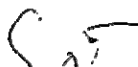


## Major Undertakings to be taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	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		●
2	To ensure prompt unloading and customs clearance at the port of disembarkation in recipient country		
	1) Marine and land 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	(●)	(●)
3	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.		●
4	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		●
5	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid		●
6	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)

**Minutes of Discussions  
on the Basic Design Study  
on the Project for Improvement of the Equipment for Road Construction in Naryn Oblast  
in the Kyrgyz Republic  
(Explanation on the Draft Report)**

In September 2005, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched the Basic Design Study Team on the Project for Improvement of the Equipment for Road Construction in Naryn Oblast (hereinafter referred to as "the Project") to the Kyrgyz Republic, and through discussions, field survey and technical examination of the results in Japan, JICA prepared a Draft Final Report of the study.

In order to explain and to consult with the officials concerned of the Government of the Kyrgyz Republic on the components of the Draft Final Report, JICA sent to the Kyrgyz Republic the Basic Design Explanation Team (hereinafter referred to as "the Team"), headed by Mr. Satoshi Nakano, Resident Representative of the JICA Kyrgyz Republic Office, from March 17 to 27, 2006.

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

Bishkek, March 23, 2006



Mr. Satoshi NAKANO  
Leader  
Basic Design Explanation Team  
Japan International Cooperation Agency



Mr. Azamat Sh. Dikambaev  
Permanent Secretary  
Ministry of Economy and Finance  
Kyrgyz Republic



Mr. Nurlan Ch. Sulaimanov  
Minister  
Ministry of Transport and Communications  
Kyrgyz Republic

## ATTACHMENT

### 1. Contents of the Draft Final Report

The Kyrgyz side agreed and accepted in principle the contents of the Draft Final Report explained by the Team.

### 2. Japan's Grant Aid Scheme

The Kyrgyz side reconfirmed the Japan's Grant Aid scheme and the necessary measures to be taken by the Government of the Kyrgyz Republic explained by the Team as described in Annex-1 of the Minutes of Discussions (M/D) signed by both sides on October 5, 2005.

### 3. Schedule of the Study

JICA will complete the Final Report in accordance with the confirmed items by the end of May 2006 and send it to the Kyrgyz side.

### 4. Other Relevant Issues

(1) Both sides confirmed that internal transportation for the scheduled equipment, from the port of disembarkation to the delivery sites, shall be covered by the Japanese side's Grant Aid.

(2) The Kyrgyz side will ensure the tax exemption including VAT according to the procurement schedule presented by the Team.

(3) The Kyrgyz side shall secure the sufficient budget and personnel so that the Equipment is utilized properly and effectively for the purpose of the Project.

(4) The Kyrgyz side shall undertake necessary preparation work, such as equipping facilities for power feeding, water supply and drainage, securing the parking space, before the delivery of the equipment supplied under the Grant Aid.

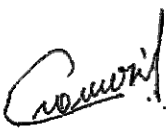
(5) The Kyrgyz side shall provide land for the asphalt plant and the aggregate plant, remove existing structure and level the land.

(6) The Kyrgyz side confirmed that they would implement asphalt repaving work more than 45km over 4 years from the fiscal year 2007 around Kuvaky pass and Sary-Bulak using the equipment supplied under the Grant Aid. And the Kyrgyz side explained that they will avoid duplication of projects for improvement of the above 45km sections by other donors, such as ADB.

(7) Both sides agreed that this draft design handed to the Kyrgyz side from the Team should be confidential in order to secure the fair and competitive tender in case the Project will be implemented.

(End)



H. 



## Appendix 5 : Cost Estimation Borne by the Recipient Country

## Appendix 5 : Cost Estimation Borne by the Recipient Country

In implementing this Project the total cost will be approximately 573.4 million yen, 572 million yen of which is to be borne by the Japanese side and 1.4 million yen of which by the Kyrgyz side. However, the above-mentioned estimated cost borne by the Japanese side is not the limited cost on the Exchange of Notes.

The breakdown of these amounts to be respectively borne by the two sides is estimated as follows based on the calculation parameters indicated below:

### (1) Cost to Be Borne by the Japanese Side

Cost items	Unit: million yen
1. Cost of equipment procurement	539
1) Cost of the equipment	513
• equipment for pot hole patching	50
• equipment for snow removal	55
• equipment for repavement	408
2) Cost of overseeing local procurement, installation work, etc.	24
3) Technical instruction by traders	2
2. Cost of supervision of equipment design	33
1) Cost of implementation design	16
2) Cost of supervision of procurement	10
3) Soft Components	7
Total	572

## Appendix 6 : References/List of Literature Collected

### List of Literature Collected

Title of Investigation: Kyrgyz Republic Naryn State Road Maintenance Equipment Maintenance Plan

No	Name	Type	Original/Copy	Publisher	Year of Issue
1	Kyrgyz Republic Country Strategy and Program Roads Sector	Report	Copy	ADB	September 2005
2	Institutional Support in The Transport Sector Financing of Road Maintenance	Report	Copy (CD)	ADB	February 2005
3	Proposed Loan and Technical Assistance Grant to The Kyrgyz Republic for The Southern Transport Corridor Rehabilitation Project	Report	Copy	ADB	October 2004
4	National Poverty Reduction Strategy 2003 – 2005 First Progress Report	Report	Copy	Kyrgyz Republic	April 2004
5	Development Assistance Framework (UNDAF) of The Kyrgyz Republic 2005 – 2010	Report	Copy	UN	March 2004
6	Proposed Loan and Technical Assistance Grant to The Kyrgyz Republic for The Third Road Rehabilitation Project	Report	Copy	ADB	January 2001
7	Bishkek – Torugart Road Project Preliminary Feasibility Report Volume 1 , Volume 2	Report	Copy	IDB	June 1997