

Appendices

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1. Member List of the Study Team

1-1. Field Survey Team

Kimio MIURA	Team Leader	Resident Representative, JICA Solomon Islands Office, Japan International Cooperation Agency
Takeyuki OYA	Project Coordinator	Rural Development Team, Project Management Group III, Grant Aid Management Department, Japan International Cooperation Agency
Kuniaki TAKAHASHI	Chief Consultant Operation, Maintenance & Management Planner and Environment & Socio-economic Researcher	Fisheries Engineering Co., Ltd.
Akira UCHIDA	Architect and Equipment Planner	Fisheries Engineering Co., Ltd.
Toshihito INKI	Civil Engineer and Surveyor	Fisheries Engineering Co., Ltd.
Tadashi OGAWA	Engineering Work Planner and Cost Surveyor	Fisheries Engineering Co., Ltd.

1-2. Consultation of Draft Basic Design Report Team

Hiroshi KITANI	Team Leader	Institute for International Cooperation Japan International Cooperation Agency
Takeyuki OYA	Project Coordinator	Rural Development Team, Project Management Group III, Grant Aid Management Department, Japan International Cooperation Agency
Kuniaki TAKAHASHI	Chief Consultant Operation, Maintenance & Management Planner and Environment & Socio-economic Researcher	Fisheries Engineering Co., Ltd.
Toshihito INKI	Civil Engineer and Surveyor	Fisheries Engineering Co., Ltd.

2. Study Schedule

2-1. Field Survey

	Date		JICA				
1	28, Jun.	Sun	Narita(21:30)→				
2	29	Mon	→(07:10)Brisbane(09:30)→(14:00)Honiara Courtesy visit to Embassy of Japan, Ministry of Infrastructure Development(MID)				
3	30	Tue	Honiara (08:00)→(08:30)Auki Visit to Auki market and Auki Jetty Discussion with Malaita Provincial Government Auki (16:45)→(17:15) Honiara				
4	31	Wed	Courtesy visit to Dep. of National Planning and Aid Coordination, Discussion with MID				
5	1, Feb.	Thu	Discussion with MID				
6	2	Fri	Signing of the Minutes of Discussions, Report to Embassy of Japan and JICA office	Meeting of Interview survey	Investigation on general conditions of construction		
			Honiara(15:00) →(17:30) Brisbane				
7	3	Sat	Brisbane (08:55) →(16:45)Narita	Visit to Honiara Market, data collection			
8	4	Sun		Discussion within the team		Narita(21:30)→	
9	5	Mon		Survey on Transportation & distribution channel to Malaita		(7:10) Brisbane (9:30)→(14:00) Honiara	
10	6	Tue		Survey on Transportation & distribution channel to Malaita , Honiara (16:00)→(16:30)Auki	Data collection of Natural conditions	Investigation on general conditions of construction	
11	7	Wed		Interview survey /Existing facilities	Data collection of Natural conditions	Investigation on general conditions of construction	
12	8	Thu		Interview survey / Existing facilities	Data collection of existing vessels	Investigation on general conditions of construction	
13	9	Fri		Interview survey / Fish distribution	Data collection of existing vessels	Investigation on general conditions of construction	
14	10	Sat		Interview survey /Fish distribution		Honiara (08:00)→(08:30)Auki Existing facilities survey	
15	11	Sun		Discussion within the team		Natural conditions survey	
16	12	Mon		Interview survey /Operation & Management	Facilities planning survey	Existing facilities survey	
17	13	Tue		Interview survey /Operation & Management	Fish distribution survey	Auki (8:45)→ (9:15) Honiara Data collection of Natural conditions	Construction & Procurement condition survey
18	14	Wed		Interview survey /Operation & Management	Fish distribution survey	Data collection of Natural conditions	Existing facilities survey
19	15	Thu		Social & Environmental survey	Fish distribution survey	Honiara (08:00)→(08:30) Auki	Existing facilities survey
20	16	Fri	Auki (08:45)→(09:15) Honiara			Natural conditions survey	
			Environmental laws survey	Construction standard survey		Existing Jetty survey	
21	17	Sat		Data analysis		Existing Jetty survey	
22	18	Sun		Data analysis		Natural conditions survey	
23	19	Mon		Report to MID		Natural conditions survey	
24	20	Tue		Report to Embassy of Japan, JICA office / Honiara(14:05)→(16:05) Brisbane	Natural conditions survey	Auki (8:45)→ (9:15) Honiara Collection of cost information	
25	21	Wed		Brisbane (8:55)→(16:45)Narita	Natural conditions survey(Topographic & Soil)	Collection of cost information	

	Date		JICA			
26	22	Thu			Natural conditions survey(Topographic & Soil)	Collection of cost information
27	23	Fri			Natural conditions survey(Topographic & Soil)	Collection of cost information
28	24	Sat			Natural conditions survey(Topographic & Soil)	Collection of cost information
29	25	Sun			Natural conditions survey(Topographic & Soil)	Data analysis
30	26	Mon			Natural conditions survey(Topographic & Soil) Auki (16:45)→ (17:15) Honiara	Collection of cost information
31	27	Tue			Report to MID/ Cost estimation survey	
32	28	Wed			Honiara(14:40)→(17:10) Brisbane	
33	1, Mar.	Thu			Brisbane (8:55)→(16:45)Narita	

Chief Consultant, Architect and Equipment Planner, Civil Engineer and Surveyor, Engineering Work Planner and Cost Surveyor

2-2. Consultation of Draft Basic Design Report

	Date		JICA	Chief Consultant, Civil Engineer and Surveyor
1	4, Jun.	Mon		Narita (21:30)→
2	5	Tue		→ (07:05) Brisbane (09:30) → (13:50) Honiara Courtesy visit to Embassy of Japan and JICA office
3	6	Wed		Discussion with MID
4	7	Thu	Narita (21:30)→	Honiara (08:00)→(08:30) Auki / Discussion with Malaita Provincial Government
5	8	Fri	(07:05) Brisbane (10:00)→(14:20) Honiara Courtesy visit to MID, Embassy of Japan	Discussion with Malaita Provincial Government
6	9	Sat	Honiara (08:00)→Auki (08:30)	Visit to Auki Market & Auki Jetty / Discussion with Malaita Provincial Government
7	10	Sun	Discussion within the mission Auki (16:45)→(17:15) Honiara	
8	11	Mon	Discussion with MID	
9	12	Tue	Signing of Minutes of discussions, Report to Embassy of Japan and JICA office Honiara (14:40)→(17:10) Brisbane	
10	13	Wed	Brisbane (08:50)→(16:45) Narita	

3. List of Parties Concerned in the Recipient Country

Name	Title
Ministry of Infrastructure Development<MID>	
Peter HAULA	Permanent Secretary
Moses VIRIVOLOMO	Under Secretary
Francis NORI	Director of Transportation Infrastructure
Ambrose F. KIREI	Director of Civil Engineering
James H NONONE	Chief Civil Engineer
Robb WALE	Maritime Surveyor
Elliot CORTEZ	Director of Maritime Safety Administration Dept.
Jack BANA	Head of Maritime RCC
Ministry of Development Planning and Aid Coordination<MPA>	
Jane WA'ETARA	Permanent Secretary
Evans TUHAGENGA	Under Secretary
Allan DAONGA	Director of Aid Coordination
Kazuyoshi OGAWA	JICA Expert
Ministry of Fisheries	
Jimmy EROAMAE	Senior Fish Officer (Refrigeration)
Karlos HAIKAU	Provincial Development Div.
Ministry of Forests, Environment and Conservation	
Tia Masolo	Dept. Forests, Environment and Conservation
Joe HOROKOU	Environment & Conservation Division
Ministry of Natural Resources	
Davit Michael	Director of Geology, Dept. of Mines & Energy
Department of Lands & Survey	
Jackson VAIKOTA	Surveyor General
Gilmour PIO	Surveyor
Solomon Island Meteorological Service	
Lloyd TAHANI	
Solomon Islands Port Authority	
David MUDU	Assistant Port Engineer
Derrick BAKO	Port Engineer
Solomon Islands Electric Authority (SIEA)	
Gabriel HIKUHANIMAE	
Solomon Islands Water Authority (SIWA)	
John FERAWANE	

Name	Title
Malaita Province Government	
Richard Na'amo	Premier
IROSAEA	
Harold LEKA	Provincial Secretary
Edwin M. SUIBOEA	Deputy Premier
Randall SIFONI	Minister of Education & Human Resources
Buy FAROLO	Minister of Fishery
Senley L. FHUALEH	Minister of Agriculture, Livestock
Robelt MADEO	Minister for Lands, Housing, Urban Development
Jimmy MARENAI	Minister for Youth, Sports and Women
Silas Tony BOBBY	Minister of Culture & Tourist
George MOFFAT OU	Minister of Finance & Treasury
John TEOHU	Minister for Ecclesiastical & Religion
Billy ABAE	Minister for Commerce & Industry
Charles Jeffery OLOFIA	Minister for Forest & Conservation
William ISUI	Minister for Works & Infrastructure
George Abana SANGA	Minister of Mines & Energy
Isaac HOUHIAPA	Minister of Health & Medical Services
Roy MAE	Planning Officer
Eric George ONGOA	Chief Industrial Officer, Industrial Development Div., Dept of Commerce
Jack SIWAIWAO	Chief Environmental Health Officer
Brian WAGA	Div. of Environment & Conservative
Mary Fa'alimae	Div. of Agriculture
Simon Suku	Labor Div., Dept. of Commerce, Industry & Employment
Michael LAUMANI	Principal Fisheries Officer
Thasius MAURI	Manager, LULAR 7's. Fishing Group
Northern Regional Land Centre	
Bobby WAITARA	Manager (Ag),
Alphonsus W. OSIFO'OA	Physical Planner
Filiramo GANITA	Principal Physical Planner
Andrew ROFETA	Principal Surveyor
Honiara Market, Honiara City Council	
Solomon MUA	Market Master

Name	Title
Shipping Companies	
Pye Roberts KUVÉ	General Manager (Transwest Shipping Line Ltd.)
James MEPLANA	Operations Manager (Temotu Shipping Line Ltd.)
Hugo Clay HAHANO	Captain (Shortland Shipping Line Ltd.)
Charles FOX	Chief Engineer (Shortland Shipping Line Ltd.)
Allan Harry AWIGAFUIU	Captain (Maofaita Shipping Line Ltd.)
Philip S. K. TIEW	General Manager (Elite Shipping Services (SI) Ltd.)
Embassy of Japan in Solomon Islands	
Koichi Kodama	Chargés d Affaires a.i.
Hiroaki Fujiwara	First Secretary
Izumi Iwaoka	Researcher / Advisor
JICA Solomon office	
Kimio Miura	Resident Representative
Yoshihiko Nishimura	Project Formulation Advisor

4. Minutes of Discussions
4-1. Field Survey

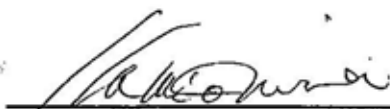
**MINUTES OF DISCUSSIONS
ON
BASIC DESIGN STUDY
ON
THE PROJECT FOR CONSTRUCTION OF AUKI MARKET CENTER
AND RENOVATION OF AUKI JETTY
IN
SOLOMON ISLANDS**

In response to a request from the Government of Solomon Islands, the Government of Japan decided to conduct a Basic Design Study on the Project for Construction of Auki Market Center and Renovation of Auki Jetty (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Solomon Islands the Basic Design Study Team (hereinafter referred to as "the Team"), which was headed by Mr. Kimio MIURA, Resident Representative, Solomon Islands Office, JICA and was scheduled to stay in the country from January 29th to February 28th, 2007.

The Team held a series of discussion with the officials concerned of the Government of Solomon Islands and conducted a field survey at the study area. In the course of discussions and field survey, both parties confirmed the main items described on the attached sheets.

Honiara, February 2nd, 2007

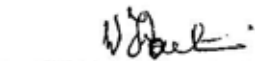


Mr. Kimio MIURA
Basic Design Study Team Leader
Japan International Cooperation Agency
(JICA)



Mr. Peter HAUJA
Permanent Secretary
Ministry of Infrastructure Development
Solomon Islands

Witness



Ms. Jane Wa'etara
Permanent Secretary
Ministry of Development Planning and
Aid Coordination
Solomon Islands



Mr. Harold Leka
Provincial Secretary
Malaita Province
Solomon Islands

ATTACHMENT

1 Objective of the Project

The objective of the Project is to improve the convenience of the distribution of goods and services, by constructing the market and the jetty in Auki.

2 Project site

The Project site is in Auki, Malaita Province, as shown in Annex - I .

3 Responsible and Implementing Agency

The responsible and implementing agency is Ministry of Infrastructure Development. The organizational chart of the Ministry is shown in Annex - II .

4 Items requested by the Government of Solomon Islands

After discussions with the Team, the components described in Annex -III were finally requested by the Government of Solomon Islands. The final components of the Project will be decided after further studies, and JICA will assess the appropriateness of the request and will summarize it into the draft basic design report.

5 Japan's Grant Aid Scheme

Solomon Islands understood Japan's Grant Aid Scheme and would take necessary measures described in Annex -IV .

6 Further Schedule of the Study

6.1 The consultant members will proceed to further study in Solomon Islands until 28th February, 2007.

6.2 JICA will prepare a draft report in English and dispatch a mission in order to explain its contents around June 2007.

6.3 After the content of the draft report is accepted in principle by the Government of Solomon Islands, JICA will complete a final report and send it to the Government of Solomon Islands by the end of August, 2007.

7 Other relevant issues

7.1 Ice Making Plant and Cold Storage

Since the number of ice making plant and cold storage have been procured for Solomon Islands under the Japanese cooperation, the current situation of these equipments shall be reviewed in detail, in order to analyze the capacity of the Solomon Islands side to properly operate and maintain these equipments under this Project. The consultant will review the above issues in detail and report to the Government of Japan, in order to reflect the lessons to be learnt from the past cooperation into this Project.

7.2 Environmental and Social Considerations

The Team explained the outline of JICA Environmental and Social Considerations Guideline (hereinafter referred to as "the JICA Guideline") to the Solomon Islands side. The Solomon Islands side took the JICA Guideline into consideration, and shall complete the necessary procedures.

In addition to that, both sides confirmed that for the construction of the berthing facilities for fishing boats and canoes, the environmental attention to the tideland shall be

considered carefully.

Both sides confirmed that Environmental Impact Assessment is not necessary for this Project, and the official document to prove this will be handed over to the Consultant by 28th February, 2007.

7.3 Land Exploitation

The Solomon Islands side agreed that it would complete expropriation of land at the new market and jetty, and finalize the memorandum of understanding between the Government of Solomon Islands and landowners. The copy of the memorandum will be submitted to the Consultant by 28th February 2007.

7.4 Future use of the current market site

The Solomon Islands side will decide the future use of the current Auki market site by June 2007.

7.5 Operation and Management (O/M)

The Solomon Island side agreed to submit the final version of the O/M plan of the new market and jetty including estimated budget, O/M expenditure, organizational chart, personnel etc. and submit the plan to the Consultant by 28th February 2007.

7.6 Land for construction materials

Both sides confirmed that during the study, the Consultant will survey the possible land where there is sand aggregate and stone materials required for the construction of the Project can be obtained. If the Consultant finds the possible land, the Solomon Islands side agreed that it would make necessary procedures to secure the land.

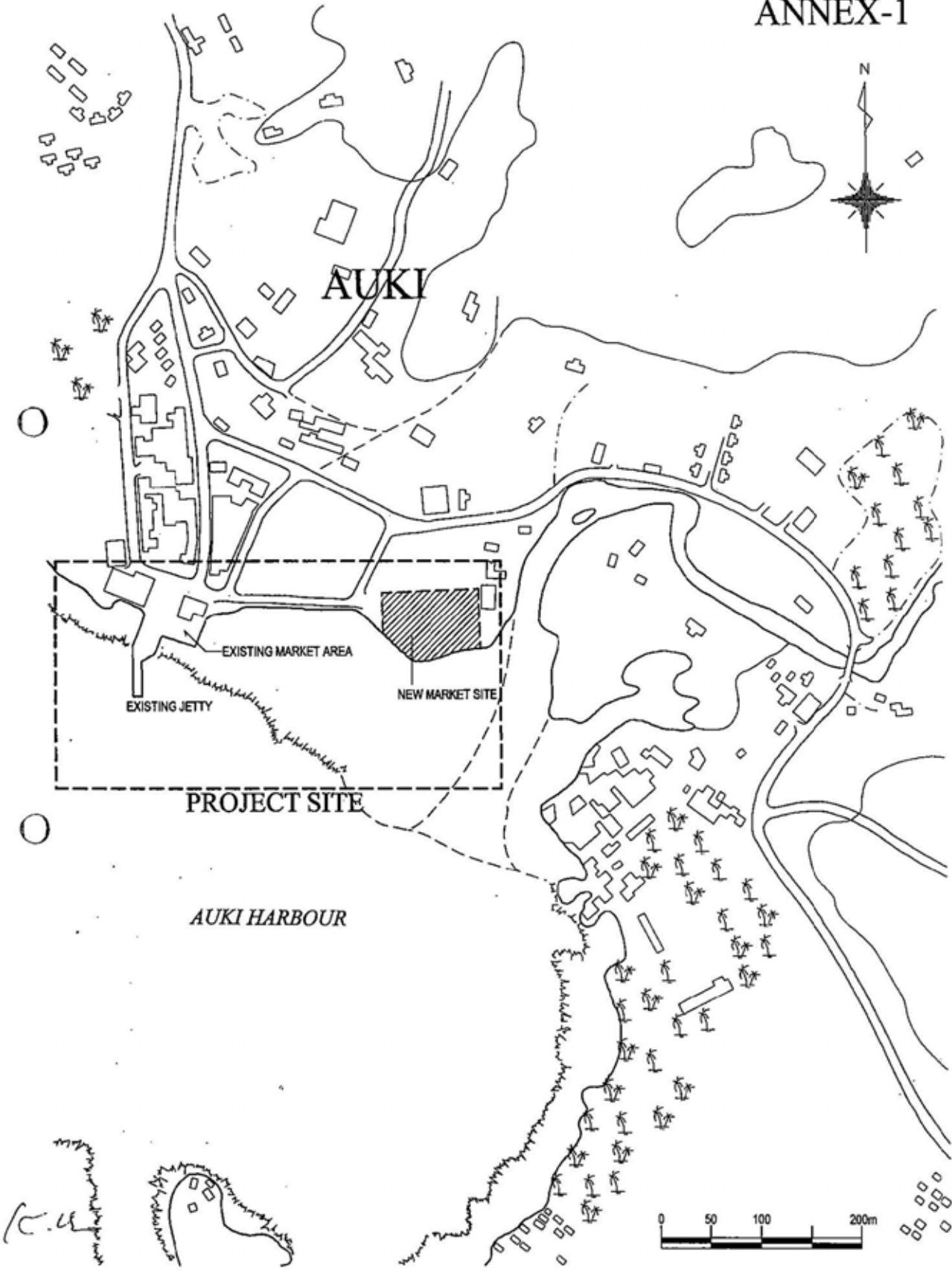
7.7 Security issues

The Solomon Islands side agreed to take necessary measures to ensure the security of personnel concerned of this Project.

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ANNEX-1

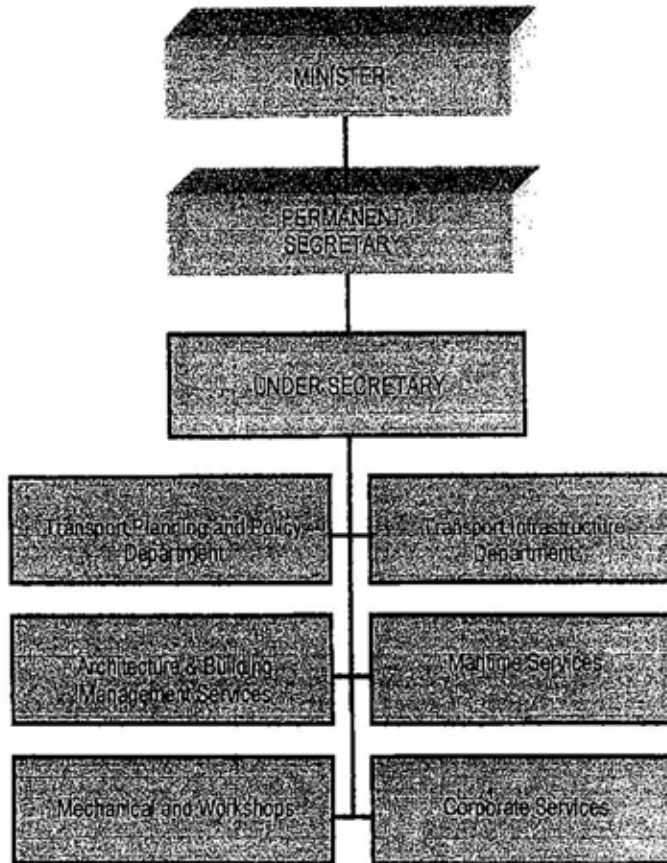


MAP OF THE PROJECT SITE

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6.1 DEPARTMENT OF INFRASTRUCTURE ORGANISATIONAL STRUCTURE

Annex-II



6.0 ORGANISATION AND MANAGEMENT

6.2 OVERVIEW OF STAFFING BREAKDOWN BY DIVISIONS

Division / Section	Established posts (number)	Filled posts			Vacant posts (number)	Non-established posts (number)
		Male (number)	Female (number)	Total (number)		
Corporate Services	18	7	5	12	6	5
Planning & Policy dept	8	4	0	1	4	0
Transport Infrastructure	28	25	0	22	3	0
Arch & Buildings mgt Services	15	13	2	11	2	0
Maritime	35	33	2	26	8	1
Mechanical & Works	29	27	2	29	4	4
TOTAL	131	90	11	101	30	10

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List of Requested Components

Basic Design Study			Preliminary Study			
Component	Quantity / contents	Priority	Remarks	Component	Quantity / contents	Priority
A. 1	New Market House (1,800 sq.meters)	A	The scale and the contents of the market house will be examined by the study team.	New Market House (1,800 sq.meters)	1 lot, Shed with concrete floor, mount with management office, fish process room, lockable Farmer's storage	A
A. 2	Ice Making Plant	B	0/M capacity shall be examined	Ice Making Plant	1 lot, Block ice with the capacity of 2 tons/day, including the ice storage with the capacity of 6 tons, mounted with the emergency standby generator set and block ice crushing machine	B
A. 3	Cold Storage	B	0/M capacity shall be examined	Cold Storage	Cold storage room with minus 20 degrees Celsius, 5 tons capacity and plus 5 to 10 degrees Celsius for fruits and vegetables, 3 tons capacity	B
A. 4	External Booths for general retailer's: 20 units	A	The current situation of the general retailers shall be examined to confirm the necessity.	External Booths for general retailer's: 20 units	Lockable retailer's booth with roof and walls and roof link to the market house	A
A. 5	Outdoor lighting	B	The necessity and viability will be examined by the study team.	Outdoor lighting	Outdoor lighting posts with power supply cable	A
A. 6	Parking lot and yard pavement (1,600 sq.meters)	A	The scale will be examined by the study team.	Parking lot and yard pavement (1,600 sq.meters)	Concrete pavement	A
A. 7	General external works	A	the necessary contents shall be examined by the team.	General external works	Water supply system including elevated water tank, rain water catchment storm water drainage, sewage treatment	A
A. 8	Market accessories devices	C	The necessity and viability will be examined by the study team.	Market accessories devices	Market supplies such as fish boxes, weighting devices	C
A. 9	Berthing facilities for fishing boats (OBM) and canoe	A	The capacity is examined by the study team.	Berthing facilities for fishing boats (OBM) and canoe	Low levelled concrete floor berthing facility along the coastline at the shoreline of the project site for local artisanal fishing boats and some other facilities can be used during low tide	A
A. 10	Fishermen's gear lockers	B	The necessity and viability will be examined by the study team.	Fishermen's gear lockers	10 units of lockable room units with roof and walls	B
A. 11	Abution block (Public toilet) and garbage dump area	A	The scale and system will be examined by the study team.	Abution block (Public toilet) and garbage dump area	Two separated large components with two separate entrance, one for men and one for women. Each large component should compose of 10 toilet units for men and 10 toilet unit for women, plus basic toilet facilities.	A
B. 1	Construction of New Jetty for Inter-island Vessels	A	The scale will be examined by the study team.	Construction of New Jetty for Inter-island Vessels	Concrete floored jetty supported with steel pile foundations with the length of 60m and width of 12m	A
B. 2	Relating works	A	The scale will be examined by the study team.	Relating works	Revetment for the new jetty	A

Japan's Grant Aid Scheme

The Grant Aid Scheme 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. The Grant Aid is not supplied through the donation of materials as such.

A. Grant Aid Procedure

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

Application (Request made by a recipient country)

Study (Preparatory Study and 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. If necessary, JICA send a Preparatory Study Team to the recipient country to confirm the contents of 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 Programme, 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.

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B. 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

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requested project (hereinafter referred to as "the Project"), 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; and
- 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 through 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 Japanese consulting firm selected through its own procedure (competitive proposal). The selected firm participates the Study and prepares 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 as well as to avoid any undue delay caused by the selection of a new consulting firm.

C. Japan's Grant Aid Scheme

1) What is Grant Aid?

K.9 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.

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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.

○ 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 and drainage and other incidental facilities outside the site;

K.uy 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

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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.

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 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 (A/P) issued by the Government of recipient country or its designated authority.

10) Authorization to Pay (A/P)

The Government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.

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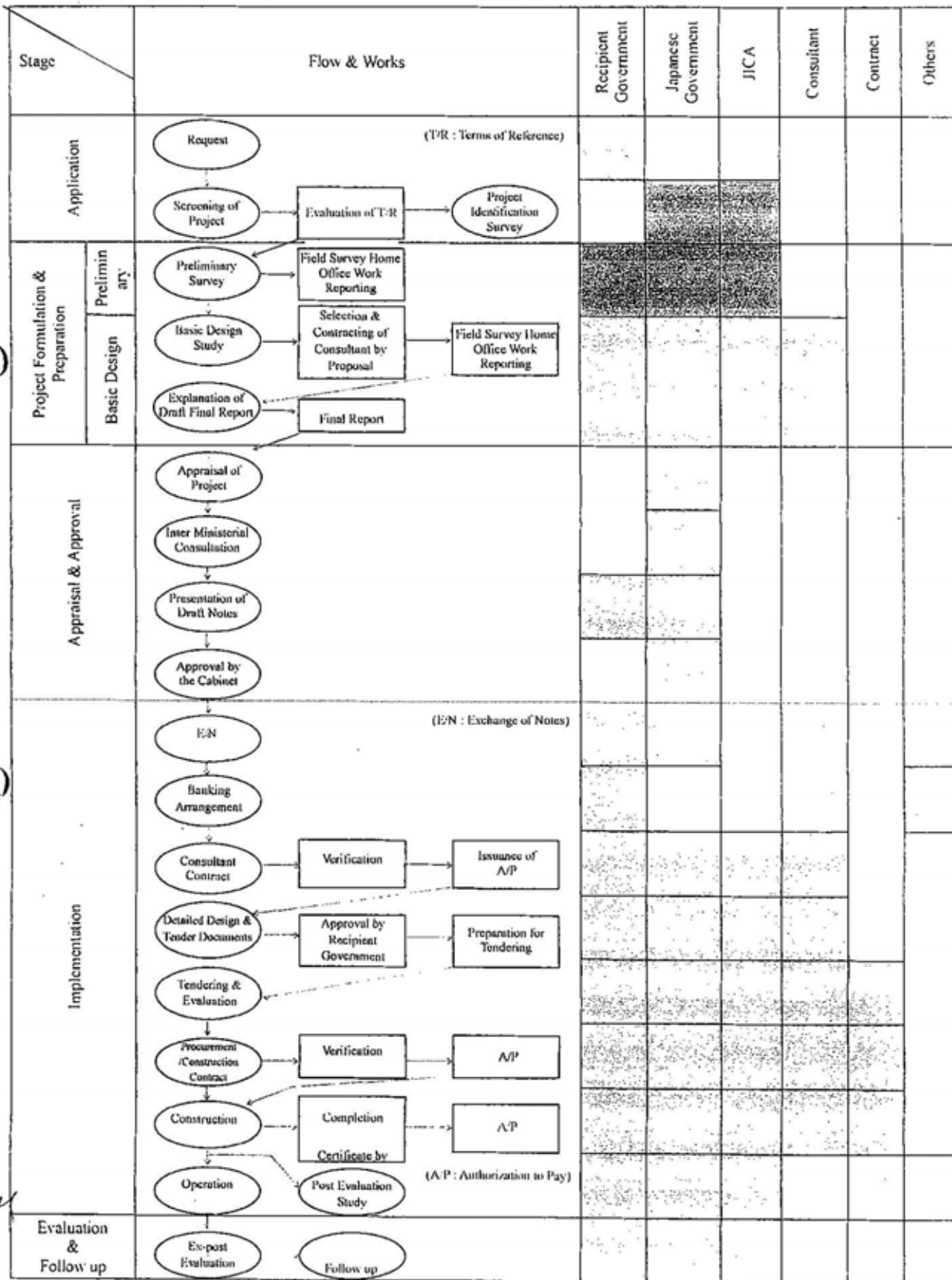
Major Undertakings to be taken by Each Government

	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		●
2	To clear, level and reclaim the side when needed		●
3	To construct gates and fences in and around the side		●
4	To construct the parking lot		●
5	To construct roads		
	1) Within the site	●	
	2) Outside the site		●
6	To construct the building	●	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution main to the site		●
	b. The supply system within the site (receiving and elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (from storm sewer and other to the site)		●
	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the site	●	
	4) Gas Supply		
	a. The city gas main to the site		●
	b. The gas supply system within the site	●	
	5) Telephone System		
	a. The telephone trunk line to the main distribution frame/panel (MDF) of the building		●
	b. The MDF and the extension after the frame/panel	●	
	6) Furniture and Equipment		
	a. General furniture		●
	b. Project equipment	●	
8	To bear the following commissions to the Japanese bank for banking services based upon the B/A		
	1) Advising commission of A/P		●
	2) Payment commission		●
9	To ensure unloading and customs clearance at port disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient	●	
	2) Tax exemption and custom clearance of the products at the port of disembarkation		●
	3) Internal transportation from the port of disembarkation to the project site	(●)	(●)
10	To accord Japanese nationals, whose service may be required in connection with the supply of the products and the services under the verified contract, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work		●
11	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 contract		●
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant		●
13	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 installation of the equipment		●

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FLOW CHART OF JAPAN'S GRANT AID PROCEDURES



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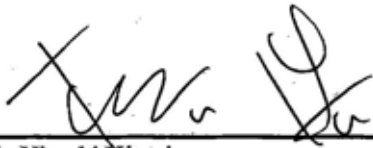
**MINUTES OF DISCUSSIONS
ON
THE BASIC DESIGN STUDY
ON
THE PROJECT FOR CONSTRUCTION OF MARKET AND JETTY
IN AUKI, SOLOMON ISLANDS
(EXPLANATION OF DRAFT FINAL REPORT)**

In January 2007, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Basic Design Study Team on the Project for Construction of Market and Jetty in Auki (hereinafter referred to as "the Project") to Solomon Islands, and through discussion, field survey, and technical examination in Japan, JICA prepared a draft final report of the study.

In order to explain and to discuss with officials of the Government of Solomon Islands on the components of the draft final report, JICA sent to Solomon Islands the Draft Report Explanation Team (hereinafter referred to as "the Team"), headed by Mr. Hiroshi KITANI, Senior Advisor, JICA, and was scheduled to stay in the country from 5th to 12th June, 2007.

As a result of discussion, both parties confirmed the items described on the attached sheets.

Honiara June 12th, 2007



Mr. Hiroshi Kitani
Leader
Japan International Cooperation Agency



Mr. Peter Hauia
Permanent Secretary
Ministry of Infrastructure Development
Solomon Islands

Witness



Ms. Jane Wa'etara
Permanent Secretary
Ministry of Development Planning and Aid
Coordination
Solomon Islands



Mr. Harold Leka
Provincial Secretary
Malaita Province
Solomon Islands

ATTACHMENT

1. Explanation of the Draft Final Report

The Government of Solomon Islands agreed and accepted in principle the contents of the draft final report explained by the Team.

2. Japan's Grant Aid Scheme

The Government of Solomon Islands understood the Japan's Grant Aid Scheme and the necessary measures to be taken by the Government of Solomon Islands as explained by the Basic Design Study Team and described in Annex-IV of the Minutes of Discussions signed by both parties on 2nd February, 2007.

3. Schedule of the Study

JICA will complete the final report in accordance with the confirmed items and send it to Ministry of Infrastructure Development (hereinafter referred to as "MID") representing the Government of Solomon Islands by the end of August, 2007.

4. Other Relevant Issues

4-1. Title of the Project

Both parties confirmed that the title of the Project should be changed from "The Project for Construction of Auki Market Center and Renovation of Auki Jetty in Solomon Islands" to "The Project for the Construction of Market and Jetty in Auki, Solomon Islands".

4-2. Undertakings by the Government of Solomon Islands

Both parties confirmed that, for the smooth implementation of the Project, the Government of Solomon Islands should particularly implement the following matters as scheduled and secure the necessary budget described in Annex - I .

- securing the Project site and the sites for temporary use for construction
- connecting electricity, telephone line and water supply to the site
- acquiring all construction and other necessary permits required for the Project Implementation
- exemption from custom duties, internal taxes and other fiscal levies imposed

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upon any equipment or materials concerned of the Project

- maintenance and removal of the existing jetty in the future
- transferring market function from the existing to the new market site
- construction of road in front of the new jetty before the beginning of the Project
- removal of the sunken ship
- securing necessary personnel and budget for the proper operation and maintenance of the new market and jetty

4-3. Environmental Impact Assessment (EIA)

Both parties confirmed that EIA is not necessary for the Project as attached in Annex - II .

4-4. Land Exploitation

Both parties confirmed that the exploitation of the land at the new market and jetty had completed and the memorandum of understanding between the Government of Solomon Islands and the landowners is as attached in Annex - III. The Government of Solomon Islands further stated that the Government is fully responsible to secure the land and would take necessary measures to solve any land issues occurred about the Project.

4-5. Future Use of the Current Market Site

The Government of Solomon Islands explained that the current market site will be used as a jetty terminal, after the new market is established.

4-6. Operation and Maintenance (O/M)

The Government of Solomon Islands is fully responsible for the proper operation and maintenance of the new market and jetty. The Government of Solomon Islands explained that at the initial stage, MID will take care of the operation and maintenance of the new market and jetty.

At the same time, the Malaita Provincial Government will establish the new organization, as the registration is currently ongoing. As soon as the new organization is established, it will implement O/M works under the supervision of MID, and once the new organization is capable of implementing more effective management, MID will hand over the responsibility to the Malaita Provincial Government.

However, MID will still be responsible for a physical maintenance and repair of the

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market buildings and the jetty.

4-7. Project Cost Estimation

Both parties agreed that the Project Cost Estimation, as attached in Annex -IV, should never be duplicated or released to any outside parties before signing of all the Contracts for the Project.

4-8. Security Issues

The Government of Solomon Islands agreed to take necessary measure to ensure the security of personnel concerned of the Project, if the Project is to be implemented.

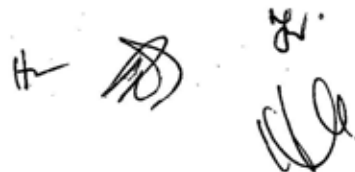
END

Annex - I Tentative Implementation Schedule

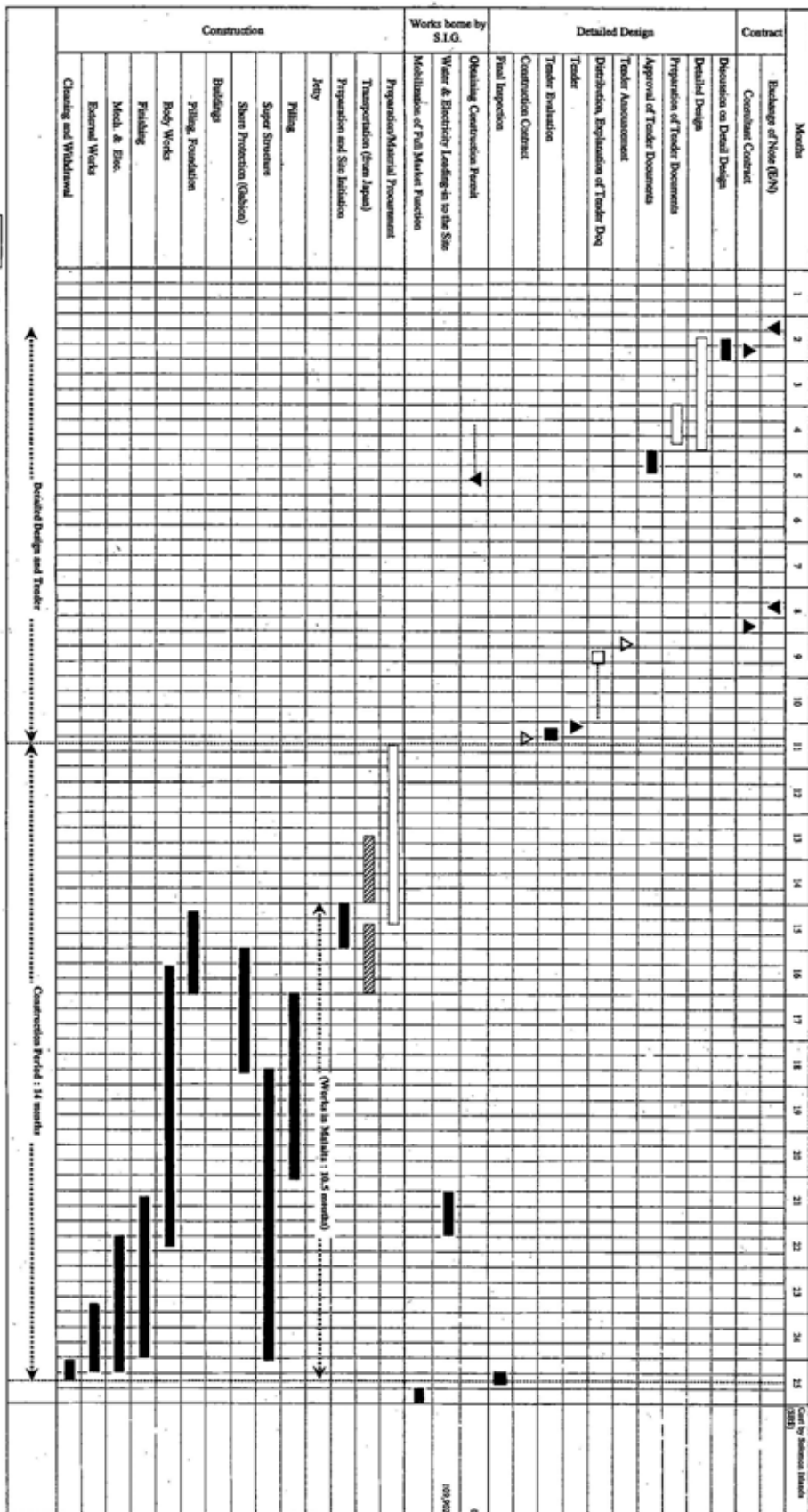
Annex - II EIA Exemption

Annex -III Memorandum of Understanding

Annex -IV Project Cost Estimation



Annex-1 Tentative Implementation Schedule



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**MINISTRY OF FORESTS, ENVIRONMENT
AND CONSERVATION**

SOLOMON ISLANDS
GOVERNMENT

P O Box G24
HONIARA
Solomon Islands

Facsimile: (677) 24660

Tel: (677) 28611/22453

Date: March 23, 2007

File Ref: ENV. 8/5

Director
Civil Engineering
Transport Infrastructure Department

Re: EIA Exemption for Proposed Auki Wharf and Auki Market

On the basis of the comprehensive scoping exercise undertaken for the proposed infrastructure projects and our review of the initial environmental examination report submitted by your department, it is hereby advised that consent has been granted for your department to proceed with the development.

The issuance of the development consent means that your department will not be required to undertake detail environmental studies as your preliminary report was deemed adequate and satisfactory, given the nature and scale of the proposed projects and site conditions.

Should there be any concerns arising in the future, do not hesitate to contact the undersigned for clarifications or assistance.

Yours sincerely

Joe Horokou
Director (Ag)
Environment and Conservation Division
For: Permanent Secretary
Ministry of Forests, Environment and Conservation

MEMORANDUM OF UNDERSTANDING

ON THIS 27TH DAY OF FEBRUARY 2007

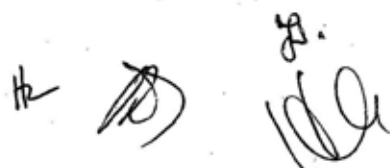
THE TRIBES, SUB-TRIBES AND GROUPS WHO CLAIM AN INTEREST
IN THE LAND ON THE AUKI WATERFRONT HAVE COME TOGETHER
TO RECORD THEIR AGREEMENT THAT THE LAND ON THE AUKI
WATERFRONT SHOULD BE USED FOR PURPOSES THAT GIVE A
BENEFIT TO ALL THE PEOPLE OF MALAITA

The tribes, sub-tribes and groups who have made this agreement are:

The tribes, sub-tribes and groups	Represented by:
Lesiala	<i>George Tafisifera</i>
Saletafii	<i>Billy Mae</i>
Aisisiki	<i>Jonathan Malai</i>
Abu	<i>Peter Tafea</i>
Bosokuru	<i>Francis Saemala</i>
Aimarakwa	<i>Willie Fioru</i>
Funubua asi	<i>J. Wale</i>
Feraimae	<i>Alphonse Wale</i>
Otefarakau	<i>B. Ansa</i>
DST	<i>A Gegeo</i>

1 On behalf of the people they represent, the signatories to this MOU:

- 1.1 **Acknowledge** this Memorandum does not decide any of the matters which are the subject of any case before a Court of Law or matter for decision by a House of Chiefs and cannot be used as evidence of land rights, interest and ownership by any other claimants including the Malaita Provincial government.



- 1.2 **Agree** there is a benefit to the community and people of Auki and rest of Malaita if the land on the Auki waterfront is used for agreed public purposes.
- 1.3 **Agree** the land on the Auki waterfront which has not yet been allocated to private interests or which may, at sometime in the future be allocated or transferred to the Provincial government for public purposes, should be used for public purposes including building;
- a public market place and associated buildings and facilities;
 - lock-up retail outlets;
 - fish market and associated buildings and facilities;
 - wharves and jetties and associated buildings and facilities;
 - public ablution facilities;
- and should in all respects be subject to Town and Country Planning requirements.
- 1.4 **Agree** that, if it is a condition of any funding required to build any of the public facilities, then the Malaita Provincial Government should be recorded as the registered owner of any interest in the land and any title to the land should show it is being held for public purposes.
- 1.5 **Agree** the land and any buildings, equipment, machinery and furnishings on the land and any people using the land shall remain undisturbed for as long as the land is used for these public purposes and complies with any development, health and environmental requirements.
- 1.6 **Agree** that, if all or any of the land is no longer required for these purposes and land ownership issues still remain unresolved, the Provincial Government will hold the land in trust, at the Provincial government's cost, until a determination on the ownership of the land has been made by the appropriate authority.
- 1.7 **Agree** that where the customary landowning group has been identified by the relevant judicial authority and the Provincial government has transferred perpetual title to that group within two years of the decision being made, the landowners shall transfer to the Provincial government a fixed term estate of no less than 75 years on reasonable terms and conditions.
- 1.8 **Warrant** that the signatories below are authorised to sign on behalf of all the members of the customary land owning groups who claim an interest in the land.

2 The Malaita Provincial Government

- 2.1 **Agrees** the land that is the subject of this Memorandum of Understanding shall be used only for the public purposes listed in 1.3 above or as may further be agreed in writing with the landowning groups who have signed this MOU.
- 2.2 **Agrees** that if the land is no longer required for the purposes listed in 1.3 above or for any other agreed public purpose, the Provincial government will

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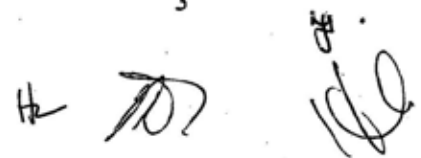


not sell or transfer the estate in the land to any private interest but will hold it in trust for the customary group that is identified as being the true owner of the land.

- 2.3 **Agrees** that where the customary landowning group has been identified by the relevant judicial authority, the Provincial government shall transfer perpetual title to that group within two years of the decision being made and the landowners shall transfer to the Provincial government a fixed term estate of no less than 75 years on reasonable terms and conditions.
- 2.4 **Agrees** it will work in partnership with the people who have entered into this MOU to ensure all decisions concerning the development of the land are made in a transparent manner and in consultation with the people.
- 2.5 **Agrees** it will do everything reasonable to protect the land and ensure it is managed in a sustainable, environmentally and culturally safe manner for the benefit of the people of Auki and Malaita.

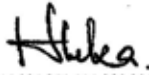
Signed on behalf of the landowning groups on February 2007:

The tribes, sub-tribes and groups	Signed by:	Signature
Lesiala	George Tafisifera	
Saletafii	Billy Mae	
Aisisiki	Jonathan Malai	
Abu	Peter Tafea	
Bosokuru	Francis Saemala	
Aimarakwa	Willie Fioru	
Funubua asi	J. Wale	
Feraimae	Alphonse Wale	
Otefarakau	B. Ansa	
DST	A Gegeo	



Executed on behalf of the Malaita
Provincial Executive by the Premier

) 
.....
(Richard Na'amo Irosaea)

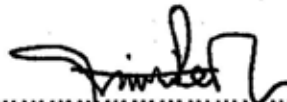


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Witness (Harold Leka)

Provincial Secretary

Witness Occupation



.....
Minister of Regional
affairs

Witness

Witness Occupation

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