



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-NEPAL)

MILLENNIUM CHALLENGE ACCOUNT NEPAL (“MCA-Nepal”)

Synopsis of Minutes of 38th Meeting of the Board of Directors of Millennium Challenge Account Nepal (MCA-Nepal)

Nature: Emergency Meeting

MCA-N/BOD-M-38/27-11-2023

Date: Monday, 27 November, 2023 (2080/08/11 BS)
Time: 9:00 AM
Place: Emergency Meeting at Conference Room of the Secretary, Ministry of Finance
Notice Served: Friday, 24 November 2023 (2080/08/08 BS)

1. Board Meeting Attended By Members

- **Dr. Krishna Hari Pushkar**, Chairperson
And, Secretary, Government of Nepal, Ministry of Finance
Singhadurbar, Kathmandu
- **Kul Man Ghising**, Member
And, Managing Director, Nepal Electricity Authority
- **Nabin Raj Singh**, Member
And, Joint Secretary, Ministry of Energy, Water Resources and Irrigation
Singhadurbar, Kathmandu
- **Bhimarjun Adhikari**, Member
And, Joint Secretary, Ministry of Physical Infrastructure and Transport
Singhadurbar, Kathmandu
- **Surendra Kumar Mahto**, Member representing the Civil Society
And, Senior Advocate
- **Khadga Bahadur Bisht**, Member Secretary
And, Executive Director, MCA-Nepal



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2. Invitees

- **Shreekrishna Nepal**, Invitee
And, Joint Secretary, Government of Nepal, Ministry of Finance, International Economic Cooperation and Coordination Division (IECCD)
- **Diane Francisco**, Invitee
Resident Country Director, Millennium Challenge Corporation, US Embassy, Kathmandu
- **Sanjay Poudyal**, Invitee
Deputy Resident Country Director, Millennium Challenge Corporation, US Embassy, Kathmandu

3. Others Attending

- **Rajib Dahal**, Chief Legal Officer, MCA-Nepal

4. PRELIMINARY

- 4.1. The meeting of the Board of Directors was constituted by conduct of Emergency Meeting by Circulation of Agendas on 27/11/2023 (2080/08/11 BS) after the notice was served in writing on 24/11/2023 (2080/08/08 BS).
- 4.2. This Notice was issued pursuant to Section 5(3) of the Millennium Challenge Account Nepal Development Board Formation Order, 2074 (2018). Further, the Notice was issued under Section 3.12 (b) for an emergency meeting under Millennium Challenge Account - Nepal Internal Conduct Bylaws, 2075 (2019).
- 4.3. The Board Members declared that there is no Conflict of Interest (CoI) on any of the Agendas presented by MCA-Nepal, and all the members of the board provided their consent to initiate the discussion on the agenda.



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5. AGENDA ITEMS AND BOARD'S DECISIONS/RESOLUTIONS

A. Agenda One: Approval of Resettlement Policy Framework (RPF) Entitlements Matrix for Road Maintenance Project (RMP)

5.1. MCA-Nepal Board approved the Resettlement Policy Framework (RPF) & Entitlements Matrix for Electricity Transmission Project (ETP) component of MCA-Nepal on 02 September 2019. The RPF Entitlements Matrix for ETP component was prepared based on IFC Performance Standards, as adopted in MCC Environment Guidelines (2012), to mitigate the impacts in ETP activities related to land acquisition and involuntary resettlement.

5.2. MCA-Nepal requested for approval of the Board to extend the applicability RPF & Entitlements Matrix of ETP activities related to land acquisition and involuntary resettlement to Road Maintenance Project (RMP) activities. MCA-Nepal informed the Board that there is no land acquisition required for RMP project but compensation is required to be paid for structures, and other compensations under IFC Performance Standards.

5.3. The Board resolved that the board hereby approve the use of approved RPF & Entitlements Matrix, as applicable, for MCA-Nepal's Road Maintenance Project (RMP) component.

B. Agenda Two: Procedure for approval of Master Lists for Imports of goods for MCA-Nepal projects

5.4. MCA-Nepal presented to the board the current practice of master list approval for imports of goods required for the project. Under the current practice, Ministry of Finance (MoF), being the line ministry of contact for MCA-Nepal, recommends and approves the list of goods to be imported. However, it was discussed that MCA-Nepal will be importing majority of engineering products (Capital goods, Inputs and Raw Materials for ETP and RMP Projects) in the future and there needs to be a technical assessment and determination of its requirements. Hence, the Board feels that any tax exemptions under Section 2.8 of the Compact needs to be provided after proper approval from Ministries that have technical expertise on the subject.

5.5. In this connection, the Board resolved that Ministry of Energy, Water Resources and Irrigation (MoEWRI) will be the concerned technical Ministry approving the master list in connection with Electricity Transmission Line Project and Ministry of Physical Infrastructure and Transport (MoPIT) will be the concerned technical Ministry approving the master list in connection with Road Maintenance Project. Thereafter, Ministry of Finance (MoF) shall provide the final approval for tax exemption based on the approval from the respective ministries.



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5.6. The Board also requested respective Board members from Ministry of Energy, Water Resources and Irrigation and from Ministry of Physical Infrastructure and Transport to facilitate in getting the approval from their Ministries upon request from MCA-Nepal, and requested those board members to have necessary ministerial decision and procedure in place, as appropriate.

6. Discussion Agendas

A. Updates on Transmission Line Bids

6.1.1. Executive Director of MCA-Nepal provided updates on Transmission Line bid to the Board of Directors of MCA-Nepal, and presented a tentative timeline. The Executive Director also updated on the current status of the rejection of the bids of Transmission line, and causes and reasons of such rejection.

6.1.2. The Board of Directors instructed Executive Director to revisit the plan to expedite the transmission line bids and contract awards, and present the revised plan in the next board meeting as soon as possible.

B. Updates on Audit by Independent Auditors from October 01, 2021 to March 31, 2022 and from April 01, 2022 to March 31, 2023

6.1.3. Millennium Challenge Account - Nepal Internal Conduct Bylaws, 2075 (2019), Section 3.2 Responsibilities of Board (g) states that board shall ensure that regular audits of MCA-Nepal by an independent auditor are performed annually. Section 6.4 provides that an independent audit to be performed by an independent external auditor appointed by MCA-Nepal and approved by MCC, and in conformance with the requirements of the Compact and the Program Implementation Agreement.

6.1.4. In this connection, MCA-Nepal presented the audit summary and findings to the Board for the audit period from *October 01, 2021 to March 31, 2022* and from *April 01, 2022 to March 31, 2023* based on the audit conducted by Independent Auditors. MCA-Nepal informed to the Board that the audit findings were discussed with MCC, and with Independent Auditors. MCA-Nepal informed the Board that it places commitment for stronger compliance on the areas of deficiencies and weaknesses identified by the Independent Auditors

6.1.5. The Board instructed Executive Director to rectify the practices pointed out by the Independent Auditors and maintain strong financial discipline on the activities of MCA-Nepal.



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C. Bifurcation of Land (कित्ताकाट) under Right of Ways (RoW)

6.1.6. Executive Director presented the response to the Board on the Bifurcation of Land under RoW from the Ministry of Land Management, Cooperatives and Poverty Alleviation whereby Ministry of Land Management, Cooperatives and Poverty Alleviation has given its recommendation to have necessary legislative measures and amendments on existing laws to address the issue.

6.1.7. The Board requested Ministry of Finance and Ministry of Energy, Water Resources and Irrigation (MoEWRI) for necessary coordination among different Ministries to prioritize the land bifurcation under RoW so that the project can be implemented smoothly and with greater cooperation from public.

D. Land Acquisition at Hetauda

6.1.8. Upon request from the Managing Director of Nepal Electricity Authority (NEA), the Board requested MCA-Nepal to expedite the land acquisition, and speedy resolution of any issues in connection with land acquisition at Makwanpur, Hetauda so that NEA can complete its transmission line activities on timely basis.

E. Replacement of Personnel under Procurement Agent Agreement and Fiscal Agent Agreement

6.1.9. The Service Provider which is providing Procurement Agent Services and Fiscal Agent Services has informed the changes of certain key resources in their team. Under Program Implementation Agreement (PIA), Section 2.9 (c), these agreements are considered as Material Agreements, and therefore, MCA-Nepal informs board of these changes:

- Replacement of Personnel in the position of Senior Procurement Specialist with the Procurement Agent Team
- Replacement of Personnel in the position of Junior Procurement Specialist and Contract Administration with the Procurement Agent Team
- Replacement of Personnel in the position of the Senior Financial Management Specialist with the Fiscal Agent Team

7. RECORDING OF THE DISCUSSIONS AND DECISIONS

7.1. RESOLVED THAT the Board of Directors directs the Executive Director to record these minutes with the minute book of Millennium Challenge Account Nepal and to submit the synopsis of such minutes for publication on the website of Millennium Challenge Account Nepal within two (2) weeks from the date of signing of these Minutes.



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8. CLOSE

There being no further business, the members of Board of Directors did not have to consider any other agendas. The meeting closed at 11.00 AM.

This minute is prepared by:

Rajib Dahal, Chef Legal Officer, MCA-Nepal

This minute is prepared and signed on: 12/12/2023