

**Minutes of Discussions  
on the Preparatory Survey for  
the Project for the Upgrading and the Construction of Secondary Schools  
Aimed at Promoting Inclusive Education  
in Kingdom of Lesotho**

In response to the request from the Government of Kingdom of Lesotho, the Government of Japan decided to conduct a Preparatory Survey for the Project for the Upgrading and Construction of Secondary Schools aimed at promoting Inclusive Education (hereinafter referred to as “the Project”), and entrusted the Preparatory Survey to Japan International Cooperation Agency (hereinafter referred to as “JICA”).

Based on the result of survey on November 2015, JICA sent the Preparatory Survey Team for the Outline Design (hereinafter referred to as “the Team”) to Kingdom of Lesotho, headed by Mr. Takao MARUYAMA, Basic Education Team 2, Basic Education Group, Human Development Department, and is scheduled to stay in the country from July 28<sup>th</sup> to August 13<sup>th</sup>, 2016.

The Team held a series of discussions with the concerned officials of the Government of Kingdom of Lesotho and conducted a field survey in the Project area. In the course of the discussions, both sides have confirmed the main items described in the attached sheets. The Team will proceed to further works and prepare the Preparatory Survey Report.

Maseru, August 3<sup>rd</sup>, 2016

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Takao MARUYAMA  
Leader, Preparatory Survey Team  
Japan International Cooperation Agency  
Japan



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Mapaseka Kolotsane  
Principal Secretary  
Ministry of Education and Training  
Kingdom of Lesotho



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Makhoabane Ledimo  
Principal Secretary  
Ministry of Development Planning  
Kingdom of Lesotho

## ATTACHMENT

### 1. Objective of the Project

The objective of the Project is to improve learning environment especially for children with disability by upgrading and constructing secondary schools and provision of equipment, thereby contributing to equitable access to secondary education for children with disability. The schools to be constructed under the Project are expected to be the model of inclusive education school in Kingdom of Lesotho.

### 2. Responsible Authority for the Project

Both sides confirmed the authorities responsible for the Project as follows:

Department of Secondary Education of the Ministry of Education and Training (hereinafter referred to as the "MoET") will be the executing agency for the Project (hereinafter referred to as the "Executing Agency"). The Executing Agency shall coordinate with all the relevant authorities to ensure smooth implementation of the Project and ensure that undertakings for the Project shall be taken care by relevant authorities properly and on time. The organization charts is shown in Annex 2.

### 3. Project Site

3-1. The Japanese side explained that the number of site that the Project can cover will be limited, and asked the Lesotho side the priority order of the sites. Both sides agreed that the sites for the Project will be selected from the list of candidate site and its priority as attached in Annex 3-1 based on the criteria described in Annex 3-2.

3-2. The Lesotho side agreed that Department of Secondary Education of MoET shall provide copy of land certificate for N8 Mohale's Hoek to the JICA South Africa by the end of September 2016.

### 4. Items of the Project requested by the Government of Kingdom of Lesotho

4-1. Both sides confirmed that the items of the Project requested by the Government of Kingdom of Lesotho as follows.

#### (1) Facility

- Classrooms
- Science/ICT Laboratory
- Administration Block
- Resource room/Care Center
- Boarding Facilities
- Feeding Kitchen & Dining

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- Toilet
- Teacher/Staff House
- Improvement of accessibility in the premises

(2) Equipment

- Education Furniture
- Pedagogical Equipment
- Equipment for children with disability

Consultant team will continue field survey and consultation to review and update the priority of components at each site, including equipment, paying attention to avoid duplication with other donors. The appropriateness of the items will be carefully examined by Japanese side, considering its priority and the entire planning of the Project.

- 4-2. The basic concept of design/layout of the Project is barrier-free facilities for children with disability.
- 4-3. The Lesotho side also mentioned that the priority of construction of building is higher than procurement of equipment.
- 4-4. If it deems necessary to include a soft component based on the survey, the relevance and content will be examined by Japanese side. The Lesotho side explained that it had set up steering committee composed of stakeholders and is working to develop inclusive education policy with support of UNICEF, based on the result of workshop organized with technical support of JICA in February 2016.
- 4-5. JICA will assess the appropriateness of the above requested items through the survey and will report findings to the Government of Japan. The final components of the Project would be decided by the Government of Japan.

5. Japanese Grant Scheme

- 5-1. The Lesotho side agreed that procedures described in Annex 4, Annex 5 and Annex 6 shall be applied to the Project.
- 5-2. The Lesotho side agreed to take the necessary measures, as described in Annex 7, for smooth implementation of the Project. The contents of the Annex 7 will be elaborated and refined during the survey and shall be agreed in the mission dispatched for explanation of the Draft Preparatory Survey Report.

The contents of the Annex 7 will be used to determine the following:

- (1) The scope of the Project.
- (2) The timing of the Project implementation.
- (3) Timing and possibility of budget allocation.

Contents of the Annex 7 will be updated as the Preparatory Survey progresses, and will finally

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be the Attachment to the Grant Agreement.

The Lesotho side committed to inform the organization in charge of each undertaking in the Annex 7 by the end of September 2016 by official letter to JICA South Africa.

- 5-3. The Japanese side requested the Lesotho side to take necessary measures for exempting customs duties, internal taxes and other fiscal levies including income tax and corporate tax and resident tax of Japanese nationals, VAT, commercial tax, fuel tax, but not limited, which may be imposed in Kingdom of Lesotho to the service of consultant, firms of the recipient country or other countries, purchase of materials /and equipment, and the other related contract for the implementation of the Project. However, both sides did not agree with tax exemption issue. Letter will follow from JICA South Africa to the Ministry of Development Planning. The Government of Lesotho will reply to the letter by the end of September 2016.
- 5-4. The prime constructing and/or procurement firms, are nationals of the recipient country or other country(ies). The eligible nationality will be examined, and will be explained at the Preparatory Survey for the explanation of the Draft Report.
- 5-5. The bidding/selection and conclusion of contracts of the products and services covered by Grant of the Project will be conducted at Kingdom of Lesotho based on the result of the Study. The Lesotho side agreed that the products and services covered by Grant of the Project will be solely procured in accordance with JICA's Procurement Guidelines for the Japanese Grants (for Japanese consultant and local contractors) (Tentative Type II).
- 5-6. The Lesotho side agreed that the currency for contract of prime construction and/or procurement firms is internationally traded foreign currency acceptable to JICA, that is US dollar or Euro, which will be stipulated in the Grant Agreement. The Lesotho side understood the flow of payment as shown in Annex 6 and confirmed to take necessary measures for the payment in a timely manner. The Lesotho side committed to inform if it nominate the "Agent Bank" that conclude the banking arrangement (hereinafter referred to as "the Banking Arrangement") with a bank in Japan (hereinafter referred to as "the Paying Bank "), by the end of September 2016 by official letter to JICA South Africa.
- 5-7. The Lesotho side agreed that procurement type of Japanese Project Grant and the feasibility of issues mentioned above in 5-4, 5-5 and 5-6 will be further examined by Japanese side based on the result of this field survey and that the result of examination will be explained at the Preparatory Survey for the explanation of the Draft Report.

## 6. Schedule of the Survey

- 6-1. The Team will proceed with further survey in Kingdom of Lesotho until August 13<sup>th</sup>, 2016.
- 6-2. JICA will inform the schedule of the next mission for explanation of the content of Draft Preparatory Survey Report later, after coordinating with the Government of Japan.

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## 7. Environmental and Social Considerations

- 7-1. The Lesotho side confirmed to give due environmental and social considerations during implementation of the Project, and after completion of the Project, in accordance with the JICA Guidelines for Environmental and Social Considerations (April, 2010).
- 7-2. The Project is categorized as C for the JICA Guidelines for Environmental and Social Considerations (April, 2010) because the Project is not located in a sensitive area, nor has it sensitive characteristics, nor falls it into sensitive sectors under the Guidelines, and its potential adverse impacts on the environment are not likely to be significant.
- 7-3. The Lesotho side confirmed to take an approval for the Project from the Department of Environment on each site and inform it to JICA South Africa by the end of October 2016. It also confirmed to conduct the necessary procedures concerning the environmental assessment (such as stakeholder meetings, Environmental Impact Assessment (EIA) /Initial Environmental Examination (IEE) and information disclosure, etc.) and make EIA/IEE report of the Project, if necessary.

## 8. Other Relevant Issues

- 8-1. The Lesotho side confirmed that when problems such as delay of construction works or procurement of equipment by contractors/suppliers arises during the implementation of the Project, the Department of Secondary Education of MoET will take necessary measures in accordance with technical opinion of the Consultant in a timely manner.
- 8-2. The Lesotho side agreed that when the amount of the Grant, which includes the contingency, could not cover the entire works or procurement of equipment on the implementation of the Project, the Lesotho side will confirm the scope of works or procurement of equipment that are covered by the Grant based on technical opinion of the Consultant and be in charge of the other scope by its own side.
- 8-3. The Lesotho side shall be responsible for proper operation and maintenance of school facilities including its equipment constructed under the Project. The Lesotho side shall be also responsible for assigning teachers and administrative persons to the school facilities.

Annex 1-1 Minutes of Discussion signed on November 12, 2015 (Except the attached documents)

Annex 1-2 Technical Notes signed on November 30, 2015 (Except the attached documents)

Annex 2 Organization chart

Annex 3-1 List of candidate sites and its priorities

Annex 3-2 Selection and Prioritization criteria of sites for the Project

Annex 4 Japanese Project Grant

Annex 5 Flow Chart of Japanese Grant Procedures

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Annex 6 Financial Flow of Japanese Grant

Annex 7 Major Undertakings to be taken by the Recipient

Annex 8 Procurement Guidelines for the Japanese Grants (for Japanese consultant and local contractors) (Tentative Type II) (The document is to be revised, regarding the updated version please check it on the website of JICA.)

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**Minutes of Discussions  
on the Preparatory Survey for the Project for  
the Upgrading and the Construction of Secondary Schools aimed at  
promoting Inclusive Education in Lesotho**

In response to the request from the Government of the Kingdom of Lesotho (hereinafter referred to as "Lesotho"), the Government of Japan decided to conduct a Preparatory Survey for the Project for the Upgrading and the Construction of Secondary Schools aimed at promoting Inclusive Education (hereinafter referred to as "the Project"), and entrusted the Preparatory Survey to Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent the Preparatory Survey Team for the Outline Design (hereinafter referred to as "the Team") to Lesotho, headed by Kazuro Shibuya, Deputy Director, Basic Education Group, Human Development Department, and is scheduled to stay in the country from November 9 to November 13, 2015.

The Team held a series of discussions with the officials concerned of the Government of Lesotho and conducted a field survey in the Project area. In the course of the discussions, both sides have confirmed the main items described in the attached sheets. The Team will proceed to further works and prepare the Preparatory Survey Report.

Maseru, Lesotho  
November 12, 2015

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*Mapaseka Kolotsane*  
Mapaseka Kolotsane  
Principal Secretary  
Ministry of Education and Training  
Kingdom of Lesotho

*Kazuro Shibuya*  
Kazuro Shibuya  
Leader  
Preparatory Survey Team  
Japan International Cooperation  
Agency  
Japan

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## ATTACHEMENT

### 1. Objective of the Project

The objective of the Project is to improve equitable access to secondary education through upgrading and constructing secondary schools accessible to children with disabilities, thereby contributing to materializing the policy of the government of Lesotho that promotes inclusive education.

### 2. Title of the Preparatory Survey

Both sides confirmed the title of the Preparatory Survey as “the Preparatory Survey for the Project for the Upgrading and the Construction of Secondary Schools aimed at promoting Inclusive Education”.

### 3. Project Sites and their selection criteria

According to the official request letter by Lesotho to the government of Japan, eight new sites and four existing sites were proposed. During the meetings with the Team, it was agreed that Mabuleng at Mokhotlong district and Letlapeng at Mohale’s Hoek district are excluded from the proposed sites due to their remote locations. In addition, it was proposed by Lesotho side that Ha Monyake at Leribe district should be replaced with Linakeng Ha Mothuntsane at Butha-Buthe district because there is a secondary school nearby Ha Monyake.

Both sides agreed with the selection criteria and selection priority listed in the Annex 1. Lesotho side agreed that priority of the Project sites should be given to five existing schools, including Masenate High school, which was requested as target schools additionally by Lesotho side. This reflects that the government has initiatives to support these as resource schools to others for the sake of promoting inclusive education in Lesotho.

The Team realized that inclusive education in existing schools has been carried out in a sustained manner through long-term dedicated works, strong commitment, cordial support and collaboration among various

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school level stakeholders (nearby feeder primary schools, “home” for children with disabilities operated by churches or NGOs, organizations of people with disabilities, universities/colleges that train teachers for children with disabilities, school board members, and principals/teachers). For new school sites, Lesotho side will ensure that such elements can be available for the sake of sustainability. The Lesotho side understood that the Project sites will be decided based on the overall result of the survey and within the budget limitation of the Government of Japan.

#### 4. Executing Agency

Both sides confirmed the executing agency is the Ministry of Education and Training (hereinafter referred to as “MOET”). The executing agency shall coordinate with all the relevant agencies to ensure smooth implementation of the Project and ensure that the Undertakings are taken by relevant agencies properly and on time. The organization charts are shown in Annex 3.

#### 5. Items requested by the Government of Lesotho

5-1. As a result of discussions, both sides confirmed that the items requested by the Government of Lesotho are in the Annex 2. Both sides agreed that priorities will be given to components that benefit children with disabilities. Lesotho side emphasized the importance of accessibility between buildings and within school compound at existing schools. Lesotho side made additional request to have boarding facilities at some existing schools. For new schools it was agreed that Lesotho side will decide the priorities of sites and the necessity of boarding facilities referring to their catchment areas and education statistics for children with disabilities, while the Team will check the relevance of the sites according to selection criteria and selection priority during site survey. Based on the past Project experience, the Team shared views with Lesotho side that boarding facilities would face difficulty without elaborate planning regarding operational and financial management.

5-2. JICA will assess the appropriateness of the above requested items through the survey and will report findings to the Government of Japan.

The final components of the Project would be decided by the Government of Japan.

## 6. Japanese Grant Scheme

6-1. The Lesotho side understands the Japanese Grant Scheme and its procedures as described in Annex 4, 5 and 6, and necessary measures to be taken by the Government of Lesotho.

6-2. The Lesotho side assured to take the necessary measures, as described in Annex 7, for smooth implementation of the Project, as a condition for the Japanese Grant to be implemented. The Team stressed the importance of the following items and the Lesotho side agreed to take full responsibility to complete the following works by the set deadlines.

- (1) Land certificate /Construction permission for the sites
- (2) Water and electricity supply to the sites
- (3) Access road for construction work at new school sites
- (4) Environmental Impact Assessment (EIA) according to the Lesotho government's guideline
- (5) Tax exemption on construction works and procurement

The detailed contents of the Annex 7 will be worked out during the survey and shall be agreed no later than by the Explanation of the Draft Preparatory Survey Report. The contents of Annex 7 will be used to determine the following:

- (1) The scope of the Project
- (2) The timing of the Project implementation.
- (3) Timing and possibility of budget allocation.

Contents of Annex 7 will be updated as the Preparatory Survey progresses, and will finally be the Attachment to the Grant Agreement.

## 7. Schedule of the Survey

7-1. The Team will proceed with further survey in Lesotho until November 27, 2015.

7-2. JICA will prepare a Draft Preparatory Survey Report in English and dispatch a mission to Lesotho in order to explain its contents around

the middle of June 2016.

7-3. If the contents of the Draft Preparatory Survey Report is accepted in principle and the Undertakings are fully agreed by the Lesotho side, JICA will complete the final report in English and send it to Lesotho around the end of October 2016.

7-4. The above schedule is tentative and subject to change.

## 8. Other Relevant Issues

### 8-1. Consultation with related stakeholders

MOET should conduct more intensive consultation and sensitization with Project target schools/sites, their district education offices, community council members, organizations of people with disabilities, and churches or NGOs that support and operates "home" for children with disabilities. This process is necessary for elaborating detailed plan of the Project. Special Needs Education Unit staff, who are stationed at district education offices for the target sites, can support this consultation.

### 8-2. Teacher training for inclusive education

Both pre-service and in-service training for teachers who teach children with disabilities are crucial. Linkage between Project target schools/sites and tertiary institutions such as Lesotho College of Education and National University of Lesotho should be strengthened in terms of casual communication, research, and teaching practice. The Team observed that even at existing schools teachers sometimes get lost in terms of how to teach children with disabilities effectively. Necessary advice and support should be given in a form of technical advice by experts or knowledge sharing by peer experienced teachers.

### 8-3. Allocation of trained and dedicated teachers to Project target schools/sites

Teachers who have skills and experiences in inclusive education should be assigned to Project target schools/sites in order to promote inclusive education at these schools and nearby areas.

### 8-4. Knowledge utilization/sharing for inclusive education

Knowledge and experience of existing schools as front runners in inclusive

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education should be shared and utilized more effectively with other schools. The Team heard in one existing school that local stakeholders related to inclusive education rarely visit the school while it receives overseas visitors such as from Swaziland. Occasional school visits and exchange of views/ideas on how to implement inclusive education in their schools can be one of possible modalities.

8-5. Partnership with schools/organizations in neighboring countries  
As stated above, partnership with schools/organizations related to inclusive education in neighboring countries should be fostered in a sustained manner. This will enable Lesotho to keep up with recent trends and practices of inclusive education and also share the practice of Lesotho with the international community.

Annex 1 Priorities of Project Sites (geographical mapping attached)

Annex 2 Priorities of Project Components

Annex 3 Organization Chart

Annex 4 Japanese Grant

Annex 5 Flow Chart of Japanese Grant Procedures

Annex 6 Financial Flow of Japanese Grant

Annex 7 Major Undertakings to be taken by Each Government

Annex 8 Project Monitoring Report (template)

The Preparatory Survey for the Project  
for the Upgrading and the Construction of Secondary Schools  
aimed at promoting Inclusive Education in Lesotho

### Technical Notes

Based on the Minutes of Discussions signed between the Ministry of Education and Training (hereinafter referred to as "MOET") and the Japan International Cooperation Agency on November 12, 2015, the Preparatory Survey Team (hereinafter referred to as "the Team") conducted the site survey and summarized the results in this technical note. Both sides confirmed the items described below. It was confirmed that the Team will further assess the appropriateness of the components and the scale of the facilities, and the number of target sites, then final components and the scale of the facilities and equipment will be determined and finalized based on the result of the study in Japan and the budget limitation of the Government of Japan.

#### 1. Candidate sites for the Project

1) MOET proposed Mohale's Hoek at Mohale's Hoek district as the alternative site of Letlapeng at Mohale's Hoek district that was excluded from the list through the discussion during December 9-13, 2015. The Team agreed with this proposal from MOET and conducted the survey on that site.

2) The Team reported that three of new sites (N4 Matsolong/Matsoaing, N5 Nkoeng, and N7 Linakeng Ha Mothuntsane) are located under steeply inclined land shape which will be a hindrance to construction of barrier-free facility to implement inclusive education. As land shape is one of the selection criteria, further study in Japan is necessary in this regard. Final candidate sites and prioritized order for the Project are as shown in the table below.

	Code	Site	District
Priority-A (Existing Sites)			
	E1	Abia	Maseru
	E2	Motsekuoa	Mafeteng
	E3	Mt. Royal	Leribe
	E4	St.Catherine	Maseru
	E5	Masenate	Leribe
Priority-B (New Sites, by prioritized order)			
1	N8	Mohale's Hoek	Mohale's Hoek
2	N2	Mosalemane	Berea
3	N1	Ha Sebaki	Mafeteng
4	N6	Matobe	Leribe

5	N4	Matsolong/Matsoaing	Butha-Buthe
6	N5	Nkoeng	Leribe
7	N7	Linakeng Ha Mothuntsane	Butha-Buthe

## 2. Project components and priority

The Team confirmed final components and priorities for the Project requested by Lesotho side as shown in ANNEX-1 and 2. Care Centre for St.Catherine and Resource room for other schools are added as component items.

Component items which described as B in the Minutes of Discussions have been studied through the survey and those items are revised as A (confirmed necessary) or B (confirmed necessary but to be studied further) or C (out of the scope of the Project as the schools have existing and usable facilities).

The followings are the results of discussions between MOET and the Team.

- Both sides confirmed that the number of beds in boarding facilities will be equivalent with 10 to 15 % of the total number of students, and the size of the schools is to be more than 2 streams for appropriate operation of the boarding facilities.

## 3. Basic concept for design/layout of facilities

This Project is to construct secondary schools accessible to children with disabilities. Thus, barrier-free facilities will be embedded as a basic concept of design/layout in the Project (e.g. Ramps, pass ways, and toilets accessible to children with disabilities as well as other user-friendly devices). Barrier-free design items will be considered through the study according to the conditions of each target school site.

## 4. Soft-Component

MOET submitted the request for the Soft-Component programme to the Team. Both sides confirmed that the programme will be studied and determined in Japan.

## 5. Environmental clearance

The Team confirmed that MOET will submit the application form for environmental clearance to the Department of Environment by 15th of December, 2015.

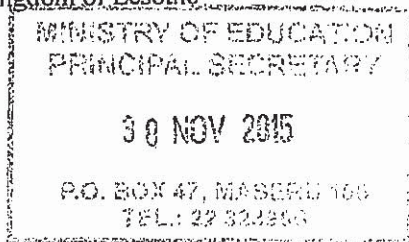
ANNEX-1 List of facility components and priorities for the Project

ANNEX-2 List of equipment and its priorities

Maseru, Lesotho  
November 30, 2015

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Mapaseka Kolotsane  
Principal Secretary  
Ministry of Education and Training  
Kingdom of Lesotho

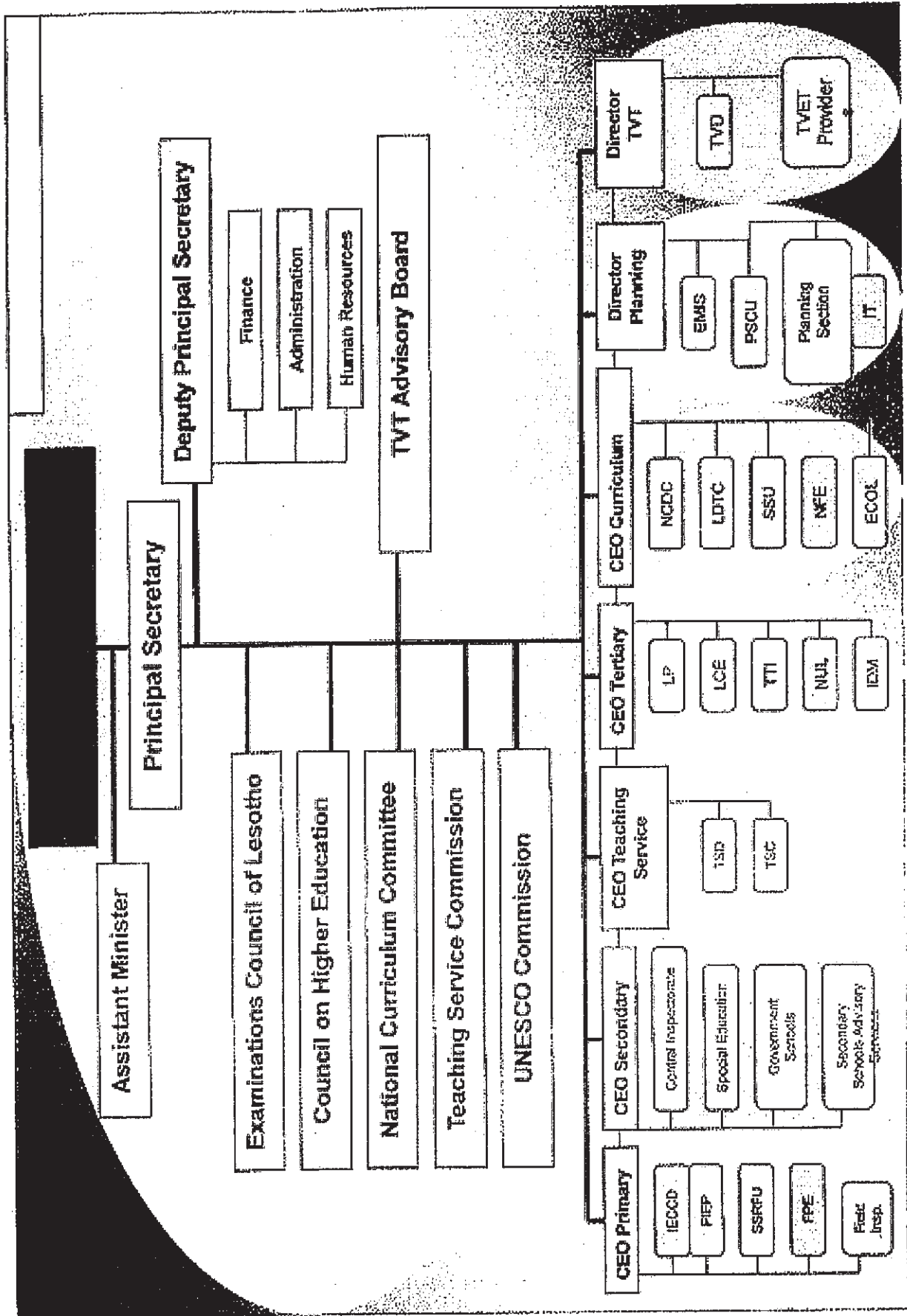


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Hiroyuki Iguchi  
Chief of Consultant  
Preparatory Survey Team  
Japan International Cooperation Agency

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## 1. List of candidate sites and its priorities

	Code	Site	District
Priority A (Existing sites)			
1	E2	Motsekuoa	Mafeteng
	E4	St.Catherine	Maseru
	E5	Masenate	Leribe
2	E1	Abia	Maseru
3	E3	Mt. Royal	Leribe
Priority B (New Sites)			
4	N8	Mohale's Hoek	Mohale's Hoek
5	N2	Mosalemane	Berea
6	N1	Ha Sebaki	Mafeteng

## 2. Selection and Prioritization criteria of sites for the Project

Selection Criteria (indispensable)
<ul style="list-style-type: none"> <li>- Commitment /arrangement regarding inclusive education</li> <li>- Sufficient enrollment demand for school</li> <li>- Sufficient land space for construction or extension</li> <li>- No risk of massive natural hazard and security</li> <li>- No hindrance for construction in terms of physical access to the site, working space, etc.</li> <li>- Land soil has enough bearing strength for construction</li> <li>- No environmental impact or need for resettlement of population</li> <li>- Verifiable of the land ownership/land-use right by the document</li> <li>- No duplication with any construction/improvement projects by other donors or Government</li> <li>- Allocation of sufficient number of teachers and government budget for the school operation</li> </ul>
Selection Criteria for Prioritization
<ul style="list-style-type: none"> <li>- Distance from nearest health post/clinic</li> <li>- Land shape (No steep incline for barrier-free)</li> <li>- Accessibility for construction</li> </ul>

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## Japanese Project Grant

The Japanese Project Grant (hereinafter referred to as the “Grant”) is non-reimbursable fund provided to a recipient country to procure the products and/or services (engineering services and transportation of the products, etc.) for its economic and social development in accordance with the relevant laws and regulations of Japan. The Grant is not supplied through the donation of materials as such.

Based on a JICA law which was entered into effect on October 1, 2008 and the decision of the GOJ, JICA has become the executing agency of the Japanese Project Grant.

### 1. Grant Procedures

The Grant is supplied through following procedures :

- Preparatory Survey
  - The Survey conducted by JICA
- Appraisal & Approval
  - Appraisal by the GOJ and JICA, and Approval by the Japanese Cabinet
- Authority for Determining 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 preparatory Survey is to provide a basic document necessary for the appraisal of the Project made by the GOJ and JICA. The contents of the Survey are as follows:

- Confirmation of the background, objectives, and benefits of the Project and also institutional capacity of relevant agencies of the recipient country necessary for the implementation of the Project.
- Evaluation of the appropriateness of the Project to be implemented under the Grant Scheme from a technical, financial, social and economic point of view.
- Confirmation of items agreed between both parties concerning the basic concept of the Project.

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- Preparation of an outline 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 project. The Outline Design of the Project is confirmed based on the guidelines of the Japanese Grant scheme.

JICA requests the Government of the recipient country to take whatever measures necessary to achieve 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 of the recipient country which actually implements the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country based on the Minutes of Discussions.

## (2) Selection of Consultants

For smooth implementation of the Survey, JICA employs (a) consulting firm(s). JICA selects (a) firm(s) based on proposals submitted by interested firms.

## (3) Result of the Survey

JICA reviews the Report on the results of the Survey and recommends the GOJ to appraise the implementation of the Project after confirming the appropriateness of the Project.

## **3. Scheme of Japanese Project Grant (contract with Japanese consultant and local contractors)**

### (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 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, in accordance with the E/N, to implement the Project, such as payment conditions, responsibilities of the Government of the recipient country, and procurement conditions.

### (2) Selection of Consultants

In order to maintain technical consistency, the consulting firm(s) which conducted the Survey will be recommended by JICA to the recipient country to continue to work on the Project's implementation after the E/N and G/A.

### (3) Eligible source country

In order to ensure the proper and exclusive use of the Grant, the products and/or services necessary for the implementation of the Project shall be procured in accordance with JICA's procurement

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guidelines which will be stipulated in the G/A. Under the Grant, in principle, Japanese products and services including transport or those of the recipient country are to be purchased. The Grant may be used for the purchase of the products or services of a third country, if necessary, taking into account the quality, competitiveness and economic rationality of products and services necessary for achieving the objective of the Project.

(4) Necessity of "Verification"

The Government of the recipient country or its designated authority to implement the Project (hereinafter referred to as "the Executing Agency") shall conclude contracts with the following contractors/suppliers for the implementation of the Project:

- (a) Japanese nationals in the case of prime consulting firm; and
- (b) nationals of the recipient country or other country(ies) if deemed it necessary in the case of the prime constructing and procurement firms.

The currency denominated in such contracts shall be stipulated in the G/A. Those contracts shall be concurred by JICA to be verified as eligible for the Grant.

(5) Major undertakings to be taken by the Government of the Recipient Country

In the implementation of the Grant Project, the recipient country is required to undertake such necessary measures as Annex 11. The Japanese Government requests the Government of the recipient country to exempt all 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, since the Grant fund comes from the Japanese taxpayers.

(6) "Proper Use"

The Government of the recipient country is required to maintain and use properly and effectively the facilities constructed and the equipment purchased under the Grant, to assign staff necessary for this operation and maintenance and to bear all the expenses other than those covered by the Grant.

(7) "Export and Re-export"

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

(8) Banking Arrangements (B/A)

- a) The agent bank designated by the Government of the recipient country should open an account under the name of the Government of the recipient country in a bank in Japan (hereinafter referred to as "the Bank"), in principle. JICA will disburse the Grant 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.

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b) The disbursement of the Grant will be made in accordance with the G/A when payment requests are presented to JICA. The disbursement of the Grant will be made under an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority in case of contracts with “Japanese nationals”.

(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 paid to the Bank.

(10) Environmental and Social Considerations

The Government of the recipient country must carefully consider environmental and social impacts by the Project and must comply with the environmental regulations of the recipient country and JICA Guidelines for Environmental and Social Consideration (April, 2010) .

(11) Monitoring

The Government of the recipient country must take their initiative to carefully monitor the progress of the Project in order to ensure its smooth implementation as part of their responsibility in the G/A, and must regularly report to JICA about its status by using the Project Monitoring Report (PMR).

(12) Safety Measures

The Government of the recipient country must ensure that the safety is highly observed during the implementation of the Project.

(13) Construction Quality Control Meeting

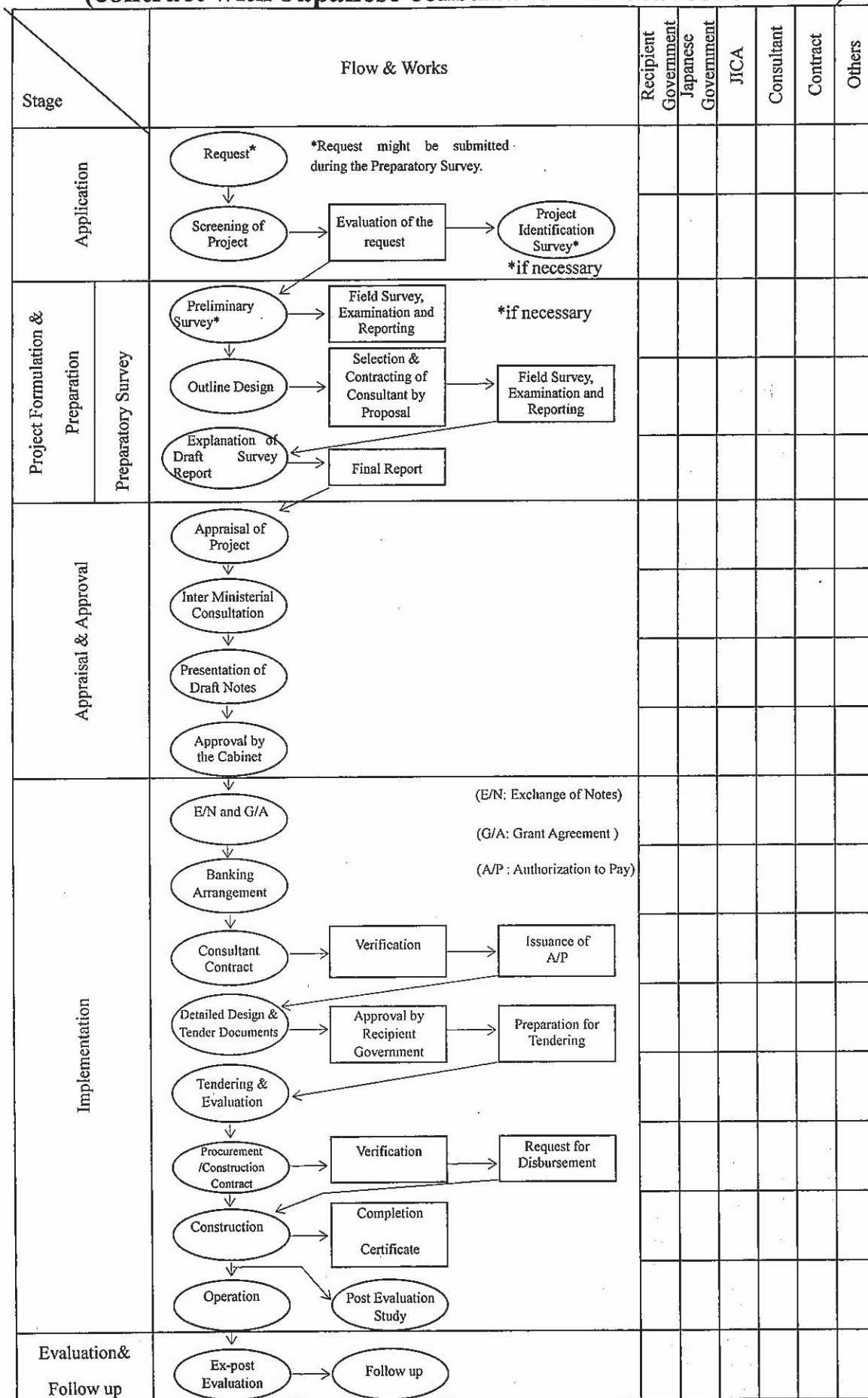
Construction Quality Control Meeting (hereinafter referred to as the “Meeting”) will be held for quality assurance and smooth implementation of the Works at each stage of the Works. The member of the Meeting will be composed by the Government of the recipient country (including the Executing Agency), the consulting firms, the constructing and procurement firms and JICA. The functions of the Meeting are as followings:

- a) Sharing information on the objective, concept and conditions of design from the contractor(s)/supplier(s) before start of construction.
- b) Discussing the issues affecting Works such as modification of the design, test, inspection, safety control and the contractor’s/suppliers’ obligation, during of construction.

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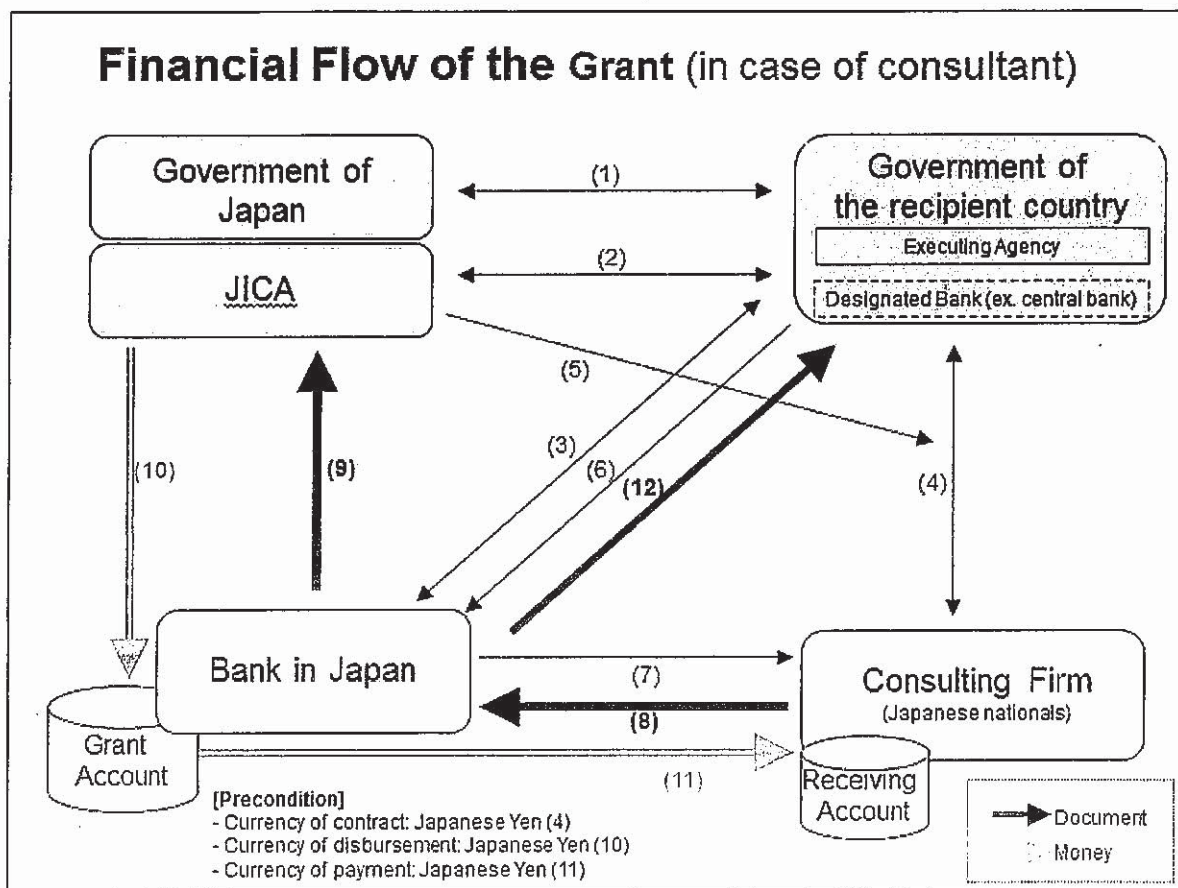
## Flow Chart of Procedures Japanese Project Grant (contract with Japanese consultant and local contractors)



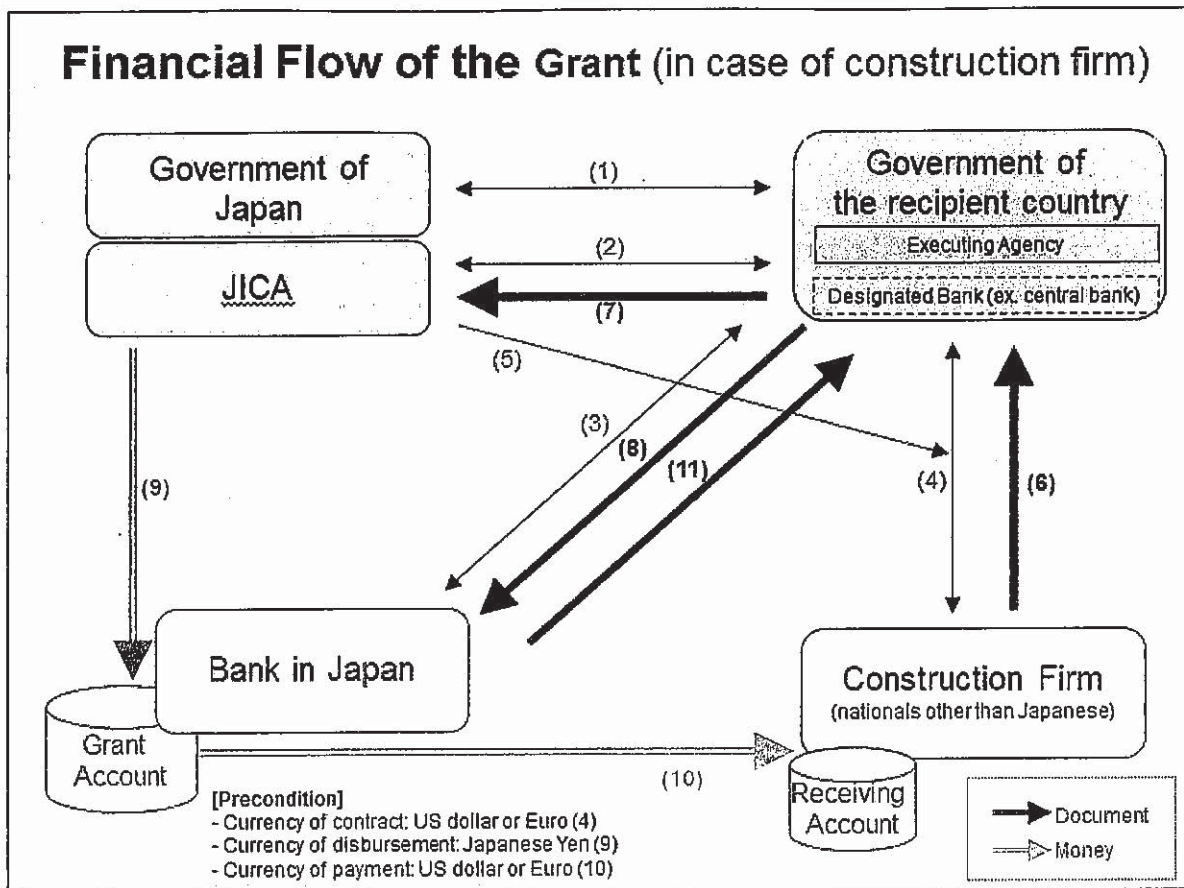
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**Financial Flow of Japanese Project Grant  
(contract with Japanese consultant and local contractors)**



- (1) E/N
- (2) G/A
- (3) Banking Arrangement/Opening an Grant Account
- (4) Contract
- (5) Concurrence and Verification of Contract
- (6) Issuing Authorization to Pay (A/P) upon contract
- (7) Notification of A/P
- (8) Request for Payment**
- (9) Request for the Disbursement**
- (10) Disbursement of the Grant**
- (11) Payment**
- (12) Statement of Account**



- (1) E/N
- (2) G/A
- (3) Banking Arrangement/Opening an Grant Account
- (4) Contract
- (5) Concurrence and Verification of Contract
- (6) Request for Payment
- (7) Request for Disbursement
- (8) Application for Remittance upon "Request for Disbursement"
- (9) Disbursement of the Grant
- (10) Payment
- (11) Statement of Account

\* The amount of disbursement in Japanese Yen ((9) in above chart) shall be calculated at the Telegraphic Transfer Selling (TTS) rate quoted by the Bank in Japan two business days before the date on which the disbursement is made.

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## Major Undertakings to be taken by Recipient Government

## 1. Before the Tender

NO	Items	Deadline	In charge	Cost	Ref.
1	To obtain land certificate for all sites	the end of September 2016	MoET		
2	To open Bank Account (Banking Arrangement (B/A))	within 1 month after the signing of G/A			
3	To obtain Project Approval from Department of Environment for the Project sites	ditto	MoET		
4	To submit IEE/CMP (if necessary)	ditto	MoET		
5	To secure the lots of land necessary for the implementation of the Project	ditto	MoET		
6	To secure Counterpart Budget for the Project	ditto	MoET		
7	To obtain the building permits	before notice of the tender document	MoET		

## 2. During the Project Implementation

NO	Items	Deadline	In charge	Cost	Ref.
1	To issue A/P (upon contract with consulting firm)	within 1 month after the signing of the contract			
2	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	within 1 month after the signing of the contract			
	2) Payment commission for A/P	every payment		around 10,000USD in total	
3	To conduct necessary procedures such as "Request for disbursement" to JICA (upon contract with construction firms and/or procurement firms (suppliers)), "Application of remittance" to Bank (upon contract with construction firms and/or procurement firms (suppliers))	during the Project			
4	to ensure prompt customs clearance and to assist the Supplier(s) with internal transportation in recipient country	during the Project			
5	To accord Japanese nationals and/or physical persons of third countries 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	during the Project			
6	To ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the country of the Recipient with respect to the purchase of the Products and/or the Services be	during the Project			

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	exempted;				
7	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	during the Project			
8	To provide facilities for the distribution of electricity, water supply and other incidental facilities		MoET		
	1) Electricity The distributing line to the site	before start of the construction			
	2) Water Supply Borehole water or community water distribution to the new reservoir tank at site	6 months before completion of the construction			
	3) Furniture and Equipment General furniture	1 month before completion of the construction			
9	To implement EMP and EMoP (if necessary)	during the construction	MoET		

### 3. After the Project

NO	Items	Deadline	In charge	Cost	Ref.
1	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid 1) Allocation of maintenance cost 2) Operation and maintenance structure 3) Routine check/Periodic inspection	After completion of the construction	MoET		
2	To implement EMP and EmoP (if necessary)	for a period based on EMP and EMoP	MoET		

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

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**Procurement Guidelines for  
the Japanese Grants  
(for Japanese consultant and local  
contractors) (Tentative Type II)**

**Feb 2016**

**JAPAN INTERNATIONAL COOPERATION AGENCY**

**(JICA)**

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***Procurement Guidelines for the Japanese Grants (for Japanese consultant and local contractors) (Tentative Type II)***

**Table of Contents**

<b>Preface</b> .....	5
<b>Chapter I Guidelines for the Employment of Consultants</b> .....	5
<b>PART I GENERAL</b> .....	5
Section 1.01 Introduction.....	5
Section 1.02 Need for Employment of Consultants.....	5
Section 1.03 Recommendation of Consultants .....	5
Section 1.04 Eligibility .....	6
Section 1.05 JICA's Review .....	6
Section 1.06 Corrupt or Fraudulent Practices .....	9
Section 1.07 Conflict of Interest .....	9
Section 1.08 Language.....	10
<b>PART II CONSULTING SERVICES</b> .....	10
Section 2.01 Types of Assignment .....	11
Section 2.02 Responsibilities of Consultants .....	11
Section 2.03 Impartiality of Consultants.....	12
Section 2.04 Monitoring by JICA .....	12
<b>PART III RECOMMENDATION PROCEDURE</b> .....	12
Section 3.01 Recommendation of Consultants .....	12
Section 3.02 Information to be Made Public .....	12
<b>PART IV CONTRACT</b> .....	13
Section 4.01 General.....	13
Section 4.02 Reference to the the Grants .....	13
Section 4.03 Scope of the Project and of the Consulting Services.....	13
Section 4.04 Duration of Contract .....	13
Section 4.05 Conditions relating to Validity of Contract.....	13
Section 4.06 Responsibilities of the Parties .....	13

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Section 4.07 Contract Amount.....	14
Section 4.08 Conditions and Methods of Payment.....	14
Section 4.09 Serious Hindrances .....	14
Section 4.10 Copyright .....	14
Section 4.11 Amendments .....	14
Section 4.12 Force Majeure .....	14
Section 4.13 Termination.....	15
Section 4.14 Settlement of Disputes .....	15
Section 4.15 Governing Laws.....	15
<b>Chapter II Guidelines for Procurement of the Products and Services .....</b>	<b>16</b>
<b>PART I GENERAL .....</b>	<b>16</b>
Section 1.01 Introduction.....	16
Section 1.02 Competitive Bidding.....	16
Section 1.03 Procedures Other than Competitive Bidding .....	16
Section 1.04 Eligibility .....	17
Section 1.05 Eligible Source Countries .....	17
Section 1.06 JICA's Review .....	18
Section 1.07 Corrupt or Fraudulent Practices .....	21
Section 1.08 Conflict of Interest .....	22
Section 1.09 Language.....	23
<b>PART II COMPETITIVE BIDDING .....</b>	<b>23</b>
<b>A. Type and Size of Contract.....</b>	<b>23</b>
Section 2.01 Type of Contract .....	23
Section 2.02 Size of Contract.....	23
Section 2.03 Single-Stage Two-Envelope Bidding and Two-Stage Bidding.....	23
<b>B. Advertising and Prequalification.....</b>	<b>24</b>
Section 3.01 Public Announcement.....	24
Section 3.02 Prequalification of Bidders .....	24
Section 3.03 Joint venture/Consortium.....	25
<b>C. Bidding Documents.....</b>	<b>25</b>
Section 4.01 General.....	25
Section 4.02 Reference to the Grants.....	26
Section 4.03 Bid Securities .....	26
Section 4.04 Conditions of Contract.....	26
Section 4.05 Clarity of Bidding Documents .....	27
Section 4.06 Standards.....	27

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Section 4.07 Use of Brand Names .....	27
Section 4.08 Scope of Work .....	28
Section 4.09 Period of Execution.....	28
Section 4.10 Responsibilities of the Parties .....	28
Section 4.11 Pricing and Currency of Bids.....	28
Section 4.12 Contract Amount, Terms of Payment and Payment Method .....	28
Section 4.13 Advance Payment Securities.....	29
Section 4.14 Performance Securities .....	29
Section 4.15 Insurance .....	29
Section 4.16 Force Majeure .....	29
Section 4.17 Settlement of Disputes .....	30
Section 4.18 Governing Laws.....	30
Section 4.19 Amendment.....	30
D. Opening of Bid, Evaluation and Award of Contract.....	30
Section 5.01 Time Interval between Invitation and Submission of Bids .....	30
Section 5.02 Procedures relating to Opening of Bids .....	30
Section 5.03 Clarification or Alteration of Bids .....	30
Section 5.04 Process to be Confidential.....	31
Section 5.05 Examination of Bids.....	31
Section 5.06 Evaluation of Bids.....	31
Section 5.07 Evaluation Report .....	31
Section 5.08 Award of Contract.....	32
Section 5.09 Rejection of Bids.....	32
Section 5.10 Notification to Unsuccessful Bidders and Debriefing.....	32
Section 5.11 Information to be Made Public .....	32

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## Preface

1. The employment of consultants and procurement of products and services under projects financed by Japanese Grants from Japan International Cooperation Agency (hereinafter referred to as "JICA") (hereinafter referred to as "the Grants") is carried out in accordance with the general principles and procedures laid down in the Procurement Guidelines for the Japanese Grants (for Japanese consultant and local contractors) (Tentative Type-II) (hereinafter referred to as "the Procurement Guidelines").
2. The Procurement Guidelines consists of two parts: Chapter I Guidelines for the Employment of Consultants; and Chapter II Guidelines for Procurement.

## Chapter I Guidelines for the Employment of Consultants

### PART I GENERAL

#### Section 1.01 Introduction

- (1) "Guidelines for the Employment of Consultants" are applicable to the Grants.
- (2) The application of these Guidelines to a particular project is to be stipulated in the Grant Agreement (hereinafter referred to as "the G/A") concluded between JICA and the Recipient (In these Guidelines, the term "the Recipient" also refers to the Executing Agency of the project).
- (3) For the efficient and proper preparation and implementation of projects financed in whole or in part by the Grants, the Recipient shall require the assistance from the consultants.
- (4) The purpose of these Guidelines is to indicate JICA's views as to the proper employment of consultants and the full utilization of consultants' expertise, and to ensure their impartiality, and, in addition, to set forth general rules to be followed by the Recipients in their use of consultants.

#### Section 1.02 Need for Employment of Consultants

The Recipient shall enter into contract with the consultant for consulting services with regard to the designing, bidding, cost estimating and supervising the procurement and construction works for the project.

#### Section 1.03 Recommendation of Consultants

The consultant for a project funded by the Grants is to be recommended by JICA to the Recipient for each project in order to ensure the technical consistency from the designing stage of the project. Such recommendation of the consultant by JICA does not mean that JICA shall assume the responsibilities which the consultant shall bear to the Recipient.



#### Section 1.04 Eligibility

- (1) In order to be eligible under a contract funded with the Grants, a consultant shall;
  - (a) be a firm or an individual of the eligible nationality stipulated in the G/A;
  - (b) not be a firm or an individual stated in Section 1.06 of the Chapter I; and
  - (c) not be a firm or an individual who has the conflict of interest stated in Section 1.07 of the Chapter I.
- (2) A firm or an individual who does not meet any of the conditions stipulated in paragraph (1) of this Section shall be ineligible to be awarded a contract funded with the Grants.

#### Section 1.05 JICA's Review

- (1) JICA may review the Recipient's procedures, documents and decisions regarding employment of consultants and its contract stipulated in the G/A. The Recipient shall submit to JICA, with support of the consultant, for JICA's reference, any related documents and information as JICA may reasonably request. The G/A will specify the extent to which review procedures will apply in respect of products and/or services to be funded out of the Grants as shown in Box 1.  
The review and concurrence by JICA related to the contract as shown in Box 1 shall be clearly stated in the contract between the Recipient and the consultant.

**Box 1: Procedures which require JICA's review regarding employment of consultant and its contract**

- (1) Execution of the contract for consultants  
The original contract for the consultant shall be submitted promptly after its signing in order for the contract to be verified as eligible for the Grants.
- (2) Allocation of the remaining balance or contingencies of the Grants  
A request for review and concurrence on the allocation of the remaining balance or contingencies of the Grants with the reason therefor shall be submitted to JICA before any action is taken in relation to the use of the remaining balance or contingencies of the Grants.
- (3) Amendment or termination of contract
  - (a) The extension of the contract period and the reason which justifies the proposal shall be submitted before the contract is amended; in the situation where the extended period is more than three (3) months or the period between the end of contract period and the deadline of availability of the Grants become less than six (6) months.



(b) Any major amendment or termination of the contract shall be notified to JICA immediately and the original of the contract and other necessary documentation thereon shall also be submitted after signing in order for the amendment of the contract to be verified as eligible for the Grants.

(4) Modification from the original design

A description of any major modification from the original design of the project shall be submitted before the implementation of any work related to the modified design.

For the avoidance of doubt, any change which does not constitute a major modification of the design or a major amendment of the contract, as specified by JICA, shall not require such concurrence of JICA.

(2) With regard to (1) and (3) in Box 1 above, JICA will review the contracts in the light of points shown in Box 2.

**Box 2: Points to be reviewed by JICA on the contract**

Any amendment related to the items listed below is regarded as major amendment.

- (a) The project title, signing date of the G/A and the Exchange of Notes between the Government of Japan and the Government of recipient country concerning Japanese economic cooperation to be extended with a view to promoting the economic and social development of recipient country (hereinafter referred to as "the E/N")/is consistent with the G/A;
- (b) The total amount of the contract including other contract(s) of the same project to be covered by the Grants does not exceed the amount of the Grants;
- (c) The period of the execution of the service or work of the contract(s) does not exceed the terms of validity of the Grants as prescribed in the G/A;
- (d) The scope of the services or works is consistent with the purpose of the Grants and description of the project;
- (e) Consultants, contractors, country of origin of the product and/or service meets the eligibility as specified in the G/A and the Procurement Guidelines;
- (f) The contract properly refers to the G/A and JICA's review and concurrence as defined in the G/A and the Procurement Guidelines;
- (g) The rights and obligations of the Recipient and the consultant are in accordance with the E/N and G/A;

- (h) The currency, conditions and method of the payment is consistent with the terms and conditions set forth in the G/A and the Procurement Guidelines;
- (i) The contract price and the period of the execution of the service or works are precisely and correctly worded; and
- (j) The provisions and sentences required to be included in accordance with the Procurement Guideline are properly and clearly stated.

(3) With regard to (2) in Box 1, the allocation of the remaining balance or the contingencies shall be used in accordance with JICA's "Guidelines on the grant for contingencies".

(4) With regard to (4) in Box 1, the Recipient shall implement the project in accordance with the original design summarized in the report prepared for the Project.

The major modification from the original design is defined as shown in Box 3. However the concurrence by JICA does not mean that JICA will assume the legal or technical responsibilities for the substance of the modifications.

**Box 3: Major modification from the original design**

- (a) Decline in quality and/or functions of products and/or services from the original design;
- (b) Increase in amount of the contract price; and
- (c) Change of project sites.

In addition, the modification of the design shall be limited to the following circumstances:

- (a) The drawings and specifications contain any inaccuracies or deficiencies ;
- (b) The drawings and specifications contain ambiguous or unclear expressions;
- (c) The actual natural or artificial conditions including, but not limited to, land configuration, nature of soil, ground water, and limiting factors for the execution of the construction or procurement works at the project-site are different from those expressed in the drawings and specifications;
- (d) Unforeseeable special situations occur in the conditions that are not specified in the drawings and specifications;
- (e) The necessity of restoring the scope reviewed and scale-downed during the detailed design in order to meet budgetary limit constrained by the amount of the Grants; and
- (f) Other modifications which will not change the basic concept and plan of the original plan

where JICA deems it appropriate.

- (5) JICA does not finance expenditures for services provided by consultants, who, in the opinion of JICA, have not been employed, in accordance with the agreed procedures and JICA will cancel the portion of the Grants allocated to such services provided by consultants who have not been properly employed. JICA may, in addition, exercise other remedies under the G/A.

#### Section 1.06 Corrupt or Fraudulent Practices

It is JICA's policy to require that consultants, as well as the Recipient, under contracts funded with the Grants or other Japanese Official Development Assistance (hereinafter referred to as "Japanese ODA"), observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, JICA will recognize a physical or juridical person as ineligible, for a period determined by JICA, to become a party to, to become a subcontractor under, or to be delegated any responsibilities under any contract funded with the Grants or other Japanese ODA, if JICA at any time, determines that the person has engaged in corrupt practices or fraudulent practices in competing for, or in executing, another contract funded with the Grants or other Japanese ODA.

#### Section 1.07 Conflict of Interest

A consultant shall not have a conflict of interest. A consultant shall not be employed, and/or shall be excluded or prohibited to engage in certain activity under any of the circumstances set forth below (1) to (5), where it is determined to have a conflict of interest throughout the execution of the contract unless the conflict has been resolved in a manner acceptable to JICA. The same shall be applied mutatis mutandis to a joint venture, a member of which is under any of the circumstances set forth below (1) to (5).

- (1) Conflict between consulting activities and procurement of products or non-consulting services:

A consultant that has been engaged to provide products or non-consulting services for the project, or any firm who has any of the following capital, personal or contractual ties (including similar ones) with such consultant (hereinafter referred as "Related Person) shall be disqualified from providing consulting services resulting from or directly related to those products or non-consulting services. Conversely, a consultant employed to provide consulting services for the preparation or implementation of the project or any Related Person, shall be disqualified from subsequently providing products or non-consulting services resulting from or directly related to the consulting services for such preparation or implementation.

- (a) a parent company or a subsidiary
- (b) subsidiary companies of the same parent company
- (c) a firm whose director, officer or executive officer serves as a director, officer or executive

officer in the above-mentioned consultant,

- (d) a firm whose director serves as a trustee
- (e) a sub-consultant, directly employed by a consultant, who plays a major role in preparation and implementation of the project (hereinafter referred as "Sub-consultant").

This provision does not apply to the various firms (consultants, contractors, or suppliers) only due to the reason that those firms together are performing the contractor's obligations under a turnkey or design and build contract.

- (2) Conflict among consulting assignments: Neither consultant nor any Related Person shall be employed for any assignment that, by its nature, may be in conflict with another assignment of the consultant.
- (3) Relationship with Recipient's official: A consultant that has a close business relationship with the Recipient's official, who is directly or indirectly involved in the supervision of contract with a consultant of the project, such consultant shall be disqualified or excluded.
- (4) A consultant or the Sub-consultant may not involve any individual (whether as employee, contractor or otherwise) in the provision of consulting service for the preparation or implementation for the project who is, has been or is intended to be assigned (whether by the consultant or any other party) to provide products or non-consulting services resulting from or directly related to such consulting services. Conversely, a consultant or the Sub-consultant may not involve any individual (whether as employee, contractor or otherwise) in the provision of products or non-consulting services for the project who is, has been or is intended to be assigned (whether by the consultant or any other party) to provide consulting services directly related to those products or non-consulting services.
- (5) A consultant having any other form of conflict of interest other than (1) through (4) above shall be disqualified or excluded.

#### Section 1.08 Language

All documents relating to employment of consultants, including the contract, shall be prepared in one of the following languages, selected by the Recipient: English, French or Spanish. Although the Recipient may issue translated versions of these documents in the national language of the Recipient's country for the Recipient's reference, the English, French or Spanish documents shall take precedence.

## PART II CONSULTING SERVICES

### Section 2.01 Types of Assignment

In general, the services of consultants can be grouped into the following broad categories:

- (1) Preparation services, including:
  - (a) Detailed investigations and review of preinvestment studies;
  - (b) Preparation of detailed designs, specifications and contract documents including division of bidding lots;
  - (c) Pre-qualification of contractors, if necessary;
  - (d) Evaluation of bids and recommendations regarding award of contract; and
  - (e) Studies and/or recommendations related to environmental and social matters, including implementation/review of environmental impact assessments.
- (2) Implementation services, including:
  - (a) Supervision of construction work;
  - (b) Technical and administrative services for the implementation and management of the project;
  - (c) Pre-check of payment documents submitted by contractors; and
  - (d) Studies and/or recommendations related to environmental and social matters, including environmental management, monitoring and audit.
- (3) Assistance in the start-up of facilities and operation:

Assistance in operation and maintenance of the facilities and the start-up of facilities and their operation for an initial period.
- (4) Other services necessary for the project, including:

Assistance to the Recipient related to implementing necessary procedures in accordance with the G/A and the Procurement Guidelines.

### Section 2.02 Responsibilities of Consultants

- (1) Consultants shall render services to the Recipient by exercising all reasonable skill, care, due diligence and sound technical judgment in the discharge of their duties. Consultants are responsible for the accuracy and completeness of its work.
- (2) In all professional matters a consultant is to act as a faithful adviser to the Recipient. The Recipient may, however, in the case of supervision of work and/or management aspects, delegate to a consultant a certain range of authority to act on its behalf. The nature of and the limits to such delegation of authority to the consultant, as well as the scope and the nature of the responsibilities which the consultant is to assume shall be clearly defined in the contract between the Recipient and the consultant.
- (3) In the case of a difference of opinion between the Recipient and the consultant on any important matters involving professional judgment that might affect the proper evaluation or execution of

the project, the Recipient shall allow the consultant to submit promptly to the Recipient a written report and, simultaneously, to submit a copy to JICA. The Recipient shall forward the report to JICA with its comments in time to allow JICA to study it and communicate with the Recipient before any irreversible steps are taken in the matter. In cases of urgency, a consultant shall have the right to request the Recipient and/or JICA that the matter be discussed immediately between the Recipient and JICA. This provision shall be stated in the contract between the Recipient and the consultant.

#### Section 2.03 Impartiality of Consultants

It is essential that consultants employed in the projects financed by the Grants shall be demonstrably impartial in providing any consulting services so that the requirements regarding procurement under the Grants will fully be met.

#### Section 2.04 Monitoring by JICA

- (1) The Recipient shall check and review the performance of the service provided by the consultants in order to ensure that the consultant fulfills the responsibilities in accordance with the contract. Without assuming the responsibilities of the Recipient or the consultant, JICA may monitor the work as necessary in order to satisfy itself that it is being carried out in accordance with appropriate standards and is based on acceptable data.
- (2) As appropriate, JICA may take part in discussions between the Recipient and the consultant. However, JICA shall not be liable in any way for the implementation of the project by reason of such monitoring or participation in discussions. Neither the Recipient nor the consultant shall be released from any responsibility for the project by reason of JICA's monitoring or participation in discussions.
- (3) This provision shall be clearly stated in the contract between the Recipient and the consultant.

### PART III RECOMMENDATION PROCEDURE

#### Section 3.01 Recommendation of Consultants

After signing of the G/A, JICA will recommend the consultant to the Recipient in writing. The consultant shall be those who carried out the study on preparation of the outline design for the particular project.

#### Section 3.02 Information to be Made Public

After a contract is concurred by JICA to be eligible for the Grants, JICA may publicize the information related to such contract, including the name of the consultant who entered into contract,

the contract date, the contract amount and the date of verification of the contract.

## PART IV CONTRACT

### Section 4.01 General

The contract between the Recipient and the consultant shall be prepared in such detail so as to adequately protect the interests of both parties to the contract. As a rule, the contract shall, inter alia, include the clauses outlined below.

### Section 4.02 Reference to the the Grants

The contract shall refer to the Grants as follows: "JICA extends its grant to the Government of (name of recipient country) in accordance with the G/A concluded on (day, month, year) between JICA and the Recipient concerning the (name of the project)." and "No party other than the Recipient shall derive any rights from the G/A or have any claim to the Grants. The above Grants will cover only a part of the project cost. As for the remaining portion, the client will take appropriate measures for finance."

### Section 4.03 Scope of the Project and of the Consulting Services

- (1) The contract shall describe in detail the scope of the project and of the services to be rendered by the consultant.
- (2) The consultants shall assist the Recipient in preparation of the safety requirements in accordance with the laws and regulations in the Government of the Recipient, relevant international standards, if any, and also in consideration of "the Guidance for the Management of Safety for Construction Works in Japanese ODA Projects", and review the content of the plan for safety measures prepared by the Contractor for the project.

### Section 4.04 Duration of Contract

The contract shall clearly stipulate the duration for the provision of consulting services.

### Section 4.05 Conditions relating to Validity of Contract

The contract shall include a clause specifying on what conditions it will be valid.

### Section 4.06 Responsibilities of the Parties

- (1) The contract shall clearly describe the responsibilities of the Recipient and of the consultant, including the obligation of the Recipient under the E/N and G/A, and the relationship between

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them.

- (2) When the consultant is a joint venture, consortium or other form of association of firms, the contract shall state clearly whether they will both/all be "jointly and severally" responsible for performance under the contract, or whether one firm will be "solely" responsible, and shall state which firm will be a leader and acting on behalf of the joint venture (or other type of association of firms) in all its relations and communications with the Recipient.

#### Section 4.07 Contract Amount

The contract shall state clearly the total amount of fees to be paid to the consultant in Japanese yen using both words and figures. If there is a discrepancy between the price in words and that in figures, the price in words shall prevail.

#### Section 4.08 Conditions and Methods of Payment

The contract shall specify the conditions and methods of payment.  
Payment shall be made in accordance with the criteria stipulated by JICA.

#### Section 4.09 Serious Hindrances

- (1) The contract shall require the consultant to report to the Recipient and JICA promptly the occurrence of any event or condition which might delay or prevent completion of any significant part of the project in accordance with the agreed schedules and to indicate what steps shall be taken to meet the situation.
- (2) When the Recipient receives such a report from the consultant, the Recipient shall immediately forward a copy of it to JICA with its comments.

#### Section 4.10 Copyright

The contract shall specify whether the copyright of documents prepared by the consultant under the contract rests with the consultant.

#### Section 4.11 Amendments

The contract shall provide that it may only be amended by agreement in writing between the two parties.

#### Section 4.12 Force Majeure

The contract shall clearly establish:

- (1) The force majeure conditions which would release the consultant, temporarily or permanently, from all or part of its obligations under the contract;



- (2) The procedures to be followed by the consultant regarding determination and notification of any such conditions; and
- (3) The Recipient's and the consultant's rights and obligations (e.g. as to payments following termination, including, if appropriate, reimbursement of movement expenses) in force majeure situations.

#### Section 4.13 Termination

The contract shall include a clause specifying in detail on what conditions either party may terminate the contract and a clause stipulating procedures to be followed by the party wishing to terminate the contract. The contract shall state clearly the rights and obligations of both parties in the event of termination of the contract.

#### Section 4.14 Settlement of Disputes

- (1) The contract shall establish the procedures to be followed in case of a dispute arising between the Recipient and the consultant in connection with the contract.
- (2) Provisions dealing with the settlement of disputes shall be included in the conditions of contract. International commercial arbitration administered by an international arbitration institution in a neutral venue has practical advantages over other methods for the settlement of disputes. Therefore, the use of this type of arbitration shall be stipulated as a condition of the contract unless JICA has specifically agreed to waive this requirement for justified reasons.

#### Section 4.15 Governing Laws

The contract shall stipulate which laws shall govern its interpretation and performance.

## Chapter II Guidelines for Procurement of the Products and Services

### PART I GENERAL

#### Section 1.01 Introduction

- (1) "Guidelines for Procurement" are applicable to the Grants.
- (2) The application of these Guidelines to a particular project is to be stipulated in "the G/A" concluded between JICA and the Recipient on the basis of "the E/N" between the Government of Japan and the Recipient.
- (3) These Guidelines set forth the general rules to be followed by the Recipient in carrying out the procurement of products and services for a development project which is financed in whole or in part by the Grants. (the term "products and services" or "products and/or services" as used in Chapter II of these Guidelines includes related services other than consulting services.)
- (4) The proceeds of the Grants are required to be used with due attention to considerations of economy, efficiency, transparency in the procurement process and non-discrimination among bidders eligible for procurement contracts.
- (5) These Guidelines govern the relationship between JICA and the Recipient, who is responsible for the procurement of products and services. No provision of these Guidelines shall be construed as creating any right or obligation between JICA and any third party, including the bidders for the procurement of products and/or services. The rights and obligations of the Recipient vis-à-vis bidders for products and/or services to be furnished for the project will be governed by the bidding documents which the Recipient issues in accordance with these Guidelines.
- (6) JICA and the Recipient will agree on the schedule of procurement, either prior to or in the course of the negotiations relating to the Grants.

#### Section 1.02 Competitive Bidding

JICA considers that in most cases general competitive bidding is the best method for satisfying the requirements regarding procurement of products and/or services for projects stated in Section 1.01(4) above. JICA, therefore, requires the Recipients to obtain products and/or services through competitive bidding in accordance with the procedures described in Part II of these Guidelines.

#### Section 1.03 Procedures Other than Competitive Bidding

- (1) There may be special circumstances in which competitive bidding may not be appropriate and JICA may consider alternative procedures acceptable in cases of the following:
  - (a) Limited competitive bidding, which is competitive bidding by direct invitation without

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- a) Where the number of qualified contractors, suppliers or manufacturers (hereinafter collectively referred to as "Contractor(s)") is limited.
  - b) Where, JICA deems it inappropriate to follow competitive bidding procedures, e.g. in the case of emergency procurement.
  - c) Where, JICA deems it inappropriate to follow general competitive bidding procedures after unsuccessful bidding.
- (b) Direct contracting
- a) Where the qualified contractors, suppliers or manufacturers is limited to the specific firm.
  - b) Where, JICA deems it inappropriate to follow competitive bidding procedures, e.g. in the case of emergency procurement.
  - c) Where the amount involved in the procurement is so small that the firms clearly would not be interested, or that the advantages of competitive bidding would be outweighed by the administrative burden involved.
  - d) Where, JICA deems it inappropriate to follow competitive bidding procedures after unsuccessful bidding.
- (2) In the above-mentioned cases the following procurement methods, may, as appropriate, be applied in such a manner as to comply with the procedures of competitive bidding to the fullest possible extent:

#### Section 1.04 Eligibility

- (1) In order to be eligible under a contract funded with the Grants, a Contractor shall;
- (a) be a firm of eligible nationality stipulated in the G/A;
  - (b) be a firm selected based on its own capability;
  - (c) not be a firm stated in Section 1.07 of the Chapter II; and
  - (d) not be a firm who has the conflict of interest stated in Section 1.08 of the Chapter II.
- (2) A firm who does not meet any of the conditions stipulated in paragraph (1) of this Section shall be ineligible to be awarded a contract funded with the Grants.

#### Section 1.05 Eligible Source Countries

The use of the Grants is limited to financing expenditures for products and/or services from eligible source countries specified in the G/A.

The eligible source countries for each product or services will be specified in the bidding documents in view of quality assurance and economic rationality of those products as well as bid competitiveness.

### Section 1.06 JICA's Review

- (1) JICA may review the Recipient's procedures, documents and decisions regarding procurement and its contract stipulated in the G/A. The Recipient shall submit to JICA, with support of the consultant, for JICA's reference, any related documents and information as JICA may reasonably request. The G/A will specify the extent to which review procedures will apply in respect of products and/or services to be funded out of the Grants as shown in Box 1.

The review and concurrence by JICA related to the contract as shown in Box 1 shall be clearly stated in the contract between the Recipient and the contractor.

#### **Box 1: Procedures which require JICA's review regarding procurement and its contract**

- (1) Procurement procedures other than competitive bidding

Descriptions of proposed procurement procedures other than competitive bidding shall be submitted before commencing such procedures when particular circumstances render competitive bidding inappropriate.

- (2) Public announcement for pre-qualification

In case that pre-qualification is to be proceeded, the contents of the public announcement for pre-qualification shall be submitted before the public announcement is made. Any important amendments to the documents by which such public announcement is to be made shall also be submitted before the documents are sent to prospective bidders.

- (3) Selection of pre-qualification

(i) The list of pre-qualified firms that applied to be selected as the Supplier(s), (ii) the report on the selection process, including the decisions made by Recipient during the selection, and (iii) other relevant documents shall be submitted promptly after the selection before notification of the result of the pre-qualification to the applicants.

- (4) Bidding procedures

Bidding documents, such as notices and instructions to bidders, the bid form, bid evaluation criteria, and the proposed draft contract, shall be submitted before inviting the submission of bids. Any important amendments to the said documents shall also be submitted before the documents are sent to prospective bidders.

- (5) Analysis of technical proposals

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Analysis of technical proposals shall be submitted promptly after the analysis and before inviting the opening of bid prices.

(6) Analysis of bid prices

Analysis of bid prices shall be submitted promptly after the analysis and before notification of an award to the successful bidder.

(7) Execution of contracts for the Supplier(s)

The original contract for the Supplier(s) shall be submitted promptly after its signing in order for the contract to be verified as eligible for the Grants.

(8) Allocation of the remaining balance or contingencies of the Grants

A request for review and concurrence on the allocation of the remaining balance or contingencies of the Grants with the reason therefor shall be submitted to JICA before any action is taken in relation to the use of the remaining balance or contingencies of the Grants.

(9) Amendment or termination of contract

(a) The extension of the contract period and the reason which justifies the proposal shall be submitted before the contract is amended; in the situation where the extended period is more than three (3) months or the period between the end of contract period and the deadline of availability of the Grants become less than six (6) months.

(b) Any major amendment or termination of the contract shall be notified to JICA immediately and the original contract and other necessary documentation thereon shall also be submitted after signing in order for the amendment of the contract to be verified as eligible for the Grants.

(10) Modification from the original design

A description of any major modification from the original design of the project shall be submitted before the implementation of any work related to the modified design.

For the avoidance of doubt, any change which does not constitute a major modification of the design or a major amendment of the contract, as specified by JICA, shall not require such concurrence of JICA.

(2) With regard to (7) and (9) in the Box 1 above, JICA will review the contracts in the light of points shown in Box 2.

**Box 2: Points to be reviewed by JICA on the contract**

Any amendment related to the items listed below is regarded as major amendment.

- (a) The project title, signing date of the G/A and the E/N is consistent with the G/A;
- (b) The total amount of the contract including other contract(s) of the same Project to be covered by the Grants does not exceed the amount of the Grants;
- (c) The period of the execution of the service or work of the contract(s) does not exceed the terms of validity of the Grants as prescribed in the G/A;
- (d) The scope of the services or works is consistent with the purpose of the Grants and description of the project;
- (e) The Contractor(s), country of origin of the product and/or service meets the eligibility as specified in the G/A and the Procurement Guidelines;
- (f) The contract properly refers to the G/A and JICA's review and concurrence as defined in the G/A and the Procurement Guidelines;
- (g) The rights and obligations of the Recipient and the contractors are in accordance with the E/N and G/A;
- (h) The currency, conditions and method of the payment is consistent with the terms and conditions set forth in the G/A and the Procurement Guidelines;
- (i) The contract price and the period of the execution of the service or works are precisely and correctly worded;
- (j) The risks and liabilities among the parties shall be allocated in a balanced manner, and modification of such allocation in customary general conditions of contract shall be reasonable in view of smooth implementation of the project ; and
- (k) The provisions and sentences required to be included in accordance with the Procurement Guideline are properly and clearly stated.

(3) With regard to (8) in Box 1, the allocation of the remaining balance or the contingencies shall be used in accordance with JICA's "Guidelines on the grant for contingencies".

(4) With regard to (10) in Box 2, the Recipient shall implement the project in accordance with the original design of the project summarized in the report prepared for the Project.

The major modification from the original design is defined as shown in Box 3. However the concurrence by JICA does not mean that JICA will assume the legal or technical responsibilities for the substance of the modifications.

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**Box 3: Major modification from the original design**

- (a) Decline in quality and/or functions of products and/or services from the original design;
- (b) Increase in amount of the contract price; and
- (c) Change of project sites.

In addition, the modification of the design shall be limited to following circumstances:

- (a) The drawings and specifications contain any inaccuracies or deficiencies;
  - (b) The drawings and specifications contain ambiguous or unclear expressions;
  - (c) The actual natural or artificial conditions including, but not limited to, land configuration, nature of soil, ground water, and limiting factors for the execution of the construction or procurement works at the project site are different from those expressed in the drawings and specifications;
  - (d) Unforeseeable special situations occur in the conditions that are not specified in the drawings and specifications;
  - (e) The necessity of restoring the scope reviewed and scale-downed during the detailed design in order to meet budgetary limit constrained by the amount of the Grants; and
  - (f) Other modifications which will not change the basic concept and plan of the original plan where JICA deems it appropriate.
- (5) JICA does not finance expenditures for products and/or services which, in the opinion of JICA, have not been procured in accordance with the agreed procedures and JICA will cancel that portion of the Grants allocated to such products and/or services that have been misprocured. JICA may, in addition, exercise other remedies under the G/A.

**Section 1.07 Corrupt or Fraudulent Practices**

- (1) It is JICA's policy to require that bidders and contractors, as well as the Recipient, under contracts funded with the Grants or other Japanese ODA observe the highest standard of ethics during the procurement and execution of such contracts.

In pursuance of this policy, JICA may;

- (a) reject a proposal for the award of a contract if it determines that the bidder recommended for the award has engaged in corrupt or fraudulent practices in competing for the contract in question; and
- (b) recognize a physical or juridical person as ineligible, for a period determined by JICA, to become a party to, to become a subcontractor under, or to be delegated any responsibilities

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under any contract funded with the Grants or other Japanese ODA, if JICA, at any time, determines that the person has engaged in corrupt practices or fraudulent practices in competing for, or in executing, another contract funded with the Grant or other Japanese ODA;

When the authorities concerned of the Government of Japan decide to impose against a firm such administrative sanctions as debarment, exclusion of products manufactured, etc., from Japanese governmental procurement, JICA may ask the Recipient to exclude the products manufactured by the sanctioned firm from the procurement under the Grants, for the period of the sanctions determined by such authorities concerned of the Government of Japan.

- (2) This provision shall be stated in the bidding documents.

#### Section 1.08 Conflict of Interest

A contractor shall not have a conflict of interest. A contractor shall not be employed or an individual shall be excluded under any of the circumstances set forth below (1) to (5), where it is determined to have a conflict of interest throughout the bidding/selection process and/or the execution of the contract unless the conflict has been resolved in a manner acceptable to JICA. The same shall be applied mutatis mutandis to a joint venture or a consortium, a member of which is under any of the circumstances set forth below (1) to (5).

- (1) A firm that provides consulting services for the preparation or implementation of a project, shall be disqualified from providing products or non-consulting services resulting from or directly related to such consulting services..

A firm who has any of the following capital, personal or contractual ties (including similar ones) with the above-mentioned firm shall also be disqualified.

- (a) a parent company or a subsidiary
- (b) subsidiary companies of the same parent company
- (c) a firm whose director, officer or executive officer serves as a director, officer or executive officer in the above-mentioned firm
- (d) a firm whose director serves as a trustee
- (e) a sub-consultant, directly employed by the above-mentioned firm, who plays a major role in preparation and implementation of the project.

This provision does not apply to the various firms (consultants, contractors, or suppliers) only due to the reason that those firms together are performing the Contractor's obligations under a turnkey or design and build contract.

- (2) A firm that has a close business relationship with the Recipient's official, who is directly or indirectly involved in any part of: (i) the preparation of the bidding documents for the contract, (ii) the bid evaluation, or (iii) the supervision of such contract, shall be disqualified.

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- (3) Based on the "One Bid Per Bidder" principle, which is to ensure fair competition, a firm and a firm who has capital or personal ties (including similar ones) set forth (a) to (d) of Paragraph (1) above with that firm (hereinafter referred as "Related Firm") shall not be allowed to submit more than one bid, either individually as a bidder or as a member of a joint venture or consortium. A firm (including the Related Firm) may participate in other Bids, only in the capacity of a subcontractor.
- (4) A firm may not involve any individual (whether as employee, contractor or otherwise) in the provision of products or non-consulting services for the project who is, has been or is intended to be assigned (whether by the consultant, a sub-consultant or any other party) to provide consulting services for the preparation or implementation of the project.
- (5) A firm or an individual having any other form of conflict of interest other than (1) through (4) above shall be disqualified or excluded.

#### Section 1.09 Language

All documents relating to the procurement, including the contract shall be prepared in one of the following languages, selected by the Recipient: English, French or Spanish. Although the Recipient may issue translated versions of these documents in the national language of the Recipient's country for the Recipient's reference, the English, French or Spanish documents shall take precedence.

### PART II COMPETITIVE BIDDING

#### A. Type and Size of Contract

##### Section 2.01 Type of Contract

The contract shall be concluded on the basis of a lump sum price.

##### Section 2.02 Size of Contract

The size and scope of individual contracts will depend on the magnitude, nature and location of the project.

##### Section 2.03 Single-Stage Two-Envelope Bidding and Two-Stage Bidding

- (1) A single-stage two-envelope bidding procedure shall be adopted unless otherwise stated in the G/A or prior agreement with JICA. Under this procedure, bidders will be invited to submit technical and financial bids simultaneously in two separate envelopes. The technical bid are opened first and reviewed to determine that they conform to the specifications. After the technical review has been completed, the financial bids of the bidders whose technical bidders

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have been determined to conform to the technical specifications are then opened publicly, with bidders or their representatives allowed to be present. Opening of financial bids shall follow the procedures stipulated in Section 5.02 of the Chapter II of these Guidelines. Evaluation of financial bids shall be consistent with Section 5.06 of the Chapter II of these Guidelines. The financial bids of the bidders whose technical bids have been determined not to conform to the technical specifications shall promptly be returned unopened to the bidders concerned.

- (2) In the case of turnkey contracts or contracts for large and complex plants or procurement of equipment which is subject to rapid technological advances, such as major computer systems, for which it may be undesirable or impractical to prepare complete technical specifications in advance, a two-stage bidding procedure may be adopted. Under this procedure, bidders will first be invited to submit technical proposals without prices on the basis of the minimum operating and performance requirements. After technical and commercial clarifications and adjustments, followed by amended bidding documents, the bidders will be invited to submit final technical bids and financial bids in the second stage. The use of this procedure must be agreed upon by JICA and the Recipient.

## B. Advertising and Prequalification

### Section 3.01 Public Announcement

In all cases of competitive bidding, public announcement shall be carried out in such a way that all potential bidders will have fair opportunity to learn about and participate in the bid. Invitation to prequalification or to bid shall be advertised in at least one newspaper in general circulation in the Recipient country. Items to be included in the public announcement are:

- (a) name of the project;
- (b) brief description of the project;
- (c) name of the executing agency of the project;
- (d) qualification required of bidder;
- (e) date, time and place of the delivery of bidding documents (date, time and place of the delivery of prequalification documents, in case of prequalification); and
- (f) other relevant and important information that potential bidders may need to determine whether to submit a bid.

### Section 3.02 Prequalification of Bidders

- (1) Prequalification may be conducted in advance of bidding, that the invitation to bid is to be extended only to those who are technically and financially capable.

- (2) Prequalification shall be based entirely upon the capability of prospective bidders to perform the particular contract satisfactorily and shall be conducted not to limit the bidders but to confirm the capability and resources of potential bidders to perform the particular work satisfactorily and shall not hinder the objective of the competitive bidding. The following may be taken into account for Prequalification, in particular:
- (a) their experience and past performance under similar contracts;
  - (b) their potentialities to use equipment and facilities; and
  - (c) their financial position.

The invitation to prequalification for a specific contract shall be publicly announced as described in Section 3.01 the Chapter II. A clear statement of the scope of the contract and the requirements for qualification shall be sent to all those who wish to be considered for prequalification. As soon as prequalification is completed, the bidding documents shall be issued to the qualified bidders.

- (3) All such bidders that meet the specified criteria shall be allowed to bid.

#### Section 3.03 Joint venture/Consortium

Joint venture or consortium shall be accepted in any type of bidding and shall be allowed in construction project.

### C. Bidding Documents

#### Section 4.01 General

- (1) The bidding documents shall provide all information necessary to enable a prospective bidder to prepare a bid for the products and/or services to be procured. They generally include:
- (a) invitation to bid;
  - (b) instruction to bidders;
  - (c) form of bid;
  - (d) form of contract;
  - (e) conditions of contract (both general and special);
  - (f) technical specifications; and
  - (g) necessary appendices, etc.

Guidelines on the principal components of the bidding documents are given in the following Sections.

- (2) JICA will encourage the Recipient to use the JICA's form of instruction to bidders and conditions of contract. The Recipient may make changes to the JICA's form to address project-specific condition; however the Recipient shall highlight any changes in submitting the documents to JICA.
- (3) If a fee is charged for the bidding documents, it shall be reasonable and reflect the cost of their

production, and shall not be so high as to discourage potential bidders.

#### Section 4.02 Reference to the Grants

Bidding documents shall normally refer to the Grants using the following language:

“The Government of (name of the recipient country) has received a grant from Japan International Cooperation Agency (hereinafter referred to as “JICA”) toward the cost of (name of the Project stipulated in the G/A) (hereinafter referred to as “the Project”). It is intended that part of the proceeds of this Grant will be applied to eligible payments under the contract. Disbursement of a Japanese Grant by JICA will be subject, in all respects, to the terms and conditions of the Grant Agreement, including the disbursement procedures and the applicable Procurement Guidelines for the Japanese Grants. No party other than the Recipient shall derive any rights from the Grant Agreement or have any claim to the Grant proceeds. The above Grant Agreement will cover only a part of the project cost. As for the remaining portion, (name of the Recipient) will take appropriate measures for finance.”

#### Section 4.03 Bid Securities

Bid bonds or guarantees shall be required in principle unless required by the legislation in the Recipient Country and JICA deem it appropriate. The amount of bid bonds or other bid guarantees shall not be set so high as to discourage potential bidders.

Bid bonds or guarantees shall be released to unsuccessful bidders as soon as possible after the contract has been signed with the successful bidder.

#### Section 4.04 Conditions of Contract

- (1) The conditions of contract shall clearly define the rights and obligations of the Recipient and the Contractor, and the scope of service of the consultant, and the powers and authority of the consultant in administration of the contract and any amendments thereto. In addition to customary general conditions of contract, some of which are referred to in these Guidelines, special conditions appropriate to the nature and location of the project may be included.
- (2) In the conditions of contract, risks and liabilities among the parties shall be allocated in a balanced manner, and modification of such allocation in customary general conditions of contract shall be reasonable in view of smooth implementation of the project.
- (3) Safety shall be emphasized in the implementation of the project. Safety measures taken by the Contractor shall be specified in the contract.
- (4) The conditions of contract shall clearly state the time of commencement and the period of any warranties if those warranties are required.

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#### Section 4.05 Clarity of Bidding Documents

- (1) Bidding documents shall describe as clearly as possible, qualification required of the bidder, eligible sources countries (as stated in Section 1.05 of the Chapter II) as well as other pertinent terms.
- (2) Except as previously agreed between the Recipient and JICA to consider the factors other than price into consideration in bid evaluation, bidding documents shall clearly state the method of bid evaluation. The statement shall include the following:  
"the bidder whose offer substantially conforms to the specification and other conditions of the bidding documents, and who offers the lowest price shall be designated as the successful bidder".  
In case the bid is divided into several packages, the statement shall include the following; "The bid evaluation shall be done separately."
- (3) Specifications shall set forth as clearly and precisely as possible the work to be accomplished, the products and/or services to be supplied and the place of delivery or installation, insurance, transportation, bond, warranty. Drawings shall be consistent with the text of the specifications. Where drawings are inconsistent with the text of the specifications, the priority order shall be that specified in the conditions of contract used.
- (4) In addition, specification, where appropriate, shall define the tests, standards, and methods to be employed to judge conformity of the products and/or services to be procured with the required specification.  
The specifications shall be so worded as to permit and encourage the widest possible competition.
- (5) Any additional information, clarification, correction of errors or alteration of specifications shall be sent promptly to all those who requested the original bidding documents. When original specifications are to be altered, added, or corrected due to reasons on the Recipient's side, notification of those modifications, etc., should be immediately sent to all the bidders, using an addendum, and if the change is considered to be major/substantial, bidders should be given additional time for the submission of their bids.

#### Section 4.06 Standards

The bidding documents shall state that the products meeting the standards of the Recipient country.

#### Section 4.07 Use of Brand Names

- (1) Specifications shall be based on relevant characteristics and/or performance requirements. Designation of brand names, catalogue numbers or similar classifications shall be avoided except the following cases:

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- (a) procurement of particular spare parts;
  - (b) procurement of the equipment that the Recipient wishes to maintain the continuity of the services of the equipment due to safety of operation and maintenance.
- (2) If it is necessary to quote a brand name or catalogue number of a specific manufacturer for a specific reason other than the reason mentioned above, the specifications shall permit offers of alternative products which have similar characteristics and provide performance and quality at least equal to those specified.

#### Section 4.08 Scope of Work

The conditions of contract shall clearly state all products and/or services to be procured.

#### Section 4.09 Period of Execution

The conditions of contract shall clearly stipulate the period of execution of work.

#### Section 4.10 Responsibilities of the Parties

The conditions of contract shall clearly state the responsibilities of the Recipient and the contractor, including the obligation of the Recipient under the E/N and G/A, and the relationship between them.

#### Section 4.11 Pricing and Currency of Bids

Bidding documents shall clearly mention the following:

- (a) the bid price shall be stated in the specified currency on the basis of a lump sum price, in conformity with the specification stipulated in the bidding documents;
- (b) the currency in which the bid price may be stated shall be specified in the bidding documents; and
- (c) the bid price shall be firm and final.

#### Section 4.12 Contract Amount, Terms of Payment and Payment Method

- (1) The total amount of the contract price covered by the Grants shall not exceed the amount of the Grants specified in the G/A. The contract price shall be precisely and correctly stated in the contract using both words and figures. If there is a discrepancy between the price in words and that in figures, the price in words shall prevail.
- (2) Terms of Payment

The conditions of contract shall state the terms of payment. In general, the terms of payment shall be as follows:

- (a) in the case of contract for supply of the products other than those mentioned in (b) below, the payment for the products will be made upon the completion of the shipment or delivery of the

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contracted products; and

(b) in the case of a contract for construction, a reasonable advance payment and/or regular progress payments may be applicable.

(3) Payment Method

In accordance with the G/A, the conditions of contract shall have a clause stating that "payment from the Grants shall be made in the currency in which the bid price is expressed in the bid of the successful bidder through a bank in Japan under an irrevocable Authorization to Pay (A/P) issued by the Recipient or its designated authority". Payment from the Grants shall be made in accordance with the criteria stipulated by JICA.

**Section 4.13 Advance Payment Securities**

- (1) The percentage of the total payment to be made in advance, upon entry into effect of the contract, for mobilization and similar expenses shall be reasonable and specified in the bidding documents.
- (2) The bidding documents shall specify the arrangements for any security required for advance payments.

**Section 4.14 Performance Securities**

Bidding documents shall require a security in an amount sufficient to protect the Recipient in case of breach of contract by the Contractor. This security can be either a bank guarantee or a performance bond, the amount of which will vary with the type and size of the contract, but shall be sufficient to protect the Recipient in the case of default by the Contractor. A portion of this security shall extend sufficiently beyond the date of completion of the works or the services under the Contract to cover the defects liability or maintenance period up to final acceptance by the Recipient, if JICA deem it appropriate.

**Section 4.15 Insurance**

The bidding documents shall state precisely the types and terms of insurance (e.g. liabilities to be covered and duration of the insurance and the amount of liquidated damage) to be obtained by the successful bidder.

**Section 4.16 Force Majeure**

The conditions of contract included in the bidding documents shall, when appropriate, contain clauses stipulating that failure on the part of the parties to perform their obligations under the contract will not be considered a default under the contract if such failure is the result of force majeure as defined in the conditions of contract.

#### Section 4.17 Settlement of Disputes

Provisions dealing with the settlement of disputes shall be included in the conditions of contract. International commercial arbitration administered by an international arbitration institution in a neutral venue has practical advantages over other methods for the settlement of disputes. Therefore, the use of this type of arbitration shall be stipulated as a condition of the contract unless JICA has specifically agreed to waive this requirement for justified reasons.

#### Section 4.18 Governing Laws

The laws of the Recipient country shall govern the interpretation and performance of the contract.

#### Section 4.19 Amendment

The contract shall provide that it may only be amended by agreement in writing between the two parties.

### D. Opening of Bid, Evaluation and Award of Contract

#### Section 5.01 Time Interval between Invitation and Submission of Bids

- (1) The time allowed for preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project, and the size and complexity of the contract. Generally, the deadline for the submission of bids shall be set not less than forty-five (45) days after the date when bidding documents are made available for potential bidders.
- (2) Where construction works, complex or large number of items of equipment, large scale of installation works are involved, generally not less than sixty (60) days shall be allowed to enable prospective bidders to conduct investigations at the site before submitting their bids.

#### Section 5.02 Procedures relating to Opening of Bids

- (1) The date, hour and place for the latest receipt of bids and for the opening of bids shall be announced in the invitations to bid and all bids shall be opened publicly at the stipulated time and place. Bids received after this time shall be returned unopened.
- (2) The name of the bidder and total amount of each bid shall be read aloud and recorded when opened.

#### Section 5.03 Clarification or Alteration of Bids

No bidder shall be requested or permitted to alter its bid after the bids have been opened.

Only clarifications without changing the substance of the bid may be accepted. The Recipient may ask any bidder for clarification on its bid submitted, but shall not ask any bidder to change the

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substance or price of the bid.

#### Section 5.04 Process to be Confidential

No information relating to the examination, clarification and evaluation of bids and recommendations concerning awards shall be disclosed after the public opening of bids to any persons not officially concerned with this process until a contract has been awarded to a bidder.

#### Section 5.05 Examination of Bids

- (1) Following the opening of bids, it shall be ascertained that (i) computations are free of material errors, (ii) the bids are substantially responsive to the bidding documents, (iii) the required certificates have been provided, (iv) documents have been properly signed, and (v) the bids are consistent with the instructions of the bidding documents.
- (2) If a bid does not substantially conform to the specifications, or contains inadmissible reservations or is otherwise not substantially responsive to the bidding documents, it shall be rejected.
- (3) A technical analysis shall then be made to evaluate each responsive bid and to enable bids to be compared.

#### Section 5.06 Evaluation of Bids

- (1) Bid evaluation shall be consistent with the terms and conditions set forth in the bidding documents. Those bids which substantially conform to the technical specifications, and are responsive to other stipulations of the bidding documents, shall be judged solely on the basis of the submitted price, and the bidder who offers the lowest price shall be designated as the successful bidder.
- (2) If there has been no prequalification of bidders, the Recipient shall determine whether the bidder whose bid has been evaluated the lowest has the capacity and resources to carry out the contract concerned effectively.
- (3) The criteria to be met shall be set out in the bidding documents and if the bidder does not meet them, the bid shall be rejected. In such an event, the Recipient shall then make a similar decision regarding the next-lowest evaluated bidder.

#### Section 5.07 Evaluation Report

A detailed report on the evaluation of bids setting forth the specific reasons, giving the reasons for the acceptance or rejection of bids, shall be prepared by the Recipient

#### Section 5.08 Award of Contract

The contract shall be awarded within the period specified for the validity of the bid, to the bidder who, in compliance with the conditions and specifications stipulated in the bidding documents, offers the lowest price, except as defined in Section 4.05 of the Chapter II.

A bidder shall not be required, as a condition of award, to undertake responsibilities or work not stipulated in the bidding documents or otherwise modify the bid as originally submitted.

#### Section 5.09 Rejection of Bids

Any bids shall not be rejected nor a new bid be invited using the same specifications solely for the purpose of obtaining lower prices in the new bid, except in the case where the lowest bid exceeds the cost estimates. Rejection of any bids may only be justified when bids do not comply with the bidding documents.

If all bids are rejected, the Recipient shall review the causes of the rejection, and consider revision of the specifications called for in the original invitation to bid.

#### Section 5.10 Notification to Unsuccessful Bidders and Debriefing

- (1) Upon obtaining the concurrence on the result of evaluation of technical bid by JICA and issuing the award to the successful bidder, the Recipient shall promptly notify the other bidders that their bids have been disqualified or unsuccessful.
- (2) If any bidder who submitted a bid wishes to ascertain the reasons why its bid was disqualified or not selected, such bidder may request an explanation from the Recipient, then the Recipient shall promptly provide an explanation as to why its bid was disqualified or not selected after issuing the award to the successful bidder .

#### Section 5.11 Information to be Made Public

- (1) After a contract is concurred by JICA to be eligible for the Grants, JICA may publicize any information related to such contract, including the ceiling price of the bid, the names of all the bidders and their bid prices, the name of the successful bidder concerning the award of contract, the name of the bidder who entered into the contract, the contract date, the contract amount and the date of verification of the contract.
- (2) The Recipient shall have all provisions and measures necessary to ensure that the above information shall be available for being made public incorporated in documents related to procurement, such as bidding documents and contracts.

END

**Minutes of Discussions  
on the Preparatory Survey for  
the Project for Upgrading and Construction of Secondary Schools  
(Explanation on Draft Preparatory Survey Report)**

With reference to the minutes of discussions signed between the Ministry of Education and Training, the Ministry of Development Planning and the Japan International Cooperation Agency (hereinafter referred to as "JICA") on August 3, 2016 and in response to the request from the Government of Kingdom of Lesotho (hereinafter referred to as "Lesotho") dated 29 August 2014, JICA dispatched the Preparatory Survey Team (hereinafter referred to as "the Team") for the explanation of Draft Preparatory Survey Report (hereinafter referred to as "the Draft Report") for the Project for Upgrading and Construction of Secondary Schools in the Kingdom of Lesotho (hereinafter referred to as "the Project"), headed by Mr. Takao MARUYAMA, Basic Education Team 2, Basic Education Group, Human Development Department from August 30 to September 8, 2017.

As a result of the discussions, both sides agreed on the main items described in the attached sheets.

Maseru, September 1, 2017

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Takao MARUYAMA  
Leader, Preparatory Survey Team  
Japan International Cooperation Agency  
Japan



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Thabiso Lebeso  
Principal Secretary  
Ministry of Education and Training  
Kingdom of Lesotho



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Khomoatsana Tau  
Principal Secretary  
Ministry of Development Planning  
Kingdom of Lesotho

## ATTACHEMENT

### 1. Objective of the Project

The objective of the Project is to improve learning environment especially for children with disability by upgrading and constructing secondary schools and provision of equipment, thereby contributing to equitable access to secondary education for children with disability. The schools to be constructed under the Project are expected to be the model of inclusive education school in Kingdom of Lesotho.

### 2. Title of the Preparatory Survey

Both sides agreed to change the title of the Preparatory Survey as "the Preparatory Survey for the Project for Upgrading and Construction of Secondary Schools in the Kingdom of Lesotho".

### 3. Project site

Both sides confirmed that the sites of the Project are Abia High School (Maseru district), Motsekuoa High School (Mafeteng district), Mt. Royal High School (Leribe district), St. Catherine's High School (Maseru district) and Masenate High School (Leribe district), which are shown in Annex 1.

### 4. Responsible authority for the Project

Both sides confirmed the authorities responsible for the Project are as follows:

- 4-1. Department of Secondary Education of the Ministry of Education and Training (hereinafter referred to as the "MoET") will be the executing agency for the Project (hereinafter referred to as the "Executing Agency"). The Executing Agency shall coordinate with all the relevant authorities to ensure smooth implementation of the Project and ensure that undertakings for the Project shall be taken care of by relevant authorities properly and on time. The organization charts is shown in Annex 2.

### 5. Contents of the Draft Report

After the explanation of the contents of the Draft Report by the Team, the Lesotho side agreed to its contents.

### 6. Cost estimate

Both sides confirmed that the cost estimate including the contingency described in Annex 7 is provisional and will be examined further by the Government of Japan for its approval. The contingency would cover the additional cost against natural disaster, unexpected natural conditions, fluctuation of exchange rate, etc.

7. Confidentiality of the cost estimate and technical specifications

Both sides confirmed that the cost estimate and technical specifications in the Draft Report should never be duplicated or disclosed to any third parties until all the contracts under the Project are concluded. Technical specifications will be written in bidding document, which will be delivered to bidders.

8. Procedures and Basic Principles of Japanese Grant

8-1 Procurement Type of Japanese Grant

The Lesotho side agreed that the Japanese Grants (for Japanese consultant and local contractors) is applied as procurement type to the Project, and that the procedures and basic principles of Japanese Grant as described in Annex 3 shall be applied to the Project. In addition, the Lesotho side agreed to take necessary measures according to the procedures.

8-2 Eligible nationalities of consultant and prime contractors

The eligible nationality of consultant shall be Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons, in the case of the consultant that will contract directly with the Recipient for the implementation of the Project

The eligible nationality of the other Suppliers shall be nationals of Lesotho or nationals of Southern Africa or juridical persons incorporated and registered in Lesotho or nationals of Southern Africa who have their appropriate facilities for producing or providing the products and/or services in Lesotho or nationals of Southern Africa and actually conduct their business there, in the case of the other Suppliers that will contract directly with the Recipient for the implementation of the Project.

8-3 Flow of payment and currency of payment to prime contractors

The Lesotho side understood the flow of payment as shown in Annex 4 and confirmed to take necessary measures for the payment in a timely manner. The Lesotho side explained that it will nominate "Standard Lesotho Bank" as the "Recipient Bank" that conclude the banking arrangement (hereinafter referred to as "the Banking Arrangement") with a bank in Japan (hereinafter referred to as "the Agent Bank").

Lesotho side agreed that the currency for contract of prime construction and/or procurement firms is internationally traded foreign currency acceptable to JICA, that is US dollar, which will be stipulated in the Grant Agreement.

Lesotho side understood tentative approval flow and required documents for payments to prime contractors/suppliers as Annex 5.

#### 8-4 Bidding procedure and procurement guidelines

The bidding/selection and conclusion of contracts of the products and services covered by Grant of the Project will be conducted at the Kingdom of Lesotho. The Lesotho side understands that the products and services covered by Grant of the Project will be procured in accordance with JICA's Procurement Guidelines for the Japanese Grants (for Japanese consultant and local contractors).

#### 9. Timeline for the project implementation

The Team explained to the Lesotho side that the expected timeline for the project implementation is as attached in Annex 6.

#### 10. Expected outcomes and indicators

Both sides agreed that key indicators for expected outcomes are as follows. The Lesotho side will be responsible for the achievement of agreed key indicators targeted in year 2023 and shall monitor the progress based on those indicators.

[Quantitative indicators]

- Number of students who learn at the secondary schools of inclusive design

[Qualitative indicators]

- It is expected to improve school management by constructing administration building.
- It is expected to improve the quality of learning and motivation of students with disabilities by realizing the educational environment with less barrier.
- It is expected to improve the quality of inclusive education by the soft component of the Project.
- It is expected to contribute to diffuse inclusive education in the Kingdom of Lesotho through visit or reference by other related organisations/persons to the secondary schools as the model of inclusive education.

#### 11. Undertakings of the Project

Both sides confirmed the undertakings of the Project as described in Annex 7. With regard to exemption of customs duties, internal taxes and other fiscal levies as stipulated in 6 (During the Project Implementation) of Annex 7, both sides confirmed that such customs duties, internal taxes and other fiscal levies include income tax and corporate tax and resident tax of Japanese nationals, VAT, commercial tax, but not limited, which may be imposed in Kingdom of Lesotho to the service of consultant, firms of the recipient country or other countries, purchase of materials /and equipment, and the other related contract for the implementation of the Project.

It shall be clearly stated in the bid documents by Department of Secondary Education of MoET during the implementation stage of the Project.

The Lesotho side assured to take the necessary measures and coordination including allocation of the necessary budget which are preconditions of implementation of the Project. It is further agreed that the costs are indicative, i.e. at Outline Design level. More accurate costs will be calculated at the Detailed Design stage.

Both sides also confirmed that the Annex 7 will be used as an attachment of G/A.

12. Monitoring during the implementation

The Project will be monitored by the Executing Agency and reported to JICA by using the form of Project Monitoring Report (PMR) attached as Annex 8. The timing of submission of the PMR is described in Annex 6.

13. Project completion

Both sides confirmed that the project completes when all the facilities constructed and equipment procured by the grant are in operation. The completion of the Project will be reported to JICA promptly, but in any event not later than six months after completion of the Project.

14. Ex-Post Evaluation

JICA will conduct ex-post evaluation after three (3) years from the project completion, in principle, with respect to five evaluation criteria (Relevance, Effectiveness, Efficiency, Impact, Sustainability). The result of the evaluation will be publicized. The Lesotho side is required to provide necessary support for the data collection.

15. Items and measures to be considered for the smooth implementation of the Project

Both sides confirmed the items and measures to be considered for the smooth implementation of the Project as follows:

15-1 The Lesotho side confirmed that when problems such as delay of construction works or procurement of equipment by contractors/suppliers arises during the implementation of the Project, the Department of Secondary Education of MoET will take necessary measures in accordance with technical opinion of the Consultant in a timely manner.

15-2 The Lesotho side agreed that when the amount of the Grant, which includes the contingency, could not cover the entire works or procurement of equipment on the implementation of the Project, the Lesotho side will confirm the scope of works or procurement of equipment that are covered by the Grant based on technical opinion of the Consultant and be in charge of the other scope by its own side.

16. Schedule of the Study

JICA will finalize the Preparatory Survey Report based on the confirmed items. The report will be sent to the Lesotho side around December 2017.

17. General Issues

17-1 Environmental Guidelines and Environmental Category

The Team explained that 'JICA Guidelines for Environmental and Social Considerations (April 2010)' (hereinafter referred to as "the Guidelines") is applicable for the Project. The Project is categorized as C because the Project is likely to have minimal adverse impact on the environment under the Guidelines.

The Lesotho side confirmed to give due environmental and social considerations during implementation of the Project, and after completion of the Project, in accordance with the JICA Guidelines for Environmental and Social Considerations (April, 2010).

17-2 Disclosure of Information

Both sides confirmed that the Preparatory Survey Report from which project cost is excluded will be disclosed to the public after completion of the Preparatory Survey. The comprehensive report including the project cost will be disclosed to the public after all the contracts under the Project are concluded.

18. Other Relevant Issues

18-1 The Lesotho side shall be responsible for proper operation and maintenance of school facilities including its equipment constructed under the Project. The Lesotho side committed to assign teachers and administrative persons to the school facilities.

18-2 The Team mentioned that it is still necessary to conduct regular monitoring of condition of existing administration building at the site of Masenate. The Team also explained that the existing administration building should be demolished just after the administration building is constructed under the Project, and that it is required to obtain prior approval to the Government of Japan for demolishing the existing administration building.

Annex 1 Project Site Location Map

Annex 2 Organization Chart

Annex 3 Japanese Grant (for Japanese consultant and local contractors)

Annex 4 Financial Flow of Japanese Grant (for Japanese consultant and local contractors)

Annex 5 Tentative Approval flow and required documents for payments to prime contractors/suppliers





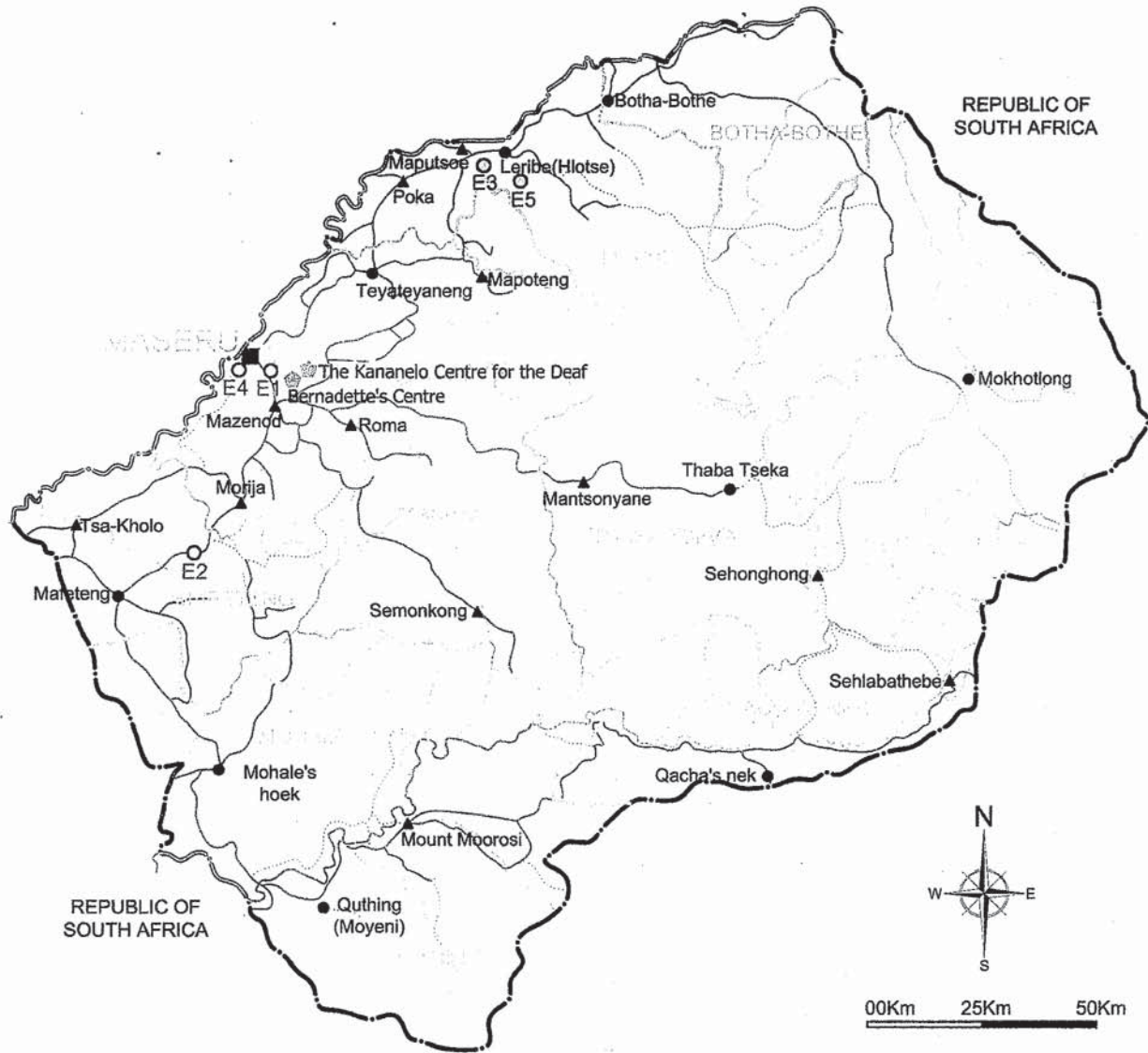
Annex 6 Project Implementation Schedule

Annex 7 Major Undertakings to be taken by the Government of Lesotho

Annex 8 Project Monitoring Report (template)



Project Site Location Map



Candidate sites for the project

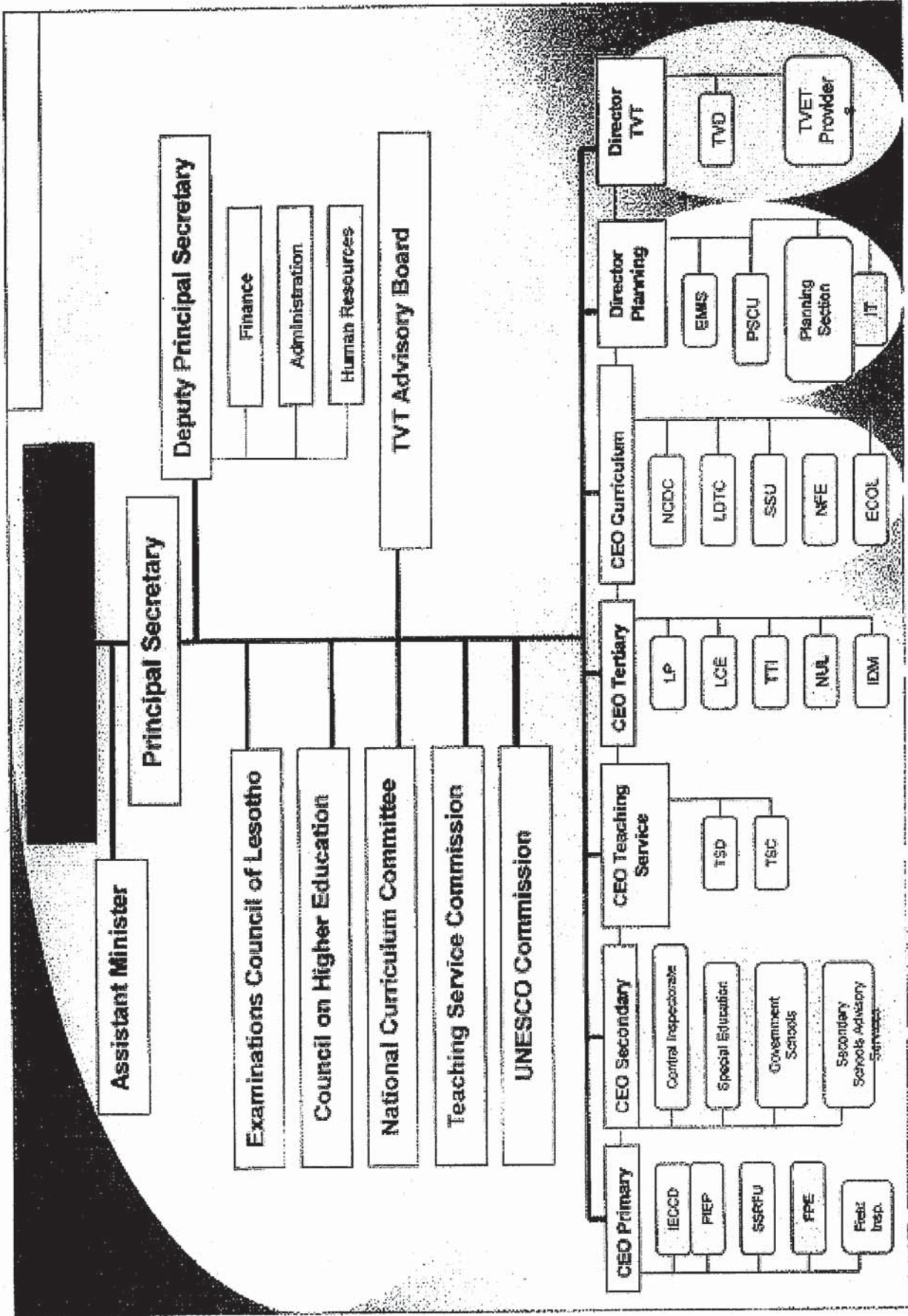
Code	Site Name	District
E1	Abia	Maseru
E2	Motsekuoa	Mafeteng
E3	Mt Royal	Leribe
E4	St. Catherine's	Maseru
E5	Masenate	Leribe

LEGEND

- Candidate Site
- Special Needs School
- Capital City
- District Chief Town
- ▲ Town
- International Boundary
- - - District Boundary
- Paved Road
- ⋯ Unpaved Road
- River

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## JAPANESE GRANT

The Japanese Grant is non-reimbursable fund provided to a recipient country (hereinafter referred to as “the Recipient”) to purchase the products and/or services (engineering services and transportation of the products, etc.) for its economic and social development in accordance with the relevant laws and regulations of Japan. Followings are the basic features of the project grants operated by JICA (hereinafter referred to as “Project Grants”).

### 1. Procedures of Project Grants

Project Grants are conducted through following procedures (See “PROCEDURES OF JAPANESE GRANT” for details):

(1) Preparation

- The Preparatory Survey (hereinafter referred to as “the Survey”) conducted by JICA

(2) Appraisal

-Appraisal by the government of Japan (hereinafter referred to as “GOJ”) and JICA, and Approval by the Japanese Cabinet

(3) Implementation

Exchange of Notes

-The Notes exchanged between the GOJ and the government of the Recipient

Grant Agreement (hereinafter referred to as “the G/A”)

-Agreement concluded between JICA and the Recipient

Banking Arrangement (hereinafter referred to as “the B/A”)

-Opening of bank account by the Recipient in a bank in Japan (hereinafter referred to as “the Bank”) to receive the grant

Construction works/procurement

-Implementation of the project (hereinafter referred to as “the Project”) on the basis of the G/A

(4) Ex-post Monitoring and Evaluation

-Monitoring and evaluation at post-implementation stage

### 2. Preparatory Survey

(1) Contents of the Survey

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

- Confirmation of the background, objectives, and benefits of the Project and also institutional capacity of

relevant agencies of the Recipient necessary for the implementation of the Project.

- Evaluation of the feasibility of the Project to be implemented under the Japanese Grant from a technical, financial, social and economic point of view.
- Confirmation of items agreed between both parties concerning the basic concept of the Project.
- Preparation of an outline design of the Project.
- Estimation of costs of the Project.
- Confirmation of Environmental and Social Considerations

The contents of the original request by the Recipient are not necessarily approved in their initial form. The Outline Design of the Project is confirmed based on the guidelines of the Japanese Grant.

JICA requests the Recipient to take measures necessary to achieve 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 executing agency of the Project. Therefore, the contents of the Project are confirmed by all relevant organizations of the Recipient based on the Minutes of Discussions.

#### (2) Selection of Consultants

For smooth implementation of the Survey, JICA contracts with (a) consulting firm(s). JICA selects (a) firm(s) based on proposals submitted by interested firms.

#### (3) Result of the Survey

JICA reviews the report on the results of the Survey and recommends the GOJ to appraise the implementation of the Project after confirming the feasibility of the Project.

### 3. Basic Principles of Project Grants (contract with Japanese consultant and local contractors)

#### (1) Implementation Stage

##### 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 to make a pledge for assistance, which is followed by the conclusion of the G/A between JICA and the Recipient to define the necessary articles, in accordance with the E/N, to implement the Project, such as conditions of disbursement, responsibilities of the Recipient, and procurement conditions. The terms and conditions generally applicable to the Japanese Grant are stipulated in the "General Terms and Conditions for Japanese Grant (January 2016)."

2) Banking Arrangements (B/A) (See "Financial Flow of Grant" for details)

- a) The Recipient shall open an account or shall cause its designated authority to open an account under the name of the Recipient in the Bank, in principle. JICA will disburse the Japanese Grant in Japanese yen for the Recipient to cover the obligations incurred by the Recipient under the verified contracts.
- b) In case of Japanese consultant, the Japanese Grant will be disbursed when payment requests are submitted by the Bank to JICA under an Authorization to Pay (A/P) issued by the Recipient.
- c) In case of local contractors, the Japanese Grant will be disbursed when requests for disbursement are submitted by the Recipient to JICA.

3) Procurement Procedure

The products and/or services necessary for the implementation of the Project shall be procured in accordance with JICA's procurement guidelines as stipulated in the G/A.

4) Selection of Consultants

In order to maintain technical consistency, the consulting firm(s) which conducted the Survey will be recommended by JICA to the Recipient to continue to work on the Project's implementation after the E/N and G/A.

5) Eligible source country

In using the Japanese Grant disbursed by JICA for the purchase of products and/or services, the eligible source countries of such products and/or services shall be Japan and/or the Recipient. The Japanese Grant may be used for the purchase of the products and/or services of a third country as eligible, if necessary, taking into account the quality, competitiveness and economic rationality of products and/or services necessary for achieving the objective of the Project. However, the prime consulting firm, which enter into contracts with the Recipient, are limited to "Japanese nationals", while the prime constructing firms, which enter into contracts with the Recipient, could be nationals of the recipient country or other country(ies) if deemed it necessary.

6) Contracts and Concurrence by JICA

The contracts which the Recipient concludes shall be concurred by JICA in order to be verified as eligible for using the Japanese Grant. The currency denominated in such contracts shall be stipulated in the G/A.

7) Monitoring

The Recipient is required to take their initiative to carefully monitor the progress of the Project in order to ensure its smooth implementation as part of their responsibility in the G/A, and to regularly report to JICA about its status by using the Project Monitoring Report (PMR).

8) Safety Measures

The Recipient must ensure that the safety is highly observed during the implementation of the Project.



9) Construction Quality Control Meeting

Construction Quality Control Meeting (hereinafter referred to as the "Meeting") will be held for quality assurance and smooth implementation of the Works at each stage of the Works. The member of the Meeting will be composed by the Recipient (or executing agency), the Consultant, the Contractor and JICA. The functions of the Meeting are as followings:

- a) Sharing information on the objective, concept and conditions of design from the Contractor, before start of construction.
- b) Discussing the issues affecting the Works such as modification of the design, test, inspection, safety control and the Client's obligation, during of construction.

(2) Ex-post Monitoring and Evaluation Stage

- 1) After the project completion, JICA will continue to keep in close contact with the Recipient in order to monitor that the outputs of the Project is used and maintained properly to attain its expected outcomes.
- 2) In principle, JICA will conduct ex-post evaluation of the Project after three years from the completion. It is required for the Recipient to furnish any necessary information as JICA may reasonably request.

(3) Others

1) Environmental and Social Considerations

The Recipient shall carefully consider environmental and social impacts by the Project and must comply with the environmental regulations of the Recipient and JICA Guidelines for Environmental and Social Considerations (April, 2010).

2) Major undertakings to be taken by the Government of the Recipient

For the smooth and proper implementation of the Project, the Recipient is required to undertake necessary measures including land acquisition, and bear an advising commission of the A/P and payment commissions paid to the Bank as agreed with the GOJ and/or JICA. The Government of the Recipient shall ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the Recipient with respect to the purchase of the Products and/or the Services be exempted or be borne by its designated authority without using the Grant and its accrued interest, since the grant fund comes from the Japanese taxpayers.

3) Proper Use



The Recipient is required to maintain and use properly and effectively the products and/or services under the Project (including the facilities constructed and the equipment purchased), to assign staff necessary for this operation and maintenance and to bear all the expenses other than those covered by the Japanese Grant.

4) Export and Re-export

The products purchased under the Japanese Grant should not be exported or re-exported from the Recipient.



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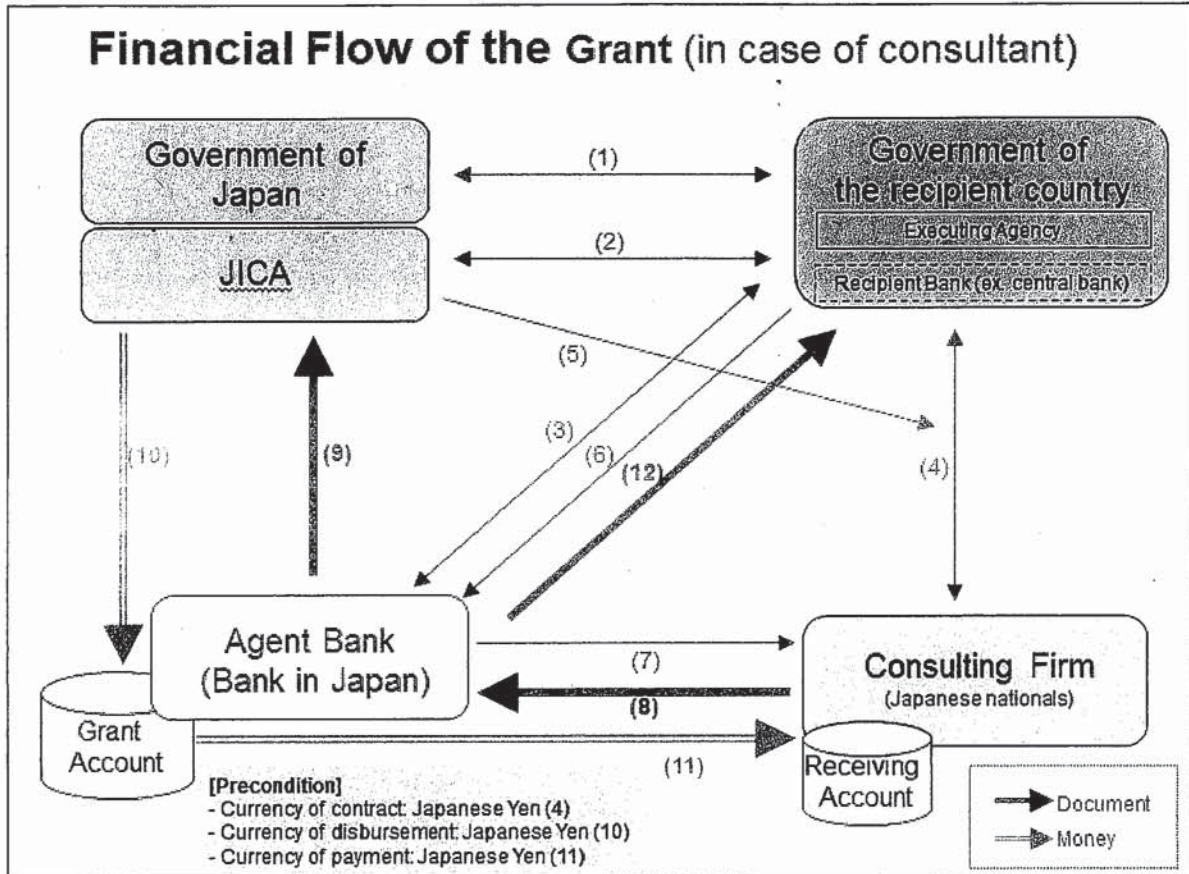
## PROCEDURES OF JAPANESE GRANT

Stage	Procedures	Remarks	Recipient Government	Japanese Government	JICA	Consultants	Contractors	Agent Bank	
Official Request	Request for grants through diplomatic channel	Request shall be submitted before appraisal stage.	x	x					
1. Preparation	(1) Preparatory Survey Preparation of outline design and cost estimate		x		x	x			
2. Appraisal	(2) Preparatory Survey Explanation of draft outline design, including cost estimate, undertakings, etc.		x		x	x			
	(3) Agreement on conditions for implementation	Conditions will be explained with the draft notes (E/N) and Grant Agreement (G/A) which will be signed before approval by Japanese government.	x	x (E/N)	x (G/A)				
	(4) Approval by the Japanese cabinet			x					
3. Implementation	(5) Exchange of Notes (E/N)		x	x					
	(6) Signing of Grant Agreement (G/A)		x		x				
	(7) Banking Arrangement (B/A)	Need to be informed to JICA	x					x	
	(8) Contracting with consultant and issuance of Authorization to Pay (A/P)	Concurrence by JICA is required	x			x		x	
	(9) Detail design (D/D)		x			x			
	(10) Preparation of bidding documents	Concurrence by JICA is required	x			x			
	(11) Bidding	Concurrence by JICA is required	x			x	x		
	(12) Contracting with contractor/supplier	Concurrence by JICA is required Request for disbursement shall be made by the Recipient, in case of local contractor.	x		x			x	x
	(13) Construction works/procurement	Concurrence by JICA is required for major modification of design and amendment of contracts.	x			x	x		
	(14) Completion certificate		x			x	x		
4. Ex-post monitoring & evaluation	(15) Ex-post monitoring	To be implemented generally after 1, 3, 10 years of completion, subject to change	x		x				
	(16) Ex-post evaluation	To be implemented basically after 3 years of completion	x		x				

notes:

1. Project Monitoring Report and Report for Project Completion shall be submitted to JICA as agreed in the G/A.
2. Concurrence by JICA is required for allocation of grant for remaining amount and/or contingencies as agreed in the G/A.

**Financial Flow of Japanese Project Grant  
(contract with Japanese consultant and local contractors)**

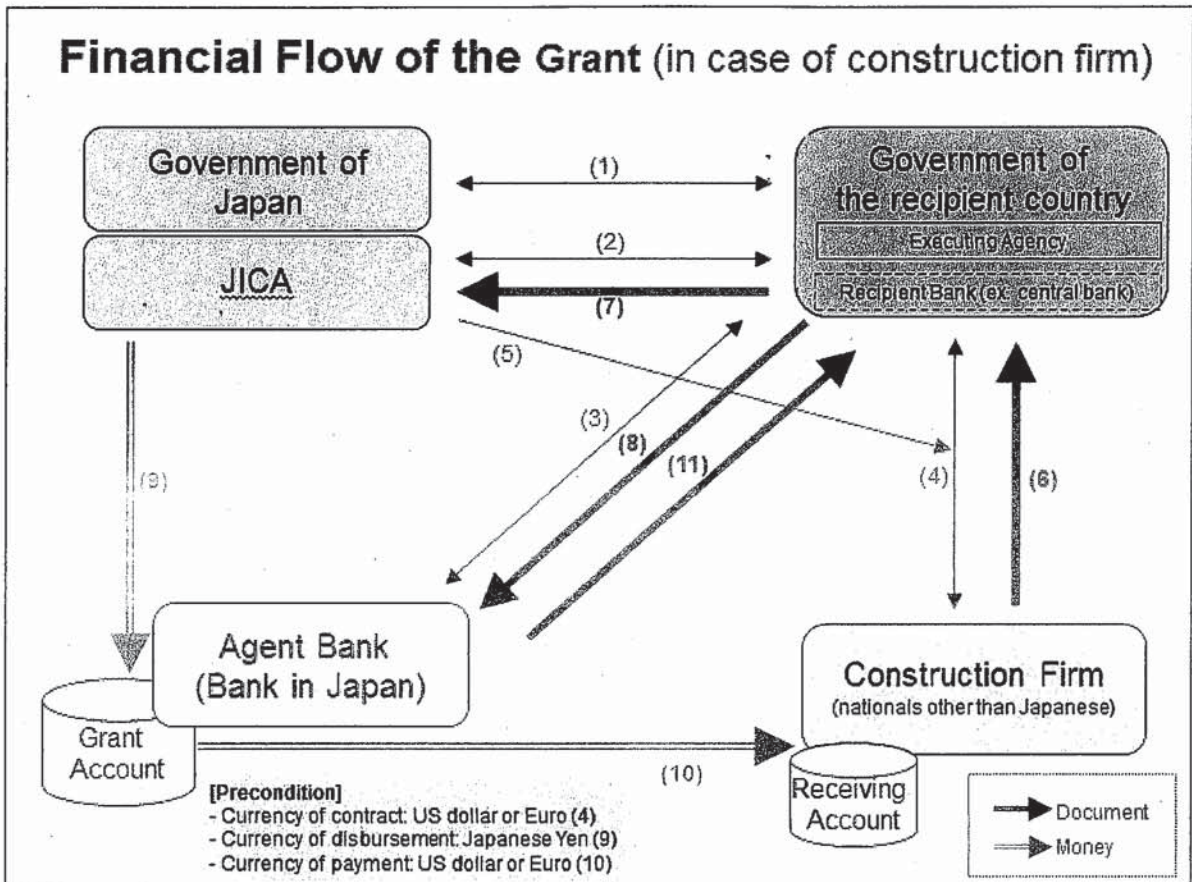


- (1) E/N
- (2) G/A
- (3) Banking Arrangement/Opening an Grant Account
- (4) Contract
- (5) Concurrence and Verification of Contract
- (6) Issuing Authorization to Pay (A/P) upon contract
- (7) Notification of A/P
- (8) Request for Payment**
- (9) Request for the Disbursement**
- (10) Disbursement of the Grant
- (11) Payment
- (12) Statement of Account**

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(1) E/N

(2) G/A

Submission of Evidence of Authority and Specimen Signatures from the Recipient to JICA (prerequisite for the process of no. (7))

(3) Banking Arrangement/Opening an Grant Account

(4) Contract

(5) Concurrence and Verification of Contract

**(6) Request for Payment**

**(7) Request for Disbursement**

**(8) Transfer Instruction**

(9) Disbursement of the Grant \*

(10) Payment

**(11) Statement of Account**

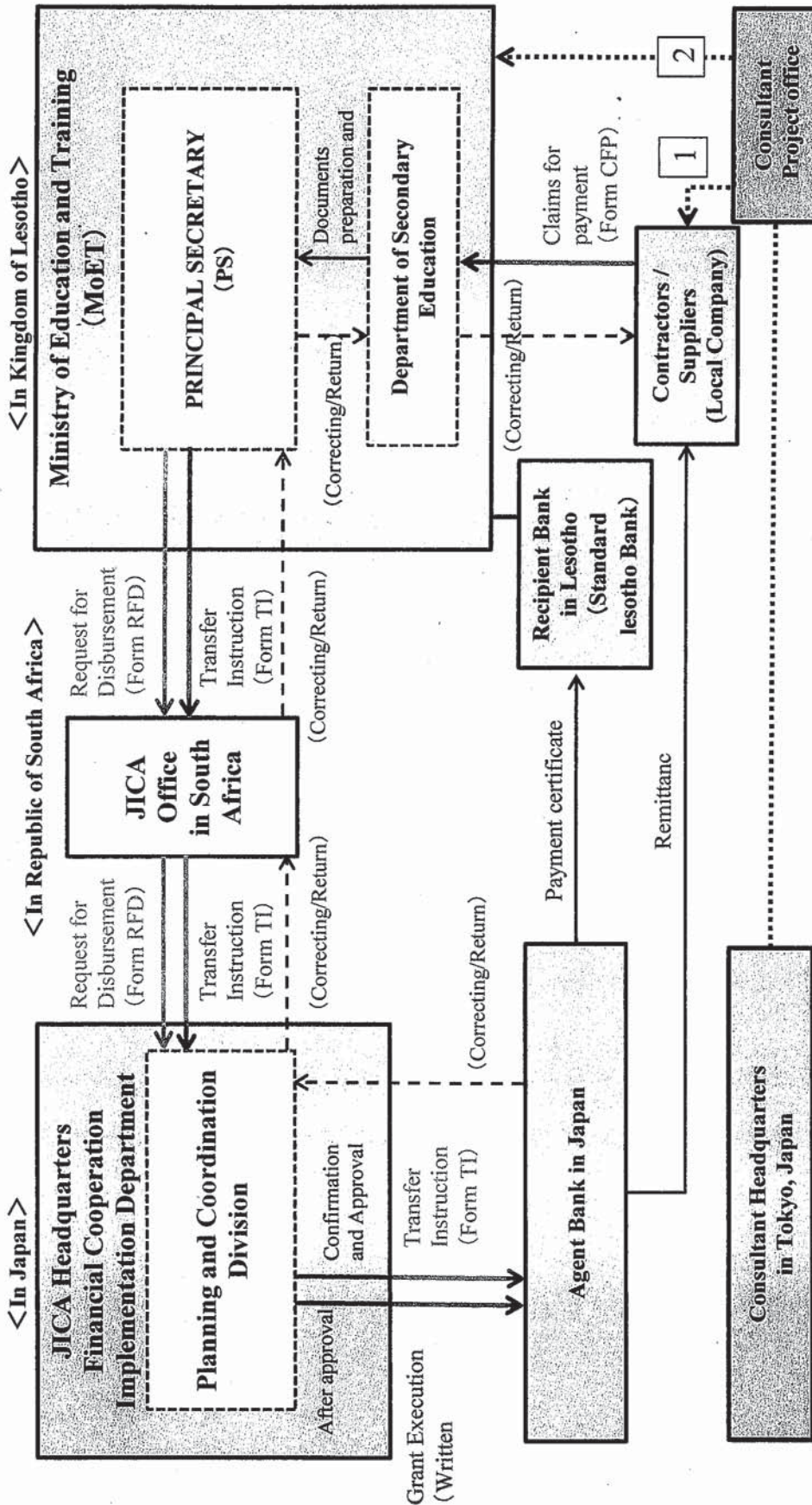
\* The amount of disbursement in Japanese Yen ((9) in above chart) shall be calculated at the Telegraphic Transfer Selling (TTS) rate quoted by the Bank in Japan two business days before the date on which the disbursement is made.

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Tentative Approval flow and required documents for payments to the contractors/suppliers (local company)

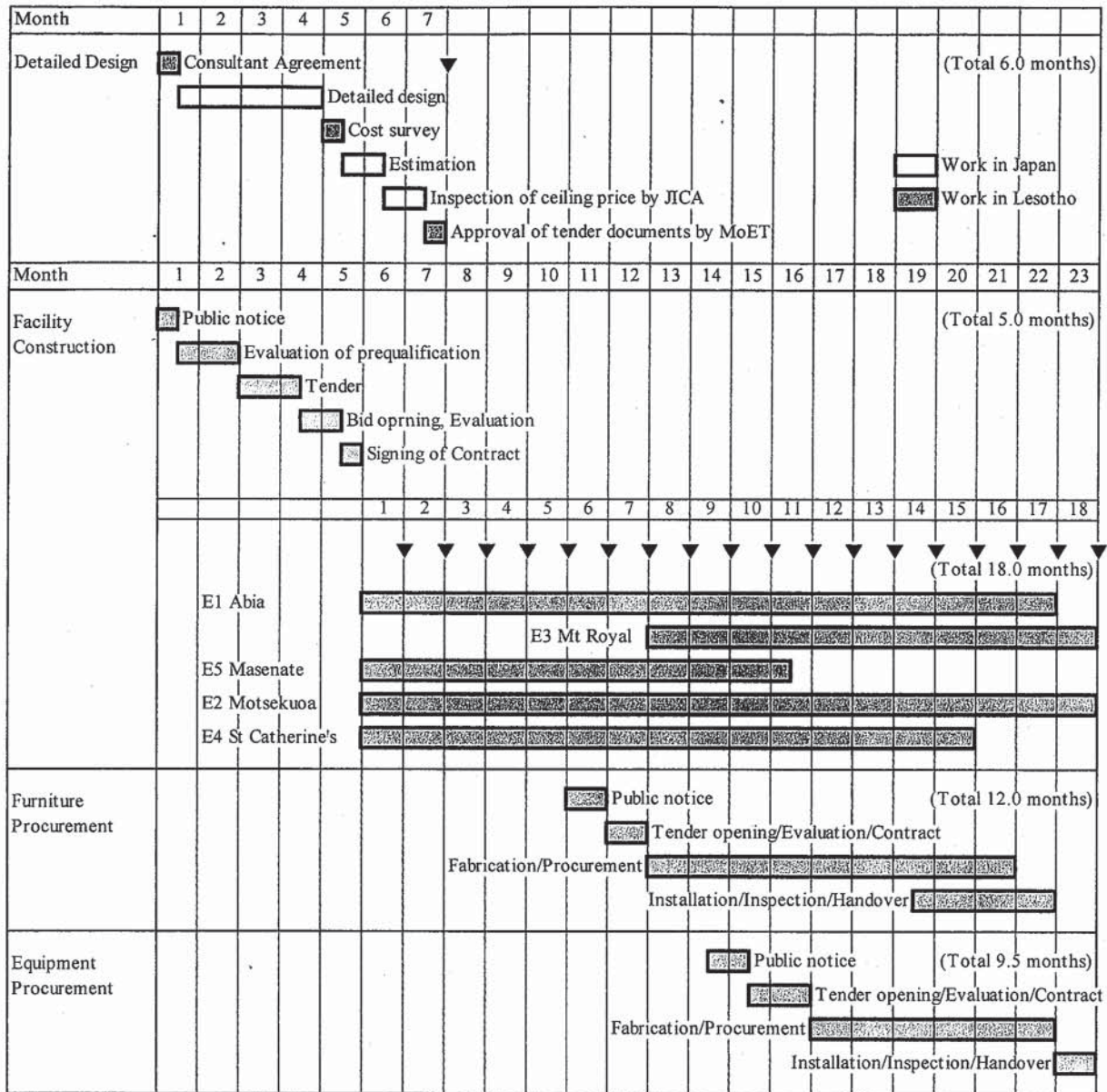


【Consultant's financial planning and payment support service】

1 Support for preparing invoice, pre-confirmation of documents, promotion of document preparation, support for revision documents etc.

2 Promotion of approval of the Ministry(MoET), support for Request for Disbursement / Transfer Instruction, pre-confirmation of documents, promotion of document preparation, support for revision documents, etc.

Project Implementation Schedule



▼ timeline to submit PMR (Project Monitoring Report)

1.6

## Major Undertakings to be taken by the Government of Lesotho

## 1. Specific obligations of the Government of Lesotho which will not be funded with the Grant

## (1) Before the Tender

NO	Items	Deadline	In charge	Cost thousand LSL	Ref.
1	To prepare the counter budget for the Project for 2018		MoET	1,466	
2	To open Bank Account (Banking Arrangement (B/A))	within 1 month after G/A	MoET		
3	To issue A/P (upon agreement with consulting firm)	within 1 month after the signing of the contract	MoET		
4	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	within 1 month after the signing of the contract	MoET	1	
	2) Payment commission for A/P	every payment	MoET	10 (*1)	
5	To secure the lots of land necessary for the implementation of the Project	ditto	MoET		
6	To obtain the building permits	before notice of the tender document	MoET		
7	To clear the construction area of all the sites and remove obstacles as described below	ditto	MoET	1,081	
	E1/Abia: to move the existing steel fence (220m) into specified place				
	E2/Motsekuoa: to cut, uproot and dispose 8 big trees				
8	To submit Project Monitoring Report (with the result of Detail Design)	before notice of the tender documents	MoET		
9	To investigate geophysical survey for borehole, drilling and pump installation (E1 Abia, E3 Mt Royal)	before notice of the tender documents	MoET	360	
10	To ensure smooth implementation of the bidding procedures and to bear necessary expenses relevant to the bidding procedures including, but not limited to, the following				
	1) Bid notices on major newspapers, governmental gazette and/or web site	every bidding lot	MoET	28	
	2) Bid result notices on major newspapers, governmental gazette and/or web site	every bidding lot	MoET	28	

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

(\*1) 0.1% of payment amount

## (2) During the Project Implementation

NO	Items	Deadline	In charge	Cost thousand LSL	Ref.
1	To secure the counter budget for the Project				
	for FY 2019		MoET	66	
	for FY 2020		MoET	149	
2	To bear the following commissions to a bank of Japan for the banking services based upon the B/A				
	1) Payment commission for A/P	every payment	MoET	24(*1)	
	2) Remittance charge for local contractors and suppliers	every payment	MoET	24(*2)	
3	To conduct necessary procedures such as "Request for disbursement" to JICA (upon contract with construction firms and/or procurement firms (suppliers)), "Application of remittance" to Bank (upon contract with construction firms and/or procurement firms (suppliers))	during the Project	MoET		
4	to ensure prompt customs clearance and to assist the Supplier(s) with internal transportation in recipient country	during the Project	MoET		
5	To accord Japanese nationals and/or physical persons of third countries 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 country of the Recipient and stay therein for the performance of their work	during the Project	MoET		
6	To ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the country of the Recipient with respect to the purchase of the products and/or the services be exempted	during the Project	MoET LRA		
7	To bear all the expenses, other than those to be borne by the Grant Aid, necessary for the implementation of the Project	during the Project	MoET		
8	1) To submit Project Monitoring Report	every month	MoET		
	2) To submit Project Monitoring Report (final)	within one month after the completion	MoET		
9	To submit a report concerning completion of the Project	within six months after completion of the Project	MoET		
10	To provide facilities for the distribution of electricity, water supply and other incidental facilities		MoET		
	1) Electricity The distributing line to the site	3 months before completion of the construction		40	
	2) Water Supply Borehole water distribution to the new reservoir tank at site (E1 Abia, E2 Motsekuoa, E3 Mt Royal) City water distribution to site (E4 St Catherine's)	3 months before completion of the construction		82	

	3) LPG Procurement and connection of propane gas tanks	1 month before completion of the construction	MoET	8	
11	To bear the participants' allowance for training of Soft Component			6	

(\*1) 0.1% of payment amount

(\*2) 50 LSL per each remittance

(3) After the Project

NO	Items	Deadline	In charge	Cost	Ref.
1	To plant trees and landscape on the premises	ditto	MoET		
2	To provide general furniture and equipment other than those to be borne by the Grant Aid.	ditto	MoET		
3	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid 1) Allocation of maintenance cost 2) Operation and maintenance structure 3) Routine check/Periodic inspection	After completion of the construction	MoET		
4	To allocate teachers and staffs required for school management	ditto	MoET		

\* B/A: Banking Arrangement, A/P: Authorization to pay, N/A: Not Applicable

\* The cost estimates are provisional.

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**Project Monitoring Report**  
 on  
**Project Name**  
**Grant Agreement No. XXXXXXXX**  
 20XX, Month

**Organizational Information**

<b>Signer of the G/A (Recipient)</b>	_____ Person in Charge (Designation) <hr/> Contacts                      Address: _____ Phone/FAX: _____ Email: _____
<b>Executing Agency</b>	_____ Person in Charge (Designation) <hr/> Contacts                      Address: _____ Phone/FAX: _____ Email: _____
<b>Line Ministry</b>	_____ Person in Charge (Designation) <hr/> Contacts                      Address: _____ Phone/FAX: _____ Email: _____

**General Information:**

<b>Project Title</b>	
<b>E/N</b>	Signed date: Duration:
<b>G/A</b>	Signed date: Duration:
<b>Source of Finance</b>	Government of Japan: Not exceeding JPY _____ mil. Government of (_____): _____

*Am*

*T.L.*

**1: Project Description**

**1-1 Project Objective**

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**1-2 Project Rationale**

- Higher-level objectives to which the project contributes (national/regional/sectoral policies and strategies)
- Situation of the target groups to which the project addresses

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**1-3 Indicators for measurement of "Effectiveness"**

Quantitative indicators to measure the attainment of project objectives		
Indicators	Original (Yr )	Target (Yr )
Qualitative indicators to measure the attainment of project objectives		

**2: Details of the Project**

**2-1 Location**

Components	Original <i>(proposed in the outline design)</i>	Actual
1.		

**2-2 Scope of the work**

Components	Original* <i>(proposed in the outline design)</i>	Actual*
1.		

Reasons for modification of scope (if any).

(PMR)

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**2-3 Implementation Schedule**

Items	Original		Actual
	<i>(proposed in the outline design)</i>	<i>(at the time of signing the Grant Agreement)</i>	

Reasons for any changes of the schedule, and their effects on the project (if any)

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**2-4 Obligations by the Recipient**

**2-4-1 Progress of Specific Obligations**

See Attachment 2.

**2-4-2 Activities**

See Attachment 3.

**2-4-3 Report on RD**

See Attachment 11.

**2-5 Project Cost**

**2-5-1 Cost borne by the Grant(Confidential until the Bidding)**

Components			Cost (Million Yen)	
	Original <i>(proposed in the outline design)</i>	Actual <i>(in case of any modification)</i>	Original <sup>(1),2)</sup> <i>(proposed in the outline design)</i>	Actual
1.				
Total				

Note: 1) Date of estimation:  
 2) Exchange rate: 1 US Dollar = Yen

**2-5-2 Cost borne by the Recipient**

Components			Cost (1,000 Taka)	
	Original <i>(proposed in the outline design)</i>	Actual <i>(in case of any modification)</i>	Original <sup>(1),2)</sup> <i>(proposed in the outline design)</i>	Actual
1.				

- Note: 1) Date of estimation:  
2) Exchange rate: 1 US Dollar =

Reasons for the remarkable gaps between the original and actual cost, and the countermeasures (if any)

(PMR)

**2-6 Executing Agency**

- Organization's role, financial position, capacity, cost recovery etc,
- Organization Chart including the unit in charge of the implementation and number of employees.

<b>Original</b> (at the time of outline design) name: role: financial situation: institutional and organizational arrangement (organogram): human resources (number and ability of staff):
<b>Actual</b> (PMR)

**2-7 Environmental and Social Impacts**

- The results of environmental monitoring based on Attachment 5 (in accordance with Schedule 4 of the Grant Agreement).
- The results of social monitoring based on in Attachment 5 (in accordance with Schedule 4 of the Grant Agreement).
- Disclosed information related to results of environmental and social monitoring to local stakeholders (whenever applicable).

**3: Operation and Maintenance (O&M)**

**3-1 Physical Arrangement**

- Plan for O&M (number and skills of the staff in the responsible division or section, availability of manuals and guidelines, availability of spareparts, etc.)

<b>Original</b> (at the time of outline design)
<b>Actual</b> (PMR)

**3-2 Budgetary Arrangement**

- Required O&M cost and actual budget allocation for O&M

<b>Original</b> (at the time of outline design)
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**Actual (PMR)**

**4: Potential Risks and Mitigation Measures**

- Potential risks which may affect the project implementation, attainment of objectives, sustainability
- Mitigation measures corresponding to the potential risks

**Assessment of Potential Risks (at the time of outline design)**

Potential Risks	Assessment
1. (Description of Risk)	Probability: High/Moderate/Low
	Impact: High/Moderate/Low
	Analysis of Probability and Impact:
	Mitigation Measures:
	Action required during the implementation stage:
2. (Description of Risk)	Probability: High/Moderate/Low
	Impact: High/Moderate/Low
	Analysis of Probability and Impact:
	Mitigation Measures:
	Action required during the implementation stage:
3. (Description of Risk)	Probability: High/Moderate/Low
	Impact: High/Moderate/Low
	Analysis of Probability and Impact:
	Mitigation Measures:
	Action required during the implementation stage:

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	Contingency Plan (if applicable):
Actual Situation and Countermeasures (PMR)	

**5: Evaluation and Monitoring Plan (after the work completion)**

**5-1 Overall evaluation**

Please describe your overall evaluation on the project.

**5-2 Lessons Learnt and Recommendations**

Please raise any lessons learned from the project experience, which might be valuable for the future assistance or similar type of projects, as well as any recommendations, which might be beneficial for better realization of the project effect, impact and assurance of sustainability.

**5-3 Monitoring Plan of the Indicators for Post-Evaluation**


Please describe monitoring methods, section(s)/department(s) in charge of monitoring, frequency, the term to monitor the indicators stipulated in 1-3.



Attachment

1. Project Location Map
  2. Specific obligations of the Recipient which will not be funded with the Grant
  3. Monthly Report submitted by the Consultant
- Appendix - Photocopy of Contractor's Progress Report (if any)
- Consultant Member List
  - Contractor's Main Staff List
4. Check list for the Contract (including Record of Amendment of the Contract/ Agreement and Schedule of Payment)
  5. Environmental Monitoring Form / Social Monitoring Form
  6. Monitoring sheet on price of specified materials (Quarterly)
  7. Report on Proportion of Procurement (Recipient Country, Japan and Third Countries) (PMR (final) only)
  8. Pictures (by JPEG style by CD-R) (PMR (final) only)
  9. Equipment List (PMR (final) only)
  10. Drawing (PMR (final) only)
  11. Report on RD (After project)



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Monitoring sheet on price of specified materials

1. Initial Conditions (Confirmed)

Items of Specified Materials	Initial Volume A	Initial Unit Price (¥) B	Initial total Price C=A×B	1% of Contract Price D	Condition of payment Price (Decreased) E=C-D	Price (Increased) F=C+D
Item 1	●●t	●	●	●	●	●
Item 2	●●t	●	●	●		
Item 3						
Item 4						
Item 5						

2. Monitoring of the Unit Price of Specified Materials

(1) Method of Monitoring : ●●

(2) Result of the Monitoring Survey on Unit Price for each specified materials

Items of Specified Materials	1st month, 2015	2nd month, 2015	3rd month, 2015	4th	5th	6th
Item 1	●	●	●			
Item 2						
Item 3						
Item 4						
Item 5						

(3) Summary of Discussion with Contractor (if necessary)



Report on Proportion of Procurement (Recipient Country, Japan and Third Countries)  
 (Actual Expenditure by Construction and Equipment each)

	Domestic Procurement (Recipient Country) A	Foreign Procurement (Japan) B	Foreign Procurement (Third Countries) C	Total D
Construction Cost	(A/D%)	(B/D%)	(C/D%)	
Direct Construction Cost	(A/D%)	(B/D%)	(C/D%)	
others	(A/D%)	(B/D%)	(C/D%)	
Equipment Cost	(A/D%)	(B/D%)	(C/D%)	
Design and Supervision Cost	(A/D%)	(B/D%)	(C/D%)	
Total	(A/D%)	(B/D%)	(C/D%)	