



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA



Road Maintenance Project

Pilot Road Recycling Project

Outreach Event and Feedback Session
Kathmandu, Nepal

27 March 2024



Procurement Aspects



Objective of the Presentation

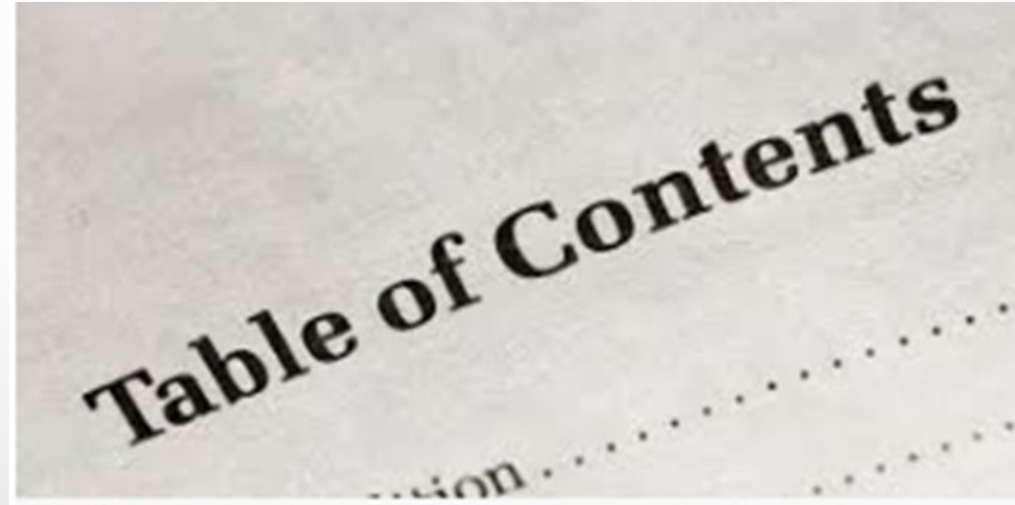
What we Want to Procure is equally important to How we will Procure it

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



Table of Contents

- MCC Procurement Guidelines and Procurement Principles
- Procurement Method
- Evaluation Methodology
- Procurement Safeguards
- Tentative Procurement Schedule





MCC Procurement Guidelines and Principles

- Conceptual Procurement Framework is taken from World Bank, with several differences
 - ✓ A special Implementing Entity MCA-Nepal
 - ✓ The presence and Responsibilities of the Independent Agents (Procurement and Fiscal)
 - ✓ Eligibility Criteria as per the USA Government parameters
 - ✓ Provisions on Government Officials and Civil Servants
 - ✓ Involvement of the Donor and MCA-Entity Board
 - ✓ More Emphasis in Quality Rather than Price
 - ✓ Price Reasonableness
 - ✓ Private Sector Consultants participating In Evaluation
 - ✓ Bid Challenge System available to Offerors
 - ✓ Awarding decisions made by Consensus rather than average
 - ✓ Performance Security Enforceable in Nepal



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

[Procurement and Grants Resources for MCC Partner Countries](#)

- ✓ 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 RMP Major works Procurements will be Done

- Following the MCC Program Procurement Guidelines
- Using the MCC Standard Bidding Documents
 - Procurement of Large works
- 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
 - Eight (8) Parts
 - Four (4) Attachments
 - Seventy-Two Pages (January 1, 2024 Release)

Procurement and Grants Resources for MCC Partner Countries

- 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, including a Beneficiary Ownership Disclosure Form (See World Bank)
3. 4 to 6 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 Contracts require an external (non- MCA) project manager/Engineer



Other Key Aspects

PROCUREMENT METHODS

- No Pre-Qualification-Shortlisting Process envisaged
- The selected Method is Competitive Bidding (CB)
- Bidding Document to be used: Large Works without Prequalification
- Lowest Evaluated Responsive an Qualified Bidder/Offeror who has quoted a reasonable price
- 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.
- Possibility of a % of contract amount to be paid in local currency NPR is now incorporated



Competitive Bidding Procurement Method



- Emphasis on Price
- Based on FIDIC Red Book Conditions of Contract and Bill of Quantities
- Usually, the available budget estimate is disclosed
- One Envelope single stage procurement
- Prices read out at the Offer's Opening
- “As such the contract shall be awarded to the qualified Offeror whose bid has been determined to be the lowest responsive Qualified Offer”.
- However, since price and price-related factors are the sole basis of award, it is extremely important to set appropriate and well-defined qualification requirements to avoid contracting with poor performing suppliers and contractors



Evaluation Process

- Proposal's Evaluation is conducted by a 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
 - ❖ Impartiality and Confidentiality
 - ❖ No Conflict of Interest





Scoring Methodology and Evaluation

Shall be fully disclosed in the bidding document. Usually for works Bidding Document in which the Design is provided by the Employer (Red Book FIDIC) based on CB Method the Bid Review Process is made on a compliance (Pass/Fail) basis and will entail:

- Technical Review
 - Administrative Compliance Review
 - Eligibility Verification
 - Legal Status
 - Financial Criteria
 - Litigation and Poor Performance Criteria
 - Qualification Review: Historical Contract Non-Performance, Financial Situation Experience, Equipment, Personnel.
 - Reference and Past Performance Review
- Financial
 - Review of Price and Price Reasonableness





Bid Challenge System-Key Features

- A debriefing process in place
- Fraud and Corruption can not be used as reason to submit a protest
- Fees to submit a protest and appeal will apply.
- More information in the BCS posted at MCA-Nepal web page



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 Bidding documents
- Site Visit, Pre-proposal conference and Clarification Period
- Mandatory procedure for debriefing to unsuccessful Offerors



Tips for Winning Contracts

- In-country contractors 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.
- Offerors 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.
- Offerors are encouraged to read through the MCC Policy & Procurement Guidelines.
- Offerors 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 Road Rehabilitation

- Procurement to be Launched: **To be Decided**



- **Site Visit: 10 15 days after launching**
- Submission of Proposals: 30-45 days after launching
- Evaluation of Proposals and Intent to Award Date: 30-45 days
- Commencement date:
- Completion of Works: 24 months
- DLP : 12 months
- **If Procurement is launched on 15 July 2024, the Contract may be signed on 1 November 2024.**
- **Compact End Date: August 2028**



Questions and Answers

- Questions and Answers





Fostering economic growth with better access to electricity and roads.