



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-Nepal)

Press Release

MCA-Nepal appeals for timely ratification of the MCC Compact

Kathmandu, 22 December 2019.

MCA-Nepal, established under the Ministry of Finance through Nepal's own legislative process as a Development Board, is committed to delivering infrastructure projects under the Millennium Challenge Corporation (MCC) Nepal Compact on time and appeals for timely ratification of the Compact.

The Compact has outlined six Conditions Precedent (CPs) to be achieved as necessary prerequisites before the Entry Into Force (EIF), set for 30 June 2020. Out of the six, four have already been met with the October agreement for cross-border line between the Governments of Nepal and India. Parliamentary ratification and access to site are the two major remaining conditions that will be required to ensure Nepal can access the funds allocated to implement the program on time.

MCA-Nepal is in the final stage of preparatory works required for the implementation its projects that aim 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. Some of the major achievements with regards to the preparatory phase are as follows:

- On 29 September 2019, the Program Implementation Agreement (PIA), one of the Conditions Precedent to the Compact was signed by the Government of Nepal and the MCC, representing the US Government.
- On 30 September 2019, a Compensation Fixation Committee (CFC) was formed in Nuwakot under the Chairmanship of the CDO and the process to form similar committees in other nine districts is ongoing.
- On 15 October 2019, the Governments of Nepal and India agreed to the financing and ownership framework that will govern the implementation of the New Butwal – Gorakhpur cross-border transmission line, which is an integral part of the Nepal compact and a Condition Precedent.
- On 18 and 29-30 November, two outreach events in Nepal and India were held to inform potential construction and service providing organizations about upcoming procurement opportunities and to ensure that the best contractors from around the world participate in the global bidding for the construction of the projects.
- From 24 November – 6 December 2019, public hearings, which are a mandatory requirement in finalizing the environmental impact study of project areas were conducted in 30 municipalities of the 10 districts that will be affected by the Electricity Transmission Project. As a result, these 30 municipalities have provided their recommendation to move ahead.

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

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- Local level stakeholder consultations have taken place in all 30 municipalities and district level stakeholder consultations are also being organized. Three district level consultations in Nuwakot, Sindhupalchowk and Nawalparasi (Bardaghat-Susta West) have been completed.
- Similarly, detailed design work, finalization of the transmission line alignment, and tendering as well as planning for the contractor selection process is progressing well and will be completed within the next two months so that these processes are carried out on time to allow for implementation phase to begin on 30 June 2020.

Nepal had to qualify and compete worldwide for the MCC Compact fund and successfully met MCC's rigorous conditions for good governance, economic freedom, and investing in citizens. This is an opportunity for Nepal to prove that the project can be delivered by the Nepali professionals, including the 60+ employees of MCA-Nepal.

We acknowledge the interest shown by media in various issues related to the Compact and would like to inform that MCA-Nepal remains committed to deliver on its mandate. The Compact is a time-bound program which will be completed within five years after EIF.

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

Notes:

The Electricity Transmission Project, a National Pride Project will build 312 km of 400 kV electricity transmission lines and three substations, and provide technical assistance for the power sector in Nepal. The 312 km of transmission line will pass through 30 municipalities of 10 districts. 856 towers will be installed to support the transmission lines. The locations for the three substations are in Ratmate, Damauli and New Butwal.

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. Maintenance interventions will include pavement improvement techniques and include safety enhancement features. New pavement improvement technology adopted are Full Depth Recycling (FDR) and Superpave asphalt concrete which follows the principle of recycling existing pavement material. In agreement with the DoR, the project has selected Bhalubang-Lamahi (27 KM) section of the East-West Highway as a pilot. After the success of this pilot, MCA-Nepal will exercise the technology along Chandrauta-Bhalubang (35Km) followed by Lamahi-Shivakhola (37Km) sections of the East-West Highway.

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