



# MILLENNIUM CHALLENGE ACCOUNT NEPAL

## (MCA-Nepal)

### Press Release

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

**Kathmandu, August 8, 2019.**

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 June 30, 2020.

The GoN took the decision through the Ministry of Finance, after consultation with all relevant ministries and departments and the implementation agency Millennium Challenge Account Nepal (MCA-Nepal).

The Ministry of Finance representing the GoN and the MCC representing the United States of America signed a Compact agreement in September 2017. The economic constraints analysis completed prior to the design of the Compact's projects showed lack of sufficient and reliable electricity and high cost of transportation based on low road maintenance as binding constraints to economic growth. Through the Compact, MCC committed a US \$ 500 million grant and the GoN committed US \$ 130 million for the Compact program. The program consists of two projects: (1) the Electricity Transmission Project, focused primarily on the construction of 318 km of 400kV transmission lines and three large capacity substations, and (2) the Road Maintenance Project, focused primarily on maintenance works on up to 300 km of strategic roads. Full descriptions of the Compact projects is available here: [http://mcanp.org/wp-content/uploads/2019/04/Millennium\\_Challenge\\_Compact.pdf](http://mcanp.org/wp-content/uploads/2019/04/Millennium_Challenge_Compact.pdf).

MCC's implementation method requires that enough time is allotted to the project preparatory phase so that all conditions for successful project delivery are met prior to the implementation activities. Following 'Entry into Force', all implementation activities must be completed within five-years, as there are no provisions for time extension or cost increase. The Compact agreement sets forth the conditions that the Government must meet for the implementation phase to begin (referred to as the EIF of the Compact).

*The Government of Nepal has established MCA-Nepal on 18<sup>th</sup> April 2018 under Development Board Act, 2013 as the accountable entity to implement the Compact with Millennium Challenge Corporation, USA.*

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Some of the key conditions to EIF are:

1. Declaration of the Electricity Transmission Project as a National Pride Project;
2. Passage of legislation to create an Electricity Regulatory Commission;
3. Ratification of the Compact agreement by the Parliament;
4. Signing of a Project Implementation Agreement;
5. Completion of a plan in agreement with the Government of India for the cross-border transmission line from Butwal, Nepal to Gorakhpur, India;
6. Site Access to all project construction sites with Environmental Impact Assessment (EIA) approval and sufficient progress on land acquisition and forest clearance.

The first two conditions have already been met and there has been substantial progress made on next three conditions. The drafting and approval of the Environmental Impact Assessment and completion of proper land acquisition and forest clearance to finally obtain site access is currently progressing well.

Similarly, detailed design work, finalization of the transmission line alignment, and tendering as well as planning of the contractor selection process is progressing well so that these processes are carried out in time to allow for implementation phase to begin immediately following Entry into Force (EIF) of the Compact agreement.

MCA-Nepal, on behalf of the GoN, is fully committed to completing all condition precedents prior to Entry into Force (EIF) and to implement the Compact as agreed.

MCA-Nepal expresses sincere appreciation to the GoN and MCC for their full support to achieving this important target and requests the media, civil society and public to support the implementation of this highly important and ambitious program aimed at poverty reduction through economic growth.

Thank you!

**MCA-Nepal**  
Kathmandu, Nepal

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