

**Editorial: Welcome to the fifth edition of the PEMC newsletter! This edition covers the Commission's activities from July 2016 to January 2017. We have both welcomed and bid farewell to members of the PEMC team, conducted Governance and Operational assessments of Public Enterprises (PEs), attended trainings and much more! The bustling past six months have taken the team to the idyllic island of La Digue as well as the vibrant city of Beijing!**

## WELCOME AND FAREWELL

The past few months have been dynamic for PEMC in terms of staff movement. The PEMC team welcomed their new Chief Executive Officer (CEO), Mr. Roger Toussaint, who was appointed with effect from 1<sup>st</sup> November 2016.

Commission also welcomed Ms. Dora Henry, who was recruited in December 2016. Ms. Henry will be responsible for PEMC's Administration, Budgeting and Human Resource functions. In a bid to strengthen its capacity to deliver on its mandate more effectively, PEMC interviewed several candidates and selected two Business Analysts. Both will start work early in 2017.

The Commission bid a fond farewell to its former CEO, Ms. Sitna Cesar, who was appointed as Special Advisor to the Minister for Finance, Trade and Economic Planning with effect from 1<sup>st</sup> November 2016. The PEMC team express their gratitude to Ms Cesar for her hard work and dedication during her tenure as CEO. We wish her every success in her new endeavor.

## PEMC UNDERTAKES SECOND PHASE OF GOVERNANCE AND OPERATIONAL ASSESSMENTS

In September 2016, PEMC welcomed a World Bank Team to carry out the second phase of Governance and Operational Assessments of three Public Enterprises (PEs), namely Seychelles Pension Fund, Seychelles Ports Authority and Nouvobanq. The first phase of the Governance and Operational Assessments was initiated in February 2016 where STC, PUC and SEYPEC were reviewed.

This assessment is in line with PEMC's mandate to "ensure that Public Enterprises are properly controlled and managed for the purpose of better performance, transparency and accountability, to improve efficiency and competitiveness of the economy, to foster and accelerate the macro-economic stability of the country and to provide for matters connected

therewith". The objective of the assessments was to identify areas of potential improvement in operational and financial performance and in the PEs' current corporate governance practices to support the Government's efforts in building resilience and reducing the PE's exposure to external risks.

The team used the OECD Guidelines of Corporate Governance for State-Owned Enterprises and the World Bank's toolkit on Corporate Governance of State-Owned Enterprises as a means of benchmarking, taking into account the Seychelles national regulatory framework.

Both reports are expected to be presented to the Cabinet of Ministers in early 2017 and submitted to the respective PEs.



## ALIGNING STRATEGY, OPERATIONS AND REPORTING

PEMC's Chairperson, CEO and analysts travelled to La Digue in July 2016 to undertake an operational assessment of L'Union Estate Company Ltd. The aim of the assessment was to provide support to the Company to ensure that its operations and structure are in line with its mission and objectives and that its financial reporting structure mirrors reality. The exercise included meetings with the Company's Board, interviews with staff members, site visits of the Estate's properties and desk review of documents. A report, based on the findings, has been completed and submitted to L'Union Estate, which is in the process of implementing the recommendations.



## PEMC STRENGTHENS RELATIONSHIP WITH PEs

PEMC's new CEO, Mr. Toussaint, as well as certain staff members conducted a series of courtesy visits to all of the PEs within PEMC's purview in December 2016 and January 2017. The purpose of these visits was to formally introduce the CEO and to discuss matters pertinent to the respective institutions. The visits were equally aimed at gaining a better insight of the Vision, Mission and Mandate of the respective PEs as well as creating an environment of trust and collaboration between PEMC and the PEs, rather than PEMC being perceived as a threat or barrier which could impede their development.



## IDENTIFYING AND MANAGING FISCAL RISK

PEMC and the Ministry of Finance, Trade and Economic Planning welcomed an IMF mission in August 2016. The purpose of the mission was to strengthen fiscal risk analysis for the PE sector by assisting the

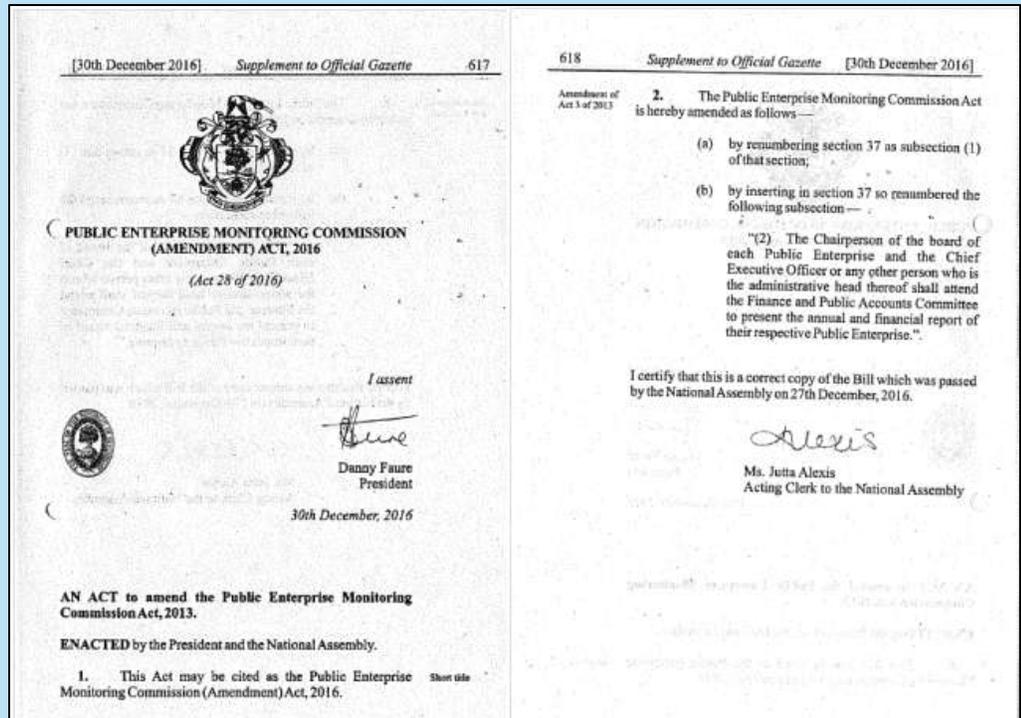
authorities to better identify the source of fiscal risks from PEs and the relevant data and policy issues. This was attempted by:

- (i) outlining the importance of fiscal risk analysis;
- (ii) supporting the aggregate analysis of key fiscal risk issues;
- (iii) providing recommendations for improvement.

PEMC will be compiling a fiscal risk statement for the PE sector as from the year 2017 and will require the collaboration of all PEs to successfully complete this task. Information such as the costing of social obligations and contingent liabilities will be requested. The Commission will be communicating with PEs regarding the Fiscal Risk Statement and corresponding data requirements in due course.

# PUBLIC ENTERPRISE MONITORING COMMISSION (AMENDMENT) ACT, 2016

Section 37 of the PEMC Act was amended on 30<sup>th</sup> December 2016. The Bill was passed by the National Assembly on 27<sup>th</sup> December 2016. The Amendment consisted of the addition of a subsection stating that “the Chairperson of the board of each Public Enterprise and the Chief Executive Officer or any other person who is the administrative head thereof shall attend the Finance and Public Accounts Committee to present the annual and financial report of their respective Public Enterprise.”



## PEMC REPRESENTED AT SOE REFORM SEMINAR

Business Analyst, Ms. Meryl Pelissier, attended a Seminar on State-Owned Enterprise (SOE) Reform and Government for African English Speaking Countries from the 13th of July to 2nd of August 2016.

There were 27 participants from a pool of various African English-speaking countries such as the Federal Democratic Republic of Ethiopia, Federal Republic of Nigeria, The Republic of South Africa, Republic of Ghana and The United Republic of Tanzania to mention a few.

The seminar was sponsored by the Ministry of Commerce of the People's Republic of China and organized by the Academy of Macroeconomic Research (AMR) of National Development and Reform Commission of the People's Republic of China which is an important coordinating department of the State Council and vital component in the

Chinese Central Government.

According to Chinese authorities, in many developing countries due to the existence of weak basis and limited experience of planning in the national economic development, such countries have no solutions of the existing problems and are faced with the loose link between central and regional planning and effective implementation.

This brings forth the initiatives of the seminar, through China's willingness to share the experience in this field with African countries.

The seminar included daily proactive lectures from high level professionals from the AMR, visits to the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

which is an independent government body which supervises and manages the state-owned assets of the SOEs under the supervision of the Central Government (excluding financial enterprises), improves corporate governance and dispatches supervisory panels to the supervised enterprises on behalf of the state council. The program also included visits to various commercial, public service SOEs and cultural site visits.



**PEMC mission statement: “To monitor and evaluate the overall performance of Public Enterprises and to promote ethics of good governance in all their business transactions.”**