



**Australian Government**

**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2017-18**

Vanuatu

September 2018



## KEY MESSAGES

This report summarises the performance of Australia's aid program in Vanuatu from July 2017 to June 2018 against the Vanuatu Aid Investment Plan 2015-16 to 2018-19. Australian aid in Vanuatu aligns with the shared priorities of both governments to achieve sustained and inclusive economic growth and reduce poverty in Vanuatu, through strengthening private sector development and enabling human development.

Australia and Vanuatu have a close and enduring bilateral relationship. Australia is Vanuatu's largest development partner, primary foreign investment and trading partner<sup>1</sup>, and principal security partner. Australia provided \$64.3 million in Official Development Assistance (ODA) to Vanuatu in 2017-18.

Results in 2017-18 demonstrated a maturing development partnership and closer economic cooperation. The Government of Vanuatu (GoV) is sharing the costs and assuming responsibility for a range of service delivery functions previously funded by Australia. For example, the Ministry of Education and Training met its target of funding 100 per cent of primary school grants in 2017 and co-funded staff in provincial skills training centres. Australia's rural road maintenance contributions declined from \$4.5 million in 2015 to \$1.7 million in 2017, as Vanuatu's Public Works Department increased its spending on rural road maintenance.

Australia's \$34.7 million funding for Tropical Cyclone (TC) Pam recovery is delivered through Vanuatu government systems, strengthening government capacity to respond to disasters. An estimated 54 per cent (\$18.7 million) of these funds have been injected into the economy through contracts with local private sector enterprises, upskilling local workers and generating business and community confidence. In 2017-18 TC Pam funding directly supported restoration of livelihoods and public infrastructure, including through construction or rehabilitation of over 200 facilities (including 65 classrooms, 16 health facilities, 33 other public buildings, 34 water systems, 6 livestock centres and 38 tourism bungalows/operations).

Australian funded aid investments support the Vanuatu Government's commitment to improve access to services and economic opportunities. Key achievements in 2017-18 included:

- maintenance and rehabilitation of 525 km of rural roads, linking communities to markets and services;
- support for utility and revenue reforms to improve the operating context for private sector investment;
- support for drafting legislation to address deficiencies in counter terrorism financing and anti-money laundering systems, preventing blacklisting of Vanuatu by the international Financial Action Task Force;
- 836 people (48 per cent women) trained, 33 private sector training providers registered and 36 courses accredited through the Vanuatu Skills Partnership, targeting income generation in key sectors;
- completion of Year 3 school curriculum development, teacher training and reading material translation (into 59 local languages) and distribution to 271 schools;
- delivery of counselling and support services to 6,063 women and children survivors of violence; and
- training of over 100 health personnel, including medical interns, nurses and midwives boosted Vanuatu's medical workforce.

The 2017 Foreign Policy White Paper outlines Australia's commitment to enhance its strategic partnership with Vanuatu to further shared interests, through greater economic integration and security cooperation, strengthened people-to-people links and enhanced resilience to climate change and natural disasters<sup>2</sup>.


## CONTEXT

The context underpinning the shared objectives outlined in the Vanuatu Aid Investment Plan (AIP) remained valid in 2017-18, with consistent economic growth, stable governance and a strong reform agenda. Ongoing social stability enabled growth in trade, foreign investment and tourism. Vulnerability to natural disasters,

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<sup>1</sup> IMF (2018) *2018 Article IV Consultation Staff Report*. International Monetary Fund, Washington DC, USA.

<sup>2</sup> Foreign Policy White Paper 2018: <https://www.fpwhitepaper.gov.au/>



disparities between urban and rural populations and between opportunities for women and men, as well as shifts in the donor landscape, continue to influence social and economic development.

Economic growth in Vanuatu is constrained by its small population, distance to major markets, infrastructure needs, limited access to financial services and narrow market base. Despite these challenges, Vanuatu's economy continues to grow driven by tourism, agriculture and infrastructure projects. Emerging from a difficult period following TC Pam in 2015 (losses equivalent to 64 per cent of GDP), recent forecasts suggest GDP growth of around four per cent in 2018<sup>3</sup>. The current account deficit declined to about four per cent of GDP in 2016 from 10.5 per cent in 2015, owing to rebounding exports and tourism activities.<sup>4</sup> However, public and publicly-guaranteed (PPG) debt increased due to reconstruction and infrastructure projects. Vanuatu currently has US\$377 million of PPG debt, equivalent to 49 per cent of GDP.<sup>5</sup> The International Monetary Fund 2018 Vanuatu Article IV report<sup>6</sup> identified diversification of the economy, increased employment and financial services, and effective management of public spending and debt as key to maintaining positive growth and financial stability.

During 2017-18, Vanuatu's relative political stability enabled Prime Minister Salwai's Government to pursue a strong reform agenda, addressing long-term challenges such as tax and utilities reform and prioritising implementation of the Vanuatu National Sustainable Development Plan (*NSDP 2030*). Continuity of leadership also facilitated policy dialogue and implementation and contributed to positive development gains. Yet gains remain fragile. Ongoing GoV resource and capacity limitations constrain the effectiveness and pace of reform.

Vanuatu is ranked 134 of 188 countries in the 2015 UN Human Development Index and classified as a medium human development country<sup>7</sup>. In 2010, 12.7 per cent of the population lived below the basic needs poverty line<sup>8</sup>. Three quarters of Vanuatu's population live in rural areas with limited engagement with the formal economy. However, positive trends in key human development indicators including life expectancy, years of schooling and Gross National Income per capita have continued since 2005. Gender parity in school enrolment rates has almost been achieved from Kindergarten to Year 6<sup>9</sup> and women's labour force participation is high at 61 per cent, although women earn less and are under-represented in tertiary education and skills training compared to men. Increasing equitable access to services and economic opportunities remains a GoV priority, as reflected in the *NDSP 2030*.

A key shift in the donor landscape is the expanding development partnership and financing options available to the GoV. Grant and loan financing opportunities have increased, with partners including multilateral development banks (primarily the World Bank and Asian Development Bank), Japan's International Cooperation Agency, China's EXIM bank, and the Green Climate Fund. Strengthened development partner coordination will enable the GoV to improve outcomes from development cooperation and investment.

### ***Australia's aid program in Vanuatu***

Australia continues to work closely with Vanuatu to respond to shifts in the development context. In 2017-18, Australia provided \$64.3 million in ODA grants to Vanuatu, representing approximately 39 per cent<sup>10</sup> of total ODA to Vanuatu. Australia delivered approximately 13 per cent per cent of its bilateral ODA via direct budget support, which aims to build capacity, resilience and confidence in government systems. Our policy, advocacy and aid investments support the shared vision of the Governments of Vanuatu and Australia to achieve sustained and inclusive economic growth in Vanuatu by strengthening the private sector and enabling human development. The underlying logic to achieve this is through a focus on four objectives:

<sup>3</sup> <https://www.imf.org/en/Publications/CR/Issues/2018/04/26/Vanuatu-2018-Article-IV-Consultation-Press-Release-and-Staff-Report-45821>

<sup>4</sup> <https://www.imf.org/en/Publications/CR/Issues/2018/04/26/Vanuatu-2018-Article-IV-Consultation-Press-Release-and-Staff-Report-45821>

<sup>5</sup> This includes US\$83 million of multilateral debt, mostly to the Asian Development Bank (ADB – 14% of PPG debt, equivalent to 7% of GDP) and US\$207 million of bilateral debt, mostly to the China EXIM Bank (CEXIM – 36% of PPG debt, equivalent to 17% GDP).

<sup>6</sup> <https://www.imf.org/en/Publications/CR/Issues/2018/04/26/Vanuatu-2018-Article-IV-Consultation-Press-Release-and-Staff-Report-45821>

<sup>7</sup> <http://hdr.undp.org/en/2016-report>

<sup>8</sup> Vanuatu National Statistics Office & UNDP: Vanuatu Hardship & Poverty Report 2012 (based on 2010 HIES data)

<sup>9</sup> Vanuatu Education Management Information system; 2015 – ECC: 0.98; Years 1-6: 0.97)

<sup>10</sup> <https://stats.oecd.org>: 2016 data for ODA to Vanuatu from DAC countries only (excludes China which does not publish ODA figures)



- Building resilient infrastructure and an environment for economic opportunity
- Improving early education and essential health services
- Improving community safety and resilience
- Supporting cyclone recovery and reconstruction.

Working closely with the GoV, Australia's support for governance, policy reform and private sector investment is helping to strengthen public financial management, the business environment and improving regulatory systems to enhance growth. Bilateral support for skills development focuses on equipping women and men for paid employment and livelihood opportunities in Vanuatu's key productive sectors. Australia's regional aid investments provide additional income-earning opportunities. The Australia Pacific Training Coalition provides ni-Vanuatu graduates with internationally recognised qualifications. Growing participation in the Seasonal Worker Program and future involvement in the Pacific Labour Scheme, provide opportunities for ni-Vanuatu women and men to work in rural and regional Australia.

Rural and urban infrastructure investments aim to improve access to markets and services. Health and education investments target inclusive, quality service delivery. Support to strengthen legal and justice institutions and policing services aims to improve access to justice for women, complemented by support for local organisations to work with communities to enhance community safety and resilience. Building government capacity to respond to disasters recognises Vanuatu's vulnerability to both sudden onset and protracted disaster events.

The relationship between Australia and Vanuatu gained further momentum in 2018, with strong leadership and a clear reform agenda identifying new areas for potential cooperation. Preparatory work is commencing to inform development of the new Vanuatu Aid Investment Plan 2019-20 to 2022-23, responding to priorities of Vanuatu's *NSDP 2030* and Australia's Foreign Policy White Paper.

## EXPENDITURE

Total Australian ODA grants to Vanuatu in 2017-18 was an estimated \$64.3 million. This comprised bilateral funding (\$45.7 million), funds from Australia's regional and global programs and funds managed by other Australian Government departments. Australia is the largest bilateral aid donor to Vanuatu, providing approximately 39 per cent<sup>11</sup> of Vanuatu's total ODA.

**Table 1 Total ODA Expenditure in FY 2017-18<sup>12</sup>**

Objective	\$ million	% of total ODA
Building resilient infrastructure and environment for economic opportunity	22.0	34%
Improving early education and essential health services	11.3	17.6%
Improving community safety and resilience	8.8	13.7%
Supporting cyclone recovery and reconstruction*	3.6	5.6%
<b>Sub-Total Bilateral</b>	<b>45.7</b>	<b>71.1%</b>
Regional and Global	16.9	26.3%
Other Government Departments	1.8	2.8%
<b>Total ODA Expenditure</b>	<b>64.3</b>	<b>100%</b>

<sup>11</sup> <https://stats.oecd.org>: 2016 data for ODA to Vanuatu from DAC countries only (excludes China which does not publish ODA figures)

<sup>12</sup> \$35m for TC Pam Recovery was provided to the Vanuatu Government in 2014-15 and while the program continues it is not reflected in 2017-18 expenditure, 2017-18 expenditure includes AUD3.55m for the Ambae response

## PROGRESS TOWARDS AIP OBJECTIVES

The performance of Australia's aid program, summarised in Table 2, is measured against performance benchmarks outlined in the Aid Investment Plan (AIP) and updated in the Australia-Vanuatu Aid Partnership Arrangement. A Performance Assessment Framework (Annex E), finalised in 2018, incorporates additional indicators to clarify expected targets across all investments contributing to the program's four objectives.

All four objectives are rated green. The rating for Objective 1 is green despite one of five activities within the portfolio identified as an Investment Requiring Improvement (IRI), as progress across the majority of activities was strong. The rating for Objective 2 increased from 2016-17 given progress in the health program on systems strengthening, workforce development and service delivery targets. The rating for Objective 4 also improved from amber to green. This recognises improved delivery against program targets and the removal of the TC Pam Recovery Program from IRI status.

**Table 2 Rating of the Program's Progress towards Australia's Aid Objectives**

Objective	Previous Rating	Current Rating
Objective 1: Building resilient infrastructure and environment for economic opportunity	Green	Green
Objective 2: Improving early education and essential health services	Amber	Green
Objective 3: Improving community safety and resilience	Green	Green
Objective 4: Supporting cyclone recovery and reconstruction	Amber	Green

**Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

**Amber.** Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

**Red.** Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## OBJECTIVE 1: BUILDING RESILIENT INFRASTRUCTURE AND AN ENVIRONMENT FOR ECONOMIC OPPORTUNITY



Progress against Objective 1 is rated green. Forty eight per cent of Australia's bilateral investment targets this objective, focused on governance, infrastructure, skills and employment.

### Governance

Australia and Vanuatu are working together on key economic reforms for inclusive growth and alignment with international rules and standards. During 2017-18, the Governance for Growth program (GfG) supported GoV efforts to: avoid the blacklisting of Vanuatu by the Financial Action Task Force (FATF)<sup>13</sup> for shortcomings in its international financing controls; strengthen revenue collection systems; modernise customs to align with international conventions; and modernise trade and industry policy.

Australia helped Vanuatu avoid blacklisting by the FATF through sustained advocacy and program support. Given Vanuatu's reliance on international trade, tourism and remittances, blacklisting would have had a devastating economic impact. Officials from the Australian Department of Home Affairs, along with advisers,

<sup>13</sup> The FATF is an international body mandated to combat money laundering and terrorism financing.



worked with the GoV Prime Minister's Office (PMO), the State Law Office and the Ministry of Finance and Economic Management to identify gaps in current regulations, develop a FATF Action Plan, and successfully amended or drafted 30 pieces of legislation. Following a FATF assessment in May 2018, Vanuatu was placed on the FATF white list, a key performance target. Australia also supported efforts by the GoV to enter into a number of international tax and trade treaties<sup>14</sup>.

Australia supported Vanuatu to finalise a revenue review - a core policy document responding to one of Vanuatu's highest priority reform areas as well as IMF concerns regarding the need to increase revenue to better service growing public debt<sup>15</sup>. The review provided an evidence base and recommendations to guide ongoing GoV reforms. The impact of this support is demonstrated by Vanuatu's Half-Year Economic and Fiscal Update (July 2018), which reported total public revenue of VUV14.6 billion (approx. \$180 million) for January- June 2018, up 5.7 per cent from the same period last year<sup>16</sup>. Ongoing Australian support to modernise the Department of Customs and Inland Revenue to reduce time for clearance and align with international rules, saw Value Add Tax (VAT) receipts increase by seven per cent in 2017, exceeding GoV's own revenue targets.<sup>17</sup> The GoV led and co-financed most of these reform activities. For example, the Revenue Management System RMS-7 Phase 3 Upgrade was co-financed 56 per cent by Vanuatu and 44 per cent by Australia.

Australia continued to support Vanuatu's Trade Development Division in modernising trade and industry policy and performance. Work with the National Trade Development Committee helps drive an enabling environment for trade, and development of a new national cooperatives policy aims to strengthen existing cooperatives and better align their operations with national and export markets. The estimated 350 cooperatives across Vanuatu provide a key link between smallholders and the formal economy, especially in remote islands, and contributed VUV130 million (approx. \$1.6 million) in profits to the economy in 2016. Australia also supported a value chain analysis of cattle which leveraged \$40 million in budget support to GoV from the European Development Fund in 2018 to develop Vanuatu's cattle industry.

Australia's 2018 national assessment of GoV Public Financial Management (PFM) systems identified improvements in most areas since 2013 and recommended Australia continue to use GoV systems to provide budget support, with supplementary monitoring measures. Australia will also support implementation of the GoV PFM Reform Roadmap 2017-21 to help address remaining PFM and procurement challenges, including working with the Central Tenders Board and with line ministries to better link policy, plans and budgets and to improve management of recurrent spending.

Australia supported the Telecommunications and Radio-communications Regulator (TRR) to implement Vanuatu's Universal Access Policy (UAP). This achieved significant increases in access, subscriber growth and market revenue, with total telecommunication revenue now exceeding VUV5 billion (approx. \$60 million) per year. In February 2018, the TRR announced that Vanuatu had achieved the UAP goal of providing mobile phone coverage and basic internet access to 98 per cent of the population (12 per cent in 2007). Mobile phones are now the primary means of communication, bringing transformative social changes and economic potential. In 2017-18 Australia's support also enabled TRR to establish Computer Laboratories and Internet Community Centres (CLICC) in 15 schools. One CLICC reported: *Year 8 students were able to use the internet to study for end of year exams and further grasp concepts in all areas.....scoring higher marks on their exams.*

Targeted activities have also realised gender equality outcomes. For example, Australia's investment through GfG and the Pacific Readiness Investment pilot in Tanna Coffee, which has a majority female workforce, helped leverage \$11 of private sector investment for each \$1 from Australia. Efforts to achieve equitable benefits across the breadth of GfG supported initiatives will continue.


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<sup>14</sup> Including the *Convention on Multilateral Administrative assistance in Tax Matters* (June 2018); *International Convention on the Harmonised Commodity Description and Coding System* (March 2018); and *contracting party to the World Customs Organisation Revised Kyoto Convention*.

<sup>15</sup> <https://www.imf.org/en/Publications/CR/Issues/2018/04/26/Vanuatu-2018-Article-IV-Consultation-Press-Release-and-Staff-Report-45821>

<sup>16</sup> Government of Vanuatu, Ministry of Finance and Economic Management Half-Year Economic and Fiscal Update (31 July 2018)

<sup>17</sup> Government of Vanuatu (2017) *Budget and Fiscal Strategy Report 2018*. <https://doft.gov.vu/images/2018/04/26/Budget-and-Fiscal-Strategy-Report-2018.pdf>



Results from the partnership between Australia and Vanuatu align overall with expected targets and demonstrate a productive relationship of respect and mutual accountability. Our support enables economic reform, policy dialogue and practical technical collaboration to address shared priorities.

### Infrastructure

Three quarters of ni-Vanuatu people live in rural areas and have limited engagement with the formal economy. Increasing rural access to services and economic opportunities is a focus of Vanuatu's *NSDP 2030*. Through the Roads for Development Program (R4D), Australia supported the Public Works Department (PWD) to provide rural communities with increased access to a well-maintained, sustainable road network. In 2017-18 all targets were met. Small scale contractors engaged by PWD completed maintenance on 525km of rural roads, and undertook road improvements including 43 concrete and 32 drainage structures. These outputs were delivered with 66,618 local labour days, 24 per cent provided by women, an increase from 17 per cent in 2014<sup>18</sup>. Use of local contractors to undertake works develops their capacity, provides income and stimulates growth in local communities: 100 per cent (target met) of maintenance works were delivered through island (76 per cent) or community (24 per cent) based contractors in 2017-18. R4D ended in June 2018, and is transitioning to R4D Phase 2 which will commence in 2019. Works completed under R4D since July 2013 include 1,355km of rural roads maintained or rehabilitated, plus construction of 85 concrete structures (length 7,904 m) and 119 drainage structures.

Vanuatu's PWD and Australia work in close partnership. More than half the \$29 million R4D investment (2013-2018) was delivered through a Direct Funding Agreement, using GoV procurement, financial management and reporting systems. The GoV has increased its share of maintenance costs, with Australian contributions for road maintenance works declining from \$4.5 million in 2015 to \$1.7 million in 2017 due to additional GoV funding and prioritisation of maintenance over new capital expenditure. Institutional reform supported by Australia included the transition from a traditional works organisation to a modern-style road network manager, with PWD outsourcing around 90 per cent of its workplan to private sector contractors in 2018, an increase of 37 per cent since 2013. A benchmark measure of R4D's success is the Rural Accessibility Index (RAI), which measures the percentage of the population with access to all-year-round roads<sup>19</sup> connecting with economic and services hubs. Since R4D commenced the length of all-year-round roads has increased from 1,050 to 1,370 km; this translates to an RAI increase of 13.5 per cent; 54.5 per cent of the rural population now has access to all- year-round roads (41 per cent in 2012).

The Port Vila Urban Development Project (PVUDP), co-funded by Australia and the Asian Development Bank (ADB) and implemented by the GoV, demonstrated steady achievement against project targets. In 2017-18, completion of 6.4 km of storm water drainage improvements in six catchments helps reduce travel disruptions during the wet season, 13 km of new disability accessible footpaths allow people to move around more easily and safely and 45 new bus bays ease traffic congestion. Ten public and community disability accessible sanitation facilities are complete and another nine are under construction. One hundred per cent (target of 2,000,000 litres met) of septic waste is now treated at Vanuatu's first sewerage treatment facility instead of being delivered to landfill.


However, PVUDP is an ambitious project operating in a challenging context and Australia does not directly supervise or oversee implementation - this is done by the ADB. While all programmed works are on track to be completed by the end of 2018, the impact of TC Pam, foreign exchange losses and higher than anticipated design and construction costs have hindered implementation and resulted in scope reductions and delays. Given these issues, PVUDP was identified as an Investment Requiring Improvement by DFAT, and a remediation plan developed. DFAT will prioritise targeted management actions for the remainder of project implementation, including: strengthened management oversight and resourcing by the ADB and the GoV's Project Management Unit (responsible for project execution); as well as regular reporting to DFAT senior

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<sup>18</sup> There are also cultural differences, with women's contribution at 25 per cent in Shefa and 42 per cent in Sanma province.

<sup>19</sup> RAI is % of population living within 2 km (20min walk) of an all -year-round passable road connecting





management on progress and risks. Plans for any future co-financed investments with the ADB will be informed by lessons learned from PVUDP to ensure the best implementation model for the context.

### Skills & Employment

Australia, through the Vanuatu Skills Partnership (VSP), supports Vanuatu's Ministry of Education and Training (MoET) to deliver skills training services in communities. Courses are delivered by private sector, accredited trainers and focus on employment and income-generation outcomes in Vanuatu's key productive sectors. In 2017-18, 836 people were trained (48 per cent women, 5 per cent people with a disability), 33 private sector training providers were registered, and 36 courses gained accreditation with the Vanuatu Qualifications Authority. Eleven people with a disability (10 women) delivered various training courses. Efforts to improve the quality of private sector tourism operators delivered results, with 66 per cent of Skills for Tourism clients reaching the requirements of the Vanuatu Tourist Operators Minimum Standard in 2017 (52 per cent in 2016) and 25 per cent of tourism businesses now licensed (16 per cent in 2016). These results align with VSP program targets.

Co-investment with GoV and industry is a feature of VSP. Management and funding of the four provincial skills centres is transitioning to the MoET, with modifications completed at two centres to improve disability accessibility. In 2017-18, 127 local, private sector tourism enterprises (17 per cent women-owned and 43 per cent family managed) engaged in skills development and certification. Ten of the 14 coaches supporting these enterprises are women. Australia's support for the Malampa Handicraft Centre continued to yield results for women artisans, with VUV2.8 million (approx. \$35,000) turnover in 2017-18, eight times more than the previous year. A disability situation analysis undertaken with Australian funding resulted in VSP signing a partnership with the Vanuatu Disability Promotion and Advocacy Association (VDPA) to improve inclusivity in the sector. Work with the Vanuatu Tourism Office (VTO) resulted in addition of an 'Accessible Tourism' page to their website and training for VTO staff and tourism operators, including by a person with a disability with hospitality qualifications, on international standard accessibility requirements.

Australia supported 43 ni-Vanuatu students (67 per cent women) to undertake study, research and professional development in Australia and the region. A 2017 tracer study reported 92 per cent of graduates used improved practices and innovation in their work places and 55 per cent maintain professional links with an Australian organisation.<sup>20</sup> One hundred and fifty two alumni (67 per cent women) participated in Australia Awards alumni activities during 2017-18. Demand for Australia Awards remains high, with 659 on-line applications for study in 2018, of which 13 were selected for an award (46 per cent women). Outsourced management arrangements for the Awards program, piloted in 2017-18, have proven effective. Flexible study options are also being trialled in 2018. Complementing these bilateral investments, in 2017 85 (67 per cent women) Australian Volunteers undertook capacity building placements and 173 (64 per cent women) ni-Vanuatu graduated from the Australia Pacific Training Coalition (APTC) with internationally recognised qualifications in high demand areas including carpentry, hospitality, tourism, education and leadership and management.

The Seasonal Worker Program (SWP) continues to benefit both ni-Vanuatu workers and Australian employers. Ni-Vanuatu workers are in high demand because of their productivity and hard work. In 2017-18 3,348 (18 per cent women) ni-Vanuatu represented almost 40 per cent of seasonal workers from the Pacific. A tracer study<sup>21</sup> examining impacts of the SWP revealed on average, each worker saved \$8,529 per placement, with money earned used to pay for items such as healthcare, educational costs and improved housing. Australia is supporting the GoV to develop a new labour mobility policy framework to support growth in the SWP as well as Vanuatu's future involvement in the Pacific Labour Scheme.

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<sup>20</sup> DFAT (2017) Vanuatu Australia Award Graduate Tracer Study. Department of Foreign Affairs and Trade, Canberra, Australia.

<sup>21</sup> <http://documents.worldbank.org/curated/en/572391522153097172/Maximizing-the-development-impacts-from-temporary-migration-recommendations-for-Australia-s-seasonal-worker-program>



## OBJECTIVE 2: IMPROVING EARLY EDUCATION AND ESSENTIAL HEALTH SERVICES



Objective 2 is rated green, reflecting strong progress for education and improved effectiveness for health. Twenty five per cent of Australia's bilateral aid targets this objective.

### Education

Australia's support for education contributes to Vanuatu's goal to improve the quality of, access to and management of education services through policy engagement and advocacy and a long term agenda of sector strengthening<sup>22</sup>. Focusing support on early years recognises that literacy and numeracy skills are the foundation of an education system, influencing higher retention rates and greater success in later years of schooling. In 2017-18 Australia's close partnership with Vanuatu's MoET resulted in management, access and quality improvements and facilitated strengthened policy dialogue on sector reform issues.

Roll out of the Australian-supported new curriculum and innovative national language policy in primary schools continued to meet program targets. The policy promotes teaching in the child's first language and use of local vernacular to increase participation and literacy in early years: with about 100 local languages, Vanuatu is one of the most linguistically diverse countries in the world. Following the rollout of Year 1-2 curriculum in 2016-17, Year 3 curriculum development and training was completed in 2017-18. Distribution of Year 2 and 3 reading materials (translated into 59 languages) to 271 schools progressed as planned, language transition guides were completed, and 58 per cent of Year 1-3 teachers were trained. A Curriculum Monitoring and Impact Study<sup>23</sup> found most schools and teachers were implementing the new curriculum using effective teaching and learning methodologies. Teacher training is becoming more flexible. For example, a pilot commenced for 114 un- or under-qualified teachers to complete the Effective Teaching and Learning (ELT) course for the Diploma of Education Primary remotely.

MoET increased funding for primary school grants to 100 per cent in 2017, up from 88 per cent in 2016, a significant achievement demonstrating increasing GoV ownership of basic education and enabling Australia to redirect funding to other education priorities. GoV now funds over 94 per cent of school grants for kindergarten, primary and secondary. Early Childhood Care and Education (ECCE) financial and technical support also transitioned from an Australian funded NGO program to MoET. In January 2018, for the first time, all schools received their grant tranche one week prior to school starting and in 2017, 87 per cent of primary schools provided their grant acquittals on target.


MoET's appetite for ongoing reform, donor coordination and policy dialogue with Australia is improving implementation of policies on school rationalisation and registration. The GoV proposal to expand tuition-free education will however place pressure on MoETs' budget. MoET plans, with support from the Global Partnership for Education, to develop a long-term sector strategy to 2030 to help address ongoing sector challenges and better align development partner support.

While MoET has had a Gender Equity Policy since 2005, a 2017 review<sup>24</sup> supported by Australia highlighted the need for continued efforts to achieve a common understanding and behavioural change on gender equality within MoET. Despite this, gender parity in enrolment rates has almost been achieved from Kindergarten to Year 6 and national testing demonstrated girls perform better than boys at school. Disparities in teacher numbers continue, with more female ECCE and primary teachers but more males at secondary level and in MoET management. Progress on social inclusion has been positive. With Australian

<sup>22</sup> The Vanuatu Education Sector Program (2013-2017) Mid Term Review, December 2016

<sup>23</sup> Vanuatu Education Support Program, Curriculum Monitoring Study Phase 1 Report, September 2017

<sup>24</sup> The Vanuatu Education Sector Program Gender, Disability and Social Inclusion Strategy Review (2017)



support, a case study resulted in three schools implementing specific inclusion activities and MoET appointment of qualified Inclusive Education and Disability Inclusion Officers. Forty two classrooms across 18 schools on Tanna were constructed meeting inclusion standards. Teacher guides, including advice on how to modify activities for students with special learning needs and learning materials, are now available in accessible formats.

## Health

Health remains a complex development sector in Vanuatu given its history of fragmented investments and diverse partners, frequent changes in leadership and workforce and systems constraints. However, the launch of Vanuatu's Health Sector Strategy 2017-2020 and delivery of systems strengthening, workforce development and service delivery targets in 2017-18 indicate positive progress.

With Australia's support, the Ministry of Health's (MoH) business planning continues to strengthen. For the first time, the MoH convened meetings with development partners to discuss the sector budget and business plan, resulting in improved donor alignment for 2018. Management of the Village Health Workers (VHWs) program transitioned to MoH after 18 years of implementation by an Australian funded NGO. Thirty-three village health workers completed a 10-week pre-service training course funded by MoH in June 2018. The Central Medical Stores is now able to undertake large pharmaceutical procurements without advisory support due to improvements in procurement systems. Australia is working with the World Bank's Pacific Health and Analytical Services program to strengthen MoH's financial and workforce planning, budgeting and management. Strengthened systems and capacity positioned MoH to respond quickly and effectively to deliver emergency health services to people affected by the 2017 Ambae volcano eruptions.


With Australian support, immunization coverage continued to increase (for example DPT3 from 81.1 per cent in 2016 to 93.9 per cent in 2018 – target of 87 per cent) and malaria incidence reduced from 6.9 per 1,000 in 2016, to 3.6 per 1,000 in 2017. TAFEA province was declared malaria free in 2017. The first 14 midwife graduates from the Vanuatu College of Nursing Education (June 2017) have been placed, increasing the midwifery workforce nationally by 29.9 per cent. Twenty seven nurses graduated in 2017. The internship program for graduate doctors was significantly improved, with the introduction of a systematic process of rotations to ensure exposure to all major clinical disciplines. Thirty eight doctors (42 per cent women) currently progressing through the internship program will provide a significant boost to Vanuatu's medical workforce. Efforts to strengthen hospital systems and the leadership and management of senior doctors requires continued focus in 2018-19.

Gender equality continues to be difficult to address. More strategic and intentional engagement to promote gender and disability inclusive health service provision will be integrated into the design of the next phase of Australia's support to the Vanuatu health sector, due to be finalised in 2018.

## OBJECTIVE 3: IMPROVING COMMUNITY SAFETY AND RESILIENCE



Objective 3 is rated green due to progress in the Policing and Justice Program (VAPJP) and achievements from our work with Wan Smolbag (WSB) and the Vanuatu Women's Centre (VWC). Nineteen per cent of Australia's bilateral aid targets this objective, which focuses on services for women and children survivors of domestic violence, and support for youth and marginalised people.



Approximately 72 per cent of women in Vanuatu have experienced some form of physical and/or sexual violence.<sup>25</sup> Australia has continued to be a leading advocate for gender equality, and supported Vanuatu's efforts to address high levels of family violence and sexual assault<sup>26</sup>. At a national level, 1,553 Family Protection Orders (FPOs) were issued (52% increase from 2011). For the first time Authorised Persons and Registered Counsellors - enabled under the Family Protection Act - are being trialled to issue FPOs, provide counselling and work with chiefs and community leaders to reduce the incidence of family violence and sexual crimes. In late 2017, Vanuatu's Office of the Public Prosecutor (OPP) appointed a Senior Prosecutor specialising in sexual and domestic violence offences.

Police prosecutors demonstrated improved knowledge and use of the State Prosecution Department's case management system, and the sector increasingly tracked case timeliness and clearance rates, with key performance baselines established in 2017-18. Use of case management information to enhance service delivery remains inconsistent across the sector. The Magistrates' Court is using the case management system to increase productivity; for example, in 2017-18 pending files reduced by 40 per cent, and "no further listing" files reduced by 96 per cent. Over three thousand four hundred women were provided with legal and/or police services.

The Vanuatu Police Force (VPF) is focussed on recruitment, training and leadership development following a large number of retirements in 2016-17, reducing VPF numbers from 691 in 2015 to 538 at the start of 2018. Australia is supporting training of new cadets. Currently, 16 per cent of VPF officers are women and 28 per cent of VAPJP police training participants are women. Australia also supported rollout of the Police Information Management System which records a current caseload of over 5,000 investigations. More and better trained human resources should help reduce case numbers and improve prosecution rates.

Work to strengthen the formal justice system is complemented by support to local NGOs providing services to victims of crime and working with chiefs to educate communities to reduce crime. The Vanuatu Women's Centre (VWC) provided counselling services to 6,063 women and children (target of 4,000), legal support to 748 clients (up 30 per cent from 2016-17), and 507 women and children were supported through a network of Committees Against Violence Against Women. Continuing efforts to improve coordination between formal and informal elements of the justice system will support better quality service delivery and more efficient administration of justice.

Australia supported WSB, an established local NGO, to provide a wide range of community services, targeting the most vulnerable which helps them make informed choices and advocate for services. Three clinics run by WSB provided 9,532 people (71 per cent women) with sexual and reproductive health services; and 6,843 people (55 per cent women) with primary healthcare services. These services were efficient (cost of approx. \$12 per patient) and delivered in partnership with the MoH, which provided medicines and some consumables for the clinics.

Vanuatu is experiencing a youth bulge and WSB programs for youth and at-risk groups provide important support for community safety and resilience. In 2017-18, WSB delivered eight plays on a range of social, political, environmental and health issues to audiences totalling 30,312 people (52 per cent women) and trained 1,815 "at risk" youth to help them participate in community development. In 2017-18, 1,576 school children and community members engaged with WSB programs, including on natural resource management and waste reduction. Australia also provided technical assistance to support development of Vanuatu's National Disability Inclusive Development Policy 2018-2025, launched in May 2018.

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<sup>25</sup> Vanuatu Women's Centre. (2011). Vanuatu National Survey on Women's Lives and Family Relationships. Port Vila: VWC.

<sup>26</sup> Seventy per cent of cases with the Office of the Public Prosecutor (OPP) relate to family or sexual violence.



## OBJECTIVE 4: SUPPORTING CYCLONE RECOVERY AND RECONSTRUCTION



Objective 4 is rated green given strong progress in 2017-18. The TC Pam Recovery Program was removed from Investment Requiring Improvement status due to improved delivery. Australia's response to the Ambae Island volcano eruptions has been included in this objective, with eight per cent of our bilateral aid supporting these efforts.

### Tropical Cyclone (TC) Pam Recovery

Australia remains the largest bilateral donor to Vanuatu's long-term TC Pam recovery efforts. Our investments have been critical to restoring livelihoods and boosting Vanuatu's economy. As of 30 June 2018, 99 per cent<sup>27</sup> (\$34.4 million) of Australia's \$34.7 million<sup>28</sup> funding package had been programmed (1 per cent for contingencies). The benefits of significant resources and time spent on planning, procurement and mobilisation in past years were realised in 2017-18. The program is on track for the majority of works to be complete by December 2018. A small number of complex projects will continue into 2019.

Progress was achieved towards all targets, albeit unevenly across sectors,<sup>29</sup> supported by intense engagement by DFAT staff and contracted experts. In the health sector, 16 (of 19) health facilities were completed, including 52 buildings, all compliant with the Vanuatu National Building Code or Australian/New Zealand standards. In education, 65 classrooms across 18 primary schools were built or refurbished, benefitting 1,950 children. Of the remaining 101 classrooms, eight are 90 per cent complete, 49 are under construction and 44 are in preparatory stage. Of the 68 planned public buildings, 33 are complete, 10 are close to complete (75-99 per cent), 6 are under construction and the remainder at tender stage. Completed buildings include 17 houses and 3 offices for the Vanuatu Police Force. Water systems benefitting over 2,500 people have been completed (34) or are under construction (45).

Work to support recovery of the international tourism market was prioritised, given around two-fifths of Vanuatu's GDP derives directly or indirectly from this sector. In Tanna, Australian assistance helped rebuild 28 local bungalows and re-open 13 local tourism businesses meeting Vanuatu Tourism Operator Minimum Standards. Training was delivered to 47 tourism operators: women comprised 36 per cent of participants and 37 per cent of business owners. A call centre for Tafea Province tourist operators was established.

Australian funds were provided directly to the GoV, with disbursement managed through national systems. Initial findings of an independent evaluation of the TC Pam Recovery Program indicate:

- use of government systems fostered clear ownership of the program by GoV;
- infrastructure work prioritised engagement of local contractors, strengthened private sector capacity and stimulated economic growth, including in local communities; and
- the breadth and scale of the recovery program has had a general human resource development effect—at all levels from national government to community.

An estimated 54 per cent of Australia's \$34.7 million funding has circulated into the local economy through contracts to local companies. Enhanced national private sector involvement helped avoid an inflationary impact in the local economy and provided the boost needed to assist private enterprises to rebound from the shock. Recovery efforts were designed to improve climate resilience and sustainability: 'build back

<sup>27</sup> This included in-principle agreement for \$1.3M, which was confirmed in July 2018. The benchmark target for 2017-18 was 100 per cent.

<sup>28</sup> Australia provided \$35m: \$34.7M directly to GoV and \$300,000 to support DFAT's internal staffing, monitoring and evaluation costs.

<sup>29</sup> TC Pam Long Term Recovery Program: M&E Progress Report Mid-Year Snapshot June 2018



better' principles and construction standards, expansion of private sector response capacity and community preparedness activities<sup>30</sup>, will help to better position Vanuatu to respond to future natural disasters.

### Ambae Island Volcano Response

Australia supported GoV to deliver humanitarian assistance for over 10,000 people on Ambae Island in response to escalating volcanic activity since September 2017. Australia leveraged strong relationships with GoV and used existing partners and funding mechanisms to deliver assistance. Prepositioned humanitarian supplies were released within 48 hours of GoV's request and Australian Defence Force assets mobilised to support needs assessments and transportation of life-saving supplies within 10 days. Australia's \$3.55 million commitment included distribution of relief supplies, relocation of people to neighbouring islands, support for government and NGOs to provide core services such as education, healthcare, water and sanitation, and provision of disaster management and resettlement experts to work with Vanuatu's National Disaster Management Office. A rapid review of Australia and New Zealand's humanitarian assistance for the Ambae evacuation (November 2017) concluded Australia's engagement and response was timely, effective and well managed, supporting national leadership and capacity. Gender, disability and psychosocial support services delivered through NGOs met key needs, however ongoing advocacy is needed to ensure gender and protection needs are systematically considered by GoV across all response activities. Australia will continue to support and reinforce a nationally-led response appropriate to the Vanuatu context.

## MUTUAL OBLIGATIONS

The Australia-Vanuatu Aid Partnership Arrangement 2016-19 affirms a series of mutually reinforcing commitments, including annual partnership dialogues. The first High Level Consultations (HLCs) between Vanuatu and Australia since signing the Arrangement were held in November 2017. The HLCs reinforced joint responsibility for results and close cooperation based on shared priorities. Key commitments for the GoV include implementing Vanuatu's National Gender Equality Policy 2015-19 and Health Sector Strategy 2017-20, improving public sector financial and human resource management and strengthening productive sectors to empower rural communities. The Australian Government will continue to provide development support that aligns with Vanuatu's *NSDP 2030*, in a harmonised and transparent manner that reinforces Vanuatu leadership. Both partners have committed to zero tolerance for fraud and corruption and to mainstream climate change and disaster resilience activities in aid program delivery.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview

The program is investing in collection of quality performance information. Programs systematically collect data, typically in partnership with GoV: the MoET's information system is used by Australia and other donors; and the PMO developed and resourced a monitoring system for the *NSDP 2030*, which Vanuatu and Australia use. While implementation challenges remain, this progress has enabled Australia to select a number of *NSDP 2030* indicators for use in our Aid Performance Assessment Framework (PAF). This will provide a shared body of evidence to inform dialogue on economic and development priorities between governments.

PAF development in 2018 identified limitations with the AIP Benchmarks. While most benchmarks remain relevant, some were considered redundant. The PAF also responds to DFAT's Office of Development Effectiveness assessment of the 2016-17 Vanuatu APPR, which identified the benchmarks should represent the breadth of program investments. The new PAF more clearly defines expected targets, includes sex-disaggregated data and harmonises, where appropriate, with the *NSDP 2030* indicators. Updates to benchmarks for the remaining AIP period have been proposed to address the issues outlined above (refer

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<sup>30</sup> Through existing partnerships, DFAT support VWC and WSB to provide services such as counselling in evacuation centres, disaster risk resilience awareness and preparedness training and shelter support.

Annex B, Table 2). A performance adviser will continue to work across our aid investments in Vanuatu to support quality monitoring, evaluation and reporting.

Evaluations completed in the 2016-17 reporting period directly informed program designs underway in 2017-18: GFG; VESP Phase II; R4D2; and the new Health Support Program. The TC Pam Recovery Program independent evaluation will inform funding, coordination and governance arrangements for future Australian funded recovery programs. Publication of the report and management response is scheduled for December 2018. A number of smaller evaluative studies are planned for 2018-19<sup>31</sup>.

### Aid Quality Checks (AQC)

DFAT completed AQCs, Final AQCs or Humanitarian AQCs on 12 Vanuatu programs in 2017-18. A summary of AQC ratings is at Annex D. Efficiency, relevance and sustainability scored between 'very good' and 'adequate' with five programs improving their efficiency ratings since 2016-17. Monitoring and evaluation improved, with the two programs rated as less than adequate allocated adviser support to improve. One program scored poor on gender equality, although overall ratings remained the same as 2016-17. Gender equality will continue to be a focus across the Vanuatu program: a Gender Equality Action Plan will be developed in 2018, identifying key activities to strengthen gender equality programming, policy and diplomacy outcomes.

The Effectiveness score decreased slightly overall, with three programs rated as 'less than adequate'; two of these will finish in 2018-19. PVUDP was identified as an IRI and a remediation plan developed that identifies targeted management actions to be implemented over the remaining months of the program.

### Performance of key delivery partners

Australia's investments in Vanuatu are delivered through a range of modalities. Partner performance assessments were completed for 8 partners in 2017-18, including for managing contractors (5), NGOs (2) and multilateral agencies (1). Local NGO partners (WSB and VWC) performed strongly, demonstrating sound value for money, effective capacity development of national staff and strong collaboration with national stakeholders. Managing Contractors have maintained good performance in program delivery.

Approximately 13 per cent<sup>32</sup> of Australian bilateral support is delivered through direct support to GoV sectoral budgets. This approach aims to build ownership, capacity and resilience in national systems. GoV capacity and resource constraints create challenges in some sectors. Australia's support for the Government's Public Financial Management Reform Roadmap 2017-2021 will assist national efforts to address fiduciary risk. PFM assessment updates are also planned for six partner ministries in 2018-19.

## RISKS

Table 3: Management of Key Risks to Achieving Objectives

Key Risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ ongoing risks provide a Risk Rating (low, med, high, very high)	Are these same risks in in Post's Risk Register (Yes/No)*
Economic shocks or natural disasters to Vanuatu (such as global shocks, shocks to tourism including the airport, cyclones, earthquakes, volcanos or tsunamis)	<ul style="list-style-type: none"> <li>Climate change and disaster resilience built into aid programs</li> <li>Amend program implementation as required to ensure continued relevance.</li> <li>Support GoV (through GfG) to address challenges to broad-based growth and effective service delivery</li> <li>Continue to monitor /undertake analysis of the economy and advocate for sound economic management.</li> </ul>	<ul style="list-style-type: none"> <li>Build in flexibility to new program designs to channel additional funds in times of disaster or economic shock</li> <li>Develop capacity of emergency clusters to respond.</li> </ul>	High	Yes

<sup>31</sup> Evaluative studies planned include: organisational sustainability in rural roads maintenance; justice system performance; impacts (inc. unintended) on the Tanna local economy of TC Pam Recovery program, effectiveness of using project management units within GoV and VSP client tracer studies.

<sup>32</sup> This excludes Australia's contribution for TC Pam Recovery efforts (\$34.7 million) which was delivered



Political instability and capacity and HR constraints in government institutions	<ul style="list-style-type: none"> <li>Regular engagement across GoV to ensure shared understanding of relationship and programs</li> <li>Develop and be guided by key agreements, such as MOUs</li> <li>Work with agreed program priorities and work plans</li> <li>Strong engagement with central agencies for oversight of line ministry policy and expenditure</li> <li>Hold annual high level talks to reflect and adjust engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Increase Ministerial engagement between governments and engagement with MPs and senior officials</li> <li>Build sufficient flexibility in new programs to respond to changing circumstances while maintaining intended focus</li> <li>Commence preparatory work on development of the new Aid Investment Plan.</li> </ul>	High	Yes
Breach of environmental and social safeguards	<ul style="list-style-type: none"> <li>Do no harm by seeking to protect the rights, health, safety and livelihoods of all people (inc children, women and vulnerable people)</li> <li>Identify, assess and manage environmental and social impacts</li> <li>Comply with GoV safeguard laws and policies</li> <li>Ensure child protection policies in place and implemented by all partners</li> </ul>	<ul style="list-style-type: none"> <li>Undertake child protection risk assessments on new programs and capture in DFAT's risk management system</li> <li>Identify opportunities to work with GoV on environmental protection standards</li> </ul>	Medium	Yes
Fiduciary risk: Funds are misused or misallocated GoV reduces investment in priority sectors/ areas Limited value for money Non-compliance with procurement requirements.	<ul style="list-style-type: none"> <li>Undertake regular assessment of national systems</li> <li>Use of technical support (inc. audit and finance officers) where appropriate to manage and monitor funds</li> <li>Regular reporting, acquittals and audits of program funds</li> <li>Undertake due diligence assessments on partners (exc GoV)</li> <li>Zero tolerance policy implemented for mis-use of funds or fraud.</li> </ul>	<ul style="list-style-type: none"> <li>Six monthly reporting on all Direct Financing Agreements to senior management</li> <li>Undertake sector level financial management and procurement assessments</li> <li>Monitor progress of PFM Roadmap and facilitate improved FMIS reporting</li> <li>Support adviser inputs to work with the Central Tender Board</li> <li>Encourage internal audits in targeted programs.</li> </ul>	High	Yes

## MANAGEMENT ACTIONS

Management actions identified in the 2016-17 APPR were all achieved: refer to Annex A summary. Management actions prioritised for the Vanuatu aid program in the next 12 months include:

### Strategic

1. Commence preparatory work with the GoV to develop the Vanuatu Aid Investment Plan 2019-20 to 2022-23, responding to priorities of Vanuatu's National Sustainable Development Plan and Australia's Foreign Policy White Paper.
2. Progress commitments announced during Prime Minister Salwai's Guest of Government visit to Australia in June 2018: including supporting a feasibility study of Vanuatu's future telecommunications needs, enhanced policing, cybersecurity and labour mobility initiatives.
3. Undertake a gender stocktake and develop an action plan to identify key activities to strengthen gender equality programming, policy and diplomacy outcomes.

### Operational

4. Implement the PVUDP Remediation Plan.
5. Capture and share learning from the Evaluation of the TC Pam Recovery Program to inform funding, coordination and governance arrangements for future recovery programs.
6. Finalise designs, tendering and mobilisation of the HSP, VESP Phase 2 and R4D2 programs.
7. Support effective and efficient GoV disaster response and recovery efforts, including for Ambae Island.

## ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2016-17 APPR	Rating	Progress made in 2017-18
Update the Vanuatu Aid Investment Plan to reflect the Australia-Vanuatu Aid Partnership Arrangement 2016-19 including a refreshed performance assessment framework (PAF)	Achieved	PAF developed. AIP mid-term update no longer required. Preparatory work will commence early 2019 to inform development of the new Vanuatu Aid Investment Plan 2019-20 to 2022-23.
Strengthen focus on youth and climate change through design processes for new investments, including health, education and infrastructure.	Achieved	Climate change integration plan finalised. Infrastructure and education designs consider youth and climate change and the health design currently underway will integrate these.
Develop a coordinated approach to addressing overarching policy priorities across the program, initially focussing on public financial management (PFM)	Achieved	Procurement of PFM adviser underway, to be finalised October 2018.
Strengthen gender equality in programs including: health – by developing a major focus on women and girls in the new design; TC Pam recovery – by supporting government to progress implementation of the gender equality and social protection project; and GfG – through engaging gender equality expertise.	Achieved	Health design consultations completed June 2018, gender specialist included in design team, design document due end October 2018. New gender equality initiative agreed for TC Pam Recovery program. GfG Gender Equality adviser recruited, with first inputs planned for quarter 3, 2018.
Increase mainstreaming of disability inclusion across investments, including increasing access to skills development opportunities for people with a disability.	Achieved	Supported GoV to develop new National Disability Inclusive Development Policy 2018-2025. VSP increased access to skills development opportunities for people with a disability. Additional mainstreaming efforts implemented across investments and new designs, including in VSP and HSP (refer text).
Increase investment in whole of program analysis and reporting by engaging an M&E advisor.	Achieved	M&E/Performance adviser engaged and working across the aid program on an ongoing basis.
Improve efficiencies by transferring management of the Australia Awards (Vanuatu) to a contractor.	Achieved	Australia Awards has been outsourced.
Implement the remediation plan for the TC Pam recovery program.	Achieved	Remediation Plan implemented: the TC Pam Recovery program is no longer rated as an Investment Requiring Improvement.

### Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## ANNEX B – PERFORMANCE BENCHMARKS

### Progress towards Performance Benchmarks in 2017-18

Aid objective	Performance Benchmark	Rating	Progress in 2017-18
Build better infrastructure and an environment for economic opportunity	Kilometres of urban roads resealed/asphalt concreted (target 8 km)	Not Achieved	5.8 km of urban roads resealed.
	Number of bank accounts opened in rural areas	Not Applicable	GfG program no longer involved in supporting this activity. New Objective 1 benchmark proposed for 2018-19.
	Self-employed TVET trainees report higher incomes following training (target 80%)	TBA	Data not available due to transition in program management. New baseline to be established in 2018-19 (refer Annex E)
Improve early education and essential health services	Literacy and numeracy rates in Year 4 students	Achieved	Baseline data established (VANSTA 2017): English literacy year 4 - 65% meeting or exceeding the minimum standard. Boys 58% Girls 73% French literacy year 4 - 64% meeting or exceeding the minimum standard. Boys 59% Girls 71% Numeracy year 4 - 85% meeting or exceeding the minimum standard. Boys 84% Girls 88%
	Proportion of immunised children (0-5 years), using routine immunisation systems (target 87%)	Achieved	National coverage of Pentavalent 3 (Diphtheria, Hepatitis B and Type B Haemophilus Influenza) is 93.9% and Measles and Rubella Vaccine is 88%.
Improve community safety and resilience	Number of women survivors of violence provided counselling, support and legal services (target 4,000)	Achieved	6,063 clients accessed counselling support and legal services from Vanuatu Women's Centre.
Support cyclone recovery and reconstruction	Proportion of Australia's \$34.7m long-term recovery support allocated to recovery projects (target 100%)	Achieved	99 % (\$34.4 M) of Australia's TC Pam Recovery funding has been programmed, with 1% remaining for contingencies

#### Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations



## Performance Benchmarks for remainder of Aid Investment Plan to 2018-19

Aid objective	Performance Benchmark	2018-19
Objective 1: Build resilient infrastructure and an environment for trade and economic opportunity, including in the productive sectors.	Annual change in VAT revenue (%) <sup>1</sup>	<i>TBC</i>
	Vanuatu Rural Access Index <sup>2</sup> and Length of rural roads maintained, rehabilitated or repaired (km)	55% 550km
	Number of ni-Vanuatu women and men engaged in seasonal worker program	550/2850 (3,400)
Objective 2: Improve early education and essential health facilities.	Proportion of Year 4 students (girls/boys) meeting national literacy & numeracy standard (%) <sup>3</sup>	[2019 cohort] <i>TBC</i>
	Proportion of children (0-5yrs) with full routine immunisation (%)	94% DPT3
Objective 3: Improve community safety and resilience.	Number of women and children survivors of violence provided counselling, support, legal services <sup>4</sup> and/or police services	8,500
Objective 4: Supporting cyclone recovery and reconstruction.	Number of public service delivery facilities reconstructed or repaired	220

<sup>1</sup> Linked to NSDP Indicator ECO1.2.1 [Change in government revenue]

<sup>2</sup> RAI measured every 5 years (2012, 2017, 2020 (74% target), 2025(78% target) & 2030 (82% target)), with the exception being 2020.

<sup>3</sup> NSDP Indicator ECO 2.3.1 and linked to SDG indicators 4.2 and 4.3

<sup>4</sup> DFAT Aggregated Development Results (ADR) indicator

## Annex C - Evaluation Planning

### List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INL732 Tropical Cyclone Pam long-term recovery program	Independent Evaluation of the Tropical Cyclone Pam Recovery Program	Evaluation deferred to mid-2018. Field work undertaken June. Final Report due October 2018.			

### List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Independent Evaluation of the Tropical Cyclone Pam Recovery Program	INL732 Tropical Cyclone Pam long-term recovery program	June 2018	December 2018	The evaluation will assess progress against end of program outcomes and consider the program's modality and governance arrangements to inform future DFAT-funded recovery programs.	- DFAT led (includes consultants engaged by DFAT)

## ANNEX D- AID QUALITY CHECK RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Investment 1 – INH654 Australia Awards – Vanuatu In Country Costs	\$7,867,438 2007-2018	2018 AQC 2017 AQC	4 3	4 4	5 4	4 3	4 4	4 4	
Investment 2 – INI637 Won Smolbag Theatre Community Partnership	\$17,216,555 2010-2021	2018 AQC 2017 AQC	5 4	4 4	5 5	3 3	4 4	5 4	
Investment 3 – INJ438 Vanuatu Health Sector Support 2010-2019	\$49,232,273 2010-2019	2018 AQC 2017 AQC	5 4	4 3	4 4	3 3	3 3	2 2	
Investment 4 – INK372 Vanuatu Education Support Program	\$43,630,505 2012-2019	2018 AQC 2017 AQC	5 5	5 5	5 4	5 5	5 5	4 5	
Investment 5 – INK455 Governance for Growth Phase 2	\$32,000,000 2012-2018	2018 AQC 2017 AQC	See FAQC Rating						
Investment 6 – INK721 Port Vila Urban Development Project	\$26,500,000 2012-2018	2018 AQC 2017 AQC	4 4	3 4	3 3	4 4	4 3	4 4	
Investment 7 – INK771 Vanuatu Transport Sector Support Program Phase 2	\$33,083,280 2012-2018	2018 AQC 2017 AQC	See FAQC Rating						





Investment 8 – INL732 Tropical Cyclone Pam Recovery Package	\$41,489,511 2015-2018	2018 AQC	5	3	4	4	4	3
		2017 AQC	4	3	3	3	4	3
Investment 9 – INL997 Vanuatu Australia Policing & Justice Program	\$24,310,000 2016-2021	2018 AQC	5	3	4	4	4	4
		2017 AQC	Exempt AQC					
Investment 10 – INM038 Vanuatu Skills for Economic Growth	\$21,282,554 2016-2022	2018 AQC	6	4	5	4	6	5
		2017 AQC	5	5	4	5	5	5
Investment 11 – INM045 Pacific Women - Vanuatu	\$8,450,000 2016-2021	2018 AQC	6	5	5	4	5	5
		2017 AQC	Exempt AQC					
Investment 12 – INM393 Governance for Growth Phase 3	\$20,000,000 2017-2021	2018 AQC	See FAQC Rating					
		2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A
Investment 13 – INM402 Volcano Response & Recovery	\$3,550,000 2017-2018	2018 AQC	See FAQC Rating					
		2017 AQC						

## HAQC RATINGS

Humanitarian response AQC's assess performance over the previous 12 months (ratings are not compared to previous years).

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Gender Equality	Protection	Connectedness
Investment 13 – INM402 Volcano Response & Recovery	\$3,550,000 2017-2018	5	5	5	4	4	4	5

## FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Investment 5 – INK455 Governance for Growth Phase 2	\$32,000,000 2012-2018	5	5	5	4	4	4	3	N/A
Investment 7 – INK771 Vanuatu Transport Sector Support Program Phase 2	\$33,549,536 2012-2018	4	5	5	4	5	4	4	N/A

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

## ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Performance Assessment Framework for Australian Development Cooperation in Vanuatu 2015–16 to 2018-19

Strategic Development Objective 1 Building resilient infrastructure and an environment for economic opportunity [48% Bilateral ODA in 2017-18]					
Indicators	2015–16 Baseline	2016–17 Result	2017–18 Result	2018-19 Target	Data sources
Annual change in VAT revenue (%) <sup>37</sup>	VUV6 Billion [APPR 2016]	5%	7%	TBC	Reserve Bank data, DCIR Monitoring Data & MFEM GFS Tables plus GfG monitoring records from partners
Financial flows through Financial Service Bureaux (VUV)		VUV456m	VUV629m	TBC	MFEM GFS Tables GfG monitoring records from partners Line agency accounts and SMART Stream data
Financial Action Task Force listing for Vanuatu counter-terrorism financing and anti-money laundering systems	White list	Grey list	White List	White list	FATF Listing and IMF Article IV Consultations GfG monitoring records
World Bank Country Policy and Institutional Assessment rating for budget and financial management	3.5	3.5	3.5	3.5	World Bank CPIA reports (Indicator IQ.CPA.FINQ.XQ) plus IMF Article IV Consultations. See: <a href="https://data.worldbank.org/data-catalog/CPIA">https://data.worldbank.org/data-catalog/CPIA</a>
Vanuatu Rural Access Index <sup>38</sup> and Length of rural roads maintained or repaired (km)	41 <sup>39</sup> % 597 km	54 <sup>40</sup> 691 km	54.5% 525km	55% 550km	R4D monitoring data PWD records and monitoring data

<sup>37</sup> Linked to NSDP Indicator ECO1.2.1 [Change in government revenue]

<sup>38</sup> RAI measured every 5 years (2012, 2017, 2020 (74% target), 2025(78% target) & 2030 (82% target)), with the exception being 2020. RAI is percentage of population living within 2 km (20min walk) of an all-year-round road connecting with that areas' economic and services hub.

<sup>39</sup> RAI measured in 2012

<sup>40</sup> RAI measured in 2017



Strategic Development Objective 1 Building resilient infrastructure and an environment for economic opportunity [48% Bilateral ODA in 2017-18]					
Indicators	2015–16 Baseline	2016–17 Result	2017–18 Result	2018-19 Target	Data sources
Proportion of procurement contracts issued for Island Based Contractors, Community Based Contractors (%) <sup>41</sup>	IBC – 26% CBC – 73%	IBC – 10% CBC – 87%	IBC – 76% CBC – 24%	TBA	MIPU and PWD, R4D monitoring data
Quantity of sewage disposed of in the Septage Treatment Facility	N/A	N/A	2,028,000 <sup>42</sup> Liquid waste volume	3,000,000 Liquid waste volume	MIPU and PVUDP monitoring data Port Vila Municipal Council data
Variations & virements between approved national budget & outturn (% & VUV)	N/A	N/A	N/A	Baseline TBC	MFEM GFS Tables; GfG monitoring records Sector program and line Ministry financial records
Number of ni-Vanuatu women <sup>43</sup> and men engaged in seasonal worker program	192 ♀   1,006 ♀ [Labour Mobility Team]	395 ♀   2,149 ♀ [Labour Mobility Team]	520 ♀   2,828 ♀	550 ♀   2,850 ♀	Australian Government and LMAP monitoring data
Proportion of VSP clients who increase their income following training	68% ♀   61% ♀ [2015 TVET Annual report Table 5, p45]	N/A	N/A	New baseline TBC	Skills Partnership monitoring data disaggregated by location, sex and disability.
Number of Australian tourists travelling to Vanuatu	46,900 [DIBP OAD data]	54,637 [DIBP OAD data]	57,237	TBC	Vanuatu National Statistics Office data DIBP OAD Pivot tables + Tourism Research Australia

<sup>41</sup> NSDP Indicator ECO 2.8. Data provided from R4D program.

<sup>42</sup> Volume measured in February 2018

<sup>43</sup> Target of 30 per cent women





Strategic Development Objective 2		Improving early education and essential health services [25% Bilateral ODA in 2017-18]			
Indicators	2015–16	2016–17	2017–18	2018-19	Data sources
	Baseline	Result	Result	Target	
Proportion Yr4 students (girls and boys) meeting national literacy & numeracy standard (%) <sup>44</sup>	Literacy 25% Numeracy 50%	N/A	Literacy (E) 65% (73%G/58%B) Literacy (F) 64% (71%G/59%B) Numeracy 85% (88%G/84%B)	[2019 Cohort] TBC	VANSTA data 2009 and 2017, National Year 4 test data from MoET VESP monitoring data
Proportion of schools complying with the school grant acquittal process (%)	N/A	88%	87%	TBC	MoET monitoring data VESP monitoring data
Proportion of children (0-5yrs) with full routine immunisation (%) <sup>45</sup>	68.5% [2016 APPR]	81% DPT3/84% MCV1 <sup>46</sup> [2017 APPR]	93.9% DPT3/MR1 <sup>47</sup> 88%	94% DPT3/ MR1 88%	Vanuatu Health Information System, UNICEF monitoring data
Maternal mortality ratio (/10,000) <sup>48</sup>	7.8 [WDI Indicators]	10	12.3	TBC	World Bank World Development Indicator [SH.STA.MMRT] UNICEF monitoring data and Vanuatu HIS
Number of women and men (by province) trained with Australian support and working in front-line positions where they deliver public education and health services	N/A	888 ♀   808 ♂ <sup>49</sup>	842 ♀   498 ♂ <sup>50</sup>	TBC	Australia Awards; Health sector initiatives; Education sector initiatives;

<sup>44</sup> NSDP Indicator ECO 2.3.1 and linked to SDG indicators 4.2 and 4.3

<sup>45</sup> Linked to NSDP Indicator SOC3.3.1 [Diphtheria tetanus toxoid and pertussis (DTP3) immunisation coverage among 1 year olds]

<sup>46</sup> 2020 target of 95% of children aged between 12-23 months receiving three doses of combined DTP3 vaccine in a year, administered by a trained health professional. Measles containing vaccine first-dose (MCV1) part of routine immunisation.

<sup>47</sup> Measles and Rubella (MR1)

<sup>48</sup> NSDP Indicator ECO 3.1.2 and linked to SDG indicator 3.c. There appears to be an increasing trend. The 2017 MoH Annual report states that in reality, there were only three additional deaths in 2017 compared to nine in 2016. In countries with small populations like Vanuatu, it is preferable to refer to the actual number of deaths and/or use moving averages rather than a stand along MMR due to the large fluctuations in the ratio that can occur due to only a few deaths.

<sup>49</sup> Education training for teachers, principals and provincial officers eg new curriculum and support materials, language transition, school improvement planning, financial management.

<sup>50</sup> Health and Education (Malaria Case Management, Dip of Nursing, Grad Dip of Midwifery, VHW Annual planning training, VHW HIS refresher training).



Strategic Development Objective 3	Improving community safety and resilience [19% Bilateral ODA in 2017-18]				
Indicators	2015–16 Baseline	2016–17 Result	2017–18 Result	2018-19 Target	Data sources
Average number of days for completion of a criminal matter through the State Prosecutions/Magistrates Court	n/a	n/a	907 (baseline)	875	Law and Justice System monitoring records DFAT L&J Program monitoring data
Average number of days for completion of a criminal matter through the Office of the Public Prosecution/Supreme Court	n/a	n/a	887 (baseline)	850	
Number of women and children survivors of violence provided counselling support, legal services <sup>51</sup> and/or police services	6,858 [2016 APPR]	7,246 [DFAT ADR]	7,318 [VWC]	8,500 <sup>52</sup> [VWC & PIMS]	UN Women (2016) <i>Women and Children’s Access to the Formal Justice System in Vanuatu</i> . <a href="http://www.asiapacific.unwomen.org">www.asiapacific.unwomen.org</a> estimates around 23,000 women victims in total per year.  Vanuatu Women’s Centre and Police Information Management System.
Proportion of population with access to technologies that convey early warnings <sup>53</sup>	66%	71%	75%	80%	Mobile cellular subscriptions (per 100 people)  [WDI IT.CEL.SETS.P2] – note aggregate number, does not demonstrate coverage
Number of women & men (by province) trained with Australian support & working in front-line positions where they deliver law and justice services	228 ♀   363 ♂	171 ♀   330 ♂	115 ♀   263 ♂	130 ♀   280 ♂	Australia Awards; Police and other law and justice sector initiatives

<sup>51</sup> DFAT Aggregated Development Results (ADR) indicator

<sup>52</sup> Vanuatu Women's Centre and statistics from Police Information Management System. Please note that there is likely to be a small amount of overlap in data. This percentage overlap is difficult to quantify.

<sup>53</sup> NSDP Indicator ENV 3.2.2 and linked to SDG indicator 13.1



Strategic Development Objective 4		Supporting cyclone recovery and reconstruction [8% Bilateral ODA in 2017-18]			
Indicators	2015–16	2016–17	2017–18	2018-19	Data sources
	Baseline	Result	Result	Target	
Number of public service delivery facilities reconstructed or repaired	143 [2016 APPR]	100 [2017 APPR]	213	220	TC Pam and Ambae programs monitoring data
Proportion of communities with current support plans for coordination, planning, preparedness, response and recovery <sup>54</sup>	N/A	N/A	10%	15%	NDMO monitoring data [NSDP Target is 80% by 2030]

<sup>54</sup> NSDP Indicator ENV 3.1.1