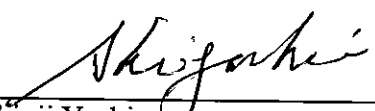


RECORD OF DISCUSSIONS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
AUTHORITIES OF THE GOVERNMENT OF NEPAL
ON
JAPANESE TECHNICAL COOPERATION
FOR THE PROJECT ON STRENGTHENING THE MONITORING AND
EVALUATION SYSTEM IN NEPAL


With regard to the Minutes of Meeting between the Pre-evaluation Study Team and the Government of Nepal dated October 5, 2005, Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions, through the Resident Representative of JICA in Nepal, with the Nepalese authorities concerned on the framework of the Project on Strengthening the Monitoring and Evaluation System in Nepal.

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 September 3, 2003 (hereinafter referred to as "the Agreement"), JICA and Nepalese authorities concerned agreed on the matters referred to in the document attached hereto.

Kathmandu, June 8, 2006



Shinji Yoshiura
Resident Representative,
Japan International Cooperation Agency
Nepal Office
Japan



Balananda Paudel
Joint Secretary,
National Planning Commission Secretariat
The Government of Nepal

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF NEPAL

1. The Government of Nepal will implement the Project on Strengthening the Monitoring and Evaluation System in Nepal (hereinafter referred to as "the Project") in cooperation with JICA.
2. The Project will be implemented in accordance with the Master Plan of this Japan-Nepal technical cooperation project in the form of Project Design Matrix (PDM) and a tentative Plan of Operation (PO) (hereinafter referred to as "the Project Master Plan") for the Project which are given in Annex I-1 and 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 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 measures necessary to receive and use the Equipment provided by JICA under II-2 above and equipment, machinery and materials carried 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 Joint Secretary of Poverty Monitoring Division, National Planning Commission, as the Project Director, will bear overall responsibility for the administration and implementation of the Project.
2. The Under Secretary of Poverty Monitoring Division, National Planning Commission, as the Project Manager, will be responsible for the managerial and technical matters of the Project.
3. The Japanese Project Coordinator 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. PERIOD OF COOPERATION

The technical cooperation for the Project under this Attached Document will start from October 1, 2006 to December 31, 2009.

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



Project Design Matrix (version 1) for M&E Strengthening Project, Nepal

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Risk & Assumption
Goal: Results of M&E are reflected in the process of project formulation and implementation	<ul style="list-style-type: none"> - Periodic report at NPC level prepared within 5 weeks after each trimester/year - Periodic report at ministry level prepared within 3 weeks after each trimester/year 	<ul style="list-style-type: none"> - Progress reports - Tracking 	
Purpose: M&E capabilities of NPC / Sectoral Ministries / Key Projects & Programs are strengthened	<ul style="list-style-type: none"> - Complete Reporting of Project Increased by 25% - Non Reporting Project Decreased by 20% - Reported Projects with M&E results discussed during budget preparation^{#2} 	<ul style="list-style-type: none"> - Result of Baseline Survey and Analysis - Annual/Trimester project progress report - Supervision/field visit report - Observation 	<ul style="list-style-type: none"> - Adequate budget & logistics to M&E sections/divisions - Proper use of MIS results - Use of refined indicators in place - Project manager's performance links to M&E of projects
Outputs: <ul style="list-style-type: none"> - Human Resources in M&E Trained - Reporting Formats Revisited - M&E Manual Prepared - PDM Manual Revised 	<ul style="list-style-type: none"> - Project/Programme Analysis 5*+40(20*2)^{#1} Person - Project Cycle Management 60 (20*3) Person - Project/Programme Management 7*+25 Person - Project M&E 175 (25*7) Person - PDM 20 (20*1)Person - Participatory M&E 60 (20*3) Person - MIS Processing & Reporting 25 Person - Analysis 3*+22 Person - Study on Reporting Formats Conducted - 2000 Copies of Comprehensive M&E Manual (New) Published - 2000 Copies of Comprehensive PDM Manual (Revised) Published 	<ul style="list-style-type: none"> - Personal Record - MIS^{#3} Database - Revised Formats - Manuals - Project Progress Report (Trimester Report) 	<ul style="list-style-type: none"> - Retention of Trained Personnel in M&E - M&E professionals available for continuous training chain

* training abroad




Activities:	Inputs (Japan):	Inputs (Nepal):	Assumptions
<p>1) M&E Training</p> <ul style="list-style-type: none"> • Project/Programme Analysis (3 Weeks) • Project Cycle Management (5 Days) • Project/Programme Management (1 Month) • Project M&E • PDM (12 Days) • Participatory M&E (5 Days) • MIS Processing & Reporting Skills (2-3 Weeks) • MIS Analysis Skills (2-3 Weeks) <p>2) Orientation Program (1 day session x 9)</p> <ul style="list-style-type: none"> - Secretaries - Joint Secretaries - M&E Professional <p>3) Review of Reporting Formats (2-3 workshops, 1 study)</p> <p>4) Prepare Manuals on</p> <ul style="list-style-type: none"> - PDM - M&E <p>5) Seminar on some important issues (1-2 days) (ex. Policy evaluation)</p> <p>6) Baseline Survey on M&E Current Situation</p> <p>7) Steering Committee Meeting</p>	<p>TOT training in Japan</p> <ul style="list-style-type: none"> • Project/Programme Analysis • Project Management • MIS Analysis <p>Japanese experts</p> <ul style="list-style-type: none"> • Coordinator of Japanese side (long-term) • Training Management and Development (short-term) • Policy evaluation (short-term) <p>Nepali consultants</p> <ul style="list-style-type: none"> • Facilitators of each training course / workshop • Monitoring system improvement specialist <p>Facilities</p> <ul style="list-style-type: none"> • Meeting / Training room (outside GON) <p>Equipments</p> <ul style="list-style-type: none"> • Vehicle • Office basic equipment <p>Local Cost</p> <ul style="list-style-type: none"> • Printing/ Publishing costs • Resource person and reference material cost (outside GON) • Other direct cost of training agreed 	<p>C/P of GON</p> <ul style="list-style-type: none"> • Chairperson of Steering Committee (Joint Secretary, NPC) • Project Director (Under Secretary, PMD/NPCS) • C/P(NPC C/P and project members from line ministries by ad-hoc basis) <p>Facilities</p> <ul style="list-style-type: none"> • Project office • Utility cost • Meeting / Training room <p>Local Cost (for government staff)</p> <ul style="list-style-type: none"> • Administration cost, • Resource person and reference material cost • DSA^{#4} and other subsidies • Other miscellaneous cost <p>Reporting and monitoring activity</p> <ul style="list-style-type: none"> • Project Progress Report • Financial Statement 	<p>Assumptions</p> <ul style="list-style-type: none"> - Project budget approved by GON - Sufficient budget Available on Time

Note: #1: from 20(14 ministries (1 from 1) and 6 NPC) to 40(28 ministries (2 from 1) and 12 NPC/PMO, #2: Removal of an indicator for project purpose regarding reporting time was decided. Revival will be re-considered based on the result of the baseline survey, #3: Abbreviation of Management Information System, #4: Abbreviation of Daily Subsistence Allowance

Plan of Operation, Overall

Activities Proposed	Expected Outputs	2006				2007				2008				2009		Responsible Section/Person	Input			Remarks
		III	I	II	III	I	II	III	I	II	III	I	II	Staff	Material		Budget			
0 Office & Vehicle																				
1 Office & Organization	Furniture & Equipment staffing and Counterpart														Project/JICA	JICA specialists, C/P, PMU		Procurement Cost (Project)		
2 Vehicle Arrangement	1 car, procurement 1 car, rental (ad-hoc, 1 year)														Project/JICA	JICA (Nepal, Specialist)		Procurement Cost (Project)		
3 Project Management Work	Office, training venue, com. & transportation, etc.														Project/NPC	JICA specialists, C/P, PMU	Stationary	Operation Cost (Project)		
1 M&E Training																				
1.1 Project/Programme Analysis (TOT) (5 person, 3 Weeks, Japan)	Trainer trained in Japan and transfer knowledge continue														Project/NPC/JICA	Trainees & JICA (Specialist, Nepal and Tokyo)	Training Material & Stationary	Training Cost (Project)	Main training for TOT	
Project/Programme Analysis (20 person x 2, 3 Weeks, Centre)	Training given by the trainer trained in Japan														Project/NPC	Trainees & PMU, JICA (Specialist and Nepal)	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.2 Project Cycle Management (20 person x 3, 5 Days, District)	Person in charge of projects trained for PCM														Project/NPC/Ministry	Trainees & PMU, JICA specialist and District	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.3 Project/Programme Management (TOT) (7 person, 1 Month, Japan)	Trainer trained in Japan and transfer knowledge continue														Project/NPC/JICA	Trainees & JICA (Specialist, Nepal and Tokyo)	Training Material & Stationary	Training Cost (Project)	Main training for TOT	
Project/Programme Management (25 person, 1 Month, Centre)	Training given by the trainer trained in Japan														Project/NPC	Trainees & PMU, JICA (Specialist and Nepal)	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.4 Project M&E (25 person x 7, 2 days, District)	Person in charge of projects trained for PCM														Project/NPC/Ministry	Trainees & PMU, JICA specialist and District	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.5 PDM Training (20 person, 12 Days, Centre)	Trainer trained and transfer knowledge continue														Project/NPC	Trainees & PMU, JICA (Specialist and Nepal)	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.6 Participatory M&E (20 person x 3, 5 Days, District)	Person in charge of projects trained for PCM														Project/NPC/Ministry	Trainees & PMU, JICA specialist and District	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
1.7 MIS Processing & Reporting Skills (25 person, 2-3 Weeks, District)	Person in charge of monitoring/report trained														Project/NPC/Ministry	Trainees & PMU, JICA specialist and District	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost (GON)		
1.8 MIS Analysis Skills (TOT) (3 person, 2-3 Weeks, Japan)	Trainer trained in Japan and transfer knowledge continue														Project/NPC/JICA	Trainees & JICA (Specialist, Nepal and Tokyo)	Training Material & Stationary	Training Cost (Project)	Main training for TOT	
MIS Analysis Skills (22 person, 2-3 Weeks, Centre)	Training given by the trainer trained in Japan														Project/NPC	Trainees & PMU, JICA (Specialist and Nepal)	Preparation of Handouts, Stationary	Training Cost (Project) Administration Cost		
2 Orientation Program																				
2.1 Secretaries (1 day x 2 for 25 persons)	Basic understanding acquired	☆		☆											NPC/Project	Attendants & PMU, JICA (Specialist, Nepal)	Training Material & Stationary	Training Cost (Project) Administration Cost		
2.2 Joint Secretaries (1 day x 3 for 35 persons)	Basic understanding acquired	☆		☆		☆									NPC/Project	Attendants & PMU, JICA (Specialist, Nepal)	Training Material & Stationary	Training Cost (Project) Administration Cost		
2.3 M&E Professional (1 day x 4 for 50 persons)	Basic understanding acquired	☆	☆		☆	☆									NPC/Project	Attendants & PMU, JICA (Specialist, Nepal)	Training Material & Stationary	Training Cost (Project) Administration Cost		
3 Review of Reporting Formats (2 workshops, 1 study, 6 months)	Efficient formats for monitoring produced														Project/NPC	PMU, JICA specialist, C/P, Resource person of Ministry	Stationary, Print, Handouts, Computer	Workshop Cost, Staff and activity Cost (Project)		
4 Prepare Manuals on																				
4.1 PDM (4 months)	Manual on PDM published														Project/NPC	PMU, JICA specialist, C/P, Resource person of Ministry	Stationary, Print, Handouts, Computer	Study Cost (Project) and Administration Cost		
4.2 M&E (4 months)	Manual on M&E published														Project/NPC	PMU, JICA specialist, C/P, Resource person of Ministry	Stationary, Print, Handouts, Computer	Study Cost (Project) and Administration Cost		
5 Seminar on some important issues (Policy Evaluation or so. 3 times)	Important topics explained for dissemination		☆			☆									Project/NPC	Attendants & PMU, JICA (Specialist, Nepal)	Training Material & Stationary	Training Cost (Project) Administration Cost		
6 Baseline Survey on M&E current situation and analysis (6 months)	Numerization of current situation and decision of															PMU, JICA specialist, C/P, Resource person of Ministry	Stationary, Print, Handouts, Computer	Study Cost (Project) and Administration Cost		
7 Steering Committee (Trimester) and Evaluation of Project at the end	Coordination on project execution achieved														NPC/Project/JICA	PMU and Steering committee members	Reports and Supporting Document	Meeting Cost (Project) and Administration Cost		

LEGEND: — : Schedule of Continuous Activity - - - - - : Schedule of Intermittent Activity ☆ : Rough Schedule of Short-term Activity ↓ : Sequence of implementation

ANNEX II

LIST OF JAPANESE EXPERTS

1. Project Coordinator
2. Training Planning & Management Specialist
3. Other Experts (short-term) will be assigned when necessary
for smooth and effective implementation of the Project

ANNEX III

LIST OF MACHINERY AND EQUIPMENT

1. The necessary equipment for the transfer of technology by the Japanese experts will be provided.
2. Other materials and equipment mutually agreed upon as necessary will be provided

Note:

Contents, specifications and quantity of the above-mentioned equipment will be decided through mutual consultations within the allocated budget of the Japanese fiscal year.

ANNEX IV

**LIST OF THE COUNTERPART AND
ADMINISTRATIVE PERSONNEL**

1. Joint Secretary, Poverty Monitoring Division, NPC
2. Under Secretary, Poverty Monitoring Division, NPC
3. Under Secretary, Poverty Monitoring Division, NPC

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ANNEX V

LIST OF BUILDINGS AND FACILITIES

The following will be prepared by the Government of Nepal for the implementation of the Project.

1. Necessary office space and facilities for Japanese Experts
2. Other facilities mutually agreed upon as required.



ANNEX VI

JOINT COORDINATING COMMITTEE

A Joint Committee will be established for the responsibility of the administrative Project as a Nepal-Japan bilateral project.

1. Functions

The Joint Coordinating Committee will meet at least once a year and whenever necessity arises, and works:

- (a) To approve the Annual Plan of Operation to be formulated by the Project in accordance with the Record of Discussion
- (b) To review overall progress of the technical cooperation project, in particular, activities carried out based on the above Annual Plan of Operation
- (c) To review and exchange views on major issues arising from or in connection with the technical cooperation program
- (d) To review the status of coordination and problems if exist in networking between the Project and line-agencies at district level

2. Members

(a) Chairperson: Joint Secretary, Poverty Monitoring Division (PMD), National Planning Commission (NPC)

(b) Members:

Nepalese side

Program Director, PMD



Representative of Ministry of Finance

Representative of Ministry of Agriculture and Cooperative or

Ministry of Forestry and Soil Conservation

Japanese side

Resident Representative, JICA Nepal Office

Project Coordinator

Other experts of the Project

*JICA and NPC can invite other experts as needed.

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