

Appendix 4. Minutes of Discussion

MINUTES OF DISCUSSIONS  
BASIC DESIGN STUDY ON THE PROJECT FOR  
THE EXPANSION OF THE RURAL TELECOMMUNICATIONS NETWORK  
IN THE NORTH-WESTERN REGION OF THE KINGDOM OF NEPAL

In response to a request from the Government of the Kingdom of Nepal, the Government of Japan decided to conduct a Basic Design Study on the project for the expansion of the Rural Telecommunications Network in the North-Western Region of the Kingdom of Nepal (hereafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Nepal a study team, which is headed by Mr. Toshinobu Kato, Second Basic Design Study Division, Grant Aid Study & Design Department, JICA and is scheduled to stay in the country from May 13th to May 20th, 1995.

The team held discussions with the officials concerned of the Government of Nepal and conducted a field survey at the study area.

In the course of discussions and field survey, both parties have confirmed the main items described on the attached sheets. The Team will proceed to further works and prepare the Basic Design Study Report.

Kathmandu May 19, 1995



Leader, Mr. Toshinobu Kato  
Basic Design Study Team  
JICA



Mr. V. B. Bajracharya  
Acting General Manager  
Nepal Telecommunications Corporation

## ATTACHMENT

### 1. Objective

The objective of the Project is to improve the means of communications for the rural people by expanding the rural telecommunication network in the North-western region of Nepal to complete the fundamental nation-wide rural telecommunications network.

### 2. Study Sites

The study will cover the following cities and the radio repeater sites as attached ANNEX-1:

<u>Area</u>	<u>Zone</u>	<u>Site of PCO</u>
01	Bagmati	1. Chautara 2. Phulchowki *
08	Rapti/ Karnali/ Bheri	1. Dailekh 2. Kalikot 3. Jumla 4. Salyan 5. Jajarkot 6. Musikot 7. Pyuthan 8. Libanggaon 9. Nepalgunj * 10. Rajakot *
09	Mahakali/ Seti	1. Chainpur 2. Martadi 3. Dandeldhura * (Note : Sites marked "*" are existing stations for route expansions.)
<hr/> <u>Total</u>		11 new sites and 4 for expansions

### 3. Executing or Coordinating Agency

Nepal Telecommunications Corporation is responsible for the administration and execution of the project.

### 4. Items Requested by the Government of Nepal

After discussions with the Basic Design Study Team, the following items were finally requested by the Nepal side.

(1) Transmission Equipment

- \* Radio and Mux Equipment
- \* Prefabricated Shelter for Radio Repeater Station
- \* Antenna and Antenna Supporting Structure

(2) Power Supply System for Transmission System

(3) Cable Network for Important Subscribers (Public Call Office, Administration Office, Police Station, Bank and Hospital)

However, the final components of the Project will be decided after further studies.

5. Allocation Plan of Radio Frequency Band

NTC promised that the allocation plan of radio frequency band for the project will be studied based upon the ITU recommendation (WARC-92) and the result be informed to the Basic Design Team as early as possible during the team's staying in Nepal.

6. Japan's Grant Aid System

- (1) The Government of Nepal has understood the system of Japan's Grant Aid explained by the team as attached ANNEX-2.
- (2) The Government of Nepal will take the necessary measures, described in ANNEX-3 for smooth implementation of the Project on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

7. Schedule of the Study

- (1) The consultants will proceed to field survey until June 18, 1995 and will carry out complementary field survey in the Kingdom of Nepal around October.
- (2) JICA will prepare the draft of basic design report in English and dispatch a mission in order to explain its contents after the complementary field survey in October.
- (3) In case that the contents of the report is accepted in principle by the Nepal side, JICA will complete the final report and send it to the Government of Nepal by January, 1996.



ANNEX-2 Japan's Grant Aid System

1. Japan's Grant Aid System

(1) Grant Aid Procedures

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

Application	(Request made by a recipient country)
Study	(Basic Design Study conducted by JICA)
Appraisal & Approval	(Appraisal by the Government of Japan and Approval by Cabinet)
Determination of	(The notes exchanged between the Governments
Implementation	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 (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the 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.

(2) Basic Design Study

1) Contents of the study

The aim of the Basic Design Study (hereafter referred to as "the Study"), conducted by JICA on a requested project (hereafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the study are as follows:

- a) Confirmation of the background, objectives, and benefits of the requested 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 a technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- d) Preparation of a basic design of the Project
- e) Estimation of costs of the Project

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 on the Project is confirmed considering the guidelines of Japan's Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations on the recipient country through the Minutes of Discussions.

2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA select (a) firm(s) based on proposals submitted by interested firms. The firm(s)

selected carry(ices) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA.

The consulting firm(s) used for the Study is(are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

(3) Japan's Grant Aid Scheme

1) What is Grant Aid?

The Grant Aid Program provides a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

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 Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and fiscal 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 Aid, 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 constructing 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 recipient country or its designated authority will conclude 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 to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid Project, the recipient country is required to undertake such necessary measures as the following:

- (a) To secure land necessary for the sites of the Project and to clear level and reclaim the land prior to commencement of the construction.
- (b) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (c) To secure buildings prior to the procurement in case the installation of the equipment.
- (d) To ensure all the expenses and prompt execution for unloading, custom clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- (e) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.
- (f) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.



(g) "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 staff necessary for this operation and maintenance as well as to bear all the expenses other than those covered by the Grant Aid.

(h) "Re-export"

The products purchased under the Grant Aid should not be re-exported from the recipient country.

(i) Banking Arrangements (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 issued by the Government of the recipient country or its designated authority.

ANNEX - 3: Necessary Measures to be taken by the Government of Nepal in case Japan's Grant Aid is executed.

- 1 To secure all the sites for the project.
- 2 To clear level and reclaim the sites prior to commencement of the construction.
- 3 To cut obstruction trees on the transmission route.
- 4 To undertake incidental outdoor works such as gardening, fencing, gates and exterior lighting in and around the site where required.
- 5 To provide temporary storage with roof for transmission equipment and yards for other materials in the sites at the construction.
- 6 To construct the access road to the sites prior to commencement of the construction.
- 7 To provide building for necessary PCO sites.
- 8 To provide facilities for distribution of electricity available and telephone trunk lines to the existing exchange.
  - 1) Electricity distributing lines to the power panel of the power distribution room.
  - 2) Telephone trunk line to the terminal block of the main distribution frame.
- 9 To provide facilities for distribution of electricity if possible to the radio terminal stations.
- 10 To secure the equipment space for the terminal stations.
  - 1) Removal of existing equipment
  - 2) Alteration and/or expansion of existing buildings
  - 3) Construction of new buildings
- 11 To bear commissions to the Japanese foreign exchange bank for the banking services based upon the Banking Arrangement.
- 12 To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- 13 To exempt Japanese nationals from the customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the Verified contracts.

- 14 To accord Japanese nationals whose services may be required in connection with the supply of products and the services under the Verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.
- 15 To maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expenses other than those covered by the Grant Aid.
- 16 To bear all expenses other than those covered by the Grant, necessary for the project.

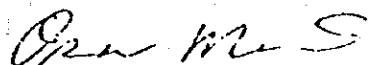
MINUTES OF DISCUSSIONS  
BASIC DESIGN STUDY ON THE PROJECT FOR  
THE EXPANSION OF THE RURAL TELECOMMUNICATIONS NETWORK  
IN THE NORTH-WESTERN REGION  
OF  
THE KINGDOM OF NEPAL  
(EXPLANATION ON DRAFT BASIC DESIGN)

In May to June 1995, the Japan International Cooperation Agency (JICA) dispatched a Basic Design Study Team on the Project for the Expansion of the Rural Telecommunications Network in the North-Western Region (hereinafter referred to as "the Project"), to the Kingdom of Nepal, and through discussions, field survey and technical examination of the results in Japan, has prepared the Draft Basic Design on the study.

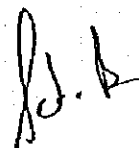
In order to explain and to consult His Majesty's Government of Nepal on the components of the Draft Basic Design, JICA sent to Nepal a study team, which is headed by Mr. Osamu MAKINO, Development Specialist in Telecommunications, Institute for International Cooperation, JICA, and is scheduled to stay in the country from 10th of October to 9th of November, 1995.

In the course of discussions, both parties have confirmed the main items described on the attached sheets.

Kathmandu, October 20, 1995



Mr. Osamu MAKINO  
Leader  
The Explanation Team  
for Draft Basic Design  
Japan International  
Cooperation Agency (JICA)



Mr. G. S. Bora  
General Manager  
Nepal Telecommunications  
Corporation (NTC)

## ATTACHMENT

### 1. Components of Draft Basic Design

His Majesty's Government of Nepal has agreed and accepted in principle the components of the Draft Basic Design proposed by the Team.

In 2.2 Operation and Maintenance Plan, (2) Income and Expenditure of the Project, Nepalese side suggested that the salaries of the staff be increased to meet the current conditions and also the maintenance costs, such as spare parts be included in the expenditure. The Basic Design Study Team will take the suggestions and the contents of the financial analysis will be modified accordingly.

### 2. Japan's Grant Aid System

(1) His Majesty's Government of Nepal has understood the system of Japanese Grant Aid explained by the team as attached ANNEX I.

(2) His Majesty's Government of Nepal will take the necessary measures, described in ANNEX II, for smooth implementation of the Project on condition that the Grant Aid assistance by the Government of Japan is extended to the Project.

### 3. Future Schedule

(1) The consultants will proceed with further studies in Nepal until 9th of November, 1995.

(2) The team will make the Final Basic Design Study Report in accordance with the confirmed items and send it to His Majesty's Government of Nepal by the end of January 1996.

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## Annex I

### Japan's Grant Aid Scheme

#### 1. Grant Aid Procedures

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

#### 2. Basic Design Study

- 1) Contents of the Study

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## 2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA selects (a) firms(s) based on proposals submitted by interested firms. The firm(s) selected carry(ies) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA.

The consulting firm(s) used for the Study is(are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

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### 3. Japan's Grant Aid Scheme

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#### 3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) 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 Aid, 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.)

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5) Necessity of "Verification"

The Government of 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 to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the following:

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities outside the sites.
- (3) To ensure prompt unloading and customs clearance at the port of disembarkation and internal transportation therein of the products purchased under the Grant Aid.
- (4) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.
- (5) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified Contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.

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 staff necessary for this operation and maintenance 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 should not be re-exported from the recipient country.



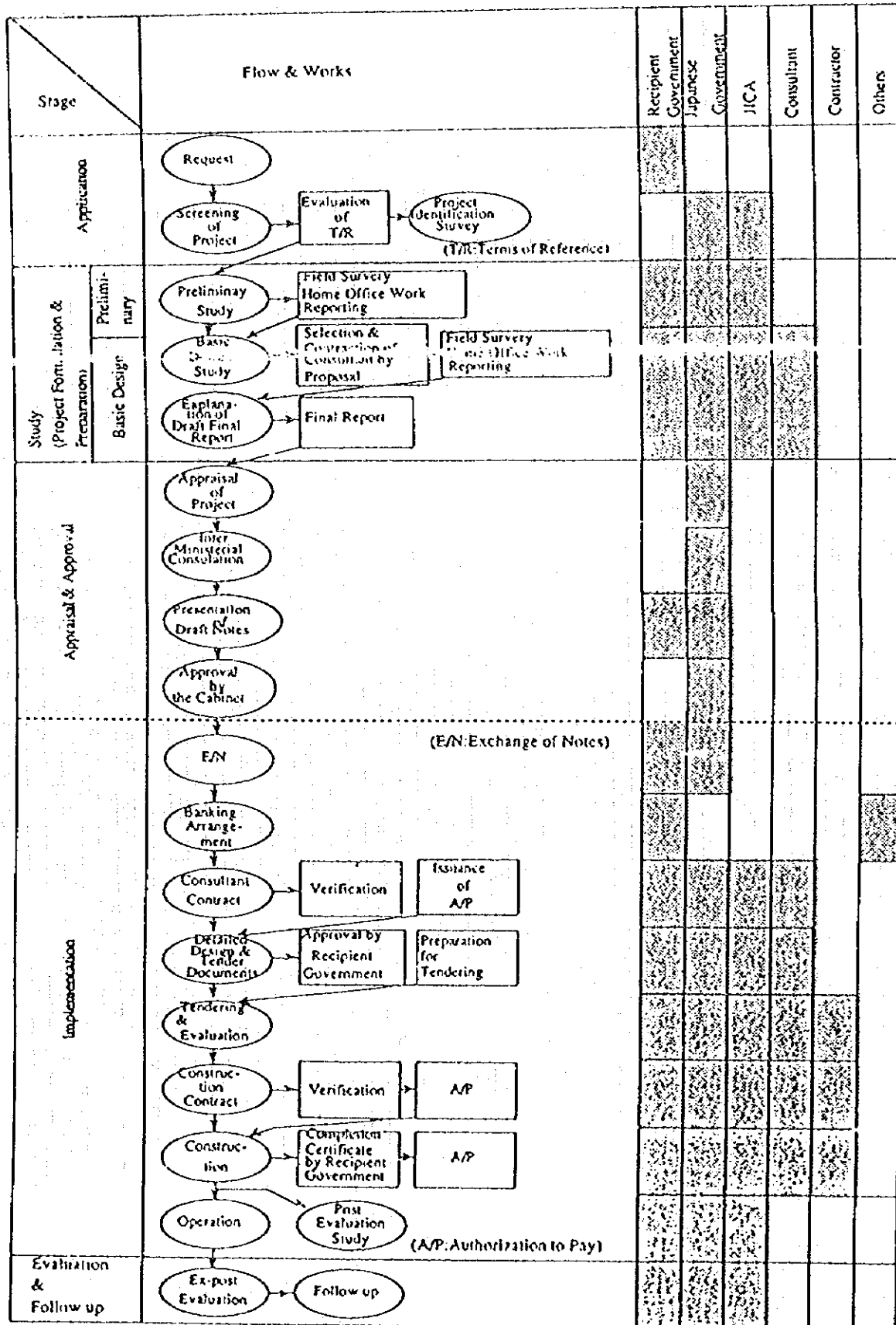
9) Banking Arrangements (B/A)

- 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 issued by the Government of the recipient country or its designated authority.

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## Flow Chart of Japan's Grant Aid Procedures



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## Major Undertaking to be taken by Each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		●
2	To clear, level and reclaim the site when needed		●
3	To construct gates and fences in and around the site		●
4	To construct the parking lot	●	
5	To construct roads	●	
	1) Within the site	●	
	2) Outside the site		●
6	To construct the buildings	●	
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 (for storm, sewer and others) 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 foreign exchange bank for the 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 of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan to the recipient country	●	
	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 services 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 contracts.		●
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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## ANNEX II

Necessary measures to be taken by His Majesty's Government of Nepal on condition that the Japan's Grant Aid is extended:

1. To provide data and information necessary for the implementation of the Project;
2. To secure the sites (necessary lands) for the Project;
3. To clear, level and reclaim the sites prior to the commencement of the construction;
4. To cut obstruction trees on the transmission routes;
5. To undertake incidental outdoor works such as gardening, fencing, gates and lighting in and around site where required;
6. To provide storages and yards in the sites where required;
7. To construct the access roads to the site prior to the commencement of the construction;
8. To provide facilities for distribution of electricity, water supply, telephone, drainage, sewage and other incidental facilities to the Project sites where required, such as,
  - a) electricity distribution line to the sites,
  - b) drainage construction in and around sites, and
  - c) general furniture such as carpets, curtains, tables, chairs and others;
9. To secure the equipment space, in such a way,
  - a) removal of existing equipment unnecessary,
  - b) alteration and/or expansion of existing PCO buildings, or
  - c) construction of new PCO buildings;
10. To install outside plant where required;
11. To bear the following commissions to the Japanese foreign exchange bank for the banking service based upon the Banking Arrangement,
  - a) advising commission of the Authorization of Payment (A/P), and
  - b) payment commission;
12. To exempt from the taxes and to take necessary measures for

customs clearance of equipment and materials for the Project at the port of disembarkation;

13. To exempt Japanese nationals involved in the project from customs duties, internal taxes and other fiscal levies which may be imposed in Nepal with respect to the supply of the products and services under the verified contracts;

14. To accord Japanese Nationals, whose services may be required in connection with the supply of the products and services under the verified contracts, such facilities as may be necessary for their entry into Nepal and stay therein for the performance of their work;

15. To position the most appropriated number of operation and maintenance staff after the Project implementation;

16. To use and maintain properly and effectively all the facilities constructed and equipment purchased under the Grant. For example, the batteries installed for the Project shall be carefully inspected and properly maintained because the life is generally said to be around 10 years, and

17. 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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## **Appendix 5. Cost Estimation Borne by the Recipient Country**

1.	<b>Building Construction Cost for PCOs and Radio Repeaters</b>	<b>Rs. 3,600,000</b>
2.	<b>Fence Construction Cost for the Sites</b>	<b>Rs. 1,018,800</b>
<hr/>		
	<b>Total</b>	<b>Rs. 4,618,800</b>









JICA

