

ملحق

MINUTES OF DISCUSSIONS
ON THE PREPARATORY SURVEY (BASIC DESIGN STUDY)
ON THE PROJECT FOR RURAL WATER SUPPLY
IN THE REPUBLIC OF YEMEN

In response to a request from the Government of the Republic of Yemen (hereinafter referred to as "the Government of Yemen"), the Government of Japan decided to conduct a Preparatory Survey (Basic Design Study) on the Project for Rural Water Supply in Yemen (hereinafter referred to as "the Project") and entrusted the survey to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Yemen the Preparatory Survey Team (hereinafter referred to as "the Team"), which is headed by Mr. Kenji Nagata, Senior Advisor, Global Environment Department, JICA, and is scheduled to stay in the country from 6th March to 8th May, 2009.

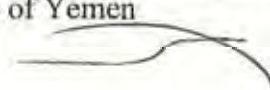
The Team held discussions with officials concerned of the Government of Yemen and conducted a field survey at the study area.

In the course of the discussions and the field survey, General Authority for Rural Water Supply Project (hereinafter referred to as "GARWSP") under the Ministry of Water and Environment (hereinafter referred to as "MWE") and JICA (hereinafter referred to as "both parties") confirmed the main items described on the attached sheets. The Team will proceed to further works and prepare the Basic Design Study Report.

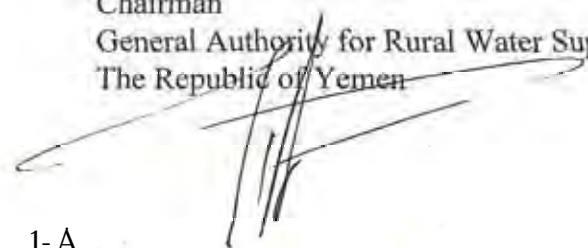
Sana'a, 15th March, 2009



Mr. Kenji Nagata
Leader
Preparatory Survey Team
Japan International Cooperation Agency
Japan

For 

Mr. Abdul Rahman Fadhl Al-Eryani
Minister
Ministry of Water and Environment
The Republic of Yemen

Mr. Ali Mohammed Al-Sureimi
Chairman
General Authority for Rural Water Supply Projects
The Republic of Yemen


ATTACHMENT

1. Objectives of the Project

The objectives of the Project are to supply safe and stable water to the people residing in rural areas, resulting in improvement of the living standard of the rural communities, and to ensure the beneficiaries' participation in operation and maintenance on the rural water supply system.

2. Survey Sites

The Survey sites are located in 5 Governorates namely Al-Mahweet, Sana'a, Dahmar, Ibb and Taiz shown in Annex-1, and are listed in Annex-2.

The site of S-11 (Al Hesn-Al Abyad, Jehana, Sana'a), which is included in the original request, is removed from the survey sites in this Preparatory Survey due to the JICA's security regulations.

3. Items Requested by the Government of Yemen

MWE and GARWSP (hereinafter referred to as "the Yemeni Side") requested the following items. The final components of the Project will be determined after further studies.

3-1. Construction of water supply facilities in the aforementioned Survey sites

3-2. Procurement of materials and equipment for construction of water facilities in the above Survey sites

3-3. Technical assistance for establishment or capacity building of the Water User Association (hereinafter referred to as "WUA") to operate and maintain the water supply system by communities.

4. Responsible and Implementing Agencies

4-1. The Responsible Agency is MWE.

4-2. The Implementing Agency is GARWSP.

4-3. The organization chart of MWE and GARWSP are shown in Annex-3.

5. Japan's Grant Aid Scheme

5-1. The Yemeni side understood the Japan's Grant Aid Scheme explained by the Team, as described in Annex-4.

5-2. The Yemeni side will take the necessary measures including budget allocation described in Annex-5A and 5B as a condition for the Japan's Grant Aid for smooth implementation if the Project would be implemented.

6. Schedule of the Survey

6-1. The Team will proceed to further studies in Yemen until 8th May 2009.

6-2. JICA will prepare the draft basic design report in English and dispatch a mission in order to explain its contents around August 2009.

6-3. In case that the contents of the report would be accepted in principle by the Government of Yemen, JICA will complete the final report and send it to the Government of Yemen around November 2009.

7. Other Relevant Issues

7-1. Both parties agreed that the Project sites as Japan's Grant Aid would be selected after the analysis of the results in this survey according to the following procedure.

(1) To prioritize the Survey sites according to the following criteria;

- a) Priority by the Yemeni side
- b) Urgency of the needs of the water supply facilities
- c) Potential of water sources (deep wells)
- d) Security condition
- e) Operation and maintenance capacity of communities

(2) To determine the final target sites and its component in consultation with the Government of Japan.

7-2. Both parties agreed the Team will design the Project according to the following conditions.

(1) The construction of the water supply facilities for the Project,

- The Japanese side shall construct a water supply system from intake facilities to public faucets to major hamlets.
- The other water pipes and equipment necessary for the house-connection system from public faucets to each house shall be procured and installed by communities in cooperation with Local Councils.
- The access roads to the reservoirs and deep wells shall be constructed under the responsibility of the Yemeni side.

(2) The rehabilitation of the water supply facilities for the Project

- The Japanese side shall procure equipment and materials necessary for the Project.
- The Yemeni side shall undertake the construction and renovation of them with their own budget within the Project period.
- The above principle shall be subject to the condition of the Project sites.

(3) Community Participation during the construction stage to enhance ownership of the water supply facilities to be constructed, for instance;

- The access roads within the sites are constructed by communities.
- The materials for construction are transported within the sites by communities.
- The activities as communities' participation shall be supervised by the GARWSP.

7-3. The Yemeni side ensured to take any measures deemed necessary to secure the safety of the members of the Team during the Survey.

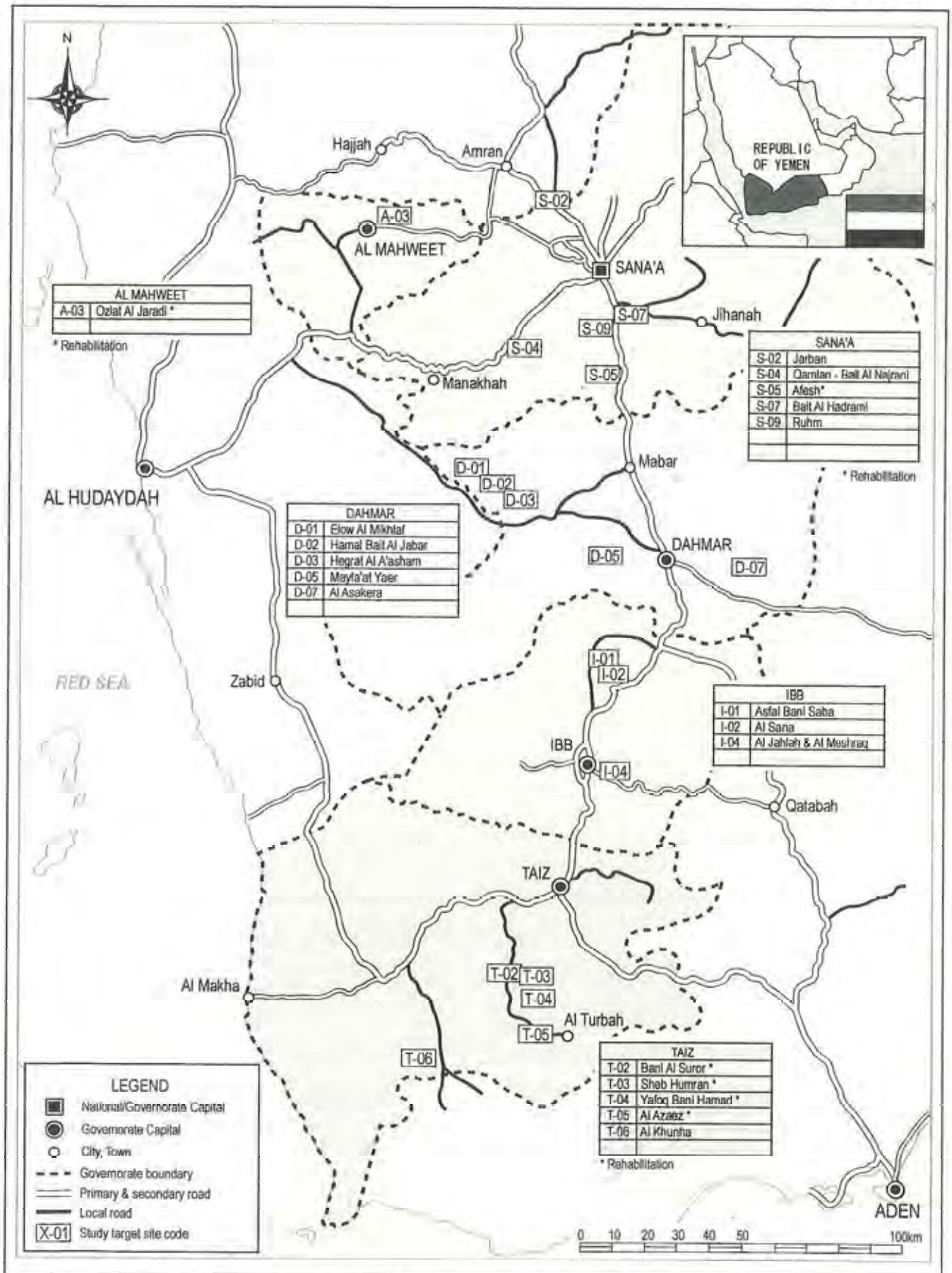
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7-4. Confirmation of the Approval of EIA (Environmental Impact Assessment)

MWE informed that the result of IEE (Initial Environmental Evaluation) approved by the Environment Protection Authority (hereinafter referred to as "EPA") at the Development Study was still effective and further EIA was not required on this survey. The Team requested a copy of the letter from EPA mentioning the effectiveness of the above approval by the end of April, and the Yemeni side agreed with it.

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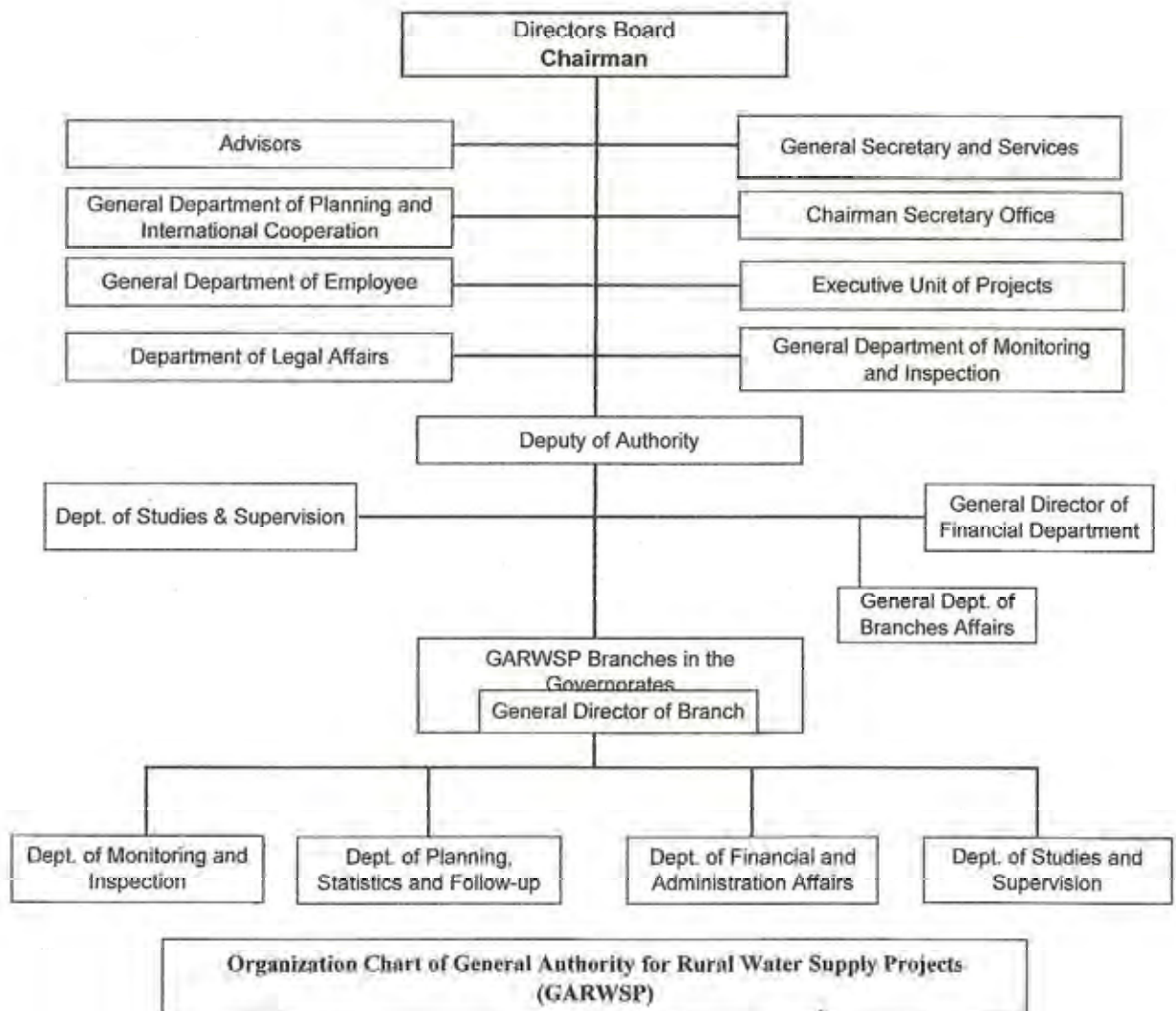
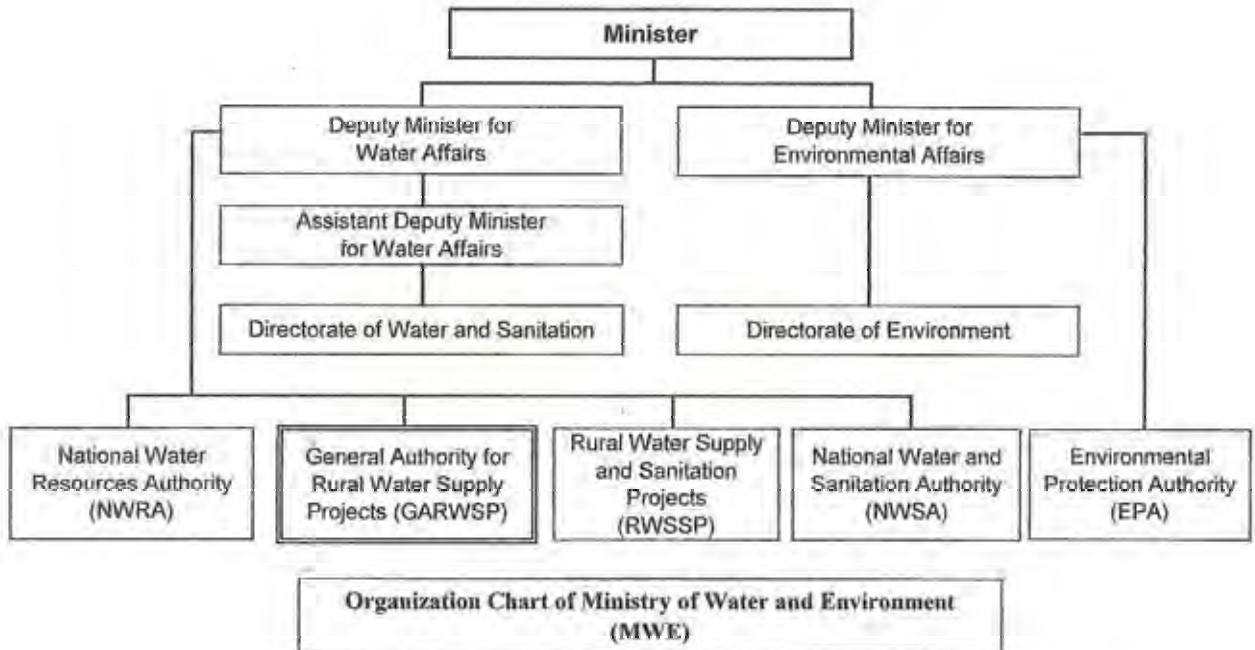


LOCATION MAP OF SURVEY AREA
(REQUESTED BY THE GOVERNMENT OF YEMEN)

Site List and Category of the facilities

Governorate	District	Code Number/Site Name	Category	Population (2006)
Al Mahweet	Al Rujum	A-03 Ozlat Al Jaradi	Rehab.(*1)	20,786
Sana'a	Hamdan	S-02 Jarban	New	1,611
	Bani Matar	S-04 Qamlan-Bait Al Najrani	New	629
	Belad Al Rous	S-05 Afesh	Rehab.	3,680
	Sanhan & Bani Bahlow	S-07 Bait Al Hadrami	New	2,550
	Sanhan & Bani Bahlow	S-09 Ruhm	New	4,567
Dahmar	Jabal Al Sharq	D-01 Elow Al Mikhalf	New	926
	Jabal Al Sharq	D-02 Hamal-Bait Al Jabar	New	2,475
	Jabal Al Sharq	D-03 Hegrat Al A'asham	New	1,592
	Ans	D-05 Mayfa'at Yaer	New	1,515
	Mayfa'a	D-07 Al Asakera	New	1,944
Ibb	Al Qafir	I-01 Asfal Bani Saba	New	9,311
	Al Makhader	I-02 Al Sana	New	6,026
	Ibb	I-04 Al Jahlah & Al Meshraq	New	10,467
Taiz	Al Ma'afer	T-02 Bani Al Suror	Rehab.	9,385
	Al Ma'afer	T-03 Sheb Humran	Rehab.	23,732
	Al Mawaset	T-04 Yafiq Bani Hamad	Rehab.	6,844
	Al Shamayaten	T-05 Al Azaez	Rehab.	11,784
	Al Wazieyah	T-06 Al Khunha	New	1,579
			Total	121,403

(*1) Rehab.: Rehabilitation of existing facility



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 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.

(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)

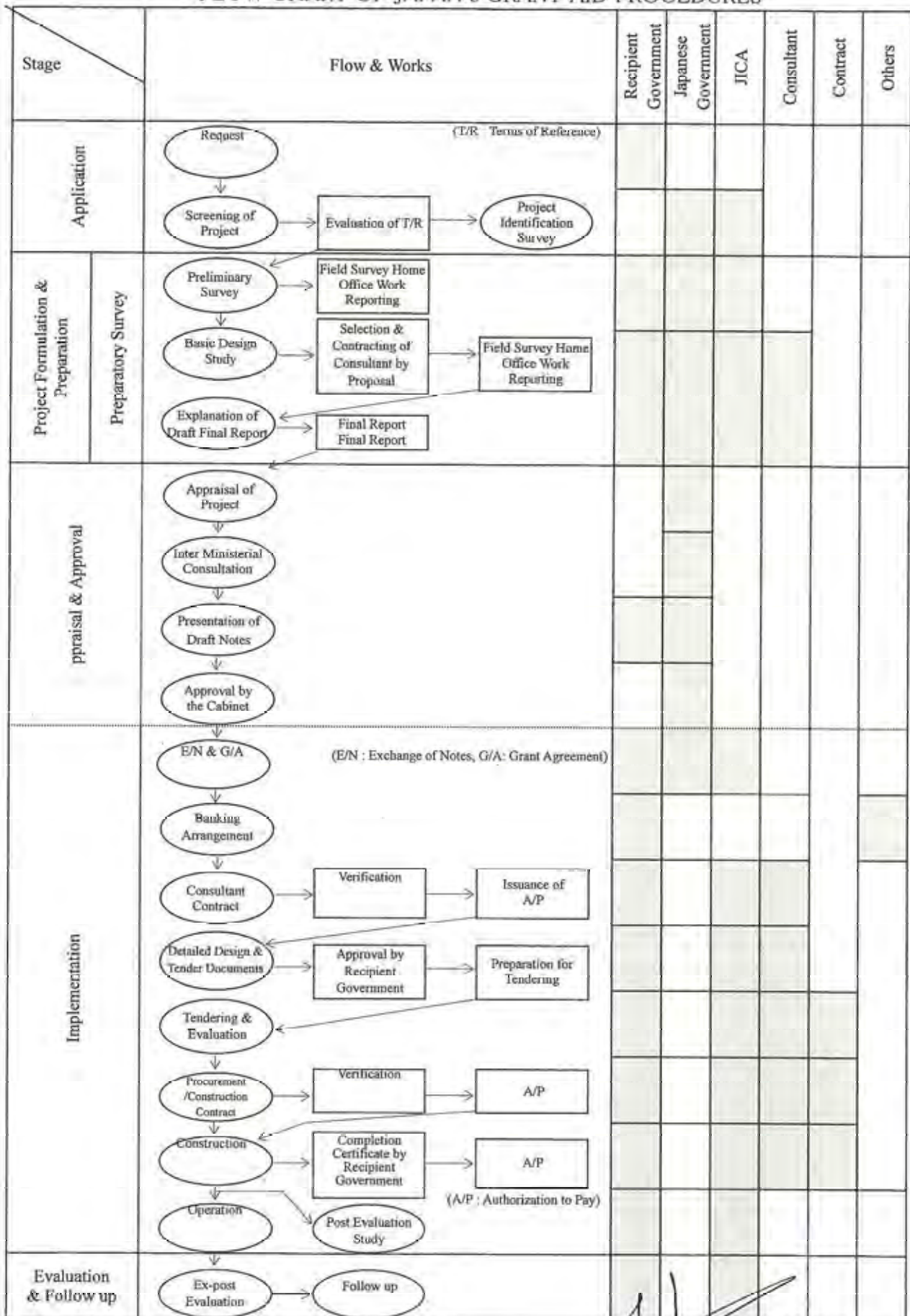
The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.

(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.

(End)

FLOW CHART OF JAPAN'S GRANT AID PROCEDURES



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		•

	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)

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)