

No. 17227

**UNITED STATES OF AMERICA
and
NEPAL**

Project Agreement relating to improvement of food production technology (with annexes). Signed at Kathmandu on 30 June 1976

Authentic text: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
NÉPAL**

Accord de projet relatif à l'amélioration des techniques de production vivrière (avec annexes). Signé à Katmandou le 30 juin 1976

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 24 novembre 1978.

PROJECT AGREEMENT¹ BETWEEN THE DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN
AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF
AMERICA, AND THE MINISTRY OF FINANCE

AN AGENCY OF HIS MAJESTY'S GOVERNMENT OF NEPAL

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:		1. Project/ Activity No. 367-0114	
<input checked="" type="checkbox"/> PROJECT DESCRIPTION ANNEX A	<input type="checkbox"/> FOREIGN CURRENCY STANDARD PROVISIONS ANNEX	2. Agreement No. FY 1976-7	3. <input checked="" type="checkbox"/> Original or Revision No. _____
<input checked="" type="checkbox"/> STANDARD PROVISIONS ANNEX ²	<input type="checkbox"/> SPECIAL LOAN PROVISIONS ANNEX	4. Project/Activity Title: INTEGRATED CEREALS	
This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:		5. Project Description and Explanation (See Annexes A, B and C attached)	
<input checked="" type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	Date January 23, 1951 ³	6. AID Appropri- ation Symbol 72-11X1023	
<input type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	Date	7. AID Allotment Symbol 402-50-367-00- 69-61	
<input type="checkbox"/> (other)	Date		
8. AID Financing			
<input checked="" type="checkbox"/> DOLLARS		Previous total (A)	Total to date (D)
<input type="checkbox"/> LOCAL CURRENCY		Increase (B)	Decrease (C)
(a) Total		\$1,031,000	\$1,031,000
(b) Contract services		1,031,000	1,031,000
(c) Commodities			
(d) Other costs			

¹ Came into force on 30 June 1976 by signature.

² United Nations, *Treaty Series*, vol. 1084, No. I-16587.

³ *Ibid.*, vol. 184, p. 65.

9. Cooperating Agency Financing-Dollar Equivalent \$1.00 =	<i>Previous total</i> (A)	<i>Increase</i> (B)	<i>Decrease</i> (C)	<i>Total to date</i> (D)
(a) Total				
(b) Technical and other services.....				
(c) Commodities.....				
(d) Other costs				

10. Special Provisions (*Use Additional Continuation Sheets, if Necessary*)

The Cooperating Government Agency agrees to execute an assignment to A.I.D. upon request, of any cause of action which may accrue to the Cooperating Government Agency in connection with or arising out of the contractual performance or breach of performance by a party to a direct contract with A.I.D. financed in whole or in part out of funds provided by the United States Government under this Agreement.

11. Date of Original Agreement June 30, 1976	12. Date of this Revision	13. Estimated Final Contribution Date September 30, 1981
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14. For the Cooperating Government or Agency

[Signed]

Secy.
Min. of Food, Ag.
and Irrigation, HMG

Signature: D. R. KOIRALA

Title: Secy., MFAI

Date:

[Signed]

Secy.
Min. of Finance,
HMG

S. B. PRADHAN

Secy.

15. For the Agency for International Development

[Signed]

Signature: DONALD L. LONG

Date: 6-30-76

Title: Acting Director, USAID/Nepal

ANNEX A

The purposes of this Project Agreement are to provide a general activity description of the Integrated Cereals project covering the initial year following implementation of the major contract, and to outline HMG/AID/contractor relationships.

I. PROJECT DESCRIPTION

A. *Statement of Purpose*

The immediate purpose of the project is to strengthen the Ministry of Food, Agriculture and Irrigation's (MFAI's) capacity to (1) generate improved production technology for the major food-grain crops and related cropping systems, and (2) transfer that technology to farmers. This transfer of technology is an indispensable part of the larger and longer-run objective of increasing foodgrain production in the hills and the Terai of Nepal.

The project is based on a functional concept of research: i.e., outreaching adaptive research with strong linkages to the Extension Service and the farmer, both for feedback on applicability

to improve research problem identification and for the promotion of acceptable technologies to increase production.

The project will build upon the facilities, organization, and staff developed by His Majesty's Government (HMG) during the past decade. As presently envisaged, the project is planned over a multi-year period.

B. *Project Activities*

1. *Adaptive Varietal and Production Technology Research*

The research efforts of this project are based upon a close interaction between the traditional functions of Research and Extension—with a constant feedback between the two. The project will focus on the principal foodgrains, rice, maize, and wheat, although attention will also be given to minor food crops such as millet, barley, pulses, and potatoes.

The research program will combine commodity and subject matter oriented programs into a farming systems approach. This approach will require improved problem identification: i.e., an improved understanding of farming systems in different geographic areas; improved definitions of pressure points in the system; improved identification and selection of which pressure points are researchable and potentially overcome; and improved information flows of problems needing research to the National Crop Coordination Teams.

The commodity research programs will work on components of the farming system, always trying to make the new technologies fit the system and always working to move the system to a higher level of productivity. This type of production technology research involves the economic study of production packages and inputs. It combines research for developing improved varieties, for determining optimum levels of fertilization and for developing better cultural practices, including intercropping and multiple cropping, with an operational research aspect for testing the different technologies under different agro, socio, and economic conditions.

Research activities will be specified in workplans to be jointly prepared by the Contractor and HMG within 90 days of the arrival of the Contract Team Leader. In general terms, the following research activities are planned during the first year of the project:

- (a) A system will be designed to coordinate the traditional Research and Extension functions, with a two-way flow of information from one to the other. Manpower projections and training plans will also be developed for the Department of Agriculture and the National Coordinated Crop Programs.
- (b) An interdisciplinary team composed of crop specialists, a farming systems specialist, a livestock specialist, and at least one agricultural economist from the Ministry of Food, Agriculture, and Irrigation will be organized and will be sponsoring (or conducting) studies and definitions of farming systems and pressure points and setting research priorities for the National Crop Coordination Teams.
- (c) Collection and testing programs will have begun for several minor crops, barley, millet, oilseed, pulses, and potatoes.
- (d) Continued varietal research will be conducted by the Rice, Maize, and Wheat Coordination Teams—i.e., development, selection, and testing under varying conditions.
- (e) Extensive field testing and demonstrations of recommended varieties and practices under actual farm conditions will be conducted. Results will be measured by their technical and economic feasibility.

2. *Research-Demonstration*

As part of the improved two-way communication between the Research and Extension services, Crop Production Specialists will be assigned to the Regional Directorates. These Specialists and other staff will help to identify practical problems which require attention of the Crop Coordination

Teams, as well as to transmit new research developments to the district-level Extension workers. Because of research development, the earliest attention will be devoted to maize improvement. Since improved seeds play an integral part in increased production this project will also develop an improved system for managing and operating a program of quality seed production by private farmers. Field "certification" will be relied upon until a "true" seed production/certification system can be developed. It is intended that a more detailed review will be made of Nepal's seed industry requirements during early FY 78. USAID participation in meeting these needs will be examined in conjunction with this review, with specific reference to additional seed processing plants and storage facilities as might be agreed upon by AID and HMG under a separate project.

Specific production activities will be described in the workplan referred to in Section I.B.1, but in general terms, the following activities are planned during the first year of the project:

- (a) The Maize Coordination Team will conduct a training program for Maize Production Specialists who will then be posted in the Development Regions. The other Crop Coordination Teams will conduct similar training programs in the following years.
- (b) The Regional Directorates, in collaboration with the Maize Coordination Team, will conduct training programs for maize-specific JTA's who will be posted in the Development Regions. The other Crop Coordination Teams will conduct similar training programs as their capability develops.
- (c) The Maize Production Specialists and maize-specific JTA's in each Regional Directorate will conduct further training programs for district-level personnel.
- (d) Approximately 1,500 research-demonstration field trials, under the supervision of the Crop Production Specialists and crop-specific JT/JTA's will be conducted.

For more detailed description of the project, see the *Integrated Cereals Project Paper* of May 1976.

II. PROJECT FINANCING

A. USAID/N Contribution

This Project Agreement obligates \$1,031,000 to provide the initial financing of the major implementing contract under this project. The financing is to cover: services of seven long-term technicians stationed in Nepal as well as short-term consultants, participant training (both academic and short-term, both U.S. and third country), commodity procurement and contingencies. Detailed utilization of funds will be negotiated between HMG and the IADS (see below).

It is understood that the contract will be negotiated directly between His Majesty's Government of Nepal and the International Agricultural Development Service of New York (IADS). It is further understood that the contract implementing document, in authorizing such negotiation, will specify the framework within which AID financing for the contract can be authorized.

USAID/N will also provide local currency funds to the contractor for logistical and administrative support for such expenses as housing, in-country travel, local support staff, locally purchased supplies and office expenses.

B. HMG Contribution

HMG will provide counterparts to each of the eventual Contract Team specialists. The Contract specialists will be fully integrated into the respective institutions with which they are working, with office space, responsibilities, work attendance, and involvement in institutional activities being comparable to that of the Nepali staff.

HMG will provide office space for Contract personnel at the National Crop Coordination Headquarters, at Khumaltar Research Station, and/or at the Department of Agriculture, as required.

When manpower and training plans are developed for the National Crop Coordination Teams and the Department of Agriculture, HMG will ensure that the necessary positions are created, that adequate funds are budgeted, and that the positions are filled with adequately trained personnel.

HMG hereby agrees to contribute not less than 25% of the total project costs over the life of the project. This contribution will be made in the form of salaries of project personnel, in managerial overhead, and in funds for counterpart in-country travel, for publication of materials, for support of in-service training programs, for warehousing and security of commodities procured, and for a portion of the materials used in and transport costs associated with the research-demonstration field trials.

III. PROJECT ADMINISTRATION

A. The project will be under the general policy guidance of and be coordinated by the Secretary of the Ministry of Food, Agriculture, and Irrigation. The contract will be between the MFAI and the contractor. The contract will be approved by USAID/Nepal.

B. The Director General of the Department of Agriculture will serve as Project Director and will be responsible for the direction of project activities.

C. The Agriculture Sector Development Officer, USAID/N, will serve as USAID/N Project Coordinator.

D. Specific project activities will be in accordance with work-plans and understandings jointly developed by the HMG Project Director and his staff and the Contract Team. The USAID/N role will be to review these plans in order to ensure that they are consistent with project objectives.

IV. DUTIES AND TAXES

The Ministry of Finance, HMG, has agreed with the desire of the Ministry of Food, Agriculture and Irrigation that no customs, duties, fees, taxes or special levies will be charged upon effects, materials and equipment imported into Nepal for one time only for the purpose of establishment of the IADS office in Nepal in connection with implementation of the Integrated Cereals Project. The effects, material and equipment in question presently are located in the IADS office in New Delhi, India and are listed in Annex B.

No customs, duties or taxes will be levied on the commodities imported with funds made available by this Agreement.

V. OTHER PROVISIONS

A. *Relation of U.S. Assistance to Other Aid Donor Assistance*

It is understood that U.S. assistance to the activities covered by this Project Agreement will be provided only insofar as such assistance does not duplicate assistance provided by other aid donor(s).

B. *Joint Reviews and Related Reporting Requirements*

The USAID/N Project Coordinator will be responsible for seeing that the project is reviewed according to established USAID-HMG policy. At the end of each quarter the HMG Project Director, the USAID/N Project Coordinator, the Contract Team and their counterparts will hold a review of the Project to determine whether the Project has achieved the listed actions and targets. A Quarterly Review Report shall be prepared outlining the progress in achieving the actions and targets in the Project Agreement, explaining why any significant quarterly actions and targets have not been met during the quarter under review, and making any recommendations which the Project Directors and USAID/N Project Coordinator feel are required. The fourth quarterly review and its report in each year shall cover the entire year's activities. An annual project evaluation will be conducted beginning one year after arrival of the contract team.

ANNEX B

*List of Items Being Moved From New Delhi, India, to Kathmandu, Nepal,
for Establishment of IADS Office*

1. Used Airconditioners	11 Nos.
2. <i>Vehicles</i> (Used and Old): (Indian Registrations)	4 Nos.
<i>a.</i> Mercedes Benz Car, 220-D (AAV-6230)	
<i>b.</i> Mercedes Benz Car, 220-D (AAU-2998)	
<i>c.</i> Scooter, Lambretta-1967 (ADX-4285)	
<i>d.</i> Scooter, Lambretta-1967 (ADY-1671)	
3. <i>Calculators</i> (Used-electric)	2 Nos.
<i>a.</i> Victor	
<i>b.</i> Friden	
4. <i>Typewriter</i> (Used and Old)	4 Nos.
<i>a.</i> Selectric, IBM	
<i>b.</i> Standard, IBM	
<i>c.</i> Royal, Manually operated—2 nos.	
5. <i>Photocopying Machines</i> (Used and Old)	2 Nos.
<i>a.</i> APECO Super-Stat Photo Copier with parts and supplies	
<i>b.</i> COPEASE 14" Photocopier with exposing unit-Model A— <i>Plus</i> supplies	
6. Combo Ring Binder and Supplies	1 No.
7. Safe (Godrej) (Used and Old)	1 No.
8. Almirah, Steel (Used and Old)	4 Nos.
9. Filing Cabinets, Steel (Used and Old)	5 No.
10. Filing Cabinets, Wooden (New)	2 No.
11. Sofa sets (Used and Old)	2 No.
12. Duplicating Machine, Gestetner, Manual (Used and Old)	1 No.
13. Stationery and Supplies	

ANNEX C

The provision for the simultaneous issuance of implementing documentation for technical services by PIO/T is hereby waived (Handbook 19, Chapter 1, Page 1–24). The implementing documentation can be issued at any time up to six months after issuance of this Project Agreement.

[Signed]
DONALD L. LONG
Acting Director
USAID/Nepal