

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF INDIA

AND

THE GOVERNMENT OF NEPAL

FOR

**IMPLEMENTATION OF THE GRANT COMPONENT OF INDIA'S
POST-EARTHQUAKE RECONSTRUCTION PACKAGE IN THE
EDUCATION SECTOR IN NEPAL**

THE Government of the Republic of India [hereinafter referred to as GoI] and the Government of Nepal [hereinafter referred to as GoN] and hereinafter jointly referred to as the Parties;

BEARING in mind the age-old close and friendly relations between the two countries and their people;

RECALLING the Memorandum of Understanding between Government of Nepal and Government of India on Utilization of Grant Component of India's Assistance Package for Post-Earthquake Reconstruction in Nepal signed on February 20, 2016 (hereinafter referred to as RECONSTRUCTION GRANT MoU);

REFERRING the need to sign sector-specific MoUs for the utilization of the Grant Component;

AND desirous of jointly working towards successful and timely utilization of the fund for reconstruction and rehabilitation programmes in mutually identified projects;

HAVE reached the following understanding:

Article-I

Introduction

1.1 The grant component of India's assistance package for post-earthquake reconstruction in Nepal of amount US\$ 250 million [USD Two hundred and fifty million] comprises US\$ 100 million [USD One hundred million] for housing and US\$ 50 million [USD Fifty million] each for health, education and cultural heritage sectors for mutually identified projects. Consultancy charges for Socio-Technical Facilitation Consultant(s) for the housing sector shall be paid by GoI directly from within the US\$ 250 million grant assistance.

1.2 The Parties agree to undertake reconstruction and rehabilitation of School buildings in Nepal as per the attached indicative list of projects, subject to a ceiling of US\$ 50 million grant assistance, including technical assistance/consultancy component wherever needed. GoN shall bear the costs over and above the agreed grant assistance by GoI due to change in scope & specifications of projects. Any change in scope and specification of the project shall be mutually agreed to by the Parties.

1.3 GoN shall provide to GoI indicative cost of each project in the annexed project list. The project list can be updated and amended through mutual consultation.

1.4 In accordance with Article-V of RECONSTRUCTION GRANT MoU, the National Reconstruction Authority of Nepal (hereinafter referred to as "NRA") shall be the Executing Agency and the Central Level Project Implementation Unit (CLPIU) of the Ministry of Education, GoN, shall be the Implementing Agency for the purpose of this MoU.

1.5 The Ministry of Education of GoN shall also provide necessary technical assistance in design and supervision of the project, including civil construction work, to ensure timely and quality implementation of the project.

1.6 The audit of the projects shall be conducted as per GoN's policies and CLPIU is responsible to share final audit report with GoI.

Article-II

Implementation of Reconstruction Projects

2.1 List of projects with indicative cost shall be communicated to Embassy of India (Eol), Kathmandu by NRA through Ministry of Finance, GoN.

2.2 GoI shall appoint Indian Project Management Consultant [PMC] in consultation with GoN. Terms of Reference of the PMC shall be mutually agreed upon by GoN and GoI. The PMC shall be responsible for the preparation of Detailed Project Reports (DPR) of education projects, wherever needed, and shall also review the DPRs of the projects already prepared by GoN. The DPRs of all the projects shall be agreed to by both the Parties. The PMC shall also be responsible for monitoring and supervision of individual projects in coordination with the implementing agency(ies). Payment to PMC shall be made by GoI directly from the grant component.

2.3 The PMC shall work in close coordination with CLPIU and Eol. CLPIU shall liaise between the PMC /Contractor(s) and GoN/other authorities to facilitate provision of necessary facilities by the authorities concerned and various exemptions to ensure successful and timely completion of the Projects. The CLPIU shall be responsible for overall implementation of the project activities, and shall report periodically to the Joint Project Monitoring Committee [JPMC] as per Article-III of this MoU.

2.4 Separate project-wise MoUs shall be signed between the Eol, implementing agency(ies) and/or other agencies as mutually agreed for smooth implementation of projects. Details of the project, i.e., the total cost, the monitoring and evaluation mechanism and the responsibilities regarding the project implementation assigned to various stakeholders shall be included in these project-wise MoUs.

2.5 GoN shall appoint Indian/Nepalese or Joint Venture of Indian and Nepalese contractors for the implementation of individual projects in consultation with GoI.

2.6 Projects shall be completed in a phased manner as per specifications and timelines specified in the project-wise MoUs.

2.7 Grant amount utilization shall be reflected by GoN in its Budget Book and channelled through the Treasury system. However, payment to PMC shall be made directly by GoI from grant component as mentioned in Para 2.2.

2.8 Ministry of Finance, with the recommendation of NRA, shall authorize officials of CLPIU to submit reimbursement request to EoI.

2.9 PMC shall submit monthly reports to NRA and EoI, which shall be put up for review by JPMC.

2.10 PMC shall assist CLPIU to prepare the quarterly progress report and reimbursement request based on physical and financial progress of all projects under this MoU. CLPIU shall submit both progress report and reimbursement request to EoI 15 days past of every quarter elapsed. Reimbursement shall be made at the earliest by GoI to GoN Treasury on receipt of reimbursement request.

2.11 PMC shall assist CLPIU to maintain records of all projects under this MoU and reimbursement received from EoI.

Article-III Project Review and Monitoring

3.1 In order to undertake site visits and quarterly review of all ongoing reconstruction work under this MoU, a Joint Project Monitoring Committee (JPMC) shall be constituted to conduct joint review and monitoring of the project activities and to ensure the smooth operation of project. The Joint Project Monitoring Committee (JPMC) shall comprise of:

- a) Secretary, National Reconstruction Authority, GoN (Chairperson)
- b) Additional Secretary & Financial Adviser, Ministry of External Affairs (MEA), GoI or his representative
- c) Joint Secretary (North), MEA, GoI or his representative
- d) Joint Secretary(Planning), Ministry of Education, GoN
- e) Representative of Ministry of Human Resource Development, GoI
- f) Deputy Chief of Mission, Embassy of India, Kathmandu
- g) Head of CLPIU, Ministry of Education GoN

- h) Head of Reconstruction Wing, Embassy of India, Kathmandu
- i) Representative of Ministry of Finance, GoN
- j) Joint Secretary, Policy, Planning, Monitoring and Development Cooperation Division, NRA shall be the Member Secretary of the JPMC

3.2 JPMC may, should there be any specific requirement, invite any other person related with the Project for the purpose of consultation.

3.3 The JPMC shall review the physical progress of projects at regular intervals to ascertain conformity of construction with the prescribed/agreed quality standards.

3.4 Meetings of the JPMC shall be convened during the implementation of the Project, ordinarily once every quarter or with such periodicity as considered necessary by the Parties.

Article-IV **Taxes, Duties and Privileges**

4.1 No funds provided by GoI shall be used for tax payment.

4.2 GoN shall provide a counterpart fund to make payment to the contractors and consultants for the payment of VAT against their invoice.

4.3 GoN shall provide exemption of Customs Duty and other fees except VAT payable to the customs office by the contractors and consultants to import construction materials, machinery and equipment on the basis of approved master list. For this purpose, contractors and consultants shall submit such list of items to be imported for the implementation of project(s) to the CLPIU, which shall facilitate the approval process from MoF, with the recommendation through NRA.

4.4 In the case of PMC/Contractor(s), GoN shall not levy any taxes or duties on any kind of machinery, equipment and vehicles payable to the customs offices when it is exported to India upon completion of the project. For this purpose, contractors and consultants shall submit list of such machinery, equipment and vehicles to CLPIU and NRA shall facilitate to

obtain approval process from MoF. However, if machinery, equipment and vehicles are not exported to India and sold in Nepal, then all taxes or duties as applicable shall be paid by the contractor(s)/consultant or the buyer.

4.5 The income tax levied on the Indian contractor(s)/PMC shall be regulated as per the provisions of the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income concluded between GoN and Gol.

Article-V

General Conditions

5.1 GoN shall provide the following facilities to the PMC and the Contractor(s):

5.1.1 Space for appropriate office/residential accommodation for the personnel deployed by the PMC for free of cost at or near the site(s) of the Project. GoN shall also facilitate acquisition of suitable space by the Contractor(s) at or near the site(s) of the Project for appropriate office/residential accommodations for their personnel and for their labour camps/construction yards.

5.1.2 Necessary security to the personnel deployed by the PMC and the Contractor(s) and their teams and at related Project sites to enable smooth implementation of the Project.

5.1.3 Validation of the Indian Driving Licenses of expatriate drivers employed within Nepal by the Consultant and the Contractor(s) for the project, and facilitation of the movement of the personnel deployed by the PMC and the Contractor(s) and their teams in Nepal, in accordance with the rules and regulations of GoN.

5.1.4 All administrative, environmental, legal, technical and other clearances, as necessary for the implementation of the Project, must be obtained expeditiously, without delay and without any financial implications on Gol, if a request for such clearance is made by the PMC and the Contractor(s).

5.1.5 All reference documents related to GoN requirements shall be made available to the PMC and the Contractor(s) through the Project Director of CLPIU.

5.1.6 The Indian personnel deployed by the PMC and the contractor(s) working on the project in Nepal shall, at all times, respect the laws of Nepal. However, no suit, proceedings, except in the case of gross negligence or wilful misconduct, shall be instituted against any such person for anything done or purported to be done in good faith, in the course of discharging their official duties for the successful and expeditious implementation of the project.

5.1.7 After the completion of the Project and with the approval of the JPMC, the Contractor(s) shall handover the project and all other assets created under the Project to GoN. The JPMC shall cease to exist after handing over of the completed Project to GoN.

5.1.8 The recruitment of professionals/skilled labour, experts, administrative, technical and other personnel for the implementation of the Projects shall be confined to the nationals of either country. GoN shall issue identity cards to such personnel from India and also arrange for their security during the implementation of the Projects.

5.1.9 The GoN shall secure, as per the existing laws, all statutory clearances required before commencement, during implementation and after completion of the Projects for the smooth and effective implementation of the Project.

5.1.10 The GoN shall be responsible for resolution of administrative or legal difficulties, if any, arising during the execution of the Projects.

Article-VI

Dispute Settlement

6.1 Any dispute that may arise from interpretation or enforcement of this Memorandum of Understanding shall be resolved amicably through mutual consultations between the GoI and the GoN.

6.2 GoN shall be responsible for the resolution of administrative or legal encumbrances, if any, in the execution of the Project and for payment of compensation, if any, and settlement of claims or disputes arising in connection thereof.

Article-VII

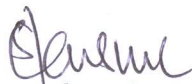
Effectiveness and Amendment

7.1 This MoU shall come into force upon signature by both Parties and shall remain in force till the completion of the undertaken projects.

7.2 The Memorandum of Understanding may be amended and modified by mutual consent of the Parties.

7.3 In witness whereof, the undersigned being duly authorized by their respective Governments have signed this MoU.

Signed on this 24th day of August 2017 at New Delhi in two originals in the English language.



**For and on behalf of
Government of the
Republic of India**



**For and on behalf of
Government of Nepal**

Project list of School Sector to be Reconstructed by Indian Grant Assistance

S.N.	District	Name of School
1	Ramechap	Jana Jagrit Uchha Ma .Vi.
2	Ramechap	Jatteshwori Uchha Ma. Vi.
3	Ramechap	Tripureshwor Uchha Ma. Vi.
4	Ramechap	Pashupati Uchha Ma .Vi.
5	Ramechap	Nil Kantheshwor Uchha Ma. Vi.
6	Ramechap	Krishna Uchha Ma. Vi.
7	Ramechap	Krishnapuri Uchha Ma .Vi.
8	Ramechap	Antarastriya Yuwa Ma .Vi.
9	Ramechap	Jana Kalyan Ma .Vi.
10	Ramechap	Saraswati Ma .Vi.
11	Dolkha	Bhim Uchha Ma. Vi.
12	Dolkha	Kalinchowk Uchha Ma .Vi.
13	Dolkha	Kshatrawati Uchcha Ma .Vi.
14	Dolkha	Kalapani Ma. Vi.
15	Dolkha	Manedanda Uchcha Ma. Vi.
16	Dolkha	Shanti Adarsha Uchha Ma. Vi.
17	Dolkha	Durga Uchha Ma. Vi.
18	Dolkha	Gupteshwor Ma. Vi.
19	Dolkha	Kalidhunga Uchcha Ma. Vi.
20	Dolkha	Kalinag Uchha Ma .Vi.
21	Simdhupalchok	Rama Ma. Vi.
22	Simdhupalchok	Sipatinghara Sanskrit Uchha Ma. Vi.
23	Simdhupalchok	Ainselukharka Uchha Ma. Vi.
24	Simdhupalchok	Chhema Devi Uchha Ma. Vi.
25	Simdhupalchok	Chandeswori Higher Secondary School
26	Simdhupalchok	Saraswati Uchha Ma. Vi.
27	Simdhupalchok	Mahendra Kanti Uchha Ma. Vi.
28	Simdhupalchok	Jansahayog Secondary School
29	Simdhupalchok	Saraswoti Ma. Vi
30	Simdhupalchok	Thokarpa Ma. Vi.
31	Kavrepalanchok	Ajad Uchha Ma. Vi.

32	Kavrepalanchok	Ajad Uchha Ma. Vi.
33	Kavrepalanchok	Bhairab Ma. Vi.
34	Kavrepalanchok	Kanpur Uchha Ma. Vi.
35	Kavrepalanchok	Bhagawati Uchha Ma. Vi.
36	Kavrepalanchok	Janhit Ma. Vi.
37	Kavrepalanchok	Khanda Devi Uchha Ma. Vi.
38	Kavrepalanchok	Sharada Uchha Ma. Vi.
39	Kavrepalanchok	Dugdeshwor Ma. Vi.
40	Kavrepalanchok	Laxmi Narayan Uchha Ma. Vi.
41	Nuwakot	Kalika Ma. Vi.
42	Nuwakot	Kamarudevi Uchha Ma. Vi.
43	Nuwakot	Sarsowati Ma. Vi.
44	Nuwakot	Sankhadevi Uchha Ma. Vi.
45	Nuwakot	Ganesh Uchha Ma. Vi.
46	Nuwakot	Pancha Linge Ma. Vi.
47	Nuwakot	Aiselubhume Uchha Ma. Vi.
48	Nuwakot	Narayandevi Uchha Ma. Vi.
49	Nuwakot	Pancha Kanya Bhume Pra. Vi.
50	Nuwakot	Pimaltar Ma. Vi.
51	Dhading	Salyankot Uchha Ma. Vi.
52	Dhading	Salbash Uchha Ma. Vi.
53	Dhading	Brichet Uchha Ma. Vi.
54	Dhading	Baraha Kalika Uchha Ma. Vi.
55	Dhading	Mahendrodya Ma. Vi.
56	Dhading	Tripura Sundari Uchha Ma. Vi.
57	Dhading	Mahakali Ma. Vi.
58	Dhading	Thulo Chour Ma. Vi.
59	Dhading	Minduka Ma. Vi.
60	Dhading	Ranipouwa Uchha Ma. Vi.
61	Gorkha	Krishna Jyoti Ma. Vi.
62	Gorkha	Suryodaya Ma. Vi.
63	Gorkha	Manjushri Ma. Vi.
64	Gorkha	Amar Jyoti Janata Uchha Ma. Vi.
65	Gorkha	Ratna Laxmi Ma. Vi.

66	Gorkha	Tara Uchha Ma. Vi.
67	Gorkha	Mahalaxmi Uchha Ma. Vi.
68	Gorkha	Himalaya Uchha Ma. Vi.
69	Gorkha	Buddha Ma.Vi.
70	Gorkha	Gandaki Ma. Vi.
71	Central Library	Tribhuvan University, Kathmandu
72	National Library	Patan, Lalitpur