CHAPTER 7. BUILDING THE ECONOMY THROUGH SUSTAINED REFORMS

7.1 OVERVIEW

Papua New Guinea continues to benefit from past reform. These reforms have contributed to sustained economic growth that shielded the economy from the worse effects of the recent global financial crisis and has provided a conducive environment for investment as seen with the PNG LNG project.

The Government will ensure that development policies and strategies, including existing and any new reforms in 2011, will be closely aligned with key objectives of the Vision 2050 and the Papua New Guinea Development Strategic Plan 2010 - 2030 (DSP) and Medium Term Development Plan (MTDP). This will require a clear and consistent commitment by the Government to address the underlying issues that affect service delivery and impede private sector investment and growth.

In 2011, the Government will demonstrate its commitment to public sector reform by exploring opportunities to improve service delivery and continuing with the existing public sector reform initiatives to improve the efficiency, effectiveness and affordability of the public sector. The Government will also continue with its longstanding Public Expenditure Review and Rationalization (PERR) program.

The Government supports the development of a competitive and dynamic private sector that underpins economic growth. In recent years, the Government has undertaken various initiatives in this regard to promote and provide a conducive environment for businesses to invest and generate growth. In 2011, the Government will monitor existing reforms to ensure they achieve their objectives and explore areas for further reform. In order to provide a stable investment climate that promotes a competitive and dynamic private sector, the Government will continue to remove impediments to doing business and investment in PNG.

7.2 PUBLIC SECTOR REFORM

7.2.1 The Papua New Guinea Vision 2050

In November 2009, the Government launched its vision for Papua New Guinea – the Papua New Guinea Vision 2050 (PNG Vision 2050) for the next forty years. The PNG Vision 2050 is a fundamental policy reform initiative that charts the development path for Papua New Guinea over the next forty years by setting key Strategic Policy Directions and Outcomes. The Prime Minister during the launching of PNG Vision 2050 titled “The Next Generation of Nation Builder” stated;

"We have only one Strategic Vision and that is the Papua New Guinea Vision 2050. All future medium to long-term plans must align to this vision in a cascading way, whereby there is only one higher vision. Others simply take their cue from the Papua New Guinea Vision 2050".

The PNG Vision 2050 is underpinned by seven pillars which will be the foundation on which development plans from 2011 – 2050 will be anchored.

The seven Pillar Strategic Focus Areas are:
A total of 254 Strategic Policy Directions and 278 Expected Policy Outcomes, have been developed to form the basis for wider consultations with all the seven Pillar agencies to provide the operational policy framework for the alignment by all sectors.

The PNG Vision 2050 is one of three major policy initiatives of the Government to significantly improve access and quality of life for all Papua New Guineans. The PNG Vision 2050 will be developed under the current three tier political and administrative structures of Government and delivered through an integrated service delivery mechanism model. A Vision 2050 Development Centre has been established in the Department of the Prime Minister and NEC to operationalize and ensure the implementation of the PNG Vision 2050.

Securing the country’s districts over the next 10 years through the first two Medium Term Development Plans (MTDP) through the provisions of enabling environment in clean water supply, communications, transport, security, health, education, electricity, office facilities and postal services, banking, commercial services and fire services are all vital for implementing PNG Vision 2050. Further detail on the first of these MTDP’s for 2011 – 2015 is at Chapter 8.

### 7.2.1.1 The Vision and Mission

The PNG Vision 2050 seeks to achieve a Smart, Wise, Fair, Healthy and Happy Papua New Guinea by 2050.

- Being ‘smart’ means to encourage and reward excellence, innovation and relevance.
- Being ‘wise’ means our people, our institutions and our systems will practice and uphold transparency, accountability and good governance. Our leaders and people will consistently make the right decisions.
- Being ‘fair’ means our people; our institutions and our systems will equitably distribute resources and opportunities.
- Being ‘healthy’ means our people are spiritually, physically and culturally fit with a sound mind for societal living.
- Being ‘happy’ means our people will be healthy, wealthy and safe.

The PNG Vision 2050 mission is for PNG to be ranked in the top 50 countries in the United Nations Human Development Index by 2050, creating opportunities for personal and national advancement through economic growth, smart innovative ideas; quality service and ensuring a fair and equitable distribution of benefits in a safe and secure environment for all citizens.

This will require dedication, commitment and hard work by all public officials in all agencies and in the three levels of Government, including the village people in rural areas to achieve this mission. PNG is currently ranked at 148 out of 187 countries.
7.2.1.2 Immediate Priorities

Immediate concerns rest on service delivery with particular emphasis on infrastructure, human capital development and wealth creation. The PNG Vision 2050 Development Centre will work closely with Government Agencies, Provincial Administrations, Civil Society and Development Partners in implementing the PNG Vision 2050.

All Government Agencies and Provincial Administrations will be required to develop and align their 10 year Development Plans with the DSP and the PNG Vision 2050.

7.2.1.3 Delivery of the PNG Vision 2050

The PNG Vision 2050 will be implemented through an integrated approach involving the rationalization of the policy, planning, implementation and resourcing structures, systems and processes of delivery, support to enable the Districts to function effectively and grant support to communities to participate in economic development. The integrated approach supports a “top down policy” and “bottom–up planning” method and where the people’s needs would be identified at the Ward levels cascading up-wards to the Local Level Governments then to Districts and to the Provincial level. Prioritization of all Wards and LLG needs would be done at the District Levels. The Integrated Provincial Development Plan (IPDP) would support this process at the provincial level.

7.2.1.4 Provincial and Local Level Service Monitoring Authority

The Provincial and Local Level Service Monitoring Authority (PLLSMA) has been mandated to coordinate and monitor national policies at the provincial and local level with the ultimate goal of improving service delivery. This coordination role is supported by the establishment of the Provincial Coordination Monitoring Committees (PCMC) in each of the provinces, which will support the monitoring of and reporting on the implementation of the PNG Vision 2050.

7.2.1.5 Reporting on the implementation of the PNG Vision 2050

In terms of reporting, the Government intends to formulate a Government Performance Result Act legislation which will provide annual briefs to the Prime Minister on the implementation of the PNG Vision 2050. This report will form the basis for the Prime Minister’s State of the Nation Address on an annual basis.

A Whole of Government (WOG) Policy Performance Framework is been developed to provide a consistent template for monitoring the progress in implementation and performance of the PNG Vision 2050. Annual reports from departments and agencies and provincial administrations will provide progressive status of overall performance of service delivery in the country.

7.2.2 The Public Expenditure Review and Rationalization Program

Public sector reforms continue to be pursued through the longstanding Public Expenditure Review and Rationalization (PERR) program, which will continue in 2011. From the nine projects under the PERR program, the projects 1 and 2 are progressing well in achieving the PERR objectives of fiscal sustainability and restoring the integrity of the budget institutions and systems, respectively. The implementation of both projects is now embedded as a
routine part of the work undertaken by the Department of Treasury. The sections below will highlight the updates on project 3 through to project 9.

**7.2.2.1 Civil Service Size and Payroll Reform**

The progress of PERR projects relating to civil service size and payroll (projects 3 and 4) require more work and closer monitoring particularly on securing the payroll system to eliminate waste, leakages and fraud in salary administration and reduce spending on salaries within National and Provincial Governments.

In terms of Government payroll, most national departments and agencies are all connected to the centralized Government Human Resource (HR) Concept Payroll System. The challenge now is for departments and agencies operating in provinces and districts to have access to the HR payroll system to manage their own payroll data and monitoring. A pilot project has been rolled out to connect remote hospital sites in Mendi, Mt Hagen and Port Moresby General Hospitals to the payroll system.

Department of Personnel Management (DPM) audits have revealed large discrepancies in the management of human resource. Four regional and national department workshops were conducted in mid-2010 to review the manpower, establishment and payroll of the Public Service of PNG for the better management of public service workforce. Under the workforce planning exercise, agencies have been tasked to identify and submit names of their officers who meet the age criteria for retirement to the Secretary of DPM for deliberation by the Redundancy Monitoring Committee.

**7.2.2.2 Improving Financial Management and Control**

There continues to be satisfactory progress made in PERR Projects 5, 6 and 8 that are managed and implemented by the Department of Finance.

As part of the activities under project 5 and to improve financial management and control, all Financial Controller positions have been filled in the major spending government departments. In addition new Audit Committees continue to be established in national departments and provincial governments to review internal control systems.

In relation to project 6, the implementation of the Integrated Financial Management System (IFMS) has provided the functionality for setting ceilings, preparation of the recurrent and development estimates, budget reviews and approval, execution and maintenance. The Department of Treasury completed the preparation of 2011 Budget ceilings using the IFMS for the pilot agencies – Treasury, Planning and Finance. All recurrent Budget preparation modules and Accounting modules have been completed. The IFMS contains all information in the 2010 Budget documents and it will be the General Ledger for the Government in 2011.

And in relation to project 8 on improving non-tax revenue management, all submissions on review of fees and charges will now be managed by each line department with assistance from the Department of Finance. The current revenue reporting and receipting processes are continuing with official government receipts regularly ordered and delivered to cash offices, Provincial Treasuries and line departments. Internal record keeping has also been improved with the setting up of database of provincial collections. The EFTPOS Merchant Facility was successfully installed at the Vulupindi cash office in May 2010 and deployed in PGAS to account for all transactions done through the EFTPOS transactions.
**7.2.2.3 Rightsizing Initiative**

As part of the activities under project 7 of the PERR program, the greatest concern remains the growing cost of the public sector and the need to improve service delivery and achieve cost savings. In recognition of the importance of this, the Government tasked the Department of Prime Minister & NEC, through the Public Sector Reform Management Unit (now re-named the PNG VISION 2050 Development Centre) with support from the Department of Treasury, to re-examine the 2006 Public Sector Rightsizing Initiative with a plan outlining major restructuring across the Public Service. Following consultations between the Department of Prime Minister & NEC and the Department of Treasury, a two phased approach to implement the recommendations of the Rightsizing Report was agreed upon. This will comprise Immediate Actions (2010-2011) and Medium Term Actions (2012-2015). Immediate actions focus on retaining the current structures but undertaking major internal rationalization and streamlining to get all Departments and Agencies revert to performing their core functions. This strategy recognises that significant savings can be identified through this process as there is a lot of duplications and wastage in current Government structures.

Under Medium Term Actions (2012-2015) work plans for major structural changes will be implemented. This will include the implementation of the recommendations of the Rightsizing Report. This report made critical recommendations for changes to the Public Service and included the need to abolish and merge certain Departments and Agencies. Work plans will be prepared and submissions made to secure the views and decisions of the National Executive Council on the way forward to implement major structural changes in the Public Service. The Rightsizing Report also proposed options to out-source, privatize and devolve certain Government functions. Some of these options have not been fully utilized. This will be looked at critically as a way forward.

**7.2.2.4 Improving the Governance of Statutory Authorities**

The Government has delegated Statutory Authorities the responsibilities to perform their respective governmental functions through the provision of public goods and services. The rationale is to establish Statutory Authorities to achieve greater independence from the Government and increase efficiency.

To ensure this mechanism is effective, project 9 has undertaken some reviews with technical assistance from donor agencies especially the ADB. The ADB report provided several recommendations including proposed amendments to the Public Finances (Management) Act 1995 (PFMA). The key recommendation is for the current accountability regime to be strengthened by enhancing the enforcement provisions contained in Part VIII of the PFMA, and introducing an Annual Performance Agreement (APA) to improve the accountability of Statutory Authorities to the Government.

In 2011, work will be done on the ten selected Statutory Authorities who are invited to participate in a pilot program to trial the recommendations. If proved successful there will be a roll out to other Statutory Authorities in 2012. After completion of the piloted program, a policy submission and draft amendments to the PRMA will be submitted to the NEC for approval and the key recommendations will be implemented by 2012.

**7.2.3 Equitable Resource Allocations to Provincial Governments**

The reforms to the Organic Law on Provincial Governments and Local Level Governments and the Intergovernmental Relations (Functions and Funding) Act 2009 have changed the
system of intergovernmental financing since 2009. These changes will equalize the system of provincial and local-level government funding, and focus on meeting the costs of basic service delivery.

Under this new system, the total goods and services grants for distribution (called the equalization amount) depends on a set proportion of the total ‘core’ tax revenue which excludes variable mining and petroleum revenues available to the National Government each year. Whilst the percentage is set, the equalization amount can go up or down depending on the state of the economy. The equalization amount is then distributed based on how much it costs to deliver a basic level set of service against the total revenues available to each provincial government yearly. This new system is and will remain affordable.

The equalization amount for 2011 is K250.0 million, an increase of K42.7 million from 2010. This was arrived at by applying the prescribed percentage for 2010 of 5.84 per cent to the 2009 actual net national revenue amount of K4,281.5 million. Of the K250.0 million, K112.6 million is to be distributed amongst provinces and LLGs based on need while K137.4 million is to meet the transitional guarantee.

Additional funding will be distributed on need basis and will phase in over the five year transitional period of this new system. Once the system is fully implemented after 2013, all provinces should have financial capacity to meet at least 70.0 per cent of their basic service delivery needs.

7.2.4 District Treasury Roll-out Program

Since its inception in 2004, to date, 61 District Treasuries have been fully commissioned and made functional. The remaining 25 District Treasuries are planned to be opened in 2011. The Government is committed and will continue to make funds available to fully fund the District Treasury Rollout Program in 2011.

The Government has also established Cash Offices in the districts where mineral exploitation is taking place. There are three Cash Offices being built in, Geimbogl District in Chimbu Province, Porgera District in Enga Province and Komo District in the Southern Highlands Province.

Major services which will be established in 2011 include:

(a) Establishment of Finance Regional Office (Chimbu – Highlands Region, Madang – Momase Region, Rabaul – New Guinea Islands Region and Central- Southern Region),
(b) Installation of VSaTs in all the District Treasury Offices to improve communication; and
(c) Arrangement for the coordination and management of BSP Bank Agencies in the District Treasuries by BSP Limited.

7.2.5 PNG’s Second Trade Policy Review

The World Trade Organization (WTO) conducted its second Trade Policy Review (TPR) for Papua New Guinea this year. The WTO conducts TPRs to ensure greater transparency
among the WTO members by providing information about the national trade policies, laws and regulations of its members.

The 2010 review noted that over the last ten (10) years, Papua New Guinea has embarked on major structural reforms and policy development and adjustments in the different sectors of the economy to enhance economic growth.

Although, Papua New Guinea does not have a Trade Policy, the growth and expansion of trade has been pursued and implemented through the various sectoral policies.

Papua New Guinea has pursued its trade policy through its membership in the WTO, Asia Pacific Economic Cooperation (APEC), Melanesian Spearhead Group Trade Agreement (MSGTA), Pacific Island Countries Trade Agreement (PICTA), and the Interim Economic Partnership Agreement (iEPA). Papua New Guinea is also in the process of negotiating the Pacific Agreement on Closer Economic Relations (PACER) with Australia and New Zealand (ANZ).

Given the importance of trade to the economy, the 2010 review has reinforced the need for the formulation of a comprehensive trade policy to ensure that Papua New Guinea reduces its excessive reliance on mining and petroleum resources and to utilise international trade for economic growth and development.

It is planned that work will commence on the development of this policy in 2011 by the Department of Foreign Affairs and Trade with the assistance from the European Union (EU) under the Trade Related Assistance Programme (TRAP).

7.3 A COMPETITIVE AND DYNAMIC PRIVATE SECTOR

The development of a competitive and dynamic private sector is important because it creates employment, generates incomes and stimulates economic growth. Promoting and supporting the growth of the private sector in providing a conducive environment for businesses to invest and grow remains a key priority of Government.

7.3.1 Enhancing Competition and Economic Regulation

The Government remains committed to promoting a competitive and dynamic private sector because of the positive impact this has on the economy through increasing efficiency, productivity and innovation while lowering prices and improving the quality of service delivery. In 2011, the Government will build on the benefits of previous reforms, with a focus on telecommunications and electricity, and will continue to provide sound economic regulation via the Independent Competition and Consumer Commission (ICCC).

7.3.1.1 Telecommunications (ICT)

Given the success of enhanced competition in the mobile telecommunications sector, the Government has moved to develop full competition in the ICT sector through the establishment of a new industry-specific regulator, the National Information and Communications Authority (NICTA). The NICTA will replace the technical regulatory functions of the Papua New Guinea Radio Communications and Telecommunications Technical Authority (PANGTEL) and will be equipped with all powers and functions needed to effectively regulate the PNG ICT sector. It will also take on the ICT related regulatory
pricing functions of the ICCC whilst leaving the competition regulatory functions within the ICT sector to the ICCC.

Regulations are currently being finalized by the Government to support the *NICTA Act 2009*. NICTA is expected to be fully operational in the first quarter of 2011.

### 7.3.1.2 Electricity

Improving the production and supply of electricity to most areas of the country is important in minimising costs for businesses and households that depend on it to sustain their operations and livelihood. The Government is in the process of finalizing an Electricity Industry Policy to guide the industry's development. Through this policy, the Government expects to make electricity services more accessible, reliable and affordable in PNG through greater private sector participation in electricity generation; incentives to enhance electricity services to rural areas; and improved regulatory arrangements.

A “third-party access” code will also be developed by the ICCC to encourage greater private sector participation. This code will set out clear terms and conditions for private generators to supply electricity into the existing transmission and distribution grid operated by PNG Power Limited (PPL). To encourage and enhance electricity services to rural areas, the Government proposed to establish a ‘rural electrification fund. The proposed new regulatory arrangements will see the Department of Petroleum and Energy, rather than PPL take on responsibility for technical regulation of the industry.

### 7.3.2 Economic regulation (ICCC reviews)

To meet its economic regulation responsibilities in 2011, the ICCC will implement the recommendations of two pricing reviews completed in 2010 and undertake two regular contract reviews.

#### Pricing Reviews

**Flour and Rice Industry**

In 2010, the ICCC commenced reviews of the current price monitoring arrangements for the Flour and Rice industries in PNG.

The ICCC has completed the Final Determinations for the Flour Industry Pricing Review, which concluded that there is some merit to continue price monitoring of flour in PNG. This monitoring arrangement will continue until mid 2015. However, after 2013, industry stakeholders will have the opportunity to apply for full deregulation of the industry by the Commission if it is found that there is full contestability in the flour market.

For the Rice Industry Pricing Review, Final Determinations are expected to be completed by November 2010, with implementation of the new price regulation arrangements commencing in 2011.

The purpose of these ICCC pricing reviews is to ensure that PNG consumers are adequately protected.
**Regulatory Contract Reviews**

In 2011, the ICCC will continue to ensure that both PNG Power and Post PNG, which have monopoly characteristics, provide their services effectively and efficiently throughout the country through their regulatory contracts.

**PNG Power Limited (PPL)**

The current regulatory contract for the state-owned power utility, PPL will expire at the end of 2011. The ICCC will consider the terms and conditions of PPL's regulatory contract for the next regulatory period in 2011.

**Post PNG**

The ICCC is required to have in place a new Regulatory Contract for Post PNG from 1 January 2011. As such, the ICCC will introduce the terms and conditions of Post PNG's new regulatory contract in 2011.

**7.3.3 Improving Public Infrastructure**

The Government is determined to improve and maintain critical public infrastructure because this stimulates economic growth. In particular, better condition and accessible transport and utility infrastructure will help contribute towards reducing the cost of doing business in PNG.

To address the current capacity and funding constraints in public infrastructure development, the private sector can play a key role in providing and maintaining critical infrastructure throughout the country through the Government’s Public Private Partnership policy.

**7.3.3.1 Financing infrastructure through Public Private Partnerships (PPPs)**

The Government recognizes the need to access private sector expertise and capital to develop and maintain the country's public infrastructure. The Government has developed a National PPP policy to encourage private sector involvement in developing public infrastructure projects. The inter-agency Government task force progressing this policy is nearing completion of a PPP Law and Regulations to establish a National PPP Centre. The PPP Centre will act as a central advisory body for PPP project proposals thereby promoting private sector confidence in the Government’s PPP process. The key function of the Centre will be to evaluate the viability of a project being carried out as a PPP. The Centre is expected to be fully operational during the first half of 2011.

**7.3.4 Establishing Effective Markets**

The Government will continue to assist the establishment of effective markets where they do not already exist, as well as providing sound regulation to ensure existing markets operate effectively. Well functioning markets will improve resource efficiency leading to competition benefits. In order to establish effective markets, more work is done on the following sub-points on National Land Development Program, Housing Policy and Microfinance.

**7.3.4.1 National Land Development Program (NLPD)**

Since its inception in 2005, the NLDP has achieved significant milestones. Recent studies carried out by the National Research Institute (NRI) suggest that successful implementation of the NLDP program will lead to substantial GDP growth over the next decade. This will...
increase investment, create additional employment, and assist in addressing the current supply side constraints in housing.

The key goal for the NLDP in 2011 will be the establishment of the NLDP office. This office will be responsible for overseeing the implementation of the NLDP program.

### 7.3.4.2 Housing Policy

In January 2010, the ICCC released the Final Report of its review into the Housing and Real Estate industry in PNG. The report recognized that high prices and lack of affordability are only symptoms of broader failures, particularly in relation to an insufficient supply of land.

The report recommended that a holistic approach be undertaken to address PNG’s housing scarcity problems and noted that coordination within the National Government agencies and the relevant arms of the Provincial and Local Level Governments could be improved to increase residential construction.

To implement the recommendations of this report, a National Housing Policy Inter-Agency Committee (HPIC) has been established. The HPIC will develop a National Housing Policy for consideration by Government in 2011.

### 7.3.4.3 Microfinance

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises.

To develop the Microfinance sector, the Government, with funding and technical assistance from the Asian Development Bank (ADB), has been undertaking a Microfinance Expansion project since 2001. The objectives of the project are to increase the capacity of microfinance lending institutions and increase the volume of loans and savings in the rural population.

In 2011, key goals of the project will be to strengthen the regulatory capacity of the Bank of Papua New Guinea, as well as to establish a “risk-share” facility to encourage capable microfinance institutions to increase lending to genuine business proposals.

### 7.3.5 Reducing Impediments to Business and Investment

In an international survey by the World Bank in 2009, PNG was ranked 102 out of 183 countries in terms of the costs of doing business. Reducing impediments to business and investment is a key priority of Government because this reduces costs for businesses and promotes private sector development and growth. As part of the Government’s ongoing effort in addressing private sector issues, the Government will undertake the following initiatives as key priorities in 2011.

#### 7.3.5.1 Review of the Companies Act 1997

The Investment Promotion Authority (IPA) is currently undertaking legal reforms to improve the efficiency of its overall operations. This includes a full review of the Companies Act 1997. The aim of this review will be to identify impediments potential investors face in setting up a business in PNG. The recommendations of the review are expected to be implemented in 2011.
7.3.5.2 Reforms to secured lending arrangements

Currently, lenders are often unwilling to provide loans that are secured by personal property in PNG, for example lenders will not recognise personal property such as a motor-vehicle as collateral when considering a loan in case it has been concurrently used as collateral to other lenders. Therefore, the Government is reviewing the current legal framework to identify ways of providing greater confidence to lenders in order to encourage more secured lending arrangements. A potential reform could include the establishment of a single “asset registry” so that information can be made available to lending institutions regarding the collateral offered by prospective borrowers. The Government will look towards establishing and implementing these secured lending reforms in 2011.

7.3.5.3 Tariff Reduction Program (TRP)

The Government has made a decision in 2008 to implement a further TRP. This decision was based on the recommendations of the two independent tariff reviews conducted in 2003 and 2007 in which they concluded that businesses and consumers have benefitted from the Government’s TRP of 1999.

In November 2010 a review on TRP was approved by the NEC. A key objective of this review is to encourage the development of more efficient and internationally competitive industries that maximise PNG’s comparative advantages. The TRP will reduce input costs for many businesses, reduce the costs of development activities in PNG, and reduce the price of consumer goods. The TRP will make PNG’s exports more competitive on world markets and boost growth in export industries. Further detail is contained in Chapter 6.

7.3.6 Improving the performance of SOEs and Statutory Authorities

State-Owned Enterprises (SOEs) and Statutory Authorities (SAs) provide many important services and maintain much of PNG’s critical economic infrastructure. These entities also have a significant impact on the Government’s fiscal position. Consequently, the Government will continue to seek improved performance and governance of SOEs and SAs in 2011.

7.3.7 Community Service Obligation policy for SOEs

The Government signed a Memorandum of Understanding (MOU) with the ADB in May 2010 to develop a Community Service Obligation (CSO) framework for SOEs in PNG.

The essence of this policy is for the SOEs to improve the efficiency of CSO service delivery, improve the value for money of CSOs and ensure that CSO delivery does not negatively impact the performance incentives or commercial objectives of the SOEs.

Establishing a framework for managing CSOs is a critical component of SOE reform, improved public financial management and service delivery. This framework will provide increased transparency into the operations of the SOEs.

A CSO Working Group consisting of the Departments of Treasury, National Planning and Monitoring, Public Enterprises and the Independent Public Business Corporation was formed following the signing of the MOU to work alongside the ADB in developing the CSO policy framework. The CSO Working Group will finalize the CSO legislation and supporting guidelines in 2011.