



MINUTES no. 4
Steering Committee
Millennium Challenge Account Moldova (MCA Moldova)

October 11, 2013; 11:00 am
Government of the Republic of Moldova; conference room, floor 6

Members of the Steering Committee:

1. Iurie LEANCĂ - Prime Minister of the Republic of Moldova, chair of the Steering Committee
2. Victor BODIU - Secretary General of the Government, deputy chair of the Steering Committee
3. Anatol ARAPU - Minister of Finance
4. Vasile BUMACOV - Minister of Agriculture and Food Industry
5. Vasile BOTNARI - Minister of Transport and Road Infrastructure
6. Gheorghe ȘALARU - Minister of Environment
7. Alecu RENIȚĂ - Leader, Environmental Movement in Moldova
8. Alexandru SLUSARI - President, National Federation of Employers in Agriculture and Food Industry
9. Emilia MALAIRĂU - Executive Director, Employers' Association „American Chamber of Commerce in Moldova”
10. Dumitru URSU - President, Banks' Association in Moldova
11. Vladimir FLOREA - President, Employers' Association “Union of Transporters and Road Workers in the Republic of Moldova”

Observers:

1. Leslie 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. Iurie LEANCĂ - Prime Minister of the Republic of Moldova, chair of the Steering Committee
2. Victor BODIU - Secretary General of the Government, deputy chair of the Steering Committee
3. Ștefan CREANGĂ - Delegated by Mr. ARAPU, Minister of Finance
4. Sergiu GHETIU - Delegated by Mr. BUMACOV, Minister of Agriculture and Food Industry

- 5. Vasile BOTNARI - Minister of Transport and Road Infrastructure
- 6. Lazăr CHIRICĂ - Delegated by Mr. ŞALARU, Minister of Environment
- 7. Alecu RENIŢĂ - Leader, Environmental Movement in Moldova
- 8. Alina GHELEŢCHI - Delegated by Mr. SLUSARI, President, National Federation of Employers in Agriculture and Food Industry
- 9. Emilia MALAIRĂU - Executive Director, Employers' Association „American Chamber of Commerce in Moldova”
- 10. Dumitru URŞU - President, Banks' Association in Moldova
- 11. Dumitru ALBULESA - Delegated by Mr. FLOREA, President, Employers' Association “Union of Transporters and Road Workers in the Republic of Moldova”

Observers:

- Jeffrey GOVEIA - Deputy Country Director of the Millennium Challenge Corporation for Moldova
- Valentina BADRAJAN - Executive Director of MCA Moldova

Secretary of the Steering Committee:

- Ion BORŞ - Legal Advisor of the Millennium Challenge Account Moldova

Invitees:

- Igor PERJAN - Deputy Executive Director of MCA Moldova
- Valentin BOZU - Deputy Executive Director of MCA Moldova
- Leonid MAZILU - Procurement Director of MCA Moldova
- Elena BODIU - Finance and Administrative Director of MCA Moldova
- Inga BURLACU - Communication Director of MCA Moldova
- Sergiu IUNCU - Director of Transition to High Value Agriculture Project
- Ana GROZA - Legal consultant

Agenda:

- 1. Report on the status of the Central Irrigation Systems Rehabilitation Activity of the Transition to High Value Agriculture Project of the Compact on October 1, 2013**
- 2. Approval of amendments to the 2013 Compact budget**
- 3. Approval of the MCA Moldova's Procurement Plan for the period of October 2013 - March 2014**
- 4. Approval of the audit report delivered by Ernst & Young SRL for the period of July – December 2012**
- 5. Approval of the signing of the audit contract**
- 6. Report on the signing of the additional agreement no.5 to the contract with Booz Allen Hamilton, MCA Moldova's Procurement Agent**

- 7. Report on the revision of salary rates of MCA Moldova staff**
- 8. Report on the selection of the membership of the Consultative Group of MCA Moldova**
- 9. Report on the „shopping” procurements made by MCA Moldova from June to September 2013**
- 10. Report on the amendments made to the MCC’s Procurement Guidelines**
- 11. Report on the bid challenge against the contract award for the rehabilitation of central irrigation systems**

The meeting was chaired by Prime Minister Leanca, the chair of the Steering Committee.

The Steering Committee members had no objections to the agenda of the meeting and, upon the proposal of the chair of the session, approved it unanimously.

Item 1. Report on the status of the Central Irrigation Systems Rehabilitation Activity of the Transition to High Value Agriculture Project of the Compact on October 1, 2013

Mr. Iuncu, the Director of the Transition to High Value Agriculture Project (THVA project), reported that the Central Irrigation Systems Rehabilitation Activity (CISRA) will extend the irrigated area to 15 500 hectares. There are 34 rural localities in the areas covered by the irrigation systems and more than 9000 farmers will benefit from their rehabilitation.

CISRA has three distinct stages: detailed design, rehabilitation works at CIS and the defect notification period (up to 1 year).

CISRA Background

Mr. Iuncu stressed that according to the Compact provisions, CISRA is closely linked with the Irrigation Sector Reform Activity (ISRA). The latter is an institutional development component related to the development and approval of the legal and institutional frameworks required for the establishment and operation of Water Users’ Associations (WUAs), transfer of management of irrigation systems to WUAs and the legal framework on the approval and enforcement of the new Water Law. The successful achievement of the ISRA milestones served as either program or design preconditions of THVA project that conditioned the launch of CISRA and its implementation stages.

The detailed design process of CIS started in October 2011 and ended in June 2013.

When the designs were ready the second CISRA stage started with the announcement of the bidding for selection of construction and construction supervision companies, followed by their mobilization and start of the rehabilitation works.

The biddings for selection of construction companies for 9 CIS were announced from November 2012 till July 2013.

The construction of the first 9 CIS shall not exceed 18-20 months and shall complete by the spring of 2015.

The rehabilitation of Chircani-Zirnesti and Cahul irrigation systems will depend on the available budget and potential savings and will be based on the modular approach allowing for the full rehabilitation of parts of the systems.

Mr. Iuncu continued the report by focusing on the existing and potential challenges in CISRA implementation.

Prime Minister Leanca, in turn, suggested that consultations should be started to find additional funds from other donors, including from the European banks or private investments, to successfully complete the projects.

Mrs. Badrajan communicated that at the last meeting of the Consultative Group, its members formulated a request for the Government of Moldova to include the CIS to be rehabilitated with the Compact funds on the list of assets that may not be privatized.

The members of the Steering Committee took note of the report on the CISRA status on October 1, 2013.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 2. Approval of amendments to the 2013 Compact budget

Mrs. Bodi, Finance and Administrative Director, reported on the major amendments to be made to the 2013 Compact budget.

The revised budget lines were included in a table and attached to the records sent to the members of the Steering Committee in advance.

Mrs. Bodi asked the Steering Committee members to approve the revised 2013 Compact budget and the Steering Committee unanimously approved it.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 3. Approval of the MCA Moldova's Procurement Plan for the period of October 2013 - March 2014

Mr. Mazilu, Procurement Director, reported that according to the MCC Procurement Directives, before starting any procurement, it must be included in the Procurement Plan and duly approved by the Steering Committee – the senior body of MCA Moldova, and further by MCC.

The Procurement Plan suggested for approval covers 6 months (October 2013 – March 2014). The brief description of every activity in this plan follows below:

I. THVA Project

The procurements for this project relate to the goods for the national river basin monitoring network under ISRA. More specifically:

1. Office equipment and other devices for 4 WUAs.
2. Equipment and other devices for the establishment of the common platform for authorization of water use CP1.
3. Contracting of the services of the state-owned enterprise Posta Moldovei for payment of compensations of project affected persons under the CIS rehabilitation activities.

II. Program Administration and Audit

1. Consultancy for development of the Program Closure Plan for MCA Moldova.
2. Procurement and contract administration consultancy.

The members of the Steering Committee of MCA Moldova unanimously approved the MCA Moldova's Procurement Plan for the period of October 2013 - March 2014.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 4. Approval of the audit report delivered by Ernst & Young SRL for the period of July 2012 – December 2012

Mrs. Bodi, Finance and Administrative Director, reported that the spending from the Compact and 609g Grant were audited in January-February 2013 for the period of July-December 2012 by Ernst & Young SRL.

According to the MCC procedures and MCA Moldova's Bylaws, the audit report requires the approval by the Steering Committee.

The audit found no errors or violation of the MCA Moldova's internal procedures and MCC's Guidelines or spending for other purposes than the Compact ones. No violations of the MCA Moldova's internal control procedures had been found either. Moreover, two experts of the Office of Inspector General conducted an additional inspection of both the documents of the audit company and the documents and procedures of MCA Moldova from May 13 to 25.

On August 22 MCA Moldova received the final approval of the audit report by OIG, which confirms the audit findings.

The members of the Steering Committee unanimously approved the audit report for the period of July-December 2012 delivered by Ernst & Young SRL

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 5. Approval of the signing of the audit contract

Mrs. Bodi, Finance and Administrative Director, reported that according to its work plan, MCA Moldova announced the bidding for procurement of audit services for 2013-2015.

Two out of three eligible companies submitted their bids. The eligibility of the audit companies was determined by the OIG experts who came on a mission to Moldova for this purpose. The winning company was Î.C.S. "KPMG Moldova" SRL.

The negotiations with this company started on September 27, 2013 and were constructive, the audit company responding professionally and in a timely manner to MCA Moldova's requests.

The audit contract, that requires the approval by the Steering Committee according to the MCA Moldova's Bylaws, contains standard clauses and its template was approved by OIG and donor and is part of the bidding documents.

Mrs. Bodi asked the Steering Committee to approve the contract with Î.C.S. "KPMG Moldova" SRL.

The members of the Steering Committee unanimously approved the signing of the contract with the audit company Î.C.S. "KPMG Moldova" SRL.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 6. Report on the signing of the additional agreement no.5 to the contract with Booz Allen Hamilton, MCA Moldova's Procurement Agent

Mr. Mazilu, Procurement Director, reported on the need to extend the full assistance provided by the Procurement Agent for the next six (6) months, revising the Consultant's scope of services.

Mr. Mazilu informed that the Amendment no.5 had been negotiated with Booz Allen Hamilton (USA) and further approved by MCC (September 8, 2014).

Mr. Mazilu further asked the Steering Committee to approve the signing of the Amendment no.5 to the Contract no. QCBS/02 with Booz Allen Hamilton that revises the scope of the Consultant's services for the next six months.

The members of the Steering Committee unanimously approved the signing of the Amendment no.5 to the contract with Booz Allen Hamilton (USA).

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 7. Report on the revision of salary rates of MCA Moldova staff

Mr. Bozu, the Deputy Executive Director of MCA Moldova, reported on issues related to the salary rates of MCA staff.

The members of the Steering Committee unanimously approved the proposal of the MCA Moldova's executive body related to the pay of MCA staff.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 8. Report on the selection of the membership of the Consultative Group of MCA Moldova

Mrs. Burlacu, the Communication and Documentation Director, reported on the MCA Moldova's requirements to the Consultative Group and selection of its members.

The 2 year terms of office of 5 CG members – representatives of the civil society, ended this September.

Therefore, in July- August this year MCA Moldova held a public competition for the vacant positions in the Consultative Group.

Following the evaluation by the working group, 5 NGOs and applicants with the maximum score were selected according to the abovementioned Rules. These applicants represent the civil society and will replace the members of the CG whose terms of office ended this September as follows:

1. A.O. Association of Independent Press, Mr. Petru Macovei
2. A.O. Center for Analysis and Prevention of Corruption, Mrs. Galina Bostan
3. A.O. Chamber of Commerce and Industry, Mr. Sergiu Harea
4. A.O. National Farmers' Federation, Mr. Valeriu Cosarciuc
5. A.O. Association of Women for Environment Protection and Sustainable Development, Mrs. Ioana Bobîna.

As for the CG members that represent the local governments Mrs. Burlacu reported that the State Chancellery had delegated 2 representatives till the end of the Compact – Victor Sau, the head of the Soroaca rayon, and Elena Dobzeu, mayor of the Grozesti commune, Nisporeni rayon.

Given that MCA Moldova is responsible for the logistical arrangements for CG and to enforce the decision of the CG, MCA Moldova will regularly keep the Steering Committee updated on the CG's recommendations on the Compact implementation.

The chair of the meeting suggested proceeding to the next item on the agenda.

Item 9. Report on the „shopping” procurements made by MCA Moldova from June to September 2013

The report was delivered by Mr. Mazilu, who gave the members of the Steering Committee the list of procurements made from June to September 2013.

Item 10. Report on the amendments made to the MCC's Procurement Guidelines

Mr. Mazilu, Procurement Director, reported that given that the contract with the Procurement Agent (Booz Allen Hamilton, USA) is expected to end soon, all the procurement – related responsibilities will be fully transferred to MCA Moldova starting in March 2014. The transition process will be gradual under the MCC’s coordination.

For efficient transition, the communication between MCC and MCA Moldova needs to be scaled up during the procurement processes, both between MCA Moldova and the MCC’s sector partners and between MCA Moldova and the MCC’s Resident Country Mission to Moldova.

To this end, MCC suggested introducing new endorsement requirements to the procurement procedures to ensure increased and efficient supervision of the procurements made by MCA Moldova. The revisions suggested by MCC are included in the Approval Matrix attached to this Minutes.

Item 11. Report on the bid challenge against the contract award for the rehabilitation of central irrigation systems

Mr. Bors, the Legal Advisor of MCA Moldova, reported on the submission of the bid challenge from a bidder in the bidding announced by MCA Moldova on May 27, this year for the rehabilitation of CIS on the Nistru River, split into three lots (lot 1 – CIS Jora de Jos, lot 2 – CIS Cosnita and lot 3 – CIS Puhaceni and Roscani).

The bid challenge will be considered according to the Bid Challenge Rules developed by MCA Moldova and MCC in November 2012.

The Steering Committee members took note of the report on the submission of the bid challenge against the contract award for the rehabilitation of central irrigation systems.

Having examined the reports, **the Steering Committee DECIDED TO:**

1. Take note of the report on the status of CISRA of THVA project of the Compact on October 1, 2013.
2. Approve the amendments to the 2013 Compact budget (according to annex no.1).
3. Approve the Procurement Plan of MCA Moldova for the period of October 2013 – March 2014 (according to annex no.2).
4. Approve the audit report delivered by Ernst & Young SRL for the period of July 2012 – December 2012 (according to annex no.3).
5. Approve the signing of the audit contract with Î.C.S. ”KPMG Moldova” SRL for the period of 2013 - 2015 (according to annex no.4).
6. Approve the signing of the Additional Agreement no.5 to the contract with Booz Allen Hamilton (according to annex no.5).
7. Approve the recommendations of the executive body of MCA Moldova on the salary rates of MCA Moldova staff.
8. Take note of the report on the selection of the membership of the Consultative Group of MCA Moldova.
9. Take note of the report on the “shopping” procurements made by MCA Moldova from June to September 2013 (according to annex no.6).

10. Take note of the report on the amendments to the MCC's Procurement Guidelines (according to annex no.7).
11. Take note of the report on the submission of the bid challenge against the contract award for the rehabilitation of central irrigation systems.

Iurie LEANCĂ

Prime Minister of the Republic of Moldova

Chair of the Steering Committee

_____ (signature)_____

Victor BODIU

Secretary General of the Government,

Deputy Chair of the Steering Committee

_____ (signature)_____

Valentina BADRAJAN

Executive Director of MCA Moldova

_____ (signature)_____

Ion BORȘ

Legal Advisor of MCA Moldova,

Secretary of the Steering Committee of MCA
Moldova

_____ (semnătura)_____