

## CONDITIONS PRECEDENT REPORT

### CONDITIONS PRECEDENT TO YEAR 2 QUARTER 2

Quarter <sup>1</sup>	Project/ Activity <sup>2</sup>	Condition Precedent	Status <sup>3</sup>	Relevant Documentation	Request for Deferral/Waiver and Justification
<b>Program – Administrative</b>					
Quarter immediately following the applicable date of such report	Section 3.3 b)	An audit report, providing financial information and review of compliance with the Fiscal Accountability Plan and Procurement Guidelines, in accordance with the Compact, Audit Plan and Audit Guidelines for the prior six (6) month period (to be delivered as a condition precedent for the quarter immediately following the applicable date of delivery of such report, as set forth in the current Audit Plan). Upon MCC's request, MCA-Vanuatu shall ensure simultaneous delivery by the Auditor of the audit report to MCA-Vanuatu, MCC and the Inspector General	Not satisfied	Audit report	Requested deferral until 30 days after MCC Disbursement for Year 2 Quarter 3  An Auditor has been procured and will complete the Audit during Year 2, Quarter 2
	Section 3.5 c)	There has been satisfactory progress on the Work Plans for any relevant Projects or Project Activities related to such MCC Disbursement, including actual compliance with any additional conditions precedent to such disbursement set forth therein and substantial compliance with the other requirements of such Work Plans, including any applicable reporting requirements for the relevant Disbursement Period	Satisfied	Implementation Plan	
	Section 3.5 d)	There has been (i) substantial compliance with the M&E Plan for the Program	Satisfied		
	Section 3.5 d)	There has been (ii) actual compliance with the targets related to the M&E Plan specified in Schedule 1 to this Agreement, including any applicable reporting requirements for the relevant Disbursement Period	Not satisfied		Request deferral until Year 2, Quarter 2  Await commencement of surveys in order to comply with targets
	Section 3.5 f)	There has been satisfactory compliance with the Audit Plan, including any applicable reporting and auditing requirements under any Auditor Agreement for the relevant Disbursement Period	Satisfied		
	Section 3.5 g)	MCA-Vanuatu has provided a satisfactory written response to any audit findings that have been issued prior to thirty (30) days before the date of the MCC Disbursement Request	Not satisfied		Request deferral until Year 2, Quarter 4.  Awaits engagement of Auditor who is scheduled to complete the Audit during Year 2,

<sup>1</sup> This column will display relevant Disbursement Period applicable to the MCC Disbursement Request.

<sup>2</sup> Table will follow the projects and activities set forth in the Disbursement Agreement.

<sup>3</sup> Indicate whether condition is “satisfied,” “partially satisfied,” or “not satisfied.”

					Quarter 2.
Prior to each disbursement for any Project Activity beginning in Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted procurement operations manual(s) approved by MCC and such manuals remain in full force and effect	Not satisfied		Deferral requested until Year 2, Quarter 3
Prior to Year 1 Q3	Schedule 1	MCA-Vanuatu has adopted bidding and proposal documents approved by MCC	Satisfied	Bidding and Proposal documents	
Prior to Year 1 Q3	Schedule 1	MCA-Vanuatu has procured the Data Quality Auditor	Not Satisfied		Deferral requested until Year 2, Quarter 3
Prior to Year 1 Q4	Schedule 1	MCA-Vanuatu has adopted and MCC has approved reporting forms and data management procedures consistent with the M&E Plan (i.e. for data collection, quality control and reporting)	Not satisfied		Deferral requested until Year 2, Quarter 4
	Section 3.3 c)	A performance review report on compliance with the M&E Plan for the prior six (6) month period (to be delivered as a condition precedent for the quarter immediately following the applicable date of delivery of such report)	Satisfied	Quarterly progress report	
Prior to each disbursement beginning in Year 1 Q2	Schedule 1	MCA-Vanuatu shall execute an implementing entity agreement with the Department of Public Works in a form acceptable to MCC, which agreement shall be in full force and effect	Not satisfied		Deferral requested until Year 2, Quarter 3  An Implementing Entity Agreement is currently being finalized for signature
<b>Institutional Strengthening Activity</b>					
Prior to disbursement in Q4 of Year 1	Schedule 1	PWD Service Performance Contract shall be executed and in full force and effect	Not satisfied		Deferral requested until Year 2, Quarter 3  PWD Service Performance Contract is currently being finalized for signature
Performance targets linked to annual disbursements in Q 1 of Years 2-5 (timing will depend on performance review	Schedule 1	PWD Performance Contract: (i) PWD compliance with Service Performance Contract and annual action plan of the previous year	Not satisfied		Deferral requested until Year 2, Quarter 4  PWD Service Performance Contract is currently being

and budget cycle)					finalized for signature
Performance targets linked to annual disbursements in Q 1 of Years 2-5 (timing will depend on performance review and budget cycle)	Schedule 1	PWD Performance Contract: (ii) The Government, via appropriation, to allocate adequate budgetary resources for road maintenance. The amount to be allocated will be based on the requirements specified in the in the Implementing Entity Agreement and be based on the progressive annual capacity requirements of PWD. This figure should also correspond with that provided in the detailed financial plans and the M&E plan and any amendments thereof	Satisfied	Government of the Republic of Vanuatu- Budget 2007  Government of the Republic of Vanuatu – Budget 2007 Fiscal Strategy Report	
<b>Infrastructure Activity</b>					
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Finalized HIES Report completed, approved by the Data Quality Auditor and submitted to MCC (including raw data files)	Not Satisfied		Deferral requested until Year 2, Quarter 4
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Finalized Road-side Enterprise Survey report completed, and submitted to MCC (including raw data files)	Not Satisfied		Deferral requested until Year 2, Quarter 4
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Finalized Tourism Surveys and Report completed, and submitted to MCC (including raw data files)	Not Satisfied		Deferral requested until Year 3, Quarter 1
Prior to disbursement for any construction activity in Q1 of Year 2	Schedule 1	Baseline Traffic count survey data collected as described in the M&E Plan and summary tables prepared, and submitted to MCC	Not Satisfied		Deferral requested until Year 2, Quarter 3
Prior to disbursement for any construction activity in Q4 of Year 1	Schedule 1	All HIES enumeration and data entry completed	Satisfied		
<b>Project 2A-Efate Ring Road</b>					
Prior to disbursement in Q1 of Year 2, or the revised construction commencement date	Schedule 1	<u>Community Maintenance Contracts</u> : Establishment of Maintenance Contracts with community representatives for Efate Ring Road (with rural villages)	Not Satisfied		Deferral requested until Year 2, Quarter 3
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not Satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not Satisfied		Deferral requested until Year 2, Quarter 4

Activity					
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plan for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not Satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.  Progress made to obtain list for all permits necessary to perform this sub-project activity.  Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.
<b>Project 2B- Santo East Coast Road</b>					
Prior to disbursement in Q1 of Year 2, or the revised construction commencement date	Schedule 1	<u>Community Maintenance Contracts</u> : Establishment of Maintenance Contracts with community representatives for Santo East Coast Road (with rural villages)	Not satisfied		Deferral requested until Year 2, Quarter 3
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plan for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to each disbursement for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.  Progress made to obtain list for all permits necessary to perform this sub-project

					activity.  Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.
<b>Project 2C- Tanna Whitesands Road</b>					
Prior to disbursement in Q1 of Year 2, or the revised construction commencement date	Schedule 1	<u>Community Maintenance Contracts</u> : Establishment of Maintenance Contracts with community representatives for Tanna White Sands Road (with rural villages)	Not satisfied		Deferral requested until Year 2, Quarter 3
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plan for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to each disbursement for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.  Progress made to obtain list for all permits necessary to perform this sub-project activity.  Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.
<b>Project 2D – Malekula Norsup- Lits Lits Road</b>					

Prior to each disbursement for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		<p>Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.</p> <p>Progress made to obtain list for all permits necessary to perform this sub-project activity.</p> <p>Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.</p>
<b>2E- Pentecost North South Road</b>					
Prior to each disbursement for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		<p>Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.</p> <p>Progress made to obtain list for all permits necessary to perform this sub-project activity.</p> <p>Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.</p>
<b>2F- Malo Roads Up-Grade</b>					
Prior to disbursement in Q1 of Year 2, or the revised construction commencement date	Schedule 1	<u>Community Maintenance Contracts</u> : Establishment of Maintenance Contracts with community representatives for Malo Roads.	Not satisfied		Deferral requested until Year 2, Quarter 3
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4

Prior to initial disbursement for construction for this Infrastructure Subproject Activity	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plan for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to each disbursement for this Infrastructure Subproject	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.  Progress made to obtain list for all permits necessary to perform this sub-project activity.  Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.
<b>2G- Loltong Wharf</b>					
Prior to each disbursement for this Infrastructure Subproject	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.  Progress made to obtain list for all permits necessary to perform this sub-project activity.  Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.
<b>2H- Remaining Four Infrastructure</b>					
Prior to initial disbursement for construction for the Infrastructure Subproject Activities	Schedule 1	MCA-Vanuatu provides evidence that any required resettlement action plan has been completed and implemented in accordance with WB Involuntary Resettlement Policy (OP 4.12), in a manner acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to initial disbursement for construction for the Infrastructure Subproject Activities	Schedule 1	MCA-Vanuatu provides evidence that the environmental assessment for this Infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4

Prior to initial disbursement for construction for the Infrastructure Subproject Activities	Schedule 1	MCA-Vanuatu provides evidence that the Environmental Management Plan for this infrastructure Subproject Activity has been completed and is acceptable to MCC	Not satisfied		Deferral requested until Year 2, Quarter 4
Prior to each disbursement for this Infrastructure Subproject	Schedule 1	MCA-Vanuatu provides a list of all permits necessary to perform the Infrastructure Subproject Activity, including any required environmental permits and related public disclosure and consultation, and certifies that such permits are on file and have been validly issued, are in full force and effect, and are non-appealable	Not satisfied		<p>Deferral requested until initial disbursement for this infrastructure sub-project activity is requested.</p> <p>Progress made to obtain list for all permits necessary to perform this sub-project activity.</p> <p>Still awaiting engagement of required contractors in order to facilitate the issuing of such permits.</p>