



## MCA-Vanuatu Steering Committee Meeting Minutes

Type of Meeting: Regular Steering Committee

18<sup>th</sup> June 2007

2:00 pm

MCA Vanuatu Conference Room

### Board Members:

#### *Present:*

Jean Sese:	Chairman & Director-General Prime Ministers Office
Russel Nari:	Director General Ministry of Lands
Simil Johnson	Principal Statistician
Benjamin Shing	Director of Finance
Willie Watson	A/Director Department of Public Works
Gregoire Nimbtik:	Director of Department of Strategic Management
Johnson Binaru	A/Director General, Ministry of Public Utilities
John Aruhuri	General Manager, Chamber of Commerce
George Maniuri	Director General, Ministry of Foreign Affairs
Jerryson Lapi	Alternate for Director Department of Economic & Sector Planning

#### *MCA Vanuatu Program Management:*

Lennox Vuti,	Director Program Management
Catherine Malosu	Environment & Social Impact Officer
Tony Amos Sewen	Economics Analyst
Allen Faerua,	Infrastructure Analyst
Dolsie Amos-Kalo,	Admin Support Staff

#### *MCC Representative:*

Jeff Stubbs	MCC Resident Country Director
Chris Cookson	Deputy MCC Resident Country Director

#### *Absent:*

Simeon Athy :	Vice-Chairman & Director General of Ministry of Finance & Economic Management
Victor Rory	Head of Development Cooperation, Dept of Foreign Affairs

#### *Apologies:*

Henry Vira	Secretary General, Vanuatu Non Government Organizations
------------	---

***Quorum present? Yes***

The meeting was quorate.

***Person Acting as Chairman:*** Jean Sese, Director General, Office of the Prime Minister

***Person Acting as Secretary:*** Lennox Vuti, Director, Program Management

## **Proceedings:**

The meeting called to order at 2.00pm by the Chairman.

### **Welcome and Introduction by Chairman**

The Chairman welcomed every one to the meeting. The Chairman reminded the members of their statutory obligation to attend meetings consistent with the Governance Agreement. He thanked the Program Management team for taking charge of program matters whilst the SC did not sit regularly.

### **Agenda Approval**

The agenda was approved. It was circulated one week prior to actual meeting and progress reports and documentations delivered on Thursday before the meeting on Monday.

No one objected to the calling of the meeting or the agenda presented by the Program Management.

### **I. Discussion and Action Items**

#### **A: Financial Briefing**

The Program Director requested the Economics Analyst to present the report.

#### **Summary of Funds as of May 31, 2007.**

<b>Description</b>	<b>Amount (USD)</b>	<b>Amount (VT)</b>
Receipt from US Dept. of Interior	1,721,072.00	191,462,807
Interest Received (yet to return to US)	17,704.51	1,922,752
Interest Return to the US Dept of Interior	18,321.58	1,947,950
Re-disbursements of funds (Expenses)	758,534.26	81,921,700
Balance	980,242.25	105,866,163

The Disbursement Request made on 11 June covers period July 1 to September 30, 2007. MCA Vanuatu is requesting US\$ 566,160.75

It is recommended that the Steering Committee note this financial report.

The Director of Finance moved to accept the report. The General Manager Chamber of Commerce seconded the motion. All members voted unanimously in support of the motion.

#### **B: Monitoring & Evaluation Report**

The progress reports of each activity is as presented below:

- 1) HIES (household Income Expenditure Survey) is at the editing stage until 30<sup>th</sup> July 2007. The final report will be out on the August 2007.
- 2) Accommodation Survey is ongoing
- 3) Tourism Survey – TRIPS consultant has just signed their contract to facilitate this survey.
- 4) Traffic Survey – MCA Economist is facilitating this survey with PWD
- 5) Road Side Enterprise Survey – This is still in the procurement process.
- 6) Data quality Auditor: The re-evaluation was completed. Interviews of the short listed candidate have been made, program is awaiting on the Candidates' work plan and price.
- 7) Database – Still with MCC for process
- 8) Indicator Tracking Table - MCC is yet to finalize indicator reference sheet.
- 9) Website – Layout and continuation update on the website.

The Principal Statistician moved to accept the M&E report. The Director of Finance seconded the motion. All members voted in favour of the motion.

### **C: MCA Vanuatu Website**

The Program Director presented a paper outlining the difficulties that they face in regards to the website in terms of its layout, appearance, capacity restrictions disabling one to attach pictures and photographs, difficulty of amendment rights and documents are being attached as appendices. Outsiders complained of having difficulty of accessing the website. The Program Director however, stated hosting the website is a responsibility of the Fiscal Agent but not MCA Vanuatu.

The Management recommended that MCA Vanuatu sets up its own website to address the above anomalies.

The Director Finance confirmed that the website is the Fiscal Agent's responsibility. He argued that there is no problem with capacity but agreed that its appearance is not appealing.

After some discussion, the Chairman requested MCA Vanuatu and the Fiscal Agent to discuss the matter further and for the Fiscal Agent to come up with practical solutions within two weeks and to provide an update to the SC.

### **D: Environment & Social Assessment – Progress Report**

The report was presented by the Environmental & Social Impact Officer.

Since the last meeting, four consultation meetings were held. These meetings were with the SHEFA Provincial Government, Department of Lands and other Community representatives. Issues discussed were road diversions, Quarry supply and compensation.

The Director General of Lands emphasized the importance of liaising with the Department of Lands in regards land issues and compensation claims.

### **ESA Consultancy**

Pursuant to MCC's request, the Technical Panel was reconstituted and evaluation of the EOIs made on 19 to 21 June. In the criteria, there is an emphasis on use of local consultants given that they have a clear and an in depth understanding of both local environmental and social issues. However, the TOR has yet to be agreed upon with MCC.

It is recommended that the SC note and agree to this proposal to use local consultants. The Director of Strategic Management moved that they accept this proposal and report. The motion was seconded by the Director of Finance. All members voted unanimously in favour of this proposal and report.

### **E: Condition Precedent Report**

The report was presented to the SC members and highlighted areas where MCA Vanuatu will have to comply before meeting the CPs.

The Chairman asked members to take note of the Conditions Precedents.

### **F: Procurement Actions Update**

A report on all procurement activities during the past couple of months was presented to the Committee. He also outlined outstanding procurement issues. Many procurement actions were approved by use of the Flying Minutes system.

### Infrastructure Activity:

#### **1) Civil Works Contract**

The IFB was issued on 15 June, 2007 followed by a press release to the media. Pre Bid Meeting will be held on 12<sup>th</sup> – 20<sup>th</sup> July 2007.

#### **2) Supervisory Engineer Contract**

The RFP has been forwarded to MCC for comments. It should be issued to those interested to bid by this month.

In comment, PWD was of the view that this firm should be in place and working under the umbrella of ESU two months prior to commencement of civil works.

#### **3) Environmental and Social Assessments Contract (ESA)**

Already covered above.

### Institutional Strengthening Activity:

#### **1) PWD Equipment**

3 Sets of Equipment for PWD have been established. The Procurement Agent is developing bidding documents. Such bidding documents for the supply of equipment will be issued in August 2007.

### Program Management Activity

1) **Legal Counsel.** The advertisement Notice was drafted by MCA Vanuatu and forwarded to MCC for comments, He will be hired as an individual consultant. The Counsel's first task is to review the draft IEA with the Department of Customs and Inland Revenue and also Labour.

#### **2) Contract Management Officer**

The TOR has been completed by the Program Management and submitted to MCC for informal review.

#### **3) Standard Bidding Documents**

MCA Vanuatu has 3 sets of Standard Bidding Documents; Procurement of Goods, Procurement of Services, Procedures on Handling Bidders Questions & Queries. All these have received SC member's approval through flying minutes and now await MCC's approval.

It is recommended that the SC approve the creation of these two positions (Legal Counsel and Contract Management Officer) within the MCA Vanuatu structure. The Director of Strategic Management moved to accept the recommendation made by Program Management. The Acting Director General of Infrastructure & Public Utilities seconded the motion. All SC members voted in favour of the recommendation.

### Fiscal and Procurement Agent Activity

#### **1. Fiscal Agent**

Allocation of money to meet the costs of the storage facility has been placed in the Procurement Plan and Financial Plan during previous quarters and remains there.

The Director of Finance noted this and stated that he still needs to decide whether to build this on another land or rehabilitate the current Government stores to become the storage facility.

The Chairman requested the Director of Strategic Management to verify the COM decisions in respect of the Government stores – whose responsibility is it to maintain it and report back to the SC.

The Chairman requested the Director of Finance and Acting Director General of Infrastructure & Public Utilities to discuss the ways forward and take appropriate action. PWD should design the storage facility.

## **2. Procurement Agent/ GRM**

It was reported that total payments made to date to the GRM Procurement Agent is equivalent to USD\$204,466. Their performance has reportedly been outstanding.

## **G. PWD Implementing Entity Agreement**

This IEA is before MCC's review and finalization.

### **PWD responsibility in relation to Transport Infrastructure Project:**

- 1) Supervision of Design & Civil Works
- 2) Procurement of Equipment
- 3) Service Performance Agreement

### **MCA Vanuatu responsibility**

- 1) Procurement of Consultants and Goods for PWD Unit (ESU)
- 2) Monitoring and reporting on performance of Consultants and ESU Staff

### **Management:**

- 1) ESU and Consultant reports to MCA Vanuatu in their capacity as Engineer
- 2) ESU and Consultant shall be guided by PWD in the adoption of standards, local disputes ( if any) regarding land and works, and other matters that require local knowledge.

### **Payment Terms:** Reimbursement procedures

The Director Finance expressly emphasized the need to change this. He stated that PWD has not put in an appropriation budget for the ESU operation, therefore has no funds to expend first before claiming re-imburement from MCA Vanuatu. He recommended that payment procedures be changed so that payments in favour of ESU are made directly using MCA Vanuatu funds. The Chairman asked the Program Management Unit to take note of this and advise MCC formally. The Resident Country Director, being present, should also advise MCC Washington DC.

### **Disbursement Agreement and M&E Plan Requirements:**

The disbursements of Compact funds is contingent upon, inter-alia, PWD's satisfactory performance against targets set annually in the PWD Service Performance Agreement.

### **Environment Plan Requirements:**

In its role, PWD engineers, together with the Consultants, shall ensure all Environmental Management Plans (EMPs) are followed and implemented.

## **H. Service Performance Agreement between PWD and the Government of Vanuatu**

Parties:

Public Works Department, Ministry of Infrastructure & Public Utilities and Public Service Commission.

### **The Agreement is:**

- 1) Gov and MCA want to see benefits of improved infrastructure continue
- 2) MIPU will monitor PWD performance
- 3) Gov shall increase funding of road maintenance progressively over 4 years
- 4) MCA shall provide additional equipment to PWD
- 5) Implementation of work plan according to schedule.

### **Recitals:**

- (1) Vanuatu Compact
- (2) Benefits and Economic Life of Infrastructure
- (3) Need for Management & Maintenance of Infrastructure
- (4) Strengthening of PWD with Equipment
- (5) Road Maintenance Capability of PWD improved
- (6) Compact conditions
- (7) Improvement in Maintenance Planning
- (8) Fleet upgrading
- (9) Lack of maintenance funding
- (10) Government priority now on maintenance of infrastructure
- (11) Increase in transport costs.

### **Other features of the Service Performance Agreement include:**

- Performance Indicators
- Maintenance planning and regular activity reporting
- Annual report on outcomes achieved compared to KPIs
- Review of results
- Exceptional circumstances
- Disclosure and confidentially
- Liability

### **Recommendations:**

It is recommended that the Steering Committee approves this Service Performance Agreement.

After much discussion, the SC decided to exclude PSC as a signatory to the Agreement. Existing systems in Government are sufficient to take care of punitive measures in circumstances where PWD could not perform.

The MCC Representative was sympathetic to the existing system and pledge to raise this with MCC Washington.

### **I: Engineers Support Unit (ESU)**

The PSC has approved creating such an unit within the PWD structure with five staff. The five staff are to be recruited by open competition. The Unit will support the Consultant Engineer.

### **Issues:**

ESU's responsibilities are defined in the TOR of the Consultant Engineer. If ESU's performance is not satisfactory, the Consulting Engineer can use its own resources and bill MCA Vanuatu. The Service Performance Agreement covers the role of the ESU.

#### **J. Access to Project Sites**

Access to project sites is referred to in the FIDIC General Conditions of Contract and the IFB. The SC should note that access to sites is a responsibility of the Employer. As the Employer, we would like to minimize this risk by making sure that communities, land owners, local authorities are appropriately informed so that the contractor is not denied access to any project sites. Any denial to access would have financial implications.

#### **Recommendations:**

1. It is recommended that the SC approves establishing a "Working Committee" whose primary role would be to resolve issues relating to access, land issues, etc. This Working Committee be comprised of representatives of the Cultural Centre, Malvatumauri National Council of Chiefs, Forestry Department, Agriculture Department, Lands Department, Public Works Department, Provincial Governments and MCA Vanuatu.

In discussion, the SC supported this initiative by the Program Management and ordered that the Committee be comprised of Lands Department, Public Works Department, MCA Vanuatu and Provinces. Other members can be called when required.

#### **K: List of Flying Minutes Approvals**

Since the last meeting (16 April 2007) the following Flying Minutes were approved:

1. **April 19, 2007:** Approval of Nominations to Evaluation Committee for the Financial Auditor Services and Evaluation Grid.
2. **April 27, 2007:** Approval of Technical Proposal Evaluation Report for the Financial Audit Tender No. MCA VAN 1707.
3. **May 4, 2007:** Funding of Traveling Expenses: Funding of Procurement Agent Team.
4. **May 15, 2007:** Approval of Evaluation Report for the Expressions of Interests (EOI) for the Data Quality Audit Tender No. MCA VAN 1803
5. **May 18, 2007:** Approval of MCA Vanuatu Signing Contract with TRIPS Consultants to Conduct the Tourism Survey MCA VAN 1804.
6. **May 24, 2007:** Approval of Combined Financial and Technical Evaluation Report for the Financial Audit Tender No. MCA VAN 1707

It is recommended that the Steering Committee endorse these flying minutes.

All members voted unanimously in support of the recommendation.

#### **L. Tanna Visit**

The Tanna road subproject poses new and unique challenges. MCA Vanuatu had never visited Tanna to conduct awareness. Questions and issues brought up by the Nikoletan Island Council of Chiefs necessitated the need to visit Tanna with a team of prominent politicians as a first step towards obtaining chiefs support for the subproject. MCA Vanuatu received numerous requests and threats regarding the subproject, and many wanted to know why some projects originally listed for funding under the program got deleted. Typically, Tanna people can respond more freely and willingly to their own leaders, thus our recommendation for MCA Vanuatu to bring in with them the following people for the first awareness visit to Tanna after the final list of projects was announced.

- 1) Member of Parliament for Tanna Constituency and Minister of Health
- 2) Tanna Member of Parliament and Minister of Internal Affairs
- 3) Member of Parliament of Tanna (longtime former Minister of Education)
- 4) Director of Lands Department
- 5) Minister of Finance & Economic Management
- 6) MCA Infrastructure Analyst
- 7) Environment & Social Impact Officer
- 8) Director of PWD
- 9) Director MCA Program Management

Ideally, the four leaders will be allowed to speak to their people first, followed by a presentation talk by the Program Director providing them an overview of the MCA Program and paying special attention to the Tanna subproject. The Program Director would respond to technical questions asked by the people. Political questions will be referred to the politicians. The Director of PWD would respond to road maintenance issues while compensation and lands issues would be handled by the Director of Lands.

#### **M: MCA Monthly Progress Report**

The Program Director produced a monthly report to the Minister of Finance & Economic Management, copied to both the Chairman and Vice-Chairman. The purpose of this report is to inform the Minister on progress. He then informs the Council of Ministers. SC Members requests that copies of such reports be made available to all members.

#### **N: Bid Challenge Panel**

In accordance with the Bid Challenge System, MCA Vanuatu is required to establish a nine-member Bid Challenge Panel. The Program Management has selected a list of possible candidates based on the candidates' expertise and work experience using the modality single source selection. The list provided names of 15 professionals, the institution where they work and their areas of expertise and responsibility. It is expected that once the SC agree to the names, 9 out of the list will be selected.

However, the SC wants an advertisement for an expression of interest to carry out this task. This view is supported by the MCC Representative attending the SC Meeting. All members agreed unanimously that invitations for EOI needs to be advertised in the media.

#### **O: Steering Committee Compliance**

The Chairman re-emphasized the need to attend SC meetings regularly. He has recently learned that a quorum of seven members is not sufficient. A quorum is present only when you have, at least seven members and one of the members is a member of VANGO or/and VCCI. This calls for the two private sector representatives to be punctual in SC meetings.

The Program Director told the meeting that the SC during its last meeting agreed to meet every month during the third week of each on Mondays at 2pm.

If members cannot attend, they are invited to send alternates to the meeting.

The SC ordered that the Program Management come up with a template upon which members can use to appoint alternates to attend SC meetings in their place. The SC further requested that the Program Management draw up a calendar of meetings and distribute it to members.

#### **Other Matters**

There were no other matters to be discussed.

**Next Meeting**

Next SC meeting is planned for Monday 23<sup>rd</sup> July 2007 @ 2 pm at the MCA Vanuatu Conference Room.

The MCA Vanuatu Steering Committee meeting officially closed at 6.03pm

**Certified by:** \_\_\_\_\_ /S/  
**Secretary, MCA-Vanuatu**

**Acknowledged by:** \_\_\_\_\_ /S/  
**Chair of the Steering Committee**