

Ministry of Health and Social Welfare
The United Republic of Tanzania

**BASIC DESIGN STUDY REPORT
ON
THE PROJECT FOR HIV/AIDS CONTROL (PHASE 2)
IN
THE UNITED REPUBLIC OF TANZANIA**

July 2007

JAPAN INTERNATIONAL COOPERATION AGENCY
JAPAN INTERNATIONAL COOPERATION SYSTEM

Ministry of Health and Social Welfare
The United Republic of Tanzania

**BASIC DESIGN STUDY REPORT
ON
THE PROJECT FOR HIV/AIDS CONTROL (PHASE 2)
IN
THE UNITED REPUBLIC OF TANZANIA**

July 2007

JAPAN INTERNATIONAL COOPERATION AGENCY
JAPAN INTERNATIONAL COOPERATION SYSTEM

Preface

In response to a request from the Government of the United Republic of Tanzania, the Government of Japan decided to conduct the Basic Design Study on the Project for HIV/AIDS Control (Phase 2) in the United Republic of Tanzania and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to the United Republic of Tanzania a study team from June February 25 to March 17, 2007.

The team held discussions with the officials concerned of the Government of the United Republic of Tanzania, and conducted a field study at the study area. After the team returned to Japan, further studies were made and the present report has been finalized.

I hope that this report will contribute to the promotion of the Project and to the enhancement of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of the United Republic of Tanzania for their close cooperation extended to the team.

July 2007

KUROKI Masafumi
Vice-President
Japan International Cooperation Agency

Location Map



Table of Contents

Preface

Location Map

Abbreviations

CHAPTER1	BACKGROUND OF THE PROJECT.....	1
1-1	BASIC CONCEPT OF THE PROJECT	1
1-2	NATURAL ENVIRONMENT	1
CHAPTER2	CONTENTS OF THE PROJECT	2
2-1	BASIC CONCEPT OF THE PROJECT	2
2-2	BASIC DESIGN OF THE REQUESTED JAPANESE ASSISTANCE	2
2-2-1	Design Policy	2
2-2-2	Basic Plan	6
2-2-3	Basic Design Drawing	7
2-2-4	Implementation Plan	7
2-3	OBLIGATIONS OF RECIPIENT COUNTRY	10
2-4	PROJECT OPERATION PLAN	10
2-5	PROJECT COST ESTIMATION.....	11
2-5-1	Initial Cost Estimation	11
2-5-2	Operation and Maintenance Cost.....	12
2-6	OTHER RELEVANT ISSUES.....	12
CHAPTER3	PROJECT EVALUATION AND RECOMMENDATIONS	13
3-1	PROJECT EFFECT.....	13
3-2	RECOMMENDATIONS.....	13
3-2-1	Challenges to be overcome by the Tanzanian side / Recommendations	13
3-2-2	Technical Cooperation / Partnership with Other Donors.....	13

[Appendices]

1. Member List of the Study Team
2. Study Schedule
3. List of Parties Concerned in the Recipient Country
4. Minutes of Discussions

List of Tables and Figures

Table 2-1 Number of patients by STI syndrome(2005)

Table 2-2 Procurement quantity of STI drugs

Table 2-3 Procurement plan of equipments

Table 2-4 Scope of work

Table 2-5 Procurement sources of equipment and materials

Table 2-6 Implementing schedule chart

Abbreviations

AIDS	Acquired Immuno-Deficiency Syndrome
AMREF	African Medical and Research Foundation
ANC	Antenatal Care
ART	Antiretroviral Treatment
BHN	Basic Human Needs
CDC	Center for Disease Control and Prevention
CTC	Care and Treatment Centre
DMO	District Medical Officer
HIV	Human Immunodeficiency Virus
ILS	Integrated Logistics System
JSI	John Snow Incorporated
MOHSW	Ministry of Health and Social Welfare
MSD	Medical Stores Department
NACP	National AIDS Control Programme
NGO	Non Governmental Organization
STIs	Sexually Transmitted Infections
SCMS	Supply Chain Management System
TACAIDS	Tanzania Commission for AIDS
UNAIDS	Joint United Nations Programme on AIDS
USAID	United States Agency for International Development
VCT	Voluntary Counseling and Testing

Chapter1 Background of the project

1-1 Basic Concept of the Project

In Tanzania, the number of HIV-infected people was estimated to be approximately 1.6 million at the end of 2003, and the annual HIV/AIDS-related death is estimated to be over 160 thousand, causing serious adverse effect on the socio-economic situation of the country. In order to improve this situation, the Government of Tanzania formulated the National Multi-Sectoral Strategic Framework On HIV/AIDS (NMSF) 2003~2007 to encourage the national efforts towards the strengthening of the multi-sectoral infection prevention measures, and established the Tanzania Commission for AIDS (TACAIDS) under the Prime Minister's office. Based on this framework, the Ministry of Health and Social Welfare (MOHSW) has formulated the Health Sector HIV/AIDS Strategy for Tanzania (HSS) 2003~2006, and is intensifying the HIV/AIDS control measures in the health sector, including blood safety, counseling for HIV-infected patients, and treatment of sexually transmitted infections (STIs).

However, in view of the fact that the Government of Tanzania continues to struggle in the procurement of equipment necessary to promote the HIV/AIDS control activities after 2006, and that it is in difficulty securing the necessary budget due to insufficient support from other donors, the Government of Tanzania has put forward a request for the Japanese Grant Aid for the procurement of HIV-related equipment and materials needed during the three-year period of 2006 to 2008, including HIV test kits, syphilis test kits, and STI drugs. In response, the Project for HIV/AIDS Control was implemented by the Government of Japan for two years starting from 2005 (the project for 2006 is currently under implementation), and this project will be the following third year.

This cooperation is a part of the Japan-US partnership for infectious disease control, based on the project formulation survey conducted in 2001 under the Japan-US Common Agenda (HIV/AIDS, infectious diseases, population, and health). A synergistic and complementary assistance is provided by the two countries, with USAID supporting the logistics improvement in this field, and the equipment and materials for HIV/AIDS control procured by Japan.

1-2 Natural Environment

The total land area of Tanzania, the continent side and Zanzibar combined, is 945 thousand km², which is approximately 2.5 times as wide as Japan. It is located in the sub-Saharan region of East Africa along the coast line of the Indian Ocean, and shares the border with Kenya and Uganda in the north, Rwanda, Burundi and Congo in the west, and Zambia, Malawi and Mozambique in the south. The climate of the lowland in the coastal region is tropical with high temperature and heavy rainfall, being the rainy season from March to May and the dry season from July to October. The central plateau has a savannah climate with low precipitation, and the inland mountainous region has a torrid highland climate with small annual range of

temperature and a moderate amount of rainfall. The annual mean temperature in the capital city of Dar Es Salam is 25.8°C, and the annual mean precipitation is 1,137mm.

Chapter2 Contents of the Project

2-1 Basic Concept of the Project

The objective of the project is to contribute to the strengthening of HIV/AIDS prevention/control activities implemented in accordance with the current HSS 2003-2006 as well as the succeeding strategy, through the procurement of equipment and materials that are essential in the HIV/AIDS and STIs control in Tanzania. Furthermore, the project also aims to halt the spread of HIV infection by reducing the risk of HIV infection through the provision of drugs for STI treatment.

In order to achieve these objectives, this project will provide the fund for procurement of HIV test kits, laboratory equipment, STI drugs and others. The project is a continuation of previous aid projects implemented by the Government of Japan: The Project for Infectious Diseases Control (divided into 2 phases), the Project for the Infectious Diseases Control Phase II, a three-year grant aid project which started in the fiscal year 2002 and the Project for HIV/AIDS Control, a two-year grant aid project which started in the fiscal year 2005.

2-2 Basic Design of the Requested Japanese Assistance

2-2-1 Design Policy

2-2-1-1 Basic Policy

(1) Target Area and Facilities

The project will cover the mainland of Tanzania, and the target will be all hospitals, health centers, dispensaries and other medical facilities that have Voluntary Counseling and Testing (VCT) centers, laboratories, STI clinics, and antenatal care (ANC) clinics.

(2) Items and Quantities to Procure

The design policy of this project was determined based on the new HIV rapid diagnostic algorithm announced by the MOHSW in November 2006, as well as the STI treatment manual.

The request of the Government of Tanzania is the procurement of ①equipment for HIV rapid diagnostic, ②equipment for STI treatment, and ③blood screening equipment for safe blood transfusion which is all directly or indirectly related to the prevention of HIV infection. ① has thus far been the major pillar of the Japanese assistance, and support for ② has always been provided as the pathological vulnerability of STI patients to HIV infection is clear and STI treatment is known to contribute greatly, although indirectly, to the prevention of HIV infection.

As for ③, in addition to the reagents for ELISA for HIV screening, reagents for Hepatitis B and Hepatitis C screening have been requested as the result of this study. These reagents will indeed broaden the range of

blood screening and will be beneficial in ensuring safe blood transfusion. However, it will be beyond the scope of Japanese assistance that has always placed the focus on prevention of HIV infection.

Therefore, this project will exclude the procurement of ③ blood screening equipment for safe blood transfusion, but will include ① equipment for HIV rapid diagnostic and ② equipment for STI treatment. Moreover, supplies, such as gloves and lab coats, which can be purchased in Tanzania at low price and without particular difficulty, shall be purchased by the efforts of Tanzanian side and will be excluded from the items to be procured under this project.

a) HIV Test Kit

As the above-mentioned new algorithm specifies the HIV test kits to be used, namely SD Bio-line for the first test and Determine for the second test, the project plans to procure the kits by nominating these two brands.

The quantity of HIV test kits to be procured has been determined based on the number of kits necessary to provide HIV tests to the clients of VCT centers. The total number of VCT centers was estimated to be 1,142, based on the assumption that the MOHSW's target number of VCT centers to be established in each province (minimum 6 centers per province) will be achieved by the end of 2007.

The total procurement amount for the first test was calculated based on the estimated number of samples per year (750,294 subjects = number of tests), plus 7% for quality control purposes (52,521 tests) included in the estimation presented to MOHSW by JSI¹, and an additional three-month buffer stock (187,574 tests) to ensure a continuous test implementation by avoiding troubles such as losses during transport and stock-out. Finally, the total quantity to be procured (33,013 kits) was determined by adjusting the sum to the unit package size (30 tests per kit).

The second test is conducted only on individuals with positive result in the first test. Therefore, the procurement amount was determined by taking 215,634 tests, calculated based on the estimated number of subjects per year (750,294 subjects = number of tests) multiplied by HIV infection rate among the clients of VCT (weighted average of four-year period between 2002-2005: 28.74%), and adding the above-mentioned amount for quality control purposes (7% = 15,094 tests), plus the buffer stock (3 months = 53,909 tests). The final quantity to be procured (2,846 kits) was decided by adjusting the sum to the unit package size (100 tests per kit).

Meanwhile, the VCT centers under the management of African Medical and Research Foundation or AMREF (NGO) were not included in the calculation for this project, as those facilities are procuring their HIV test kits independently from the MOHSW.

¹ NGO in the U.S. which is conducting a technical corporation project called "DELIVER" by USAID as a part of the Japan-US Common Agenda

b) Syphilis Test Kit

The test kit to be procured is Rapid Plasma Reagin (RPR²), a syphilis diagnostic test kit widely used in Tanzania for quick detection of syphilis. The procurement quantity was derived from projecting the annual number of people taking the test (1,229,900 people = number of tests) based on both the reported number (36,897 cases) and the rate (3.0%) of positive results in 2005. 15% for quality control purposes (184,485 tests) was added to this projection, and the total procurement quantity (14,144 tests) was determined by adjusting the sum to the unit package size (100 tests per kit).

c) Testing Equipment

Vacutainers (vacuum blood collecting tubes), vacuum blood collecting needles and holders for vacuum blood collecting system will be procured as blood collection devices. As vacutainers are used both for the first HIV testing and the RPR syphilis testing, the total procurement quantity (24,048 packages) was calculated taking account of the number of HIV first tests (990,390) and the number of RPR syphilis tests (1,414,400), and adjusting the sum (2,404,790) to the unit package size (100 tubes/ package).

As vacuum blood collecting needles are used by attaching them to vacutainers, the same quantity of needles and vacutainers will be needed, hence the total procurement quantity (24,048 packages) was determined in view of the unit package size (100 needles/ package).

In terms of the holders for vacuum blood collecting system, disposable types are commonly used in recent years. Therefore, equal quantities of disposable type holders and vacutainers will be procured by the project. Adjusted to the unit package size (1,000 holders/package), 2,405 packages will be procured.

d) Equipment for Prevention of Secondary Transmission

For the prevention of secondary transmission, safety boxes will be procured for the disposal of sharps and other hazardous materials. The necessary quantity (44,892 boxes) was calculated based on the number of service sites (VCT: 1,142, ANC: 3,314, STI: 3,026, Total 7,482 sites) and the allocated quantity of 6 packages per site. The final procurement quantity will be determined after adjusting to the unit package size (25 boxes per pack).

e) STI drugs

These drugs will be procured for the treatment of STIs, including syphilis, genital ulcer disease (GUD), vaginal discharge syndrome (VDS), urethral discharge syndrome (UDS), and pelvic inflammatory disease (PID). The drugs will be of equal standard to those procured in the past 5 years Japanese grant aid projects.

The procurement quantities were calculated by employing the appropriate calculation formula (table 2-2) according to the standard dosage by syndrome that is specified in the STI treatment guideline of National

² Rapid Plasma Reagin: Syphilis nontreponemal antigen reaction. A testing method which utilizes the agglutination reaction of carbon particles that occurs when lipid antigens, such as cardiolipin and lecithin, are bound to carbon particles and mixed with blood serum (or blood plasma) of a syphilis patient.

AIDS Control Programme (NACP). The number of patients (Table 2-1) was also taken into consideration.

Table 2-1 Number of patients by STI syndrome (2005)

Type STI Syndrome	Patients
GUD (Genital Ulcer Disease = P)	69,074
UDS (Urethral discharge Syndrome =Q)	57,009
VDS (Vaginal Discharge Syndrome =R)	86,607
PID (Pelvic Inflammatory Disease =S)	76,039
Syphilis	36,897

The procurement quantities, indicated in Table 2-2, have been adjusted to the unit package size of each drug.

Table 2-2 Procurement quantity of STI drugs

Name of Medicine	Strength	Calculation Formula	Required Quantity	Required Quantity + Buffer	Procuring Quantity
Benzathine Benzylpenicillin	2.4MU	$P + (\text{Syphilis} \times 1)$	105,971	132,464	132,500
Erythromycine	250mg	$21(0.1P+0.1R)*2$	653,860	817,325	818,000
Ciprofloxacin	500mg	$Q+R+S$	219,655	274,569	275,000
Doxycycline	100mg	$14Q+7R+28S$	3,533,467	4,416,834	4,417,000
Ceftriaxone	100mg	$0.1Q+0.1R+0.1S$	21,966	27,458	27,500
Metronidazole	100mg	$(0.5Q+0.5R+12S)*2$	1,968,552	2,460,690	2,461,000
Clotrimazole	100mg	$4R$	346,428	433,035	72,173
Spectinomycine	2mg	$0.01Q$	570	713	750
Erythromycine Dry Powder for Syrup	125mg /5ml	$0.1R$	8,661	10,826	10,850

2-2-1-2 Policy Concerning Natural Conditions

There are no particular natural conditions that must be taken into consideration for the basic design of equipment procurement in this project.

2-2-1-3 Policy Concerning the Operation and Management Abilities of Implementing Organization

All the equipments to be procured in this project have been procured over a number of years in the past by the implementing organization. Therefore, special considerations in terms of operation and management abilities will not be necessary.

2-2-1-4 Policy concerning Procurement method and Implementation Period

As it is the prerequisite condition to procure the two types of HIV test kits that are specified as HIV testing algorithm by the implementing organization, the kits will be procured by designating those particular brands. Moreover, since the two types of test kits have relatively short shelf lives of approximately 18 months and 9 months, care will be needed to ensure as long a shelf life as possible. Therefore, the test kits will be delivered

in three partial deliveries. The shelf life of RPR syphilis test kit is also short, approximately 18 months; therefore, the total quantity will be divided into two partial deliveries from the same reason as for HIV test kits.

2-2-2 Basic Plan

Based on the above design policy, the procurement plan of equipments was finalized as indicated in Table 2-3.

Table 2-3 Procurement plan of equipments

No.	Item	Content (Specification, Size, etc)・Use	Unit	Unit Price (yen)	Quantity	Amount
1	SD Bio-line HIV 1/2 3.0	1kit consists of 30 tests (= for 30 people), with capillary tube HIV test kit for the first test at VCT	kit	4,827	33,013	159,346,818
2	Determine HIV-1/2	1kit consists of 100 tests (= for 100 people), with capillary tube HIV test kit for the second test at VCT	kit	8,939	2,846	25,438,971
3	Syphilis RPR test kit	RPR Rapid Diagnosis for Syphilis, 1kit consists of 100 tests (= for 100 people), Syphilis RPR test kit for pregnant women and patients of STIs	kit	596	14,144	8,428,410
4	Vacuum Blood Collecting Tube 4-5 ml	Polypropylene tube, without additive, sterilized For blood collection	pack	16,220	2,405	39,006,813
5	Vacuum Blood Collecting Needle	21G, 38mm, Used with Vacuum Blood Collecting Tube	pack	14,302	2,405	34,392,488
6	Holder for Vacuum Blood Collecting System	Polypropylene, disposable, Used with No.4, 5, For blood collection	pcs	3,938	2,405	9,470,186
7	Safety Box	5 litre, meeto to WHO/UNICE standard E10/IC.1 or IC.2 For prevention of secondary transmission	box	1,937	1,796	3,478,268
8	Disposable Syringe with Needle 10 ml	21G/38mm, attached needle, sterilized, Individual package Used for injection	pcs	442	3,215	1,421,537
9	Benzathine Benzylpenicillin injection	Powder for injection, 2.4MU per vial For treatment of Syphilis and genital ulcer diseases	vial	2,264	1,325	3,000,357
10	Erythromycin Stearate Tablet	250 mg tablet, 1,000t ablets per bottle For treatment of genital ulcer diseases and vaginal discharge syndrome	tablet	2,822	818	2,308,245
11	Clotrimazole Pessary or vaginal tablets	vaginal tablet, 100 mg tablet, 6 tablets per case For treatment of vaginal discharge syndrome	box	974	7,217	7,030,414
12	Ciprofloxacin Tablet	500 mg per tablet, 1,000 tablets per bottle For treatment of genital ulcer diseases, vaginal discharge syndrome and pelvic inflammatory disease	tablet	3,170	275	871,670
13	Doxycycline Capsule or Tablet	100 mg tablet, 1,000 tablets per bottle For treatment of genital ulcer diseases, vaginal discharge syndrome and pelvic inflammatory disease	tablet	10,726	442	4,737,763
14	Metronidazole Tablet	200 mg tablet, 1,000 tablets per bottle For treatment of genital ulcer diseases, vaginal discharge syndrome and pelvic inflammatory disease	tablet	417.1	2,461	1,026,557
15	Ceftriaxone injection	Ceftriaxonedisodium salt 250 mg per vial For treatment of genital ulcer diseases, vaginal discharge syndrome and pelvic inflammatory disease	vial	2,026	275	557,167
16	Tetracycline Eye Ointment	Tetracycline 1 % ointmentcream, 5 per tube For treatment of neonatal conjunctivitis	tube	4,818	933	4,495,156
17	Erythromycin powder for oral suspension	Erythromycin 25 mg in 1 g (1 ml), Powder for oral suspension, dissolved in water For treatment of neonatal conjunctivitis	bottle	6,614	217	1,435,344
18	Spectinomycin injection	2 g per vial For treatment of urethral discharge syndrome	vial	14,302	15	214,524
19	Water for injection 10 ml	10 ml plastic container, 50 ampoules per pack Used for dissolution of injection powder	pcs	605	3,215	1,943,674

2-2-3 Basic Design Drawing

The Project involves no items requiring installation work.

2-2-4 Implementation Plan

2-2-4-1 Implementation Policy

The equipment and materials for this project will be procured from Japan or third countries. A consultant will entrust an independent inspection agency to conduct pre-shipment inspections on all procured goods, including ① collation of the equipment list against the shipping documents, ② confirmation of the equipments (quantity) against the specification sheets, and ③ checking of the packing condition. The procured equipment and materials will be delivered to the Medical Stores Department (MSD).

2-2-4-2 Implementation Conditions

With regard to HIV test kits and other items with relatively short shelf life, the Tanzanian side is requested to expedite custom clearance and distribution procedures after their arrival in Tanzania. Equipment and materials which require temperature control by refrigeration, such as syphilis test kits, must be transported swiftly in appropriate packaging and pre-delivery inspections must be conducted without delay, so as not to affect their quality.

2-2-4-3 Scope of Works

The scope of work for the Japanese side will be until delivery at MSD in the city of Dar Es Salaam. The distribution of the equipment and materials from the place of handover to the final destination will be under the responsibility of Tanzanian side. There will be no installation works involved in this project.

Table 2-4 Scope of work

Country	Work
Japan	Procurement of equipment and materials Transportation of goods to the place of handover (Central MSD in Dar Es Salaam)
Tanzania	Transportation of goods from the place of handover (Central MSD in Dar Es Salaam) to the target facilities

2-2-4-4 Consultant Supervision

As part of the supervision for procurement process, a procurement supervisor will be dispatched to carry out inspections and handover of the goods, at the first time of delivery of HIV test kits which will be four times annually. At the time of delivery of STI drugs, an inspector will be dispatched for an inspection and handover of goods.

Contractor(s) for equipment procurement will be responsible for the following inspections, as part of the management for equipment procurement.

In this project, HIV test kits and RPR test kits will be delivered in three deliveries and two deliveries respectively; therefore, a total of four inspections will be carried out per year including the inspection for STI drug delivery. For certain equipments, such as the HIV test kits which make up the core of this project, it will be necessary to confirm that there is no deterioration at least at the time of ex-works. Therefore, the first

product (ex-works) inspection will be conducted at the time of shipment. Product (ex-works) inspection is also carried out for the delivery of pharmaceutical products.

Additionally, pre-shipment inspection by the independent inspection agency shall be conducted in the presence of the contractor(s) for equipment procurement.

With regard to pre-delivery inspections at the time of delivery (four times), they will be conducted by the relevant contractor(s) for equipment procurement.

2-2-4-5 Procurement Plan

The prospective procurement sources of the equipment and materials are shown in the Table 2-5.

Table 2-5 Procurement sources of equipment and materials

Item	Source (country of origin)			Remark
	Tanzania	Japan	3rd country	
1 SD Bio-line HIV 1/2 3.0			○	Korea
2 Determine HIV-1/2		○		-
3 Syphilis RPR test kit			○	UK
4 Vacuum blood collecting tube 5ml			○	UK
5 Vacuum blood collecting needle			○	UK
6 Holder for Vacuum Blood Collecting System			○	USA
7 Safety Box			○	Finland
8 Disposable Syringe with Needle 10 ml			○	Spain
9 Benzathine Benzylpenicillin injection			○	India
10 Erythromycin Stearate Tablet			○	India
11 Clotrimazole Vaginal tablets			○	Italy
12 Ciprofloxacin Tablet			○	India
13 Doxycycline Capsule or Tablet			○	India
14 Metronidazole Tablet			○	India
15 Ceftriaxone injection			○	India
16 Tetracycline Eye Ointment			○	Italy
17 Erythromycin Dry Powder for Syrup			○	Italy
18 Spectinomycin injection			○	Italy
19 Water for injection 10 ml			○	Greece
Percentage (%)	0.00%	8.24%	91.76%	

N.B. Name of country is indicated as origin basis.

2-2-4-6 Implementation Schedule

(1) Lead time of the equipment to be procured

The equipment and materials procured by the project have the delivery schedule of 4 weeks up to 17 weeks maximum. The delivery schedule is between 8 to 9 weeks for SD Bio-line, 4 to 6 weeks for Determine, and 12 to 17 weeks for RPR syphilis test kits. Therefore, the project has been designed with the estimated delivery schedule of 17 weeks.

(2) Transportation and the Time of Arrival

HIV test kits and syphilis test kits will be transported by air, and the total period of transportation, including the procedures such as the loading to aircraft, custom clearance and discharge, is estimated to take about two

weeks. The arrival of HIV test kits will be scheduled three times a year, in May, September and January of the following year. For syphilis test kits, the arrival will be scheduled twice a year, in May and in January of the following year. Testing equipment and equipment for the prevention of secondary transmission will be transported by sea freight, which will take approximately four weeks from the third countries to Dar Es Salam, and the whole procedure including loading, custom clearance and discharge will take approximately six weeks. These equipments are necessary for the use of HIV test kits and RPR syphilis test kits; therefore, they will be scheduled to arrive at the same time as the first delivery of the test kits.

(3) Various Procedures

For this project, procedures such as custom clearance are included in the transportation schedule described in (2).

(4) Installation Work and Construction Schedule

This project involves no installation works.

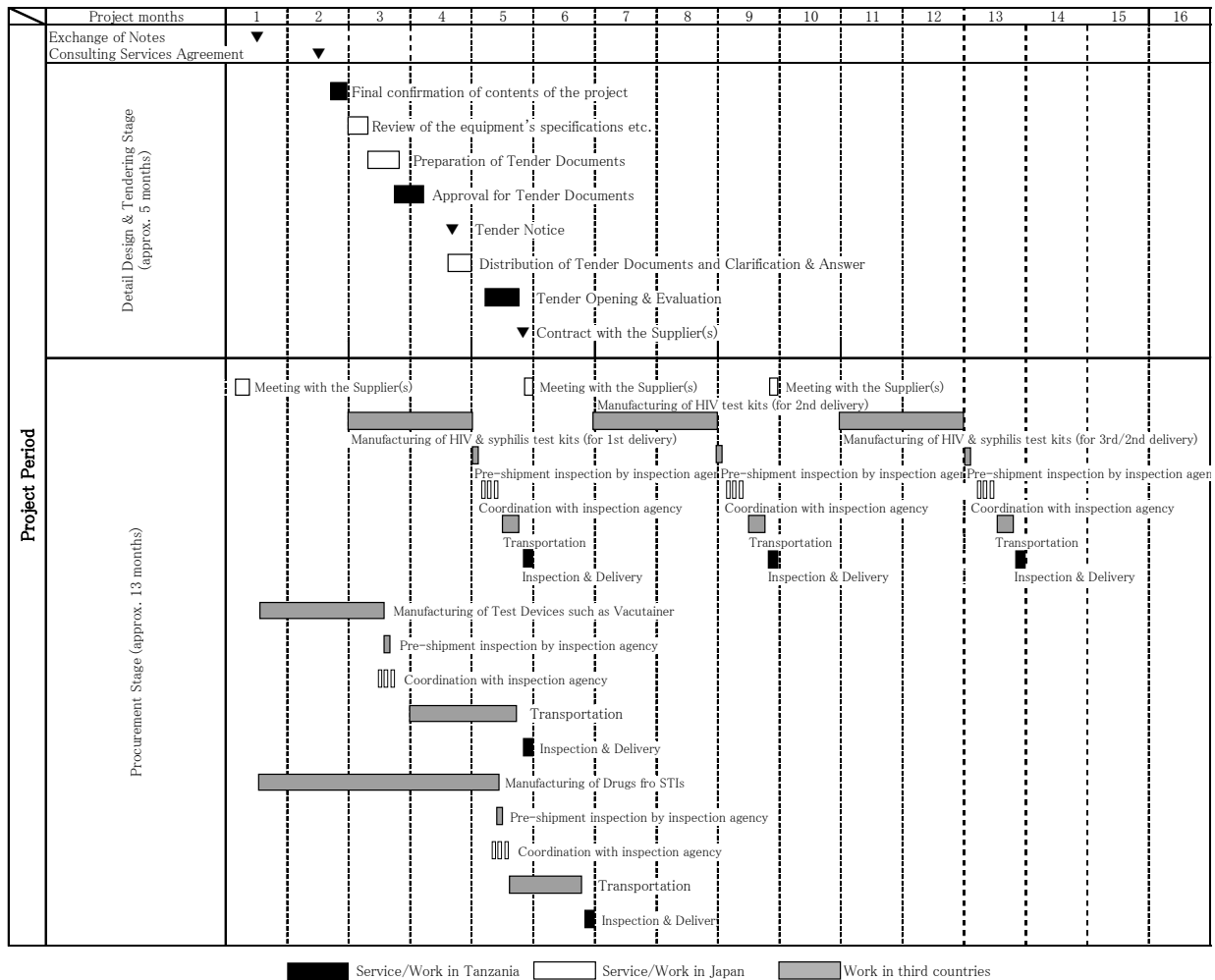
(5) Examination / Inspection Period

Three staged inspections are envisaged in this project, which are the product (ex-works) inspection, the pre-shipment inspections of equipments and the pre-delivery inspection. 6 days are planned for the product inspection, 13 days for the pre-shipment inspection, and 26 days for the pre-delivery inspection.

(6) Others

Due to the fact that the HIV test kits are procured three times a year, and the syphilis test kits are procured twice a year, the implementation of the project will take approximately 18 months overall, from the signing of E/N to the completion of the project.

Table 2-6 Implementing schedule chart



■ Service/Work in Tanzania □ Service/Work in Japan ■ Work in third countries

2-3 Obligations of Recipient Country

Responsibilities of the Government of Tanzania in implementing this project consist of the following:

- ① Delivery of procured equipment and materials from MSD to the final delivery sites in Tanzania
- ② Storage of materials, such as syphilis test kits, which need to be kept under refrigeration
- ③ Advising and payment commission for Authorization to Pay (A/P) according to the Banking Agreement (B/A).

2-4 Project Operation Plan

The MSD is commissioned by the Ministry of Health and Social Welfare to store the equipment and materials for HIV/AIDS control and to deliver them from Zonal MSD warehouses to each medical facility. With the addition of a new storehouse constructed in Dar Es Salaam in 2004, MSD is now capable of storing larger quantities of goods. It also has cold rooms with sufficient capacities, and can store items such as syphilis test kits that require storage under refrigeration.

Under the USAID-supported technical cooperation project “DELIVER” and the integrated logistics

system (ILS) implemented by the Supply Chain Management System (SCMS) project that focuses on the logistics of HIV/AIDS control, it is hoped that each medical facility will be able to order the necessary quantities of the equipment and materials for HIV/AIDS control to the District Medical Officers (DMO) and receive them directly from the DMOs or MSD (or via the Zonal MSDs), allowing a more efficient supply chain management. As a result, each medical facility will be able to maintain supplies in more appropriate quantities. Furthermore, the HIV test kits and other items procured by the project will be used properly at their final delivery sites, such as hospitals, health centers and VCT centers, as they are staffed with personnel who have been trained on the use of these equipments for HIV/AIDS control.

2-5 Project Cost Estimation

2-5-1 Initial Cost Estimation

The cost for implementing this project is estimated at approximately 353 million yen, and according to the previously defined scope of work for Japan and Tanzania and the parameters of estimation described in section (3) below, the costs to be borne by each country will be as follows. However, this cost estimation is provisional and would be further examined by the Government of Japan for the approval of the Grant.

(1) Estimated Cost to be borne by Japan

Estimated Project Cost: 352.6 million yen

Item	Cost (in million yen)
Equipment	336.0
Working design/ procurement supervision/ technical support	16.6
Total	352.6

(2) Estimated Cost to be borne by Tanzania

Transportation cost of equipment and materials for HIV/AIDS control to each medical facility (NACP will bear the cost, according to the invoices issued by MSD. Refer to Table 2-7)

(3) Parameters of Estimation

- 1) Time of estimation March 2007
- 2) Exchange rate 1 USD = 119.59 yen, 1 EUR = 154.62 yen
- 3) Work period As per Implementation Schedule
- 4) Other This Project will be implemented in accordance with the framework of the Grant Aid of the Government of Japan.

2-5-2 Operation and Maintenance Cost

The costs to be borne by the Government of Tanzania for the implementation of this project are summarized in Table 2-7. Under the framework of the project, the Japanese side will bear the cost of delivering the procured equipment and materials to the central MSD. After the handover, the goods will be stored in the MSD and distributed to each province according to the order placement. The cost of storage and distribution will be borne by the Tanzanian side and will be paid out of the budget of the NACP of the MOHSW. The amount of this cost is estimated at approximately 3.3 million Tanzanian Shilling (Tsh), 1% of the annual budget of the NACP, which is 24 billion Tsh. The project will not incur additional maintenance cost, since the equipment and materials to be procured are consumables, namely laboratory equipments such as HIV test kits, syphilis test kits, vacutainers, as well as STI drugs. The Government of Tanzania has been bearing similar costs for over five years; therefore, no hindrances are anticipated for this project.

Table 2-7 Costs to be borne by the Government of Tanzania

Unit:1,000 Tanzanian Shilling (Tsh)

Content	Cost (Tsh)	Remarks (Responsible department)
Storage of procured goods at MSD, and distribution to the provinces	324,480	NACP (National AIDS Control Programme)
Issuance fee (payment commission) according to B/A	3,500	ditto
Total	327,980	

2-6 Other Relevant Issues

In line with the previous projects, it is projected as well that HIV test kits with relatively short shelf life will be delivered into three times utilizing the implementation period to the maximum, thus ensuring the handover of the kits having as long a shelf life as possible. Since HIV test kits are used together with vacutainers and other testing equipments, these equipments are planned to be delivered at the same time as the HIV test kits. In view of this, the project must be implemented under careful coordination by the consultants and the contractor(s) for equipment procurement to avoid inconveniences in the procurement schedule.

Moreover, the project implementation period can be maximized by carefully watching the timing of the signing of Exchange of Notes, and it will be necessary to conclude the Agreement of Consulting Service at an early stage, in order to allow an early initiation of the project.

Chapter3 Project Evaluation and Recommendations

3-1 Project Effect

3-3-1 Direct Effect

- HIV rapid test will be conducted on an estimation of 750 thousand people annually, and appropriate counseling services will be provided according to the test result (either HIV positive or negative).
- Patients with various STIs, estimated incidence to be between 40,000 to 90,000 cases per year, will be treated in STI clinics at hospitals and health centers.

3-3-2 Indirect Effect

- Patients with positive results will be referred to Care and Treatment Centers (CTC) where they will have the opportunity to receive antiretroviral treatment (ART).
- Provision of correct knowledge on HIV/AIDS through VCT services, to all clients including those with negative results, will prevent the spread of HIV infection and contribute to the reduction of HIV prevalence.
- By providing HIV test kits needed at VCT centers, the project will contribute to the Tanzanian strategy to reinforce VCT services for the prevention of HIV infection.
- Risk of HIV infection will be reduced by treating STIs, and hence contributing to the reduction of HIV prevalence.

3-2 Recommendations

3-2-1 Challenges to be overcome by the Tanzanian side / Recommendations

Although it is specified by the MOHSW to implement projects according to the new algorithm, it has been observed in previous projects or even during this field study, that the application of the algorithm is inappropriate in some health centers. This project plans to procure specifically calculated quantities of kits for the first test (SD Bio-line) and the second test (Determine). If the algorithm is not strictly applied, it may lead to an unbalanced supply of HIV test kit and the project may not be able to cover the planned target population. Therefore, the MOHSW must ensure that the new algorithm will strictly be observed by all health facilities conducting HIV tests.

3-2-2 Technical Cooperation / Partnership with Other Donors

The logistics support project funded by USAID and implemented by JSI, aims to improve the general logistic system for the healthcare-related activities of the MOHSW. The efficient use of inputs, including equipment and materials that are necessary for VCT services and other healthcare activities, would have major significance financially, especially in Tanzania where the demand for VCT services is expected to increase in the future. Therefore, collaboration and partnership with USAID will be important continuously.

[Appendices]

1. Member List of the Study Team
2. Study Schedule
3. List of Parties Concerned in the Recipient Country
4. Minutes of Discussions

1. Member List of the Study Team

No.	Name	Assignment	Organization	Duration in Tanzania
1	Mr. Koji MAKINO	Leader	Deputy Resident Representative, JICA Tanzania Office	February 27 ~ March 16
2	Mr. Toshio SUGAWARA	HIV/AIDS Control/ Evaluation	Program Manager, Project Management Department, Japan International Cooperation System	February 27 ~ March 16
3	Ms. Naoko NODA	Equipment/ Procurement Planning	Project Officer, Project Management Department, Japan International Cooperation System	ditto

2. Study Schedule

	Date		JICA official	Consultant		
			Koji MAKINO Leader	Toshio SUGAWARA HIV/AIDS Control & Evaluation	Naoko NODA Equipment & Procurement Planning	
1	2/25	Sun		Tokyo 20:40 (JL1319) →Osaka 22:00/ 23:15 (JL5099)→		
2	2/26	Mon		Dubai 06:05/ 10:00(EK 725)→Dar Es Salaam 14:35		
3	2/27	Tue	Meeting with JICA Tanzania Office Courtesy call & Meeting with Ministry of Health and Social Welfare (MOHSW) Attend to“Logistic Subcommittee Meeting”at NACP Library Meeting with JICA Tanzania Office Courtesy call & Meeting with Embassy of Japan			
4	2/28	Wed		Meeting with MOHSW Meeting with MSD, Discussion with NACP		
5	3/1	Thu		Meeting with CHAI, attend to JSI seminar (DELIVER・SCMS) Meeting with JSI		
6	3/2	Fri		Meeting with MOHSW(Diagnostic Service), NACP and Procurement Unit Meeting with the Project Manager of NACP		
7	3/3	Sat		Internal Meeting		
8	3/4	Sun		ditto		
9	3/5	Mon		Meeting with USAID, TFDA, MSD and Procurement Unit of MOHSW		
10	3/6	Tue		Site Survey in Dar Es Salaam (IDC, NBTC, PASADA VCT center)		
11	3/7	Wed		Site Survey in Coast Region (Tumbi Hospital, Kongowe Dispensary)		
12	3/8	Thu		Site Survey in Morogoro Region Morogoro Regional Hospital), Ngerengere Health Center		
13	3/9	Fri		Mwananyamala Hospital, ANGAZA (AMREF) VCT Meeting with CDC and Diagnostic Service of MOHW (Request for answers to questionnaire)		
14	3/10	Sat		Internal meeting, Preparing report		
15	3/11	Sun		ditto		
16	3/12	Mon		Meeting with NACP (specifications of the requested equipment) Meeting with MOHSW (collection of answers to questionnaire)		
17	3/13	Tue		Meeting for Minutes of discussion(M/D) with MOHSW Survey for local procurement		
18	3/14	Wed		Signing on M/D, Report to JIAC Office, Survey for local procurement		
19	3/15	Thu			Meeting with CDC, Survey for local procurement	
20	3/16	Fri	Meeting with TACAIDS, Report to Embassy of Japan Dar Es Salaam 16:30 (EK726)→ Dubai 22:55 / 02:50 (JL5090)→			
21	3/17	Sat	Osaka 16:40/ 18:30 (JL1316) → Tokyo 19:40			

3. List of Parties Concerned in the Recipient Country

<u>Organization</u>	<u>Name</u>	<u>Position</u>
Ministry of Health and Social Welfare	Dr. Z. BEREGE	Ag. Permanent Secretary, Ag Chief Medical Officer
	Ms. S. P. MHAMI	Ag. Director of Administration and Personnel
	Dr. Raphael B. M. KALINGA	Ag. Director of Preventive Service, Assistant Director of Epidemiology and Disease Control
	Mrs. Regina Lucian KIKULI	Ag. Director of Policy and Planning
	Ms. Patricia M. K. MAGANGA	Principal State Attorney
	Vedastins JUSTIMIAN	Administrative Officer
	Nsachris MWAMAIA	Communication Officer
	Eliaremisa AYO	Assistant advisor Nurses training
	E.. B. KAURIA	Ag. commissioner for social welfare
	A. H. TOGWA	Ag. Chief Internal Auditor
	P. F. SOMINDU	Ag. Chief Accountant
	P. Musigula	Principal Supplies Officer
	S. E.. L.. Ndandala	Principal Supplies Officer
	Dr. C. G. Massambu	Assistant Director Diagnostic Services
	Dr. Ahmed MAKATA	Consultant for entire pathology, Diagnostic Services
	Mr. Egid J. MINJA	Laboratory Technologist, Diagnostic Services
	Ms. T. MBAGO	Laboratory Technologist, Diagnostic Services
	Dr. Fausta MOSHE	Coordinator Lab. Training, Diagnostic Services
	Mr. Bernard MAPALALA	Laboratory Technologist, Diagnostic Services
	Mr. Michael MWASEMAGA	Laboratory Quality System Coordinator
Mr. James M. BOYI	Principal Medicine Radiographer	
NACP (National AIDS Control Program)	Mr. Khalid HASSAN	Laboratory Technologist, Laboratory Coordinator
	Ms. Mary MSHANA	Senior Education Officer
	Ms. Peris URASSA	VCT Advisor
	Mrs. Ruth Hellen KATUNZI	Senior Supplies Officer
	Mr. Joel Ndayongeje	MIS Officer
MSD (Medical Stores Department)	Mrs. Malimi A. MASALU	Senior Education Officer
	Mr. Byekwaso TABURA	ARVs Project Manager
TFDA (Tanzania Food and Drugs Authority)	Mr. Beatus MSOMA	Integrated Program Manager
	Mr. Zawadiel P. SEKONKORO	Microbiologist(Analyst)
John Snow Incorporated	Ms. Lightness J. MSHANA	IT Officer
	Mr. Johnniee AMENYAH	Country Director, Supply Chain Management System (SCMS) Tanzania
CHAI (Clinton HIV/AIDS INITIATIVE)	Ms. Ssanyu NYINONDI	Logistics Associates, SCMS
	Dr. Yahya IPUGE	Country Director

<u>Organization</u>	<u>Name</u>	<u>Position</u>
USAID	Ms. Elise JENSEN	Team Leader, HIV/AIDS
	Dr. Patrick R. SWAI	Senior Project Management Specialist (HIV)
CDC (Centers for Disease Control and Prevention)	Ms. Christina W. MWANGI	Lead, Laboratory Support Team, Global AIDS Program
	Ms. Mary LYARUU	Nursing in charge
NBTS (National Blood Transfusion Service)	Dr. Efesper A. Nkya	Zonal Manager
PASADA (Pastoral Activities and Services for people with AIDS)	Ms. Zinat FAZAL	Director, Counseling Department
	Mr. Jovin TESHA	Research and Advocacy Officer
Tumbi Hospital (Rwani Regional Hospital) Kongowe Dispensary	Mr. Lwitiko MWALUKASA	Project Finance & Compliance Officer
	Mr. Bahati MKANJALSI	Laboratory Technician
	Dr. Koheleth WINANI	Health Services Manager
	Ms. Patricia Gabriel PETRO	Clinician
Morogoro Hospital (Morogoro Regional Hospital)	Ms. Mariam Mhina NGAJA	Assistant Medical Officer
	Dr. Francis B.J.	Acting Medical Officer in charge of hospital
	Dr. Carle LYIMO	Regional AIDS coordinator
Family Health International	Rev. Dr. Eli SHAO	Senior Technical Officer C&T at Morogoro Hospital
Ngerengere Health Center	Mr. Edmund MNENEY	VCT Counselor
	Ms. Violet NZOGERA	Ngerengere District AIDS coordinator
Mwananyamala Hospital	Dr. Sammel Dominic	Acting Medical Officer in charge
ANGAZA AMREF	Ms. Maria MONBAKA	VCT Counselor
Kas Medics Limited	Mr. Mehboobali K. Poptani	Managing Director
Biocare Health Products Limited	Mr. Bharat Rajani	Managing Director
BNM Freight Forwarders Co. Ltd	Mr. Waheed Saudin	Commercial Executive

4. Minutes of Discussions

MINUTES OF DISCUSSIONS
ON THE BASIC DESIGN STUDY ON THE PROJECT
FOR HIV/AIDS CONTROL (PHASE 2)
IN THE UNITED REPUBLIC OF TANZANIA

In response to a request from the Government of the United Republic of Tanzania, the Government of Japan decided to conduct a study on the project for HIV/AIDS Control (Phase 2) (hereinafter referred to as "the Project") and entrusted the study to Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Tanzania the study team (hereinafter referred to as "the Team"), which is headed by Mr. Koji Makino, Deputy Resident Representative, JICA Tanzania Office from 26th February to 16th March, 2007.

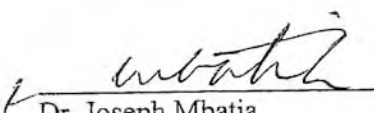
The team held discussions with the officials concerned of the Government of Tanzania (hereinafter referred to as "the Tanzanian side"), and conducted a field survey at the study area.

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.

Dar es Salaam, 14th March, 2007

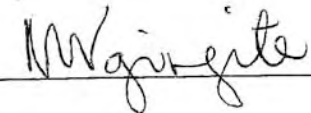


Koji Makino
Leader
Basic Design Study Team
Japan International Cooperation Agency



Dr. Joseph Mbatia
Acting Chief Medical Officer
Ministry of Health and Social Welfare
United Republic of Tanzania

Witnessed by



Ministry of Finance
United Republic of Tanzania

ATTACHMENT

1. Objective of the Project

The objective of the Project is to contribute to strengthening of the HIV/AIDS prevention and control program in Tanzania through the provision of necessary goods.

2. Project Site

The site of the Project is the whole area of Tanzania.

3. Responsible, Implementing and Administrative Organizations

- 3-1. The Responsible Organization is the Ministry of Health and Social Welfare.
- 3-2. The Implementing Organ is the National AIDS Control Programme (NACP).

4. Items requested by the Government of Tanzania

After discussions with the Team, the list of the goods described in Annex-1 was finally requested by the Tanzanian side. However, items to be included and quantity thereof in the Project will be decided after further study in Japan.

5. Japan's Grant Aid Scheme

The Tanzanian side understood the Japan's Grant Aid Scheme explained by the Team, as described in Annex-2 and necessary measures described in Annex-3 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 study report in English and send it to the Government of United Republic of Tanzania around August 2007.

7. Other relevant issues

7-1. The Tanzanian side shall ensure of proper issuance of the Government Notice for prompt custom clearance of all items to be procured under the Grant.

7-2. Destination Inspection Scheme (DIS) itself will be exempted. If not, only the Destination Inspection procedure will be applied but the cost of DIS shall be exempted.

7-3. The Tanzanian side shall ensure allocation of the necessary budget and assignment of personnel for implementation of the Project.

7-4. The Government of United Republic of Tanzania shall properly distribute and utilize the test kits, the goods and pharmaceuticals. In this regard, it is required to ensure that proper distribution of items through indent system and proper stock management.

7-5. The requested items can be categorized by services and be prioritized respectively, given the project objective: VCT service (first priority), STI service (second priority), Blood safety (third priority).

VCT service is the main component and STI service is the supplementary one of this project. Blood safety is in principal beyond the project scope since donated blood is screened not only for

HIV/AIDS, but also for blood transfusion transmissible infections such as Hepatitis B, C and Syphilis. In addition Gloves and White overalls shall be procured by the Tanzanian side considering that these items are at affordable prices.

7-6. Regarding the quantification of the requested items:

Both sides agree the following quantification bases to consider quantity of the requested items under this project.

HIV test kits: Necessary quantity of 1st HIV test kits shall be estimated by multiplying the average number of clients per VCT site by the projected number of VCT sites. The average number of clients per VCT site shall be calculated based on the VCT activity record in 2006. The projection for 2008 shall be done by utilizing the John Snow Incorporated (JSI) projection or tendency of increase over the last few years. Necessary quantity of the 2nd HIV test kits shall be calculated by multiplying the quantity of 1st HIV test kits by the average HIV prevalence rate among VCT clients over the past few years.

RPR test kits: Necessary quantity of the RPR test kits in 2008 shall be estimated based on the record of number of patients and syphilis prevalence in 2005.

STI Drugs: Necessary quantity of the STI drugs shall be calculated by multiplying the number of STI patients in 2005 by the prescription for each disease category.

Vacutainer and Vacutainer needle: Necessary quantity of vacutainers and vacutainer needles shall be equal to the number of 1st HIV tests and RPR tests.

Holder for vacuum blood collecting system: Necessary quantity of holders shall be estimated to provide 2 holders per each VCT / ANC service site.

Safety Box: Necessary quantity of safety boxes shall be estimated to provide 6 boxes per each health service site (VCT , STI, ANC).



List of Goods

No.	Names of the items	priority
1	SD bioline HIV 1/2 3.0	A
2	Determine HIV-1/2	A
3	ELISA Vironostika HIV Uniform II Ag/Ab	B
4	ELISA Murex HBV	B
5	ELISA Murex HCV	B
6	RPR Syphilis Test kit	A
7	Vacutainer tube 4 - 5ml	A
8	Vacutainer needles G21	A
9	Holder for vacuum blood collecting system	A
10	Cryotube 1.8 - 2ml	B
11	Cryo Boxes 10 x 10 formatted	B
12	Latex Examination Glove Size L	B
13	Latex Examination Glove Size M	B
14	White Overall with long sleeves L size	B
15	White Overall with long sleeves M size	B
16	Safety Box	A
17	Disposal Syringe with Needle	A
18	Benzathine Benzylpenicillin 2.4MU	A
19	Erythromycin / Erythromycin Ethyl Succinate 250mg Tablet	A
20	Clotrimazole 100mg Pessary /Tablet	A
21	Ciprofloxacin 500mg Tablet	A
22	Doxycycline 100mg Capsule / Tablet	A
23	Metronidazole 200mg Tablet	A
24	Ceftriaxone 250mg Vial	A
25	Tetracycline 1% Eye ointment	A
26	Erythromycin dry powder for syrup 125mg/5ml	A
27	Spectinomycine injection 2g	A
28	Water for injection 10ml	A

mbate

Japan's Grant Aid Scheme

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.

1. Grant Aid Procedure

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

Application (Request made by a recipient country)

Study (Basic Design Study conducted by JICA)

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

Determination of (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

- b) 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 through 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 registered consulting firm. The 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 Procurement 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 unique delay caused by the selection of a new consulting firm.

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" 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 or installation 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.

(3) 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.)

(4) 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.

(5) **Undertakings required to the Government of the recipient country**

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

(6) "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.

(7) "Re-export"

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

(8) 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.

(9) Authorization to Pay (A/P)

The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commission to the Bank.

Annex-3

Major Undertakings to be taken by Each Government

NO	Items	To be covered by Grant Aid	To be covered by Recipient
1	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		●
2	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	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		●
	3) Internal transportation from the port of disembarkation	●*	●
	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 contract	
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		●

* From the port of disembarkation to the delivery site of the project

RCW