

Appendix 4 Minutes of Discussions (M/D)

(1) M/D (Preparatory Survey of the Outline Design)

MINUTES OF DISCUSSIONS
PREPARATORY SURVEY (BASIC DESIGN)
ON
URGENT REHABILITATION PROJECT FOR SEWERAGE AND DRAINAGE SYSTEM IN LAHORE
(RETRIEVAL OF SEWERAGE AND DRAINAGE SYSTEM IN LAHORE CITY (PHASE- II))
IN
THE ISLAMIC REPUBLIC OF PAKISTAN

In response to a request from the Government of the Islamic Republic of Pakistan (hereinafter referred to as "Pakistan"), the Government of Japan decided to conduct a Preparatory Survey (Basic Design) on Urgent Rehabilitation Project for Sewerage and Drainage System in Lahore (Retrieval of Sewerage and Drainage System in Lahore City (Phase-II)) (hereinafter referred to as "the Project") and entrusted the survey to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Pakistan the Preparatory Survey Team (hereinafter referred to as "the Team"), which is headed by Mr. Kazuya Suzuki, Director, Environment Management Division 1, Environment Management Group, Global Environment Department, JICA, and is scheduled to stay in the country from August 31 to September 8, 2009.

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

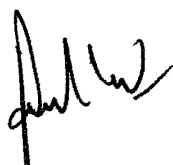
In the course of discussions and field survey, both parties confirmed the main items described in the attached sheets. The Team will proceed to further works and prepare the preparatory survey report.

Lahore, September 5, 2009



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Leader
Preparatory Survey Team
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Mr. Shaukat Ali

Additional Secretary (Tech)
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Department
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Mr. Ubaid Rubbani

Member Social Infrastructure
Planning & Development Board
Government of the Punjab



Mr. Zafar Hasan Reza

Joint Secretary (ADB/Japan)
Economic Affairs Division
Government of Pakistan

ATTACHMENT

1. Project title

The Pakistani side and the Team (hereinafter referred to as “the both sides”) agreed that the title of the Project will be Urgent Rehabilitation Project for Sewerage and Drainage System in Lahore, and the sub-title of the Project will be Retrieval of Sewerage and Drainage System in Lahore City (Phase-II).

2. Objective of the Project

The objective of the Project is to improve capacity of sewerage and drainage system and mitigate the damage at a repeatedly inundated area in Lahore city through replacement of disposal pumps and trash rake system(s).

3. Project sites

The sites of the Project are located in Lahore city as shown in **Annex-1**.

The Project sites will be subjected to minor change as a result of this survey.

4. Responsible and Implementing Agency

4-1. The Responsible/Sponsoring Agency: Government of the Punjab

4-2. The Implementing Agency: Water and Sanitation Agency (WASA), Lahore

The organization chart is shown in **Annex-2**.

4-3. The Steering Committee

Government of the Punjab will establish the Steering Committee. The Members of the Committee will be as follows. In case of any delay or difficulties in implementation stage, the Committee will arrange timely decisions and resources.

Secretary, Planning and Development Department, Government of the Punjab (Chair)

Secretary, Housing, Urban Development and Public Health Engineering Department,
Government of the Punjab

Director General, Lahore Development Authority

Managing Director, WASA Lahore


Representative(s) of JICA

Any other concerned person according to the requirement in due course of time for smooth implementation / monitoring / completion of the Project.

5. Items requested by the Government of Pakistan

After discussions between the both sides, the items described in **Annex-3** were finally requested by the Pakistani side.

The both sides confirmed that the appropriateness of the request would be examined in accordance with the further studies and analysis in Japan and the final components of the Project would be decided by the Japanese side.

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6. Japan's Grant Aid Scheme

6-1. The Pakistani side understands the Japan's Grant Aid Scheme explained by the Team, as described in **Annex-4**.

6-2. The Pakistani side will take the necessary measures, as described in **Annex-5**, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

7. Schedule of the Survey

7-1. The consultant members of the Team will proceed to further studies in Pakistan until September 18, 2009.

7-2. JICA will prepare the draft preparatory survey report in English and dispatch a mission in order to explain its contents to the Pakistani side around January 2010.

7-3. Following the contents of the report are accepted in principle by the Pakistani side, JICA will finalize the report and send it to the Pakistani side around March 2010.

7-4. The Pakistani side understands that execution of the Preparatory Survey (hereinafter referred to as "the Survey") does not imply the Japanese Government's commitment of the Project implementation.

8. Other relevant issues

8-1. Acceptance of the Inception Report

The Team explained the Inception Report and the Government of Pakistan accepted it.

8-2. Security arrangement

The Government of Pakistan will take all possible measures to secure the safety for the concerned people during the Survey and implementation of the Project on condition that the Grant Aid by the Government of Japan is extended to the Project.

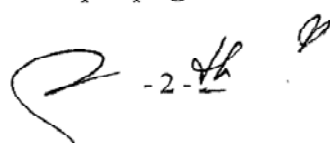

8-3. Validity of PC-I

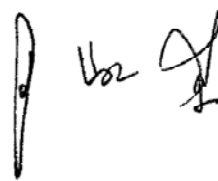
The Pakistani side assured that the PC-I approved in the Executive Committee of National Economic Council (ECNEC) on September 19th, 2007 was still valid. However, if the revised project cost through the Survey shows more than 15% excess of the original cost stipulated in PC-I, it is necessary for the Pakistani side to revise the said PC-I. The Pakistani side also assured that the revision of PC-I, if needed, would be approved by the Central Development Working Party (CDWP) within two months after receiving necessary information from JICA for the revision of PC-1.

8-4. Priority for installation of pumps and trash rake system(s)

The both sides agreed that the criteria for putting priority for installation pumps and trash rake system(s) are as follows:

- (a) Records of inundated area in Lahore
- (b) Degree of deterioration of each pumping system
- (c) Operation records of each pumping station
- (d) Volume of garbage flowing into each pumping station

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8-5. Tax Exemption

The tax exemption including Value Added Tax (VAT), custom duty, and any other taxes and fiscal levies in Pakistan which is to be arisen from the Project activities will be ensured by the Government of Pakistan. The Government of Pakistan will take necessary procedures for tax exemption.

8-6. Internal Transportation

Pakistani side explained that dry-port Lahore should be the port of disembarkation and requested that internal transportation from the port of disembarkation to the Project sites should be covered by Grant Aid for smooth implementation. The Team replied that this issue should be further discussed.

8-7. Validity of Initial Environmental Examinations (IEE)

Following the Environmental Protection Act 1997, WASA completed the IEE report and submitted to the Punjab Environmental Protection Department for "The Retrieval of Sewerage and Drainage System in Lahore City" in 2004. WASA explained that the IEE certificate was also valid for this Project.

8-8. Capacity building of the staff

The Team explained that the initial guidance for operation and maintenance of the equipment and facilities could be included in the Project to support smooth operation. Necessity and contents of the support will be examined during the Survey.

8-9. Related project

Preparatory survey for Lahore Water Supply, Sewerage and Drainage Improvement Project is being implemented in Lahore city and its final report will be finalized in January, 2010. The both sides agreed that both surveys should be implemented in collaborative manner.

8-10. Visibility of the Project

The Pakistani side affirmed the following measures to be taken in order to enhance publicity of the Project:

- (a) Mass media sources
- (b) Brochures
- (c) Commemoration panels

8-11. Public awareness

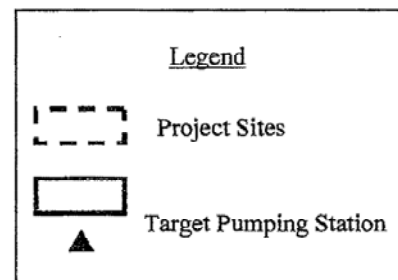
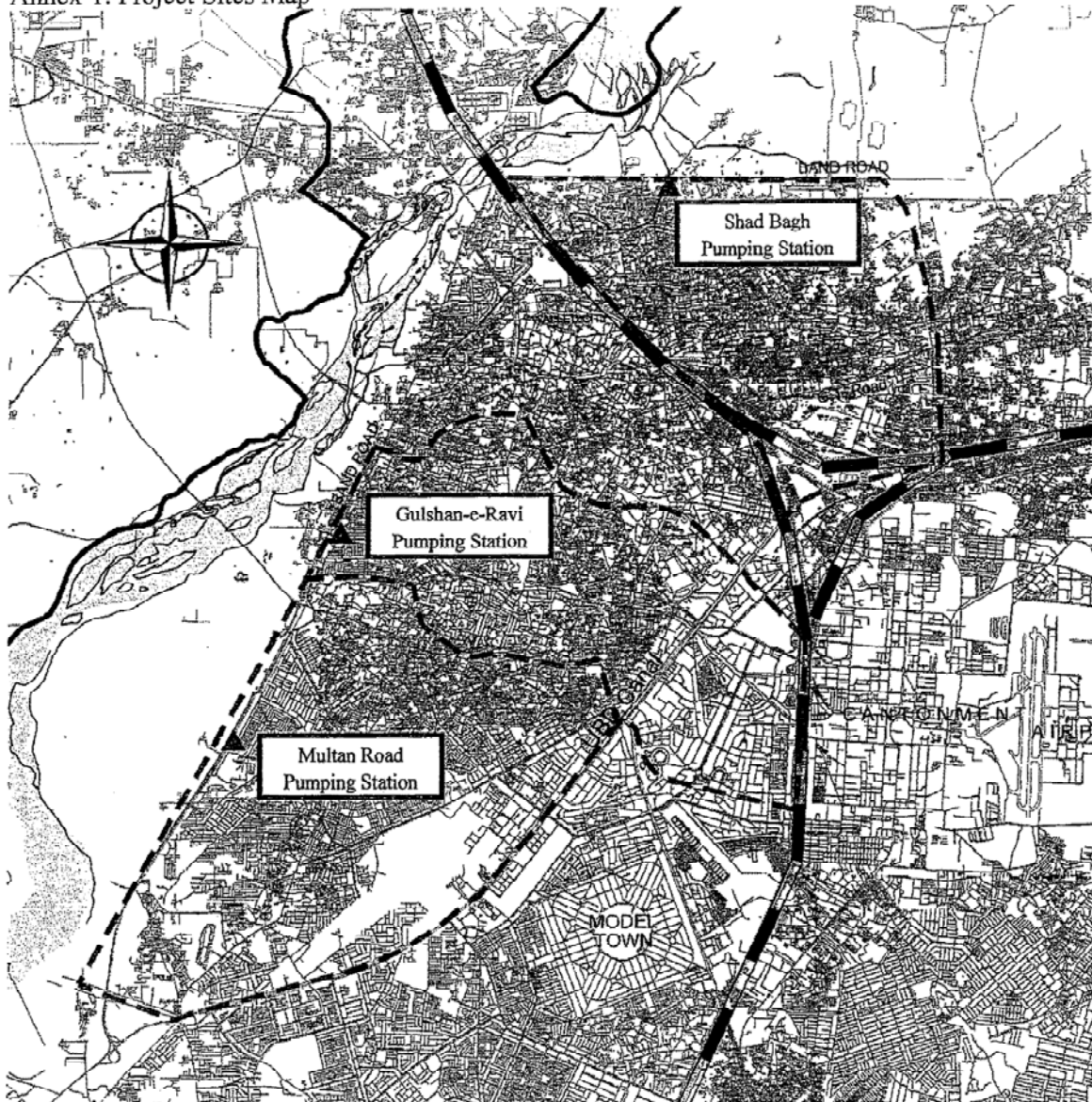
The Team observed that Shad Bagh Pumping Station had serious condition because of huge solid waste inflowing from open channel. The Team strongly proposed to take necessary actions including awareness campaign to refrain public from disposing of solid waste in the open channel.

Annex-1	Project Sites Map
Annex-2	Organization Chart (WASA)
Annex-3	Items Requested by the Pakistani Side
Annex-4	Japan's Grant Aid Scheme
Annex-5	Major Undertakings to be taken by each Government

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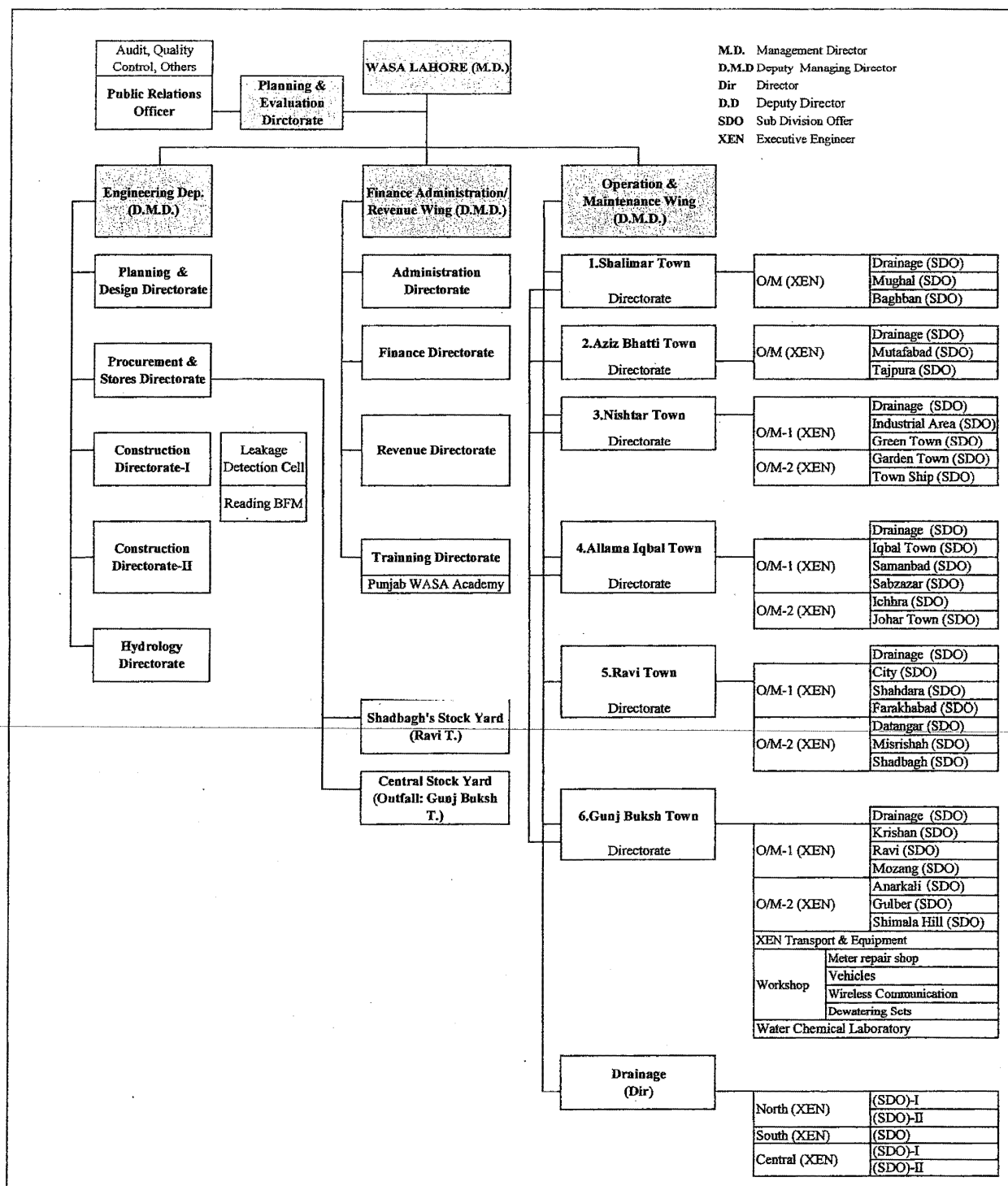
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Annex-1: Project Sites Map



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Annex-2: Organization Chart
Water and Sanitation Agency (WASA), Lahore



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Annex-3: Items Requested by the Pakistani Side

	Requested Components	Revised Request			
	Items	Items	Specification	Number	Priority
Shad Bagh Pumping Station	Pump 4 units Motor 4 units Suction valve 4 units Check valve 4 units Discharge Valve 4 units Pipes 4 units Electric Panel 4 units	Vertical Axial Flow type sewage pump	Q:1.13m3/s (40 cusec), H:36 feet	4 units	Priority 1
		Suction mannual operated sluice valve with extension handle	Nominal dia 700 mm (28 inch)		
		Swing type check valve	Nominal dia.600 mm (24 inch)		
		Discharge motor operated sluice valve with extension handle	Nominal dia.600 mm (24 inch)		
		Suction piping	Pipes and fittings		
		Discharge piping	Pipes and fittings		
		Vertical type squirrel cage induction motor	180 kw, 415V, 50 Hz		
		Electrical control panel	Low voltage panel	4 units	
	Trash Rake System	Automatic trash rake system	Out door type	1 unit	
		Trash transfer conveyer	Belt conveyer		
Gulshan-E-Ravi Pumping Station	Pump 8 units Motor 8 units Suction valve 8 units Check valve 8 units Discharge Valve 8 units Pipes 8 units Electric Panel 8 units	Vertical Axial Flow type sewage pump	Q:1.13m3/s (40 cusec), H:36 feet	8 units	Priority 2
		Suction manual operated sluice valve with extension handle	Nominal dia 700 mm (28 inch)		
		Discharge motor operated sluice valve with extension handle	Nominal dia.600 mm (24 inch)		
		Suction piping	Pipes and fittings		
		Discharge piping	Pipes and fittings		
		Vertical type squirrel cage induction motor	180 kw, 3300V, 50 Hz		
		Electrical control panel	High voltage panel	8 units	
Multan Road Pumping Station	Pump 4 units Motor 4 units Suction valve 4 units Check valve 4 units Discharge Valve 4 units Pipes 4 units Electric Panel 4 units	Vertical Axial Flow type sewage pump	Q:1.13m3/s (40 cusec), H:36 feet	4 units	Priority 1
		Suction manual operated sluice valve with extension handle	Nominal dia.700 mm (28 inch)		
		Swing type check valve	Nominal dia.600 mm (24 inch)		
		Discharge motor operated sluice valve with extension handle	Nominal dia.600 mm (24 inch)		
		Suction piping	Pipes and fittings		
		Discharge piping	Pipes and fittings		
		Vertical type squirrel cage induction motor	180 kw, 3300V, 50 Hz		
		Electrical control panel	High voltage panel	4 units	
	Trash Rake System	Automatic trash rake system	Out door type	1 unit	Priority 3
		Trash transfer conveyer	Belt conveyer		

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Annex-4: Japan's Grant Aid Scheme

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 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 (Attachment 1)

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

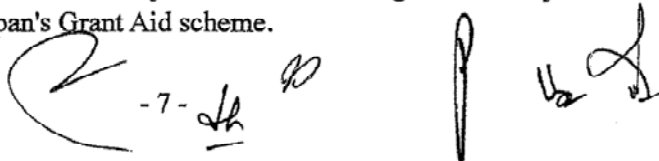
(1) Contents of the Survey

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.

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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 pledge 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 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 Attachment 1.

(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.

(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 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)

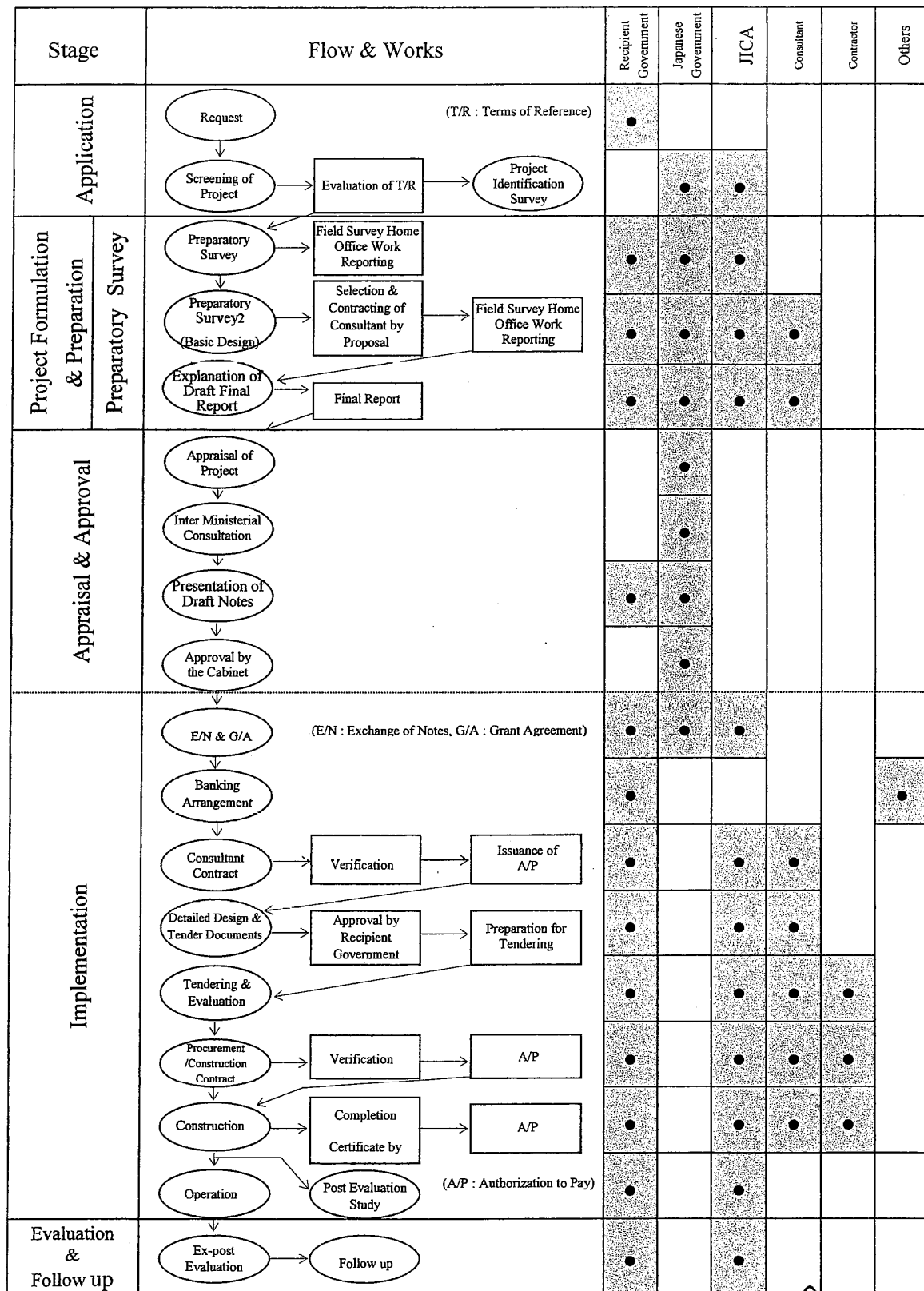
The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.

(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.

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FLOW CHART OF JAPAN's GRANT AID PROCEDURES



Annex-5: 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 sites when needed		●
3	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the sites		●
	b. The drop wiring and internal wiring within the sites	(●)	(●)
	c. The main circuit breaker and transformer	(●)	(●)
	2) Water Supply		
	a. The city water distribution main to the sites		●
	b. The supply system within the sites (receiving and elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm sewer and others to the sites)		●
	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the sites		●
4	To bear the following commissions to the Japanese foreign exchange banking service based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
5	To ensure unloading and customs clearance at the port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and customs clearance of the products at the port of disembarkation		●
	3) Internal transportation from the port of disembarkation to the Project sites	(●)	(●)
6	To accord Japanese nationals whose service may be required in connection with the supply of the products and the services under the verified contract, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.		●
7	To exempt Japanese nationals engaged in the Project from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts engaged in the Project.		●
8	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid		●
9	To bear all the expenses, other than those to be borne by the Grant Aid, necessary for construction of the facilities as well as for the transportation and installation of the equipment		●

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

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