

CHAPTER 3

IMPLEMENTATION PLAN

Chapter 3 Implementation Plan

3.1 Implementation Plan

3.1.1 Implementation Concept

(1) Basic Concept

- 1) For the implementation of the Project for Okat Port, after the signing of the Exchange of Notes (E/N) between the Government of Japan and the Government of the Federated States of Micronesia, a contract for undertaking consulting services will be concluded between the Government of the Federated States of Micronesia and the Japanese Consulting Firm.
- 2) The Consulting Firm will prepare all documents required for the tender and concluding the contract such as the drawings of the project facilities, technical specifications, cost estimations and so forth. After the approval of these documents by the Government of the Federated States of Micronesia, the contractor for this Project will be selected from among Japanese construction companies by examining their pre-qualifications and tender procedures.
- 3) The construction work will be performed by the selected construction company in accordance with the construction contract concluded between the Government of the Federated States of Micronesia and the construction company.
- 4) The construction period is expected to last 6.5 (six and a half) months taking into considerations the scale and types of the Project as well as the site conditions.

(2) Implementation Concept

- 1) During the construction work period, utmost care will be taken not to impede the navigation of ships in the port, mooring to the quay and cargo handling work.
- 2) There is one construction company in Kosrae State of which head office is in Guam and currently engaged in construction works.

Local construction companies are small-scale and insufficient in ability to implement large scale and special construction works. Therefore, the Japanese construction company will be responsible for undertaking the main part of construction work and local companies will be responsible for procurement of local labor and construction machinery.

3) Since there is no consulting company in Kosrae State, a field survey prior to the construction work such as sounding surveys, will be carried out directly by the consulting firm.

4) Equipment and materials to be used for the Project will be procured either from Japan or from the third country.

(3) Executing Agency in the Government of FSM

The executing agencies of the Project on the part of the Government of the Federated States of Micronesia and the Government of Kosrae State will be as follows.

1) Responsible Agency for Tender

The Ministry of Foreign Affairs, the Central Government

2) Executing Agency

The Kosrae State Government

3) Implementation Agency

The Department of Transport and Utility,

The Kosrae State Government

4) Agency for Management after Completion

The Department of Transport and Utility,

The Kosrae State Government

3.1.2 Conditions for Implementation

(1) Conditions for Construction

1) Construction Company

In Kosrae State, there is no construction company which owns the working vessels and are capable of carrying out maritime construction

works. However, there are construction companies which could undertake construction works on land. Therefore, local construction companies may be assigned as sub-contractors under the supervision of the Japanese construction company. Likewise, procurement of workers and construction machinery can be made available by local companies.

2) Construction Machinery

Except for working vessels used for the maritime construction works, the construction machinery that will be used by the Project could be comparatively small. The working vessels will be procured from outside of the State, but the construction machinery to be used for other work will be supplied from local construction companies.

3) Labor

Construction works of the Project do not require any skilled labor. Common skilled labor and unskilled labor will be managed locally.

4) Goods and Materials to be Imported

Only concrete aggregates and quarry are produced in Kosrae State and all other construction materials and machinery are imported. Equipment and materials necessary for the Project which include cement, re-bars, etc. will be procured from the local hardware companies in the State. However, a special type of equipment, which is not available locally will be imported from Japan.

5) Safety Control

For the construction of the leading lights and the installation of lighted buoys and mooring buoys, it is necessary to make clearly the maritime construction area and the site with marker buoys and other signs to secure the navigation of ships in the port. Regarding the replacement of fenders, arrangement of the construction work schedule of the Project will be set considering the ship call schedule of cargo ships not to impede berthing and cargo handling works. Also, attention will be paid to secure the maritime safety within the port, since there are always fishing boats berthing along the quay in addition to general port users.

In this context, the details of construction work will be notified prior to the implementation work items and the work area will be demarcated.

Also necessary care will be taken to avoid traffic accidents for residents and passengers of the airport located adjacent to the port.

(2) Care for Construction Work

- 1) An appropriate construction plan will be prepared taking into account the natural conditions at site, especially sea conditions.
- 2) Care will be taken not to impede the navigation of other vessels including fishing boats, berthing and cargo handling since the port will continue to be in operation even when the construction works are ongoing.
- 3) A detailed plan and schedule will be prepared in respect of the dispatch of Japanese experts, the timing and duration of assignments taking into account the progress of work.
- 4) Attempt will be made to use locally available equipment and materials to minimize the procurement from abroad.

3.1.3 Scope of Work

Scope of work to be undertaken by the Government of Japan and the Government of the Federated States of Micronesia are divided as follows.

(1) Scope of Work undertaken by Government of Japan

1) Facilities

- Installation of navigation aids
- Replacement of fenders
- Mooring buoys for fishing boats
- Lighting facility of quay apron and container yard

2) Equipment

- Radio communication system
- Personal computer for port management
- Cargo handling equipment

3) Soft Component

- Instruction of Safety Operation and Management

(2) Scope of Work to be Undertaken by the Government of FSM

- Repair work for the fence and gates surrounding the port area
- Construction of the port guard house
- Disposal of wastes of the removed wooden fenders

3.1.4 Consultant Supervision

The Consulting Firm who is fully aware of the details of the basic design will be responsible for smooth implementation of the work plan and management of construction work on the basis of the policy and directions of the Japanese Grant Aid Program.

During the stage of construction supervision, the Consulting Firm will dispatch an experienced supervisor to the site in order to supervise the construction works and report the progress through the close contact and communication with local engineers in regard to design, inspection and schedule of works. When required, expert will be sent to inspect and provide a guidance on the construction works.

(1) Supervisory Policies

- 1) To establish close communication and coordination between the agencies concerned in both countries, including the counter part agency, so as to complete the construction work as scheduled by preventing the delay of work programs.
- 2) To provide adequate advice and guidance to the persons concerned with the construction work in order to construct the facilities to meet the design documents.
- 3) To transfer a technology to local workers in course of the construction and engineering works, which is an important purpose of the Japanese Grant Aid Program.

- 4) To provide an adequate advice and guidance on the maintenance and management of the project facilities after delivery.

(2) Supervisory Works

1) Preparation of Contract

Provision of services will be provided by the Consulting Firm in relation to the selection of a contractor, determining the type of the contract, preparing the contract documents, evaluating the bills and holding a contract awarding ceremony.

2) Evaluation and Approval of Drawing of Retail Shop

Evaluation will be carried out as to the drawings of a retail shop, materials to be used, and equipment.

3) Instruction on Construction Work

Reviewing construction plan and schedules, provides instruction to the contractor and reporting the progress of work to the Government of the Federated States of Micronesia.

4) Process of Payment

Evaluation and approval of the bills for the payment to the contractor during the work will be carried out taking into account the progress of the work and upon the completion of the work.

5) Inspection and Witness

The Consulting Firm will inspect, when necessary, the work in progress and give appropriate instructions to the contractor. The Consulting Firm, having confirmed that the work has been completed and the contract fulfilled, will witness the delivery of the Project and confirm the Government's acceptance. The consultant will also report to the Government of Japan about the progress of work, payment procedures and status, and the delivery of facilities completed.

6) Soft Component

The Consultant will provide an advice and guidance on safety management of navigating vessels to the manager of Okat Port of

Kosrae State, who will act as the counterpart agency of the Project.

3.1.5 Procurement Plan

In the process of procuring materials and equipment necessary for the Project, special attention will be paid to the following.

(1) Procurement Policy

Priority should be given to the use of materials and equipment locally available or from third countries, if the quality or supply capacities meet the requirements. Procurement of materials from Japan will be minimized from the viewpoint of cost.

1) Procurement from Japan

A detailed procurement and transport schedule will be prepared well in advance for the materials and equipment to be made available in Japan, because the process of placing an order, manufacturing, packaging and shipment of goods normally takes a long period. The Project will procure many items from Japan such as navigation aids, fenders, cargo handling equipment, mooring buoys, etc.

2) Local Procurement

The materials locally available would be only aggregates for concrete. Likewise, imported timber, plywood, cement and re-bars can be made available locally. However, when a large quantity of such materials are required, a purchase plan needs to be prepared well in advance.

Machinery can be procured locally except for working vessels to be used for maritime construction. Working vessels, which can not be procured in Kosrae State will be chartered from other states in the Federated States of Micronesia or overseas.

3) Cost

The cost is an important factor to be taken into account in the selection of materials from local resources, neighboring countries and Japan. It should be borne in mind that the price of procurement from

Japan includes the charges for packing, transportation and insurance, while port charges and taxes are to be exempted. On the basis of the above principles and rules, the following plans will be established for the procurement of construction materials and equipment.

(2) Procurement Items

The main materials and equipment to be used for the Project will be as follows.

1) Materials

- From local sources: concrete aggregates, cement, woods and re-bars
- From Japan: navigation aids, fenders, safety ladder, mooring buoys, lighting facility and steel pipe piles
- From third countries: None

2) Machinery

- From local source: truck cranes, dump trucks, back hoe, bull dozer, crane barge, tug boats and anchor boat
- From Japan: barge, diver boat, vibration hammer, drills and welding machine
- From third countries: None

3.1.6 Implementation Schedule

Japan's grant aid program will follow normal project implementation schedule. After signing the Exchange of Notes (E/N) between the two countries, a Japanese Consulting Firm will be appointed by the Government of the Federated States of Micronesia and the consulting contract will be concluded between the Government and the Consulting Firm. E/N will give details on the tender procedures, supervision and construction works. The Project will be implemented in accordance with the conditions stated in the E/N.

Then, a number of procedures will follow, which include detailed

design, preparation of tender documents, tendering works, conclusion of construction contract for the works and actual implementation of the Project.

(1) Preparation of Detailed Design Document

After the consulting contract has been concluded between the executing agency of the Federated States of Micronesia and the Japanese Consulting Firm, the contract will be verified by the Government of Japan and the Consultant then will prepare the detailed design. In the detailed design, the tender documents consisting of design drawings, technical specifications, instruction to tenders, etc. will be prepared on the basis of the Basic Design Study. In the meantime, consultations will be held with the Government of the Federated States of Micronesia regarding the details of the project facilities and eventually the tender documents will be approved by the Government of the Federated States of Micronesia.

About 2 (two) months will be required for the preparation of a detailed design.

(2) Execution of Tender

The contractor (a Japanese construction company) who will be involved in the construction of the project facilities will be selected through the tender. The tender procedures will be as follows; first invitations will be extended to interested tenders, acceptance of tenders, examination of pre-qualifications; evaluation of tender documents, submitting the tender, evaluation of the tender, designation of the contractor and conclusion of a construction contract.

The whole procedure will take about 3.0 months.

(3) Execution of Construction Work

Construction work will be started after the contract is concluded and verified by the Government of Japan. The construction period is expected to last about 6.5 months considering the size and types of the Project as well as local conditions, unless unforeseen situations which might occur in the course of the work.

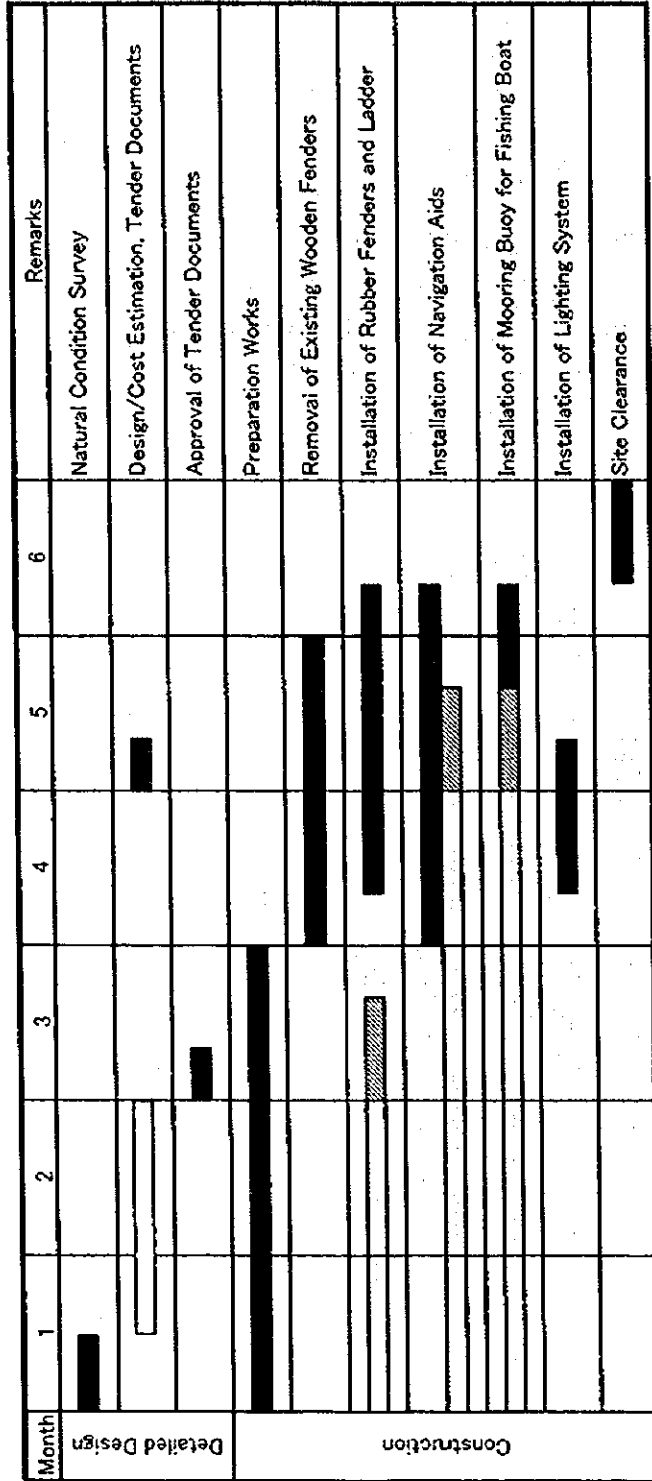
Figure 3.1.6.1 shows the implementation schedule covering from the Exchange of Notes to the completion of the Project.

3.1.7 Obligation of the Recipient Country

The obligations of the Government of the Federated States of Micronesia were confirmed by Minutes of Discussions during the Basic Design Study as follows.

- 1) To secure the land necessary for the execution of the Project, such as the land for facilities, temporary offices, working areas, storage yards and others;
- 2) To make all passable roads leading to the Project sites before the commencement of inland transportation of materials and equipment;
- 3) To undertake the incidental works, such as gardening, fencing, lightning and other incidental facilities in and around the Project sites, if necessary;
- 4) To ensure prompt unloading and customs clearance at ports of disembarkation in Kosrae and internal transportation therein of the products purchased under the Grant Aid Program;
- 5) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in Kosrae 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 Kosrae and stay therein for the performance of their work;

- 7) To maintain and use facilities constructed under the Grant Aid Program properly and effectively for the Project;
- 8) To bear commissions to the Japanese bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commissions;
- 9) To bear all the expenses, other than those covered by the Grant Aid Program, necessary for the Project; and
- 10) To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.



Local Work
 Home Work
 Home Preparation
 Mobilization

Figure 3.1.6.1 Implementation Schedule

3.2 Project Cost Estimation

The cost borne by the Federated States of Micronesia is estimated tentatively as follows. Total cost will be 26,000 US\$. Details are as follows.

| | |
|---|------------|
| 1) Repairing fences and gates surrounding the port area | 14,000US\$ |
| 2) Construction of the guard house | 10,000US\$ |
| 3) Disposal of removed wooden fenders | 2,000US\$ |
| Total | 26,000US\$ |

3.3 Operation and Maintenance Costs

This project is aimed to improve the existing facilities of Okat Port and no additional staff due to the project implementation is required.

Within the project components, the container forklift of cargo handling equipment and the lighting facility are listed as a component requiring operation and maintenance cost. Operation and maintenance of the container forklift will be charged to the stevedoring company, where the costs relevant to the forklift will be included in the port cargo handling charge. Also, the electricity bill of the lighting facility will be charged to the port users, such as the stevedoring company and other relevant companies by rate of usage.

As a result mentioned above, there is no additional labor cost due to the project implementation and no particular problems foreseen in operation and maintenance costs of the project components.

CHAPTER 4

PROJECT EVALUATION AND RECOMMENDATION

Chapter 4 Project Evaluation and Recommendation

4.1 Project Effect

The Federated States of Micronesia is an island country located in the West Pacific Ocean. The marine transportation plays an important role of transporting daily commodity as well as export and import of the products, thus contributing to the national economy and people's activities. Therefore, the improvement of the port facilities is especially important in social infrastructure development. Okat Port, which is the object of this improvement plan is the only port for international trade of Kosrae State. In case of declination or deadlock of the port functions due to an accident of calling vessels, the inhabitant in Kosrae State depending considerably on import goods suffers a very serious damage. Therefore, in order to stabilize the life condition of the residents in Kosrae State, it is very important to secure the port functions and the navigation safety of the calling vessels such as cargo ships and tankers as well as fishing boats .

This proposed plan is established to secure the navigation safety of calling ships and to improve the existing port functions by examining significance of the project components based on the present condition of the port activities and the calling ships. Following effects on the existing problems and constraints are expected by the port facilities and equipment implemented under this plan.

- (1) Okat Port is evaluated as one of the most difficult port in the vicinity area to enter or leave, because of the narrow port entrance and waterway allowing the one way traffic and the submerged coral reef obstacles existing in the small water basin. Implementation of the navigation aids proposed by this plan is to improve the navigation safety of calling ships and to prevent ship accidents of high possibility, such as ship grounding, by indicating clearly the location of the port entrance and waterway as well as submerged coral obstacles.
- (2) Wooden fenders installed along the front face of the quay are severely damaged and are in deteriorated function of fenders, which has the

possibility to give damages to the hull of the berthing vessel and the quay itself. The improvement of the safety of berthing vessels alongside the quay and quay's own protection are expected by replacing them by rubber fenders of excellent material in the shock absorption and the durability.

- (3) To utilize effectively and to control smoothly the existing port facilities, it is very important to secure and educate the port staff. Advises on the safety control of the incoming and outgoing vessels which is a very important matter for a harbor administration and control will be carried out to promote a fundamental knowledge.
- (4) The fishing boat must leave the quay front during the time of the large vessel arrival. The mooring buoy for fishing boats is installed to ease congestion around the quay due to the insufficient extension of the quay and to prevent a possible accident in the incoming, berthing and outgoing large ship.
- (5) A radio communication system for the vessel contact and a personal computer for the harbor control are introduced as equipment, which relates to the port administration. The improvement in efficiency of the harbor control works is attempted to make it possible to prepare for the emergency of the sailing ships in the vicinity area of Okat Port.
- (6) Replacement of the container forklift and installation of the lighting facility for container yard will be included in the plan to improve the cargo handling efficiency and to secure the night work safety, which contributes to the effective use of the existing port facilities.

Evaluating from the nature and the above-mentioned effects of the Project, it can be proposed that the Project is appropriate and significant to carry out under the Japanese Grant Aid Program.

Port users and approx. 7,000 inhabitants in Kosrae State would enjoy direct benefits from the Project. Furthermore, the improvement

of the navigation safety at Okat Port, which stabilizes the marine transportation to each state, would generate indirect benefits to the whole people of approx. 105,000 in the Federated States of Micronesia.

4.2 Recommendation

It is recommended that the following action should be taken once the improvement of Okat Port is completed in order to ensure the navigation safety of the calling ships and to make effective use of the existing port facilities.

- (1) An individual port regulation for Okat Port in consideration of the peculiarity of the Port is recommended to establish, which includes navigation rule, speed regulation, utilization of the port basin and so on.
- (2) In case of a ship accident due to defects of the port facilities, responsibility of the port administrator is taken on. It is recommended to carry out the regular inspection and maintenance of the port facilities.
- (3) As the maintenance costs of the harbor facilities is defrayed from the development budget of the State, it is recommended that a part of the port revenue would be funded for sufficient maintenance and quick repair works of the port facilities.
- (4) It is very important to secure and train the port administration staff for the navigation safety of the port and the effective use of the port facilities. Considering the future increase of port demands, it is recommended to prepare the establishment of the port authority at the earliest possible opportunity. All the port facilities and equipment shall be operated and maintained effectively and efficiently under the port authority.

APPENDICES

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Appendix 1 Member List of the Study Team

Field Study

| Name | Assignment | Organization |
|---------------------------------|---|---|
| <u>Official Member</u> | | |
| Mr. Atsuyoshi TODA | Leader | Development Specialist Japan International Cooperation Agency (JICA) |
| Mr. Kenji SHIGEMURA | Technical Adviser | Project Advance Section, General Affairs Department 4th District Port Construction Bureau Ministry of Transport |
| <u>Consultant Member</u> | | |
| Mr. Yutaka OCHI | Chief Consultant / Port Operation Planner / Natural Condition Surveyor | Tetra Co., Ltd. |
| Mr. Kazuo URAKAWA | Port Traffic Monitoring / Maritime Safety Management | Tetra Co., Ltd. |
| Mr. Yasuhiro MIYATA | Equipment Planner/ Implementation Planner / Cost Estimator | Tetra Co., Ltd. |

Explanation of Draft Basic Design

| Name | Assignment | Organization |
|--|---|--|
| <u>Official Member</u> Mr. Naoaki NIWA | Leader | Deputy Resident Representative Australia Office, Japan International Cooperation Agency (JICA) |
| <u>Consultant Member</u> Mr. Yutaka OCHI Mr. Yasuhiro MIYATA | Chief Consultant/ Port Operation Planner / Natural Condition Surveyor Equipment Planner/ Implementation Planner / Cost Estimator | Tetra Co., Ltd. Tetra Co., Ltd. |

Appendix 2 Survey Schedule

Field Study

(No. 1)

| No. | Date | Day | Itinerary | Accommodation | Activities |
|-----|------|-----|--|-------------------|---|
| 1 | 9 15 | Tue | 1140Tokyo (CO964)-1615Guam 1940Guam (CO958)-0030Pohnpei | Pohnpei | Movement : Official Member (Mr. Shigemura) and Consultant Members (Messrs. Ochi, Miyata and Urakawa) |
| 2 | 16 | Wed | | Pohnpei | Courtesy Call to Embassy of Japan Field Study |
| 3 | 17 | Thu | 1300Pohnpei (CO956)-1405Kosrae | Kosrae | Courtesy Call to Government of the Federated States of Micronesia Movement : Official Member and Consultant Members Courtesy Call to Government of Kosrae State |
| 4 | 18 | Fri | | Kosrae | Site Survey |
| 5 | 19 | Sat | | Kosrae | Site Survey |
| 6 | 20 | Sun | 1140Tokyo (CO954)-1615Guam | Guam Kosrae | Movement : Official Member (Mr. Toda) Meeting and Site Survey |
| 7 | 21 | Mon | 0820Guam (CO956)-1430Kosrae | Kosrae | Movement : Official Member (Mr. Toda) Team Meeting and Site Survey |
| 8 | 22 | Tue | | Kosrae | Meeting at Government of Kosrae State |
| 9 | 23 | Wed | | Kosrae | Meeting at Government of Kosrae State |
| 10 | 24 | Thu | 1435Kosrae (CO957)-1535Pohnpei | Pohnpei Kosrae | Movement : Official Members (Mr. Toda and Mr. Shigemura) and Consultant Members (Mr. Ochi and Mr. Miyata) Meeting Site Survey (Mr. Urakawa) |
| 11 | 25 | Fri | | Pohnpei Kosrae | Meeting at Government of the Federated States of Micronesia, Explanation of Inception Report Signing of Minutes of Meeting Report to Embassy of Japan Site Survey |

(No. 2)

| No. | Date | Day | Itinerary | Accommodation | Activities |
|-----|------|-------|---|--|---|
| 12 | 26 | Sat | 1640Pohnpei (CO957)-1900Guam | Guam Pohnpei Kosrae | Movement : Official Members (Mr. Toda and Mr. Shigemura) Field Study (Mr. Ochi and Mr. Miyata) Site Survey (Mr. Urakawa) |
| 13 | 27 | Sun | 0640Guam (CO002)-1755Honolulu 0725Guam (CO915)-1030Fukuoka | Honolulu Fukuoka Pohnpei Kosrae | Movement : Official Member (Mr. Toda) Movement : Official Member (Mr. Shigemura) Field Study (Mr. Ochi and Mr. Miyata) Site Survey (Mr. Urakawa) |
| 14 | 28 | Mon | 1325Pohnpei (CO956)-1430Kosrae | Kosrae | Movement : Consultant Members (Mr. Ochi and Mr. Miyata) Site Survey (Messrs. Ochi, Urakawa and Miyata) |
| 15 | 29 | Tue | | Kosrae | Site Survey |
| 16 | 30 | Wed | | Kosrae | Site Survey |
| 17 | 10 | 1 Thu | | Kosrae | Site Survey |
| 18 | 2 | Fri | | Kosrae | Site Survey |
| 19 | 3 | Sat | 1505Kosrae (CO957)-1900Guam | Kosrae Guam | Site Survey Movement : Consultant Members (Mr. Miyata and Mr. Urakawa) |
| 20 | 4 | Sun | 1520Guam (JL942)-1755Tokyo | Kosrae Tokyo | Site Survey Movement : Consultant Members (Mr. Miyata and Mr. Urakawa) |
| 21 | 5 | Mon | | Kosrae | Site Survey (Mr. Ochi) |
| 22 | 6 | Tue | | Kosrae | Site Survey |
| 23 | 7 | Wed | | Kosrae | Site Survey |
| 24 | 8 | Thu | | Kosrae | Site Survey |
| 25 | 9 | Fri | | Kosrae | Site Survey |
| 26 | 10 | Sat | | Kosrae | Site Survey |
| 27 | 11 | Sun | | Kosrae | Site Survey |
| 28 | 12 | Mon | | Kosrae | Site Survey |
| 29 | 13 | Tue | | Kosrae | Site Survey |
| 30 | 14 | Wed | | Kosrae | Site Survey |
| 31 | 15 | Thu | | Kosrae | Site Survey |
| 32 | 16 | Fri | | Kosrae | Site Survey |
| 33 | 17 | Sat | 1505Kosrae (CO957)-1900Guam | Guam | Movement : Consultant Member (Mr. Ochi) |
| 34 | 18 | Sun | | Guam | Field Study |
| 35 | 19 | Mon | 1520Guam (JL942)-1755Tokyo | Tokyo | Movement : Consultant Member (Mr. Ochi) |

Explanation of Draft Basic Design

| No. | Date | Day | Itinerary | Accommodation | Activities |
|-----|------|--------|--|---------------|---|
| 1 | 12 | 2 Wed | 1345Sydney (QF019)-1820Manila 2320Manila (CO912)-0500Guam 1115Tokyo (CO962)-1550Guam | Guam | Movement : Official Member (Mr. Niwa) Movement : Consultant Members (Mr. Ochi and Mr. Miyata) |
| 2 | | 3 Thu | 0610Guam (CO956)-1030Pohnpei | Pohnpei | Movement : Official Member (Mr. Niwa) and Consultant Members (Mr. Ochi and Mr. Miyata) Courtesy Call to Embassy of Japan |
| 3 | | 4 Fri | 1325Pohnpei (CO956)-1430Kosrae | Kosrae | Courtesy Call to Government of the Federated States of Micronesia Movement : Official Member and Consultant Members |
| 4 | | 5 Sat | | Kosrae | Site Survey |
| 5 | | 6 Sun | | Kosrae | Team Meeting and Site Survey |
| 6 | | 7 Mon | | Kosrae | Courtesy Call to Government of Kosrae State Meeting at Government of Kosrae State and Explanation of Draft Report |
| 7 | | 8 Tue | | Kosrae | Meeting at Government of Kosrae State |
| 8 | | 9 Wed | | Kosrae | Team Meeting and Site Survey |
| 9 | | 10 Thu | 1300Kosrae (CO957)-1600Pohnpei | Pohnpei | Movement : Official Member and Consultant Members |
| 10 | | 11 Fri | | Pohnpei | Meeting at Government of the Federated States of Micronesia and Explanation of Draft Report Signing of Minutes of Meeting Report to Embassy of Japan |
| 11 | | 12 Sat | 1640Pohnpei (CO957)-1900Guam | Guam | Movement : Official Member and Consultant Members |
| 12 | | 13 Sun | 0930Guam (CO992)-0010Cains 1520Guam (JL942)-1800Tokyo | | Movement : Official Members (Mr. Niwa) Movement : Consultant Members (Mr. Ochi and Mr. Miyata) |
| 13 | | 14 Mon | 0615Cairns (AN227)-1015Sydney | | Movement : Official Member (Mr. Niwa) |

Appendix 3 List of Party Concerned in the Recipient Country

1. National Government

1) Department of External Affairs

| | |
|----------------|-------------------------|
| Ieske K. Iehsi | Deputy Secretary |
| Lorin Robert | Assistant Secretary |
| Larry Raigetel | Foreign Service Officer |
| Matt Maradol | Officer |

2) Department of Transportation, Communication and Infrastructure

| | |
|----------------------|-----------|
| Lukner B. Weilbacher | Secretary |
|----------------------|-----------|

3) Department of Finance and Administration

| | |
|---------------------|---|
| William K. Mongkeya | Deputy Assistant Secretary, Custom and Tax Administration, Kosrae |
|---------------------|---|

4) Department of Meteorological Station

| | |
|------------------|----------------------------------|
| Mishima Mongkeya | Officer, Weather Station, Kosrae |
|------------------|----------------------------------|

5) Pohnpei Port Authority

| | |
|--------------------|-----------------------------------|
| Akillino H. Susaia | General Manager |
| Nelperson Etse | Seaport manager, Seaport Division |

2. Kosrae State Government

1) Office of the Governor

| | |
|---------------------|-------------------------------|
| Moses T. Mackwelung | Governor, State of Kosrae |
| Gerson Jackson | Lt. Governor, State of Kosrae |

2) Department of Transportation and Utility

| | |
|----------------------|--------------------------------------|
| Robert J. Weilbacher | Director |
| Bruce E. Howell | Administrator, Road Division |
| Wadel R. Kinere | Manager, Airport and Harbor Facility |
| Abraham M. Bahillo | Civil Engineer |
| Raymond Tulensru | Planner and Estimator |
| Thansley Kinere | Equipment Supervisor |

3) Department of Administration

| | |
|------------------|---|
| Pete B. Olaño | Administrator, Construction and Engineering |
| Carlos Banaticla | Drafting Supervisor, Construction and Engineering |
| Stevens Joerge | Economist, Planning and Statistic |
| Stoney Taulung | Statistic Office |
| Lawdin Talley | Administrator, Finance and Budget |
| Espil Tulensru | Payload Officer, Finance and Budget |

- | | |
|---------------------------------------|---|
| Switso Robert | Chief Accountant, Finance and Budget |
| Salik T. Thomson | Revenue Officer, Finance and Budget |
| 4) Department of Agriculture and Land | |
| Lupalik Wesley | Reality Specialist, Land Management and Preservation |
| Leandro Q. Olaño | Surveyor / Civil Engineer, Map Office |
| 5) Development Review Commission | |
| Simpson K. Abraham | Program Director, Kosrae Island Resource Management Program |

3. Private Sector

- | | |
|--|-----------------------------|
| 1) Kusaie Terminal and Stevedoring Company (KT&SC) | |
| Edison S. Nena | Manager |
| Jerson Freddy | Operation Manager |
| 2) Pacific Tuna Industries, Inc. (PTI) | |
| Lewis S. Brooks | Executive Vice President |
| 3) Pacific Fishing Venture, Inc. | |
| Peter Xiao | Manager |
| James Liu | Manager |
| 4) Luen Thai Fishing Venture Ltd. | |
| Jason Rui | Operation Manager |
| 5) Micronesia Petroleum Company (MPC) | |
| Richard Reddy | Chief Executive Officer |
| 6) National Fisheries Corporation (NFC) | |
| Jack Sigrah | Air Freight Acting Agent |
| 7) PM&O Line | |
| Hiroyuki Inaba | Captain, Micronesia Nations |
| Meuser Sigrah | Agent, Kosrae |
| Dusty Skilling | Agent, Kosrae |
| 8) Kyowa Line | |
| Lim Seon Hong | Master |
| Bang, Yeong Sun | Chief Officer |
| 9) Black Micro Corporation | |
| Conrad L. Delfin | Project Manager |

Appendix 4 Minutes of Discussion

Minutes of Discussions

On

Basic Design Study on the Project for Improvement of the Okat Port In the Federated States of Micronesia


In response to the request from the Government of the Federated States of Micronesia (hereinafter referred to as "GFSM"), the Government of Japan dispatched the Preliminary Study Team on the Project for Improvement of the Okat Port (hereinafter referred to as "the Project") in January 1998.

Based on the results of the Preliminary Study, the Japan International Cooperation Agency (hereinafter referred to as "JICA") decided to conduct the Basic Design Study on the Project.

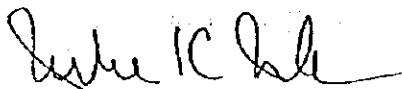
JICA sent to the Federated States of Micronesia the Basic Design Study Team (hereinafter referred to as "the Team"), which is headed by Mr. Atsuyoshi TODA, Development Specialist, JICA, and the Team is scheduled to stay in FSM from September 16 to October 17, 1998.

The Team held a series of discussions with the officials concerned of GFSM and Kosrae State Government (hereinafter referred to as "KSG") and conducted field surveys. In course of the discussions and field surveys, both parties confirmed the main items described on the attached sheets. The Team will proceed to further works and prepare a draft report of the Basic Design Study.

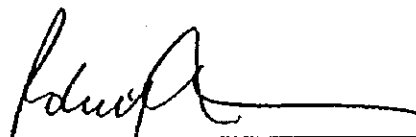
Palikir, Pohnpei, FSM
September 25, 1998



Mr. Atsuyoshi TODA
Leader,
Basic Design Study Team,
Japan International Cooperation Agency
Micronesia



Mr. Ieske K. Iehsi
Deputy Secretary,
Department of Foreign Affairs
Government of the Federated States of



Mr. Robert J. Weilbacher
Director,
Department of Transportation and Utility
Kosrae State Government

ATTACHMENT

1. Objective

The objectives of the Project are to enhance the navigation safety of calling vessels and to make the utilization of the existing facilities of the Okat Port more efficient.

2. Responsible Organization and Implementing Agency

Responsible Organization : Government of the Federated States of Micronesia
Implementing Agency : Department of Transportation and Utility, KSG

3. Major Project Components

- 1) Installation of navigation aids
- 2) Replacement of fenders of the dock
- 3) Advisory services on navigation safety, rendered by a consultant(s)

4. Other Points of Discussion

1) Navigation Aids

From their quick on-site observation, the Team has already found that the existing lighting buoys and markers are not properly functioning and consequently a complete re-establishment of the navigation aid system may be called for.

2) Fenders

The Team acknowledged the Kosrae side request that the fenders should not only be replaced at the front face of the dock but also at the two sides. The Team intends to design the layout of the fenders in such a way to accommodate for the mixed vessels including fishing boat, tanker and cargo ship.

3) Port Manager

The Team extended to the Kosrae side their appreciation for the recent appointment of the port manager. He is assigned to the Project and works with the consultants for a day-to-day operation, through which he is expected to receive technical advice from them on navigation safety and other port operational matters.

4) Focal Contact Point

The Director of the Department of Transportation and Utility is the focal contact person for the Team. Meanwhile, the Port Manager assist the consultants in facilitating their day-to-day work

5. Study Schedule

- 1) The Team will further carry out the study in the FSM until October 17, 1998.
- 2) After preparing the draft report, JICA will send a mission to FSM in December 1998 for explaining its contents.
- 3) Upon acceptance by GFSM and KSG of the major points of the report, JICA will complete a final report and forward it to GFSM and KSG by the end of February 1999.

6. Japan's Grant Aid System

- 5) GFSM and KSG have understood the system of the Japan's Grant Aid, of which main feature is described in ANNEX-1.
- 6) Should the Grant Aid be extended to the Project, KSG will take the necessary measures described in ANNEX-2 for the smooth implementation of the Project.

7. Project Site

The Project site is shown in ANNEX-3.

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ANNEX-1: JAPAN'S GRANT AID SCHEME

1. Grant Aid Procedure

- 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 Implementation | (The Notes exchanged between the Governments 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 to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using Japanese consulting firms.

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 Government 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 the requested project (hereinafter referred to as "the Program"), is to provide a basic document necessary for the appraisal of the Project by the Government of Japan. The contents of the Study are as follows:

- a) confirmation of the background, objectives and benefits of the 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 the technical, social and economic points 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; and
- f) technical advisory services during the on-site study process.

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 the smooth implementation of the Study, JICA uses a consulting firm selected through its own procedure (competitive proposal). The selected firm participate in the Study and prepare a report based upon the terms of reference set by JICA.

At the beginning of implementation after the Exchange of Notes, for the services of the Detailed Design and Construction Supervision of the Project, JICA recommends the same consulting firm which participated in the Study to the recipient country, in order to maintain the technical consistency between the Basic Design and Detailed Design.

②

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.

③

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" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedure such as exchanging of the Notes, concluding contracts with consulting firms and contractors and final payment to them must be completed.

④

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, 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 the 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 of Japanese taxpayers.

- 6) Undertakings required to the Government of the recipient country

- a) to secure a lot of land necessary for the construction of the Project and to clear the site;
- b) to provide facilities for distribution of electricity, water supply, drainage and other incidental facilities outside the site;
- c) to ensure prompt unloading and customs clearance at ports of disembarkation in the recipient country and internal transportation therein of the products purchased under the Grant Aid.
- d) to exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts.
- e) to accord Japanese nationals whose services may be required in connection with the supply of the products and services under the verified contracts such as facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.
- f) to ensure that the facilities constructed and products purchased under the Grant Aid be maintained and used properly and effectively for the Project; and
- g) to bear all the expenses, other than those covered by the Grant Aid, necessary for the Project.

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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 the necessary staff for operation and maintenance of them 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 shall not re-exported from the recipient country.

9) Banking Arrangement (B/A)

a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in a bank in Japan (hereinafter referred to as "the Bank"). 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 (A/P) issued by the Government of the recipient country or its designated authority.

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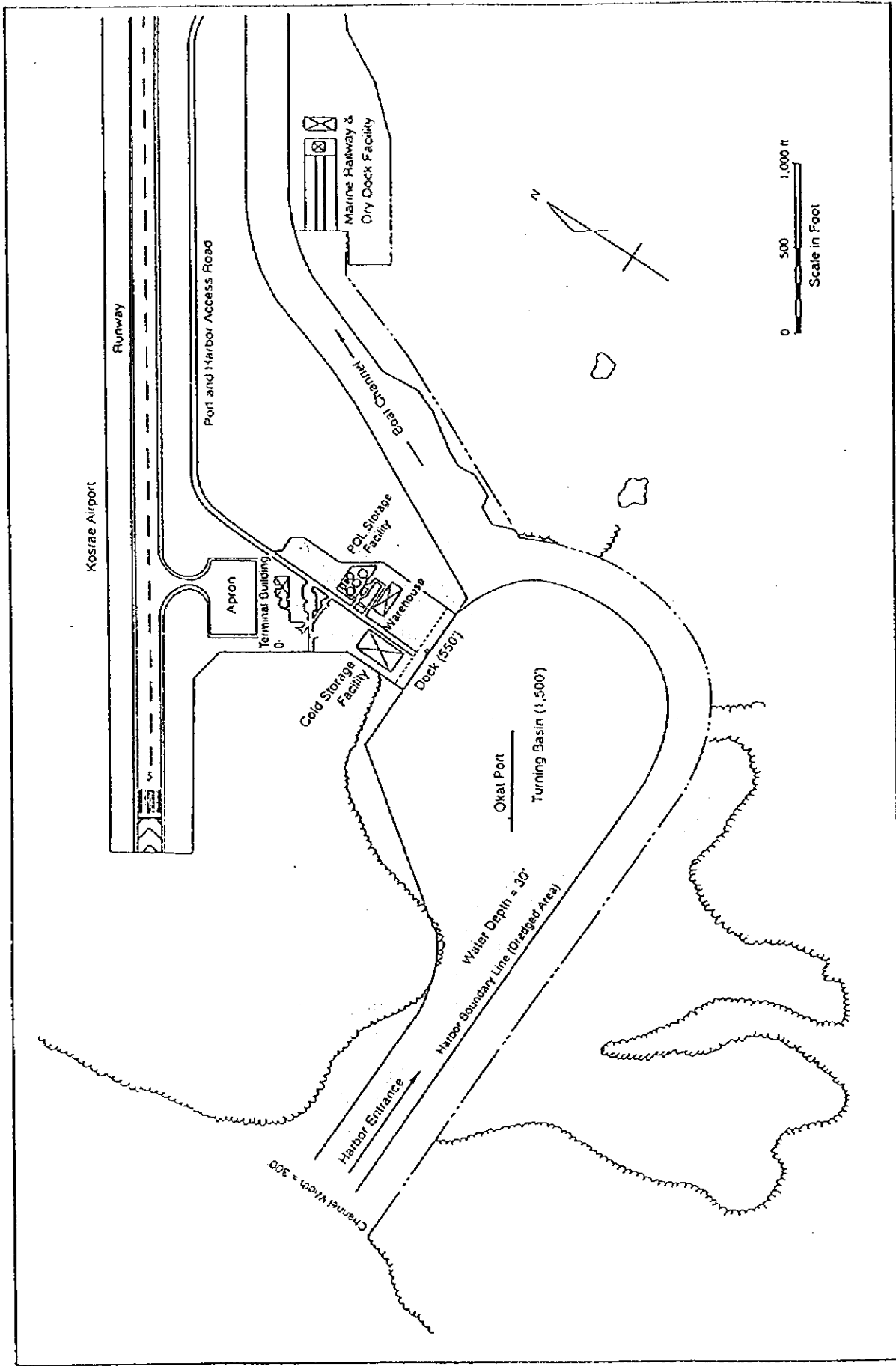
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ANNEX-2: NECESSARY MEASURES TO BE TAKEN BY GFSM

The following necessary measures should be taken by GFSM on condition that the Grant Aid by the Government of Japan is extended to the Project.

1. To secure the land necessary for the execution of the Project, such as the land for facilities, temporary offices, working areas, storage yards and others;
2. To make all passable roads leading to the Project sites before the commencement of inland transportation of materials and equipment;
3. To undertake the incidental works, such as gardening, fencing, lighting and other incidental facilities in and around the Project sites, if necessary;
4. To ensure prompt unloading and customs clearance at ports of disembarkation in Kosrae and internal transportation therein of the products purchased under the Grant;
5. To exempt Japanese nationals whose services may be required in connection with the Project from customs duties, internal taxes and other fiscal levies which may be imposed in Kosrae 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 Kosrae and stay therein for the performance of their work;
7. To maintain and use facilities constructed under the Grant properly and effectively for the Project;
8. To bear commissions to the Japanese bank for its banking services based upon the Banking Arrangement, namely advising commissions of the "Authorization to Pay" and payment commissions;
9. To bear all the expenses, other than those covered by the Grant, necessary for the Project; and
10. To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.

ANNEX-3: PROJECT SITE



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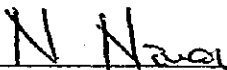
Minutes of Discussions
on
Basic Design Study on the Project for Improvement of the Okat Port
in the Federated States of Micronesia
(CONSULTATION ON DRAFT REPORT)

In September 1998, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched Basic Design Study Team on the Project for Improvement of the Okat Port (hereinafter referred to as "the Project") to the Federated States of Micronesia (hereinafter referred to as "FSM"), and through discussions, field survey, and technical examination of the results in Japan, has prepared the draft of the study.

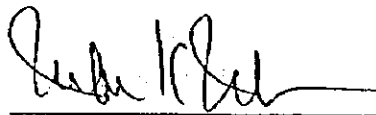
In order to explain and to consult FSM on the components of the draft report, JICA sent to FSM a Study Team, which is headed by Mr. NIWA Noriaki, Deputy Resident Representative, JICA Australia Office, and is scheduled to stay in the country from December 3 to December 12, 1998.

As a result of discussions, both parties have confirmed the main items described on the attached sheets.

Palikir, Pohnpei, FSM
December 11, 1988



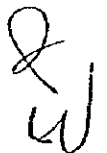
Mr. NIWA. Noriaki,
Leader,
Draft Report Explanation Team,
JICA



Mr. Ieske K. Iehsi
Deputy Secretary,
Department of Foreign Affairs
Government of Federated States of
Micronesia



Mr. Robert Weilbacher
Director,
Department of Transportation and Utility
Kosrae State Government



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ATTACHMENT

1. Components of the Draft Report

The Government of the Federated States of Micronesia (hereinafter referred to as "GFSM") and the Kosrae State Government (hereinafter referred to as "KSG") has agreed and accepted in principle the components of the Draft Report proposed by the Study Team.

2. Japan's Grant Aid System

GFSM and KSG has understood the system of the Japan's Grant Aid explained by the Study Team; the main feature is described in ANNEX-1.

3. Necessary Measures to be Taken by GFSM

- (1) Necessary measures to be taken by GFSM are described in ANNEX-2.
- (2) KSG especially confirmed that it is responsible for the following items
 - a) Permission for installation of the project
 - b) Responsibility for the accident due to the navigation aids and the mooring buoy
 - c) Utilization of the forklift limited to cargo handling works in the Okat Port

4. Further Schedule of the Study

JICA will make the Final Report in accordance with the confirmed items, and send it to GFSM around the March 1999.

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ANNEX-1: JAPAN'S GRANT AID SCHEME

1. Grant Aid Procedure

1) Japan's Grant Aid Program is executed through the following procedures.

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

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2. Basic Design Study

1) Contents of the Study

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- a) confirmation of the background, objectives and benefits of the 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 the technical, social and economic points of view;
- c) confirmation of items agreed on by both parties concerning the basic concept of the Project;
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3. Japan's Grant Aid Scheme

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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.

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

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- 6) Undertakings required to the Government of the recipient country
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 - c) to ensure prompt unloading and customs clearance at ports of disembarkation in the recipient country and internal transportation therein of the products purchased under the Grant Aid;
 - d) to exempt Japanese nationals from customs duties, internal taxes and fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts;
 - e) to accord Japanese nationals whose services may be required in connection with the supply of the products and services under the verified contracts such as facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work;
 - f) to ensure that the facilities constructed and products purchased under the Grant Aid be maintained and used properly and effectively for the Project; and
 - g) to bear all the expenses, other than those covered by the Grant Aid, necessary for the Project.

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 the necessary staff for operation and maintenance of them 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 shall not be re-exported from the recipient country.

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- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to Pay (A/P) issued by the Government of the recipient country or its designated authority.

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ANNEX-2: NECESSARY MEASURES TO BE TAKEN BY GFSM

The following necessary measures should be taken by GFSM on condition that the Grant Aid by the Government of Japan is extended to the Project.

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2. To make all passable roads leading to the Project sites before the commencement of inland transportation of materials and equipment;
3. To undertake the incidental works, such as gardening, fencing, lightning and other incidental facilities in and around the Project sites, if necessary;
4. To ensure prompt unloading and customs clearance at ports of disembarkation in Kosrae and internal transportation therein of the products purchased under the Grant;
5. To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in Kosrae 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 Kosrae and stay therein for the performance of their work;
7. To maintain and use facilities constructed under the Grant properly and effectively for the Project;
8. To bear commissions to the Japanese bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commissions;
9. To bear all the expenses, other than those covered by the Grant, necessary for the Project; and
10. To coordinate and solve any issues related to the Project which may be raised from third parties or inhabitants in the Project area during implementation of the Project.

Appendix 5 Cost Estimation Borne by the Recipient Country

The cost borne by the Federated States of Micronesia is estimated tentatively as follows. Total cost will be 26,000 US\$. Details are as follows.

| | |
|--|------------|
| 1) Repairing fences and gates of the port area | 14,000US\$ |
| 2) Construction of the guard house | 10,000US\$ |
| 3) Disposal of removed wooden fenders | 2,000US\$ |
| Total | 26,000US\$ |

Appendix 6 Port Traffic Observation Data

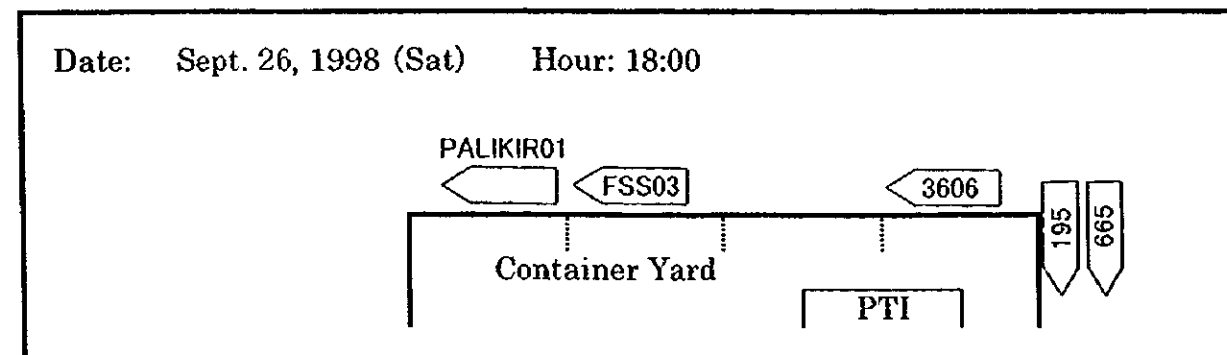
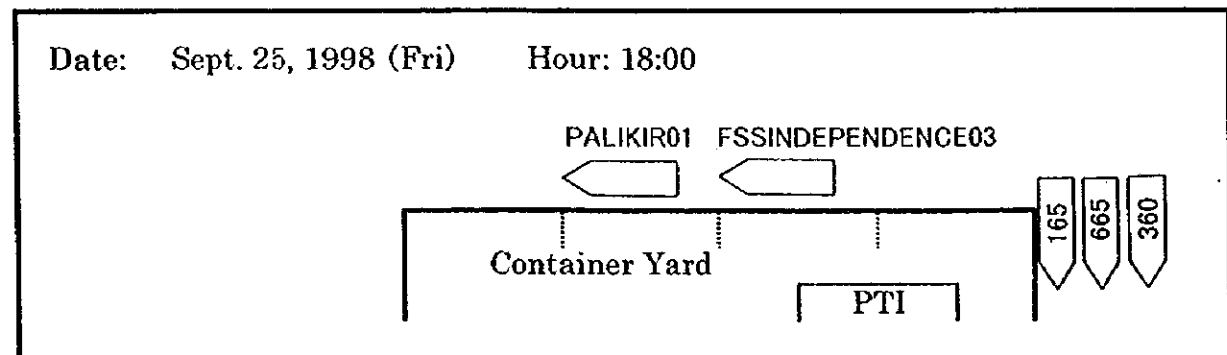
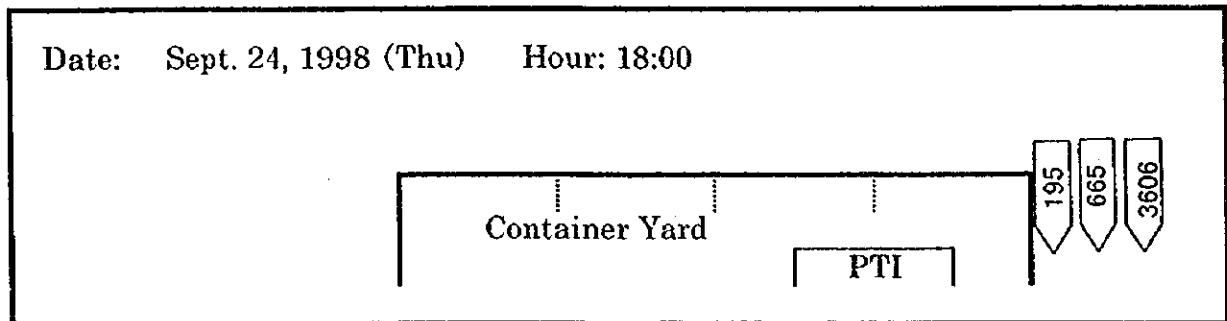
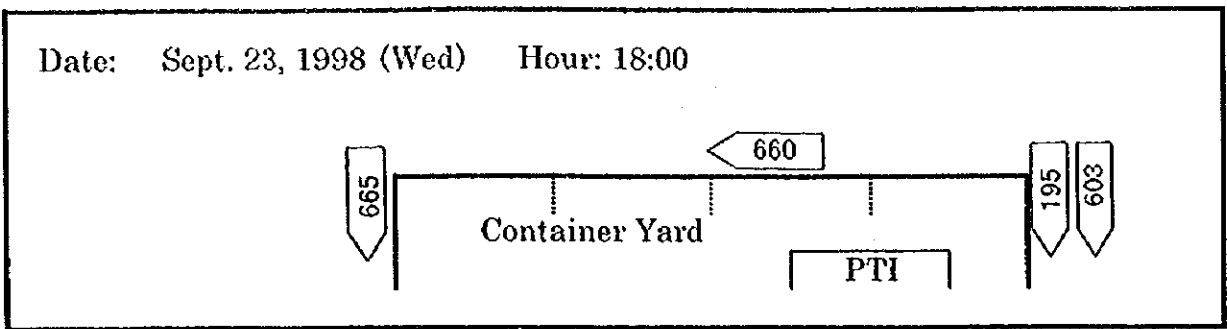


Table A.6.1 Port Traffic Observation Data(1)

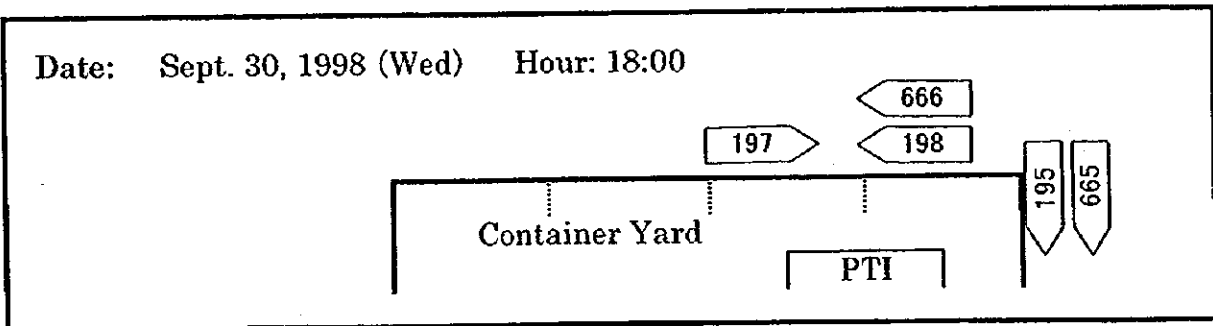
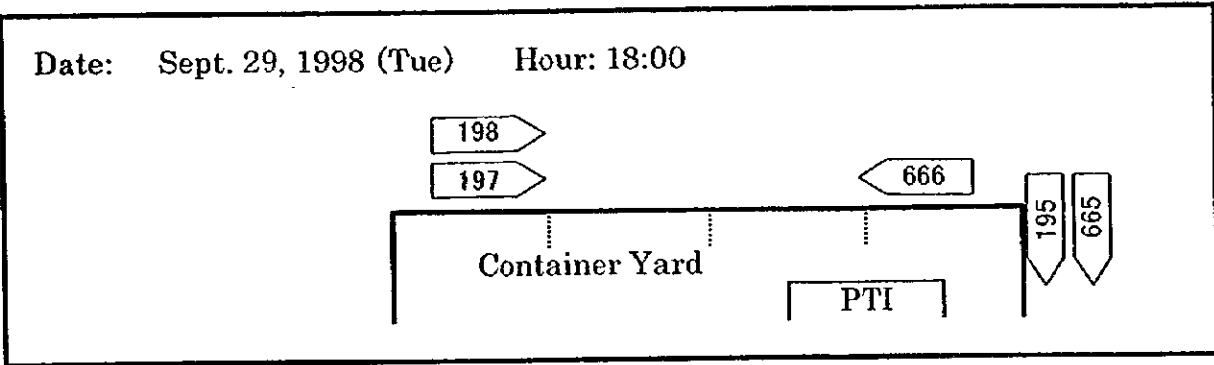
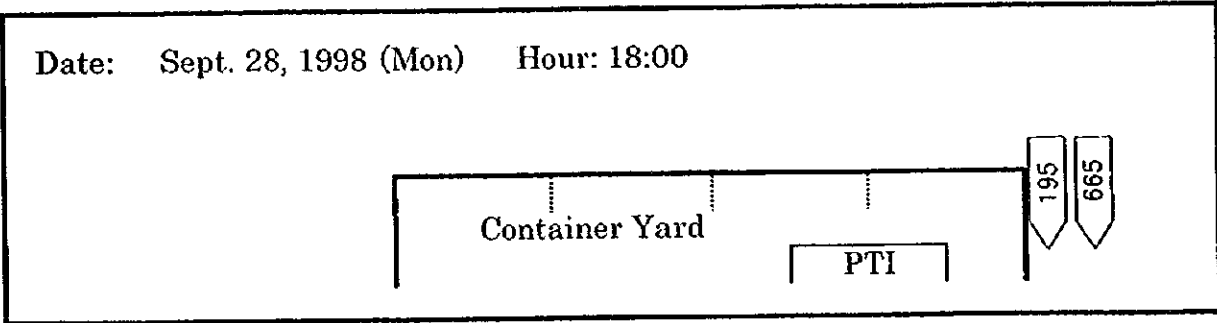
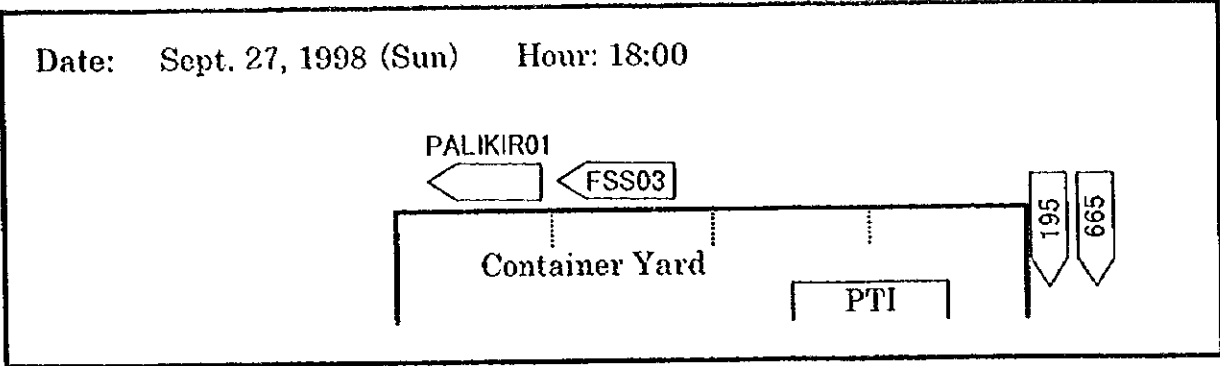


Table A.6.2 Port Traffic Observation Data(2)

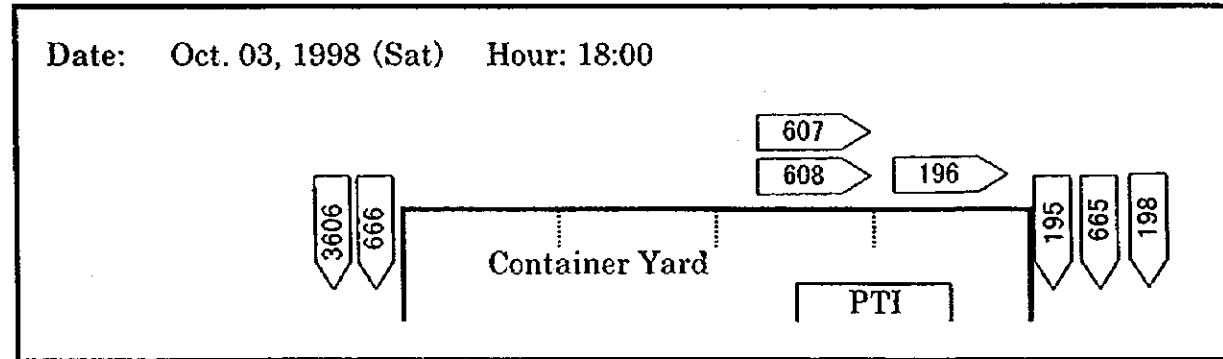
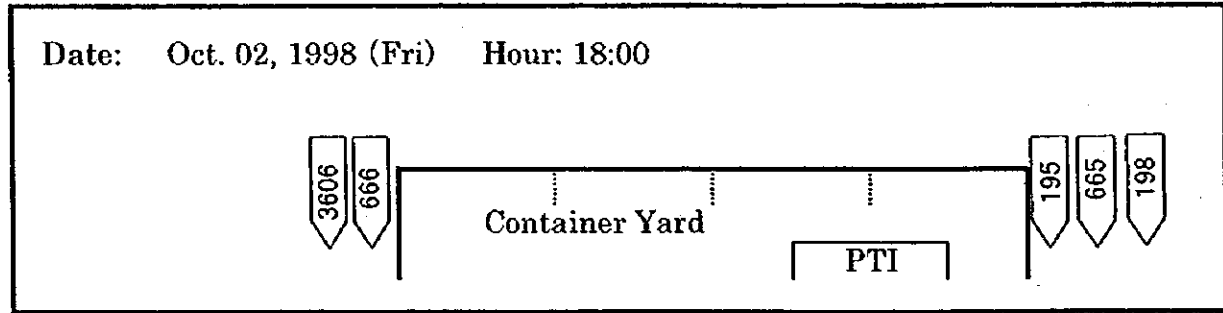
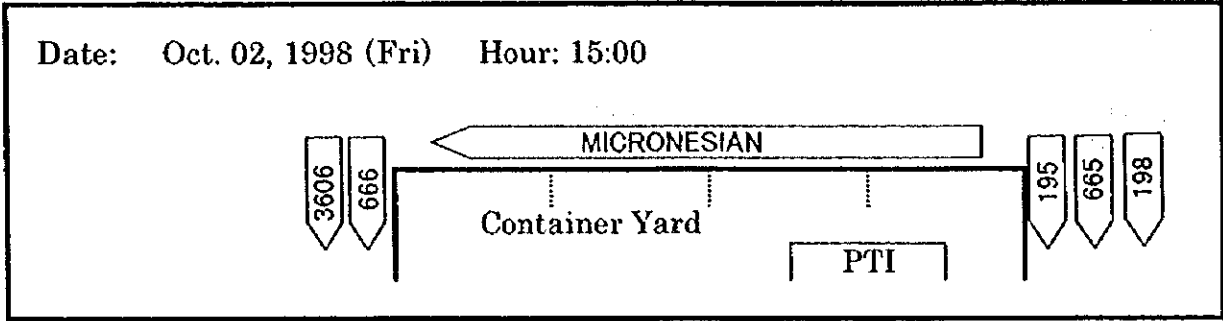
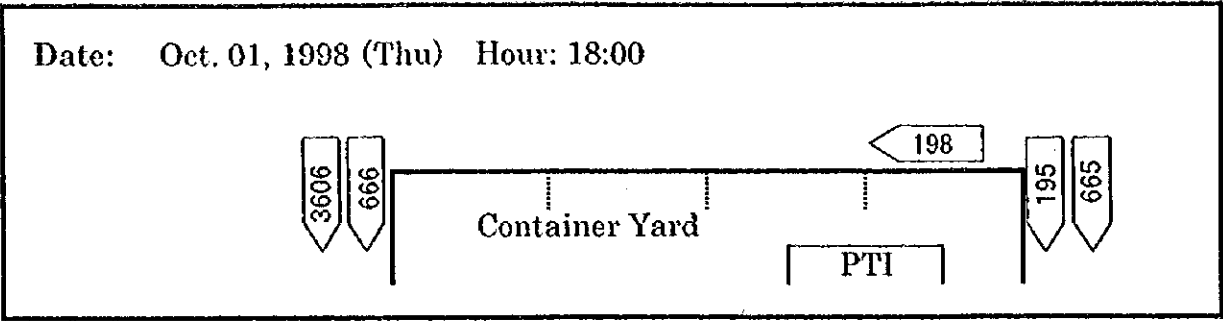


Table A.6.3 Port Traffic Observation Data(3)

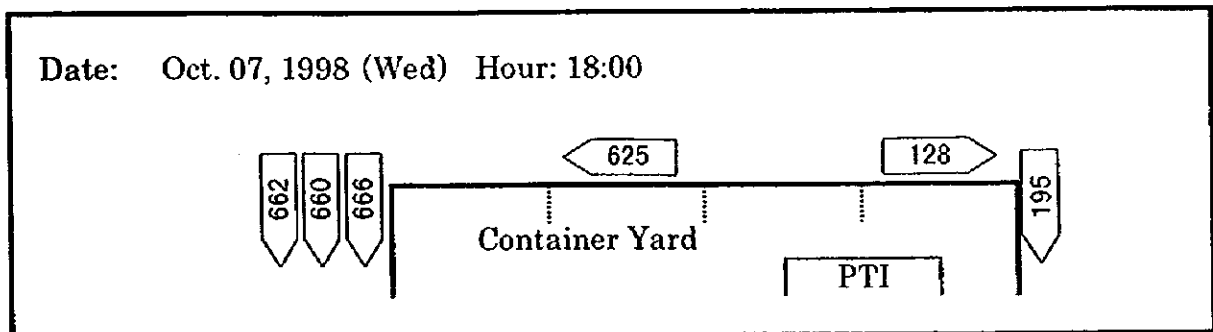
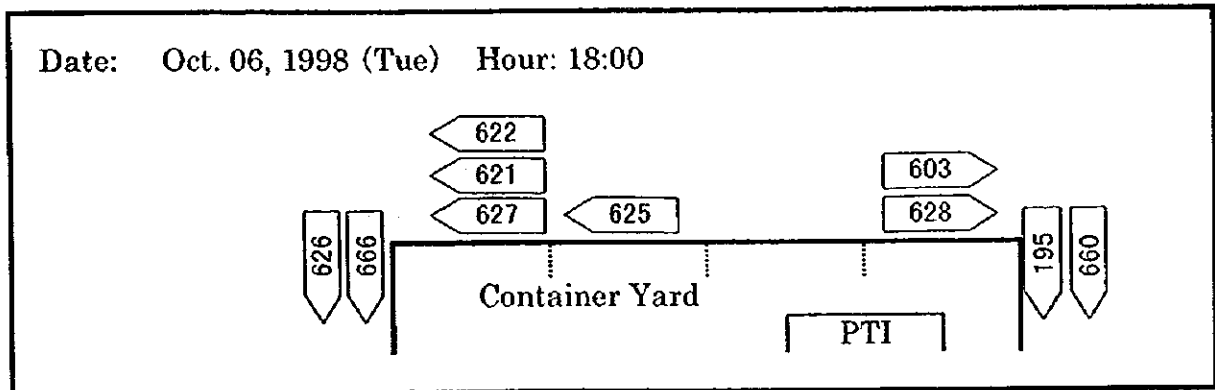
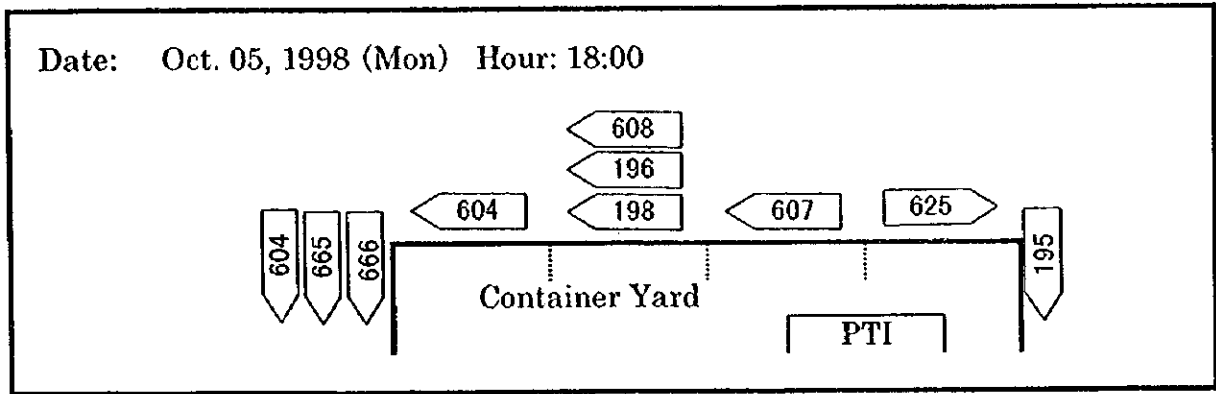
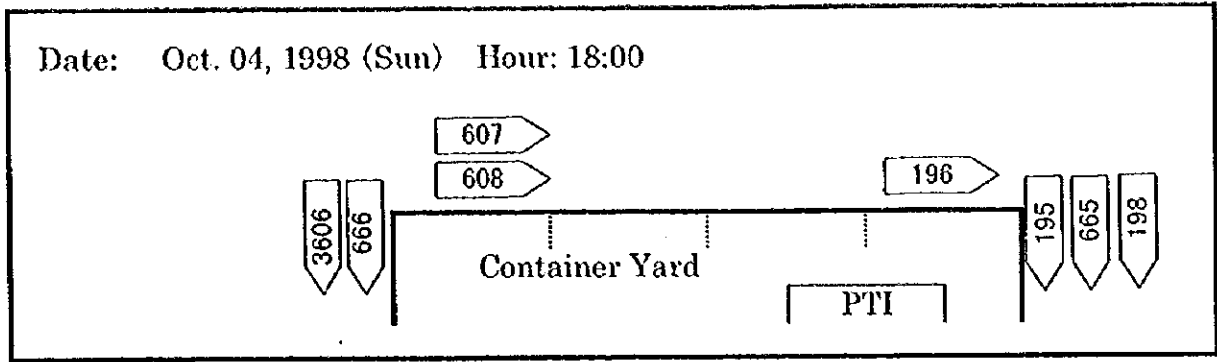
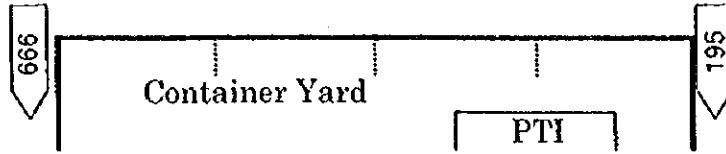
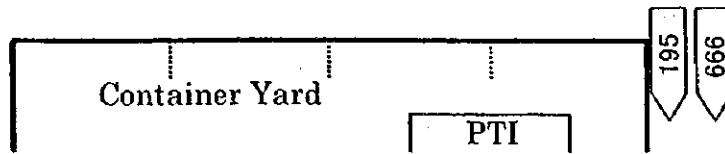


Table A.6.4 Port Traffic Observation Data(4)

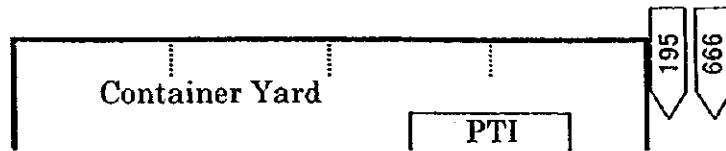
Date: Oct. 08, 1998 (Thu) Hour: 18:00



Date: Oct. 09, 1998 (Fri) Hour: 18:00



Date: Oct. 10, 1998 (Sat) Hour: 18:00



Date: Oct. 11, 1998 (Sun) Hour: 18:00

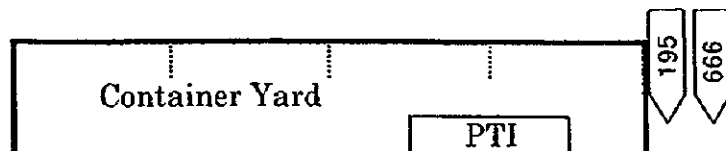


Table A.6.5 Port Traffic Observation Data(5)

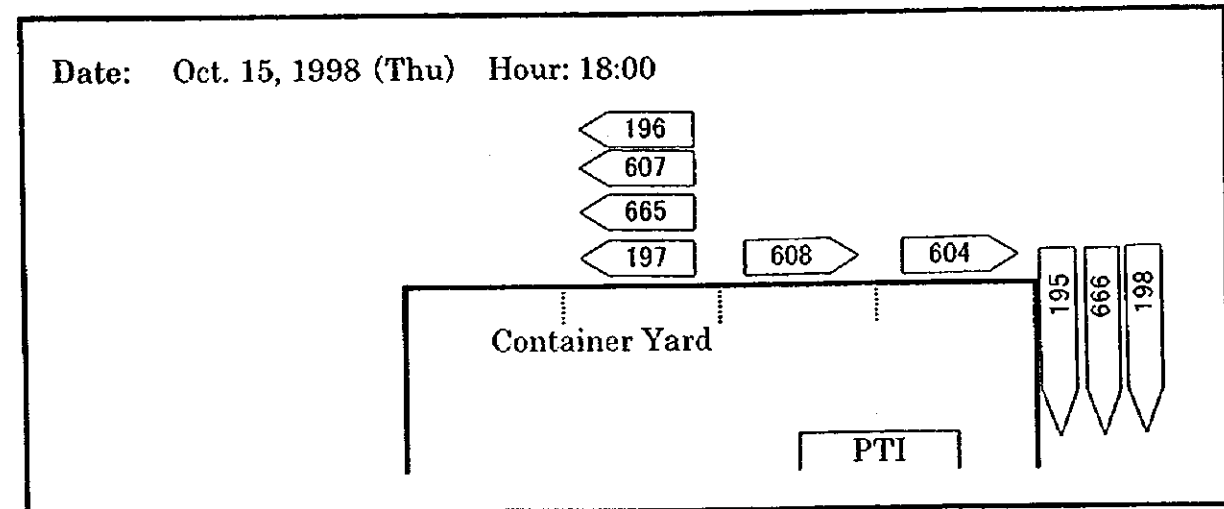
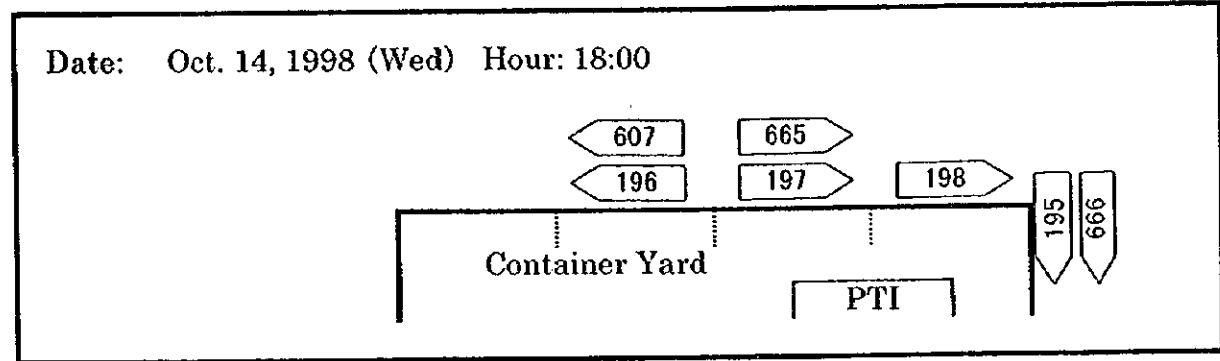
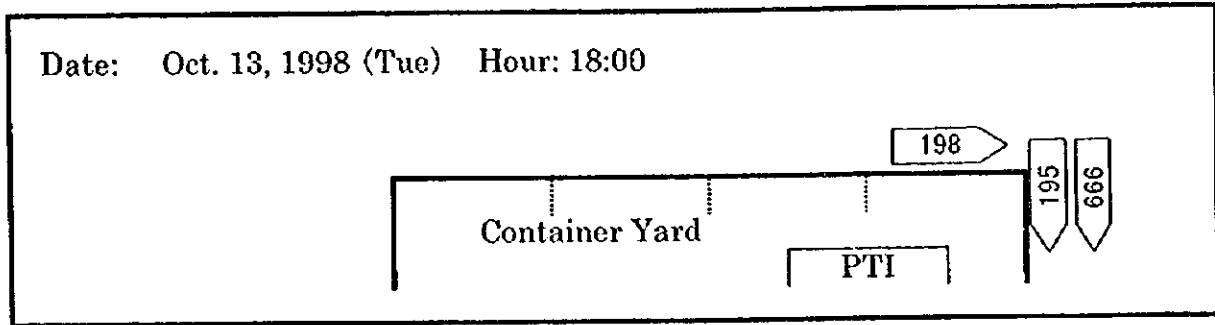
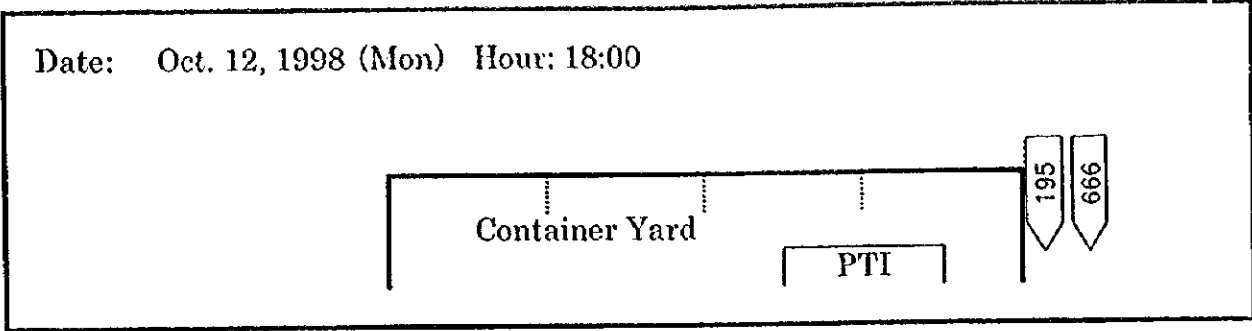


Table A.6.6 Port Traffic Observation Data(6)

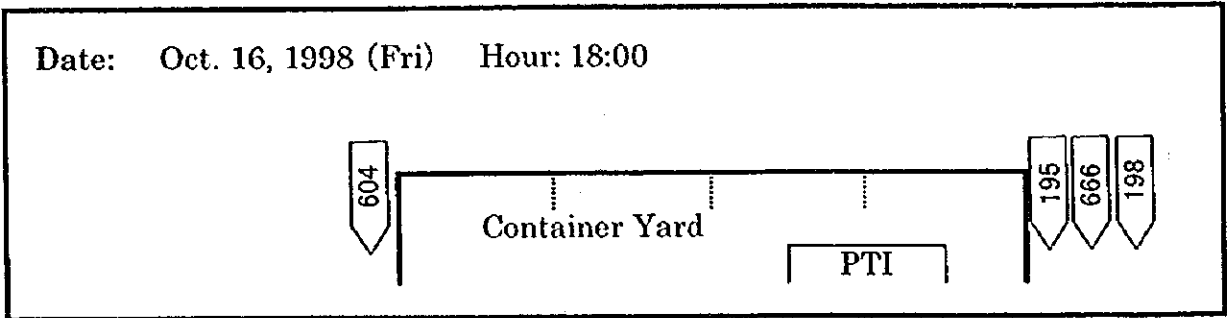
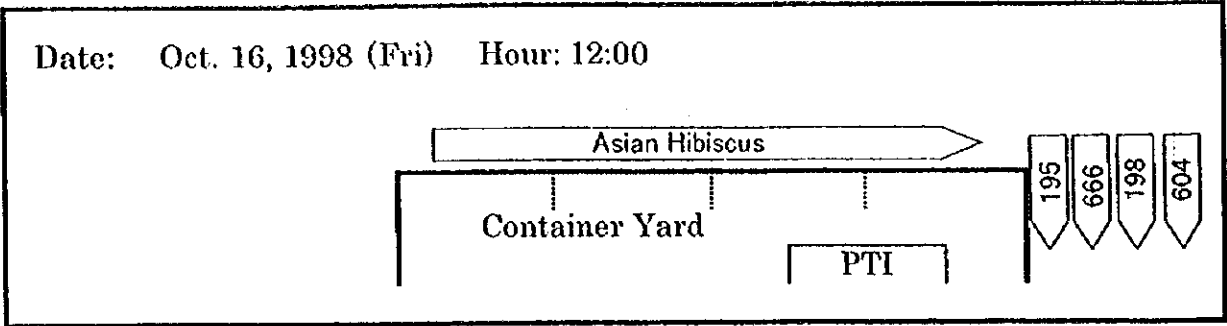


Table A.6.7 Port Traffic Observation Data(7)

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