

**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 CULTURAL HERITAGE 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 Cultural Heritage projects/sites 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 Department of Archaeology (DoA), Ministry of Culture, Tourism and Civil Aviation, GoN, shall be the Implementing Agency for the purpose of this MoU.

1.5 The Department of Archaeology (DoA) 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 DoA 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 cultural heritage 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 DoA and Eol. DoA 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 DoA 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 Gol from grant component as mentioned in Para 2.2.

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

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

2.10 PMC shall assist DoA to prepare the quarterly progress report and reimbursement request based on physical and financial progress of all projects under this MoU. DoA shall submit both progress report and reimbursement request to Eol 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 DoA to maintain records of all projects under this MoU and reimbursement received from Eol.

### **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(Planning), Ministry of Cultural, Tourism and Civil Aviation, GoN
- e) Representative of Archaeological Survey of India, Ministry of Culture, Gol

- f) Deputy Chief of Mission, Embassy of India, Kathmandu
- g) Director General, Department of Archaeology, 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 DoA, 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 DoA 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 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 DoA.

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**

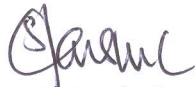
#### **Effectiveness and Amendment**

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 24<sup>th</sup> 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 the Cultural Heritage (Monuments) to be  
Reconstructed under Indian Grant Assistance**

<b>S.N.</b>	<b>District</b>	<b>Description</b>
1	Lalitpur	Jestha Varna Mahavihara, Jyaba Bahil
2	Lalitpur	Agam (Sacred Sanctum) & Digi of Guita Bahi (Gutshala & Pratham Mahavihara) Buddhist Monastery
3	Lalitpur	Napichandra Mahavihara
4	Lalitpur	Kumari House at Ratnakar Mahavihara
5	Lalitpur	Gopichandra Mahavihara, Ikhachhe bahi
6	Kathmandu	Dharmashala in Budhanilkantha
7	Sindhupalchwok	Tarke Ghyanga Monastery, Helambu
8	Sindhupalchwok	Melamchi Ghyang, Helambu
9	Sindhupalchwok	Chiri Ghyang, Helambu
10	Sindhupalchwok	Nawalpur Ghyang, Nawalpur
11	Sindhupalchwok	Shermathang Ghyang, Melamchi Sankhu
12	Sindhupalchwok	Suli Ghyang, Melamchi, Sankhu
13	Sindhupalchwok	Listi Wagam Ghyang, Listikot
14	Kathmandu	Seto Machhindranath
15	Lalitpur	Bhimsen Temple, Patan
16	Solukhumbu	Namdroling Monastery
17	Kathmandu	Nepal Bhasa Parisad
18	Lalitpur	Adalat Bhawan
19	Rasuwa	Tulku Chholing Gumba, Dhunche-6, Rasuwa
20	Rasuwa	Shree His Lendup Monastery, Chilime-7, Rasuwa
21	Rasuwa	Dongag Tsuklag Khang Monastery, Briddin-2, Rasuwa
22	Rasuwa	Kanying Dongag Cho Ling Monastery, Briddin-1, Rasuwa
23	Nuwakot	Ahimsabadi Sange Choling Boudha Gumba, Samri-1, Nuwakot
24	Nuwakot	Shree Main Tarchenling Baudha Gumba, Samri-3, Nuwakot
25	Nuwakot	Hise Denchheling Baudha Gumba, Kimtang-1, Nuwakot

26	Dhading	Shree Tache Choling Sang Gumba, Katunche-2, Dhading
27	Lalitpur	Hiranya Varna Mahabihar
28	Bhaktapur	Jangam Math