

**Memorandum of Understandings
on the Basic Design Study
on the Project for the Improvement of the Weno Harbour
in Chuuk State,
the Federated States of Micronesia**

In Weno, Chuuk State, Meetings were held on the Project for the Improvement of the Weno Harbour (hereinafter referred to as "the Project") between the Basic Design Study Team (hereinafter referred to as "the Team") and the concerned officials of the Government of the State of Chuuk (hereinafter referred to as "the Chuuk"), from February 14 to March 8, 2006.

In the course of the discussions and the field survey, both sides have confirmed the main items described below.

1. Items Requested by the Government of the State of Chuuk.

As a result of the discussions, requested components were confirmed as below:

- 1) Rehabilitation of Commercial Dock
 - a) Fender Replacement
 - b) Concrete Curb Reconstruction
 - c) Superstructure Concrete Rehabilitation
 - d) Removal of the Submerged Vessels in front of Dock B and C
- 2) North Port (Commuter Boat Harbour)
 - a) Revetment Wall
 - b) Wave Dissipating Blocks

/Location map of the Weno Harbour is attached.

Removal of the submerged vessels has been submitted in addition to the request on the Note Verbal on January 23, 2006 by the Department of Foreign Affairs of the Federated States of Micronesia.

The appropriateness of the all above requests will be examined by further study.

2. Environmental and Social Considerations

(1) The Chuuk side explained to the Team about the contents of the stakeholders meeting conducted by the Chuuk side on October, 2005. The Team confirmed that the agreement to the Project has been obtained from the five persons who claim that they have interest for the Project around the North Port area, and its contents is appropriate in principle. However, the Team found that the only framework of the Project was explained in that stakeholders meeting and another stakeholders meeting shall be required to explain the specific plan of the Project to as many PAPs (Persons Affected by the Project) as possible including tenant of the public market around North Port, users of commuter boats at North Port. The Chuuk side understood it, and shall conduct stakeholders meeting again by the end of May 2006. The Team shall send the basic information of the Project necessary for conducting the stakeholders meeting by the end of April 2006.

(2) When the Project is completed, all commuter boat users shall be required to use North Port, not South Inner Basin. If the understandings/agreement of the related persons is not obtained, the requested items at North Port might be excluded from the Project. The Chuuk side understood it and agreed to invite the related commuter boat users for next stakeholders meeting.

(3) If the relocation of public market facilities or temporary business suspension is required around North Port in relation with the implementation of the Project, the Chuuk side shall take full responsibility of conducting the necessary procedures. The Chuuk side shall make the action plan and schedule related to those procedures if required.

(4) The Chuuk side explained that certificate of Initial Environmental Assessment was obtained

from the EPA (Environment Protection Agency), Chuuk State, on December 13th, 2005. The Team confirmed its contents appropriate and acceptable through the discussion with the Chuuk side. The Chuuk side also explained that further environmental study, such as EIA (Environmental Impact Assessment), is not required for the Project and only earthmoving permission is required before commencement of the construction work. The Department of Transportation and Public Works is responsible for requesting the earthmoving permission.

3. Removal of Submerged Vessels

- (1) The Chuuk side explained that the contract regarding the removal of the submerged vessels between the Federated States of Micronesia and Christopher Corporation has already been canceled.
- (2) The Chuuk side explained that the ownership of the submerged vessels, MV Nien Feioch in front of Dock B, and Micro Dawn in front of Dock C, belong to the Government of Chuuk and the Government of the Federated States of Micronesia respectively.
- (3) If the removal of the submerged vessels is included in the Project, the Japanese side shall take off the remaining oils and other substances which might cause seawater pollution from the vessel as much as possible prior to the removal work. Those materials would be handed over to the Chuuk side, and the Chuuk side shall dispose those materials in an appropriate manner on their own responsibility.
- (4) The Chuuk side explained to the Team that there is a dumping area about 1.5 miles off shore for submerging any vessel legally admitted by the EPA and the Department of Marine Resources which might be considered in the Project.
- (5) The Team explained that it will be examined deliberately about the possibility of including the removal of the submerged vessels in the Project.
- (6) The Chuuk side shall take appropriate measures to prevent the same accidents at the time of rough weather.

4. Other Relevant Issues

- (1) The Chuuk side agreed to change the Project title to "the Project for the Improvement of the Weno Harbour", which was "the Project for the Rehabilitation of the Weno Harbour".
- (2) Both sides reconfirmed that the Department of Transportation and Public Works is the responsible agency for the overall Weno Harbour including North Port.
- (3) The Chuuk side explained to the Team about the progress of the FEMA (Federal Emergency Management Agency) project conducted at old Dock B. The Team understood that the FEMA project will be completed around the end of 2006.
- (4) The Chuuk side shall submit data/answers to the Questionnaire, which the Team handed to the Chuuk side, by March 3, 2006.
- (5) The Chuuk side shall provide necessary number(s) of counterpart personnel to the Team during their stay in Chuuk State.

Chuuk, February 21, 2006

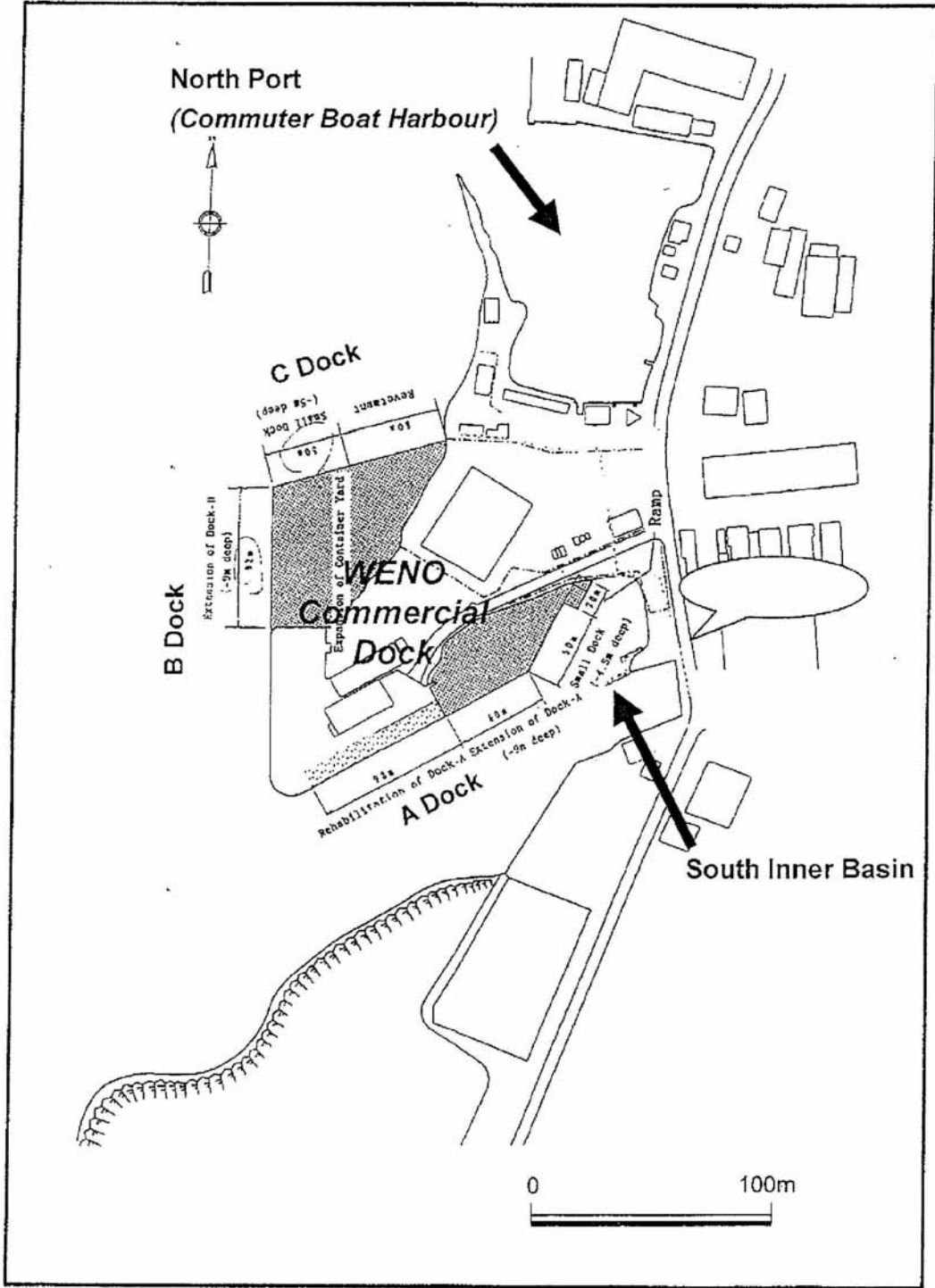
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Wesley W. Simina
Governor
The Government of the State of Chuuk
The Federated States of Micronesia



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Location Map of Weno Harbour

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(2) In the Explain Mission of Draft Final Report

**Minutes of Discussions
on the Basic Design Study
on the Project for the Improvement of the Weno Harbour in Chuuk State,
the Federated States of Micronesia
(Explanation on the Draft Report)**

In February 2006, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched the Basic Design Study Team on the Project for the Improvement of the Weno Harbour in Chuuk State (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, JICA prepared a draft report of the study.

In order to explain and to consult with the officials concerned of the Government of FSM on the components of the draft report, JICA sent to FSM the Basic Design Explanation Team (hereinafter referred to as "the Team"), headed by Mr. Takeho Sakata, Resident Representative of the JICA Micronesia Office, from June 4 to 10, 2006.

In the course of the discussions, both sides confirmed the main items described in the attached sheets.

Palikir, June 9, 2006



Takeho Sakata
Leader
Basic Design Explanation Team
Japan International Cooperation Agency



Lorin S. Robert
Deputy Secretary
Department of Foreign Affairs
The Federated States of Micronesia

ATTACHMENT

1. Contents of the Draft Report

The FSM side agreed and accepted in principle the contents of the Draft Report explained by the Team.

2. Japan's Grant Aid Scheme

The FSM side reconfirmed the Japan's Grant Aid scheme and the necessary measures to be taken by the Government of FSM explained by the Team as described in Annex-2 and Annex-3 of the Minutes of Discussions (M/D) signed by both sides on February 23, 2006.

3. Schedule of the Study

JICA will complete the Final Report in accordance with the confirmed items and send it to the FSM side by August 2006.

4. Other Relevant Issues

- (1) The FSM side confirmed the contents of Memorandum of Understandings as described in Annex-1, signed on June 6, 2006, between the Government of the State of Chuuk and the Team.
- (2) The FSM side shall assist the Government of the State of Chuuk in conducting the undertakings written in the Memorandum of Understandings for implementation of the Project.



**Memorandum of Understandings
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the Federated States of Micronesia
(Explanation on the Draft Report)**

In Weno, Chuuk State, in order to explain and to consult with the concerned officials of the Government of the State of Chuuk (hereinafter referred to as "the Chuuk"), on the components of the draft report on the Project for the Improvement of the Weno Harbour (hereinafter referred to as "the Project"), meetings were held between the Basic Design Explanation Team (hereinafter referred to as "the Team") and the Chuuk side, from June 4 to 7, 2006.

As a result of the discussions, both sides confirmed the main items described below.

1. Contents of the Draft Report

The Team explained the Draft Report, the Chuuk side agreed and accepted in principle the contents of the Draft Report.

2. Environmental and Social Considerations

- (1) The Chuuk side explained to the Team the contents of the stakeholders meeting conducted by the Chuuk side on May 16, 2006. The Team confirmed that the Project has been agreed by the PAPs (Persons Affected by the Project) in general including tenant of the public market around North Port, users of commuter boats at North Port.
- (2) The Chuuk side shall get the approval of earthmoving permission from the EPA (Environmental Protection Agency) before the commencement of the construction work. The Department of Transportation and Public Works is responsible for requesting the earthmoving permission.

3. Removal of Submerged Vessel

- (1) The Team explained that the Japanese side has concluded that the removal of MV Nien Feioch in front of Dock B is included in the Project, whereas the Micro Dawn in front of Dock C is excluded. In regard to Micro Dawn, the Team proposed the removal method of it, and the Chuuk side understood it and continue to seek the possible way in the future by themselves in order to take full advantage of the improved Weno Harbour.
- (2) The Japanese side shall take off the remaining oils and other substances which might cause seawater pollution from the vessel as much as possible. The Chuuk side shall dispose those materials in an appropriate manner on their own responsibility.
- (3) It is unavoidable that a part of remaining oil and other substances will flow out and make seawater polluted. The Chuuk side shall take effective necessary measures against that on their own responsibility.
- (4) In case that a claim is made from third parties against seawater pollution caused by MV Nien Feioch, the Chuuk side shall solve the claims on their own cost and responsibility.

4. Other Relevant Issues

- (1) The Chuuk side shall secure land in the Commercial Port area necessary for the construction site and the approach road to the site, and the Chuuk side shall clear the construction site of empty containers and debris.
- (2) The Chuuk side shall secure fresh water for construction work.

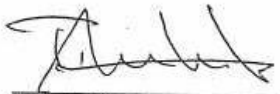
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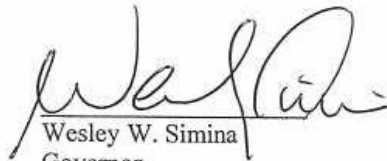
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- (3) The Chuuk side shall conduct necessary procedures for relocating any existing obstacle on the bank in the North Port to be used for revetment wall on their own responsibility, and complete the relocations before the commencement of construction work.
- (4) The Chuuk side shall give a notice to the North Port users which informs commencement of the construction work and requests safety navigation of commuter boats during construction work.
- (5) The Chuuk side shall complete the necessary measures of transferring the commuter boats which are now illegally moored at South Inner Basin to the improved North Port by the due time notified by Japanese side.
- (6) The Chuuk side shall put and repair fences on the boundary for the Commercial Port area, especially to put a rigid fence with bulletin boards showing instruction to keep residents out of South Inner Basin.
- (7) The Chuuk side shall take appropriate measures, such as evacuation of vessels to the off-island, to prevent the same accidents at the time of rough weather, to ensure the faculty of the improved Weno Harbour.

Chuuk, June 6, 2006



Takeho Sakata
Leader
Basic Design Explanation Team
Japan International Cooperation Agency



Wesley W. Simina
Governor
The Government of the State of Chuuk
The Federated States of Micronesia



Appendix 5. Cost Estimation Borne by the Recipient Country

(1) Obligation by FSM side during the Implementation Stage

FSM side shall bear following costs for the implementation of the project.

Table A 5-1 Cost Estimation Borne by FSM side during the Implementation Stage

Contents	Estimated Cost (US\$)	Remarks
Clear debris of concrete	1,000	1,000m ³
Repair fences	3,000	100m
Treat oil removed from wreck ship	6,000	Tentative cost wreck ship
TOTAL	10,000	

(2) Obligation by FSM side after handling-over the Project

FSM side shall bear following costs after handling-over the project.

Table A 5-2 Cost Estimation of Annual Maintenance Cost

Contents	Costs(US\$)
Maintenance of Commercial Dock Fences	1,000
Maintenance of Port Facilities (bollard, concrete curbs etc.,)	1,000
TOTAL	2,000

