

MINUTES OF DISCUSSIONS
ON THE PREPARATORY STUDY (BASIC DESIGN STUDY)
ON "THE PROJECT FOR THE IMPROVEMENT OF WATER SUPPLY SYSTEM IN
ABBOTTABAD" IN THE ISLAMIC REPUBLIC OF PAKISTAN


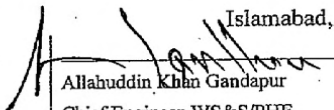
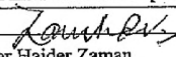

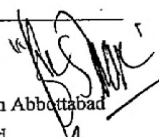

Based on the results of the Preparatory Study, the Government of Japan decided to conduct a Preparatory Study (Basic Design Study) on "the Project for the Improvement of Water Supply System in Abbottabad" (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to the Islamic Republic of Pakistan (hereinafter referred to as "the Pakistan") the Preparatory Study (Basic Design Study) team (hereinafter referred to as "the Team"), which is headed by Mr. Noriaki Nagatomo, Senior Adviser of the Global Environment Department, JICA, and is scheduled to stay in the country from April 15 to May 20, 2009.

The Team held discussions with the officials concerned of the Government of the Pakistan 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 Preparatory Study Report.

Islamabad, April 27, 2009

<p> _____ Noriaki Nagatomo Leader Preparatory Study Team Japan International Cooperation Agency</p>	<p> _____ Allahuddin Khan Gandapur Chief Engineer-WS&S/PHE Works and Services Department Government of North West Frontier Province</p>
<p> _____ Sardar Haider Zaman District Nazim District Government Abbottabad Government of North West Frontier Province</p>	<p> _____ S. Zaheer-ul-Islam District Coordination Officer District Government Abbottabad</p>
<p> _____ Arbab Jamil Tehsil Municipal Officer Tehsil Municipal Administration Abbottabad District Government Abbottabad</p>	<p> _____ S. Zaheer-ul-Islam District Coordination Officer District Government Abbottabad</p>
<p>Witnessed by: _____ Ghulam Muhammad Mughar Deputy Secretary (ADB/JAPAN) Economic Affairs Division Ministry of Finance, Economic Affairs and Statistics</p>	<p>Witnessed by: _____ Muhammad Ikram Khan Secretary Planning and Development Department Government of North West Frontier Province</p>

ATTACHMENT

1. Objective of the Project

The objective of the Project is to improve the water supply services for the residents of the following areas including 10 villages of Abbottabad district.

- 1) Abbottabad TMA (urban)
- 2) Nawansher Service Unit (urban)
- 3) Sheikhul Bandi
- 4) Salhad
- 5) Mirpur
- 6) Jhangi UC (Derawanda, Jhangi, Lama Maira, Banda Ghazan, Banda Dalazak, Banda Phugwarian, Dobathar)

2. Project sites

The sites of the Project are shown in Annex-1.

3. Responsible and Implementing Agency

- 1) The counterpart ministry is the Economic Affairs Division, the Ministry of Finance, Economic Affairs and Statistics, the Government of Pakistan.
- 2) The responsible organization is the Government of the North West Frontier Province (hereinafter referred to as "the NWFP").
- 3) The implementing organization is the District Government Abbottabad under the Government of the NWFP. The Project related organization structure is shown in Annex-2.

4. Items requested by the Government of the Pakistan

After discussions with the Team, the items, described in Annex-3 "The Concept of the water supply system by the Basic Design of 2004" were reconfirmed by the Team and the Pakistani side. The Team will conduct the basic design and the cost estimation of the items.

5. Japan's Grant Aid Scheme

- 1) The Pakistani side understands the Japan's Grant Aid Scheme explained by the Team, as described in Annex-4.

(Handwritten signatures and initials)

- 2) The Pakistani side will take the necessary measures as described in Annex-5 "Major Undertakings to be taken by Each Government" for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

6. Schedule of the Study

- 1) The consultants will proceed to further studies in Pakistan until May 20, 2009.
- 2) JICA will prepare the draft basic design report in English and dispatch a mission in order to explain its contents around September 2009.

7. Other relevant issues

1) Validity of the PC-1

The Pakistani side assured that the PC-1 approved in 2005 was still valid. However, if the revision of the Project cost through the basic design study shows more than 15% excess of the original cost stipulated in the PC-1, it is necessary for the Pakistani side to revise the said PC-1. The Pakistani side assured that the revision of PC-1, if needed, would be approved by the Federal Government of Pakistan (CDWP) by the end of November, 2009.

2) Environment and Social Considerations

2-1) The Team explained to the Pakistani side that the Project should follow the Japan International Cooperation Agency Guidelines for Environmental and Social Considerations, issued in April 2004 and that the Project is categorized as B according to the guideline.

2-2) Validity of IEE (Initial Environmental Examination) on the Project

The Pakistani side informed the revalidation of No Objection Certificate regarding IEE to JICA based on the letter "Revalidation of NOC Regarding IEE (Initial Environmental Examination)" from Environmental Protection Agency of NWFP to District Government Abbottabad on February 23, 2009 shown in Annex-6. Both sides reconfirmed that implementation of EIA (Environmental Impact Assessment) is not required.

3) Undertaking of the Pakistani side

Though general undertakings of the Pakistani side are shown in Annex-5, the Japanese side emphasized responsibilities of the Pakistani side to execute following matters and the Pakistani side agreed that.

The image shows several handwritten signatures and initials. On the left, there are three distinct signatures. In the center, there is a large signature that appears to be 'A. I.' with a small '2' below it. On the right, there are two more signatures, one of which is 'S. I.' with 'D. I.' written below it. To the far right, there is a small handwritten 'n'.

3-1) Land acquisition

The Team came to know that some part of the planned land for facilities are privately owned or need the permission for use and requested the Pakistani side to secure the land in equitable manner and inform JICA of the result in writing. Pakistani side agreed to complete necessary procedures for land acquisition by February 2010.

3-2) Operation and Maintenance Organization

The Pakistani side is planning to establish an operation and maintenance organization for Surface Water Gravity Supply System shown in Annex 7. As for Ground Water Supply Systems of 10 villages, Water Supply and Sanitation/PHE of the District Government Abbottabad remains responsible for operation and maintenance.

The Pakistani side agreed to take concrete actions including personnel arrangement and budget allocation toward the establishment of the system by February 2010.

For the establishment of the organization, the Pakistani side requested and the Team agreed to conduct soft components in the Project as listed below.

- Management, operation and maintenance of the tube wells of Ground Water Supply System of the Project
- Operation and maintenance of slow sand filter system
- Establishment of a bulk water supply unit to Abbottabad city, Nawansher town and 10 villages in Abbottabad District
- Establishment of a volumetric water tariff system

3-3) Budget allocation

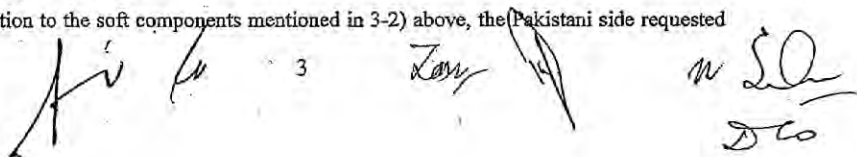
The Pakistani side agreed to allocate the budget for expense of acquisition and temporary easement of land and others in PSDP of 2009/10. As for necessary expense of 2010/11, also, Pakistani side will allocate the budget in PSDP.

3-4) Tax payment

Both sides confirmed that Value Added Tax, customs duties and any other taxes and fiscal levy charges in Pakistan (Federal, Provincial and District) arisen from the Project activities shall be exempted by beneficiary organizations as occasion arises.

4) Capacity Building of the staff

In addition to the soft components mentioned in 3-2) above, the Pakistani side requested

 3

trainings in Japan for some technical/administrative staffs for the organization. The Team will convey this request to the JICA Pakistan office for its consideration.

5) Safety of the Team members

The Pakistani side ensured to take any measures deemed necessary to secure the safety of the members of the Team during the Study.

Annex-1: The sites of the Project

Annex-2: The Project related organization structure

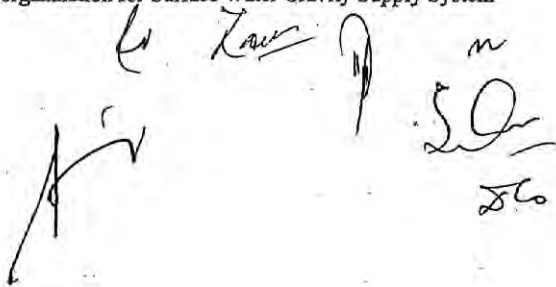
Annex-3: The Concept of the water supply system by the Basic Design of 2004

Annex-4: Japan's Grant Aid Scheme

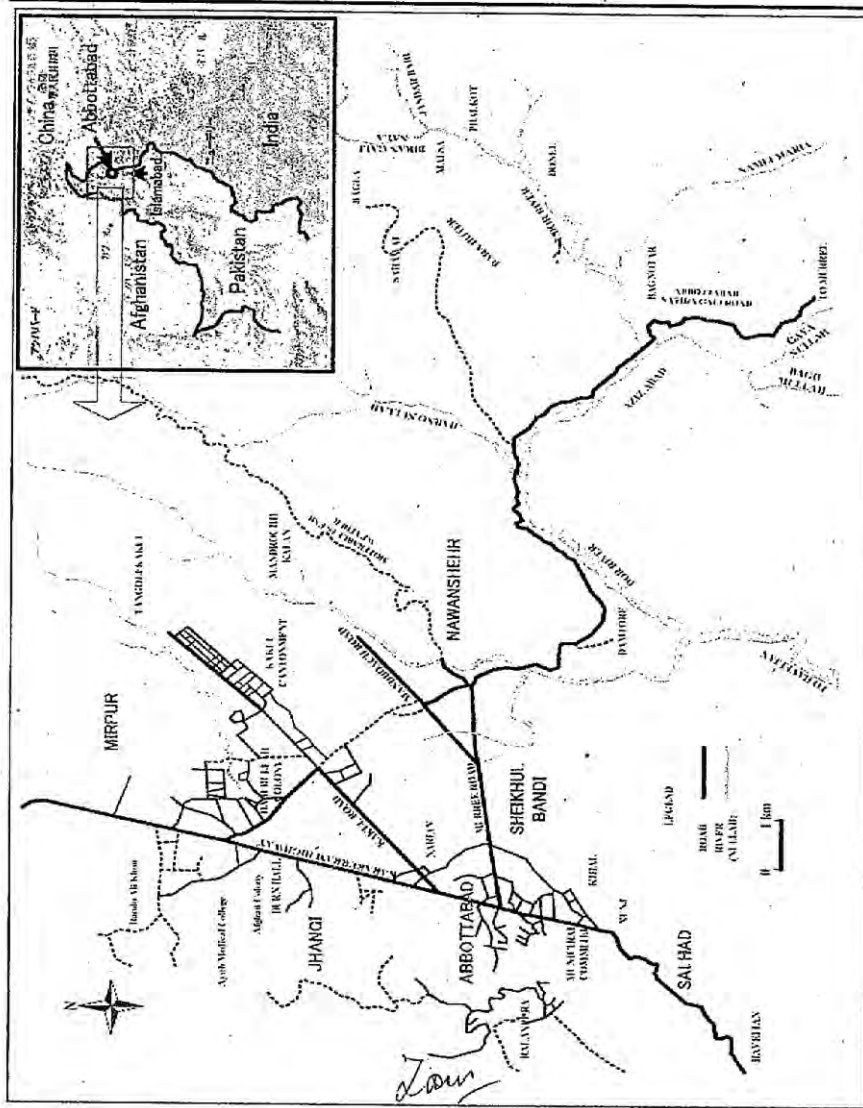
Annex-5: Major Undertakings to be taken by Each Government

Annex-6: The letter "Revalidation of NOC Regarding IEE(Initial Environmental Examination)"

Annex-7: Operation and maintenance organization for Surface Water Gravity Supply System

A collection of handwritten signatures and initials in black ink, located in the lower right quadrant of the page. The signatures are somewhat stylized and difficult to read, but appear to be in cursive or a similar script. There are several distinct marks, including what looks like a large 'A' or 'K' on the left, and several smaller, more complex signatures on the right.

The sites of the Project



Jain

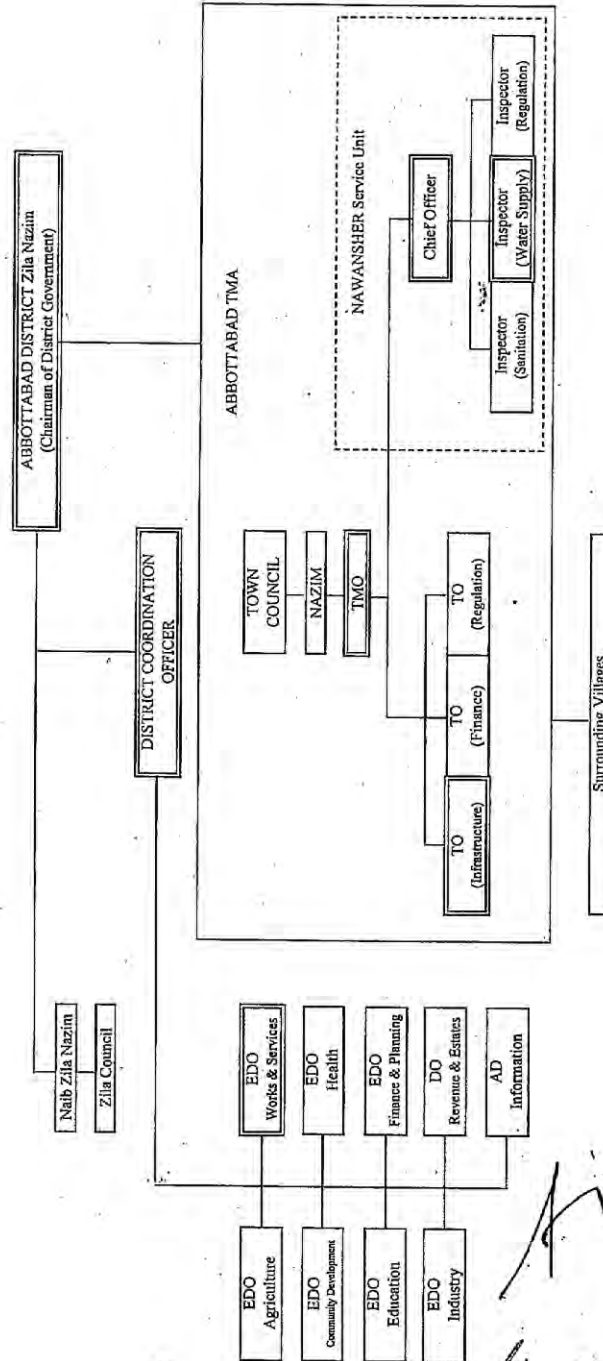
Am

SO

20

2

The Project related organization structure



<Legend>
 Naib Zila Nazim: Deputy Chairman of District Government
 Nazil Council: District Council
 EDC: Executive District Office
 DO: District Office
 AD: Assistant Director

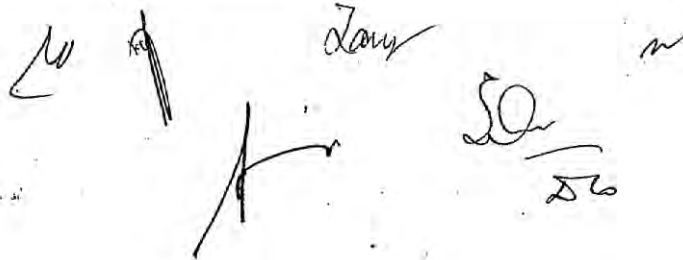
Nazim: Mayor
 TMA: Town Municipal Administration
 TMO: Town Municipal Officer
 TO: Town Officer

Town

50
26

The Concept of the Water Supply System by the Basic Design of 2004

Facilities	Surface Water Gravity Supply System	Ground Water Supply System
Intake Facilities	Capacity: 2000/sec from Gaya rive, Bagh river and Namly Maira river Bar Screen:4sites	Capacity: 14.80/sec from newly constructed wells 88.50/sec form existing wells
Raw Water Transmission Pipeline	ϕ 500mm x 4.7km (DIP) ϕ 450mm x 6.1km (DIP) ϕ 350mm x 1.8km (DIP) ϕ 250mm x 4.5km (SP) ϕ 200mm x 1.4km (SP) ϕ 150mm x 2.0km (SP)	
Treatment Facilities	Slow and filter system Capacity:17,300m ³ /d (2000/sec)	
Treated Water Transmission Pipeline	ϕ 500mm x 2.4km (DIP) ϕ 400mm x 2.1km (DIP) ϕ 300mm x 1.4km (DIP) ϕ 250mm x 6.1km (SP) ϕ 200mm x 1.1km (SP) ϕ 150mm x 11.0km (SP) ϕ 100mm x 0.2km (SP)	ϕ 150mm x 2.3km (SP) ϕ 100mm x 3.9km (SP)
Reservoirs	Sheikhul Bandi 130m ³ Salhad 180m ³ Nawanshehr 340m ³ Mirpur 620m ³ Derawanda 220m ³ Banda Ghazan 530m ³	Banda Phugwarian 120m ³ Dobathar 300m ³ Lama Maira 110m ³


 Several handwritten signatures and initials are present below the table. On the left, there is a signature that appears to be 'LW'. In the center, there is a large, stylized signature. To the right, there are several smaller signatures and initials, including one that looks like 'Jaw' and another that looks like 'SO' with '26' written below it.

JAPAN'S GRANT AID

The Government of Japan (hereinafter referred to as "the GOJ") is implementing the organizational reforms to improve the quality of ODA operations, and as part of this realignment, JICA was reborn on October 1, 2008. After the reborn of JICA, following the decision of the Government of Japan (hereinafter referred to as "the GOJ"), Grant Aid for General Project is extended by JICA.

Grant Aid is non-reimbursable fund to a recipient country 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. The Grant Aid is not supplied through the donation of materials as such.

1. Grant Aid Procedures

Japanese Grant Aid is conducted as follows-

- Preparatory Survey (hereinafter referred to as "the Survey")
 - the Survey conducted by JICA
- Appraisal & Approval
 - Appraisal by The GOJ and JICA, and Approval by the Japanese Cabinet
- Determination of Implementation
 - The Notes exchanged between the GOJ and a recipient country
- Grant Agreement (hereinafter referred to as "the G/A")
 - Agreement concluded between JICA and a recipient country
- Implementation - Implementation of the Project on the basis of the G/A

2. Preparatory Survey

(1) Contents of the Survey

The aim of the Survey is to provide a basic document necessary for the appraisal of the Project by JICA and the GOJ. The contents of the Survey are as follows:

- Confirmation of the background, objectives, and benefits of the Project and also institutional capacity of agencies concerned of the recipient country necessary for the implementation of the Project.
- Evaluation of the appropriateness of the Project to be implemented under the Grant

Aid Scheme from a technical, financial, social and economic point of view.

- Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- Preparation of a basic design of the Project.
- Estimation of costs of the Project.

The contents of the original request by the recipient country 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 the Japan's Grant Aid scheme.

JICA 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 Survey, JICA uses (a) registered consulting firm(s). JICA selects (a) firm(s) based on proposals submitted by interested firms.

(3) Result of the Survey

The Report on the Survey is reviewed by JICA, and after the appropriateness of the Project is confirmed, JICA recommends the GOJ to appraise the implementation of the Project.

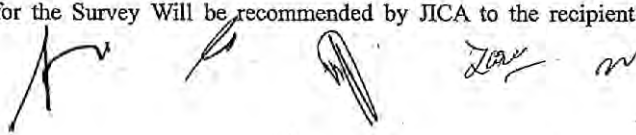
3. Japan's Grant Aid Scheme

(1) The E/N and the G/A

After the Project is approved by the Cabinet of Japan, the E/N will be signed between the GOJ and the Government of the recipient country to make a plea for assistance, which is followed by the conclusion of the G/A between JICA and the Government of the recipient country to define the necessary articles to implement the Project, such as payment conditions, responsibilities of the Government of the recipient country, and procurement conditions.

(2) Selection of Consultants

The consultant firm(s) used for the Survey Will be recommended by JICA to the recipient

Handwritten signatures and initials in black ink, including a large signature on the left, a smaller one in the middle, and several initials on the right.

country to also work on the Project's implementation after the E/N and the G/A, in order to maintain technical consistency.

(3) Eligible source country

Under the Japanese Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased. When JICA and the Government of the recipient country or its designated authority 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, constructing and procurement firms, and the prime consulting firm 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 recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by JICA. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

(5) Major undertakings to be taken by 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 Annex.

(6) "Proper Use"

The Government of recipient country is required to maintain and use the facilities constructed and the 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.

(7) "Export and Re-export"

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

SO
Dec

(8) Banking Arrangements (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"). JICA will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the

K *e* *Team* *n*

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 JICA under an Authorization to Pay (A/P) issued by the Government of the 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 commissions to the Bank.

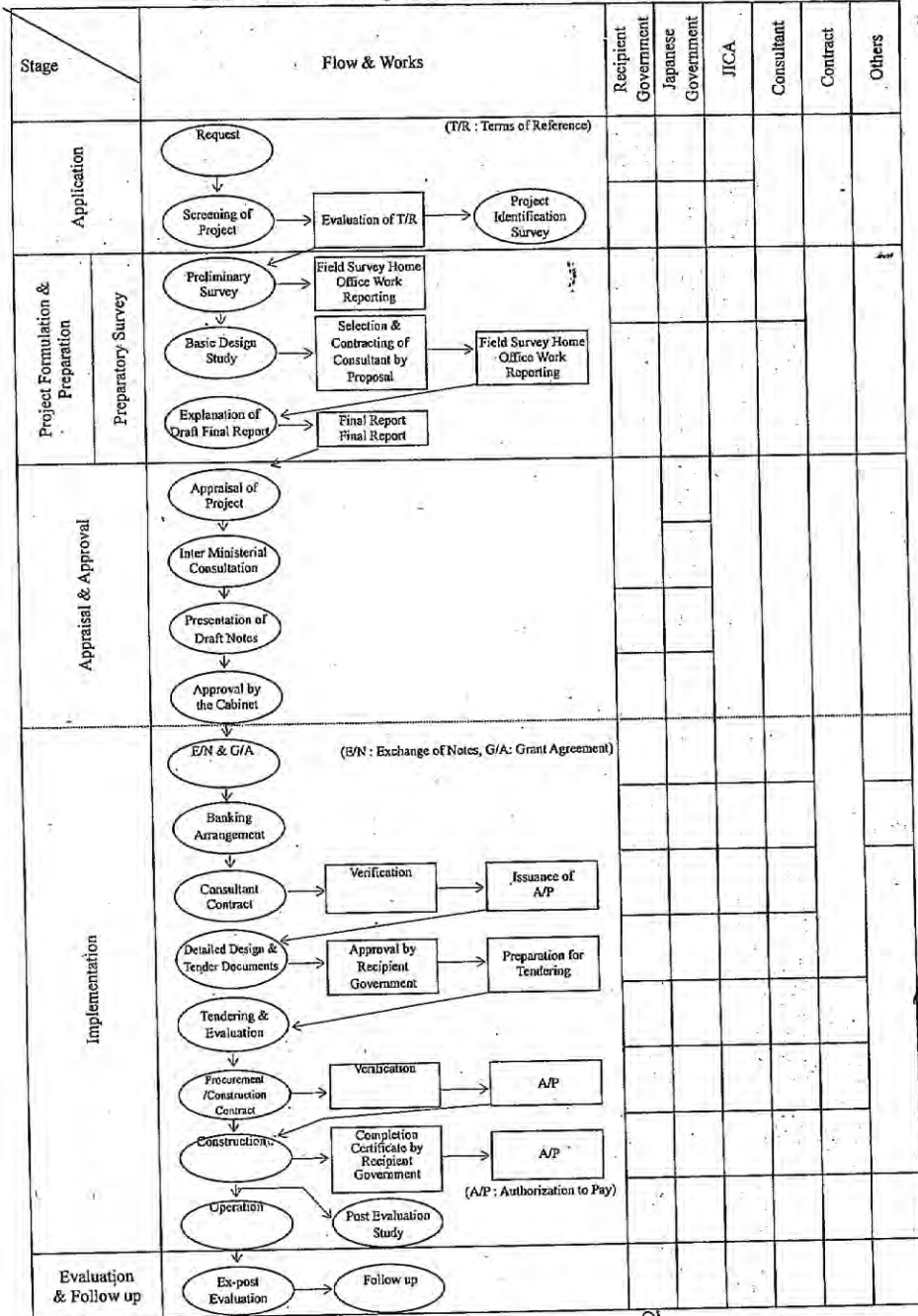
(10) Social and Environmental Considerations

A recipient country must ensure the social and environmental considerations for the Project and must follow the environmental regulation of the recipient country and JICA socio-environmental guideline.

(End)

The bottom right section of the page contains several handwritten signatures and initials in black ink. There are approximately six distinct marks, including a large stylized signature, a smaller signature, and several sets of initials or short signatures.

FLOW CHART OF JAPAN'S GRANT AID PROCEDURES



Handwritten signatures and initials:
 f
 e
 So
 Dr

Handwritten signature: Zaen

Annex-5


Major Undertakings to be taken by Each Government (Construction)

NO	Items	To be covered by the Grant	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	•	
	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	•	
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		•

50
Tore m Dio

	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		●

(B/A: Banking Arrangement, A/P: Authorization to pay, N/A: Not Applicable)

 Handwritten notes: "Handwritten signature" and "50/20"

Major Undertakings to be taken by Each Government (Equipment)

NO	Items	To be covered by the Grant	To be covered by Recipient side
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) Internal transportation from the port of disembarkation to the project	(●)	(●)
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 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		●

(B/A: Banking Arrangement, A/P: Authorization to pay, N/A: Not Applicable)

Handwritten signatures and initials:
 C
 H
 J
 S
 56

The letter "Revalidation of NOC Regarding IEE (Initial Environment Examination)"



امکیناٹون: گرامی / پروگرام

**Environmental Protection Agency
Environment Department
Govt. of NWFP**

No. EPA/109/Gen-IEE/1162

Date: 23-2-09

To

District Coordination Officer,
Abbottabad.

Subject: Revalidation of NOC Regarding IEE (Initial Environmental Examination).

Kindly refer to your letter No. 460 dated 24-01-2009 on the above cited subject and refer to this Agency letter No. EPA/109/Gen/IEE/295 dated 26-05-2004. The Environmental Protection Agency Govt. of NWFP has no objection for the implementation of Gravity Flow Water Supply Scheme Abbottabad till May 2010 subject to the following.

- > Scope of work mentioned in the IEE Report should be remained the same.

Decision of the Peshawar High Court, Abbottabad bench regarding the

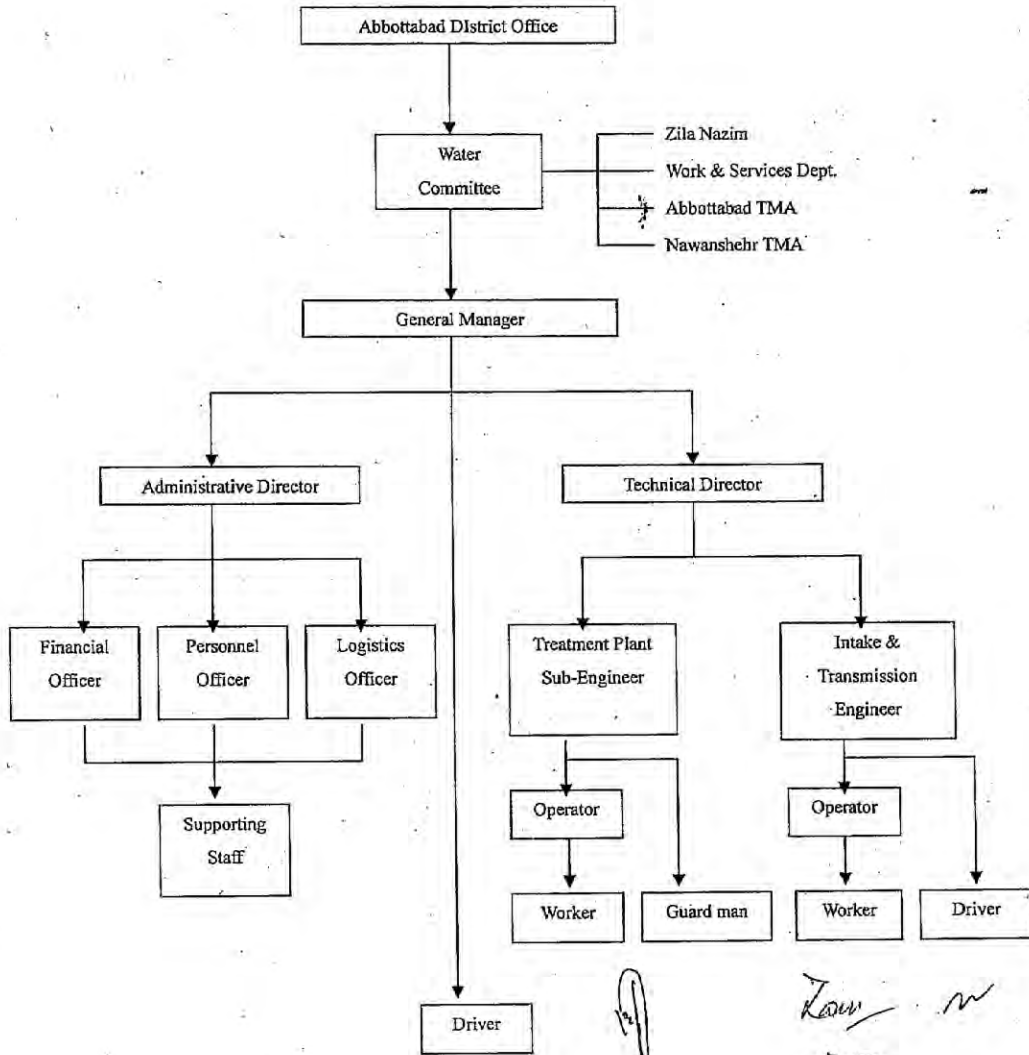
said scheme should be implemented.

- > The scheme activity should be carried out according to the minutes of the meeting held on 06-05-2006 under the chairmanship of Additional Chief Secretary.

Director General

3rd Floor, SDU Building, Khyber Road, Peshawar Cantt
Telephons: 92 (91) 9210262 Fax: 92 (91) 9210280

Operation and maintenance organization for Surface Water Gravity Supply System



Handwritten signatures and initials:
A large signature on the left.
A signature in the middle.
Handwritten initials "Zaw" and "w" above "SQ".
Handwritten initials "D6" below "SQ".

MINUTES OF DISCUSSIONS
ON THE PREPARATORY SURVEY (BASIC DESIGN STUDY)
ON THE PROJECT FOR THE IMPROVEMENT OF WATER SUPPLY SYSTEM
IN ABBOTTABAD
IN THE ISLAMIC REPUBLIC OF PAKISTAN
(EXPLANATION ON DRAFT BASIC DESIGN STUDY REPORT)

In April and May 2009, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Preparatory Survey (Basic Design Study) Team on "The Project for The Improvement of Water Supply System in Abbottabad (hereinafter referred to as "the Project")" to the Islamic Republic of Pakistan. Through discussion, field survey and technical evaluation of the results in Japan, JICA has prepared the draft basic design study report (hereinafter referred to as "the Draft Report").

In order to explain and consult with the Government of Pakistan on the components of the Draft Report, JICA has sent to Pakistan the Draft Report Explanation Team (hereinafter referred to as "the Team"), headed by Mr. SHIMIZU Tsutomu, from 9th to 18th September 2009.

As a result of discussions, both sides confirmed the main items described in the Attachment.

Islamabad, 16th September, 2009



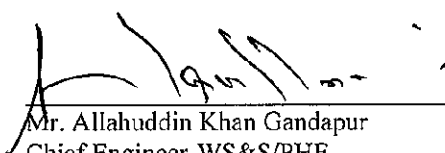
Mr. Shimizu Tsutomu
Leader, Draft Report Explanation Team
Japan International Cooperation Agency



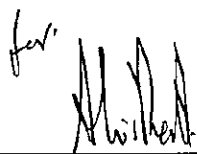
Mr. Syed Zaheer-ul-Islam
District Coordination Officer
District Government Abbottabad



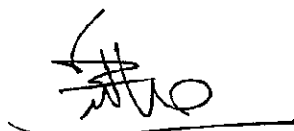
Mr. Arbab Jamil
Tehsil Municipal Officer
Tehsil Municipal Administration Abbottabad
District Government Abbottabad



Mr. Allahuddin Khan Gandapur
Chief Engineer-WS&S/PHE
Works and Services Department
Government of North West Frontier Province



Mr. Mohammad Ikram Khan
Secretary
Planning and Development Department
Government of North West Frontier Province



Mr. Zafar Hasan Reza
Joint Secretary (ADB/JAPAN)
Economic Affairs Division
Government of Pakistan

Attachment

1. Components of the Draft Report

The Pakistani side agreed and accepted in principle, the contents of the Draft Report explained by the Team. Both sides confirmed the contents of the Project as shown in ANNEX-1 and the Project site as shown in ANEEX-2.

2. Japan's Grant Aid Scheme

The Pakistani side understood the Japan's Grant Aid Scheme and the necessary measures to be taken by the Pakistani side as explained by the Team as per the Minutes of Discussions signed by both sides on 27th April 2009 (hereinafter referred to as "the previous M/D").

3. Responsible and Implementing Agency

3-1. The responsible agency is the Government of North West Frontier Province (hereinafter referred to as "the Government of NWFP").

3-2. The implementing agency is the District Government Abbottabad under the Government of NWFP.

4. Confidentiality of the Project

4-1. Detailed specifications of the Facilities

Both sides confirmed that all information related to the Project including detailed drawings and specifications of the facilities and equipment and other technical information shall not be released to any outside party before the signing of all the Contract(s) for the Project.

4-2. Confidentiality of Project Cost Estimation

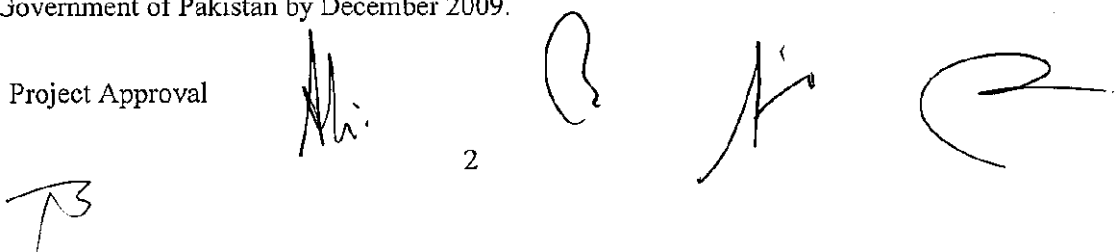
The Team explained that the cost estimation of the Project as described in ANNEX-3. Both sides agreed that the Project Cost Estimation should never be duplicated or released to any outside parties before signing of all the Contract(s) for the Project. Both sides understood that the Project Cost Estimation attached as ANNEX-3 is not final and is subject to change.

5. Schedule of the Study, Project Approval and Necessary Procedure for Implementation

5-1. Schedule of the Study

JICA will complete the final report in accordance with the confirmed items and send it to the Government of Pakistan by December 2009.

5-2. Project Approval

Handwritten signatures and initials are present below the text. From left to right: a signature that looks like 'Mi.', a circled 'B', a signature that looks like 'A.', and a signature that looks like 'E.'. Below the 'Mi.' signature is the number '2'. To the far left, there are initials 'TB'.

Based on the Draft Report and the previous M/D, the Project will be evaluated by the Japanese authorities and sent to the Japanese Cabinet for final decision, with condition of approval of the revised PC-I by the Government of Pakistan.

5-3. Necessary Procedure for Implementation

After the Project is approved by the Japanese Cabinet, both sides shall proceed to signing of E/N and G/A. E/N is agreed and concluded between the Government of Pakistan and the Government of Japan. G/A is agreed and concluded between the Government of Pakistan and JICA.

6. Social and Environmental Considerations

The Team explained that some negative impacts might be caused by the Project according to the "JICA's guideline of social and environmental considerations". In order to mitigate the negative impacts, the Pakistani side agreed to take the measures as follows.

a) Mitigation measures on the environmental and social impacts

Item	Mitigation measures
Groundwater	Subsidence may occur if a large volume of ground water is extracted. Therefore, extraction of the groundwater from the tubewells should be implemented with appropriate pumping rate. In addition, the groundwater level of the tubewells should be monitored periodically.
Air Quality	Currently, there is no standard regarding the use of bleaching powder in Pakistan. However, like in Japan, appropriate safe measures such as use of mask, glasses, safety wear etc. would be required for the workers in order to prevent direct contact with the powder.
Explanation to the Public	Pakistani side is planning to set the water tariff based on the amount of the water used by the users. The plan is going to be explained to the users during implementation of the soft component program.
Impacts during Construction	<ul style="list-style-type: none"> - During the construction, water will be sprayed on the road to settle the dust. Daily and periodical inspection of the construction machines will be conducted in order to reduce the exhaust gases, noise and vibrations. The contractors will also take appropriate measures for the disposing the wastes. Soil erosion would be minimized by constructing appropriate concrete-made drainage and fully compacting road. - Annoyance to the general public living in the vicinity by transporting materials for the construction would be minimized through informing the date and time in advance. - The contractor will prepare safety action plan and provide safety training especially to the workers.

3

The Pakistani side completed the Environmental Checklist as shown in ANNEX-4.

7. Other Relevant Issues

7-1. Actions to be taken by Pakistani side

Both sides confirmed that timely implementation of the items to be covered by Government of Pakistan will play a vital role for the success of the Project. Based on this understanding, both sides agreed the timeframe as shown in ANNEX-5. Among them, the following issues will be addressed quickly.

7-1-1. Revision of PC-1

The Pakistani side has to revise the PC-I approved in 2005 since the Project cost indicated in ANNEX-3 shows more than 15% excess of the original cost. The Pakistani side assured that the revised PC-1 would be approved by the Federal Government of Pakistan (CDWP) by the end of November 2009 as confirmed on the previous M/D.

The Pakistani side will promptly inform JICA Pakistan office the result after the approval by CDWP.

7-1-2. Land Acquisition

The Pakistani side explained that they had proceeded to acquire the land for the proposed facilities and access roads, and Government of NWFP has already allocated some funds in the Provincial ADP (Annual Development Plan) 2009/10. Full funds will be available after the approval of the revised PC-1 promptly.

Both sides confirmed that the necessary procedures for land acquisition would be completed by February 2010 as agreed on the previous M/D.

7-1-3. Operation and Maintenance Organization

The Pakistani side shall complete necessary measures for the establishment of the new operation and maintenance organization, and report to JICA Pakistan Office by February 2010 as agreed upon the previous M/D.

7-2. Validity of IEE (Initial Environmental Examination) on the Project

The both sides reconfirmed that EIA (Environmental Impact Assessment) is not required for this Project as confirmed on the previous M/D. The Pakistani side assured that No Objection Certificate for the IEE issued in 2004 would be extended accordingly when it is necessary, before its expiration in May 2010.

7-3. Tariff Revision

Both sides confirmed the tariff revision based on the metered rate system as an

TB Mi 4 B ki R

important agenda for sustainable management of new water supply system. Necessary steps would be steadily taken by Pakistani side from the initial stage of the Project as shown in ANNEX-6.

7-4. Security Arrangement

The Pakistani side promised to take necessary measures in order to ensure the security for Japanese nationals and other staffs, who will be engaged in the Project during its implementation.

END

ANNEX-1: The Contents of the Project

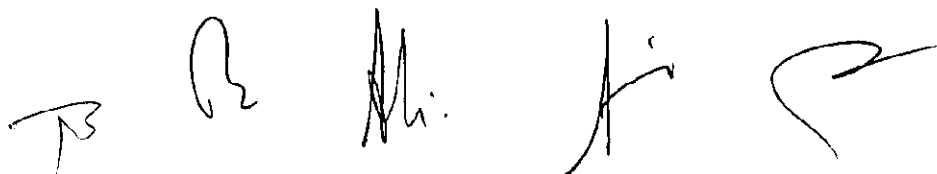
ANNEX-2: The Project Sites

ANNEX-3: Project Cost Estimation

ANNEX-4: Environmental Checklist

ANNEX-5: Tentative Schedule of Obligations of the Recipient Country

ANNEX-6: Tentative Action Plan for Water Tariff Revision



The Contents of the Project

1. Surface Water System

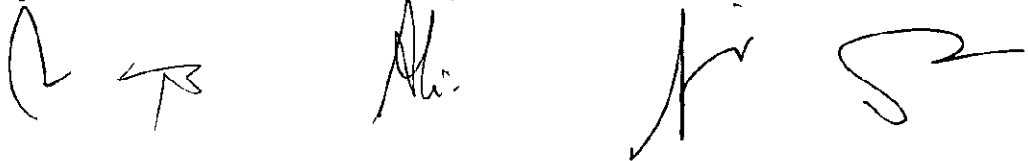
- Construction of Intake facilities: 4 sites.
- Installation of raw water transmission mains: 20.4 km
- Construction of water treatment plant: 17,280 m³/day
- Installation of treated water transmission mains: 25.6 km
- Construction of distribution reservoirs: 6 sites. (1,320 m³)

2. Groundwater System

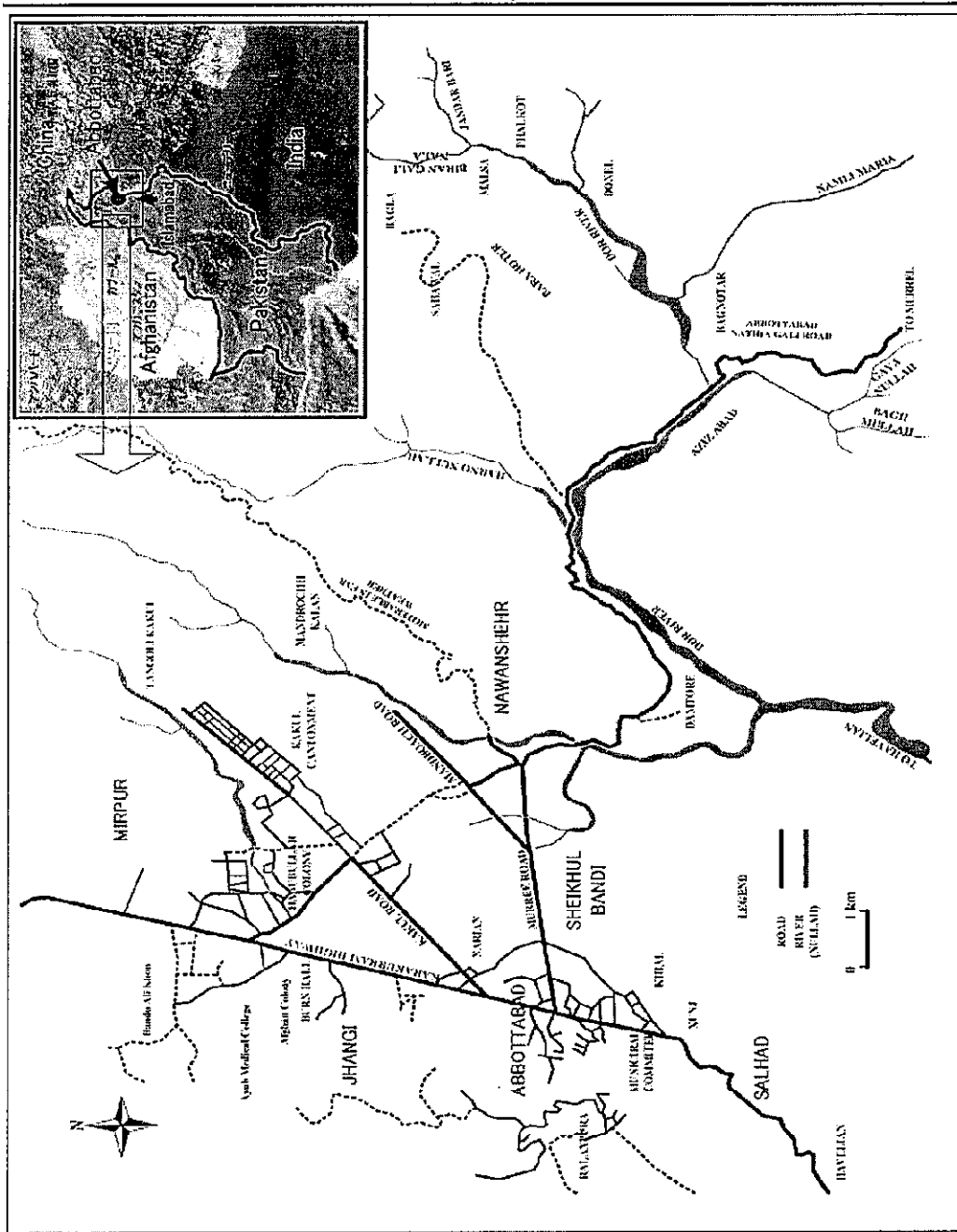
- Construction of wells: 4 sites.
- Installation of new well pumps: 4 sites.
- Replacement of the existing well pumps: 12 nos.
- Construction of distribution reservoir: 1 site. (300 m³)
- Installation of transmission mains: 3.6 km

3. Technical Assistance(Soft components)

- Training for tube well management and operation and maintenance of pump
- Capacity development for operation and maintenance of slow sand filtration system
- Assist of establishment of surface water system unit
- Improvement of water tariff collection system



The Project Sites



Handwritten signature: R. T. Ali. N. P.

Project Cost Estimation

a) Cost borne by the Government of Japan

Total Project Cost Approx. 3,887 million JPY

Surface Water System: 3,105 million JPY

Facility	Amounts (million JPY)
1. Intakes	25
2. Raw Water Transmission Facilities	1,433
3. Water Treatment Facilities	735
4. Treated Water Transmission Facilities	720
5. Distribution Reservoirs	191
Total	3,105

Groundwater System: 329 million JPY

Facility	Amounts (million JPY)
1. New wells	104
2. Replacement of Existing Well Pumps	84
3. Transmission Facilities	109
4. Distribution Reservoir	32
Total	329

Engineering Services (Detailed Design, Construction Supervision, Soft Component: 453 million JPY)

This cost estimate is provisional and would be further examined by the Government of Japan for the approval of the Grant Aid.

b) Cost borne by the Government of Pakistan

Total Cost Approx. Rs. 546 million
(Approx. 573 million JPY)

Items	Amounts (million Rs.)
1. Land Acquisition	80.00
2. Access Roads for Construction Sites	47.20

8

TB B Mi. A R

3. Power Supply, Water Supply, Drainage, Telephone, Office Furniture	48.50
4. Inter-linking of New/Old Reservoirs and Wells	31.60
5. Expansion and Rehabilitation of Distribution Network	154.80
6. Procurement and Installation of Water Meters	120.00
7. Provision for Creation of Project Sub-division (PMU)	8.10
8. Commissions for Bank Arrangement, Custom Clearance	55.90
Total	546

Environmental Check List

(1/5)

Category	Main Check Items	Confirmation of Environmental Considerations
1 Permits and Explanation	(1) EIA and Environmental Permits ① Have EIA reports been officially completed? ② Have EIA reports been approved by authorities of the host country's government? ③ Have EIA reports been unconditionally approved? If conditions are imposed on the approval of EIA reports, are the conditions satisfied? ④ In addition to the above approvals, have other required environmental permits been obtained from the appropriate regulatory authorities of the host country's government?	Environmental Protection Agency of North West Frontier Province has assured that the IEE report approved in 2004 has been valid until May 2010. Both sides agreed that the implementation of the EIA study is not necessary this time. Pakistani side has also assured that the validity of IEE would be extended accordingly when it is necessary before its expiration in May 2010.
	(2) Explanation to the Public ① Are contents of the project and the potential impacts adequately explained to the public based on appropriate procedures, including information disclosure? Is understanding obtained from the public? ② Are proper responses made to comments from the public and regulatory authorities?	Pakistan side is planning to set the water tariff based on the amount of the water used by the users. The plan is going to be explained to the users during implementation of the soft component scheme.
2 Mitigation Measures	(1) Air Quality ① Is there a possibility that chlorine from chlorine storage facilities and chlorine injection facilities will cause air pollution? Do chlorine concentrations within the working environments comply with the country's occupational health and safety standards?	There is no risk of air pollution since it is planned to use breaching powder instead of liquid type for the chlorination. Currently, there is no standard regarding the use of bleaching powder in Pakistan. However, like in Japan, appropriate safe measures such as use of mask, glasses, safety wear etc. would be required for the workers in order to prevent direct contact with the powder. Therefore, the same safety measure will be applied.
	(2) Water Quality ① Do pollutants, such as SS, BOD, COD contained in effluents discharged by the facility operations comply with the country's effluent standards?	There is no risk of pollution from the effluent because of the use of slow sand filter that does not use chemical matter for the treatment. The back-wash water from the filter will be consisting of inorganic matter such as sand and silt; in addition the washing will be implemented only 3 or 4 times a year. Therefore, pollution due to discharging the effluent into the river is not anticipated.
	(3) Wastes ① Are wastes, such as sludges generated by the facility operations properly treated and disposed of in accordance with the country's standards?	There is no risk of pollution from the sludge because of the use of slow sand filter that does not use chemical matter for the treatment. sludge will be extracted from wastewater/basins/drying beds periodically for disposal and they will be transported to the appropriate dumping sites accordance with suitable disposable measures.

TS



10





Category		Main Check Items	Confirmation of Environmental Considerations
2 Mitigation Measures	(4) Noise and Vibration	① Do noise and vibrations generated from the facilities, such as pumping stations comply with the country's standards?	Problems caused by the noise and the vibration are not anticipated since similar water abstraction facilities have already been in operation around the area.
	(5) Subsidence	① In the case of extraction of a large volume of groundwater, is there a possibility that the extraction of groundwater will cause subsidence?	Subsidence may occur if a large volume of ground water is extracted. Therefore, extraction of the groundwater from the tubewells should be implemented with appropriate pumping rate. In addition, the groundwater level of the tubewells should be monitored periodically.
3 Natural Environment	(1) Protected Areas	① Is the project site located in protected areas designated by the country's laws or international treaties and conventions? Is there a possibility that the project will affect the protected areas?	None of the proposed project sites is located in protected areas. Therefore, the project will not affect any protected areas.
	(2) Ecosystem	① Does the project site encompass primeval forests, tropical rain forests, ecologically valuable habitats (e.g., coral reefs, mangroves, or tidal flats)? ② Does the project site encompass the protected habitats of endangered species designated by the country's laws or international treaties and conventions? ③ If significant ecological impacts are anticipated, are adequate protection measures taken to reduce the impacts on the ecosystem? ④ Is there a possibility that the amount of water (e.g., surface water, groundwater) used by the project will adversely affect aquatic environments, such as rivers? Are adequate measures taken to reduce the impacts on aquatic environments, such as aquatic organisms?	None of the project sites encompass primeval forests, tropical rain forests, ecologically valuable habitats or protected habitats of endangered species. Therefore, significant ecological impacts are not anticipated.

TB M. R. A. R

Category	Main Check Items	Confirmation of Environmental Considerations
4 Social Environment	(1) Resettlement ① Is involuntary resettlement caused by project implementation? If involuntary resettlement is caused, are efforts made to minimize the impacts caused by the resettlement? ② Is adequate explanation on relocation and compensation given to affected persons prior to resettlement? ③ Is the resettlement plan, including proper compensation, restoration of livelihoods and living standards developed based on socioeconomic studies on resettlement? ④ Does the resettlement plan pay particular attention to vulnerable groups or persons, including women, children, the elderly, people below the poverty line, ethnic minorities, and indigenous peoples? ⑤ Are agreements with the affected persons obtained prior to resettlement? ⑥ Is the organizational framework established to properly implement resettlement? Are the capacity and budget secured to implement the plan? ⑦ Is a plan developed to monitor the impacts of resettlement?	None of project sites encompass involuntary resettlement. Construction of the project will require acquisition of at least 3 ha land out of the vacant lot of 118 ha reserved for the project. In total the project will affect none of households. The total cost for implementation of the land acquisition will be borne by Pakistani side. Land acquisition shall be done by full replacement cost as per the laws of Provincial/Federal government.
	(2) Living and Livelihood ① Is there a possibility that the project will adversely affect the living conditions of inhabitants? Are adequate measures considered to reduce the impacts, if necessary? ② Is there a possibility that the amount of water used (e.g., surface water, groundwater) by the project will adversely affect the existing water uses and water area uses?	The proposed water supply project will not adversely affect the living conditions of inhabitants. The conflicts over water usage between Abbottabad district and Haripur district have already been settled owing to the recommendation of Peshawar High Court with coordination by North-West Frontier Province and agreement on the project by the Governor of Haripur district.
	(3) Heritage ① Is there a possibility that the project will damage the local archeological, historical, cultural, and religious heritage sites? Are adequate measures considered to protect these sites in accordance with the country's laws?	There are no archeological, historical, cultural, and religious heritages around the proposed project sites.
	(4) Landscape ① Is there a possibility that the project will adversely affect the local landscape? Are necessary measures taken?	All the facilities will not affect the view of their surrounding environments from a distant.

(4/5)

Category		Main Check Items	Confirmation of Environmental Considerations
4 Social Environment	(5) Ethnic Minorities and Indigenous Peoples	<p>① Does the project comply with the country's laws for rights of ethnic minorities and indigenous peoples?</p> <p>② Are considerations given to reduce the impacts on culture and lifestyle of ethnic minorities and indigenous peoples?</p>	<p>There are no minorities or indigenous people living around the proposed project sites. Therefore, the proposed project will not adversely affect any minorities or indigenous people.</p>
5 Others	(1) Impacts during Construction	<p>① Are adequate measures considered to reduce impacts during construction (e.g., noise, vibrations, turbid water, dust, exhaust gases, and wastes)?</p> <p>② If construction activities adversely affect the natural environment (ecosystem), are adequate measures considered to reduce impacts?</p> <p>③ If construction activities adversely affect the social environment, are adequate measures considered to reduce impacts?</p> <p>④ If necessary is health and safety education (e.g., traffic safety, public health) provided for project personnel, including workers?</p>	<p>① During the construction, water will be sprayed on the road to settle the dust. Daily and periodical inspection of the construction machines will be conducted in order to reduce the exhaust gases, noise and vibrations. The contractors will also take appropriate measures for the disposing the wastes. Soil erosion would be minimized by constructing appropriate concrete-made drainage and fully compacting road. The back-wash water from the filter will be consisting of inorganic matter such as sand and silt. Therefore, the effluent will not cause water contamination.</p> <p>② The proposed projects will not adversely affect the natural environment.</p> <p>③ Annoyance to the general public living in the vicinity by transporting materials for the construction would be minimized through informing the date and time in advance.</p> <p>④ The contractor will prepare safety action plan and will provide safety training especially to the workers.</p>
	(2) Monitoring	<p>① Does the proponent develop and implement monitoring program for the environmental items that are considered to have potential impacts?</p> <p>② Are the items, methods and frequencies included in the monitoring program judged to be appropriate?</p> <p>③ Does the proponent establish an adequate monitoring framework (organization, personnel, equipment, and adequate budget to sustain the monitoring framework)?</p> <p>④ Are any regulatory requirements pertaining to the monitoring report system identified, such as the format and frequency of reports from the proponent to the regulatory authorities?</p>	<p>If the projects sites are not arranged by the proponent even after the E/N and G/A, the proponent should inform the update status to JICA every month. If the project sites are arranged, the proponent should submit copies of the contract to JICA.</p>

T3 Mr. R A

Category		Main Check Items	Confirmation of Environmental Considerations
6 Note	Note on Using Environmental Checklist	① If necessary, the impacts to transboundary or global issues should be confirmed (e.g., the project includes factors that may cause problems, such as transboundary waste treatment, acid rain, destruction of the ozone layer, or global warming).	None

TB Mi R Ki C

TENTATIVE SCHEDULE OF OBLIGATIONS OF THE RECIPIENT COUNTRY

ANNEX-5

		THE PROJECT FOR THE IMPROVEMENT OF WATER SUPPLY SYSTEM IN ABBOTTABAD																																																											
		2009												2010												2011												2012												2013											
ITEM		9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5															
E/N and G/A																																																													
Consultant Agreement for Detailed Design																																																													
Detailed Design including Preparation of Tender Documents																																																													
Approval on Tender Documents																																																													
Tender Announcement																																																													
Distribution of Tender Documents																																																													
Tendering																																																													
Tender Evaluation																																																													
Contract Signing																																																													
Technical Assistance (Soft Component)																																																													
Education (Japanese consultant)																																																													
Institution (Japanese consultant)																																																													
Water tariff system (Japanese consultant)																																																													
O&M of surface water supply system (Japanese consultant)																																																													
Tubewell management/O & M of pumps (Japanese consultant)																																																													
Education (Pakistani consultant)																																																													
Institution / water tariff system (Pakistani consultant)																																																													
Preparation of the Work																																																													
Construction of Surface Water System																																																													
Construction of Groundwater System																																																													
Obligation of Pakistan Side		Action by																																																											
1) Revision and Approval of PC-1																																																													
1) Revision of PC-1		WS&S/PHE Abbottabad																																																											
2) Approval of PC-1 by Provincial Government		P&D NWFP																																																											
3) Approval of PC-1 by Federal Government		EAD, Planning Commission																																																											
2) Land Acquisition																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Payment of Compensation for Land Acquisition		WS&S/PHE, DRC Abbottabad																																																											
3) Establishment of New Operation and Maintenance Organization																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Staff Recruitment		OCO, WS&S/PHE																																																											
3) Agreeing Internal rule of the Organization		OCO, WS&S/PHE, TMA, Nawansher SU																																																											
4) Construction of Access Road and Preservation of WTP																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Tendering (preparing documents, distribution, tendering and signing)		WS&S/PHE Abbottabad																																																											
3) Construction		WS&S/PHE Abbottabad																																																											
5) Power Supply, Water Supply, Drainage, Telephone Lines, etc.																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Tendering (preparing documents, distribution, tendering and signing)		WS&S/PHE Abbottabad																																																											
3) Construction		WS&S/PHE Abbottabad																																																											
6) Inter-linking of New/Old Reservoirs and Wells		WS&S/PHE Abbottabad																																																											
7) Expansion and Rehabil. Of Distribution Network, Kin. Leakage Reductor																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Site Specification (Expansion and Rehabilitation)		WS&S/PHE Abbottabad																																																											
3) Tendering (preparing documents, distribution, tendering and signing)		WS&S/PHE Abbottabad																																																											
4) Construction		WS&S/PHE Abbottabad																																																											
8) Procurement and Installation of Water Meter																																																													
1) Budget Allocation		P&D NWFP																																																											
2) Tendering (preparing documents, distribution, tendering and signing)		WS&S/PHE Abbottabad																																																											
3) Procurement & Installation (by the target year of 2015)		WS&S/PHE Abbottabad																																																											

Note: Notification, which the particular land is needed for a public purpose, has been done by the District Government Abbottabad to all land owners in December 2003 in accordance with the Land Acquisition Act, 1894. The process of land acquisition will be commenced from January 2010, and after the approval of the Project, the process of land acquisition will be completed by March 2010.

資料 4-33

13

Tentative Action Plan for Water Tariff Revision THE PROJECT FOR THE IMPROVEMENT OF WATER SUPPLY SYSTEM IN ABBOTTABAD

Item	Oa/ender year Month	2009			2010						2011						2012						2013															
		10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
		Action by																																				
A. Revision of water tariff																																						
1. Estimation of water tariff level and preparation of implementation plan, and notification to the NWFP Government	DCO, EDO Finance, WS&S/PHE, TMA, NWSR																																					
2. Basic Agreement of affiliated organization	DCO, WS&S/PHE, TMA, NWSR																																					
B. Shifting to metered rate system from present flat rate system																																						
1. Procurement & Installation of customer water meter	WS&S/PHE																																					
2. Trial execution of metered rate system in pilot area	WS&S/PHE																																					
3. Review & Improvement of meter reading and billing collection system	WS&S/PHE																																					
4. Commencement of metered rate system in all area	WS&S/PHE, TMA, NWSR																																					
C. Set-up of water tariff system																																						
1. Examination of appropriate water tariff plan	DCO, EDO Finance, WS&S/PHE, TMA																																					
2. Review and adjustment of proposed water tariff	DCO, EDO Finance, WS&S/PHE, TMA																																					
3. Basic Agreement of affiliated organization	DCO, WS&S/PHE, TMA																																					
D. First revision of water tariff																																						
1. Set-up first water tariff plan	DCO, EDO Finance, WS&S/PHE, TMA, NWSR																																					
2. Approval of proposal first water tariff plan	DCO, EDO Finance																																					
3. Procedure of first water tariff plan	DCO, EDO Finance, WS&S/PHE, TMA, NWSR																																					
4. Issuance of first water tariff revision	DCO, WS&S/PHE, TMA																																					
Technical Assistance (Soft Component)	Education (Japanese consultant)																																					
	Institution (Japanese consultant)																																					
	Water tariff system (Japanese consultant)																																					
	Education (Pakistani consultant)																																					
	Institution / water tariff system (Pakistani consultant)																																					

Note: DCO, WS&S/PHE and Finance are all under District Government Abbottabad.
TMA means TMA Abbottabad.
NWSR means Nawansher Service Unit.

資料 4-34

Handwritten mark