

TWO ROADS, ONE DREAM

**Vanuatu Compact Closure Celebrations – Santo East Coast Road, April 11, 2011
Presentation by Ms Frances Reid, Representing the Office of the Chief Executive
Officer, Millennium Challenge Corporation**

INTRODUCTION

Honorable Prime Minister, Ministers, SANMA Provincial Authorities,
Members of the Diplomatic Corps, Chiefs, Distinguished Guests, Ladies,
Gentlemen and children

I am delighted to be back in Vanuatu and to be part of your celebrations for the closure of a very successful Compact and to witness the handing over of the Santo East Coast Road and the Efate Ring Road. How quickly the five year Compact has gone, and how much has been achieved. This is truly a time for both Vanuatu and the Millennium Challenge Corporation to celebrate. The Vanuatu Compact has always been one of my favorites, so this makes these celebrations even more important to me.

I have titled this speech: “Two Roads, One Dream”. The roads are already meeting the dream that Vanuatu first described to us in 2005 – to make a real difference to the lives, opportunities and independence of the people of Vanuatu and to provide the foundation for long-term economic growth.

This dream aligned with the Millennium Challenge Corporation’s (MCC) investments aim which is to address poverty reduction by breaking down barriers to growth and generating additional income for beneficiaries. People often ask me how Vanuatu, alone amongst the South Pacific Island Nations, was selected for a MCC Compact. The answer is simple. Vanuatu achieved eligibility because of a solid focus on ruling justly, investing in services for people, and establishing an environment to encourage private sector development and growth. MCC selects democratic countries which themselves have selected and are managing the road to alleviate poverty and secure economic growth through sound governance and democracy and solid policy reform. The Government of Vanuatu has been proactive in using MCC's Eligibility Criteria to strengthen policy reform to unlock the full

potential of MCC Compact investments. I am proud to acknowledge that Vanuatu continues to give high priority to these reforms.

I have two messages today:

1. The first is to reflect on the special nature and achievements of the Vanuatu compact.
2. Secondly, I want to stress the importance of maintaining these roads.

Firstly, the Special Nature and Achievements of the Vanuatu Compact:

The Vanuatu Compact is the smallest of the MCC compacts. You have the smallest population of any Compact countries, and a tiny pool of experienced Engineers and Project Managers. Vanuatu is the farthest away from MCC and Washington in terms of distance and time zones. Even our U.S Embassy is based in another country – PNG – though I am delighted to acknowledge the proactive engagement that our Ambassador Teddy Taylor has with Vanuatu and our Compact.

The strong partnership between the Government of Vanuatu and MCC has been a key factor in overcoming these obstacles. Distance has required more innovation and local teamwork. The Vanuatu compact has been characterized by a whole of Government commitment and significant capacity building in results-based management. This Compact has been about country-led solutions and country-led implementation, and rigorous accountability for results. Our small MCC –Vanuatu office is constantly appreciative of the high levels of commitment and support from all levels of Government, villages, beneficiaries and private sector.

The special nature of the Vanuatu Compact has further encouraged regional partnerships. In June of 2009, the GoV signed a funding agreement with the New Zealand Aid Programme to provide NZ\$14 million (equivalent to \$9 million USD) of additional funding support to the project which contributed to the construction and sealing of both the roads under the MCC project. The Australian AusAID program has assisted by funding Tourism Surveys under MCA-Vanuatu’s Monitoring and Evaluation Program, and is supporting some sub-projects on other islands which were originally proposed under the Compact.

Despite two years of extreme weather and earthquakes, Vanuatu met and exceeded the ambitious timelines set under the Compact, especially here on the Santo East Coast Road. The rehabilitation and sealing of 149.7 km of roads on Santo and Efate were completed five months ahead of schedule and on budget. The completion of work is inclusive of 30% additional work to extend and widen sealed sections and enhance road safety and sustainability. Over USD1 million of plant and maintenance equipment has been procured under the Institutional Strengthening activity, and is currently employed by PWD in final contract roles and maintenance activities.

At the beginning of the Compact, few could imagine how many ni-Vanuatu would contribute to the planning, building and maintenance of these roads. Under the Compact, social strategies were developed to ensure open consultations and maximize opportunities for local employment and income-sharing for men and women, youth and vulnerable groups. Gender and equity requirements were integrated into all major contracts, notably with the Design and Build Road Contractor, and MCA-V and MCC provided training and guidance. The Compact has provided many examples of women working in non-traditional and leadership roles at village and national levels and women and youth groups are playing a critical role in the new community road maintenance contracts.

Building Capacity for Sustainability - Preserving the National Roads:

The most difficult part of ensuring a good road network is maintenance. There have been many achievements. From the start of the Compact the Government increased the annual budget allocation for road maintenance by 500 million Vatu (approximately US\$5million), and this year increased it further to Vatu 550 million – USD 5.5 million.

A new Engineering Support Unit specifically dedicated to the successful implementation of the road-works and their maintenance has been established as a part of the Public Works Department. As the Compact ends, these staff members will continue their work as permanent members of the PWD, ensuring the capacity built through the program continues to protect the investment in the roads and better management of road

projects. A major restructuring of PWD, with a strong focus on long-term human resource needs and business planning to align priorities to government policy is expected to underpin further increased resourcing to PWD in 2012. We applaud these developments and acknowledge the efforts of other donors, in particular our Australian friends.

New community-based maintenance contracts are being executed as the completed sections of the roads are handed over from the contractor to the GoV and PWD. I note that the Public Works Department's approved 2011 Business Plan commits \$1.6 million for community-based routine road maintenance contracts.

MCA-Vanuatu has contracted a Road Asset Maintenance Manager to provide expertise in both short and long term maintenance strategies, financial planning and advice, and capacity-building to the PWD . This is strengthening maintenance management of the MCC funded roads, as well as for Vanuatu's road network as a whole.

Ensuring the sustainability of the investments made through the \$65.69 million Millennium Challenge Compact will, I hope, continue as a top priority for the Government and people of Vanuatu. Protect and maintain these roads for the next generation.

As the MCC compact comes to a close, the Government of Vanuatu is sustaining the MCA-V model. The Government has announced that the new Vanuatu Projects Management Unit will build on the project and contract management capacities developed within MCA-V and take responsibility for overseeing and implementing large development projects within the Vanuatu.

Acknowledgements and Appreciations:

MCC has a long list of people we want to publicly thank. Their hard work and goodwill made this compact a success:

- Downer EDI Works and their sub-contractors – and on Santo this includes Flametree and dozens of local villagers who worked on the road.
- The Supervising Engineer QCPP and team leader Paul Cox-Martin, and the Engineering Support Unit and Public Works Department –

and on Santo this especially means Ambatha Paraliu, Simeon Stanley, Joe Antas, Charley Tari.

- All the villages, chiefs, custom owners and lease holders, and the villages who hosted all the milestone events – Matevulu, Lobe Lobe, Hog Harbor, and Port Olry. And of course the Mamas who have helped with all the catering.
- The private sector – you have helped with accommodation for our teams, the provision of vehicles and goods and general problem-solving, and given your inputs into planning and implementation.
- The enterprising SANMA Provincial Council and its proactive Secretary-General Joel Path.
- The MCA-Vanuatu – your home-grown team who managed the entire compact to a successful completion. Well done Johnson Wabaiat and team, and the Steering Committee under the able leadership of DG Simeon Athy and DG George Maniuri.
- And, finally, to the Government of Vanuatu who have given their full commitment to the Compact. I have enjoyed and been confident in our excellent working relationships.

My warmest thanks for a job well done.

To all of you, enjoy your well-deserved celebrations. This is another Tale of the South Pacific that the United States is proud to be part of.

Thank you!