

**Minutes of Discussions  
on the Basic Design Study  
on the Project for the Rehabilitation of Trunk Road Phase III  
in the Federal Democratic Republic of Ethiopia**

In response to the request from the Government of the Federal Democratic Republic of Ethiopia (hereinafter referred to as “Ethiopia”), the Government of Japan decided to conduct a Basic Design Study on the Project for the Rehabilitation of Trunk Road Phase III (hereinafter referred to as “the Project”), and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as “JICA”).

JICA sent to Ethiopia the Basic Design Study Team (hereinafter referred to as “the Team”), headed by Mr. Kazuhisa Arai, a Deputy Director, Third Project Management Division, Grant Aid Management Department, JICA, and was scheduled to stay in the country from October 27 to December 8, 2003.

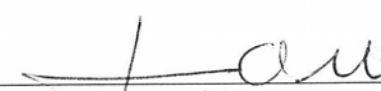
The Team held a series of discussions with the officials concerned of the Government of Ethiopia and conducted a field survey in the study area.

In the course of the discussions and the field survey, both sides confirmed the main items described in the attached sheets.

Addis Ababa, November 19, 2003

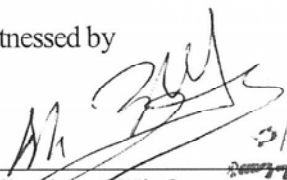
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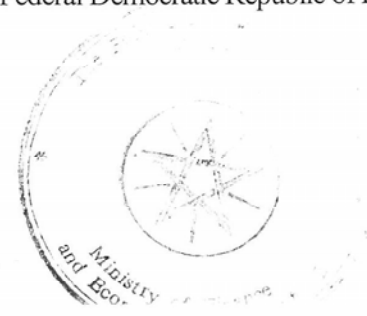
Kazuhisa Arai  
Leader  
Basic Design Study Team  
Japan International Cooperation Agency

  
Zaid Wolde Gebriel  
General Manager  
Ethiopian Roads Authority (ERA)  
Federal Democratic Republic of Ethiopia



Witnessed by

  
Hailemichael Kinfu  
Ministry of Finance and Economic Development  
Federal Democratic Republic of Ethiopia



## ATTACHMENT

### 1. Objective of the Project

The objective of the Project is to rehabilitate the Goha Tsiyon - Debre Markos section of the Northwest Trunk Road.

### 2. Project Site

The Project site is as shown in Annex-1.

### 3. Responsible and Implementing Organizations

The counterpart ministry is the Ministry of Infrastructure.

The implementing organization is the Ethiopian Roads Authority (ERA).

The organization chart of the implementing organization is shown in Annex-2.

### 4. Components of the Project

The Team proposed the followings as the components of the Project, which were formulated based on the results of the Preparatory Study in March, 2003.

- 1) Rehabilitation of the road between Goha Tsiyon and Dejen,
- 2) Reconstruction of Abay Bridge,
- 3) Rehabilitation of a part of the road between Dejen and Debre Markos,
  - Inundated section of the road located in the Yeda River area
  - Soft-ground section of the road located at approximately 14km away from Dejen
  - Reconstruction of eight (8) existing old bridges on the road
- 4) Procurement of machinery and equipment for road maintenance between Dejen and Debre Markos.

In response to the proposal by the Team, the Ethiopian side requested as follows:

- 1) Rehabilitation of the road between Goha Tsiyon and Dejen,
- 2) Reconstruction of Abay Bridge,
- 3) Rehabilitation of the road between Dejen and Debre Markos (Entire road and bridges)

Through a series of the discussion, the Team and the Ethiopian side reached an agreement on the first and second component but not agreed on the third and fourth component proposed by the Team.

Concerning the components for the road between Dejen and Debre Markos, the Team explained to the Ethiopian side that the Japanese side considered it very cautiously whether the entire rehabilitation should be done by the Project because the road condition of the section is observed rather better than that of other sections. In response to it, the Ethiopian side again requested the entire rehabilitation of the section according to the understanding reached in the high level meeting between Japanese and Ethiopian officials during the TICAD III in Tokyo. Then, the Japanese side requested the supporting documents for it. Moreover, the Ethiopian side gave



a view to the Team that the road might look in better condition because of the recent intervention of minor maintenance works to keep the road passable, and that, however, it would deteriorate within a few years. Accordingly, the Team will convey the request by the Ethiopian side to the Government of Japan.

Concerning the appropriateness for the Japan's Grant Aid scheme, JICA will assess the request and will report to the Government of Japan.

#### 5. Japan's Grant Aid Scheme

- 1) The Ethiopian side understands the standard Japan's Grant Aid scheme explained by the Team, as described in Annex-3.
- 2) The Ethiopian side will take the necessary measures described in Annex-4 for smooth implementation of the Project, on condition that the Grant Aid assistance by the Government of Japan is extended to the Project.

#### 6. Further Schedule of the Study

The consultant members of the Team will proceed with further studies in Ethiopia until December 8, 2003.

JICA will prepare the Draft Basic Design Study Report in English and dispatch a mission to Ethiopia in order to explain its contents in February 2004.

In case the contents of the Report are accepted in principle by the Government of Ethiopia including comments by ERA, JICA will complete the Final Report and send it to the Ethiopian side by the end of April 2004.

#### 7. Other Relevant Issues

##### 1) Responsibility of the EIA Study and Compensation

The Ethiopian side agreed that the EIA study would be implemented by own expense before the end of May, 2004 based on the result of the Basic Design Study. The implementation procedure of the EIA shall be presented to the Team by the end of the Field Survey of the Basic Design Study after confirmation with the Environmental Protection Authority. The compensation for the affected people and property by the Project is implemented by the Ethiopian side with own budget.

##### 2) Bridge Plan for New Abay Bridge

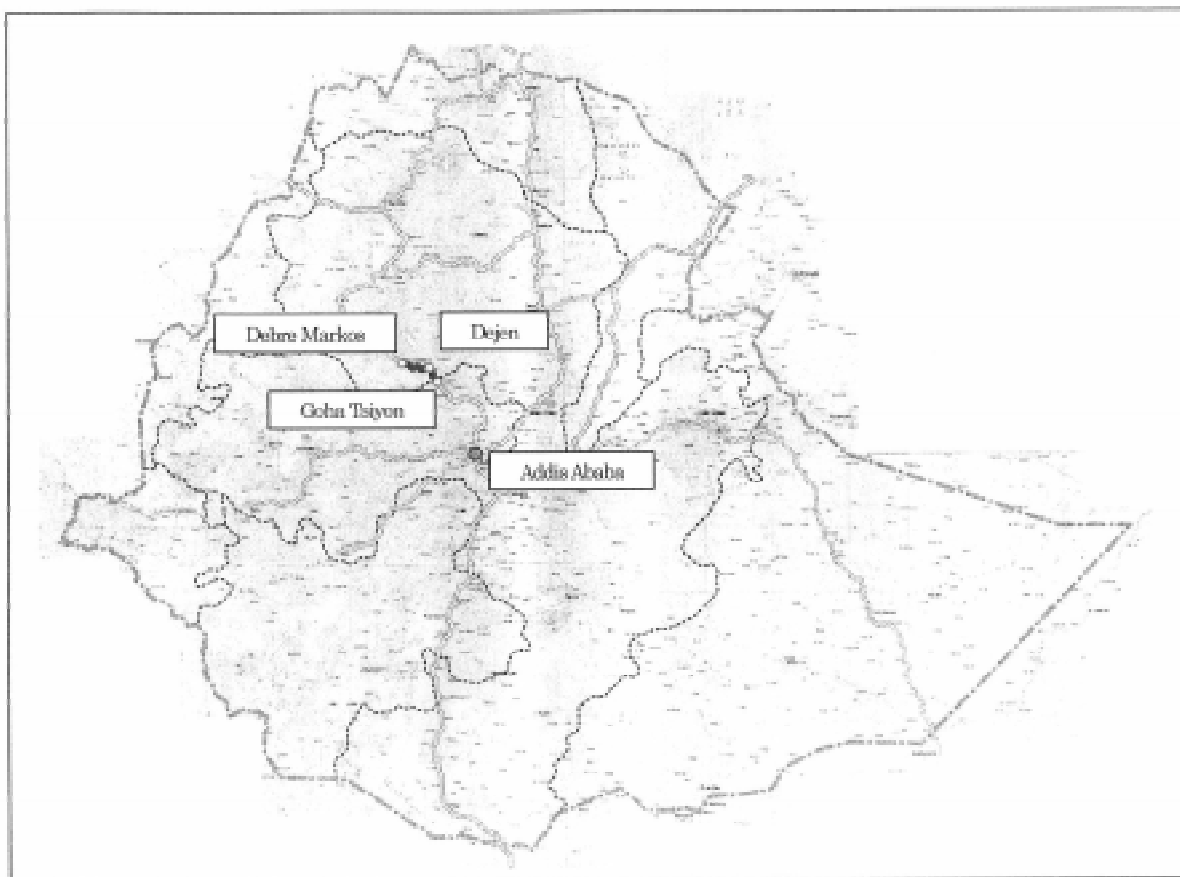
The bridge type of the new Abay Bridge will be determined principally based on structural suitability to the required span length and economic aspect in consideration of principle of Japan's Grant Aid scheme.

##### 3) Treatment of Preparatory Study Report

ERA informs the Team that it was not aware of the Preparatory Study Report in March, 2003 and has not commented on it. Then, the Team explained to ERA that such kind of report was for Japanese official's internal use only.



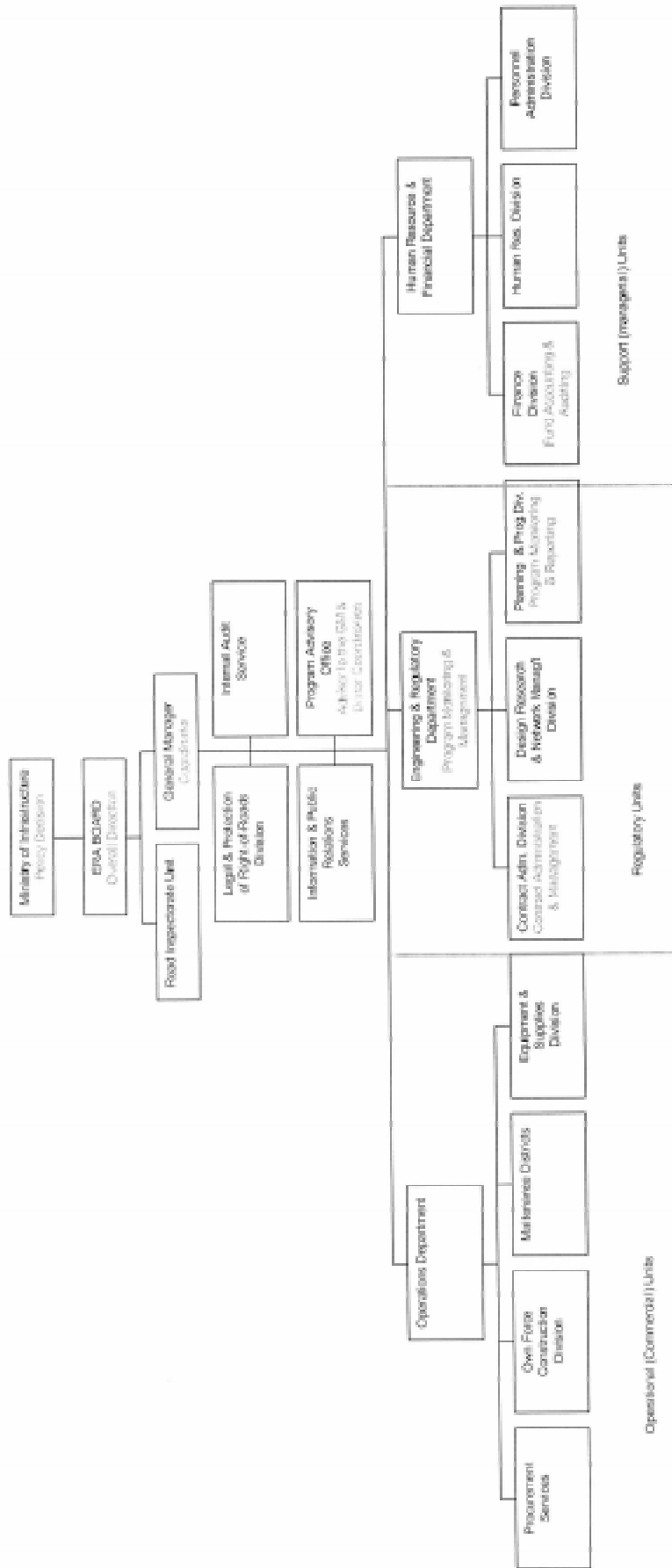
Project Site



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The Organization Charts

**ETHIOPIAN ROADS AUTHORITY**  
Program Management (RSDSP)



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## JAPAN'S GRANT AID

The Grant Aid Scheme 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. The Grant Aid is not supplied through the donation of materials as such.

### 1. Grant Aid Procedures

Japan's Grant Aid Scheme is executed through the following procedures.

Application	(Request made by the 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 Note exchanged between the Governments of Japan and recipient
Implementation	country)

Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study) using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Scheme, 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 (E/N) signed by the Governments of Japan and the recipient country.

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

### 2. Basic Design Study

#### (1) Contents of the study

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

*M. A. Farooq*

- 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.
- Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic point of view.
- Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- Preparation of a basic design of the Project.
- Estimation of costs of the Project.

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of the Japan's Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the Project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

#### (2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consulting firm(s). JICA selects (a) firm(s) based on proposals submitted by interested firms. The firm(s) selected carry(ies) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA. The consultant firm(s) used for the Study is(are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency.

### 3. Japan's Grant Aid Scheme

#### (1) 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.

(2) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed. However, in case of delays in delivery, installation or construction due to unforeseen factors such as national disaster, 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.

(3) Under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased. When the two Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of a third country. However, the prime contractors, namely, consulting, constructing and procurement firms, are limited to "Japanese nationals". (The term "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

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**(4) Necessity of "Verification"**

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

**(5) Undertakings required of the Government of the Recipient Country**

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

- a) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction,
- b) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites,
- c) To secure buildings prior to the procurement in case the installation of the equipment,
- d) To ensure all the expenses and prompt excursion for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid,
- e) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts,
- f) To accord Japanese nationals, whose services may be required in connection with the supply of the products and services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

**(6) "Proper Use"**

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

**(7) "Re-export"**

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

**(8) Banking Arrangements (B/A)**

a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in a bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.

b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority.

**(9) 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.

(end)

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Undertakings to be Taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by 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 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) 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	●	
	5) Furniture and Equipment		
	a. General furniture		●
	b. Project equipment	●	
8	To bear the following commissions to the Japanese bank for 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	●	
	2) Tax exemption and custom 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 service 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		●

The undertakings to be taken by each government can be the subject to be discussed based on a result of the further study and previous experience of the Road Rehabilitation Project between Addis Ababa and Goha Tsiyon by Japan's Grant Aid

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**Minutes of Discussions  
on the Basic Design Study  
on the Project for the Rehabilitation of Trunk Road Phase III  
in the Federal Democratic Republic of Ethiopia  
(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 the Rehabilitation of Trunk Road Phase III (hereinafter referred to as "the Project") to the Federal Democratic Republic of Ethiopia (hereinafter referred to as "Ethiopia"), and through discussion, field survey, and technical examination of the study results in Japan, JICA prepared a draft final report of the study.

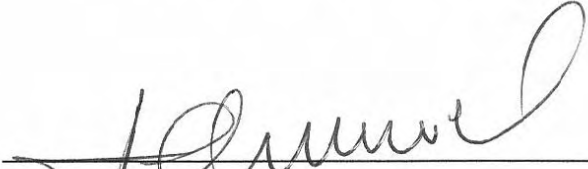
In order to explain and to consult the Ethiopian side on the components of the draft final report, JICA sent the Basic Design Explanation Team (hereinafter referred to as "the Team") to Ethiopia, which is headed by Mr. Kimiaki Jin, JICA Ethiopia Office, from May 17, 2004 to May 28, 2004.

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

Addis Ababa May 25, 2004


  
\_\_\_\_\_  
Kimiaki Jin  
Leader  
Basic Design Explanation Team  
Japan International Cooperation Agency



  
\_\_\_\_\_  
Zaid Wolde Gebriel  
General Manager  
Ethiopian Roads Authority  
Federal Democratic Republic of Ethiopia

Witnessed by



  
\_\_\_\_\_  
Hailemichael Kinfu  
Ministry of Finance and Economic Development  
Federal Democratic Republic of Ethiopia

## ATTACHMENT

### **1. Components of the Draft Report**

The Ethiopian side has agreed and accepted in principle the components of the draft report explained by the Team except the minor technical issues as shown in ANNEX-1. The Team will conduct to review on the requested issues during the Detailed Design.

### **2. Japan's Grant Aid Scheme**

The Ethiopian side understood the Japan's Grant Aid Scheme and necessary measures to be taken by the Government of Ethiopia explained by the Team, described in Annex-3 and Annex-4 of the Minutes of Discussions signed by the both parties on November 19, 2003.

### **3. Schedule of the Study**

The Team will complete the final report of the Basic Design Study in accordance with the discussion on the draft report and send it to the Ethiopian side around July 2004.

### **4. Other Relevant Issues**

#### **4-1. Implementation Schedule**

The Team explained to Ethiopian Roads Authority (ERA) that the detailed design of the Project would be commenced in August 2004 and the construction work of the Project would start in August 2005 as shown in ANNEX-2. ERA agreed the technical appropriateness of the implementation schedule.

#### **4-2. Personnel and Budget Allocation**

ERA will allocate sufficient budget and qualified staff to appropriately maintain the constructed facilities after completion of the Project.

#### **4-3. Works Covered by the Ethiopian Side**

The Ethiopian side assured to carry out the following works and to timely inform commencement and completion of works to the Japanese side.

- 1) The draft report of Environmental Impact Assessment (EIA) by the end of June 2004 and the final report of EIA by the end of December 2004.
- 2) Resettlement/ land acquisition and electric/ telephone lines transfer by the end of March 2005 based on the drawings of the affected properties on the detailed design prepared by the end of December 2004.
- 3) Routine maintenance including measures against overloaded vehicles and periodic maintenance based on the Road Sector Development Program Phase-II.

#### 4-4. Necessary Arrangement for Construction of the Bridge and the Road

ERA agreed to carry out the following arrangements in accordance with the schedule of the Project:

- 1) To ensure necessary arrangement of construction permit and any other authorization required for construction of the Bridge and the Road.
- 2) To pay tax and customs on behalf of the contractor(s) and the consultant(s) and also to carry out an arrangement of custom clearance upon importation of necessary materials and equipments.

#### 4-5. Value Added Tax (VAT) for Local Purchase

The Team explained to the Ethiopian side that any taxes and fiscal levies including VAT concerning local purchase under the Project should be reimbursed to the contractor(s) and the consultant(s). It is not able to implement the Project under the Japan's Grant Aid without reimbursement of any taxes and fiscal levies for the local purchase.

ERA emphasized that any payment of taxes and fiscal levies including VAT to the contractor(s) and the consultant(s) concerning local purchase would contravene the usual practice. ERA further pointed out that payment for any taxes by the government, on behalf of the contractor(s) and consultant(s) should be limited to the items imported directly by the contractor(s) and consultant(s).

Although under such situation, the Team encouraged ERA to resolve this issue for smooth implementation of the Project. Therefore ERA agreed to notify Japanese side the decision of the Ethiopian side on this matter in written form before June 8, 2004 through JICA Ethiopia Office.

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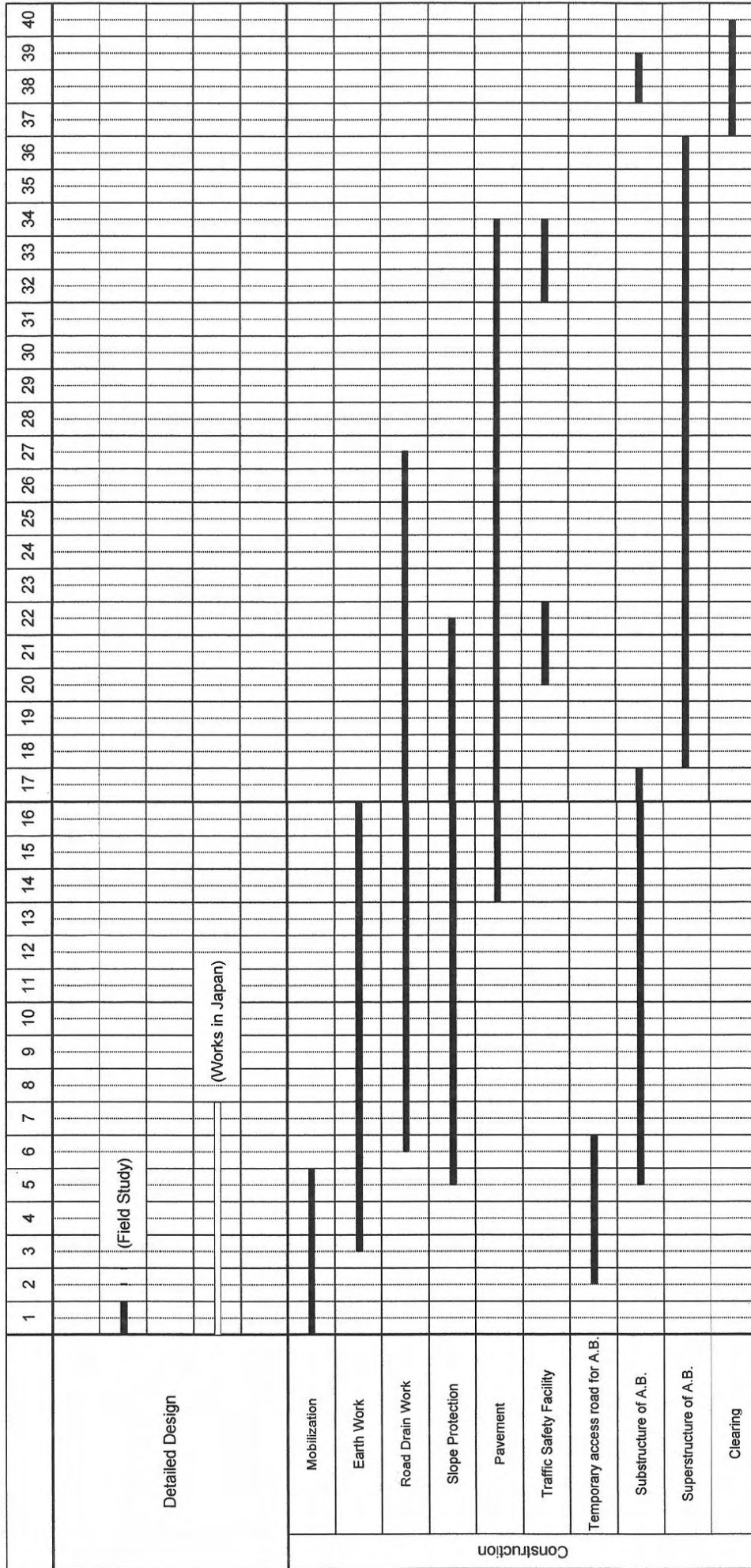
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ANNEX-1 Technical Issues requested by ERA

1. To provide concrete pavement for bus bay in Filiklik and parking lane in Dejen.
2. To improve the pipe size from  $\phi$  90 cm to  $\phi$  100 cm for practical maintenance.



ANNEX-2: Implementation Schedule



Note : A.B. : New Abay Bridge