

Implemented by Helvetas
Financed by DFID, SDC and World Bank

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# Contract Between

# Employment Fund Secretariat

# and

# Action For Development Pvt. Ltd.

Whereas, Employment Fund, (hereafter called EF), a fund jointly established by SDC, DFID and HELVETAS Nepal and funded by SDC, DFID and The World Bank and managed and administered by Employment Fund Secretariat (EFS)/HELVETAS Swiss Intercooperation Nepal (HN); and Action For Development (hereafter called T&E) entered into agreement to provide Training and Employment (T&E) services to economically poor and socially discriminated youths in Nepal using outcome based payment modalities as elaborated in this contract and the subsequent annexes:

1. **Parties of the contract**

T&E, represented by Managing Director duly authorized by the board of directors, and

EFS, represented by the Deputy Team Leader of Employment Fund Secretariat

1. **Contracted Services**

Under the terms and conditions signed in this contract, EFS agrees to purchase services from the T&E which will enhance the skills, provide gainful employment and income to 500 young persons who are economically poor and socially discriminated. The details of services to be procured are presented in the service proposal by T&E which has been evaluated by Employment Fund Secretariat. The final agreed summary of trade and location wise training events is presented in Annex 1 and the detail action plan for implementation is presented in Annex 2.

1. **Duration of this Contract and Milestones**

*Start of Contract:* 27 *December, 2012* *End of Contract*: *31 December, 2013*

*Latest Start of Training: 1 May, 2013 Latest Completion of Trainings:* *30 June, 2013*

*Closing date for final reporting by T&E: 30 November, 2013*

*Closing date for final Verification & Payment by EFS: 31 December, 2013*

1. **Funding Envelopes and Expected Outcomes**

***Outcome under Envelope A (Training and Employment)***

Envelope A covers training and employment to 500 youths (including the costs of monitoring, income verification by the T&E). The T&E has to ensure the following outcomes:

* 500 youths are skill trained in main occupation
* Among the total 500 Youths, altogether 220 Youths are trained in annex occupation for multiskilling.
* At least 90% of the trainees participate in the NSTB skills test (if the respective occupational skills standard is available) and at least 80 % of those who appears the skill test pass the test.
* Out of the total trained at least 80 % are in gainful employment, for at least six months within an eight months period immediately after the training.

 Gainful employment is defined as a minimum income of NRs. 27,600 within Nepal, NRs. 42,000 for India and NRs. 90,000 for abroad after the training for six months of employment within eight months of the completion of the training for Level 1 training and minimum income of NRs 18,000 income within Nepal for elementary level training.

* At least 53% of trainees are women.

 The occupation and gender wise details are described in Annex 1.

***Outcome under Envelope B (Market Research and Product Development)***

No activities have been planned in this agreement under funding envelope B.

1. **Outcome Budget, Installments and Invoicing**

The total agreed outcome budget under this contract is----. The breakdown of the outcome budget as per funding envelopes and their installment release plan are presented in the following table.

*Table 1: Outcome budget and installment plan*

|  |  |  |
| --- | --- | --- |
| *Funding Envelopes* | *Total Outcome Budget (NRs)* | *Installments and their release plan*  |
| *First*  | *Second*  | *Third*  |
| A. Training & Employment (Skill Training 500 persons \_SDC) |  |  |  |  |
| *Total (NRs)* |  |  |  |  |
| *Planned date for installment release by EFS* |  | *March,2013* | *June,2013* | *Oct-Dec,2013* |

Further breakdown of direct training cost is presented in Annex 3 and summary of total outcome budget is presented in Annex 4.

***Taxes***

VAT bill is mandatory and VAT will be added extra at applicable rate. Taxes on payments to the T&E will be deducted as per prevailing income tax act. The T&E needs to submit annual tax clearance certificate to EFS by November end 2013. VAT paid to T&Es will be deducted on subsequent payment to T&Es and might also be withheld on the current payment by EFS if once T&Es VAT claim for earlier refund is not refunded by Inland Revenue Department (IRD).

1. **Disbursement Procedure**

The agreed outcome payment amount shall be disbursed in three installments as follows:

- After successful completion of the training and NSTB skill test (where applicable) - 40% of the outcome price

- After three months’ employment and income verification - 25% of the outcome price

- After six months’ employment and income verification – 35% of the outcome price

Payment for skill test, training on annex occupation, life skill training for women and business skill training will be made on per capita basis once these activities are completed (i.e. following activity based financing) as budgeted in Annex 4.

The details of the disbursement are described in the General Conditions of Contract (Annex 8)

1. **Quality of training & employment service delivery**

The T&E must ensure that all the training events are conducted in a good quality learning environment and have appropriate physical facilities equipped with adequate tools, machinery and consumables as described in the General Conditions of Contract (Annex 8).

The T&E must validate the trades previously identified during the Rapid Market Assessment and confirm the employment market before announcing the training events.

The T&E is required to establish an adequate Counseling and Placement Unit which provides the trainees and graduates with good quality coaching and advice on opportunities for gainful wage and self-employment as well as linkage to employers or credit/ business development services.

1. **Occupations and area of implementation**

The agreed geographical locations (districts) and occupations for training and employment are listed in Annex 1. Changes on the agreed geographical location (district) for program implementation and changes on agreed occupation require prior written approval from EFS management.

1. **Monitoring and Reporting**

***Monitoring and reporting by T&E:***

The T&E must monitor the performance and outcome of the agreed activities regularly and in line with the requirements of the EFS monitoring guideline and database manual.

The T&E must enter the monitoring data into the EFS online monitoring system in compliance with and within the time periods specified in the EFS database manual.

Based on the monitoring, the T&E must submit periodic financial and progress reports together with the invoices in the format presented in Annex 5 and Annex 6. Additionally, an analytical annual report focusing on outcomes and lessons learned together with the summarized financial report needs to be submitted before the end of this contract.

In order to assess progress and share lessons learnt with EFS, the T&E has to organize and conduct bi-annual planning & review meetings (mid-term and end of year) during which key staff members and T&E management involved in the training & employment services as well as at least one EFS representative need to be present.

T&Es and EFS has to follow the code of conduct which is presented in Annex 7. The list of occupations opened for below grade 12 level of education has been mentioned in Annex 9

***Monitoring and income verification by EFS:***

EFS reserves the right to deploy its own or third party field monitors at any time during the contracting period to verify the inputs, process, outputs and outcomes reported by the T&E. The monitoring and income verification may encompass the whole contracted target or be based on random sampling. In the case of random sampling during income verification, EFS will use extrapolation as described in the General Conditions of Contract (Annex 8) for defining the number of gainfully employed and the total outcome payment.

1. **Anti-Corruption Clause**

The contracting parties shall neither offer or give any kind of advantage to a third party either directly or indirectly, nor directly or indirectly receive, accept or let themselves promise any gifts, payments or other advantages which are or could be considered as an illegal or corrupt practice. Helvetas reserves the right to cancel the contractual relationship in case of infringement, suspend payments, reclaim former payments and report the offense. HELVETAS reserves the right to control the entire project income and expenditure of partner organisations and, if necessary, demand an extraordinary external audit.

1. **Contract amendments, termination and resolution of disputes**

***Amendments***

This contract can be amended through mutual understanding with a written note signed by both parties.

***Termination***

This contract automatically expires with reaching the contracting end date specified at the end of the contract. For any subsequent contract, the T&E has to undergo the complete procurement process of EFS.

This contract can be terminated during the contracting period by either party with one month advance notice in writing with specification of the reasons to the other contracting party.

In case of serious violations of this contract including its annexes, EFS reserves the right to immediately terminate the contract by giving one week written notice in advance specifying the reasons.

In any of the two cases of early termination of the contract, EFS pays only for already successfully completed training activities and achieved outcomes the actual cost incurred by the time of termination up to the maximum agreed amount.

***Resolution of disputes***

This contract is governed by the law applicable in Nepal. Any disputes between EFS and T&E will first be taken to the EF Steering Committee for mutual understanding and settlement. If either party does not agree to the decision of the EF Steering Committee, the matter may be put to arbitration in accordance with the Nepal Arbitration Act. Decision so reached will be final and binding to both parties.

**For Action For Development** **Pvt. Ltd. For Employment Fund Secretariat**

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**Poshan B KC**  **Bal Ram Paudel**

Managing Director Deputy Team Leader

On Behalf of T&E Employment Fund Secretariat

Signed on: 27 December, 2012

**Annexes to this contract:**

The following annexes form an integral part of this contract:

1. Summary list of Trades, location and per capita outcome – Annex 1
2. Detail Action plan – Annex 2
3. Direct training cost calculation – Annex 3
4. Summary of Total Outcome budget – Annex 4
5. Financial reporting format – Annex 5
6. Progress reporting format – Annex 6
7. Code of conduct – Annex 7
8. General conditions of contract – Annex 8
9. List of occupations opened only for women for below grade 12 level of education – Annex 9