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Reducing Poverty through Improved Infrastructure

MCA-Vanuatu Steering Committee Meeting No. 02 of 2011

Type of Meeting: Steering Committee Meeting

3:45pm Friday 11th March 2011

MCA-V Conference Room

Board Members:

Present: Vice Chairman and Director General, MFEM, George Maniuri
Director of DSPPAC, Gregoire Nimbtik
Alternate Director General , MIPU, Johnson Binaru Iauma
Alternate Director PWD, Andre Iatipu
Alternate Director of Finance, Primrose Toro

MCC Representative
Chris Cookson, MCC Resident Country Manager

NZ Aid Representative
John Claasen, New Zealand Aid Program Manager

MCA-Vanuatu Program Management
Johnson Wabaiat, Director MCA
Hans Euscher, Program Manager/Advisor

Serah Toara, Financial Management Officer

Apology: Chairman, DG PMO, Simeon Malachi Athy

Absent: DG, Lands, Russel Nari

Welcome by chairman

Introduction made by the Vice Chairman of the Steering Committee. Vice Chairman thanked everyone for the extra special effort made to attending the meeting. Vice Chairman reminded that this meeting was urgent to happen to address some serious issues arising within the Compact and MCC's responses.

Opening Prayer by Director DSPPAC

Adoption of Agenda

An amendment was proposed by the PD MCA-V to add agenda No.8 - Amended Implementing Entity Agreement for NSO.

Amendment moved by Director DSPPAC, seconded by Alternate Director MIPU. Agenda was amended and approved.

1. Minutes of previous meeting

Page 2 – correction – quiet last line.

Page 4 – Rephrase sentence. ‘NZ Development Counsellor to request approval to extend’

Minutes and amendments reflected what was discussed in the last meeting. Unanimous approval.

2. Matter arising from Minutes

Minutes recorded a true record of the meeting and no further matters. Moved by Director DSPPAC and seconded by Alternate DG MIPU.

3. Guidelines for 2nd Compact (SC Information Paper)

PD presented the whole idea of making an introduction to this guideline. He mentioned that this agenda is not meant to raise too much expectation. He advised that this is for the SC's

information but emphasized the importance of addressing outstanding issues and the successful completion of the 1st Compact to make the 2nd Compact discussions more favourable.

Vice Chairman commented that the outstanding matters at hand is important to address and help us reflect on the 1st Compact before looking at the 2nd Compact.

MCC RCM made some brief remarks on where Vanuatu Stands in obtaining a 2nd Compact. Some lessons learnt from other Compacts was shared with the SC. Score cards from countries of similar category as Vanuatu was also shared with the SC to understand the items on the scorecards that Vanuatu has passed and yet to be passed to be eligible for a second compact. Again the 'Economic Freedom' criteria is the only criteria that Vanuatu did not pass. However, if Vanuatu gets the IFC legislations through, it would have made it for the second compact.

NZ Aid PM mentioned that the Infrastructure Master Plan is under review and that should be added a plus for the second compact criteria.

Alternate DG MIPU confirmed that the Master Plan is now under review but sad to see that the timing of getting it finalized will not make it to the deadline MCC required.

Vice Chairman requested if a letter could be prepared by MCA-V to get the Chairman's signature to advice the Prime Minister on the issues for obtaining a second compact as he is very much interested.

PD advised that it is a good suggestion but he would like to get the Chairman to discuss the strategies to put in place before a letter is sent to the PM. Mainly because these issues involves policy changes. At least is an action oriented letter that directs our actions for obtaining a second compact.

Chairman suggested that PD takes up the proposed discussions further with the Aid Coordination Unit.

PD suggested that firstly the MCA-V will organize a selected team that involves DG MIPU, DG MFEM, DG PMO to prepare the letters to go to PM.

4. PMA Update Report

Progress report was presented by the PMA.

PMA advised that all works, including the recently instructed variations relating to speed calming and road edge marking, have now been completed by the Contractor, who is currently engaged in investigations and rectifications of defects.

Contractor has submitted Statement at Completion claiming a final payment of \$ 297,901.84. Contractually the Engineer will need to certify the claim before 23rd March and MCA-V must pay the amount certified by 25th March 2011.

New Variations

New adjusted Accepted Contract Amount will become \$66,782,885.00 after issue of the following new variations. (\$55,985,762.13 from MCC & the balance from NZAID).

Variation 34

This is a further adjustment to VI No. 13 for costs incurred as a result of the Minimum Wages Board (Amendment) Order No. 46 of 2008. Amount is \$ 9,491.00.

Variation 35

This is a further adjustment to VI No. 14 for costs incurred as a result of the Employment (Amendment) Act No. 33 of 2009. Amount is \$ 4,900.00.

Variation 36

This variation relates to adjustments to the previously estimated numbers of Turn-outs, Access-ways and Driveways to be constructed. Final numbers are:

Efate: 16 Turn-outs, 133 Access-ways and 481 Driveways;
Santo: 12 Turnouts, 82 Access-ways and 379 Driveways.

The variation authorises a price adjustment of \$ 161,057.00.

PMA advised that while one half of the Retention Guarantee plus the Advance Payment Guarantee has been returned to the Contractor, the other half of the Retention Guarantee and the Performance Guarantee will need to be returned to Downer after the completion of the DNP.

SECR and ERR Bridges:

On 30th December 2010, following reports TA RAMM it was noted that the Matevulu bridge is not strong enough to handle the heavy traffic. At a debrief between the contractor, the Engineers, PWD & MCA-V and MCA-V it was identified that there was no Bridge Engineer to do periodic bridge assessment and that Bridges were left to deteriorate without anyone noticing it. Immediate action was taken to put up warning signs on speed limits & load limits. Although bridges are not part of the Compact, MCC arranged for a Bridge Engineer courtesy of the US Army Engineer to conduct a proper bridge inspection.

Preliminary Recommendations made by the US Army Bridge Engineer Report

Matevulu Bridge

- a) Repair should be done immediately to prevent it from further deterioration; and
- b) Design of repairs should be approved by a Structural Engineer either from US, New Zealand or Australia and constructed by a contractor with previous structural repair experience. The cost estimate for the repairs will be approximately US\$500,000.00

Lopelope Bridge

- a) Repair should be done immediately to prevent continued deterioration; and
- b) Design of repairs should be approved by a Structural Engineer either from US, New Zealand or Australia and constructed by a contractor with previous structural repair experience. The cost estimate for the repair will be approximately US\$100,000.00.

Epule Bridge

Inspections on Epule Bailey Bridge seems to confirm that the bridge is in a fairly reasonable conditions but the foundation of the bridge is seriously affected by corrosion and not in a condition where it can support the bridge much longer.

- a) Long term solution is to replace the temporary bailey bridge with a new and more permanent structure. The estimated cost for replacement would be around US\$2,000,000.00.

The preliminary report was presented to MCA-V on the 4th of March 2011. MCC RCM will formally discuss the report with DG MIPU next week before the report is released.

4th March 2011, MCA-V received approval from the NZ Aid Programme to extend the agreed term of funding to April 26 2012.

Recommendation

It is important that approval is given to allow the MCA-V Director to approve these variations so that the works are done and claims submitted before the Compact End Date.

Director DSPPAC moved for the Variations, seconded by the Director PWD. Approved

5. Compact Closure and Follow-up to MCC Disbursement Request Response for 20th Disbursement Period (January 1- August 26,2011)

PD briefed members on the letter send by MCC on the 1st of March 2011 raising again the issues raised in the Disbursement Request Response letter of 1st January 2011.

Quarry Royalty Payment

As of yesterday 10th March 2011, MCA-V received the advice of SLO through a signed letter by the Attorney General.

Malaria Stockpile

PWD is now in the process of moving the stockpile.

2010 Minutes

Minutes for 1 July 2011 to December 2011 will be posted to the website by 15th March 2011. The rest for 2010 will be posted before the 28th of April 2011.

Land take & compensation issues

Surveys have been done and a report has been prepared. This report will be sent to the Surveyor General to determine the correct boundaries for the Land-Takes. PD stressed that this is now the Government to take up. It is an unfortunate situation to see that this part of the construction was only identified at the end of the compact and should have been done before the start of construction.

Alternate PWD mentioned that point 1, 2, 3 & 6 will be raised on Monday 15th March 2011 with the DG MIPU.

MCC RCM stressed that more meetings will not assist the situation now as MCC is now giving a lot of pressure. MCC RCM commented that it is not time to talk but some action points done.

6. Selection Report (Electronic Archiving)

PD briefed the SC Members on the evaluation report submitted by the Procurement Agent detailing the steps followed in recruiting this TA. PD stressed that all procurement procedures were followed strictly, however, due to the budget constraints and the procurement mode followed initially failed. So the procurement mode now changed to 'Sole Source' as time has also become a major concern to achieving the desired objectives of the TA. All procedures were followed under Procurement Guideline. Panel recommended the engagement of Mr. Dominique Gibert. This candidate already understood the Government Systems. The Procurement Plan was amended accordingly to reflect the changes.

SC was requested for approval of:-

- 1) Engagement of Dominique Gibert as the TA Archives; and
- 2) Procurement Plan amended to reflect the changes in Procurement Mode

Recommendations moved by Alternate Director MIPU and seconded by Director DSPPAC.

7. Proposed use of allocated GOV's Royalties to Urgent Works

a. Relocation of Stockpile

SC was made aware of the progress of relocation of stockpiles. PWD are already in the process on moving the stockpiles.

b. Relocation of Power Poles.

PD again briefed SC members on the discussions held with other stakeholders on the relocation of poles and the proposal to use the Government Royalties funds to relocate these poles. This again will need to be taken up with at the COM level.

8. Revised Implementing Entity Agreement - NSO

Consultations have been made to amend the IEA. The Amended IEA is moved by Director PWD and seconded by Director DSPPAC.

AOB

Forward Agenda items for February 2011

- Amend IEA PWD

SC was informed accordingly on the issues relating to the amendment of the PWD IEA.

- Amend Data Quality Auditor Contract

SC was informed.

- COM Paper to allocate GoV's Royalties to Road Safety/Maintenance

MIPU to hold discussions on Monday 14th March 2011 with MCC and MCA-V regarding some of these critical matters.

Handing-Over Dates

The dates are proposed to be moved by the Prime Minister. However, PD urged that the date remains as the dates have been communicated to the US. The date is now set for 11th to 15th of April 2011.

PD stressed that the SC members to meet to draw up the program.

Date of next SC Meeting.

No date set.

Closing prayer by PD. Meeting closed at 6:14pm.

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

Acknowledged By: _____/S/
Chair of the Steering Committee