

*Appendix 4*  
*Minutes of Discussions*

Appendix 4 Minutes of Discussion

(1) M/D: Implementation Review Study

**MINUTES OF DISCUSSIONS**  
**ON**  
**THE IMPLEMENTATION REVIEW STUDY**  
**ON**  
**THE PROJECT FOR ZANZIBAR URBAN WATER SUPPLY DEVELOPMENT**  
**IN THE UNITED REPUBLIC OF TANZANIA**

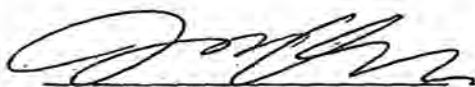
In response to the request from the Government of the United Republic of Tanzania (hereinafter referred to as "Tanzania"), the Government of Japan decided to conduct an Implementation Review Study on the Project for Zanzibar Water Supply Development in the United Republic of Tanzania (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Tanzania the Implementation Review Study Team (hereinafter referred to as "the Team"), which is headed by Mr. Toshihiro Obata, Resident Representative JICA Tanzania Office, and is scheduled to stay in the country from March 19 to March 28.

The Team held discussions with the officials concerned of the Government of Tanzania and conducted a field survey at the study area.

As a result of discussions and field survey, both parties confirmed the main items described in the attached sheets. The Team will proceed to further works and prepare the Implementation Review Study Report.

Zanzibar, March 24, 2006

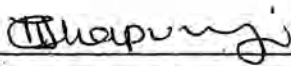


**Mr. Toshihiro OBATA**  
Leader  
Implementation Review Study Team  
Japan International Cooperation Agency  
Japan



**Mr. Easser De Costa**  
Principal Secretary  
Ministry of Water, Construction, Energy and  
Lands (MWCEL), Zanzibar  
The United Republic of Tanzania

(Witness)



**Ms. Joyce K.G. Mapunjo**  
Deputy Permanent Secretary,  
Ministry of Finance  
The United Republic of Tanzania



**Mr. Julian B. Raphael**  
Principal Secretary  
Ministry of Finance and Economic Affairs,  
Zanzibar  
The United Republic of Tanzania



## ATTACHMENT

### 1. Objective of the Project

The objective of the Project is to improve water supply situations in the urban area in Unguja Island in Zanzibar in order to upgrade living standards of inhabitants, through the rehabilitation and expansion of the water supply facilities.

### 2. Project site

The Project site is Zanzibar Urban Area in Unguja Island of Zanzibar shown in Annex-1.

### 3. Responsible and Implementing Agency

3-1. The Responsible Agency is the Ministry of Water Construction, Energy and Lands (MWCEL) Zanzibar.

3-2. The Implementing Agency is the Department of Water Development (DWD).

Once the Zanzibar Water Authority (ZAWA) be established, the ZAWA will succeed the role of Implementing Agency from the DWD.

### 4. Items requested by the Tanzanian side

The Implementation Review Study will be conducted based on the requested items described in Annex-2. JICA will assess the request, and make recommendation to the Government of Japan.

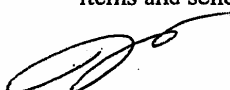
### 5. Japan's Grant Aid Scheme

5-1. The Tanzanian side understood the Japan's Grant Aid Scheme explained by the Team as described in Annex-5.

5-2. The Tanzanian side will take the necessary measures as described in Annex-5 for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

### 6. Schedule of the Study

JICA will prepare the Implementation Review Study Report in accordance with the confirmed items and send it to Tanzania around July 2006.



## 7. Other relevant issues

### 7-1. The Water Act and regulations and water tariff collection

The Tanzanian side explained the reforms in water sector as follows;

- (1) "A bill for AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF WATER MANAGEMENT AUTHORITY IN ZANZIBAR AND OTHER MATTERS CONNECTED THEREWITH" (hereinafter referred as "The Water Act") will be submitted to the House of Representatives by the end of March, 2006 and will be enacted in April 2006.
- (2) After its enactment, Zanzibar Water Authority (ZAWA) will be established, and ZAWA will commence collecting water tariff in the areas where water supply service will be available including the areas covered by the Project (Phase 1) by two years after commencement of the Project (by April, 2008).
- (3) The Regulations of The Water Act will be signed by the end of December 2006 and water tariff collection from household users will be prescribed in.

### 7-2. Implementing schedule of the establishment of ZAWA and water tariff collection

The Tanzanian side promised to take necessary measures for the establishment of ZAWA and water tariff collection.

The Tanzanian side explained implementing schedule of the establishment of ZAWA and water tariff collection as follows;

- (1) By the end of March, 2006 :

The Water Act shall be submitted to the House of Representatives.

- (2) In April, 2006:

The Water Act shall be enacted. Both sides confirmed that failure to enact the Water Act by the middle of April 2006 will delay implementation of the Project.

- (3) By August, 2006:

To establish the Zanzibar Water Authority (ZAWA) as stated in the Water Act

To transfer human resources from the DWD to the ZAWA

To start operation of the ZAWA

To commence capacity building of the ZAWA including:

- 1) Recruitment of the ZAWA staff;
- 2) Operation and Maintenance:

Rehabilitation, water supply connections, customer services, customer database/ledger, billing system, and revenue collection; and

3) Administration:

Financial management, computerized accounting, business administration, and human resources management.

(4) By the end of December, 2006

The Regulations of the Water Act shall be signed by the Minister of MWCEL.

(5) Middle of March, 2007:

To complete water tariff procedures

To submit a progress report to Embassy of Japan

(6) By April, 2008:

To start collecting water tariff in the areas where water supply service is available including the areas covered by the facilities constructed under the Project (Phase1).

(7) By March, 2009:

To expand the water tariff collection to the areas covered by the facilities constructed under the Project (Phase 2).

7-3. Proposed organization chart of ZAWA and staff allocation

The Tanzanian side explained proposed organization chart of ZAWA as attached in Annex-3.

The Tanzanian side promised that they should allocate necessary staff members transferred from the DWD and train new staff members in order to maintain facilities to be constructed under the Project.

7-4. Budget Allocation

The Japanese side explained necessary budget for operation and maintenance (O&M) of the Project as attached in Annex-4.

The Tanzanian side explained that necessary budget for the Project will be covered by both water tariff and special joint account originated from the capital budget for Infrastructure Development, and the Memorandum of Understanding (MOU) about budget allocation for the Project will be signed between the MWCEL and the Ministry of Finance and Economic Affairs by the middle of April, 2006. The Tanzanian side promised to submit the MOU to the Japanese side by the middle of April, 2006.

Both sides confirmed that the Tanzanian side should allocate all the necessary budget for Operation and Maintenance of the Project in case the Japanese Government would finally decide to

implement the Project, and failure to sign the MOU by the middle of April 2006 will delay implementation of the Project.

7-5. Maintenance pickup trucks

Both sides confirmed that 4 maintenance trucks will be excluded from the request due to emphasis from the Japanese side as maintenance equipment should be obligation of the Tanzanian side.

7-6. Equipment necessary for operating ZAWA

The Tanzanian side explained that equipment necessary for operating ZAWA such as computers, accounting systems, vehicles and communication tools will be purchased by the Tanzanian side or other donors.

7-7. Capacity building of ZAWA and soft component


The Tanzanian side explained that they will commence capacity building of ZAWA after its establishment and will request necessary technical supports to donors.

The Tanzanian side also explained that they will prioritize items of necessary capacity building and will submit a request letter for capacity building of ZAWA to the Japanese side in early April, 2006.

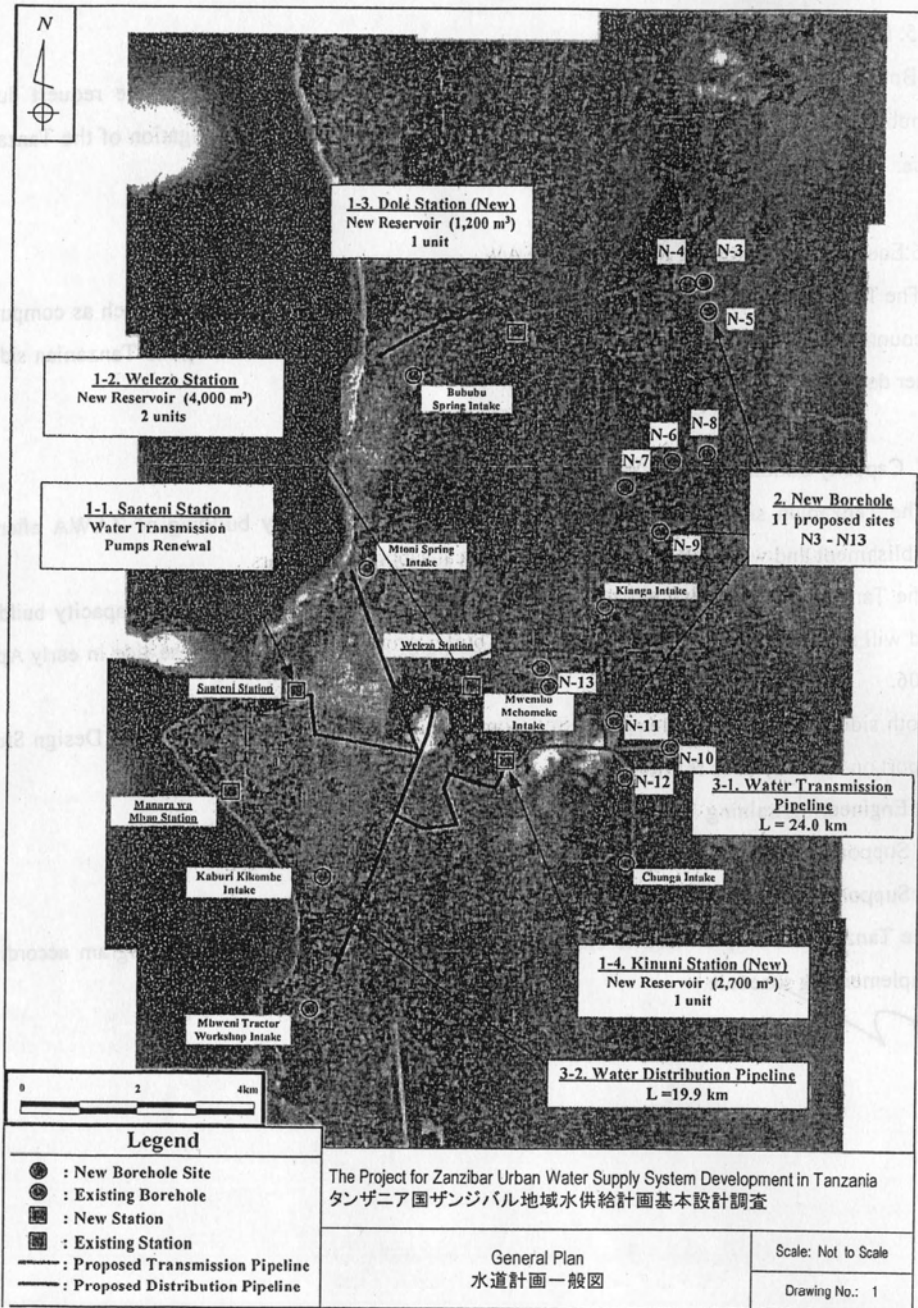
Both sides confirmed contents of Soft component program described in the Basic Design Study Report on the Project as follows;

- (1) Engineering training
- (2) Support for organization strengthening (Basic management training)
- (3) Support for public education program

The Tanzanian side promised to allocate necessary staffs for soft component program according to implementing schedule.



# ANNEX-1 : Project Site



ANNEX-2 : Items requested by the Government of Tanzania

No.	Item	Original Request	Basic Design	Remarks
A	Facilities			
A 1	Distribution Stations			
A 1-1	Saateni Station			
(1)	Construction of underground reservoir	4,000 m <sup>3</sup> × 1	—	Revision of supply areas
(2)	Renewal of elevated tanks	450 m <sup>3</sup> × 2	—	Done by DWD*
(3)	Construction of new elevated tanks	450 m <sup>3</sup> × 2	—	Revision of supply areas
(4)	Renewal of transmission pumps	540 m <sup>3</sup> /hr × 2 250 m <sup>3</sup> /hr × 2	Approx.400 m <sup>3</sup> /hr × 2 Approx.200 m <sup>3</sup> /hr × 2	Including one stand-by each
(5)	Disinfection facility	1 set	1 set	Renewal
A 1-2	Welezo Station			
(1)	Construction of reservoirs	4,000 m <sup>3</sup> × 1 3,000 m <sup>3</sup> × 2	Approx.4,000 m <sup>3</sup> × 2	Revision of supply areas
(2)	Disinfection facility	1 set	1 set	
A 1-3	Dole Station	—		Revision of supply areas
(1)	Construction of reservoir		Approx.1,200 m <sup>3</sup> × 1	
(2)	Disinfection facility	1 set	1 set	
A 1-4	Kinuni Station	—		Revision of supply areas
(1)	Construction of reservoirs		Approx.2,700 m <sup>3</sup> × 1	
(2)	Disinfection facility	1 set	1 set	
A 2	Construction of wells	100 m <sup>3</sup> /hr × 6	58.4 m <sup>3</sup> /hr × 11 (incl. 1 standby well)	
A 3	Pipeline construction			
A 3-1	Transmission pipes	Total Approx.20km	Total Approx.24km	Revised according to the result of route survey
A 3-2	Distribution pipes	Total Approx.35km	Total Approx.20km	

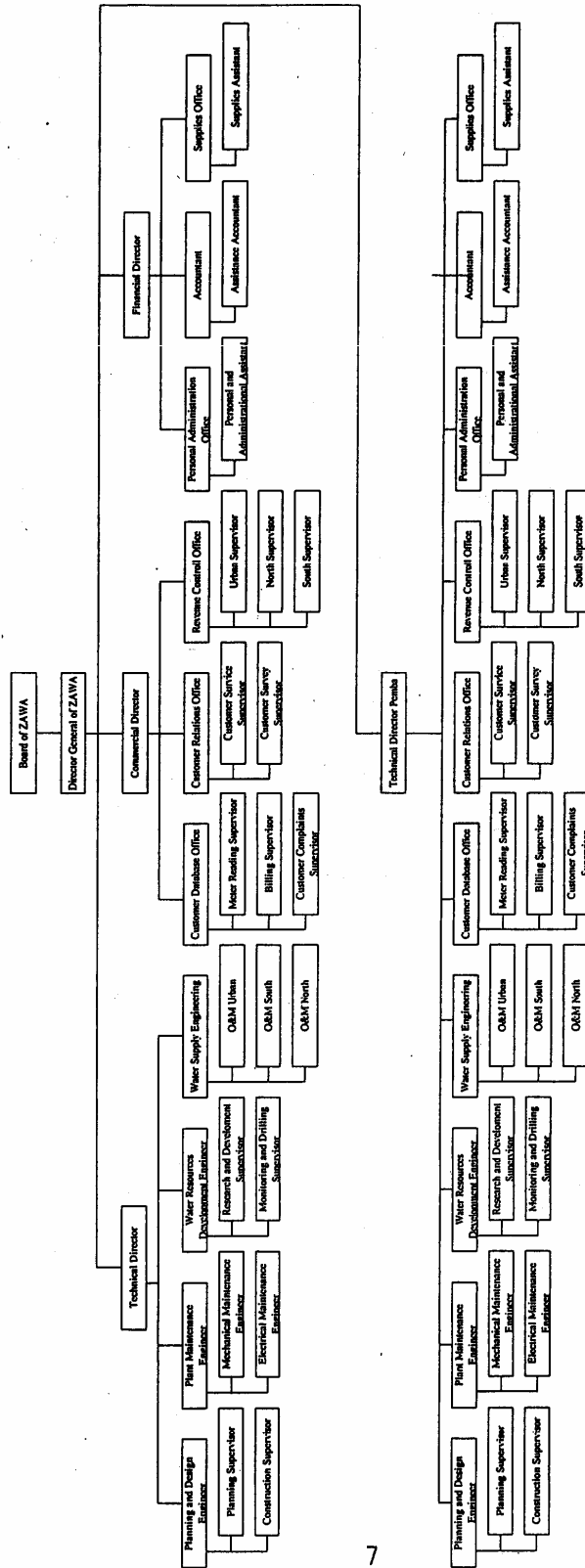
\* DWD: Department of Water Development



# ANNEX-3

## Proposed organization chart of Zanzibar Water Authority (ZAWA)

at March 2006



#### ANNEX-4 : Necessary budget for Operation and Maintenance

The increment of operation and maintenance costs by the implementation of the project is calculated for labor, electricity, disinfection chemical and repair costs. The electricity costs for well pumps are calculated for the increment of flow by this project (Daily average 14,000 m<sup>3</sup>/d x 1/1.35 = 10,370 m<sup>3</sup>/d). The disinfection chemicals are calculated for daily average flow.

Necessary budget for Operation and Maintenance of the Project

Item	Calculation	O&M Costs (thousand Tsh/year)	Remarks
Labour costs (Increment)	O&M staff for wells and transmission/distribution pipes: 46 46 x 1,800,000 Tsh/year/person = 82,800 thousand Tsh/year/person	82,800	
Electricity costs (Increment)	Unit cost: 130 Tsh/kWH Well pumps (increment: 10 wells) Operation hours: 10,370 m <sup>3</sup> /d x 1/(60 x 24 x 10) x 24 (daily average) = 17.2 hrs/d Electricity costs: (37 kW x 6 + 30kW x 2 + 22 kW x 2) x 0.75 (loading rate) x 17.3 hrs/d x 365d/yr x 130 Tsh/kWH = 199,546 thousand Tsh/year	199,546	
Disinfection Chemical (Increment)	Unit cost: 1,000 Tsh/kg (Powder Chlorine) Chlorine dosing rate: 2 mg/l Chemical consumption (daily average) Kinuni: 6,128 m <sup>3</sup> /d x 2 mg/l x 1/0.7 x 10 <sup>-3</sup> = 17.5 kg/d Dole: 2,540 m <sup>3</sup> /d x 2 mg/l x 1/0.7 x 10 <sup>-3</sup> = 7.3 kg/d Welezo: 22,453 m <sup>3</sup> /d x 2 mg/l x 1/0.7 x 10 <sup>-3</sup> = 64.2 kg/d Total: 89 kg/d = 32,485 kg/yr Disinfection Chemical Costs: 32,485 kg/yr x 1,000 Tsh/kg = 32,485 thousand Tsh/yr	32,485	Exclude Saateni Station where disinfection chemical is injected now.
Equipment Repair (Increment)	Mechanical / Electrical Equipment x 0.3% /yr 987,000,000 Tsh x 0.3%/yr = 2,961 thousand Tsh/yr	2,961	
Total (Increment)		317,792	

## ANNEX-5 : JAPAN'S GRANT AID SCHEME

### 1. Grant Aid Procedure (Attachment 1)

#### 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 (The Notes exchanged between the Governments of Japan

Implementation 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 Preliminary 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 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:

- 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 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 Detailed 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 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.

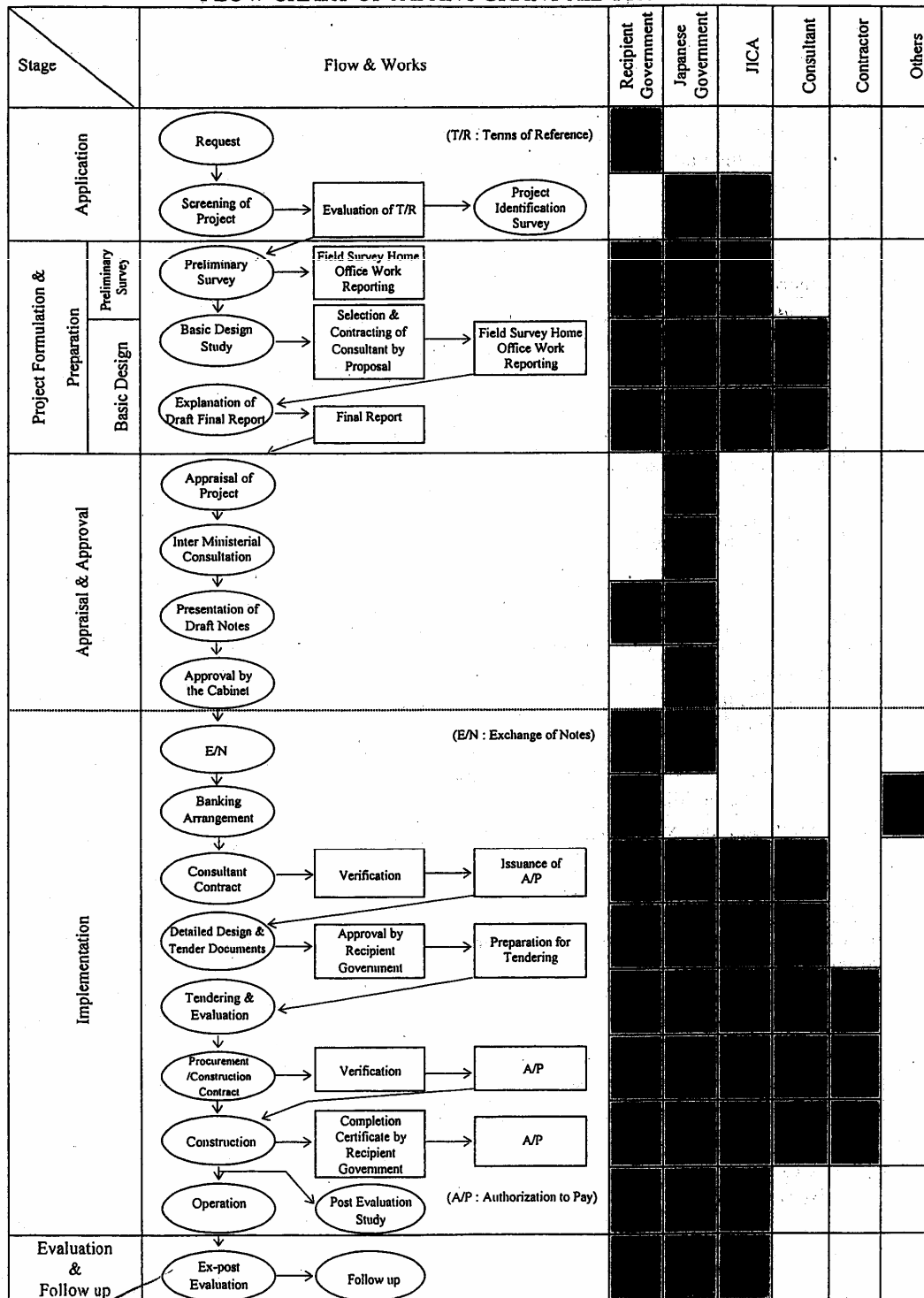
4) Under the Grant, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.

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 (Attachment 2)**
  - 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.

## FLOW CHART OF JAPAN'S GRANT AID PROCEDURES



## Major 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 when needed		•
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 distribution 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 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	•	
4	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		•
5	To ensure prompt unloading and customs clearance at the 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 of the products at the port of disembarkation		•
	3) Internal transportation from the port of disembarkation to the project site	(•)	(•)

6	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		•
7	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 contract		•
8	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid		•
9	To bear all the expenses, other than those to be borne by the Grant Aid, necessary for the transportation and installation of the equipment		•

(B/A: Banking Arrangement, A/P: Authorization to Pay)









(2) M/D: Basic Design Study

MINUTES OF DISCUSSIONS  
ON THE BASIC DESIGN STUDY  
ON THE PROJECT FOR ZANZIBAR URBAN WATER SUPPLY DEVELOPMENT  
IN THE UNITED REPUBLIC OF TANZANIA

Based on the results of the Preparatory Study which was conducted in November 2002, the Government of Japan decided to conduct a Basic Design Study (hereinafter referred to as "the Study") on THE PROJECT FOR ZANZIBAR URBAN WATER SUPPLY DEVELOPMENT (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to the United Republic of Tanzania (hereinafter referred to as "Tanzania") the Basic Design Study Team (hereinafter referred to as "the Team"), which is headed by Yoshio Fukuda, Team Director, Water and Sanitation Team, Project Management Group 1, Grant Aid Management Department, JICA, and is scheduled to stay in the country from October 24 to November 25, 2004.

The Team held discussions with the officials concerned of Tanzania and conducted a field survey at the study area.

In the course of discussions and field survey, both parties confirmed the main items described on the attached sheets. The Team will proceed to further works and prepare the Basic Design Study Report.

Zanzibar, October 28, 2004

福田義夫

Mr. Yoshio Fukuda  
Leader  
Basic Design Study Team  
Japan International Cooperation Agency(JICA)  
Japan

Witness

Mapunjo

Ms. Joyce K. G. Mapunjo  
for Permanent Secretary  
Ministry of Finance  
The United Republic of Tanzania

Mr. Yasser De Costa  
Principal Secretary  
Ministry of Water, Construction, Energy and Lands  
Zanzibar  
The United Republic of Tanzania

Mr. Julian Raphael  
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## ATTACHMENT

### 1. Objective of the Project

The objective of the Project is to improve water supply situations in the urban area in Unguja Island in Zanzibar in order to upgrade living standards of inhabitants, through the rehabilitation and expansion of the water supply facilities.

### 2. Project Site

The Project site is Zanzibar Urban Area in Unguja Island of Zanzibar shown in Annex- I.

### 3. Responsible and Implementing Agency

The Responsible Agency is the Ministry of Water Construction Energy and Lands (MWCEL) in Zanzibar and the Implementing Agency is the Department of Water Development (DWD). In case Zanzibar Water Supply Authority (ZWSA) will be established after the approval of bill by the House of Representatives, then ZWSA will be the implementing Agency.

### 4. Items requested by the Tanzanian side

After discussions with the Team, the items described in Annex-II and III were finally requested by the Tanzanian side. JICA will assess the appropriateness of the request and will recommend to the Government of Japan for approval.

### 5. Japan's Grant Aid Scheme

- 5-1. The Tanzanian side understood the Japan's Grant Aid Scheme explained by the Team and described in Annex-IV.
- 5-2. The Tanzanian side will take the necessary measures as described in Annex-V, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

### 6. Schedule of the Study

- 6-1. The consultants will proceed to further studies in Zanzibar until November 25, 2004.
- 6-2. JICA will prepare the draft report in English and dispatch a mission in order to explain its contents in February 2005.
- 6-3. In case that the contents of the report are accepted in principle by the Tanzanian side, JICA will complete the final report and send it to the Tanzanian government by May 2005.

### 7. Other relevant issues

- 7-1. The Tanzanian side explained reforms in water sector as follows:
  - (1) The House of Representatives of the Zanzibar Government approved "Water Policy on Zanzibar" in February 2004 that ensure to reform existing administration and management of water supply including reintroduction of water tariff collection.
  - (2) The bills for water Acts to support this policy will be submitted to the House of Representatives for approval in January 2005.
  - (3) After its approval, Zanzibar Water Supply Authority will be established. The water tariff collection will commence specifically to areas with water.

The Japanese side explained that these reforms including water tariff collection would be a crucial issue when the Japanese Government decides implementation of the Project, and strongly requested the Tanzanian side not only provide information of the progress timely but also take necessary measures to approve and enforce the related acts in water sector.

- 7-2. The Tanzanian side requested laboratory equipment for water quality control, and workshop equipment including pick-up truck(s) for maintenance of the facilities shown in Annex-III. However the Tanzanian side understood that items included to the Project will be examined their appropriateness and necessity in the Study.
- 7-3. The Tanzanian side strongly requested technical assistance with necessary software and equipment for the billing and tariff system for the Zanzibar Water Supply Authority in order to ensure stable and safe water supply. The Japanese side explained that necessary technical assistance will be examined in the Study and some technical assistance as soft component program will be included in the Project. The Tanzanian side promised that the action plan including setting up tariff system will be prepared in February 2005.
- 7-4. The Tanzanian side explained that KfW, Germany has just started preparation of tender documents of the project for rehabilitation and expansion of sewerage, drainage and solid waste disposal system in the urban area of Zanzibar Municipality.  
The Tanzanian side explained that World Bank has done the appraisal of the Integrated Infrastructure Development program for the Zanzibar Municipality. The program will include town roads and storm water drainage.
- 7-5. Both sides agreed that the Japanese side will bear new construction and replacement of necessary main transmission and distribution pipe line in the Project and the Tanzanian side will bear installation of other distribution pipe line, connection and service pipe line from main distribution pipe line.
- 7-6. Both sides agreed that Zanzibari water quality standard will be applied to assess the water quality of newly developed groundwater wells.
- 7-7. The Japanese side stated that topographic survey, electric resistivity survey and soil investigation which are scheduled in the Study contracting with local contractor should be exempted from VAT. The Tanzania side asked the Japanese side to submit letter for exemption and agreed that the Tanzanian side will take necessary measures for VAT exemption.
- 7-8. The Tanzanian side promised to clear construction site in the Welezo Station before the commencement of the Project.

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The map displays the Kibondo District, which is divided into three regions: TOWN DISTRICT, WESTERN REGION, and EASTERN REGION. A north arrow is located in the top left corner. A scale bar at the bottom left indicates distances from 0 to 4 km.

**Legend:**

- : New Borehole Site
- : Existing Borehole
- : Existing Station
- : Water Supply Pipe Line
- - - : Water Distribution Line

**Key Infrastructure Projects:**

- Sasani Station:** New Underground Reservoir ( $4,000\text{m}^3 \times 1$ ), Rehabilitate Overhead Water Tank ( $450\text{m}^3 \times 2$ ), New Overhead Water Tank ( $450\text{m}^3 \times 2$ ), Re-install Water Pump ( $540\text{m}^3/\text{h} \times 2$ ,  $225\text{m}^3/\text{h} \times 2$ ).
- Weleza Station:** New Underground Reservoir ( $4,000\text{m}^3 \times 1$ ), New Groundwater Tank ( $3,000\text{m}^3 \times 2$ ).
- New Borehole:** Borehole, Pump Set and Control House ( $100\text{m}^3/\text{h} \times 6$ ).
- Water Supply Pipe Line:** L = 15 ~ 20km.
- Water Distribution Line:** L = 35 ~ 40km.

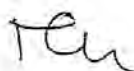
**Other Locations and Features:**

- Kizimbani Site
- Kiangwa North II
- Gorongo Spring Intake
- Mtindi Spring Intake
- Kiangwa Intake
- Kiangwa North I
- Wetona Station
- Mikomoto Intake
- Internal Station
- Makumbi Mine Station
- Kabuni Kilimbo Intake
- Litito Upper Intake (not in use)
- Changa Intake
- Mitundu Tractor Workshop Intake
- Dinanzi Cave Spring Intake

Zanzibar Urban Water Supply Development

## Components of the Project requested by the Government of Zanzibar

Items		Q'ty
1) Saateni Station		
Construction of Underground Reservoir	4,000m <sup>3</sup>	1
Re-Construction of Overhead Water Tank	450m <sup>3</sup>	2
Construction of Overhead Water Tank	450m <sup>3</sup>	2
Re-installation of Centrifugal Water Pump Set	540m <sup>3</sup> /h	2
Re-installation of Centrifugal Water Pump Set	225m <sup>3</sup> /h	2
Construction of Chlorination system		1
2) Welezo Station		
Construction of Underground Water Reservoir	4,000m <sup>3</sup>	1
Construction of Ground Water Tank	3,000m <sup>3</sup>	2
Construction of Chlorination system		1
3) New Borehole		
Borehole drilling, Installation of Pump set and Construction	100m <sup>3</sup> /h	6
Control House and Fencing Work		
4) Water Supply Pipe Line		
New Borehole site to Welezo Station		20km
5) Water Distribution Line		
From Saateni and Welezo Station to Zanzibar Town		35km



Annex-III

Water Laboratory Equipment requested by the Tanzanian side

1. Automatic Absorption Spectrophotometer with reagents for water Analysis
2. pH meter
3. Turbidity meter
4. Distiller-Automatic Water Stills (for distilled water)
5. Titration Catridge with full reagents for Hardness, Calcium, Alkalinity, Carbon dioxide, Chloride
6. Media for Fecal Coliform and for total Coliform
7. Reagent and sample cell for papua Lab-Photo meter

Workshop equipment requested by the Tanzanian side

1. Hack saw machine
2. Presser machine
3. Milling machine
4. Surface grinder machine
5. Block re boring machine
6. Tools for shaping
7. Workshop based mobile crane
8. Taps of dies
9. Forging accessories
10. Reamer
11. Drill bit
12. Tool box
13. Pipe wrenches
14. Welding machines
15. Welding equipment
16. Bench vices
17. Bending machine
18. Hydraulic bending machine for pipes
19. Bench shears
20. Heat treatment equipment
21. Blow lamps
22. Hydraulic hammer
23. Turning lathe
24. Horizontal grinding machine
25. Pick-up truck(s)











## JAPAN'S GRANT AID SCHEME

## 1 Grant Aid Procedures

## (1) Japan's Grant Aid Program is executed through the following procedures.

Application (Request made by a recipient country)

Study (Basic Design Study conducted by JICA)

Appraisal & Approval (Appraisal by the Government of Japan and Approval by Cabinet)

Determination of (The Notes exchanged between the Governments of Japan

Implementation and the recipient country)

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

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

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

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

## 1 Basic Design Study

## (1) Contents of the Study

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



- 1) 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.
- 2) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic point of view.
- 3) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- 4) Preparation of a basic design of the Project.
- 5) 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 Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant 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 consulting firm(s) used for the Study is (are) 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.

3. Japan's Grant Aid Scheme

(1) 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.

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(2) Exchange of Notes (E/N)

Japan's Grant Aid is extended in accordance with the Notes exchanged by the 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 procedures such as exchanging of the Notes, concluding contracts with (a) consulting 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 weather, the period of the Grant Aid can be further extended for a maximum of one fiscal year 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 following:

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



- 4) To ensure all expenses and prompt execution for unloading, customs clearance at port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- 5) 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.
- 6) 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.
- (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 staff necessary 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 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 issued by the Government of the recipient country or its designated authority.

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## Major 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 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 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		*
j.	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 the 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 contract		*
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		*

Remarks B/A: Banking Arrangement, A/P: Authorization to Pay

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(3) M/D: Explanation on Draft Report

MINUTES OF DISCUSSIONS  
ON THE BASIC DESIGN STUDY ON THE PROJECT  
FOR ZANZIBAR URBAN WATER SUPPLY DEVELOPMENT  
IN THE UNITED REPUBLIC OF TANZANIA  
(EXPLANATION ON DRAFT REPORT)

In October 2004, Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched the Basic Design Study Team on THE PROJECT FOR ZANZIBAR URBAN WATER SUPPLY DEVELOPMENT (hereinafter referred to as "the Project") to the United Republic of Tanzania (hereinafter referred to as "Tanzania"), and through discussions, field survey in Tanzania and technical examination of the results in Japan, JICA prepared a draft report of the study.

In order to explain and to consult with Tanzania on the components of the draft report, JICA sent to Tanzania the Draft Report Explanation Team (hereinafter referred to as "the Team"), which is headed by Mr. Toshihiro OBATA, Resident Representative of JICA in Tanzania, from March 8 to March 20, 2005.

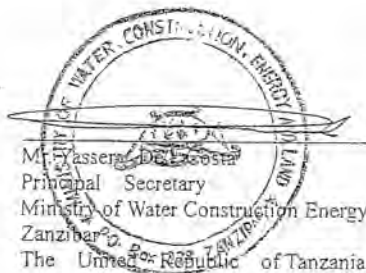
As a result of discussions, both parties have confirmed the main items of the Project as described on the attached sheets.

Zanzibar, March 17, 2005

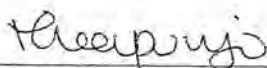


Mr. Toshihiro OBATA  
Leader  
Basic Design Study Team  
Japan International Cooperation Agency (JICA)  
Japan

Witness



Mr. Yasser D. Kassim  
Principal Secretary  
Ministry of Water Construction Energy and Lands  
Zanzibar  
The United Republic of Tanzania



Ms. Joyce K.G. Mapunjo  
for Permanent Secretary  
Ministry of Finance  
The United Republic of Tanzania

For Permanent Secretary  
THE TREASURY



Mr. Idris B. Rashed  
Principal Secretary  
Ministry of Finance and Economic Affairs  
Zanzibar  
The United Republic of Tanzania



## ATTACHMENT

### 1. Components of the Draft Report

The Tanzanian side agreed and accepted in principle the components of the draft report explained by the Team. After discussions with the Team, the Tanzanian side finally confirmed the items and components which will be procured and constructed under the Project as described in **Annex I** when the Government of Japan finally decides to implement the Project.

### 2. Minutes of Discussions (October 28, 2004)

Both sides read and confirmed again all the contents of the previous Minutes of Discussions signed by both parties on October 28, 2004.

### 3. Japan's Grant Aid Scheme

The Tanzanian side has understood Japan's Grant Aid Scheme and the necessary measures to be taken by the Government of Tanzania as explained by the Team and described in **Annex-IV** and **Annex-V** of the Minutes of Discussions signed by both parties on October 28, 2004.

### 4. Schedule of the Study

JICA will complete the final report in accordance with the confirmed items and send it to Tanzania around June 2005.

### 5. Other Relevant Issues

#### (1) Reforms in water sector including water tariff collection

Both sides confirmed that the reforms in water sector including water tariff collection are vital for the sustainability of the Project. The Team stated that the introduction of tariff collection shall be prerequisite for the Government of Japan to implement the Project. Therefore the Team strongly requested the Tanzanian side to take immediate and necessary measures for the approval and enforcement of the Water Act so as to realize the Zanzibar National Water Policy. However, since the Bill for an Act to Provide for Water Management and Development has not gone through the final Government approval stage, the Tanzanian side proposed to allocate sufficient funds from 2005/06 budget and open a special account to deposit the funds on monthly basis during the transition period until the established Zanzibar Water Supply Authority is in full operation. The account will fully and sufficiently serve for operation, maintenance and management aspect of the water supply in the Project area. The Team took note of the proposal and promised to convey the same to the Government of Japan. The Team also requested the Tanzanian side to submit the action plan to the Japanese side in the near future.

#### (2) Obligation and budgetary arrangement of the Tanzanian side

The Tanzanian side agreed to be responsible for the items and make necessary budgetary arrangement to cover the required items as shown in **Annex-II** for the smooth implementation of the Project.



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## The Proposed Components of the Project

Items	Q'ty
<b>1. Construction</b>	
1) Saateni Station	
Renewal of Transmission Pumps 400m <sup>3</sup> /hr	2
Renewal of Transmission Pumps 200m <sup>3</sup> /hr	2
Renewal of Disinfection Facility	1
2) Welezo Station	
Construction of Reservoirs 4,000m <sup>3</sup>	2
Construction of Disinfection Facility	1
3) Dole Station	
Construction of Reservoir 1,200m <sup>3</sup>	1
Construction of Disinfection Facility	1
4) Kinuni Station	
Construction of Reservoir 2,700m <sup>3</sup>	1
Construction of Disinfection Facility	1
5) New Borehole	
Borehole drilling, installation of Pump set and	
Construction of Control House 60m <sup>3</sup> /hr	11
6) Pipelines	
Transmission pipes	Approx.24km
Distribution pipes	Approx.20km
<b>2. Equipment procurement</b>	
1) Pickup trucks	4
<b>3. Soft component programme</b>	
1) Engineering training	
2) Support for organizational strengthening (Management training)	
3) Support for public education program	

**Obligation and Budgetary Arrangement of the Tanzanian Side**

To achieve the objectives of the Project and on the basis of the scope of works covered by the Government of Japan, the costs for the following items shall be undertaken by the Tanzanian side.

- 1) To secure the proposed project sites for reservoirs, new boreholes and transmission/distribution pipelines.
- 2) To construct gates and fences in and around the proposed project sites for reservoirs and new boreholes.
- 3) To provide the electrical distribution line to the proposed new borehole sites.
- 4) Disposal of replaced existing pumps in Saateni Station.

