

**MINUTES OF MEETING no.5
of the Steering Committee
of Millennium Challenge Account Moldova (MCA-Moldova)**

*September 29, 2010; 04.00 p.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 NEGRUTA	Minister of Finance
Valeriu COSARCIUC	Minister of Agriculture and Food Industry
Anatolie SALARU	Minister of Transports and Road Infrastructure
Gheorghe SALARU	Minister of Environment
Dinu ARMASU	Director, Foreign Investors Association
Valentina CATANOI	Executive Director, Alliance for Agricultural Cooperation
Valeriu PROHNITCHI	Director, Independent Analytical Center „Expert-Grup”
Sergiu NEICOVCEN	Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”
Andrei ISAC*	Executive Director, Regional Environment Center Moldova (REC Moldova)

Note:

* On 29 September 2010 Mr. Andrei Isac was no longer holding the position of Executive Director of Regional Environment Center Moldova (REC Moldova) and, therefore, could not attend the meeting of the Steering Committee.

Invitees:

Leslie McCuaig (Observer)	Country Director for Moldova, Millennium Challenge Corporation
Laurentia UNGUREANU (Observer)	Acting Executive Director, Regional Environment Center Moldova (REC Moldova)
Valentina BADRAJAN (Observer)	Executive Director, Millennium Challenge Account Moldova

The meeting was attended by:

Members of the Steering Committee:

Vladimir FILAT	Prime Minister, Chair of the Committee
Victor BODIU	State Minister, Vice Chair of the Committee
Veaceslav NEGRUTA	Minister of Finance
Valeriu COSARCIUC	Minister of Agriculture and Food Industry
Valeriu CIUBUC	Deputy Minister of Transports and Road Infrastructure, representing the Minister of Transport and Road Infrastructure Anatolie Salaru
Corneliu MARZA	Deputy Minister of Environment, representing the Minister of Environment Gheorghe Salaru
Dinu ARMASU	Director, Foreign Investors Association
Valentina CATANOI	Executive Director, Alliance for Agricultural Cooperation
Valeriu PROHNITCHI	Director, Independent Analytical Center „Expert-Grup”
Sergiu NEICOVCEN	Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”

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Leslie McCuaig (Observer)	Country Director for Moldova, Millennium Challenge Corporation
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Laurentia UNGUREANU (Observer)	Acting Executive Director, Regional Environment Center Moldova (REC Moldova)
Valentina BADRAJAN (Observer)	Executive Director, Millennium Challenge Account Moldova

Agenda:

1. Presentation and approval of the decision of the evaluation team on the candidates for the position of Irrigation Sector Reform Activity Officer.
2. Presentation and approval of the decisions of evaluation commissions on the candidates for the following key staff of Millennium Challenge Account-Moldova:
 - Legal Advisor;
 - Social and Gender Officer.
3. Presentation and approval of the Procurement Plan of Millennium Challenge Account-Moldova for the period October 2010 – March 2011.

The meeting of the Steering Committee was opened and chaired by the Chair of the Committee Prime Minister Vlad Filat, who informed the participants that the meeting of the Steering Committee of Millennium Challenge Account Moldova (MCA-Moldova) was convened according to the MCA-Moldova statute and mentioned the members present at the meeting. There was an attendance of 10 voting members of the Steering Committee out of 11 and 3 non-voting members (observers). Due to the Government current activities, Minister of Environment Gheorghe Salaru and Minister of Transport and Road Infrastructure Anatolie Salaru could not take part in the meeting. However they delegated Corneliu Marza, Deputy Minister of Environment, and Valeriu Ciubuc, Deputy Minister of Transport and Road Infrastructure respectively to represent them at the meeting. Millennium Challenge Corporation approved the participation of both representatives in the meeting. Andrei Isac did not attend the meeting as well, since he was no longer holding the position of Executive Director of Regional Environment Center – Moldova (REC Moldova).

The Chair of the Steering Committee mentioned that the members of the Steering Committee had been sent the invitation to the meeting, agenda and relevant materials and pointed out that according to the statute of MCA-Moldova (clause 32), approved by Government Decision no.161 of 4 March 2010, the meeting was deemed deliberative if it was attended by at least 6 voting members. Given that 10 voting members were present at the meeting, the meeting was deliberative.

The Chair of the Committee introduced the agenda and proposed its examination.

Mrs. Valentina Badrajan, Executive Director of MCA-Moldova came up with a request to amend the agenda of the meeting and namely:

- to remove from the agenda the issue of presenting and approval of the evaluation committee's decision on the Legal Advisor for Millennium Challenge Account Moldova candidates, due to the fact that the Evaluation Report was not ready yet;

- to add a new item (the fourth one) on the agenda and namely:

4. Approval of the size of expenses reimbursed for the business trips of MCA-Moldova staff abroad.

Having reviewed the agenda of the meeting, the voting members of the Steering Committee present at the meeting approved unanimously the final agenda.

Afterwards, the Chair of the Committee invited the members to make a presentation of the issues on the agenda.

The first item on the agenda of the meeting was introduced by Mr. Sergiu Iuncu, Director of Transition to High Value Agriculture Project, MCA-Moldova, who informed the members of the Committee that according to the terms and conditions of Compact Agreement, one of the 4 activities to be implemented under *Transition to High Value Agriculture Project* is Irrigation Sector Reform. According to the Procurement Plan approved at the meeting of the Steering Committee of July 16 2010, a consultancy company is to be contracted to deal with the implementation of the Irrigation Sector Reform Activity.

To start procurement of consultancy services needed for the implementation of the Irrigation Sector Reform Activity (ISRA), the relevant documents were drafted, including the terms of reference and the Technical Task covering a period of about 58 months, which contains the following core activities:

- Creation of 11 fully operational Water Users Associations able to manage and maintain efficiently the rehabilitated centralized irrigation systems;
- Legal transfer of management of centralized irrigation systems from the State Agency „Apele Moldovei” to the Water Users Associations through management transfer agreements;
- Activities supporting the Government in its efforts to improve the management of water resources and assess future water availability, in order to promote sustainable economic growth in agriculture.

On June 10, 2010, MCA-Moldova announced an international competition for selection of the Consultant. The deadline for submission of bids was August 5, 2010, 03.00 p.m.

In response to the MCA – Moldova Request for Proposals, 5 international consultants submitted their bids:

1. EPTISA Servicios de Ingenieria, in association with EPTISA Romania SRL;
2. Euroconsult Mott MacDonald with Agland Investments Services Inc., ACDI/VOCA, Miliue Lts, ACSA, NGO BIOS as sub-consultants;
3. AFC Consultants International, in association with Gopa Consultants;
4. Tetra Tech ENE with AGRO Inform, CNFA, DHI, Riverside Technology, Inc. as sub-consultants;
5. Tahal Consulting Engineers Ltd.

The Technical Evaluation Team was created through the decision of the Executive Committee of MCA-Moldova of July 30, 2010 to evaluate the bids for ISR. Its members were 4 specialists in this area, one of which was an international expert.

Bid evaluation had two stages absolutely separate one from another: evaluation of technical proposals and combined evaluation which included evaluation of financial proposals;

According to the evaluation criteria, to qualify for the second stage, which is Combined Evaluation, for technical evaluation the companies must get the score of at least 75 out of 100. After the evaluation of technical proposals, only 3 of the companies qualified for the next stage.

The Report of the Technical Evaluation Team was submitted to MCC for approval, after which the public bid opening procedure was launched for the qualified companies.

The company with the best results in the Combined Evaluation stage for Irrigation Sector Reform Activity was Euroconsult Mott MacDonald.

All this said, the Steering Committee was asked to approve the decision of the Bid Evaluation Team to award the contract for Irrigation Sector Reform Activity to Euroconsult Mott MacDonald. Once

approved by the Steering Committee, the Evaluation Report will be submitted to MCC for approval, after which the contract can be negotiated and signed with the winning company.

Having listened to the information presented, the members of the Steering Committee came up with questions and asked for clarifications:

The Chair of the Committee wanted to know why with such a wide disparity between the financial proposals submitted by companies, the final scores in the evaluation were, more or less, the same.

Mr. Iuncu explained that bid evaluation had two stages separate one from another: evaluation of technical proposals and evaluation of financial proposals. Since the emphasis was placed on the quality of consultancy, the technical proposal overweighed the bid. For that reason, and namely weak technical proposal, the company with a financial proposal twice lower than the other two companies qualified for the final stage did not win the competition.

Mrs. Valentina Badrajan stressed that according to the Request for Proposals for those services, the share of the technical proposal in the final score was 80%, while that of the financial proposal was only 20%.

The Chair of the Committee asked about the country of residence of the companies qualified for the final stage.

Mr. Iuncu said that all of them were international companies, who were acting either in association or had sub-consultancy contracts with international and local consultancy companies. Euroconsult Mott MacDonald has its main office in Netherlands, but applied for the competition having sub-consultancy contracts with 2 American companies and 2 companies from the Republic of Moldova. The second company, Tetra Tech ENE, is a company from the USA and applied for the competition with sub-consultancy contracts with 2 American companies and 2 local ones. Tahal Consulting Engineering is from Israel.

Mr. Valeriu Cosarciuc asked why the technical and financial evaluations did not have equal shares in the final score.

Mr. Iuncu reiterated that the emphasis was placed on the quality of consultancy and that of the methodology to be used in the implementation of that Activity and that this was a standard clause in the request for proposals for consultancy services.

Mr. Victor Bodiuc confirmed that, indeed, in his experience of working with donors 80% to 20% was most frequently applied.

Mr. Sergiu Neicovcen asked how it was possible for a company with the weakest technical proposal to get the score necessary to qualify to the final stage.

Mr. Iuncu explained that 3 groups of evaluation criteria, with a total number of 15 specific sub-criteria, were used for the evaluation of the technical proposal. For some of the sub-criteria the company got a high score, for some of them very low. However it managed to get the minimum score required to qualify to the combined evaluation stage.

Having looked through the materials, the voting members of the Steering Committee approved with no objection the decision of the Bid Evaluation Team to award Euroconsult Mott MacDonald the contract for Irrigation Sector Reform Activity.

The second item on the agenda of the meeting was introduced by Mrs. Valentina Badrajan, Executive Director of MCA-Moldova, who informed the members of the Steering Committee that, according to MCA-Moldova Statute, the Steering Committee must ensure a competition-based selection and approval of MCA-Moldova key staff, including Social and Gender Officer. This person will be in charge of drafting and implementing the Social and Gender Integration Plan that will strengthen Compact impact through effective participation of women, men, youth and vulnerable groups.

For this purpose, a commission was created through the Ruling of the State Minister no. 268-A as of August 17, 2010 to select a candidate for this position. The members of this commission are the following: Valentina Badrajan (MCA-Moldova), Sergiu Budesteanu (MCA-Moldova), Ruslan Codreanu (State Chancellery), Viorica Dumbraveanu (Ministry of Labor, Social Protection, Family and Child), Ecaterina Mardarovici (National Participatory Council), Corneliu Eftodi (UNIFEM Moldova).

The terms of reference, qualification requirements, evaluation criteria and the questions for interviewing the candidates had been coordinated and approved by Millennium Challenge Corporation.

The announcement for this position was published in the Official Monitor of the Republic of Moldova, the newspapers *Moldova Suverana* and *Logos Press* and on the website of the MCA-Moldova. The deadline for submitting the applications was May 14, 2010.

However MCC requested a repeated announcement of the competition, due to the fact that no qualified candidates applied for the position. In response to the repeated announcement, 8 candidates submitted their applications.

The interviews with the short listed candidates were held on September 20, 2010 with the participation of MCC Country Director Leslie J. McCuaig.

After evaluating all the submitted applications and holding interviews with the short listed candidates, the members of the selection commission were unanimous in their decisions that the best candidate for the position of Social and Gender Officer was Mrs. Eugenia Ganea.

The informative note in this sense, submitted to the members of the Steering Committee, contained information about the professional education and experience of that candidate.

The members of the Steering Committee subsequently decided to invite Mrs. Eugenia Ganea to introduce herself.

Having listened to the information presented, the voting members of the Steering Committee approved with no objection the evaluation done by the selection commission for the position of Social and Gender Officer and described in the Evaluation Report, and approved for this position Mrs. Eugenia Ganea.

The third item on the agenda of the meeting was introduced by Mrs. Badrajan, who informed the members of the Steering Committee that according to the provisions of MCC Procurement Directives, before starting the procurement activities, the latter must be stipulated in the Procurement Plan and duly approved. The Steering Committee, top management body of MCA-Moldova, is empowered to approve the Procurement Plan of the institution, which needs to be further approved by Millennium Challenge Corporation.

The Procurement Plan submitted for approval covers a 6-month period (October 2010-March 2011) and stipulates procurements for two projects, as well as for Compact Management and Oversight, as follows:

- 1) **Transition to High Value Agriculture Project:**
 - a) Project Implementation Manager (PIM);
 - b) Consultant in Detailed Design and Drafting of Resettlement Action Plan.

- 2) **M2 Sarateni Road Rehabilitation Project – Crossroad at Drochia:**
 - a) Consultant for technical assistance and support.

- 3) **Compact Management and Oversight:**
 - a) Procurement of office equipment, phone/internet services and furniture for MCA-Moldova;
 - b) Procurement of vehicles for MCA- Moldova;
 - c) Repair works in MCA-Moldova premises;
 - d) Selection of an engineer to supervise the repair works in MCA-Moldova premises.

The informative note in this respect, submitted to the members of the Steering Committee, included detailed information about each procurement activity. Mrs. Badrajan pointed out that the Procurement Plan contained the estimated costs of services, works and goods and, for that reason, could not be made public. They were presented to the members of the Steering Committee only for information. Mrs. Badrajan explained what exactly was to be procured:

1. The first procurement included in the Procurement Plan for Transition to High Value Agriculture Project relates to the consultancy services for delivering the services of Project Implementation Manager. According to the provisions of Compact Agreement and Program Implementation Agreement, „Apele Moldovei” Agency is the body in charge of the implementation of Irrigation Sector Reform Activity and Centralized Irrigation System Rehabilitation Activity. Having assessed the capacity of „Apele Moldovei” Agency to manage such a complex and large-scale project, MCC recommended that an international consultancy company with managerial and engineering capacities and experience in this area should be contracted to provide consultancy in project management, report to MCA-Moldova on the status of works and performance of contractors under the two activities and, also, to inform „Apele Moldovei” Agency on project implementation.

The technical task for PIM Consultant covers a period of 57 months. The terms of reference are now being drafted, and when ready, will be coordinated with MCC and the Procurement Officer. In the first half of October, and international tender will be announced in this sense.

Rehabilitation of Centralized Irrigation Systems Activity will start once the services of Detailed Design for Centralized Irrigation Systems and Drafting of Resettlement Action Plan are contracted. The key objectives are the following:

- Detailed design of technical projects for 11 irrigation systems, indicating the amount of works and technical specifications. They will serve as a platform for announcing the tender for construction works.
- Drafting of the resettlement action plan and compensation for the material losses incurred by the individuals affected by CIS rehabilitation.

The informative note, submitted to the members of the Steering Committee, contains the main tasks of the consultant. The Technical Task for detailed design services covers a 14-month period since the date of effective mobilization.

2. For the Road Rehabilitation Project the Procurement Plan foresees procurement of the services of a Consultant for Technical Assistance and Support to the State Road Administration in the implementation of relevant activities. MCC recommended that an individual international consultant in

engineering should be contracted to facilitate interaction between the State Road Administration and the design company, the company supervising the works and the contractors. The tasks of the consultant will include, but not confine to, examination of feasibility studies, road design documentation, participation in evaluation of bids for services and works (technical part), helping the members of bid evaluation commissions, taking part in drafting evaluation reports etc.

The total duration of the consultant's services is 52 months.

3. The Administrative Activities for MCA include:

- *Procurement of office equipment and furniture*, and namely: PCs, printers, projectors, copy machines, scanners, telephones, safes, software, programmes, etc. and the furniture necessary for the efficient operation of MCA-Moldova;
- *Procurement of vehicles* for MCA-Moldova to facilitate program implementation;
- *Repair works in Millennium Challenge Account Moldova premises*: According to Compact provisions, the responsibility to provide premises to MCA Moldova lies with the Government. The Government intends to provide MCA-Moldova with premises located in 180, Stefan cel Mare str., Chisinau for the whole period of program implementation. This item deals with the procurement of repair works in the premises provided;
- *Selection of an engineer to supervise the repair works at MCA-Moldova*, who will be in charge of supervising the repair works performed by the contractor according to the technical documentation and final acceptance of works.

All that said, the Steering Committee was asked to approve the Procurement Plan of Millennium Challenge Account Moldova for the period October 2010-March 2011.

Mr. Valeriu Cosarciuc asked why the decision was to select an international company for the management of activities under Transition to High Value Agriculture Project and not to build the capacities of local institutions.

Mrs. Valentina Badrajan explained that according to Compact Agreement the projects under Compact Program are implemented through Implementation Entities, and in the case of the Rehabilitation of Centralized Irrigation Systems Activity and Irrigation System Reform Activity the Implementing Entity was the State Agency „Apele Moldovei”. Having assessed the managerial and engineering capacities of the State Agency „Apele Moldovei”, MCC came to the conclusion that it did not have adequate capacities to implement those projects. That was the rationale behind the decision to select an international consultant with expertise in the management of engineering projects. The period given for the Rehabilitation of Centralized Irrigation Systems Activity is very short, and for its successful implementation an experienced company is needed.

Mr. Vlad Filat said that Compact objective is rehabilitation of centralized irrigation systems and their transfer to Water Users Associations.

The issue about adding „Implementation Manager of Transition to High Value Agriculture Project” to the Procurement Plan was put to the vote by the Steering Committee.

Voting results:

- | | | |
|--------|---|---|
| ▪ pros | - | 9 |
| ▪ cons | - | 1 (Minister of Agriculture and Food Industry) |

The decision to add this activity to the Procurement Plan was passed by 9 votes of the members of the Steering Committee.

Having listened to the information presented, the voting members of the Steering Committee approved without any objection the Procurement Plan of Millennium Challenge Account Moldova for

the period of October 2010- March 2011, except for the activity „Implementation Manager for Transition to High Value Agriculture Project”, approved by 9 votes only.

The fourth item on the agenda of the meeting was introduced by Mrs. Badrajan, who informed the members of the Steering Committee that, the Executive Committee approved on 28 September 2010 the MCA Moldova Operational Financial Manual. It contains the principles, procedures, mechanisms to be applied by MCA Moldova to the management of MCC funds for the purpose of transparency, competitiveness and fairness. The manual was drafted based on the template manual recommended by MCC to countries benefiting from Compact assistance.

The manual has a section regulating reimbursement of costs incurred by MCA-Moldova staff during business trips abroad. The per diem amounts for the business trips across the Republic of Moldova will remain as stipulated in the Regulation on the assignment of employees of enterprises, institutions and organizations in the Republic of Moldova to business trips, approved by Government Decision no.836 of 24 June 2002.

Per diem abroad, pursuant to Moldovan legislation, varies from 18 to 30 USD. Given that most of the business trips abroad will have the purpose of training and that this training is organized by MCC for all the participating countries, it is almost impossible to use the amounts prescribed in the legislation.

Mrs. Badrajan informed the members of the Steering Committee that article 176 (2) of the Labor Code of the Republic of Moldova provides for the increase in the amount of reimbursement.

As for the business trips abroad, on MCC recommendations, Mrs. Badrajan proposed that the rates in place used by the U.S. Department of State be applied. Reimbursement of travel costs will be based on confirmation documents, and the travel tickets will be economy class.

All that said, and considering MCC recommendations the Steering Committee was requested to approve application of per diem rates in place at the U.S. Department of State for the business trips abroad for MCA-Moldova staff.

Mr. Veaceslav Negruta asked the members of the Committee to postpone the decision regarding this issue until one of the following meetings, in order to examine it more deeply and to find a solution agreed by MCA-Moldova representatives and Ministry of Finance of the Republic of Moldova.

Having listened to the information presented, the voting members of the Steering Committee were unanimous in their decision to postpone the issue of per diem rates until another meeting.

At the end of the meeting the State Minister Victor Bodiu informed the members of the Steering Committee about the report of the U.S Department of State on the trafficking in persons, classifying the Republic of Moldova in tier II Watch List. Staying in this tier in 2011 would mean that there is a risk of suspension of USA assistance to our country.

Mr. Victor Bodiu informed the members of the MCA-Moldova Steering Commission that the Government of the Republic of Moldova had already drafted a paper with a number of important actions taken throughout 2010 and with the priorities for the next period in curbing human trafficking to be submitted to our American development partners. It read, *inter alia*, that the Republic of Moldova was still lagging behind in certain areas, particularly criminal investigation and conviction of officials engaged in trafficking. However the authorities were doing their best to progress in that area, drawing on the available legal resources: amendment of criminal legislation, in order to prevent abuses in re-qualification of cases of trafficking and passing of conditional sentences; analysis of over 450 criminal records in order to identify abuses; revision of the materials of convicts in Rusca prison for women.

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

- To approve the bid evaluation report for the Irrigation Sector Reform Activity; to award the contract for this activity to Euroconsult Mott MacDonald; to recommend Millennium Challenge Corporation to approve the final evaluation report.
- To approve the evaluation of candidates for the position of Social and Gender Officer carried out by the evaluation commission, included in the Evaluation Report; to approve for this position Mrs. Eugenia Ganea and to submit the evaluation report to Millennium Challenge Corporation for approval.
- To approve the Procurement Plan of Millennium Challenge Account Moldova for the period October 2010- March 2011.

Vladimir FILAT	_____signed_____	Prime Minister, Chair of the Committee
Victor BODIU	_____signed_____	State Minister, Vice Chair of the Committee
Veaceslav NEGRUTA	_____signed_____	Minister of Finance
Valeriu COSARCIUC	_____signed_____	Minister of Agriculture and Food Industry
Valeriu CIUBUC	_____signed_____	Deputy Minister of Transports and Road Infrastructure, representing Minister of Transports and Road Infrastructure Anatolie Salaru
Corneliu MARZA	_____signed_____	Deputy Minister of Environment, representing Minister of Environment Gheorghe Salaru,
Dinu ARMASU	_____signed_____	Director, Foreign Investors Association
Valentina CATANOI	_____signed_____	Executive Director, Alliance for Agricultural Cooperation
Valeriu PROHNITCHI	_____signed_____	Director, Independent Analytical Center „Expert-Grup”
Sergiu NEICOVCEN	_____signed_____	Executive Director, National Center for Assistance and Information of Non-government Organizations „Contact”