



## Reducing Poverty through Growth

### MCA-Vanuatu Steering Committee Meeting No. 02 of 2010

Type of Meeting: Special Steering Committee Meeting

11.30am Thursday 4<sup>th</sup> March 2010

MCA Vanuatu Conference Room

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#### Board Members:

Present: Chairman, DG, PMO, Simeon Athy  
Director Dept of Finance, Benjamin Shing  
Director of DSPPAC, Gregoire Nimbtik  
Director General, MIPU, Wilson Tari Vuti  
Director of PWD, Willie Watson

MCC Representative  
Chris Cookson, MCC Resident Country Manager

NZ Aid Representative  
John Claasen, NZAID Manager

MCA Vanuatu Program Management  
Johnson Wabaiat, Director MCA  
Marie Jo Bani, Administrative Personnel  
Catherine Malosu, ESI Officer  
Serah Toara, Financial Management Officer  
Juliette Hakwa, Monitoring & Evaluation Officer  
Hans Euscher, Project Management Engineer/Advisor

Absent: DG, Ministry of Lands  
DG, Ministry of Finance & Economic Management

Quorum present? Yes

#### PROCEEDINGS

The Meeting was called to order at 12.00 noon by the Chairman of MCA-Vanuatu Steering Committee.

Welcome by Chairman

SC Chairman welcomed all members and representatives present at the meeting and outlined the Agenda Items for discussions as detailed below.

Note that this meeting was scheduled for 1<sup>st</sup> of March 2010 due to unavailability of members, the meeting was delayed to 4<sup>th</sup> of March 2010.

**Agenda Item:**

1. **Compact Closure Plan**
2. **Quarterly Disbursements Request**
3. **Update on the progress of project**
4. **Review MCC's response to QDRP 16**
5. **MCA-V office space issues and options**
6. **Regular SC meeting schedule for 2010**
7. **2009 Performance Bonus payments**
8. **AOB**  
**Date of next SC Meeting.**

Agenda items were amended to 1. QDRP; 2. Update Report; and 3. Compact Closure Plan.

1. **Quarterly Disbursements Request Package QDRP details**

The SC was updated and briefed on the details of each components of the Quarterly Disbursement Request Package, the MCA-V financial plan for quarter 17 – Year 5 Quarter 1 from April – June 2010. The activities of the program represent activities on Infrastructure, Institutional Strengthening and monitoring and evaluation, Fiscal and Procurement Agent and Audit, Agriculture and Maintenance. Increased disbursement request (\$8.4 million) reflected the acceleration of the road-works. A draft IEA with the Ministry of Agriculture was also presented to the SC for consideration and to be finalized with the Ministry of Agriculture. The Financial Plan also reflected changes concerning MCA-V staff complement and confirmation of appointment of ESU Staff.

PD highlighted additional line created in the budget to allow for a ESU - Maintenance. PD went on to say that this item came about strongly when the MCC team came to develop the CCP and it is required to be in the budget. MCC RCM suggested that the line item be renamed from ESU to become PWD TA Road Maintenance in the budget and again in the CCP paper. The reason being that PWD will be the one responsible for the ongoing maintenance. Fiscal Agent and Director of Finance disagree to this idea as the Government has made provisions of \$500,000,000 in the National Budget for Road Maintenance and PWD is supposed to develop the plan and not leave it to a TA to do. PD responded that after a few consultative meetings with MIPU and PWD, gaps were identified hence the need for a TA to develop the plan.

MCC RCM further commented that it is important to address this Maintenance issue as it is one of the weakest in the compact at present. And it needs to be done fast before the 'Hand-Over Certificates' are issued for both roads.

NZAID representative posed a question on the difference of 'Construction' and 'Maintenance' as he was being informed by experts on the complete standards of the MCC funded road. For example he mentioned that the Japanese road was completed to such standards where maintenance will not be required for a long period of time whereas the MCC funded road is not build to standards where it will last longer.

Director Finance added on to question why the road's been handed over in sections. He understood that normally the road would be handed over to the Vanuatu Government when it is fully completed. He commented that currently the sections that have been over is already deteriorating and is being patched up.

Director PWD commented that in their meetings with QCPP, there was no mention of a TA assisting in the development of the Maintenance Plan. MCA PD responded that of course QCPP will not mention this as they are still looking at the cost of QCPP if they are going to assist with this activity. It is possible that the QCPP cost will be higher than hiring a different TA hence this proposal. MCA PD further clarified that the funding for this proposal is savings identified from the 'Technical Assistance - Equipment' line.

Director Finance questioned why the recruitment of another TA when QCPP is already engaged with ESU and ask if the scope of work be amended to include the development of this Maintenance Plan. He further commented that at the moment there are lots of comments being made by other engineers on the road standards. He further supported comments made by the NZAID representative and ask if MCA-V inform the SC members accordingly as they are answerable to the Council of Ministers if problem arises. He requested if a second engineer opinion can be done to ensure that the road is built according to standards.

The PWD Director reported that two of his officers had been transferred to the Santo road project to assist the ESU. He also reported on meetings with the engineer to clarify roles and responsibilities. Some concerns were raised at early reports of sealing issues and the quality of driveways.

The PMU provided an overview of actions, including the Patane expert seal review and report. The SC was reminded that they had approved the method and budget for driveways, but their concerns will be monitored. It was agreed that the next SC meeting should further review these concerns.

### **Recommendations**

- SC noted and endorsed in principle the disbursement request and the attachments which formed the overall Disbursement Request Package. Following discussion, it was agreed that MCA-V makes the necessary changes to include the financial plan as presented and approved for next Quarterly presentation which also incorporated the spreadsheet showing the disbursements.

- SC approved the QDRP as amended to be forwarded to MCC for no objection.

## 2. Update on the progress of project

The SC was updated on the MCA-V Road infrastructure Development Projects progress for the two sub-projects, Efate Ring Road and the Santo East Coast Road. The report stated that there is sufficient funding to cover both project with some cost variations instruction no. 3 for the replacement of bridge deck timbers on Tanoliu, Elu plus replacement of running and kerb to the Elu bridge on ERR.

Director Shing sought discussion on quarry royalty payments and advice from the SLO.

### Recommendation

- SC noted the report and endorsed the variation instruction no. 3 and noting that the variation cost is within the approved program funds.

## 3. Compact Closure Plan

PD presented the Draft Compact Closure Plan and gave a general overview of what is entailed in the plan through various discussions with MCC and other stakeholders. The plan covers the remaining 120 days closure period (29 April to 26 August 2011) after 28 April 2011. PD stressed that document requires some input in some areas from the Government and MCA-V will need the Steering Committee's support to obtain that from the Government. The following items continued to be highlighted in the CCP document by PD:-

- Staffing within the MCA-V Program Unit after the compact end date of 28 April 2011. Particularly needing the Government's decision on what will happen to the Program Unit after Compact Closure period ends as there is an understanding that the Government would like to retain the human resources in the Program Unit. And if so, what decisions and arrangements needed to be done to cater for that;
- Assets acquired through the Program and how MCA-V should deal with them after compact end date;
- ESU staffing arrangements where it is understood that they should be absorbed into the PWD structure when the compact ends taking into consideration the necessary provisions that PWD need to make in the National Budget to cater for them after April 2011; and
- Agreements and arrangements with the other Entities like Fiscal Agent, Procurement Agent, NSO, Lands Department etc; and the Engineer's Representative to be reviewed and incorporated in the CCP.

PD stressed that since the document has to go back to MCC for review, some indicative action plans have to be made and agreed upon by SC.

MCC re-enforced that the sooner the plan gets out, the better so that there is time for negotiations between MCC & MCA-V and before the final plan is signed, State Law Office should review and comment on the document and give an opinion so that the Government is clear on the commitments made on behalf of the Government on the CCP.

MCC also commented on the CCP on various issues that will require their MCC decision after concurrence from the SC and State Law Office. One of them being the position for the PME/Advisor on whether or not it should be considered as part of the closure tasks. Another one is the M&E activities that will go beyond the closure period and the necessary arrangements to de-obligate funds from MCA-V so that the NSO contracts can be managed directly from MCC if necessary. MCC encouraged SC to watch-out for Government Liabilities as some of the costs are being currently met by the Compact and future plans of when the compact funding ends.

SC Chairman commented on the issues highlighted on by MCC and MCA-V PD as important and requires some policy decisions and proposed if the CCP paper could be postponed to a later date to allow for SC to consult the Government and then provide a feedback to the document before it goes to MCC.

MCC responded to the SC comments and propose that the CCP must be forwarded back to MCC and MCC-V will assist MCA-V to get the paper through with exceptions of the critical issues that needs to be addressed by the SC to be included later on.

PD recommended to SC Chair that the paper should be approved in principle subject to further changes to be made.

Other comments made:

DG MIPU confirmed that ESU staff are certainly added to the Government Structure especially to take over the responsibility of the road once handed back to the Government and the necessary budget provisions are already made to go into the National Budget. Comments on CPP is made especially on how expensive it would cost to keep the engineer's cost and requested if QCPP could provide some mentoring now so that comes the end of the compact, ESU can still provide that quality of service to the Government.

SC chairman commented that the idea of the VPMU being set up was only an idea but not confirmed as yet so wordings on the CCP could pose some firm commitments that are not yet discussed and agreed by the Government.

Director Finance further elaborate to SC members that there are commitments made in the CCP that needed to be taken up with the Central Agencies Meeting to clarify and update them on the commitments being made on the CCP. Proposal was made by the Director of Finance to take it up immediately with the Central Agencies meeting so it gives them enough time to be informed and make sound decisions.

MCA PMA/Advisor made aware to SC members that contractual obligations under the D&B contract must be given some thought as Defects Notification

Period will end in December 2011 after the closure date of 26<sup>th</sup> August 2011 and how will that DNP be taken from there. Again the PMA stresses that whoever is the takes over the engineer's function have a legal obligation and continue to monitor the project.

Recommendations

SC members were provided the draft Compact Closure Plan as prepared by MCA-V with inputs from the MCC team. The meeting noted the brief overview of the CCP and request agreed that members should familiarize themselves with the plan for further deliberation in the next SC meeting before it is submitted to MCC as an approved CCP for MCA-V.

Meeting closed 2.00 pm. The next meeting will be on 11 March 2010

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

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