

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINISTRY OF FOREIGN AFFAIRS OF THE REPUBLIC OF KOREA
AND
THE MINISTRY OF FINANCE OF THE GOVERNMENT OF NEPAL ON
THE PROJECT FOR
INTEGRATED RURAL DEVELOPMENT OF NEPAL THROUGH
STRENGTHENING
RESEARCH AND DEVELOPMENT CAPACITY OF KATHMANDU
UNIVERSITY**

The Ministry of Foreign Affairs of the Republic of Korea and The Ministry of Finance of the Government of Nepal (hereinafter referred to as "the Sides");

Desiring to further strengthen the friendly and cooperative relations between the two countries,

Considering the Record of Discussions signed between the Korea International Cooperation Agency (hereinafter referred to as "KOICA") and the Kathmandu University (hereinafter referred to as "KU") on January 22, 2017 for the purpose of confirming mutually agreed details of the project for the Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University (the "Project"), and the series of discussions between the KOICA and the KU,

Have reached the following understanding;

Article 1

The Sides will implement the provisions as described and detailed in accordance with the Terms of Reference (Attached Document), which forms as an integral part of this Memorandum of Understanding (hereinafter referred to as "MOU").

Article 2

1. This MOU is not intended to create any legal obligations under international law.
2. This MOU will be carried out within the framework of the laws and regulations of the respective countries and be subject to the availability of appropriate funds and resources of the Sides.
3. This MOU will be carried out in accordance with the Framework Agreement for Grant Aid between the Government of the Republic of Korea and the Government of Nepal signed in Kathmandu on October 30, 2014.



Article 3

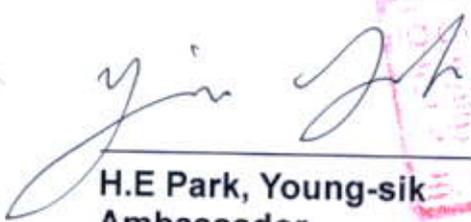
1. Total allocated budget for this Project is maximum US \$ 10 million (in written Ten Million United States Dollars) and will be fully utilized for the Project.
2. KOICA shall provide the Master List of the goods, materials, equipment, vehicle and services to be imported and purchased locally to the Government of Nepal. The Government of Nepal shall approve the master list and only the items listed in the approved Master List will be exempted from all kinds of taxes, custom duties, and any other charges including refund of VAT.

Article 4

This MOU will come into force on the date of its signature and will remain valid until the Sides have duly fulfilled all the obligations under the MOU.

Done and signed in duplicate in Kathmandu, Nepal on 6 February, 2018 by the representatives of the Sides, in the English language.

**For the Ministry of Foreign Affairs
of the Republic of Korea**



H.E Park, Young-sik
Ambassador
Embassy of the Republic of Korea in
Nepal

**For the Ministry of Finance
of the Government of Nepal**



Mr Shankar Prasad Adhikari
Secretary
The Ministry of Finance
The Government of Nepal

Terms of Reference

Section I. Outline of the Project

1. Title

The Project title is "Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University".

2. Objective

The Project objectives are to:

- A. Contribute for integrated rural development of Nepal by strengthening research and development capacity of Kathmandu University.
- B. Promote technology innovation for improving quality of life and income status of people in rural communities in Nepal

3. Project Duration and Schedule

The duration of the Project is from 2016 to 2023, Eight (8) years, and the tentative implementation schedule is as stated in Attachment 1 (*Tentative Project Schedule*).

4. Project Site

The Project site is in KU, Dhulikhel, Kavre, Bagmati Zone, Nepal.

5. Project Budget

- A. The Korean Government will provide grant aid of no more than eleven billion and four hundred million Korean won (KRW 11,400,000,000), equivalent to ten million US dollars (USD 10,000,000), within its budget for the Project to cover the expenses for fulfilling its commitments (undertakings) as described in Article 3.1.

- B. The Nepalese Government will secure a sufficient amount of expenses as required for the completion of its commitments as described in Section II, Paragraph 2 as well as for the sustainable, self-reliant operation of the Project.

6. Implementing Agencies

The implementing agencies for the Project are, on behalf of the Republic of Korea, KOICA, and on behalf of the Government of Nepal, KU.

7. Joint Coordinating Committee

- A. The both parties will establish and operate a Joint Coordinating Committee for the Project. The Committee will set the major directions regarding the implementation of the Project.
- B. The functions and other details concerning the operation of the Committee will be determined by consultation between both Parties.

8. Cooperation between the both Parties

- A. KOICA and KU will cooperate to achieve the Project objectives stipulated in Paragraph 2 of this Section.
- B. The both Parties will make their best efforts to settle any unforeseen problems or issues related to the Project during its implementation.

Section II. Undertakings of the both Parties

1. Undertakings of KOICA

In accordance with the laws and regulations in effect in the Republic of Korea, and within its budgetary limitations, as indicated in Section I, Paragraph 5 (Project Budget), KOICA, on behalf of the Government of the Republic of Korea, will carry out the following activities during 8-years period from 2016 to 2023. The following details may also be amended by mutual consent of the both Parties, as required.

A. Joint Formulation of Master Plan for KU IRDP Center

1) KOICA will support KU on the formulation of Master Plan for the strategic vision and also for the establishment of systematic operational structure of KU IRDP Centre.

2) The contents of the Strategic Plan will be formulated by discussion.

B. Design and Construction of KU IRDP center.

1) KOICA will:

a) design and construct KU IRDP center on the site at location provided by KU;

b) dispatch a construction manager to supervise the whole construction process;

c) provide a site superintendent during the construction.

C. Provision of Equipment for the function of Research and Development especially for the field of Agriculture and Rural Development, Renewable Energy and Livelihood.

1) KOICA will:

a) Provide necessary equipments and materials for the early settlement and sustainable operation.

2) The details of items, quantities and specifications of the equipment will be discussed and decided through further consultation between the both Parties.

D. Dispatch of Korean Experts to support implementation of the Master Plan

1) Following consultation between the both Parties, KOICA will dispatch qualified Korean experts to Nepal, who will be in charge of the Project management and other functions, working in close collaboration with the Nepalese participants.

2) The number of dispatched experts, the duration of their stay, and their fields of expertise may be modified by mutual consent of the Participants depending on the progress of the Project. Other details will be decided through further consultation between the both Parties.

E. Capacity Development Programs

- 1) KOICA will implement the following types of capacity development programs:
 - a) Top level Policy makers mainly responsible for envisioning Master Plan of IRDP center, formulating operation and monitoring and evaluation plan will visit Korea to acquire Korea's successful knowledge on managing similar institutions.
 - b) Managers and personnel appointed according to the Organization Structure of IRDP Center will visit Korea to gain knowledge on Technology Innovation and Entrepreneurship: operation of grant program along with various skills and knowledge for effective research and development operation and management.
- 2) The details of the courses, the number of participants, and the duration of stay shall be finalized by mutual consent of the both Parties.
- 3) KU shall ensure that the participant nominated for the capacity development programs shall be directly related and responsible for the KU IRDP. KOICA shall reserve the right to reject the nomination of any participant who is found not to be directly related and responsible for the KU IRDP.
- 4) KOICA will bear the costs of the capacity development programs, including flight tickets, accommodations and living expenses for the participants in accordance with KOICA's regulations.

2. Undertakings of KU

In accordance with the laws and regulations in effect in the Government of Nepal, KU, on behalf of the Government of Nepal, will take the necessary measures for the successful implementation of the Project. The following details may be amended by mutual consent of the both Parties, as required.

A. Sustainability Measures

- 1) KU will:
 - a) organize a Project Management Unit (PMU), which acts as the Nepalese counterpart to the Korean experts dispatched by KOICA, in

order to ensure ongoing official consultations on the various issues that may arise during the Project implementation period;

- b) Formulate detailed Project Implementation Plan, where financial sustainability plan and organizational structure shall be an integral part. According to the organizational structure for IRDP Centre recruit capable human resources for relevant posts before the commencement of the capacity development programs.
- c) Identify the financial commitments to be borne by the KU side based on the Project Implementation Plan and accordingly secure sufficient budget to fulfill its commitment on time.

B. Overall Administrative Measures

1) KU will:

- d) designate a relevant and responsible organization, and the appropriate personnel, for the preparation, coordination, and implementation of the Project;
- e) secure funding and assign staff to undertake the Project activities allocated to the Nepalese side, and the self-reliant operation and maintenance of the Project during and after the Project implementation period;
- f) provide the information and documents necessary for the implementation of the Project. Such information and documents will be written and provided in English;
- g) obtain the necessary approval and consent from all of the authorities concerned, which are required by the laws and regulations in effect in the Government of Nepal, and settle all legal matters that may arise related to the Project implementation;
- h) ensure the proper and effective operation and maintenance of the buildings, facilities and equipment constructed and installed by the Korean Government for the Project and ensure their exclusive use for the Project.

C. Measures for the Design and Construction of Buildings

1) KU will:

- a) provide proper site necessary for the construction of KU IRDP Center;
- b) provide all the relevant documents and drawings in English that may be necessary for the construction work;
- c) bear the cost of all administrative procedures from the issuance of design approval to authorizations for the completion of the construction in accordance with the laws and regulations of Nepal;
- d) cooperate with the Construction Manager dispatched by KOICA to prepare for the planning, initiation, and implementation of the bidding process to select a contractor for the construction of KU IRDP Center;
- e) provide security services for the construction site during the construction;
- f) conduct topographical survey and soil investigation survey and other necessary studies;
- g) carry out site clearance, site leveling (including retaining walls);
- h) provide the necessary infrastructure for the construction such as a water supply system, a drainage system, a waste water system, electricity and telecommunication;

- 2) As detailed in the Article 3.2, the Government of Nepal will ensure the refund of VAT on the construction costs and the exemption of import duties on construction materials according to the laws and regulations of Nepal.

D. Measures for the Equipment granted by KOICA

- 1) As detailed in the Article 3.2, the Government of Nepal will provide prompt customs clearance and exemption from harbor dues, import duties, refund of VAT, other taxes, and public charges for any imported equipment and materials, in accordance with the laws and regulations of the Government of Nepal.

2) KU will:

- a) bear the cost of the storage, operation, maintenance, and repair of equipment and materials, during and after the Project period;
- b) complete the preparatory work, including the clean-up and construction or renovation of the buildings and facilities, and establish the ancillary infrastructure (such as electricity, communication and telephone lines) before the delivery and installation of the equipment and materials at the site;
- c) supply or replace the equipment, instruments, systems and other materials required for the implementation of the Project, other than those provided by KOICA;
- d) use the equipment and materials granted by KOICA exclusively for the Project.

E. Measures for the Capacity Development Programs

1) KU will:

- a) nominate, at least one month in advance of the commencement of each training course, qualified candidates who are related and responsible for IRDP training to be conducted in Korea;
- b) create the appropriate policies in order to promote the retention of the participants and knowledge transfer within the KU.

2) The selection criteria for the participants in the Capacity Development Programs will be decided through consultation between the both parties.

F. Measures for the Korean Experts

1) KU will:

- a) secure the safety of the Korean experts and provide them with medical assistance in the case of emergency;
- b) grant privileges, immunities, exemptions and benefits to the Korean experts no less favorable than those granted to the experts of other countries performing similar missions;

- c) secure the exemption of taxes including customs duties, levies and other charges for all vehicles, equipment, materials and supplies imported by the Korean experts in accordance with the laws and regulations of the Government of Nepal;
- d) secure the necessary entry and exit visas, travel documents, and other documents required for the stay of the Korean experts in the Government of Nepal;
- e) secure the necessary permits and authorizations required for the implementation of the Project; provide the necessary co-workers and/or assistance personnel required by the Korean experts to facilitate the efficiency and effectiveness of their activities;
- f) provide the relevant data, statistics and documents as necessary for the Korean experts to carry out the Project;
- g) protect the Korean experts from any claims against them resulting from, occurring in the course of, or otherwise connected with the performance of the tasks assigned to them in the Government of Nepal, except for those arising from willful misconduct or gross negligence on their part;
- h) provide office space, furniture and other types of necessary assistance to the Korean experts.

G. Measures for the Organization of Ceremonies

KU will hold commencement and completion ceremonies for the Project, and install a commemorative monument signifying the completion of the Project; further details regarding the completion ceremony and commemorative monument (e.g. form, size, location, wording, etc.) will be decided through consultation between the both parties.

H. Other Expenses

KU will bear expenses other than those covered by the commitments of the Korean Government for the implementation of the Project.

Section III. Monitoring and Evaluation of the Project

1. Monitoring Team

A joint team appointed by both parties will monitor the input, output, activities and improvements throughout the Project cycle.

2. Project Evaluation

The joint team will carry out a mid-term and final evaluation of the Project. In accordance with the evaluation results, both parties will take necessary measures to address matters that may be mutually considered necessary for the achievement of the project objectives.

Section IV. Initiation and Implementation of the Project

1. Initiation of the Project

The Project will be initiated upon the budget approval for the corresponding fiscal year by the Government of the Republic of Korea.

2. Implementation of the Project

The Project will be implemented upon the exchange of Memorandum of Understanding (MOU) between the Korean Embassy in Nepal, on behalf of the Government of the Republic of Korea and the Ministry of Finance on behalf of the Government of the Nepal.

Section V. Mutual Cooperation and Consultation

1. Cooperation and Consultation

Both parties will closely cooperate in order to implement the Project effectively and successfully. There will be mutual consultation between the both parties on any major issues arising from or in connection with these Terms of

Reference. Further revisions and/or changes to these Terms of Reference may be made, if necessary, by mutual consent of the both parties.

2. Forms of Communication

Any communication submitted by one Participant to other Participant will be in writing or through a wire or electronic medium that produces a tangible record of the transmission, such as a cable, facsimile or email.

Section VI. Promotion of Understanding and Support for the Project

For the purpose of promoting awareness among the local public with regard to the Project, the Nepalese Participant will take appropriate measures to publicize the Project to the people of the Government of Nepal.

Section VII. Project Schedule

The tentative schedule for the Project is set out in the following attachments to these Terms of Reference; however, the actual schedule and details will be decided and may be amended, if necessary, after further consultation between the both parties.

Attachment 1. Tentative Project schedule

Attachment 2. Commitments by both parties for construction

Attachment 3. Tentative Budgeting of the Project

Attachment 2: Commitments by Both Parties for Construction

Division		Commitments		Remarks
		KOICA	KU	
Land for the Project			✓	
Site Survey & Data Collection	Cadastral Survey Map of Site		✓	w/ Property Line, accurate land
	Geotechnical Investigation Report		✓	Complete before design begins
	Environment Impact Evaluation		✓	Complete before construction
	Existing Facility Site Plan		✓	Complete before design begins
Temporary Infrastructure for Construction	Temporary water pipes, electricity, telephone lines, and internet connections (as many as necessary)		✓	Complete before construction begins
Site Levelling & Paving	Site Levelling		✓	Complete before construction
	Road Pavin	✓		Inside the site
	Pedestrian Paving	✓		Inside the site
Infrastructure and Facilities	Access Roads		✓	Complete one year before the main construction ends
	Water Supply		✓	
	Sanitary Sewage		✓	
	Storm Drainage		✓	
	Electricity Supply		✓	
	Telephone Lines		✓	
	Internet Connections		✓	
	Heat Source Method		✓	
Architecture	Design	✓		
	Construction	✓		
	Construction Manager	✓		
	Site superintendent (Fiscalización)	✓		
	Landscaping	✓		
	Water Tanks	✓		
	Septic Tanks	✓		
	Sewage	✓		
Building Permits	Building Permits		✓	Complete before construction
	Assistance for Permits & Fees		✓	
Exemptions	Duties and Taxes Exemption		✓	

Attachment 3.
Budget for KU IRDP Project

Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University

Category	2016 (USD)	2017 (USD)	2018 (USD)	2019 (USD)	2020 (USD)	2021 (USD)	2022 (USD)	2023 (USD)	Total (USD)	Category Total %
Master Plan	89000	589,000	0	0	0	0	0	0	678,000	6.78%
Construction of Building	0	94,000	1,008,000	1,374,000	589,000	0	0	0	3,065,000	30.65%
Equipment	0	0	0	0	2,200,000	0	0	0	2,200,000	22%
Training in Korea	0	245,000	0	0	0	0	0	0	245,000	2.45%
Pilot Projects (Research)	0	0	244,000	644,000	884,000	856,000	459,000	219,000	3,306,000	33.06%
Project Management	25,000	76,000	76,000	76,000	76,000	76,000	76,000	25,000	506,000	5.06%
Total (USD)	114,000	1,004,000	1,328,000	2,094,000	3,749,000	932,000	535,000	244,000	10,000,000	100%
Annual Total %	1.1%	10%	13.3%	21%	37.5%	9.3%	5.3%	2.5%	100%	

