Anti-Corruption Policies in Asia and the Pacific

Self-Assessment Report Vanuatu

Over the last decade, societies have come to realize the extent to which corruption and bribery has undermined their welfare and stability. Governments, the private sector and civil society alike have consequently declared the fight against corruption to be of highest priority.

In the Asia-Pacific region, twenty-one countries have expressed their commitment to fight corruption by endorsing an anti-corruption action plan within the framework of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, a first-of-its-kind partnership between all stakeholders of Asian and Pacific countries. The Action Plan comprehensively promotes the regions’ objectives and needs for reform to develop effective and transparent systems for public service, to strengthen anti-bribery initiatives, to promote integrity in business operations, and to support citizens’ involvement.

In order to gain a comprehensive and structured overview of the endorsing countries’ legal and institutional framework in place to ensure and enhance transparency in the public sector, combat bribery and promote transparency in business operations, and facilitate public involvement in the fight against corruption, endorsing countries of the Action Plan have decided to take stock of their relevant legal and institutional provisions in place.

The following report reflects the Anti-Corruption Policies that Vanuatu has reportedly in place as of October 2003. Organized along the topics of the Anti-Corruption Action Plan for Asia and the Pacific, it outlines the legal and institutional framework governing each of its issues, the respective implementing agencies and recent of planned reforms.

Self-assessment reports provided by the other countries that have endorsed the Anti-Corruption Action Plan for Asia-Pacific as well as a summarizing overview of the anti-corruption policies in the region are available at the Initiative’s website (www1.oecd.org/daf/asiacom/stocktaking.htm). For further information about the Anti-Corruption Initiative for Asia-Pacific and its work, please refer to www1.oecd.org/daf/asiacom/.
Background.
Vanuatu gained its political independence in 1980, and adopted the British Westminster system of parliament, with a French flavour of a Presidential Office as the Head of State, instead of the normal Governor General in many Commonwealth countries.

The Parliament consist of 52 members with the executive power vested in the Prime Minister and a 13 member Council of Ministers. The Prime Minister is responsible for directing the activities of the Executive government, supported by a number of Political Advisors, and personnel staff, who are in a lot of respect influence decisions at the cabinet level.

Public Service.
The Public Service is the executing arm of the government, responsible for delivering government services to the communities. It is separated by an Act of Parliament, which has been amended in 1998. Prior to the reform era there was no distinct line drawn between the Public Service and the Political arm of the government. This has resulted in constant political interference of the public Service and hence service delivery.

Causes of Corruption in the Government.
The weakness in the Parliament stems from the country’s constitution, where it allows for any one to compete in the general election. This often leads to elected Parliamentarians with little education, who may not understand their role and often leads to not being accountable to their electors. The system of Political advisors also undermine the public service and the Directors role to advise the Ministers. These Political advisors tended to assume the functions of the administration, executive decisions and supervision, thereby getting involved with the day today role of the management of public service. The Political interference also means access to funds allocated for goods and services. Thus during the period 1991 to 1997 saw a lot of misappropriation of public funds by various Ministers and Political appointees for personal use.

The power strife from 1991 to 1997 also saw frequent changes in the government once or twice every year, and consequently Ministers and Political appointees were more concerned about their survival in power and tended to neglect their duties to address issues of National interest. The instability also resulted in many corruptive actions, by politicians due to the fact that, they may be remove from power the moment they were appointed to the office. This feeling of insecurity made them make decisions with short term objectives which are often detrimental to the country. By 1997 the Financial positions of the country has deteriorated to such extend that the government had no option but to embark on a Comprehensive reform programme to rectify the situation.

Pillar 2: Measures Taken to Curb Corruption
The Reform program began in 1998 with various changes in legal instruments, and establishment of a number of institutions to carry out its intentions. The main objectives of the reform were to address the issues of Good Governance and the overall administrations of the Government. It also strive to achieve a balance Budget and make the Government more efficient and effective in its service delivery.

Promoting Good Governance – the Parliament
As a prerequisite for the reform the, the Government assented to the Leadership Code Act No 2 of 1998, with commencement in August of the same year. This code gives effect to, article 66 of the Constitution which provides that “a leader must conduct himself in such a way, that both his public and private life so as not to (a) place himself in a position of which he has, or could have a conflict of interest or in which the fair exercise of his public or official duties might be compromised, (b) demean his office or position or allow his integrity be compromised called into question, (c) endanger or diminish respect the confidence in the integrity of the government of the Republic of Vanuatu”. The article goes on to state that a leader must not use his office for personal gain or enter into any transaction or engage in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out his duty as imposed above.

The Ombudsman’s Office.
The Ombudsman’s act is one of the first institutions established in Vanuatu to combat corruption. The Ombudsman’s act together with the Leadership Code act continued to expose the leaders and public servant’s irregularities and conduct under various acts.

The Government Act.
The new Government act was enacted and came into force in August 1998. It provides the legal framework for clarifying the role of the Ministries and departments. It constrained political interference in civil Services and put a cap on the number of the political appointees to the Ministries.

More amendments came in October 2000 to clarify the roles of Ministers and Director Generals and Political advisors, aimed at and ensuring against further political moves to erode the powers of the Director Generals. This framework improved by creation of the Development Committee of officials in Decision making by screening all policy papers before it goes to the council of Ministers.

**The Public Service Act.**

The public Service Act was enacted in 1998, with the aim of creating an independent Public Service that is efficient and effective in serving the government, the Parliament and the public, to provide a legal framework for the effective and fair employment, management and leadership of employees. The act went on to say that. The Public Service Commission is not subject to direction by any Minister or other person or body in relation to the exercise of its power.

**Public Finance Act.**

The Public Finance and Economic Management Act was enacted and came into force in July 1998. The act states that the government must be responsible by reporting regularly and must be accountable for Fiscal and economic management. Particular emphasis were made on the following principles:-

- reducing and then managing total debt at prudent level
- Ensuring that the overall expenditures of the state in each financial year is less than the overall receipt in the same year.
- Achieving and maintaining levels of state net worth that provide buffer against factors that may adversely impact on the State net worth.
- Managing prudently the fiscal Risk facing the state
- Pursuing Policies that are consistence with reasonable degree of predictability about the level and stability of rates and taxes for future years

**The Financial Transaction Act.**

The Banking act was enacted in year 2000 to as an anti money laundering and drug trafficking instrument. It obliges all local and offshore banks to report any suspicious transaction with amounts exceeding vt 1 million ($US 9,000) to the Financial intelligent Unit for scrutiny, and for prosecution.

**International Banking Act.**

The international was enacted in 2002 to strengthen the Companies act and compliment the Reserve Bank Act on it supervision role over the Off shores Banks registered in Vanuatu. This is to ensure that, Money Laundering and other funds associated with Drug trafficking and Terrorism activities are prevented from flowing through the tax haven system of Vanuatu.

**The Reserve Bank was also amended to accommodate the supervision of both the local Banks and the international Offshore Banks.**

**The Tender Board Act.**

The Tender Board Act was enacted in 2000 to ensure there is a fair and unbiased decision in awarding public contracts.

**Other Establishment.**

Apart from the government effort the non Government institutions also have been established, such as Churches, chiefs and Transparency International, and other watchdog institutions.

**Pillar 1 - Developing Effective and Transparent Systems for Public Service.**

Based on the amendment of Public Service act and the introduction of Government act in 1998, to define the separate roles of Public Service and the Government, the Public Service Commission has given a rigorous task of cleaning the Civil Service and strengthening its functions and integrity by taking the following policy stand and actions based on the following pillar 1 Action Plan.
## Integrity in Public Service

<table>
<thead>
<tr>
<th>Policy</th>
<th>Strategy</th>
<th>Actions taken or to be taken</th>
<th>Target Date</th>
<th>Status</th>
<th>Risk and assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of systems for compensation adequate to sustained appropriate livelihood and according to the level of the economy.</td>
<td>Establishment of Government Renumeration Tribunal</td>
<td>Review the Public service Salary scales, and work value system to pay and compensate respective civil Servants appropriate pay package for each position.</td>
<td>December 1999. (completed)</td>
<td>GRT Determination is on hold, but the salaries of PSC are determined by an approved structure</td>
<td>Financial difficulties in meeting the appropriate pay package.</td>
</tr>
<tr>
<td>Development of systems for Transparent hiring and promotion to help avoid abuses of patronage, nepotism, and favourism, help foster the creation of an independent civil service, and help promote a proper balance between political and career appointments</td>
<td>(refer Govt and PSC Act)</td>
<td>Establishment of a panel system for recruitment of civil servants</td>
<td>July 1998 This is now completed and in operation.</td>
<td>This is working well and is ongoing.</td>
<td>No problem with implementation</td>
</tr>
<tr>
<td>Development of system to provide appropriate oversight of discretionary decisions and of personnel with authority to make discretionary decisions.</td>
<td>(refer the leadership code Act above)</td>
<td>Establishment of the performance contract between Director Generals and Ministers and Directors with Director Generals.</td>
<td>July 2002</td>
<td>PSC is supervising and monitoring this process</td>
<td>Lags in political will in some Ministries.</td>
</tr>
<tr>
<td>Development of Personnel system that include regular and timely rotation of assignments to reduce insecurity that would foster corruption.</td>
<td>The Public Service act gives effect to this policy by giving the power to PSC to transfer DG and Directors</td>
<td>Transfers are done from time to time by PSC. This is incorporated into the staff Manual in 1998.</td>
<td>Since July 1998</td>
<td>PSC has established a personnel staff management system to monitor the performance of the Civil Servants</td>
<td>No Challenges</td>
</tr>
<tr>
<td>Establish ethical and administrative codes of conduct that prescribe conflict of interest, ensure the</td>
<td>Review of the staff Manual.</td>
<td>Incorporate into staff Manual code of conduct, ethical and behavioral conduct.</td>
<td>Year 2001</td>
<td>Public opinion and staff report</td>
<td>No problem</td>
</tr>
<tr>
<td>Prohibitions or restrictions governing conflicts of interest.</td>
<td>review of the staff Manual. The leadership Code Act also requires that leaders declare their interest when such situation may arise.</td>
<td>Specific rules are laid down to guide PSC and Directors on code of conduct in staff manual.</td>
<td>1998</td>
<td>-</td>
<td>This Ok</td>
</tr>
<tr>
<td>Systems to promote transparency through disclosure and/or monitoring of, for example, personal assets and liabilities;</td>
<td>This are stipulated in Leadership and Public service Act.</td>
<td>All directors are required under leadership code act to submit a declaration to the Parliament.</td>
<td>1998</td>
<td>Monitored by Parliament and the ombudsman’s office.</td>
<td>This OK</td>
</tr>
<tr>
<td>Sound administration systems which ensures that contact between government officials and business services users, notably in the area of taxation, customs and other corruptive-prone areas are free from undue and improper influences;</td>
<td>Refer PSC Manual</td>
<td>Fraud and bribery are punishable under PSC rules</td>
<td>1998</td>
<td>No of cases being prosecuted. So far 5 staff have been dismissed for fraud and bribery</td>
<td>Ok</td>
</tr>
<tr>
<td>Promotion of code of conduct taking due account of the existing relevant international standards as well as each country’s traditional cultural standards, and regular education, training and supervision of officials to ensure proper understanding of their responsibilities, and;</td>
<td>Refer Leadership Code.</td>
<td>Review of PSC Manual to include standards and code of ethics</td>
<td>1998 - 2001</td>
<td>PSC personal file and public opinion</td>
<td>OK</td>
</tr>
<tr>
<td>Measures which ensures that</td>
<td>There is no current policy in place</td>
<td>No action taken so far</td>
<td>-</td>
<td>-</td>
<td>A Policy needs to be</td>
</tr>
<tr>
<td>Accountability and Transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safeguarding accountability of public service through effective legal frameworks, management practices, and auditing procedures through;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures and systems to promote fiscal transparency;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enactment of Public Finance and economic Management Act.</td>
<td>Introduction of new FMIS</td>
<td>2000</td>
<td>Ok</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adoption of existing relevant international standards and practices for regulations and supervisions of financial institutions;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PFFEM Act</td>
<td>New Budget procedures introduce to comply with GFS</td>
<td>2000</td>
<td>To comply with IFM standard accounting system</td>
<td>Ok</td>
<td></td>
</tr>
<tr>
<td>Appropriate auditing procedures applicable to public administration and public sector, measures and systems to provide timely public reporting on performance and decision making;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introduction of Tenders Act</td>
<td>Establishment of tender Board</td>
<td>2000</td>
<td>-</td>
<td>Ok</td>
<td></td>
</tr>
<tr>
<td>Appropriate transparent procedures for public procurement that promote fair competition and deter corruptive activity, and adequate simplified administration procedures;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A parliamentary Act to establish a Parliamentary standing committee for Public Accounts committee</td>
<td>Establishment of Public Accounts committee</td>
<td>1998</td>
<td>-</td>
<td>This is done with no difficulties</td>
<td></td>
</tr>
</tbody>
</table>
Pillar 3
(1) PUBLIC DISCUSSION OF CORRUPTION.
(a) Initiation of public awareness campaigns at different levels.
When the reform was initiated, several meetings were conducted in the rural areas of Vanuatu, on good governance issues, two trips were organized to outer islands each year. The Ombudsman’s office also continued to expose poor administration, and improper official behavior in certain government agencies. In 1998, Parliament passed a new Ombudsman’s Act that placed emphasis on the office, adopting a more low key investigative style, including the use of mediation. During the same year, the leadership code act was enacted, to enforce the standards of ethical behaviors of leaders, and civil servants, including provisions for enforcement and penalties where breaches are established. Based on these reports, several politicians were prosecuted for misappropriation and abused of powers. So far the Ombudsman’s office has compiled 130 reports of maladministration and other corrupt practices of the Public officials. It has also prosecuted 19 Members of Parliament for abuse of Power and Misappropriations, and in one instance, their reports has led to one former Prime Minister of Vanuatu sentence to imprisonment.

The Transparency International has also embarked on a wide range of Anti Corruption campaign targeting the rural communities and NGOs, Churches, and in particular the youth. The methodology used are through media campaigns, workshops and role plays by theater groups.

(b) Programs aimed at creating a Credible Society.
The Transparency International, is now working on the second phase of their long term strategy, i.e., working with the Ministry of education to include moral Education in the Vanuatu’s curriculum, at all levels.
The Ministry of Reform, has also included, Moral Education on the national agenda for Ministry of education to recognize the need to building a credible society.

Access to Information.
Under the Public Service and Government Act of 1998, each government Ministry is obliged under the law to submit Annual Reports which includes reports on the expenditure of the Ministry to the Parliament, and to make copies available to the public. The Auditor general's reports are also made public with specific recommendations.

The Constitution also guarantee freedom of press and speech. Under this fundamental right the press has exercised their rights in reporting on public and political affairs of the country very freely since late 80s.

**Public Participation**

The Government through the Ministry of Reform, has established the National summit, Provincial Retreats and other forums, as a means of including public participation in decision making process, and being transparent in the government decisions.

The Government, has also proposed to sign MOU with NGOs to form the basis for a good working relation, participation in decision making process, and to form partnership in developmental issues. So far the NGOs have refused to sign agreement with the government, and have distanced themselves from the government.