



Vanuatu: State-Owned Enterprise Rationalization Program

Project Name	State-Owned Enterprise Rationalization Program				
Project Number	43413-012				
Country	Vanuatu				
Project Status	Closed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 7588-VAN: State-Owned Enterprise Rationalization Program</td> </tr> <tr> <td>Japan Fund for Poverty Reduction</td> <td>US\$ 500,000.00</td> </tr> </table>	TA 7588-VAN: State-Owned Enterprise Rationalization Program		Japan Fund for Poverty Reduction	US\$ 500,000.00
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Japan Fund for Poverty Reduction	US\$ 500,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development Partnerships Private sector development				
Sector / Subsector	Public sector management - Economic affairs management				
Gender Equity and Mainstreaming	No gender elements				
Description	<p>The TA aims to strengthening the legal, governance, and monitoring frameworks for SOEs. This work will include (i) drafting an SOE act; (ii) establishing a robust process for the selection, appointment, and accountability of directors; (iii) strengthening the capacity of the SOE directors to execute their mandates; (iv) establishing a framework for contracting and financing CSOs; and (v) clarifying the role and responsibilities of the monitoring agency within MFEM. The recent restructuring of MFEM provides an opportunity to strengthen its SOE monitoring function, and this will be an integral component of the TA.</p> <p>While the legal, governance, and monitoring reforms are being developed, a parallel effort to update SOE financial accounts will be undertaken, so that those that represent the greatest strain on the budget can be rapidly identified. The outputs of this work will also facilitate the development of necessary baseline indicators for assessing the performance of the TA.</p>				
Project Rationale and Linkage to Country/Regional Strategy	State-owned enterprise reform is an integral part of the approach to supporting private sector development in ADB's 2010-2014 Country Partnership Strategy (CPS) for Vanuatu, which was approved in September 2009. The Government's commitment to SOE reform is also contained within the recently-released "Planning Long, Acting Short" matrix of policy priorities for 2009-2012. It is central to the improved economic governance supported through AusAID's Governance for Growth Program (GfG), and the recently signed Partnership for Development (Pfd) between the Governments of Australia and Vanuatu.				
Impact	Reduced drain on the fiscal position of the government from underperforming public enterprises				

Project Outcome

Description of Outcome	Improved financial, operational and governance performance of SOEs
Progress Toward Outcome	Support the development and implementation of an SOE reform program in Vanuatu to relieve the fiscal strain that SOEs place on the state budget and ensure that SOEs do not compromise consumer welfare or crowd out the private sector.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Rationalization strategies formulated and under implementation for at least four SOEs, along with associated governance and regulatory reforms 2. Draft SOE act prepared 3. At least six training courses on SOE governance and monitoring delivered for SOE directors and Ministry of Finance staff 4. Director performance evaluation system developed and implemented
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Status of Implementation Progress (Outputs, Activities, and Issues)	Supported MFEM to prepare the liquidation of four SOEs in the country: Asset Management Unit (AMU), Metensel Estates Limited (MEL), Vanuatu Livestock Development Limited (VLDL), and the Vanuatu Agricultural Development Bank (VADB). An SOE policy was endorsed by Council of Ministers (COM) in October 2013. A new SOE Act has been drafted. Training courses on SOE governance and monitoring are being delivered. A director performance evaluation system has been developed.
Geographical Location	National (Vanuatu)

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The TA has been designed in close consultation with Ministry of Finance and Economic Management (MFEM) and key stakeholders, including the SOEs, line ministries, Prime Ministers Office, State Law Office, and development partners.
During Project Implementation	During the project implementation, the project team will continue consulting with MFEM, SOEs, line ministries, Prime Minister's office, State Law Office, and development partners. In addition, the team will also develop individual SOE rationalization plans for the SOEs, as agreed jointly with the Directorate of Finance.

Business Opportunities

Consulting Services	Consultant recruitment is underway.
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Responsible Staff

Responsible ADB Officer	Everett, Hayden B.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Pacific Liaison and Coordination Office in Sydney, Australia
Executing Agencies	<i>Ministry of Finance & Economic Management P.M.B. 058 Port Vila Vanuatu</i>

Timetable

Concept Clearance	31 Mar 2010
Fact Finding	12 Apr 2010 to 16 Apr 2010
MRM	-
Approval	01 Sep 2010
Last Review Mission	-
PDS Creation Date	03 Jun 2010
Last PDS Update	26 Nov 2014

TA 7588-VAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
01 Sep 2010	01 Oct 2010	01 Oct 2010	30 Sep 2012	31 Dec 2014	-
Financing Plan/TA Utilization				Cumulative Disbursements	

ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	500,000.00	100,000.00	0.00	0.00	0.00	600,000.00	01 Sep 2010	327,285.95

Project Page <https://www.adb.org/projects/43413-012/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=43413-012>

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