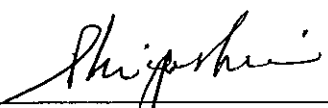



**RECORD OF DISCUSSIONS**  
**BETWEEN THE JAPAN INTERNATIONAL COOPERATION AGENCY**  
**AND**  
**THE AUTHORITIES OF THE GOVERNMENT OF NEPAL**  
**ON**  
**JAPANESE TECHNICAL COOPERATION**  
**FOR THE PROJECT ON PROMOTION OF QUALITY COCOON PRODUCTION**  
**AND PROCESSING PROJECT IN NEPAL**

With regard to the minutes of meeting between Japan International Cooperation Agency (hereinafter referred as "JICA") and the Government of Nepal dated on 13<sup>th</sup> November 2006, JICA had a series of discussions through the Resident Representative of JICA in Nepal with the Nepalese authorities concerned with respect to desirable measures to be taken by JICA and the Government of Nepal for the successful implementation of the above-mentioned Project.

As a result of the discussions, and in accordance with the provisions of the Agreement on Technical Cooperation between the Government of Japan and the Government of Nepal, signed in Kathmandu on 03<sup>rd</sup> September, 2003 ( hereinafter referred to as " the Agreement"), JICA and Nepalese authorities concerned agreed on the matters referred to in the document attached hereto.

Kathmandu 30<sup>th</sup>, November 2006

  
\_\_\_\_\_  
Shinji YOSHURA  
Resident Representative  
Japan International Cooperation Agency  
Nepal Office

  
\_\_\_\_\_  
Tek Bahadur THAPA  
Joint Secretary  
Ministry of Agriculture & Cooperatives  
The Government of Nepal

## THE ATTACHED DOCUMENT

### I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF NEPAL

1. The Government of Nepal will implement the Promotion of Quality Cocoon Production and Processing Project (hereinafter referred to as "the Project") in cooperation with JICA.
2. The Project will be implemented in accordance with the Master Plan (Annex I-1) and Project Design Matrix (Annex I-2).

### II. MEASURES TO BE TAKEN BY JICA

( ) In accordance with the laws and regulations in force in Japan and the provisions of Article III of the Agreement, JICA, as the executing agency for technical cooperation by the Government of Japan, will take, at its own expense, the following measures according to the normal procedures of its technical cooperation scheme.

#### 1. DISPATCH OF JAPANESE EXPERTS

JICA will provide the services of the Japanese experts as listed in Annex II. The provision of Article III (b) of the Agreement will be applied to the above-mentioned experts.

#### 2. PROVISION OF MACHINERY AND EQUIPMENT

( ) JICA will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project as listed in Annex III. The provision of Article III (e) of the Agreement will be applied to the Equipment.

#### 3. TRAINING OF NEPALESE PERSONNEL IN JAPAN

JICA will receive the Nepalese personnel connected with the Project for technical training in Japan.

### III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF NEPAL

1. The Government of Nepal will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after the period of the Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiary groups and institutions.
2. The Government of Nepal will ensure that the technologies and knowledge acquired by the



Nepalese nationals as a result of the Japanese technical cooperation will contribute to the economic and social development of Nepal.

3. In accordance with the provisions of Article VI of the Agreement, the Government of Nepal will grant in Nepal privileges, exemptions and benefits to the Japanese experts referred to in II-1 above and their families.
4. In accordance with the provisions of Article VIII of the Agreement, the Government of Nepal will take the necessary measures to receive and use the Equipment provided by JICA under II-2 above and equipment, machinery and materials carried in by the Japanese experts referred to in II-1 above.
5. The Government of Nepal will take necessary measures to ensure that the knowledge and experience acquired by the Nepalese personnel from technical training in Japan will be utilized effectively in the implementation of the Project.
6. In accordance with the provision of Article V (b) of the Agreement, the Government of Nepal will provide the services of Nepalese counterpart personnel and administrative personnel as listed in Annex IV.
7. In accordance with the provision of Article V (a) of the Agreement, the Government of Nepal will provide the buildings and facilities as listed in Annex V.
8. In accordance with the laws and regulations in force in Nepal, the Government of Nepal will take necessary measures to supply or replace at its own expense machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the Equipment provided by JICA under II-2 above.
9. In accordance with the laws and regulations in force in Nepal, the Government of Nepal will take necessary measures to meet the running expenses necessary for the implementation of the Project.

#### IV. ADMINISTRATION OF THE PROJECT

1. The Director, Directorate of Industrial Entomology Development, Department of Agriculture, Ministry of Agriculture and Cooperatives, as the Project Director, will bear overall responsibility for the administration and implementation of the Project.
2. The Senior Officer, Directorate of Industrial Entomology Development, Department of



Agriculture, Ministry of Agriculture and Cooperatives, as the Project Manager, will be responsible for the managerial and technical matters of the Project.

3. The Japanese Team Leader will provide necessary recommendations and advice to the Project Director and the Project Manager on any matters pertaining to the implementation of the Project.
4. The Japanese experts will give necessary technical guidance and advice to Nepalese counterpart personnel on technical matters pertaining to the implementation of the Project.
5. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordinating Committee will be established, whose functions and composition are described in Annex VI.

#### V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by JICA and the Nepalese authorities concerned, at the middle and during the last six months of the cooperation term, in order to examine the level of achievement.

#### VI. CLAIMS AGAINST JAPANESE EXPERTS

In accordance with the provision of Article VII of the Agreement, the Government of Nepal undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in Nepal except for those arising from the willful misconduct or gross negligence of the Japanese experts.

#### VII. MUTUAL CONSULTATION

There will be mutual consultation between JICA and the Government of Nepal on any major issues arising from, or in connection with this Attached Document.

#### VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT



For the purpose of promoting support for the Project among the people of Nepal, the Government of Nepal will take appropriate measures to make the Project widely known to the people of Nepal.

#### IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be 5(five) years from December 1<sup>st</sup>, 2006.

ANNEX I-1	MASTER PLAN
ANNEX I-2	PROJECT DESIGN MATRIX (PDM)
ANNEX II	LIST OF JAPANESE EXPERTS
ANNEX III	LIST OF MACHINERY AND EQUIPMENT
ANNEX IV	LIST OF NEPALESE COUNTERPART AND ADMINISTRATIVE PERSONNEL
ANNEX V	LIST OF BUILDINGS AND FACILITIES
ANNEX VI	JOINT COORDINATING COMMITTEE



## MASTER PLAN

### 1. Overall Goal

- 1) The model for quality cocoon and silk production are replicated to other parts of Nepal.
- 2) The income of seri-farmers and workers around seri-farmers is increased through the improvement.

### 2. Project Purpose

Quality Cocoon Production in the target/model area is verified through capacity building and strengthening of the linkage among seri-farmers groups, Government technicians, NGOs, Private entrepreneurs and other stakeholders.

### 3. Project Outputs

- 1) The standardized technology for Quality Cocoon Production, Cocoon Quality Inspection and post cocoon harvest is established.
- 2) The capacity of Seri-farmers, Government technicians and NGO staff for promoting Quality Cocoon Production and Cocoon Quality Inspection technology are strengthened.
- 3) The linkage among Governmental Agency, NGO and Private Entrepreneur are strengthened.

### 4. Activities

- 1-1 To advise for the improvement on mulberry plantation, cultivation and harvesting.
- 1-2 To improve Silkworm rearing and disease prevention technology.
- 1-3 To improve incubation rate and young silkworm rearing.
- 1-4 To practice Cocoon Quality Inspection and cocoon post harvesting activities (Drying, Cleaning and Grading).
- 1-5 Farmers group and other stakeholders to conduct marketing survey on cocoon and silk.
- 1-6 To develop indigenous silk item and practice sales promotion.
  
- 2-1 NGO to organize groups among Seri-Farmers.
- 2-2 To conduct facilitation training and technical training for Government technicians.
- 2-3 To conduct technical training for NGO staff.
- 2-4 To conduct technical Training for Seri-farmers groups.
- 2-5 To conduct "Training for Trainers" for Seri-farmers.



3-1 Stakeholders to hold periodical meeting at KTM("Joint Steering Committee") and Field in Dhading("Regional Coordination Committee).

3-2 Introduce appropriate monitoring system.

\* The description on Target area, Target group and Objectively verifiable indicator is mentioned in Project Design Matrix (ANEX I-2)



# ANNEX 1-2 Project Design Matrix "Promotion of Quality Cocoon Production and Processing Project"

Target Area : Dhading District, 7VDC/ Bairini, Salang, Nalang, Kumpur, Sankosh, Panchthar, Murle Bhanjyang  
Duration : From Nov. 2006 / To Oct. 2011  
5 Years

Target Group 1) Seri-Farmers in the Targeted Area : 400 H.H  
2) Staff of Directorate of Industrial Entomology Development : 50 Members  
3) Resident in the target area : Around 5 thousand

As of 29th, September, 2006

Narrative Summary	Objectively Verifiable Indicator	Means of Verification	Important Assumption
<p><b>[Overall Goal]</b> The model for quality cocoon and silk production are replicated to other parts of Nepal.</p> <p>The income of seri-farmers and workers around seri-farmers is increased through the improvement.</p>	<ul style="list-style-type: none"> <li>* The number of replication case of the model.</li> <li>* The popularity on Nepal indigenous silk in Market.</li> <li>* The seri-farmers' status of income-expenditure.</li> <li>* The workers' status of income-expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>* Budget of WOAC/DGA</li> <li>* Statistic survey data</li> <li>* Farmer's sample survey</li> </ul>	N/A
<p><b>[Project Purpose]</b> The Quality Cocoon Production in the target/model area is verified through capacity building and strengthening of the linkage among seri-farmers groups, Government technicians, NGOs, Private entrepreneurs and other stakeholders.</p>	<ul style="list-style-type: none"> <li>* The quality of cocoons / measured by i)selection ratio &amp; ii)shell ratio</li> <li>* The efficiency of Quality Cocoon Production / measured by i)hatching percentage &amp; yield per box</li> <li>* The number of improved technology adopted by seri-farmers compared to the number of imparted technology.</li> <li>* The Government technicians' concern/attention toward seri-farmers / measured by the frequency of visit and consultation.</li> <li>* The number of cases that Private entrepreneurs procure cocoon based on the result of inspection.</li> </ul>	<ul style="list-style-type: none"> <li>* Project Monitoring Report</li> <li>* Activity Record book of JT/JTA</li> <li>* Activity Record book of Seri-Farmers' Group</li> <li>* Farmer's sample survey</li> </ul>	<ul style="list-style-type: none"> <li>* Government's Policy on Sericulture Promotion continues.</li> <li>* Silk Market doesn't get smaller.</li> <li>* Governmental and NGO technicians/staff concerned to Project Implementation continue the support to Seri-farmers.</li> <li>* Silk price doesn't take great fall.</li> </ul>
<p><b>[Output]</b> 1. The standardized technology for Quality Cocoon Production, Cocoon Quality Inspection and post cocoon harvest is established.</p>	<ul style="list-style-type: none"> <li>* The number of technical guideline and manuals developed in the Project.</li> <li>* The management status of facilities for silkworm rearing house / measured by frequency of usage and existence of usage/maintenance regulation.</li> <li>* The number of silkworm disease occurrence and silkworm mortality ratio.</li> <li>* The degree of fulfillment of Cocoon Quality Inspection by the Government technicians.</li> <li>* Seri-farmers' capability on silk product marketing.</li> <li>* The Government technicians' capability on silk product sales promotion.</li> <li>* The number of cases which indigenous silk production methodology is applied.</li> </ul>	<ul style="list-style-type: none"> <li>* Project Monitoring Report</li> <li>* Activity Record book of JT/JTA</li> <li>* Activity Record book of Seri-Farmers' Group</li> <li>* Farmer's sample survey</li> <li>* Technical Manual</li> </ul>	<ul style="list-style-type: none"> <li>* The Government revises and introduces cocoon inspection system for trading based on a genuine quality.</li> <li>* The Government creates the environment for Private entrepreneur to invest on indigenous silk production.</li> </ul>
<p>2. The capacity of Seri-farmers, Government technicians and NGO staff for promoting Quality Cocoon Production and Cocoon Quality Inspection technology are strengthened.</p>	<ul style="list-style-type: none"> <li>* Seri-farmers' group membership ratio.</li> <li>* The number of improved technology adopted by Government technicians' compared to the number of imparted technology.</li> <li>* The Government technicians' capability on facilitating seri-farmers' group.</li> <li>* The number of improved technology adopted by NGO staff compared to the number of imparted technology.</li> <li>* The number of Training opportunity for seri-farmers group.</li> <li>* The number of advanced seri-farmers expected to be technical resource person.</li> </ul>	<ul style="list-style-type: none"> <li>* Project Monitoring Report</li> <li>* Activity Record book of JT/JTA</li> <li>* Activity Record book of Seri-Farmers' Group</li> <li>* Farmer's sample survey</li> </ul>	
<p>3. The linkage among Governmental Agency, NGO and Private Entrepreneur are strengthened.</p>	<ul style="list-style-type: none"> <li>* The frequency and number of the JCC and ROC.</li> <li>* The amount/expense that Entrepreneur traded/paid for procurement of Quality Cocoon from Seri-farmers' groups.</li> <li>* The establishment and clarification of TOR for stakeholders(Government technicians, NGO staff and Private entrepreneurs).</li> </ul>	<ul style="list-style-type: none"> <li>* Project Monitoring Report</li> <li>* The Government's Policy for PPP in Sericulture</li> <li>* Private Entrepreneur's sample survey</li> <li>* Farmer's sample survey</li> </ul>	
<p><b>[Activity 1]</b> 1-1 To advise for the improvement on mulberry plantation, cultivation and harvesting. 1-2 To improve Silkworm rearing and disease prevention technology. 1-3 To improve incubation rate and young silkworm rearing 1-4 To practice Cocoon Quality Inspection and cocoon post harvesting activities (Drying, Cleaning and Grading). 1-5 Farmers group and other stakeholders to conduct marketing survey on cocoon and silk. 1-6 To develop indigenous silk item and practice sales promotion.</p>	<p><b>[Input from Japanese side]</b> 1) Dispatch of Experts  Long Term: One Person/ Chief Advisor/Sericulture Promotion Policy  Short Term: As necessary  2) Procurement of Equipments &amp; Facilities Community Rearing House &amp; Cocoon Drier as necessary  3) Training Third country Training as necessary 4) Local Cost Assignment of NGO/s and Local Staff Cost for In-country Training, observation visit and W/S as necessary</p>	<p><b>[Input from Nepalese side]</b> 1) Assignment of PD, PM, and Necessary Government staff/technicians for implementing the Project 2) Preparation for Land and Project office (Central office at DOIED and Field office at Dhading) 3) Running cost for the Project Implementation 4) Salary and TA/DA for staff, Water/Electricity/Rental fee, etc</p>	<ul style="list-style-type: none"> <li>* NGO/s who has enough experiences in community Development are assigned for Project Implementation.</li> <li>* The Nepalese Counterparts assigned for this Project continue to work for the Project.</li> <li>* The Private entrepreneurs are interested and affirmative in the Silk Industry Development.</li> </ul>
<p><b>[Activity 2]</b> 2-1 NGO to organize groups among Seri-Farmers. 2-2 To conduct facilitation training and technical training for Government technicians. 2-3 To conduct technical training for NGO staff. 2-4 To conduct technical Training for Seri-farmers groups. 2-5 To conduct "Training for Trainers" for Seri-farmers.</p>			<p><b>Pre-Conditions</b></p> <ul style="list-style-type: none"> <li>* The necessary Number of Nepalese Counterpart staff are assigned.</li> <li>* The farmers in Target Area select Sericulture as desirable cash crop.</li> <li>* The Governments' existing services (Supply of i) mulberry sapling, ii) Silkworm Egg and iii) Antiseptics, etc.) continue during the Project period.</li> <li>* The insurgent situation in the target area is kept normal.</li> </ul>
<p><b>[Activity 3]</b> 3-1 Stakeholders to hold periodical meeting at KTM("Joint Steering Committee") and Field in Dhading("Regional Coordination Committee"). 3-2 Develop appropriate monitoring system.</p>			



**LIST OF JAPANESE EXPERTS**

1. Long-term Expert

Chief Advisor/Sericulture Promotion Policy

2. Short-term Expert and Third Country Expert

Short-term expert/s and Third country expert/s will be dispatched when necessary for the smooth and effective implementation of the Project.



**LIST OF MACHINERY AND EQUIPMENT**

1. The Equipment necessary for implementing the activities described in ANNEX I will be provided.
2. Other materials and Equipments mutually agreed upon as necessary will be provided.

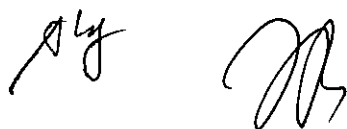
Note:

Contents, specifications and quantity of the above-mentioned Equipment/s will be decided through mutual consultation within an allocated budget of the Japanese fiscal year.

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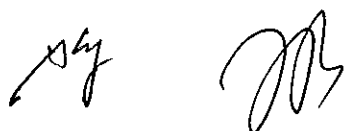
**LIST OF NEPALESE COUNTERPARTS AND ADMINISTRATIVE PERSONNEL**

1. The Project Director will bear overall responsibility for the Project.
2. The Project Manager will be responsible for the managerial and technical matters of the Project.
3. The chief of Parental Stock Seed Cocoon Resource Center (PSS-CRC) in Dhunibesi, assigned as the Project Coordinator, will be appointed as the Field Level Coordinator and has the responsibility to organize the Field Implementation Committee(FIC) to monitor the Project implementation. The detailed function of the FIC will be discussed at JCC immediately after the commencement of the Project.
4. The necessary number of staff at Sericulture Development Division in Khopasi will be assigned to the Project for providing technical and material support to the Project activities.
5. The necessary number of extension staff (JT/JTAs) assigned at Parental Stock Seed Cocoon Resource Center(PSS-CRC) in Dhunibesi will be involved in various training program and implementing the field activities of the Project.



**LIST OF LAND, BUILDINGS AND FACILITIES**

1. Land, buildings and facilities necessary for the implementation of the Project
2. Office space and necessary facilities including electricity and communication facilities for the Japanese experts at Directorate of Industrial Entomology Development (DOIED), Department of Agriculture, Ministry of Agriculture and Cooperatives in Kathmandu.
3. Office space and necessary facilities including electricity and communication facilities for the field staff in Dhading district for smooth and effective implementation of the Project activities at the field level.
4. Other land, buildings and facilities necessary for the implementation of the Project as mutually agreed upon.

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## JOINT COORDINATING COMMITTEE

The Joint Coordinating Committee will meet at least once every 6(six) months and whenever necessity arises.

### 1. Function

- (1) To formulate the Annual Work Plan of the Project in line with the Plan of Operations which is going to be formulated based on the Minutes of Meeting, October 19<sup>th</sup>, 2006
- (2) To review the overall progress of the technical cooperation activities in line with the description in ANNEX I (4) as well as achievements under the Annual Work Plan of the Project.
- (3) To discuss those measures taken by the Project.
  - i) Dispatch of short-term Expert/s and Third country Expert/s
  - ii) Third country Training
  - iii) Installment of the local facility
  - iv) Utilization of machinery and equipment
  - v) Description on Terms of References of the Local NGO in charge of social mobilizing activities in the field
- (4) To review those measures taken by the Government of Nepal.
  - i) Allocation of necessary budget (including local cost expenditures)
  - ii) Allocation of necessary counterpart personnel
  - iii) Necessary measures to be taken by the Government of Nepal for the acceleration of Public Private Partnership in the silk industry based on the description in the Minutes of Meeting, October 19<sup>th</sup>, 2006
- (5) To review and exchange views on major issues arising from or in connection with the Project.
- (6) To provide the Project with necessary advice.

### 2. Committee Composition

The Joint Coordinating Committee will be composed of the following members:

#### (1) Chairperson:

Director General of the Department of Agriculture, Ministry of Agriculture and Cooperatives

#### (2) Member Secretary

Project Manager, Director of Directorate of Industrial Entomology Development, Department of Agriculture, Ministry of Agriculture and Cooperatives

#### (3) Members

##### i) Nepalese side:

- Deputy Director General in charge of Planning, the Department of Agriculture, Ministry of Agriculture and Cooperatives
- Deputy Director General in charge of Technology Transfer and Coordination, Department of Agriculture, Ministry of Agriculture and Cooperatives
- Project Coordinator,



- Representatives of Planning Division, Ministry of Agriculture and Cooperatives
- Other personnel concerned with the Project

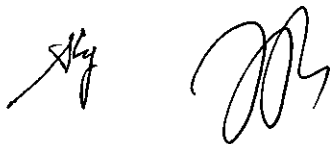
ii) Japanese side:

- Chief Advisor/Sericulture Promotion Policy
- Other Japanese Expert/s and staff nominated by the Chief Advisor/Sericulture Promotion Policy
- Resident Representative, JICA Nepal Office
- Assistant Resident Representative, JICA Nepal Office
- Program officer in charge, JICA Nepal Office
- Personnel to be dispatched by JICA as required

(4) Observer/s:

Official/s of the Embassy of Japan

Note: Persons who are nominated by the chairperson may also attend the Joint Coordinating Committee meeting.

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