA side to provide the data for the major underground structures such as septic tank, foundations, etc. on the proposed water transmission and distribution pipelines that may cause a substantial relocation and special protection. In this connection, PA side informed the Team of the existence of the underground structures for Bala'a, Qabalan, Qalqilia, Talluza (including El Badan) and Kharbatha. The Team agreed to take it into account in the basic design study for those Project sites.

However, the Team confirmed that, in case PA side does not inform of the existence of the said underground structures for other Project sites to the Team by the 10th of

November 1999, the basic design study will be finalized on condition that there are no major underground structures on the proposed pipelines for other Project sites.

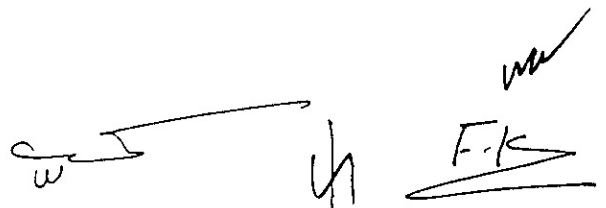
- (4) Regarding the proposed route of the transmission main for Qabalan, PA side requested to change the route to another road to avoid the congested area. The Team took notes of it and confirmed that the request will not affect the basic concept of the basic design study. The Team informed PA side that the request will be conveyed to the Japanese authorities concerned.
- (5) The Team explained to PA side the operation and maintenance plan of the facilities after the completion of the Project including the necessity for reinforcing the staff of the concerned municipalities and villages. The Team also explained the importance of cooperation for implementing the plan by Ministry of Local Government (MOLG) and the Palestinian Water Authority (PWA)/West Bank Water Department (WBWD). PA side agreed on the above plan.

The Team requested PA side to clarify the organization of the regional water utility (RWU) for water supply sector, arrangement of which is being proceeded in the study area. PA side explained to the Team that the legal status as the RWU is a non-profit organization managed by the board of directors selected from the representatives of municipalities, PWA/WBWD and other authorities, and privatization of the water supply sector is limited to only the operation and maintenance part even if introduced. PA side also agreed to inform the Japanese side of the details when the implementation of the utility is decided.

- (6) The Team confirmed that PWA and MOLG are responsible for implementing the undertakings of PA side, and supervising the proper and continuous operation and maintenance of the facilities by the concerned municipalities and villages.

The Team also confirmed that MOLG is planning to form the Joint Service Council for proper operation and maintenance of the concerned municipalities and villages for the Project in conformity with the by-law of PA.

- (7) For the addition of a water reservoir for Aqqaba, PA side informed the Team by a letter that it has already been approved by Joint Water Committee (JWC) on the 28th of September 1999 and the minutes of the JWC meeting is under preparation and will be submitted to the Japanese side immediately when it is prepared.

The page concludes with several handwritten marks. On the left, there is a signature that appears to be 'W'. In the center, there are initials 'H'. On the right, there is a signature that looks like 'F-K' with a checkmark above it.

Annex-I Japan's Grant Aid Scheme

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 (hereinafter referred to as "the Study"), conducted by JICA on a requested project (hereinafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the Study are as follows:
- a) Confirmation of the background, objectives, and benefits of the requested project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
 - b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic point of view.
 - c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
 - d) Preparation of a basic design of the Project
 - e) Estimation of 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 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