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***Reducing Poverty through Improved Infrastructure***

**MCA-Vanuatu Steering Committee Meeting No. 07 of 2011**

**Type of Meeting: Steering Committee Meeting**

**2:30pm Wednesday 17<sup>th</sup> August 2011**

**MCA-V Conference Room**

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**Board Members:**

Present: Deputy Chairman and Director General, MFEM, George Maniuri  
Alternate Director of Finance, Antonneth Arnhambat  
Alternate Director General of MIPU, Johnson Binaru  
Alternate Director of PWD, Andre Iatipu  
Director of DSPPAC, Gregoire Nimbtik

MCC Representative

Christine Cookson, MCC Resident Country Manager (MCC RCM)

NZ Aid Programme Representative

John Claasen, New Zealand Aid Program Manager

MCA-Vanuatu Program Management

Johnson Wabaiat, Director MCA

Serah Toara, Financial Management Officer

Apology:

Absent:

Director General of Lands, Joe Ligo

Quorum Present: Yes

## **Welcome by Chairman**

Introduction made by the Chairman of the Steering Committee. Chairman thanked everyone who could make it to the meeting. Chairman presented agenda as follows:

### **Agenda**

1. Minutes of Previous Meetings
2. Vanuatu CCP Modification Annex
3. Bonus and Leave Entitlements
4. Final Indicator Tracking Table – For SC Information
5. Any Other Business

Date of next SC Meeting

## **Adoption of Agenda**

Members generally agreed to move Agenda item 3 to be discussed at the end, after agenda item number 5, as the MCA Vanuatu staff will leave the meeting for this discussion.

### **1. Minutes of previous meetings**

MCC RCM commented that the last minutes (number 4 and 5 of 2011) have not been re-presented to and agreed by the Steering Committee.. SC members required that the last minutes as corrected will have to be forwarded through email to SC members and confirmed at the next SC Meeting.

The Chairman agreed to proceed with the discussion of SC Minutes of meeting number 6 of 2011. Changes were identified and the Program Director noted that these minutes require more work.

MCC RCM mentioned that the 'Matters Arising' should be discussed. Alternate Director of Financed mentioned that all minutes with the changes should be circulated through email for comments before the next meeting. Steering Committee members generally agreed to the suggestion.

## **2. Vanuatu CCP Modification Annex**

Program Director (PD) presented the Annex that reflects all the changes that deviates from the original Compact Closure Plan. A few issues are yet to be settled before the Annex is further updated. For example the ESA issues of the Malarua Stockpile. There are also Monitoring and Evaluation deviations reflecting the changes in the survey, ITT and the Data Quality Auditor arrangements, and changes to the Vanuatu Project Managed Unit. Staffing issues in 7.1 of the CCP will need to be amended to reflect the latest development.

DG MFEM queried the two dates of the Compact End Date (CED) and the Compact Closure Date (CCD). PD again clarified that the CED is on the 28<sup>th</sup> of April 2011 and CCD is on the 26<sup>th</sup> August 2011.

PD further commented on the two Force Majeures from the Design and Built Contract and possible liabilities that will be incurred by the Government of Vanuatu especially on the Saama dust stockpile and possible environmental concerns for the surrounding area. The Alternate Director of General of MIPU questioned the process that needed to be taken to clear the stockpile. PD clarified that the stockpile needs to be entirely removed and the site rehabilitated and that this is now a responsibility of PWD. The Alternate DG of MIPU commented that there is an understanding the PWD felt that they are correcting an action that should not have been done in the first place. PD responded by saying that there were a few factors that the contractor identified and notified to MCA Vanuatu. The initial plan was to sell the stockpile, but PWD wanted to retain it for its use. It took time for MCA Vanuatu and PWD to identify a site to move the chip dust. The dust was agreed to be moved to Lakenasua.

Item 5.5 of the CCP Annex Modification (Relocation of the Sand Stockpile) – Program Director confirmed that the Contractor offered their assistance. Compact funds had been made available to allow the contractor to move the sand for PWD. However, PWD came up with another arrangement to relocate the dust within their budget. The contractor hired by PWD did not complete the job due to a number of reasons. Alternate DG of MIPU requested if Finance could reconsider funds from the Government budget to assist with the relocation of stockpile. Alternate DG of MIPU agreed that this is an unfortunate situation but felt that the Steering Committee did not take a firm stand for the Compact funds to be used to relocate the stockpile. He further commented that the stockpiles must be tendered out to allow for the Government to make some income out of it to fund the rehabilitation. Alternate Director PWD commented that this is now the property of the Government and the State. Alternate DG of MIPU requested the Alternate

Director of Finance to set up a meeting and talk through the process of tendering the remaining stockpiles and funding the rehabilitation. This meeting is to happen within the week beginning on the 22<sup>nd</sup> of August 2011.

Program Director of MCA Vanuatu advised that the Lands, Mines and Natural Resources will have to be involved in the tendering process and also to review the rehabilitation of the site.

MCC RCM commented that the discussions around this issue have been good. However, there is a dormant claim by the DEW contractor on the processed chip stockpiles on Malarua that the Government needs to take note of. Program Director mentioned that MCA Vanuatu has identified other factors also that needed to be considered if this leads to a dispute.

Director DSPPAC commented that it is good for the Government to be aware of all the liabilities that they may incur. Program Director responded that all of the liabilities clarification and follow-up will be taken up by the Vanuatu Project Management Unit.

Chairman/DG MFEM asked if the discussions could be centered on what should be done before the 26<sup>th</sup> of August 2011.

6.1 – MCC RCM responded that the post compact evaluation is in the interest of the US Government and the Vanuatu Government. MCC will draft the agreement between MCC and VNSO on these activities.

Chairman requested if the annex could be finalized and forwarded to SC members. Alternate Director General of MIPU requested if the amended annex could be rearranged to show the high priority items that needed to be considered and the lower priority listed at the end.

5.6 – MCC RCM made the comments that the Court Trust Account that needed to set up to safeguard the remaining royalty funds must be done urgently or MCC may withdraw the funds. Program Director confirmed that the Director Finance has confirmed that there are only three queries outstanding.

Alternate Director Finance clarified to members further that the finance system that is currently operated by the Treasury department is an integrated system. And Alternate Director of Finance requested if MCC could clarify what exactly they require from the Vanuatu Government. MCC again mentioned that they have received different explanations from different parties involved in the setting up of accounts to safeguard the royalty funds. MCC RCM mentioned that the Minister of Finance has recently indicated that he will respond to Frances Reid's March letter and will indicate the Government's assurance about how these funds will be protected.

Program Director mentioned that the Prime Minister has made a suggestion for the funds to be directed to the VPMU to be managed. The Program Director confirmed that the draft letter for the Minister of Finance to respond to Frances Reid's letter will be prepared by him and forwarded to the Director of Finance to comment on the clear processes that need to be done before funds are released from the recurrent basket of funds.

### **3. Bonus and Leave Entitlements**

Program Director of MCA Vanuatu presented a paper summarizing staff termination payments (severance and unused annual leave, together with staff self evaluations and supervisor assessments for performance assessments for January to August 2011. He further mentioned that termination letters or notification of the end of contract have been drafted. The documents need to be reviewed and approved by the SC so that final staff entitlements can be processed prior to the close of the permitted account.. Alternate DG of MIPU warned that the terms used in the letter should be carefully selected as they could have some legal implications. Again Alternate Director of Finance commented that this should be consistent with the PSC and the Employment Acts.

Director DSPPAC moved and seconded by Alternate DG of MPIU.

PD further added that after the termination new contracts should be issued to the new VPMU staff. SC members generally agreed that this should be done separately, firstly issue the 'Notification of Contract End' and then later issue the new appointment contracts for VPMU. Before considering the leave, severance pay and pnus assessments, the Sc addressed remaining agenda items.

### **4. Final Indicator Tracking Table – For SC Information**

MCC RCM commented that this ITT is overdue and the paper presented is to inform members that the ITT is not yet updated. Program Director responded to say that the information was not submitted by the entities and MCA Vanuatu does not have any control over them. Adding on the delay is the fact that MCA Vanuatu's priority right at this moment is to complete the CCR document. Therefore Program Director proposed that the updated Indicator Tracking Table will be updated and submitted to the SC on the 22<sup>nd</sup> of August 2011.

### **5. Any Other Business**

CCR update – PD gave an update that the MCA-V is working with the PA currently to complete the CCR document before submission to the Prime Minister. Again the consultant has met all the deliverables in the contract but the MCA team does not fully agree with the presentation. MCA Vanuatu team are revising the document in a more presentable format for the Government to use. MCA Vanuatu will be closed on Thursday morning to complete the document.

Chairman stressed that closure issues took more time and needed more resources and should be reflected in 'lessons learned' for new projects. Program Director responded that this is already taken into account in the Compact Completion Report document.

### **6. Date of next SC Meeting**

Monday 22<sup>nd</sup> August at 2pm.

7. The MCA-V officers then left the room and the SC reviewed and finalized decisions for the 2011 bonus assessments and termination entitlements. The decisions to be forwarded to the Fiscal Agent and Department of Finance, together with MCC's "No Objection" by August 18<sup>th</sup> 2011.

**Certified by:**

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**Secretary, MCA-Vanuatu**

**Acknowledged by:**

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**Chair of the Steering Committee**