

## JAPAN'S GRANT AID SCHEME

## 1. Grant Aid Procedure

- 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 to conduct a study on the request. If necessary, JICA send a Preparatory Study Team to the recipient country to confirm the contents of 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 Exchanged of Notes signed by the Government of Japan and the recipient country.

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

## 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:

- 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 the technical, social and economic points 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; and
- 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 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 the Consultants

For the smooth implementation of the Study, JICA uses a consulting firm selected through its own procedure (competitive proposal). The selected firm participates the Study and prepares a report based upon the terms of reference set by JICA.

At the beginning of implementation after the Exchange of Notes, for the services of the Detailed Design and Construction Supervision of the Project, JICA recommends the same consulting firm which participated in the Study to the recipient country, in order to maintain the technical consistency between the Basic Design and Details Design as well as to avoid any undue delay caused by the selection of a new consulting firm.

### 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 exchanged 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 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
- a) to secure a lot of land necessary for the construction of the Project and to clear the site;
  - b) to provide facilities for distribution of electricity, water supply and drainage and other incidental facilities outside the site;
  - c) to ensure prompt unloading and customs clearance at ports of disembarkation in the recipient country and internal transportation therein of the products purchased under the Grant Aid;
  - d) to exempt Japanese nationals from customs duties, internal taxes and fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts;
  - e) 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;
  - f) to ensure that the facilities constructed and products purchased under the Grant Aid be maintained and used properly and effectively for the Project; and
  - g) to bear all the expenses, other than those covered by the Grant Aid, necessary for the Project.

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 operation and maintenance of them 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.

## Major Undertaking to be taken by Each Government

No	Items	To be covered by Grant Aid	To be covered by Recipient Side
1.	To secure land and to obtain building permit		●
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 buildings	●	
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 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 site	●	
	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	●	

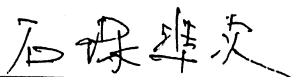
8.	To bear the following commissions to the Japanese bank for the banking services based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
9.	To ensure unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and custom clearance for 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 contact, 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		●
13.	To bear all the expenses, other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and installation of the equipment.		●

MINUTES OF DISCUSSIONS  
ON BASIC DESIGN STUDY ON THE PROJECT FOR UPGRADING AND  
EXTENSION OF SAMOA POLYTECHNIC  
IN THE INDEPENDENT STATE OF SAMOA  
(EXPLANATION ON DRAFT REPORT)

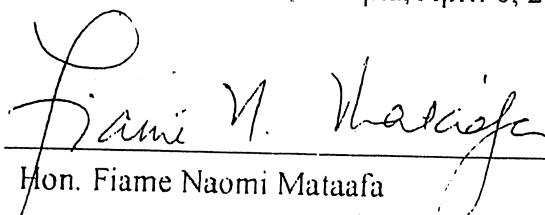
In November 2003, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched the Basic Design Study Team on the Project for Upgrading and Extension of Samoa Polytechnic, and through discussion, field survey, and technical examination of the study results in Japan, JICA prepared a draft final report of the study. In order to explain and to consult the Independent State of Samoa (hereinafter referred to as "Samoa") on the components of the draft final report, JICA sent to Samoa the Draft Final Report Explanation Team (hereinafter referred to as "the Team"), which is headed by Mr. Junji Ishizuka, Resident Representative, JICA Samoa Office and has been scheduled to stay in the country from 29 March to 8 April, 2004:

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

Apia, April 6, 2004



Junji Ishizuka  
Leader  
Basic Design Explanation Team  
Japan International Cooperation  
Agency  
(Japan)



Hon. Fiame Naomi Mataafa  
Minister of Education, Sports and Culture,  
the National University of Samoa and  
Samoa Polytechnic  
(The Independent State of Samoa)



## ATTACHMENT

### 1. Components of the Draft Final Report

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

### 2. Japan's Grant Aid scheme

The Samoan side understands the Japan's Grant Aid Scheme and the necessary measures to be taken by the Government of Samoa as explained by the Team and described in Annex-5 and 6 of the Minutes of Discussions signed by both parties on 5 December, 2003.

### 3. Schedule of the Study

JICA will complete the final report in accordance with the confirmed items and send it to the Government of Samoa by the end of May 2004.

### 4. Other Relevant Issues

4-1. The Samoan side and the Team confirmed that the purpose of the Project is to strengthen a function of Samoa Polytechnic (hereinafter referred to as "SP") as written in the draft final report.

4-2. The Team confirmed that the Implementing Agency of the Project is the Ministry of Education Sports and Culture and SP, and the Ministry of Finance would be in charge of contracting procedures with the Consultant and the Contractor. However, as far as the consultant's contract, it will be signed by the Implementing Agency.

4-3. The Team explained the estimated operation and maintenance cost for the Project referring to the Draft Final Report and confirmed the understanding of the Samoan side in principle. The Samoan side shall allocate the necessary budget and staff for the operation and maintenance of the facilities and the equipment after the completion of the Project.

4-4. The Samoan side and the Team confirmed that the proposed National University of Samoa (NUS)/SP merger plan will be completed by the end of 2005.

4-5. The Samoan side agreed to inform JICA Samoa Office about the progress of the merger plan of SP and NUS monthly and/or whenever the Steering Committee meeting is held.

4-6. The Samoan side agreed to the request from the Team to submit a maintenance plan of the equipment of the Project to JICA Samoa Office by the middle of April 2004.

4-7. The Samoan side agreed to implement an environmental impact assessment, and submit the result to JICA Samoa Office by the end of April 2004.