

**Minutes of Discussions
on the Preparatory Survey
on the Section between Agro-Industrial Park Site and Route 90
of the Improvement of Outer Bypass
in Jericho**

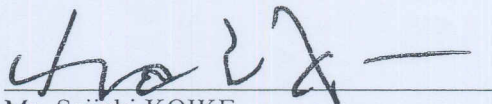
In response to a request from the Palestinian Authority (hereinafter referred to as "PA"), the Government of Japan decided to conduct a Preparatory Survey on the Project for Improvement of Outer Bypass in Jericho (hereinafter referred to as "the Project") and entrusted the study to Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to PA the Preparatory Survey Team (hereinafter referred to as "the Team"), which is headed by Dr. Kenichi TSUKAHARA, Senior Advisor, JICA, and is scheduled to stay in the territory from October 29 to December 1, 2009.

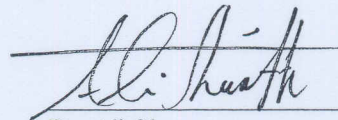
The Team held discussions with the officials concerned of PA and conducted a field survey at the study area regarding to the section between Agro-Industrial Park Site and Route 90.

In the course of discussions and field survey, both parties confirmed the main items described in the Attachment.

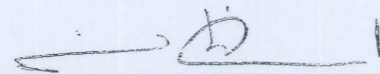
Ramallah, November 19, 2009



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ATTACHMENT

I. OBJECTIVE and ARRANGEMENTS of the SURVEY

1. Objective of the Survey

The Survey has the following objectives;

- (1) To confirm the contents of the requested Project, discuss with the Palestine side, conduct the site survey and collect the necessary data and information for formulating the Project to meet the conditions of Japan's Cooperation.
- (2) To explain the Japan's Grant Aid scheme to the PA side.
- (3) To report the result of Study to Government of Japan.

2. Area of the Survey

The area of the survey is shown in Annex-1.

3. Responsible Ministry

The Responsible Ministry for the survey is the Ministry of Transportation.

4. Schedule and Arrangements of the Survey

- 4-1. Consultant members of the Team will proceed to further studies in PA until December 1, 2009.
- 4-2. JICA will prepare a Technical summary as a result of the Survey in English, and send it to the PA around March, 2010.
- 4-3. Regarding to the environmental and social considerations, the PA side will conduct an Initial Environmental Examination (IEE) level survey together with the Team
- 4-4. PA side shall provide necessary numbers of counterpart personnel to the Team during the period of their studies in PA.
- 4-5. PA side shall submit answers to the Questionnaire, which the Team handed to the PA side, by November 12, 2009.

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II. JAPAN'S GRANT AID SCHEME

1. Japan's Grant Aid Scheme

- 1-1. PA side understands the Japan's Grant Aid Scheme explained by the Team.
- 1-2. PA side will take the necessary measures, as described in Annex-2, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.
- 1-3. PA side assured to take the necessary measures to make VAT exemption for all local contracts.

2. The JICA Guidelines for Environmental and Social Considerations

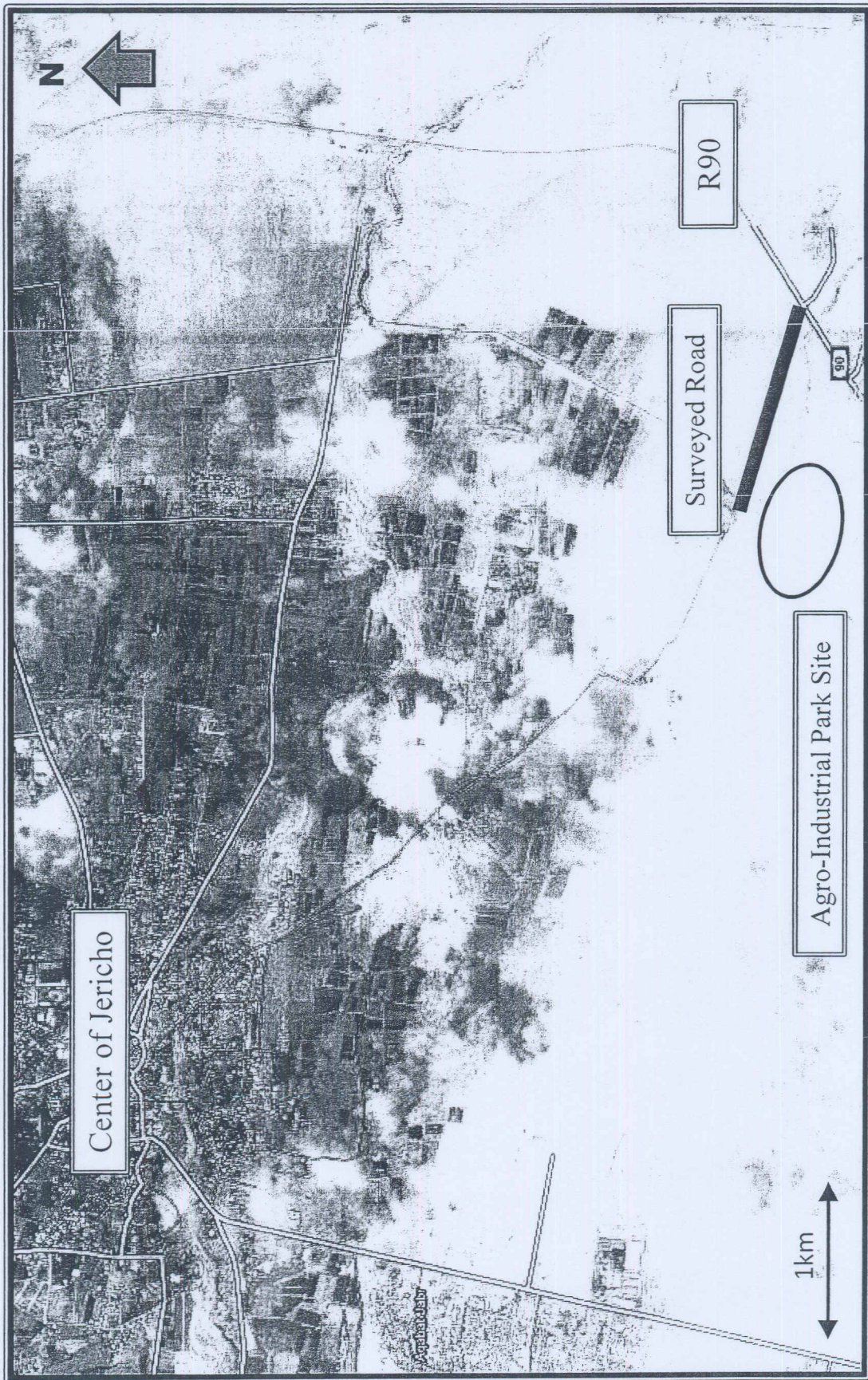
- 2-1. The Team explained the outline of the JICA Guidelines for Environmental and Social Considerations (hereinafter referred to as "the JICA Guidelines"), and the PA side agreed to take the JICA Guidelines into consideration.
- 2-2. The PA side agreed to obtain basic agreement from the Project Affected Persons (PAPs) including land owners regarding the Project, and to arrange the budget allocation for land acquisition, resettlement and compensation for PAPs before the approval of the Project by the Government of Japan, in case any PAPs would be identified at the Project sites.

3. Operation & Maintenance

PA side shall secure enough budget and personnel necessary for the operation and maintenance of the roads and facilities improved by the Project, including the periodical maintenance work after the completion of the Project.

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Area of Survey



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Major Undertakings to be taken by Each Government

| No. | Items | To be covered by Grant Aid | To be covered by PA Side |
|-----|--|----------------------------|--------------------------|
| 1 | To secure land | | ● |
| 2 | To clear, level and reclaim the site when needed | | ● |
| 3 | Relocation, improvement and/or repair of existing utilities (power lines, telecommunication lines, water lines, etc.), if necessary. | | ● |
| 4 | To bear the advising commission of BDA to the Japanese foreign exchange bank for the banking services based upon the B/A | | ● |
| 5 | To ensure prompt unloading and customs clearance at port of disembarkation in recipient country | | |
| | 1) Marine (Air) transportation of the products from Japan to the recipient country | ● | |
| | 2) Tax exemption and custom clearance of the products at the port of disembarkation | | ● |
| | 3) Internal transportation from the port of disembarkation to the project site | ● | |
| 6 | To accord those, 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 PA and stay therein for the performance of their works, within the authority of PA. | | ● |
| 7 | To exempt from customs duties, internal taxes and other fiscal levies which may be imposed in PA with respect to the supply of the products and services under the verified contracts, within the authority of PA. | | ● |
| 8 | To maintain and use properly and effectively the facilities constructed and equipment provided under the Japan's Grant | | ● |
| 9 | To bear all the expenses, other than those to be borne by the Japan's Grant, necessary for construction of the | | ● |

(B/A: Banking Arrangement, BDA: Blanket Disbursement Authorization)

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