



Millennium Challenge Account Nepal Newsletter

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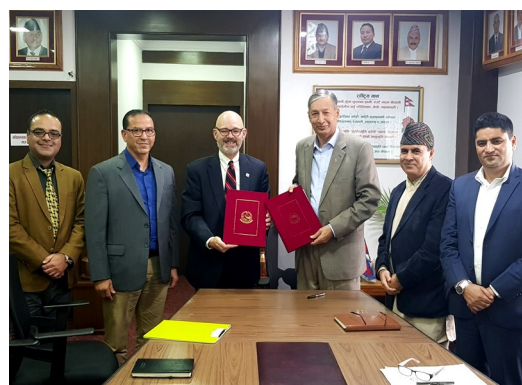
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KEY HIGHLIGHTS

Program Implementation Agreement signed between MCC and MOF

The Program Implementation Agreement (PIA) was signed between MCC and the Government of Nepal on 29 September 2019. The Ministry of Finance represented the Government of Nepal, and the Millennium Challenge Corporation (MCC) represented the United States Government. The signing ceremony took place at the Ministry of Finance with the Minister of Finance, Honorable Dr. Yubaraj Khatiwada signing on behalf of Government of Nepal and Mr. Anthony Welcher, Vice President of the Department of Compact Operations, MCC signing on behalf of the U.S. government, represented in Nepal by Mr. Troy E. Kofroth,



Honorable Minister of Finance, Dr. Yubaraj Khatiwada, with Mr. Troy Kofroth, Resident Country Director MCC, Mr. Khadga Bisht, Executive Director MCA-Nepal after signing of the PIA at the Ministry of Finance.

Resident Country Director. The event was attended by Finance Secretary Dr. Rajan Khanal, Joint Secretary and Head of International Economic Cooperation Coordination Division Mr. Shreekrishna Nepal, Millennium Challenge Account-Nepal (MCA-Nepal) Executive Director Mr. Khadga Bahadur Bisht, and other MCC and MCA-Nepal representatives.

The Program Implementation Agreement is an important step toward implementing the \$500 million Millennium Challenge Corporation Compact in Nepal as it further specifies the terms for implementing the Compact and its activities in Nepal including details of the implementation

arrangements, fiscal accountability disbursement and use of MCC funding, among other matters.

With its signing, Nepal has met one of the key Conditions Precedent to the 30 June 2020 Entry Into Force date after which the five year clock to implementation of the Compact will start. In September 2017, MCC signed the Compact with the Government of Nepal. The Compact aims to increase the availability and reliability of electricity, improve the quality of the roads network and facilitate power trade between Nepal and India – helping to spur investments and accelerate economic growth that will benefit all Nepalese. Read the full PIA at our MCA-Nepal website [here](#).



Honorable Minister of Finance, Dr. Yubaraj Khatiwada, signing the PIA at the Ministry of Finance.

13th Board Meeting of MCA-Nepal held

The 13th Meeting of the Board of Directors of MCA-Nepal was held at the Ministry of Finance on 2 September 2019. The Board was updated on MCA-Nepal's ongoing activities and as per the agendas discussed, the Board made decisions and resolutions on five agenda items. Decision and resolution on approval of the Civil Society Member of the Board, approval of the annual budget and approval for an amendment to the procurement plan were made in the same meeting. The Board also welcomed Mr. Gopal Khanal, as a representative of Civil Society. Mr. Khanal a prominent journalist, has been the Senior Foreign Affairs Expert to Hon. Prime Minister K.P. Sharma Oli and served as the Delhi Bureau Chief for Kantipur Publications. Read the synopsis of the board meeting on MCA-Nepal website [here](#).

Deputy Chief of Mission, US Embassy visits MCA-Nepal's office

On 1 October 2019, the newly appointed US Embassy Deputy Chief of Mission (DCM) Mr. Manuel P. Micaller visited the office of MCA-Nepal. Mr. Micaller was received by the Resident Country Director of MCC Troy Kofroth and the Executive Director of MCA-Nepal Khadga Bisht. Mr. Micaller received updates about the project status and working structure of MCA-Nepal.



The Deputy Chief of Mission Mr. Manuel Micaller (left) being received by the Executive Director of MCA-Nepal Mr. Khadga Bisht (right).



Mr. Troy Kofroth, Resident Country Director of MCC, updating the DCM on the project updates.

FIELD EVENTS

District level consultation on ETP held in Sindhupalchowk

On 22 September 2019, MCA-Nepal organized a district-level consultation program on Electricity Transmission Project (ETP) in Chautara of Sindhupalchowk District. Around 40 people took part in the event including local government officials, elected representatives and the media.



Member of Parliament and former Minister for Law and Justice Mr. Sher Bahadur Tamang explaining the compact to the audience.

"Basic infrastructures, specifically electricity generation facilities and roads are basic requirements to materialize the dream of prosperous Nepal and in this context, the Millennium Challenge Compact plays a significant role," shared Mr. Sher Bahadur Tamang, chief guest and a Member of Parliament and former Minister for Law and Justice. Recalling his involvement in reviewing the compact agreement, Mr. Tamang mentioned that the document was a far-sighted vision in utilizing every unit of electricity produced in Nepal as well as exporting the surplus production. "As Nepal lacks sufficient investment to develop infrastructures, the generous grant from the US Government is going to contribute significantly in the economic development of the country," he added.

Mr. Khadga Bahadur Bisht, the Executive Director at MCA-Nepal, welcomed participants and presented on the theme 'Transmission Line for Electricity Development in Nepal'. "Electricity consumption is a parameter of development. Statistics show that, the more a country produces and consumes electricity, the more it is developed. Most of the river water, a source for electricity generation, is flowing out of our land without being used so we need to build an environment to encourage electricity production and facilities to link the electricity production and the market", he shared.

Introducing Millennium Challenge Corporation (MCC) and MCA-Nepal to the gathering, Mr. Shalav Risal, the Human Resource and Administration Manager at MCA-Nepal, mentioned that the US\$ 500 million Nepal Compact is MCC's biggest contribution in South Asia, and it was provided based on an economic constraint analysis conducted by a joint team of economists from both governments.



Bhagwati Nepal, Deputy Mayor of Melamchi Municipality, Sindhupalchowk, expressing her concerns during the Q & A session.

Questions related to the private and public land, impact on the buffer zone and livelihood and security of local people, labour security etc. were raised during the open session, which were addressed by concerned officials.

Ms Bhagwati Nepal, the Deputy Mayor at Melamchi Municipality, which is the the proposed site of the ETP, stated, "As long as the project addresses local people's concerns, the local government will support it." In her closing remarks, Ms. Goma Devi Chemjong, the Chief District Officer (CDO) of Sindhupalchowk district expressed her commitment to provide required assistance to help the project complete its work on time in the district since it would contribute to the development of the entire country. The half-day event ended with Ms Alina R Shrestha, Communications and Public Affairs Manager, thanking everyone for their active participation and valuable inputs.



Ms. Goma Devi Chemjong, the CDO of Sindhupalchowk district giving her closing remarks.

Sindhupalchowk is one of the ten districts that will be affected by the electricity transmission line project. Out of 318 km of 400 kV transmission line, 10 km will pass through four wards (Wards no 1, 2, 3 and 4) of Melamchi Municipality in the district, and 37 towers will be built for the same purpose in the district. In total, seven public/private structures, 11.55 hectares of forest land and 34.81 hectares of private land are projected to be affected during the implementation of the project in the district.



MCA-Nepal & MCC staff with MP Sher Bdr. Tamang after the event.



Mr. Drona Pokharel, CDO of Nuwakot district (center right) and Mr. Khadga Bahadur Bisht with the participants of the meeting.

Compensation Fixation Committee meeting held in Nuwakot

On 30 September 2019, a Compensation Fixation Committee (CFC) meeting was held in Nuwakot under the Chairmanship of Mr.

Drona Pokharel, the Chief District Officer. The meeting has formed a sub-committee to prepare a field study report to fix the compensation rate for the land to be acquired for the construction of a sub-station at Ratmate, Belkotgadhi Municipality of Nuwakot.

The sub-committee formed under Mr. Badri Nath Gaire, the Assistant Chief District Officer at Nuwakot district, has nine members. Mr. Khadga Bahadur Bisht, the Executive Director at MCA-Nepal, who also attended the meeting presented an introduction to the project. After a discussion on the preliminary report of the land acquisition at Ward No. 7 of Belkotgadhi Municipality presented by Mr. Shiva Prasad Dhakal, ESP Specialist-Land Acquisition at MCA-Nepal and the Preliminary Officer designated for preparing the report on land acquisition, the meeting ended with a decision to publish a public notice regarding the land acquisition in a national daily. The meeting was conducted according to Clause 13 of the Land Acquisition Act, 1977.



Mr. Shiva Dhakal ESP Specialist –Land Acquisition of MCA-Nepal presenting during the event.

OTHER UPDATES

Millennium Challenge Compact Entry into Force (EIF) set for 30 June 2020

The Entry into Force (EIF) date for the implementation of the Millennium Challenge Compact, an agreement between the Government of Nepal (GoN) and the Millennium Challenge Corporation (MCC), on behalf of the US Government, has been set for 30 June 2020.

Mr. Khadga Bahadur Bisht, Executive Director at MCA-Nepal, announced the date at a press meet organized on 8 August 2019. He informed the media that the GoN took the decision through the Ministry of Finance, after consultation with all relevant ministries and departments and the implementation agency MCA-Nepal.



Mr. Khadga Bisht Executive Director MCA-Nepal, Ms. Shalini Tripathi, Deputy Executive Director MCA-Nepal and Mr. Sanjay Poudyal, Deputy Resident Country Director MCC interacting with the press.

Introducing MCC, the Nepal Compact, and MCA-Nepal, Mr. Bisht mentioned that the Ministry of Finance representing the GoN and the MCC representing the US Government signed a Compact agreement in September 2017.

He added, "Through the Compact, MCC committed a US \$500 million grant and the GoN committed US \$130 million for the Compact program, which will be invested in two projects. The Electricity Transmission Project will focus primarily on the construction of 318 km of 400kV transmission lines and three large capacity substations. Similarly, the Road Maintenance Project will focus primarily on maintenance works of up to 300 km of strategic roads."

Highlighting the importance of the EIF date, he stated, "Following EIF, all implementation activities will be completed within five years as there are no provisions for time extension or cost increase. Before the EIF, MCA-Nepal has to meet all the preparatory works, including six Conditions Precedent (CPs) for successful project delivery."

Addressing questions related to the Conditions Precedent raised by participating journalists, he said, "The CPs are the conditions set forth by the Compact that must be met by the GoN for the implementation phase to begin."



Participants at the press meet.

We have already met some of the conditions while some are remaining. Site access to all project construction sites with Environmental Impact Assessment (EIA) approval, land acquisition and forest clearance are in progress."



Journalists participating during the Q&A session.

Mr. Sanjay Poudyal, Deputy Resident Country Director, Resident Country Mission and Ms. Shalini Tripathi, Deputy Executive Director, MCA-Nepal, were also present in the press conference. Around 40 media representatives took part in the event.

Road Maintenance Project (RMP) Kick-Off Meet organized to sensitize various stakeholders

On 1 August 2019, MCA-Nepal organized a Kick-Off Meet for RMP in Kathmandu. The purpose was to sensitize various stakeholders on the new periodic road maintenance technology envisaged and share project technical assistance support activities planned by MCA-Nepal. The project is a significant component of the Compact along with the Electricity Transmission Project.

Ms. Shalini Tripathi, Deputy Executive Director-Management for MCA-Nepal welcomed all participants and Mr. Sudhan Shrestha, Project Manager- Road Maintenance and Technical Assistance at MCA-Nepal introduced the project and its proposed activities in Nepal.



Participants at the Road Maintenance Project kick-off meet.



Mr. Sudhan Shrestha, Project Manager Road Maintenance Project introducing the proposed project activities in Nepal.

Mr. Khadga Bahadur Bisht, the Executive Director at MCA-Nepal presented an overview of the planned technical assistance to the Department of Roads and the Roads Board Nepal (RBN) highlighting improved data collection and techniques, preparation of appropriate road maintenance plans driven by economic justification, improved prioritization of periodic maintenance, improved contracting and contract management, including integration of improved road safety features and improved project management.

Mr. Saroj Kumar Pradhan, Deputy Director General, Maintenance Branch, Department of Roads, expressed his eagerness to acquire support from MCA-Nepal for Department of Roads, especially on Technical Assistance and introduction of the Full Depth Reclamation and Superpave technologies.

Chairing the event, Ms. Pramila Devi Bajracharya, Joint Secretary at Ministry of Physical Infrastructure and Transportation, stated that MCA-Nepal activities in both the energy sector and the road sector were of vital importance for the economic development of the country.

She added, "There will be challenges to the project, such as road safety and quality assurance working under local conditions, as well as to the Department of Roads in providing continuity to the road maintenance management system. So both of the entities should discuss further to address the foreseen challenges."



Ms. Pramila Devi Bajracharya, Joint Secretary at Ministry of Physical Infrastructure and Transportation speaking at the event.

Power Sector Technical Assistance Workshop

MCA-Nepal organized a three-day joint workshop on Power Sector Reform Technical Assistance with Nepal Electricity Authority (NEA) and Electricity Regulatory Commission (ERC) from 30 September-2 October 2019 in Kathmandu. The objective was to share the findings of the gap assessments of NEA and ERC and to identify inputs. The workshop activities focused on helping NEA improve its transmission business in areas of regulatory cost recovery, grid operations, system planning, financial management for transmission transactions and assets. Likewise the activities also aimed to help ERC improve its skills in rule-making, dispute resolution, and economic and technical regulation. WSP- Canada, Consultants for MCA-Nepal and Mr. Tom Haslett, Senior Program Officer- Energy, MCC presented on various topics during the workshop.



Mr. Tom Haslett, Senior Program Officer- Energy, MCC presenting on various topics during the workshop.

The final day of the workshop saw high-level participation from Ministry of Energy, Water Resources and Irrigation (MoEWRI), ERC, NEA, IPPAN and bilateral and multilateral agencies. A total of 66 people took part in a whole day event organized in Hotel Radisson, Kathmandu. The day focused on responsibilities and process for least-cost expansion planning, open-access to the transmission network, changing market structure, introduction of independent system operator, responsibilities and process for managing power trade and ERC support assessment from MCA- Nepal.



Mr. Kul Man Ghising, Managing Director of NEA addressing the participants at the event.

Mr. Dilli Bahadur Singh, Chairman of ERC, Mr. Kul Man Ghising, Managing Director of NEA, Mr. Pravin Aryal, Joint Secretary from Ministry of Energy, Water Resources and Irrigation, Mr. Kumar Pandey, Vice-President of IPPAN and representatives from World Bank, USAID, JICA and ADB were among the participants.

Mr. Khadga B. Bisht, Executive Director, MCA- Nepal welcomed and introduced the ETP project and Power Sector Reform Technical Assistance activities to the participants. Mr. Haslett also presented on the topic 'NEA Readiness Assessment and ERC Support Assessment' during the event.

In the same event, Mr. Dilli Bahadur Singh shared, "ERC has been established in order to maintain balance between demand and supply of the electricity by ensuring the generation, transmission, distribution and regulation of the electricity tariff protect the rights and interests of the electricity consumers to make the electricity service reliable and available to all." He added "The role of ERC has been defined and we are very new at this stage but whatever ERC has to do in this sector, we will make sure to do step by step in the coming future."



Mr. Dilli Bahadur Singh, Chairman of ERC, speaking during the event.

Mr. Kul Man Ghising remarked, "NEA is very positive and in close coordination with MCC and MCA-Nepal regarding the findings of need assessments of NEA for the improvement of grid operations, better system planning, financial management improvements for transmission transactions and assets." Appreciating the event, Mr. Pravin Aryal said, "Government of Nepal, Ministry of Energy of Water Resources and Irrigation (MOEWRI) is very positive for the successful implementation of the Compact and stressed that technical assistance activities will be helpful to strengthen the capacity of NEA and ERC."

Power Sector Technical Assistance (TA) activity of Electricity Transmission Project of MCA-Nepal will provide technical assistance to NEA and ERC to help bring transparency, efficiency and competition into Nepal's power sector. MCC has issued directives and employed consultants to identify areas and gaps for developing assistance activities. At present, MCA-Nepal is designing the TA activities for ERC and NEA based on the findings and recommendations.

Procurement Outreach Event held at MCC headquarters in Washington DC

On 13 September 2019, MCC hosted a procurement outreach event for MCA-Nepal projects with over 15 companies present in Washington DC. In coordination with the Commerce Department, MCC worked in conjunction with the U.S. India Strategic Partnership Forum to host the event. Managing Director of Sector Operations Katrina Ntep presented the MCC model and ways companies can work with MCC and its partner countries. With five years to complete the project, MCA-Nepal expects to sign contracts by September 2020.

MCC Procurement Director Julio Sarria presented a procurement overview outlining MCC's procurement process's efficiency, taking 6 to 9 months to go from solicitation to awarding the contract; and fairness as it uses evaluation panels of technical experts to determine contracts. He shared that the MCC determines winning bids on a quality and price based selection methodology. MCC encouraged international firms and local businesses to form alliances in an effort to put together a strong proposal.



Attendees at the Procurement Outreach event in MCC DC.

A total audience of 30, both in person and online, engaged in robust dialogue with the MCC and MCA-Nepal panel of technical and procurement experts. Based on audience questions there seemed to be more potential for subcontractors and packaging, with companies looking for opportunities to connect with one another.

Based on audiences reference to different implementation methods such as helicopters and use cut off of different kinds of transmitters, their questions are an indicator of the range of proposals the technical evaluation panel can expect.

Two day training on Procurement Operations Manual organized for MCA-Nepal staff

A two-day training on the Procurement Operations Manual was held from 23 - 24 September 2019 in Kathmandu. The training was organized by the Procurement Unit of MCA-Nepal for all staff. The objective was to provide detailed information on how the procurement system works under MCC's guidelines.

The training gave a detailed overview on the roles and responsibilities of contract managers. The training also focused on how suppliers, consultants and service providers can be notified and sensitized about upcoming procurement opportunities.



Mr. Luis Villalta, Procurement Agent Manager at MCA-Nepal presenting MCC's guidelines on procurement.

Mission Visits

A total of 18 MCC staff visited MCA Nepal office from 14 September 2019 to 4 October 2019. The objectives of the visit were to address different aspects, needs and status of the project activities including the ETP Bid Document Workshop, Procurement Operation Manual Training, Project Management Training, ETP Technical Assistance Workshop and Planning, Environmental, Social, Health, Safety Management Plan (EHSMP) Workshop, and MCA Partnership Program (MPP) internal workshop and meetings.

MCA-Nepal HR updates

On 22 August 2019, MCA-Nepal organized a Human Resources (HR) Manual Socialization workshop in Kathmandu for all staff. During the event, staff were trained on the HR manual and a Staff Committee was created. The committee will foster collaboration between management and staff and has been established for purpose of staff welfare. It will be led by the HR and Admin Manager and includes one representative from A,B,C, and D bands respectively. Five staff from MCA-Nepal who have been selected to be a part of the Staff Committee, are Mr. Shalav Risal, HR and Admin Manager, Mr. Rajib Dahal, Chief Legal Officer, Mr. Shiva Dhakal, ESP Specialist-Land Acquisition, Ms. Sushila Subba, Executive Assistant to the ED and Mr. Nima Ghising, Office Driver.

A total of 34 new team members were appointed during the months of August, September and October in various roles at MCA-Nepal. With this, the total number of regular and short-term employees/consultants at MCA-Nepal has reached 61. All remaining positions are expected to be filled by December 2019. The total number of staff approved by the MCA-Nepal board is 66 .



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