

**MINUTES OF MEETING NO. 4  
of Steering Committee  
of Millennium Challenge Account Moldova (MCA-Moldova)**

*03 September 2010, 10.00 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)

Nota:

\* On 03 September 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.

Invitați:

Leslie McCuaig (Observer)	Country Director for Moldova of the Millennium Challenge Corporation
Valentina BADRAJAN (Observer)	Executive Director of Millennium Challenge Account Moldova
Laurenția UNGUREANU (Observer)	Acting Executive Director of the Environment Regional Center – Moldova (REC Moldova)

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

Members of the Steering 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
Dinu ARMAȘU	Director of Foreign Investor's Association
Valentina CATANOI	Executive Director of the Alliance for Agricultural Cooperation

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Valentina BADRAJAN (Observer)	Executive Director of Millennium Challenge Account Moldova

### **Meeting's agenda:**

1. Approval of the draft agreement to be signed with the commercial bank.
2. Approval of the draft agreement to be signed with the Procurement Agent.
3. Approval of entering by Millennium Challenge Account Moldova in the Fiscal Agent Agreement between State Chancellery and Fiscal Agent „Louis Berger” S.A.S. and the transfer of rights and obligations of the State Chancellery to Millennium Challenge Account Moldova.
4. Approval of the amendments to the Procurement Plan of the Millennium Challenge Account Moldova for the period April – September 2010.
5. Approval of the decision of the evaluation commission of the candidates for the position of Centralized Irrigation System Rehabilitation Activity Director of Millennium Challenge Account Moldova.

The meeting of the Steering Committee was opened and chaired by Victor Bodi, State Minister, Vice Chair of the Steering Committee. Vice Chair of the Steering Committee 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. 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 Environment Mr. Gheorghe Șalaru. The meeting was not attended also by Mr. Sergiu Neicovcen and Mr. Valeriu Prohnițchi, and Mr. Andrei Isac who was no longer holding the position of Executive Director of the Environment Regional Center – Moldova (REC Moldova).

Vice Chair of the Steering Committee 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 pointed out 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.

Vice Chair of the Steering Committee announced the meeting's agenda and proposed to amend it with a new issue (the sixth issue) as follows:

6. Approval of the draft individual labor contract between the Steering Committee of the Public institution „Fondul Provocările Mileniului Moldova” (MCA-Moldova) and its Executive Director.

Reviewing the meeting's agenda, the Voting members of the Steering Committee attending the meeting approved unanimously the final meeting's agenda.

Further it started the presentation of the agenda's issues. Mrs. Valentina Badrajan, Executive Director of the Millennium Challenge Account Moldova was required by the Vice chair to present the first issue of the agenda.

Mrs. Valentina Badrajan informed the members of the Steering Committee that the meeting is attended by Mrs. Leslie McCuaig, the new Country Director for Moldova of the Millennium Challenge Corporation. Mrs. Leslie McCuaig congratulated the members of the Steering Committee with entering into force of the Compact as of 01 September 2010 and wished success to the Republic of Moldova in program implementation. Further, it was presented the issues of the meeting's agenda.

*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 with the purpose of Compact implementation, in accordance with the provisions of the Grant Agreements between Millennium Challenge Corporation (“MCC”) and the Republic of Moldova, it shall be procured the services of a local commercial bank acceptable to MCC, in charge of

management of the MCA-Moldova's accounts. Signature of the bank agreement is established by MCC as a condition precedent to disbursement of the Compact Implementation Funding.

Persuade to the Compact, the procurement by MCA-Moldova of these services shall be conducted in accordance with MCC procurement rules. The tender documentation used by MCA-Moldova in conducting of the procurements is the standard MCC documentation, which includes also the draft agreement to be signed between MCA-Moldova, B.C. „Moldova-Agroindbank” S.A and Fiscal Agent „Louis-Berger” SAS.

One of the MCC principles regarding the payment is that the majority of the payments under the Compact shall be made directly by the Treasury of the United States directly to the beneficiaries (contractors). The amounts to pass through the local accounts of MCA-Moldova will be mainly for operating costs related to Program administration.

At the meeting of the Steering Committee of MCA-Moldova as of 03 June 2010 it was approved the report of the evaluation group of the proposals received from commercial banks, by which the successful bank was declared B.C. „Moldova-Agroindbank” S.A. This decision was further approved by MCC.

By the decision of the MCA-Moldova Executive Committee as of 30 July 2010 it was established the negotiation commission of the contract with B.C. „Moldova-Agroindbank” S.A., including:

- Valentina Badrajan, Executive Director of MCA-Moldova, chair of the negotiation commission;
- Elena Matveeva, Head of the Public Debs' General Directorate, Ministry of Finance;
- Elena Bodiu, Finance and Administrative Director of MCA-Moldova;
- Ion Josan, Procurement Director of MCA-Moldova.

This commission conducted the negotiation with B.C. „Moldova-Agroindbank” S.A. and on 18 August 2010 the minutes of meeting for negotiation of the contract between MCA-Moldova, B.C. „Moldova-Agroindbank” S.A and Fiscal Agent „Louis-Berger” SAS it was signed.

The subject of negotiation was the standard MCC agreement, sent to all banks together with the invitation to tender, and the proposal of the commercial bank. During the negotiation it was clarified and amended some agreement's provisions, which prior were coordinated with MCC. These amendments include specially:

- It was stated expressly that the bank shall open also accounts in Moldovan lei;
- It was included the provision that the account information shall be sent in original to both MCA-Moldova and Fiscal Agent „Louis-Berger” SAS
- It was inserted a new provision that the bank shall provide MCA-Moldova and Fiscal Agent with secured access to its system „Internet Banking” for conducting of the electronic payments and reconciliation of the accounts;
- It was included the provision of conversion of the funds and conducting of the payments through system „Internet Banking”;
- It was included the possibility for making the payments by 4:00 p.m.;
- It was clarified that the Bank's fee will be paid at the moment of making payments through debiting the funds from the account;
- It was established that the fee for the Bank's services, which were not listed in the contract and which shall be charged to MCA-Moldova, shall be those that are published by the bank and valid for its largest and best customers.

Further, the members of the Steering Committee were informed that, according to the provisions of the Grant Agreement between MCC and the Republic of Moldova, the signature right for making payments has only the Fiscal Agent.

According to MCC standard, the contract is executed for one year with the option of its extension for one year periods over the Compact term.

Considering the above-mentioned, it is proposed to approve the draft agreement between MCA-Moldova, B.C. „Moldova-Agroindbank” S.A. and Fiscal Agent „Louis Berger” SAS. Mrs. Valentina Badrajan pointed out that after approval by the Steering Committee, the draft agreement

shall be sent for final approval of MCC. Upon such approvals, MCA-Moldova, B.C. „Moldova-Agroindbank” S.A. and Fiscal Agent „Louis Berger” SAS shall execute the agreement. In case of any MCC comments (recommendations) to the agreement, these shall be incorporated in the agreement.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the draft agreement between MCA-Moldova, B.C. „Moldova-Agroindbank” S.A. and Fiscal Agent „Louis Berger” SAS.

*The second issue* of the agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that with the purpose of Compact implementation, in accordance with the provisions of the Grant Agreements between MCC and the Republic of Moldova, MCA-Moldova shall procure the services of a Procurement Agent, who will act on behalf of MCA-Moldova for conducting of the procurements of goods, works and services, necessary to MCA-Moldova for implementation of the activities financed from Compact. Signature of the Procurement Agent Agreement is established by MCC as a condition precedent to disbursement of the Compact Implementation Funding.

Persuade to the Compact, the procurement by MCA-Moldova of these services shall be conducted in accordance with MCC procurement rules. The tender documentation applied by MCA-Moldova in conducting of the procurements is the standard MCC documentation, which includes also the draft agreement to be signed between MCA-Moldova and Procurement Agent „Booz Allen Hamilton”.

At the meeting of the Steering Committee of MCA-Moldova as of 03 June 2010 it was approved the report of the evaluation group of the proposals received from the companies, with recommendation for contract award to the firm „Booz Allen Hamilton”. This decision was further approved by MCC.

The negotiation and signature of the agreement was delayed due to the review by MCC of a complain made by a participant in the tendering process. Finally, through a final decision issued by MCC, this complain was rejected.

By the decision of the MCA-Moldova Executive Committee as of 30 July 2010 it was established the negotiation commission of the Procurement Agent Agreement, including:

- Valentina Badrajan, Executive Director of MCA-Moldova, chair of the negotiation commission;
- Lucreția Ciurea, Head of the Direction of Foreign Assistance of the State Chancellery;
- Ion Josan, Procurement Director of MCA-Moldova;
- Anatolii Usafii, Road Rehabilitation Project Director of MCA-Moldova.

The negotiation commission conducted the negotiations with the firm „Booz Allen Hamilton”, finalizing the text of the agreement. The negotiation was focused on MCC standard-agreement, sent to all participants in the tender together with the invitation to tender, and the proposal of the firm „Booz Allen Hamilton”. During the negotiation it was clarified and amended some contract provisions. The material issues which were subject to negotiation are the following:

- *Payment schedule to the Consultant.* The parties agreed to make the payments on quarterly bases upon submission of the monthly and quarterly reports and their approval by MCA-Moldova, except for the last year of providing the services, when the consultant will be required to conduct two supervision missions. Accordingly, for the last year it was foreseen two payments.
- *Correction of the contract price.* The Terms of references issued to the consultants, based on which the proposals were required, was providing for two supervision missions of the Consultant in the last year. By mistake, the consultant bided in its proposal for four missions. In order to correct the contract price in according with the Terms of references, the parties have agreed to reduce by half the Consultant’s level of effort for that year, and accordingly the price. Thus, the contract amount was reduced comparing with the Consultant’s financial proposal by 110,391.50 US dollars.

Other negotiated issues are not material and refer especially to redaction of the text or are issues that do not amend the parties’ duties.

In accordance with MCC standard, the agreement is executed for one year, with the option of extension for additional four years.

Considering the above-mentioned, it is proposed to approve the draft agreement between MCA-Moldova and Procurement Agent „Booz Allen Hamilton” for a five year period. Mrs. Valentina Badrajan pointed out that after approval by the Steering Committee, the draft agreement shall be sent for final approval of MCC. Upon such approvals, MCA-Moldova and „Booz Allen Hamilton” shall execute the agreement.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections the draft agreement between MCA-Moldova and Procurement Agent „Booz Allen Hamilton” for a five year period.

***The third issue*** of the meeting’s agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that with the purpose of Compact implementation, in accordance with the provisions of the Grant Agreements between MCC and the Republic of Moldova, the Government, directly or through MCA-Moldova, will engage a Fiscal Agent, who will be responsible for assisting the Government with its fiscal management and ensure appropriate fiscal accountability of MCC funding. Signature of the Fiscal Agent Agreement is established by MCC as a condition precedent to disbursement of the Compact Implementation Funding.

The respective Fiscal Agent Agreement with „Louis Berger” SAS, selected competitively in accordance with MCC procurement rules, was executed on 17 November 2009. Considering that at that moment MCA-Moldova did not exist, this agreement was executed by the State Chancellery, who had to act in the place of MCA-Moldova and shall remain part to the Fiscal Agent Agreement until MCA-Moldova joins this agreement.

On 18 June 2010 the State Registration Chamber registered the Public Institution „Fondul Provocările Mileniului Moldova” and, accordingly, MCA-Moldova can join the Fiscal Agent Agreement between the State Chancellery and the Fiscal Agent „Louis Berger” SAS and to undertake the rights and obligations of the State Chancellery according to this agreement.

The Fiscal Agent Agreement between the State Chancellery and the Fiscal Agent „Louis Berger” SAS was drafted according to the MCC standard agreement and signature of this agreement was approved by MCC.

Considering the above-mentioned, it is proposed to approve joining by the Millennium Challenge Account Moldova of the Fiscal Agent Agreement between State Chancellery and the Fiscal Agent „Louis-Berger” SAS and the assigning of the rights and duties of the State Chancellery to MCA-Moldova. Mrs. Valentina Badrajan pointed out that after approval by the Steering Committee, this decision will be reviewed and approved by MCC. Following these approvals, MCA-Moldova shall execute the Fiscal Agent Agreement.

Upon the review of the materials, the Voting members of the Steering Committee approved without objections joining by the Millennium Challenge Account Moldova of the Fiscal Agent Agreement between State Chancellery and the Fiscal Agent „Louis-Berger” SAS as of 17 November 2009 and assigning of the rights and duties of the State Chancellery to MCA-Moldova.

***The forth issue*** of the meeting’s agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that during the meeting of the Steering Committee on 16 July 2010 was approved the Procurement Plan for the Compact program. One of the activities included in the Procurement Plan is procurement of the services of an engineer in charge of design and supervision of the renovation of the MCA-Moldova office, responsible for development of the technical documentation, technical drawings, technical specification and estimated budget, as well as supervision of the renovation works conducted by the employer according to the technical

documentation and will ensure the final acceptance of the works. The approved procurement method was Selection of Individual consultant.

During development of the request for expressions of interest from the interested persons in providing of the respective services, it was found that the level of complexity of the necessary renovation works and, accordingly, the level of qualification of the person responsible for projecting is much higher than originally estimated. The complexity of the required renovation works requires complying with the local law in the area of construction's quality, which requires that such projecting shall be conducted only by the licensed firms.

Thus, the procurement method of an Individual consultant cannot be applied. Further, supervision of the works shall be excluded from the scope of works of the consultant and shall be stated as a separate activity in order to comply with national law, requiring separation of the projecting activity from supervision.

Considering these circumstances, it is necessary to amend the procurement method from the Procurement Plan with "Selection Based on Consultants' Qualification". Hence, it is required Steering Committee's approval to amend the procurement method and, accordingly, to procure the services for development of the technical documentation, technical drawings, technical specification and estimated budget through the procurement method "Selection Based on Consultants' Qualification".

In the supporting information for this issue, sent to the members of the Steering Committee, it was mentioned that the cost for the activity of development of the technical documentation, technical drawings, technical specification and estimated budget shall stay at the level approved in the Procurement Plan. As regard to the supervision of the works, then this activity shall be included as separate activity in the Procurement Plan for the next six months period.

Vice Chair of the Steering Committee required clarification regarding the cost of renovation of MCA-Moldova offices.

Mrs. Valentina Badrajan clarified the cost of renovation of MCA-Moldova offices.

Upon the review of the presented information, the Voting members of the Steering Committee approved without objections amendment of the Procurement Plan of Millennium Challenge Account Moldova for the period April – September 2010 through establishing the procurement method "Selection Based on Consultants' Qualification" for the services "Development of the technical documentation, technical drawings, technical specification and estimated budget for renovation of the MCA-Moldova office" and excluding the services "Supervision of the renovation works conducted by the employer according to the technical documentation and ensuring the final acceptance of the works" from the scope of the assignment keeping the initial budget included in the Procurement Plan.

*The fifth issue* of the meeting's agenda was presented by Mrs. Badrajan, who informed the members of the Steering Committee that according to the MCA-Moldova bylaws the Steering Committee shall ensure recruitment through competition and approval of the MCA-Moldova key-personnel. This includes also the Centralized Irrigation System Rehabilitation Activity Director in charge of implementation, supervision and coordination of all activities related to conducting of the engineering works necessary for rehabilitation of 11 selected irrigation centralized systems.

Therefore, by the decree of the State Minister no. 241-A as of 22 July 2010 it was established the commission for recruitment consisting from four members as follows: Vasile Bumacov (Ministry of Agriculture and Food Industry), Mihail Pencov (Agency "Apele Moldovei"); Valentina Badrajan (MCA-Moldova); Sergiu Iuncu (MCA-Moldova).

Recruitment notice for this position was published on web site of MCA-Moldova and in the newspapers of national circulation ("Timpul" and "Moldova Suverană"). The deadline for submission of the applications was established 03 May 2010.

While the applicants for this position did not meet the qualification requirements, it was decided to republish the recruitment notice. The deadline for submission of the applications was established 10 June 2010. As response to republished notice, it was received the applications from nine candidates.

Upon the evaluation of the submitted applications, as well as of the interviews with the candidates included in the short-list, the recruitment commission established that the most qualified candidate for the position of Centralized Irrigation System Rehabilitation Activity Director is Mr. Victor Găină.

Further, Mrs. Badrajan presented the qualification and experience of Mr. Victor Găină.

Vice Chair of the Steering Committee required Mrs. Valentina Badrajan to clarify if during the evaluation process the members of the recruitment commission had disagreements in the scoring.

Mrs. Badrajan clarified that the members of the recruitment commission did not have disagreements in the scoring and they took the decision by consent.

Further, the members of the Steering Committee decided to invite the applicant in order to introduce himself.

Upon the review of the information provided, the Voting members of the Steering Committee approved without objections the result of the recruitment commission for evaluation of the candidates for the position of Centralized Irrigation System Rehabilitation Activity Director, included in the evaluation report of the candidates for this position in subject and approved for this position Mr. Victor Găină.

*The sixth issue* of the meeting's agenda was presented by the Vice Chair of the Steering Committee, Mr. Victor Bodi, who informed the members of the Steering Committee that during the previous meetings of the Steering Committee Mrs. Valentina Badrajan was approved in the position of Executive Director of MCA-Moldova and was approved the salary range of the MCA-Moldova staff. The negotiation group for the individual labor contract with Executive Director of MCA-Moldova, including Mr. Victor Bodi, State Minister, Vice Chair of the Steering Committee and Mrs. Valentina Catanoi, Executive Director of the Alliance for Agricultural Cooperation, conducted the negotiation of the contract.

Vice Chair of the Steering Committee informed the members that the proposed contract is according to the standard applicable for managers of the state enterprises, it was coordinated with the Legal Department of the State Chancellery and preliminary with MCC, and it is proposed for approval. The text of the contract with MCA-Moldova Executive Director is subject to approval by the Steering Committee and MCC.

Upon the review of the information provided, the Voting members of the Steering Committee approved without objections the draft Individual labor contract between the Steering Committee of MCA-Moldova and the Executive Director.

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

- To approve the draft agreement between MCA-Moldova, B.C. „Moldova-Agroindbank” S.A. and Fiscal Agent „Louis Berger” SAS and to send it for final MCC approval.
- To approve the draft agreement between MCA-Moldova and Procurement Agent „Booz Allen Hamilton” for a five year period and to send it for final MCC approval.
- To approve joining by the Millennium Challenge Account Moldova of the Fiscal Agent Agreement between State Chancellery and the Fiscal Agent „Louis-Berger” SAS as of 17 November 2009 and assigning of the rights and duties of the State Chancellery to MCA-Moldova, and to request final MCC approval.
- To approve amendment of the Procurement Plan of Millennium Challenge Account Moldova for the period April – September 2010 through establishing the procurement method “Selection Based on Consultants’ Qualification” for the services “Development of the technical documentation, technical drawings, technical specification and estimated budget for renovation of the MCA-Moldova office” and excluding the services “Supervision of the renovation works

conducted by the employer according to the technical documentation and ensuring the final acceptance of the works” from the scope of the assignment keeping the initial budget included in the Procurement Plan.

- To approve the result of the recruitment commission for evaluation of the candidates for the position of Centralized Irrigation System Rehabilitation Activity Director, included in the evaluation report of the candidates for this position in subject; to approve for this position Mr. Victor Găină and to submit for approval the respective evaluation report to MCC.
- To approve the draft Individual labor contract between the Steering Committee of MCA-Moldova and the Executive Director and to send it for final MCC approval.

Victor BODIU	<u>  _Signature_  </u>	State Minister, Vice Chair of the Committee
Veaceslav NEGRUȚA	<u>  _Signature_  </u>	Minister of Finance
Anatolie ȘALARU	<u>  _Signature_  </u>	Minister of Transport and Road Infrastructure
Valeriu COSARCIUC	<u>  _Signature_  </u>	Minister of Agriculture and Food Industry
Dinu ARMAȘU	<u>  _Signature_  </u>	Director of Foreign Investor’s Association
Valentina CATANOI	<u>  _Signature_  </u>	Executive Director of the Alliance for Agricultural Cooperation