



Millennium Challenge Account Nepal (MCA-Nepal)

ANNUAL REPORT

FY 2079/2080 BS (2022/2023)



**MILLENNIUM CHALLENGE ACCOUNT NEPAL
(MCA-NEPAL)**

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MESSAGE FROM THE BOARD CHAIR

The Electricity Transmission Project and the Road Maintenance Project are being implemented under a program co-funded by the US Government's Millennium Challenge Corporation (MCC) Compact grant of USD 500 million and the Government of Nepal's (GoN) contribution of USD 197 million.

The Millennium Challenge Account Nepal (MCA-Nepal) is a Development Board responsible for implementing the Compact Agreement. Presently, MCA-Nepal has begun the groundwork for the construction of transmission lines and substations as well as the maintenance of roads. Once the projects are completed, they will support Nepal's economic development via energy trade and reduced costs of transportation.

In the fiscal year 2079/80 BS, the launch of bids for the supervision and construction of transmission lines and substations, the implementation of the Livelihood Restoration Program for those affected in the Ratmate Substation construction area in Nuwakot District, and progress in land acquisition and forest clearance for transmission line construction were some of the major accomplishments.

MCA-Nepal has designed this project to ensure minimum impact on Nepali homes and businesses and has avoided major settlements, schools, religious and cultural sites, including national parks. MCA-Nepal will continue to consult and engage with affected families to minimize disruption and discomfort to the affected families, as well as address their concerns and help them understand their options for resettlement and compensation.

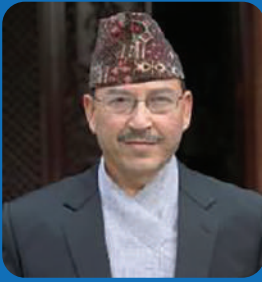
The Government of Nepal has also prioritized the timely implementation of the projects and will continue to support the projects in the days ahead. Likewise, we anticipate and seek continued collaboration and support from the Millennium Challenge Corporation (MCC) to ensure the projects are completed within the stipulated timeline.

We are confident this program will create a positive impact on Nepal's overall development and economic growth. I extend my heartfelt gratitude to the MCC, MCA-Nepal Board of Directors, partner ministries and agencies within the Government of Nepal for their contributions.

Finally, I would like to thank everyone including MCA-Nepal employees for the active engagement and progress achieved in the implementation activities. Moving forward, MCA-Nepal should be well prepared to address potential challenges that may arise in the course of project implementation and be ready to resolve them at the earliest opportunity.

I look forward to continued collaboration from all stakeholders for the success of this program.

Dr. Krishna Hari Pushkar
Secretary
Ministry of Finance
Government of Nepal



MESSAGE FROM THE EXECUTIVE DIRECTOR

I am pleased to present the Annual Report of the Millennium Challenge Account Nepal (MCA-Nepal) for the Fiscal Year 2022/23. This report is a comprehensive summation of our financial reporting to the Government of Nepal, progress reports on the MCC Nepal Compact program submitted to the MCA-Nepal Board of Directors, and an extensive overview of our organizational status covering the period from 17 July 2022 to 16 July 2023.

MCA-Nepal made good progress in the past fiscal year particularly in terms of the preparation for the launch of the program and ensuring access to project sites. Major achievements centered around the initiation of land acquisition for the construction of transmission lines, the launch of bids pertaining to the supervision and construction of transmission lines and three substations. Efforts to meet the requirements for land acquisition have been gaining momentum, and coordination with Divisional Forest Offices for forest clearance is progressing. Consultations with 121 Community Forests User Groups and 8 Leasehold Forest User Groups have been completed. A two-year Livelihood Restoration Program is currently underway for project-affected people whose land has been acquired for the construction of the Ratmate substation in Nuwakot district. The program is providing 272 project affected people with a variety of vocational and skills-based training, including agriculture and livestock-related activities. The training courses are tailored to the independent livelihood choices identified by project-affected people after direct consultation. The program is an integral component of MCA-Nepal's resettlement action plan, which is based on international standards and aims to ensure an equal or improved means of livelihood for any person who is physically and/or economically displaced by the project. Furthermore, the past fiscal year the Government of Nepal (GoN) increased its investment in the MCC Nepal Compact by USD 67 million to fund the construction of an 18 km cross-border transmission line segment, and at the Nepal Electricity Authority's (NEA) request to expand substation works under the Electricity Transmission Project (ETP). The additional funding will further ensure the success for the construction of the Nepal-India cross-border transmission line and expand the scope of work in the building of the three substations through the installation of additional bays. Similarly, the scope of Road Maintenance Project (RMP) was adjusted to address the emphasis by the Department of Roads on better sustainability and the use of innovative and cost-effective technology and to take into consideration overall cost increases in materials and goods in the supply chain.

The achievements of MCA-Nepal would not have been attainable without the collaborative efforts of all of our stakeholders. I would like to extend my gratitude to the Ministry of Finance and the MCC for their trust and unwavering support. I also express my appreciation to all our esteemed Board Chair and the members of the Board for their leadership, oversight and guidance throughout. Our valued partnerships with various government bodies, including the Ministry of Energy, Water Resource and Irrigation, Ministry of Physical Infrastructure and Transport, Ministry of Forest and Environment, Nepal Electricity Authority, Electricity Regulatory Commission, Department of Roads and Roads Board Nepal, have yielded positive results. I look forward to strengthened partnerships in the coming years.

Finally, I would like to thank the entire team of MCA-Nepal and MCC Resident Country Mission, our valued experts and consultants for all the hard work and commitment in shaping the progress we have achieved thus far.

Khadga Bahadur Bisht
Executive Director
Millennium Challenge Account Nepal (MCA-Nepal)

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Executive Summary

This report covers the Nepali Fiscal Year 2079/80 (from 17 July 2022 until 16 July 2023). The executive summary captures the major highlights of the program and project-related activities detailed in the report during the reporting period.

Major Highlights

MCA-Nepal has undertaken extensive preparations to ensure completion of projects within the MCC Nepal Compact's five-year timeline in advance of implementation. Below is the summary of the achievements made in the preparatory phase.

Project Updates - Electricity Transmission Project (ETP)

Environmental and Social Requirements

All assessments and plans including an Environmental Impact Assessment (EIA), Environment and Social Impact Assessment (ESIA), Social and Gender Inclusion Plan (SGIP) have been finalized to ensure all required environment and social standards are met during project implementation. A total of 152 consultations have been organized at the community and municipal level in all 30 affected municipalities to finalize the EIA. Around 400 community consultations are being carried out to support forest census works and resettlement action plans during land acquisition works in all ten affected districts.

Land Acquisition and Forest Clearance

The acquisition of 20.27 hectares of land for Ratmate Substation is complete. A two-year Livelihood Restoration Program is currently underway, providing job and skills training to 272 project-affected persons whose land has been acquired for the Ratmate substation in the Nuwakot district. Work to acquire 104 hectares of land for tower footprints in 10 districts for 315 km transmission line corridor has been initiated as per the Land Acquisition Act, 1977, which freeze land transactions. Forest census work that will inform reforestation efforts has been launched. Coordination with the Ministry of Forest and Environment and Divisional Forest Officers (DFOs) are ongoing to ensure all relevant regulations and requirements are met.

Project Updates - Road Maintenance Project (RMP)

A 40 km stretch of road section in Dang district has been identified for use of Full Depth Reclamation (FDR), an innovative sustainable road maintenance technology. Another 90 km of roads in the National Highway Network is being identified for periodic maintenance. Four labs to train technicians at the Department of Roads (DoR) have been equipped and inaugurated. Trainings on FDR and Superior Performing Asphalt Pavements (Superpave) lab equipment installation, commissioning, and operation have been provided to DoR engineers and Institute of Engineering (IoE) faculty. Deflection measurement of road pavement of four major road sections using a Falling Weight Deflectometer (FWD) has been completed.

Section 1

MCA-Nepal Overview

1.1 Organizational Description

The Millennium Challenge Account Nepal (MCA-Nepal) is a Government of Nepal (GoN) agency, formed under the Development Board Act, 1956 AD in order to manage a USD 697 million program co-funded by the GoN's fund of USD 197 million and the U.S. Government's Millennium Challenge Corporation (MCC) Compact fund of USD 500 million. The program aims to increase the availability and reliability of electricity, maintain road quality and facilitate power trade between Nepal and the region to help spur investments and accelerate economic growth. The Electricity Transmission Project (ETP), a national pride project, and the Road Maintenance Project (RMP) are two projects under the program.

1.2 Board of Directors

The MCA-Nepal Board of Directors ("Board") is the executive governing body that comprised of the following members as of the end of the Fiscal Year (FY) 2079/80 BS:

- ❖ Mr. Madhu Kumar Marasini, Secretary, Ministry of Finance – Chairperson during the 28th Board Meeting;
- ❖ Mr. Krishna Hari Pushkar, Secretary, Ministry of Finance – Chairperson during the 29th and 30th Board Meeting;
- ❖ Mr. Toyam Raya, Secretary, Ministry of Finance – Chairperson during the 31st & 32nd Board Meeting;
- ❖ Mr. Arjun Prasad Pokharel, Secretary, Ministry of Finance – Chairperson during the 33rd Board Meeting & onwards.

Other Members:

- ❖ Mr. Madhu Prasad Bhetuwal, Joint Secretary, Ministry of Energy, Water Resources and Irrigation;
- ❖ Mr. Shiva Prasad Nepal, Joint Secretary, Ministry of Physical Infrastructure and Transport (till the 33rd Board Meeting);
- ❖ Mr. Arjun Jung Thapa, Joint Secretary, Ministry of Physical Infrastructure and Transport (from the 34th Board Meeting);
- ❖ Mr. Kul Man Ghising, Managing Director, Nepal Electricity Authority;
- ❖ Mr. Kumar Pandey - Member representing Private Sector;
- ❖ Mr. Surendra Kumar Mahato- Alternate Member representing Civil Society;
- ❖ Mr. Khadga Bahadur Bisht, Executive Director, MCA-Nepal - Member Secretary.

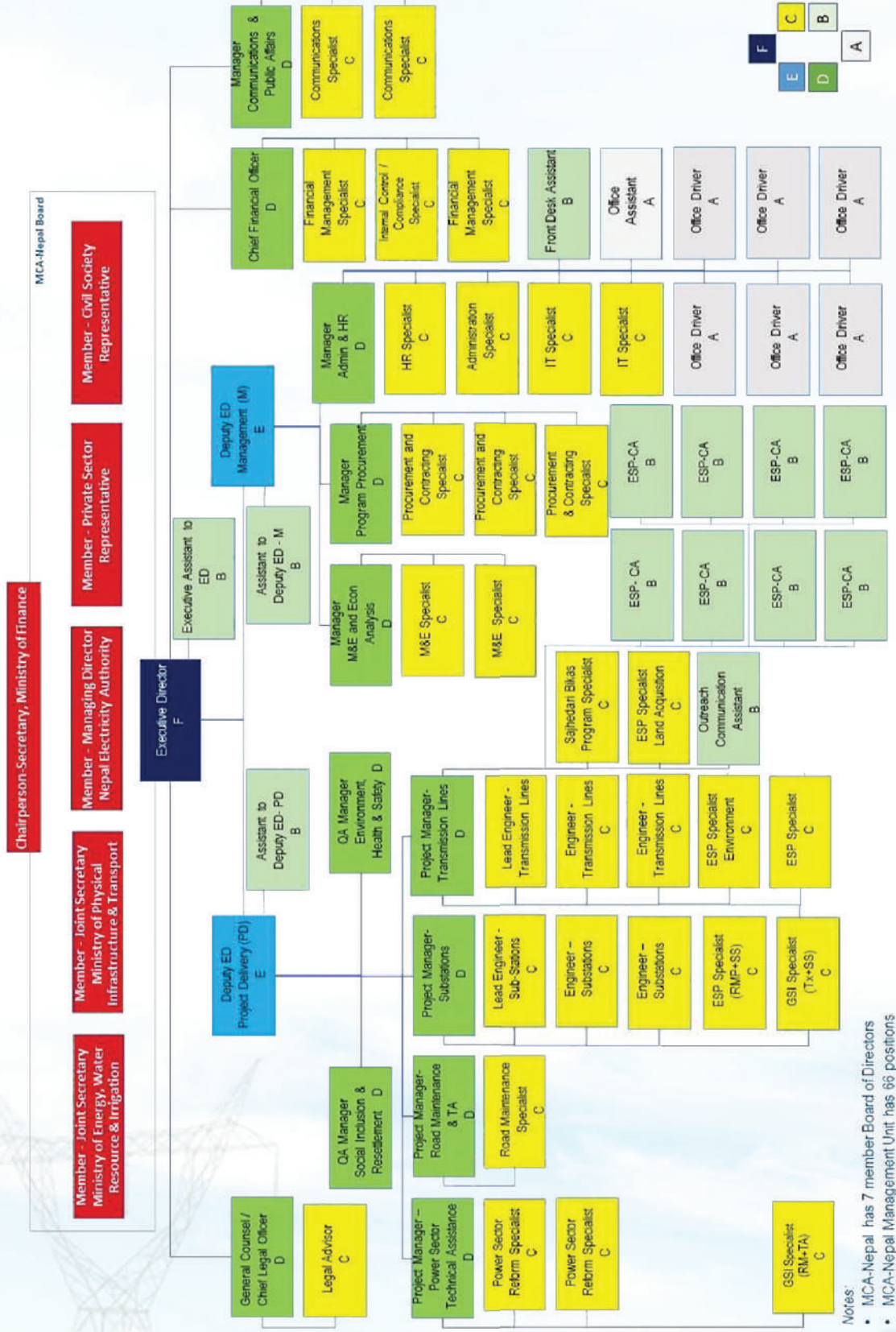
1.3 Board Meeting Highlights

In the Fiscal Year 2079/80 BS (From 17 July 2022 to 16 July 2023), seven Board Meetings of MCA-Nepal were held. The agendas and decisions of the Board are presented below:

Board Meeting	Date	Major Agendas and Decisions
28 th Meeting	27/7/2022	<ol style="list-style-type: none"> 1. Approval of Compact budget relocation; 2. Approval for authorizing MCA-Nepal to expend as per the approved budget in the Redbook for FY 2079/80; 3. Approval of amendment of Independent Audit Service Contract; 4. Amendment of contract for SAP Management Information System and Related Services; 5. Discussion on revision of organizational structure and change of business title of employees; 6. Approval of rectification of salary, and authorization to the Executive Director to carry out rectification of mathematical errors.

29 th Meeting	25/9/2022	<ol style="list-style-type: none"> 1. Approval of Procurement Plan 6.2 to include five Land Acquisition Consultants as surge staff for land acquisition; 2. Approval for the amendment of contracts for two land acquisition experts; 3. Approval of change of name in existing Agreements with Procurement Agent and Fiscal Agent and in Banking and Financial Services.
30 th Meeting	30/11/2022	<ol style="list-style-type: none"> 1. Approval of Various Contract Amendments: <ul style="list-style-type: none"> □ Consulting Services for Detailed Survey and Updated Line Design for 30 km of changes in 400 kV Transmission Line Route Alignment; □ Provision of Security Guard Services for MCA-Nepal Office; □ Fiscal Agent Services; □ Service for Advertisement Publication in Newspaper for MCA-Nepal; □ Lease Agreements for District Office for MCA-Nepal at Sindhupalchowk, Chitwan, Nuwakot and Palpa; □ Office Cleaning Services for MCA-Nepal at Makwanpur, Tanahu, Dhading and at the Department of Roads; □ Supply of Stationery Items to MCA-Nepal.
31 st Meeting	17/02/2023	<ol style="list-style-type: none"> 1. Approval of Procurement Plan 7.0; 2. Approval of change of name in existing agreement for banking and financial services; 3. Approval for salary increment based on performance evaluation for the period up to September 2022.
32 nd Meeting	31/03/2023	<ol style="list-style-type: none"> 1. Approval for amendments of contracts: <ul style="list-style-type: none"> □ Consulting Services for Detailed Survey and Updated Line Design for 30 km in 400 kV Transmission Line Route Alignment for completion of remaining services based on no cost increment until 15 August 2023; □ Soils and FDR Expert for intermittent services based on no cost increment for the predefined scope of services for a period until June 2028; □ Superpave Asphalt Mix Design and Rehabilitation Expert for intermittent services based on no cost increment for the pre-defined scope of services for a period until June 2028; 2. Approval for Signing of Project Cooperation Agreement (PCA) with Nepal Electricity Authority (NEA).
33 rd Meeting	23/05/2023	<ol style="list-style-type: none"> 1. Re-scoping of 18 km section of the transmission line (from New Butwal Substation to Nepal/India border), the construction of additional bays in three substations and approval of the additional budget needs up to US\$ 67 million along with fund commitment from NEA for re-scoping transmission line and installing additional bays.
34 th Meeting	14/07/2023	<ol style="list-style-type: none"> 1. Approval of Procurement Plan version 7.3 (an amendment to approved PP 7.0); 2. Approval of Annual Program and Budget of MCA-Nepal for FY 2080/81(2023/24); 3. Approval of new salary matrix of 2022; 4. Approval of the resignation of the Alternative Board Member representing the Private Sector and appointing the replacement of the same.

1.4 Organization Chart



Section 2

Projects

2.1 Electricity Transmission Project (ETP)

The Electricity Transmission Project (ETP) will build up to 315 km long 400 kV electricity transmission line and three new substations in Nepal. The ETP also comprises of technical assistance activities to strengthen the performance of Nepal's power sector. The ETP aims to increase electricity consumption by improving the availability and reliability of electricity supply in Nepal's electricity grid and facilitate cross-border power trade with India.

This section discusses four major activities under ETP, namely the Transmission Line Activity, Substation Activity and Power Sector Technical Assistance Activity, and the MCA Partnership Program Sub-Activity.

2.1.1 Transmission Lines (TL) Activity

The Transmission Line (TL) Activity includes the design, supply, construction, installation, testing and commissioning of up to 315 km long 400 kV double-circuit quad moose and quad-circuit towers. The TL will provide a vital missing link to Nepal's existing high voltage grid to evacuate electric power to the key load centers within the country and for export. The TL segments were selected following careful analyses and feasibility studies that weighed the technical and economic merit, the importance of meeting Nepal's medium and long-term electricity supply goals, and consistent to Nepal's domestic and cross-border transmission investment plans.

The progress related to the TL Activity is as follows:

2.1.1.1 Survey Activity to change 30 km Alignment of TL

MCA-Nepal Consultant PGCIL conducted a survey on 30 km of various sections of the proposed transmission line route mobilizing two teams to address grievances of project affected people. The survey included a walkover survey followed by stakeholder meetings, household survey, focused group discussions and hydrology assessment. The Final Survey Report, Geo-technical Report, Hydrology Assessment Report and Environment and Social Report are being finalized.

2.1.1.2 Bid Launch for TL Design and Build (DB) Contractors

MCA-Nepal launched a bid for the design and build of TL on 28 November 2022. The construction of transmission lines has been divided into three lots, i.e. 117 km stretch of transmission line along Lapsipedi - Ratmate - New Hetauda, 90 km stretch from Ratmate to Damauli and 90 km stretch from New Damauli to New Butwal with an option of 18 km from New Butwal to Nepal - India border.

Prospective bidders were informed about the technical, administrative, legal, environmental, gender and social requirements of MCA-Nepal during the bidding process. The bidders were also oriented on the locations for the construction works in a nine-day site visit before the submission of bids. A total of 6 companies submitted their proposals for the assignment.

2.1.1.3 TL RAP/LRP Preparation and RAP Implementation

MCA-Nepal signed a contract with SA Infrastructure Consultants Pvt. Ltd. in a joint venture with BOTEK Bosphorus Technical Consulting Corporation, GOEC Nepal Pvt. Ltd. and Total Management Services Pvt. Ltd. to provide consultancy services for the preparation and implementation of Transmission Line Resettlement Action Plan (TL RAP) and Livelihood Restoration Program (LRP). The activities under RAP and LRP will avoid and/or minimize any adverse involuntary resettlement and livelihood impacts on the project-affected people in 10 districts of Nepal along the route of the transmission line.

2.1.1.4 Bid launch for Supervision Engineers

MCA-Nepal launched a bid for Supervision Engineers on 18 January 2023. MCA-Nepal presented the overall scope of work along with the administrative requirements of contracts to prospective companies in a pre-bid meeting organized prior to the submission of bids. A total of 13 companies submitted their proposals for the assignment.



PAPs discussing the tower location during 30km walkover survey at Rishing Rural Municipality, Tanahun.



Prospective TL bidders being briefed during the site visit at Panchakanya Rural Municipality, Nuwakot.

2.1.2 Substations (S/S) Activity

The Substations Activity includes the design, supply, construction, installation, testing and commissioning of three new 400 kV indoor Gas-Insulated Substations (GIS). Among the three, the Ratmate S/S will be constructed in Belkotgadhi Municipality of Nuwakot District, the New Damauli S/S in Damauli of Tanahun District, and the New Butwal S/S at Bhumahi of Nawalparasi (Bardaghat Susta West) District. Apart from these three substations, the transmission lines will also terminate at two additional substations under construction by NEA at Lapsipedi in Kathmandu District and Hetauda in Makwanpur District. Technical details of the three new S/S are listed below:

Names of S/S	Details of S/S
Ratmate	The Ratmate S/S will be a 400 kV gas-insulated S/S (GIS) and a 220 kV Gas Insulated S/S (GIS), in a one-and-a-half breaker bus configuration. It will include seven, 1-Ph, 400/ffl3/220/ffl3/33 kV, 167 MVA, autotransformers, and related control and protection systems.
New Butwal	The New Butwal S/S will be a 400 kV gas-insulated S/S (GIS) in a one-and-a-half breaker bus configuration. It will include two, 3-ph 400/220 kV, 315 MVA, autotransformers and related control and protection systems.
New Damauli	The New Damauli S/S will be a 400 kV gas-insulated S/S (GIS) in a one-and-a-half breaker bus configuration and will include seven (7), 1-Ph, 400/ffl3/220/ffl3/33 kV, 167 MVA, autotransformers, and related control and protection systems.

The progress related to the S/S Activity is as follows:

2.1.2.1 Boundary Wall Construction in Ratmate

MCA-Nepal initiated work for the construction of a boundary wall around the substation site at Belkotgadhi -7, Ratmate, Nuwakot with Binayak Nirman Company Pvt. Ltd. after signing of contract on 14 November 2022. MCA-Nepal had completed the acquisition of 20.27 hectares of land for Ratmate Substation under the ETP Project in the previous fiscal year.

2.1.2.2 Bid Launch for S/S Design and Build (DB) Contractors

MCA-Nepal launched a bid for the design and build of three substations on 24 March 2023. Prospective bidders were informed about the technical, administrative, legal, environmental, gender and social requirements of MCA-Nepal during the bidding process. The bidders were also oriented on the locations for the construction works in a site visit in preparation for the submission of bids.



Site visit to orient prospective bidders on the locations for the design and build of Substations.

2.1.2.3 Implementation of LRP in Ratmate Substation

MCA-Nepal is implementing a two-year Livelihood Restoration Program for project-affected people whose land has been acquired for the construction of the Ratmate substation in Nuwakot district. The program is providing 272 project affected people with a variety of vocational and skills-based training, including agriculture enhancement and livestock-related activities. The training courses are tailored to the independent livelihood choices identified by project-affected people after direct consultation.



Commercial Agro and Veg Certificate: Graduates of Commercial Agriculture Training receiving training completion certificates from Mahesh Acharya, DED-PD, MCA-Nepal and Prakash Basnet, ESP Specialist, MCA-Nepal.



Participants of Commercial Agriculture and Animal Husbandry Training.



Participants of Beautician Training.

2.1.3 Power Sector Technical Assistance (TA) Activity

The Power Sector TA Activity will help strengthen the performance of Nepal's power sector institutions, including the Electricity Regulatory Commission (ERC) and the Nepal Electricity Authority (NEA).

The TA to the ERC will focus on supporting the ERC to function as an independent electricity sector regulator, as well as build its capacity to bring transparency, efficiency, and competition into Nepal's power sector. Funds will be used to embed experts within the ERC to improve ERC's skills in rulemaking and dispute resolution in different regulatory areas (economic, technical, policy and legal).

The TA to NEA will focus on supporting NEA by improving its transmission business in the areas of regulatory cost recovery, improved grid operations, and better system planning which will increase the pace of investment required for transmission network capacity to meet growth in electricity supply and demand. This will lead to an increase in the reliability of the transmission network by reducing outages and power quality problems through improved asset management and network operations processes. Finally, it will support the NEA to improve the financial viability of the power sector.

The progress related to Power Sector TA Activities is as follows:

2.1.3.1 TA to the ERC

- ❖ MCA-Nepal finalized a bid document for the procurement of Consulting Services for Embedded (Resident) Advisors for the ERC as per the new Standard Bidding Document.

2.1.3.2 TA to the NEA

- ❖ MCA-Nepal signed a Project Cooperation Agreement (PCA) with NEA to establish an operational partnership to support the implementation of the Electricity Transmission Project on 30 May 2023. The PCA will also support NEA improve its transmission business in the areas of regulatory cost recovery, improved grid operations, and better system planning. The first joint project steering committee meeting with members from the NEA and MCA-Nepal, was held on 23 June 2023.
- ❖ MCA-Nepal drafted a bid document for the procurement of Consulting Services for TA to the NEA. The document will be reviewed based on the availability of the budget for the Transmission Business Transformation.
- ❖ MCA-Nepal completed data collection of relevant load/system data from various NEA substations to analyze transmission network constraints, network development plans and to carry out the sub-transmission modeling.



Mr. Khadga Bahadur Bisht, ED, MCA-Nepal, and Mr. Dirghayu Kumar Shrestha, D-MD Transmission Directorate, NEA, exchanging the PCA in the presence of Mr. Kul Man Ghising, MD, NEA, and other officials from NEA, MCC and MCA-Nepal.

2.1.4 MCA Partnership Program Sub-Activity

The MCA Partnership Program (MPP) is a key component of the ETP and serves as a sub-activity aimed at sharing benefits. The program, targeted for broader communities in the affected wards of ETP will complement the project by establishing relationships with communities within the areas affected by the ETP. The aim is to foster trust and help alleviate the risk of project delays. MCA-Nepal has established an MCA Partnership program (MPP) Framework, which includes three main thematic areas for consideration under which the following progress has been achieved:

2.1.4.1 Thematic area 1: Electricity distribution system augmentation and extension

The thematic area focuses on increasing electricity access and enhancing the electricity distribution system's reliability to maximize electricity benefits. It comprises four sub-activities which are – i) extension of the grid; ii) replacement of poles; iii) replacement of transformers; and iv) replacement of conductors and its accessories.

MCA-Nepal conducted verification on preliminary survey works for this thematic area from February to March 2023. It confirmed the scope of work for the preparation of the bid document and the budget for this thematic area has been revised accordingly taking into consideration the market price. Based on these, the draft bid document has been developed.

2.1.4.2 Thematic Area 2: Off -grid/grid solutions for water supply schemes

The thematic area provides off-grid/grid solutions for lift water supply schemes where there is scarcity of water to communities in the ETP affected areas, as prioritized by the wards.

MCA-Nepal conducted meetings with USAID to explore potential partnership on this thematic area. The meetings focused on establishing a working mechanism and evaluating the possibility of partnership for the execution of the thematic area. A concept note has also been developed as a result.

2.1.4.3 Thematic Area 3: Capacity building for enhanced electricity use

The thematic area has two sub- activities designed with an aim to build or enhance the capacity of institutions and individuals focusing on two key actions: i) supporting and preparing Municipal Energy Plans (MEP) in the municipalities affected by the ETP; and ii) developing capacities for Productive Use of Electricity (PUE) within the wards affected by the ETP.

MCA-Nepal drafted a bid document for the implementation for this thematic area which details the requirement for the thematic area.

2.2. Road Maintenance Project (RMP)

The Road Maintenance Project aims to enhance current practices in the maintenance of Nepal's strategic roads network and will provide technical assistance to the Department of Roads (DoR) and Roads Board Nepal (RBN). Maintenance interventions will include pavement improvement techniques and safety enhancement features with the introduction of new innovative technologies.

The scope of the Road Maintenance Project (RMP) has been adjusted to address the emphasis by the Department of Roads on better sustainability and the use of innovative and cost-effective technology and to take into consideration overall cost increases in materials and goods in the supply chain. The scope changes will increase pavement recycling from limited "pilot" work to approximately 40 km, and modify the periodic road maintenance works on up to 90 km of roads, rather than "up to 305 km" as planned. In terms of coverage, a total of 130 km of roads will be a part of the project. These scope changes will not impact the overall road maintenance works budget.

This section discusses the two major activities under RMP, namely the TA activity, and the Strategic Roads Maintenance Works activity.

2.2.1 Technical Assistance Activity

The Technical Assistance Activity will provide technical assistance to the DoR and RBN related to road maintenance planning, assessment, and implementation to strengthen their capacity to plan and execute routine and periodic maintenance. The training and capacity building activities will focus in the areas of improved data collection and techniques; preparation of appropriate road maintenance plans driven by economic justification; improved prioritization of periodic maintenance; improved contracting management, including the integration of road safety features and project management. The training and capacity-building activities will also entail the transfer of modern road maintenance methods, technologies, and business processes.

The progress related to the TA Activity is as follows:

- ❖ MCA-Nepal employed its Falling Weight Deflectometer (FWD) during March-April 2023 to measure deflections for potential periodic road maintenance road sections, namely, (i) Mugling Narayanghat (ii) Kanchanpur Nadaha and (iii) Dharan Dhankuta.
- ❖ MCA-Nepal conducted a training on Asphalt Lab Equipment in DoR for technicians of DoR and the Institute of Engineering (IoE) faculty in May 2023. This activity will enable DoR technicians in the application of lab equipment for FDR and Superpave mix designs and quality control testing.

- ❖ MCA-Nepal conducted a training on International Roughness Index (IRI) Class 1 equipment in June 2023 for technicians of DoR and IoE. This equipment is used for measuring the road's roughness and calibrating Class 2 laser devices.
- ❖ MCA-Nepal conducted an asset verification and socio-economic survey in the project site for 40 km section of road from Dhan Khola to Lamahi in the East-West Highway from 11 -14 December 2022. The survey was carried out with an objective to assess the roadside-affected structures and determine affected households eligible for compensation. Five structures were identified as a result.

2.2.2 Strategic Road Maintenance Works Activity



MCA-Nepal conducting asset verification survey with local people along the Dhan Khola to Lamahi section in Dang district.



Team from DoR measuring pavement deflection at Dhan Khola to Lamahi section using a FWD.



Participants at the closing ceremony of a training on International Roughness Index (IRI) Class 1 Equipment organized on 12 June 2023.



Mr. Sushil Babu Dhakal, Director General- DoR, handing over certificates of completion to participants of the Asphalt Lab Equipment Training.



Mr. Khadga Bahadur Bisht, ED, MCA-Nepal handing over certificates to participants after the completion of the IRI Class 1 Equipment Training.

The Strategic Road Maintenance Works Activity will complement and build upon the TA Activity and includes two sub-activities:

2.2.2.1 Pavement Recycling

Under the Strategic Road Maintenance Activity, new pavement improvement technologies, namely, Full Depth Reclamation (FDR) and Superior Performing Asphalt Pavement (Superpave) will be adopted. This sub-activity will address some of the issues associated with carrying out works on narrow roads with traffic congestion, difficult work conditions and extended construction times. A 40km road section from Dhan Khola - Lamahi Road in the East-West Highway has been identified for the activity for which design works are under preparation.

2.2.2.2 Matching Fund

To incentivize additional GoN spending on road maintenance, the MCC funding will be used to establish a matching fund that provides two USD for every one USD the GoN spends above its current average annual amount for periodic road maintenance up to a total of USD 3.3 million over three years. The matching fund will be used to fund periodic road maintenance works of up to 90 km.

The progress related to the Road Maintenance Activity is as follows:

- ❖ MCA-Nepal Consultant SWECO AS Danmark is preparing an engineering design report along with Environment Social Performance activities for maintenance works for the 40km road section from Dhan Khola - Lamahi Road in the East-West Highway.
- ❖ MCA-Nepal organized public hearings in all four affected municipalities and rural municipalities where maintenance works will be carried out to prepare the Initial Environmental Examination (IEE) Report in 2022. Elected representatives from all concerned local levels and general public participated in the public hearings. As a next step, MCA-Nepal will carry out a disclosure of the Resettlement Action Plan at the community level to inform affected communities on the compensation mechanisms and principles to be adopted.
- ❖ MCA-Nepal is carrying out due diligence of selected road sections i.e. Mugling- Narayanghat, and Kanchanpur-Nadaha for periodic road maintenance.

2.3 Project Areas



Section 3

Environment and Social Performance (ESP)

MCA-Nepal has identified the ESP as a key to ensure that the ETP and the RMP activities are implemented in accordance with the requirements of the MCC Environmental Guidelines and applicable national social and safeguards policies and regulations of the GoN. This will be done by identifying, analyzing and mitigating environmental and social issues/impacts, meeting regulatory requirements for environmental and social provisions, and engaging with stakeholders for inputs and building support for the projects.

The ETP is classified as Category A in accordance with MCC Environmental Guidelines (2010). Based on a preliminary evaluation, seven of the eight International Finance Corporation (IFC) Performance Standards (PS), which are incorporated by reference into the MCC Environmental Guidelines, will be applied in MCA-Nepal projects. There are some unavoidable environmental and social impacts of the ETP, such as tree cutting, land acquisition and resettlement. However, all risks will be properly addressed through relevant compensation, mitigation or management measures to avoid or minimize impacts on sensitive environmental and social characteristics of project areas.

The RMP is classified as Category B under MCC's Environmental Guidelines. The proposed activities have potentially limited and few adverse environmental or social risks or impacts, generally site-specific, largely reversible, and readily addressable through mitigation measures. The environmental or social impact caused by construction activities, such as temporary road closures, excavation and borrow pits, noise, dust, and worker and community health and safety, will be managed through targeted environmental and social management plans based on the findings of an environmental and social impact assessment.

MCA-Nepal is committed to high-quality environmental and social standards and has worked closely with communities affected since the inception of the projects. MCA-Nepal's resettlement action plans are based on international standards and aims to ensure an equal or improved means of livelihood for any person who is physically and/or economically displaced by the project.

3.1 Environment, Health and Safety

The progress related to Environment, Health and Safety activities are as follows:

3.1.1 Initial Environmental Examination (IEE) on 40 km stretch

The Environment Protection Act, 2019 and the Environment Protection Rule, 2020 of the GoN require an IEE for proposed road maintenance works under the RMP. MCA-Nepal's Consultant SWECO has conducted the physical, biological, and socio-economic baseline surveys for IEE and submitted a report for road maintenance works on the 40km stretch of road from Dhankhola to Lamahi.

3.1.2 Forest Census for the ETP

MCA-Nepal prepared a Community Forest Operational Plan and submitted it to the Divisional Forest Officers (DFO) of respective 9 districts affected by the ETP prior to the initiation of forest census works. The communication plan for community consultation, finalized in December 2022, was implemented via Forest User Groups (FUGs) consultations held from January to March 2023 with 121 Community FUGs and 8 Leasehold FUGs. An agreement to onboard the Consultant for forest census and field verification for technical and logistics support was signed in February 2023. Forest census work began soon after orientation to the DFO-led census teams in nine districts.

3.1.3 Environmental and Social Management System (ESMS)

MCA-Nepal is preparing an Environmental and Social Management System (ESMS) plan for projects as per Compact requirements. The plan will be finalized within 90 days after the launch of the Compact. The ESMS compiles all environmental, social, health and safety procedures to be followed by MCA-Nepal and its contractors/consultants.

3.1.4 Health and Safety

MCA-Nepal continued to monitor the COVID-19 situation and enforce a COVID risk management protocol during the fiscal year. The COVID-19 risk management plan for the boundary wall construction contractor, Binayak Nirman Company, was approved.

Consultations with Forest Users Groups in districts affected by the ETP



3.2 Social Safeguard and Resettlement

The progress related to social safeguard and resettlement activities is as follows:

3.2.1 Status of Land Acquisition and Resettlement Activities

MCA-Nepal organized stakeholder meetings in all nine districts prior to the issue of a notice on preliminary action to acquire land as per Clause 6 of the Land Acquisition Act, 1977. The meetings were convened under the chairmanship of Chief District Officers of respective districts.

As part of TL RAP preparation, the sequence of activities for the land acquisition leading to rate determination and compensation payment include:

- (i) Formation of Compensation Fixation Committee (CFC) in each district;
- (ii) Publication of notices as per Section 6 (1) of the Land Acquisition Act, 1977;
- (iii) Land measurement and cadastral verification of parcels;
- (iv) Preparation of the Preliminary Action Report (PAR) and submission to the CFC in each district;
- (v) Publication of notice as per Section 9 of the Land Acquisition Act, 1977 with full details of the land parcels to be acquired. The Section 9 Notice restricts all transactions on the land parcels.
- (vi) Setting up of a sub-committee by the CFC to prepare the land valuation report;
- (vii) Rate determination by CFCs and compensation payment.

MCA-Nepal has completed most of the above (from i-vi) activities in nine districts except in Kathmandu district. The publication of Section 9 Notice as per the Land Acquisition Act, 1977 by the end of August 2023 will freeze all transactions to pave the way for rate determination by CFCs.

In Kathmandu district, where only 4.8 km out of 315 km transmission lines fall, land acquisition activity is on hold due to local grievances and site-specific issues at NEA's Lapsipedi Substation site. NEA is engaging in negotiations with the local community and elected representatives to find a possible solution in the near future.

3.2.2 Workshop on land acquisition process with CDOs

MCA-Nepal conducted a workshop on land acquisition process with the Chief District Officers of five project-affected districts in the Dhulikhel Municipality on 20 June 2023. Chief District Officers of the Sindhupalchowk, Kathmandu, Nuwakot, Dhading and Chitwan districts took part in the event, which was organized to build a common understanding on the land acquisition process for the construction of transmission lines. The workshop was chaired by Mr. Arjun Prasad Pokharel, Finance Secretary at the Ministry of Finance and the Chairperson of MCA-Nepal Board of Directors.



CDOs from five project-affected districts attending the workshop at Dhulikhel Municipality on 20 June 2023.



Mr. Khadga Bahadur Bisht, MCA-Nepal ED, addressing the CDO workshop organized at Dhulikhel Municipality on 20 June 2023.

Section 4

Gender and Social Inclusion (GSI)

Gender and Social Inclusion (GSI) is a requisite in the design and implementation of MCA-Nepal projects. MCC launched the new Inclusion and Gender Strategy in October 2022 to advance the commitment to inclusion, gender equity and equality in the Compact. The new strategy will strengthen overall efforts to address exclusion in MCA-Nepal's projects.

The major activities undertaken during the reporting period is as follows:

4.1 Gender and Social Inclusion (GSI) in TL RAP and Ratmate LRP

MCA-Nepal will integrate gender and social inclusion in the TL RAP preparation and implementation process. The Inception Report and Resettlement Manual of TL RAP has included GSI issues, reporting and management of sexual harassment and trafficking, worker's code of conduct, guidelines on onboarding and orientation of workers. The report has outlined the need for 30 GSI Focused Group Discussions (FGDs) in project-affected districts.

MCA-Nepal has also incorporated gender and social inclusion issues like nutrition, safe migration, and women's role in household budgeting or entrepreneurship planning in trainings such as functional literacy, financial literacy and life skills to improve personal confidence, household and social dynamics as part of the LRP implementation in Ratmate.

4.2 GSI Consideration in RMP Pilot Design

MCA-Nepal engaged road safety vulnerable groups not limited to, pedestrians, school children, grazers, herders, disabled persons and senior citizens, non-motorized vehicle users and road maintenance workers and families living alongside the road to ensure the inclusion of road safety issues and concerns in the RMP Pilot Road Design report. Similarly, GSI-related considerations were included during the Initial Environment Examination, socio-economic survey, resettlement survey and preparation of reports.

4.3 Trafficking in Persons (TIP) Risks Assessment and Management Plan for RMP

MCA-Nepal carried out a field-level consultation for TIP risk assessment for RMP as guided by MCC Counter-Tip Policy 2021 Section 6.2.2¹. Consultations were carried out via FGDs and Key Informant Interviews with community people, CBOs and NGOs working in the area of TIP. Onsite visits were carried out at the Koilabas, Krishna Nagar and Belahiya border checking points, including Taulihawa. After completion of the fieldwork, the first draft of the TIP Risk Assessment Report for RMP has been prepared.

4.4 Engagement with Trafficking in Persons (TIP) Stakeholders at the local level

MCA-Nepal has initiated meetings with national and local stakeholders to orient them on MCA-Nepal's counter-TIP policy and initiatives. MCA-Nepal's safeguard measures for preventing any kind of TIP incident during the project period were shared with stakeholders. The stakeholders included elected representatives, local authorities and local level NGOs working in Nawalparasi West border area. Additionally, local-level initiatives on the TIP preventive measures and other services are being collected in all 30 municipalities of the ETP.

4.5 Women's Employment in Infrastructures

MCA-Nepal assessed the status of women's employment in infrastructure projects in the energy and road maintenance sectors. The assessment included stakeholder interviews, and construction site visits. The assessment concluded with a finding that out of the total employment generated in the ETP, only 32 percent of jobs are suitable for women. However, there are policy-level challenges for this to happen.

1. Counter TIP Policy 2021, Section 6.2.2 Project Risk Assessment demands project-specific TIP risk Assessments in addition to Environmental and Social Impact Assessments which categorizes the project as "high" or "low" risk project.

4.6 Anti-Sexual Harassment Policy

MCA-Nepal rolled out the Anti-Sexual Harassment Policy applicable to its staff and Consultants during the year. The team of Ratmate S/S LRP implementation Consultant SAPPROS Nepal including board members and management team were also trained on Prevention of Sexual Harassment at Workplace.



MCA-Nepal team in Peace Rehabilitation Centre Check Point in Koilabas Border Area, Dang.



Focus Group Discussion with women PAPs at Gheudalla, Nawalparasi West.



Key Informant Interview (KII) with Road Construction Petty Contractor in Dhankhola, Dang.



MCA-Nepal team with the Vice Chair of Palhinandan Rural Municipality, Nawalparasi Bardaghat Susta West.

Section 5

Grievance Redress Mechanism (GRM)

MCA-Nepal's Grievance Redress Mechanism is designed to manage complaints and concerns raised by stakeholders regarding the project activities or their impacts in a systematic way. While it is a formal platform whereby communities can register their concerns, it also allows MCA-Nepal and other stakeholders to be informed on issues raised in order to find an amicable solution in a timely manner. Grievances may take the form of specific complaints on actual damages or injuries, general concerns about project activities or incidents, and impacts or perceived impacts.

The Stakeholder Engagement Plan (SEP) has been prepared accordingly and is being implemented as per the requirements of the MCC Environmental Guidelines, MCC Gender Policy and Gender Integration Guidelines, MCC C-TIP Policy, Guidance on the Implementation of Involuntary Resettlement (2008), IFC PS, applicable GoN rules and regulations, and best practices from other projects in Nepal with an intent to demonstrate informed consultation and inclusive participation for the duration of the project.

There are several ways through which communities can register their grievances in MCA-Nepal's projects. After the mobilization of the TL RAP Consultant in September 2022, the ETP has set up Public Information Centers (PICs) in each affected district. The PICs serve as grievance cells and are operated by Community Liaison Officers (CLOs). In addition, District Liaison Offices (DLOs) of MCA-Nepal also serve as a grievance cell. Despite careful consideration of setting up PICs in locations where it is easily accessible to most communities, given the geography and terrain of the ETP, it was observed that access still remained a constraint. Therefore a mechanism whereby communities can register grievances remotely was set up. Grievances can be registered through various mediums such as, in person, phone call or via email. Communities can also lodge grievances in MCA-Nepal's central office in Kathmandu. This ensures communities have various accessible platforms to register their grievances which is most feasible to them.

The GRM is organized into three tier levels of decision-making bodies to address grievances of increasing scale and/or complexity. If the complainant is not satisfied with MCA-Nepal's decision-making response at the Tier-1 Level, the decision can be appealed. The appeals process will escalate the grievance to the Tier-2 Level, which is chaired by the Ward Chair. A Tier-3 Level committee is also formed which is chaired by the Chief District Officer (CDO) in case the claimant is not satisfied with the response provided by the Tier-2 grievance committee. MCA-Nepal maintains a grievance log that tracks all grievances from filing to resolution.

Present Grievance Status

- ❖ 95 grievances have been registered so far (up to July 2023) at the MCA-Nepal office for the ETP project;
- ❖ Among the registered grievances, 38 have been signed off and closed, 7 have not been accepted in the first tier and need a second round of consultation. Responses to remaining registered grievances have been circulated to respective District Liaison Officers (DLO) to be signed off. Most of the remaining registered grievances are directly related to compensation and will be addressed during RAP implementation;
- ❖ A grievance database has been created and posted on the project's SharePoint/Drive to allow the team to review all grievances and provide input on a regular basis;
- ❖ Regular follow-ups with the complainants and associated stakeholders by respective DLOs are ongoing to monitor registered grievances.



A consultation event at Ghiring RM-1, Atrauli, Tanahun to address grievances of PAPs in the presence of the Assistant CDO of Tanahun and Deputy Chairperson of the RM.



A consultation event organized at Likhu RM-5, Nuwakot to address grievances of PAPs.



A consultation to address grievances of PAPs at Hetauda Sub-Metropolitan City, Makwanpur.

Section 6

Risks and Mitigation Measures

MCA-Nepal has undergone an internal risk identification process and developed program and project-level risk registers that detail all risks anticipated during the preparatory and implementation phases of the Compact. Internal risk review meetings are held every month to identify emerging risks and monitor and manage the mitigation strategies for existing risks.

Besides the documentation of program and project risks in the risk registers, the Compact also identifies overarching assumptions and risks associated with the achievement of high-level results.

Field-level Grievances in Project Districts

Potential dissatisfaction with MCA-Nepal's selection of the TL route, land acquisition and the existing practices for Right of Way (RoW) easement may lead to protests from the Project Affected People (PAP) and affected communities. It may impose risks to MCA-Nepal in terms of interruption of activities especially in the field causing delays in the land acquisition, consequently delaying the start of the construction work for the transmission line. Besides, unsatisfied PAPs may also protest and present a security risk to the staff of MCA-Nepal and Contractors/Consultants.

As a mitigation strategy, MCA-Nepal is constantly engaging with local stakeholders and affected communities to keep them well informed about the status of the progress and establishing GRM in all project districts. These allow community and local stakeholders to report concerns for MCA-Nepal to take appropriate actions to resolve/address them.

Although, as per the Land Acquisition Act, 1977, determination of the compensation rates solely falls under the jurisdiction of the Compensation Fixation Committee (CFC) led by the CDOs of respective districts, MCA-Nepal is also working to ensure that the compensation rates determined by the CFC are fair and reasonable. MCA-Nepal provides independent input in the form of a market valuation report prepared by its TL RAP Consultant to the Sub-Committee, set up by the CDO to work out initial recommendation on the compensation rates.

Non-compliance by Contractors to Social and Environmental Safeguard Requirements

Environment and Social Performance, Gender and Social Inclusion and management of TIP risks and related safeguard measures need to be complied with by Contractors/Consultants, failing which or inadequate fulfillment of requirements will impact project implementation. As a mitigation measure, MCA-Nepal has finalized all assessments and plans including an Environmental Impact Assessment (EIA), Environment and Social Impact Assessment (ESIA), Social and Gender Inclusion Plan (SGIP) to ensure all required environment and social standards are met during project implementation. A TIP Risk Management Plan has been drafted for both the ETP and RMP Projects.

Media Speculation on MCC Nepal Compact

The various controversies associated with the MCC Nepal Compact due to the prolonged delay in the ratification, circulation of misinformation and disinformation have impacted media and public perception resulting in negative media reports of projects based on assumptions. MCA-Nepal has a media engagement policy, plan and standard operating procedure to regularly engage the media and ensure facts and project updates are well communicated to address and/or minimize such risks.

MCA-Nepal regularly engaged with the media and also organized several stakeholders meeting at the central, provincial, district and local level to provide factual information about the Compact. A media event with an informative session on MCA-Nepal's procurement and fiscal process/ guidelines was organized on 18 August 2022 for 43 journalists. An online consultation with municipal and ward level elected representatives from ten project affected districts was organized on 22 September 2022. Around 50 representatives were equipped with information on the status of the Compact, MCA-Nepal and the ETP project.

A meeting with Provincial Parliamentarians from Bagmati Province was also organized in Hetauda on 26 April 2023. Nine Provincial Parliamentarians representing affected constituencies of Electricity Transmission Project took part in the meeting in which MCA-Nepal delivered detailed information about the impact and benefits of the project alongside MCA-Nepal's resettlement process and modality.

Similarly, bi-lateral meetings with eight Federal Parliamentarians from project affected constituencies were also organized during the fiscal year. The objective was to inform elected representatives on the progress and challenges of the project.



Mr. Khadga Bahadur Bisht, ED, MCA-Nepal, presenting during the consultation with Provincial Parliamentarians of Bagmati Province in the presence of Chief Minister of the Province Hon. Shalikram Jammakattel at Hetauda, Makwanpur.



Media representatives participating in an informative and interactive session, organized by MCA-Nepal to share information on the status of MCC Nepal Compact projects, its fiscal and procurement procedures/systems and the timeline for implementation on 18 August 2022.

Section 7

Community Voices

Raju's Journey from a Migrant Worker to an Entrepreneur

Like every youth, Raju Shrestha, a 29-year-old resident of Khalte in Belkotgadhi Municipality of Nuwakot district, has a dream to provide a quality life for his family of four- a wife, two daughters and a son. For the same reason, Raju took up a job in Malaysia to make a livelihood and support his family but it didn't last for long.

When MCA-Nepal acquired the lands for the construction of Ratmate Substation under the Electricity Transmission Project (ETP), Raju and his family had to relocate as their land fell within the territory designated for the project. MCA-Nepal legally acquired 20 Ropani of land,



which was in his father's name, for which Raju and his family were fairly compensated. Raju's father provided him with some amount of the compensation money. Raju used the fund to construct a house along the highway. He also decided to open a small restaurant in his house realizing the potential of the location. During the same time, MCA-Nepal also launched the Livelihood Restoration Program (LRP) to restore the livelihoods of people affected by the project. During consultations for the program on choices to enhance skills, Raju opted for training to improve his cooking skills to better his restaurant business. He then enrolled in a two-month long training in sweet and snack preparation.

With newfound knowledge and skills, Raju expanded the menu of his restaurant with a variety of delicious local sweet and snack items, such as Samosa, Momo, Pakauda (fritters).. His culinary creations were well-received by the local community. Raju's hard work paid off when he sold around ten kilograms of local sweets, on the occasion of Mother's Day to earn approximately NRs. 10 thousand in a single day.

Buoyed by his initial success, Raju now plans to produce and sell more sweets during upcoming festivals. The increased demand during festive occasions presents an opportunity for him to further boost his sales and expand his business. Currently, his restaurant generates daily sales of around NRs. 3,000 to 3,500. Raju envisions expanding his business with the addition of more delectable items to the menu.

Raju is grateful for the support he received from the LRP. The training he received not only enhanced his cooking skills but also gave him the confidence to venture into culinary entrepreneurship. Raju's journey from being affected by the project to becoming a successful entrepreneur is a testament to his hard work and the transformative power of the support and opportunities provided by the LRP.

Currently, like Raju, 272 people are being supported by the program, of which 108 are engaged in agriculture and livestock-related activities, and 164 are engaged in one of 18 different vocational and skills-based trainings. The program is an integral component of MCA-Nepal's resettlement action plan based on international standards to ensure improved means of livelihood for physically and economically displaced people.

Mamata, not only a Homemaker But an Entrepreneur Too

Mamata Lama, 23, is a homemaker and spends most of her time taking care of her family, including her 2-year-old daughter. Her family owned 1.7 Ropani of land at Ratmate, Belkotgadhi Municipality, Nuwakot which has been acquired by MCA-Nepal for the construction of the Ratmate Electricity Substation under its Electricity Transmission Project. Soon after, her family had to relocate with the compensation money provided by MCA-Nepal as per the Land Acquisition Act, 1977.



As a part of MCA-Nepal's resettlement action plan for affected people, a Livelihood Restoration Program (LRP) was implemented to restore the livelihoods and income of socially and economically affected people. Household surveys were carried out under the program to determine the kinds of training project-affected people preferred to meet the objective of the program.

Mamata also enrolled in the program and chose to participate in the doll and cushion-making training.

"I saw a window of opportunity to improve my skills and increase my income by taking up the doll and cushion-making training," Mamata shares. "It will help me start a small-scale business staying home with flexible working hours. So I went with the choice."

After successfully completing the training and receiving additional support, Mamata bought some raw materials and started to make dolls and cushions on her own.

She has earned around 2000 Nepali Rupees selling her products in the local market. She is very happy with her progress and has decided to take her business to the next level. Mamata elaborates, "I have also done some market study to be an entrepreneur with the products I can generate with the skills acquired."

Along with her two friends, she reached out to potential customers and collected orders for around 150 pieces of small-sized teddy bears. Her team is currently making dolls to meet the order.

Mamata is thrilled with her progress and wants to build her own business. She is planning to invest her earnings in the expansion of her business. She adds, "I would be happy to train others in the future after gaining more experience." She is very grateful to MCA-Nepal for the support which gave her the opportunity to learn new skills and become an entrepreneur.

Along with Mamata, eight women from project-affected households opted for the doll and cushion-making training. All of the trained women are now exploring the possibility of establishing a business. The LRP team has continued to support these trainees in developing and establishing their businesses.

Currently, like Mamata, 272 people are being supported by the program, of which 108 are engaged in agriculture and livestock-related activities, and 164 are engaged in one of 18 different vocational and skills-based trainings. The program is an integral component of MCA-Nepal's resettlement action plan based on international standards to ensure improved means of livelihood for physically and economically displaced people.



Section 8

Financial Statement

The Government of Nepal's Office of the Auditor General (OAG) as the constitutional body conducts the audit of MCA-Nepal. The OAG has completed the audit of MCA-Nepal for FY 2078/79.

For FY 2079/80, below are some snapshots and detailed financials in NPR.

A. FY 2079/80 expenditure snapshot (in NPR):

Expenses by Project / Activity

Project / Activity	GoN	MCC	Total
ELECTRIC TRANSMISSION PROJECT (ETP)	24,943,808.82	82,718,086.31	107,661,895.13
ROAD MAINTENANCE PROJECT (RMP)	-	84,692,380.53	84,692,380.53
MONITORING & EVALUATION	-	-	-
PROGRAM MANAGEMENT	-	525,112,671.81	525,112,671.81
Total	24,943,808.82	692,523,138.65	717,466,947.47

Expenses by Recurring / Capital

Expenses Heading	GoN	MCC	Total
RECURRENT EXPENSES	-	489,092,594.96	489,092,594.96
CAPITAL EXPENSES	24,943,808.82	203,430,543.69	228,374,352.51
Total	24,943,808.82	692,523,138.65	717,466,947.47

B. FY 2079/80 detailed annual financial report submitted to the District Treasury Controller Office (DTCO):

1. Recurrent Expenditure:



मिलेनियम च्यालेन्ज एकाउण्ट नेपाल विकास समिति (एमसिए-नेपाल)

कार्यालय कोड नं.: ३०५००३५०४

दातृ निकायगत बजेट र खर्चको वार्षिक विवरण

जा.ब. २०७९/८० (२०२२/२३)

बजेट मुल शीर्षक नं.: २०५००१०८२ (चालू खर्च)

कार्यालय/आयोजनाको नाम: मिलेनियम च्यालेन्ज एकाउण्ट नेपाल विकास समिति (एमसिए-नेपाल)

आयोजना रहेको स्थान: लालदरबार कन्भेन्सन सेन्टर, याक एण्ड यती कम्प्लेक्स, दरबार मार्ग, काठमाण्डौ

खर्च शीर्षक नं.	नाम	अन्तिम बजेट			खर्च			चौकी		
		नेपाल सरकार	एम सि ति सो भु अनुदान	जम्मा	नेपाल सरकार	एम सि ति सो भु अनुदान	जम्मा	नेपाल सरकार	एम सि ति सो भु अनुदान	जम्मा
२२१११	पानी तथा विजुली	-	८,६७०,९७६	८,६७०,९७६	-	६,८०३,७२२.४५	६,८०३,७२२.४५	-	१,८६७,२५३.५५	१,८६७,२५३.५५
२२११२	संचार खर्च	-	३,२९२,२८०	३,२९२,२८०	-	६८१,८७४.८२	६८१,८७४.८२	-	२,७१०,४०५.१८	२,७१०,४०५.१८
२२२१२	ईन्धन (कार्यालय प्रयोग)	-	१,४६१,३१०	१,४६१,३१०	-	५८२,४४६.७४	५८२,४४६.७४	-	८७८,८६३.२६	८७८,८६३.२६
२२२१३	सवारी साधन मर्मत खर्च	-	८९३,१७८	८९३,१७८	-	४९३,१७८.००	४९३,१७८.००	-	४००,०००.००	४००,०००.००
२२२१४	मिसा तथा गरीकरण खर्च	-	१४,३१०,५८०	१४,३१०,५८०	-	९,२०८,७८५.२०	९,२०८,७८५.२०	-	५,१०१,७९५.८०	५,१०१,७९५.८०
२२२२१	मैसिन तथा उपकरणको संचालन तथा मर्मत	-	२,०००,०००	२,०००,०००	-	१,३२२,०६३.९८	१,३२२,०६३.९८	-	६७७,९३६.०२	६७७,९३६.०२
२२२२१	अन्य सम्पत्तिको संचालन तथा मर्मत खर्च	-	६,६९४,६००	६,६९४,६००	-	१,३६०,००६.१२	१,३६०,००६.१२	-	५,३३४,५९३.८८	५,३३४,५९३.८८
२२२३१	समालोचन तथा कार्यालय सामग्री	-	९,७८५,९५०	९,७८५,९५०	-	२,६०४,०१७.९६	२,६०४,०१७.९६	-	७,१८१,९३२.०४	७,१८१,९३२.०४
२२२३४	ईन्धन - अन्य प्रयोग	-	१००,०००	१००,०००	-	-	-	-	१००,०००.००	१००,०००.००
२२२३५	पत्राचारिका, छुट्टाई तथा मुद्रा प्रकाशन खर्च	-	१०,४९६,७६५	१०,४९६,७६५	-	२,६६९,५५०.४७	२,६६९,५५०.४७	-	७,८२७,२१५.२९	७,८२७,२१५.२९
२२४११	सेवा र परामर्श खर्च	-	५४७,१५१,६६४	५४७,१५१,६६४	-	४०५,७४१,८२८.११	४०५,७४१,८२८.११	-	१४१,४०९,८३५.८९	१४१,४०९,८३५.८९
२२४१२	सूचना प्रणाली तथा सफ्टवेयर संचालन खर्च	-	३,६००,०००	३,६००,०००	-	१,४६५,९६७.५७	१,४६५,९६७.५७	-	२,१३४,०३२.४३	२,१३४,०३२.४३
२२४१३	कवर सेवा शुल्क	-	३,७८७,३२०	३,७८७,३२०	-	२,२६९,६१७.८६	२,२६९,६१७.८६	-	१,५१७,७०२.४६	१,५१७,७०२.४६
२२४१९	अन्य सेवा शुल्क	-	२६७,९६०	२६७,९६०	-	२०,०००.००	२०,०००.००	-	२४७,९६०.००	२४७,९६०.००
२२५११	सर्मपति तालिम खर्च	-	६,६२५,०००	६,६२५,०००	-	६५८,७५०.९०	६५८,७५०.९०	-	५,९६६,२४९.१०	५,९६६,२४९.१०
२२५२२	कार्यक्रम खर्च	-	६७,४५३,१८९	६७,४५३,१८९	-	४,०७८,३८२.२२	४,०७८,३८२.२२	-	६३,३७४,८०६.९८	६३,३७४,८०६.९८
२२६१२	भ्रमण खर्च	-	५१,२५५,५१२	५१,२५५,५१२	-	१७,४८३,०१९.३३	१७,४८३,०१९.३३	-	३३,७७२,४९२.६७	३३,७७२,४९२.६७
२२७११	विभिन्न खर्च	-	१,६८४,०००	१,६८४,०००	-	४८६,६०४.०८	४८६,६०४.०८	-	१,१९७,३९५.९२	१,१९७,३९५.९२
२८१७२	भर भाडा	-	३८,०६९,६१६	३८,०६९,६१६	-	३०,९०७,६९४.१४	३०,९०७,६९४.१४	-	७,१६१,९२२.४७	७,१६१,९२२.४७
२८१४३	सवारी साधन तथा मैसिनर बीभार भाडा	-	३,२००,०००	३,२००,०००	-	२५५,०८४.०१	२५५,०८४.०१	-	३,०४४,९१५.९९	३,०४४,९१५.९९
जम्मा		-	७८९,०००,०००	७८९,०००,०००	-	४८९,०९२,५९४.९६	४८९,०९२,५९४.९६	-	२९१,९०७,४०५.०४	२९१,९०७,४०५.०४

तयार गर्ने

दस्तावेज:

नाम/पद: अर्पित प्रसाद शर्मा

पद: वित्त व्यवस्थापन विज्ञ

मिति: २०८०/०४/०६

लेखा प्रमुख:

दस्तावेज:

नाम/पद: निर्मल कुमार खतिवडा

पद: प्रमुख वित्त अधिकृत

मिति: २०८०/०४/०६

कार्यालय प्रमुख:

दस्तावेज:

नाम/पद: बहादुर सिंह

पद: कार्यकारी निर्देशक

मिति: २०८०/०४/०६

2. Capital Expenditure:



मिलेनियम च्यालेन्ज एकाउण्ट नेपाल विकास समिति (एमसिए-नेपाल)

कार्यालय कोड नं.: ३०५००३५०४

दातृ निकायगत बजेट र खर्चको आर्थिक विवरण

आ.व. २०७९/८० (२०२२/२३)

बजेट मुल शीर्षक नं.: ३०५००१०८४ (पूँजिगत खर्च)

कार्यालय/आयोजनाको नाम: मिलेनियम च्यालेन्ज एकाउण्ट नेपाल विकास समिति (एमसिए-नेपाल)

आयोजना रहेको स्थान: लालदरबार कन्भेन्सन सेन्टर, याक एण्ड यती कम्प्लेक्स, दरबार मार्ग, काठमाण्डौ

खर्च शीर्षक नं.	नाम	अन्तिम बजेट			खर्च			बाँकी		
		नेपाल सरकार	एम सि सि	जम्मा	नेपाल सरकार	एम सि सि	जम्मा	नेपाल सरकार	एम सि सि	जम्मा
			सो भु अनुदान			सो भु अनुदान			सो भु अनुदान	
३१११२	भवन निर्माण	-	१६,९५६,३००	१६,९५६,३००	-	२,९४६,००६,९३	२,९४६,००६,९३	-	१४,०१०,२९३,०७	१४,०१०,२९३,०७
३१११३	निर्मित भवनको संपत्तात्मक सुधार	-	५३१,४८०	५३१,४८०	-	५३१,४८०,००	५३१,४८०,००	-	-	-
३११२१	सवारी साधन	-	३,५००,०००	३,५००,०००	-	३,५००,०००,००	३,५००,०००,००	-	-	-
३११२२	मेशिनरी तथा औजार	-	९८,९४२,९००	९८,९४२,९००	-	२४,३९९,३४८,८९	२४,३९९,३४८,८९	-	७४,५४३,५५१,९९	७४,५४३,५५१,९९
३११२३	फर्निचर तथा फिक्चर्स	-	६,८९७,९२०	६,८९७,९२०	-	३२७,७००,००	३२७,७००,००	-	६,५७०,२२०,००	६,५७०,२२०,००
३११३४	कम्प्युटर सफ्टवेयर निर्माण तथा खरीद खर्च एवं अन्य बौद्धिक सम्पत्ती प्राप्ति खर्च	-	१०४,४४८,८४०	१०४,४४८,८४०	-	९४,७९७,४७६,०६	९४,७९७,४७६,०६	-	९,६५१,३६३,९४	९,६५१,३६३,९४
३११३५	पूँजिगत अनुसन्धान तथा परामर्श	-	८१३,४७४,०००	८१३,४७४,०००	-	७६,९२८,५३९,८९	७६,९२८,५३९,८९	-	७३६,५४५,४६८,११	७३६,५४५,४६८,११
३११४१	सडक तथा पुल निर्माण	-	७,०६२,९३०,९६०	७,०६२,९३०,९६०	-	-	-	-	७,०६२,९३०,९६०,००	७,०६२,९३०,९६०,००
३११४३	विद्युत संरचना निर्माण	-	-	-	-	-	-	-	-	-
३१४११	जम्मा प्राप्ति खर्च	६६,९६५,२६०	-	६६,९६५,२६०	२४,९४३,८०८,८२	-	२४,९४३,८०८,८२	४२,०२९,४५९,९८	-	४२,०२९,४५९,९८
जम्मा		६६,९६५,२६०	८,१०६,८००,०००	८,१७३,७६५,२६०	२४,९४३,८०८,८२	२०३,४३०,५४३,६९	२२८,३७४,३५२,५९	४२,०२९,४५९,९८	७,९०३,३६९,४५६,३९	७,९४५,३९०,९०७,४९
घातु जम्मा		-	७८९,०००,०००	७८९,०००,०००	-	४८९,०९२,५९४,९६	४८९,०९२,५९४,९६	-	२९९,९०७,४०५,०४	२९९,९०७,४०५,०४
कुल जम्मा		६६,९६५,२६०	८,८८५,८००,०००	८,९५४,७६५,२६०	२४,९४३,८०८,८२	६९२,५२३,१३८,६५	७१७,४६६,९४७,४७	४२,०२९,४५९,९८	८,१९५,२७६,८६१,३५	८,२४५,२९८,३१२,५३

तयार गर्ने:

इस्तखत:

नाम/पद: सचिवी प्रसाद श्याली

पद: वित्त व्यवस्थापन विज्ञ

मिति: २०८०।०४।०६

लेखा प्रमुख:

इस्तखत:

नाम/पद: निर्मल कुमार खतिवडा

पद: प्रमुख वित्त अधिकृत

मिति: २०८०।०४।०६

कार्यालय प्रमुख:

इस्तखत:

नाम/पद: खड्ग बहादुर विष्ट

पद: कार्यकारी निर्देशक

मिति: २०८०।०४।०६

List of Abbreviations

AFC	Anti-Fraud and Corruption
CFUG	Community Forest User Group
CP	Conditions Precedent
C-TIP	Counter Trafficking-In-Persons
D-B	Design-Build
DFO	Divisional Forest Office
DoED	Department of Electricity Development
DoR	Department of Roads
EIA	Environmental Impact Assessment
EIF	Entry-Into-Force
EPA	Environment Protection Act
EPR	Environment Protection Regulation
ERC	Electricity Regulatory Commission
ESHSMP	Environment, Social, Health and Safety Management Plan
ESMS	Guidelines for Environmental and Social Impact Assessment
ESP	Environmental and Social Performance
ESP-CA	Environment and Social Performance On-Site Community Assistant
FDR	Full-Depth Reclamation
FWD	Falling Weight Deflectometer
FY	Fiscal Year
GIS	Gas-Insulated Substation
GoN	Government of Nepal
GRM	Grievance Redress Mechanism
GSI	Gender and Social Inclusion
IEE	Initial Environmental Examination
IFB	Invitation for Bid
LRP	Livelihood Restoration Program
IFC	International Finance Corporation
MCA-Nepal	Millennium Challenge Account Nepal
MCC	Millennium Challenge Corporation
MPP	MCA Partnership Program
MoA	Memorandum of Association
MoEWRI	Ministry of Energy, Water Resources and Irrigation
MoF	Ministry of Finance
MoFE	Ministry of Forest and Environment
MoPIT	Ministry of Physical Infrastructure and Transport
NEA	Nepal Electricity Authority
OAG	Office of the Auditor General
PAF	Project Affected Family
PAP	Project Affected Person
PCA	Project Cooperation Agreement
PGCIL	Power Grid Corporation of India Limited

PIC	Public Information Centre
PPTS	Project Preparation and Technical Supervision
PS	Performance Standards
RAP	Resettlement Action Plan
RBN	Roads Board Nepal
RFP	Request for Proposal
RIC	Resettlement Implementation Consultation
RoW	Right-Of-Way
RPF	Resettlement Policy Framework
SEP	Stakeholder Engagement Plan
SGIP	Social and Gender Integration Plan
S/S	Substation
Superpave	Superior Performing Asphalt Pavement
TA	Technical Assistance
TIP	Trafficking-In-Persons
TL	Transmission Line
ToR	Terms of Reference

Fostering economics growth with better access to electricity and roads

Millennium Challenge Account Nepal (MCA-Nepal)

2nd & 3rd Floor, East Wing, Lal Durbar Convention Center
Yak & Yeti Complex, Durbar Marg, Kathmandu, Nepal
+977-01-4238353/4238392 | info@mcanp.org | www.mcanp.org

