

FORM OF CONDITIONS PRECEDENT REPORT

Conditions Precedent to Year 3, Quarter 1

Quarter ¹	Project/ Activity ²	Condition Precedent	Status ³	Relevant Documentation	Request for Deferral/Waiver and Justification
Program – Administrative					
Prior to initial disbursement	Schedule 1	Director and Analysts of Program Management Unit of MCA-Vanuatu are selected and approved by MCC and remain engaged, or in the event the position(s) are vacant, MCA Vanuatu is actively recruiting for the position(s)	Satisfied	Employment Contract	
Prior to each disbursement beginning Year 1 Q3	Schedule 1	Environmental and Social Impact Officer for MCA-Vanuatu, to be located in the Ministry of Lands-Environment Unit, is selected and approved by MCC and remains engaged; or, in the event the position are vacant, MCA-Vanuatu is actively recruiting for the position	Satisfied	Employment Contract	
Prior to each disbursement beginning Year 1 Q2	Schedule 1	MCA-Vanuatu has adopted a Fiscal Accountability Plan approved by MCC, and such Fiscal Accountability Plan remains in full force and effect	Satisfied	Fiscal Accountability Plan	
Prior to each disbursement beginning Year 1 Q2	Schedule 1	MCA-Vanuatu has adopted an Audit Plan approved by MCC and such Audit Plan is current and updated	Satisfied	Audit Plan	
Prior to each disbursement beginning in Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted a Procurement Plan approved by MCC, and such Procurement Plan remains in full force and effect	Satisfied	Up-Dated Procurement plan- July 2007	
Prior to each disbursement for any Project Activity beginning in Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted a bid challenge system approved by MCC and such system remains in full force and effect	Satisfied	Bid challenge System	
Prior to each disbursement for any Project Activity beginning in Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted procurement operations manual(s) approved by MCC and such manuals remain in full force and effect	Satisfied	Procurement Operations manual	
Prior to Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted bidding and proposal documents approved by MCC	Satisfied	Bidding and Proposal documents	

¹ This column will display relevant Disbursement Period applicable to the MCC Disbursement Request.

² Table will follow the projects and activities set forth in the Disbursement Agreement.

³ Indicate whether condition is “satisfied,” “partially satisfied,” or “not satisfied.”

Prior to Year 1 Q3	Schedule 1	MCA-Vanuatu has procured the Data Quality Auditor	Satisfied	Data Quality Audit Report	
Prior to each disbursement beginning in Year 1 Q2	Schedule 1	MCA-Vanuatu shall execute an implementing entity agreement with the Department of Public Works in a form acceptable to MCC, which agreement shall be in full force and effect	Satisfied		
Quarter immediately following the applicable date of such report	Section 3.3 b)	An audit report, providing financial information and review of compliance with the Fiscal Accountability Plan and Procurement Guidelines, in accordance with the Compact, Audit Plan and Audit Guidelines for the prior six (6) month period (to be delivered as a condition precedent for the quarter immediately following the applicable date of delivery of such report, as set forth in the current Audit Plan). Upon MCC's request, MCA-Vanuatu shall ensure simultaneous delivery by the Auditor of the audit report to MCA-Vanuatu, MCC and the Inspector General	Satisfied	Second Audit report – for the period 1st January to June 30 2007	
	Section 3.5 b)	The conditions to which MCA-Vanuatu has certified in the MCA-Vanuatu Certificate under Section 3.2 B) have been satisfied and are true and correct as of the date of such MCC Disbursement	Satisfied	MCA-Vanuatu Certificate	
	Section 3.5 c)	There has been satisfactory progress on the Work Plans for any relevant Projects or Project Activities related to such MCC Disbursement, including actual compliance with any additional conditions precedent to such disbursement set forth therein and substantial compliance with the other requirements of such Work Plans, including any applicable reporting requirements for the relevant Disbursement Period	Satisfied	Work Plan	
	Section 3.5 d)	There has been (ii) actual compliance with the targets related to the M&E Plan specified in Schedule 1 to this Agreement, including any applicable reporting requirements for the relevant Disbursement Period	Not Satisfied		Deferral requested until Year 3, Quarter 2
	Section 3.5 e)	There has been satisfactory compliance with the Procurement Plan, including any applicable reporting requirements for the relevant disbursement	Satisfied		
	Section 3.5 f)	There has been satisfactory compliance with the Audit Plan, including any applicable reporting and auditing requirements under any Auditor Agreement for the relevant Disbursement Period	Satisfied		
	Section 3.5 g)	MCA-Vanuatu has provided a satisfactory written response to any audit findings that have been issued prior to thirty (30) days before the date of the MCC Disbursement Request	satisfied		

	Section 3.5 h)	The Government has agreed to fund any environmental mitigation and resettlement costs not already included in the Detailed Financial Plan	Satisfied		
Institutional Strengthening Activity					
Prior to disbursement in Q4 of Year 1	Schedule 1	PWD Service Performance Contract shall be executed and in full force and effect	Satisfied	Service Performance Agreement	
Performance targets linked to annual disbursements in Q 1 of Years 2-5 (timing will depend on performance review and budget cycle)	Schedule 1	PWD Performance Contract: (i) PWD compliance with Service Performance Contract and annual action plan of the previous year	Not Applicable		
Performance targets linked to annual disbursements in Q 1 of Years 2-5 (timing will depend on performance review and budget cycle)	Schedule 1	PWD Performance Contract: (ii) The Government, via appropriation, to allocate adequate budgetary resources for road maintenance. The amount to be allocated will be based on the requirements specified in the in the Implementing Entity Agreement and be based on the progressive annual capacity requirements of PWD. This figure should also correspond with that provided in the detailed financial plans and the M&E plan and any amendments thereof	Satisfied	Government of the Republic of Vanuatu- Budget 2008 Government of the Republic of Vanuatu – Budget 2008 Fiscal Strategy Report	
Infrastructure Activity					
Prior to disbursement for any construction activity in Q4 of Year 1	Schedule 1	All HIES enumeration and data entry completed	Satisfied		
Prior to disbursement for any construction activity in Q1 of Year 2 Year 2	Schedule 1	Finalized HIES Report completed, approved by the Data Quality Auditor and submitted to MCC (including raw data files)	Satisfied	HIES Report	
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Finalized Road-side Enterprise Survey report completed, and submitted to MCC (including raw data files)	Not Satisfied		Deferral requested until Year 3, Quarter 2
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Finalized Tourism Surveys and Report completed, and submitted to MCC (including raw data files)	Not Satisfied		Deferral requested until Year 3, Quarter 2
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Baseline Traffic count survey data collected as described in the M&E Plan and summary tables prepared, and submitted to MCC	Not Satisfied		Deferral requested until Year 3, Quarter 2

Project 2A-Efate Ring Road, Project 2B- Santo East Coast Road, Project 2C- Tanna Whitesands Road, Project 2D – Malekula Norsup- Lits Lits Road, 2E- Pentecost North South Road, 2F- Malo Roads Up-Grade, 2G- Loltong Wharf and 2H- Remaining Four Infrastructure					
Prior to disbursement in Q1 of Year 2, or the revised construction commencement date	Schedule 1	<u>Community Maintenance Contracts</u> : Establishment of Maintenance Contracts with community representatives (with rural villages)	Satisfied	Community Maintenance Contracts	
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not Satisfied		'Way Forward' priority Efate Ring Road Sub-project - Deferral requested until Year 3, Quarter 2
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for the Infrastructure Subproject Activities have been completed and are acceptable to MCC	Not Satisfied		'Way Forward' priority Efate Ring Road Sub-project - Deferral requested until Year 3, Quarter 2
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plans for the Infrastructure Subproject Activities have been completed and are acceptable to MCC	Not Satisfied		'Way Forward' priority Efate Ring Road Sub-project - Deferral requested until Year 3, Quarter 2
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activities, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable.	Not satisfied		MCA Vanuatu is exempted from the following Permits: <ol style="list-style-type: none"> 1. foreshore development permit 2. physical planning permit Water Works Permit for 'Way Forward' priority Efate Ring Road Sub-project– Request Deferral until Year 3, Quarter 1 The Vanuatu Department of Lands has already commenced the necessary work to identify potential land acquisition for the Efate Ring Road Sub-project.