

Memorandum of Understanding (MOU)
between
Tribhuvan University-Project Implementation Office
(hereinafter referred to as “TU-PIO”)
and
Mahendra Ratna Campus, Tahachal
(hereinafter referred to as “Beneficiary”)
regarding
Reform Grant under the Second Higher Education Project SHEP (“Project”)

1. Preamble

WHEREAS Nepal (“Recipient”) and International Development Association (“IDA”) have entered into Financing Agreement (“Agreement”) of the Project on April 30, 2007.

WHEREAS the mid-term review mission in February 2010 suggested for change in the project implementation structure and the restructuring consultation mission in July 2010 agreed to set the following as the revised objectives of the Project: (a) enhanced quality, efficiency and relevance of higher education through a set of systemic reforms, and incentives to selected institutions; and (b) improved access for academically qualified students from disadvantaged groups in (i) higher education and (ii) higher secondary education.

WHEREAS the Amendment to the Financing Agreement for the restructuring of the project was signed between the Government and the International Development Association on 20 May 2011.

WHEREAS Tribhuvan University, Project Implementation Office (TU-PIO) shall be responsible to implement Component 1.C - TU Reform Grants including Window Programs and TU part of Component 4 (part 4.B) – Strengthening System Capacity.

WHEREAS Beneficiary agrees to the reform agenda of the project.

WHEREAS TU has agreed on the basis, inter alia, of the forgoing to provide the financial assistance – Subproject Grants - under the provision of the Project to Beneficiary upon the Terms and Conditions set forth in this MOU.

NOW THEREFORE the parties hereby agree as follows:

2. Obligations and responsibilities of the Parties

2.1 Information

The Beneficiary will now be considered TU Autonomous Campus in the place of TU Decentralized Campus, it will henceforth participate in the SHEP Reform Grants provision for TU Autonomous Campus.

TU-PIO and the Beneficiary shall keep each other continuously informed about all relevant matters of importance regarding the implementation of reform programs to be performed under this MOU.

2.2 Obligations and Responsibilities of the Beneficiary

2.2.1 The Beneficiary agrees to –

- Regularly update the Campus Strategic Plan as a living document involving key stakeholders and retaining the strategic direction intact with the original concept developed during its initial preparation before the MOU for Autonomy was signed.

- Prepare a Campus Restructuring Plan after PCL phase out in line with the Campus Strategic Plan and submit to TU-PIO within 1 month of signing this document.
 - Publish audited statement of account with audit observation of the institution including the program regularly.
 - Publish annual report with information about the program regularly; the report can be published separately or be a part of the institutional report.
 - Comply with performance indicators.
 - Establish baseline for the performance indicators.
 - Set up monitoring and evaluation system.
- 2.2.2 The Beneficiary will use the proceeds of the Subproject Grant to finance only activities and expenditures within the scope of the SHEP provisions for Reform Programs and duly included in the Beneficiary's Strategic Plan.
- 2.2.3 The Beneficiary will carry out its responsibility with due technical, financial, and managerial standards maintaining adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures related to the Subproject.
- 2.2.4 The Beneficiary will procure goods, works and services to be financed from the proceeds of the Subproject Grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions in the attached Procurement Annex-1, and use the Subproject Grant exclusively for carrying out the Subproject.
- 2.2.5 The Beneficiary disseminates to the public the information regarding the use of the Subproject Grant (including a description of the activities and expenditures financed by the Subproject Grant) on a trimester basis, by means of mutually acceptable mode of communication. Copy of this information will also be made available to TU-PIO.
- 2.2.6 The Beneficiary shall fulfil the criteria of and participate in the Project activities within the scope and provisions of Reform Program (Annex 2 to this MOU).
- 2.2.7 The Beneficiary shall report on all its activities concerning the Reform Program to TU-PIO on a trimester basis in 30 days after the trimester period ends as well as when asked by TU-PIO.
- 2.2.8 The Beneficiary will prepare necessary guidelines, plans and programs for efficient and optimized use of Grants for Reform Program and be duly approved by the institution's authorized body.
- 2.2.9 The Beneficiary will fill up the EMIS data form provided and submit to TU-PIO on regular basis. The data submission will be part of regular process of updating higher education data base both in the Campus as well as TU-PIO and UGC.
- 2.2.10 The Beneficiary shall submit a copy of the entity audit consistent to its prevailing rules and regulations to TU-PIO within six months after the end of the fiscal year.
- 2.2.11 The Beneficiary will provide a fee waiver for needy students in lieu of a grants equivalent to 20% of performance grants.

2.3 Tribhuvan University - Project Implementation Office (TU-PIO) on behalf of Project Implementation Council (PIC)

2.3.1 TU-PIO will provide:

- Incentive Grants of Rs. 13,000,000 (NRs. one crore thirty lakhs) to the Beneficiary in a single tranche upon signing of this MOU.
- Performance Grants and Matching Grants to the Beneficiary as per set criteria not exceeding Rs.97,500,000 (NRs. Nine crore seventy five lakhs) and Rs. 130,000,000 (NRs. Thirteen crores) respectively, and the total of Performance Grants and Matching Grants shall not exceed Rs. 162,500,000 (NRs. Sixteen crore twenty five lakhs) .

2.3.2 TU-PIO will provide necessary guidelines and support to Beneficiary for effective Implementation of the Project activities.

2.3.3 In order to ensure consistency of project activities with Operations and Financial Management Guideline, TU-PIO shall regularly monitor and supervise the program.

2.3.4 TU-PIO will inspect by itself or jointly with the UGC/IDA, if the UGC/IDA so request, the goods, works and services included in the Subproject, the operations thereof and relevant books of accounts, records and documents.

2.3.5 Obtain all information as TU-PIO or the UGC or the IDA shall reasonably request regarding the administration, operation and financial conditions of Beneficiary, and

2.3.6 Suspend or terminate the right of the Beneficiary to use the proceeds of the Subproject Grant upon the failure by the Beneficiary to perform any of its obligations under the Memorandum of Understanding.

3. Liability

Neither of the Parties shall be responsible, financially or in other ways, for liabilities undertaken by the other.

4. Compliance with the Laws

While carrying out the assignment under this MOU, duly authorised personnel and entities shall comply with the appropriate laws. The concerned party/ parties will take prompt corrective action with regard to any violation of the law by any of their personnel and entities when carrying out their assignment.

5. Amendments

No amendments shall be made to this MOU unless by written agreement signed by duly authorised representatives of both the parties.

6. Entry into Force and Duration

6.1 This MOU shall enter into force when signed by duly authorized representatives of both parties: TU-PIO and Beneficiary.

6.2 This MOU shall remain in force until the expiration of the Agreement, or as agreed between the parties.

1. Settlement of Disputes

If any dispute arises relating to the implementation or interpretation of this MOU, there shall be mutual consultations between the Parties with a view to securing a successful settlement of the dispute and will resolve the dispute amicably.

2. Others

Notwithstanding the provisions of this MOU if the financial assistance from the IDA and / or the Project is suspended or terminated, this MOU will be automatically considered null and void from the date of such suspension or termination.

In witness whereof, the undersigned, acting on behalf of their respective parties, have signed this MOU in two originals in the English language.

Date: March 13, 2013

For
Tribhuvan University-Project Implementation
Office,

.....
Mr. Shankar Prasad Bhandari
Coordinator, TU-PIO

Office Seal

Witness:

Dr. Tulshi Prasad Thapaliya
Under Secretary
Ministry of Education

Subash Chandra Dungal
Chief, Administrative Division
UGC

For
Mahendra Ratna Campus, Tahachal

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Mr. Bhola Nath Bhattarai
Campus Chief

Office Seal

Prof. Prahlad Raj Panta
Chief, Planning Division, TU

Annex- 1

Procurement Arrangements

A. General

1. **Goods and Works.** All goods and works required for the subproject and to be financed out of the proceeds of the subproject grants shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Annex.
2. **Consultants' Services.** All consultants' services required for the subproject and to be financed out of the proceeds of the subproject grants shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Annex.
3. **Definitions.** The capitalized terms used below to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraphs 2 and 3 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **National Competitive Bidding.** Except as otherwise provided in paragraph 3 below, goods estimated to cost less than \$200,000 equivalent per contract and works estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the provisions of Recipient's Public Procurement Act, 2063(2007) and regulations made there under, subject to the following:
 - (i) Only the bidding documents approved by the Association shall be used.
 - (ii) No preference shall be given to any bidders.
3. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding and National Competitive Bidding, which may be used for goods and works.
4. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Shopping
(b) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on Consultants' Qualifications
(e) Single-Source Selection
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

1. (a) Except as the Association shall otherwise determine by notice to the Beneficiary, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods or works procured on the basis of International Competitive Bidding; (b) each contract for goods or works estimated to cost the equivalent of \$200,000 or more; (c) each contract for goods or works procured on the basis of Direct Contracting and estimated to cost the equivalent of \$2,000 or more; (d) each contract for consultants' services provided by a firm and estimated to cost the equivalent of \$100,000 or more; and (e) each contract for consultants' services provided by a firm, procured on the basis of Single-Source Selection and estimated to cost the equivalent of \$50,000 or more.
- (b) In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants estimated to cost the equivalent of \$10,000 or more:
 - (i) The justification for selecting individual consultants, the proposed terms of reference, the estimated cost and the method of selection (whether through comparison of the qualifications and experience of candidates or on a sole source basis) shall be furnished to the Association for its prior review and approval; and
 - (ii) After the said approval has been given. (A) the report on the comparison of the qualifications and experience of candidates, the final term of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (B) the contract shall be awarded only after the Association's approval shall have been given; and (C) the provisions of paragraphs 3 and 4 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
 - (iii) All other contracts shall be subject to Post Review by the Association.

Annex -2
Performance Grants Rates

No	Performance Indicator	Unit	Per Unit Per Capital Grants, US\$	Quantity	Grant Amount, US\$	Remarks
Quality						
1	Quality assurance cycle completed ¹	Program / institution	1000	1	300,000 ²	Minimum grants : 50,000 maximum : 600,000
2	Program / institution accredited	Program / institution	3000	1	900,000 ³	Minimum grants : 100,000 maximum : 1,200,000
3	First round of tracer studies completed	Batch	200	1	60,000 ⁴	Minimum grants : 50,000 maximum : 600,000
4	Applications per student place	Application / place	100	+2 ⁵	60,000	
5	Students employed within six months	%	10 for up to 40%, 20for 40-70%, 30for 70-100% ⁶	+30 percentage points	90,000 180,000 270,000	
Financing						
6	Cost sharing rate	% of recurrent costs	10 for up to 40%, 20for 40-70%, 30for 70-100%	+30 percentage points	90,000 180,000 270,000	
Efficiency						
7	Pass rates for regular students	%	10 for up to 40%, 20for 40-60%, 30for 60-80% 40 for 80-100%	+20 percentage points	600,000 120,000 180,000 240,000	
Expansion						
8	Enrolment Expansion ⁷	%	10	+50 ⁸	150,000	
9	New program bachelor's level	Program	20,000	3	60,000 ⁹	Not per capita
10	New program expansion master's level	Program	30,000	3	90,000	Not per capita
Academic upliftment						
11	Publication in refereed journals	Paper	2000	20	40,000	Not per capita
Equity						
12	Gender parity index	%	10	+30% Points	90,000	
13	Percentage of disadvantaged students ¹⁰	%	10	+20	60,000	
PCL phase out						
14	Share of PCL enrolment ¹¹	%	30	-100	900,000	

1. Cost associated with review of programs/institutions of private campuses will not be borne by TU-PIO for the initial period.
2. Linked to number of graduates of programs accredited and not total number of graduates of campus.
3. Number of graduates of programs accredited and not the total number of graduates of campus.
4. Number of graduates of programs covered by tracer studies.
5. Increase of the ratio by 2.
6. Per unit per capita grants vary for different ranges of improvement to account for greater efforts needed for improvement from a high base.
7. Without additional public funding.
8. Increase by 50%.
9. To be paid in multiple installment : 20% on submission of a plan; 20% after admission; 40% on completion of the first year; and the rest after the second year completion, The installments may be adjusted by IDA. The same is valid for master's level.
10. Dalits and educationally disadvantages Janajati.
11. Number of PCL graduates applies in this case ; PCL phase out without increase in tertiary enrolment entails loss of revenues for campuses. Therefore, a campus Restructuring Plan is a prerequisite for PCL phase out. This grant is meant to fund the restructuring cost.