

Appendix 1 Member List of the Study

Member List of the Study Team

Member List of the First Field Survey

Name	Job Title	Occupation
Mr. FURUDA Yoshio	Leader	Deputy Director, Fist Project Management Division, Grant Aid Management Department, JICA
Ms. UNO Junko	Planning Management	Fist Project Management Division, Grant Aid Management Department, JICA
Mr. OKAGA Toshifumi	Chief Consultant/ Water Supply Planner	Pacific Consultants International
Mr. TOHDA Naoto	Facility / Equipment Planner	Pacific Consultants International

Member List of the Second Field Survey

Name	Job Title	Occupation
Mr. OKAGA Toshifumi	Chief Consultant/ Water Supply Planner	Pacific Consultants International
Mr. HIRAYAMA Kuzuo	Groundwater Development Planner	Pacific Consultants International
Mr. TOHDA Naoto	Facility / Equipment Planner	Pacific Consultants International
Mr. NAKATAKE Shunichi	Environment / Management / O&M Planner	Pacific Consultants International
Mr. ARAKI Takayuki	Cost Estimation / Procurement Planner	Pacific Consultants International

Member List of the Draft Report Explanation

Name	Job Title	Occupation
Mr. MURAOKA Keiichi	Leader	Resident Representative, JICA Austria Office
Ms. UNO Junko	Planning Management	Fist Project Management Division, Grant Aid Management Department, JICA
Mr. OKAGA Toshifumi	Chief Consultant/ Water Supply Planner	Pacific Consultants International
Mr. TOHIDA Naoto	Facility / Equipment Planner	Pacific Consultants International

Appendix 2 Study Schedule

Study Schedule

First Field Survey

No.	Date	Day	Official		Consultant	
			Mr. Fukuda	Ms. Uno	Mr. Okaga	Mr. Tohde
1	Mar 19	Wed	Tokyo (11:35) – Vienna (16:10, OS052)		Tokyo (11:35) – Vienna (16:10, OS052)	
2	20	Thu		Courtesy call to EOI and JICA Vienna (13:40) – Skopje (15:25, OS779)		
3	21	Fri		Courtesy call to the Ministry of Foreign Affairs, Courtesy call to Ministry of Transport and Communications (MTC) Discussion with MTC (Explanation of Inception Report)		
4	22	Sat		Site Survey (Petrovec/ Huden/ Gazi Baba)		
5	23	Sun		Site Survey (Aracinovo, Cucer Sandevo)		
6	24	Mon		Vienna (13:40) – Skopje (15:25, OS779)	Meeting with concerned municipalities and MTC, Site survey (Cair)	
7	25	Tue		Discussion with MTC, Site survey (Zelenikovo)		
8	26	Wed		Discussion with MTC, Site survey (Studenicani)		
9	27	Thu		Discussion on Minutes of Discussion (M/D) Signing of the M/D Skopje (16:55) – Vienna (18:40, OS780)	Discussion on Minutes of Discussion (M/D) Signing of the M/D Site Survey (Aracinovo)	
10	28	Fri		Report to EOI and JICA Vienna (15:30) – Paris (17:35, AP764)	Vienna (13:50) –	Site Survey (Petrovec/ Huden/ Gazi Baba)
11	29	Sat			- Tokyo (9:25, OS051)	Data arrangement, Data translation
12	30	Sun				Site Evaluation
13	31	Mon				Site Survey (Zelenikovo, Studenicani)
14	Apr 1	Tue				Site Survey (Cucer Sandevo)
15	2	Wed				Site Survey (Cair, Studenicani)
16	3	Thu				Discussion and Signing of Technical Notes Skopje (16:55) – Vienna (18:40, OS780)
17	4	Fri				Report to EOI and JICA
18	5	Sat				Vienna – (14:35)
19	6	Sun				- Tokyo (8:55, OS051)

Second Field Survey

No.	Date	Week	Okaga	Nakatake	Araki	Tahda	Hirayama	
1	May 7	Wed	Narita (10:40) → Vienna (16:00) OS052					
2	8	Thu	Meeting with JICA Office, Courtesy call to BOJ Vienna(13:40) → Skopje (15:20) OS779					
3	9	Fri	9:00 Ministry of Transport and Communication (MTC) Preparation of the study					
4	10	Sat	Preparation of interview survey			Cost inquiry		
5	11	Sun	Data arrangement					
6	12	Mon	Joint meeting with all municipalities		Selection of contractors (Water quality analysis, topographic survey, soil test)			
7	13	Tue	Site survey (Pobozje), Received estimate from the contractor					
8	14	Wed	Site survey including interview survey (Kucaviste)					
9	15	Thu	Ministry of Environment State Statistical Office		Meeting with local company	Site survey (Pobozje, Kucaviste)		
10	16	Fri	Site survey including interview survey (Cvetovo)					
11	17	Sat	Data arrangement					
12	18	Sun	Data arrangement					
13	19	Mon	Meeting with MTC Ministry of Health		Meeting with local company	Site survey (Dobro Kolitani)		
14	20	Tue	Meeting with PE of Skopje city			Site survey (Jumleri)		
15	21	Wed	Signing of the Contract (Water quality analysis, topographic survey, soil test) Site survey including interview survey (Zelenikovo: Pakosevo, Taor)					
16	22	Thu	Meeting with KfW (Germany) Meeting with EAR		Meeting with local company	Site survey (Zelenikovo)	Soil Test (Zelenikovo)	
17	23	Fri	Site survey including interview survey (Zelenikovo: Novo Selo, Strbojatica)					Ditto
18	24	Sat	Data arrangement					
19	25	Sun	Data arrangement					
20	26	Mon	Site survey (Jumleri)					
21	27	Tue	Ministry of Finance			Site survey (Linden)	Soil test (Pobozje)	
22	28	Wed	Site survey including interview survey (Iliaden)					Soil test (Pobozje)
23	29	Thu	Site survey including interview survey (Gazi Baba)					Preparing reports of water quality
24	30	Fri	Site survey including interview survey (Petrovec)					Ditto
25	31	Sat	Data arrangement					Preparing reports of soil test
26	June 1	Sun	Data arrangement					Ditto
27	2	Mon	Meeting with MTC		Site survey (Petrovec)		Soil test (Cvetovo)	
28	3	Tue	Site survey including interview survey (Radisani)					Skopje (OS5782) Vienna (OS051)
29	4	Wed	Ministry of Agriculture		Narita (08:30)		Narita (08:30)	
30	5	Thu	Meeting with MTC					Site survey (Radisani)
31	6	Fri	Meeting with PE (Skopje)		Site survey (Gazi Baba)			
32	7	Sat	Collecting estimate from the constructor					
33	8	Sun	Data arrangement					
34	9	Mon	Meeting with MTC		Site survey (Petrovec)			
35	10	Tue	Joint meeting with all municipalities					
36	11	Wed	Meeting with MTC					
37	12	Thu	Meeting with MTC, Skopje (16:55) → Vienna (18:40) OS780					
38	13	Fri	Report to JICA Office, Report to BOJ					
39	14	Sat	Vienna (14:35) OS051					
40	15	Sun	Narita (08:55)					

Draft Report Explanation

No.	Date	Day	Official		Consultant		
			Mr. Muraoka	Ms. Uno	Mr. Okaga	Mr. Ichida	/Mr. Nakatake
1	July 27	Sun			Tokyo (11:35) – Vienna (16:13, OS052)		
2	28	Mon			Vienna - Skopje		
3	29	Tue	Vienna - Skopje		Courtesy call to ECJ and JICA Vienna (13:40) – Skopje (15:25, OS779) Meeting with MTC Explanation of Draft Report Courtesy call to the Ministry of Foreign Affairs, Courtesy call to Ministry of Transport and Communications (MTC) Discussion with MTC (Explanation of Draft Report) Courtesy call to Honorary Consulate General of Japan, Skopje		
4	30	Wed			Discussion with MTC (M/D) Joint Meeting Site visit (Ilinden)		
5	31	Thu			Discussion with MTC (M/D) Signing of M/D Meeting with MTC Site visit (Cucer Sandevo) Skopje – Vienna Supplementary survey on cost estimation Site visit (Cucer Sandevo)		
6	1	Fri	Report to Embassy of Japan		Meeting with MTC Visit to Civil Engineering Institute		
7	2	Sat			Internal Meeting Supplementary survey on cost estimation		
8	3	Sun			Data arrangement		
9	4	Mon			Meeting with Studenica Municipality Site survey on Dolno Kočani		
10	5	Tue			Meeting with Zelenikovo Municipality Meeting with Skopje PI Report to Honorary Consulate General of Japan, Skopje		
11	6	Wed			Site Visit (Water source of Skopje City)		
12	7	Thu			Skopje – Vienna Vienna -		
13	8	Fri			- Tokyo		

Appendix 3 List of Parties Concerned

List of Parties Concerned in Macedonia

Ministry of Transport and Communication

Mr. Milaim Ajdini	Minister
Mr. Dejan Kosutic	Deputy Minister
Mr. Goce Stankoski	Head of Department
Mr. Bozidar Stojcev	Senior Adviser
Mr. Kosta Pantev	
Mr. Marin Delivanov	Road Infrastructure Adviser – Senior Expert

Ministry of Foreign Affairs

Ms. Vera Modanu	State Counselor
Ms. Lidija Ristovska	Head of Unit

General Secretariat

Mr. Igor Markovski	Assistant Director, Sector for European Integration
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Ministry of Environment and Physical Planning

Mr. Ljubomir Janev	Minister
Mr. Kiril Nasteski	State Secretary
Mr. Metodja Dimovski	Head of Department (European Integration)
Mr. Sokol Klincharov	Head of EIA

Ministry of Agriculture, Forestry and Water Economy

Mr. Kenan Selmani	Director of Administration for water economy
Mr. Goce Lazarevski	Head of Sector for improvement of water regime
Mr. Cele Ristevski	Director of project for South Vardan

Ministry of Finance

Ms. Svetlana Janevska	State Advisor
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Republic Institute for Health Protection

Dr. Blagoja Aleksoski	Director
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PWME Water Management of Macedonia

Dr. Stanislava Dodeva	Manager, Development, Design and Investments Department
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Republic Institute for Statistical Office

Mr. Doucho Gerasimovski	Director
Ms. Miza Todorova	Sector for Public Information

State Authority for Geodetic Works

Ms. Bisera Jakimovska	Director
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Cucer Sandevo Municipality

Mr. Voislav Kirandjic	Mayor
Mr. Mirko Zdravkovic	Advisor to the Mayor regarding communal issues
Mr. Vladimir Preshevski	General Manager of Public Enterprise

Cair Municipality

Mr. Ace Milenkovski	Mayor
Ms. Kara Jovkovska	Director of Urban Planning
Mr. Zdravko Zdravkovski	Communal Inspector

Aracinovo Municipality

Mr. Resat Ferati	Mayor
Mr. Kjani Aliti	Advisor of Municipal Council
Mr. Eljnaz Iseni	Secretary of Municipal Council

Ilinden Municipality

Mr. Ristovski Cedomir	Mayor
Mr. Zika Stojanovski	General Manager of Public Enterprise Ilinden

Gazi Baba Municipality

Mr. Borche Stefanovski	Mayor
Mr. Blagoj Kchev	Head of Communal Infrastructure
Mr. Laste Stajanovski	Secretary of Local Community of Jurumleri
Mr. Lazo Kanzorov	President of Local Community of Goce Delcev
Mr. Stzasho Stojchevski	Staff of Municipality for Local Community Idorizovo and Kolonie Idorizovo

Petrovec Municipality

Mr. Arsovski Blaze	Mayor
Mr. Orce Bozinovski	Mayor
Mr. Bliaze Arsovski	Manager
Mr. Azizovich Tbaz	President of Local Community of Kjojija
Mr. Ramadunovski Shevshet	President of Local Community of Ognjanci

Studenicani Municipality

Mr. Azem Sadiki	Mayor
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Zelenikovo Municipality

Mr. Ljupcho Kuzmanovski	Mayor
Mr. Valdo Georgievski	Head of Sector for Communal Affairs
Mr. Ladimir Georgievski	Urban Planning and Communal Affairs
Mr. Tomche Nikolovski	General Manager of Public Enterprise Zelenikovo

Skopje City Water Supply and Sewerage PE

Mr. Jane Cenev	Director General
Mr. Giorgi Todorovski	Head of Design Office
Mr. Gligor Petrovski	Head of Technical Section
Mr. Zoran Bozinovski	Head of Laboratory
Ms. Angelina Skalova	Director of Center for Sanitation Inspection
Mr. Ratomir Kovachev	Director of Sector for Exploitation and Maintenance of Facilities

KFW Office Skopje

Mr. Pater Gjorgjiev	Project Coordinator
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GTZ GmbH

Ms. Marina Naumovska-Milevska	Project Coordinator for Commercialization of Municipal Public Enterprises
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The World Bank Office in Skopje

Mr. Zarko Bogoev Operation Officer

International Management Group (IMG)

Mr. Jorgen Emile Engel Resident Representative
Mr. Pier Paolo Looni Program Manager
Mr. Mehmed Kopce Senior Consultant

UN Mine Action Office

Mr. Sandy Powell Project Manager

The Embassy of Japan in Vienna

Mr. Nakatsugawa First Secretary

Honorary Consulate General of Japan

Dr. Kosta Balabanov Honorary Consul General
Ms. Kazu Lesmikovska Administrative Staff

JICA Austria Office

Mr. Keiichi Muraoka Resident Representative
Mr. Akihiko Suzuki Assistant Resident Representative
Mr. Yasuaki Aihara Project Formulation Advisor
Ms. Yumiko Honda Project Formulation Advisor
Mr. Ladislav Lesmikovski Technical Coordinator, Skopje Office

**Appendix 4.1 Minutes of Discussions
(March 27, 2003)**



REPUBLIC OF MACEDONIA
MINISTRY OF TRANSPORT AND COMMUNICATIONS
-Department for Housing - Communal Works and Infrastructure-

Our number: 18-
Date: 27.03.2003

To Mr. Yoshio FUKUDA
Leader
Basic Design Study Team
JICA

Dear Mr. Fukuda,

I have herein acknowledged your letter dated March 27, 2003 and have confirmed the contents of the attachment of the letter.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Goce Stankoski'.

Ministry of transport and communications
HEAD OF DEPARTMENT
Goce Stankoski

March 27, 2003

Mr. Goce Stankoski
Head of Department for Housing Communal Works and Infrastructure
Ministry of Transport and Communications

Dear Mr. Stankoski,

I have the honor to refer to our recent discussions regarding the Project for Improvement of Water Supply in Inhabited Places in Skopje Outskirts (hereinafter referred to as "the Project").

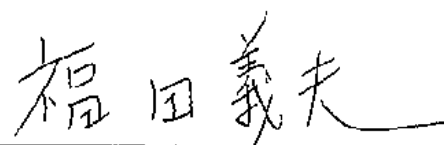
In response to the request of the Government of the Former Yugoslav Republic of Macedonia (hereinafter referred to as "Macedonia"), the Government of Japan decided to conduct a Basic Design Study on the Project and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA"). JICA sent to Macedonia a study team headed by myself for examining the viability of the Project from March 20 to April 3, 2003.

The team held intensive discussions with the officials concerned and also conducted field surveys at the study area with the helpful assistance of the Ministry of Transport and Communications

In the course of discussions and field surveys, I believe that the main items described on the attached sheets have been confirmed. The team will proceed to further works and prepare the Basic Design Study Report.

On behalf of all the members of the Team, I wish to express my sincere appreciation to the officials concerned of your government for their kind assistance and close cooperation extended to the Team. I hope that the Project will contribute to the enhancement of friendly relations between our two countries.

Yours Sincerely,



Yoshio FUKUDA
Leader
Basic Design Study Team
JICA

ATTACHMENT

1. Objective

The objective of the Project is to improve the water supply services in Skopje Outskirts in order to make safe and stable water supply for the residents.

2. Project Sites

The Project sites requested by the Macedonian side is located in eight municipalities of Aracinovo, Cair, Cucer Sandevo, Gazi Baba, Ilinden, Petrovec, Studenicani, Zelenikovo as shown in ANNEX-1.

3. Responsible and Implementing Organization

The responsible and implementing organization of the Project is the Ministry of Transport and Communications (MTC).

The organization chart is shown in ANNEX-2.

4. Japan's Grant Aid System

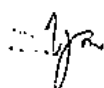
- (1) The Macedonian side has understood Japan's Grant Aid system explained by the Team as described in ANNEX-3.
- (2) The Macedonian side will take necessary measures, as described in ANNEX-3, for smooth implementation of the Project, on condition that the Grant Aid Assistance by the Government of Japan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

5. Schedule of the Study

- (1) The consultants of the Team will proceed to carry out further studies in Macedonia until April 3, 2003.
- (2) After analyzing the result of the study, JICA will dispatch the Basic Design Study Team (2nd Field Survey Team) to Macedonia in May 2003, to conduct further investigation.
- (3) Based on the Minutes of Discussions and technical examination of the study results, JICA will prepare a draft report in English and dispatch a mission to Macedonia in order to explain its contents around July 2003.
- (4) If the contents of the draft report are accepted in principle by the Macedonian side, JICA will complete the final report and send it to the Macedonian side around September 2003.

6. Other Relevant Issues

The following issues were discussed and confirmed by both sides.




(1) Items requested by the Government of Macedonia

After discussions with the concerned municipalities respectively, the Team and the Macedonian side confirmed the items described in ANNEX-4 as component of request by the Government of Macedonia at this moment in time.

The Team proceeds with further study in 1st and 2nd field surveys based on this mutual understanding as ANNEX-4, and final components of the request from the Government of Macedonia will be confirmed during 2nd field survey scheduled in May 2003.

Both sides fully understood that the appropriateness of the request shall be assessed according to the further studies and analysis in Japan and the final components of the Project shall be decided after the assessment.

(2) Criteria for screening the target settlements for the investigation in the Basic Design Study (2nd Field Survey)

The Macedonian side and the Japanese side agreed that the target settlements for investigation in the Basic Design Study (2nd Field Survey) (hereinafter referred to as "2nd Survey") would be selected based on the criteria shown in ANNEX-5. The result of screening will be confirmed between the Macedonian side and the Team as Technical Notes until the end of the study.

However, actual target settlements for investigation in 2nd Survey are finally decided by the Government of Japan, adding consideration from the view points of the priority between settlements set by each municipalities, budget limitation of grant, study period and so on. The target settlements for investigation in 2nd Survey will be informed to MTC after the decision has made, and MTC will inform to municipalities respectively.

(3) Necessary measures for construction of water supply system

In Macedonia, it is necessary for municipalities to prepare technical documents for water supply system to get construction permission from the MTC. Preparation procedure for technical documents includes items bellow;

(a) To get approval of using new water resources for each system (water rights) from the Ministry of Agriculture, Forestry and Water Economy

(b) To complete necessary procedure for Environmental Impact Assessment if occasion demands

The MTC promised to promote each municipality to take necessary action for the items. Both sides agreed to confirm the proceedings of the items in the 2nd Survey scheduled in May 2003.

(4) Safety and security

The Macedonian side would ensure that necessary measures are taken for the safety and security of the Japanese nationals involved in the Project.

As for mines, the Macedonian side is responsible for completion of removal of all mines in target area of the Project. Both sides agreed that the arrangement according to the issue of mine will be discussed between both sides and necessary action will be taken before the 2nd Survey scheduled in May 2003.

(5) Provision of necessary data

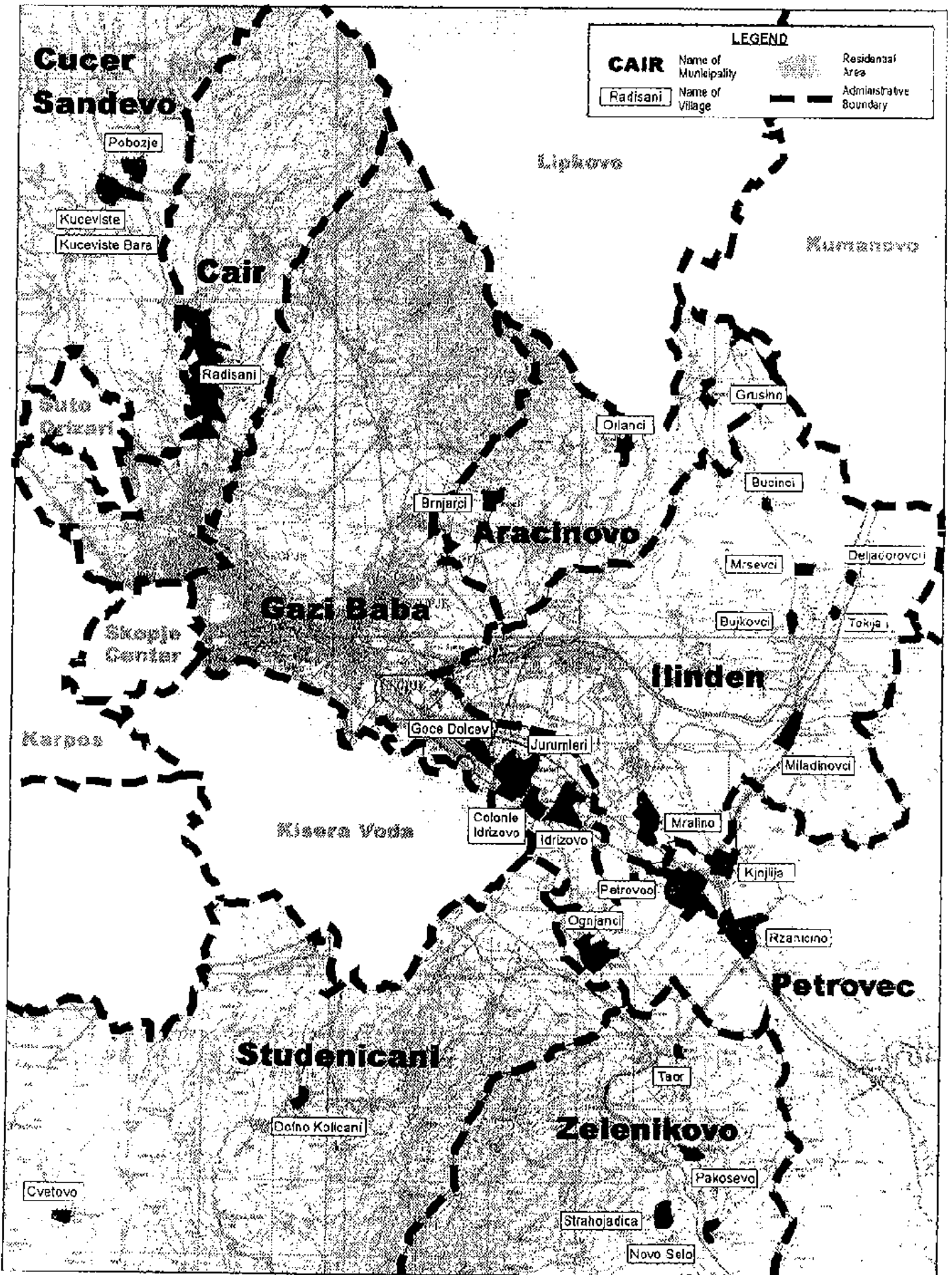
The Macedonian side promised to provide necessary data such as topography map (1/2500 or 1/5000) for the Team for smooth implementation of the Study.

The Macedonian side will prepare them before the 2nd Survey scheduled in May 2003.

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ANNEX-1

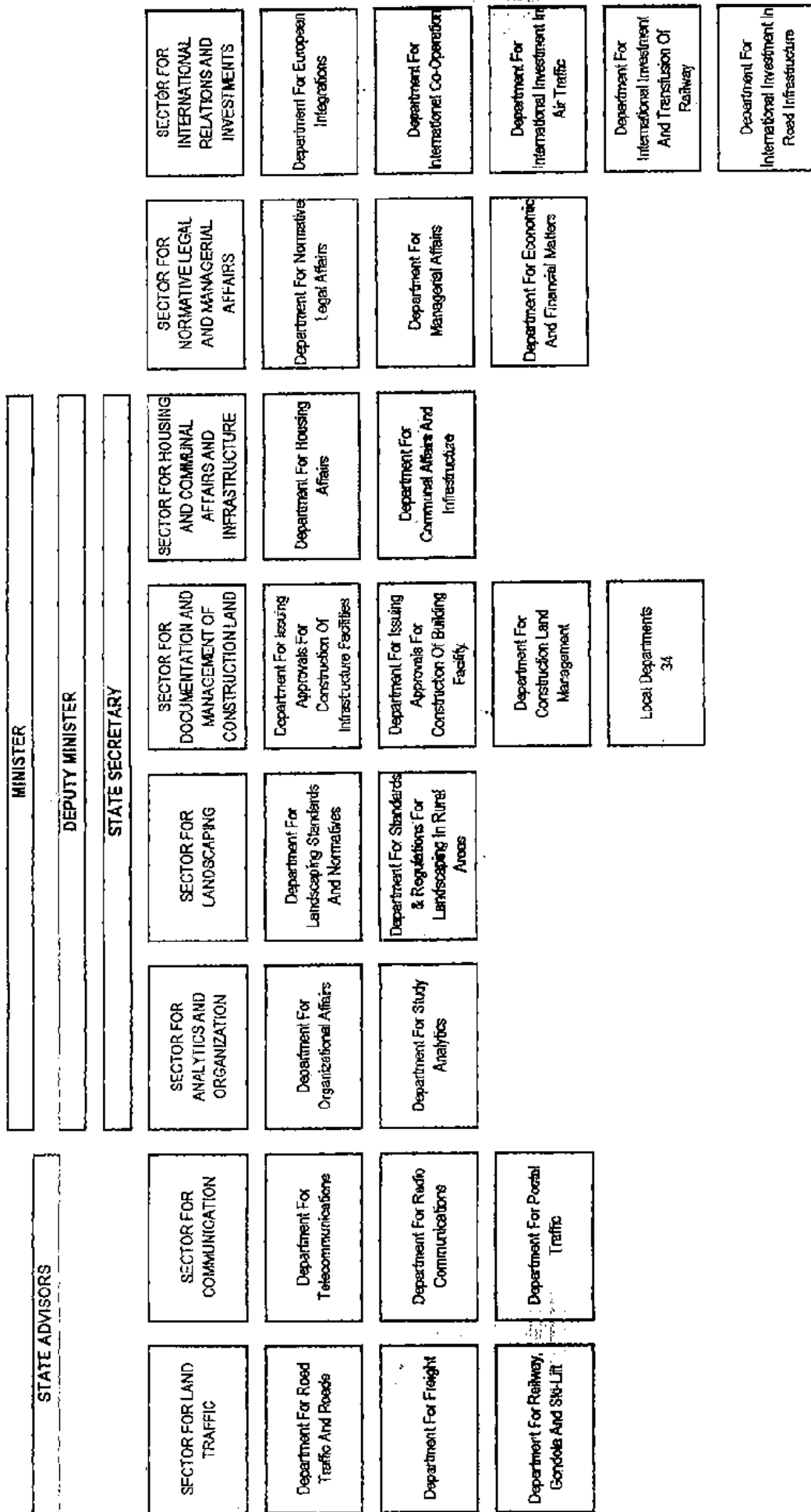


Project Sites Requested by the Government of Macedonia

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ORGANIZATION CHART OF THE MINISTRY OF TRANSPORT AND COMMUNICATIONS



ANNEX 2

- Communication Administration
- Administration For Civil-Aerial Navigation
- Captaincy Of Ports
- State Transport Inspectorate
- State Inspectorate For Urban Planning And Construction

7/2

JAPAN'S GRANT AID

1. Japan's Grant Aid System

(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 the Cabinet)
 - Determination of the implementation (The Notes exchanged between the Governments of Japan and the recipient country)
 - Implementation (Implementation of the Project)
- 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 to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using Japanese consulting firms.

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Programme, 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 Government of Japan. The contents of the Study are as follows:

- i) 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;
- ii) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic points of view;
- iii) Confirmation of items agreed on by both parties concerning the basic concept of the Project;
- iv) Preparation of a basic design of the Project; and
- v) 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 through 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 the smooth implementation of the Study, JICA uses a registered consulting firm. JICA selects a firm based on proposals submitted by interested firms. The firm selected carries out a Basic Design Study and writes a report, based upon terms of reference set by JICA.

The consultant firm used for the Study is recommended by JICA to the recipient country to also work in the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be prepared.

(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" means the one fiscal year which the Cabinet approves the project for. Within the fiscal year, all procedure such as exchanging of the Notes, concluding contracts with consulting firms and contractors 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, 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, contracting 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 the 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 of Japanese taxpayers.

6) Undertakings required to the Government of the recipient country

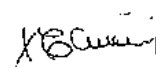
In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the followings:

- i) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction;
- ii) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the site;
- iii) To secure buildings prior to the procurement in case the installation of the equipment;

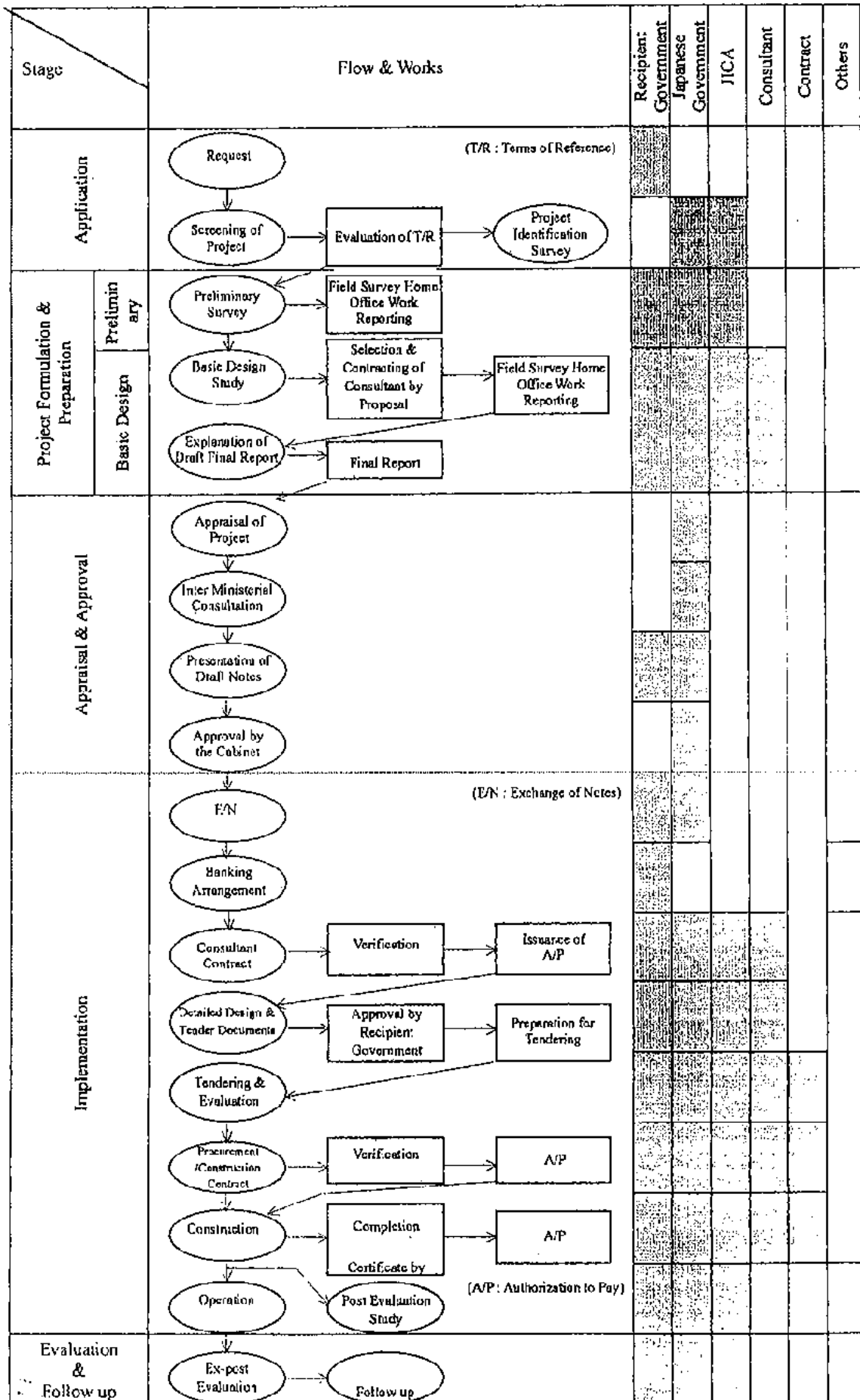
- iv) To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid;
 - v) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts;
 - vi) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the verified contracts such as facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work;
- 7) **Proper Use**
The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign the necessary staff 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 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 should open an account in the name of the Government of the recipient country in an authorized foreign exchange 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 recipient country or its designated authority.
- 10) **Authorization to Pay (A/P)**
The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.

2. Grant Aid Procedure

- (1) Flowchart of Japan's Grant Aid Procedures
Refer to Attachment 1.
- (2) Major Undertaking to be taken by Each Government
Refer to Attachment 2

FLOW CHART OF JAPAN'S GRANT AID PROCEDURES



Attachment-2

Major Undertakings to be taken by Each Government

No	Items	To be covered by	
		Grant Aid	Recipient side
1	To secure land		●
2	To clear, level and reclaim the site when needed		●
3	To construct gates and fences in and around the site		●
4	To construct the parking lot	●	
5	To construct roads		
	1) Within the site	●	
	2) Outside the site		●
6	To construct the building	●	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution main to the site		●
	b. The supply system within the site (receiving and/or elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm, sewer and others) to the site		●
	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the sit	●	
	4) Gas Supply		
	a. The city gas main to the site		●
	b. The gas supply system within the site	●	
	5) Telephone System		
	a. The telephone trunk line to the main distribution frame/panel (MDF) of the building		●
	b. The MDF and the extension after the frame/panel	●	
	6) Furniture and Equipment		
	a. General furniture		●
	b. Project equipment	●	
8	To bear the following commissions to a bank of Japan for the banking services based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
9	To ensure prompt unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine(Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and customs clearance of the products at the port of disembarkation.		●
	3) Internal transportation from the port of disembarkation to the project site	(●)	(●)

10	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 the recipient country and stay therein for the performance of their work		●
11	To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts		●
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid		●
13	To bear all the expenses, other than those to be borne by the Grant Aid, necessary for construction of the facilities as well as for the transportation and installation of the equipment		●

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ANNEX-4

Component of Request by the Government of Macedonia

(1) Cucer Sandevo Municipality

Target Village: Poboze

Transmission Pipe	From pump station to the reservoir
Distribution Reservoir	200 m ³ (1 no.)
Primary Pipe	Reservoir to Poboze Village
Secondary Network	In Poboze Village

Target Village: Kuceviste and Kuceviste Bara

Intake Facility	
Transmission Facility	From the intake facility to the reservoir
Distribution Reservoir	
Primary Pipe	From Reservoir to Kuceviste Village From Kuceviste to Kuceviste Bara Village
Secondary Network	In Kuceviste and Kuceviste Bara

(2) Cair Municipality

Target Village: Radisani

Transmission Pump Station	Including Pump House Structure, Pump Sets (4 sets). Electric Device
Transmission Pipe	From P/S to Higher Reservoir From P/S to Lower Reservoir
Primary Pipe	From higher reservoir to its secondary network From lower reservoir to its secondary network
Secondary Network	In higher and lower zones

(3) Aracinovo Municipality

Target Village: Grusino, Brnjarci and Orlanci

Intake Well	Including deep well, submersible pump set, pump house, electric device, connection pipe to transmission pipe (2 wells)
Transmission Pump Facility	Dry chamber for transmission pump (for 3 villages)
Transmission Pipe	From reservoir to Grusino, Brnjarci and Orlanci
Secondary Network	In Grusino, Brnjarci and Orlanci

ANNEX-4

(4) Gazi Baba, Ilinden and Petrovec Municipalities

Target Village (Gazi Baba): **Goce Dolcev, Jurumleri, Colonie Idrizovo and Idrizovo**

Target Village (Ilinden): **Mralino, Bucinci, Mrsevci, Deljadrovci, Tekija, Bujkovci and Miladinovci**

Target Village (Petrovec): **Petrovec, Kjojlija, Rzanicino and Ognjanci**

Intake Well	Two wells in Jurumleri Wellfield (including deep well, submersible pump set, pump house, electric device, connection pipe to disinfection facility) Replacement of one submersible pump in the existing well Installation of new pump set to the existing well in Petrovec (including pump house, electric device, connection pipe to the primary pipe)
Disinfection Facility	Renovation of the existing disinfection facility of Jurumleri Wellfield New construction of one disinfection facility in Petrovec well site
Transmission Pipe	From the existing Bunardzik Reservoir to Mrsevci
Primary Pipe	From Bunardzik to Kadino village From Idrizovo to Petrovec From Petrovec to Kjojlija
Secondary Network	Goce Dolcev, Jurumleri, Colonie Idrizovo and Idrizovo (Gazi Baba) Mralino, Deljadrovci and Tekija (Ilinden) Petrovec, Kjojlija, Rzanicino and Ognjanci (Petrovec)

(5) Zelenikovo Municipality

Target Village: **Taor**

Transmission Pipe	From the existing pipe to Pump Station From Pump Station to Reservoir
Pump Station	Including Pump House Structure, Pump Set, Electric Device
Distribution Reservoir	1 no.
Primary Pipe	From Distribution Reservoir to Taor village From Distribution Reservoir to the archeological site
Secondary Network	In Taor and Archeological Site

ANNEX-4

Target Village: **Pakosevo and Novo Selo**

Primary Pipe	From the existing main pipe to Novo Selo through Pakosevo
Secondary Network	In Pakosevo and Novo Selo

Target Village: **Strahojadica**

Transmission Pipe	From the existing pipe to Pump Station (approx. 100m) From Pump Station to Reservoir
Pump Station	Including Pump House Structure, Pump Set, Electric Device
Distribution Reservoir	1 no.
Primary Pipe	From Distribution Reservoir to Strahojadica village
Secondary Network	In Strahojadica village

(6) Studeniciani Municipality

Target Village: **Cvetovo**

Intake Facility	Spring catchment system (4 nos.)
Transmission Pipe	From Intake to Reservoir
Distribution Reservoir	1 no.
Primary Pipe	From reservoir to Cvetovo Village
Secondary Network	In Cvetovo Village

Target Village: **Dono Kolicani**

Intake Facility	Lump Sum
Transmission Pipe	From Intake to Reservoir
Distribution Reservoir	1 no.
Primary Pipe	From reservoir to Dono Kolicani Village
Secondary Network	In Dono Kolicani Village

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ANNEX-5

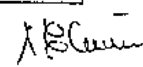
Evaluation Criteria of Target Villages

Primary Evaluation Criteria

Evaluation Item	Criterion	Checkpoint
Prerequisite condition	Security in construction	<ul style="list-style-type: none"> - Past conflict incidents - Current situation - Future prospect
	Existence of water source	<ul style="list-style-type: none"> - Existence of water source and/or water source plan - Field reconnaissance of proposed water source

Secondary Evaluation Criteria

Evaluation Item	Criterion	Checkpoint
Component of request	Purpose of water supply (BHN: Basic Human Needs)	<ul style="list-style-type: none"> - Rate of domestic water supply (Mainly; 70% or more)
	Urgency and Necessity	<ul style="list-style-type: none"> - Rate of population served - Situation of water borne disease
	Project Benefit	<ul style="list-style-type: none"> - Total population of the project site - Project population served
Certainty of the plan	Readiness of Technical Documents (T/D)	<ul style="list-style-type: none"> - Availability of T/D - Technical appropriateness of T/D - Approval by the Macedonian Authorities
Sustainability of waterworks	Management capability of Public Enterprise	<ul style="list-style-type: none"> - Existence of organization - Prospect to organize an enterprise
	Affordability and Willingness of Customers	<ul style="list-style-type: none"> - Average household income by village - Existing water charge (amount, tariff, rate of collection, etc.) - Existence and/or possibility of regulation by municipality level (suspension of water, subsidy to low income, etc.)

**Appendix 4.2 Technical Notes
(April 3, 2003)**

**TECHNICAL NOTES
ON
THE BASIC DESIGN STUDY ON THE PROJECT
FOR
IMPROVEMENT OF WATER SUPPLY IN INHABITED PLACES
IN
SKOPJE OUTSKIRTS**

Based on the Minutes of Discussions signed on March 27, 2003, the consultant members of the Basic Design Study Team (hereinafter referred to as "the Consultant") carried out technical study of the project for improvement of water supply inhabited place in Skopje outskirts (hereinafter referred to as the "Project") until April 3, 2003.

The Consultant held discussion with the officials concerned of Ministry of Transport and Communications and conducted field surveys at the study areas in cooperation with Municipalities concerned.

In the course of study, both parties confirmed the main technical items described in ATTACHMENT.

Skopje, April 3, 2003

岡 坂 敏 文

Okaga Toshifumi
Chief Consultant,
Basic Design Study Team
for the Project for Improvement of
Water Supply in Inhabited Place
in Skopje Outskirts.

Goce Stankovski

Goce Stankovski
Head of Department,
Department for Housing - Communal
Works and Infrastructure,
Ministry of Transport and
Communications

ATTACHMENT

1. Target Year

The target year of the Project is to be the year 2005. In facility planning, however, the most economical project life cycle cost (LCC) should be taken into account so that the long life facilities such as intake structure, distribution reservoir, pipelines, etc. would be designed based on water demand for further period.

2. Evaluation of Project Site and Its Criteria

I. Primary Evaluation

(1) Evaluation Condition

	Criteria	Checkpoint	Evaluation (Score)		
A	Security condition	- Past conflict incidents - Current situation - Future prospect	Good (3 pts)	Conditional (1 pts)	Dangerous (0 pts)
B	Existence of water source	- Water source plan - Field reconnaissance	Good (3 pts)	Conditional (1 pts)	Poor (0 pts)

(2) Result of the Primary Evaluation

All the requested sites are evaluated based upon the above conditions. As a result, the following was identified. The evaluation result was tabulated below.

- Securities of the requested sites are confirmed as safe except Aracinovo sites where mine clearance shall be considered before implementation of the project.
- Water sources of the requested sites are assumed to be appropriate except Dolno Kolicani village where risk of water shortage in the proposed source was found.

Municipality	Inhabited Place	Score (points)		
		A Security	B Water Source	Total
Cucer Sandevo	Pobozie	3	3	6
	Kuceviste	3	3	6
	Kucevacka Bara	3	3	6
Cafr	Radisani	3	3	6
Aracinovo	Grusino	1	3	4
	Orlanci	1	3	4
	Bnjarci	1	3	4
Gazi Baba	Goce Delcev	3	3	6
	Jurumleri	3	3	6
	Colonia Idrizovo	3	3	6
	Idrizovo	3	3	6

ATTACHMENT

Municipality	Inhabited Place	Score (points)		
		A Security	B Water Source	Total
Ilinden	Mralino	3	3	6
	Mrsevci	3	3	6
	Bujkoveci	3	3	6
	Miladinovci	3	3	6
	Tekija	3	3	6
	Delladrovci	3	3	6
	Bucinci	3	3	6
Petrovec	Petrovec	3	3	6
	Kijilija	3	3	6
	Rzanicino	3	3	6
	Ogijanci	3	3	6
Studenicani	Cvetovo	3	3	6
	Dolno Kolicani	3	1	4
Zelenikovo	Tgor	3	3	6
	Pakosevo	3	3	6
	Novo Selo	3	3	6
	Strahojadica	3	3	6

II. Secondary Evaluation

(1) Evaluation Conditions

	Criteria	Checkpoint	Evaluation (Score)		
			Major (3 pts)	Less (1 pt)	Minor (0 pts)
C	Purpose of domestic	C1: Rate of domestic water	Major (3 pts)	Less (1 pt)	Minor (0 pts)
	Urgency and necessity	C2: Rate of population served of Municipality	Less 70% (3 pts)	70 - 90% (1 pt)	90 - 100% (0 pts)
		C3: Situation of water born disease (Water quality)	Significant (3 pts)	Not much (1 pt)	Seldom (0 pts)
	Requested site	C4: Consistency with the original requested site	No change (1 pt)	-	Changed (0 pts)
		C5: Possibility to connected to the original system	Possible (1 pt)	-	No (0 pts)
		C6: Overlapping of request with other donor	No (3 pts)	-	Yes (0 pts)
D	Readiness of Technical documents (T/D)	D1: Availability of T/D	Ready (3 pts)	Underway (1 pt)	No (0 pts)
		D2: Technical appropriateness	Appropriate (1 pt)	-	Uncertain (0 pts)
		D3: Approval by Municipality	Approved (3 pts)	-	Not Yet (0 pts)
E	Management capability of Public Enterprise	E1: Existence of Public Enterprise	Exist (3 pts)	Underway (1 pt)	No (0 pts)
		E2: Willingness and Affordability to Pay	Good (3 pts)	Conditional (1 pt)	No (0 pts)
F	Environment	F1: Sewerage system	Existing (3 pts)	Planned (1 pt)	No Plan (0 pts)

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(2) Result of the Secondary Evaluation

Requested Site	Population	Priority	Evaluation item													
			C1	C2	C3	C4	C5	C6	D1	D2	D3	E1	E2	F	Total	
Cucer Sandevo	13 inhabited places	8,693 people	2002 census (7493) plus Kcevska Bara (1200)													
	Population served	4,243 48.8%	Data based on 1994 census population													
	Pobožje	960 11.0%	3rd	3	3	1	1	1	3	3	1	3	3	3	1	26
	Kcevske	3,500 40.3%	1st	3	3	1	0	0	3	3	1	3	3	3	1	24
	Kcevska Bara	1,200 13.8%	2nd	3	3	1	0	0	3	1	0	3	3	3	1	21
Cair	5 inhabited places	70,441 people	2002 census, One urban and four villages													
	Population served	42,265 60.0%	Rate of population served estimated													
	Radisani	6,500 37.5%	1st	3	3	3	1	1	3	3	1	3	3	3	1	28
Aracínovo	6 inhabited places	11,315 people	2002 census													
	Population served	8,000 70.7%	Including on-going project													
	Grusino	1,500 13.3%	1st	3	1	1	1	1	3	3	1	3	1	3	1	22
	Orlancl	900 8.0%	2nd	3	1	1	1	1	3	3	1	3	1	3	1	22
	Brnjarci	418 3.7%	3rd	3	1	1	1	1	3	1	1	3	1	3	1	20
Gazi Baha	23 inhabited places	72,780 people	2002 census													
	Population served	45,124 62.0%	Rate of population served assumed from the urban population													
	Goče Dalcev	1,280 1.8%	2nd	3	3	3	0	1	3	3	1	3	3	3	1	27
	Jurmleri	3,326 4.6%	1st	3	3	3	1	1	3	3	1	3	3	3	1	28
	Colonle Idrizovo	850 1.2%	4th	3	3	3	0	1	3	1	1	3	3	3	1	25
	Idrizovo	1,500 2.1%	3rd	3	3	3	1	1	3	1	1	3	3	3	1	26
Ilinden	12 inhabited places	16,180 people	Data from PE Ilinden													
	Population served	14,360 88.8%	Data including water supply system from Oil Refinery Factory													
	Mralino	830 5.1%	1st	3	1	3	1	1	3	3	1	3	3	3	1	26
	Miravci	700 4.3%	2nd	3	1	1	0	1	3	3	1	3	3	3	1	23
	Bujkovci	670 4.1%	2nd	3	1	1	0	1	3	3	1	3	3	3	1	23
	Miladinovci	1,500 9.3%	2nd	3	1	1	0	1	3	3	1	3	3	3	1	23
	Tekija	270 1.7%	6th	3	1	1	0	1	3	3	1	3	3	3	1	23
	Deljadrovc	490 3.0%	5th	3	1	1	0	1	3	3	1	3	3	3	1	23
	Bucinci	230 1.4%	7th	3	1	1	0	1	3	3	1	3	3	3	1	23
Petrovec	17 inhabited places	8,205 people	2002 census													
	Population served	1,085 13.2%	Including individual local water supply system													
	Petrovec	2,490 30.3%	1st	3	3	3	1	1	3	3	1	3	3	3	1	28
	Razanice	903 11.0%	3rd	3	3	3	1	1	3	3	1	3	3	3	1	28
	Kolija	354 4.3%	4th	3	3	3	1	1	3	1	1	3	3	3	1	26
	Ognjanci	1,207 14.7%	2nd	3	3	3	1	1	3	1	1	3	3	3	1	26
Studenicani	18 inhabited places	17,314 people	2002 census													
	Population served	15,100 87.2%	Including on-going project													
	Cvetovo	1,000 5.8%	1st	3	1	1	0	0	3	3	1	3	1	3	1	20
	Dolno Kolicani	1,800 10.4%	2nd	3	1	1	0	0	3	3	0	3	1	3	1	19
Zelenikovo	15 inhabited places	4,116 people	2002 census													
	Population served	2,500 60.8%	Without weekend house residents													
	Taor	158 3.8%	4th	3	3	3	0	1	3	3	1	3	3	3	1	27
	Pakosevo	222 5.4%	1st	3	3	3	1	1	3	3	1	3	3	3	1	28
	Novo Selo	188 4.1%	2nd	3	3	3	1	1	3	3	1	3	3	3	1	28
	Straholjica	222 5.4%	3rd	3	3	1	1	1	3	3	1	3	3	3	1	26

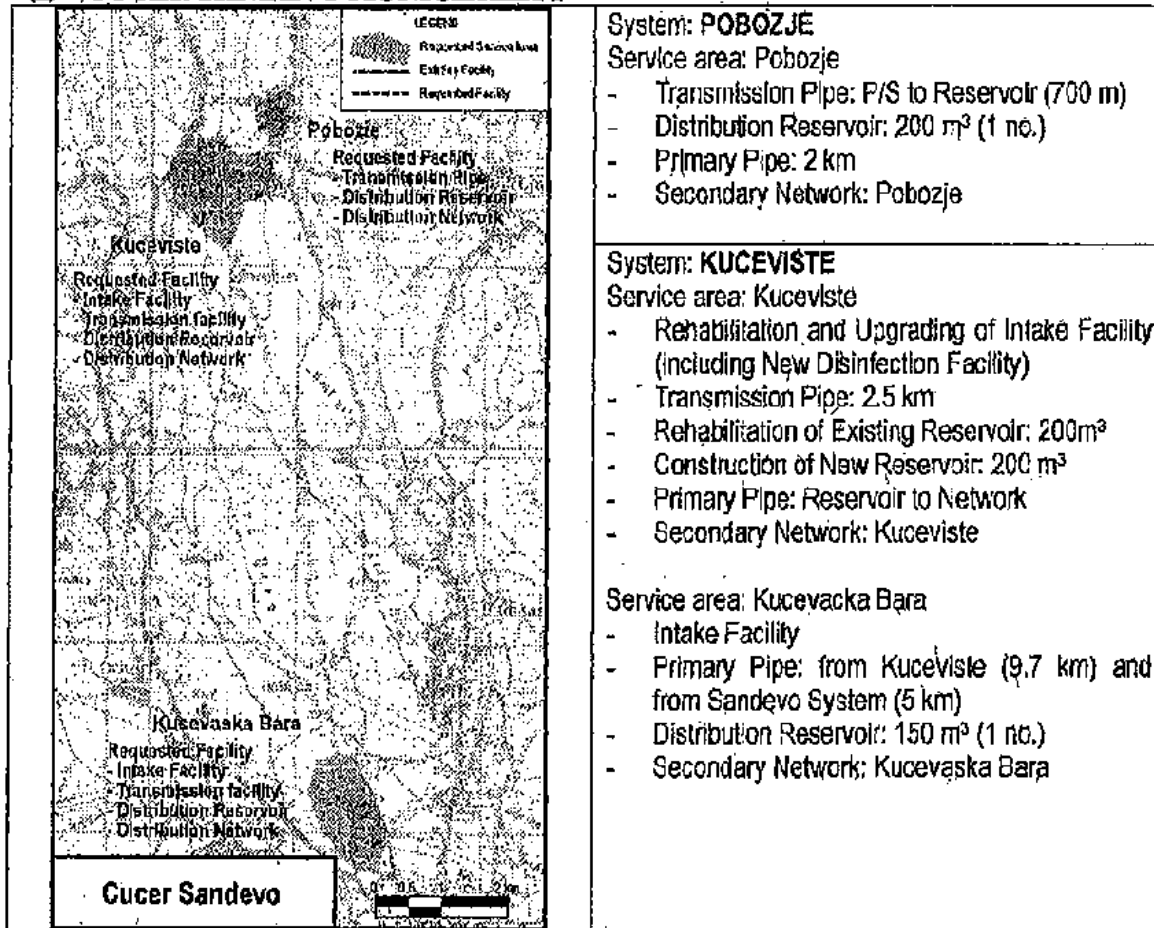
(Note)

- Population data sources are based on 2002 census, interview from municipality, figure in the technical document.
- Each requested village is prioritized among each municipality based on opinion of municipality as well as the consultant.
- Evaluation points are scored by the consultant based on field survey and discussion with MTC.

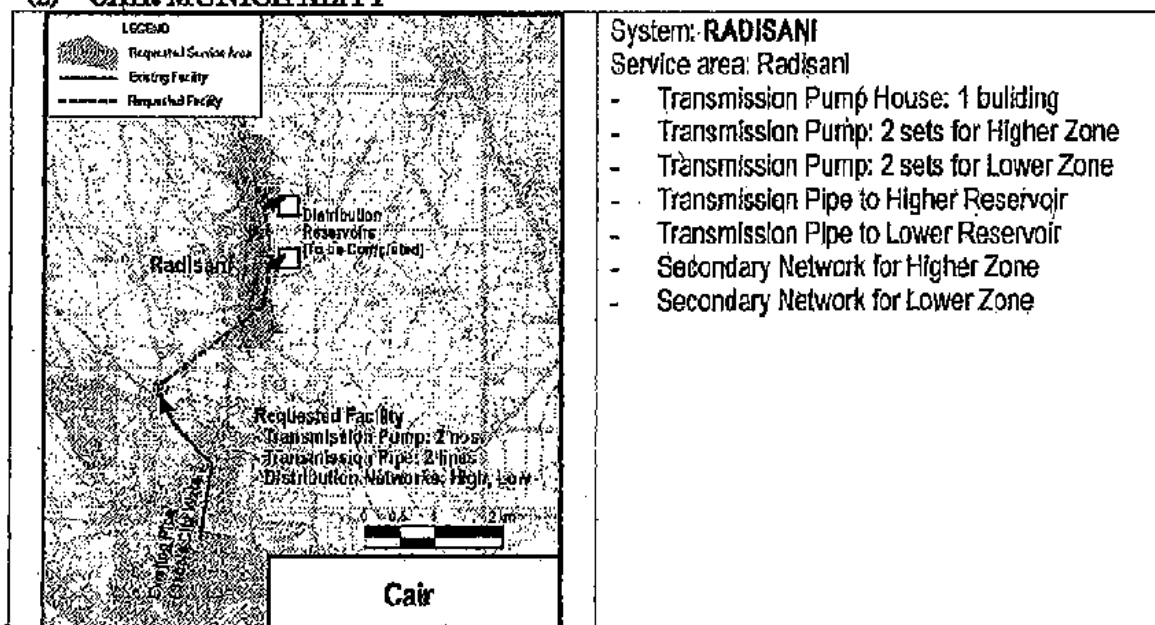
ATTACHMENT

3 Components of the Request by the Government of Macedonia

(1) CUCER SANDEVO MUNICIPALITY



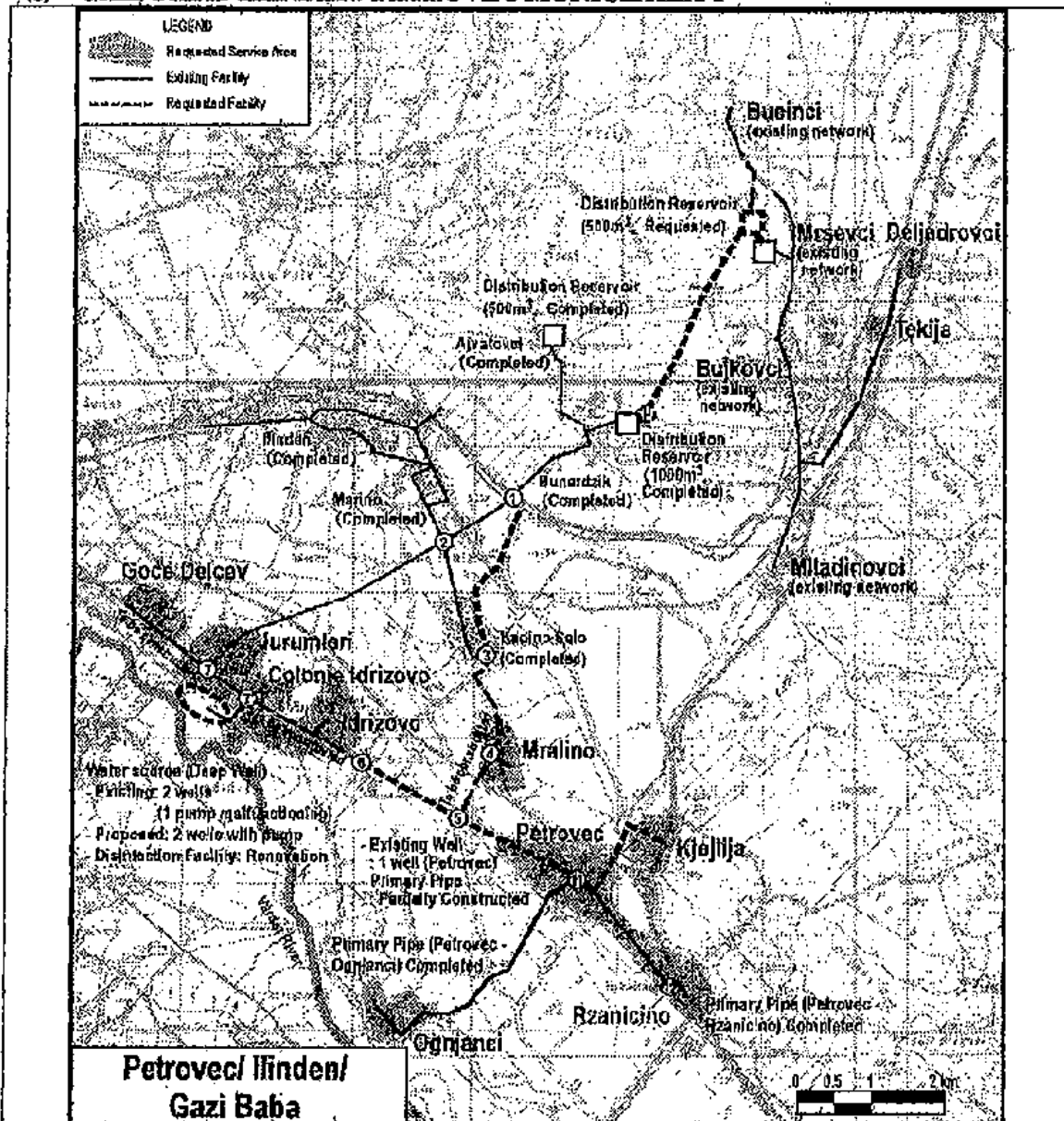
(2) CAIR MUNICIPALITY



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(9) GAZI BABA/ ILINDEN/ PETROVEC MUNICIPALITY



System: GAZI BABA, ILINDEN and PETROVEC

Service area (Gazi Baba): Gocë Dekeç, Jurumleri, Colonie Idrizovo, Idrizovo (4 villages)

Service area (Ilinden): Mralino (1 village)

Service area (Petrovec): Petrovec, Ognjanç, Rzanicino, Kjojlja (4 villages)

- Intake Well In Jurumleri: Two New Wells (Jurumleri, Gazi Baba)
- Intake Pump of Jurumleri: One Pump to be Replaced (Jurumleri, Gazi Baba)
- Disinfection Facility in Jurumleri: Renovation (Jurumleri, Gazi Baba)
- Intake Pump in Petrovec: Installation of Pump (Petrovec)
- Disinfection Facility for Petrovec Well (Petrovec)
- Intake Pipe: Petrovec Well to the Primary Pipe (Petrovec)
- Primary Pipe: 1 – 3 (2,015 m) (Ilinden)
- Primary Pipe: 5 – 6 (2,313 m) (Gazi Baba)
- Primary Pipe: 5 – 11 (1,720 m) (Petrovec)
- Primary Pipe: 11 – Kjojlja (1,300 m) (Petrovec)
- Secondary Network: Gocë Dekeç, Jurumleri, Colonie Idrizovo, Idrizovo (Gazi Baba)

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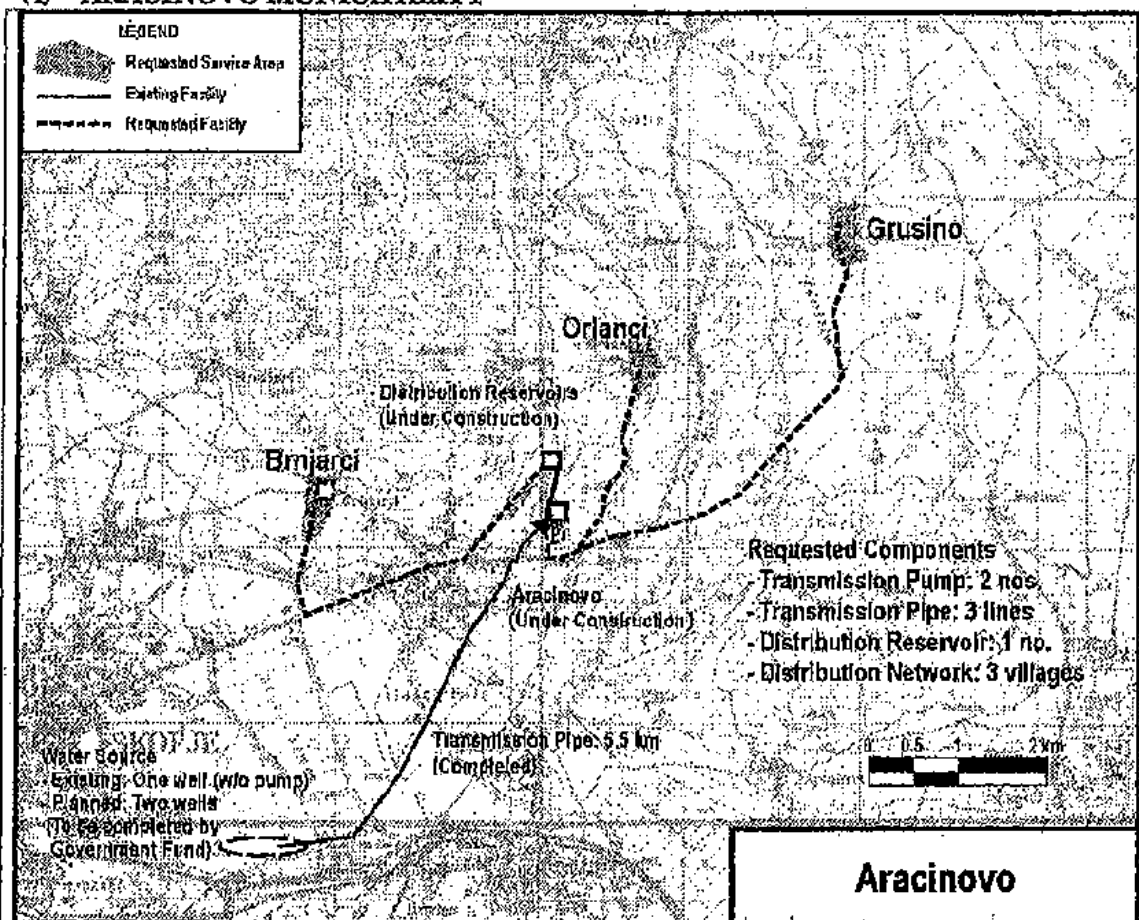
- Secondary Network: Mralino (Ilinden)
- Secondary Network: Petrovec, Ognjanci, Rzanicino, Kjojija (Petrovec)

System: ILINDEN EAST

Service area (Ilinden): Mrsevci, Bujkovci, Miladinovci, Bucinci, Deljadrovci, Tekija (6 villages)

- Transmission Pump: Bunardzik (Ilinden)
- Transmission Pipe: Bunardzik – New Reservoir (Ilinden)
- Distribution Reservoir in Mrsevci: 500 m³ (Ilinden)
- Secondary Network: Deljadrovci, Tekija (Ilinden)

(4) ARACINOVO MUNICIPALITY



System: ARACINOVO

Service area: Grusino

- Dry Chamber and Transmission Pump for Grusino
- Transmission Pipe: Pump Station to Grusino
- Secondary Network

Service area: Brnjarci

- Transmission Pipe: High Reservoir to Brnjarci
- Distribution Reservoir in Brnjarci
- Secondary Network

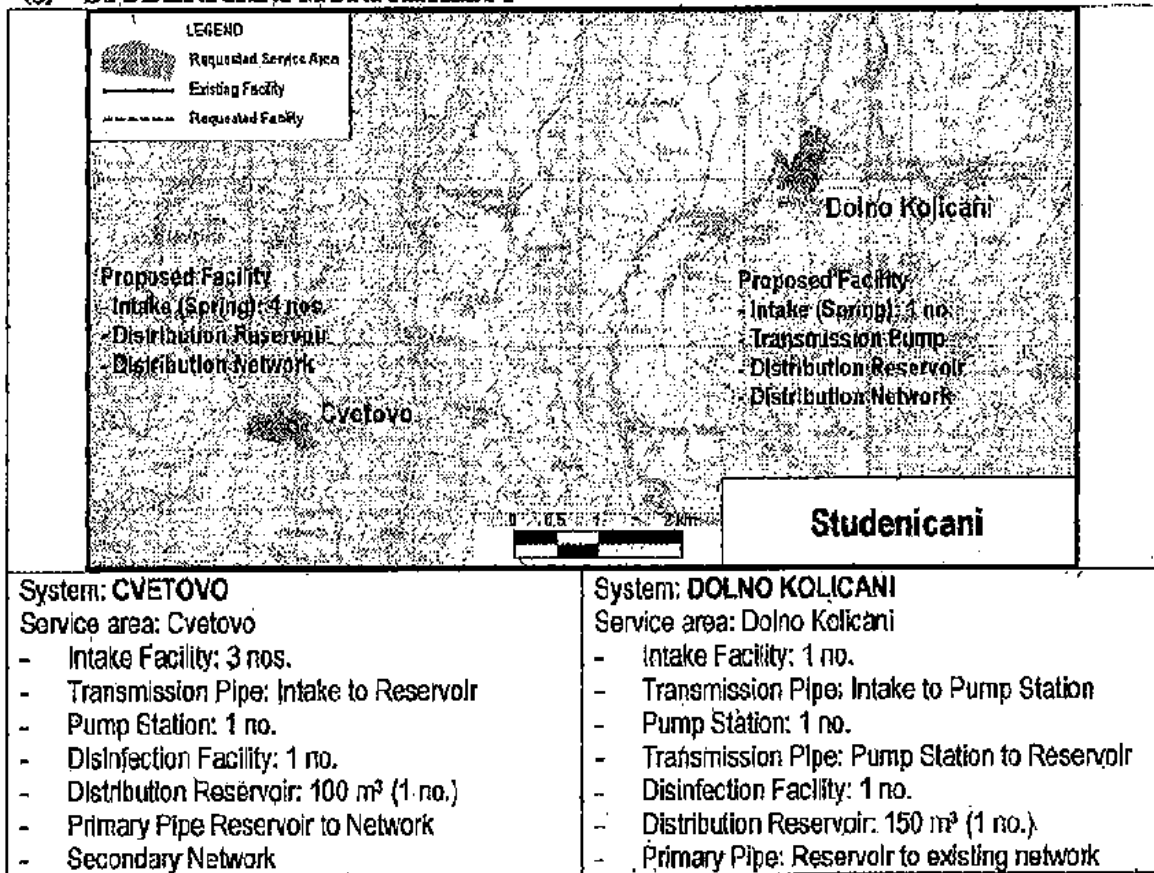
Service area: Orlandi

- Dry Chamber and Transmission Pump for Orlandi
- Transmission Pipe: Pump Station to Orlandi
- Secondary Network

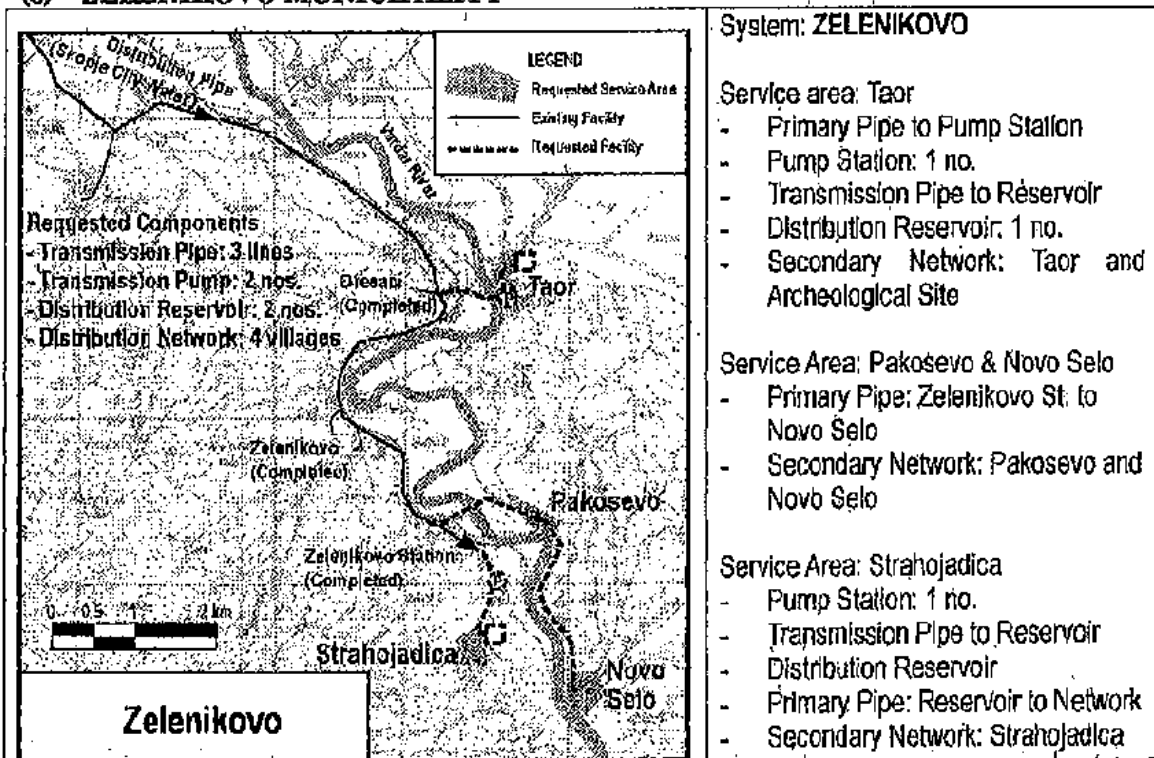
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(5) STUDENICANI MUNICIPALITY



(6) ZELENIKOVO MUNICIPALITY



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**Appendix 4.3 Minutes of Discussions
(June 12, 2003)**



REPUBLIC OF MACEDONIA
MINISTRY OF TRANSPORT AND COMMUNICATIONS
-Department for Housing - Communal Works and Infrastructure-


Our number: 18-
Date: 12.06.2003

To Mr. Toshifumi OKAGA
Chief of Consultant
Basic Design Study Team
JICA

Dear Sir,

I have herein acknowledged your letter dated June 12, 2003 and have confirmed the contents of the attachment of the letter.

Yours Faithfully,


Ministry of transport and communications
HEAD OF DEPARTMENT
Goce Stankoski

12 June, 2003

Mr. Goce Stankoski
Head of Department for Housing Communal Works and Infrastructure
Ministry of Transport and Communications

Dear Mr. Stankoski,

I have the honor to refer to our recent discussions regarding the Project for Improvement of Water Supply in Inhabited Places in Skopje Outskirts (hereinafter referred to as "the Project").

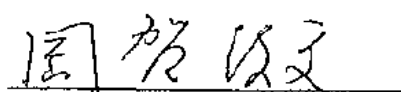
From March to April 2003, Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched Basic Design Study Team (1st Field Survey) on the Project to the Former Yugoslav Republic of Macedonia (hereinafter referred to as "Macedonia"). After discussions on the study result in Japan, JICA sent to Macedonia the Basic Design Study Team (2nd Field Survey) (hereinafter referred to as "the Team") headed by myself for conducting further studies and discussions from May 8 to June 12, 2003.

The team held intensive discussions with the officials concerned and also conducted field surveys at the study area with the helpful assistance of the Ministry of Transport and Communications.

In the course of discussions and field surveys, I believe that the main items described on the attached sheets have been confirmed. The team will proceed to further works and prepare the Basic Design Study Report.

On behalf of all the members of the Team, I wish to express my sincere appreciation to the officials concerned of your government for their kind assistance and close cooperation extended to the Team. I hope that the Project will contribute to the enhancement of friendly relations between our two countries.

Yours Sincerely,


Toshifumi OKAGA
Chief of Consultant
Basic Design Study Team
JICA

ATTACHMENT

1. Contents of the Minutes of Discussions signed on 27 March 2003

The Macedonian side and the Japanese side confirmed the contents of the Minutes of Discussions signed on 27 March 2003.

2. Project Sites

The Project sites finally requested by the Macedonian side are located in seven municipalities of Cucer Sandevo, Cair, Gazi Baba, Ilinden, Petrovec, Studenicani and Zelenikovo as shown in ANNEX-1.

3. Schedule of the Study

- (1) Based on the Minutes of Discussions and technical examination of the study results, JICA will prepare a draft report in English and dispatch a mission to Macedonia in order to explain its contents around July 2003.
- (2) If the contents of the draft report are accepted in principle by the Macedonian side, JICA will complete the final report and send it to the Macedonian side around September 2003.

4. Other Relevant Issues

The following issues were discussed and confirmed by both sides:

(1) Items requested by the Government of Macedonia

After discussions with the Team, the items described in ANNEX-2 were finally requested by the Government of Macedonia. JICA will assess the appropriateness of the request and will report the findings to the Government of Japan.

However, the final items to be included in the Project and their specifications, quantity, scale or volume will be determined after analysis in Japan.

Both sides have understood that such criteria as listed below would be applied for determination of the final components of the Project:

- Managerial, administrative and technical competence of the responsible and implementing organization
- Economic, social and environmental viability of the Project
- Policy and financial commitment of the Macedonian side

- Budgetary allocation by the Japanese side for the Project

(2) Request components for Radisani inhabited place

Components for Radisani inhabited place are overlapping with the contract agreement between Cair Municipality and the local contractor which includes procurement of pump sets and construction of entire primary pipelines. Both sides agreed that MTC shall settle the overlapping, through coordination with Cair Municipality, the local contractor and Skopje City PE. The components settled by MTC should be discussed with Japanese side around July 2003, when the mission for explanation of the draft report comes.

(3) Necessary measures for construction of water supply system

MTC shall take all responsibilities to arrange any necessary provisions for construction permission. MTC promised to promote each municipality to take necessary action before the Project commencement. Both sides agreed to confirm a deadline for necessary measures around July 2003 when the mission for explanation of the draft report comes.

- Water Right:
To acquire valid water rights (Applicable project sites: Cvetovo and Dolno Kolicani)
- Agreement with Skopje City PE:
To acquire legal agreement to construct water supply facilities and to operate and maintain them under the management of Skopje City PE for the project site of Cair Municipality.
And to acquire legal agreement for construction of water supply facilities and for permanent water supply from the Skopje City PE for the project site of Zelenikovo Municipality.
- Environmental Impact Assessment (EIA):
To complete EIA for the project sites.
- Land Acquisition:
To acquire lands for all proposed construction sites. Although major sites for intake, pump station and reservoir sites have already been secured, land issues remain unsolved in some proposed pipeline routes.
- Other Approvals/ Permissions:
To arrange any other approvals and permission necessary for construction of the Project, such as road crossing, railway crossing, river crossing, use of existing bridge structures, etc.

(4) Construction schedule conducted by the Municipalities respectively

Both sides confirmed that the construction schedules conducted by the Municipalities are as follows. Each Municipality shall take responsibility for construction work, and MTC shall promote Municipalities in order to complete within the schedule.

- Distribution Reservoirs of Radisari:
To complete two reservoirs by August 2003.
To complete primary pipeline (approx. 600 m) by August 2003.
- Primary Pipelines of Gagi Baba/ Ilinden/ Petrovec:
To complete the scope of Macedonian side by December 2003.

(5) Individual house connection

Both sides agreed that procurement of water meters and pipes used for individual house connections as well as actual cost and work needed for the internal house connections will be borne by the Macedonian side including end users.

(6) Operation and maintenance

The water supply facilities to be constructed under the Project must be properly operated and maintained by the Macedonian side. The Macedonian side with its strong political and administrative commitment will prepare an adequate institutional setup including employment of new staff, budgetary allocation and necessary legislation.

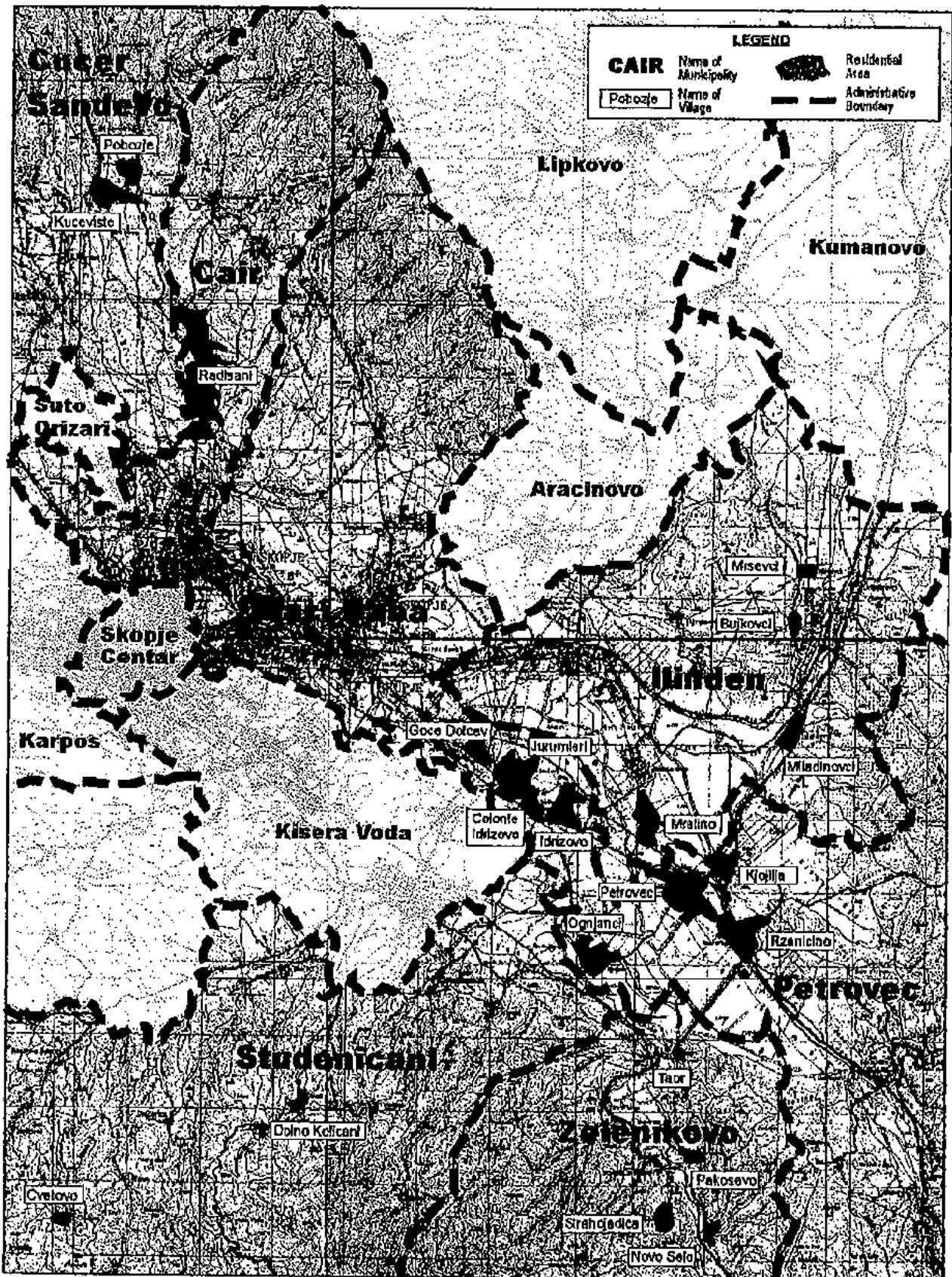
(7) Safety and security

The Macedonian side would ensure that necessary measures are taken for the safety and security of the Japanese nationals involved in the Project.

(8) Technical conditions for the design

Both sides agreed concerning technical conditions for the water supply design as shown in ANNEX-3. Japanese side will proceed basic design work based on ANNEX-3. However, final conditions will be determined after analysis in Japan.

ANNEX 1

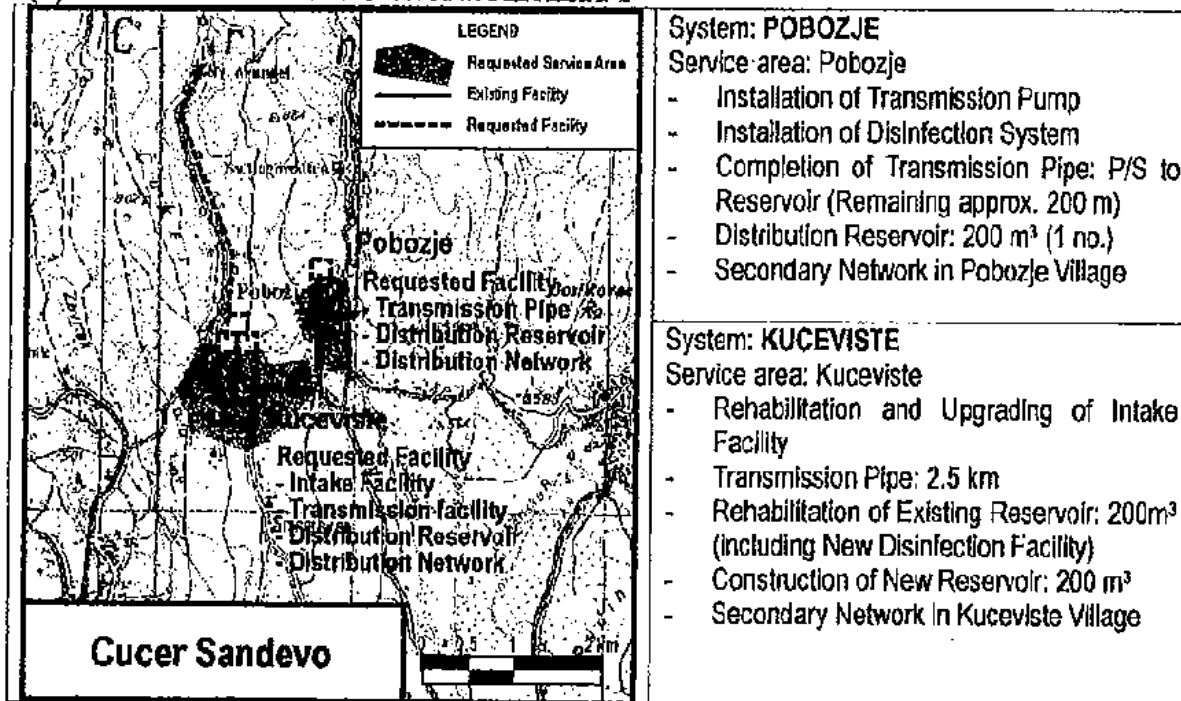


Locations of the Project Sites

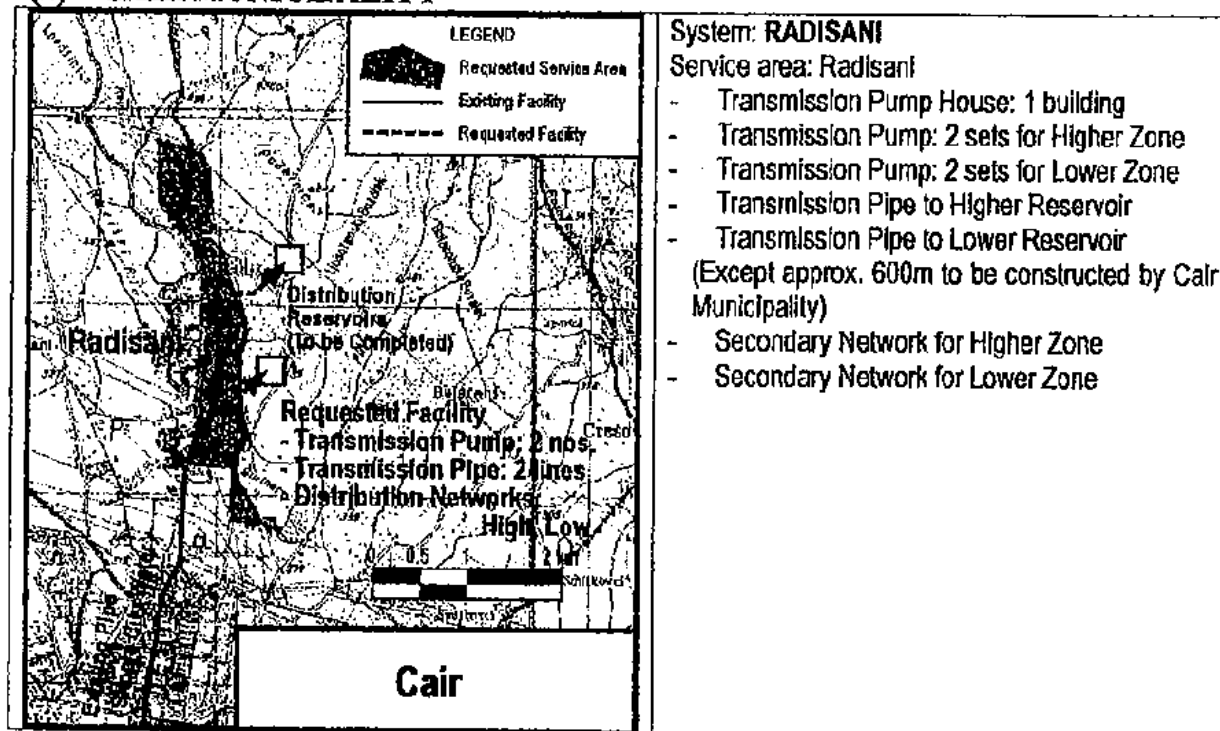
ANNEX 2

Components of the Request

(1) CUCER SANDEVO MUNICIPALITY



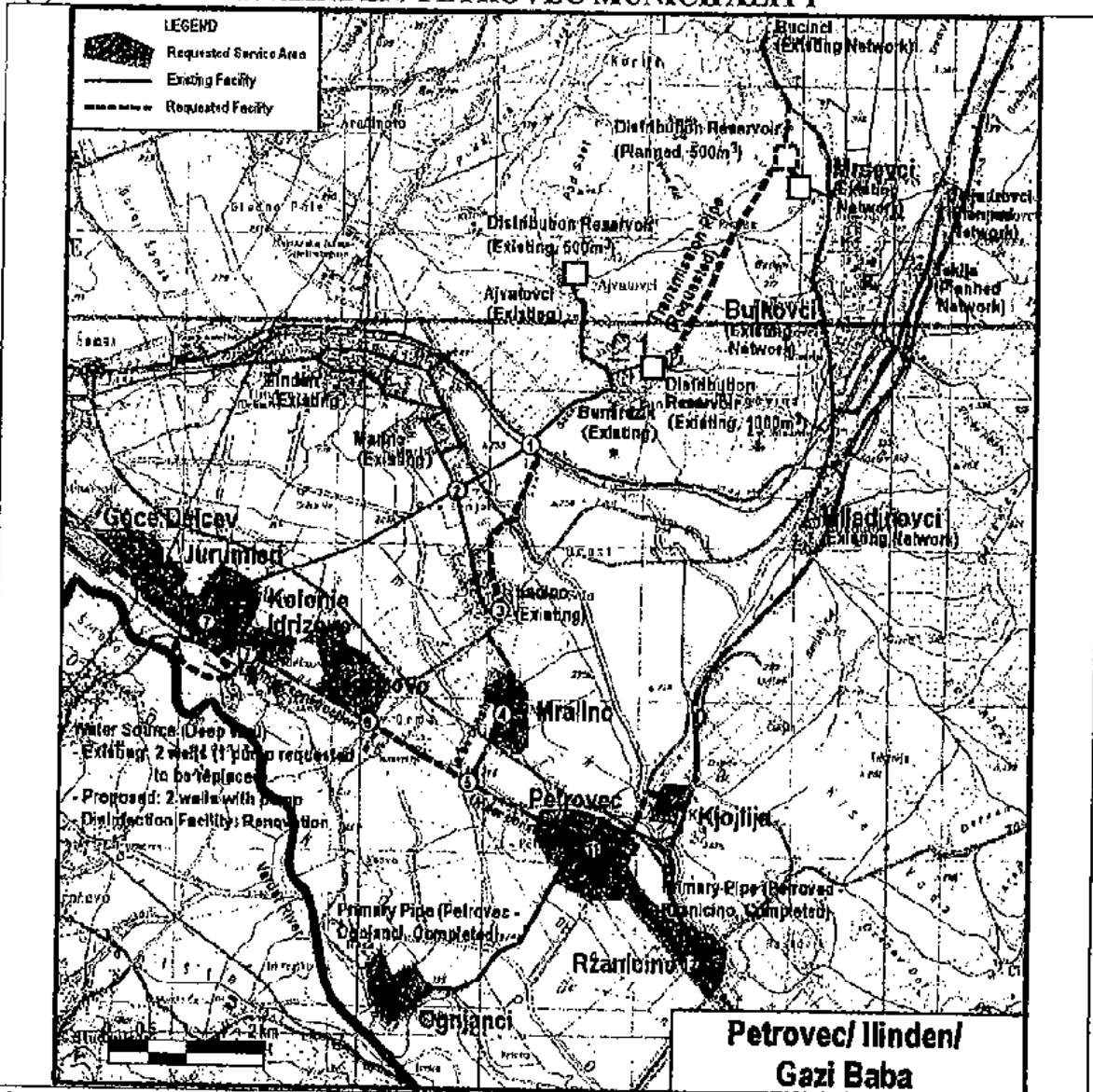
(2) CAIR MUNICIPALITY



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ANNEX 2

(3) GAZI BABA/ ILINDEN/ PETROVEC MUNICIPALITY

**System: GAZI BABA, ILINDEN and PETROVEC**

Service area (Gazi Baba): Gocce Delcevi, Jurumleri, Kolonia Idrizovo, Idrizovo (4 villages)

Service area (Ilinden): Mralino (1 village)

Service area (Petrovec): Petrovec, Ognjanci, Rzanicino, Kjojlija (4 villages)

- Intake Well in Jurumleri: Two New Wells (Jurumleri, Gazi Baba)
- Intake Pump of Jurumleri: One Pump to be Replaced (Jurumleri, Gazi Baba)
- Disinfection Facility in Jurumleri: Renovation (Jurumleri, Gazi Baba)
- Primary Pipe: 1 – 3 (2,015 m, Ilinden), 5 – 6 (2,313 m, Ilinden), 11 – Kjojlija (1,300 m, Petrovec)
- Secondary Network: Gocce Delcevi, Jurumleri, Kolonia Idrizovo, Idrizovo (Gazi Baba)
- Secondary Network: Mralino (Ilinden)
- Secondary Network: Petrovec, Ognjanci, Rzanicino, Kjojlija (Petrovec)

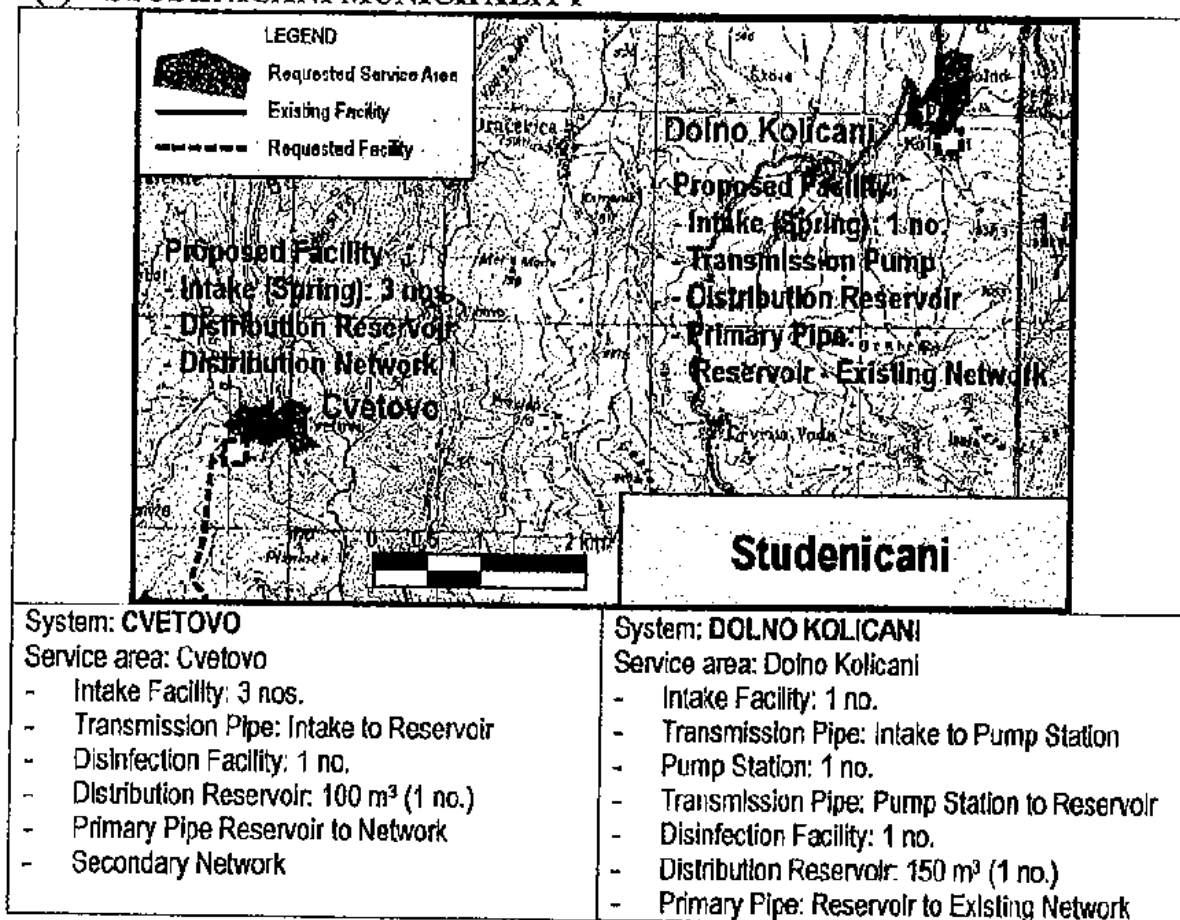
System: ILINDEN EAST

Service area (Ilinden): Mrsevci, Bujkovci, Miladinovci (3 villages)

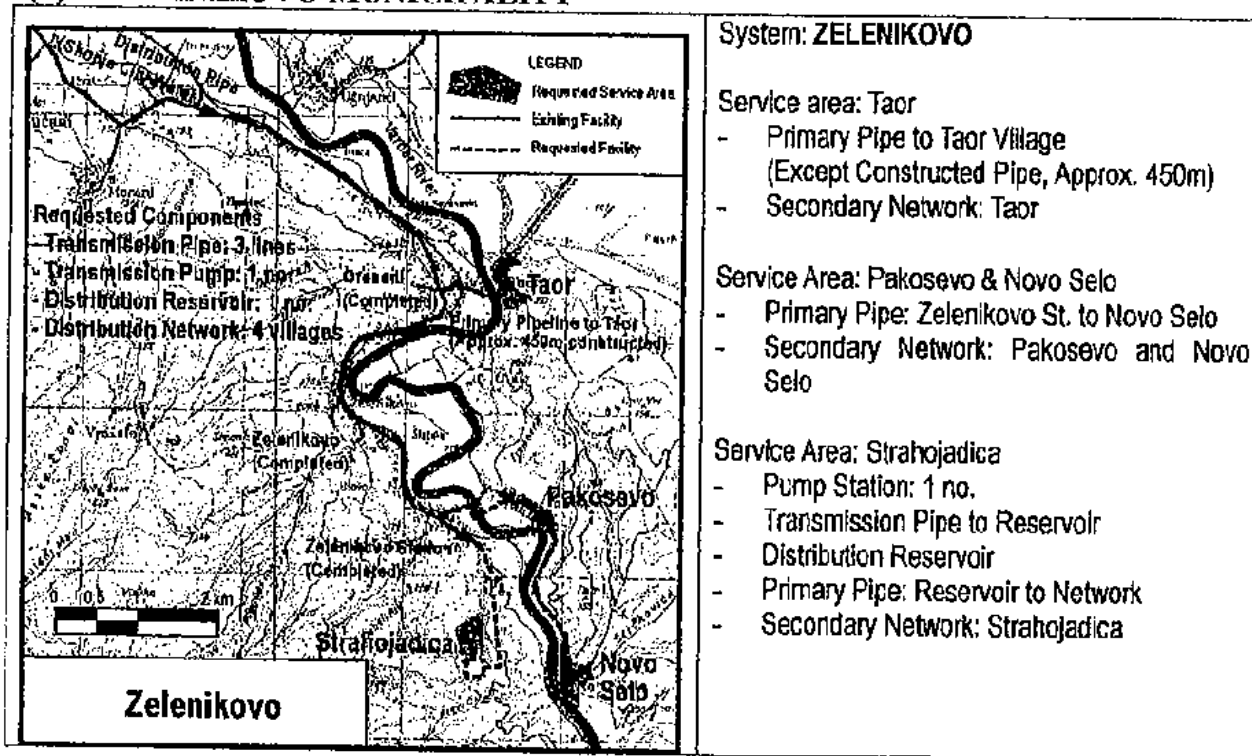
- Transmission Pump: Bunardzik Reservoir Site (Ilinden)
- Transmission Pipe: Bunardzik – Existing Reservoir (Ilinden)

ANNEX 2

(4) STUDENICANI MUNICIPALITY



(5) ZELENIKOVO MUNICIPALITY



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ANNEX 3

Technical Conditions**1. Target Year**

The target year is to be the year 2005. Since the Japan's Grant Aid is applied in principle for basic and urgent public needs with high priority by efficient investment under the limited budget, the design of water supply system should be based on the present conditions and requirements.

2. Population and Water Demand Forecast

The population in the target year (2005) is based on the figure formulated through discussion with the municipalities concerned. Water demand by each inhabited place is calculated by the following formula:

$$[\text{Water Demand}] = [\text{Population in 2005}] \times [\text{Unit Demand (L/c/d)}]$$

The water demand is determined taking into account of the following conditions:

- (1) Unit water demands for domestic use are to be 100, 125, 145 and 150 L/c/d depending on the living conditions by inhabited places under this Project.
- (2) Other water uses such as for school, hospital, public facilities, etc. are to be 20 or 30% of domestic water use.
- (3) The livestock water use mentioned in the Technical Document is not included in the water demand of the Project.

3. Design Water Capacity

- (1) The leakage rates are to be 10 and 20 % of water demand. 10 % is applied for the new distribution systems, and 20% for the existing systems.
- (2) Peak factors (maximum daily factor) are to be 1.5 and 1.3 based on the Technical Document. The factor was verified by the billing data issued from Ilinden PE and design norm of Skopje City PE.

ANNEX 3

Population, water demand and design water capacity are summarized in the following table.

Water Demand and Design Water Capacity

Municipality	Inhabited place	Population served in 2005 (people)	Water Demand		Daily Ave. (m ³ /d)	Including Leakage (m ³ /d)	Daily Max. (m ³ /d)
			Domestic (m ³ /d)	Others (m ³ /d)			
Cucer	Pobozje	791	99	30	129	143	214
Sandevo	Kuceviste	2,119	212	64	275	344	517
Cair	Radisani	8,939	1,341	402	1,743	1,937	2,518
Gazi Baba	Goce Delcev	1,464	212	64	276	345	517
	Jurumleri	3,420	496	149	645	806	1,209
	Kolonie Idrizovo	1,327	192	59	250	313	469
	Idrizovo	2,456	356	107	463	579	868
Ilinden	Bujkovci	690	100	30	130	163	244
	Mrsevci	721	105	31	136	170	255
	Miladinovci	1,545	224	67	291	364	546
	Mlalino	855	124	37	161	201	302
	Existing area	11,838	1,717	515	2,231	2,789	4,184
	Future expansion area	1,020	148	44	192	240	361
Petrovec	Ognjanci	1,293	194	58	252	315	457
	Petrovec	2,667	400	120	520	650	943
	Kjojlja	379	57	17	74	92	134
	Rzanicino	967	145	44	189	236	342
Studenicani	Cvetovo	851	85	17	102	113	170
	Dolno Kolicani	335	34	3	37	46	69
Zelenikovo	Taor	175	26	8	34	38	57
	Pakosevo	253	38	11	49	55	82
	Nova Selo	170	26	8	33	37	55
	Strahojadica	259	39	12	51	56	84
Total	21 Inhabited places	44,534					
		31,676					

4. Facility Design

(1) Water source

Three types of water sources, namely (i) Skopje City water, (ii) spring water and (iii) groundwater, are proposed in the projected area. The required design capacity and exploitable intake capacity are shown below.

ANNEX 3

Water Source Capacity and Required Design Capacity

Type	System or inhabited place	Exploitable intake capacity (m ³ /d)	Required design capacity (m ³ /d)
Skopje City Water	- Radisani (Cair)		2,905
	- Taor, Pakosevo, Novo Selo and Strahojadica (Zelenikovo)		279
Spring Water	- Pobožje (Cucer Sandevo)	561	214
	- Kuceviste (Cucer Sandevo)	518	517
	- Cvetovo (Studenicani)	173	170
	- Dolno Kolicani (Studenicani)	69	69
Groundwater	- Gazi Baba, Ilinden, Petrovec	11,232	10,895

(2) Intake Facility

Intake pump (submersible type) for Jurumleri intake shall be the same discharge capacity and same head with the existing pump (Well No.2).

(3) Pipes

(3-1) Pipes for transmission and distribution shall be polyethylene pipes in principle. Steel pipes and ductile iron pipes should also be taken into account for Ilinden East transmission pipe and Radisani primary and secondary pipes.

(3-2) Pipe diameters and routes shall be reviewed and designed based on the water demand forecast and the results of field reconnaissance.

(3-3) Covering depth for pipe embedding would be 1.2 m in average and 0.8 m at minimum. Sand bedding should be considered when it is technically required such as rocky terrain, soft soil in ductile iron pipe laying, etc.

(4) Reservoir

(4-1) Storage capacities of the reservoirs are designed considering minimum retention time of 6 hours and fire fighting water volume. The capacities would be reviewed and set after analysis in Japan.

(4-2) Taking into account of the operation and maintenance, water level gauge (mechanical type) and water meter would be proposed to be equipped with each reservoir.

ANNEX 3

(5) Disinfection

Disinfection facility (chlorination dosing system) for every system that has own water source would be proposed. Dosing points and system are tentatively proposed as follows:

Project site	Dosing Point	Dosing System
Pobozje	Outlet pipe of the new transmission pump	Hypochloride dosing system by a diaphragm pump to be automatically controlled by operation of the transmission pump
Kceviste	Inlet pipes to the distribution reservoirs	Hypochloride dosing system by a diaphragm pump to be manually controlled
Jurumleri	Outlet pipes of intake wells	Hypochloride dosing system by multi diaphragm pumps to be automatically controlled by operation of the number of submersible pumps
Cvetovo	Receiving chamber of the new reservoir	Hypochloride dosing system by a diaphragm pump to be manually controlled
Dolno Kolicani	Outlet pipe of the new transmission pump	Hypochloride dosing system by a diaphragm pump to be automatically controlled by operation of the transmission pump

(6) Pump Station

Discharge capacity and head in the Technical Documents shall be reviewed in Japan. Control system are tentatively proposed as follows:

Project site	Control System
Pobozje	Manual On/Off
Radisani	Automatic On/Off by water level of the reservoir
Ilinden East	Manual On/Off
Strahojadica	Automatic On/Off by water level of the reservoir

**Appendix 4.4 Minutes of Discussions
(July 31, 2003)**



REPUBLIC OF MACEDONIA
MINISTRY OF TRANSPORT AND COMMUNICATIONS
-Department for Housing - Communal Works and Infrastructure-

Our number: 18-
Date: 31.07.2003

To **Mr. Keiichi MURAOKA**
Leader
Basic Design Study Team
JICA

Dear Sir,

I have herein acknowledged your letter dated July 31, 2003 and have confirmed the contents of the attachment of the letter.

Yours Faithfully,

Ministry of transport and communications
HEAD OF DEPARTMENT
Goce Stankoski

A handwritten signature in black ink, appearing to read 'Goce Stankoski', with a vertical line extending downwards from the end of the signature.

July 31, 2003

Mr. Goce Stankoski
Head of Department for Housing Communal Works and Infrastructure
Ministry of Transport and Communications

Dear Mr. Stankoski,

I have the honor to refer to our recent discussions regarding the Project for Improvement of Water Supply in Inhabited Places in Skopje Outskirts (hereinafter referred to as "the Project").

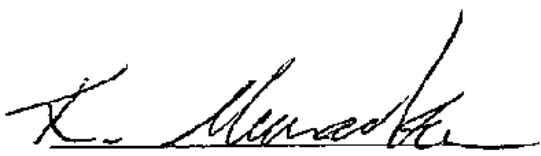
In March and May 2003, Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched Basic Design Study Teams on the Project to the Former Yugoslav Republic of Macedonia (hereinafter referred to as "Macedonia"), and through discussion, field survey, and technical examination of the results in Japan, JICA prepared a draft report of the study.

In order to explain and to consult with Macedonia on the components of the draft report, JICA sent to Macedonia the Draft Report Explanation Team (hereinafter referred to as "the Team"), headed by myself from July 28 to August 7, 2003.

In the course of discussions, I believe that the main items described on the attached sheets have been confirmed.

On behalf of all the members of the Team, I wish to express my sincere appreciation to the officials concerned of your government for their kind assistance and close cooperation extended to the Team. I hope that the Project will contribute to the enhancement of friendly relations between our two countries.

Yours Sincerely,



Keiichi MURAOKA
Leader
Basic Design Study Team
JICA

ATTACHMENT

1. **Components of the Draft Report**

The Government of Macedonia agreed and accepted in principle the components of the draft report explained by the Team.

2. **Minutes of Discussions (27 March, 2003 and 12 June 2003)**

Both sides read and confirmed again all the contents of the previous Minutes of Discussions, one on the first field survey of 27 March 2003 and another on the second field survey of 12 June 2003..

3. **Japan's Grant Aid Scheme**

The Macedonian side understands the Japan's Grant Aid Scheme and the necessary measures to be taken by the Government of Macedonia as explained by the Team and described in Annex-3 of the Minutes of Discussions signed by both parties on 27 March, 2003.

4. **Schedule of the Study**

JICA will complete the final report in accordance with the items confirmed and send it to Macedonia around September 2003.

5. **Other Relevant Issues**

The following issues were discussed and confirmed by both sides.

(1) **Components of the Project**

Both sides agreed that the Project components would be construction of 9 water supply systems in 21 settlements of 7 municipalities (Cucer Sandevo, Cair, Ilinden, Gazi Baba, Petrovec, Studenicani and Zalenikovo). The systems and the target settlements are listed in ANNEX-1.

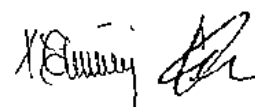
(2) **Components for Radisani in Cair**

MTC explained that as to Radisani in Cair has terminated the construction contract including procurement of pump and installation of pipeline, which were duplicated with the contents of request to Japan's Grant Aid, as shown in ANNEX-2.

Both sides confirmed that the procurement of pump and installation of pipeline would be included in the Project.

(3) **Necessary administrative measures for construction**

MTC assured the Team to complete necessary administrative measures for construction as follows and to report the result to JICA Austria Office in writing by early October 2003.



- 1) All the municipalities:
To complete necessary procedure for Environmental Impact Assessment (EIA) and construction permission
- 2) Radisani in Cair:
To pass the review of the technical document (T/D) by Skopje PE
- 3) Zelenikovo:
To get agreement of using water supply with Skopje PE
- 4) Studenicani:
To get approval of using water resources by Ministry of Agriculture (water right)

(4) Construction schedule conducted by the Municipalities respectively

Both sides confirmed that the construction schedules conducted by the Municipalities are as follows.

- Cair in Radisani:
To complete two reservoirs by August 2003
To complete primary pipeline (approx. 600m) by August 2003
- Gazi Baba, Ilinden, Petrovec:
To complete primary pipeline by December 2003

Both sides agreed that the construction work should be completed according to the schedule in order to avoid delay of construction under the Project and each Municipality shall take responsibility for completion of construction with necessary promotion and support by MTC.

(5) Operation, maintenance and management of water supply system

9 water supply systems which will be constructed under the Project would be operated, maintained and managed by 5 public enterprises (PE) of Cucer Sandevo, Skopje, Ilinden, Studenicani and Zelenikovo. The Macedonian side promised that each PE shall make every effort for proper management of the systems.

The Team recommended that as for Studenicani PE and Zelenikovo PE, it was necessary to get technical guidance and support from Skopje PE about proper management of water supply system since both PE did not have enough experience. The Macedonian side promised that MTC would coordinate between experienced PEs and two PEs so that the proper management would be possible, taking into consideration with supplier-user relation of water.

(6) Recruitment of necessary personnel

For proper management of the water supply systems constructed under the Project, assignment of necessary personnel is required as follows:

- Cucer Sandevo PE: three personnel (two operators, one technician)
- Ilinden PE : four personnel (three operators, one technician)
- Zelenikovo PE : one personnel (one operator)
- Studenicani PE : two personnel (one operator, one technician)

The Macedonian side understood that each municipality and PE should recruit necessary number of

personnel until the end of August 2005.

(7) Mitigation of Negative Environmental Impact

The Team explained that the negative environmental impact caused by the increase of wastewater after the Project should be overcome by the effort of Macedonian side. The Macedonian side is well aware about the matter and has committed to take necessary measures to promote construction of wastewater treatment system.

(8) Budgetary arrangement of the Macedonian side

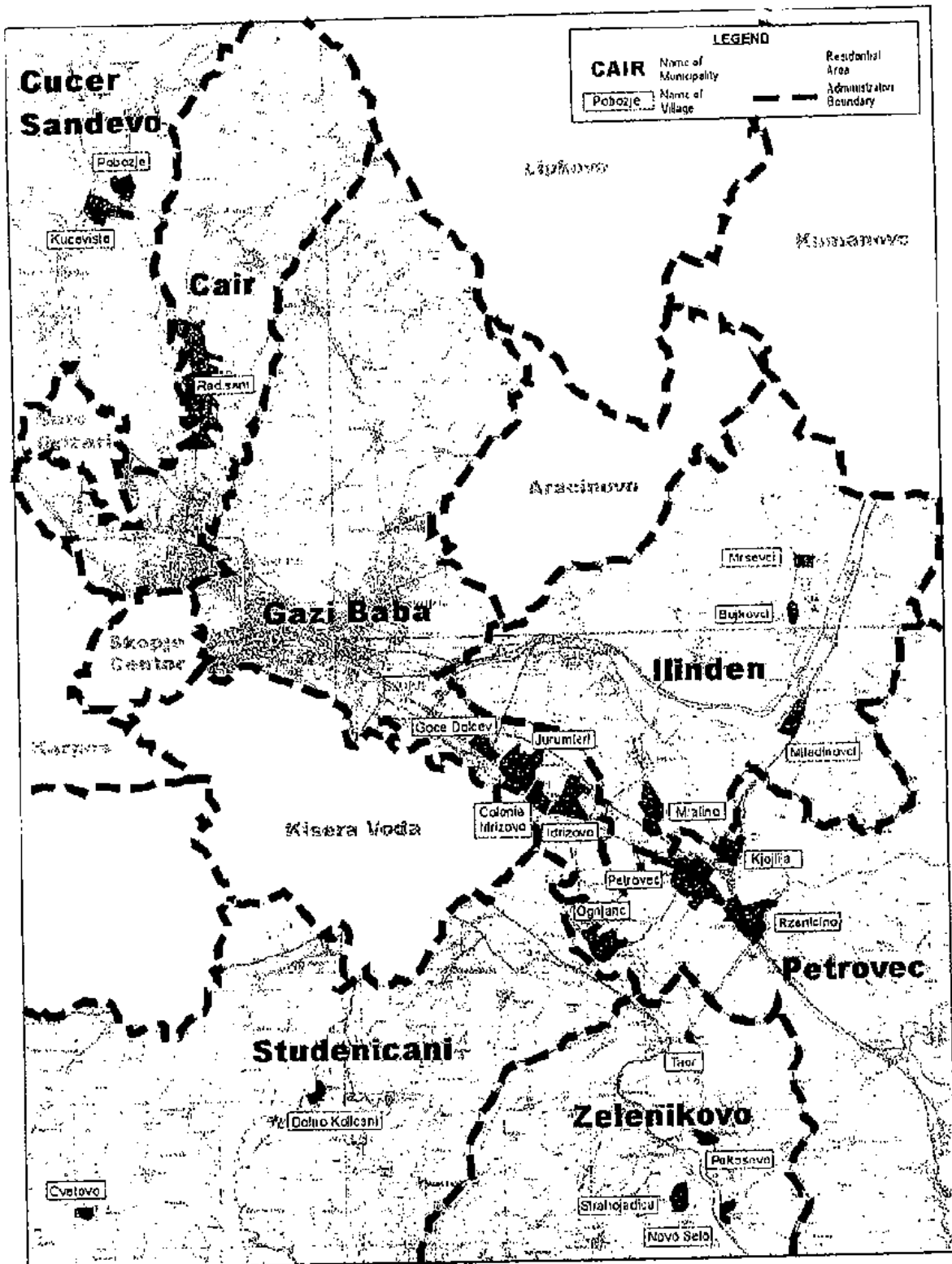
The Macedonian side agreed to be responsible for the items and make necessary budgetary arrangement to cover required amount of cost shown in ANNEX-3.

(9) Safety and security

The Macedonian side would ensure that necessary measures are taken for the safety and security of the Japanese nationals involved in the Project.

Both sides agreed that implementation will be reconsidered at any target settlements at any time by the Japanese Government through discussion with Macedonian Government if safety condition is not secured.

ANNEX-1



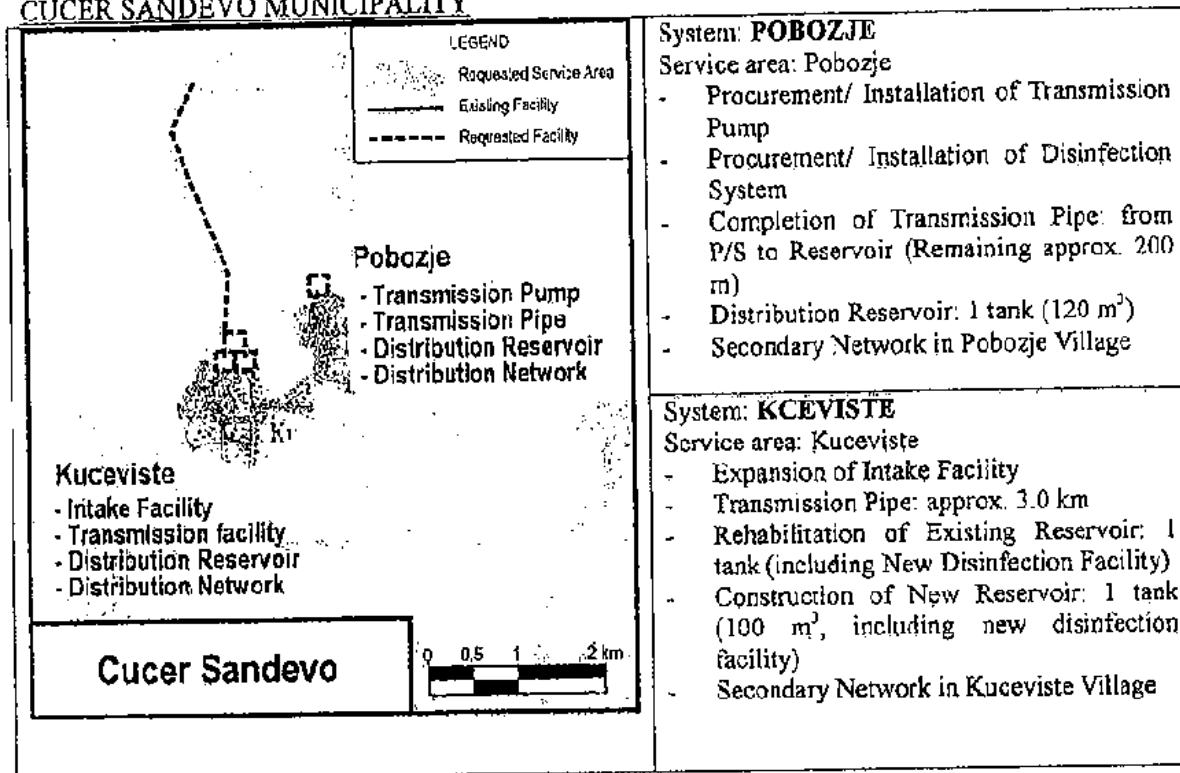
Location Map

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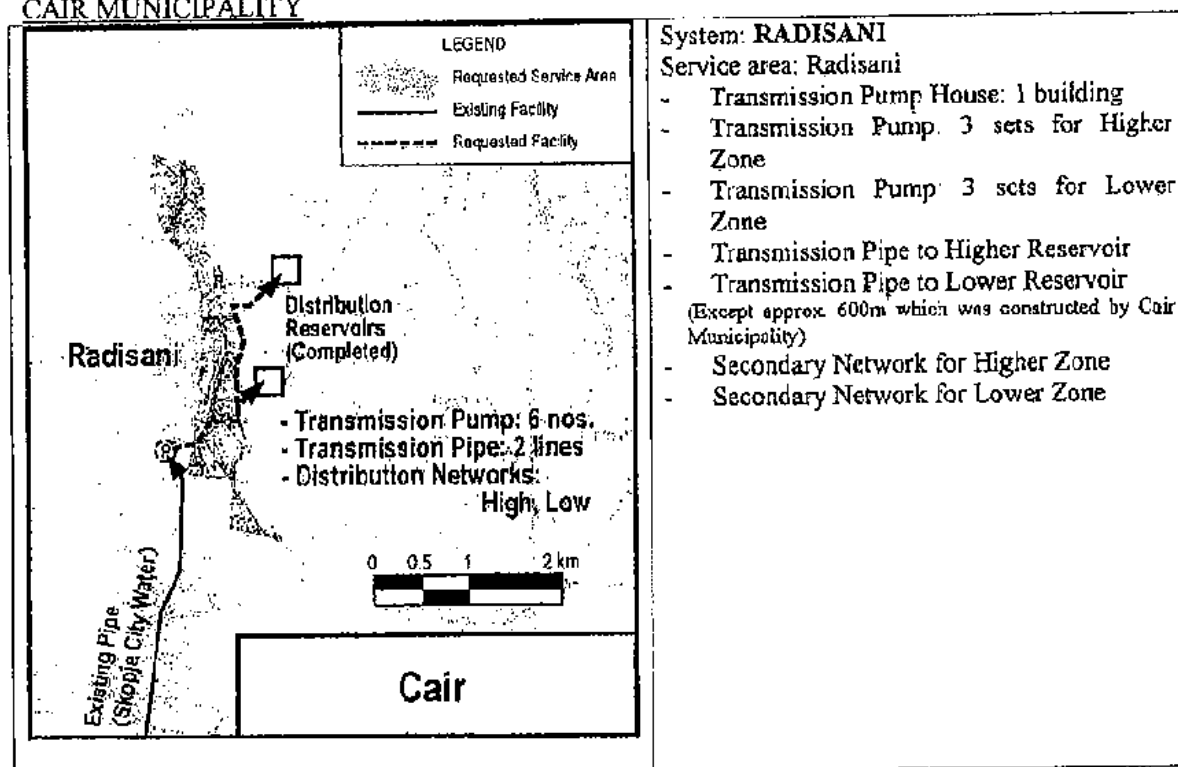
ANNEX-1

Components of the Project

CUCER SANDEVO MUNICIPALITY

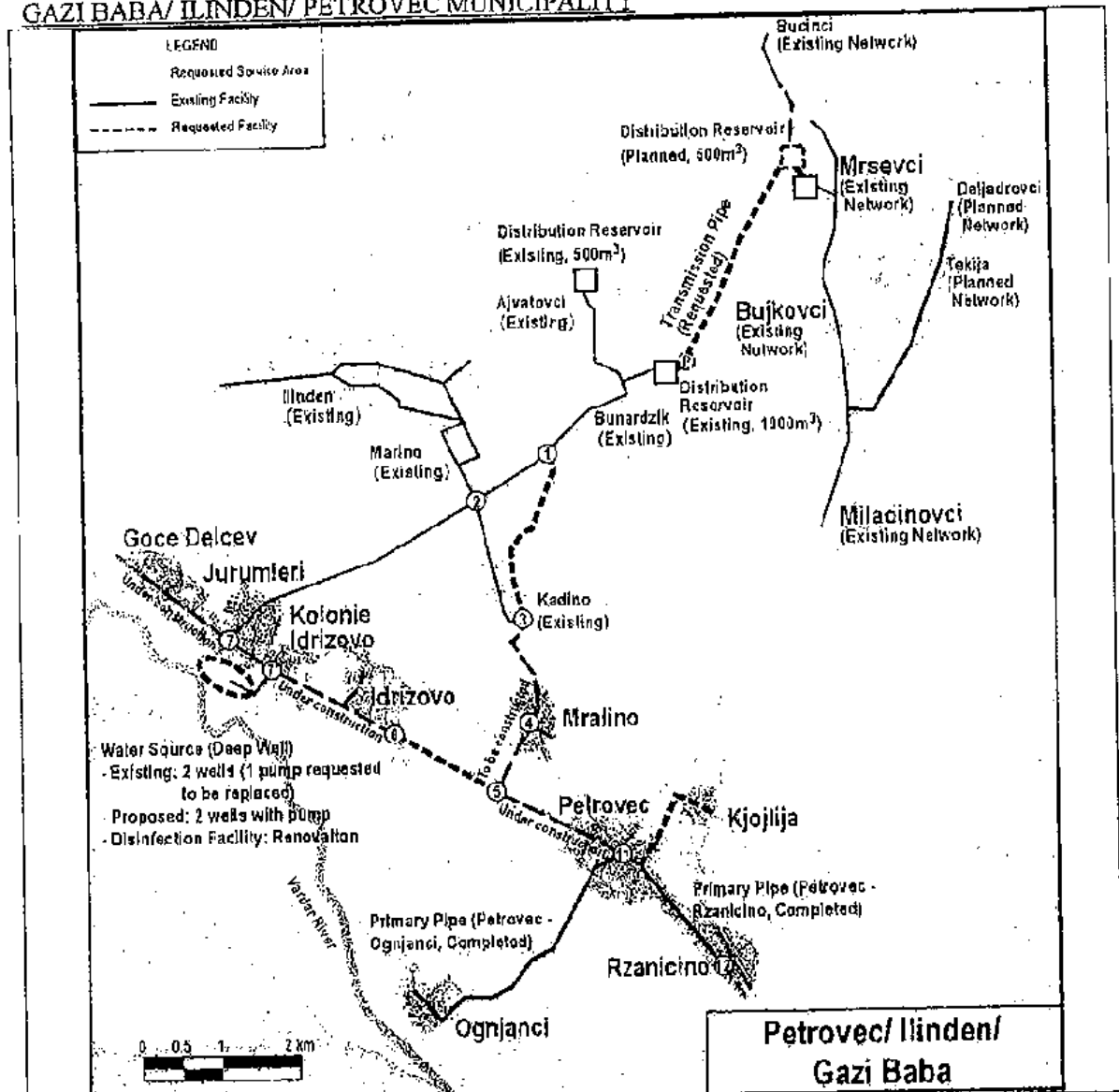


CAIR MUNICIPALITY



ANNEX-1

GAZI BABA/ ILINDEN/ PETROVEC MUNICIPALITY

**System: GAZI BABA, ILINDEN and PETROVEC**

Service area (Gazi Baba): Goci Delcev, Jurumleri, Kolonie Idrizovo, Idrizovo (4 villages)

Service area (Ilinden): Mralino (1 village)

Service area (Petrovec): Petrovec, Ognjanci, Rzanicino, Kjojlija (4 villages)

- Intake Well in Jurumleri: Two New Wells (Jurumleri, Gazi Baba)
- Intake Pump of Jurumleri: One Pump to be Replaced (Jurumleri, Gazi Baba)
- Disinfection Facility in Jurumleri: Renovation (Jurumleri, Gazi Baba)
- Primary Pipe: 1 - 3 (2,015 m, Ilinden), 5 - 6 (2,313 m, Ilinden), 11 - Kjojlija (1,300 m, Petrovec)
- Secondary Network: Goci Delcev, Jurumleri, Kolonie Idrizovo, Idrizovo (Gazi Baba)
- Secondary Network: Mralino (Ilinden)
- Secondary Network: Petrovec, Ognjanci, Rzanicino, Kjojlija (Petrovec)

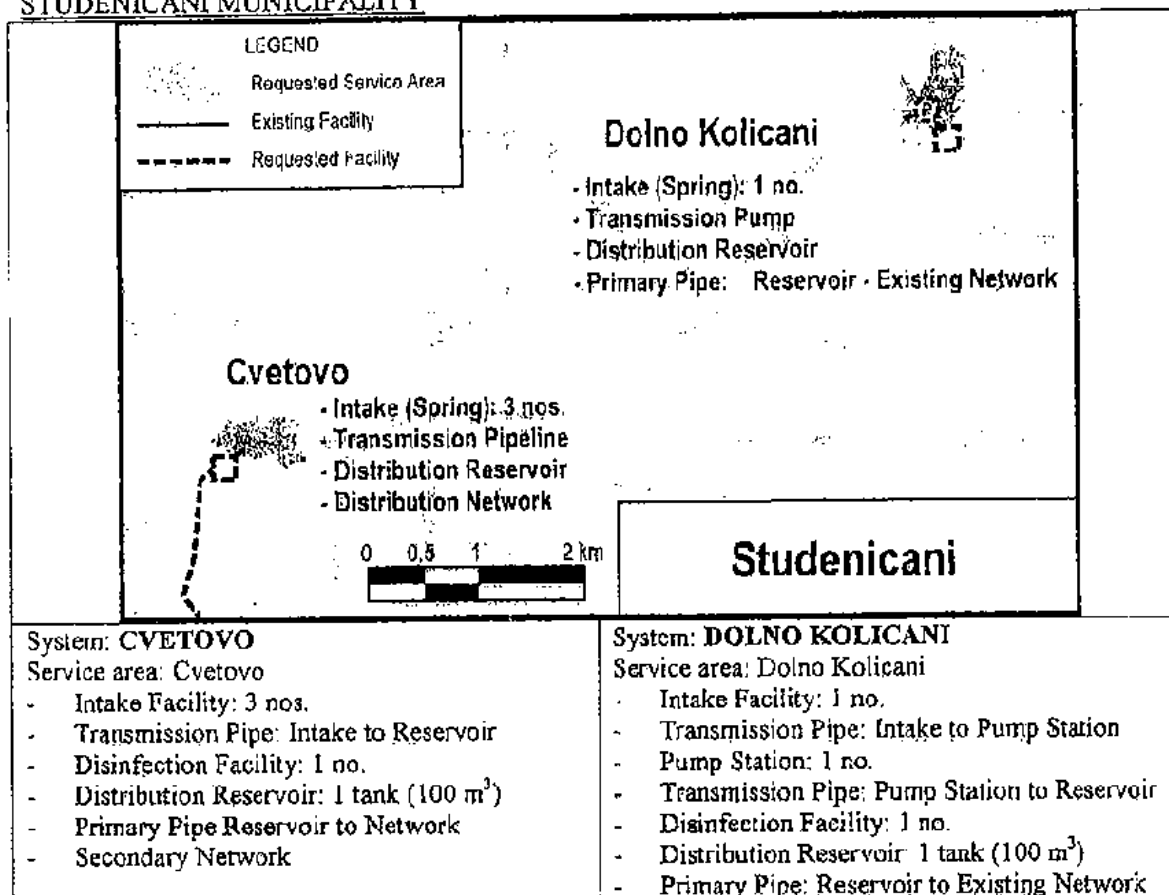
System: ILINDEN EAST

Service area (Ilinden): Mrsevci, Bujkovci, Miladinovci (3 villages)

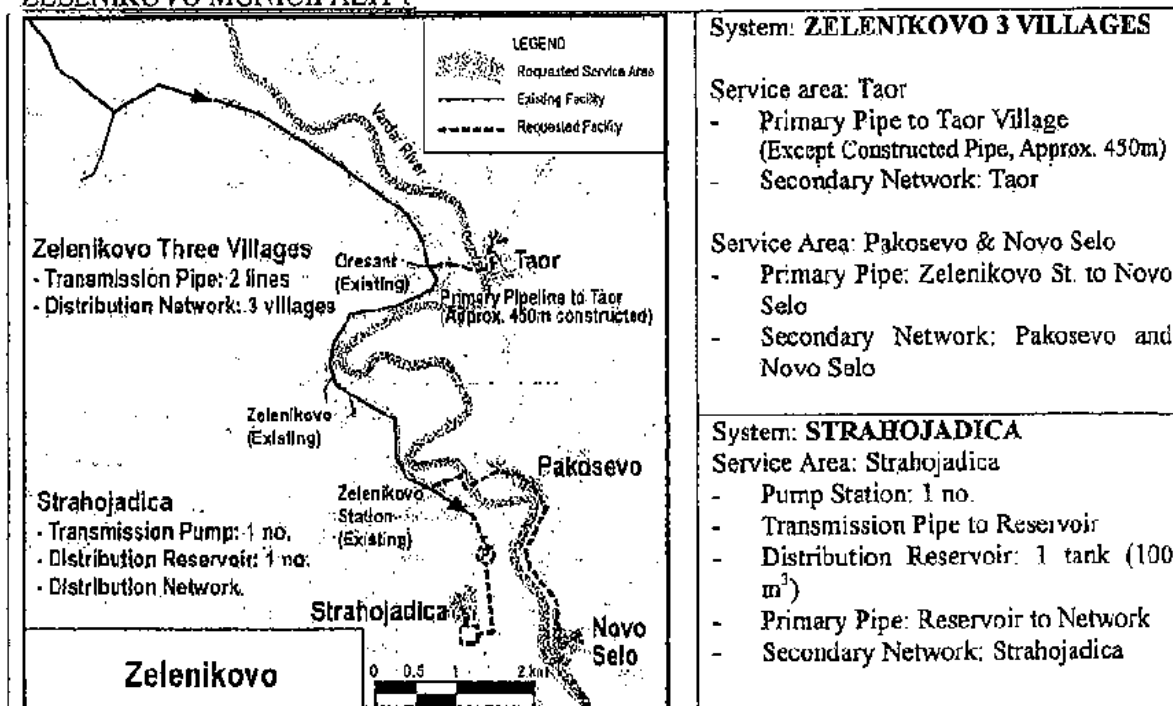
- Transmission Pump: Bunardzik Reservoir Site (Ilinden)
- Transmission Pipe: Bunardzik - Existing Reservoir (Ilinden)

ANNEX-1

STUDENICANI MUNICIPALITY



ZELENIKOVO MUNICIPALITY



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РЕПУБЛИКА МАКЕДОНИЈА
МИНИСТЕРСТВО ЗА ТРАНСПОРТ И ВРСКИ
Скопје

Примено	18.07.2003		
Орг. бр.	бод.	Примено	Вредност
18	7716/2		

ОПШТИНА ЧАИР

Одделение за урбанизам, уредување на градско земјиште, сообраќај, комунална инфраструктура и заштита на животната средина

Бр. 16-360 од 17.07.2003 год.

Скопје

тел: 616-870 / факс: 616-867

343.000.000

205

РЕПУБЛИКА МАКЕДОНИЈА
МИНИСТЕРСТВО ЗА ТРАНСПОРТ И ВРСКИ
Сектор комунални работи и инфраструктура
Скопје

Предмет: Одговор на Ваш допис
Бр. 18-7716/5 од 15.07.2003 год.

Заради реализација на „Проектот за имплементација на водоснабдувањето на населените места во регионот на Скопје“. Ве известуваме за преземените активности и нивно извршување.

- Изградбата на двата резервоара е завршена, примарниот вод (600 м³) е завршен.
- Преклопувањето на договорот за водоснабдување во Радишани, е решен со поранешниот изведувач.
- Проектот за водоснабдување има позитивно влијание врз животната средина.
- Техничката документација за водоводот во Радишани, доставена е на стручна ревизија во ЈП „Водовод“ и истата е во тек.

Со почит !



Директор

Кара Јовковска, дипл. инг. арх.

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ANNEX-2

(translation)

CAIR MUNICIPALITY

Department for Urban Planning, Landscaping, Traffic, Communal Infrastructure and
Environmental Protection

Ref. No 16-360, 17.07.2003

Skopje

Tel:616-870 FAX:616-867

To: Republic of Macedonia

Ministry of Transport and Communication

Sector for Communal Works and Infrastructure

Skopje

Subject: Reply to inquiry ref. No. 18-7716/5, 15.07.2003

For the implementation of the Project for Improvement of Water Supply of
Inhabited Places in Skopje Outskirts, we inform you about the undertaken activities and
its execution.

- Construction of the two reservoirs is completed, and the primary pipeline (600m) is completed.
- The overlapping of the contract for water supply of Radisani is settled with the previous contractor.
- The water supply project has positive impact on the environment.
- The Technical Documentation for water supply in Radisani is submitted for expert review to PE Vodovod Skopje, and the procedure is on-going.

Respectfully,

Mrs. Kara Jovkovska, Director



ANNEX-3

Items to be managed in the construction stage and Project costs borne by the Government of Macedonia

<Items to be managed by the Government of Macedonia in the construction stage>

- (1) Land acquisition (securing right for use of land)
- (2) Electrical power supply to water supply systems
- (3) Construction of fence to protect water supply facilities
(intakes, reservoirs, pump stations)
- (4) Promotion and implementation of house connection

<Project costs borne by the Government of Macedonia>

Project costs borne by the Government of Macedonia (Unit: million MKD)		
Description	Expenses	Remarks
(1) Cost for construction (electric power line to the sites, fence)	20	
(2) Annual operation and maintenance cost	17.7	By municipalities (concerned public enterprises)

MKD: Macedonian Denar

