

**BOARD  
OF  
DIRECTORS**

**ASIAN DEVELOPMENT BANK**

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30 May 2000

**TECHNICAL ASSISTANCE TO VANUATU  
FOR INSTITUTIONAL SUPPORT TO CENTRAL AGENCIES  
FOR THE COMPREHENSIVE REFORM PROGRAM - PHASE III**

The attached Report is circulated for the information of the Board. The President approved the technical assistance on 26 May 2000.

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**ASIAN DEVELOPMENT BANK**

**TAR:VAN 33157**

**TECHNICAL ASSISTANCE**

**TO THE**

**REPUBLIC OF VANUATU**

**FOR**

**INSTITUTIONAL SUPPORT TO CENTRAL AGENCIES FOR THE  
COMPREHENSIVE REFORM PROGRAM – PHASE III**

**May 2000**

## **CURRENCY EQUIVALENTS**

(as of 31 March 2000)

Currency Unit	–	Vatu (Vt)
Vt1.00	=	\$.00750
\$1.00	=	Vt.133.27

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
AusAID	–	Australia Agency for International Development
CRP	–	Comprehensive Reform Program
DSM	–	Department of Strategic Management
FIB	–	Foreign Investment Board
MFEM	–	Ministry of Finance and Economic Management
MIP	–	management improvement plan
MIPU	–	Ministry of Infrastructure and Public Utilities
MPM	–	Ministry of the Prime Minister
NBV	–	National Bank of Vanuatu
NPF	–	National Provident Fund
NSO	–	National Statistics Office
PCC	–	Project Coordination Committee
PSC	–	Public Service Commission
PWD	–	Public Works Department
TA	–	technical assistance

## **NOTE**

In this report, "\$" refers to US dollars.

## I. INTRODUCTION

1. During the 1999 Country Programming Mission of the Asian Development Bank (ADB), the Government of the Republic of Vanuatu requested additional advisory technical assistance (TA) to help entrench and deepen reforms introduced under the Comprehensive Reform Program (CRP).<sup>1</sup> The TA will focus on building capacities in two central agencies: the Department of Strategic Management (DSM) and the Ministry of Finance and Economic Management, and two line agencies: the Department of Public Works, and National Provident Fund (NPF). The TA was first included in the 1999 TA Program under ADB's 1999-2002 country assistance plan, for financing in 2000. ADB's TA Fact-Finding Mission of February 2000 reached an understanding with the Government on the objectives, scope, cost estimates and financing plan, implementation arrangements, and outline terms of reference for consulting services of the TA.<sup>2</sup> The TA framework is given in Appendix 1.

## II. BACKGROUND AND RATIONALE

2. The CRP, which was prepared in 1997 by leaders representing most political parties, was implemented in April 1998 following the election of a coalition. Although there have since then been two major changes of government, most of the reform milestones identified in the original CRP and the program loan matrixes have been achieved. They include strengthening the institutions of governance,<sup>3</sup> introducing modern arrangements for financial and economic management, and building public awareness and support for the reform process. Most people in Vanuatu appreciate the need for reform, and that crises are unlikely to be resolved without policy change and strong policies. Transforming that awareness into firm and sustained support for the established reform framework and implementing policy changes to promote economic growth that is led by the private sector was a focus of the former coalition government. The new Prime Minister<sup>4</sup> has announced his strong commitment to CRP-related activities.

3. ADB and other major CRP donors have provided substantial financial and technical assistance to phases I and II of the implementation program, covering the periods 1997-1998 and 1999-2000, respectively. During these phases, extensive work has focused on (i) enhancing the potential for economic growth to improve to at least 4 percent per annum in real terms between 2000-2002 and to increase thereafter, by helping to restore confidence in the process of governance; (ii) initiating and sustaining policy and institutional changes to promote growth led by the private sector; and (iii) supporting social indicators for distributing benefits of reform equitably throughout the country.

4. Considerable progress was made during phase I in establishing the framework for reforms. The Government established the basic legal framework for strengthening the institutions of governance and new arrangements for financial and economic management. Phase II focused mainly on implementing the reform framework aimed at strengthening the capacity to promote confidence, stability, and implementation of policy changes aimed at promoting growth led by the private sector. However, private sector activities started slowly. Key legislation and policies, such as the Foreign Investment Act and the establishment of the

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<sup>1</sup> Loan 1624-VAN(SF): Comprehensive Reform Program, for \$20, approved on 16 July 1998.

<sup>2</sup> The TA first appeared in *ADB Business Opportunities* in January 2000.

<sup>3</sup> Recently a private member of Parliament introduced two bills, which would, in an effort to improve service delivery, reduce the autonomy of the civil service. The Government has indicated they would like to consider further revision of the bills, designed to protect the autonomy of the civil service. The redraft would be supported under the TA.

<sup>4</sup> The Prime Minister was quoted as saying: "This Government intends to strengthen the public service. Appointments into the Government service will be based on merit and capabilities as recommended by the Comprehensive Reform Program".

Foreign Investment Board, have been approved but their implementation has been constrained due to the restrictive approach previously taken under the Foreign Investment Act, and the lack of capacity and budgetary resources. The Government is fully aware of the issues and is reviewing its priorities and sequence of reforms to ensure all the necessary mechanisms are in place. The recently approved 2000 budget has provided funding for additional staff for key ministries such as public utilities and to the Ni-Vanuatu Business Center, to implement its mandate. Accordingly, the third phase will focus primarily on building central agency staffs' capacities to support the broadening and deepening of reforms. As needed, the third phase will also result in recommendations for program adjustments to (i) enhance and sustain growth led by the private sector, and (ii) distribute the benefits of economic growth equitably throughout the country.

5. Reforms of the financial institutions were a prerequisite for growth led by the private sector. During the phase II period, the powers of the National Bank of Vanuatu (NBV), NPF, and the Asset Management Unit were amended by parliament to facilitate (i) their restructuring, (ii) the appointment of an independent professionally qualified board of directors, (iii) the appointment of foreign managing directors and other key staff, and (iv) comprehensive restructuring processes in the NBV and to some extent in NPF. In the midst of these reforms, institutional and capacity weaknesses remain a critical problem and require further attention in phase III. In addition, reform in key services delivery ministries such as the Ministry of Infrastructure and Public Utilities (MIPU) need attention urgently. Following an ADB consultant's review of MIPU's operations, further assistance from an institution specialist is required to consolidate the reforms. This is consistent with CRP reform components for institutional restructuring and strengthening of line ministries.

6. Coordination of external funding is playing a vital role in implementing CRP reforms. Apart from ADB, principal funding sources the Australian Agency for International Development (AusAID), Britain, European Union, France, New Zealand, and World Bank. AusAID is providing assistance to the Public Service Commission (PSC), MFEM, Ministry of Health, and Attorney General's Office. The World Bank is preparing Vanuatu's education master plan and reviewing public utilities regulatory frameworks.

7. The 1998 National Summit mandated the broadening and deepening of the reforms in nine strategic areas: (i) strengthening the role of parliament; (ii) strengthening the policy making capacity of government; (iii) arranging for reforms in and strengthening of key governance institutions, to restore political stability and confidence; (iv) strengthening the application of the rule of law; (v) improving the public sector's capacity for service delivery; (vi) increasing economic growth and spreading the benefits more fairly; (vii) promoting private sector development with stronger participation of Vanuatu citizens; (viii) expanding key sectors of the economy; and (ix) promoting gender, equity and social development. The Government considers that these areas should form the basic reform objectives for phase III of the CRP.

8. Accordingly, the CRP Review Committee was appointed in early 1999 to review the Government's CRP matrix. The matrix addresses reform measures additional to those covenanted in ADB's policy matrix. The review's goal is to revise the reform milestones in the government CRP matrix. Increased focus has been placed on strengthening capacity throughout government institutions, including financial institutions, for continued implementation of reform policy and institutional adjustments to promote growth led by the private sector, at all levels.

9. Under the guidance of the Minister for the CRP within the Ministry of the Prime Minister (MPM), DSM will continue to coordinate strategic reform. DSM's coordination activities have

gained respect within government, as DSM responsively managed a series of national and financial crises in 1999 as well as setting the overall national strategic directions.

10. The TA is consistent with ADB's operational strategy for Vanuatu, which supports the CRP through improved governance, economic and financial management, and public sector reforms. The TA aims to help the Government restore stability and confidence as the basis of sustainable growth led by the private sector, while improving the delivery of social services. The TA emphasizes ensuring that advisers train local staff in the policy process and development management.

### III. THE TECHNICAL ASSISTANCE

#### A. Objectives

11. The TA will support five strategic objectives: (i) entrenching and deepening the CRP reforms introduced by improving the mechanisms for policy dialogue; (ii) delivery of training programs to strengthen leadership, policy design and management skills of senior line agencies staff; (iii) strengthening the focus on social reforms to ensure the CRP's benefits are shared; (iv) improving the economic environment to attract increased private sector activities; and (v) strengthening NPF's management information systems.

#### B. Scope

12. The TA will consist of five closely related components managed by MPM, DSM, NSO, NPF, and other central agencies.

13. **Strengthening Coordination, Monitoring, and Policy Dialogue.** This component requires intensive coordination and monitoring to ensure reform measures are properly sequenced and consistent with high priority reform initiatives. Advisers will closely mentor director generals and department heads; provide high level strategic advice; help design a monitoring and control mechanism to assist director generals better manage; help prepare and operate the remuneration tribunal; help the decentralization commission implement its mandate; assist counterparts to monitor the sequencing of structural adjustment policies and the overall macroeconomic position; monitor the performance of public financial institutions; strengthen NSO's capacity; and assist with institutional reforms within MIPU. The specific outputs are given in Appendix 1.

14. **Preparing and Delivering Training Programs:** This component will require preparing and delivering training programs in policy analysis, strategic management, leadership and management training to director generals, directors and senior line agencies staff.

15. **Strengthening the Focus on Social and Legal Reforms.** This component will entail close collaboration between DSM and NSO in producing and tabulating social impact monitoring statistics, and training on data collation and computing support. The component will also help DSM staff in coordinating and preparing a paper on policy issues that the Government will submit to the proposed constitution review committee; help coordinate preparation of a legal sector strategic plan; assist in mentoring the ombudsman, and ensuring communication flow between DSM, PSC and MFEM to the line agencies is improved.

16. **Strengthening NPF.** This component involves designing a computerized information system that will address the complexities of employee registration, variation in members'

contribution rates, and timely and accurate withdrawal information. Training of key staff on the use and maintenance of the system is critical.

17. **Improving the Economic Environment for Private Sector Activities.** This component will involve intensive consultation by DSM's director with key central agencies' heads to coordinate policy review of major sectors and prepare workshops on how to improve the economic environment for private sector investors. The TA will also help monitor the Foreign Investment Board's activities, arrange the development of a government industrial policy, and review the land law system and related activities.

### **C. Cost Estimates and Financing Plan**

18. The total cost of the TA is estimated at \$850,000 equivalent, of which \$690,000 is the foreign exchange cost and \$160,000 equivalent is the local currency cost. The Government has requested ADB to finance the entire foreign exchange cost and \$10,000 equivalent of the local currency cost. The TA will be financed by ADB on a grant basis from the ADB-funded TA Program. The Government will finance the balance of the local currency cost, equivalent to \$150,000, through providing seven counterpart staff, office accommodation, transport, and other related services. These costs have been built into the Government's 2000 budget. The detailed cost estimates and financing plan are presented in Appendix 2.

### **D. Implementation Arrangements**

19. DSM will be the Executing Agency for the TA. The TA subprojects will be implemented by DSM, MPM, NSO, NPF, and MIPU. The project coordination committee (PCC) arrangement established under TAs for CRP's first two phases will oversee the implementation of this TA's activities. MPM's director general will be the principal coordinator, and DSM's director will be the secretary. The Government has convened two PCC meetings since the CRP was declared effective in August 1998. The meetings provided useful insights on how government officials were managing their portfolios, their experiences, and the issues and problems they encountered. The meetings also provided an opportunity for the external funding partners to dialogue first-hand with senior officials about progress. The current PCC members will be retained for the third phase TA. PCC meetings will be held quarterly to report on progress.

20. The TA will require 31 person-months of international consultants, and is expected to commence in early May 2000 and be completed by January 2001. As the CRP must be responsive to the Government's requirements and availability of key staff, the TA's implementation schedule may be adjusted accordingly. The team will include a (i) CRP coordination adviser (7 person-months), (ii) an economic reform adviser (6 person-months), (iii) a public sector reform adviser (6 person-months), (iv) an economic statistician (6 person-months), (v) a systems analyst (4 person-months), and (vi) an institutions specialist (2 person-months). The outline terms of reference are in Appendix 3. The CRP coordination adviser will be the TA team leader. The consultants identified as (i)–(iv), and (vi) will be recruited as individuals in accordance with ADB's *Guidelines on the Use of Consultants*.<sup>5</sup> A firm will be preferred for designing the NPF information system noted as (v). Computer equipment will be procured in accordance with arrangements acceptable to ADB.

21. The Government's counterparts will be responsible for achieving the targeted outputs of each subproject. However, the highly technical outputs (such as the employees' contribution systems of NPF) will be prepared by a consulting firm. Workshops will be held to enhance

<sup>5</sup> In response to a request from the Government, the services of the CRP coordination adviser and the economic statistician under the earlier phases will be retained for this TA.

leadership and management skills and other training will be provided as necessary. The team leader will prepare an inception report within two weeks from commencement. Thereafter, each consultant will provide monthly report to the ADB project officer. The team leader is responsible for preparing a comprehensive final report on the output and impact of the TA at the end of final month of assignment.

#### **IV. THE PRESIDENT'S DECISION**

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Republic of Vanuatu in an amount not exceeding the equivalent of \$700,000 for the purpose of Institutional Support to Central Agencies for the Comprehensive Reform Program – Phase III, and hereby reports such action to the Board.



### TECHNICAL ASSISTANCE LOGICAL FRAMEWORK

Design Summary	Targets/Measurable Indicators	Project Monitoring Mechanisms	Risks and Assumptions
<b>Goals</b> 1. Improved processes and management of public resources, through more transparent and accountable public sector operations.  2. Improved linkages between public sector and private sector as basis of economic growth.	<ul style="list-style-type: none"> <li>• A strong public sector geared to improving service delivery.</li> <li>• Effective and motivated public servants.</li> <li>• The Foreign Investment Board (FIB) efficiently processes investment proposals in consultation with key Government departments.</li> <li>• Government sustains implementation of program and performance-based budgeting.</li> <li>• Enhanced private sector-led environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy documents of key government ministries.</li> <li>• Asian Development Bank (ADB) in-country assessment reports, consultant's reports, budget papers, and annual reports.</li> <li>• FIB board documents, minutes of meetings, and project proposals.</li> <li>• All nine ministries' annual reports, budget submission/Government Investment Program papers, consultant's reports.</li> <li>• Consultant's reports, Reserve Bank monetary reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Political commitment and will assured at all times.</li> <li>• Transparency and accountability in public service delivery functions.</li> <li>• Government remains committed to good governance, transparency, and accountability.</li> <li>• FIB is free of political interference.</li> <li>• Government supports implementation of program budgeting.</li> </ul>
<b>Objectives/Purpose</b> 1. Entrench and deepen reforms introduced by improving mechanisms for policy dialogue and building capacities in the Department of Strategic Management (DSM) and central and line agencies. 2. Delivery of training programs on policy design, strategic planning, leadership and management. 3. Strengthen focus on social and legal reforms to ensure benefits of CRP are shared and reform is sustained. 4. Improved macro-economic environment for increased private sector activities. 5. Strengthen management information systems of National Provident Fund (NPF).	<ul style="list-style-type: none"> <li>• Demonstrated ability of the Vanuatu Government to sustain implementation of the Comprehensive Reform Program (CRP).</li> <li>• Assertive and task-oriented director generals, heads of departments, and department staff.</li> <li>• Leadership and management training provided to selected line agency staff.</li> <li>• Social and equity monitoring systems are operative by mid-2000 and outcomes used for setting policies.</li> <li>• Key recommendations for reforming judiciary and parliamentary systems.</li> <li>• Monetary policies are sound and not regulated, with regulatory framework operative and transparent.</li> <li>• Member's contribution system software is implemented by 3<sup>rd</sup> quarter 2000.</li> </ul>	<ul style="list-style-type: none"> <li>• Government reports from task force groups, national summits, and outer island tours.</li> <li>• Budget performance documents, annual and auditor's reports, relevant consultants' reports, and training reports.</li> <li>• Training documents, training evaluation reports.</li> <li>• Social impact monitoring reports and reviews of National Statistics Office (NSO) database.</li> <li>• FIB reports and local banking reports.</li> <li>• Parliamentary reviews, Public Service Commission (PSC) reports</li> <li>• NPF annual reports and authorized systems tests reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Government remains committed to entrenching and deepening reforms.</li> <li>• Trained government officials are retained within the public service and appropriately remunerated.</li> <li>• Agreement is reached between DSM, NSO, and line ministries about collection of social statistics and data collected and tabulated.</li> <li>• A deregulated FIB and transparent land registration systems in place.</li> <li>• Government is agreeable to implement reforms in the legal sector and parliament.</li> <li>• NPF is committed to instituting changes to its information systems.</li> </ul>

Reference in text page 3, para. 13

Design Summary	Targets/Measurable Indicators	Project Monitoring Mechanisms	Risks and Assumptions
<p><b>Outputs</b></p> <p>1. Progress of entrenching and deepening reforms already introduced is assessed.</p> <p>2. Linkages between policy making, sequencing of priority reform initiatives, and implementation of CRP activities with the PSC, parliament, legal sector, local government, and line ministries improved. Delivery of specific training programs on policy setting, enhancing leadership and management.</p> <p>3. DSM and NSO strengthened.</p>	<ul style="list-style-type: none"> <li>• "Before and after" analysis is carried out with respect to effective delivery and sustainability of public and economic sector reforms, private sector growth, and social sector improvements.</li> <li>• A legal sector strategic plan is developed under the CRP matrix to integrate the work of institutions in the sector, including preparations of management improvement plans.</li> <li>• Work program of the Decentralization Commission addressing issues such as roles of central and local governments and key improvements in service delivery.</li> <li>• Demonstrated ability of the director generals in line ministries to set directions, manage people and resources, and dialogue with heads of departments and other funders.</li> <li>• Work plans for all DSM counterparts by May 2000.</li> <li>• Improved information exchange between DSM and central agencies.</li> <li>• Information dissemination and social impact monitoring frameworks operative by mid-2000.</li> <li>• Demonstrated ability of DSM director to be assertive in managing the coordination role of DSM.</li> <li>• DSM corporate plan by May 2000.</li> <li>• Training programs for DSM staff in 2000.</li> <li>• Production and tabulations of census report, national accounts, labor statistics, social statistics, and major surveys.</li> </ul>	<ul style="list-style-type: none"> <li>• Reports of the national summit and two task force groups.</li> <li>• Consultants reports</li> <li>• ADB review missions</li> <li>• Annual reports of central agencies</li> <li>• Revised CRP matrix .</li> <li>• PSC annual reports and copies of relevant performance management reports.</li> <li>• Parliamentary reform program.</li> <li>• Social impact monitoring report.</li> <li>• Consultants' reports, minutes of meetings.</li> <li>• Decentralization Commission reports.</li> <li>• Line ministries' annual reports.</li> <li>• Minutes of the project coordination committee by implementing agencies budget documents.</li> <li>• Staffs work plans.</li> <li>• Minutes of meetings: Macroeconomic Policy Committee and Ministerial Budget Committee.</li> <li>• Review social impact monitoring systems, and information dissemination systems and reports.</li> <li>• National Summit documents and briefing papers for the Prime Minister and other ministers.</li> <li>• Corporate plan.</li> <li>• Training programs.</li> <li>• Staff work reports.</li> <li>• Reports of major surveys, census, labor, national accounts, and social statistics database.</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment and willingness of appropriate central agencies officials to share information.</li> <li>• Close coordination between DSM, PSC, and Ministry of Finance and Economic Management (MFEM), and with other line ministries.</li> <li>• DSM and NSO directors in place appropriate staff trained.</li> <li>• Information networking between DSM and line ministries is in place.</li> </ul>

Design Summary	Targets/Measurable Indicators	Project Monitoring Mechanisms	Risks and Assumptions
<p>4. Management of change is improved within central agencies and between line ministries.</p> <p>5. NPF information system strengthened.</p>	<ul style="list-style-type: none"> <li>• National and/or separate ministry training workshops to integrate CRP policy direction with line ministries outputs to improve service delivery.</li> <li>• Policy dialogue between PSC and MFEM is refined and coordination role by DSM with central and line agencies is enhanced.</li> <li>• Registration and maintenance of employer and employee data is improved.</li> <li>• New members' contribution system flexible to accommodate changes in rates.</li> <li>• Timely and accurate withdrawals.</li> <li>• Training of NPF staff on use of new software.</li> </ul>	<ul style="list-style-type: none"> <li>• Reports of improved service delivery functions in agriculture, education, health, infrastructure trade and business and PSC.</li> <li>• Budget submission papers and relevant correspondences.</li> <li>• Members' contributions software installed and tested.</li> <li>• Proficiency of staff with use of new system.</li> <li>• Documentation reports and manuals approved.</li> <li>• Training and maintenance plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient training and mentoring is provided to officers and appropriate officials.</li> <li>• Capacities within DSM, PSC, and MFEM in place.</li> <li>• Delay in initiating the data conversion.</li> <li>• Lack of back-up service.</li> <li>• Loss of trained staff administering the new contribution system.</li> </ul>
<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Consulting services by (i) CRP coordinator, (ii) economic reform adviser, (iii) public sector reform adviser, (iv) economic statistician, (v) information technology firm, (vi) institutions specialist.</li> <li>• Training in the areas of policy design, strategic management, leadership and management identified in "Outputs."</li> <li>• Coordination with institutional strengthening projects in PSC and MFEM of the Australian Agency for International Development (AusAID).</li> </ul>	<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>• (i) 7 person-months, (ii) 6 person-months, (iii) 6 person-months, (iv) 6 person-months, (v) 4 person-months and 2 person-months of international consultancy.</li> <li>• Leadership training provided in selected line agencies.</li> <li>• Regular meetings between ADB project coordination committee and that of AusAID.</li> </ul>	<ul style="list-style-type: none"> <li>• Consultants reports.</li> <li>• Training programs, training documents and evaluation reports.</li> <li>• Feedback from DSM and project coordinators.</li> </ul>	<ul style="list-style-type: none"> <li>• Successful recruitment and fielding of qualified consultants and provision of counterpart staff.</li> <li>• Participation by relevant officials</li> <li>• DSM, PSC, and MFEM work with the consultants and vice-versa. Also the consultants work across ministries.</li> </ul>

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

<b>Item</b>	<b>Foreign Exchange</b>	<b>Local Currency</b>	<b>Total Cost</b>
<b>A. Asian Development Bank Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem	550	0	550
b. International Travel	33	0	33
c. Reports and Communication	5	0	5
2. Equipment <sup>b</sup>	40	0	40
3. Training and Seminars <sup>c</sup>	10	10	20
4. Contingency	52	0	52
<b>Subtotal</b>	<b>690</b>	<b>10</b>	<b>700</b>
<b>B. Vanuatu Government Financing</b>			
1. Office accommodation	0	30	30
2. Support services	0	25	25
3. Counterpart staff	0	65	65
4. Seminars, Workshops, and training	0	20	20
5. Internal travel	0	10	10
<b>Subtotal</b>	<b>0</b>	<b>150</b>	<b>150</b>
<b>Total</b>	<b>690</b>	<b>160</b>	<b>850</b>

<sup>a</sup> Funded from the ADB-funded TA Program.<sup>b</sup> Equipment will include computer hardware and software to be provided to Vanuatu National Provident Fund.<sup>c</sup> Includes provision for in-country training costs directly related to performance enhancement of director generals, leadership skills, and specific thematic training workshops for heads of departments and line ministries staff.

(Reference in text: page 4, para. 18)

### **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS**

1. The Comprehensive Reform Program (CRP) coordination adviser will provide the following services:
  - (i) Coordinate consulting service inputs of the technical assistance advisers, to strengthen and deepen the CRP.
  - (ii) Provide personal mentoring support, on an ongoing basis, to the director of the Department of Strategic Management (DSM) to help him fully develop DSM's capacity to coordinate across the public sector.
  - (iii) In consultation with the public sector reform adviser and economic reform adviser, develop training programs on how to prepare policies, strengthen leadership and management skills for selected line agencies staff.
  - (iv) Provide coordination advice to the director of DSM and the minister of the CRP on ongoing public consultations aimed at sustaining the reform program.
  - (v) Provide high-level strategic advice to the director-general of the Ministry of the Prime Minister and, through him, to the Prime Minister on key reform policy coordination and strategic management issues.
  - (vi) Provide advice and support to DSM on effective coordination of wider public consultations on reform issues.
  - (vii) Monitor and report regularly on appropriate linkages in the strategic direction and implementation sequencing of priority reform initiatives indicated in the CRP matrix.
  - (viii) Monitor and report on progress in complying with the tranche conditions attached to the Asian Development Bank's CRP loan.
  - (ix) Ensure regular dissemination of information on reform coordination and implementation activities.
  
2. The public sector reform adviser will provide the following services:
  - (i) Assist the director of DSM with the management of DSM.
  - (ii) Support public sector leaders in implementing the CRP.
  - (iii) Assist counterparts to review the CRP.
  - (iv) Assist the Public Service Commission strengthening project with advice on implementing public sector reforms and in firming the organization charts and staffing plans of selected line agencies.
  - (v) Assist Director DSM in developing a checklist to guide director generals and directors on how to better manage their portfolio with use of reports such as corporate plan, project appraisal reports, budget document, annual reports and new policy initiatives.
  - (vi) Help mentor the ombudsman.
  - (vii) Assist DSM staff in coordinating and preparing Government submission on policy issues to be addressed, for the proposed review of the Constitution by the Constitution Review Committee.
  - (viii) Assist DSM staff in liaising with the Decentralization Commission on the roles of central and local governments.
  - (ix) Assist the CRP coordinator with the design and delivery of specific leadership and management training programs and policy preparation.
  
3. The economic reform adviser will provide the following services:

- (i) Assist counterpart to develop a 3-5 year strategy for macroeconomic management involving (a) balance-of-payments forecasts and long-term outlook; (b) the evolution of monetary policy, including liquidity management and the composition of debt instruments (i.e., relationship to fiscal policy); (c) fiscal outlook and long-term strategy; (d) long-term revenue strategy; (e) the evolution of development expenditure priorities (i.e., sequencing of development expenditure programs); (vi) debt policy (the long-term profile of domestic and foreign debt and debt repayment policies).
  - (ii) Assist and liaise with counterparts in monitoring and reviewing the sequencing of structural adjustment policies such as (a) developing a request for assistance in drafting competition policy laws (such as fair trading laws and consumer protection legislation); (b) monitoring progress on the infrastructure master plan and its linkages to the implementation of the Outer islands Development Project; (c) progress discussions with the Ministry of ni-Vanuatu Business Development for the establishment of the ni-Vanuatu Business Development Center, preferably as a stand-alone agency reporting through its own board to the responsible minister ; (d) assisting with organizing workshops for all major stakeholders in the tourism industry to consider steps to boost the contribution of tourism to the economy; and (e) monitoring the activities of the Foreign Investment Board.
  - (iii) Assist counterparts to develop capacity in monitoring ongoing progress with the rehabilitation of Asset Management Unit, National Bank of Vanuatu, and National Provident Fund (NPF).
  - (iv) Liaise with counterparts to assist the offshore Finance Center to secure passage through Parliament of legislation to provide a broader range of products.
  - (v) Work with DSM counterparts and with other Ministries, as appropriate, in following-up all aspects of the utility reforms, which started in 1999 are progressed in 2000.
  - (vi) Assist counterparts to develop their capacity in providing economic and financial input to the work of the Decentralization Commission and associated activities.
  - (vii) Assist the CRP coordinator with the design and delivery of training programs on leadership, management and setting policies.
4. The economic statistician will provide the following services:
- (i) Provide support to National Statistics Office (NSO) for 1999 housing and population census.
  - (ii) Assist with the production of national accounts—the Household Income and Expenditure Survey will need to be incorporated into the national accounts to update benchmarks for private consumption and agriculture output as well as provide data for the consumer price index review exercise.
  - (iii) Assist with the production of labor statistics.
  - (iv) Assist with the setting up of a social statistics database.
  - (v) Ensure effective transfer of skills to counterpart officers, including training and professional skills and development.
  - (vi) Perform other tasks as may be agreed with the NSO director.
5. The Vanuatu NPF consultant will develop a members contribution information system by performing a detailed analysis of requirements, to be conducted on-site at NPF headquarters in Port Vila, including discussions with NPF staff about the proposed system.

- (i) System requirements will necessitate studying the registration and maintenance of employer and employee data. Employers and employees are required to register before they can participate in the NPF. Employee registration is complex owing to the local nomenclature system. The system must have several ways to check if an employee has registered previously to avoid duplication. The system should be able to show termination of employment with one employer and then to move the employee to a new employer. Access to the history of employers and employees will be required.
  - (ii) The system must be able to accept and account for contributions. The contribution rate can change and should be variable from year to year. It is not anticipated that the rate will change mid-year. Contributions are accepted in person over-the-counter and entered into the financial system at that time. The integration of the financial and members systems will mean that any sum received as a contribution will appear in the members system, ready to be allocated to individual employees. This will remove errors caused by retyping the values. Before allocation, the schedule of employees can be viewed from the previous month and modified to the current state. Some employers produce their schedule in magnetic media format, which must then be loaded into the system. Differences between the contribution received and allocated amounts need to be shown as unallocated against the employer. The system should also allow for advance payments. Surcharges are applicable to late contributors. Interest is credited annually on 1<sup>st</sup> January.
  - (iii) Regarding profitable investment of income, NPF does not envisage information technology enablement for the profitable investment of contributions.
  - (iv) Regarding timely and accurate withdrawals, various rules govern different types of withdrawals. The rules should be built into the system, which should guide the user through each stage of the withdrawal process. Calculations should be expressed in detail and reports for each withdrawal should be available. The current nominees should be shown in relation to relevant withdrawals. A history of nominees and the percentage split should be available.
  - (v) On completion of the study, submit for approval by NPF the documentation detailing the proposed system.
  - (vi) NPF requires that data from the current members system is transferred to the new system. This data will include current employer and employee data. NPF wants financial information from the current year to be copied but realizes the difficulty of the task may make this impossible. An alternative may be to provide one accurate up-to-date financial figure for each member.
  - (vii) The system is a considerable investment for NPF and training will be required to fully utilize the functionality provided. NPF envisages that complete training requirements will be agreed as part of the analysis/system study. Training will be held at NPF headquarters and should cover aspects such as (a) how the system fits with NPF business, i.e., how the process requirements map to the system; (b) what functions must be performed daily; (c) what monthly procedures are required; and (d) what annual processes are required.
6. The institutions specialist (PWD) will visit the Public Works Department (PWD) in Port Vila four times in a year for about 2-3 weeks each visit, and accomplish the following:
- (i) Prepare a short progress report on the activities performed.

- (ii) Help implement the management improvement plan (MIP) within PWD, with particular emphasis on asset management including job costing, contracting out, and the contract management information system (a computerized system linked to the Department of Finance).
- (iii) Review the availability of staff and other resources against PWD's work plans. Help prepare a human resource development plan.
- (iv) Make recommendations for specific improvements in policy coordination, delivery of service, financing, and other aspects of PWD's operations.
- (v) Help prepare the business plan for PWD.
- (vi) Assist the PWD's corporate manager in any other business related to the MIP.
- (vii) Liaise with the other two engineer advisers responsible for implementing the MIP (in road operations and project management), and coordinate their results.
- (viii) Report to the director of PWD on the overall policy framework of MIP and oversee its implementation.