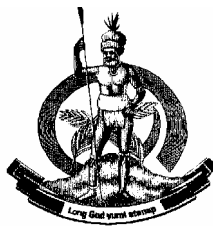


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MCA Vanuatu Steering Committee Meeting Minutes

Thursday 13 October 2005

Time: 9am

Ministry of Finance Economic Management Conference Room

Present:

MCA Committee Members

Chairman	Director General of the Office of the Prime Minister
Vice Chairman	Director General, MEFM
Member	Aid Coordination Unit
Member	Director MIPU
Member	Director General, Foreign Affairs
Member	Director of Finance

MCA Vanuatu

MCA Project Manager
MCA Infrastructure Analyst
MCA Economics Analyst
MCA Support Staff

In attendance:

Project Manager	Public Works Department
Civil Engineer	Public Works Department

MCC

MCC Director of Infrastructure
MCC Associate Director of Evaluation & Monitoring

Parson Brinkerhoff Consultants

Team Leader

Absences (without apology given)

Director Strategic Management
Secretary, Public Service Commission
Director, Economic & Sector Planning
Director General, Ministry of Infrastructure & Public Utility

Agenda:

- 1 Introduction
2. Operations & Maintenance.
3. Management and arrangement of MCA Vanuatu.
4. Monitoring & Evaluation
5. Next steps from now and compact signing activities. Due diligence activity ongoing until compact signed.

Introduction:

The Chairman welcomed every one to the meeting, and particularly made special welcome for MCC Officials. He made references to the good progress of work done and stated that the Vanuatu Government wishes to see the compact signed as soon as possible. He invited MCC Officials to brief the Committee on the outcome of the due diligence.

MCC Representative shared with the team the conclusions of Due Diligence. Due Diligence is an ongoing process until the compact is signed. He stated that he wanted to share with the Committee what they will be taking back to the Investment Committee, and their recommendations. These views are technical views and do not necessarily reflect those of the MCC. But to his mind these views will be kept more or less the same by the Transaction Team.

The features of the Investment Memo are to be presented to the board. The projects undergo assessments, analysis, due diligence process, rechecks and scrutiny by MCC. These are being looked at by various angles; economical, engineering, liability, implement ability and Institutional point of views.

Some projects have not been assessed yet. MCC will be talking to the Consultants on how to tackle the assessments and ensure that they be included in the list of final projects in the compact.

The list of projects as of October 12, 2005, that MCC will be recommending to the board is as follows: (excluding design and supervision costs):

Projects	Island	Costs US Million \$
1.	Ringroad	Efate 24
2.	Santo East Coast Road	Santo 15.6
3.	White sands Road	Tanna 3.24
4.	LitsLits road to Norsup	Malekula 1.53
5.	South coast road bridges	Santo 1.63
6.	Upgrading SWB Airstrip	Malekula 1.4
7.	Loltong Wharf	Pentecost: 1.32
8.	North to South Road	Pentecost. 0.55

In addition there are four projects that are under consideration, with clear understanding they are subject to the same test that has been applied to previous projects to pass the preliminary stage.

1	Ambae Creek crossings & upgrading	0.82
2	Malo road upgrading	0.70
3.	Epi Lamem Bay wharf	0.75
4	Ware houses (5 on various locations)	0.50

In addition there are other associated cost such as design and supervision. It is expected that Supervision would cost roughly US\$2.42 million with Design costs at roughly US\$ 4.8 million. The cost is yet to include project management, O&M, M&E etc. MCC is proposing all the projects to be design/build arrangement for costs, time and the chances of attracting construction companies.

Before Compact signing, MCC would require a definite plan on how Vanuatu government will evaluate, justify, select and plan out the institutional side of running warehouses. If the Master plan is submitted and accepted by the MCC, that would be conditional for the signing of the compact. Subsequently the Vanuatu Government needs to submit a detail project plan for the warehouses.

Warehouses can be managed on commercial terms. MCC is in line with the economic principles of the government of Vanuatu that wherever possible MCC would try to create the environment through private sector if there is evidence that the private sector is willing to take on that risk and making a profit to manage the warehouse.

MCC Representative requested that PWD does the design and a Master Plan be formulated by the Department of Cooperatives. The Chairman instructed the MCA-Vanuatu Director to instruct the Director of Cooperatives to prepare a Master Plan of the warehouse.

Operations & Maintenance

MCC is disappointed over Vanuatu's delay in providing MCC with required data, nevertheless, MCC have drawn up conclusions. On the equipment side, MCC has only access to description of equipment with no cost estimate. MCC requested information on the type, number, justification and costs of the equipment. MCC only receive the description of the equipment and nothing else at this stage. Further information is required to complete all necessary justifications of the project.

MCC also need cost estimates of road maintenances and applicable, taxes, freight and duty costs to determine certain technical issues about the operations and maintenance of the project.

It is emphasis by MCC's representatives that there is a need to assure MCC's Board and the US Government that the money provided for civil works will construct the infrastructures that would be properly maintained. Everything hinges on the life of the assets and so is O&M. Therefore, the Investment Committee can be assured on MCC's recommendation and assurance that the O&M functions will not hinder the benefits.

MCA Vanuatu

The Budget for maintenance of MCA Vanuatu has been submitted by the Director of MCA-Vanuatu. MCC wants a clear role of MCA Vanuatu in the project implementation. MCC wants to see that MCA-Vanuatu continues to play a coordinating role in project implementation during the compact implementation stage and post compact.

Monitoring, Evaluation and Coordination

The project is going to be a design build contract. MCC expressed that "PWD is going to be strengthened by supervisors provided under the Compact. The overall arrangement for the supervision is to be coordinated by MCA Vanuatu while actual supervision will be performed by PWD acting as superintendents. MCA-Vanuatu's primarily role is to hire the superintendents and ensure that adequate reporting is done and primarily monitoring. MCA-Vanuatu will be responsible for the implementation and monitoring of the program. MCA-Vanuatu will also manage surveys that needed to be conducted with assistance from various agencies.

Specific MCC requirements in terms of monitoring and evaluation means that MCA Vanuatu need to actively engage in monitoring to justify to the MCC Board that the project has met its goals. MCC would provide institutional strengthening to NSO, to reinforce data collection for purposes of monitoring and evaluation" and these information must be transmitted to MCA Vanuatu and MCC.

MCC has agreed to co-fund the Household Income and Expenditure Survey which is getting funding from NZAID. In addition, MCC will fund a complete HIES in five years time, after compact implementation concludes. MCC will provide additional support required in-terms of Household and Hotel Survey to reinforce the capacity to provide specific data. This is included in the monitoring and evaluation budget. This M&E activities also cover baseline data.

The steering committee noted all the important aspect of the briefing made by MCC Representatives.

Closing Remarks:

MCC representative thanked everybody for their help in providing the necessary data for compiling the Investment Memorandum. The Parsons Brinckerhoff Consultants, according to MCC have done an excellent work.

Director General of Foreign Affairs thanked MCC team for their patience and understanding when Vanuatu officials were searching for information as most of the information a not readily available.

The Chairperson thanked MCC and the PB Consultants for moving the requirements of the program forward. It is good to hear indications on when and what will be present to the MCC Board. Most information requested is new to agencies tasked to collect information but Vanuatu will do its best to ensure that all concern will have access to information required to move the program forward.

Meeting Closed at 10.53am

Certified by: _____ /S/
Secretary, MCA-Vanuatu

Acknowledge by: _____ /S/
Chairman of Steering Committee