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Appendix I

RECORD OF DISCUSSIONS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY AND
THE MINISTRY OF WATER RESOURCES OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
ON JAPANESE TECHNICAL COOPERATION
FOR
THE GROUNDWATER DEVELOPMENT AND WATER SUPPLY TRAINING PROJECT PHASE-II
IN THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

In response to the request of The Government of the Federal Democratic Republic of Ethiopia, the Government of Japan has decided to cooperate the Groundwater Development and Water Supply Training Project Phase-II in the Federal Democratic Republic of Ethiopia (hereinafter referred to as “the Project”).

Accordingly, Japan International Cooperation Agency (hereinafter referred to as “JICA”), the official agency responsible for the implementation of the technical cooperation programme of the Government of Japan, will cooperate with the authorities concerned of The Government of the Federal Democratic Republic of Ethiopia for the Project.

JICA and the Ethiopian authorities concerned had a series of discussions on the framework of the Project. As a result of the discussions, JICA and the Ethiopian authorities concerned agreed to recommend to their respective Governments the matters referred to in the document attached hereto.

Addis Ababa, December , 2004

Mr. Naoki SAITO
Resident Representative,
Japan International Cooperation Agency,
Ethiopia Office

H.E Ato Shiferaw Jarso
Minister
Ministry of Water Resources
Federal Democratic Republic of Ethiopia

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN BOTH GOVERNMENTS

1. The Government of the Federal Democratic Republic of Ethiopia will implement the Project in cooperation with the Government of Japan.
2. The Project will be implemented in accordance with the Master Plan which is given in ANNEX I.

II. MEASURES TO BE TAKEN BY THE GOVERNMENT OF JAPAN

In accordance with the laws and regulations in force in Japan, the Government of Japan will take, at its own expense, the following measures through Japan International Cooperation Agency (hereinafter referred to as "JICA") according to the normal procedures of its technical cooperation scheme.

1. DISPATCH OF JAPANESE EXPERTS

The Government of Japan will provide the services of the Japanese experts as listed in ANNEX II.

2. PROVISION OF MACHINERY AND EQUIPMENT

The Government of Japan will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project as listed in ANNEX III. The Equipment will become the property of the Government of the Federal Democratic Republic of Ethiopia upon being delivered C.I.F. to the Ethiopian authorities concerned at the borders and/or airports of disembarkation.

3. TRAINING OF ETHIOPIAN PERSONNEL IN JAPAN

The Government of Japan will receive the Ethiopian personnel connected with the Project for technical training in Japan.

4. SPECIAL MEASURES TO BE TAKEN BY THE GOVERNMENT OF JAPAN

To ensure the smooth implementation of the Project, the Government of Japan will take, in accordance with the laws and regulation in force in Japan, special measures through JICA with the purpose of supplementing a portion of the local cost expenditures necessary for the execution of the physical infrastructure.

III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

1. The Government of the Federal Democratic Republic of Ethiopia will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after the period of Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiary groups and institutions.
2. The Government of the Federal Democratic Republic of Ethiopia will ensure that the technologies and knowledge acquired by the Ethiopian nationals as a result of the Japanese technical cooperation will contribute to the economic and social development of the Government of the Federal Democratic Republic of Ethiopia.
3. The Government of the Federal Democratic Republic of Ethiopia will grant in the Federal Democratic Republic of Ethiopia privileges, exemptions and benefits as listed in ANNEX IV no less favorable than those granted to experts of third countries or international organizations performing similar missions to the Japanese experts referred to in II-1 above and their families.
4. The Government of the Federal Democratic Republic of Ethiopia will ensure that the Equipment referred to in II-2 above will be utilized effectively for the implementation of the Project in consultation with the Japanese experts referred to in II-1.
5. The Government of the Federal Democratic Republic of Ethiopia will take necessary measures to ensure that the knowledge and experience acquired by the Ethiopian personnel from technical training to be organized in Japan will be utilized effectively in the implementation of the Project.
6. In accordance with the laws and regulations in the Federal Democratic Republic of Ethiopia, the Government of the Federal Democratic Republic of Ethiopia will take necessary measures to provide at its own expense for the project:
 - (1) Services of the Ethiopian counterpart personnel and administrative personnel as listed in ANNEX V;
 - (2) Land, buildings and facilities as listed in ANNEX VI;
 - (3) Supply or replace at its own expense machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the Equipment provided through JICA under II-2 above;

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- (4) Means of transport and travel allowances for the Japanese experts for official travel within the Federal Democratic Republic on Ethiopia;
 - (5) Suitably furnished accommodations for the Japanese experts and their families.
7. In accordance with the laws and regulations in force in the Federal Democratic Republic of Ethiopia, the Government of the Federal Democratic Republic of Ethiopia will take necessary measures to meet;
- (1) Expenses necessary for transportation within the Federal Democratic Republic of Ethiopia of the Equipment referred to in II-2 above as well as for the installation, operation and maintenance thereof;
 - (2) Customs duties, internal taxes and any other charges imposed in the Federal Democratic Republic of Ethiopia on the Equipment referred to in II-2 above;
 - (3) Running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

- 1. The Chief Engineer, Ministry of Water Resources (hereinafter referred to as “MoWR”) as the Project Director, will bear overall responsibility for the administration and implementation of the Project.
- 2. The Head of Rural Water Supply and Sanitation Service Department, MoWR, as the Project Manager, will be responsible for the managerial and technical matters of the Project with close relation with regional governments.
- 3. The Japanese Chief Advisor will provide necessary recommendations and advice to the Project Director and the Project Manager on any matters pertaining to the implementation of the Project.
- 4. The Head of the groundwater development and water supply training center (hereinafter referred to as “the Center”) will be responsible for the smooth implementation of the Project and the coordination with the other authorities concerned.
- 5. The Japanese experts will provide necessary technical guidance and advice to the Ethiopian counterpart personnel on technical matters pertaining to the implementation of the Project.
- 6. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordinating Committee will be established whose functions and composition are described in ANNEX VII.

7. For the effective and successful implementation of the Project, the Chief Advisor holds frequent meetings with the Project manager.
8. For the smooth implementation of the Project, Japanese budget for the Project can be disbursed under the responsibility of the Chief Advisor. However the Chief Advisor will consult with the Project manager about the disbursement.

V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by the two Governments through JICA and the Ethiopian authorities concerned, at the last six (6) months of the cooperation term in order to examine the level of achievement.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Government of the Federal Democratic Republic of Ethiopia undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in the Federal Democratic Republic of Ethiopia except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

There will be mutual consultation between the two Governments on any major issues arising from, or in connection with this Attached Document.

VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting support for the Project among the people of the Federal Democratic Republic of Ethiopia, the Government of the Federal Democratic Republic of Ethiopia will take appropriate measures to make the Project widely known to the people of the Federal Democratic Republic of Ethiopia.

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IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be three (3) years from January 15, 2005.

- ANNEX I MASTER PLAN
- ANNEX II LIST OF JAPANESE EXPERTS
- ANNEX III LIST OF MACHINERY AND EQUIPMENT
- ANNEX IV PRIVILEGES, EXEPTIONS AND BENEFITS FOR JAPANESE EXPERTS
- ANNEX V LIST OF ETHIOPIAN COUNTERPART AND ADMINISTRATIVE
PERSONNEL
- ANNEX VI LIST OF LAND, BUILDINGS AND FACILITIES
- ANNEX VII JOINT COORDINATING COMMITTEE

ANNEX I MASTER PLAN

Overall Goal:

Access to improved facilities of water supply increases through water resource development and management.

Project Purpose:

Human resources for appropriate groundwater and water supply management increase.

Outputs:

1. Technical trainings regarding groundwater and water supply management are conducted.
2. The training courses are developed and improved through research activities.
3. Teaching materials on groundwater management and water supply are developed.

Activities:

1. Implementation of Training Courses
Through planning and implementation of the following training courses,
 - 1) Human resources development of trainees, and
 - 2) Management capacity of the Center staff will increase.
 - 1.1 Regular courses
 - 1.1.1 Basic courses:
Groundwater Investigation, Drilling Machinery Maintenance, Drilling Technology
 - 1.1.2 Advance courses:
Groundwater Modeling, GIS/data Management, Geophysical Survey, Remote Sensing, Water Supply Management, Water Supply Engineering, Electro-mechanical Maintenance
 - 1.2 Supplementary courses
 - 1.2.1 On-Demand courses:
Appropriate Technology, Artificial Recharge, Well Rehabilitation, Maintenance Workshop Management, Rope Pump Manufacturing, Trainers' Training (TVT)
 - 1.2.2 Regional Training Courses:
Water Supply and Sanitation, Community Participation Promoter, Electro-mechanical Maintenance, Local Artisans
2. Implementation of Research and Development activities on groundwater management and appropriate technology development
 - 1) Formulation of research plans
 - 2) Execution of research activities
 - 3) Feedback of the results to the training courses
3. Implementation of and support to water related projects
 - 1) Formulation of implementation and support plans
 - 2) Execution of implementation and support activities
 - 3) Formulation of teaching materials on groundwater management and water supply

ANNEX II LIST OF JAPANESE EXPERTS

1. Long-term experts

- (1) Chief Advisor
- (2) Project Coordinator

2. Short-term experts

- (1) Groundwater Modeling
- (2) GIS
- (3) Remote Sensing
- (4) Geophysical Survey
- (5) Hydrogeology
- (6) Drilling and Rehabilitation
- (7) Water Supply Management
- (8) Water Supply Engineering
- (9) Maintenance Workshop Management
- (10) Electric Equipment Maintenance
- (11) Local Social Development

Short-term experts will be dispatched as necessity arises

Note:

Field, number and terms of assignment of short-term experts will be decided in consideration of the progress of the Project through mutual consultations for each Japanese fiscal year.

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ANNEX III LIST OF MACHINERY AND EQUIPMENT

1. Vehicles
2. Spare Parts of Drilling Machine

Other materials and equipment mutually agreed upon as necessary will be provided.

Notes:

Contents, specifications and quantity of the above-mentioned equipment will be decided through mutual consultations within the allocated budget of the Japanese fiscal years.

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ANNEX IV PRIVILEGES, EXEMPTIONS AND BENEFITS FOR JAPANESE EXPERTS

1.The Government of the Federal Democratic Republic of Ethiopia will grant exemptions from income tax and other charges of any kind imposed on or in connection with allowances remitted from abroad.

2.The Government of the Federal Democratic Republic of Ethiopia will grant exemptions from customs duties with respect to importation of personal effects by the Japanese experts and their families, as well as importation of machinery and equipment for their activities.

**ANNEX V LIST OF ETHIOPIAN COUNTERPART AND ADMINISTRATIVE
PERSONNEL**

1. Project Director
The Chief Engineer, MoWR
2. Project Manager
Head of Department of Rural Water Supply and Sanitation Service Department, MoWR
3. The Head of the groundwater development and water supply training center, MoWR
4. Counterpart Personnel
 - (1) Groundwater Modeling
 - (2) GIS
 - (3) Remote Sensing
 - (4) Geophysical Survey
 - (5) Hydrogeology
 - (6) Drilling and Rehabilitation
 - (7) Water Supply Management
 - (8) Water Supply Engineering
 - (9) Maintenance Workshop Management
 - (10) Electric Equipment Maintenance
 - (11) Local Social Development
5. Workshop Technicians
6. Administrative Personnel
 - (1) Administrative staff
 - (2) Secretary
 - (3) Accountant
 - (4) Cashier
 - (5) Drivers
 - (6) Cleaners
 - (7) Guards
 - (8) Other necessary staff