

## **CURRENCY EQUIVALENTS**

(as of 31 October 2001)

Currency Unit	–	Vatu (Vt)
Vt1.00	=	\$ 0.00680
\$1.00	=	Vt 147.12

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
CRP	–	Comprehensive Reform Program
MP	–	member of parliament
TA	–	technical assistance
PAC	–	Public Account Committee
UNDP	–	United Nations Development Programme

## **NOTES**

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

## I. INTRODUCTION

1. To accelerate the ongoing Comprehensive Reform Program (CRP)<sup>1</sup> the Government of Vanuatu (the Government) requested the Asian Development Bank (ADB) to provide technical assistance (TA) for strengthening the institutional capacity of the Parliament, which was reflected in ADB's Country Strategy and Program Update for Vanuatu.<sup>2</sup> In response to the request, the ADB TA Fact-Finding Mission<sup>3</sup> had consultations with the Government between 28 September and 31 October 2001 and reached an understanding on the TA's scope, cost estimates and financing, implementation, and terms of reference for consultants.

## II. BACKGROUND AND RATIONALE

2. Strengthening the role of the national Parliament is a priority of the Government under the CRP. Despite its important roles prescribed by the Constitution, the Parliament remains largely ineffective mainly due to its lack of capacity and clear business processes, which are significant impediment to good governance and cause loss of confidence in the Government. To help the Government address the issues, in early 2001 New Zealand had funded a study that identified areas to be addressed for strengthening the role of the Parliament. Subsequently the United Nations Development Programme (UNDP) assessed the legislative needs focusing on the Parliament's role in legislation. The Parliament Project Review Committee was recently established to guide the Parliament's institutional capacity building process, including the formulation and implementation of this TA.

3. Good governance relies on effective institutions and laws to ensure that adequate frameworks are in place to facilitate it. ADB's 1999 policy paper, *Governance: Sound Development Management*<sup>4</sup> articulated four essential elements of good governance—accountability, participation, predictability, and transparency. Development of core institutions of government was one of the policy's key themes. ADB's *Pacific Strategy for the New Millennium*<sup>5</sup> also identified political stability and good governance as the most significant influences on development prospects and the achievement of development goals and objectives in most of ADB's Pacific developing member countries, including Vanuatu. The CRP focused on ensuring that bodies of governance such as the Parliament, Council of Ministers, and Prime Minister can fulfill their intended roles. The objectives of the parliamentary reform required by the CRP are to maintain (i) parliamentary procedures that produce legislation in time; (ii) the information and procedures necessary for the Parliament to effectively hold the Government to account; (iii) offices of the Parliament equipped with the capacity to effectively support the work of the Parliament; (iv) a Parliament of members who understand their role and perform it effectively and ethically; (v) an open legislative system to which the public can contribute its views; and (vi) provisions in the Parliament's standing orders and the parliament law that require members to maintain the confidence of their constituencies. This intended reform has remained largely unachieved, mainly due to political instability.

4. The Parliament, presently with 52 members, considers and passes laws of Vanuatu, deliberates on the annual government budget, and oversees the activities of the executive branch of the Government. Affairs of the Parliament are managed by the Speaker, who is

---

<sup>1</sup> ADB has been supporting the Comprehensive Reform Program through Loan 1624-VAN: *Comprehensive Reform Program*, for \$20 million, approved on 16 July 1998.

<sup>2</sup> The TA was first listed in *ADB Business Opportunities* (Internet version) on 27 July 2001.

<sup>3</sup> The Mission comprised Cheolghye Kim, Project Specialist, ADB's South Pacific Regional Mission.

<sup>4</sup> *Governance: Sound Development Management*, ADB, August 1999.

<sup>5</sup> *A Pacific Strategy for the New Millennium*, ADB Office of Pacific Operations, September 2000.

supported by a secretary general or Clerk and several supporting staff. The functions of the Office of the Clerk, which falls under the guidance of the Speaker, include providing services to (i) the meetings of the Parliament, preparing agenda for sittings, distributing bills, controlling procedures, providing legal advice, and drafting private members' bills; and (ii) parliament committees, such as providing programs of committee meetings, organizing the meetings, and controlling the procedures. The manuals for various tasks also urgently need to be updated. The parliament offices in the past experienced budgetary constraints as well as a staff shortage. The corporate plan of the Office of the Clerk proposed an increase in the level of staffing and administrative budget, which has recently been approved by the Government. Staff recruitment is under way, with a sufficient budget allocated.<sup>6</sup>

5. The main factors that are affecting the present inefficiency in the Parliament's law-making function are (i) the poor mechanisms for reviewing bills, (ii) weak sector standing committees, (iii) a lack of debate on bills, (iv) short ordinary sitting sessions, and (v) no scrutiny of the regulations delegated by legislation. Bills are not readily available for public consultation. Active utilization of sector standing committees involving the Members of Parliament and concerned officials for review will enhance the quality of the bills. A mechanism to allow Members of Parliament more time to debate the bills should also be provided. Also, a mechanism should be adopted to enable the Parliament to check the relevance of the regulations to be attached under the bills. Updating the standing orders for legislation procedures, many of which were inherited from the preindependence era, is an urgent task. The parliament-constituency relationship should also be improved.

6. The Parliament should have an important supervisory role on the Government's adoption of best practices and accountability for its executive functions; however, this role has remained extremely weak. One of major impediments is a lack of information provided by the government executive to the Parliament, which includes the government's financial information, corporate plans of ministries, annual reports, and reports on the government-owned corporations. The standing orders of the Parliament, prepared in 1982, require clarification of the empowerment of standing committees, strengthening of the Parliament's oversight role, and improvement of the efficiency of the Parliament sessions. A committee to review government expenditures should be established. The Parliament's Public Account Committee should be more functional and accountable. The role of the auditor-general in advising the Parliament of the accounts of the government agencies should be strengthened. At the same time, Parliament's role in acting on the auditor-general's report should be ensured. The parliamentary committee inquiries about the activities of the executive should be systematically used. The function of the leader of the opposition needs to be strengthened to ensure that balanced views on national policies are reflected.

7. The national summits of 1998 and 2000 identified three areas for the reform of the Parliament: (i) updating the institutional framework through the passage of a new parliament act; (ii) developing new procedures, including standing orders for a parliamentary committee system; and (iii) strengthening the Office of the Speaker and support services for the Parliament. The recent National Summit of November 2001 called for an urgent reform to take place. Institutional capacity building support to the Parliament through this TA will be of great value for strengthening parliamentary democracy on the one hand, and for enhancing legislative function, parliamentary oversight, and parliament-constituency relations, on the

---

<sup>6</sup> Two director-level professional staff responsible for the parliament committees and the office's corporate services will be appointed before the TA commences.

other. Once ADB TA provides programs to strengthen parliament systems and procedures, other aid agencies are likely to provide training programs, based on the provisions of this TA.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Objective**

8. The TA will assist the Government to enhance governance through providing a core institutional strengthening program to the Parliament. The TA will improve the efficiency of the Parliament's operations through providing an adequate structure of the parliament offices, redefining and strengthening legislative functions and supervisory role of the Parliament, and updating the operational rules and procedures. The TA will support the objectives of the CRP.

#### **B. Scope**

9. The TA through its advisory work will assist the Government to (i) strengthen the organizational structure and functions of parliament offices, (ii) improve the Parliament's legislative functions and operational rules and procedures through recommending a draft parliament bill and new standing orders, and (iii) improve the Parliament's functions to supervise and guide the activities of the Government's executive branch. A logical framework is in Appendix 1.

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

10. The total cost of the TA is estimated at \$250,000 equivalent, of which \$190,000 is the foreign exchange cost and \$60,000 equivalent is the local currency cost. The Government requested that ADB finance \$200,000 equivalent covering all the foreign currency cost and \$10,000 equivalent of the local cost. The TA will be financed by ADB on a grant basis from the Japan Special Fund, funded by the Government of Japan. The Government will provide the remaining \$50,000 equivalent through counterpart staff, support services, and office facilities. Appendix 2 provides detailed cost estimates.

#### **D. Implementation Arrangements**

11. The Office of the Speaker will be the Executing Agency and guide and supervise the TA process. The Parliament Project Review Committee and the Department of Strategic Management will support the Speaker on key matters relating to the TA implementation. The TA will commence by February 2002 and be carried out over 12 months. The TA will be completed by the end of February 2003.

12. Two international consultants will be engaged. The consultants will include a parliamentary expert with extensive experience as a former parliamentarian, and a parliament management specialist with extensive experience in managing a parliament office. The TA will finance the service of approximately 8-person months. The consultants will be selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants*. Appendix 3 provides the outline terms of reference for consultants.

13. An inception meeting involving the Speaker, the Clerk, the Parliament Project Review Committee, the Department of Strategic Management, and ADB will be held when the consultants arrive in Vanuatu. The consultants will prepare an inception report within two weeks of the start of the TA implementation, which will be submitted to the same parties. A

monthly progress report will be also submitted during their fieldwork period. A draft final report will be submitted two weeks before the end of the TA implementation and be discussed by the same parties. The final report will be submitted no later than two weeks from the end of the TA implementation.

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

14. 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 \$200,000, for the purpose of Institutional Strengthening of the Parliament, and hereby reports such action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Goal</b></p> <p>The Technical Assistance (TA) will assist the Government to</p> <ul style="list-style-type: none"> <li>• enhance good governance through providing a core institutional strengthening program to the Parliament;</li> <li>• improve the efficiency of the Parliament's operations by providing an adequate structure of the parliament offices, redefining and strengthening legislative functions and supervisory role of the Parliament, and updating Parliament's operational rules and procedures; and</li> <li>• support the objectives of the Comprehensive Reform Program (CRP).</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced level of good governance.</li> <li>• Improved overall capacity and functions of the Parliament.</li> </ul>	<ul style="list-style-type: none"> <li>• Parliament's annual business plan.</li> <li>• Parliament's annual report. Comprehensive Reform Program (CRP) National Summit.</li> </ul>	<ul style="list-style-type: none"> <li>• TA carried out without political interference.</li> </ul>
<p><b>Purposes</b></p> <p>The TA through its advisory work will</p> <ul style="list-style-type: none"> <li>• strengthen the organizational structure and functions of parliament offices,</li> <li>• improve Parliament's legislative framework and operational rules and procedures (standing orders), and</li> <li>• improve Parliament's functions to supervise and guide the activities of the government's executive branch.</li> </ul>	<ul style="list-style-type: none"> <li>• Restructured parliament offices.</li> <li>• Parliament's legislative framework, operational rules and procedures reviewed and improvements recommended.</li> <li>• New standing committee system recommended.</li> </ul>	<ul style="list-style-type: none"> <li>• Parliament's annual business plan/annual report.</li> <li>• Number of bills passed.</li> <li>• Number of standing committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate staff capacity.</li> <li>• Speaker is supportive.</li> <li>• Members of Parliament (MPs) are supportive.</li> </ul>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Outputs</b></p> <p>The TA outputs will be</p> <ul style="list-style-type: none"> <li>• a restructured and more efficient Parliament offices,</li> <li>• clearer and more efficient law-making function and operational rules and procedures of the Parliament, and</li> <li>• enhanced parliamentary oversight of the executive branch of the Government.</li> </ul>	<ul style="list-style-type: none"> <li>• Parliament office restructuring completed with new recruitments.</li> <li>• New parliament framework, rules, and procedures recommended.</li> <li>• New committee system recommended.</li> </ul>	<ul style="list-style-type: none"> <li>• TA reports (inception, monthly progress, draft final and final).</li> <li>• Inception and final meetings.</li> <li>• Regular TA reviews.</li> </ul>	<ul style="list-style-type: none"> <li>• Speaker is supportive.</li> <li>• Staff recruited and continuity remained.</li> <li>• MPs are supportive.</li> </ul>
<p><b>Activities</b></p> <p>To improve the efficiency of the parliament offices:</p> <ul style="list-style-type: none"> <li>• help develop a strategy to improve their capacity,</li> <li>• help develop an organizational structure for the parliament offices,</li> <li>• help improve structures and information flows within the parliament offices,</li> <li>• help amend standing orders to provide an Office of Parliament Committee, and</li> <li>• train the staff on newly introduced structure, functions, and procedures.</li> </ul> <p>To improve the efficiency in the legislation functions:</p> <ul style="list-style-type: none"> <li>• advise on the current legal and institutional framework of the Parliament,</li> <li>• recommend an action plan to establish a mechanism to strengthen parliamentarians' accountability vis-à-vis their constituents,</li> <li>• help improve the rules and procedures for legislation, including standing orders, and</li> <li>• help improve the law on the legal status of MPs and their codes of</li> </ul>	<ul style="list-style-type: none"> <li>• Staff appointed before the TA commences.</li> <li>• Key constraints identified and institutional strengthening plans developed.</li> <li>• New standing orders prepared.</li> <li>• Staff on-the-job training provided.</li> <li>• New legal and institutional framework recommended.</li> <li>• Mechanisms to improve constituency relationship developed.</li> <li>• New legislation rules and procedures developed.</li> <li>• Draft law on the</li> </ul>	<ul style="list-style-type: none"> <li>• TA reports (inception, monthly progress, draft final and final).</li> <li>• Inception and final meetings.</li> <li>• Monitoring by the project officer through frequent reviews and dialogue.</li> <li>• TA reports (inception, monthly progress, draft final and final).</li> <li>• Inception and final meetings.</li> <li>• Monitoring by the project officer through frequent reviews and dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>• Counterpart staff recruited in time and maintained.</li> <li>• Consultants effectively communicate with counterparts.</li> <li>• MPs are supportive.</li> <li>• Consultants effectively communicate with counterparts.</li> </ul>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>conduct.</p> <ul style="list-style-type: none"> <li>• provide workshops.</li> </ul> <p>To improve the oversight role for the Government:</p> <ul style="list-style-type: none"> <li>• help strengthen the role of the Public Account Committee (PAC),</li> <li>• help improve the functions of other committees,</li> <li>• help develop new standing committees, and</li> <li>• provide workshops.</li> </ul>	<ul style="list-style-type: none"> <li>• legal status of MPs and their codes of conduct prepared.</li> <li>• Two workshops provided to 52 MPs.</li> <li>• PAC functioning regularly.</li> <li>• New committees, including an expenditure review committee, recommended.</li> <li>• 1-2 workshops provided to 52 MPs.</li> </ul>	<ul style="list-style-type: none"> <li>• TA reports (inception, monthly progress, draft final and final).</li> <li>• Inception and final meetings.</li> <li>• Monitoring by the project officer.</li> </ul>	<ul style="list-style-type: none"> <li>• MPs and government officials are supportive.</li> <li>• Consultants effectively communicate with counterparts.</li> </ul>
<p><b>Inputs/Resources</b></p> <ul style="list-style-type: none"> <li>• Recruitment of consultants.</li> <li>• Government's counterpart financing.</li> </ul>	<ul style="list-style-type: none"> <li>• Consultancy (about 8 months): \$200,000.</li> <li>• Government (in-kind): \$50,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring by the project officer.</li> </ul>	<ul style="list-style-type: none"> <li>• Government's counterpart resources not available.</li> </ul>



**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem	160	0	160
b. International Travel	10	0	10
c. Reports and Communications	0	3	3
2. Workshops/Training	0	5	5
3. Contingencies	20	2	22
<b>Subtotal A</b>	<b>190</b>	<b>10</b>	<b>200</b>
<b>B. Government Financing</b>			
1. Counterpart Staff	0	30	30
2. Office Accommodation, Equipment, Supplies and Support	0	10	10
3. Contingencies	0	10	10
<b>Subtotal B</b>	<b>0</b>	<b>50</b>	<b>50</b>
<b>Total</b>	<b>190</b>	<b>60</b>	<b>250</b>

ADB = Asian Development Bank

<sup>a</sup> Financed on a grant basis from the Japan Special Fund funded by the Government of Japan.  
Source: Staff estimates

(Reference in text: page 3, para. 10)

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

### **A. Capacity Building of the Parliament Offices (2 person months)**

1. The tasks of the parliament management specialist will include
  - (i) assessing the human resource constraints and developing a strategy to remedy them, based on the recently-established plan to strengthen the parliament offices;
  - (ii) helping to develop an organizational structure for the offices of the speaker and the clerk so that they can support the Parliament;
  - (iii) recommending information flow mechanisms to enhance the cooperation between the offices of the speaker and the clerk.
  - (iv) helping to amend standing orders to provide a committee for the office of Parliament and procedures for determining the office budgets;
  - (v) recommending improvements needed for the parliament offices to meet the changes made under this Technical Assistance (TA) and other TA inputs;
  - (vi) training the staff of the parliament offices on the newly introduced structure, functions, and procedures, so that sufficient skills transfer can be made; and
  - (vii) assisting the office of the clerk to (a) prepare the undone minutes of the parliament sittings; (b) develop basic computer skills, office management, and internet use; and (c) recommend ways to improve the office's provision of legal advice and assistance to drafting of private members' bills.

### **B. Strengthening Legislation Functions and Processes (4 person-months)**

2. The tasks of the parliamentary expert will include
  - (i) reviewing the existing legal framework (e.g., electoral laws and rules and procedures of the parliament) and identifying areas to be strengthened;
  - (ii) recommending an action plan under this TA to improve the existing legal and institutional framework of the Parliament;
  - (iii) drafting a parliament bill, based on the above assessment and consultation with parliamentarians;
  - (iv) assessing the legislation processes of the Parliament, identifying areas to be strengthened, and recommending for their improvement;
  - (v) assisting in amending standing orders relevant to legislation rules and procedures, based also on the recommendations made by recent studies and other findings;
  - (vi) assessing the existing parliament-constituency relationships and recommending an action plan to establish mechanisms to strengthen parliamentarians' accountability vis-à-vis their constituents;

- (vii) reviewing the law on the legal status of Members of Parliament and their codes of conduct and recommending changes to encourage parliamentarians to be accountable for their entitlements and public obligations;
- (viii) ensuring that concurrent changes in the Constitution and other relevant legislation are appropriately reflected in the recommendations made under the TA; and
- (ix) providing two workshops/briefings to the Members of Parliament to ensure the newly introduced legislation, functions, procedures, etc. are fully understood.

**C. Strengthening Oversight of the Executive Function of the Government** (2 person-months)

3. The parliamentary expert (1 person-month) and the parliament management specialist (1 person-month) in close collaboration with each other will

- (i) assess the oversight functions and mechanisms of the Parliament, in particular the effectiveness of the Public Accounts Committee (PAC), and identify areas to be strengthened.
- (ii) help strengthen the PAC and its relationship with the auditor-general, emphasizing the newly-introduced target-based national budget; the PAC should secure appropriate powers to demand disclosure and prompt accountability from any government agency, public enterprise, and any other entity, including Non-Government Organizations, who received public funding;
- (iii) recommend an action plan for improving the PAC's function and help develop the staffing requirement to assist the PAC and assist in the initial implementation of the action plan, if available;
- (iv) help improve the functions of other existing committees and recommend closure or merge weak committees;
- (v) help develop new standing committees to improve the Parliament's oversight role, which will include an expenditure review committee, and consider reorganizing the standing orders review committee;
- (vi) help strengthen the overall oversight role of the Parliament, based on the recommendation made by recent studies and other findings; and
- (vii) provide 1-2 workshops/briefings to the Members of Parliament and concerned government executives to make sure the newly introduced systems are fully understood.

**D. Use of Previous Studies**

4. In carrying out their tasks, the consultants will make full use of studies on the capacity of the Parliament that were provided in the past. The outcomes of the workshop for parliamentarians organized by the Government and the Parliament in October 1999 will also be taken into account.

**E. Reporting**

5. An inception meeting involving the Speaker, the Clerk, the Parliament Project Review Committee, the Department of Strategic Management, and the Asian Development Bank will be held upon the arrival of the consultants. The consultants will prepare an inception report within two weeks of the start of TA implementation, which will be submitted to the same parties. A monthly progress report will be submitted during their fieldwork period. A draft final report will be submitted two weeks before the end of the TA implementation and be discussed by the same above parties. The final report will be submitted no later than two weeks from the end of the TA implementation.