

**Minutes of Discussions
on the Preparatory Survey on the Project for
Rural Electrification Phase III in the Republic of Uganda
(Second Field Survey)**

In response to the request from the Government of the Republic of Uganda (hereinafter referred to as "Uganda"), the Japan International Cooperation Agency (hereinafter referred to as "JICA"), in consultation with the Government of Japan, decided to conduct a Preparatory Survey (hereinafter referred to as "the Survey") on the Project for Rural Electrification Phase III (hereinafter referred to as "the Project").

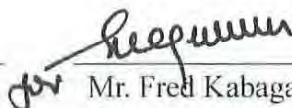
JICA dispatched the 2nd Field Survey Team (hereinafter referred to as "the Team") to Uganda, headed by Dr. Akira NIWA, Senior Advisor, Department of Human Resources for International Cooperation, JICA. The Team is scheduled to stay in Uganda from June 10 to July 21, 2011.

The Team held discussions with the officials of authorities concerned of the Government of Uganda (hereinafter referred to as "the Ugandan side"), and conducted a series of field surveys. In the course of the discussions, both the Ugandan side and the Team (hereinafter referred to as "Both parties") have confirmed the main items described in the sheets attached hereto.

Kampala, June 16, 2011



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Japan International Cooperation Agency
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Mr. Fred Kabagambe-Kaliisa
Permanent Secretary,
Ministry of Energy and Mineral Development
(MEMD)
/ Chairman of Rural Electrification Board

Witness:



Ms. Jennifer Muwuliza
Ag. Commissioner,
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Mr. Godfrey R. Turyahikayo
Executive Director,
Rural Electrification Agency (REA),
Ministry of Energy and Mineral Development
(MEMD)

ATTACHMENT

1. Objective of the Project

The objective of the Project is to extend the distribution system for reliable and stable supply of electricity to the rural communities within the Project sites.

2. The Project Site

The Ugandan side and the Team confirmed prioritization among six candidate project sites in the 1st Field Survey and agreed that the Area-4 as the most prioritized site in consideration of previous project scale. Main reasons for the prioritization are (1) electrification beneficiaries in terms of the number of consumers which include trading centers, households, schools and health centers, (2) an importance of electrification of new district headquarters in Namayingo, and (3) project impacts including synergy with the Interconnection of Electric Grids of Nile Equatorial Lakes Countries Project. Both parties reconfirmed needs and urgency of rural community electrification and agreed to take necessary action by conveying strong recommendation to decision makers for the smooth and timely implementation of the Project to both governments. The Project Sites are shown in Annex-1.

3. Responsible and Implementing Organizations

- (1) The responsible organization for the Project is the Ministry of Energy and Mineral Development (MEMD).
- (2) The implementing agency is the Rural Electrification Agency (REA).
- (3) The organization charts of MEMD and REA are shown in Annex-2 and Annex-3, respectively.

4. Components of the Project

JICA explained the result of analysis on the 1st Survey to Ugandan side and also explained following main components of the Area-4, the highest prioritized project site. The detailed contents of the components are described in Annex-4.

- (1) Supply and installation of 33kV distribution lines in Mayuge-Lumino
- (2) Installation of distribution transformers (33kV/415-230V)

5. Japan's Grant Aid Scheme

- (1) The Ugandan side has understood the Japan's Grant Aid Scheme explained by the Team as described in Annex-5 and Annex-6.
- (2) The Ugandan side will take necessary measures, as described in Annex-7, for smooth implementation of the Project as prerequisites for the Japan's Grant Aid to be implemented.

6. Environmental and Social Considerations

- (1) The Ugandan side agreed to comply with the JICA Guidelines for Environmental and Social Considerations (April 2004) (hereinafter referred to as "JICA Guidelines") as well as Ugandan laws and regulations, and to prepare Environmental Checklist and Monitoring Form which are designated by JICA Guidelines for an outline design.

- (2) Both parties confirmed that a project brief document was required for the Project to obtain approval from the National Environment Management Authority (NEMA). The project brief document would duly include IEE level study and mitigation measures for the selected section of distribution line. The project brief document for the Project will be prepared and submitted to the NEMA by the end of August, 2011. An approval is to be expected by the end of October, 2011.
- (3) Both parties agreed followings in relation to environment and social considerations
- (a) REA assigned an environment officer during the 2nd Field Survey to coordinate the environmental activities, survey for environmental impacts and mitigation measures, and compile baseline data for preparation of the project brief
 - (b) REA will conduct stakeholder meetings (SHM) on July 13 and 14 (tentative) at Namayingo and Mayuge district headquarters respectively, inviting district officials and community leaders from the Project areas. The proposed agenda of SHM will include;
 - (i) Explanation of government policy and plan in rural electrification,
 - (ii) Presentation of project features,
 - (iii) Presentation of the route map of 33kV distribution line, location map of transformers and load centers,
 - (iv) Characteristics of project impacts and mitigation measures at sites, and
 - (v) Enhance awareness in community.Records and findings of the SHM will be incorporated in the Project Brief.
 - (c) JICA is to monitor the progress of environmental activities in terms of the overall project schedule and review and advise on the outcomes in order to ensure conformity with JICA Environmental and Social Consideration Guidelines.
- (4) The Ugandan side agreed to secure lands necessary for implementation of the Project.
- (5) The Ugandan side agreed to secure funding for and execution of the above environmental matters in a schedule as required for smooth execution of the Project.

7. Technical Considerations

The Ugandan side will formulate the technical notes together with the Team during the 2nd Field Survey. The technical notes aims at clarifying works to be done by the Ugandan side for smooth implementation of the Project especially data and document collection for further analysis in the outline design and environmental and social consideration activities.

8. Schedule of the Survey

The Team will continue the Survey in Uganda until July 21, 2011. Based on the results of the Survey, JICA plans to send a mission to explain the Draft Final Report in October, 2011.

9. Other Relevant Issues

(1) Status of the Survey

The Team explained that the purpose of the Survey is to collect necessary information and data for 1) the evaluation of the relevance, appropriateness and urgency of the Project, 2) the identification of the priorities of the components of the Project, and 3) the identification of the

issues to be cleared for implementation of the Project. Therefore the project site for the Survey and components confirmed by both parties may not necessarily be approved by the Government of Japan.

(2) Stable and reliable electricity supply to the Project Site

Both parties have discussed and confirmed necessity for further analysis in the related transmission line and distribution lines for stable and reliable electricity supply in the Project site. In order to realize power supply stability in the region, both parties agreed that the Ugandan side will submit an additional proposal by the end of the 2nd Field Survey. The team will review and evaluate technical and economic viability of the proposal for the further consideration of Japanese government.

(3) Confirmation of information/ data submission

In the 1st field survey, MEMD/REA agreed on the following measures to minimize the constraints on realization of the electrification benefit of rural communities in the Project sites.

- Revision of policy, which was specifically the Rural Electrification Strategy and Plan (RESP)
- Social and economic data in the Area-4 were to be confirmed during the 2nd Field Survey of the Project
- To realize timely implementation of low voltage connection to the communities for the Project by making necessary arrangements including measures for avoiding a delay in the procurement procedures by initiating the contract as soon as the Outline Design completed

(4) Counterpart Personnel

The Team requested the Ugandan side that necessary number of counterpart personnel shall be assigned to the Team and necessary arrangements with related organizations shall be made during the Survey in Uganda. The Ugandan side agreed to support the Team based on the request.

(5) Questionnaires

The Team requested the Ugandan side that the answers to the questionnaires which the Team had already submitted to the Ugandan side shall be given to the Team by July 19, 2011

(End)

- Annex-1 The Project Site
- Annex-2 Organization charts of MEMD
- Annex-3 Organization charts of REA
- Annex-4 Components of the Project confirmed by the Ugandan side and the Japanese side
- Annex-5 Japan's Grant Aid
- Annex-6 Flow Chart of Japan's Grant Aid Procedures
- Annex-7 Major Undertakings to be taken by Each Government

The Project Site

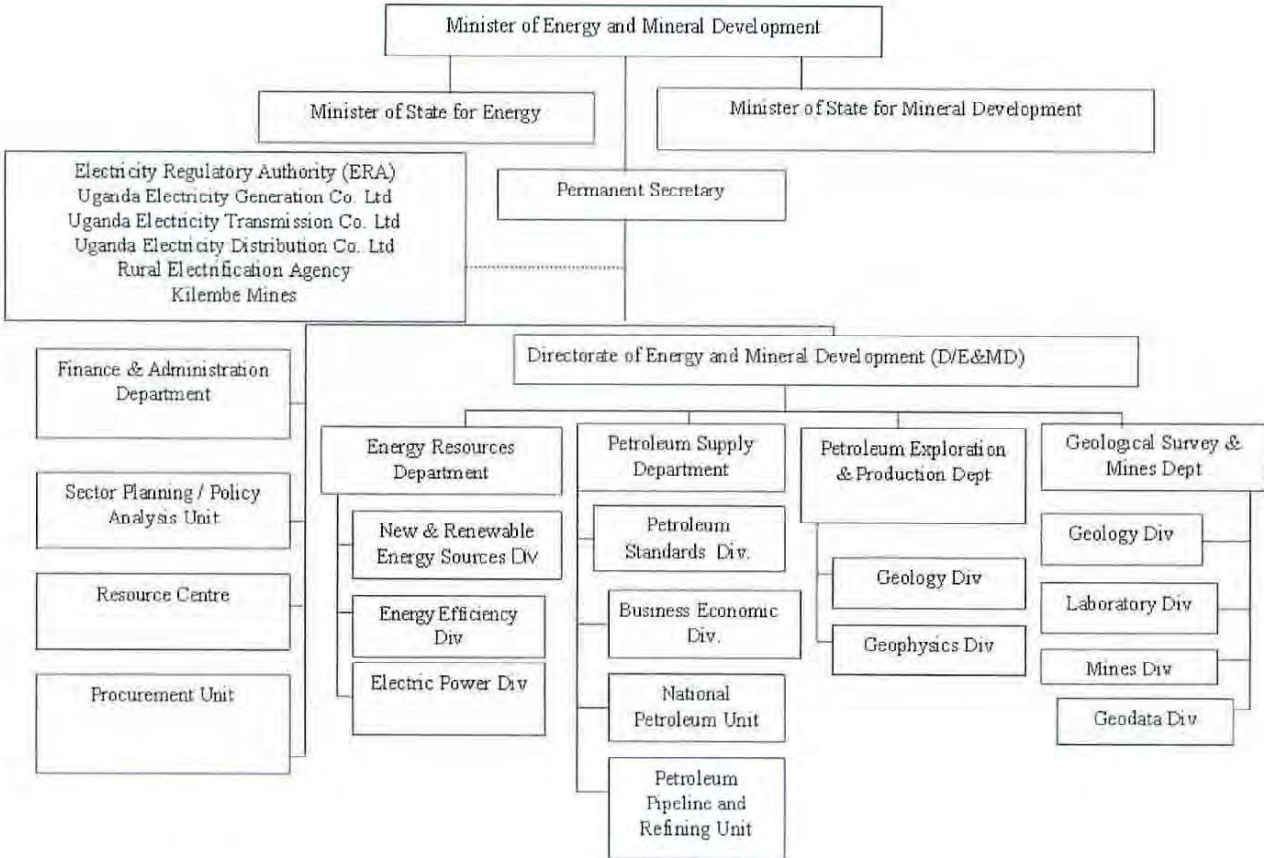


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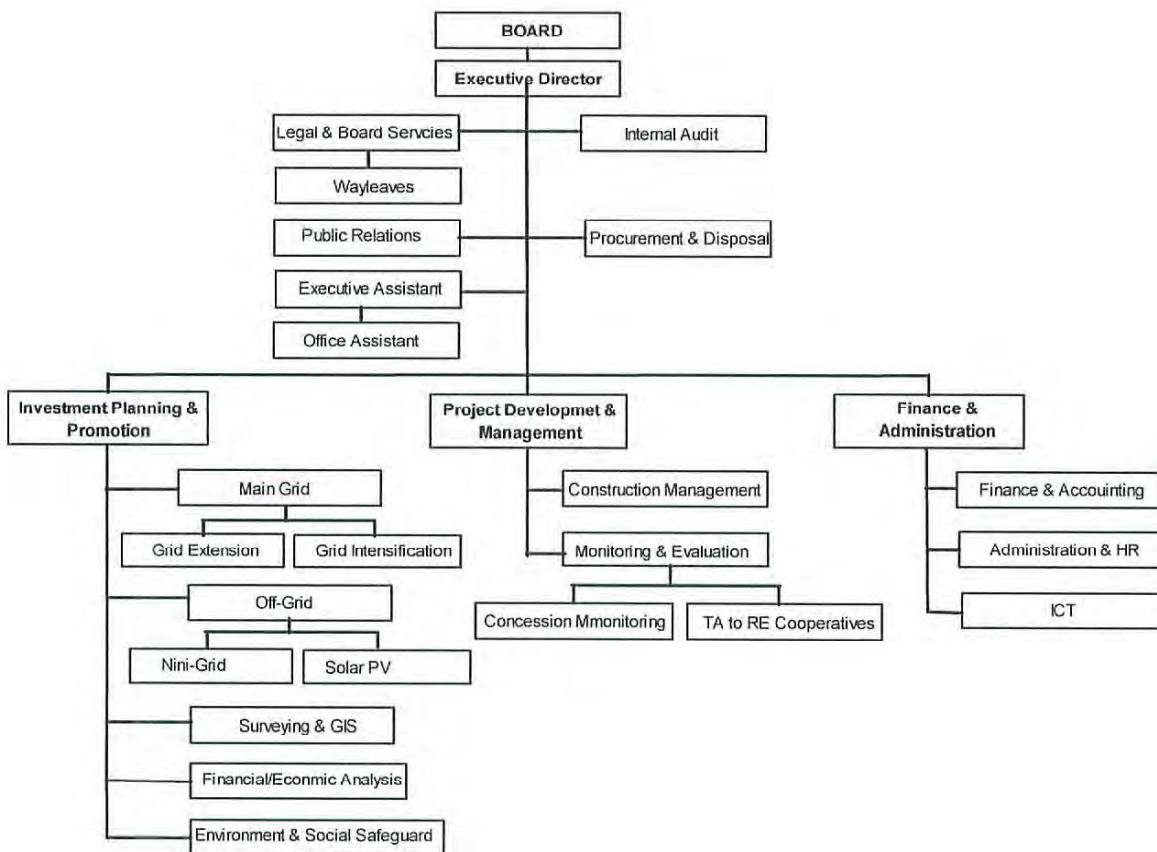
Organization charts of MEMD

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Organization charts of REA

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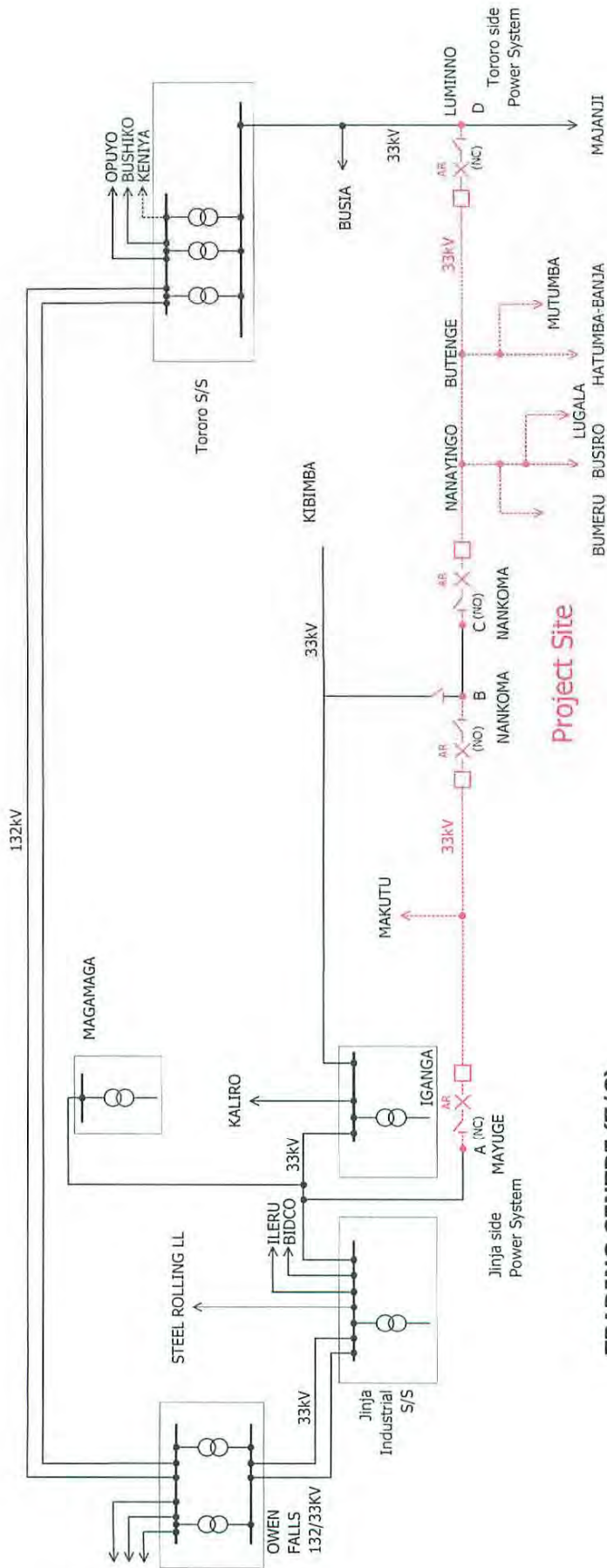
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Components of the Project confirmed by the Ugandan side and the Japanese side

Project Site	Area(Region)	Priority Ranking ⁽¹⁾	Contents of main components ⁽²⁾	Project Features
4	Mayuge-Lumino (Eastern) ⁽⁴⁾	A	- Supply and installation of 33kV distribution Lines (approx. 130km) and distribution transformers (33kV/415-230V)	Highly recommendable for electrification of new district headquarters (Namayingo) and synergy with EPSA Length of line passing CFRs*: approx. 1.5km

Notes:

- (1) Factors which are considered in evaluation of priority ranking are: impacts to rural economy and development, features of benefits in electrification, access to electricity in the underserved area and environment.
- (2) Content of main components is based on the results of the previous survey and additional information provided by REA. Modification in the quantities and additional new items/equipments will be determined based on the site survey.
- (3) *CFR stands for Central Forest Reserve managed by NFA. The proposed alignments including those passing CFRs are along the existing roads.



TRADING CENTRE (T/C)

CONNECTION POINT A-B

No.	NAME OF T/C
1	MAINA
2	MPUNUGWE
3	NAMABUNDU
4	BUWONGO
5	MAKUTU
6	NONDWE
7	BWALULA
8	MATOVU

CONNECTION POINT C-D

No.	NAME OF T/C
9	NABIGINGO
10	IRIMBI
11	MAYUGE-BUKHOLI
12	BUUDE
13	NSANGO
14	NAMAYINGO
15	LWANGOSTA
16	NAIRONI
17	LUTOLO
18	KILINDINI
19	LUGALA
20	BUSUMA
21	BUSIRO
22	BUSIRO LANDING SIDE
23	BUMERU-A
24	BUMERU-B

SYMBOLS

- : EXISTING
- : THE PROJECT
- LBS
- AR : AUTO RECLOSER
- (M) : METERING UNIT
- (NC) : NORMAL CLOSE
- (NO) : NORMAL OPEN

NETWORK DIAGRAM
AREA-4 (IGANGA, BUGIRI AND BUSIA DISTRICT)

Table Outline of the project site

Areas	Length [km]	Trading Center	Schools			Health Center				Households
			Primary	Secondary	Tertiary	IV	III	II	I	
Extension of 33 kV distribution line in [ganga, Bugiri and Busia District (Area-4)]	130	37	101	17	2	2	5	8	0	9095

[Remarks] The details are shown below.

Rural Electrification Phase III Socio-economic Data in Area-4

Trading Center	Parish	Sub-county	Schools			Health Center				Households	Remarks	
			Primary	Secondary	Tertiary	IV	III	II	I			
1 Maina	Maina	Mpungwe	3	0	0	0	0	0	1	0	100	
2 Mpungwe	Muji	Mpungwe	5	1	0	0	0	0	0	0	450	
3 Namabundu	Kasozi	Makutu	3	0	0	0	0	0	0	0	100	
4 Buwongo	Makutu	Makutu	1	0	0	0	0	0	0	0	120	
5 Makutu	Makutu	Makutu	2	2	0	0	1	0	0	0	150	
6 Nondwe	Kasozi	Makutu	1	0	0	0	0	0	0	0	200	
7 Bwaila	Isegero	Nankoma	2	1	0	0	0	0	0	0	200	
8 Matovu	Matovu	Nankoma	2	0	0	0	0	0	0	0	200	
9 Nabigingo	Namigingo	Bulidha	2	0	0	0	0	1	0	0	200	
10 Irimbi	Kitumba	Muterere	2	0	0	0	0	0	0	0	30	
11 Mayuge-Bukholi	Mayuge	Budaya	5	0	0	0	1	0	0	0	1200	
12 Budde	Buwolya	Budaya	0	0	0	0	0	0	0	0	100	
13 Nsango	Kifuyo	Buyinja	7	1	0	0	0	1	0	0	350	
14 Namayingo	Nmayingo	Namayingo T.C.	21	7	1	1	0	0	0	0	3000	
15 Lwngosia	Lwngosia	Buyinja	4	1	0	1	0	0	0	0	90	
16 Nairobi	Buwoya	Banda	1	0	0	0	0	0	0	0	40	
17 Lutolo	Lutolo	Banda	1	1	0	0	1	0	0	0	260	
18 Kilindini	Lutolo	Banda	2	0	0	0	0	0	0	0	15	

Trading Center	Parish	Sub-county	Schools			Health Center				Households	Remarks	
			Primary	Secondary	Tertiary	IV	III	II	I			
19 Lugala	Lugala	Banda	3	0	0	0	0	0	1	0	300	
20 Busuma	Buchumba	Banda	1	0	0	0	0	0	0	0	100	
21 Busiro	Bujuwanga	Banda	2	0	0	0	0	0	1	0	100	
22 Busiro Landing Site	Bujuwanga	Banda	3	0	0	0	0	0	0	0	150	
23 Bumeru A	Bushimo	Mutumba	5	0	0	0	0	0	0	0	50	
24 Bumeru B	Buchimo	Mutumba	1	0	0	0	0	0	0	0	100	
25 Buchimo	Buchimo	Mutumba	2	1	0	0	0	0	0	0	40	
26 Mulombi B	Muwema	Mutumba	1	0	0	0	0	0	1	0	100	
27 Butebey A	Muwema	Mutumba	1	0	0	0	0	0	0	0	40	
28 Mutumba	Mutumba	Mutumba	3	1	0	0	0	1	0	0	200	
29 Hatumba-Banja	Bulule	Mutumba	1	0	0	0	0	0	0	0	150	
30 Nabusera	Bulule	Mutumba	1	0	0	0	0	0	0	0	100	
31 Farm	Sinde	Buhemba	1	0	0	0	0	0	1	0	200	
32 Lunyo	Busiabaa	Lunyo	2	1	0	0	0	1	0	0	260	
33 Buwanga	Nalwire	Lunyo	1	0	1	0	0	0	0	0	80	
34 Hukemo	Nalwire	Lunyo	3	0	0	0	0	0	0	0	150	
35 Mundindi	Mundindi	Busime	4	0	0	0	0	0	1	0	70	
36 Lumuli	Rukaka	Busime	1	0	0	0	0	0	0	0	50	
37 Mwembe-Tayari	Busime	Busime	1	0	0	0	0	0	0	0	50	
Total			101	17	2	2	2	5	8	0	9095	

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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 a part of this realignment, a new JICA law was entered into effect on October 1, 2008. Based on the law and the decision of the Government of Japan (hereinafter referred to as “the GOJ”), JICA has become the executing agency of the Grant Aid for General Projects, for Fisheries and for Cultural Cooperation, etc.

The 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

The 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 Exchange of Notes (hereinafter referred to as "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".

(4) Necessity of "Verification"

The Government of the recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by 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-7.

(6) "Proper Use"

The Government of the 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)

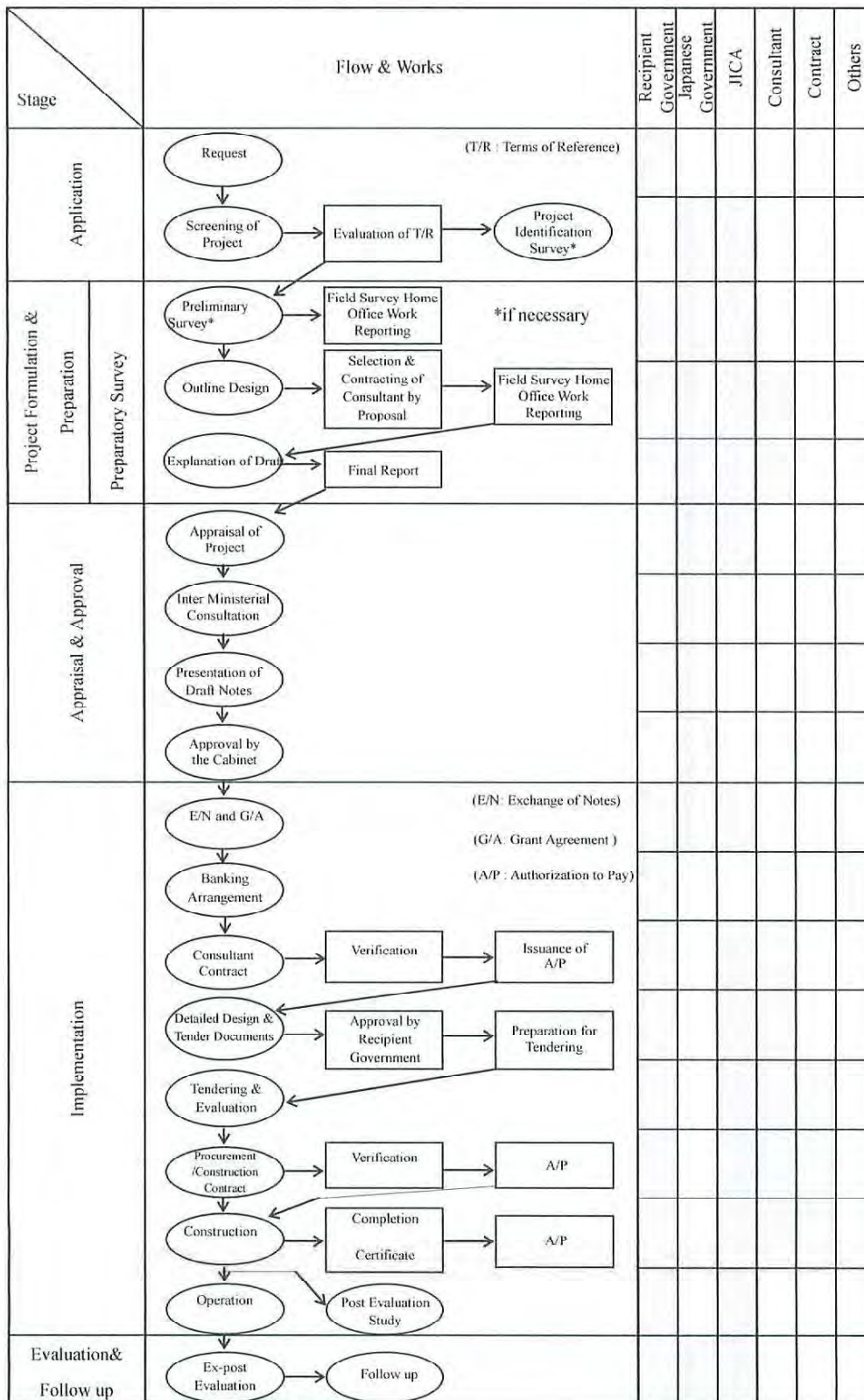
The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.

(10) Environmental and Social 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 the JICA Guidelines for Environmental and Social Considerations (April 2004).

Flow Chart of Japan's Grant Aid Procedures



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 [a lot] /[lots] of land necessary for the implementation of the Project and to clear the [site]/[sites];		•
2	To construct the following facilities		
	1) The building	•	
	2) The gates and fences in and around the site		•
	3) The parking lot	•	
	4) The road within the site	•	
	5) The road outside the site		•
3	To provide facilities for distribution of electricity, water supply and drainage and other incidental facilities necessary for the implementation of the Project outside the [site]/[sites]		
	1) Electricity		
	a. The distributing power line to the site		•
	b. The drop wiring and internal wiring within the site	•	
	c. The main circuit breaker and transformer	•	
	2) Water Supply		
	a. The city water distribution main to the site		•
	b. The supply system within the site (receiving and elevated tanks)	•	
	3) Drainage		
	a. The city drainage main (for storm sewer and others to the site)		•
	b. The drainage system (for toilet sewer, common 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	•	
4	To ensure prompt unloading and customs clearance of the products at ports of disembarkation in the recipient country and to assist internal transportation of the products		
	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 site	•	
5	To ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the purchase of the products and the services [be exempted] / [be borne by the Authority without using the Grant]		•
6	To accord Japanese nationals whose services may be required in connection with the supply of the products and the services such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work		•
7	To ensure that [the Facilities and the products]/[the Facilities]/ [the products] be maintained and used properly and effectively for the implementation of the Project		•
8	To bear all the expenses, other than those covered by the Grant, necessary for the implementation of the Project		•
9	To bear the following commissions paid to the Japanese bank for banking services based upon the B/A		
	1) Advising commission of A/P		•
	2) Payment commission		•
10	To give due environmental and social consideration in the implementation of the Project.		•