



**MINUTES no. 8**  
**of the meeting of the Steering Committee**  
**of Millennium Challenge Account Moldova (MCA Moldova)**

*February 18, 2011; 14:00*

*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 - Secretary General of the Government, Deputy Chair of the Steering Committee
3. Veaceslav NEGRUȚA - Minister of Finance
4. Vasile BUMACOV - Minister of Agriculture and Food Industry
5. Anatolie ȘALARU - Minister of Transports and Road Infrastructure
6. Gheorghe ȘALARU - Minister of Environment
7. Dinu ARMAȘU - Director, Foreign Investors Association
8. Valentina CATANOI - Executive Director, Alliance for Agricultural Cooperation
9. Valeriu PROHNIȚCHI - Director, Independent Analytical Center „Expert-Grup”
10. Sergiu NEICOVCEN - Executive Director, National Center for Assistance and Information of Non-government organizations „Contact”
11. Victor COTRUȚĂ - 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 - Secretary General of the Government, deputy chair of the Steering Committee
3. Veaceslav NEGRUȚA - Minister of Finance

4. Dumitru GODOROJA - Deputy Minister of Agriculture and Food Industry, *representing Vasile Bumacov, Minister of Agriculture and Food Industry*
5. Anatolie ŞALARU - Minister of Transports and Road Infrastructure
6. Gheorghe ŞALARU - Minister of Environment
7. Dinu ARMAŞU - Director, Foreign Investors Association
8. Sergiu NEICOVCEN - Executive Director, National Center for Assistance and Information of Non-government Organizations „Contact”
9. Victor COTRUŢĂ - 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

**Secretary of the Steering Committee:**

- Ghenadie CATLABUGA - Legal Advisor, Millennium Challenge Account Moldova

**Invitees:**

1. John WILSON - Deputy Country Director, Millennium Challenge Corporation
2. Inga BURLACU - Relations and Media Officer, Millennium Challenge Account Moldova

**Agenda:**

1. Review of requests of Mrs Valentina Catanoi and Mr Valeriu Prohntichi to be removed from the Steering Committee of the Millennium Challenge Account Moldova.
2. Approval of the Work Plan of the Millennium Challenge Account Moldova for the implementation of Compact activities in 2011.
3. Approval of the budget for 2011 of Compact Program implemented by the Millennium Challenge Account Moldova.
4. Approval of the Regulation on the selection of the members of the Consultative Group of the Millennium Challenge Account Moldova.
5. Empowerment of the Executive Committee to change the legal address of the Millennium Challenge Account Moldova.
6. Miscellaneous. Speaker Mrs. Leslie McCuaig, Resident Country Director, Millennium Challenge Corporation

*The session was chaired by Vlad Filat, Prime Minister of the Republic of Moldova and chair of the Steering Committee.*

For job-related reasons, Vasile Bumacov, Minister of Agriculture and Food Industry, was not present at the meeting. His delegated representative was Dumitru Godoroja, deputy minister of agriculture and food industry, with prior approval by Millennium Challenge Corporation (MCC). Valenita Catanoi and Valeriu Prohnitchi, who submitted requests to be removed from the Steering Committee, were also not present at the meeting.

The chair of the Steering Committee announced that according to clause 32 of MCA Moldova Bylaws, the meeting was deemed deliberative when at least 6 voting members were present. Since 9 voting members out of 11 and 2 non-voting observers were present, the chairman of the session found that all the conditions for convening the meeting were met.

Prior to the meeting all the Steering Committee members had received the relevant materials on all the items on the agenda for review. The members of the Committee confirmed that they had received the materials beforehand and got familiar with them.

The chair of the session introduced the agenda and proposed that it be approved.

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

***Item One.** Review of requests of Valentina Catanoi and Valeriu Prohnitchi to be removed from the Steering Committee of the Millennium Challenge Account Moldova.*

The speaker, Ghenadie Catlabuga, Legal Advisor of MCA Moldova, informed the Committee that two members of the Committee, representing the civil society and the private sector, and namely Valentina Catanoi and Valeriu Prohnitchi, submitted requests to be removed from the Steering Committee, as both had assumed new activities that would have created conflict of interest.

When asked by Vladimir Filat, chair of the Steering Committee, what was the procedure for filling the vacancies, Ghenadie Catlabuga said that, according to the MCA Moldova Bylaws, the Consultative Group of the MCA Moldova must select representatives of the civil society and the private sector and appoint them to the vacant positions.

After the Steering Committee Board took note of the above mentioned requests, the chair of the session suggested proceeding to the second item.

***Item Two.** Approval of the Work Plan of the Millennium Challenge Account Moldova for the implementation of Compact activities in 2011.*

Valentina Badrajan, Executive Director of MCA Moldova, presented for consideration and approval the MCA Moldova Work Plan for the implementation of Compact activities in 2011, which contains different project activities, monitoring and evaluation activities, as well as program management actions. The plan covers the activities started in 2010 and those to be started this year, some of them expected to extend over the following years. It also specifies the conditions precedent the Government and the implementing entities must fulfill.

**Road Rehabilitation Project.** The detailed design works on the 93 km road section (Sarateni - Drochia junction section) started in June 2010 and are expected to end in June, 2011. This activity implies preparing the bidding documents for the procurement of rehabilitation services. The international bidding is expected to be announced in August 2011, so that the

construction companies get mobilized in November. The rehabilitation works per se will last 24 months till the end of 2013.

The services of supervising the rehabilitation works will be contracted along with the companies that will perform the rehabilitation works.

In February 2011, MCA Moldova will negotiate and sign the contract with the company that, by the end of May, will have to draft the resettlement action plan. Such a plan is required by MCC in cases when land needs to be procured for road rehabilitation purposes.

To minimize the potential negative impact of such activities, MCA Moldova works on a social and environment management plan that contains measures to mitigate this impact. The drafting of the plan started in parallel with the design works and is part of the project documents. By the end of June 2011, the social and environment management plan will have been subjected to the state ecologic review.

The work plan has also activities to support the State Road Administration in project implementation. To this end, MCA Moldova will recruit and contract individual consultants (national and international) in engineering and management, procurement and contract management. Goods, needed to implement activities, will be procured as well.

As for the conditions precedent, Valentina Badrajan, mentioned that under the road rehabilitation project it is crucial to achieve the condition related to the compulsory shares of the excise duties for petroleum products to be transferred to the Road Fund. The compulsory share for 2011 is 65%. Given the projected amount to be transferred to the Road Fund in 2011, this condition precedent may be deemed as fulfilled.

**Transition to High Value Agriculture Project.** The major actions to be carried out under the centralized irrigation system rehabilitation activity relate to the procurement and performance of design works on 11 centralized irrigation systems. The international bidding for design works and supervision services is scheduled for the end of February 2011. Companies will have 60 days to submit their bids. The design companies are expected to mobilize in June. The detailed design works will cover a period of about 14 months and are expected to end next August.

Procurement of equipment for the Apele Moldovei Agency and other implementing entities, including for the Water Users Associations Monitoring and Surveillance Unit to be created in the agency, is also included in the work plan.

The irrigation sector reform activity involves actions related to the creation of water users associations (WUA), such as drafting of the reform implementation strategy, outreach strategy targeting the potential members of WUA. To succeed in creating the WUA, in April - July, 2011 action teams and committees will be established, representing the interests of the potential members of the associations at the irrigation systems detailed design stage and during the creation and registration of these associations.

Another issue in the action plan for this activity is the drafting of a monitoring plan, required from each implementing entity according to the Compact Agreement.

Another range of actions relate to the support to be provided to the Apele Moldovei Agency and Ministry of Justice in the creation of the WUA Monitoring and Surveillance Unit and for producing the procedure manuals, that will focus on the registration, monitoring and supervision of water users associations.

The plan considers the assessment of institutional capacities for monitoring water resources, as well as provision of support for the Ministry of Environment in promoting the Water Law, and drafting regulations required to implement it.

As for the access to agricultural finance activity, this year the aim is to have its concept and policy and procedure manual drafted; the participating financial institutions selected by August and the crediting for post-harvest infrastructure started as a 24 month pilot project. After 24 months its impact will be assessed, and the decision whether to extend the activity or not will be contingent on the impact assessment.

Selection and mobilization of an international company that will implement *grow in high value agriculture sales* activity is also expected to be done this year. This activity will be implemented in concert with USAID, in charge of the selection and contracting of the implementing company. MCA Moldova will draft together with USAID and MCC a memorandum of understanding that will define the relations and responsibilities of the parties engaged in implementation.

There are several conditions precedent to be fulfilled under the Transition to High Value Agriculture Project: (1) the signing of the implementing entity agreement between MCA Moldova and the Apele Moldovei Agency - a condition precedent to providing support to the Agency and signing the contract with the detailed design company; (2) the signing of the implementation agreement between MCA Moldova and the Credit Line Directorate and approval of the policy and procedure manual of the crediting facility are conditions precedent to the disbursement of MCC funds for this activity.

**Monitoring and Evaluation Activity.** According to the Compact Monitoring and Evaluation Plan, the objective is to conduct three studies/surveys in 2011 that will provide primary data required for the assessment of the program impact on the beneficiaries. They will mainly focus on the following Compact effects:

- of the irrigation sector reform and irrigation system rehabilitation on harvest, income, salary and lease payments for the beneficiaries;
- of the access to agriculture finance activity on the investments in post-harvest infrastructure;
- to what extent the beneficiaries apply modern practices, promoted under the grow in high value agriculture sales activity.

To achieve efficient and real-time monitoring of Compact activities, an informational management system will be developed and deployed, designed to facilitate the planning, monitoring, reporting on and decision-making throughout Compact implementation.

Specialized training will be delivered to build the staff skills of MCA Moldova and the implementing entities for monitoring and evaluation.

**Program Management.** The intention is to carry out a number of outreach activities aiming at ensuring transparency in Compact implementation. One of the major activities to be performed is creation of the Consultative Group of the MCA Moldova that will represent the civil society, the private sector, including the beneficiaries of the Compact projects. The members of the consultative group will be selected through open competition.

The plan also contains activities to inform all stakeholders about Program implementation status and achievements, such as design of a website accessible to the public at large, production and sharing of different publications and organization of public events. MCA Moldova will pay a special attention to the media coverage of Compact implementation.

Once in every 6 months the Compact activities will be subjected to an audit. To this end, in April an audit company is expected to be selected to start the first audit in May-June, 2011. Both the 609 (g) funds and the Compact funds will be audited.

That being said, Valentina Badrajan asked for the approval of the MCA Moldova work plan for the implementation of Compact activities in 2011.

The voting members of the Steering Committee, present at the meeting were unanimous in their decision to approve the Work Plan of Millennium Challenge Account Moldova for the implementation of Compact activities in 2011.

The chair of the session suggested proceeding to the third item on the agenda.

**Item Three.** *Approval of the Compact Program budget for 2011 implemented by the Millennium Challenge Account Moldova.*

Valentina Badrajan, Executive Director of MCA Moldova, presented for consideration and approval the Compact budget in 2011 based on the activities scheduled for this year. Therefore, according to the estimations, the budget is 16.5 mln USD, and covers two financing sources: the 609g Grant Agreement funds (dated October 7, 2009) and the Compact Agreement funds.

The voting members of the Steering Committee, present at the meeting were unanimous in their decision to approve the Compact budget for 2011.

The chair of the session suggested proceeding to the fourth item on the agenda.

**Item Four.** *Approval of the Regulation on the selection of the members of the Consultative Group of the Millennium Challenge Account Moldova.*

Speaker on this issue was Inga Burlacu, public relations and media officer of MCA Moldova, who presented for consideration and approval the Regulation on the selection of the members of the Consultative Group of MCA Moldova.

According to clause 55 of the MCA Moldova Bylaws, approved through the Government Decision no.161 of March 4, 2010, the Steering Committee decides on the procedure for selecting the membership of the Consultative Group, meant to make sure that consultations with the civil society are in place throughout Compact implementation, and to select representatives of the civil society and the private sector for membership of the Steering Committee.

For this purpose, MCA Moldova drafted the Regulation on the selection of the members of the Consultative Group that defines how to announce and run the competition and the evaluation and selection procedure. These procedures are meant to ensure transparency in the process of selecting candidates and compliance with the open competition principle.

For efficiency purposes, Millennium Challenge Corporation recommendations and the best practices of establishing similar consultative forums by national and international institutions were considered when drafting this regulation.

The Regulation on the selection of the members of the Consultative Group refers to its mission, functions, membership of the Consultative Group; selection stages, including the procedure for announcing the competition, eligibility criteria; candidate evaluation procedure and criteria; conflict of interest; procedure for filling Consultative Group vacancies.

That being said, Inga Burlacu asked for the approval of the Regulation on the selection of the members of the Consultative Group of MCA Moldova.

Valentina Badrajan said that the Regulation had been first discussed in detail with the Millennium Challenge Corporation, including the provisions with the conflict of interest. Once the Regulation was approved, the process of informing the society, through channels like the National Participatory Council and the Regional Development Councils and inviting participants to the

competition for Consultative Group membership was to start. In about a month and a half, this process was to end with the selection of the members of the Consultative Group.

The voting members of the Steering Committee, present at the meeting were unanimous in their decision to approve the Regulation on the selection of the members of the MCA Moldova Consultative Group.

The chair of the session suggested proceeding to the fifth item on the agenda.

**Item Five.** *Empowerment of the Executive Committee to change the legal address of the Millennium Challenge Account Moldova.*

Speaker on this issue was Ghenadie Catlabuga, Legal Advisor of MCA Moldova, who informed the Committee that according to clause 16 (b) of MCA Moldova Bylaws, one of the duties of the Steering Committee is to decide on and change the legal address of MCA Moldova, if the Steering Committee does not decide otherwise.

Given that MCA Moldova moved from 1, Piata Marii Adunari Nationale, office 658, Chisinau municipality to 21, Nicolae Iorga str., floor 4, office 5, the legal address of the MCA Moldova needs to be changed and brought to the attention of relevant bodies.

To reduce the burden of technical tasks on the Steering Committee, the request was to empower the Executive Committee to change the legal address of MCA Moldova in line with clause 16 (b) of the MCA Moldova Bylaws.

The voting members of the Steering Committee, present at the meeting were unanimous in their decision to empower the Executive Committee to change the legal address of MCA Moldova.

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

**Item Six.** *Miscellaneous.*

Leslie McCuaig, Country Resident Director, Millennium Challenge Corporation, introduced John Wilson, appointed as Deputy Country Resident Director, Millennium Challenge Corporation, in December 2010. John Wilson has relevant experience, including in engineering, road construction, irrigation etc. that will be extremely valuable for MCA Moldova and MCC.

Leslie McGuaig talked about the visit to be paid by the US Vice President Joe Biden in Moldova who, together with the US President Barack Obama and the Secretary of State Hillary Clinton, supports the Compact activities in Moldova. In this context, Leslie McCuaig said that the Compact activities in Moldova will be an item of high level discussions with the US Vice President and there are certain successes worth to be shared with him. The MCC Country Director also said that a primary issue to be raised during the visit of the high ranking official is the trafficking in persons, an issue deemed essential by the US Government and MCC, and acknowledged that the Moldovan Government works hard on it.

Vladimir Filat, chair of the Steering Committee, saluted the appointment of John Wilson as Deputy Country Director and mentioned that his experience is useful and will, definitely, have a positive effect on the Program implementation.

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

1. Take note of the requests of Valentina Catanoi and Valeriu Prohntichi to be removed from the Steering Committee of the Millennium Challenge Account Moldova.
2. Approve the Work Plan of the Millennium Challenge Account Moldova for the implementation of Compact activities in 2011.

3. Approve the Compact budget for 2011 implemented by the Millennium Challenge Account Moldova.
4. Approve that the headquarters of Millennium Challenge Account Moldova will remain on 21, N.Iorga str., Chisinau municipality, where some additional offices will be provided as needed by Millennium Challenge Account Moldova.
5. Approve the Regulation on the selection of the members of the Consultative Group of Millennium Challenge Account Moldova.
6. Empower the Executive Committee to change the legal address of the Millennium Challenge Account Moldova, as needed.

**Vladimir FILAT**

Prime Minister of the Republic of  
Moldova

Chair of the Steering Committee

**Valentina BADRAJAN**

Executive Director,

MCA Moldova

**Ghenadie CATLABUGA**

Legal Advisor,

Secretary,

MCA Moldova Steering Committee