

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
HEALTH 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 Health Facilities 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 Ministry of Health (MoH), GoN, shall be the Implementing Agency for the purpose of this MoU.

1.5 The Ministry of Health 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 MoH 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 (EoI), 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 health 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 MoH and EoI. MoH 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 MoH 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 EoI, 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 Gol from grant component as mentioned in Para 2.2.

2.8 Ministry of Finance, with the recommendation of NRA, shall authorize officials of MoH 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 MoH to prepare the quarterly progress report and reimbursement request based on physical and financial progress of all projects under this MoU. MoH 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 Gol to GoN Treasury on receipt of reimbursement request.

2.11 PMC shall assist MoH 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), Gol or his representative
- c) Joint Secretary (North), MEA, Gol or his representative

- d) Joint Secretary, Ministry of Health, GoN
- e) Representative of Ministry of Health and Family Welfare, Gol
- f) JS, Head of Project Coordination Unit, (PCU), Ministry of Health (GoN)
- g) Deputy Chief of Mission, Embassy of India, Kathmandu
- 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 Gol 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 MoH, 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 MoH 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, most expeditiously, without delay and without any financial implications on GoI, 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 Joint Secretary, MoH, GoN.

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.

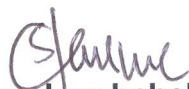
**Article-VII
Effectiveness and Amendment**

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.

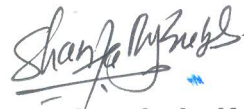
7.2 The Memorandum of Understanding may be amended and modified by mutual consent of the Parties.

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
The Government of
the Republic of India**



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

Project List of Health Sector to be reconstructed Under Indian Grant Assistance

SN	District	Name of Health Facilities
1	Rasuwa	Bhorle Helath Post
2	Bhaktapur	Sirutar Health post
3	Dhading	Jyamrung Aurvedic Ausadhalaya
4	Dhading	Dhuwakot Health Post (Ka)
5	Dhading	Dhuwakot Health Post (Kha)
6	Dhading	Kalleri Health Post
7	Dhading	Khari Health Post
8	Dhading	Marpak Health post
9	Dhading	Tipling Health post
10	Dhading	Jharlang Health post
11	Dhading	Kumpur Health post
12	Dhading	Sunaula Bazaar Health post
13	Dhading	Ree Gaun Health post
14	Dhading	Dhola Health post
15	Dhading	Salyankot Health post
16	Dhading	Nalang Health post
17	Dhading	Jyamrung Health post
18	Dhading	Tasarpu Health post
19	Gorkha	Darbung Ayurvedic Ausadhalaya
20	Gorkha	Ghairung Ayurvedic Ausadhalaya
21	Gorkha	Kashi Gaun Health post
22	Gorkha	Thumi Health post
23	Gorkha	Jaubari Primary Health Center

24	Gorkha	Takumaj Lakuridanda Health post
25	Gorkha	Gaikhur Health post
26	Gorkha	Saurpani Ayurvedic Ausadhalaya
27	Gorkha	Prok Health post
28	Gorkha	Kerauja Health post
29	Gorkha	Dhuwakot Health post
30	Gorkha	Vumlichowk Health post
31	Gorkha	Shreenathkot Health post
32	Gorkha	Deurali Health post
33	Gorkha	Kharibot Health post
34	Gorkha	Baddanda Health post, Palungtar
35	Gorkha	Tanglichowk Health post
36	Gorkha	Namjung Health post
37	Gorkha	Taklung Health post
38	Gorkha	Swara Health post
39	Gorkha	Mirkot Health post
40	Gorkha	Saurpani Health post
41	Gorkha	Choprak Health post
42	Gorkha	Muchowk Health post
43	Gorkha	Ghairung Health post
44	Gorkha	Darbung Health post
45	Gorkha	Takukot Health post
46	Gorkha	Harmi Health post
47	Gorkha	Panchkuwa Deurali Health post
48	Gorkha	Fujel Health post
49	Gorkha	Taple Health post

50	Gorkha	Taranagar Health Post
51	Nuwakot	District Ayurvedic Ausadhalaya
52	Nuwakot	Khanayokharka Ayurvedic Ausadhalaya
53	Nuwakot	Narjamandap Ayurvedic Ausadhalaya
54	Nuwakot	Sundara Devi Ayurvedic Ausadhalaya
55	Nuwakot	Taruka Ayurvedic Ausadhalaya
56	Nuwakot	Thansing Ayurvedic Ausadhalaya
57	Nuwakot	Ghaynfedi Health Post
58	Nuwakot	Gaukharka Health Post
59	Nuwakot	Chap Health Post
60	Nuwakot	Beteni Health Post
61	Nuwakot	Thap Budhasing Health Post
62	Nuwakot	Bungtang Health Post
63	Nuwakot	Budhasing Health Post
64	Nuwakot	Dangsingh Health Post
65	Nuwakot	Liku Health Post, Sallimaidan
66	Nuwakot	Lachyang Health Post
67	Nuwakot	Duipipal Health Post
68	Nuwakot	Sikre Health Post
69	Nuwakot	Belkot Health Post
70	Nuwakot	Panchya Kanya Health Post
71	Nuwakot	Thanapatti Health Post
72	Nuwakot	Tarukajor Health Post, Taruka
73	Nuwakot	Ralukadevi Health Post
74	Nuwakot	Madanpur Health Post
75	Nuwakot	Kabilas Health Post

76	Nuwakot	Narjamandap Health Post
77	Nuwakot	Suryamati Health Post
78	Ramechhap	Baluwa Ayurvedic Ausadhalaya
79	Ramechhap	Duragaun Health Post
80	Ramechhap	Okreni Health Post
81	Ramechhap	Khaniyapani Health Post
82	Ramechhap	Manthali PHCC(15 Beded Hospital)
83	Ramechhap	Bamti Health Post
84	Ramechhap	Gothgaun Health Post
85	Ramechhap	Chanakhu Health Post
86	Ramechhap	Makadum Health Post
87	Ramechhap	Himganga Health Post
88	Ramechhap	Gelu PHCC
89	Ramechhap	Chuchure Health Post
90	Ramechhap	Goshwara Health Post
91	Ramechhap	Majuwa Health Post
92	Ramechhap	Rampur Health Post
93	Ramechhap	Rasnalua Health Post
94	Ramechhap	Salupatti Health Post
95	Ramechhap	Bijulikot Health Post
96	Ramechhap	Pinkhuri Health Post
97	Ramechhap	Daduwa Health Post
98	Ramechhap	Maluwajor Health Post
99	Ramechhap	Hiledevi Health Post
100	Ramechhap	Chisapani Health Post
101	Ramechhap	Kathjor Health Post

102	Ramechhap	Tilpung Health Post
103	Kavrepalanchowk	Khopasi PHCC
104	Kavrepalanchowk	Sunthan PHCC
105	Kavrepalanchowk	Nala Health Post, Ugrachandi
106	Kavrepalanchowk	Dhulikhel Ayurvedic Ausadhalaya
107	Kavrepalanchowk	Milche Health Post
108	Kavrepalanchowk	Bankhu Chaur Health Post
109	Kavrepalanchowk	Saldhara Health Post (Excluding Birthing Center)
110	Kavrepalanchowk	Falametar Health Post (Excluding Birthing Center)
111	Kavrepalanchowk	Chandani Mandan Health Post (Excluding Birthing Center)
112	Kavrepalanchowk	Pokhari Chauri Health Post (Excluding Birthing Center)
113	Kavrepalanchowk	Panauti Health Post
114	Dolakha	Chisapani Ayurvedic Ausadhalaya
115	Dolakha	Lapilang Ayurvedic Ausadhalaya
116	Dolakha	Charikot PHCC (OT, ICU and Emergency Block)
117	Dolakha	Suri PHCC
118	Dolakha	Boch Health Post (Excluding Birthing Center)
119	Dolakha	Gauri Shankar Health Post
120	Dolakha	Marbu Health Post
121	Dolakha	Shyama Health Post
122	Dolakha	Bhusafeda Health Post
123	Dolakha	Chilanka Health Post
124	Dolakha	Bigu Health Post
125	Dolakha	Mali Health Post
126	Dolakha	Thulo Patal Health Post

127	Dolakha	Jyaku Health Post
128	Dolakha	Babre Health Post
129	Dolakha	Katakuti Health Post
130	Dolakha	Magapauwa Health Post
131	Dolakha	Lakuridanda Health Post
132	Dolakha	Jhule Health Post
133	Dolakha	Ghayang Sukathor Health Post
134	Dolakha	Lapilang Health Post
135	Dolakha	Lamidanda Health Post
136	Dolakha	Vedpu Health Post
137	Dolakha	Tamchet Dhdhpokhari Health Post
138	Sindhupalchowk	Melamchi Ayurvedic Ausadhalaya
139	Sindhupalchowk	Pipaldanda Ayurvedic Ausadhalaya
140	Sindhupalchowk	Thakani Ayurvedic Ausadhalaya
141	Sindhupalchowk	Thokarpa Ayurvedic Ausadhalaya
142	Sindhupalchowk	Thokarpa Health Post
143	Sindhupalchowk	Bhimtar Health Post
144	Sindhupalchowk	Attarpur Health Post
145	Sindhupalchowk	Thulo Dhading Health Post
146	Sindhupalchowk	Lisikot Health Post
147	Sindhupalchowk	Basnkharka Health Post
148	Sindhupalchowk	Fulpingkot Health Post
149	Sindhupalchowk	Hagarm Health Post
150	Sindhupalchowk	Jyamire Health Post
151	Sindhupalchowk	Maneshwara Health Post
152	Sindhupalchowk	Votang Health Post

153	Sindhupalchowk	Sindhukot Health Post
154	Sindhupalchowk	Nawalpur Health Post
155	Lalitpur	Bisankhu Narayan Ayurvedic Ausadhalaya
156	Kaski	Western Regional Hospital
157	Kathmandu	Construction of Reconstuction Unit of Ministry of Health Buidng