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## **Reducing Poverty through Improved Infrastructure**

### **MCA-Vanuatu Steering Committee Meeting No. 06**

**Type of Meeting: Special Steering Committee Meeting**

**3.00pm Thursday 9 September 2010**

**MCA – Vanuatu Conference Room**

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#### **Board Members:**

**Present:** Vice Chairman, Director General, MFEM, George Maniuri  
Director Public Works, Willie Watson  
Director of DSPPAC, Gregoire Nimbtik  
Alternate Director of Finance and Treasury, Jack Loughman  
Alternate Director, MIPU, Johnson Binaru

**MCC Representative**  
Chris Cookson, MCC Resident Country Manager

**MCA Vanuatu Program Management**  
Johnson Wabaiat, Director MCA  
Serah Toara, Financial Management Officer  
Catherine Malosu, Environmental and Social Impact Officer  
Marie Jo Bani, Administrative Personnel

**Absent:** DG, Lands  
DG, MIPU

**Quorum present?** Yes

#### **PROCEEDINGS**

The Meeting was called to order at 3.00 pm by the Vice - Chairman of MCA-Vanuatu Steering Committee.

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

**Agenda Item:**

1. Minutes of previous Meeting
2. Matters arising from Minutes
3. Quarterly Disbursement Request Package for Year 5 Quarter 3: October – December 2010 (due to MCC by 10<sup>th</sup> September 2010)
  - MCC response to last QDRP
  - Disbursement Request
  - Quarterly Financial Report and Detail
  - Financial Plan
  - Procurement Financial Report
  - Indicator Tracking Table
  - CP Report
  - CP Deferral Letter
  - Certificates
  - Narrative Report
  - MCA-V Staff Performance Plans 2010
4. Selection Report for TA RAMM
5. Revised M&E Plan 2010 (SC Information paper)
6. Revised Financial Accountability Plan (SC Information paper)
7. CCP version 1.9 (SC Information paper)
8. Progress Report
9. Verbal overview of OIG Program Audit Report (RCM)
10. Proposed meeting of MCA-V Stakeholder Committee (14<sup>th</sup> September 2010)
11. AOB
  - Storage Facility, MCA-V Archives
12. Date of next SC meeting ( Tuesday 12<sup>th</sup> October 2010)

**Adoption of Agenda**

Agenda was presented to the Steering Committee and was generally agreed.

**1. Minutes of previous meeting**

Minutes was presented to the SC. MCC RCM made some comments on the minutes 5 of 2010 and requested that MCA-V look again at the minutes and correctly reflected some decisions made in the meeting.

**Resolution of previous minutes.**

Director DSSPAC proposed that MCA-V work together with MCC to redraft minutes to correctly reflect the discussions.

The minutes of the last meeting no.5 of 2010 was approved by the SC subject to redrafting.

2. **Matters arising from previous minutes**

SC was made aware of the CCP to be put to the Council of Ministers (COM). The Paper has been signed and the Director of DSPPAC is aiming to push the Paper to the COM table on the following Wednesday.

- The SC was also made aware on matters concerning the quarry payments made to illegal custom owners. It was agreed that the Lands Tribunal will come up with a consultation plan. A meeting had been held at the MCA-V office urging the President of Land Tribunals of Efate and Santo, with MCA-V support, to convene a meeting with all disputing land-owners in respect of the quarries used by MCA-V, to ensure that they understand the process to resolve ownership and to encourage speedy resolution so that payments can be released. The SLO and MCA-V have a list of all quarries and the status of disputes and payments for both the Efate and Santo roads.
- The Stakeholders Committee meeting is to be held on the 14<sup>th</sup> of September 2019.

3. **QDRP**

- a. **MCC Response to Last QDRP (July to September 2010)** –SC was briefed on the Disbursement response put through by MCC stressing that it is equally important to address the issues as these two last remaining quarters are the only quarters we have before compact end.
- b. **QDRP details** - SC was updated and briefed on the details of each component of the Quarterly Disbursement Request Package, the MCA-V financial plan for quarter 19 – Year 5 Quarter 3 from October – December 2010 taking into account the issues raised in the MCC Disbursement Response letter of Y5Q2 (Jul-Sep 2010). The SC was also made aware that this is the 2<sup>nd</sup> to the last disbursements for this compact. The activities of the program represent activities on Infrastructure, Institutional Strengthening, Program Management and monitoring and evaluation, Fiscal and Procurement Agent and Audit. The SC was also briefed on spending of the MCA-V which is up to 92% of the total funds for the compact and the forecasted budget for the quarter 19 (October to December 2010).

The amount being requested for this disbursement is USD3,825,462.12. The approval of the SC for the QDRP was sought.

**Comments**

- Comments were raised that by the 10<sup>th</sup> of December 2010, MCA-V will submit its final request for the Compact. And stressed that it is important to start the process of looking at every line item on the Detail Financial Plans and look for

every savings possible after this QDRP 19 is sent to MCC. These savings can then be reallocated to other much needed areas.

- Queries were made on the rationale for reducing institutional strengthening funds with an amount of USD82,000 being moved from the ESU line to D&B. SC was informed that these funds were removed from ESU mainly for international travel. MCC noted that this required further discussion with MCC as there are issues relating to PWD Overtime. The IEA for PWD & MCA-V allows overtime to be claimed by engineers. Some of these overtimes have been outstanding since year 2008 until 2010. MCC urged MCA-V to do a proper review of the IEA and ensure that provisions are made before funds are moved to other lines MCA-V PD also reminded partners present in the meeting that the last QDRP will be worked on immediately after this package is submitted and requires their support to submit their budget on time.
- Another query was made on the rationale at this late stage for the proposed increased budget for Cadastral survey for a further USD180,000. MCA-V replied that the survey will form a new milestone for the infrastructure on Efate and Santo, which earlier road survey mapping has not identified. MCC strongly advised that it was likely that they will object to this reallocation especially the Cadastral Survey reflected in the Infrastructure main activity due to the time currently available to complete the survey and whether Lands will be able to commit to completing the survey in time and MCA V will be able to expend all these monies in time. MCC stressed that currently the IEA between MCA-V and Lands Department only allows for \$8,000 and if MCA-V is to proceed, the IEA needs to be revised and also there other complex processes that MCA-V needs to follow to be able to give a \$180,000 contract to someone to do the work. Under the compact, all survey work should have been completed prior to construction.
- MCA-V responded to MCC noting that while it is a new activity this has come about under the guideline of the World Bank OP4-12 and with the IEA with lands. With the ongoing grievances received by the MCA-V on compensations of land acquisitions, it could mean that someone is worse off and someone is better off, which contradicts the Programs objective. If MCC will go ahead to object for MCC funds to be used for this survey, MCA-V stressed that the Government will need to address this with its own resources. SC was made aware that this was not taken into account at the beginning as the road was 'Design & Build on the existing Road'.
- PWD agreed that the Cadastral Survey should be done but it should have been done at the beginning of the project but acknowledges MCC's possible response to the cadastral survey activity. But stresses that the SC should take this further steps to find alternative resources to avoid similar issues faced in the past in relation to the other roads.
- DG MFEM at the same time Chairman took note of the comments made but at the same time stressed that the Government has made provision for compensation to these types of development. Unfortunately, it is quite difficult to execute payment when information relating to ownership is not available. At least he would like to see some sort of assistance given to address these grievances so that future projects benefit from the work done now.

- SC was also made aware by MCA-V on a few changes on consultant contracts and some variation on contractor contract variations that were received on the day of the meeting. This will affect the total amount showing on the Disbursement Request Form.
- MCA-V requested SC approval on the proviso that MCA-V will make the necessary changes to accommodate the variations that came on the day.

### **Recommendation**

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

#### **c. Condition Precedents Report**

- It was noted that one condition precedent was not met. This relates to the report from the PWD on how 2009 road maintenance funds have been spent and their plans for the 2010 road maintenance allocation.
- Further elaboration was made to the SC that the CP is what we agreed in the original signed Compact Agreement. Further delays in complying with these conditions, MCC will have all the right to stop further funding. And because this item has been a long 'Unsatisfied' item, MCA-V has no choice but to ensure that they comply in the quarter currently being discussed.
- It was agreed that Alternate Director PWD would work with the Program Director MCA-V and PWD to try to provide these reports prior to the QDRP being forwarded so that all conditions precedent can be met.
- The Quarry Issues and Malarua Stockpile Relocation was raised in the MCC Disbursement Request Response letter. MCC through MCC RCM would like a report on progress made so far to address Quarry Issues and the Malarua Stockpile relocation.
- MCA-V responded to say that the State Law Office have sent in a letter updating the status of all Quarries on the Efate Ring Road and the Santo East Coast Road. MCA-V requested the SC if there could be a taskforce to execute the issues on the Malarua stock pile. For environment and public health reasons, this stockpile has to be removed from this area.

### **Recommendation**

The SC gave in-principle approval to the CP report with the understanding that the PWD produce the 2009 Expenditure Reports and 2010 Plans for expending the maintenance budget before the disbursements request is submitted to MCC.

The SC agreed and recommended that the Chairman meet with the DG, MIPU and DG Lands to formulate a taskforce to address the issues and removal of the Malarua stockpile.

**d. Performance Plan**

PD MCA-V briefed the SC members on the formulation of the performance plans and how they are incorporated in each individual's performance targets. PD stressed that this is equally important to be submitted together with the QDRP. SC endorsement is requested to the performance plans presented.

The SC reviewed and accepted the proposed 2010 performance plans and process.

**4. Selection Report for TA RAMM**

SC was briefed on the selection report of the TA Road Asset Management and Maintenance. Four companies submitted bids for the TA and MCA-V followed the formal process of selection of the TA. The Selection Panel recommended TRL, UK with their expert Mr. Robin Workman to take up this post.

The SC's approval was sought for:

- i. Mr. Robin Workman's appointment as Road Asset Maintenance Management Consultant
- ii. Mandate the PMU to submit his EOI/CV and other supporting documentation to MCC for "No Objections"
- iii. Mandate the PMU to confirm Robin Workman's acceptance to this position; and
- iv. Mandate the PMU to develop and execute an employment contract with the successful consultant for the post.

Director DSPPAC moved for the proposal made, seconded by Director PWD.

**5. Revised M&E Plan June 2010 (SC Information paper)**

The SC was briefed on the progress of incorporating SC suggestions and negotiations with MCC on the Revised M&E plan that was approved in principle at the July SC meeting. The members were made aware that the gaps, including the indicator tracking table, will be addressed. The final product will be sent to each member.

**6. Revised Financial Accountability Plan (SC Information Paper)**

The FAP was revised as agreed at the July SC meeting to take into consideration the previous SC decision in regards to bonuses.

**7. Compact Closure Plan (CCP) version 1.9 (SC Information paper)**



The MCA-V awaits the Council of Ministers decision on the approval of this revised plan, followed by the legal opinion of the State Law Office. At the same time, the CCP will be presented to MCC for “No Objection”.

All these CCP changes were incorporated in the Financial Accountability Plan and are all within the allocated budget.

#### **8. Progress Report**

- a. The SC was briefed on the progress made during the months of July and August on the construction of the Efate Ring Road and the Santo East Coast Road.
- b. MCA-V also seeks SC approval to instruct the Engineer to assess two claims lodged by the Contractor, arising from the Changes to Legislation relating to Minimum Wages and the Employment Act, and allow the contractor to certify any interim payment to which the contractor is entitled;
- c. MCA-V also seeks SC approval to enter into negotiations with Downer EDI Works to assist and provide training to PWD personnel, in Efate and Santo, in the process of conducting traffic counts necessary to satisfy requirements of the M&E component of the Compact.

#### **Recommendation**

The SC approved both cases considering them to be reasonable and necessary with the terms and conditions of the Contract and for MCA-V to seek “No Objection” from MCC for both variations 13 and 14.

#### **9. Verbal Overview of Audit Report**

The SC was briefed by MCC on the draft Office of Inspector-General (OIG) Program Audit Report of the Vanuatu compact:

- a. Measurement of success is hard to find and requires a strong revised M&E plan.
- b. MCC should work with all of its Compact countries to strengthen impact evaluation throughout the compact.
- c. MCA-V's response to the Data Quality Audit Reports, have not been posted on the website as required.
- d. CCP overdue and still not completed and MCA-V must complete this by next week and also improve arrangements for the permanent record archives. There is quite a lot of damaging report on the road standards using photographs taken during the period of storms and the highest rainfall on record. . The SC asked to see the photographs and agreed that the pictures shown do not show the real or accurate situation of the roads to-date.

#### **10. Proposed meeting of MCA-V Stakeholder Committee (14 September 2010)**

MCA-V will call a meeting of the Stakeholder Committee since we are approaching the end of the compact, and the Governance Agreement requires quarterly meetings.

#### 11. Storage Facility

The SC was advised that electronic storage of the archives is accepted practice by MCC, and that funds have been budgeted for files to be organized and scanned, and for a scanning survey server, as agreed in a meeting with the head of fiscal agent who will be responsible for the MCA-V archives.

#### 12. AOB

PD has been invited to be part in the Prime Minister of Vanuatu's Delegation to the U.S. for the UN General Assembly and meetings with MCC. Each delegation member has to fund their own trips, and the PD sought approval for MCA funds to be used to fund his trip costs.

#### Recommendation

SC has no objection to the PD's proposed trip to the U.S. but funding will need to be found elsewhere, due to MCC objecting that funds can't be drawn from the MCC fund since this is a Government delegation trip and not a MCC trip to the U.S.

#### 13. Date of Next SC Meeting


Next meeting will be held on the 12 October 2010.

Meeting closed at 6.00 pm.

Certified by:

  
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Secretary, MCA-Vanuatu

Acknowledged by:

  
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Chair of the Steering Committee