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Reducing Poverty through Improved Infrastructure

MCA-Vanuatu Steering Committee Meeting No. 07

Type of Meeting: Special Steering Committee Meeting

2.00pm Tuesday 19th October 2010

MCA Vanuatu Conference Room

Board Members:

Present: Deputy Chairman and Director General, Ministry of Finance, George Maniuri
Alternate Director General, MIPU, Salesa Kaniaha
Director of DSPPAC, Gregoire Nimbtik
Alternate Director of PWD, Johnson Binaru Iauma (part) and Dick Abel (part)

MCC Representative

Chris Cookson, MCC Country Resident 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: Director General of Prime Minister's Office, Simeon Malachi Athy

Absent: Director of Finance, Benjamin Shing

Director General of Lands, Joe Ligo

Quorum present? Yes

PROCEEDINGS

The Meeting was called to order at 2.00pm by the Deputy Chairman of MCA-Vanuatu Steering Committee.

Welcome by Chairman

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
 - 1b. Matters arising from Minutes
2. MCC Disbursement Request Response for Quarter 19 (Oct to Dec 2010)
3. Progress Report Update
 - Additional Variations for SC considerations
 - Proposed Savings for SC considerations

4. Dates for Official Handing Over of two Projects

5. Any Other Business

Date of next SC meeting (Wednesday 24th November 2010)

Adoption of Agenda

Agenda was presented by the SC and there was no comment or objection to the Agenda. SC approved the agenda as it is and chairman ordered the meeting to proceed.

Agenda Item No.1 – Minutes of previous meeting

PD presented the SC with the Minutes no. 6 of 2010 held on 9th September 2010. PD updated the SC on the progress of action taken by MCA-V on items approved in the minutes. SC reviewed the minutes and provided feedback. The following corrections were made:-

- a) MCA-V Program Manager/Advisor advised that there was a missing item regarding SC approval of Variation No.16 to seal the Bus Bays on the Santo East Coast Road;
- b) Also approved Variation # 19 was not mentioned in the last minutes. This variation relates to the traffic count carried out by the contractor;
- c) MCC RCM picked up a typo on page 3. 2nd item from the top – Date of the Stakeholder Committee recorded as 2019 instead of 2010;
- d) Acting PWD Director, PWD corrected that the members present at the meeting should be corrected to reflect Johnson B. Isuma as Alternate Director, MIPU and not Alternate Director PWD; and
- e) MCC RCM requested the SC to identify a new date for the Stakeholder Committee Meeting to be held.

Agenda Item No. 1b – Matters Arising from previous Minutes

PD responded to SC that the corrections identified in agenda item 2 above will be corrected and amended in Minutes no.6 of 2010 and circulated to SC members.

Stakeholder Committee Meeting was scheduled to happen on 14th September 2010 but did not happen due to QDRP being the priority to be completed. Meeting re-scheduled to 26th October 2010.

Recommendation

- DG DSPPAC moved that SC endorse the minutes with the above changes to be made, seconded by Alternate Director MIPU. Minutes endorsed and approved.

Agenda Item No.2 – MCC Disbursement Request Response for Quarter 19 – Y5Q3

PD presented the MCC Disbursement Request Response for Quarter 19. PD again reminded the SC that the next quarter disbursement due in December 2010 would be the final disbursement for the compact and it is equally important that all issues appearing in this letter are addressed before the final disbursement request is submitted. Most of the issues raised in the MCC Disbursement Request Response letter also appeared in the Conditions Precedent Report, which is part of the QDRP.

Main Issues:

- 1) **Royalty Payments** – To date only two custom owners have been paid. The rest are still outstanding. PD stressed that this issue is not new and DG Lands has indicated in previous meetings to draw up an action plan and take it up with the Minister of Lands. To date nothing has been done to draw up this action plan. PD stressed that while we are talking about it and writing it, some real action needs to happen immediately. Again PD reminded SC that the Compact ends on 28th of April 2011 and we are running out of time and this could pose a possible hold up on the final QDRP.
- 2) **Quarry Rehabilitation Plans** – PD informed SC that a team has been executed to work on this.
- 3) **Malarua Stockpiles** – PD again informed SC that this item was urgent to address as there were other issues attached. A meeting was called last week to discuss this issue and two sites (Onesua & Lakenasua) have been identified to relocate the stockpile. Though PWD will further advise on Lakenasua location. Onesua College Principal has been consulted and approval has been received for the stockpile to be relocated to this location. Even though principle approval was given, MCC guidelines will need to be adhered to when relocating the stockpiles. A team was setup to carry out a Preliminary Environmental Assessment before the stockpiles are relocated to the new sites identified. The team is made up of a representative from the Department of Geology and Mines and Environment, MCA-V Environmental Officers and two representatives from the Public Works Department (ESA Officer & Engineer). The team will carry out the assessment on Thursday 21st October 2010 at 9am. Once the site inspection is done a report will be forwarded back to MCA-V and a No Objection will be sought from MCC. Concerns were raised on public health and hazards regarding the stockpiles. This is to ensure that the relocation is safe for students and public at large. The principal of Onesua has given assurance that once these stockpiles gets to their location, PWD will need to fence it off so that it is out of bounds to students and visitors. PD continued to expand that there could be issues of land dispute on the proposed sites, however, this is not yet confirmed. In any event, if there are issues it would need the Government support in making necessary provisions in a trust account for any compensation claims relating to the proposed locations;

- 4) **Steering Committee Minutes** – PD briefed the SC that there have been some concerns on the SC Minutes being delayed to be circulated and posted on the website. This was also raised in the last Audit Report of July to December 2009 and again in the January to June 2010 Audit. MCA-V have taken a changed approach to this effect to allow the Financial Management Officer to take the minutes so they can be completed on time after approval and circulated to all concerned and posted to the website;
- 5) **Stakeholder Committee** – PD briefed SC that last year 2009 the Stakeholder Committee was setup but the turnout of the meeting was not very positive. PD continued to say that another Stakeholder Committee meeting had been planned for 14th September 2010 but was postponed due to other commitments. A meeting must happen before the end of October hence the proposed 26th of October 2010 date. PD kindly requested the SC Chairman to be present at the Stakeholder Committee meeting as it is important to have his presence as Chairman. This again will allow for the meeting to proceed and let the Stakeholder Committee members then elect their own Chairman. PD requested the cooperation of everyone and announced that the meeting venue will be at the Department of Finance and Treasury meeting room;
- 6) **Power Poles Removal** – In the interest of road safety, 24 poles should be removed from the Efate Ring road right of way, with 6 of these poles being a serious risk to safety. This will cost a total of 6 million vatu. PD briefed SC on various meetings held between MCA-V, Utilities Regulatory Authority (URA), Unelco, and Public Works to address this outstanding issue. Further follow up was made with DG MIPU and URA regarding Unelco's claim on concessionary rates. PD commented that this activity could not be funded from the Unelco concession fund. The concession only applies to new development and not activities like relocation of existing poles. One of Unelco's arguments is that they will not meet the cost of relocation as power poles were already placed before the road was upgraded. MCA-V consulted the State Law Office to discover whether other legislation such as the Road Act may allow for the compulsory removal of poles at Unelco's cost. The Road Act is not necessarily specific on this point. It does not specify the width of the road however standard roads for 2 ways lane are 7.5metres from centre line or 15metres and this was what the contractor is required to build according to their contract. There were areas where the road has been improved and encroachments have been made and poles stand in the way of traffic. MIPU & MCA-V are working with the State Law Office to prepare an instruction to be sent to Unelco to require the removal of the poles.

MCC representative commented that there was an unrecorded understanding and mention of using Government Royalty Funds. If all efforts fail, the Government will use some of the Government's fund under the Government Royalty Funds to fund the removal of power poles. The funds could also be used for other safety issues.

Alternate DG MIPU informed the SC members that currently there are a lot of loop holes in the Road Act, and this is currently being urgently reviewed, though this work will not be completed for this parliamentary session due in November 2010.

PD commented that other parties like the VTSSP Project are working on the same Act so it is important that all parties work collaboratively to ensure that all issues are addressed in the Act before the Compact closes.

With the above issues presented the Chairman commented that we need to be addressing the most urgent issues at hand and any issue like the Royalty payment issues, we need to formulate an action plan that we will work towards with the relevant parties since SC don't have any control on the processes. Chair requested that the MCA-V Unit step up its efforts to bring these matters to closure. He commented on the great reputational risks if these matters are not resolved. He targeted the 10th December for as many tasks as possible to be finalized and requested a progress report at the November SC meeting.

PD again responded that the MCC letter has clearly indicated their hold up to the last disbursement if these issues are not addressed.

Director DSPPAC advised that another way forward is for MCA-V to take this up directly with DG Lands since this Lands Tribunal is now under the Ministry of Justice. PD indicated that a meeting will be organized with the Ministry of Lands to address this issue.

Director DSPPAC also raised some questions on why the amounts in the QDRP package changed from USD3.3 million to USD3.8 million. FMO responded that the changes were due to late submission of variations presented during the SC Meeting no.6 by PMA that was not considered in the final amount presented to the SC. In addition to that is the PWD Overtime outstanding that was raised by MCC and a provision was made to cater for that thus again contributing to the increase. PMA confirmed that SC had given its in-principle agreement and delegated liaison with MCC and minor changes to the QDRP.

MCC representative commended the good effort made by the MCA-V to have the minutes of the last meeting and the MCC response letter available so that SC members could check that their decisions had been carried out.

Recommendations

- SC agreed that MCA-V organize a meeting with the Ministry of Lands to address the Royalty Payment issues;
- Alternate DG MIPU moved that the understandings and action points mentioned on the above issues be worked on. Director DSPPAC seconded the move. Motion was approved.

Agenda Item No.3 – Progress Report Update

PD introduced the agenda item and MCA-V PMA/Advisor presented the progress made. Not much happening in Efate as work is now concentrating on the Santo East Coast Road. SC gave approval in the June 2010 meeting to widen the seal from 5 to 6 meters so work is progressing on this variation. Sealing is progressing well and is almost completed on the approved km of road. In Efate the Contractor has applied for a taking over certification for section 5 this month. Traffic count surveys was carried out on the ERR by the contractor and by PWD on the SECR last month, and records shows a considerable amount of increase in traffic on both roads compared to the baseline data. Progress has been made to install some gabions near the Melematt (bottom of Klems Hill) bridge. An error was identified in the meeting that the traffic count variation is No.19. During the month a request was received from the Engineer to look at the variation that was necessary through the Shefa Provincial Government decision to create roadside markets. Vehicles are pulling up on the side of the road and may damage the edge of the seal. Concerns were raised that the roadside market are temporary establishments and might be moved in the future. ESA officers and Liaison Officer have consulted the villages regarding this concern and villages have confirmed that this will not change – the markets will remain in the same location. A request was made to the contractor to provide a detailed report on the variation and contractor has provided that.

Speed calming measures are also being considered as the road is now sealed. The contract price already accommodates some re-enforced speed bumps. Contractor was asked to investigate other speed calming measures available considering the possible dangers of the current speed humps. Rumble strips did slow the traffic but not sufficient to alert drivers on village and school crossings. Speed Bumps are generally not recommended for busy traffic roads but for car parks where the traffic is slow. The whole paper on speed calming is still in working stage, but MCA-V would like to request SC endorsement to the paper to allow MCA-V to continue to work on the recommendations and use any savings identified with MCC funds to undertake this work.

Another variation is the Ulei Creek – Variations # 21. SC sometimes ago approved the variation of the deck to be replaced. When the old deck was removed, it was noticed that the gabions that supported the bridge was already worn out and needed reinforcing. MCC has given their 'No Objection' to reinforce the gabions on Ulei Creek.

MCA-V is now requesting SC approval to this variation.

MCA V is requesting SC approval on savings to be reallocated from other lines to the D&B line to accommodate the above variations presented by the PMA.

NZ Aid Programme Representative queried the durability of the speed bumps. PMA responded that the speed humps are temporary solutions to the speed. They can be removed by unscrewing off the road but the beauty about it is that it and does not require cutting open the sealed road. However, necessary education is required to drivers and villagers on the purpose of the speed humps.

Vanuatu's current Road Traffic Act does not have any provision for speed limits and so it does add to the difficulties of implementing speed calming measures. MCC stressed that in the past Government official speeches have raised road safety and these last few months will need to be spent on increased road safety measures. Safety Audit recommendations have also raised the issue of removing poles.

Alternate DG MIPU stressed that this is a good discussion and it mentioned a lot on safety issues and MIPU and internal affairs are committed to Road Safety. But he mentioned that he will not make any commitments on MIPU's behalf. He continued to respond that he will make a strong recommendation to the partners involved to form a committee to address road safety issues. Alternate DG MIPU indicated interest in seeing a copy of the paper presented previously to the SC on proposing a Road Safety Council. He also stressed that he will recommend to the Acting DG MIPU on his return to have all of these Road Safety issues addressed in the Road Act and passed by the parliament before the compact ends. PD supported MIPU's comments and further commented that this activity should be a combined effort with all development partners working on road safety so there is no duplication of efforts. MCC advised that the World Bank website has excellent road safety resources, including Road Safety Models developed by some other countries. MCC welcomed MIPU's and MCA-V's interest in taking a proactive role in initiating formulation of a Road Safety Council.

NZ Aid Programme representative commented that it is good to include the NGOs on the Road Safety Council. MCC responded that they were included in the paper presented previously by the SC in 2009.

MCA-V PMA/ Advisor stressed that the reason why MCA-V is requesting 'No Objection' from the SC quickly to move savings identified in line items within the current budget is mainly because of the short time available before the contractor's work ends. So any additional works that is identified will need to be done fairly quickly. This is the same for Efate where the works are completing 4 to 5 months ahead of schedule. But variations would be workable provided that they do not involve too much structural works, as a lot of equipment would have been demobilized. This would allow the contractor ample time and equipment available to do work before the end of the compact and ensure best use of the remainder of the MCC funds.

Recommendations

MCC recommends the previous road safety paper presented to the SC be revised and circulated to MIPU and all concerned.

Director DSPPAC moved the approval of variations no. 18, 20 & 21, pending MCC No Objection, and recommendations made on Road Safety. This was seconded by the Alternate Director MIPU and approved by the SC.

Agenda item No. 4 – Dates for official Handing-Over Ceremony of the two Projects

PD briefed the SC on the current proposals in mind for final closure celebrations requiring other dignitary representatives from MCC and the Government of Vanuatu (GoV). The compact ends on 28th April 2011, and there were initial plans to hand over in February or March, however, the three other compact countries going through closure have left the main events to the last weeks. It is important to agree on the dates so that GoV officials and VIPs attendance can be locked in. Georgia closes 7th April 2011 and easter holidays also occur later in April, therefore, timing of the ceremony will need to be planned carefully. The idea for the week long celebration proposed by MCA-V is to use this opportunity to show case Vanuatu to the high-level MCC delegation for consideration of future plans the Government has in mind. MCA-V proposed to keep them for 3 to 5 days so that meetings can be scheduled with Government officials to address some of the issues hanging around eligibility for a second compact. If Vanuatu can be presented as the happiest country of earth, MCA-V would like to present some thoughts of a second compact. NZ Aid Programme representative commented that by that time New Zealand High Commission will have a new High Commissioner so their minister's representation is unsure. The recommended week is April 11 to 14 April 2011 to allow MCC officials enough time to return home for Easter holiday. NZ Aid Programme Representative recommends that since we are taking high officials to the ground, it would be good to plan the celebrations back to back.

DG DSPPAC proposes that MCA-V prepares an information paper to the Council of Ministers (COM). This will help the MCC officials and Vanuatu Government officials to block their diaries. Once this information paper is presented to the COM the invitations can be sent out to all dignitaries concerned. PD MCA-V agreed to draft the COM information paper and pass it on to the Office of the PM.

PD also briefed SC on the likely venues to host the handing over ceremony on Efate and Santo. Eton village indicated their interest for Efate as it is the last village on the ERR and Hog Harbour village have indicated their interest in the SECR.

Recommendation

- SC approves the proposed dates; and
- MCA-V to prepare an information paper for the Council of Ministers

Both items were approved.

Agenda item No. 5 - Any Other Business

No new discussions or issues were raised in AOB.

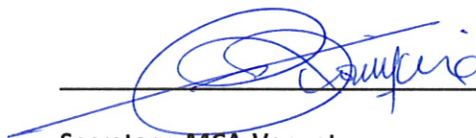
Date of the next SC Meeting

The next SC meeting is proposed to be held in Santo on the 24th November 2011. Inspection of the road will be done on the 23rd during arrival in the morning. Monthly management meeting will be

held on the 24th of November 2011 then SC meeting held in the afternoon and everyone fly out on the last flight.

Closing prayer made by Acting of the Acting DG MIPU and meeting closed at 5:12pm.

Certified by:



Secretary, MCA-Vanuatu

Acknowledged by:



Chair of the Steering Committee