MINUTES OF THE IMPLEMENTING PARTNERS’ SELECTION COMMITTEE (IPSC) HELD ON 01/07/2019 AT THE SMALL OED BOARDROOM

Agreement title: Fukuoka City

MEMBERS PRESENT

1. Jane Nyakairu
2. Lucia Kiwala
3. Mohamed Roble
4. Hiroshi Takabayashi
5. Imran Ahmed Malik
6. Dyfed Aubrey
7. Bruno Dercon

MIN 5/2019: PRELIMINARIES

The purpose of the meeting was to consider an intended Agreement of Cooperation (AoC) between UN-Habitat and Fukuoka City for implementation of the project *“Project for the Stabilization and rehabilitation of existing dumpsite (Htein Bin) and Construction of the Fukuoka Method land fill (technology-transfer)”*. The project will be implemented in Myanmar in the city of Yangon. The Parties are yet to sign the AoC. After confirming that enough members were present for constitute a quorum, Mohamed Roble called the meeting into session.

MIN 6/2019: BACKGROUND INFRORMATION

Bruno Decron provided a brief background to the Agreement of Cooperation in discussion. He stated that in the month of April 2018, a solid waste landfill in Myanmar caught fire and one of the many purposes of this AoC is to ensure that the landfill does not catch fire again. He confirmed that no call for proposals was made because the Donor (the Government of Japan) identified Fukuoka city as the implementing partner. It appeared that the scope of work was too wide for the city of Fukuoka and the Fukuoka city subcontracted to organizations, one of which was sole sourced while the other one was selected after a competitive process. The subcontractors were sourced and even signed their contracts with the Fukuoka city before UN-Habitat and the Fukuoka city. The reason for this, Bruno informed the members was to align their contracts with the Japanese fiscal year as this will relieve UN-Habitat from pre-financing the project thus reducing UN-Habitat’s financial risk and UN-Habitat can only pay once they have seen proof of work.

MIN 7/2019 ISSUES RAISED

Several issues were raised regarding the intended collaboration between the Parties and the content of the AoC. Mohamed asked whether Fukuoka city has strict audit regulations in place and what they were proposing in terms of audits. Bruno replied that the Japanese Government audit requirements are very rigid as every department in Fukuoka is audited every two years. He said that it is therefore difficult to audit per instalment as is required by UN-Habitat. He added that once the biennial audit has taken place, it takes a considerable amount of time before the audit reports are released and that in this case, such report will not be released until the year 2023. Mohammed asked whether there is a possibility of carrying out an external audit and Bruno replied that he posed that question to the City of Fukuoka and he is yet to receive an answer from them although it is highly unlikely.

Mohamed then wanted to know how the question of audits was dealt with in previous AoC’s between UN-Habitat and the City of Fukuoka. Bruno clarified in UN-Habitat and Fukuoka city have never entered into any Agreement where the City was the Implementing Partner. In all their previous Agreements, the City has always been the Donor.

Owing to the complexity of the whole situation and the fact that the City’s rules and regulations are not in line with those of UN-Habitat, Mohammed wanted to know what the implications would be if UN-Habitat rejected the grant and its role in relation to this Project. Bruno replied that prior to settling on UN-Habitat as the recipients of the grant, high-level consultations were held and as such the decision was a high-level decision by the Government of Japan. He further stated that the decision to select UN-Habitat as the recipients of the grant was the right decision since the work to be done was in UN-Habitat’s portfolio.

Jane noted with concern that a lot of exceptions are being sought with regard to this AoC. She added that had the Implementing Partner been selected competitively as opposed to being sole-sourced, UN-Habitat would have selected a Party that has the capacity to implement the same instead of one that has to sub-contract to two other parties as is now the case. She asked whether the Donor Agreement can be amended so that part of the money goes to UN-Habitat and part of it goes to the City of Fukuoka as this would prevent UN-Habitat from engaging in or permitting activities that do not comply with its guiding rules and regulations. Bruno replied by stating that the contribution of UN-Habitat towards the project is technical and it is necessary at all stages of project implementation hence it would not be proper to divide the same.

Bruno further stated that the City of Fukuoka subcontracted two companies, one was sole-sourced and the other one was selected competitively. He gave the following as the reasons for sole sourcing the particular company: The company has been delivering landfill services in Fukuoka since 1967 and thus they have vast knowledge and experience in this field; Sole sourcing was the most reasonable thing to do as it guaranteed value for money; and the City of Fukuoka was responding to an emergency situation and thus they did not have the luxury of time and feasibility studies.

Lucia wanted to know whether they had documented this whole process thoroughly including the exceptions, for the sake of UN auditors. Bruno replied that the whole process had been documented. He further added that a document stating that the City of Fukuoka had fully complied with the rules and regulations of Japan was currently being reviewed.

Lucia asked whether UN-Habitat had been involved in the process of procuring the private company even in ex-officio capacity. Bruno replied that UN-Habitat was not involved. He added that the City of Fukuoka procured the company in early April and UN-Habitat only learned about it in May. And when they asked about it, they were informed that it was necessary to do it when they did so as to ensure that it aligned with Japan’s fiscal year. He further added that the City of Fukuoka assured them that they had complied with Japan’s rules and regulations. As a follow up to Bruno’s reply, Lucia asked whether Bruno had the bundle of documents used in and showing the process and Bruno replied that he had copies.

Lucia asked whether there were any institutional arrangements in place to monitor implementation. Bruno replied that the City of Fukuoka will only be paid upon the delivery of the results defined in the contract hence significantly reducing financial risk. Lucia then asked whether any oversight measures had been put in place in Myanmar. Bruno replied that there will be a full steering committee made up of representatives form UN-Habitat, the Ministry and the City of Fukuoka. He added that there is a UN-Habitat project team in Fukuoka that is fully dedicated to overseeing the project.

MIN 8/2019 WAY FORWARD

Jane stated that if the partnership between UN-Habitat and the City of Fukuoka is going to work, communication channels between the parties need to be open and decision making must be mutual. She said measures must be put in place to ensure that decisions are made mutually. She also suggested periodical and mid term reviews of the project as a way of monitoring project implementation since regular audits are impossible.

The members agreed to hold an in-house follow up meeting on 4th July 2019 to further discuss the issues that were raised.

MIN 9/2019 ADJOURNMENT

There being no other business to be discussed, the meeting was adjourned at 11:30 am EAT.