



# REPUBLIC OF LIBERIA MILLENNIUM CHALLENGE ACCOUNT

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## BOARD OF DIRECTORS

### Meeting Minutes 007

August 2, 2018

#### I. CALL TO ORDER

This seventh meeting of the MCA-Liberia Board of Directors, the notice of which was delivered on July 23, 2018, was called to order at 10:09 a.m. on August 2, 2018 at the MCA-Liberia Office in Mamba Point, Monrovia, Liberia by The Board Chairman, Hon. Samuel D. Tweah.

The following persons were present:

#### Board Members

1. Hon. Samuel D. Tweah, Minister of Finance and Development Planning (Chairman)
2. Hon. Archibald Bernard, L.E.C. Board of Directors Chairman
3. Hon. Gesler E. Murray, Minister of Mines and Energy
4. Cllr. Frank Musah Dean, Minister of Justice
5. Hon. Trokon Kpui, Minister of State Without Portfolio/Head of the President Delivery Unit
6. Mr. Charles Ananaba, President of the Chamber of Commerce (Private Sector Rep.)
7. Cllr. Frances J. Allison, Association of Female Lawyer of Liberia (Civil Society Rep.)
8. Mr. Monie R. Captan, MCA Liberia Chief Executive Officer (Board Secretary)
9. Mrs. Kateri Clement, MCC Resident Country Director (MCC Observer)

#### Other Attendees

10. Atty. Kou Dorliae, Deputy Minister of Justice for Economic Affairs
11. Hon. Joseph P. Todd, Deputy Minister of Administration (Min. of Public Works)
12. Cllr. James A. A. Pierre II, MCA Liberia General Counsel (Asst. Board Secretary)
13. Mr. Harrison Jardia, Ministry of Public Works

#### II. ADOPTION OF AGENDA

Hon. Samuel D. Tweah instructed the Assistant Board Secretary, Cllr. James A. A. Pierre II, to read the agenda. After the agenda was read, Hon. Gesler E. Murray made a motion that the agenda as read should be adopted. Mr. Charles Ananaba seconded the motion. The Board Members present then unanimously approved the agenda.

### III. WELCOME STATEMENT – BOARD CHAIRMAN

Following the adoption of the Agenda, Hon. Samuel D. Tweah welcomed everyone to the second MCA-Liberia Board Meeting of the year. He stated that the Government of Liberia's goal is to secure a second Compact, which requires the effective implementation of the current Compact as well as performing adequately on the MCC scorecard. He noted that although there are some challenges, he envisages the Government succeeding in its goal to obtain a second Compact with MCC.

### IV. REVIEW AND ADOPTION OF THE MINUTES OF THE MAY 10, 2018 MEETING

Hon. Samuel D. Tweah directed Cllr. James A. A. Pierre II to provide the Board with a high-level summary of the minutes of the previous Board Meeting. After the summary was presented, Hon. Trokon Kpui moved that the circulated minutes should be adopted. Hon. Gesler E. Murray seconded the motion. The Board Members present then unanimously approved the minutes.

### V. UPDATE ON MCA-LIBERIA'S ACTIVITIES – MCA LIBERIA C.E.O

Mr. Monie R. Captan, the CEO of MCA-Liberia, updated the Board with the current Compact implementation status that highlighted the following:

- a. Financials. The CEO noted that, as of July 30<sup>th</sup>, 77% of the total Compact funds have been committed and 61% have been disbursed. He reminded the Board that the definition of 'committed amount' is the value of each signed contract or purchase order. This is because the execution of a contract or purchase order commits MCA-Liberia to pay the total amount included in the agreement. On the other hand, 'disbursed amount' is defined as the amount that has actually been paid. The CEO noted that a majority of the committed and disbursed amounts is based on the rehabilitation of the hydro at Mt. Coffee, which skews the numbers. He then reiterated that it is important to MCC that all of the granted money is expended. He however stressed that this requires the coordination of all of the relevant government actors to ensure that the Compact is efficiently implemented.
- b. Energy Project.
  - i. Mt. Coffee Rehabilitation Activity. The CEO informed the Directors that this Compact activity is 90% completed. All four of the hydro's turbines have been satisfactorily tested and capable of providing 88 megawatts of electricity to the grid. The only rehabilitation activities remaining are (i) finishing the second circuit transmission line from Mt. Coffee to the Paynesville Substation; (ii) the disposal of hazardous waste that are a byproduct of the rehabilitation activities; (iii) the construction of an emergency spillway that would prevent the backing up of water at the dam in the event the hydro's gates do not open; (iv) the construction of a bridge over the emergency spillway; (v) construction of a public access bridge to

allow for pedestrian traffic without having the public having to trek through the hydro's powerhouse site; and (vi) the upgrade of Harrisburg Clinic.

ii. Other Energy Project Activities. Although the Mt. Coffee Rehabilitation Activity is near completion, the CEO stated there are risks of MCC halting further disbursements of Compact funds due to the Government's non-compliance with several of the Compact's conditions for disbursement. At this point, the CEO asked Kateri Clement, MCC's Resident Country Director, to elaborate on MCC's concerns:

Mrs. Clement remarked that in MCC's July 20, 2018 Disbursement Letter to the Government in which MCC approved the request to disburse Compact funds for Quarter 11 (July 1 – Sept 30), MCC agreed to defer the Government's obligation to satisfy four conditions precedent (CPs) until September 30<sup>th</sup>. However, it is unlikely that MCC will defer for another quarter so it is critical that the Government satisfies the deferred CPs before September 30<sup>th</sup>. The Government should therefore ensure that:

- The Energy Law is implemented by appointing and confirming a Deputy Minister of Energy at the Ministry of Mines and Energy. Similarly, the three commissioners of the Liberia Electricity Regulatory Commission (LERC) should also be appointed and confirmed.
- The Act creating LEC is implemented by appointing to the LEC Board of Directors the two remaining private sector representatives who have yet to be appointed.
- The terms of the Management Services Contract are complied with by, amongst other things, the LEC Board's timely review of the MSC deliverables submitted to the Board by the management services contractor and ensuring all connection and other commercial activities conform to operational procedures established by the management services contractor.
- There is a coordinated Government effort to combat electricity theft, which will reduce LEC's commercial losses.
- A payment plan to pay off the Government's debt to LEC is established. Mrs. Clement stressed that it is important that the Government pay its bills to LEC in order to achieve the Compact objectives.

She emphasized that in addition to performing satisfactorily on the MCC scorecard, in order to receive a second Compact or even participate in the newly authorized regional Compacts, it is very important for the Government to abide by the commitments that were made in the current

Compact. Therefore, as mentioned in the Disbursement Letter, it is imperative that the CPs that were deferred are satisfied by September 30<sup>th</sup>, which is when the funding the current quarter expires.

Hon. Tweah responded that the Government is in the process of addressing the concerns raised by MCC in the Disbursement Letter. He informed the Board that a US\$801,000.00 payment to HOI, who is Mt. Coffee's Operation, Maintenance and Training (OMT) contractor, had been approved. He then stated that, beginning in September, the Government would pay US\$400,000.00 per month to cover its monthly LEC bill. In terms of the arrears owed to LEC, the Government will periodically make large lump sum payments against the debt. He also apprised the Board that a meeting has been scheduled for August 8<sup>th</sup> to address the debt owed to LEC by the Liberia Water and Sewer Corporation.

- iii. Liberia Electricity Regulatory Commission (LERC). The CEO resumed his presentation by notifying the Board that since the LERC commissioners continue to remain in an acting capacity, MCC elected to suspend all procurements related to the standing up of the commission, which included, amongst other things, the procuring of office equipment, vehicles and office space. He stated that, for the current quarter, MCC is only paying the acting commissioners' salaries but it is highly unlikely that they will continue to do so next quarter because MCC may choose to suspend all LERC funding until the Government appoints and confirms commissioners. He then informed that Board that the European Union has put on hold its support of the direct technical assistance to LERC pending the appointment of commissioners. Hon. Tweah responded that the LERC commissioners will be appointed very soon.
- iv. Raw Water Pipeline. The CEO expressed that the rehabilitation of the raw water pipeline is one of the major activities in the Compact. He told the Board that a functioning pipeline at Mt. Coffee allows desalinated water to travel from the hydro to the White Plains water treatment plant. The previous pipeline was damaged during the war so the Compact aims to rehabilitate the existing pipeline. He informed the Board that by the middle of August the contract for the design review & supervision consultant should be awarded and the Resettlement Action Plan (RAP) consultancy would have commenced. As for the design-build works contract, the bidding documents were published in July and the deadline for submission of bids is September 25, 2018. The contract is expected to be awarded in December 2018.

He stated further that the pipeline is a LWSC asset that originates from Mt. Coffee, which is a LEC asset. Therefore, this activity will require coordination between LWSC, LEC and MCA-Liberia. Coordination

meetings have already commenced, which will result in an Implementing Entity Agreement (IEA) between MCA-Liberia and LWSC and a MOU between LWSC and LEC. These agreements will establish the respective roles of these entities during the rehabilitation of the pipeline and after the pipeline becomes operational. However, the CEO noted that a critical action point that needs to be completed is the appointment of the full LWSC Board. This is critical because it is the LWSC Board that has the legal authority to approve the IEA and MOU on behalf of LWSC.

- v. LEC Training Center Activity. The CEO reiterated that the Compact is funding the construction of a training center for LEC staff and other technical members of the electricity sector that will boost the capacity of the sector and will allow LEC to generate revenue from attendees. In addition to the construction of the training center, the Compact will also support the acquisition of training equipment and training materials, the development of a curriculum and academic program, and the training of directors, instructors and support staff.

He told the Board members that the contract for the program design consultant was awarded in February of 2018 and their final report is due by the end of August. This report will lead to the procurement for works and services. The CEO added that there has been ongoing collaboration with LEC to proactively obtain EPA permits for the proposed project site to avoid delays, and demarcate and clear project site. He added that the EU plans to provide meter and transformer testing equipment to be included in the Training Center.

- vi. LEC Customer Service Center. The CEO told the Board that this activity involves the construction of a prototype LEC Customer Service Center, which might be in Congotown or Paynesville. There are consultations with LEC to identify the location. Ideally, it will be on land currently owned by LEC. The CEO asked the Ministry of Justice's assistance in determining the land owned by LEC. The bids for the Feasibility Study and Design Consultant is due on Aug. 20th
- c. Roads Project: Before the CEO commenced his Roads Project presentation, Hon Tweah notified the Board that the legal matter that affected the Government's ability to collect the fees for the Road Fund is no longer an obstacle because the matter was withdrawn from the Supreme Court. The CEO then announced other positive developments for the Roads Project: (i) the Government's development of the final draft of Five Year Road Maintenance Plan; (ii) the opening of National Road Fund and Road Maintenance Matching Fund commercial bank accounts; (iii) the appointment of the National Road Fund (NRF) Manager and the hiring of some NRF staff; and (iv) the establishment of the Inter-Ministerial Steering Committee

along with the development of its operational strategy and framework. Additionally, the Road Levy was approved by Legislature in the 2018/2019 Budget Act. Nonetheless, a very important CP that the Government has yet to satisfy is depositing funds in the NRF commercial account. This is important because the amount in the NRF commercial bank account will determine the amount of Compact funds MCC will make available to match the Government's contribution.

At this point, Hon. Trokon Kpui and Hon. Samuel Tweah asked to be excused in order for them to attend previously scheduled meetings. As a result, Hon. Tweah appointed Hon. Archibald Bernard to act as the Chair in his absence.

## **VI. OUTSTANDING BUSINESS**

Appointment of Proxies. Counsellor James A. A. Pierre II stated that there are some Board members who have not formally appointed their proxies. He remarked that each of the Board members are very busy so there might be instances where their itinerary prevents them from being able to attend a scheduled Board meeting. It is therefore important for all of the Board members to appoint a proxy who can formally represent them at Board meetings. The General Counsel said he will follow up with the Board members who have yet to appoint their proxy.

Conflict of Interest and Confidentiality Policies. The General Counsel also reminded the Directors who have not signed the MCA-Liberia Conflict of Interest and Confidentiality Policies to do so. He will also follow up with these Directors to ensure that these policies are signed prior to the next meeting.

## **VII. NEW BUSINESS**

Approval of the Procurement Plan. The CEO explained the previous procurement plan expired on June 30<sup>th</sup> so MCA-Liberia and MCC have worked together to develop a procurement plan that will cover July 1, 2018 through June 30, 2019. The CEO presented the new procurement plan to the Board and described each of the proposed procurements. After his presentation, he asked the Board to approve the procurement plan to enable MCA-Liberia to commence the procurement process for the items in the proposed plan. The Acting Board Chairman proceeded to request a motion to approve the procurement plan. Mr. Charles Ananaba therefore moved that the Board approve the proposed procurement plan; Hon. Gesler E. Murray seconded the motion. The Board Members present then unanimously approved the amendment.

Approval of the Addendum to the LERC Implementation Entity Agreement. The General Counsel reminded the Directors that in January of 2018, MCA-Liberia entered into an IEA with LERC that enables MCA-Liberia to fund the standing up of the regulator. He said that MCC designs IEAs to include a budget that covers the duration of a Compact. However, since the LERC commissioners were serving in an acting capacity when the IEA was signed, the decision was made to only include an interim budget that will last through June 30, 2018. The General Counsel explained that the basis for a six-month interim budget was the

presumption that there would be appointed and confirmed commissioners at LERC prior to July who would then be in the position to assist MCA-Liberia in developing a budget for the rest of the Compact. However, since the LERC commissioners are still acting, MCC has agreed to modify the IEA to add three months to the interim budget. Cllr. Pierre therefore asked the Board to approve the circulated addendum that includes a three-month budget that covers July 1, 2018 through September 30, 2018. The Acting Board Chairman then called for a motion to approve the addendum to the IEA. Mr. Charles Ananaba moved that the Board approve the addendum; Cllr. Frank Musa Dean seconded the motion. The Board Members present then unanimously approved the addendum.

Ratification of the Fiscal Agent Agreement Amendment. The General Counsel explained that the Compact requires MCA-Liberia to enter into a fiscal agent agreement with a firm to serve as MCA-Liberia's agent for matters related to MCA-Liberia's finances. He further stated that the Compact mandates that the Fiscal Agent Agreement and any modification made thereto be approved by the Board, which is why the MCA-Liberia Board previously approved the Fiscal Agent Agreement and its first amendment. He said the first amendment was necessary to allow the Fiscal Agent to perform similar services for the PIU at LEC in order to oversee the Compact funds that are being used to rehabilitate the hydro. However, the first amendment expired on May 31, 2018 so this second amendment is necessary to extend the duration of the Fiscal Agent's services at PIU through the end of October, which is when the PIU's contract with LEC expires. He therefore asked the Board to ratify the executed second amendment. The Acting Board Chairman then requested a motion to ratify the second amendment. Hon. Gesler E. Murray made a motion that was seconded by Cllr. Frances Morris. The Board Members present then unanimously ratified the amendment

## **VIII. AOB**

Hon. Archibald Bernard raised the issue of Liberia needing to improve its MCC Scorecard performance. He mentioned that this has become a matter of priority for the Government, which is why Hon. Tweah has established a secretariat to coordinate the Government's efforts increase Liberia's score. He also asked MCA-Liberia to assist in this effort.

Mr. Charles Ananaba announced that this would be his last Board meeting because his tenure as the Chairman of the Chamber of Commerce will soon be ending. The Acting Chairman thanked Mr. Ananaba for his service on the MCA-Liberia Board.

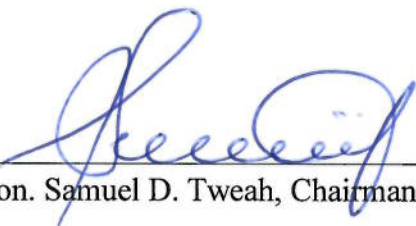
**IX. ADJOURNMENT**

The Acting Board Chairman adjourned the meeting at 11:38 a.m.

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Minutes submitted by:   
Monie Captan, Secretary

Minutes approved by:   
Hon. Samuel D. Tweah, Chairman