

**MINUTES no.6**  
**of the Steering Committee**  
**of Millennium Challenge Account Moldova (MCA-Moldova)**

*October 18, 2010; 02.30 p.m.*  
*Government of the Republic of Moldova, office 524*

**Members of the Steering Committee:**

1. Vladimir FILAT - Prime Minister of the Republic of Moldova, Chair of the Steering Committee
2. Victor BODIU - State Minister, Deputy Chair of the Steering Committee
3. Veaceslav NEGRUTA - Minister of Finance
4. Valeriu COSARCIUC - Minister of Agriculture and Food Industry
5. Anatolie SALARU - Minister of Transports and Road Infrastructure
6. Gheorghe SALARU - Minister of Environment
7. Dinu ARMASU - Director, Foreign Investors Association
8. Valentina CATANOI - Executive Director, Alliance for Agricultural Cooperation
9. Valeriu PROHNITCHI - Director, Independent Analytical Center „Expert-Grup”
10. Sergiu NEICOVCEN - Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”
11. Victor COTRUTA - Executive Director, Regional Environment Center Moldova (REC Moldova)

**Observers:**

1. Leslie J McCUAIG - Country Director for Moldova, Millennium Challenge Corporation
2. Valentina BADRAJAN - Executive Director, Millennium Challenge Account Moldova

**The meeting was attended by:**

*Members of the Steering Committee:*

1. Vladimir FILAT - Prime Minister of the Republic of Moldova, Chair of the Steering Committee
2. Victor BODIU - State Minister, Deputy Chair of the Steering Committee
3. Veaceslav NEGRUTA - Minister of Finance
4. Vasile BUMACOV - Deputy Minister of Agriculture and Food Industry, *representing Mr. Valeriu Cosarciuc, Minister of Agriculture and Food Industry*
5. Anatolie SALARU - Minister of Transports and Road Infrastructure
6. Gheorghe SALARU - Minister of Environment
7. Dinu ARMASU - Director, Foreign Investors Association
8. Valentina CATANOI - Executive Director, Alliance for Agricultural Cooperation
9. Sergiu NEICOVCEN - Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”

10. Victor COTRUTA Executive Director, Regional Environment Center Moldova (REC Moldova)

**Observers:**

- 3. Leslie J MCCUAIG - Country Director for Moldova, Millennium Challenge Corporation
- 4. Valentina BADRAJAN - Executive Director, Millennium Challenge Account Moldova

**Invitees:**

- 1. Daniel W. YOHANNES - Chief Executive Officer, Millennium Challenge Corporation
- 2. Asif CHAUDHRY - Ambassador of the United States of America to the Republic of Moldova
- 3. T. Charles COOPER - Vice President for Congressional and Public Affairs for the Millennium Challenge Corporation
- 4. Gina PORTO - Senior Director, Millennium Challenge Corporation
- 5. Andrew CHAKOYAN - Senior Program Specialist, Millennium Challenge Corporation

**Agenda:**

- 1. Presentation and approval of the results of contract negotiation with the consultant in implementation of Irrigation Sector Reform Activity.
- 2. Presentation and approval of Compact Monitoring and Evaluation Plan.
- 3. Role and importance of the Steering Committee to the success of Compact activities.

*The meeting was chaired by Mr. Vladimir Filat, Prime Minister of the Republic of Moldova, and Chair of the Steering Committee.*

In his opening speech, the Chair informed the participants that the Steering Committee of MCA Moldova (SC) was convened according to the Millennium Challenge Account Moldova (MCA Moldova) statute and mentioned the members present at the meeting. Due to personal reasons, Mr. Valeriu Prohntichi, Director of Independent Analytical Center „Expert - Group” could not attend the meeting.

The Chair of the Committee announced that according to clause 32 of MCA Moldova Statute, the meeting was deemed deliberative when at least 6 voting members were present. Since 10 voting members out of 11 and 3 non-voting observers were present, the Chair of the committee found that all the conditions for convening the meeting were met.

The Chair introduced Mr. Daniel W. Yohannes, Chief Executive Officer of Millennium Challenge Corporation (MCC) and His Excellency Mr. Asif Chaudry, Ambassador of the United States of America to the Republic of Moldova. Other MCC representatives were also present at the meeting.

The chair introduced the agenda of the meeting and proposed that it be approved. The members of the Committee confirmed that they had received the materials beforehand and looked through them.

Having looked through the agenda, the Steering Committee members had no objections to it and upon the proposal of the Chair of the Committee approved it unanimously.

***First item. Presentation and approval of the results of contract negotiation with the consultant in the implementation of Irrigation Sector Reform Activity.***

The Chair of the Committee gave the floor to Mr. Sergiu Iuncu, Director of Transition to High Value Agriculture Project, MCA Moldova to speak on the first item.

All the members of the Steering Committee had received prior to the meeting a comprehensive informative note on the issues addressed in the contract negotiations with the consultant in the implementation of Irrigation Sector Reform Activity.

In his speech, the rapporteur mentioned the following:

- The decision of the Steering Committee dating September 29 was to announce the Dutch company Euroconsult Mott MacDonald as the winning company to implement the Irrigation Sector Reform Activity and to launch the contract negotiation on such services.
- The negotiations were held in the period of 7-14 October. The parties in this process were the Procurement Agent of MCA Moldova and MCA Moldova representatives on one side and the representatives of Euroconsult Mott MacDonald on the other side. The negotiations focused on 27 issues, the key issues relating to staff capacity building, organizational and logistical arrangements, review of some of the tasks and their technical enhancing, reporting.
- The consultant accepted the list of issues inadequately described in the proposal and committed to enhance them. In order to keep the contract amount unchanged, this will be done by reducing the resources estimated for the overdetailed actions.

The rapporteur proceeded to the details of some of the negotiated issues:

- *Assistance to the Ministry of Justice in drafting the procedure manual and standardized package of documents (template) needed to register the Water Users Associations (WUA).* The terms of reference did not include this task to be fulfilled by the Consultant, but since the Water Users Associations are registered as public associations, certain difficulties are likely to occur during registration, since the registration procedure, as well as the standardized package of documents (template) prepared for the public associations might not mirror the peculiarities of WUA. For this purpose MCA Moldova proposed that the Consultant coordinated and drafted in concert with the Ministry of Justice the Procedure Manual and the standardized package of documents needed for WUA registration. This decision was grounded on the assumption that this activity would not require more effort and costs on the part of the Consultant, since the latter will perform a similar activity when a WUA Monitoring and Oversight Unit is created within the State Agency „Apele Moldovei”.
- *Visits and experience exchange abroad for WUA.* Since the tours to the countries with experience in WUA management were overlooked in the financial proposal, the Consultant was required to organize at least 2 visits abroad for the WUA management and for the Implementation Partners without raising the contract amount.
- *Capacity – building for some of the key positions.* The experts of the technical evaluation team stressed that the Team Leader for Irrigation Management Transfer and the Specialist in Geospatial Information Systems proposed by the consultant did not fully meet the requirements laid out in the terms of reference. MCA Moldova required the enhancement of these positions and their alignment with the requirements in the terms of reference, without raising the contract amount. The company agreed to replace the Team Leader for Irrigation Management Transfer with a better qualified person, and to contract international and local consultants to support the Specialist in Geospatial Information Systems without changing the financial proposal.
- *Adding of the identification, demarcation and classification of water bodies.*

The Chair of the Committee suggested switching to debating that issue.

The Chair of the Committee, Mr. Vladimir Filat, mentioned that the other negotiated issues were detailed in the informative note attached to the materials of the meeting and wanted to know if the final contract amount had somehow changed after new activities, previously not laid out in the technical proposal, had been added to the technical task of the consultant.

Mr. Sergiu Iuncu replied that the additional tasks added in the technical task after negotiations were not new in fact, since their fulfillment was required in the terms of references according to which the Consultant was to develop the technical proposal. To some of the tasks proposed the approach was rather simplistic, while the Terms of Reference required more complex solutions. The negotiations gave the possibility to correct the technical proposal of the Consultant and to align it to the requirements in the Terms of Reference, without changing the final contract amount, due to better use of financial resources allocated for other activities.

The Chair of the Committee asked if the remaining funds will do for the successful implementation of the irrigation sector reform and if this transfer of funds will not affect the quality of services.

The speaker said that the funds available were sufficient for the successful implementation of all the activities laid out in the terms of reference. Mrs. Valentina Badrajan added that quality was the major landmark in the negotiations, while the financial resources for the additional activities had been reallocated from some of the activities overestimated by the Consultant. Given how important that activity is for the launch of other activities under Transition to High Value Agriculture Project, the Consultant was required to mobilize in 2 weeks at most, which is 2 weeks earlier than initially planned. Therefore November 15, 2010 is the deadline given for mobilization.

When the debate was over, Mr. Sergiu Iuncu asked for the approval of the results of contract negotiations for the consultancy services for the implementation of Irrigation Sector Reform Activity and signing of the contract with Euroconsult Mott MacDonald.

The voting members of the Steering Committee present at the meeting were unanimous in their decision to approve the results of the contract negotiations for provision of consultancy services for the implementation of Irrigation Sector Reform Activity and to sign the contract with Euroconsult Mott MacDonald.

Afterwards, the Chair of the Committee suggested proceeding to the second item on the agenda.

**Second item.** *Presentation and approval of Compact monitoring and evaluation plan.*

The second item on the agenda was introduced by Mr. Andrei Bat, MCA Moldova Director for Monitoring and Evaluation, who communicated the following:

- According to the Monitoring and Evaluation Policies of Millennium Challenge Corporation, monitoring and evaluation are compulsory at each stage of Compact implementation cycle. In this sense, according to the terms and conditions of the Compact Agreement, MCC and the Government need to agree on the Compact Monitoring and Evaluation Plan (M&E Plan).
- The plan must be drafted in the period following the entering into effect of Compact and approved within 90 days from that date.
- This Plan will serve as a key tool for planning and managing monitoring, evaluation and reporting processes. According to the Compact Agreement, the Plan will be mandatory, while violation of its provisions will be interpreted as derogation from the Agreement provisions.
- The plan structure is in line with the Monitoring and Evaluation Policies for Compact and Threshold Country Plans and has the following parts: description of Program components and beneficiaries, Program monitoring, Program evaluation, project implementation and management, annexes with the list of indicators and the work plan.

- The key pillars of the plan are the monitoring and evaluation components.
- The monitoring component defines the indicators, performance objectives and details of data collection and reporting plans. The system of indicators has five levels and is based on the Programme objectives and General List of Indicators.
- The indicator values have been determined after conducting primary data collection surveys and in-depth economic analyses in the period of 2008-2009 for each component. These analyses applied assessment of investment projects efficiency (internal rate of return). Thus, 7 objective indicators have been identified for the Transition to High Value Agriculture Project and 3 for the Road Rehabilitation Project.
- Since not all the activities under the Program have been contracted yet, some of the indicators are still under development, mainly the result indicators and the process ones. They will be included in the M&E Plan once the contracts are signed and the implementing companies draft their work plans. The indicators will be disaggregated by gender, age, income and categories of beneficiaries, as stated in the M&E Policies and to the extent applicable.
- The evaluation component identifies the evaluations that will be done under each project. They will be based on research and in-depth analyses to find out if Compact had the expected impact on the beneficiaries and to what extent this impact is due to the Program interventions. The list of potential beneficiaries is under development.
- Depending on the period, the evaluations are divided into initial, mid-term, final and impact evaluations. The latter will be carried out by the Millennium Challenge Corporation when Program implementation is over.
- The evaluations will be conducted depending on the program activities:
  - Evaluation of Irrigation Systems Rehabilitation Activity and Irrigation Sector Reform Activity
  - Evaluation of Access to Agricultural Finance Activity
  - Evaluation of the Growing High Value Agriculture Sales Activity.
- The Monitoring and Evaluation Plan will be implemented by MCA Moldova that will manage all the activities described in the plan.
- The Steering Committee and Millennium Challenge Corporation will be informed about the program performance, including the contents of the M&E Plan, progress reports and others, which will also be posted on the website of MCA Moldova and in other information sources.

Ultimately, Mr. Andrei Bat asked for the approval of the Compact Monitoring and Evaluation Plan.

The Chair of the Committee wanted to know if the plan provided for the review of the proposed indicators.

Mr. Andrei Bat specified that the list of indicators can be reviewed only with prior written approval by Millennium Challenge Corporation and Steering Committee. In any case, MCA Moldova will have to come up with well-substantiated evidence to review the indicators.

Mr. Dinu Armasu, Director of Foreign Investors' Association, Committee member:

- wanted to know if the evaluation methodologies for the Transition to High Value Agriculture Project will take into account a possible decrease in the number of farms and implicitly in the potential number of beneficiaries of the project as a result of land consolidation activities.

- asked why namely land owners were chosen to be the beneficiaries of Transition to High Value Agriculture Project.

Going back to the first question, Mr. Andrei Bat said that according to MCC regulations project beneficiaries are those persons whose real income is expected to increase as a result of Compact implementation activities. Hence, the beneficiaries of the Transition to High Value Agriculture Project will be not only the farmers, but also other categories of individuals and businesses such as the landowners leasing out their land, employees of farmers etc. Indeed, land consolidation is an ongoing process, but the preliminary data about the areas where the irrigation systems are going to be rehabilitated reveal that those processes build mainly on new longer-term lease agreements or exchange of lands between owners, rather than on sale-purchase agreements. Moreover, some of the landowners, who were previously leasing out their lands, will start growing value added crops in their own farm households once the irrigation systems are rehabilitated. Therefore, new producers that are likely to emerge might offset the drop in the number of beneficiaries – agricultural producers caused by the consolidation process.

As for the second question, Mr. Andrei Bat said that due to the lack of a Register of farms in the Republic of Moldova the decision was to use the available database of landowners, managed by the State Enterprise „Cadastru”.

The voting members of the Steering Committee present at the meeting approved unanimously the Compact Monitoring and Evaluation Plan of MCA Moldova.

The Chair of the Committee suggested proceeding to the third item on the agenda, giving the floor to the invitee Mr. Daniel W. Yohannes, Chief Executive Officer of the Millennium Challenge Corporation.

**Third item.** Role and importance of the Steering Committee to the success of Compact activities.

In his speech, Mr. Daniel W. Yohannes greeted the members of the Steering Committee and highly appreciated the achievements of Moldovan authorities in the implementation of the joint program launched a couple of months ago with the signing of Compact Agreement.

Mr. Yohannes thanked the Chair and the members of the Steering Committee for the efficient management and was hopeful that the follow-up actions will be just as productive as the ones already taken, stressing how important transparency is.

One of the key principles of Millennium Challenge Corporation is focusing all the efforts towards getting tangible results, which is why monitoring and evaluation is of utmost importance in the process of reporting not only to decision makers, but to the whole society as well. Using these tools, we have to prove that the Compact Programme has a positive image both in the Republic of Moldova, and in the United States.

Mr. Daniel Yohannes mentioned that the Steering Committee has the role to ensure Programme implementation under the contract terms and conditions and expressed his personal thanks to the Prime Minister for his commitment and for effective cooperation with the Millennium Challenge Account Moldova.

Having examined the information provided, **the Steering Committee DECIDES:**

- To approve the results of contract negotiation for provision of consultancy services for the implementation of Irrigation Sector Reform Activity; to approve the signing of the contract with the company Euroconsult Mott MacDonald.
- To approve the Compact Monitoring and Evaluation Plan of MCA Moldova and to submit it for approval to Millennium Challenge Corporation.

*Members of the Steering Committee:*

Vladimir FILAT

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Prime Minister of the Republic of Moldova, Chair of the Steering Committee

Victor BODIU

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State Minister, Deputy Chair of the Steering Committee

Veaceslav NEGRUTA

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Minister of Finance

Anatolie SALARU

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Minister of Transports and Road Infrastructure

Gheorghe SALARU

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Minister of Environment

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Director, Foreign Investors Association

Valentina CATANOI

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Executive Director, Alliance for Agricultural Cooperation

Sergiu NEICOVCEN

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Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”

Victor COTRUTA

Executive Director, Regional  
Environment Center Moldova  
(REC Moldova)

Vasile BUMACOV

Deputy Minister of Agriculture  
and Food Industry, *representing*  
*Mr. Valeriu Cosarciuc, Minister*  
*of Agriculture and Food*  
*Industry*