



**REPUBLIC OF VANUATU**

# **Vanuatu: Country Presentation on Public-Private Partnerships**

**By**  
**Johnson Binaru Iauma**  
**Director General**  
**Ministry of Infrastructure & Public Utilities**

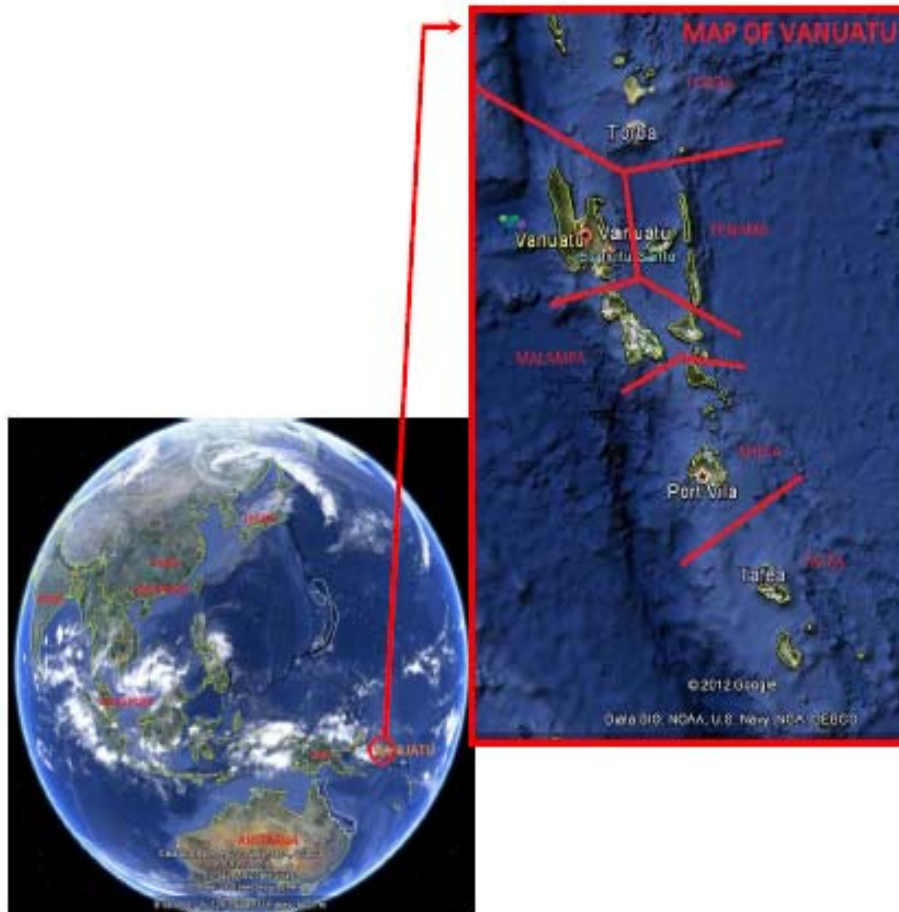
**Asia-Pacific Ministerial Conference**  
**Terhan, 11-14 April 2012**



# REPORT OUTLINE

1. **Demography**
2. **Existing Infrastructures**
3. **National Governance Level**
4. **Government Key Line Ministries for Infrastructure Development**
5. **Government Microeconomic Framework**
6. **National Policy Framework**
7. **National Legal Framework**
8. **Current Private Sector Engagement**
9. **PPP Policy and Legal Framework**
10. **Risks and Challenges**
11. **Way Forward (I)**
12. **Way Forward (II)**
13. **Vanuatu Needs Your Assistance**
  - **END OF REPORT**

# 1.0 Demography



- Vanuatu achieved its political independence from the British and French in 1980. It consists of more than 80 islands with a total land area of 12,281 kilometre squares.
- Total marine area is over
- 680,000 km<sup>2</sup> (EEZ)
- Land to marine ratio is 1:5.6
- More than 60% of the islands are of volcanic origin and lie on the Pacific ring of fire belt and so vulnerable to earthquake, cyclone, tsunami and climate change
- Population 1999 – 186,678 to 234,023 in 2009 having an annual growth rate of 2.3%.
- GDP per Capita: US\$ 3,170
- President of the Republic of Vanuatu
- Parliament with 52 members elected by the people
- Prime Minister and 13 Ministries
- Total of 6 Provinces ran by Provincial Government Councils and two Municipalities.
- There are three (3) National Languages; Bislama, English and French.



## 2.0 Existing Infrastructures

- National Roads: 2000km of which 160km had been newly sealed in 2010 and 140km of Municipal Roads
- 3 International Airports and 26 airstrips
- 2 International Wharfs
- 3 ICT Backbone Infrastructures



## 3.0 National Governance Levels

- National Constitution
- Parliament
- Central Government
- Provincial & Municipalities Authorities
- Malvatumauri Council of Chiefs



# 4.0 Government Key Line Ministries for Infrastructure Development

## **1. Prime Ministers Office**

- *Public Service Department*
- *Aid Coordination Strategic Planning Department*
- *State Law Office*
- *Vanuatu Project Management Unit*
- *Telecommunication*
- *Telecommunication and Radio Regulatory Authority*

## **2. Ministry of Finance and Economic Management**

- *Department of Finance*
- *Department of Customs and Inland Revenue*

## **3. Ministry of Foreign Affairs**

- *Department of Foreign Affairs*
- *Cooperation and Bi-lateral agreement*
- *External Trade*

## **4. Ministry of Infrastructures and Public utilities**

- *Public Works Department*
- *Department of Ports and Marine*
- *Civil aviation Authority*
- *Department of Meteorology and Geo-hazzard) (and Climate change)*
- *Air Vanuatu Ltd*
- *Airports Vanuatu Limited*
- *Stevedorings*



#### **5. Ministry of Lands, Geology, Energy and Environment**

- Department of Environment
- Department of Geology, Mining and Hydrological surveys
- Department of Lands
- Department of Energy
- Utility Regulatory Authority

#### **6. Ministry of Agriculture, Forestry, Quarantine and Fisheries**

- Department of Agriculture
- Department of Forestry
- Department of Fisheries

#### **7. Ministry of Internal Affairs**

- Department of Provincial Affairs
- Provincial and Municipality Authorities
- Department of Immigration and Border Control
- Vanuatu Police Force

#### **8. Ministry of Industry, Commerce and Tourism**

- *Department of Tourism*
- *Department of Trade*

#### **9. Ministry of Justice**

- *Judiciary*
- *Courts*
- *Lands Tribunal*
- *Malvatumauri National Country Chiefs*

#### **10. Parliament**

- Passing of Law
- Ratification of conventions



# 5.0 Government Microeconomic Framework

- Despite the global economic downturn, Vanuatu's economy continues to expand at a healthy pace since 2004 through 2009. The major drivers of this unprecedented growth includes:
  - Establishment of a proper micro-financing system that allows for good governance, stability, accountability and transparency,
  - a well performing tourism sector and
  - an increased construction activities in the areas of infrastructures and real estates.
  - Tax Haven policy
    - Taxation on goods and services.
  - A very active and comfort established Donor Partnership and including availability of International Financing Institutions.





# 6.0 National Policy Framework

The key National Policy Framework :

- Comprehensive Reform Program (CRP) 1991
  - Private Sector Lead Growth Economy
    - Government since independence on the 30th of July 1980 has been taking the leading role in providing services and development projects. It experiences a downfall on service delivery, development and economy, so in 1991 it passed a national policy to undergo national reform.
    - Since 1991 until now the Government has been outsourcing its infrastructure development to the private sector, through its PAA policy.
- Priority Action Agenda (PAA) 2006 to 2015 (pp41) allows the Government to implement its infrastructure development investment plans to:
  - Ensure the provision of commercial, quality, efficient, and competitively priced infrastructure, utilities and services, either through public enterprises or through private sector partnerships and competition;
  - Encourage the development of a competitive private sector in the provision of utilities and services;
  - Minimize subsidy requirements for public utilities;
  - Ensure economic infrastructure and support services are available to other sectors to enable all stakeholders to achieve their own sector objectives
- Infrastructure Development Master Plan 2010
  - For the Development of Infrastructure in the areas of Air transport, Ports , Roads, Water Utilities, ICT Technology commencing 2010.
  - The other purpose of this Master Plan is to seek Funding Assistance from Donors or Financing Institutions.



# 7.0 National Legal Framework

The Government has passed legislations to allow for Government to deliver its services and to allow for Private Sector involvement with implementation of its infrastructure development plans, through the guidance, limitations and parameters of the following acts, regulations and guidelines:

- The Constitution of the Vanuatu
- The Government Contracts and Tenders Act 1998 (Chapter 245 - Government Contracts And Tenders, Act 10 Of 1998, Act 11 Of 2001)
- Financial Regulations (Order 27 of 2000, Amendment published Gazette No. 36 of 2005)
- Tender Regulations (Order 40 of 1999)
- Public Finance and Economic Management Act [Cap. 244].
- Public Service Act [CAP. 246];
- Guidelines for the Procurement of Goods and Services, MoFEM, 2003.
- Guidelines for Outsourcing Works and Services, MIPU 2007
- Built Own Operate and Transfer (BOOT) 2008. (Developed specifically to legislate PPP for Developing International Airport, but has not been used as no investor showed interest.)



## 8.0 Current Private Sector Engagement

- Currently the Government develop the Development Concept and Outsource Design, Procurement and Contract Management services to Consultants who then carry out Procurement Contractors to do the works and supervise the works.
- The Government uses existing legislations and guidelines to engage the Private Sector as its Developing Partner on implementation of its Infrastructure Development Plans.



- Government Infrastructure Development For PPP Modality includes:
  - Lapetasi Multipurpose International Wharf -US\$ 60 Million (2012)
    - A Development partnership between the Government and Ifira Ports Development and Services (IPDS). The Government gives a 50yrs Concession to IPDS and IPDS implements the project, manage the wharf operations and pays back the Soft Loan given by the Japanese Government and borrowed by the Vanuatu Government. This is in progress.
  - An international Airport to receive wider bodied Aircraft directly from Asia and Europe. The Government has developed a BOOT legislation for this but the project did not attract interested investors so is still pending.



## 9.0 PPP Policy & Legal Framework

- There is no PPP Policy & Legal framework in place, despite this the Government has been using its existing national policies and legislations to allow for engagement of the Private Sector since 1991.
- Since 1991 the Government has been attempting to put in place a PPP Policy, appropriate legal framework, and the required governance structure .



# 10.0 Risks & Challenges

The Challenges that may undermine the Successful Implementation of PPP include but not limited to:

- Unavailability of Finance for Project packages to attract PPP modality,
- Inadequate Human resource capacity in the Public and Private Sectors,
- Government Financial resources all committed to recurrent activities, mostly on operations and maintenance
- Drainage of the limited manpower resources from public to private sector,
- Political Stability, and
- Natural Disaster.



## 11.0 Way Forward (I)

The Government has been intending to and is still intending to push for the Realisation of PPP as a mechanism for implementing its infrastructure development plan. So need to:

- Develop clear policy guidelines and legislative framework for Private/public partnership (PPP)

Initiatives:

- Review and draft policy guidelines and legislation framework to facilitate PPP initiatives and establishment.



# 11.0 Way Forward (I) Continue..,

Integration of PPP Policy into Ministry of Infrastructure and Public Utilities (MIPU) Corporate Plan targeting the following objectives:

- *Obj 1: Ensure provision of commercial, quality, reliable, safe, efficient and competitively priced services, utilities and infrastructure, either through public enterprise or through private sector partnerships and competition*
  - Progression of public/private partnerships to improve service delivery and service delivery;
  - Increased competition in the provision of cost effective services through public/private and community partnerships;
  - Manage Statutory Bodies to ensure good governance, transparency and maximum return/benefit to the people of Vanuatu.





## 11.0 Way Forward (I) Continue..,

- *Obj 2: Ensure development of policy, strategy and legal frameworks to promote service delivery by competitive private sector involvement in the provision of cost effective and appropriate utilities and services.”*
  - Draft and implement an Infrastructure Master Plan by December 2013
  - Investigate and trial models of public/private & community partnerships initially in Public Works Department (PWD) with roll out to other MIPU Departments as applicable



# 11.0 Way Forward (I) Continue..,

- *Obj 3: Ensure MIPU is adequately staffed, trained, resourced and housed to provide professional and effective services delivery.”*
  - Human Resource Strategy is drafted and operationalised
  - Restructures progressed through Public Service Commission and prioritised vacancies filled to promote effective service delivery and achievement of strategic planning objectives
  - Succession Plan in place to train officers filling vacated posts of retiring officers
  - Training Program implemented to build capacity of MIPU personnel to deliver services to the people of Vanuatu.
  - Performance Appraisals conducted regularly to identify and reward high performance in achieving strategic objectives
  - Budget Cycle planning is both timely and strategic in intent to adequately resource MIPU activities and staff
  - Modern, well-maintained MIPU buildings and office and equipment facilitates delivery of quality services in all provinces



## 12.0 Way Forward (II)

- The Government of Vanuatu would need:
  - External assistance from its Donor Partners and International Organizations,
  - Assistance in the form of Financing and Technical,
  - For the Development of its PPP Policy, Legal Framework and Governance Structure
  - to ensure successful implementation of PPP.
- Donor partners and International Organizations such UNESCAP need consider Vanuatu's request for Assistance in:
  - Developing appropriate PPP Policy and Legislations,
  - PPP Governance Structure and
  - Institutional Strengthening.

# 13.0 Vanuatu Needs Your Assistance



**An old Man fishing for his economical sustainability**

***Traditional Method***



End of Report

*Tankeyu Tumas*