

Understanding the Political Economy of Vanuatu

September 2015

The Asian Development Bank (ADB) has been a development partner of Vanuatu since 1981. In 2014, ADB prepared a macro-level analysis of the political economy of Vanuatu to inform its current and future operations in the country and thereby enhance aid effectiveness.¹ ADB's operational plan for fragile and conflict-affected situations and its Pacific regional approach call for a high level of understanding of the local context through a political economy analysis of its Pacific developing member countries.²

A challenge of the political economy of development is how to raise the demand for, and encourage the pursuit of public welfare, sometimes at the expense of personal interests. Decision making in favor of the public interest can be especially difficult in a very heterogeneous, fragmented, and relatively newly formed state such as Vanuatu.

For its assistance to be most effective, ADB needs to have a good appreciation of how economics, politics, and culture interact within each country. The political economy of a country can both encourage and discourage the achievement of development objectives. The technical, financial, and



¹ Political economy analysis is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain, and transform these relationships over time. ADB. 2013. *Guidance Note: Use of Political Economy Analysis for ADB Operations*. Manila.

² ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila; ADB. 2009. *ADB's Approach to Assisting the Pacific (2010–2014)*. Manila.

Issues and Findings.....	2
Context and culture.....	2
Building ownership.....	2
Requiring participation, not just consultation.....	2
Ensuring institutions and planning structures effectively support change.....	3
Reinforcement by proof and practical application.....	4
Continually communicating well to support understanding.....	4
Next Steps.....	4

This publication is part of the regional technical assistance project Enhancing ADB's Engagement in Fragile and Conflict-Affected Situations (TA 8065-REG). ADB Senior Country Specialist Hayden Everett and consultants Stephen Pollard and John Salong conducted the political economy analysis and prepared this publication under the guidance of Andrea Iffland, director, Pacific Liaison and Coordination Office, and Patrick Safran, ADB focal point for fragile and conflict-affected situations, with editorial and design inputs by consultant Cyrel San Gabriel.

ADB expresses its appreciation to the Government of Vanuatu for agreeing to participate in the analysis and for providing valuable inputs throughout the process.

economic standards sought by development partners and recipient governments in development interventions are often subservient to local political determination.

Political economy analysis can therefore strengthen the diagnosis of development problems, assessment of risks, and the design of more effective support, leading to better results. It offers no quick fixes, but can lead to smarter engagement.

The Vanuatu political economy analysis involved research, analysis, and interviews to identify (i) the interests and incentives of different groups in society and how these generate particular policy outcomes that may encourage or hinder development; (ii) the role that formal institutions (e.g., the rule of law, elections) and informal social, political, and cultural norms play in shaping human interaction and political and economic competition; (iii) the impact of values and aspirations, including political ideologies, religion, and cultural beliefs, on political behavior and public policy; and (iv) what ADB can do to improve operations to contribute better to the sustainable growth and development of Vanuatu.³ This paper summarizes the issues and findings of this analysis.

Issues and Findings

International development agencies including ADB have commissioned prior analyses to gain a better understanding of, and to better support sustainable development. The lessons and directions provided by the prior analyses, together with a review of ADB evaluation studies of Vanuatu programs and projects, converge on a set of common, sequenced recommendations that support more sustainable development.

The recommendations are summarized as (i) having a thorough understanding of context, including culture and politics; (ii) building universal ownership for development results; (iii) requiring participation in project design and implementation, not just consultation; (iv) ensuring institutions and planning structures effectively support change; (v) proving that change can work, through reinforcement and practical application; and (vi) continually communicating well to support understanding of all stakeholders.

The political economy analysis drew out the following issues and findings for improving the development effectiveness of ADB assistance.

CONTEXT AND CULTURE

- External development assistance may not always adhere to *kastom* (traditional culture) and this may undermine Vanuatu ownership, priorities, and processes. For more meaningful development assistance, however, traditional platforms, such as Pacific island meeting houses, can be used as a venue for participatory activities (Box 1).

- Technical assistance (TA) must be carefully designed for the country context and not just focused on technical skills and policy transfer. Initial TA design can and should be more open and flexible to allow for redesign as the context changes. TA implementation will also benefit from participatory design (and redesign, where necessary).
- Development assistance should both be carefully timed and allow for sufficient time, particularly when there is uncertainty in government, which can cause inconsistent policy formulation and implementation.

Box 1: Pacific Island Meeting Houses

Pacific island societies had, and in some cases still have, the means to take decisions and consider change in an inclusive manner, in the greater interest, at least at what is now considered to be the local community level. The *Nakamal*, *Maneaba*, *Maneapa*, *Faluw*, *Fale*, and other Pacific meeting houses have allowed a transparent, participatory, and accountable process, that is, a more inclusive means to taking decisions in the interests of the societies they serve. Though surely not perfect, and just as assuredly liable to capture by self-interest, the potentially inclusive nature of the meeting house served the governing needs of many societies for many centuries, including for warfare. However, for all of these same societies, over the past 4 decades, these older, more traditional and local centers of discourse have been supplanted at the national level by a more modern and potentially less inclusive government.

Source: S. Pollard. 2013. *We think it might work, but will it be implemented?* Australian National University. Development Policy Centre. Development Policy Blog. Canberra.

BUILDING OWNERSHIP

- Development assistance needs to work with, and within, existing Vanuatu political economy strengths, such as Ni-Vanuatu champions of good governance, to support effective ownership of development outcomes (Box 2).

REQUIRING PARTICIPATION, NOT JUST CONSULTATION

- Participation by all those involved and impacted by development is an essential process to garner ownership and ensure the sustainability of development results. Development assistance needs to make greater use of traditional participatory processes. Vanuatu has a history of traditional participatory processes based on the *Nakamal*, a traditional meeting place used for gatherings, ceremonies, and the drinking of kava.
- ADB project preparatory TA includes community consultations to assess needs or demands, the

³ ADB. 2013. *Guidance Note: Use of Political Economy Analysis for ADB Operations*. Manila.

Box 2: Wearing Many Hats but a Common Goal

Owen was a storeowner, guesthouse owner, retired provincial government staff, chief, and president of Malmetenvanua Island Council of Chiefs. His goal was to improve an 8.8-kilometer road from Litzlitz to Plantation Russett Valea by constructing cross drains using island-based women builders while working within time and budget constraints. Owen was KwangSing1 Construction's champion and he was engaged as a community liaison officer. All the chiefs of villages along the road section became responsible for securing the necessary permissions, resolving disputes, and informing the community within their respective governance boundaries. Regular Monday meetings kept villagers briefed at all times. Regular monthly stakeholder meetings were minuted, monitored, and reported on. All resource disputes were handled effectively and the turn-off road was completed on schedule.

Many hats do not necessarily mean a conflict of interest. Identifying champions who can balance private interests with public interests in small communities in Vanuatu may be essential to ensure that project outcomes are achieved.

Source: Asian Development Bank.

project's poverty and social impact, resettlement issues, and indigenous peoples' impact. ADB projects also include the establishment of project management units and the provision of TA to build capacity and institutions. These consultations, management agencies, and TA can and are adopting participatory processes at little if any additional cost. These processes also aim to reinforce Vanuatu's own efforts at participation. Participation in turn will help strengthen good governance (Box 3).

ENSURING INSTITUTIONS AND PLANNING STRUCTURES EFFECTIVELY SUPPORT CHANGE

- As implementation capacity in Vanuatu is weak, sustaining the benefits of a project beyond the implementation period is challenging. The government and all development partners need to prioritize programs to strengthen key agencies and functions that support implementation, and in turn ensure sustainability.
- National and sector planning should be an ongoing participatory exercise so that investment priorities can be better owned by local stakeholders, and can be considered by ADB and other development partners. ADB is working with sector planners to help them establish and strengthen the means to participatory formulation of sector policy and develop a strategic sector prioritized program.
- The links between national- and provincial-level planning are weak, and these will need to be practically addressed in any development assistance that is executed in the provinces. At the provincial level, bottom-up participation, for example, can be achieved in an efficient manner by establishing "gatekeepers" (Box 4).

Box 3: Redesigning a Program to Gain Participation

Based on the National Land Summit Resolutions of 2006, the Mama Graon Vanuatu Land Program supported a wide range of activities covering both customary and formal aspects of land administration. The program's midterm review raised several implementation issues. Mama Graon had struggled to establish some key partnerships, such as with the Vanuatu Cultural Centre, and suffered from lack of leadership from the Ministry of Lands and Natural Resources in particular. While the governance arrangements for the program enabled broad consultation on program direction through a program management committee, leadership instability and tension had at times slowed progress of annual plans. The emphasis on recruitment of national technical advisers had caused delays in areas such as the development of a gender strategy and a monitoring and evaluation framework.

The program was refined in June 2013 and subsequently formed the basis for the work of the Minister of Lands on the land law reform programs leading to constitutional change and amendments to land laws. The minister's initiative refocused the land reform as conceived not by technocrats but by the Ni-Vanuatu leaders at the 2006 National Land Summit. The Mama Graon Vanuatu Land Program was renamed as Vanuatu Land Program, which has now regained the lost opportunities noted during the midterm review.

Source: Asian Development Bank and Governments of Australia, New Zealand, and Vanuatu. 2013. *Joint Review Report: Mama Graon-Vanuatu Land Program*. Port Vila.

Box 4: Managing Change—Involving Gatekeepers in Demand Participation

The United Nations Development Programme (UNDP) Equitable and Sustainable Human Development Program devised a methodology for participation in Vanuatu that has worked. Gatekeepers—both male and female—are trained to gather information and report back to the *Nakamal* (traditional meeting place). Conversations are open at the male and female gatherings. Negotiations are then conducted to protect sources of contentious information, and sensitive information is filtered. The gatekeepers report back to the bigger groups wherein issues are raised without creating strife.

Participation is key to ensuring that all the different interest groups are heard. There will always be gatekeepers whose motive is to protect their status in the community. There are also self-starters whose appetite for change may exercise those who prefer the status quo. And there are cool-headed conciliators who value unity and harmony above all. Being able to identify such people and harness their strengths in the community will help bring about the desired public outcomes. Walking away should be a final recourse only where participation cannot be engendered.

Using gatekeepers in the participation process in 2006, the people of the Lolihor area of North Ambrym voted overwhelmingly to have women represent them as the Executive of their Lolihor Development Council. The council was founded in 1994 out of the work of the Equitable and Sustainable Human Development Program of UNDP. From 1994 to 2006, the council executives had always been men. This built on the culture of male dominance in an area notorious for its black magic and men who took on customary status as "big men" (traditional leaders). In time, the demand grew for greater accountability and transparency. This led to the final decision to give the women a chance to be leaders of a collective organization seeking the common good of the 12 villages that make up the Lolihor area.

Source: Asian Development Bank.

REINFORCEMENT BY PROOF AND PRACTICAL APPLICATION

- Demonstration of project benefits helps build ownership. Institutions can successfully develop if there is a sense of ownership and participation among local stakeholders and when projects are practically implemented based on the local context and culture (Box 5).

Box 5: A Case of Institutional Development

The Department of Environment and Conservation grew out of a small unit in the Ministry of Lands and Natural Resources in 2009 with 10 staff. In 2014, the same 10 staff were delivering results across 22 projects, as well as managing the legislative responsibilities of the department and the requirements of 30 conventions, protocols, and treaties.

The first step in its development was an institutional assessment that led to the formulation of key recommendations. Capacity building was core to the new approach. Under the oversight of a small leadership group, a cluster group was formed, which met regularly to produce functional responsibility charts, define roles and responsibilities, draft organizational structures, propose the establishment of a support services division, and prepare new job descriptions. All recommendations and outputs have been submitted to the Public Service Commission for approval.

Key to the success so far is an external facilitator who is not only independent, but is highly professional; sensitive to the context, including culture; able to motivate; generates Ni-Vanuatu solutions through participation; and focuses on incremental, not revolutionary change.

Source: Asian Development Bank.

CONTINUALLY COMMUNICATING WELL TO SUPPORT UNDERSTANDING

- Well-constructed communication strategies to inform stakeholders and develop and sustain their support need to be designed well in advance of project implementation and regularly reviewed. In the case of Vanuatu, projects can use traditional leaders or “big men” to communicate development concerns with the community (Box 6).
- Vanuatu has several nongovernment organizations (NGOs) that promote awareness, engagement, and communication. The Pacific Institute of Public Policy, Wan Smolbag, and other NGOs can help ADB and other development partners include political economy considerations in their assistance programs. The Vanuatu Association of Non-governmental Organizations is an efficient means to coordinate NGO inputs to program and project designs.

Box 6: Historical Leaders Prioritizing Public Good Over Personal Gain

The legacy of Chief Roi Mata who organized feasts of peace that established the *naflak* system,^a and set the underlying bridging and cohesive social capital that underwrites the ongoing peace in Efate, is well known in Vanuatu. Without Chief Roi Mata’s legacy of peace, Vanuatu would not have the land to establish its capital, Port Vila. A more recent unifying figure is the late Chief Wille Bongmatur—the first president of the Malvatumauri National Council of Chiefs. With very limited financing but with clarity of vision, determination, and oratory powers to motivate people to work for a common good, the *Nakamal* was built. This *Nakamal* continues to be the forum for open discussions and peaceful debate in Port Vila. Stories abound in Vanuatu of teachers, elders, pastors, nurses, chiefs, and other “big men” (traditional leaders) who achieved respect, honor, and dignity in their communities by working for the good of the community rather than for their individual personal gain.

^a Kinship systems linked through common totems.
Source: Asian Development Bank.

Next Steps

This political economy analysis is intended to be the first step in developing a stronger understanding of how economics, politics, and culture interact in Vanuatu. Opportunities exist for taking the analysis forward including (i) using it as a reference document to raise awareness of the identified issues within ADB; (ii) addressing political economy issues in the design and implementation of all assistance, supported by in-country Ni-Vanuatu staff at the ADB-World Bank Joint Vanuatu Liaison Office and Ni-Vanuatu consultants; (iii) systematically taking account of political economy concerns in all country programming work; and (iv) using Pacific islanders and experienced staff and consultants who understand the Pacific context of development.

FOR INFORMATION, CONTACT

■ Patrick Safran
Focal Point for Fragile and Conflicted-Affected Situations
Asian Development Bank
Tel +63 2 632 5615
psafran@adb.org

OR VISIT
fragilesituations.adb.org.

Photo Credits: Sallyanne Shute-Trembath



Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2015 ADB. The CC license does not apply to non-ADB copyright materials in this publication.

Publication Stock No. ARM157629-2