



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA



Electricity Transmission Project

MCA-Nepal Partnership Program (MPP)

Outreach Event and Feedback Session
Kathmandu, Nepal

13 October 2022



Procurement Aspects



Objective of the Presentation

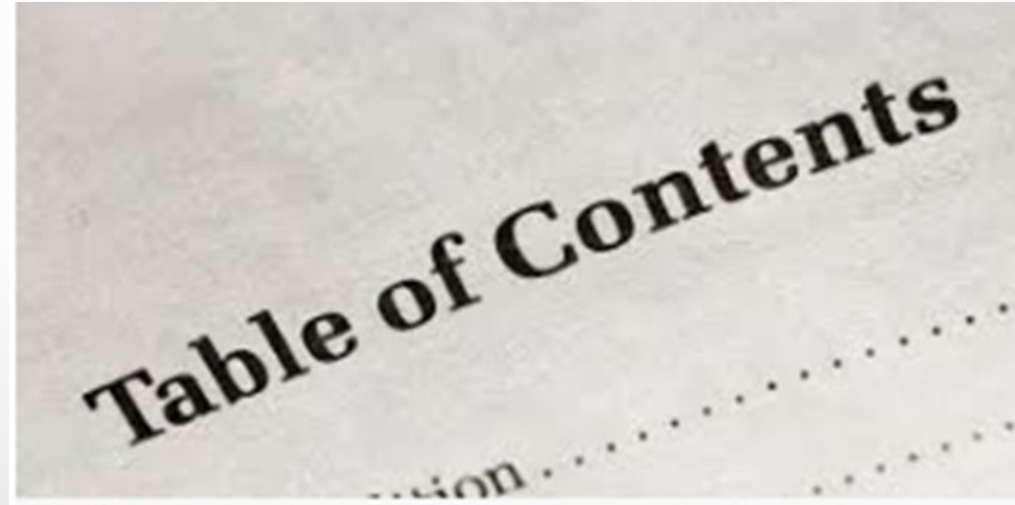
“What we Want to Procure” is equally important to “How we will Procure it”

- Provide an overview of the Procurement Process and rules under MCC Procurement Guidelines
- Provide potential bidders with procurement recommendations
- Receive Questions/Clarifications/Feedback from Participants



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- MCC Procurement Guidelines and Procurement Principles
- Procurement Method
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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)
 - ✓ Mechanisms to deal with Transparency/Anti-Fraud/Corruption
 - ✓ Strong Emphasis in Environmental, Social, Gender inclusion, Anti Trafficking in Persons
 - ✓ 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.
 - ✓ Compact entered into force on 30 August 2023
 - ✓ The Compact Term, as of now, 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 MPP Works will be Done

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

Electricity Distribution System Augmentation and Extension

Off-Grid/Grid Electricity Solutions for Water Supply

Capacity Building for Enhanced Electricity Use



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



GOE Policy

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

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



Other Key Aspects

PROCUREMENT METHODS

- No Pre-Qualification-Shortlisting Process envisaged
- Small Works Standard Bidding Document will be used
- For works the preferred method would be based on Competitive Bidding Quality Price Based Selection (QPBS)
- Budget Estimate disclosed to bidders
- QPBS VS Lowest Evaluated Bidder
- Price Adjustment/Variation as per standard practices, but only for long construction periods
- 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. NO security bonds or other type of security are accepted.
- Possibility of Payment in local currency NPR is now incorporated. US dollar is the currency for the procurement process
- Price Escalation/Adjustment: Allowed but only for contracts beyond 18 months



Quality and Price Based Selection (QPBS) versus Lowest Evaluated



- 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
 - ❖ MCC Observers and Advisors
- 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 (Financial Health, Cash Flow available)
 - 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

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



MCC Procurement Guidelines and Principles

- Fraud and Corruption can not be used as reason to submit protest
 - **Zero Tolerance to Fraud and Corruption**
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- ❖ 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.





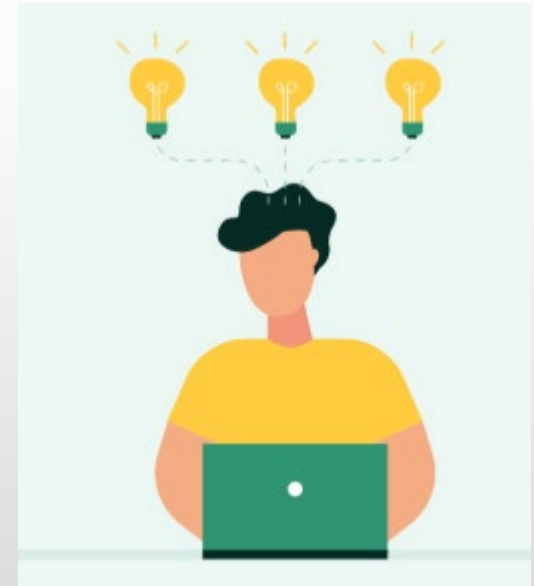
Procurement Process Safeguard

- 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

- 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.



Tips for Winning Contracts

- Government Employees Regulations
- 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 MPP



- Procurement to be Launched:



Questions and Answers

- Questions and Answers





Fostering economic growth with better access to electricity and roads.