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***Reducing Poverty through Improved Infrastructure***

**MCA-Vanuatu Steering Committee Meeting No. 05 of 2011**

**Type of Meeting: Steering Committee Meeting**

**2:00pm Monday 11<sup>th</sup> July 2011**

**MCC-V Conference Room**

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**Board Members:**

Present: Chairman and Director General, PMO, Simeon Malachi Athy

Director General, MFEM, George Maniuri

Acting Director of Finance, Tony Sewen

Alternate Director of DSPPAC, Jerry Lapi

MCC Representative

Chris Cookson, MCC Resident Country Manager

NZ Aid Programme Representative

John Claasen, New Zealand Aid Program Manager

MCA-Vanuatu Program Management

Johnson Wabaiat, Director MCA

Nicholson Garae, Program Manager/Advisor (Closure)

Juliette Hakwa, Monitoring & Evaluation Officer

Serah Toara, Financial Management Officer

Apology:

Absent:

DG, Lands, Joe Ligo  
Acting DG, MIPU, Morris Kaloran  
Director, PWD, Willie Watson

Quorum Present: Yes

## **Introduction**

### **Agenda**

1. Compact Completion Report
2. Minutes of Last Meeting
3. Response to Frances Reid's urgent letter of concern of March 1, 2011
4. Progress with the items to be funded from the GOV royalty funds prior to August 26
5. Land compensation payments
6. Contracting the legal drafter to work on the Road Act
7. Checking/Approval of SC minutes 2009/2011 so they can be posted
8. The establishment of the VPMU which legally needs to be in place prior to August 27, 2011
9. Many outstanding PWD commitments eg. Force majeure rehabilitations; culvert clearing; guard-raid damage
10. CoM paper on road safety and meeting with Director of Health
11. HIES, Poverty, TRL – Contract Novations
12. ESU Annual Leave
13. Agreed Procedures for notifying and approving MCA-V leave
14. Next SC Meeting

### **Adoption of Agenda**

SC members generally accepted the agenda. Agenda Moved by the Director General of Finance and seconded by alternate Director DSPPAC.

### **1. Compact Completion Report**

There was a presentation by Kokona and a discussion on the Compact Completion Report (CCR) and the SC's obligation to ensure that the CCR was endorsed as an accurate self-evaluation of the compact. SC members undertook to review different sections of the CCR and provide written feedback by July 15. It was agreed that the CCR required significant efforts by MCA-V and the SC, working with the consultants, to achieve an acceptable report. It was recommended that paragraphs be numbered for easy reference.

### **2. Minutes of previous meeting**

The draft minutes were reviewed by members. Some major decision and timelines were not captured in the minutes. SC Members agreed that the minutes be corrected and re-submitted.

### **3. Response to Frances Reid's urgent letter of concern of March 1, 2011**

The Program Director (PD) advised that the letter could not be finalized because of the problems of putting deadlines on each outstanding item. This is because a few other Departments are involved and MCA-Vanuatu is not in control of these departments and their priorities. However, MCA-V has stressed the importance of action on the outstanding items within this month. For example, for the setting up of the Court Trust Account, the State Law Office is to facilitate the letter to clarify the process of opening the account. MCA-V has not heard back from the SLO. Chairman offered to follow up on the process and report back to MCA-V PD.

Chairman stressed that MCA-Vanuatu be honest about the PWD issues.

### **4. The evidence and report of quarry payments to custom quarry owners & other costs to be funded out of the royalty fund**

Chairman requested DG MFEM to assist MCA-V and follow up this issue with the Acting Director of Finance. Again, the PD advised that the Development Accountant could not release the evidence due to instructions from her superiors. .

### **5. Progress with the items to be funded from the GOV royalty funds prior to August 26**

DG MFEM confirmed that the money is there already, as noted at the last SC meeting, but needs the necessary paper trail on how the money will be spent. The Government is clear already on which activities to spend the funds on. TRL has offered their assistance to collect the quotations for the maintenance materials and training that is needed at PWD. Also MCA-V Project Manager/Advisor

(Closure) responded that they have asked Downer EDI to give their recommendations and quotes for the bridge works. He further explained that this option is good to go with since the contractor is already in place and it only needed a Contract Variation for the work to go ahead. The variation papers will be completed by Project Manager/Advisor (Closure) and forwarded to SC members through flying minutes for approval.

MCC reminded the SC that not all the royalty funds have been agreed for expenditure and that MCA-V should check what uncommitted funds remained and seek MCC agreement. This needs to be done quickly or the funds may need to be returned. MCC noted that the Government had undertaken to expend these funds before August 26, 2011, with the exception of the funds for the Bridges and the Road Safety Campaign.

DG MFEM suggested that the balance of funds be allocated to the Bridge works.

#### **6. Land compensation payments**

PD gave an update advising the SC members that the Land-Take was already undertaken but the report was not yet received for on forwarding to lands department for compensation. Once the report is received it will then be forwarded to the land records to amend the land rents. PD will follow up again. MCC advised that they believed that MCA-V have had the report since April 2011 and forwarded it to the Ministry of Lands some months ago.

#### **7. Contracting the legal drafter to work on the Road Act**

MCA-V Project Manager/Advisor (Closure) commented that SLO will need to give an opinion before the consultant can go ahead. The PMA consulted the SLO senior legal drafter and he was advised that the AG will need to give an approval before that contracting can go ahead. Chairman commented that there is not time and that MCA-Vanuatu should go ahead with the recruitment.

DG MFEM moved decision and seconded by alternate Director DSPPAC

#### **8. Checking/Approval of SC minutes 2009/2011 so they can be posted**

Financial Management Officer gave an update. All minutes that are missing have been pulled together and forwarded to PD and Fiscal Agent for comments. So far no comments are received yet. MCC commented that all is not yet completed until posted on the website. PD agreed to take up these minutes separately with the SC members for approval before they are posted on the website.

**9. The establishment of the VPMU which legally needs to be in place prior to August 27, 2011**

MCC reminded the SC of compact requirements that the MCA-V be dissolved by August 26 and that any outstanding rights and responsibilities be novated to the Vanuatu Project Management Unit to be established before August 26, 2011. The details of this were agreed in the MCA-V Compact Closure Plan and the Council of Ministers decisions of November 2010. The Chairman was concerned that some other Government agencies have captured the idea of the VPMU and built this into the proposed PWD Restructure.

MCC reminded the SC that the contractor Downer EDI Works has rights under the contract in regards to changes to the employer and issues such as the bonds. There are serious contractual issues if the proposed change to VPMU is not completed on time and if Downer is not given adequate time to respond. MCC reminded the SC of the importance of separating the Engineer and Employer roles under a FIDIC contract.

DG MFEM questioned what else is needed to formally dissolve MCA-V. A formal plan needs to be presented to the CoM.

MCC noted the approaching mission by the MCC legal counsel, and offered that MCC may be able to assist to draft a paper on how to proceed with the dissolution of MCA-V and the establishment of the VPMU. This offer was accepted by the SC.

PD confirmed that an organizational chart for the VPMU is already prepared and can be pulled together when Brian gets here this week. It was agreed that the report be drafted before Brian's mission ends. MCC noted that the establishment of the VPMU is a matter for Vanuatu. MCC's primary interest was that legal and contractual responsibilities be covered and that Vanuatu addresses sustainability of the compact results and impacts. In discussing the proposed PWD restructure and PMU it was noted that there are not enough engineers in Vanuatu to fill the new positions..

Once this paper is completed, the Steering Committee Members will process it through the Council of Ministers. They will also need to discuss the broader issues with the Governance for Growth (GfG) and the Public Service Commission (PSC).

**10. Many outstanding PWD commitments eg. Force majeure rehabilitations; culvert clearing; guard-raid damage**

The PD listed the PWD commitments which have not been delivered, and the problems of PWD responses. Stockpiles are still on site. PWD has not yet completed what it was supposed to do. In particular the process of contracting someone to relocate the Saama stockpile was discussed. A contract was given to a PWD staff member, which the PD express concerns on how this was given.

### Resolution

SC considered that while MCA- V remains responsible to ensure that work is done, the Public Works Department has a conflict of interest in giving contracts. Chairman is to prepare a note to the Minister of Finance to officially ask the Auditors to audit the ‘Government’s Road Maintenance’ funds that were supposed to be expended on road maintenance and in which MCA-V had a right to be directly involved. DG MFEM moved, seconded by alternate director DSPPAC.

PD to draft the letter to Minister for the DG MFEM and the Chairman.

### **11. CoM paper on road safety and meeting with Director of Health**

DSPPAC to take the lead to prepare this paper with the assistance of the MCA-V.

### **12. HIES, Poverty, TRL – Contract Novations**

SC had already approved the HIES and Poverty reports and the variations to these contracts. PD noted some minor changes which had since occurred, and these were accepted by the SC. PD and M&E officer to ensure that last lot of payments gets out.

### **13. ESU Annual Leave**

MCC required MCA-V to put the paper work in order and re-submit to MCC. This document should clearly state their start dates with the Public Service. MCC commented that it is their understanding that ESU Officers are permanent civil servants as of day one and not after 28<sup>th</sup> April 2011. MCA-V understood that they were engaged solely for the purposes of the project and then were to be absorbed into the permanent (PSC) PWD structure. It was agreed to work together with the MCC General Counsel and State Law within the week to clarify this issue and resubmit the report back to MCC.

MCA-V outstanding leave was also brought up by the MCC RCM. She requested that updated records be provided to the MCC Fiscal Director when they arrive so that agreement can be reached to pay all the staff entitlements by August 26. . MCA-V PD commented that everyone has taken some of their leave

except for the Fiscal Agent Development Accountant. Leave could not be taken due to workload and pressing deadlines that MCC have given.

MCC RCM stressed that outstanding leaves are way too much to be paid out, and MCA-V had been repeatedly advised to take their leave. There also seemed to be a problem with supervision of leave and record-keeping. PD responded that due to the strict deadlines that are yet to be met, there is no time left for staff to take leave.

**14. Agreed Procedures for notifying and approving leave**

MCC noted that there seemed to be a lot of unaccounted absences and periods when staff did not respond to emails or messages. No surprises are going to be accepted by MCC. MCC would appreciate prior notice of absences.

**Date of next SC Meeting.**

Not Set.

Closing prayer by the alternate director DSPPAC. Meeting closed at 6:30pm

**Certified by:**

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**Secretary, MCA-Vanuatu**

**Acknowledged by:**

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**Chair of the Steering Committee**