

Appendices

1. Minutes of Discussions
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Appendix 1

Minutes of Discussion

**Minutes of Discussions
on the Preliminary Study
on the Project for Construction of Sindhuli Road (Section III)
in Nepal
(The first field survey)**

In response to the request from the Government of Nepal, the Government of Japan decided to conduct a Preliminary Study on the Project for Construction of Sindhuli Road (Section III) (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

JICA sent to Nepal the Preliminary Study Team (hereinafter referred to as "the Team") headed by Mr. Koichi Kito, Team Director, Transportation and Electric Power Team, Project Management Group I, Grant Aid Management Department, JICA, and is scheduled to stay in the country from February 12 to March 17, 2007.

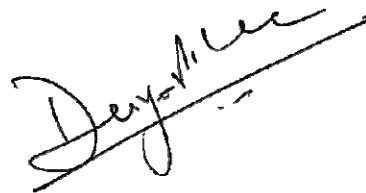
The Team held discussions with the concerned officials of Nepal and conducted a field survey in the study area.

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

Kathmandu, February 28, 2007

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Koichi Kito
Leader,
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Japan International Cooperation Agency



Durga Prasad K.C.
Director General
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Ministry of Physical Planning & Works
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ATTACHMENT

1. Objective of the Project

The objective of the Project is to construct the Sindhuli Road (Section III) and complete the whole Sindhuli Road linking the northern remote areas of Sindhuli district with East-West Highway and Arniko Highway.

2. Project Sites

The Project site is shown in Annex-1.

3. Responsible and Implementing Organizations

(1) The responsible organization for executing the Project is the Ministry of Physical Planning & Works (MOPPW).

(2) The implementing agency is the Department of Roads (DOR).

The organization charts of MOPPW and DOR are shown in Annex-2-1 and 2-2 respectively.

4. Items Requested by the Government of Nepal

As a result of the discussions, requested components are confirmed as below.

- Construction of Sindhuli Road (Section III) (approximate road length is 36km*)

/* The original requested road length was 32km. However, the ending section (3.9km length) of Section II, which is under construction now, was reduced and shall be included in the Section III.

The main road specification (ex. number of carriageway lanes, carriageway width, pavement, etc.) will be examined in the Basic Design Study.

5. Japan's Grant Aid Scheme

(1) The Nepalese side understood the Japan's Grant Aid scheme explained by the Team, as described in Annex-3.

(2) The Nepalese side will take necessary measures, as described in Annex-4, for smooth implementation of the Project as a condition for the Japan's Grant Aid to be implemented.

6. Comments from the JICA Advisory Council of Environmental and Social Considerations

(1) The Team explained to the Nepalese side the comments from the JICA Advisory Council of Environmental and Social Considerations on the EIA (Environmental Impact Assessment), which was approved by the Ministry of Environment, Science and Technology on May 28, 2006. The Nepalese side accepted the 23 comments and shall examine those comments in a positive way to conduct a complementary environmental study and update the EIA report.

(2) The Nepalese side understood that the comments listed below are especially important with sufficient considerations.

a) to conduct the stakeholders meetings in an appropriate manner.

- implementation method (number of the meetings to be held, venues, participation of and explanation method for the people socially weak (women, low-income persons, etc.))

- feedback from the stakeholders

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- b) to conduct sufficient meetings and agree with the PAPs (Project Affected Persons) regarding resettlement and compensation policy for their land and property
 - considerations for tenant farmers without land, women, illiterate persons, etc.
 - sustainment of living standard, livelihood support and monitoring plan after resettlement
- c) to ensure effectiveness of EMP (Environmental Management Plan) and monitoring plan
 - relation between impact assessment and mitigation measurement items
 - framework and budgetary allocation of EMU (Environmental Monitoring Unit)

7. Undertakings Required to the Government of Nepal and Further Study Schedule

(1) The Nepalese side understood the outline and objective of this preliminary study, and agreed to conduct the following works listed below.

- a) to conduct simple survey to PAPs along the proposed road alignment, which the priority was established through the discussions and field survey, regarding "attitude either for or against the Project" and "attitude either for or against the resettlement under the appropriate compensation policy by the Government of Nepal"
- b) to hold stakeholders meetings for information disclosure for both direct and indirect PAPs
- c) to conduct a complementary environmental study to update the EIA based on the comments from the JICA Advisory Council of Environmental and Social Considerations

(2) The both sides agreed that the second field survey of preliminary study shall be dispatched after completion of the above mentioned work a) and b).

(3) The Team explained to the Nepalese side that the Nepalese side shall not be required to finish the complementary environmental study during the preliminary study, but to finish the said study during the Basic Design Study.

8. Critical Passage to the Implementation of the Project

Both sides confirmed that the following items listed below are milestones to advance to the next step for the implementation of the Project.

- a) Milestone before Basic Design Study
 - determination of road alignment
 - identification of PAPs
 - confirming the opinion of PAPs regarding the Project
 - obtaining basic agreement with PAPs for the entitlement and resettlement
- b) Milestone before Cabinet Approval by the Government of Japan for Detailed Design
 - determination of the entitlement of PAPs
 - confirmation with PAPs regarding the entitlement
- c) Milestone before commencement of construction work
 - completion of acquisition, compensation and resettlement

The flow chart of Critical Passage mentioned above is shown in Annex-5.

9. Other Relevant Issues

(1) Both sides agreed that the new road alignment will be determined on the standpoint of minimizing the overall adverse impacts, especially for existing houses and cultivated lands. The Team will propose to the Nepalese side during its stay in Nepal a few options for the new road alignment with the explanation of their advantages/disadvantages.

(2) The Nepalese side explained to the Team that the houses located in the COI (Corridor of Impact) along the new road alignment shall be required to relocate, not in the ROW (Right of Way), for aiming to reduce the number of relocation houses.

(3) The Nepalese side explained to the Team that the compensation for the land acquisition covers houses and crops as well, and that the compensation method shall be applied in accordance with the related laws in Nepal, such as cash compensation or land to land compensation or both so that the landowners can select their best way at the compensation negotiation.

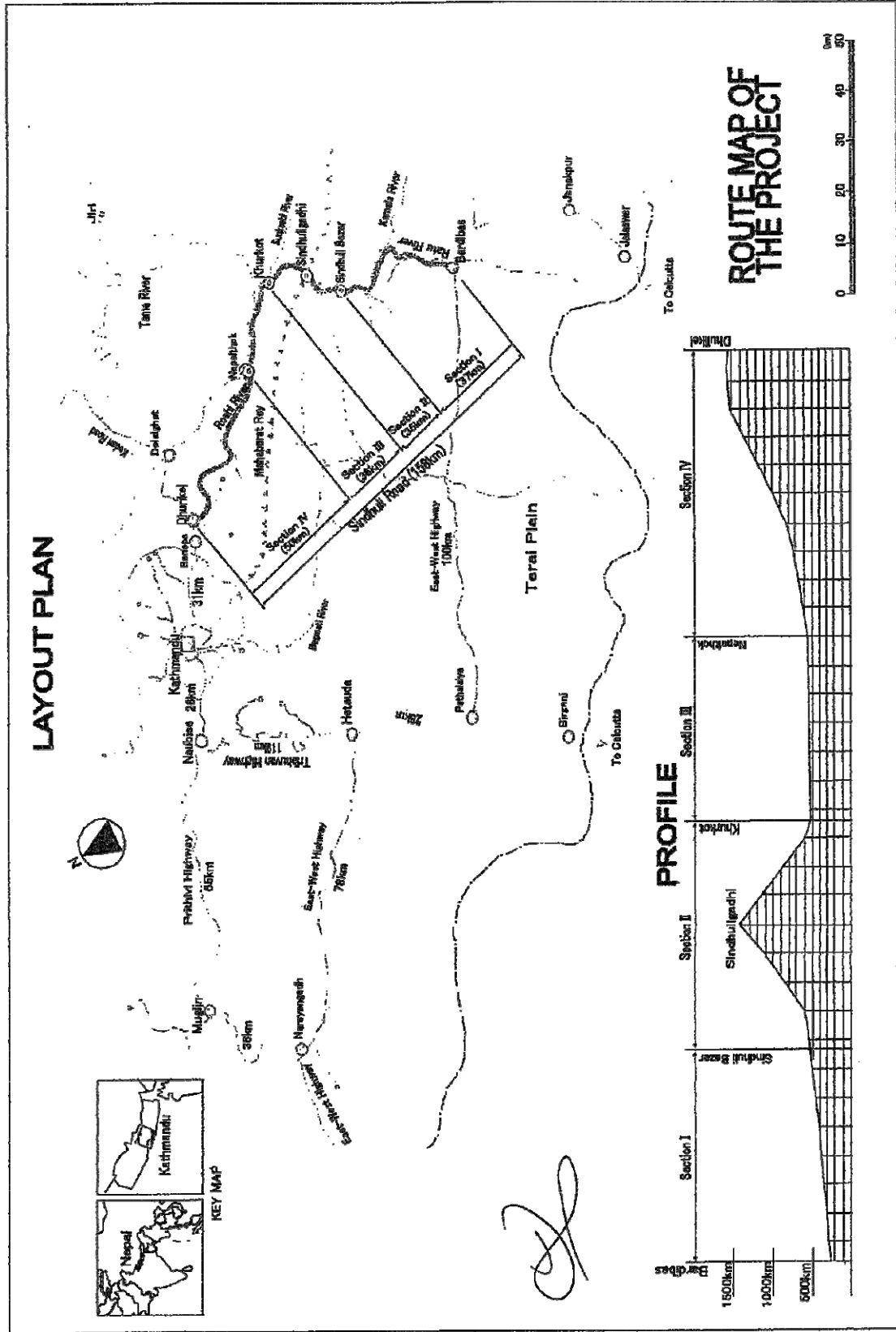
(4) The Nepalese side explained to the Team that the necessity to submit the updated EIA report to the Ministry of Environment, Science and Technology will be confirmed, and that the updated EIA report will be distributed to the related ministries/agencies to disseminate the updated EMP.

(5) The Nepalese side shall provide necessary number of counterpart personnel to the Team during the studies in Nepal.

(6) The Nepalese side shall submit answers to the Questionnaire to the Team, which the Team handed to the Nepalese side, by March 11, 2007.

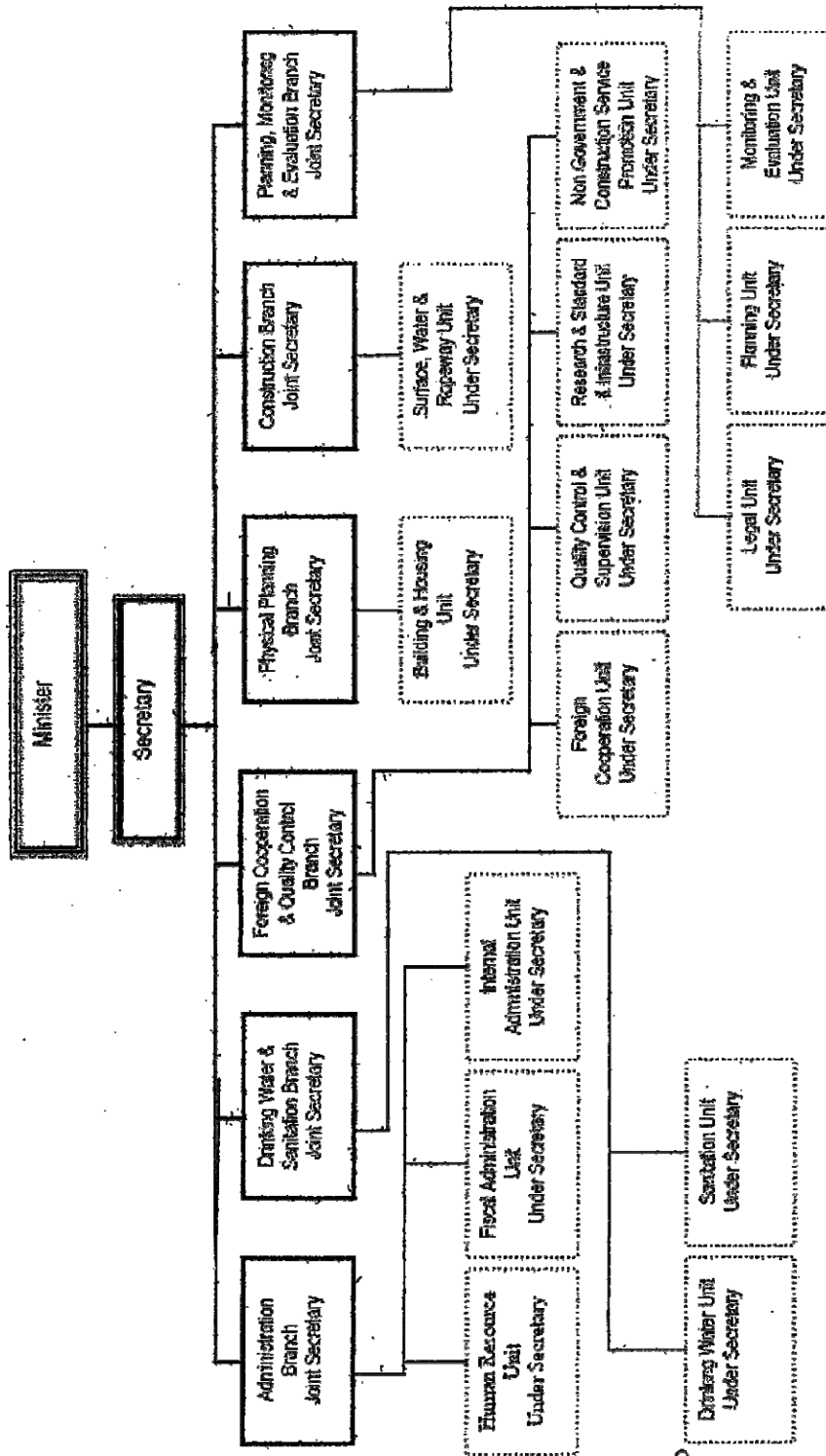
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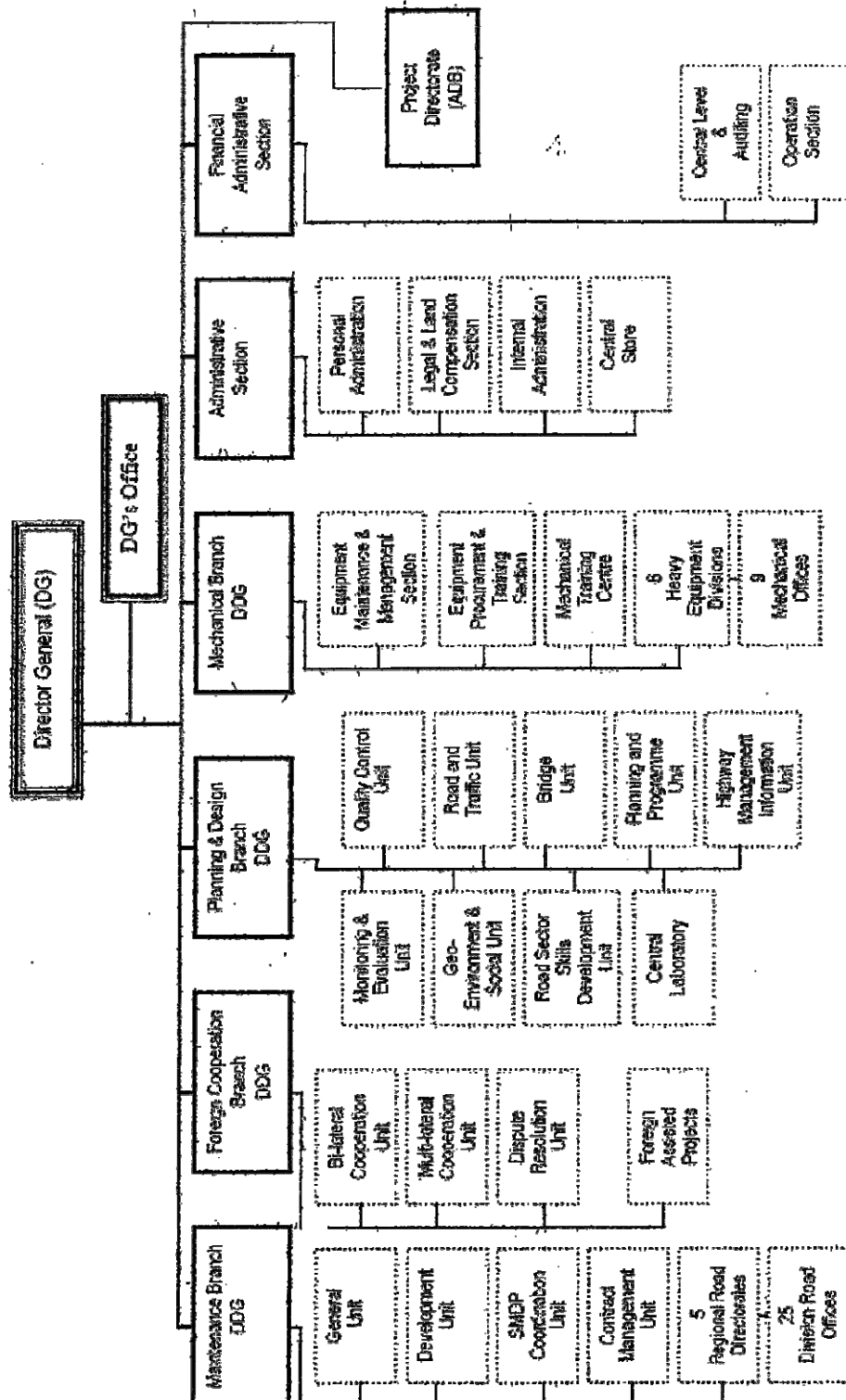
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Ministry of Physical Planning & Works
Organization Chart



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**Department of Roads
Organization Chart including all Offices**



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