



# REPUBLIC OF PALAU

## Office of the Minister

ELBUCHEL SADANG  
Minister

### STATEMENT OF ZERO TOLERANCE FOR FRAUD AND CORRUPTION

The Republic of Palau National Government has a zero tolerance principle with regard to fraud and corruption. As a signatory to the legally binding United Nations Convention against Corruption, Palau condemns and fights corruption as a key driver of poverty, environmental degradation and bad governance. Countries that sign the Convention must assure that their public services are subject to safeguards that promote efficiency and transparency. Accountability in the management of public finances must be promoted, and specific requirements are established for the prevention of corruption in particularly critical areas of the public sector such as public procurement. Parties to the Convention are required to criminalize specific acts including active bribery of a national, international or foreign public official; passive bribery of a national public official; and embezzlement of public funds. Other mandatory crimes include obstruction of justice and the concealment, conversion or transfer of criminal proceeds (money laundering).

The Palau Code of Ethics Act, 33 PNCA Section 603, prohibits government employee use of national or state time, equipment, facilities, assets or property for political activities or other private activities that serve no governmental or public purpose. Section 604 further prohibits conflict of interest:

“(a) No employee may take, participate in taking or use his or her government position to attempt to influence any official action where it is reasonably foreseeable that the action could have a material financial effect on that employee, or on any financial interest of that employee, that is different from the effect on the public generally.

(b) No employee may acquire a financial interest in any business or other undertaking which he has reason to believe may be directly affected by official actions to be taken by him.

(c) No employee may assist any person for compensation or act in a representative capacity before any national or state government agency in any matter that relates in any way to the governmental duties of the employee.

(d) No employee may use or attempt to use the employee’s official position to secure or grant privileges, exemptions, advantages, contracts, or treatment, for himself or others, including but not limited to the following:



(1) Seeking other employment or contracts for services for the employee by the use or attempted use of the employee's office or position; and

(2) Soliciting, receiving or accepting compensation or other consideration for the performance of the employee's official duties or responsibilities except as provided by law;

(3) Soliciting, receiving or accepting any gift or other item of monetary value from any person seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or from any person whose interests may be substantially affected by the performance or nonperformance of the employee's duties; provided that this subdivision shall not apply to wedding gifts, customary gifts and gifts exchanged between individuals on birthdays, holidays and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value.

(e) No employee may engage in any outside employment or other outside activity that is incompatible with the full and proper discharge of the employee's office or position."

Palau Government Public Service System Rules and Regulations expressly prohibit:

- Misappropriation of funds;
- Misuse or theft of government property;
- Inexcusable neglect of duty;
- Deception;
- Theft or misuse of proprietary data or intellectual property
- Use of official position for private gain or profit.

Furthermore, no assistance, payments or anything of value (monetary or non-monetary) should be made, promised, offered to, or accepted by any government employee or official to:

- Influence any official government act or decision;
- To induce any government employee or official to do or omit to do any act in violation of his/her lawful duty;
- To obtain or retain business for, or direct business to any individual or entity.



As Minister of Finance, I hereby require all staff within my Ministry to at all times act and comply with Palau's zero tolerance principle by fully conforming to all procedures and policies adopted to prevent corruption and fraud in our offices. All staff, including outside consultants and volunteers, should therefore be irreproachable in their personal conduct. Where there is any evidence or possibility of fraudulent or corrupt activities, it will be investigated and, where proven, legal and/or disciplinary action will be taken. In any event, whether an outsider or an employee commits the fraud, civil action may also be initiated to recover losses.

Every Ministry of Finance staff member has a duty to ensure that government assets and funds are safeguarded and to report immediately if they suspect a fraud has been committed or if they see any suspicious acts or events. In addition, they should alert their line manager where they believe that the opportunity for fraud or corruption exists because of weak procedures or the lack of effective oversight. Staff should assist in any investigation by making available all relevant information and by co-operating with investigators (e.g., interviews, provision of documentation, etc.).

Staff members are reminded of the Government's Whistle Blower Protection Policy, which provides a mechanism for reporting of illegal activities. If an employee suspects illegal conduct or conduct involving misuse of public assets or in violation of the law, he or she may report it, anonymously if the employee wishes, and will be protected against any form of harassment, intimidation, discrimination or retaliation for making such a report in good faith.

It is our duty to deal with fellow employees, partners, supporters, and suppliers with honesty and integrity. I call upon all government employees to be careful custodians of the public funds and assets placed in our care, managing them with stringent honesty and transparency and constantly seeking the most cost-effective solutions, even at the price of personal inconvenience.

Issued this 14<sup>th</sup> day of April, 2017:

Elbuchel Sadang  
Minister of Finance