

4. Minutes of Discussion (Copy)

MINUTES OF DISCUSSIONS  
BASIC DESIGN STUDY  
ON THE FISH MARKETING IMPROVEMENT PROJECT  
IN THE REPUBLIC OF PALAU

In response to a request from the Government of the Republic of Palau, the Government of Japan decided to conduct a Basic Design Study on the Fish Marketing Improvement Project (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Palau a study team, which is headed by Mr. Kiyoshi Sumita, Grant Aid Division, Economic Cooperation Bureau, Ministry of Foreign Affairs, and is scheduled to stay in the country from December 11 to December 26, 1994.

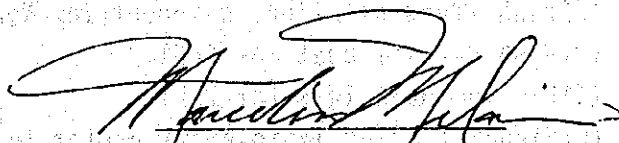
The team held discussions with the officials concerned of the Government of Palau and conducted a field survey at the study area.

In the course of discussions and field survey, both parties have confirmed the main items described on the attached sheets. The team will proceed to further works and prepare the Basic Design Study report.

Koror, December 19, 1994

角田 貴美

Mr. Kiyoshi Sumita



Mr. Marcelino Melairci

Leader

Minister

Basic Design Study Team

Ministry of Resources & Development

JICA

**ATTACHMENT**

**1. Objective**

The objective of the Project is to improve preservation facilities and transport equipment in production areas and to improve facilities for preservation, storage, sales and transportation in Koror as consume area.

**2. Project sites**

The Project sites are the following two(2) states:

**Koror State**

**Ngeremlengui State**

The Project sites are to be referred to the ANNEX I.

**3. Executing agency**

Ministry of Resources & Development is responsible for the administration and execution of the Project.

**4. Items requested by the Government of Palau**

After discussion with the Basic Design Study Team, the following items were finally requested by the Palauan side.

- (1) Ice making plant for Ngeremlengui fishing co-operative
- (2) Fish transportation equipment for Ngeremlengui fishing co-operative
- (3) Fish carrier boat for PFFA
- (4) Fishing materials for PFFA
- (5) Fish marketing improvement center in Malakal for PFFA



## 5. Japan's Grant Aid system

- (1) The Government of Palau has understood the system of Japanese Grant Aid explained by the team as attached ANNEX I.
- (2) The Government of Palau will take necessary measures, described in ANNEX II for smooth implementation of the Project, on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

## 6. Schedule of the Study

- (1) The consultants will proceed to further studies in Palau until December 26.
- (2) Based on the Minutes of Discussions and technical examination of the study results, JICA will complete the final report and send it to the Government of Palau by April, 1995.

## 7. Counter-part fund

If and when the products, purchased by the grant from the Government of Japan, are sold or leased to fishermen, the Government of Palau shall take necessary measures to ensure the followings:

- (1) to deposit, in local currency, the amount to be obtained by such sale or lease in a suitable account of the Government of Palau as a counter-part fund;
- (2) to utilize the above-mentioned counter-part fund for the purpose of fishery development and maintenance of the equipment purchased by the grant from the Government of Japan;
- (3) to report to the Government of Japan upon the use of the fund.

**8. Land owner of the project site**

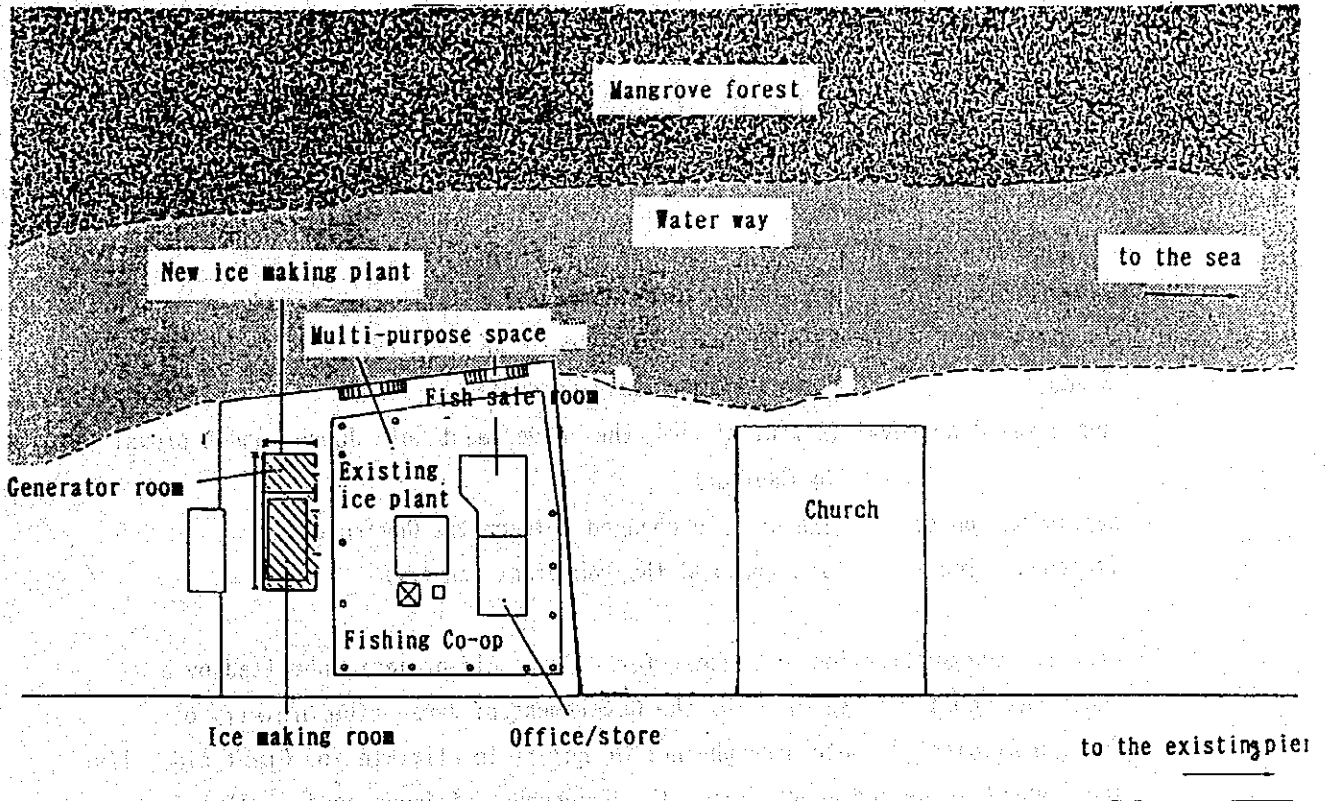
- (1) Land owner of the project site at Malakal in Koror is Koror State, and PFFA is leasing the site from Koror State.**
- (2) Land owner of the project site in Ngeremlengui is Ngeremlengui State, and Ngeremlengui fishing co-operative is leasing the site from Ngeremlengui State.**
- (3) In case the Project is excuted by Japanese Grant Aid, PFFA and Ngeremlengui fishing co-operative should get the permission to construct the building from the authority concerned, before starting construction works.**



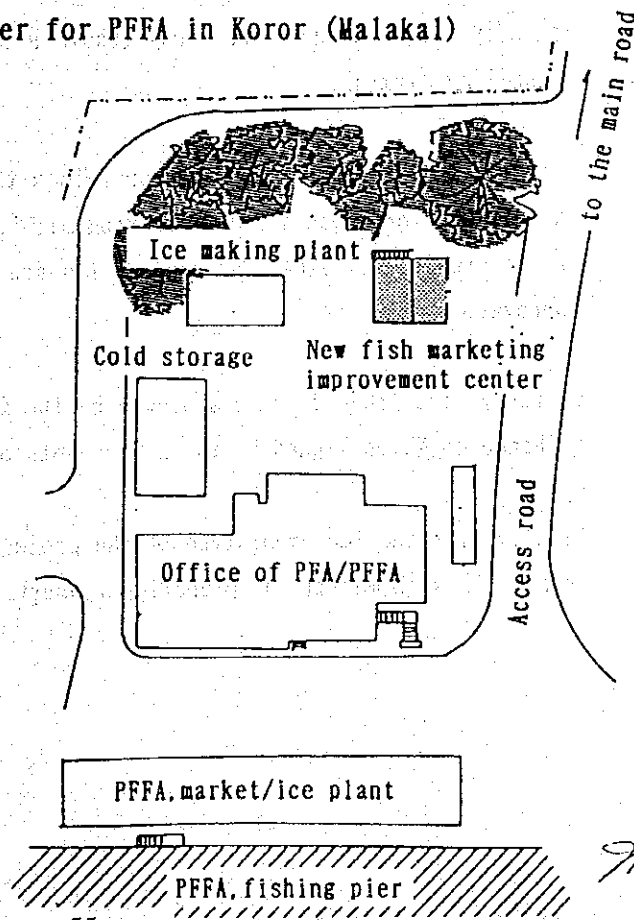
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ANNEX I: PROJECT SITES

(1) Ice making plant for Ngeremlengui



(2) Fish marketing improvement center for PFFA in Koror (Malakal)



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ANNEX II

Japan's Grant Aid Scheme

1. *Grant Aid Procedures*

- 1) Japan's Grant Aid Program is executed through the following procedures.
- |                      |  |
|----------------------|--|
| Application          | (Request made by a recipient country)                          |
| Study                | (Basic Design Study conducted by JICA)                         |
| Appraisal & Approval | (Appraisal by the Government of Japan and Approval by Cabinet) |
| Determination of     | (The Notes exchanged between the Governments                   |
| Implementation       | of Japan and the recipient country)                            |

2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such matters as preparing tenders, contracts and so on.



## 2. Basic Design Study

### 1) Contents of the Study

The aim of the Basic Design Study (hereinafter referred to as "the Study"), conducted by JICA on a requested project (hereinafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the Study are as follows:

- a) Confirmation of the background, objectives, and benefits of the requested project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
- b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- d) Preparation of a basic design of the Project
- e) Estimation of costs of the Project

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of Japan's Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the Project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

### 2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA selects (a) firms(s) based on proposals submitted by interested firms. The firm(s) selected carry (ies) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA.



The consulting firm(s) used for the Study is(are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

### 3. Japan's Grant Aid Scheme

#### 1) What is Grant Aid?

The Grant Aid Program provides a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

#### 2) Exchange of Notes (E/N)

Japan's Grant Aid is extended in accordance with the Notes exchanged by the two Governments concerned, in which the objectives of the Project, period of execution, conditions and amount of the Grant Aid, etc., are confirmed.

#### 3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed.

However in case of delays in delivery, installation or construction due to unforeseen factors such as weather, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two Governments.

#### 4) Under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.





When the two Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of a third country.

However the prime contractors, namely, consulting, contracting and procurement firms, are limited to "Japanese nationals". (The term "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

5) Necessity of "Verification"

The Government of recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the following:

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- (5) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.
- (6) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified Contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

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7) "Proper Use"

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

8) "Re-export"

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

9) Banking Arrangements (B/A)

a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.

b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an authorization to pay issued by the Government of the recipient country or its designated authority.

**ANNEX II : Necessary measures to be taken by the Government of Palau in case Japan's Grant Aid is executed.**

1. To secure the site for the Project.
2. To clear, level and reclaim the site prior to commencement of the construction.
3. To undertake incidental outdoor works such as gardening, fencing, gates and exterior lighting in and around the site.
4. To construct the access road to the site prior to commencement of the construction.
5. To provide facilities for distribution of electricity, water supply, telephone, drainage, sewage and other incidental facilities to the Project site.
  - 1) Electricity distributing line to the site.
  - 2) City water distributing main to the site.
  - 3) Drainage city main to the site.
  - 4) City gas main to the site, if necessary.
  - 5) Telephone trunk line and the main distribution pannel of building.
  - 6) General furniture such as carpets, curtains, tables, chairs and others.
6. To bear commissions to the Japanese foreign exchange bank for the banking services based upon Banking Arrangement.
7. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment brought for the project at the port of disembarkation.
8. To accord Japanese nationals whose services may be required in connection with the supply of products and the services under the verified contract such facilities as may be necessary for their entry into Palau and stay therein for the performance of their work.
9. To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under verified contracts.
10. To maintain and use properly and effectively the facilities constructed and the equipment purchased under the Grant.
11. To bear all the expenses other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and the installation of the equipment.





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