

**MINUTES OF MEETING NO. 3
of Steering Committee
of Millennium Challenge Account Moldova (MCA-Moldova)**

*16 July 2010, 11.00 a.m.
Government of the Republic of Moldova, office 524*

Members of the Steering Committee:

Vladimir FILAT	Prime 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 16 July 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 Executive Director of the Environment Regional Center – Moldova (REC Moldova)
Valentina BADRAJAN (Observer)	Executive Director of Millennium Challenge Account Moldova

The meeting was attended by:

Members of the Steering Committee:

Vladimir FILAT	Prime Minister, Chair of the Committee
Eduard BĂNĂRUC	Deputy State Minister, representative of 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
Valentina CATANOI	Executive Director of the Alliance for Agricultural Cooperation

Invited persons:

Valentina BADRAJAN (Observer)	Executive Director of Millennium Challenge Account Moldova
Jack HARDMAN	Political and Economic Officer of the USA Embassy in the Republic of Moldova
Marcus MICHELLI	Deputy chief of the USA mission in the Republic of Moldova

Meeting's agenda:

1. Presentation and approval of the Procurement Plan of the Millennium Challenge Account Moldova for the period April – September 2010.
2. Presentation and approval of the organization structure and the personnel establishment, including the salary range of the Millennium Challenge Account Moldova.
3. Presentation and approval of the decisions of the evaluation commissions of candidates for key-personnel of the Millennium Challenge Account Moldova:
 - Deputy Executive Director;
 - Transition to High Value Agriculture Director;
 - Road Rehabilitation Project Director;
 - Environment and Social Director;
 - Monitoring and Evaluation Director;
 - Communications and Documentation Director;
 - Finance and Administrative Director;
 - Procurement Director.
4. Establishment of the negotiation group of the individual labor contracts with key-personnel of the Millennium Challenge Account Moldova.

The meeting of the Steering Committee was opened and chaired by Vladimir Filat, Prime Minister of the Republic of Moldova, Chair of the Steering Committee. The Chair 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 six of 11 voting members of the Steering Committee. Mr. Valeriu Cosarciuc, Minister of Agriculture and Food Industry, who attended the session of the Parliament of Moldova, Mr. Sergiu Neicovcen, Valeriu Prohnițchi and Dinu Armașu, who could not attend the meeting, and Mr. Andrei Isac who was no longer holding the position of Executive Director of the Environment Regional Center – Moldova (REC Moldova) were not present at the meeting. State Minister Victor Bodișu authorized for participation at the meeting of the Steering Committee as his representative and Voting member Mr. Eduard Bănăruș, Deputy State Minister.

The Chair informed the participants that the members of the Steering Committee were sent the invitation for the meeting, agenda and relevant materials for the meeting, and mentioned 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 six Voting members, the meeting was deemed deliberative.

The Chair of the Steering Committee further proposed to review the agenda of the meeting and approved it.

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

Further it started the presentation of the agenda's issues.

The first issue of the agenda was presented by Mrs. Valentina Badrajan, Executive Director of Millennium Challenge Account Moldova, who informed the members of the Steering Committee that in accordance with Procurement Guidelines of the Millennium Challenge Corporation (MCC), prior to launching any procurement activities it is required that such activity to be included in the Procurement Plan and approved accordingly. In accordance with the MCA-Moldova bylaws, the body authorized to approve the Procurement Plan of the institution is the Steering Committee. Further, this plan shall be sent for final approval to MCC. According to MCC requirements the Procurement Plan is to be reviewed and approved every six months.

The supporting information sent to the members of the Steering Committee included the description of each activity of the plan proposed for the period April – September 2010.

Mrs. Badrajan pointed out that the figures included in the Procurement Plan are estimated costs of the services, works and goods and shall not be disclosed, and are only for information for the members of the Steering Committee.

First and the largest procurement under the Project “Transition to High Value Agriculture” is related to the consulting services for development and implementation of the Activity “Irrigation Sector Reform”. Mrs. Badrajan mentioned that MCC Procurement Guidelines provides for some exceptions from the general rule. Such exception includes launching of the procurements prior to approval of the Procurement Plan. It was considered reasonable to launch the procurement for the mentioned activity immediately in order to manage the full implementation prior to expiration of the Compact. Thus, the international tender was launched and on 28 June 2010 was held a conference for the entities who expressed their interest to participate in the tender. 26 international firms were registered. Bid submission deadline is 5 August 2010, and the mobilization of the successful firm is scheduled for October 2010.

Further it was presented the second activity. This represents the procurement of the services of Project Implementation Manager. Mrs. Badrajan informed the members of the Steering Committee that in accordance with the requirements and conditions of the Compact and the Program Implementation Agreement, the Agency “Apele Moldovei” shall have the role of implementing entity for the activities “Irrigation Sector Reform” and “Central Irrigation Systems Rehabilitation”.

In order to identify the institutional arrangements, MCC conducted an assessment of the capacities of the Agency “Apele Moldovei” and “State Road Administration”.

Due to the low capacity of the Agency “Apele Moldovei” to manage the implementation of such complex infrastructure projects and sector reform, MCC considered reasonable contracting of an international consulting firm having managerial and engineering capacity and previous experience in this area. This consulting firm shall play the role of Project Implementation Manager, who will report to MCA-Moldova regarding the progress of the works and contractors’ performance under both mentioned activities, and additionally, will inform the management of the Agency “Apele Moldovei”.

The TORs for this consultant is established for a period of 57 months. TORs are at defining stage and launching of the international tender will be in the near future.

The State Road Administration has capacity, but MCC recommended employing an international individual consultant in the area of engineering. This will provide the necessary support for interaction of the State Road Administration with projecting firm, works supervising firm and the employers. The responsibilities of this expert will include inter alia the review of the feasibility studies, road projecting documentation, participation in the evaluation of the bids for services and works (technical part), providing of necessary assistance to the members of the bids evaluation commissions, participation in the drafting of evaluation reports. This represents the third activity of the Procurement Plan.

The fourth activity represents procurement of the services of the consultant for implementation of the Resettlement Action Plan. Some actions of rehabilitation of the road M2 would require in some cases the procurement of some private land parcels necessary for extension of existing road limits. In such case, MCC requires applying of the best international resettlement practices and required the Government to apply the World Bank’s Operational Policy (OP 4.12) on Involuntary Resettlement within the Compact.

Accordingly, selected consultant will assist the Government and other institutions in involuntary resettlement actions through development of a Resettlement Action Plan based on OP 4.12 requirements and local law. The goal of this activity is coordination of detailed road M2 projection, for minimizing the impact on parties potentially affected by the project and ensures that all involuntary resettlement activities are accordingly incorporated in the Project Implementation Plans.

The fifth group of activities includes administrative activities. These are.

a) *Procurement of Office equipment and furniture* as follows: equipment procurement (PCs, printers, projectors, copy machines, scanners, telephones, safes, software, programs, etc.) and of the furniture necessary for functioning of MCA-Moldova;

b) *Renovation of MCA-Moldova office*. According to the Compact provisions, providing of the office space for MCA-Moldova is the Government contribution. Therefore, the Government is intending to provide MCA-Moldova for the entire period of the Program Implementation with offices, located at 180, Stefan cel Mare Ave., Chisinau. This line provides for procurement of works necessary for renovation of these spaces;

c) *Employment of an engineer for projecting and supervision of MCA-Moldova office renovation*, responsible for development of the technical documentation, technical drawings, technical specification and estimated budget. Further, the engineer will ensure the supervision of the renovation works conducted by the employer according to the technical documentation and will ensure the final acceptance of the works;

d) *Short-term consulting services*: On 30 June 2010 expired the term of the contracts with individual consultants, who provided Compact development activities and ensured the necessary activities for MCA-Moldova to launch the activity. At this moment not all key-personnel of MCA-Moldova were approved and employed in order to continue the necessary activities for Compact enforcement and continuation of the implementation activities which started. Accordingly, in order to avoid suspending of the Program activities, it is proposed the extension of the contract term with certain consultants who are ensuring performance of the activities planned for Program implementation.

e) *Selection of Procurement Agent*: according to the provision of the Compact, MCA-Moldova shall contract one or more Procurement Agents, who will act in the name of MCA-Moldova under the terms acceptable to MCC for conducting of goods, works and services procurement necessary for implementation of activities financed from Compact. This activity is now on-going, and the Evaluation report of the bids of interested firms in providing of such services was approved at previous meeting of the Steering Committee.

Mrs. Badrajan mentioned that the detailed information regarding the activities included in the Procurement Plan was sent to the members of the Steering Committee as part of the Supporting information on MCA-Moldova Procurement Plan. This supporting information includes also the information regarding the competence of the Steering Committee to approve the activities related to procurements.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the Procurement Plan of Millennium Challenge Account Moldova for the period April – September 2010.

The second issue of the agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that the organization structure and personnel establishment of MCA-Moldova were developed considering the structure of the Compact, included projects and planed activities for five years of implementation. Also, it was considered the experience of other countries in program implementation and the recommendations of MCC regarding to this issue. In the supporting information sent to the members of the Steering Committee it was presented a description of the activities to be performed.

The program implementation supposes certain institutional arrangements, which requires complex interactions among all involved in Program implementation entities, and which were sent to the members of the Steering Committee together with the materials of the meeting. These interactions are related to communication, coordination, selection, approval, contracting process, etc. where the Government, MCC, State Road Administration, Agency “Apele Moldovei”, Fiscal Agent, Procurement Agent, as well as service providers are involved.

Further, Mrs. Badrajan informed the members of the Steering Committee that considering the institutional arrangements and MCC Guidelines for entities responsible for program implementation it was developed the Organization structure and defined the personnel establishment of MCA-Moldova. These were sent to the members of the Steering Committee together with materials for the meeting.

The members were informed that according to the provisions of the MCA-Moldova bylaws, the institution is managed by the Executive Director, who is assisted by a Deputy Executive Director. For performance of the necessary activities and functions it was agreed with MCC that the personnel establishment of MCA-Moldova shall include 7 directors. There were:

- Transition to High Value Agriculture Director, who will have in his team the Central Irrigation Rehabilitation Systems Director, specialists responsible for Irrigation Sector Reform, Access to Agriculture Finance;
- Road Rehabilitation Project Director, assisted by a specialist in the field;
- Monitoring and Evaluation Director: MCC has strict requirements for monitoring and evaluation of Compact implementation. These requirements exceed much the applied procedures of other donors considering the methodology, efforts and costs. The monitoring activities within the Program include the qualitative and quantitative supervision of the progress in Projects implementation. For these activities will be responsible the Monitoring and Evaluation Director, assisted by a specialist for monitoring and evaluation.
- Environment and Social Director: the Compact requires monitoring and evaluation of the social and environmental impact, which suppose also development of necessary measures so that the Program to ensure a positive influence from social, gender and environment protection point of view. Responsible for these activities will be the Environment and Social Director.
- Procurement Director, who will ensure the implementation and will monitor the procurement process of goods, works and services within the Program.
- Finance and Administrative Director, who will ensure the financial and administrative management of the Program and who will have in his subordination three specialists;
- Communications and Documentation Director, who will ensure the public awareness of the Compact activities, as well as communication process with civil society, businesses, donors' community, Program's beneficiaries, as well as other interested entities.

Program management team will be assisted by the Senior Advisor, Legal Advisor, as well as administrative staff.

Mrs. Badrajan informed the members of the Steering Committee that the total number of staff is coordinated with and approved by MCC as optional one. The experience of other countries implementing Compact confirms that the personnel establishment proposed for MCA-Moldova, as well as number of staff, are the minimum necessary for implementation of a comparable program with the one implemented in the Republic of Moldova. If in other countries Compact is implemented by 70 – 80 persons, then in the Republic of Moldova is proposed that the number of personnel involved in Program implementation should not exceed 39 persons.

Mrs. Badrajan mentioned that detailed information was sent to the members of the Steering Committee as part of the Supporting information on personnel establishment, organization structure and salary range of Millennium Challenge Account Moldova. This states also that one of the precondition for disbursement of the Compact Implementation Funding is finalizing of the recruitment process of the key-personnel, which suppose that all positions up to the level of Projects' and activities' directors to be filled.

Further, Mrs. Badrajan presented the salary range for MCA-Moldova staff, underlying that, according to MCC requirements, establishing of the salary range for the accountable entities of the Compact from signatory states are made only based on the surveys for establishing of the salary range in the private sector, financial institutions, diplomatic representatives, international organizations comparable by their activity goal from the respective countries. Thus, MCC practice requires that the employees' salaries from the accountable entities, including for the MCA-Moldova staff, to be comparable and competitive with those from the organizations conducting their activities in the signatory countries, which was mentioned during the discussions with the Government representatives, as well as confirmed by the letter of Mr. Darius Teter, MCC Vice-president of Compact Development Department as of 31 December 2009 to the Government.

In order to comply with MCC requirements related to this issue, a survey of the net level of salary for local personnel from relevant organizations was conducted. The survey includes the information about the salary range from leasing, telecommunication services and banking services companies, as well as the salary range in force from the local representative of the World Bank, USA Embassy in the Republic of Moldova and UNDP in Moldova. This survey was distributed to the members of the Steering Committee.

Mrs. Badrajan mentioned also that the net salary range obtained and proposed for approval is in general under the average net salaries from the comparable organization and is at a minimum acceptable level for ensuring the comparable and competitive principles. Also, salary range proposed for MCA-Moldova staff is a comparable one with the salary range from the accountable entities of the Compact from signatory countries.

MCC expressed no-objection to the obtained salary range and recommended to apply this for contracting MCA-Moldova staff.

The Supporting information on personnel establishment, organization structure and salary range of MCA-Moldova sent to the members of the Steering Committee states also that MCC requirements on remuneration are based on the following principles:

- Considering that the implementation term of the Compact is five years, and the recruitment procedures of the service providers, for monitoring and administration of the contracts for consulting services, as well as Program implementation are the most complicated among all donors acting in Moldova and requires additional efforts for preparation, staff salary, as well as remuneration policy, shall be sufficiently promising in order to ensure the minimum fluctuation of the personnel during the entire implementation term;
- Salary level shall be sufficiently competitive in order to allow recruitment of competent and prepared personnel for implementation of a 262 million USD program, as well as to respond to high level requirements established by MCC;
- Considering the amount of the financed projects within Compact, as well as of the potential service providers, the employees' salary shall be sufficiently promising in order to minimize the possible corruption of MCA-Moldova staff involved in service providers' selection, as well as contract administration.

Considering the above mentioned, it was proposed to the Steering Committee the approval of the organization structure, personnel establishment and salary range of MCA-Moldova.

The Chair of the Steering Committee, Mr. Vladimir Filat, required Mrs. Badrajan to clarify when the salary level of MCA-Moldova is based on the presented survey and if this is a systematic approach of MCC.

Mrs. Badrajan confirmed that the salary level and organization structure follows the systematic approach of MCC within the Compact and conducted surveys.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the organization structure, the personnel establishment and the salary range of MCA-Moldova.

The third issue of the agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that according to the MCA-Moldova bylaws the Steering Committee, with MCC approval, shall ensure recruitment through competition and approval of the MCA-Moldova key-personnel. In order to comply with this requirement by the Order of the State Minister no. 218-A as of 25 June 2010 and no. 229-A as of 6 July 2010 were established the commissions for recruitment of the key-personnel for the following positions. Recruitment commissions included the representatives of the State Chancellery, relevant ministries and institutions. MCC representative participated as observers. The expressions of interests were evaluated by the commissions, and the most qualified were invited for interview. As result, the following MCA-Moldova key-personnel was selected:

- For the position of Deputy Executive Director – Igor Perjan;
- For the position of Transition to High Value Agriculture Director – Sergiu Iuncu;
- For the position of Road Rehabilitation Project Director – Anatol Usatîi;
- For the position of Environment and Social Director – Sergiu Budeşteanu;
- For the position of Monitoring and Evaluation Director – Andrei Băţ;
- For the position of Communications and Documentation Director – Slavian Guţu;
- For the position of Finance and Administrative Director – Elena Bodiu;
- For the position of Procurement Director – Ion Josan.

The detailed information regarding recruitment process, including main responsibilities of the personnel, advertising of the recruitment notices, structure of the selection commissions, as well as CVs of the selected personnel was sent to the members of the Steering Committee.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the Evaluation reports of the candidates for the mentioned key-personnel.

The fourth issue of the agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that following MCC approval of the evaluation reports for MCA-Moldova key-personnel, according to Recruitment Paper for MCA-Moldova personnel, it shall be conducted the negotiation and finalizing of the contracts with key-personnel. In order to ensure the participation of members-representatives of the Government and of those from private sector and civil society, it is feasible to establish the group including the representatives of those from Executive Committee of MCA-Moldova. Accordingly, for negotiation of the contract with the Executive Director it is proposed to establish the negotiation group including:

- Victor Bodiu, State Minister, Vice Chair of the Steering Committee;
- Valentina Catanoi, Executive Director of the Alliance for Agricultural Cooperation.

After completion of the negotiation, negotiated contract with the Executive Director of MCA-Moldova will be sent for approval to Steering Committee.

As regard to the group for negotiation of the contracts with other key-personnel, it was proposed to establish the negotiation group including:

- Victor Bodiu, State Minister, Vice Chair of the Steering Committee;
- Valentina Catanoi, Executive Director of the Alliance for Agricultural Cooperation;
- Mrs. Badrajan, Executive Director of MCA-Moldova.

The contracts negotiated with other key-personnel are not subject to approval of the Steering Committee.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the group for negotiation of the contract with the Executive Director and the group for negotiation of the contracts with other key-personnel of MCA-Moldova.

Upon the review of the received information, **the Steering Committee DECIDES:**

- To approve the Procurement Plan of the Millennium Challenge Account Moldova for the period April – September 2010, as provided in the Annex 1.
- To approve the organization structure and the personnel establishment, including the salary range of the Millennium Challenge Account Moldova, as provided in the Annexes 2-4.
- To approve the evaluation report of the candidates for the position of Deputy Executive Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Igor Perjan and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Transition to High Value Agriculture Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Sergiu Iuncu and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Road Rehabilitation Project Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Anatol Usatfi and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Environment and Social Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Sergiu Budeşteanu and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Monitoring and Evaluation Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Andrei Băţ and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Communications and Documentation Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Slavian Guţu and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Finance and Administrative Director of the Millennium Challenge Account Moldova; to approve for this position Mrs. Elena Bodiu and to submit for approval the respective evaluation report to MCC.
- To approve the evaluation report of the candidates for the position of Procurement Director of the Millennium Challenge Account Moldova; to approve for this position Mr. Ion Josan and to submit for approval the respective evaluation report to MCC.

- To establish the group for negotiation of the contract with the Executive Director of Millennium Challenge Account Moldova as follows:
 - Victor Bodi, State Minister, Vice Chair of the Steering Committee;
 - Valentina Catanoi, Executive Director of the Alliance for Agricultural Cooperation.
- To establish the group for negotiation of the contracts with the key-personnel of Millennium Challenge Account Moldova (except the Executive Director) as follows:
 - Victor Bodi, State Minister, Vice Chair of the Steering Committee;
 - Valentina Catanoi, Executive Director of the Alliance for Agricultural Cooperation;
 - Mrs. Badrajan, Executive Director of MCA-Moldova.

Vladimir FILAT	<u>SIGNED</u>	Prime Minister, Chair of the Committee
Eduard BĂNĂRUC	<u>SIGNED</u>	Deputy State Minister, representative of Victor BODIU, State Minister, Vice Chair of the Committee
Veaceslav NEGRUȚA	<u>SIGNED</u>	Minister of Finance
Anatolie ȘALARU	<u>SIGNED</u>	Minister of Transport and Road Infrastructure
Gheorghe ȘALARU	<u>SIGNED</u>	Minister of Environment
Valentina CATANOI	<u>SIGNED</u>	Executive Director of the Alliance for Agricultural Cooperation