



# Millennium Challenge Account Nepal (MCA-Nepal)

## Procurement

Kathmandu, 20 September 2022



## Objective of the Presentation

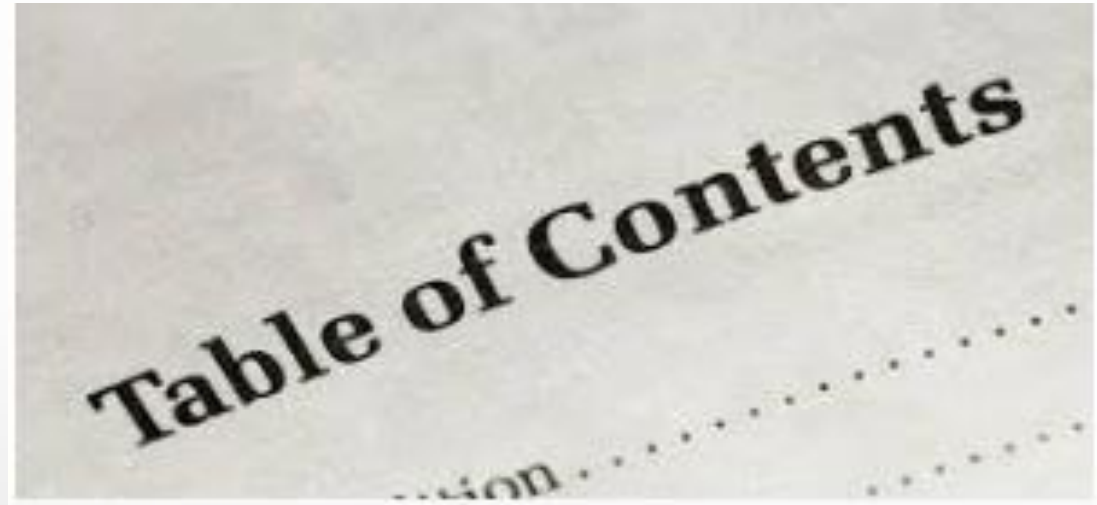
**What we Want to Procure is equally important to How we will Procure it**

- Provide an overview of the Procurement Process under MCC Procurement Guidelines
- Provide **Updated Information** regarding the Procurement Aspects for ETP Major Procurements
- Receive Questions Clarifications from Participants

# Table of Content



- **MCC Procurement Guidelines and Procurement Principles**
- **Procurement Method**
- **Scoring Methodology**
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- **Tentative Procurement Schedule**



# MCC Procurement Guidelines and Principles



- **Conceptual Procurement Framework is taken from World Bank, with several differences**
  - ✓ **Eligibility Criteria (Provisions on Government Officials and Civil Servants)**
  - ✓ **More Emphasis in Quality Rather than Price**
  - ✓ **Involvement of the Donor and MCA-Entity Board**
  - ✓ **Price Reasonableness**
  - ✓ **Private Sector Consultants participating In Evaluation**
  - ✓ **Bid Challenge System**
  - ✓ **Awarding decisions made by Consensus rather than average**
  - ✓ **Performance Security Enforceable in Nepal**
  - ✓ **Procurement Agent (Independent) conducting all Procurements**

# MCC Procurement Guidelines and Principles



- **However, MCC Compact has a relevant Characteristic with strong implications procurement wise:**
  - ✓ **After Entry Into Force, 5 years (60 months/1800 days) is a fixed term for Compact Implementation.**
  - ✓ **This term is not extendable.**
  - ✓ **Non used funds to be returned to US Treasury**
  - ✓ **Every day of delay counts.**
  - ✓ **The main implications of the above are:**
    - ✓ **Procurement Process shall attract and select the “best performers”.**
    - ✓ **Procurement shall promote a healthy competition (enough number of competitors)**
    - ✓ **“Poor or Low Quality” performers extremely inconvenient**
    - ✓ **To avoid poor performers/to attract good performers**

# MCC Procurement Guidelines and Principles



- **Four Principles Shape the PPG**

<https://www.mcc.gov/resources/doc/program-procurement-guidelines>

- ✓ **Open, fair and competitive procedures used in a transparent manner to solicit, award and administer contracts**
- ✓ **Solicitations based on a clear and accurate description of the goods, works or services to be acquired**
- ✓ **Contracts awarded only to qualified and capable suppliers and contractors that perform in accordance with the terms and conditions of the applicable contracts and on a cost-effective and timely basis**
- ✓ **No more than a commercially reasonable price is paid to procure goods, works or services**

# How Procurements for ETP Major works Procurements will be done



- **Following the MCC Program Procurement Guidelines**
- **Using the MCC Standard Bidding Documents**
- **Both are public documents downloadable from MCC web page**

# MCC Procurement Guidelines and Principles



- Nepal's Government Procurement Act and Rules **Does Not Apply**
- PPG's Structure
  - Fourteen (14) Parts
  - Two (2) Attachments
  - Eighty-Three Pages (February 2021 Release)
  - <https://www.mcc.gov/resources/doc/program-procurement-guidelines>
- Publication Requirements
  - DgMarket
  - UNDB
  - Local Newspapers
  - MCA-Nepal Web Page <https://mcanp.org/>
  - MCC Web Page
  - U.S. Embassy
  - Specialized Publications





1. **No Government-Owned Enterprises (GOE) allowed to bid for goods & works procurements**
2. **What is a GOE?**
  - **“Government-Owned Enterprise” or “GOE” is any enterprise established for a commercial or business purpose that is owned and/or controlled by a Government (whether directly or indirectly).**
  - **“Government” means one or more governments, including any agency, instrumentality, subdivision or other unit of government at any level of jurisdiction (national or subnational).**
  - **“Owned” means a majority or controlling interest (whether by value or voting interest) of the shares or other ownership interest of the entity is owned (whether directly or indirectly and whether through fiduciaries, agents, or other means).**

# Other Key Aspects

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- 1. MCA runs procurements and manages contracts with Procurement Agent support**
- 2. Firms must be eligible for U.S. funding: There is comprehensive verification process in place**
- 3. 6 to 9 months from solicitation to contract award**
- 4. Evaluation panel composed of technical experts**
- 5. Best value procurement**
- 6. Price evaluated for reasonableness**
- 7. Infrastructure/Construction Projects require an external (non- MCA) Project Manager/Engineer**



## PROCUREMENT METHODS

- **No Pre-Qualification-Shortlisting Process envisaged**
- **The selected Method is Quality Price Based Selection (QPBS)**
- **QPBS VS Lowest Evaluated Bidder**
- **Price Adjustment/Variation as per standard practices**
- **Bid Security, Performance Security, Advance Payment and Retention Payments as per standard practices.**
- **Only Bank Guarantees are accepted to cover bid, performance, advance payment securities.**

# Quality and Price Based Selection (QPBS)



- **Emphasis on best value (quality, not just lowest price)**
- **As an exception to the lowest evaluated bid principle MCA-Nepal will use a Quality and Price Based Selection (QPBS) methodology**
- **Two stage evaluation process- Technical and Financial (Combined Evaluation)**
- **“As such the contract shall be awarded to the qualified bidder whose bid has been determined to have the highest combined technical and financial score”**

# Evaluation Process



- **Proposal's Evaluation is conducted by a Technical Evaluation Panel**
  - ❖ **MCA-Nepal Staff**
  - ❖ **Project Partners Public Sector**
  - ❖ **Private Sector participation (Local/International)**
  - ❖ **Auxiliary Members Expertise Available**
- **Members of TEP selected by their technical competence**
- **Facilitated by the Procurement Agent**
- **Supervision from MCC**
- **Many safeguards to keep the integrity of the evaluation process**
  - ❖ **Impartiality and Confidentiality**
  - ❖ **No Conflict of Interest**



# Scoring Methodology and Evaluation



## For Works:

Shall be fully disclosed in the bidding document. Usually for works Bidding Document for Design and Build Contracts procurement based on QPBS the Qualification and Evaluation Criteria are as follows:

- **Technical**
  - **Administrative Compliance Review**
  - **Legal Status**
  - **Financial Criteria**
  - **Litigation and Poor Performance Criteria**
  - **Qualification Review**
  - **Reference and Past Performance Review**
  - **Technical Evaluation Criteria**
- **Financial**
  - **Review of Price and Price Reasonableness**
  - **Combined evaluation**
  - **Multiple Lots award determination**



# Scoring Methodology



Shall be fully disclosed in the bidding document. Usually is as below, a system 0 to 5.

Score	Adjectival Description
0	Not meeting the Requirements
1	Material Deviation from the requirements
2	Significant deviation from the requirements
3	Marginal deviation from the requirements
4	Meeting the Requirements
4.3	Marginally Exceeding the requirements
4.7	Significantly Exceeding the requirements
5	Significantly Exceeding the requirements

# Bid Challenge System-Key Features

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- **A debriefing process in place**
- **Fraud and Corruption can not be used as reason to submit protest**



# MCC Procurement Guidelines and Principles



- **Zero Tolerance to Fraud and Corruption**
  - ❖ **MCC has available several mechanism to deal with allegations of Fraud and Corruption.**
  - ❖ **Fraud and corruption shall be reported as per MCC Policy of Preventing, detecting and Remediating Fraud and Corruption.**



# Procurement Process Safeguard

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- **Several layers of review and approvals**
- **International Expertise (on MCC procedures) for conducting the procurement**
- **Independent private sector consultants participating in evaluation**
- **Open access to Request For Proposal documents**
- **Pre-proposal conference and Clarification Period**
- **Mandatory procedure for debriefing to unsuccessful bidders**

# Tips for Winning Contracts



- In-country contractors and consultants are encouraged to form alliances with international firms to enrich and enhance their experience.
- MCA/MCC Bidding Documents should be reviewed carefully, as MCC uses its own bidding documents.
- **Get familiar with PPG and Standard Bidding document before the procurements are launched**
- Ensure your bid is signed and submitted before deadline of submission.
- Bidders should, as best as possible, use the forms provided in the bidding documents, rather than use their own.



# Tips for Winning Contracts

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- **The award decision is price-sensitive and subject to a Price Reasonableness Analysis, so put in your best possible price.**
- **Zero Tolerance to Fraud and Corruption.**
- **Bidders are encouraged to read through the MCC Program Procurement Guidelines.**
- **Bidders are encouraged to request information and clarification from the MCA if there is anything they do not understand, or if they require more information.**

## Other Key Procurement Tips

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- **Bid Security required– ensure it accompanies the bid with the corresponding bank to make it enforceable in Nepal.**
- **Advance payment requires a bank guarantee, enforceable in Nepal.**
- **Performance bank guarantees, similar conditions apply.**
- **The standard bidding document (SBD) contract formats have been reviewed and approved by MCC– agree to them before bidding.**

# Procurement Schedule Transmission Line



- Procurement to be Launched: Late November/Early December 2022
- Site Visit: Mid January or February 2023
- Submission of Proposals: Late second quarter/ Early third quarter 2023
- Evaluation of Proposals and Intent to Award Date: 3.5 months
- Commencement date: Approx October-November 2023
- Completion of Works: Late 2026 (Approx 3.5)
- DLP : Ends on Late 2027
- Compact End Date: August 2028

# Question and Answers



## Questions and Answers





***Fostering economic growth with better access to electricity and roads.***