



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-NEPAL)

MILLENNIUM CHALLENGE ACCOUNT NEPAL (“MCA-Nepal”)

Synopsis of Minutes of 34th Meeting of the Board of Directors of Millennium Challenge Account Nepal (MCA-Nepal)

Nature: Regular Meeting

MCA-N/BOD-M-34/07-14-2023

Date: Friday, 14/07/2023, (2080/03/29 BS)
Time: 9:00 AM
Place: Conference Room of the Secretary, Ministry of Finance at Singh Durbar, Kathmandu
Notice Served: Friday, 16/06/2023 (2080/03/01 BS)

1. PRESENT

1.1. Members

- **Arjun Prasad Pokharel**, Chairperson
And, Secretary, Government of Nepal, Ministry of Finance
Singhadurbar, Kathmandu
- **Madhu Prasad Bhetuwal**, Member
And, Joint Secretary, Ministry of Energy, Water Resources and Irrigation
Singhadurbar, Kathmandu
- **Kul Man Ghising**, Member,
And, Managing Director, Nepal Electricity Authority
Durbarmarg, Kathmandu
- **Sunil Babu Pant**, Alternate Member,
And, Senior Divisional Engineer, Ministry of Physical Infrastructure and Transport
Singhadurbar, Kathmandu
- **Surendra Kumar Mahto**, Member representing the Civil Society
And, Senior Advocate, Supreme Court of Nepal
- **Kumar Pandey**, Member representing the Private Sector
And, Chairman of the Board, National Hydro Power Company (NHPC)

The Government of Nepal established MCA-Nepal on 18 April 2018 under Development Board Act, 2013 BS as the accountable entity to implement a program co-funded by Nepal and US Government's Millennium Challenge Corporation.

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- **Khadga Bahadur Bisht**, Member Secretary
And, Executive Director, MCA-Nepal

1.2. Invitees

- **Shreekrishna Nepal**, Invitee
And, Joint Secretary, Government of Nepal, Ministry of Finance, International Economic Cooperation and Coordination Division (IECCD)
- **Sanjay Poudyal**, Invitee
Resident Country Director (Acting) – Nepal, Millennium Challenge Corporation

1.3. Others Attending

- **Rajib Dahal**
Chief Legal Officer, Millennium Challenge Account Nepal
- **Satyam Pathak**
Legal Advisor, Millennium Challenge Account Nepal

2. PRELIMINARY

- 2.1. The meeting of the Board of Directors was duly constituted on 14/07/2023 (2080/03/29 BS) after the notice was served in writing on 16/06/2023 (2080/03/01 BS).
- 2.2. The Chairperson welcomed all the members of the Board of Directors and other invitees attending the meeting.
- 2.3. The Chairperson reported that a quorum was present in accordance with Millennium Challenge Account Nepal Development Board Formation Order, 2074 (2018). The Chairperson apprised the board members on the latest situation at MCA – Nepal.
- 2.4. 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 attended the meeting.
- 2.5. Mr. Khadga Bahadur Bisht, Executive Director, Millennium Challenge Account Nepal updated on current activities of MCA-Nepal and presented the agendas to MCA-Nepal Board of Directors.

3. UPDATE ABOUT CURRENT ACTIVITIES OF MILLENIUM CHALLENGE ACCOUNT NEPAL

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- Mr. Khadga Bahadur Bisht, Executive Director appraised MCA-Nepal Board of Directors of the major activities undertaken by MCA-Nepal.
- On Electricity Transmission Line (ETP) Project: On the Transmission Line Bid, it was informed to the Board that the Technical evaluation is ongoing and it will be completed by July 2023. On Supervision Engineer Bid, the Technical evaluation of bid completed and submitted to MCC for No Objection. Result is expected to be released by end of this month though there was a bid challenge before Level 1 Authority by one of the bidders.
- On Re-survey of 30 km TL route, Technical, Environmental & Social Survey completed. Reports are under finalization by the Consultant and after approval of reports, pegging activities to be started.
- On Forest Census activities, the activities are ongoing in Dhading and are expected to start in Nuwakot soon. It was also informed to the Board that there were some issues from forest users in one community forest of the Nuwakot district.
- MCA-Nepal Partnership Program (MPP) activities are in three areas. With respect to MPP, the initial consultation work has been completed and Terms of Reference (ToR) is under review.
- Section 9 Notice for Land acquisition and compensation fixation committee (CFC) Rate Determination Status for Transmission Line Land Acquisition, time schedule has been presented
- On Submission of Preliminary Report on Land Acquisition, MCA-Nepal organized a meeting to submit the Preliminary Action Report on land acquisition for Nawalparasi (Bardaghat Susta West) on 9 July 2023. Chief District Officer Nawalparasi (Bardaghat Susta West) chaired the meeting and the meeting decided to initiate issuance of Section 9 Notice under Land Acquisition Act, 1977. Chief District Officer Nawalparasi (Bardaghat Susta West) has instructed MCA-Nepal to complete all the necessary and preparatory activities so that Section 9 Notice under Land Acquisition Act, 1977 can be issued at the earliest. Chief District Officer Nawalparasi (Bardaghat Susta West) has also decided to form a sub-committee to prepare a technical report for compensation determination.
- **Updates of Substation (S/S) Activities:** Substation Bid was launched on March 24, 2023 and the last date of submission of bids is on September 04, 2023. MCA-Nepal is providing clarification responses on the questions received from the prospective bidders.
- With respect to Ratmate Boundary Wall, Construction works has started after resolving social issues affecting the Construction works.
- With respect to Ratmate LRP implementation, Agriculture and Livestock based trainings have been completed. Skill based/vocational trainings have been completed by the end June 2023. MCA-Nepal is working on the certifications around the months of August-September 2023.
- With respect to the update on ESP Activities, Forest Census started on June 15, 2023. Transmission Line Resettlement Action Plan (TL RAP) and LRP Preparation for three

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Transmission Line segments have been commenced.

- With respect to the Power Sector Technical Assistance Program, Request for Proposal (RFP) for the Procurement of Embedded Advisors for Electricity Regulatory Commission (ERC) is being finalized and planned to be launched. Similarly, RFP for Technical Assistance (TA) activities to Nepal Electricity Authority (NEA) is in advance stage of finalization. MCA-Nepal Executive Director also highlighted on the need to recruit majority of staffs at ERC so that TA activities can be implemented smoothly.

4. AGENDA ITEMS AND BOARD'S DECISIONS/RESOLUTIONS

4.1. The Chairperson requested the members to consider and, if thought fit, pass a resolution on the following matter:

(A) Agenda One: Approval of Procurement Plan version 7.3 (an Amendment to approved PP 7.0)

(B) Agenda Two: Approval of Annual Program and Budget of MCA-Nepal for FY 2080/81(2023/24)

(C) Agenda Three: Approval of new Salary Matrix of 2022

(D) Agenda Four : Approval of the Resignation of the Alternation Board Member Representing Private Sector and appointing the replacement of the same

4.2. Agenda One: : Approval of Procurement Plan version 7.3 (an Amendment to approved PP 7.0)

4.2.1. The MCA-Nepal Board of Directors had approved the Procurement Plan Version 7.0 by the 31st meeting of the Board of Directors held on 17 February 2023 (2079/11/05 BS).The approved Procurement Plan requires revision and amendments due to ongoing procurement for various projects.

4.2.2.MCA-Nepal is required to regularly update a procurement plan that aligns to the Compact's projects and guides technical and administrative activity. The Procurement Plan approved by MCA-Nepal Board of Directors need amendments and the amended and revised Procurement Plan Version 7.3 is being presented for approval.

4.2.3.RESOLVED THAT the Board of Directors approve the Procurement Plan as per the document entitled "Procurement Plan Version 7.3".

4.2.4.Board has requested for concurrence from Nepal Electricity Authority on the substation scope and budget so that MCA-Nepal will carry out the implementation of the increased scope.

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MCA-Nepal has discussed the budget and scope of the sub-station with board member from NEA to finalise the justification note on sub-station budget.

4.2.5. In these Minutes, we record that the Board had asked to incorporate the reasons and rationales on increment of budget for sub-station activities and change of procurement category under RMP Project for provision of TA to RBN.

4.3. Agenda Two: Approval of Annual Program and Budget of MCA-Nepal for FY 2080/81(2023/24) (Budget as per Red Book published by MoF, GoN)

4.3.1. Section 4(b) of the Millennium Challenge Account Nepal (Formation) Order requires that the Budget and Program of MCA-Nepal to be approved by the Board of Directors of MCA- Nepal.

4.3.2. The Government of Nepal in the Red Book (Estimates of Expenditure) for Federal Fiscal Budget 2080/81 (2023/24) has allocated budget for different line items that be used for expenditure by MCA-Nepal using GoN and MCC sources of fund. There is a commitment from Government of Nepal in the Compact to contribute USD 197 million during the compact, out of which USD 40 million would be made available during Compact Development phase (pre-EIF – Entry into Force) and balance of USD 157 million after EIF. Similarly, out of USD 500 million MCC compact fund, USD 40.5 million would be available during Compact Development phase (pre-EIF) and balance USD 459.5 million would be available after EIF. EIF date is expected on August 30, 2023.

4.3.3. MCA-Nepal prepared and submitted the budget for FY 2080/81 (2023/24) through LMBIS (Line Ministry Budget Information System) to MoF.

4.3.4. Budget for MCA-Nepal for FY 2080/81 (2023/24) with the sum of NPR 1,084.17 Crores (Recurrent 101.73 Crore and Capital 982.44 Crore) has been published in the Red Book.

4.3.5. RESOLVED THAT the MCA-Nepal Board of Directors hereby approve the Annual Program and Budget of MCA-Nepal for the FY 2080/81 (2023/24) as provided in the Red Book published by MoF, GoN for Nepalese Fiscal Year 2080/81.

4.4. Agenda Three: Approval of new Salary Matrix of 2022

4.4.1. Within the provisions approved under Millennium Challenge Account Nepal Development Committee Employees Administration Bylaws, 2075 (“Employment Bylaws”), MCA-Nepal salary matrix needs to be updated every 2-3 years based on independent salary survey review commissioned by MCC and conducted by MCC appointed independent third party. This has been also incorporated in MCC approved MCA-Nepal Human Resource Manual (MCA-Nepal HR Manual) based on global standard of HR Manual approved by MCC. The existing salary scale of MCA-Nepal is based on November 2018 report prepared by the MCC appointed independent third party.



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-NEPAL)

4.4.2. Upon considering the agenda, the Board of Directors resolved that it would request the board Member, and Joint Secretary, Ministry of Energy, Water Resources and Irrigation, Singhadurbar, Kathmandu to review the report and present its analysis and way forward for the new Salary Matrix's implementation.

4.5. Agenda Four: Approval of the Resignation of the Alternation Board Member Representing Private Sector and appointing the replacement of the same

4.5.1. The representative of the Private Sector (Alternate Board Member) in the Board of MCA-Nepal has resigned for personal reasons.

4.5.2. Pursuant to Section 3 of Millennium Challenge Account Nepal Development Board (Formation) Order, 2074 (2018), (the "MCA-N Formation Order") an individual representing the private sector is one of the members of the Board of MCA-Nepal.

4.5.3. Annex I (Program Description) of the Compact in Section C under the heading Implementation Framework also states that the Board of Directors of MCA-Nepal comprises of seven voting members including the representative from the private sector.

4.5.4. As per Section 3.3(e) of the MCA-Nepal Internal Conduct of Business Bylaws, 2075 (2019); any change of any member of the Board (including any non-voting invitee of the Board), of the member serving as the Chairperson or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any non-voting invitee) has to be approved by the Board of Directors.

4.5.5. The received letter of resignation is submitted before the Board of Directors for approval.

4.5.6. RESOLVED THAT the Board of Directors hereby approves the resignation of Alternate Board Member representing the Private Sector to the MCA-Nepal Board of Directors and instructs MCA-Nepal to initiate the appointment of new board members to fill the vacant positions.

5. OTHER DISCUSSION AGENDAS

5.1. Leaving of the right of way (RoW) in four (4) existing roads around the Ratmate Substation in Belkotgadhi Municipality, Nuwakot District

5.1.1. MCA-Nepal has undertaken the Land Acquisition Activities for the construction of Sub-station in Ratmate, Nuwakot. The acquired land is surrounded by some narrow **Goreto roads on two sides** that is being used by public as a public thoroughfare from many years. One of such **Goreto roads** is being used for traditional religious purpose to go to religious sites and crematorium of indigenously inhabited population. The third road needs to be used by MCA-Nepal to move its heavy equipment and transformers to MCA-Nepal sub-station site and it needs to be heavily



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-NEPAL)

expanded to increase the turning radius of Lorries loaded with heavy equipment and transformers.

5.1.2. After meticulous measurement and discussion with members of Local Government (Ward Chairman and other members, and with Mayor and Deputy Mayor of Belkotgadhi Municipality, Nuwakot District), 16 Ropani land will need to be left for RoW to be used by Public and majority of land is for expansion of width of access road required by MCA-Nepal to carry its heavy equipment. Referring to MCA-Nepal's approved resettlement plan based on Better-Off approach, the following Right of Way (almost 16 ropanies) has been proposed to the Board:

- i. Shambhuchowk-Belkotgadhi Municipality Road- 7.5m on our side with 1.5m setback.
- ii. Traditionally used Kcchhad road 3.5m wide for 250 m length
- iii. Near existing large irrigation canal 1m wide for 60m length
- iv. Traditionally used for going to Funeral Places (*Ghat*) for last rites 1m wide 100m long

5.1.3. The Board instructed MCA-Nepal Executive Director to expedite the construction activities by amicably resolving these social issues after working with members of Local Government (Ward Chairman and other members, and with Mayor and Deputy Mayor of Belkotgadhi Municipality, Nuwakot District) and to provide RoW for these 3 sections of roads. The Board also emphasized that all the land belongs to MCA-Nepal and there would be no transfer of ownership to any other entities. At the same time, MCA-Nepal needs to work with members of Local Government (Ward Chairman and other members, and with Mayor and Deputy Mayor of Belkotgadhi Municipality, Nuwakot District) not to have any unauthorized encroachment and possession of the land provided as RoW for these 3 roads/*Goreto* route.

5.2. Minor changes in Roles and Responsibility and reporting lines of E&S team

5.2.1. The Board of Directors were informed of the changes in roles and responsibilities and reporting lines of Environment and Social Team (E&S Team) within MCA-Nepal to create ownership among the ESP, GSI and Resettlement team and Project Managers for resolving the environmental/social issues that surface in the organisation. It was also pertinent to make these changes to recover the delays in accepting consultant deliverables due to failure to reconcile unresolved Social and Environmental concerns/issues. Therefore, the Quality-Assurance Managers (QAM) and their teams have been aligned with the project schedule. This shall not change any salary structure, benefits, allowance or band of any of the employees.

5.3. Other Updates to the Board

5.3.1. MCA-Nepal informed the board about MCA-Nepal's OAG Audit for 2078-79 and the issues it has raised on the issue of operation of MCA-Nepal bank account and other consultancy services. MCA-Nepal also informed the Board about the adoption of new performance evaluation system



MILLENNIUM CHALLENGE ACCOUNT NEPAL (MCA-NEPAL)

“Dignity” at MCA-Nepal. MCA-Nepal will present a detailed agenda on this in next board meeting.

5.3.2. The Board instructed the Management to complete Land Acquisition Work and issue Section 9 Notices for Nine districts prior to the EIF so that completion risks are minimized. Similarly, the Board instructed Management to remain proactive in anticipating and resolving grievances related to the land acquisition.

6. RECORDING OF THE DISCUSSIONS AND DECISIONS

6.1. RESOLVED THAT the Board of Directors direct 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 these Minutes.

7. CLOSE

There being no further business the meeting was then closed at 11.00 AM.

This minute is prepared and signed on: 28/07/2023.

Minutes Prepared by:

Rajib Dahal,
Chief Legal Officer, Millennium Challenge Account Nepal