

**MINUTES OF MEETING NO. 1**  
**of Steering Committee**  
**of Millennium Challenge Account Moldova (MCA Moldova)**

*6 May 2010, 4.00 p.m.*  
*Government of the Republic of Moldova, office 532*

Members of the Steering Committee:

Vladimir FILAT	Prim-minister, Chair of the Committee
Victor BODIU	State minister, Vice-chair of the Committee
Veaceslav NEGRUȚA	Minister of Finance
Valeriu COSARCIUC	Minister of Agriculture and Food Industry
Anatolie ȘALARU	Minister of Transport and Road Infrastructure
Gheorghe ȘALARU	Minister of Environment
Dinu ARMAȘU	Director of Foreign Investor's Association
Valentina CATANOI	Executive Director of the Alliance for Agricultural Cooperation
Valeriu PROHNIȚCHI	Director of Independent Analytic Center "Expert-Grup"
Sergiu NEICOVCEN	Executive Director of National Center for Assistance and Information of the non-governmental organization "Contact"
Andrei ISAC*	Executive Director of the Environment Regional Center – Moldova (REC Moldova)

Remark:

\* On 6 May 2010 Mr. Andrei Isac was no longer holding the position of Executive Director of the Environment Regional Center – Moldova (REC Moldova). Therefore he could not attend the meeting of the Steering Committee.

Invited persons:

Laurenția UNGUREANU (Observer)	Acting director of the Environment Regional Center – Moldova (REC Moldova)
Christopher Williams (Observer)	Country Director of Millennium Challenge Corporation (MCC)

***The meeting was attended by:***

Members of the Steering Committee:

Victor BODIU	State minister, Vice-chair of the Committee
Veaceslav NEGRUȚA	Minister of Finance
Anatolie ȘALARU	Minister of Transport and Road Infrastructure
Gheorghe ȘALARU	Minister of Environment
Dinu ARMAȘU	Director of Foreign Investor's Association
Valentina CATANOI	Executive Director of the Alliance for Agricultural Cooperation
Valeriu PROHNIȚCHI	Director of Independent Analytic Center "Expert-Grup"
Sergiu NEICOVCEN	Executive Director of National Center for Assistance and Information of the non-governmental organization "Contact"

Invited persons:

Laurenția UNGUREANU (Observer)	Acting director of the Environment Regional Center – Moldova (REC Moldova)
Christopher WILLIAMS (Observer)	Country Director of Millennium Challenge Corporation

Other participants:

James GERARD	Assistant General Counsel of Millennium Challenge Corporation
Valentina BADRAJAN	Team leader of the team for development of the „Compact” Program
Jack HARDMAN	Representative of the US Embassy in the Republic of Moldova

### **Meeting’s agenda:**

1. Inform the members of the Steering Committee regarding:
  - a) The role of the Steering Committee of the Millennium Challenge Account Moldova in oversight of the „Compact” program;
  - b) MCC policies for transparency, confidentiality and conflict of interest;
  - c) MCC key policies in the procurement area;
  - d) The role of the Steering Committee of Millennium Challenge Account Moldova in procurement process.
2. Other issues

The meeting of the Steering Committee was opened and chaired by Victor Bodi, State minister, Vice-chair of the Steering Committee. Vice-chair has informed the participants that in accordance with the bylaws of the Millennium Challenge Account Moldova (MCA-Moldova) the meeting of the Steering Committee was convened, and announced the presence of the members at the meeting. At the meeting were present eight of 11 voting members of the Steering Committee. Due to the current activities within the Government, the meeting could not be attended by the Prime Minister, Chair of the Steering Committee Mr. Vladimir Filat, and the Minister of Agriculture and Food Industry Mr. Valeriu Cosarciuc. Also, due to the fact that Mr. Andrei Isac was no longer holding the position of Executive Director of the Environment Regional Center – Moldova (REC Moldova), he did not attend the meeting. The Vice-chair informed the members that in accordance with the bylaws of the MCA-Moldova (clause 32), approved by Government Decision no. 161 of 4 March 2010, the meeting is deemed deliberative if it is attended by at least six voting members. Considering that in the meeting were participating eight voting members, the meeting was deemed deliberative. The Vice-chair announced the names of the participants in the meeting.

Further, the Vice-chair of the Steering Committee informed that in accordance with the requirements of the Millennium Challenge Corporation (MCC) and the agreements signed between the Republic of Moldova and United States of America, the Government set up by Government Decision no. 161 of 4 March 2010 the public institution “Millennium Challenge Account Moldova” (abbreviated as “MCA-Moldova”). The Steering Committee is the superior management and supervising body of this institution. The Steering Committee includes 11 voting members, six representing the Government and five representing private sector and civil society (Non-Government members). These five Non-Government members are currently nominated by the Government, but the next composition of the representatives of private sector and civil society shall be nominated by the Consultative Group through a transparent process. Additionally, the Committee has two non-voting observers, a representative of MCC and the MCA-Moldova Executive Director.

The Vice-chair of the Steering Committee further proposed to review the agenda of the meeting and approved it. For „Other issues” it was proposed the following issues:

- a) Nominating a representative of the Non-Government members in Executive Committee of MCA-Moldova;
- b) Recruitment process of the MCA-Moldova staff.

The agenda of the meeting was approved unanimously by all voting members attending the meeting.

The presentation of the agenda items started. The first item was presented by MCC representatives Christopher Williams, MCC Country Director, and James Gerard, MCC Assistant General Counsel. The representatives of MCC presented information regarding:

- 1) The „Compact” Agreement and Project Implementation Agreement, executed by MCC and the Government of Moldova for implementation of the „Compact” Program;
- 2) The projects to be financed under the „Compact” Program in the Republic of Moldova, as follows: Transition to High Value Agriculture Project and Road Rehabilitation Project, as well as the conditions precedent for the projects to be financed by MCC;
- 3) MCA-Moldova components, which include:
  - (i) *Steering Committee* (the structure and role of the Steering Committee were presented, and it was pointed out that the committee is convened as needed, but at least quarterly);
  - (ii) *Executive Committee* (the structure and its functions were presented);
  - (iii) *Consultative Group* (the structure and its functions were presented, and it was pointed out that one of its functions is to appoint the members of the private sector and civil society to the Steering Committee);
  - (iv) *Management Unit*, which includes 12 persons as key-personnel. In total around 35 - 40 employees will be employed in MCA-Moldova. MCC will participate in the selection of the key personnel, and such persons are subject to MCC approvals;
  - (v) *Fiscal Agent and its functions*. The Fiscal Agent is the sole authority having the signature right for all MCA-Moldova bank accounts;
  - (vi) *Procurement Agent*. MCC representatives informed that the procurements within the MCC programs are conducted using a long and detailed process set forth in MCC’s Program Procurement Guidelines. MCA-Moldova shall select and employ the Procurement Agent, and the Procurement Agent shall assist MCA-Moldova in conducting the procurements;
  - (vii) *Bank*: MCC reported that some funds will be directed through a local bank account. However, the majority of the payments will be made by MCC directly from the United States subject to authorization issued by MCA-Moldova and Fiscal Agent;
  - (viii) *Implementing Agency*. These are the State Road Administration for the Road Rehabilitation Project, Apele Moldovei for CIS Rehabilitation and Irrigation Sector Reform Activities, and the Credit Line Directorate for the Access to Agricultural Finance Activity. These entities shall act according to Implementing Entity Agreements to be signed with MCA-Moldova;
  - (ix) Additionally, there will be a separate Growing HVA Sales Activity financed jointly by MCC and USAID. USAID will procure the contractor for this activity, and will be responsible for the results.
- 4) Good governance of the program, which starts with Steering Committee. This good governance is based on fostering transparency, avoiding conflicts of interest, and maintaining confidentiality. MCC has presented the elements of this principle, which include:
  - (i) *Transparency*: MCA-Moldova has a web page, where information regarding the program, including program agreements and minutes of meeting of the Steering Committee, will be published;
  - (ii) *Confidentiality*. This includes, for example, such situations as approval by the Steering Committee of the Procurement Plan, which includes estimated budget figures for each procurement. The information regarding the estimated budget shall not be disclosed by the members of the Steering Committee, because such information is confidential. Similarly, personal information regarding the MCA-Moldova staff is confidential;
  - (iii) *Conflict of interest*: MCC presented information regarding conflicts of interest. MCC pointed out that any potential or actual conflict of interest situations regarding any issue should be disclosed and discussed prior to the review and approval of the relevant issue or the taking of any decision. Members of the Steering Committee, the Consultative Group, key staff of MCA-Moldova, and members of evaluation panels shall not participate in decisions where they have a conflict of interest..

- 5) The key points for procurements according to MCC procedures and procurement principles;
- 6) A Bid Challenge System, to be used the bidders which consider that the procurement process was conducted wrongly, is to be put in place within six months after signing of the „Compact” Agreement;
- 7) The role of the Steering Committee in the procurement process.
- 8) Eligibility for the MCC financing. It was pointed out that the Republic of Moldova must continue to meet MCC’s eligibility criteria, and address the issue of trafficking in persons as reviewed by the U.S. State Department.

After the end of the presentation made by the MCC representatives, the Vice-chair asked the members of the Steering Committee if there were any questions.

The Minister of Transport and Road Infrastructure Mr. Anatolie Şalaru has pointed out that the first condition precedent for the Road Rehabilitation Project was completed (i.e. regarding allocation of a portion of excise-duty in the road fund).

The Vice-chair of the Steering Committee proposed that the Non-Government members shall receive a copy of the project agreements signed by the Government of Moldova and MCC. Further, the Vice-chair of the Committee requested MCC representatives to clarify to the members of the Steering Committee how to ensure confidentiality from the side of the Consultative Group.

James Gerard has informed the members of the Steering Committee that the members of the Consultative Group will not receive the same information as the Steering Committee, and that the members of the Consultative Group shall be informed about the requirement to follow the conflict of interest rules and disclose any potential or actual conflict of interest situations.

Regarding the second issue of the agenda (“Other issues”):

- 1) The Vice-chair of the Steering Committee requested the Non-Government member to appoint their representative to the Executive Committee of MCA-Moldova within 15 days starting 6 May 2010.
- 2) Christopher Williams informed the members of the Steering Committee that the Steering Committee shall approve the results of the evaluation group for the position of Executive Director of MCA-Moldova. Also, MCC shall approve the results of the selection of the key-personnel. Mr. Williams mentioned that the members of the evaluation groups should be technical experts in the area of recruitment of the respective staff, and it is not necessary for them to speak English.

Mr. Williams emphasized that the key personnel shall speak English and shall be qualified in the respective technical area of the position. MCC technical staff will interview final candidates to confirm both of these conditions.

Also, the members of the Steering Committee were informed that the Steering Committee shall approve the remuneration level of the key personnel, which is confidential information. The salary of the MCA-Moldova personnel must be competitive, as the personnel must be very competent in both professional/technical capacity and knowledge of English. Mr. Williams pointed out that the „Compact” is even more complex and challenging than projects financed by other donors.

The Vice-chair of the Steering Committee requested that the MCC representatives provide the Government with successful practices for establishing the Consultative Group, specifically the selection of the representatives of the local public administrative authorities, private sector, and civil society, based on the experience of other countries participating in MCC programmes.

MCC representatives confirmed that they will provide available information regarding the practices in other countries to the Government of Moldova.

The Vice-chair of the Steering Committee requested that the MCC representatives to clarify whether the Steering Committee shall interview the applicants for the position of Executive Director of MCA-Moldova and other key personnel.

MCC representatives explained that the interview for the position of Executive Director of MCA-Moldova was conducted by the evaluation group, including four deputy ministers. MCC's opinion is that the evaluation report reflected an open and competitive process for the selection of the Executive Director. The Steering Committee will receive a copy of the evaluation report. Once approved by the Steering Committee, the candidate for Executive Director will be submitted to MCC for approval.

Upon the review of the information provided, the **Steering Committee has unanimously decided:**

- The information provided by MCC representatives is acknowledged.
- The representatives of the private sector and civil society shall appoint their representative to the Executive Committee within 15 days starting 6 May 2010.
- The members of the Steering Committee shall sign the confidentiality declaration prior to the review of issues containing confidentiality information.

Victor BODIU	_____SIGNED_____	State minister, Vice-chair of the Committee
Veaceslav NEGRUȚA	_____SIGNED_____	Minister of Finance
Anatolie ȘALARU	_____SIGNED_____	Minister of Transport and Road Infrastructure
Gheorghe ȘALARU	_____SIGNED_____	Minister of Environment
Dinu ARMAȘU	_____SIGNED_____	Director of Foreign Investor's Association
Valentina CATANOI	_____SIGNED_____	Executive Director of the Alliance for Agricultural Cooperation
Valeriu PROHNIȚCHI	_____SIGNED_____	Director of Independent Analytic Center "Expert-Grup"
Sergiu NEICOVCEN	_____SIGNED_____	Executive Director of National Center for Assistance and Information of the non-governmental organization "Contact"