



MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

MILLENNIUM CHALLENGE ACCOUNT NEPAL (“MCA-Nepal”)

Synopsis of Minutes of 26th Meeting of the Board of Directors of Millennium Challenge Account Nepal (MCA-Nepal)

Nature: Regular Meeting

MCA-N/BOD-M-26/15-03-2022

Date: 15 March, 2022 (2078/12/01 BS)
Time: 4:00 PM
Place: Conference Room of the Secretary, Ministry of Finance at Singh Durbar,
Kathmandu
Notice Served 8 March, 2022 (2078/11/24 BS)

1. PRESENT

1.1. Members

- **Madhu Kumar Marasini**, Chairperson
And, Secretary, Government of Nepal, Ministry of Finance
- **Keshab Sharma**, Member
And, Joint Secretary, Ministry of Physical Infrastructure and Transport
- **Madhu Prasad Bhetuwal**, Member
And, Joint Secretary, Ministry of Energy, Water Resources and Irrigation
- **Kumar Pandey**, Member representing the Private Sector
And, Chairman of the Board, National Hydro Power Company (NHPC)
- **Gopal Khanal**, Member representing the Civil Society
And, journalist
- **Khadga Bahadur Bisht**, Member Secretary
And, Executive Director, MCA-Nepal

1.2. Invitees

- **Ishwori Prasad Aryal**, Invitee
And, Joint Secretary, Government of Nepal, Ministry of Finance, International
Economic Cooperation and Coordination Division (IECCD)

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MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

- **Sanjay Poudyal**, Invitee
Resident Country Director (Acting) – Nepal, Millennium Challenge Corporation

1.3. Others Attending

- **Rajib Dahal**
Chief Legal Officer, Millennium Challenge Account Nepal

2. PRELIMINARY

- 2.1. The meeting of the Board of Directors was duly constituted on 15 March, 2022 (2078/12/01 BS) after the notice was served in writing on 8 March, 2022 (2078/11/24 BS)
- 2.2. The Chairperson welcomed all the members of the Board of Directors and other invitees attending the meeting.
- 2.3. The Chairperson reported that a quorum was present in accordance with Millennium Challenge Account Nepal Development Board Formation Order, 2074 (2018). The Chairperson apprised the board members on the latest situation at MCA – Nepal.
- 2.4. The Chairperson thanked all the board members of MCA-Nepal for their relentless efforts to secure Compact ratification from the Parliament. He also expressed a hope that Compact implementation would move at a faster pace in the coming days, and expressed hope that all board members will continue to put their efforts to secure steady implementation of project activities.
- 2.5. Mr. Khadga Bahadur Bisht, Executive Director, Millennium Challenge Account Nepal on behalf of MCA-Nepal expressed gratitude to all political parties, members of parliaments, Government of Nepal, the board chair and all the board members for their efforts in ratification of the Compact agreement.
- 2.6. The Board Members declared that there is no Conflict of Interest (CoI) on any of the Agendas presented by MCA-Nepal, and all the members of the board attended the meeting.
- 2.7. Mr. Khadga Bahadur Bisht, Executive Director, Millennium Challenge Account Nepal updated on current activities of MCA-Nepal and presented the agendas to MCA-Nepal Board of Directors.

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MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

3. UPDATE ABOUT CURRENT ACTIVITIES OF MILLENNIUM CHALLENGE ACCOUNT NEPAL

- Mr. Khadga Bahadur Bisht, Executive Director appraised MCA-Nepal Board of Directors of the major activities undertaken by MCA-Nepal and of Condition Precedents (CP) fulfilled. The Executive Director also updated on the remaining CPs to be fulfilled under the Compact.
- Mr. Khadga Bahadur Bisht, Executive Director presented the MCA-Nepal Board of Directors of the projected major procurements to be undertaken by MCA-Nepal for year 2022- 2023.
- Mr. Khadga Bahadur Bisht, Executive Director presented the MCA-Nepal Board of Directors the plan for Entry into Force (EIF) based on various assumptions. In addition, the Executive Director presented the tentative Project Timeline of the major activity. The Board requested Executive Director of MCA-Nepal to apprise continuously Board in subsequent meetings to determine the realistic status of project implementation activities, asked to expedite the project preparation activities to achieve EIF date in the nearest future.

4. AGENDA ITEMS AND BOARD'S DECISIONS/RESOLUTIONS

4.1. The Chairperson requested the members to consider and, if thought fit, pass a resolution on the following matter:

(A) Agenda One: Approval to the MCA-Nepal Procurement Plan version 6.0

(B) Agenda Two: Amendment of Procurement Agent Contract

(C) Agenda Three: Implementation of the consequences of Performance Appraisal 2021.

4.2. Agenda One: Approval to the MCA-Nepal Procurement Plan version 6.0

4.2.1. The procurement plan is based on the procurement plan currently in place for the Millennium Challenge Account Nepal ("MCA-Nepal"). MCA-Nepal must submit any amendment to the procurement plan to MCA-Nepal Board of Directors for approval, and also needs to get approval for new Procurement Plan for each year.

4.2.2. MCC Program Procurement Guidelines (MCC PPG) states that MCA-Nepal shall periodically prepare a Procurement Plan for acquiring goods, works, consultant and non-consultant services needed to implement the Compact. Compliance, satisfactory to MCC,

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MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

with the approved Procurement Plan shall be a condition precedent to MCC disbursements or payments.

4.2.3. The approved Procurement Plans require periodic revisions and amendments due to ongoing procurement for various projects. Therefore, Procurement Plan Version 6.0 is submitted for Board's approval.

4.2.4. Considering the future activities of MCA-Nepal, the Board of Directors approved the amended Procurement Plan Version 6.0 after assessing the detailed back-up documents of the Procurement Plan.

4.3. Agenda Two: Amendment of Procurement Agent Contract until EIF

4.3.1. The Procurement Agent Contract requires amendment for inclusion of OPEX (Operational Expenses) and extension until EIF Date.

4.3.2. The base period starts from the date of signing of the Contract by the parties until "Entry into Force" or EIF, an important milestone that starts the five-year period of the Nepal Compact. The Procurement Agent Agreement is to be amended to extend the base period.

4.3.3. MCC Program Procurement Guidelines (PPG) P4.1.2 necessitates MCA Nepal Board approval for any modifications to material agreements as noted under the specific MCA Entity's Program Implementation Agreement (PIA). Procurement Agent Agreements is a Material Agreement.

4.3.4. The MCC Program Procurement Guidelines (PPG) P4.1.1 necessitates MCA Entity to ensure that all procurement actions described in PPG Attachment A for goods, works, consulting services, and non-consulting services (including information systems) shall be subject to the prior approval of MCA Nepal board of directors.

4.3.5. The Board of Directors RESOLVED THAT the Board of Directors approves the amendment of Procurement Agent (PA) Contract for inclusion of Operational Expenses (OPEX) items and extension of base period of the Procurement Agent (PA) Contract.

4.4. Agenda Three: Implementation of the consequences of Performance Appraisal 2021.

4.4.1. MCC mandates all MCAs to undergo annual performance evaluation that is universally applied to all MCAs. Third party Birches Group through arrangement with MCC manages this process. Based on this process, MCA Nepal Leadership received '2021 MCA-Nepal-Performance Evaluation Output Report' from MCC on 23rd December 2021. MCA-Nepal requires a mechanism to implement the consequences of performance evaluation that is consistent with all MCAs.

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MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

- 4.4.2.** The Board of Directors of MCA-Nepal is required to authorize the Executive Director to enable the Executive Director to amend the Employment Contract through a letter issued for concerned staff members (not including Executive Director's contract amendment, which would be signed by Board Chair/Joint Secretary, IECCD, MoF as authorized by Board).
- 4.4.3.** The Board needs to approve the consequences on total salary and implementation of performance-based rewards to be implemented.
- 4.4.4.** The Board of Directors **RESOLVED THAT** within the provisions approved, Executive Director of MCA-Nepal is authorized to take decision on implementation of the performance appraisal and future implementation of the consequences of Performance Appraisal, and such decisions of implementation to be communicated to the Board for Board's information.

5. AGENDAS FOR DISCUSSION

5.1. Unregistered Land at Ratmate

- 5.1.1.** The Executive Director informed the MCA-Nepal Board of Directors that four (4) Land Parcels at Ratmate does not have Land Ownership certificates, but have name registered in Field book of Survey office and the land is in use by the Project Affected Persons (PAPs) for long time. MCA-Nepal is required to acquire such land for sub-station Activities. This has been communicated to Ministry of Finance at earlier occasion.
- 5.1.2.** MCA-Nepal Board of Directors requested Ministry of Finance and other concerned Ministries to facilitate in acquiring those unregistered lands through necessary administrative procedures. The compensation shall be made to the Project Affected Persons (PAPs) as per existing government guidelines.

5.2. Independent Auditor's Report

- 5.2.1.** The Executive Director presented the Independent Auditor's Report for the period of 2017 to April 2021 and for April 2021 to September 2021 for the information of the Board of Directors.

5.3. Prior Approval on Forest Clearance

- 5.3.1.** There is a practical difficulty in implementation of present methodology of forest clearance in MCA-Nepal projects. Following the present methodology there would be considerable gap in the activity of collecting data of trees and plants to be removed and

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MILLENNIUM CHALLENGE ACCOUNT NEPAL DEVELOPMENT BOARD (MCA-NEPAL)

cutting of the tress. This may lead to substantial change between activity of tree cutting and the time of marking of the trees. Further, the markings of the tree are likely to be erased or lost thereby requiring considerable re-doing of tree marking.

5.3.2. The Board requested the concerned Board Members to take the issue with their respective Ministry and facilitate MCA-Nepal in carrying out the Forest Clearance activity in an expedited manner.

5.4. Right of Way (RoW) Securing for TL Projects

5.4.1. Compensation for land in the right-of-way (RoW) is a major challenge in the construction of transmission lines. According to the prevailing practice, the implementation of the project is delayed due to the land owners and the local community opposing the project due to the provision of compensation. The Executive Director of MCA-Nepal requested concerned Board Members to take the issue with their respective Ministry and facilitate to formulate a new policy on RoW compensation.

5.4.2. The Board requested the concerned Board Members to take the issue with their respective Ministry and facilitate to form a policy to the extent feasible so that payment of RoW Compensation can be completed with local's support.

6. RECORDING OF THE DISCUSSIONS AND DECISIONS

6.1. RESOLVED THAT the Board of Directors directs the Executive Director to record these minutes with the minute book of Millennium Challenge Account Nepal and to submit the synopsis of such minutes for publication on the website of Millennium Challenge Account Nepal within two (2) weeks from the date of these Minutes.

7. CLOSE

There being no further business the meeting was then closed at 5.30 PM.

This minute is prepared and signed on: 29/03/2022

Rajib Dahal,
Chief Legal Officer, Millennium Challenge Account Nepal