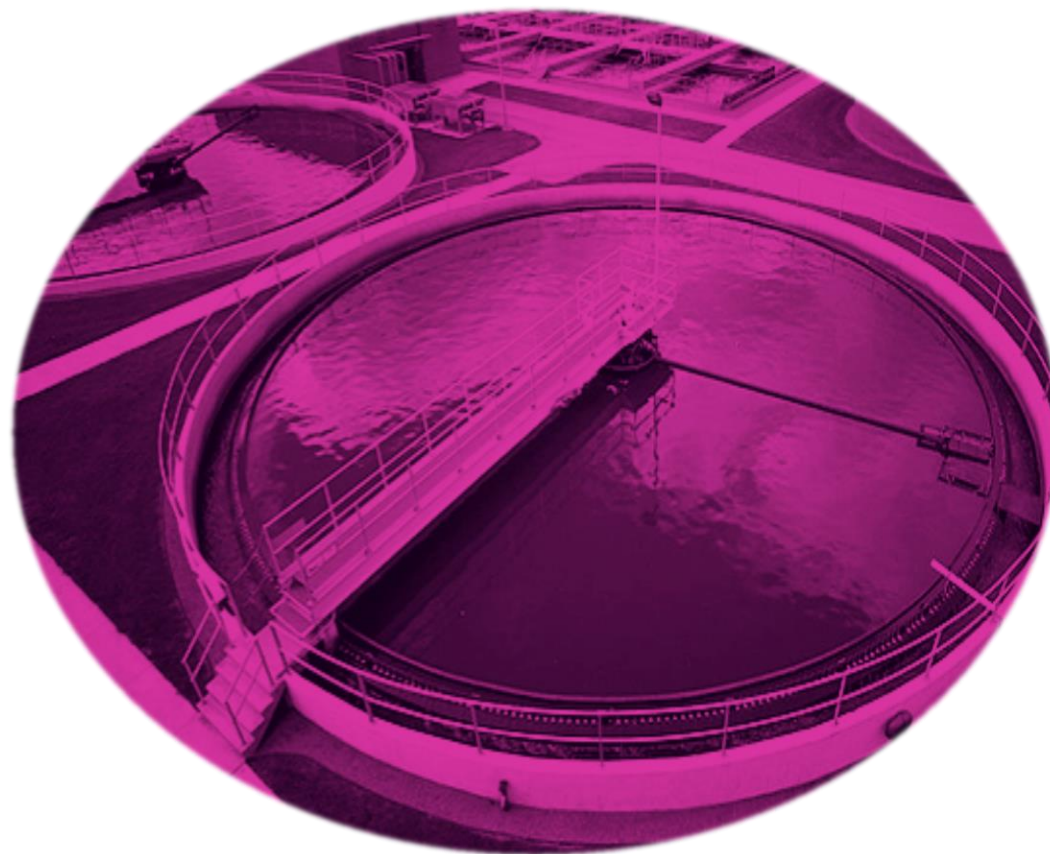




МОНГОЛЫН МЯНГАНЫ СОРИЛТЫН САХ
MILLENNIUM CHALLENGE ACCOUNT - MONGOLIA

MONGOLIA WATER COMPACT

WEBINAR ON PLANNED PROCUREMENTS



MPM Complex, F5, UNESCO Street,
Sukhbaatar District, Ulaanbaatar 14220, Mongolia
Phone: +976 7711 1710, E-mail: info@mca-mongolia.gov.mn
www.mca-mongolia.gov.mn

AGENDA

1. Opening Remarks and Greetings

Sodontogos Erdenetsogt, CEO, MCA-Mongolia

2. What is MCC?

Alex Russin, Resident Country Director, MCC

3. Overview of the Mongolia Water Compact

Sodontogos Erdenetsogt, CEO, MCA-Mongolia

4. Construction Works of Groundwater Wells and Conveyance (CCP-1)

Zorigt Saruulkhangai, Deputy CEO, MCA-Mongolia

5. Procurement Procedure for the Combined Construction Package (CCP-1)

Keith Treviss, Senior Procurement Specialist, Procurement Agent of MCA-Mongolia

6. Design and Construction Works of Water Recycling Plant (WRP)

Zorigt Saruulkhangai, Deputy CEO, MCA-Mongolia

7. Procurement Procedure for WRP Construction Works

Keith Treviss, Senior Procurement Specialist, Procurement Agent of MCA-Mongolia

8. Tax Exemption and MCC's AFC Policy

Bayar Purevdorj, General Counsel, MCA-Mongolia

9. Payment, Audit and Related Regulation

Luis Baires, Fiscal Agent Manager, Fiscal Agent of MCA-Mongolia

10. Q&A session



2. WHAT IS MCC?



WHAT IS MCC?

- Millennium Challenge Corporation
- U.S. aid agency
- Assists countries to reduce poverty through economic growth
- Grants to countries that show
 - ✓ **good governance**
 - ✓ **economic freedom**
 - ✓ **investment in their citizens**
- Created by the U.S. Congress in 2004 with bipartisan support



FOCUSING ON
COUNTRY
OWNERSHIP AND
SUSTAINABILITY

5 REASONS TO DO BUSINESS WITH THE MCC COMPACT

1. Invoices are paid directly by the U.S. Treasury to the contractor
2. Funding is committed to specific programs up-front
3. The procurement process establishes a fair playing field – Program Procurement Guidelines
4. Winning contracts are price-reasonable and best value
5. International environmental and labor standards are enforced/ IFC

To be included in the mailing of MCA-Mongolia,
please contact us at:

PA-Mongolia@charleskendall.com

procurement@mca-mongolia.gov.mn



1. OVERVIEW OF MONGOLIA WATER COMPACT



WATER SUPPLY PROJECT PROGRAM ACTIVITIES AND OBJECTIVES

The \$350 million Mongolia Water Compact will expand Ulaanbaatar's supply of potable water by more than 80% and enhance the long-term financial, institutional, and environmental sustainability of the water sector.

Activities

1. Downstream Wells Activity

- i. Construction of Groundwater Wells and Conveyance (CCP-1)
- ii. Construction of an Advanced Water Purification Plant (AWPP) and SCADA Controls (CP-2) – *Procurement closed*

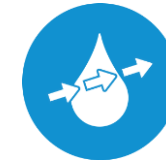
2. Wastewater Recycling Activity

- i. Design-Build for Water Recycling Plant (50.000m³/day)
- ii. Construction of CHPP-3 and CHPP-4 Modifications, Conveyance System
- iii. Consulting Services for Design of Conveyance System, Modifications of CHPPs and Development of RAP, ESIA/ESMP and DEIA – *Procurement closed*

3. Water Sector Sustainability Activity

- i. Cost Recovery Sub-Activity
- ii. Ger Area Cost Containment Sub-Activity
- iii. Utility Operations Sub-Activity
- iv. Industrial Pre-Treatment and Pollution Control Sub-Activity
- v. Public Awareness and Behavior Change Sub-Activity

Objectives



**Ulaanbaatar
Water Supply
Increase**



**Supply of recycled
wastewater**



**Long-term
sustainability of
Ulaanbaatar water
and wastewater
sector through
adoption of cost-
recovery tariffs and
capacity building**

WATER SECTOR SUSTAINABILITY ACTIVITY

Supply and Installation of the Ger Area Smart Kiosk Upgrade

In the near future, MCA-Mongolia plans to conduct the following goods and related services procurement for **Water Sector Sustainability Activity**.







In order to curtail high costs that USUG bears for delivering water supply services in ger areas, **165 manually operated pipe-fed kiosks and 17 dual-functioning truck refilling stations will be automated to smart kiosks** that operate 24/7 and with minimal supervision.

Plan to announce Request for Information (RFI) to obtain market feedback in order to refine the technical specifications and requirements within **Q2 2021**.

Goods and related services procurement for supply and installation of automatic water dispenser units and associated smart kiosk management software will be launched in **Q3 2021**.



OVERVIEW OF THE KEY PLAYERS

					
MCC	MCA-Mongolia	Program Management Consultant (PMC)	Design Consultant	Procurement Agent	Fiscal Agent
<ul style="list-style-type: none"> ✓ Assists countries to reduce poverty through economic growth by providing grants ✓ As funder of the Compact, MCC oversees the performance of various tasks under the contracts, including exercising its rights for approving specifications, quality, and adherence to standards. ✓ MCC may use independent consulting firm to perform due diligence for MCC (currently STANTEC is MCC due diligence consultant) 	<ul style="list-style-type: none"> ✓ Executes and manages all contracts under the Compact and coordinates communications between the Government, all consultants and contractors. ✓ Serves as an Employer under FIDIC. 	<p>Responsible for:</p> <ul style="list-style-type: none"> ✓ General Program Management, ✓ Design Reviews, ✓ Procurement Assistance, ✓ Construction Supervisor (Engineer under FIDIC), ✓ Budget Control, and ✓ Closeout Support. <p>Sub-consultants:</p> <ul style="list-style-type: none"> ✓ Sweco Danmark A/S (Denmark) ✓ Sheladia Associates Inc. (USA) ✓ Mon Consult LLC (Mongolia) 	<p>Responsible for:</p> <ul style="list-style-type: none"> ✓ Development of Detailed design (including Basic design, 60%, 90% and final), ✓ ESIA, DEIA, ESMP, ✓ RAP, ✓ Technical Specifications, and ✓ Procurement support. <p>Prime sub-consultant:</p> <ul style="list-style-type: none"> ✓ Prestige Engineering Co., Ltd (Mongolia) 	<p>Responsible for:</p> <ul style="list-style-type: none"> ✓ Managing the entire procurement process for selecting the suppliers, contractors and consultants. ✓ Providing related contract administration services in order to implement certain activities under the Compact. 	<p>Responsible for:</p> <ul style="list-style-type: none"> ✓ Processing all payment transactions ✓ Ensuring and certifying that all payments are properly authorized and documented in accordance with Guidelines and Principal documents ✓ Maintaining proper accounting of all financial transactions ✓ Producing financial reports to MCC and Government of Mongolia

3. CONSTRUCTION WORKS OF GROUNDWATER WELLS AND CONVEYANCE (CCP-1)



PLANNED CONSTRUCTION PACKAGES (CPs) DOWNSTREAM WELLS ACTIVITY

CCP-1: Construction of Groundwater Wells and
Conveyance

CP-2: Construction of an Advanced Water
Purification Plant and SCADA controls

WATER SUPPLY PROJECT – KEY COMPONENTS

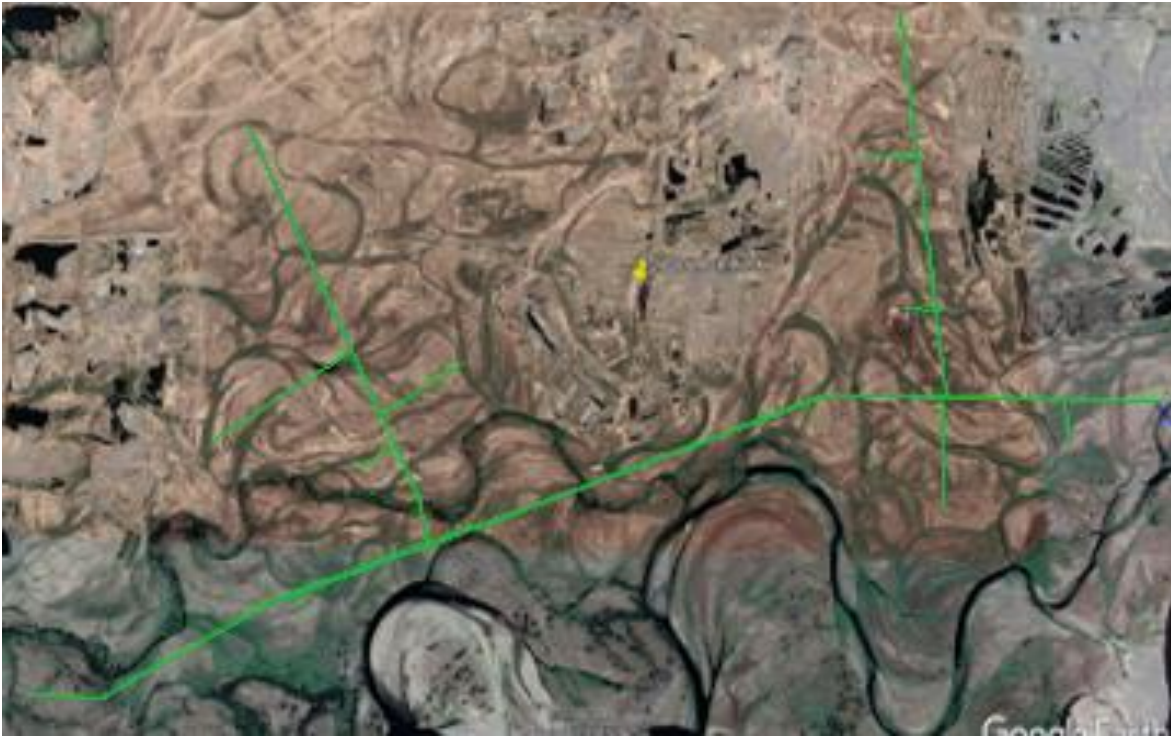


- Shuvuun Wellfield
- Biokombinat Wellfield
- Wellhouses
- 10kV Wellfield power supply
- Wellfield access road (improved dirt road)
- Raw Water Transmission Pipelines
- Brine discharge pipeline
- Access road (Paved)
- Finished Water Transmission Pipeline
- Advanced Water Purification Plant (AWPP) – Under separate package

- Current drinking water supply to UB is 77 mln.m3 from 7 sources along the Tuul river.
- Two new western wellfield will increase the existing source capacity by 50 mln.m3 per year

Shuvuun and Biokombinat Wellfields

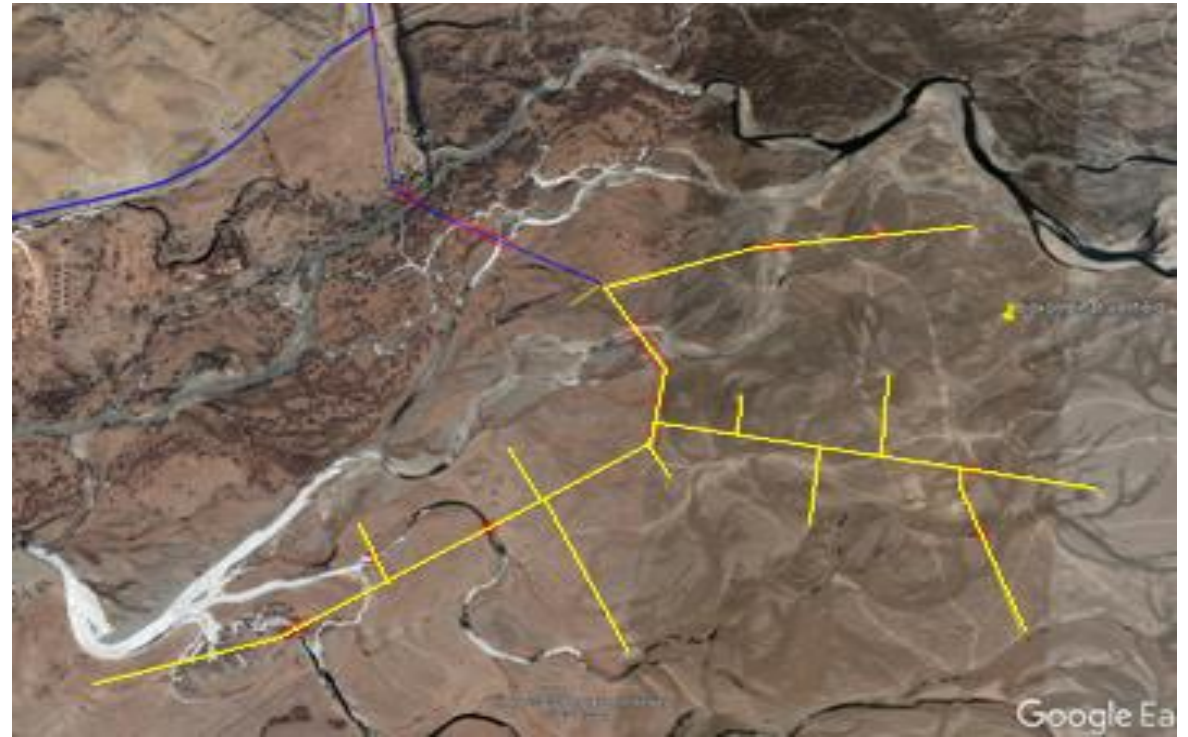
Shuvuun Wellfield



Technical Details:

- Wells in Shuvuun wellfield - **16**
- Pipeline material – Cement lined ductile iron pipe

Biokombinat Wellfield



Technical Details:

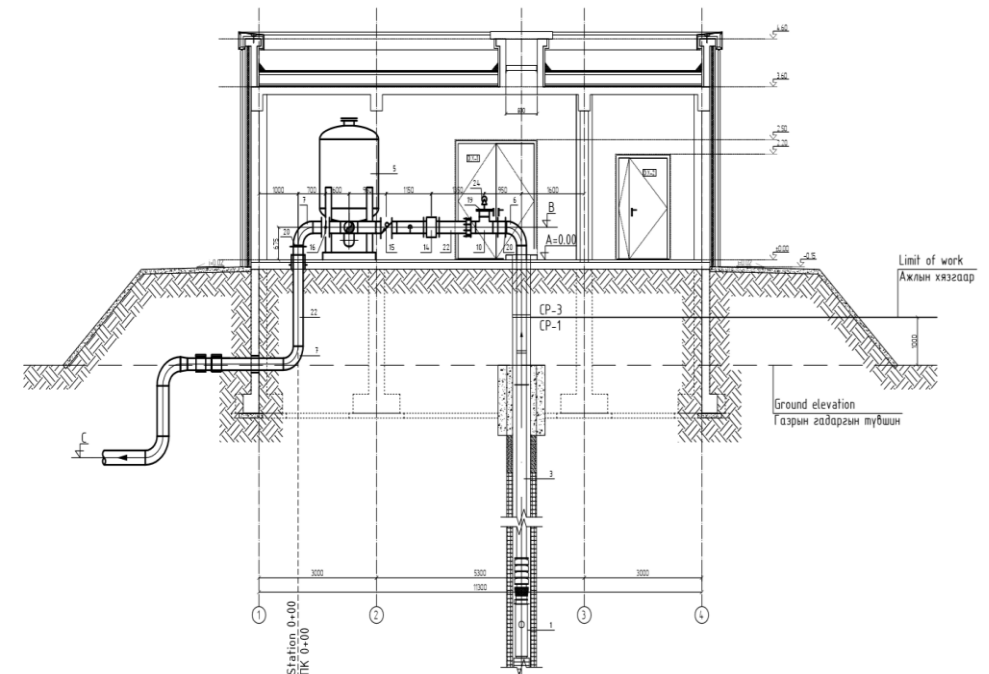
- Wells in Biokombinat wellfield - **14**
- Pipeline material – Cement lined ductile iron pipe

Wellhouses



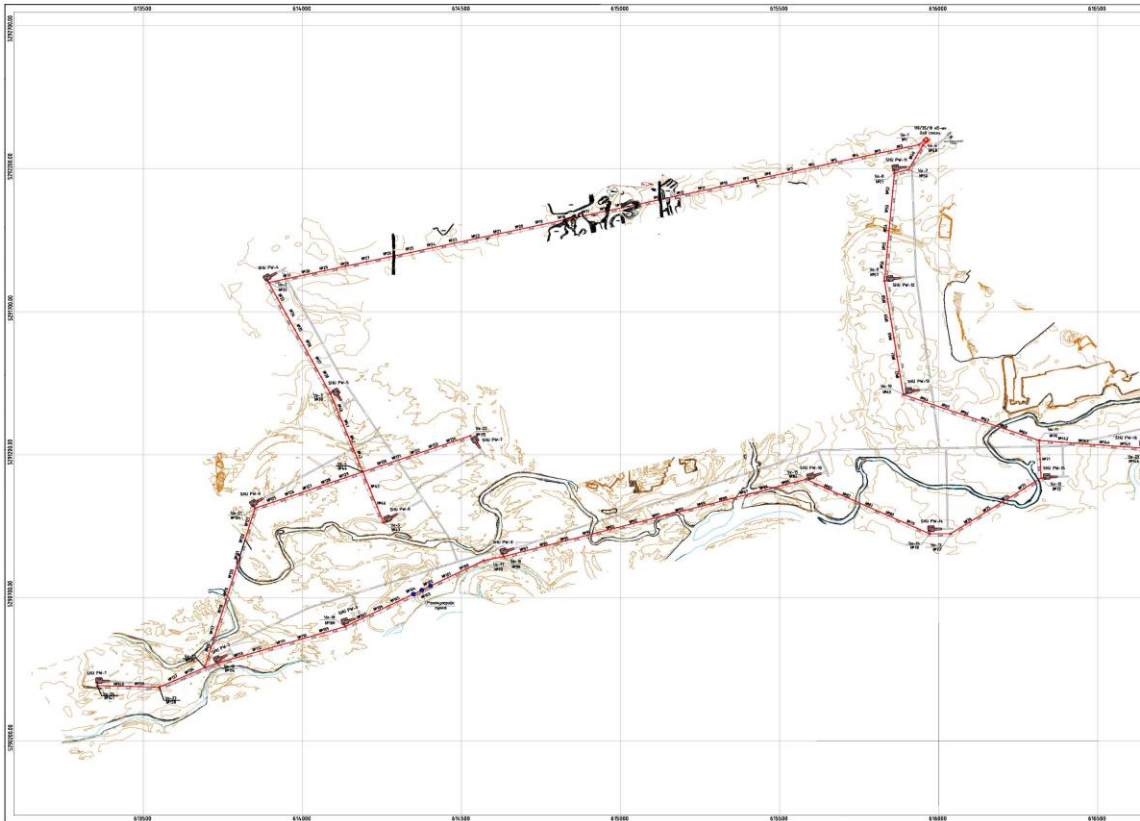
Wellhouse technical Details:

- Total number of wellhouse – **30 ea.**
 - Pump room
 - Electrical room
- Wellhouse embankment
- All wellhouse will be connected with improved dirt road.

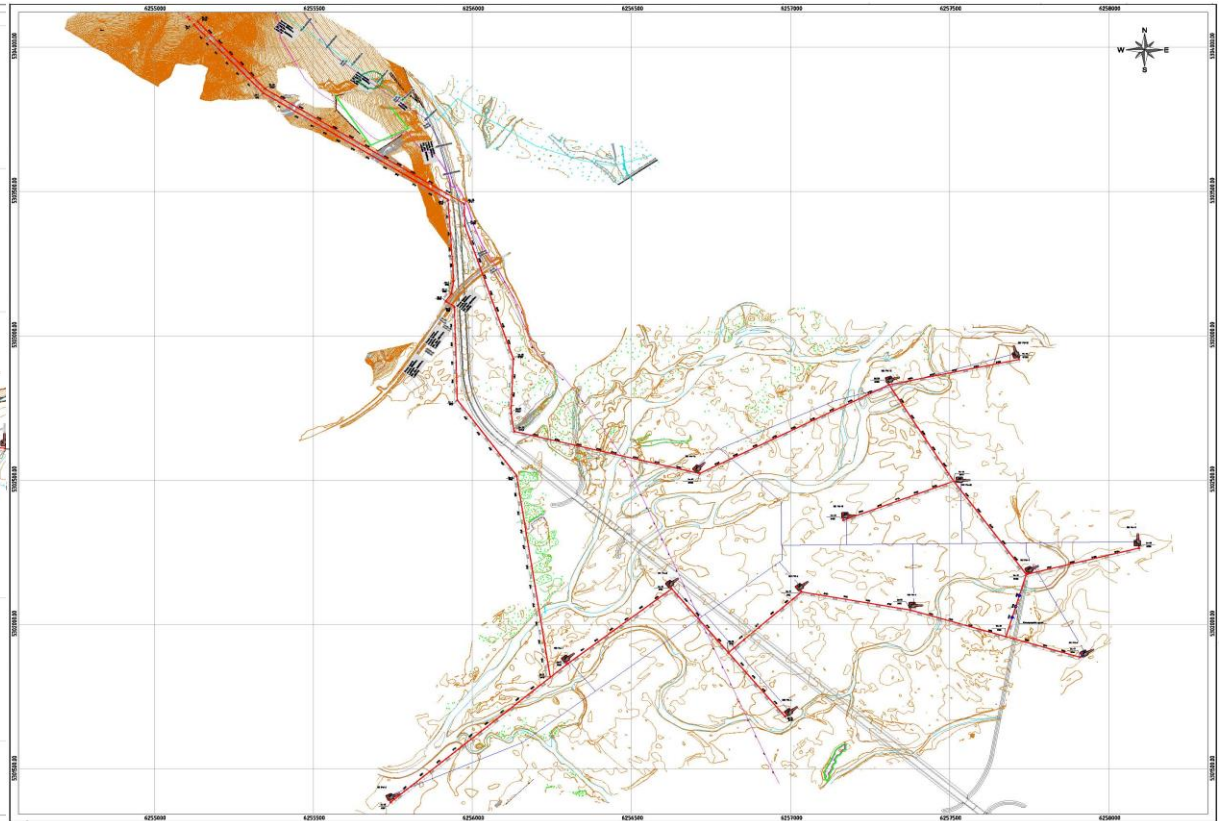


10kV power supply lines for wellfields

Shuvuun Wellfield



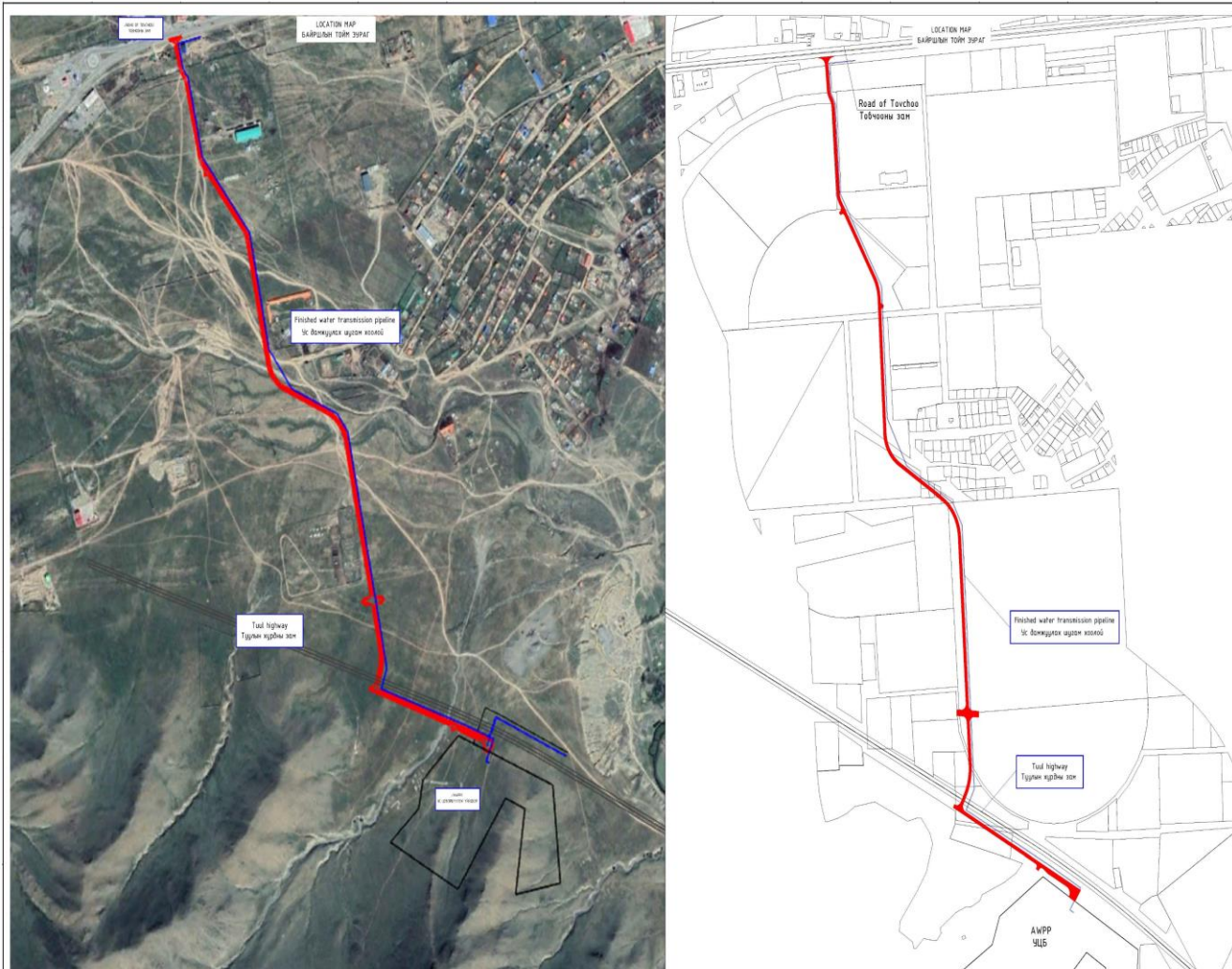
Biokombinat Wellfield



Technical Details:

- Shuvuun wellfield 10kV power distribution lines
- Biokombinat wellfield 10kV power distribution line

Access road



Technical Details:

- Access road will be connected AH3 highway.
- - Side walk
- Traffic signs
- Traffic Markings
- Box culvert
- Embankment protection (partially)

Raw water transmission pipeline



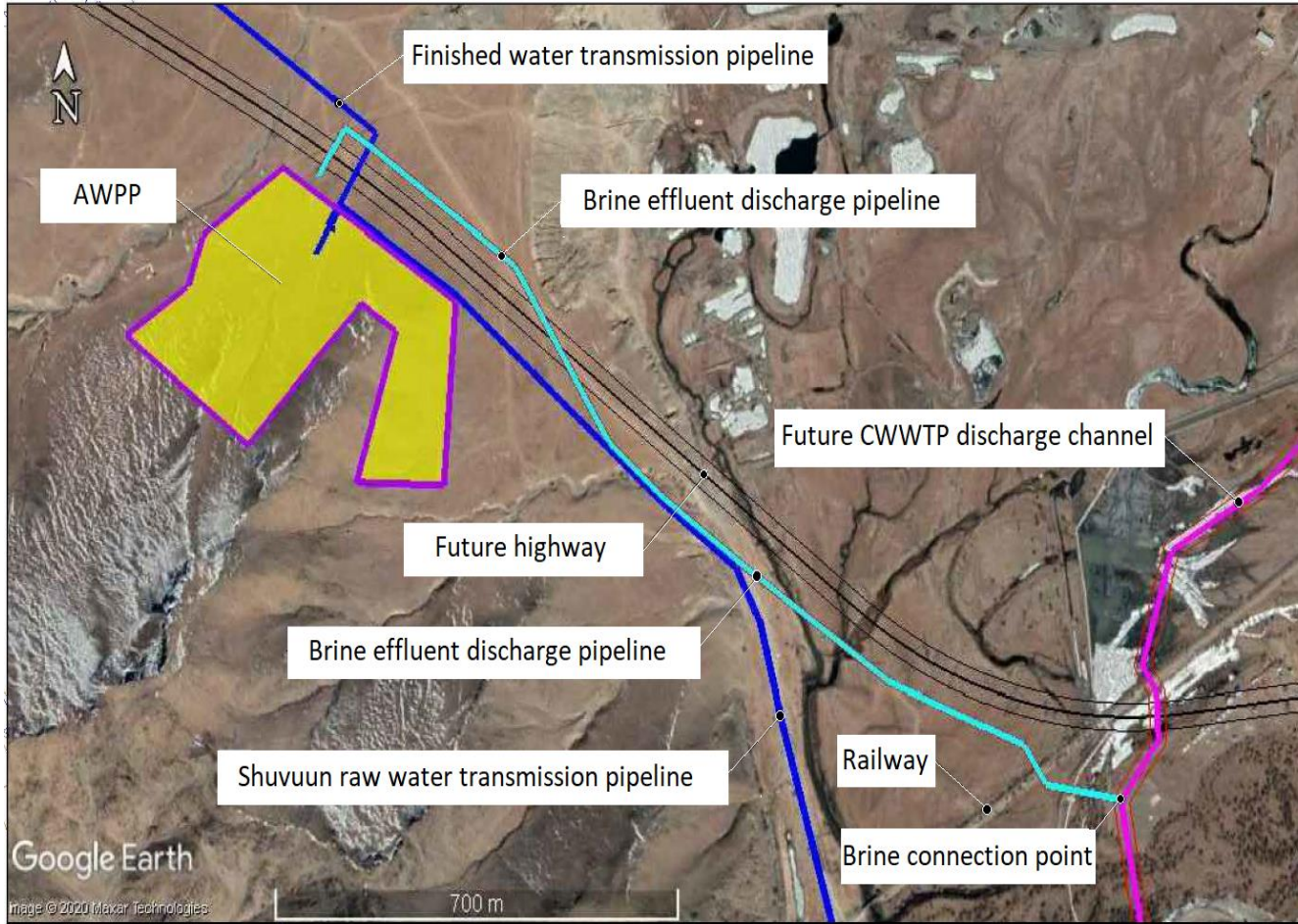
Shuvuun transmission pipeline:

- Pipeline material – **Cement lined ductile iron pipe**
- Transmission pipeline

Biokombinat transmission pipeline:

- Pipeline material – Cement lined **ductile iron pipe**
- Transmission pipeline

Brine effluent discharge pipeline



Brine discharge pipeline technical Details:

- Brine discharge pipeline will be connected CWWTP's effluent channel .
- Pipeline material – **HDPE pipe: PE100, SDR17**
- Brine discharge pipeline

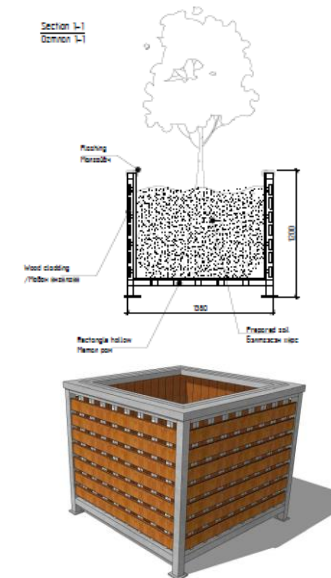
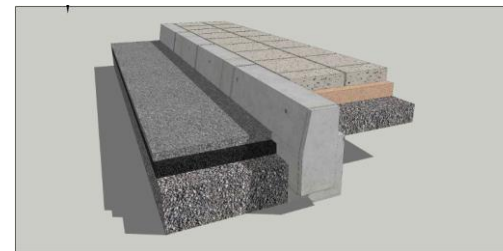
Finished water transmission pipeline



Finished water transmission pipelines technical Details:

- Pipeline material - **Cement lined Ductile iron pipe Class 250**
- Pipeline
- Future connection point (FCP):

LANDSCAPING OF THE SITE



4. PROCUREMENT PROCEDURE FOR THE COMBINED CONSTRUCTION PACKAGE (CCP-1)



SOURCE OF FUNDS FOR PROCUREMENT

The United States of America, acting through the Millennium Challenge Corporation (“MCC”) and the Government of Mongolia have entered into a Millennium Challenge Compact for Millennium Challenge Account assistance to help facilitate poverty reduction through economic growth in Mongolia (the “Compact”) in the amount of **350 million USD (“MCC Funding”)**.

The Government is acting through Millennium Challenge Account-Mongolia (the “MCA Entity”).

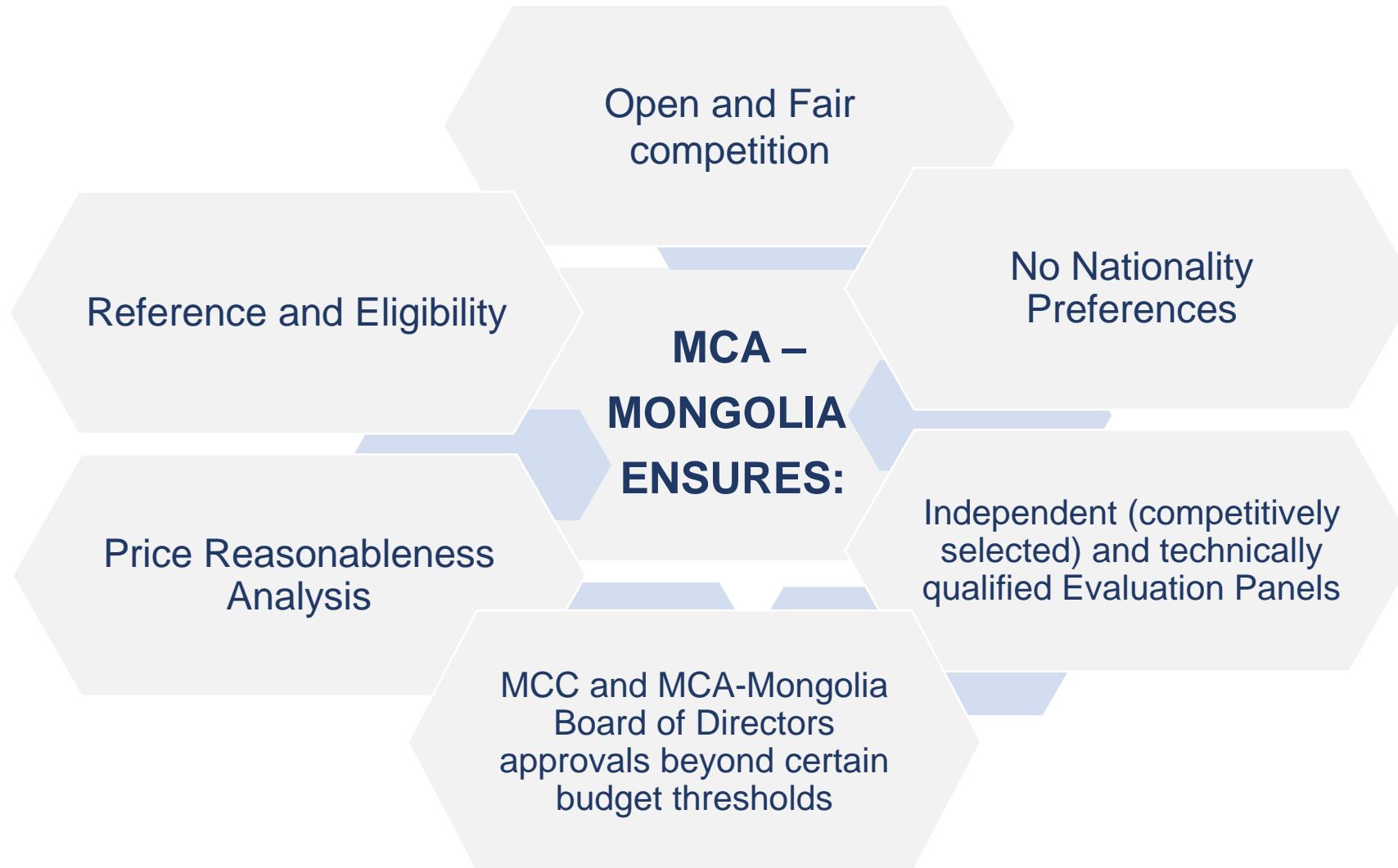


PROGRAM PROCUREMENT GUIDELINES (PPG)

- MCC Program Procurement Guidelines set forth the principle, rules and procedures for the procurements to be conducted by MCA-Entities
- The Purpose of the Guidelines is to protect the integrity of the procurement process and advance the principles of value for money, transparency, fairness, competition and accountability
- The Guidelines apply to all types of procurements (e.g., goods, works, consulting and non-consulting services)
- The PPG can be downloaded from the following link:
[MCC Program Procurement Guidelines | Millennium Challenge Corporation.](#)



KEY HIGHLIGHTS OF THE PROCUREMENT GUIDELINES



GENERAL AND SPECIFIC PROCUREMENT NOTICES

- The General Procurement Notice (GPN) is a general signal to contractors, suppliers and consultants for upcoming procurement opportunities under the Program.
- The Specific Procurement Notices (SPNs) are issued for each specific procurement and is followed by a specific solicitation document, which may be an Invitation for Bids (IFB) for Works Contracts; a Request for Proposals (RFP) for Consultancy Contracts or a Request for Quotations (RFQ) for Goods Contracts.



ADVERTISING AND PUBLISHING PROCUREMENT OPPORTUNITIES (GPN AND SPN)

- ✓ MCA-Mongolia's Website – www.mca-mongolia.gov.mn
 - ✓ Mongolian daily newspapers
 - ✓ dgMarket - www.dgmarket.com
 - ✓ UNDB Online – www.devbusiness.com
 - ✓ Other media
-
- ✓ Procurement Notices will also be sent to the long list of potential bidders identified during the planning stage of the procurements.



CONTACT DETAILS

All interested firms and organizations can request to be included in the mailing list of MCA-Mongolia by sending the request the Procurement agent of MCA-Mongolia.

Requests can be addressed to: MCA-Mongolia Procurement Agent:

pa-mongolia@charleskendall.com

with a CC to MCA-Mongolia Procurement Team

procurement@mca-mongolia.gov.mn



PLANNED WORKS PROCUREMENTS

In the near future, MCA-Mongolia plans to conduct the following major works procurements.

- **Downstream Wells Activity**

Construction of Groundwater Wells and Conveyance

- **Wastewater Recycling Activity**

Design, Execution and Completion of a Water Recycling Plant

The **Invitation for Bids** and all other **Specific Procurement Notices (SPNs)** will be posted publicly and sent directly to all firms and organizations, included in the mailing list of MCA-Mongolia.

Today we are focusing on **Invitation for Bids (IFB)** and **Key Highlights** for Works Procurements under MCC PPG.

KEY PLAYERS IN THE IMPLEMENTATION OF WORKS CONTRACTS

- MCA-Mongolia will act as an Employer and the firm hired by MCA-Mongolia as a Program Management Consultant (PMC) Tetra-Tech, will act as a FIDIC Engineer in the construction contracts.
- The Independent Procurement Agent for MCA-Mongolia will conduct all procurements in strict compliance with the MCC's PPG.
- The independent Fiscal Agent for MCA-Mongolia will make direct payments from MCC, within 30 days after approval of the Payment Certificates by the Engineer and MCA-Mongolia for payments. The currency of construction contracts will be US Dollar and the contract language will be English.



GENERAL BIDDING REQUIREMENTS FOR WORKS PROCUREMENTS

- Bidder: Single Entity (+ Sub) or Joint Venture
If JV, Letter of Intent or JV Agreement to be submitted with Bid
- Bidders are **not eligible** if they:
 - Are Debarred and Excluded Parties;
 - Are Government Owned Enterprises;
 - Have a Conflict of Interest (see next slide)



GENERAL BIDDING REQUIREMENTS FOR WORKS PROCUREMENTS

Eligibility - Conflict of Interest includes

- Participation in more than 1 Bid (except Sub-Contractors) as
 - Firm
 - Controlling Partner
 - Legal representative
- Access to information or influence over the other bidder or on MCA-Mongolia;
- A person or entity, or any of their affiliates, which has been engaged to provide consulting services for the preparation of the design, specifications, or other documents to be used for the procurement and provision of the Works under the Contract;
- Business or family relationship with Procurement Agent, Fiscal Agent, MCA Staff, MCA Board or Auditor, that would influence the procurement;
- Contracted to provide related goods, works, services, non-consulting services.

Any Bidder found to have a Conflict of Interest shall be disqualified, unless the Conflict of Interest has been mitigated and the mitigation is approved by MCC.

GENERAL BIDDING REQUIREMENTS FOR WORKS PROCUREMENTS

Bidding Entity - Am I Bidder, Associate, Joint Venture Partner, Contractor or Subcontractor?

- A **Bidder** is any eligible entity or person, including any **Associate** of such eligible entity that submits a Bid. The successful Bidder, if awarded the Contract, shall become the **Contractor** and is the entity(ies) responsible for providing the Works to the Employer under the Contract.
- An **Associate** is any entity that forms the Bidder or Contractor.
- An **Association or Joint Venture** means an association of entities that forms the Bidder. Each member is Jointly and Severally responsible for providing the Works to the Employer under the Contract. This means that each member is equally responsible for providing the Works under the Contract.
- **A Subcontractor is not an Associate.**

The Association or Joint Venture must meet MCA-Mongolia's definitions and requirements

GENERAL BIDDING REQUIREMENTS FOR WORKS PROCUREMENTS

When should Bidders form Joint Ventures or have Subcontractors?

MCA-Mongolia cannot provide direct recommendations for specific Joint Venture Partners and/or Subcontractors. It is however critical for Bidders to understand the requirements of Section III of the IFB.

This should be factored into your decision of how to formulate the structure of your Bid and with whom. Bidders may consider submitting Bids :

- As a Single Entity if they alone meet all of the requirements of Section III
- As a Single Entity with Specialized Subcontractor(s) if they alone do not meet all the requirements of Section III
- As a formal JV if the JV meets all of the requirements of Section III
- As a formal JV with Specialized Subcontractor(s) if the JV still does not meet all of the requirements of Section III

The Association or Joint Venture must meet MCA-Mongolia's definitions and requirements

GENERAL BIDDING REQUIREMENTS FOR WORKS PROCUREMENTS

Reasons for Rejection, Non-Responsiveness or Disqualification

- Engagement in fraud, corruption, etc.
- Failure to provide all pertinent info and docs
- Late bids
- Late bid security
- Attempts to influence the evaluation
- Not substantially responsive
- Negative performance/reference responses
- Failed verifications & ineligibility
- Disingenuous clarification responses

MAJOR STEPS OF THE WORKS PROCUREMENT PROCESS FOR THE CONSTRUCTION OF GROUNDWATER WELLS AND CONVEYANCE (CCP-1)

- Issuance of the Specific Procurement Notice (SPN)
- Pre-Bid Activities such as Pre-Bid Conference and Site Visit;
- Clarifications, questions and responses;
- Public Opening of Submitted Bids;
- Evaluation of the submitted Bids;
- Notification of Bidders regarding results of the bids evaluation;
- Certain time will be allowed for Bid Challenge after notification to bidders on the results of the bid evaluation.

GENERAL CONDITIONS OF CONTRACT FOR THE CONSTRUCTION OF GROUNDWATER WELLS AND CONVEYANCE

The Conditions of Contract, Part 1: General Conditions shall be those forming the General Conditions of the “Conditions of Contract for Construction,” First Edition, 1999, as prepared by the Fédération Internationale des Ingénieurs-Conseils (“FIDIC”). These General Conditions are subject to the variations and additions set out in the section of this Contract entitled “Particular Conditions of Contract.”

The General Conditions of Contract can be received from the Employer through the following means:

The Bidder may obtain the General Conditions of Contract from the Employer by request to the Procurement Agent at PA-Mongolia@charleskendall.com
cc to procurement@mca-mongolia.gov.mn

5. DESIGN AND CONSTRUCTION WORKS OF WATER RECYCLING PLANT (WRP)



WASTEWATER RECYCLING ACTIVITY (WRA) OUTLINE

The Wastewater Recycling Activity (WRA) supports the recycling and reuse of a large quantity of wastewater effluent from the Central Wastewater Treatment Plant (CWWTP). The activity comprises of the construction of (i) a Water Recycling Plant (located on available public land adjacent to the CWWTP) designed to treat a portion of the effluent from the CWWTP; (ii) pumping stations and associated pipelines to convey the recycled water to water storage facilities near Combined Heating and Power Plants (CHPP) #3 and #4 (known as CHPP #3 and CHPP #4); and (iii) internal piping, storage facilities, and control systems to facilitate the use of recycled wastewater for certain processes within CHPP #3 and CHPP #4.

Contract packages:

1. Develop Detailed Design for Conveyance System and Modification Works at CHPP #3 & #4 (components of SCADA system), Resettlement Action Plan (RAP) for the route of the Conveyance system, and conducting DEIA and ESIA for the entire WRA (**Procurement closed**)
2. Design-Build of a **Water Recycling Plant** with 50,000 m³/day capacity and providing support to USUG during the trial operation period in training the operation staff;
3. Construction of Recycled Water Transmission Pipeline with a storage tank and pumping station nearby the CHPP #3, and modifications of piping system at CHPP #3 and CHPP #4.

BRIEF INFORMATION OF THE WATER RECYCLING PLANT

*Procurement will be a **Competitive Bidding***

Installed capacity – 50,000 m³/day (possible to have an expansion up to 100,000 m³/day)

Location – On the west side of New Central Wastewater Treatment Plant (NCWWTP)

Expected to have following interconnections with the NCWWTP

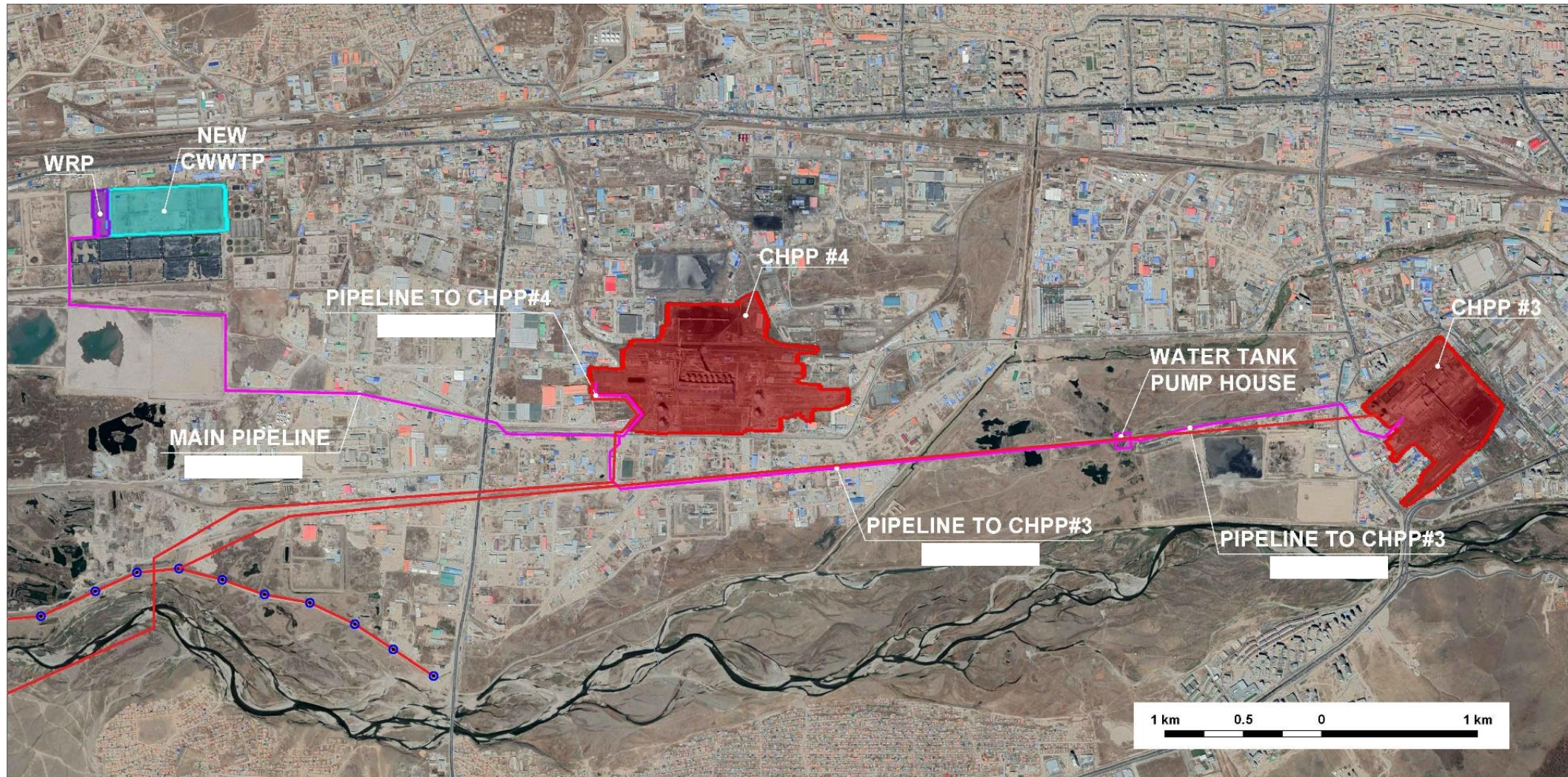
1. Water Intake Structure in the effluent discharging channel (from 250,000 m³ effluent flowing to Tuul River),
2. Sludge removal solution (sludge with wastewater to be provided to sludge removing line of NCWWTP's primary settlers)
3. Heat supply (expected to get from the NCWWTP's heat substation),
4. Interconnection with the NCWWTP's SCADA system (through a fiber optic cable)

The Design-Build Contract (FIDIC's Yellow Book 1999, Design-Build) procurement is planned to be announced within June 2021. The procurement process will take about 6 months.

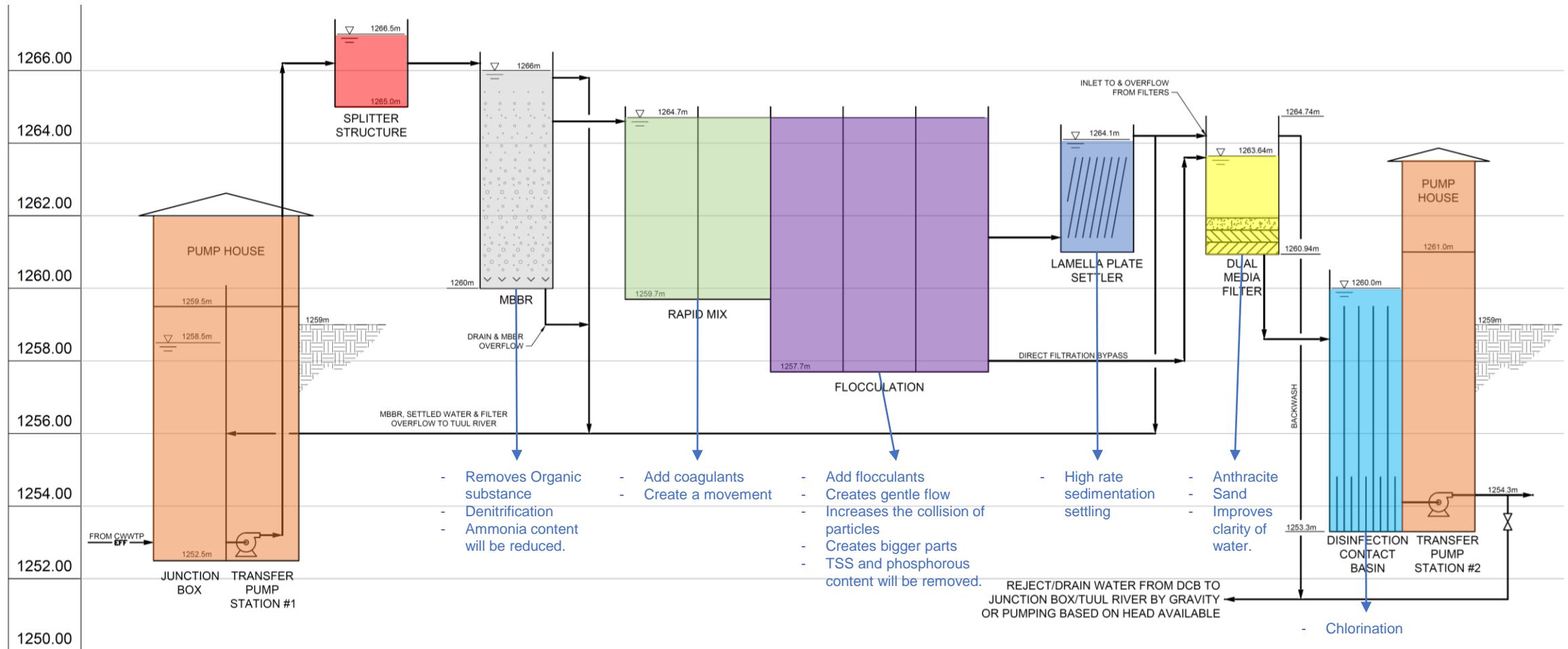
Other interconnections

1. Expected to get power supply from a substation of National Power Transmission Grid State-Owned Joint Stock Company located about 2 km in the west of the WRP's project site.
2. The WRP's SCADA system also has to interconnect with control systems of Combined Heat and Power Plants #3 and #4.

LOCATION OF PROJECT FACILITIES



WATER TREATMENT PROCESS OF THE WRP



6. PROCUREMENT PROCEDURE FOR WRP CONSTRUCTION WORKS



PLANNED WORKS PROCUREMENTS

In the near future, MCA-Mongolia plans to conduct the following major works procurements.

- **Downstream Wells Activity**

Construction of Groundwater Wells and Conveyance

- **Wastewater Recycling Activity**

Design, Execution and Completion of a Water Recycling Plant

The **Invitation for Bids** and all other **Specific Procurement Notices (SPNs)** will be posted publicly and sent directly to all firms and organizations, included in the mailing list of MCA-Mongolia.

Today we are focusing on **Invitation for Bids (IFB) and Key Highlights** for Works Procurements under MCC PPG.

MAJOR STEPS OF THE WORKS PROCUREMENT PROCESS FOR THE DESIGN, EXECUTION AND COMPLETION OF A WATER RECYCLING PLANT

- Issuance of the Specific Procurement Notice (SPN);
- **Additional Pre-Bid Innovative Step (detailed in next slides);**
- Regular Pre-Bid Activities such as Pre-Bid Conference and Site Visit;
- Clarifications, questions and responses;
- Public Opening of Submitted Bids;
- Evaluation of the submitted Bids;
- Notification of Bidders regarding results of the bids evaluation;
- Certain time will be allowed for Bid Challenge after notification to bidders on the results of the bid evaluation

INNOVATION PROCESS FOR THE DESIGN, EXECUTION AND COMPLETION OF A WATER RECYCLING PLANT

- To achieve schedule and/or cost benefits we need Bidders to innovate. MCA however needs to be confident the innovations are appropriate/beneficial, and Bidders need confidence their efforts have reasonable chance of success.
- Approximately 6 weeks after the Bid release, Bidders can submit using a confidential Dropbox link an Executive Summary for its proposed innovative concepts. Details of the requirements will be in the IFB, but the Executive Summary will need to include for example the Identification of potential effects, both beneficial or disadvantageous, of the innovative concept(s) on (1) construction schedule, (2) capital cost, (3) operational cost, (4) spare parts and technical support availability in Mongolia.

INNOVATION PROCESS FOR THE DESIGN, EXECUTION AND COMPLETION OF A WATER RECYCLING PLANT

- Approximately 1 week after the receipt of the Executive Summary, MCA-Mongolia **may** hold individual Proprietary meetings to allow Bidders to present innovative concepts. All innovative concepts properly submitted by the Bidders and discussed during the Proprietary Meetings will be safeguarded from unauthorized viewing, copying, and distribution. Attendees at the meetings will sign non-disclosure agreements.
- No feedback shall be given on the acceptance or rejection of the proposed innovative concepts during the proprietary meetings. A notification identifying rejected innovated concepts will be issued to all bidders approximately 2 weeks following the conclusion of the last Proprietary Meeting. This date has been selected to rapidly inform all Bidders ideas which are not acceptable to reduce all Bidders' wasted efforts.
- An Addendum outlining changes to the Employer's Requirements resulting from the Proprietary Meetings will be issued to all Bidders approximately 7 weeks following the conclusion of the last Proprietary Meeting.

INNOVATION PROCESS FOR THE DESIGN, EXECUTION AND COMPLETION OF A WATER RECYCLING PLANT

The Conditions of Contract, Part 1: General Conditions shall be those forming the General Conditions of the “Conditions of Contract for Plant and Design-Build,” First Edition, 1999, as prepared by the Fédération Internationale des Ingénieurs-Conseils (“FIDIC”). These General Conditions are subject to the variations and additions set out in the section of this Contract entitled “Particular Conditions of Contract.” The General Conditions of Contract can be received from the Employer through the following means:

The Bidder may obtain the General Conditions of Contract from the Employer by request to the Procurement Agent at PA-Mongolia@charleskendall.com cc to procurement@mca-mongolia.gov.mn

6. TAX EXEMPTION AND MCC'S AFC POLICY



TAX EXEMPTION

Consultants **shall be exempt from any existing and future applicable taxes or duties**, levies, contributions or similar charges of Mongolia. At the same time, the exemptions shall extend to the duly authorized representative/sub-Consultant of the Consultant in Mongolia.

Taxes subject to exemption include:

- Value Added Tax (VAT) at local purchases;
- VAT at Importation of Goods;
- Import and Customs Duties;
- Corporate Income Tax;
- Individual Income Tax;
- Social Insurance;
- Workplace Payment.

Exceptions to Exemption:

- Citizens of Mongolia;
- Permanent residents of Mongolia;
- Legal entities formed under the laws of Mongolia, in case of corporate income tax and social insurance contribution.

MCC'S POLICY ON PREVENTING, DETECTING AND REMEDIATING FRAUD AND CORRUPTION IN MCC OPERATIONS /AFC POLICY/

- ✓ All Recipients of MCC Funding shall follow the AFC Policy.
- ✓ The AFC Policy can be found at www.mcc.gov – search “Fraud.”
- ✓ The AFC Policy requires the contractor receiving an award of MCC Funding of over \$500,000 to certify to MCA-Mongolia that they will adopt and implement a code of business ethics and conduct within ninety (90) days of Contract award and otherwise ensure compliance with the provisions of this policy. Such entity will also include the substance of this clause in subcontracts that have a value in excess of \$500,000.

WHAT IS FRAUD AND CORRUPTION?

- ✓ Fraud and corruption include collusion, coercion, and obstruction of investigations.
- ✓ Fraud and corruption can be either:
 - Intentional acts – you know you are doing something wrong;
 - Failure of internal control systems – you don't care if you are doing something wrong.
- ✓ Mistakes are not fraud or corruption – but they can indicate weak internal control systems.
- ✓ Examples of weak internal control systems – lack of segregation of duties, no rules for retaining documents, lack of code of business conduct and ethics, lack of prohibition against staff offering or paying bribes.

SANCTIONS

- ✓ Administrative measures such as temporary or permanent ineligibility, removal from competition in a procurement activity, assignment of an adverse performance rating, withholding of MCC disbursements for payments on affected contracts, and other similar actions;
- ✓ MCC does not impose legal sanctions such as fines, imprisonment, or payment of damages. However, appropriate federal or local authorities may conduct further investigations and impose other sanctions if necessary.

SEE SOMETHING, SAY SOMETHING

All consultants working with MCC funding are required to promptly report suspected incidents of fraudulent or corrupt practices through one of the following methods:

- Email to hotline@mcc.gov or mcchotline@usaid.gov;
- Filling out web form on the website of the Office of the Inspector General responsible for MCC (<https://oig.usaid.gov/complainant-select>);
- Telephoning the OIG at 1-800-230-6539 or 202-712-1023;
- Contacting a member of MCC's Senior Director for Anti-Fraud and Corruption (williamscp@mmc.gov).

Reports will be kept confidential, and can be made anonymously.



7. PAYMENT PROCESS AND AUDIT



PAYMENT PROCESS

Prompt payment:

All contractual payments are made **within thirty* (30) calendar days** after receipt of a valid invoice

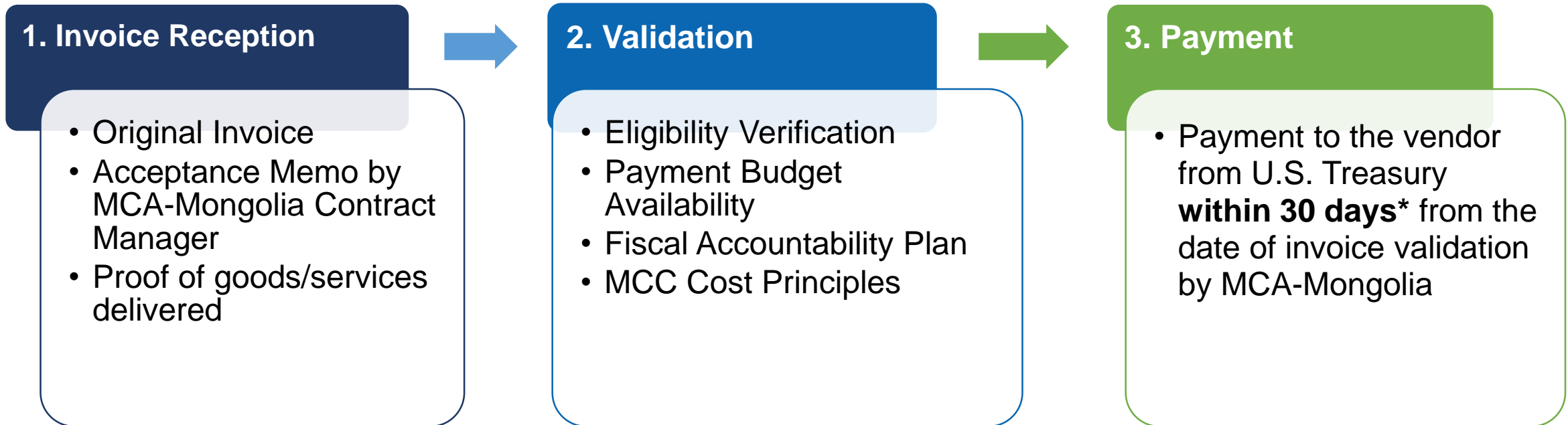
- All invoices must be submitted to MCA-Mongolia through the Contract Manager upon MCA-Mongolia's acceptance of the corresponding contractual deliverable(s)

Payment method:

Payments are made in U.S. dollars from the United States Treasury directly to the Vendor's bank through Common Payment System (CPS)

PAYMENT PROCESS

Payment process flow:



** Payment processing time largely depends on the **completeness** and **quality** of the supporting documents.*

AUDIT

In accordance with **Compact Section 3.8 Audits and Reviews**, any Provider:

- ✓ is subject to the audit in accordance with the MCC Audit Guidelines, or other applicable audit requirements;
- ✓ must permit independent auditors to have an access to its records;
- ✓ must take corrective actions in a response to audits .

ELIGIBILITY VERIFICATIONS- after contract award

After contract award, MCA-Mongolia will periodically **examine the eligibility of contractors** and sub-contractors **prior to payments**:

- If any contractor is found to be ineligible on any of the required lists of the Excluded parties, proceed with contract termination immediately.
- If any of the contractor's key personnel or sub-contractors are found to be ineligible, request the contractor to make a substitution (subject to MCC approval).



МОНГОЛЫН МЯНГАНЫ СОРИЛТЫН САН
MILLENNIUM CHALLENGE ACCOUNT - MONGOLIA



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

THANK YOU FOR YOUR ATTENTION

