Proposed Programmatic Approach and Policy-Based Loan for Subprogram 1
Papua New Guinea: State-Owned Enterprises Reform Program
CURRENCY EQUIVALENTS
as of 16 February 2020

Currency unit = kina (K)
$1.00 = K3.401

ABBREVIATIONS

ADB – Asian Development Bank
GDP – gross domestic product
IMF – International Monetary Fund
NEC – National Executive Council
KCH – Kumul Consolidated Holdings
PNG – Papua New Guinea
PPP – public–private partnership
SOE – state-owned enterprise
TA – technical assistance

NOTE

In this report, "$" refers to United States dollars.
In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
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## PROGRAM AT A GLANCE

### 1. Basic Data
- **Project Name:** State-Owned Enterprises Reform Program, Subprogram 1
- **Country:** Papua New Guinea
- **Borrower:** Government of Papua New Guinea
- **Department/Division:** PARD/PASP
- **Executing Agency:** Department of Treasury
- **Project Number:** 53424-001

### 2. Sector
- **Subsector(s):** Reforms of state owned enterprises
- **ADB Financing ($ million):** 100.00

### 3. Operational Priorities
- **Accelerating progress in gender equality**
- **Strengthening governance and institutional capacity**

### 4. Risk Categorization:
- **Complex**

### 5. Safeguard Categorization
- **Environment:** C
- **Involuntary Resettlement:** C
- **Indigenous Peoples:** C

### 6. Financing

<table>
<thead>
<tr>
<th>Modality and Sources</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>100.00</td>
</tr>
<tr>
<td>Cofinancing</td>
<td>0.00</td>
</tr>
<tr>
<td>Counterpart</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

**Currency of ADB Financing:** US Dollar

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Source: Asian Development Bank

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Generated Date: 04-Mar-2020 15:25:30 PM
I. THE PROPOSAL

1. The Government of Papua New Guinea (PNG) has requested financial assistance from the Asian Development Bank (ADB) for the State-Owned Enterprises (SOE) Reform Program. The program, proposed for 2020–2022, comprises three subprograms. It will improve the operational performance and financial sustainability of SOEs, and help them to deliver better services. The program is consistent with the Strategy 2030 operational priority of strengthening governance and institutional capacity, under which ADB will support SOE reforms in small island developing states to strengthen public service delivery. The program is in line with implementation priorities of the PNG country partnership strategy, under which ADB will support SOE reform, business environment improvements, and greater competition. It is aligned with the International Monetary Fund (IMF) staff-monitored program for PNG, finalized in 2020.

2. A policy-based loan modality is suitable to support policy actions that facilitate and accelerate the government’s ongoing SOE reforms. A programmatic approach will meet budget support needs, and allow time for sustained implementation of complex and politically sensitive reforms. It allows for prioritization across reform areas to account for limited implementation capacity, and provides flexibility to respond to emerging opportunities and constraints.

II. PROGRAM AND RATIONALE

A. Background and Development Constraints

3. Macroeconomic context. PNG is a small economy, relying heavily on commodity exports. After annual real gross domestic product (GDP) grew 7.1% in 2010–2015, driven by liquefied natural gas investment and favorable commodity prices, growth slowed to 2.9% in 2016–2019, due to softer commodity prices, disasters, and weak macroeconomic management. Growth is projected to average 2.6% in 2020–2022, driven by the non-resource sector. After expansionary policies led to fiscal deficits averaging 5.6% of GDP in 2013–2016, fiscal consolidation helped to reduce the deficit to 2.5% in 2017–2018. The government controlled expenditures largely by cutting capital spending and accumulating arrears, including in utility and rental payments. With low global commodity prices, recent drought, significant cost overruns, and low revenue collection in a slow growth environment, the fiscal deficit is projected to reach 5.0% of GDP in 2020. The government plans to tighten recurrent spending to lower fiscal deficit to 2.1% of GDP by 2022.

4. State-owned enterprise performance. SOEs provide most essential services—including energy, water supply, telecommunications, ports, and air transport. Kumul Consolidated Holdings (KCH) operates as the holding company for the government’s non-mineral, oil, and gas assets through the General Business Trust, which owns the government’s shares in nine SOEs.

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1 This lending proposal was not included in ADB. 2019. *Country Operations Business Plan: Papua New Guinea (2020–2022).* Manila. The government requested financial assistance in a letter of 24 July 2019 as an addition to the country operations business plan. The Pacific Department confirmed that the 2020 resource envelope can accommodate such financial assistance. An initial draft of the design and monitoring framework is in Appendix 1.


4 Sustained deficits contributed to an increase in public debt, from 17.4% of GDP in 2011 to a projected 40.3% of GDP in 2020. A recalibration exercise in 2019 also brought substantial contingent liabilities into official debt figures.

5 Macroeconomic data cited in this concept paper are aligned with the International Monetary Fund’s latest projections.

6 These nine SOEs are Air Niugini, Motor Vehicle Insurance, National Development Bank, PNG Ports Corporation, PNG Power, Post PNG, Kumul Agriculture, Kumul Telikom Holdings, and Water PNG. They operate under the oversight of the Minister of State Enterprises. In June 2019, a gazetted ministerial determination placed PNG Power and Kumul Telikom Holdings under the Minister of Communications and Energy and Air Niugini under the Minister...
5. SOEs consistently demonstrate poor operational and financial performance. SOEs under KCH lost K147 million in 2018. The consolidated debt of KCH and the nine SOEs is estimated at K5.8 billion as of 31 March 2019, of which K2.1 billion is commercial. Given SOE’s important (and often monopolistic) role in delivering key services, their continued poor operational and financial performance results in expensive, inefficient, and low-quality service provision and affects the competitiveness of the economy. The government is facing fiscal challenges, with limited scope to restructure SOE debt or clear arrears to utilities.\(^7\)

6. **Key constraints.** A weak overarching policy and legal framework undermines commercial principles, contributing to poor operational performance. The Independent Public Business Corporation of Papua New Guinea (Kumul Consolidated Holdings) (Amendment) Act, 2015 (KCH act) provided the National Executive Council (NEC), comprising all ministers, with greater scope to directly oversee SOEs, including powers to control board compositions of KCH and majority-owned SOEs, authorize annual plans, and approve expenditure over K10 million. This has eroded SOE oversight and allowed political considerations to override commercial imperatives.

7. Earlier policy initiatives stalled due to inadequate political and administrative support, although the present situation is different due to the current administration’s strong commitment and systematic approach towards SOE reforms (para. 10).\(^8\) In early 2018, the government gazetted the Public–Private Partnerships (PPP) Act, 2014 but did not operationalize it.\(^9\) PPPs are limited in number, and negotiated ad hoc. The government has not operationalized its community service obligation policy (approved by the NEC in 2012), which provides a framework to identify and finance non-commercial services by SOEs, rather than the current practice of opaque cross-subsidization. A draft competition policy, prepared in 2018, calls for all SOEs to adhere to principles of competitive neutrality, but remains to be approved.\(^10\)

8. The absence of an effective SOE oversight mechanism inhibits timely reporting and disclosure and reduces accountability. Most SOEs do not produce timely annual financial statements as mandated by the KCH act, and audited financial statements are not publicly available (including for KCH). SOEs lack statements of corporate intent and do not systematically develop key performance indicators. Boards and management in SOEs are often appointed through nontransparent and political processes, without regard to skills. Corporate governance does not receive adequate emphasis. Only two of 48 current board members are women.

9. Many SOEs face specific challenges that affect their financial sustainability. The top three SOEs in terms of debt exposure are: Kumul Telikom Holdings (K1.44 billion), PNG Power (K1.21 billion), and PNG Ports (K1.10 billion). Kumul Telikom Holdings has a mobile market share of around 10%, against a 90% market share of Digicel, and faces critical solvency issues. PNG Power works with several sole-sourced independent power producers and has not systematically pursued commercially attractive opportunities. Financial management and procurement systems

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\(^7\) The extent of fiscal risks is unclear as not all SOE debt is recorded in consolidated debt figures and several SOE loans were contracted without National Executive Council approval.

\(^8\) The current administration’s commitment to SOE reforms at the highest level (footnote 18) for the first time provides a more enabling environment than under previous administrations. The proposed ADB program focuses exclusively on SOE reforms, and, along with strong technical support, will also help reforms to progress systematically.

\(^9\) The PPP act provides an overarching framework for the systematic analysis of proposed infrastructure investments.

are improving, but still weak. Unpaid bills from government clients make it difficult for the utilities to reduce losses and manage cash flows, adding to arrears. PNG Ports, Air Niugini, and KCH have noncore assets which they could monetize to generate cash flows, while a few relatively well-performing SOEs (like Motor Vehicle Insurance and Post PNG) could be partially privatized—but capacity and institutional weaknesses constrain progress in these directions. The two water utilities, Water PNG and Eda Ranu, are merging to reduce overheads and increase efficiency, but institutional factors have delayed progress. SOEs also lack capacity to negotiate PPPs.

B. **Policy Reform and ADB’s Value Addition**

10. The government aims to improve SOE operational performance, to deliver services across PNG at high quality and affordable prices. The current administration has emphasized that SOEs need to be accountable and financially sustainable, and return dividends to consolidated revenue. The NEC approved an SOE reform plan policy matrix in November 2019, laying out reforms to be undertaken in 2019–2022 to strengthen national SOE governance and policies, and address sector-specific financial challenges. ADB’s program is aligned with the government’s reform plan. Subprogram 1 will establish enabling frameworks for more difficult and/or complex reforms in subsequent subprograms. All subprograms will support reforms in three areas.

11. **Reform area 1: Policy and legislative framework.** Subprogram 1 will include preparation of an overarching SOE policy that clarifies the key principles of SOE ownership, governance, and performance. This policy will form the basis for amending the KCH Act, including: (i) separating political and commercial decision-making; (ii) focusing the role of KCH on monitoring SOE performance; (iii) reinforcing timely preparation and public release of statements of corporate objectives and audited annual accounts; (iv) establishing a transparent, skills-based process for SOE director appointment (supporting the goal of at least one woman on the board of each SOE); and (v) requiring community services obligations to be identified and costed. The government will operationalize the PPP Act, 2014 and approve the competition policy for implementation (para. 7). Subsequent subprograms will further strengthen the policy framework for community service obligations and PPPs, and develop implementing regulations.

12. **Reform area 2: Governance and transparency.** Subprogram 1 will comprise actions to implement the improved policy and legal framework. Policy actions under subsequent subprograms will further build on these reforms, towards (i) phased elimination of the backlog in preparation and disclosure of audited financial reports; (ii) selection of all SOE directors following transparent and skills-based processes; (iii) improvements in financial management and procurement (focusing on SOEs where there are synergies with ADB projects); (iv) greater competition; and (v) timely preparation and disclosure of statements of corporate objectives.

13. **Reform area 3: Financial sustainability for specific state-owned enterprises.** The program will help selected SOEs improve their financial position. Subprogram 1 will initiate measures to improve cash flows (e.g., by monetizing noncore assets), privatize SOEs that are performing relatively well, and pursue structured PPP transactions. The program will also support reforms to advance the merger between Water PNG and Eda Ranu, which is high on the government’s agenda (para. 9). The government will avoid building further arrears in payments to selected utilities, and initiate steps to restructure expensive commercial debt. Policy actions for subprograms 2 and 3 will continue to advance and consolidate reforms in this area, with particular focus on implementing and completing measures and transactions initiated in subprogram 1.

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12 ADB will provide capacity-building support to KCH, as required, in coordination with other development partners.
14. **Value addition.** The program builds on ADB’s regional technical assistance (TA) (para. 7). ADB has built strong relationships with SOEs through project engagement in water and energy, allowing ADB to play an important role in identifying sectoral SOE reforms.\(^\text{13}\) ADB will provide TA to help implement the program and supplement capacity across reform areas.\(^\text{14}\)

15. **Lessons learned.** Key lessons include: (i) backloading ADB disbursements across the three subprograms, recognizing that implementation of more complex reforms may take longer, based on ADB’s ongoing experience in Fiji;\(^\text{15}\) and (ii) establishing a multiagency technical working group, including staff from the Ministries of State Enterprises, Transport and Infrastructure, and National Planning, as well as the Treasury, KCH, and relevant SOEs, to advance reforms, based on lessons from ADB’s ongoing health sector program.\(^\text{16}\) ADB also seeks to take advantage of high-level support under the current administration, and progress consultatively on policy reforms.

16. **Development partner coordination.** The Government of Australia is considering parallel budget support, in an amount to be determined. It is also cofinancing regional TA (footnote 14), with additional support anticipated from the governments of Australia and New Zealand, and the European Union. These bilateral partners also support SOE reforms directly through TA. The IMF’s staff-monitored program (para. 1) supports transparency, accountability, and governance in SOEs. The government will lead development partner coordination on SOE reforms.

C. **Impacts of the Reform**

17. The effect of the reform will be: operational performance of SOEs improved. The reform areas will strengthen the overarching policy and legislative framework for SOEs, enhance accountability through transparency and governance, and increase financial sustainability of specific SOEs. The overall impact will be: delivery of services across PNG at high quality and affordable prices (footnote 11).

D. **Development Financing Needs and Budget Support**

18. The government’s budget financing needs are projected at $3.1 billion during 2020–2022. In 2020, the financing gap of $1.4 billion is expected to be financed through a mix of concessional borrowing—including budget support of $100 million from the third subprogram of ADB’s health program (footnote 16) and support from other development partners (including World Bank)—and up to $300 million in commercial lending facilitated by a proposed ADB partial credit guarantee program (which supports fiscal and debt sustainability reforms).\(^\text{17}\) Financing requirements are seen to gradually narrow to $1.1 billion in 2021 and $0.7 billion in 2022 because of fiscal consolidation. The government has requested a loan of $500 million from ADB’s ordinary capital resources to help bridge the 2020–2022 financing gap while safeguarding essential public spending. This comprises $100 million (7.3% of total budget financing needs) for subprogram 1 in 2020; $150 million (13.8%) for subprogram 2 in 2021; and $250 million (36.3%) for subprogram 3 in 2022, with escalating amounts reflecting the expected complexity of reforms (para. 15).

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E. Implementation Arrangements

19. The Department of Treasury is the executing agency. The Ministry of State Enterprises, with broad oversight on SOE performance, is the primary implementing agency. A steering committee has been established to oversee program implementation.\(^{18}\) A technical working group will implement reforms (para. 15). The program implementation period is October 2019–September 2022, and subprogram 1 implementation period is October 2019–September 2020.

III. DUE DILIGENCE REQUIRED

20. An SOE sector assessment and program impact assessments will support the public sector management assessment. Subprogram 1 is expected to be classified category C for environment, involuntary resettlement, and indigenous peoples.\(^{19}\) Subprogram 1 is expected to be classified as some gender elements, with measures to promote women’s representation on SOE boards. ADB will request an IMF assessment letter.

IV. PROCESSING PLAN

A. Risk Categorization

21. The program is considered complex because its size exceeds $50 million.

B. Resource Requirements

22. The program team will include ADB staff from the Pacific Department (from headquarters, the Pacific Liaison and Coordination Office, and the PNG Resident Mission), the Office of Public–Private Partnerships, the Private Sector Operations Department, and the Office of the General Counsel. Processing will require 6 months of ADB staff time. TA will support program implementation (footnote 14). The governance thematic group will peer review the program.

C. Processing Schedule

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Expected Completion Date</th>
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<tbody>
<tr>
<td>Concept approval</td>
<td>4 March 2020</td>
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<tr>
<td>Informal board seminar</td>
<td>19 March 2020</td>
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<tr>
<td>Fact-finding mission</td>
<td>23–26 June 2020</td>
</tr>
<tr>
<td>Management review meeting</td>
<td>3 August 2020</td>
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<tr>
<td>Negotiations</td>
<td>10 August 2020</td>
</tr>
<tr>
<td>Board approval</td>
<td>21 September 2020</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank

V. KEY ISSUES

23. The proposed program cuts across multiple sectors. This will require close coordination between government agencies to ensure they understand and meet all requirements. ADB will engage closely with the technical working group. The Pacific Department will involve relevant staff from other departments as needed.

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\(^{18}\) The steering committee consists of the Deputy Prime Minister, the Minister for State Enterprises, the Minister for the Treasury, the Minister for Communications and Energy, and the Minister for Transport and Infrastructure.

\(^{19}\) Initial Poverty and Social Analysis (accessible from the list of linked documents in Appendix 3).
## DESIGN AND MONITORING FRAMEWORK
(Initial Draft)

### Country’s Overarching Development Objective
Delivery of services across PNG at high quality and affordable prices

<table>
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<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Risks</th>
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</thead>
<tbody>
<tr>
<td><strong>Effect of the Reform</strong></td>
<td>By 2023</td>
<td>a–b. KCH annual reports</td>
<td>Deterioration in external economic environment and/or external shocks (including disasters) disrupt reform progress.</td>
</tr>
<tr>
<td>Operational performance of SOEs improved</td>
<td>a. Consolidated losses of SOEs reduced by at least 10% (2018 baseline: K147 million)</td>
<td></td>
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<tr>
<td></td>
<td>b. Return on assets for shareholders increased by at least 20% (2018 baseline: &lt;1%)</td>
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<tr>
<td><strong>Reform Areas under Subprograms 1, 2, and 3</strong></td>
<td><strong>Indicative Policy Actions</strong> <em>(By the end of 2020)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Policy and legislative framework</td>
<td>1a. Overarching SOE Reform and Ownership Policy (supporting the principle of encouraging qualified women to join SOE boards) approved by NEC (2019 baseline: Not Applicable)</td>
<td></td>
<td>1a–d. NEC decisions</td>
</tr>
<tr>
<td></td>
<td>1b. KCH act amendment approved by NEC for submission to Parliament (supporting a target of at least one woman on the board of each SOE) (2019 baseline: Not Applicable)</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>1c. PPP Act, 2014 operationalized through NEC approval of regulations and establishment of PPP Centre (2019 baseline: Not Applicable)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1d. Competition policy (including measures to support women in business) approved by NEC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Governance and transparency</td>
<td>2a. (i) Transparent skills-based process for appointing board and directors (incorporating provisions for the inclusion of at least one woman in the shortlist for each position subject to minimum qualifications) approved by KCH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results Chain</td>
<td>Performance Indicators with Targets and Baselines</td>
<td>Data Sources and Reporting Mechanisms</td>
<td>Risks</td>
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<tr>
<td></td>
<td>Board, and (ii) recommendations to NEC for appointment of at least 5 director positions made following approved process (2019 baseline: Not Applicable)</td>
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<td></td>
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<tr>
<td></td>
<td>2b. Audited financial statements for 2018 completed for at least 5 SOEs, and for 2019 completed for at least 3 SOEs (2019 baseline: Not Applicable)</td>
<td></td>
<td>2b. Completed audited financial statements</td>
</tr>
<tr>
<td></td>
<td>2c. Annual operating plans for 2020 for at least 7 SOEs approved by NEC (2019 baseline: Not Applicable)</td>
<td></td>
<td>2c. NEC decision</td>
</tr>
<tr>
<td></td>
<td>2d. Guidelines on content of three-year corporate plan and statement of corporate objectives for SOEs (including reporting on gender diversity of boards and senior staff) approved by KCH Board (2019 baseline: Not Applicable)</td>
<td></td>
<td>2d. KCH Board decision</td>
</tr>
<tr>
<td></td>
<td>2e. (i) Decision to publicly disclose KCH annual reports (including online disclosure) approved by KCH Board, and (ii) and 2018 and 2019 annual reports disclosed online (2019 baseline: Not Applicable)</td>
<td></td>
<td>2e. KCH Board decision and disclosure of annual reports</td>
</tr>
<tr>
<td></td>
<td>2f. Procurement Policy (Financial Delegations) approved by PNG Power Board, stating authorities, limits, and methods to commit the funds of PNG Power (2019 baseline: Not Applicable)</td>
<td></td>
<td>2f. PNG Power Board decision</td>
</tr>
<tr>
<td>3. Financial sustainability for specific SOEs</td>
<td>3a. Agreement on at least one SOE restructuring (including possible divestment of selected assets) approved by KCH Board (2019 baseline: Not Applicable)</td>
<td></td>
<td>3a. KCH Board decision</td>
</tr>
<tr>
<td></td>
<td>3b. Decision to privatize (fully, partially, through joint venture, or equivalent) at least one SOE approved by NEC (2019 baseline: Not Applicable)</td>
<td></td>
<td>3b–e. NEC decisions</td>
</tr>
</tbody>
</table>
### Results Chain

<table>
<thead>
<tr>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>3c. Decision to tender at least one PPP contract approved by NEC (2019 baseline: Not Applicable)</td>
<td></td>
<td>3f. Accounts statements of relevant SOE(s)</td>
</tr>
<tr>
<td>3d. Decision to pursue structured monetization of noncore assets in at least one SOE approved by NEC (2019 baseline: Not Applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3e. Amendment of existing legislation to allow merger of Eda Ranu and Water PNG approved by NEC for submission to Parliament(^d) (2019 baseline: Not Applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3f. Payment of undisputed invoices within 60 days for at least one SOE to avoid further buildup of arrears (2019 baseline: Not Applicable)</td>
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### Policy-Based Loan Amount

- **Subprogram 1.** ADB: $100 million (regular OCR)
- **Subprogram 2.** ADB: $150 million (regular OCR)
- **Subprogram 3.** ADB: $250 million (regular OCR)

Government of Australia: to be confirmed

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\(^b\) Subprogram 1 actions will be further refined through dialogue during program processing. Specific policy actions to be supported under the three reform areas under subprograms 2 and 3 will also be developed further during program processing. Actions under subprograms 2 and 3 will focus on implementation and completion of measures initiated in subprogram 1.

\(^c\) The draft competition policy incorporates measures to support women in business, including structuring and advertising tenders in ways to remove or reduce barriers to participation by women’s businesses and small and medium enterprises (many of which are run by women), and utilizing the procurement monitoring system to gather information on the participation and success of women’s business and small and medium enterprises in public procurement processes.

\(^d\) This merger will deliver higher quality and more affordable water services that will particularly benefit women. Lack of access to safe and affordable water disproportionately disadvantages women, who carry the added burden of water collection and preparation, and caring for family members with water-related illnesses.

PROBLEM TREE

Effect
- Service delivery by SOEs is expensive, inefficient, and of poor quality

Core problem
- Poor operational performance undermines financial sustainability of the SOE portfolio.

Causes
- Inadequate policy and legislative framework
  - Overlap between commercial and political decision-making in SOEs
  - Insufficient oversight on monitoring performance of SOEs
  - Ad hoc unstructured pursuance of PPP opportunities

Sub-causes
- Lack of framework for government financing of CSOs
  - Absence of policy to encourage competition
  - Inadequate clarity on key principles of SOE governance
  - Insufficient priority to developing suitable SOE policies and legislation by prior administrations

Sub-causes
- Weak governance and transparency
  - Opaque selection processes for SOE board and management
  - Insufficient institutional guidance and focus on preparation of statements of corporate intent
  - Unclear key performance indicators to monitor performance
  - Inadequate priority to and capacity for timely preparation and disclosure of audited financial statements
  - Poor procurement and financial management processes
  - Low in-country capacity limiting implementation of KCH act requirements

Sub-causes
- Financial sustainability challenges facing specific SOEs
  - High debt exposure (telecommunications, power, ports)
  - Unpaid government bills limiting cash flows (power, water)
  - Inadequate capacity to divest noncore assets (ports, airways, KCH); pursue privatization (motor vehicles, telecommunications, post); structure PPPs (power, airways).
  - Ineffective market regulation (power, telecommunications)
  - Organizational inefficiency adding to operating costs (water)
  - Fiscal challenges limit government's ability to refinance debt (power, water, ports, telecommunications)

LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/LinkedDocs/?id=53424-001-ConceptPaper

1. Initial Poverty and Social Analysis