

**MINUTES
OF
WFP SHIPPING SERVICE
EXECUTIVE BOARD MEETING
HELD AT BRR
On 9th November 2006**

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| Present: | Pak Eddy Purwanto | - | COO BRR |
| | Jens Baekholm | - | Head of WFP Shipping Service NAD-Nias |
| | Peter French | - | Technical Advisor, WFP Shipping Service |
| | John Brady | - | Senior Logistics Advisor BRR |
| | Pak Egan Dirgentara | - | BRR Manager Pre-Contracts |
| | Michael Whiting | - | WFP Shipping Service |
| Absent: | Eric Morris | - | UN Recovery Coordinator NAD- Nias |

The meeting was postponed from 16.00 hrs on 7th November 2006. Jens Baekholm opened the meeting by going through the agenda items.

ITEM 1: MINUTES OF THE MEETING HELD ON 28 SEPT. 06. Jens Baekholm asked if there were any comments on the minutes of the meeting held on 28 Sept. 06. The minutes were approved.

ITEM 2: REPORT ON THE OUTCOME OF THE MDF TECHNICAL REVIEW MEETING HELD ON 01 NOV 06. The meeting, and the subsequent minutes were discussed in some detail. Pak Eddy stated that he had signed a letter to the Manager of the MDF which addressed several issues arising from the meeting, and Jens Baekholm stated that a response to the minutes of the meeting would be widely circulated on Friday 10 November 2006.

Peter French stated that it was clear from the meeting that unless substantial cargo was forthcoming from BRR further funding of WFP Shipping Service from the MDF would be unlikely.

Decision: In view of the recommendations of the MDF Secretariat no further action would be taken on:

- a. The contracting of Transport Economist consultant as agreed in previous meetings.
- b. Recruitment of Management Trainees.

Until the outcome of the transport economist's assessment of the transport system in NAD-Nias being taken on behalf of the MDF Secretariat, no further action would be taken on these points.

ITEM 3: COMMERCIAL OPERATOR'S PROPOSAL TO TAKE-OVER THE WFP SHIPPING OPERATION.

Jens Baekholm explained that one of the companies that currently chartered LCTs to the WFP Shipping Service had shown interest in taking over all, or part of the service. The proprietor, Eric Limin had traveled to Banda Aceh on 07 Nov. 06 to meet the Board. He had made himself known to Eric Morris. Whilst Limin was interested in some of the routes covered by WFP Shipping Service the extent of logistics cover was unclear at this point. During the recent MDF Technical Review Meeting the World Bank had indicated that there was a prospect of some subsidy being made available to fund materials handling equipment and Port Captains.

Peter French advised the meeting that Sedang Matmarco had also shown interest in the shipping aspects of the business, but there were a number of procedural and funding issues that would need to be resolved before that interest could be developed further.

Decision. It was decided that no further action would be taken on this topic until the outcome of the MDF Secretariat's transport economist's assessment were known, and the volume and time-lines associated with BRR cargo became clearer..

ITEM 4: THE PORT SITUATION AT GUNUNG SITOLI PORT.

Jens Baekholm reminded the meeting of the congestion at Gunung Sitoli Port and the impact on that congestion that reconstruction of the pier and jetty would have in the near future. Jens went on to say that WFP Shipping Service was carrying out a technical assessment of a location 12 kms to the south of the port. There was storage space at this location and the possibility of constructing a temporary LCT ramp was being investigated.

Pak Eddy and John Brady advised the meeting that works on the jetty would probably be delayed beyond Q1/2007. In the circumstances, BRR would take over the storage area previously used by UNHCR, and use it as the location for the BRR/Matmarco Depot for Nias.

Decision. It was decided that:

- a. WFP Shipping Service would proceed with the technical survey of the alternative landing site near Gunung Sitoli, but any construction would await the findings of the MDF transport economist's assessment, and the commencement of business with the BRR/Matmarco Depot on the island.
- b. BRR would assume responsibility for the area previously managed by UNHCR.

ITEM 5: BOARD APPROVAL OF LEASING OF FORK LIFT TRUCKS. Jens Baekholm told the meeting that there was interest among the users for the temporary lease and use of WFP Shipping Service fork lift trucks and drivers.

Decision. It was decided that WFP Shipping Service may lease the fork lift trucks, with trained drivers, temporarily until such time as this equipment was handed over to a third party, as agreed in the BRR Concept Note and the WFP Special Operation 10498.0.

ITEM 6: LOADING INCIDENT AT ULEE LHEE PORT. Jens Baekholm reminded the meeting of the photographs of the accident which occurred whilst a contractor was loading a barge in Ulee Lhee port with steel pipes. Photographs of the incident had been widely circulated, and these same photographs had been shown to those who attended the MDF Technical Review Meeting on 01 Nov. 06. The incident served as a timely indication of the risks of carrying out a coastal shipping service without professional cargo superintendence.

ITEM 7: APPROVAL OF THE “RIGHT SIZING” STRATEGY FOR Q4/2006 AND Q1/2007. Jens Baekholm requested the meeting to consider the “Right Sizing” strategy that was currently being undertaken by the senior management of WFP Shipping Service. The aim was to reduce the level of international staff by 14% by the end of Q4/2006 and to reduce the level further by approximately the end of Q1/2007 to save 30% overall on the international payroll.

Decision: The meeting approved the strategy.

ITEM 8: STATUS OF THE RECRUITMENT OF INDONESIAN MANAGEMENT TRAINEES. Jens Baekholm advised the meeting that TORs for several management positions had been passed to BRR with a view to selection of suitable candidates to take place. Pak Eddy and John Brady advised the meeting that no further action had yet been taken.

Jens Baekholm told the meeting of the unsuccessful recruitment campaign for an Indonesian Port Captain. Pak Eddy suggested some alternative newspapers to be used in subsequent recruitment campaigns. Pak Egan would provide contact details.

Decision: It was agreed that no further action should be taken on this subject until the outcome of the MDF transport economist’s assessment had been made

ITEM 9: FOCAL POINT FOR DEBT COLLECTION. Jens Baekholm indicated that the MDF Secretariat had again stated that there appeared to be no firm strategy for debt collection. John Brady advised that the agreed procedure was that delinquent debtors would be reported to him and then appropriate action taken by the Chief Operating Officer of BRR.

Decision. It was decided that delinquent debtors would, in the first place, be reported to the BRR Senior Logistics & Transport Consultant, who would then pass the details to the BRR Chief Operating Officer for action.

ITEM 10: PAK EDDY'S VISIT TO NIAS. Pak Eddy's visit to Nias was discussed in some detail. Action to correct shortcomings had been mentioned in previous items concerning port congestion and the need for a BRR Depot on the island.

ITEM 11: ANY OTHER BUSINESS. Jens Baekholm told the meeting that the amount of rental that could be realized by renting the KALMAR reach-stackers to the Port Authority in Belawan, or the shipping agents there was very low. Furthermore, there was a prospect of needing the equipment if Matmarco used containers and temporary storage on Nias and elsewhere.

Decision: It was decided that no further action should be taken on the equipment until the needs of Matmarco were known.

ITEM 14: NEXT MEETING. It was agreed that the date, time and venue of the next meeting would be agreed and advised to all participants in due course. The meeting would probably be held after the publication of the preliminary findings of the MDF transport economist's report.