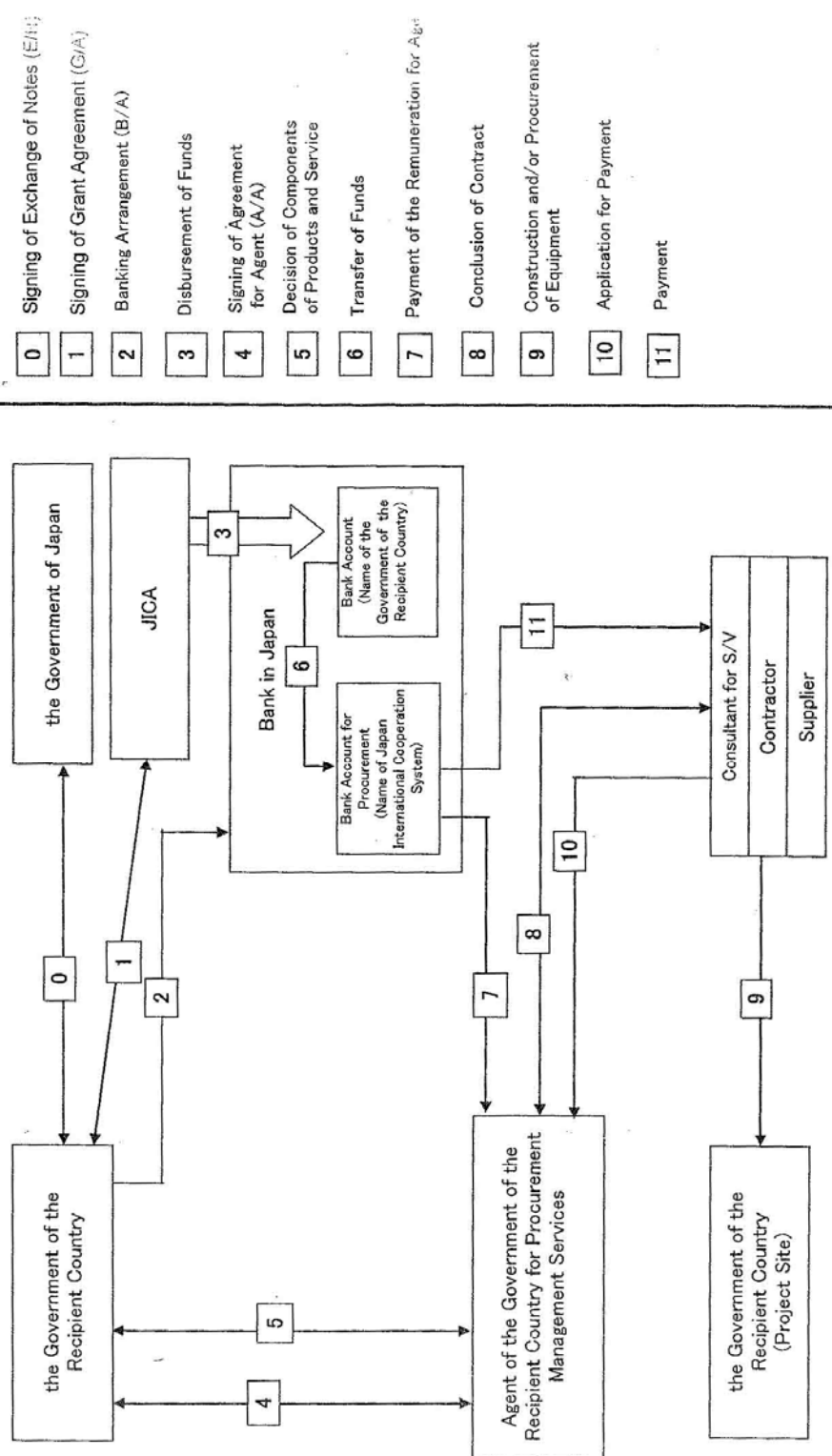




ANNEX 3-2 Flow of Funds for implementation under the Japan's Grant Aid for Community Empowerment



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 buildings	●	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution main to the site		●
	b. The supply system within the site (receiving and elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm, sewer and others)		●
	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	n.a.	n.a.
	b. The gas supply system within the site	n.a.	n.a.
	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 (School furniture)	●	
8	To bear the commissions to the Japanese bank for banking services based upon the B/A		●
9	To ensure unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from abroad 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	●	
10	To accord Japanese nationals and/or nationals of third countries, including such nationals employed by the Agent or the consultants 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 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 for the Project		●
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 the transportation and installation of the equipment.		●

(B/A: Banking Arrangement)

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15)

Implementation Flow of Grant Aid for Community Empowerment

1	Conclusion of Exchange of Notes (E/N)	The Government of Recipient Country and the Government of Japan conclude Exchange of Notes (E/N) after approval of the Grant for community empowerment by the Government of Japan.
2	Conclusion of Grant Agreement (G/A)	The Government of Recipient Country and JICA conclude Grant Agreement (G/A) after conclusion of the E/N to define the necessary articles to implement the Project.
3	Conclusion of Banking Arrangement (B/A)	The Recipient Government and a bank in Japan (the Bank of Tokyo-Mitsubishi, UFJ) conclude Banking Arrangement (B/A) to open an account in the name of the Recipient Government. The account is called 'Recipient Account'.
4	Disbursement of Funds	Following the E/N and B/A, the total amount of the grant is transferred into the 'Recipient Account'.
5	Conclusion of Agent Agreement (A/A)	As soon as the Exchange of Notes (E/N) is signed, the appointed procurement agent concludes an Agent Agreement (A/A) with the Recipient Government. The appointed procurement agent will explain about procurement procedures, responsibilities of the Recipient Government and the appointed procurement agent, and remuneration as an Agent.
6	Transfer of the Grant Funds	Before starting procurement services, the grant funds are transferred from the 'Recipient Account' to 'The appointed procurement agent's procurement account'. The appointed procurement agent then takes full responsibility for managing the grant funds until payment is completed for the procurement services. By signing Blanket Disbursement Authorization (BDA), the Recipient Government designates the appointed procurement agent as their representative and gives authorities to transfer all the funds under this project on behalf of the Recipient Government.
7	Payment of Agent's Fee	The Recipient Government shall pay the appointed procurement agent Agent's Fee for its services to be rendered pursuant to the Agent Agreement. Agent's Fee shall be paid to the appointed procurement agent from the fund transferred to 'The appointed procurement agent procurement account'.
8	Selection of a Consultant for Detail Design and Supervision	The appointed procurement agent selects a consultant for Supervision in the proper manner based on the research results of the Outline Design Study.
9	Selection of Contractors	The appointed procurement agent selects contractors, utilizing research results provided by the consultant.
	(1) Tender document preparation	The appointed procurement agent prepares tender documents for selecting contractors based on the results of Outline Design Study and information provided by the consultant.
	(2) General Procurement Notice (GPN) and Pre-qualification of Prospective Tenderers	The appointed procurement agent advertises for tenders by means of GPN in widely read newspapers and the appointed procurement agent website. The appointed procurement agent then assesses the eligibility of registered companies for tender.
	(3) Tender and Tender Evaluation	The appointed procurement agent conducts a tender by International Competitive Bidding (ICB) or other appropriate manners. The tender is evaluated by the appointed procurement agent and a successful tenderer is determined based on agreement made among the concerned parties.
	(4) Conclusion of Contract	Contract is concluded between the appointed procurement agent and the successful tenderer.
10	Procurement of Goods	The appointed procurement agent procures equipment agreed to be procured for the project in the following manner.
	(1) Tender document preparation	Same as No. 8.
	(2) General Procurement Notice (GPN) and Pre-qualification of Prospective Tenderers	

	(3) Tender and Tender Evaluation	
	(4) Conclusion of Contract	
11	School Construction and Delivery of Goods	The appointed procurement agent informs the Recipient Government of the construction and delivery schedule. If any problem should occur, the appointed procurement agent cooperates with the Recipient Government, JICA and Japanese Embassy in order to solve the problem in accordance with the contract. The Recipient Government shall take necessary measures to ensure smooth customs clearance and tax exemption.
12	Payment for Goods and Services	When necessary documents for payment are submitted by a contractant (consultant, supplier, contractor), the appointed procurement agent examines their contents and, if satisfactory, makes payment from the ' The appointed procurement agent T Procurement Account' to the contractant.
13	Implementation of Soft Component Program	In case that a soft component program is implemented, the appointed procurement agent selects NGOs or other agencies for its implementation, concludes a contract and makes a payment.

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Minutes of Discussion
on
The Preparatory Survey
(Explanation on Outline Design Draft Report)
on the Project for
Construction of Secondary Schools in Mozambique

In February 2009, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Preparatory Survey Team (hereinafter referred to as "the Team") on the Project for Construction of Secondary Schools (hereinafter referred to as "the Project") to Mozambique, and through discussions, site surveys and technical examination of the results in Japan, JICA prepared a draft report of the survey.

In order to explain and to consult the Mozambique side on the components of the Outline Design draft report, JICA sent the Team for draft report explanation, which was headed by Mr. Satoshi UMENAGA, Advisor, Economic Infrastructure Department, JICA from 3rd to 17th June, 2009.

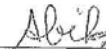
As a result of discussions, both sides have confirmed the main items described on the attached sheet.

Maputo, Mozambique
11th June 2009



Mr. Satoshi UMENAGA

Leader of the Mission
Japan International Cooperation Agency



Ms. Maria Albertina da Conceição Bila

Permanent Secretary
Ministry of Education and Culture
Republic of Mozambique

Attachment

1. Contents of the draft report

The Mozambique side agreed and accepted in principle the contents of the Outline Design draft report explained by the Team.

2. Japan's Grant Aid Scheme

The Mozambique side understood the Japan's Grant Aid Scheme, and assured to take the necessary measures, as described in ANNEX-4 of the Minutes of Discussion signed by both sides on 19th February, 2009. Furthermore, both sides reconfirmed following issues noted in the above Minutes of Discussion to be taken by Mozambique side.

- (1) Water Supply
- (2) Electricity
- (3) Clearance, leveling and reclamation of the sites
- (4) Access Roads
- (5) Tax Exemption
- (6) Others

Both sides also confirmed that the Project shall be implemented according with "The Procurement Guidelines of Japan's Grant Aid for Community Empowerment".

3. Confidentiality of the Project

Both sides confirmed that all information related to the Project including design documents of facilities and furniture shall not be released to any outside parties before the signing of all the Contract(s) for the Project. Both sides agreed that the Project Cost Estimation should never be duplicated or released to any outside parties before the signing of all the Contract(s) for the Project.

4. Schedule of the Survey

- (1) The Consultant members of the Team will proceed to undertake further studies in Mozambique until 16th June 2009.
- (2) Based on the contents of the draft report and the discussion, the Team continues to prepare reference documents for tendering by December 2009 in Japan and Mozambique.
- (3) JICA will complete the Outline Design final report in accordance with the result of discussions and forward it to the Mozambique side around November 2009.

5. Other relevant issues

(1) Allocation of necessary budget and personnel

The Mozambique side agreed to allocate necessary budget and personnel for the proper operation and maintenance of the facilities to be covered by the Project.

(2) Evaluation Committee

To evaluate the reference documents for tendering to be prepared by JICA, both sides agreed to set and facilitate a committee chaired by CEE/DIPLAC, Ministry of Education and Culture.

(3) Pre screening for EIA

The Mozambique side agreed to conduct pre screening of EIA (Environment Impact Assessment) on the Project and inform JICA Mozambique office of the result by the end of June, 2009.