



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA



Electricity Transmission Project

Construction of 297 Km Transmission Line

Outreach Event and Feedback Session

Kathmandu, Nepal

30 September 2024



Procurement Aspects



Objectives of the Presentation

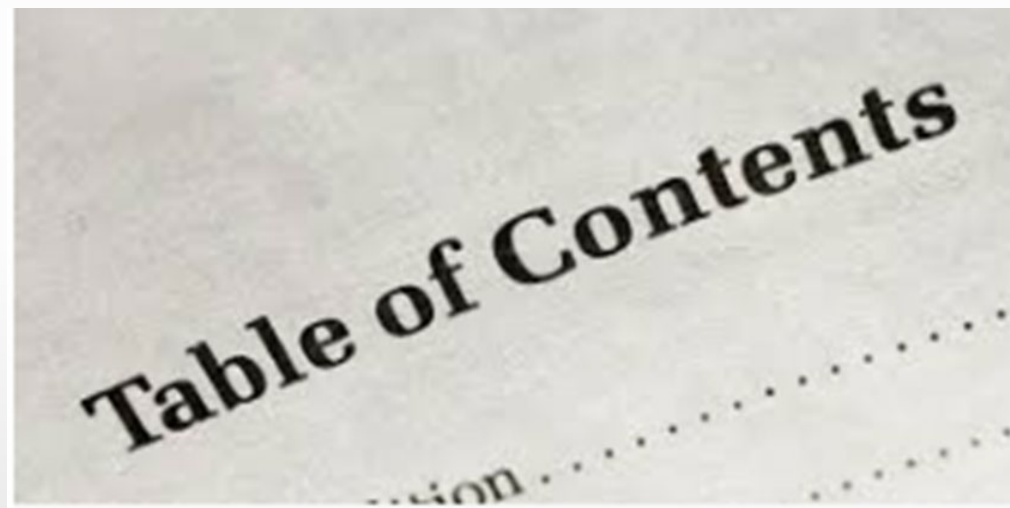
What we Want to Procure is equally important to How we will Procure it

- Provide an overview of the Procurement Process under the AE Procurement Policy & Guidelines (AE PPG) (<https://www.mcc.gov/resources/doc/010124-ae-program-procurement-policy-guidelines/>)
- Provide **Updated Information** regarding the Procurement Aspects for the Transmission Line Procurement
- What has Changed from First Procurement?
- Receive Questions/Clarifications from Participants
- We are coming soon: Start to move



Table of Contents

- AE Procurement Policy & Guidelines and Procurement Principles
- Procurement Method
- Evaluation Methodology
- Procurement Safeguards
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How Procurements for ETP Transmission Line 297 Km Procurements will be Done

- Following the **AE Procurement Policy & Guidelines**
<https://www.mcc.gov/resources/doc/010124-ae-program-procurement-policy-guidelines/>
- Environmental, Social and Gender and Anti-Trafficking in Persons Policy as examples.
- Using the MCC Standard Bidding Documents
 - **Procurement of Large Works (CB) for Procurements released after January 1, 2024 (Link below)**
 - [Procurement of Large Works \(CB\) for Procurements released after January 1, 2024 \(mcc.gov\)](https://www.mcc.gov/resources/doc/010124-ae-program-procurement-policy-guidelines/)
- Both are public documents downloadable from MCC web page



AE Procurement & Policy Guidelines Principles

- Four Principles Shape the PPG
 - ✓ 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, **eligible** 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

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



AE Policy & 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
 - ✓ Government Owned Entities
 - ✓ Beneficiary Ownership Disclosure Form
 - ✓ Provisions on Government Officials and Civil Servants
 - ✓ Involvement of the Donor and MCA-Entity Board
 - ✓ Award Decisions made by Consensus
 - ✓ **Quality &** Price Reasonableness
 - ✓ Private Sector Consultants participating **I**n Evaluation
 - ✓ Bid Challenge System available to Offerors



AE Procurement Policy & Guidelines

- 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.
 - ✓ Entry into Force: 30 August 2023
 - ✓ 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



AE Procurement Guidelines and Principles

- Nepal's Government Procurement Act and Rules **Does Not Apply**
- AE 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 (<https://sam.gov/> , United States government publication, national and local print and broadcast media, local, regional, and/or international media at its discretion, in such other media outlets as appropriate or as may be requested by MCC.)



Government Owned Enterprises (GOE) Policy

1. GOEs are not eligible to compete for MCC-funded contracts for goods or works.
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).



Procurement Method for TL 297 Km

PROCUREMENT METHODS

- No Pre-Qualification-Shortlisting Process envisaged
- The selected Method is Competitive Bidding (CB) Paragraph 6.2 **AE** PPG
- Bidding Document to be used: **Procurement of Large Works (CB) for Procurements released after January 1, 2024**
- FIDIC Yellow Book
- Lowest Evaluated Responsive and Qualified Bidder/Offeror who has quoted a reasonable price



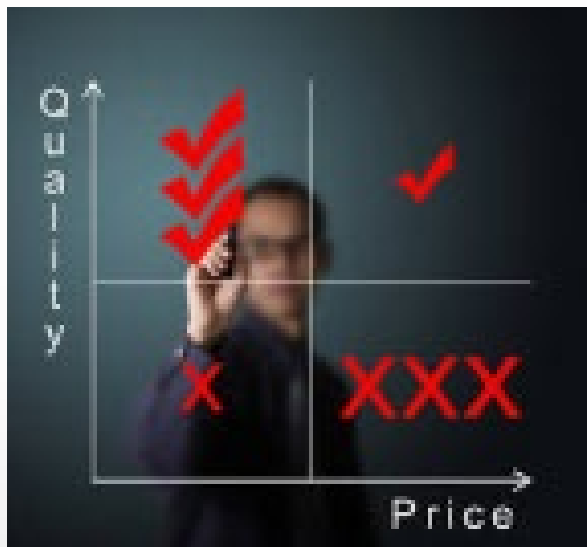
Procurement Method for TL 297 Km

PROCUREMENT METHODS

- Price Adjustment/Variation **is expected to be included for specific material**
- Bid Security, Performance Security, Advance Payment and Retention Payments as per standard practices.
- Only Bank Guarantees are accepted to cover bid, performance, advance payment and **Retention Payments** securities.



Competitive Bidding Procurement Method



- Emphasis on Price
- Based on FIDIC Yellow Book Conditions of Contract
- 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 Offeror whose Offer has been determined to be the lowest responsive Qualified Offer and price is found to be reasonable”.
- 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

- Offer's Evaluation is conducted by an Offers Review Panel
 - ❖ MCA-Nepal Staff
 - ❖ Project Partners Public Sector
 - ❖ Private Sector participation (Local/International)
 - ❖ Auxiliary Members Expertise Available (Legal, Financial, Advisors MCC)
- Members of Panel selected by their technical competence
- Facilitated by the Procurement Agent
- Supervision from MCC
- Many safeguards to keep the integrity of the evaluation process
 - ❖ Consensus Award Decision/Approved by MCC
 - ❖ Impartiality and Confidentiality
 - ❖ No Conflict of Interest





Other Key Procurement Aspects

1. MCA runs procurements and manages contracts with the 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
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 which is already appointed



Evaluation Methodology

Shall be fully disclosed in the bidding document. Based on CB Method the Bid Review Process is made on a compliance (Pass/Fail) basis and will entail:

- Price Review
- Administrative Compliance Review including Eligibility Verification
- Technical Offer Evaluation
- Responsiveness Determination (Both Technical and Commercial)
- Qualification Review: Litigation and Historical Contract Non-Performance, Financial Situation Experience, Equipment, Personnel.
- Reference and Past Performance Review
- 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.
- Protest and Appeal Fees disclosed in the Bidding Document
- More information in the BCS posted at MCA-Nepal web page (<https://mcanp.org/en/>)



Fraud & Corruption

- Fraud and Corruption can not be used as reason to submit protest
- **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.
 - ❖ Hot Line and Other Resources

The screenshot shows the website for the Office of Inspector General, U.S. Agency for International Development. The page is titled "Report Fraud" and includes a search bar, navigation menu, and a sidebar with options like "Report Fraud", "Implementer Reporting", "Fraud Awareness and Indicators", "No Fear Act", and "Whistleblower Protection".

3 Year 11 Month 1 Days 10 Hours 29 Minutes 21 Seconds



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: Just an email requesting it.
- Site Visit, Pre-proposal conference and Clarification Period
- Mandatory procedure for debriefing to unsuccessful Offerors



What Has Changed From First Procurement?

- Technical Aspects already highlighted in Technical Presentations
- Revised Budget Estimate more realistic
- Payment Schedule better conditions
- Different Procurement Method: Competitive Bidding
- New Procurement Guidelines
- Revised Standard Bidding Document
- New Bid Challenge System
- Electronic Submission of Proposals via DropBox
- Early (in the bidding document) disclosure of budget estimate
- Shorter timeline from launching to awarding



Tips for Winning Contracts/Do's and Don't's

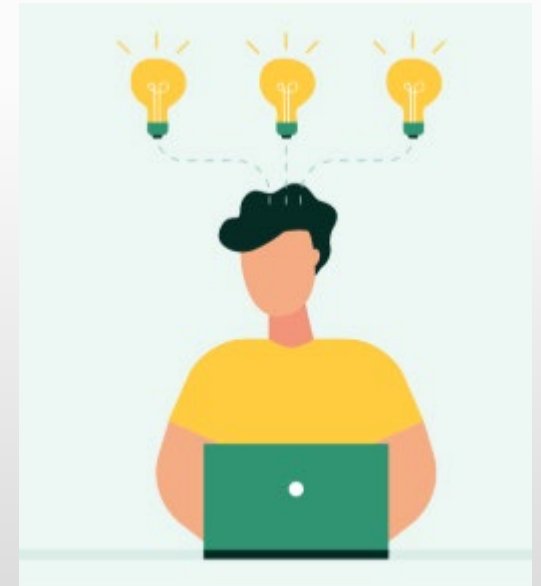
- In-country contractors are encouraged to form alliances with international firms to enrich and enhance their experience.
- MCA-Nepal/MCC Bidding Documents should be reviewed carefully, as MCC uses its own bidding documents.
- Get familiar with PPG and Standard Bidding document before the procurements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





Tips for Winning Contracts/Do's and Don't's

- Start Uploading your Offer with enough time
- Double Check all Forms are included and Filled Out
- Avoid Copy Paste
- Offerors should, as best as possible, use the forms provided in the bidding documents, rather than use their own.





Tips for Winning Contracts/Do's and Don't's

- 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 **AE Procurement Policy & Guidelines**.
- Offerors are encouraged to request information and clarification from MCA, if there is anything they do not understand, or if they require more information.



Tips for Winning Contracts/Do's and Don'ts

- Be sure to understand and abide for Government Employees Regulations
- Bid Security required—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.



Tentative Procurement Timeline

- Procurement to be Launched: Mid November 2024
- Site Visit: First Week December 2024 (4 to 5 days)
- Pre-Offer Conference: Second Week of December 2024
- Last Day for Clarifications: last week December 2024
- Last Day for Responses: First Week January 2024
- Submission Deadline: Last Week January 2025
- Notification of Results: Third Week March 2025
- Negotiations 3 Lots: Starting First week April 2025 to Last Week April 2025
- Issuance of Letter Of Acceptance: Last Week April 2025/First Week May 2025
- Contract Signing: Second Week May 2025
- Commencement date: 42 Days from Issuance of LoA First and Second Week June 2025
- Compact End Date: August 2028



Questions and Answers

- Questions and Answers





Roads and Electricity, Way to Prosperity





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