

# **Joint Partnership Arrangement**

**between**

**The Government of Vanuatu**

*represented by*

*the Ministry of Education*

*the Ministry of Finance and Economic Management and*

*the Prime Minister's Office*

**and**

**Agence Française de Développement**

**Australian Agency for International Development**

**European Union**

**The Government of France, represented by the Embassy of France**

**The Government of Japan, represented by the Embassy of Japan**

**New Zealand Agency for International Development**

**The Peace Corps**

**Secretariat of the Pacific Community**

**United Nations Educational, Scientific and Cultural Organisation**

**United Nations Children's Fund**

**The World Bank**

**in relation to the**

## **Vanuatu Education Road Map**

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**AFD** File Ref:

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## Table of Contents

Introduction .....	3
Vanuatu Education Road Map Objective and Duration .....	4
Partnership Principles and Aid Effectiveness.....	4
Governance and Management – Responsibilities.....	5
Governance and Management – Meetings .....	8
Contributions .....	12
Government of Vanuatu.....	12
Pool Partners .....	12
Monitoring and Evaluation.....	15
Procurement.....	16
Audit .....	17
General Provisions .....	18
Variation .....	18
Dispute Resolution.....	18
Media .....	18
New Pool Partners.....	18
Extraordinary Events .....	19
Non-Compliance and Suspension .....	19
Pool Partner Withdrawal.....	20
Conflict of Interest .....	20
Confidentiality .....	20
Relationship of the Partners.....	20
Corruption.....	21
Terrorism.....	21
Execution.....	22
Annex A: Vanuatu Education Road Map.....	25
Annex B: Performance Assessment Framework .....	26
Annex C: Pool Partner Contribution Mechanism.....	28
Annex D: Financial and Acquittal Reporting .....	30
Annex E: Issues to discuss at VERM Annual Joint Review and to address in the annual reporting of VERM progress.....	34
Annex F: Diagram of VERM management cycle – 2010, 2011, 2012.....	35
Annex G: Update of the Universal Primary Education policy in 2010 .....	37
Annex H: Template for Aide Memoires of the Annual Joint Review Meeting (AJRM) .....	39

## **Introduction**

1. The Government of Vanuatu (GoV) has requested the support of development partners to contribute towards the funding and implementation of the Vanuatu Education Road Map (VERM).
2. This Joint Partnership Arrangement (“the Arrangement”) is between “the Participants”, namely:
  - a) the “Pool Partners” who are:
    - i) the GoV, represented by the Ministry of Education (MoE), the Ministry of Finance and Economic Management (MFEM), and the Prime Minister’s Office (PMO), and
    - ii) the donor partners who have agreed to pool their funding with GoV in support of the VERM (“donor Pool Partners”): the Australian Agency for International Development (AusAID); the New Zealand Agency for International Development (NZAID); and the United Nations Children’s Fund (UNICEF).
  - b) the “Non-Pool Partners”, who are other donor partners who are signatory to this Arrangement and who support the VERM without contributing pooled funds: the European Union; the Government of France; the Government of Japan; the United Nations Educational, Scientific and Cultural Organisation (UNESCO); the World Bank; the Peace Corps, and the Secretariat of the Pacific Community (SPC).
3. Additional development partners may join the pool arrangements by the mutual agreement of the Pool Partners, as described at paragraph 65. Additional development partners may also become Non-Pool Partners by the mutual agreement of the Participants.
4. The financial assistance from the Pool Partners will be provided on terms and conditions set out in separate Grant Funding Arrangements to be entered into between the GoV and relevant donor partner(s).
5. The financial assistance from the Pool Partners will reflect the implementation performance of the GoV. Annual plans and contributions will be calibrated against existing implementation capacity, with realistic targets that, if met, can support a decision to increase financial assistance.
6. The Participants commit to harmonisation and will strive to align with GoV processes.

## **Vanuatu Education Road Map Objective and Duration**

7. The Vanuatu Education Road Map (VERM) is the document that describes the national education program for delivery of effective and efficient education to the people of Vanuatu. The VERM is attached at **Annex A**.
8. The objective of the Vanuatu Education Road Map is to improve the effectiveness of the GoV in delivering quality education to the people of Vanuatu. The VERM has three strategic goals:

Strategic Goal 1 (Access): To increase equitable access to education for all people at all levels of education in Vanuatu.

Strategic Goal 2 (Quality): To improve the quality of education in Vanuatu.

Strategic Goal 3 (Management): To improve and strengthen the management of the education system in Vanuatu.

9. The VERM provides the basis for a three year rolling planning process. The VERM currently covers the period 2010 to 2012. It will be bought up to date whenever required, taking into account the results of the VERM Annual Joint Review Meetings, and decisions taken by the GoV in consultation with the other Participants. The VERM is expected to be updated annually. The most recent approved VERM will be considered by all Participants to be **Annex A** to this Arrangement.
10. This Arrangement comes into effect on the date of signature by the Participants and will remain in effect until 31 December 2012. This Arrangement may be extended by the written agreement of the Participants.
11. The purpose of this Arrangement is to set out the Participants' joint understandings and individual commitments that support the VERM. The Arrangement serves as a coordinating framework for consultation with the GoV for joint reviews of performance, common procedures on monitoring and evaluation, procurement, financial management, disbursement, reporting and audits.

## **Partnership Principles and Aid Effectiveness**

12. The Participants to this Arrangement are committed to applying the partnership commitments in the Paris Declaration on Aid Effectiveness.
13. The following principles will guide the Participants' relationship under this Arrangement:
  - a) Vanuatu leadership and ownership.

- b) Alignment to Vanuatu's needs and priorities.
  - c) Fairness, transparency, openness, accountability and mutual trust in all dealings.
  - d) Effective and efficient use of funding and resources.
  - e) Commitment to results and developing GoV capacity.
  - f) Tailoring implementation and resource levels to the absorptive capacity and performance of the GoV.
  - g) Harmonisation where possible of the Participants' commitments and collaboration on implementation to ensure efficient and effective use of resources.
14. The development partners' commitment to uphold the principles of the Paris Declaration on Aid Effectiveness and to facilitate a move towards more effective delivery and management of development assistance will continue to be reflected in the Education Partners' Group (EPG). The EPG Chair will facilitate effective coordination in the sector.

### **Governance and Management – Responsibilities**

15. The GoV has overall responsibility for the implementation of the VERM.
16. The **Ministry of Education (MoE)** is responsible for:
- a) overall coordination of the implementation, including administration, financial management and procurement.
  - b) monitoring, evaluation and reporting.
  - c) oversight of education service delivery.
17. MoE will:
- a) in accordance with **Annex D**, provide monthly by email to the Pool Partners a Development Fund Detail Report produced from the *SmartStream* Financial Management Information System (FMIS) *Vision* reporting system, which documents monthly expenditure according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions, within five working days after end of month.
  - b) ensure monthly updates occur in accordance with paragraph 29.
  - c) ensure the Education Budget and VERM Annual Joint Review Meetings are conducted as agreed at Paragraphs 25, 26, and 27, including ensuring appropriate representation of civil society.

- d) ensure annual audit of Pool Partner funds is undertaken in accordance with paragraphs 52 to 59.
- e) provide the secretariat for the VERM Steering Committee.
- f) prepare the Annual Work Plan and Budget.
- g) prepare reports in accordance with paragraphs 39 to 44.

18. The **Ministry of Finance and Economic Management (MFEM)** is responsible for:

- a) assisting MoE in the planning, administration, financial management, procurement, monitoring and reporting relating to implementation of the VERM.
- b) managing the financial contributions of the Pool Partners, including ensuring all contributions are utilised in accordance with the Public Finance and Economic Management Act and the Contract and Tenders Act.
- c) analysis of education sector expenditure, including to inform Annual Joint Review Meetings, in consultation with MoE.

19. MFEM will:

- a) fully participate in meetings of the VERM Steering Committee, including the Education Budget and Annual Joint Review Meetings.
- b) attend monthly update meetings.
- c) develop in accordance with **Annex D** a Development Fund Detail Report to be produced monthly from the *SmartStream* Financial Management Information System (FMIS) *Vision* reporting system which indicates budget versus actual expenditure according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions.
- d) assist MoE to provide monthly the report in 19.c) by email to the Pool Partners within five working days after end of month.
- e) ensure correct retirement of imprests from the Development Fund Account.
- f) ensure MoE and Pool Partners are informed promptly if any problems are encountered or irregularities are discovered in the management, disbursement and acquittal of Funds.
- g) assist MoE in ensuring that annual audit of Pool Partner funds is undertaken in accordance with paragraphs 52 to 59.
- h) only make reallocations of the donor Pool Partner funds in accordance with paragraph 38.

20. The **Prime Minister's Office (PMO)** is responsible for:

- a) overseeing monitoring and evaluation of the VERM to ensure GoV policy is implemented.
- b) coordinating the activities of the MoE and the MFEM.
- c) liaising with development partners through the Aid Coordination Unit to ensure alignment of contributions to GoV policy.

21. PMO will:

- a) fully participate in meetings of the VERM Steering Committee, including the Education Budget and Annual Joint Review Meetings.
- b) attend monthly update meetings.
- c) facilitate an effective whole-of-government approach to assist MoE address critical VERM implementation challenges, including human resource needs.

22. The **donor Pool Partners** will:

- a) support the principles set out in this Arrangement including those detailed at paragraph 13.
- b) provide predictable funding contributions in line with this Arrangement and regularly review funding needs based on capacity and performance.
- c) use existing GoV systems where possible and support activities to strengthen GoV systems in line with internationally accepted standards.
- d) aim to lessen the administrative burden of their assistance on GoV by working towards joint appraisal, analysis, audit, reporting and evaluation where possible.
- e) provide Technical Assistance in line with GoV priorities under the VERM.

23. Although the **Non-Pool Partners** will not contribute directly to the funding pool, they will:

- a) support the principles set out in this Arrangement including those detailed at paragraph 13.
- b) fully share their work plans, budgets, reports and other pertinent documents with the Participants.
- c) design their programs and annual work plans to be harmonised and aligned with national and sector priorities, plans and policies as per the VERM.

- d) co-ordinate their input into the Education Budget Review and the Annual Joint Review Meetings through the EPG.
- e) in cooperation with GoV, discuss potential Technical Assistance requests with the EPG, including sharing draft Terms of Reference for at least two working days for comment.
- f) ensure that any Technical Assistance provided is appropriately performance managed.

24. The **VERM Steering Committee** (VERM SC) will:

- a) oversee VERM policy and implementation.
- b) oversee budget development and agree on Pool Partner contributions to annual budgets including tranche amounts per Pool Partner.
- c) comprise:
  - i) senior GoV officials (MoE Director General (DG) and Directors, MFEM Director of Finance, and PMO Director Strategic Policy and Planning);
  - ii) representatives from the donor Pool Partners; and
  - iii) the Chair of the EPG. If the Chair of the EPG is also a Pool Partner, a Non-Pool Partner will also attend from the EPG.
- d) be chaired by MoE DG, with support from MoE staff.
- e) prepare and convene for:
  - i) the 2010 Education Budget Meeting, to be held by end-May 2010;
  - ii) the 2010 VERM Annual Joint Review Meeting, to be held November 2010; and
  - iii) the Education Budget and VERM Annual Joint Review Meetings in 2011 and 2012, to be held by end June of these years.
  - iv) other meetings if the need arises.

**Governance and Management – Meetings**

25. The VERM SC will meet for a **2010 Education Budget Meeting** which will:

- a) be the key formal interaction between Pool Partners to confirm allocations of resources for the 2011 budget.



- b) be held before the finalisation and submission of the 2011 GoV education budget, with an expected meeting date in late May 2010.
- c) be organised and convened by MoE.
- d) be prepared for and conducted according to the following process:
  - i) at least two (2) weeks prior to the meeting, Chair of the VERM SC (MoE DG) will circulate to VERM SC members the draft New Policy Projects to be supported in line with the VERM;
  - ii) at the meeting, Pool Partners will indicate anticipated funding levels and allocations for VERM priorities in the coming year, based on the draft New Policy Projects provided in advance;
  - iii) at the meeting, VERM SC members will review and agree New Policy Projects to be supported in line with the VERM;
  - iv) following the meeting, Chair of the VERM SC (MoE DG) will circulate the New Policy Projects including requested funding levels and allocations for VERM priorities; and
  - v) on receiving the New Policy Projects, Pool Partners will endorse in writing the anticipated funding levels and allocations for VERM priorities for inclusion in the GoV education budget.

26. The VERM SC will meet for a **2010 VERM Annual Joint Review Meeting** which will:

- a) review and analyse implementation progress and results in 2010.
- b) be held in November 2010.
- c) be organised and convened by MoE.
- d) be prepared for and conducted according to the following process:
  - i) at least two (2) weeks prior to the meeting, MoE will circulate to VERM SC members the 2010 Annual Joint Review Report (in accordance with paragraph 42) and draft Annual Work Plan and Budget for 2011;
  - ii) prior to the meeting, appropriate site visits to schools will be undertaken with Pool Partners;
  - iii) at the meeting, VERM SC members will:
    - (1) review implementation progress and results including using data from the Vanuatu Education Management Information System (VEMIS) for 2010

and results against the VERM Performance Assessment Framework at **Annex B** and against progress targets in the Annual Work Plan;

- (2) discuss important topics identified in the course of implementation;
- (3) agree a set of conclusions and recommendations that will form the basis for MoE and other key stakeholder actions in the coming year;
- (4) agree the Annual Work Plan and Budget for 2011, taking into account the outcome of the Ministerial Budget Committee (MBC) consideration of the New Policy Projects to be supported in line with the VERM agreed at the 2010 Education Budget Meeting and the full and final budget for 2011 that has been endorsed by the MBC; and
- (5) agree the tranche payments to be made by the donor Pool Partners in 2011 on the basis of the MoE's cashflow needs identified in the Annual Work Plan and Budget.

iv) following the meeting, Chair of the VERM SC (MoE DG) will circulate to VERM SC members the finalised 2011 Annual Work Plan and Budget.

v) on receiving the finalised documents, Pool Partners will jointly endorse in writing the 2011 Annual Work Plan and Budget.

27. In 2011 and 2012, the VERM SC will meet for a combined **Education Budget and VERM Annual Joint Review Meeting** which will:

- a) be the key formal interaction between Pool Partners to confirm allocations of resources in the following year's budget.
- b) review and analyse implementation progress and results in the previous year.
- c) be held before the finalisation and submission of the GoV education budget for the coming year, with meeting held by end June in 2011 and 2012.
- d) be organised and convened by MoE.
- e) be prepared for and conducted according to the following process:
  - i) at least two (2) weeks prior to the meeting, MoE will circulate to VERM SC members:
    - (1) the draft New Policy Projects (New Policy Projects) to be supported in line with the VERM; and
    - (2) MoE Annual Report in accordance with paragraph 42.c).
  - ii) prior to the meeting, appropriate site visits will be undertaken with Pool Partners.

- iii) at the meeting, Pool Partners will indicate anticipated funding levels and allocations for VERM priorities in the following year, based on the draft budget proposals provided in advance.
  - iv) at the meeting, VERM SC members will:
    - (1) review and agree New Policy Projects to be supported in line with the VERM;
    - (2) review implementation progress and results, discussing important topics identified in the course of implementation; and
    - (3) agree a set of conclusions and recommendations that will form the basis for MoE and other key stakeholder actions in the coming year.
  - v) following the meeting, Chair of the VERM SC will circulate the New Policy Projects including requested funding levels and allocations for VERM priorities.
  - vi) on receiving the New Policy Projects, Pool Partners will endorse in writing the anticipated funding levels and allocations for VERM priorities for inclusion in the GoV education budget.
28. For all major meetings held in relation to this Arrangement, including those described in paragraphs 25, 26 and 27 above, all substantive agreements will be recorded in aide memoires, following the template at **Annex H**. The Aide Memoire will be drafted by MoE with assistance of donor Pool Partners.
29. MoE will conduct brief, up to one hour in duration, **monthly update meetings**. These will:
- a) include representatives of Pool Partners and the EPG Chair, with MoE represented by the Director General, Directors and a member of the internal MoE coordinating committee, or their representatives. MFEM and PMO will also be represented.
  - b) be held within ten working days after end of month, ensuring that the report in 17.a) is provided to the Pool Partners at least two (2) working days in advance of the meeting.
  - c) for one meeting each quarter, include more detail on activity implementation progress and challenges, including a brief written update (of up to five (5) pages in length) provided to the Pool Partners at least two working days in advance of the meeting.

## **Contributions**

### ***Government of Vanuatu***

30. The GoV undertakes to secure ongoing financial assistance sufficient to support its commitments to implementation through its annual appropriations from parliament, including:
- a) contributing at least **VUV 100 million** in 2010 to school grants for years 1 through 6; and
  - b) increasing contributions to school grants for years 1 through 6 by 25 per cent each year until fully GoV-funded.
31. In addition to financial contributions, the GoV undertakes to provide for technical assistance supported by Pool Partners such human resources, office space, and logistical support as is required to ensure successful implementation.

### ***Pool Partners***

32. Financial assistance through Pool Partners individual contributions will be set out in separate Grant Funding Arrangements between the GoV and other Pool Partners.
33. The separate Grant Funding Arrangements of the Pool Partners will be compatible with the spirit and provisions of this Arrangement and will refrain from setting conditions which contradict or diverge from the spirit of the provisions of this Arrangement. However, if there is any inconsistency or contradiction between the terms and conditions of this Arrangement and any separate Grant Funding Arrangement, the provisions of the separate Grant Funding Arrangement will prevail. Insofar as specific provisions of a separate Grant Funding Arrangement deviate from this Arrangement, the Pool Partner concerned will inform the other Pool Partner thereof, by supplying a copy of the Grant Funding Arrangement to the other Pool Partner, specifying the provision(s) concerned.
34. Pool Partner contributions will be made according to the **Pool Partner Contribution Mechanism** set out in **Annex C** or as negotiated in the Grant Funding Arrangement between the GoV and the Pool Partner.
35. The Pool Partners acknowledge that Pool Partner contributions are conditional upon the annual appropriations of respective Parliaments of such sums for the purpose of supporting this Arrangement.
36. Consistent with paragraphs 5 and 13, the amount of actual funding required each year will be based on GoV requirements. This will be informed by the VERM and based on an Annual Work Plan, budget forecasts, actual expenditures, and the rate of progress in the implementation.

37. GoV will use the funds provided by the donor Pool Partners solely for purposes within the scope of the VERM agreed in advance in writing through the processes outlined at Paragraphs 25, 26 and 27 above.
38. Where necessary, a Budget Adjustment can be made to reallocate donor Pool Partner funds within the agreed VERM scope defined at paragraph 37. The process will be:
- a) if the adjustment exceeds 5 per cent of the agreed activity budget (at the level of *SmartStream* Project-Component Code) or **VUV 5 million** (whichever is less) within a 12 month period, then MoE will seek prior written approval from the VERM SC including all donor Pool Partners.
  - b) if the adjustment does not exceed 5 per cent of the agreed activity budget (at the level of *SmartStream* Project-Component Code) or **VUV 5 million** (whichever is less) within a 12 month period, then MoE will inform the VERM SC including all donor Pool Partners of the reallocation in writing by at least five (5) working days in advance of the adjustment or commencing expenditure above the prior agreed amount.
  - c) a copy of the relevant correspondence including that required by a) and b) above will be attached to a Budget Adjustment request that MoE sends to MFEM. MFEM will not make any changes to the budget of the VERM funds in the Development Fund Account without a completed Budget Adjustment request form including the correspondence record verifying that the requirements at a) and b) above have been met.

## **Reporting**

39. MoE will provide the following reports to the VERM SC:
- a) an annual Acquittal Report of donor Pool Partner funding.
  - b) New Policy Projects to be supported in line with the VERM.
  - c) a 2010 Education Annual Joint Review Report.
  - d) the MoE Annual Report in 2011 and 2012.
  - e) an Annual Work Plan and Budget for 2010, 2011 and 2012.
40. The annual **Acquittal Report** will:
- a) be prepared in accordance with **Annex D**, using a Development Fund Detail Report produced from the *SmartStream* Financial Management Information System (FMIS) *Vision* reporting system which clearly shows according to the Account structure (Project, Component and Chart of Account) of VERM Pool Partner contributions:

- i) actual expenditure against budget;
  - ii) the balance remaining after actual expenditure; and
  - iii) any unspent funds from the preceding year.
- b) cover 1 January to 31 December of the previous year for donor Pool Partner contributions to VERM.
  - c) be provided by 31 March each year.
  - d) be signed off by the MoE DG including a statement acknowledging that:
    - i) donor Pool Partner contributions were received and only used for agreed purposes;
    - ii) all conditions relating to this Arrangement and any related Grant Funding Arrangement(s) have been met; and
    - iii) donor Pool Partner contributions were fully utilised, or, if not fully utilised, an explanation regarding unspent contributions.
  - e) in 2010, cover all expenditure under the Vanuatu Education Support Action Plan (VESAP) from 17 June 2008 until 31 December 2009.

41. The **New Policy Projects** to be supported in line with the VERM will:

- a) be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the Education Budget Meeting.
- b) clearly indicate requested funding levels and allocations for VERM priorities of donor Pool Partner contributions.
- c) be endorsed in writing by the Pool Partners following the Education Budget Meeting.

42. The **2010 Education Annual Joint Review Report**, and in 2011 and 2012 the **MoE Annual Report**, will:

- a) consider issues noted in the reporting template at **Annex E**, including analysing progress on the Annual Work Plan (achieving planned outputs and progress targets) and towards the targets in the PAF at **Annex B**.
- b) assess whether implementation performance is satisfactory, in accordance with paragraph 46.
- c) in 2010, be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the 2010 Education Annual Joint Review Meeting.

43. The **Annual Work Plan and Budget** will:

- a) be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the Education Annual Review Meeting.
  - b) include a budget for the coming year in a format consistent with the template at **Annex D** using a Development Fund Detail Report produced from the *SmartStream* Financial Management Information System (FMIS), which clearly shows budgeted amounts according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions.
  - c) include a procurement plan that includes for each procurement to be undertaken over **VUV 1 million** (either by open tender or quotations where permitted) the proposed procurement method, terms of reference or product specification, advertisement, and evaluation method.
  - d) include progress targets to monitor implementation of activities.
  - e) include an indicative update of the full three year rolling plan funding requirements.
  - f) be endorsed in writing by the VERM SC members following the 2010 Education Annual Review Meeting.
  - g) be considered in 2011 and 2012 at a regular monthly VERM meeting, as specified at paragraph 29, before the end of November each year.
  - h) be endorsed in writing by the VERM SC members by end-2011 and end-2012.
44. MoE with support from MFEM will be responsible for preparing and distributing via email a monthly Development Fund Detailed Report to the Pool Partners, in accordance with paragraph 17.a).

### **Monitoring and Evaluation**

45. The Participants have agreed on a comprehensive **Performance Assessment Framework** as set out in **Annex B**. The MoE will be responsible for coordinating the collection of data, collation of results and reporting in accordance with paragraph 42.
46. The Pool Partners have agreed that implementation performance will be considered satisfactory if GoV achieves all of the targets set out at paragraph 6 of **Annex B**.

47. At a minimum, the following reviews and studies will be undertaken to support VERM implementation:

- a) to inform a revised 2011 New Policy Project for the Universal Primary Education (UPE) policy, in accordance with the approach outlined at **Annex G**:
  - i) a detailed study led by GoV in early 2010 of actual costs (public and private) of education service delivery and barriers to access;
  - ii) an independent review of fund flows, processes and procedures at all stages of the school grants, to be completed by June 2010; and
  - iii) a GoV monitoring report of the UPE policy.
- b) to examine options for efficiency gains in the sector, a Public Expenditure Review or equivalent comprehensive analysis of the financing of education, to be completed not later than November 2011.
- c) utilising the approach outlined at **Annex G**, conduct an independent assessment of the impact of the school grants program on access and the quality of schooling and on parental contributions to schools, to be completed by mid-2012.,
- d) VERM Review to be conducted in early 2012 to inform post-2012 plans for development partner support for the VERM.

## **Procurement**

48. Responsibility for the procurement of goods, works, or services in relation to the implementation of the VERM rests with the GoV. The Pool Partners also have an obligation to ensure that their contributions are used with due attention to economy and efficiency. GoV undertakes to effect all procurement of works, goods and services under the VERM in accordance with the Vanuatu Public Financial Management Act 1998 and the GoV Procurement Guidelines. GoV is responsible for the management and implementation of all resulting contractual arrangements.

49. The Participants will work together to ensure that there is effective coordination, transparency in selection and recruitment, and avoidance of duplication in provision of technical support or assistance for the VERM, in response to requests made by the GoV. Pool Partners will support MoE efforts to strengthen its procurement and contract management capability so that in due course MoE can directly procure Technical Assistance (TA) itself.

50. GoV will be responsible for performance management of all long-term TA. Any TA contracted for a period of 12 months or more will be considered long term. For long-term TA, GoV will:



- a) complete at least every six months, or more frequently if required, Section 1 of the Staff Performance Appraisal of the GoV Public Service Commission 'Performance Management System Policy';
  - b) share with Pool Partners within 30 days of completion each Staff Performance Appraisal referred in a) above; and
  - c) report at any time any dissatisfaction or concerns with TA performance in writing to the other Pool Partners.
51. Where GoV does not provide donor Pool Partners with performance appraisals for long-term TA in accordance with 50.b) above, or where GoV reports dissatisfaction or concern, where they are a party to the contract with the TA and where the contract allows this, donor Pool Partners will take appropriate action and may terminate the contract of the TA in question, in consultation with GoV.

### **Audit**

52. MFEM operates the GoV's Development Fund Account. MFEM is responsible for maintaining the accounting records, ledgers and preparing the financial statements pertaining to the account.
53. Donor Pool Partner funds held in the Development Fund Account will be subject to GoV's existing and statutory accounting and audit procedures including the Office of the Auditor General's (OAG) annual audit of GoV financial statements.
54. After this annual audit the OAG provides a management report to the Director General (DG) of the MoE, MFEM, and the PMO, commenting on control weaknesses and recommendations within MoE. The MoE DG and the DG of MFEM undertake to share this report with other Pool Partners and discuss ways in which funding partners can assist in addressing identified weaknesses.
55. GoV commits to monitoring OAG's capacity and ability to undertake an annual audit and will discuss any risks stemming from OAG capacity constraints with the Pool Partners.
56. If the OAG is unable to carry out the audits mentioned above due to constraints on the Office's capacity, the Pool Partners will discuss ways in consultation with the OAG to support the OAG to carry out these audits to ensure that regular audits are conducted, in line with GoV systems. The annual audit will provide the necessary assurance to development partners and other stakeholders about the proper use of donor Pool Partner and GoV funding.
57. The Pool Partners reserve the right to initiate independent audits for the use of their respective funds if the need is identified, and in consultation with GoV and the OAG.

58. GoV undertakes to discuss all audits with the donor Pool Partners in order that a joint plan for implementing recommendations can be put in place.
59. The GoV will allow the donor Pool Partners access to all accounting information relating to the Arrangement. Where donor Pool Partners seek access to information they will give the GoV ten (10) working days notice. The GoV will provide the information requested within ten (10) working days of being given notice. The donor Pool Partners may take copies of any information provided.

## **General Provisions**

### ***Variation***

60. Any variation, modification or amendment to the provisions of this Arrangement will only be effective if agreed in writing by the Pool Partners. If the variation, modification or amendment will affect Non-Pool Partners, the variation, modification or amendment will also be made in agreement with Non-Pool Partners in writing.

### ***Dispute Resolution***

61. Each of the Participants shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising under or in connection with this Arrangement or the VERM. The outcome of the negotiations will be documented. In so doing, each of the Participants undertakes to act in good faith, in a spirit of goodwill and cooperation.

### ***Media***

62. In the event that a Pool Partner needs to issue a media release in relation to the VERM or any aspect of this Arrangement, it will first consult with the other Pool Partners. Reasonable time must be allowed for such consultation, while taking into account the constraints of media release timeframes.
63. Where a high profile issue arises in relation to the VERM, or this Arrangement, then the Pool Partner who first becomes aware of the issue must immediately advise the others. Each Pool Partner undertakes not to make or cause to be issued any comment or statement to the media, or any member of the public, or any third party without the prior consultation and agreement of the other Pool Partner.

### ***New Pool Partners***

64. The Pool Partners welcome other development partners to join this Arrangement to support the VERM as a Pool Partner.

65. Any prospective new Pool Partner must make a written request to GoV (directed to the PMO and copied to MoE and MFEM) stating their wish to join this Arrangement as a Pool Partner. Such a request is to be considered by all Pool Partners. Where it is agreed that the new development partner may join the arrangement as a Pool Partner, a formal Letter of Partnership will be completed and signed. Any such accession must be on the same terms and conditions as are contained in this Arrangement.
66. New donor Pool Partners contributions will be made according to the arrangements described at paragraph 34 or as negotiated in the Grant Funding Arrangement between the GoV and the new Pool Partner.

### ***Extraordinary Events***

67. Pool Partners shall not be liable for any failure to perform or any delay in performing their obligation(s) under this Arrangement where the cause of such failure or delay is beyond that Pool Partner's reasonable control. However, the Pool Partner claiming suspension of its obligations for this reason must immediately give written notice to the others.

### ***Non-Compliance and Suspension***

68. Other than in situations of force majeure, each Pool Partner must advise the others within five (5) working days if, at any time, that Pool Partner, or its employees, agents or sub-contractors is unable, for any reason, to meet or perform any of the requirements of this Arrangement or the agreed implementation of the VERM.
69. In case of a material or serious non-compliance with the provisions of this Arrangement, or the agreed implementation, the Pool Partners, individually and jointly as the case requires, reserve the right to suspend further payments and/or to reclaim all or part of the contribution funding already transferred to the GoV. Reasonable advance notice of the suspension of payments shall be given, where possible at least six months prior to the beginning of the GoV financial year. For the purposes of this paragraph non-compliance includes, but is not restricted to, the following:
- a) a substantial deviation from agreed implementation plans and/or budgeted expenditure occurs.
  - b) a serious issue or fault in a tender selection process resulting in a mis-procurement.
  - c) significant deviation from the understandings of this Arrangement.
  - d) significantly unfavourable development of the VERM in relation to its objectives.
  - e) a fundamental change in circumstances compared to those which existed at the signing of this Arrangement.

70. If a Pool Partner intends to suspend payment(s) or terminate its support, that partner must call for a meeting with all Pool Partners to discuss whether a joint position can be agreed on the measures, remedial or otherwise, required. If a joint position cannot be reached, the suspending Partner may confirm to the other Pool Partners its intentions regarding the continuance or discontinuation of support.
71. If a Pool Partner intends to suspend their payment for any reason, then any preconditions the Pool Partner would require satisfied before it recommences payment should be discussed in good faith with fellow Pool Partners.

### ***Pool Partner Withdrawal***

72. Each Pool Partner reserves the right to withdraw and/or terminate its support to the VERM. In doing so it should provide, where possible, at least six months notice to the Pool Partners. The circumstances and reasons for the withdrawal should be discussed with the GoV and other Pool Partners.
73. Prior to written notification of its withdrawal or termination, the Pool Partner in question must call a meeting of all Pool Partners to inform them of its decision and to consult on the consequences for the VERM.

### ***Conflict of Interest***

74. Each Pool Partner undertakes to take active steps to manage any actual, potential or perceived conflict of interest in relation to their role or the role of any employee, consultant, agent or sub-contractor.

### ***Confidentiality***

75. All information marked by any Pool Partner as 'confidential' will be treated as confidential by the others except insofar as the information has been made available for public release. However, each Pool Partner acknowledges that certain information may be required to be disclosed through legal process or government convention.

### ***Relationship of the Partners***

76. Each Pool Partner is a separate entity. Nothing contained or implied in this Arrangement or associated Grant Funding Arrangement shall be construed as creating, and no Partner shall state, imply or do anything to suggest that this Arrangement creates, a relationship of employer/employee, or principal/agent or a legal partnership or an international treaty between sovereign states between the Pool Partners, or any of their employees, agents or sub-contractors.

77. Each Pool Partner remains responsible for the liability of its own employees, agents and sub-contractors and for all related tax, insurances or such other costs attributed to their employment or engagement.

### ***Corruption***

78. Consistent with each Pool Partner's commitment to good governance, accountability and transparency, each Pool Partner reserves the right to investigate, either directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices in relation to the other Pool Partners and the implementation of the VERM or any aspect of this Arrangement.
79. The GoV will ensure that its employees, agents, consultants and sub-contractors working in relation to any aspect of the VERM or this Arrangement or associated Grant Funding Arrangement shall not make or offer or seek or accept from or by any third party, for themselves or for any other party, any gift, money, reward, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an unethical, illegal or corrupt practice.
80. The GoV will promptly inform the Pool Partners of any serious event under paragraphs 78 or 79 above, or incidence of accidental or deliberate misuse of funds, embezzlement, fraud, dishonesty or corruption in relation to any aspect of the VERM or this Arrangement. The GoV undertakes to investigate and take all appropriate measures including laying an immediate complaint with the Police if any funding from the Pool Partners is stolen or misappropriated.

### ***Terrorism***

81. GoV undertakes that it: (a) will not use VERM resources or any part thereof for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to GoV's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under the United Nations Security Council Resolution 1373 and related resolutions; and (b) will include a corresponding provision to this effect in any agreement that GoV enters into with entities to which GoV makes VERM resources available.

## Execution

<b>Signed for and on behalf of the Vanuatu Ministry of Education:</b>
Signature
<b>Hon. Charlot Salwai Tabimasmass</b>
Full Name
<b>Minister of Education</b>
Position
Date

<b>Signed for and on behalf of the Vanuatu Ministry of Finance and Economic Management:</b>
Signature
<b>Hon. Sela Molisa</b>
Full Name
<b>Minister of Finance and Economic Management</b>
Position
Date

<b>Signed for and on behalf of the Vanuatu Prime Minister's Office:</b>
Signature
<b>Hon. Edward Nipake Natapei Tutavanuariki</b>
Full Name
<b>Prime Minister</b>
Position
Date

<b>Signed for and on behalf of Agence Française de Développement:</b>
Signature
Full Name
Position
Date

<b>Signed for and on behalf of AusAID:</b>
Signature
<b>Nick Cumpston</b>
Full Name
<b>Counsellor</b>
<b>AusAID Port Vila</b>
Position
Date

<b>Signed for and on behalf of the European Union:</b>
Signature
<b>Nicolás Berlanga</b>
Full Name
<b>Chargé d’Affaires</b>
<b>Delegation of the European Union to Vanuatu</b>
Position
Date

<b>Signed for and on behalf of the Government of France, represented by the Embassy of France:</b>
Signature
<b>Francoise Maylie</b>
Full Name
<b>Ambassadrice de France</b>
<b>Ambassade de France, Port Vila</b>
Position
Date

<b>Signed for and on behalf of the Government of Japan, represented by the Embassy of Japan:</b>
Signature
Full Name
Position
Date

<b>Signed for and on behalf of NZAID:</b>
Signature
<b>Jeff Langley</b>
Full Name
<b>New Zealand High Commissioner, Port Vila</b>
Position
Date

<b>Signed for and on behalf of the Peace Corps:</b>
Signature
<b>Eddie Stice</b>
Full Name
<b>Country Director</b>
<b>Peace Corps, Vanuatu</b>
Position
Date

<b>Signed for and on behalf of SPC:</b>
Signature
Full Name
Position
Date

<b>Signed for and on behalf of UNESCO:</b>
Signature
Full Name
Position
Date

<b>Signed for and on behalf of UNICEF:</b>
Signature
<b>Tim Sutton</b>
Full Name
<b>Deputy Representative</b>
<b>UNICEF Suva</b>
Position
Date

<b>Signed for and on behalf of the World Bank:</b>
Signature
Full Name
Position
Date



**Annex A: Vanuatu Education Road Map**



**Government of Vanuatu**

**Vanuatu Education Road Map**

**Feuille De Route De L'Education  
De Vanuatu**



**1 December 2009**

## **Annex B: Performance Assessment Framework**

1. The Performance Assessment Framework (PAF) at Table 1 below will be used to track progress towards the three strategic goals of the VERM, consistent with the Education for All Goals and the Millennium Development Goals.
2. The PAF will be tracked along with progress against the implementation progress targets established in the Annual Work Plans.
3. The PAF will utilise data from the Vanuatu Education Management Information System (VEMIS) and other complementary sources as required. Sources are indicated in the table at Table 1 below.
4. GoV will continue to develop and refine the PAF. The most recently Pool Partner agreed version will be considered as this **Annex B**.
5. Progress against the PAF will be discussed at the Education Annual Joint Review Meetings and recorded in the 2010 Education Annual Joint Review Report and the 2011 and 2012 MoE Annual Reports, as outlined at paragraph 42 of this Arrangement.
6. In implementing the **Annual Work Plan and Budget** agreed in accordance with paragraph 43 of this Arrangement, performance will be considered satisfactory if GoV achieves all of the following:
  - a) Annual expenditure reaches at least 80 per cent of the total agreed Annual Budget for donor Pool Partner funds.
  - b) 100 per cent of progress targets in the Annual Work Plan are achieved for the School Grants and Support for School Grants Outputs.
  - c) 80 per cent of progress targets in the Annual Work Plan are achieved for all other Outputs not including School Grants and Support for School Grants.

Table 1: VERM Performance Assessment Framework

No.	Indicator	Baseline (year)	Interim Target (2012 or as stated)	Program Target (2015)	Source
Strategic Goal 1: To increase equitable access to education for all people at all levels of education in Vanuatu					
1.	Primary school parental contributions (Vt / yr, range)	600 - 15,000	no fees	no fees	Annual VEMIS survey results
2.	Net Enrolment Rate (NER) in year 1 (%)	36.0 (2008)	70	100	VEMIS, published in Education Digest
3.	Net Enrolment Rate in years 1 to 6 (%)	82.3 (2008)	85 (2011)	100	VEMIS, published in Education Digest
4.	Survival Rate to year 6 (%)	75.8 (2007)	85	100	VEMIS, published in Education Digest
5.	Transition Rate from year 6 to year 7 (%)	90.9 (2008)	Increase	Increase	VEMIS, published in Education Digest
6.	Survival Rate to year 13 (%)	18.8 (2007)	Increase	Increase	VEMIS, published in Education Digest
Strategic Goal 2: To improve the quality of education in Vanuatu					
7.	Primary school teachers certified (%)	50.5 (2008)	60	70	VEMIS, published in Education Digest
8.	Early grade reading	To be established by end 2010			Early Grade Reading assessment (EGRA) Surveys, to commence in 2010
9.	Year 4 literacy level	To be established by end 2010			Sample based assessments of literacy and numeracy through Vanuatu Standardised Test (Vansta), commencing 2010
10.	Year 4 numeracy level	To be established by end 2010			(as per PAF item 10.)
11.	Student:textbook ratio	To be established by end 2010			VEMIS, published in Education Digest
12.	Classroom:student ratio	To be established by end 2010			VEMIS, published in Education Digest
13.	Gender Parity Index for NER years 1 to 6	1.00 (2008)	Within range 0.98 – 1.02		VEMIS, published in Education Digest
Strategic Goal 3: To improve and strengthen the management of the education system in Vanuatu					
14.	Primary schools using Government-approved bank accounts (%)	0	100	100	Independent audit of the primary school bank account arrangements
15.	Non-payroll share of education budget (%)	12.0 (2009)	Increase	Increase	MFEM will run a report from Vanuatu’s <i>Smartstream</i> FMIS to compare amounts excluding series 8A***** to the total education appropriation.
16.	Approved sub-sector policy statements	0	5 (2012)	9 (2015)	As reported in MOE Annual Report
17.	Annual Work Plan developed	-	By 31 Dec	By 31 Dec	Endorsed in writing by VERM SC for 2011-2015
18.	VERM implementation performance	-	Satisfactory	Satisfactory	Aide Memoire, VERM Annual Joint Review

### **Annex C: Pool Partner Contribution Mechanism**

1. In accordance with paragraph 37 of this Arrangement, GoV will use the funds provided by the Pool Partners through this mechanism solely for purposes within the scope of the VERM agreed in advance in writing.
2. Tranche payments will be made to the Government of Vanuatu Development Fund Account (DFA).
3. Pool Partners will contribute funds through two tranche payments each year.
4. The **first tranche payment** each year will:
  - a) take place in January.
  - b) in 2010 be 60 per cent of the 2010 annual approved donor contribution.
  - c) in 2011 and 2012 be a proportion of the annual approved donor contribution based on GoV's cashflow needs reflected in the annual work plan and agreed at the previous November monthly meeting between all Pool Partners and confirmed in writing among the Pool Partners.
  - d) be released in 2010 upon:
    - i) signing of this Arrangement and associated Grant Funding Arrangement(s)
    - ii) agreement in writing by the Pool Partners to the design of the school grants program (including School Financial Management Manual & Grant Code), and
    - iii) endorsement in writing by the Pool Partners of the 2010 Annual Work Plan and Budget, including the amounts of each tranche per Pool Partner.
  - e) be released in 2011 and 2012 upon endorsement in writing by Pool Partners of the Annual Work Plan and Budget as outlined at paragraph 43.
5. The **second tranche payment** each year will:
  - a) take place in July, subject to paragraph d) below.
  - b) in 2010 be 40 per cent of the 2010 annual approved contribution less any unspent Vanuatu Education Support Action Plan (VESAP) funds as at 31 December 2009.
  - c) in 2011 and 2012 be a proportion of the annual approved donor contribution agreed at the previous year's November monthly meeting between all Pool Partners and confirmed in writing among the Pool Partners, less any unspent funds as at 31 December of the previous year.

- d) be released only once the Pool Partners have endorsed in writing the annual Acquittal Report.
- 6. Any funds provided by the Pool Partners in relation to this Arrangement remaining unspent in the Development Fund Account (DFA) at the end of the GoV financial year will remain in the DFA, and will be recorded as revenue in the next financial year.
- 7. Any funds not spent by 31 December 2012 will either need to be returned to Pool Partners or reallocated through mutual agreement among the Pool Partners.

## **Annex D: Financial and Acquittal Reporting**

### **D) Financial Reporting**

In accordance with paragraph 17.a) of this Arrangement MoE with assistance from MFEM will provide monthly by email to the Pool Partners a Development Fund Detail Report produced from the *SmartStream* Financial Management Information System (FMIS), which will:

- be developed by MFEM FMIS Section
- show according to the Account structure (Project, Component and Chart of Account) of the VERM donor Pool Partner contributions:
  - actual expenditure (expenditure already paid in cash)
  - commitments (where expenditures are committed by purchase order but not yet paid in cash)
  - total of actual expenditure and commitments
  - uploaded budget (the amount allocated from received donor funds to each Component)
  - variance ('under/(over)') comparing uploaded budget less the total of actual expenditure and commitments.
  - annual budget (the amount agreed among Pool Partners for the VERM Activity for the year)
  - variance ('under/(over)') comparing annual budget less the total of actual expenditure and commitments.
- be provided within five working days after the end of each month
- follow the template provided below. This will also be the template for the budget detail in the Annual Work Plan and Budget as per paragraph 43.b)
- be extracted from *Vision*, a reporting system associated with *SmartStream*
- show donor Pool Partner contributions as revenue only at the Project code level for VERM overall, and not distinguish revenue sources for each Component.

### Development Fund Detail Report Template

Account	Description	Actual Expenses	Commitment	Total	Uploaded Budget	Under/(Over) to Uploaded Budget	Annual Budget	Under/(Over) to Annual Budget
	<b>Revenue</b>							
7QAU	Australia	X	-	X	X	X	-	-
7QNZ	New Zealand	X	-	X	X	X	-	-
7QXX	(other donor)	X	-	X	X	X	-	-
7QXX	(other donor)	X	-	X	X	X	-	-
7QXX	(other donor)	X	-	X	X	X	-	-
	<b>Total Revenue</b>	X	-	X	X	X	-	-
	<b>Expenses</b>							
(account code)...	...	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
	<b>Total Expenses (overall)</b>	X	X	X	X	X	X	X
		X	X	X	X	X	X	X
<b>10A101-00</b>	<b>School Grants</b>							
	<b>Expenses</b>							
8DGO	Operating Grant	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
	<b>Total Expenses</b>	X	X	X	X	X	X	X
<b>10A101-10</b>	<b>Support for School Grants - Costing / barriers review</b>							
	<b>Expenses</b>							
8CIE	(expense type, e.g. Equipment Hire)	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
(account code)...	...	X	X	X	X	X	X	X
	<b>Total Expenses</b>	X	X	X	X	X	X	X
<b>10A101-11</b>	<b>Support for School Grants – Training</b>							
	<b>Expenses</b>							
8CIE	...	X	X	X	X	X	X	X
(account code)...	...							
	<b>Total Expenses</b>	X	X	X	X	X	X	X
<i>(continue as needed for remaining project-component codes)</i>								
<b>10A101-1*</b>	<b>Total Expenses for Support for School Grants (including all sub-Activities)</b>	X	X	X	X	X	X	X
<i>(continue as needed for remaining project-component codes)</i>								
	<b>Remaining Balance for 10E101</b>	X	X	X	X	X	X	X

The VERM project code will be a code such as '10A101'. Each VERM Development Output will include an additional two-digit Component Code to the VERM project code, such as '10A101-01', as will each Activity within one Output (if there are multiple Activities in an Output), for example from '10A101-01 to 10A101-99'.

Indicative account structure (Project, Component and Chart of Account)  
for the 2010 VERM donor Pool Partner contributions

VERM Output	Activity	Project- Component Code	Fund / Cost Centre / Activity
School Grants	Primary School Grants	10E101-00	4-54EN-MECC
Support for School Grants	Costing / barriers review	10E101-10	4-54BC-MEBB
	Financial Management Training for Head of Schools	10E101-11	4-54BB-MEBB
	Finance Staff	10E101-12	4-54BB-MEBB
	Stationery	10E101-13	4-54EM-MECC
Primary School Classrooms and Facilities	Water Tanks	10E101-30	4-54CB-MECA
	Basic Education Upgrade (Classrooms)	10E101-31	4-54CB-MECA
	Staff / Contractors	10E101-32	4-54BD-MEBB
Quality Improvements	Harmonization / Teacher Education	10E101-50	4-54FB-MECD
	In-Service Unit	10E101-51	4-54FB-MECD
	Curriculum Development	10E101-52	4-54CA-MECA
Improvements to Management	Audit	10E101-70	4-54AB-MEBA
	Legislative & Policy Reform	10E101-71	4-54AA-MEBA
	Sector Financing	10E101-72	4-54BC-MEBB
	VEMIS	10E101-73	4-54BC-MEBB
	Improved Budgeting & Planning	10E101-74	4-54AA-MEBA

From time to time, GoV will produce and share among Pool Partners other reports, including where possible showing recurrent (GoV-funded) and development (donor-funded) expenditure by Cost Centre and Activity codes.

Activities cannot be overspent to their annual budget. If funds need to be transferred between Activities, the procedure will be undertaken according to paragraph 38 of this Arrangement.

For accrual accounting purposes, all expenditure to budget, as well as any surplus funding, will be deemed attributable to donor Pool Partners according to their share of the total annual contribution and not according to the order in which each contribution was received.



## II) Acquittal Reporting

Acquittal Reports will be prepared in accordance with paragraph 40 of this Arrangement. The GoV's own acquittal reporting format will be accepted by the donor Pool Partners.

The Acquittal Report will state:

- the start and end dates for the period of the acquittal report
- the currency of the acquittal report, expected to be in Vanuatu's national currency (Vatu - VUV)
- the funds received from each donor Pool Partner, shown separately and noting the date the funds were received. This will be included as a separate schedule produced from *Vision*.
- unspent funds from the previous acquittal period that are being carried forward and expressed as the opening balance in the current acquittal report
- the total revenue received to date from all donor Pool Partners (funds received plus unspent funds)
- by Project, Activity and Account Code for the period covered:
  - budget
  - actual expenditure
  - variance
- totals of:
  - budget
  - actual expenditure
  - variance
  - closing balance (surplus/(deficit))
- that the closing balance will be carried forward into the next reporting period.

Any surplus funds reported in the Acquittal Report will be deemed attributable to the donor Pool Partners according to each Pool Partner's share of the total annual Pool Partner contribution.

While GoV may include committed expenses in the Acquittal Report, the Acquittal Report will separately show actual expenses and calculate the balance against actual expenses.

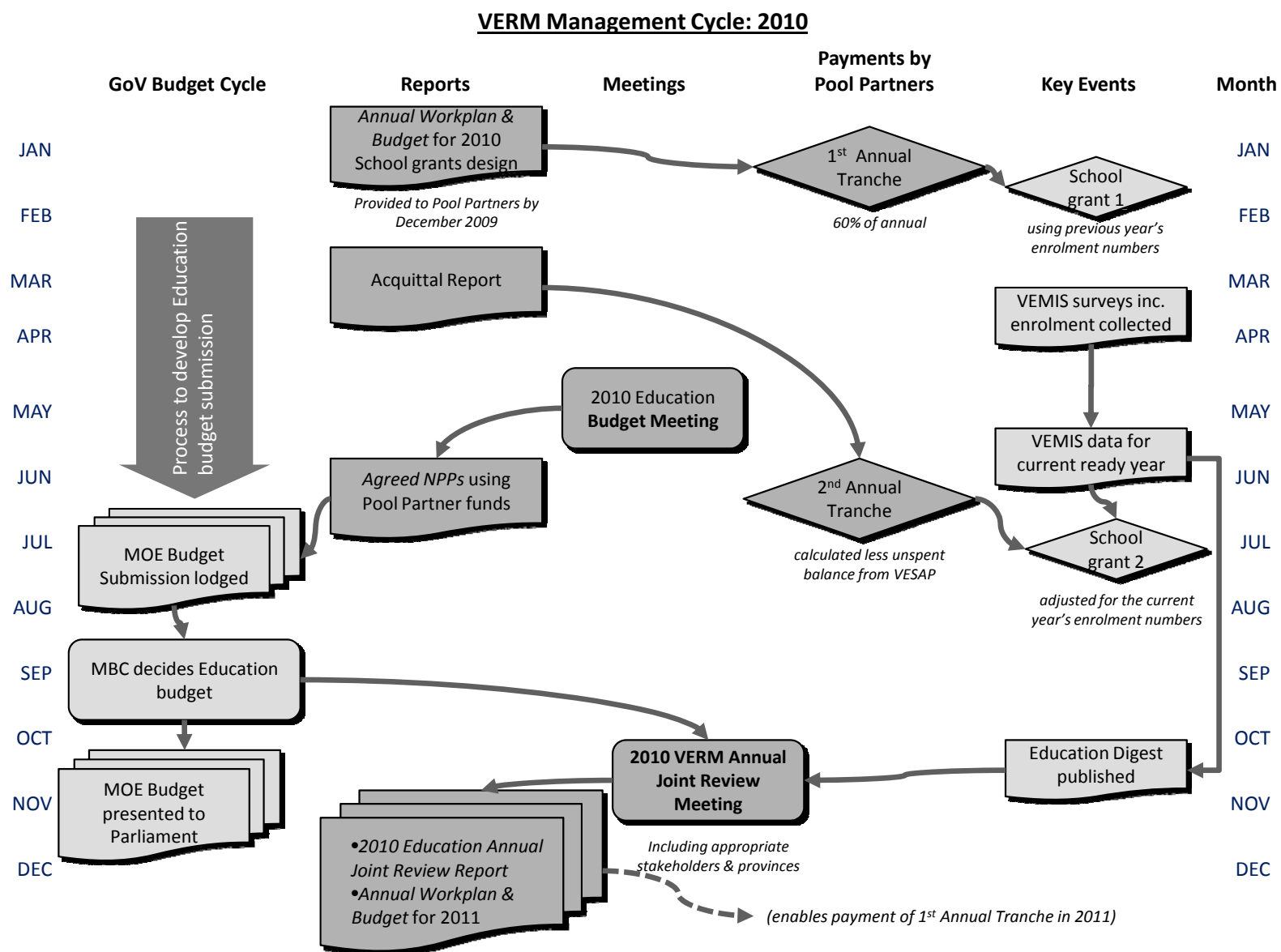
In accordance with paragraph 40.d) the Acquittal Report will be signed off by MoE DG including a statement acknowledging that:

- i) donor Pool Partner contributions were received and only used for agreed purposes;
- ii) all conditions relating to the this Arrangement and any related Grant Funding Arrangement(s) have been met; and
- iii) donor Pool Partner contributions were fully utilised, or, if not fully utilised, an explanation regarding unspent contributions, for example that they will be carried forward into the next reporting period.

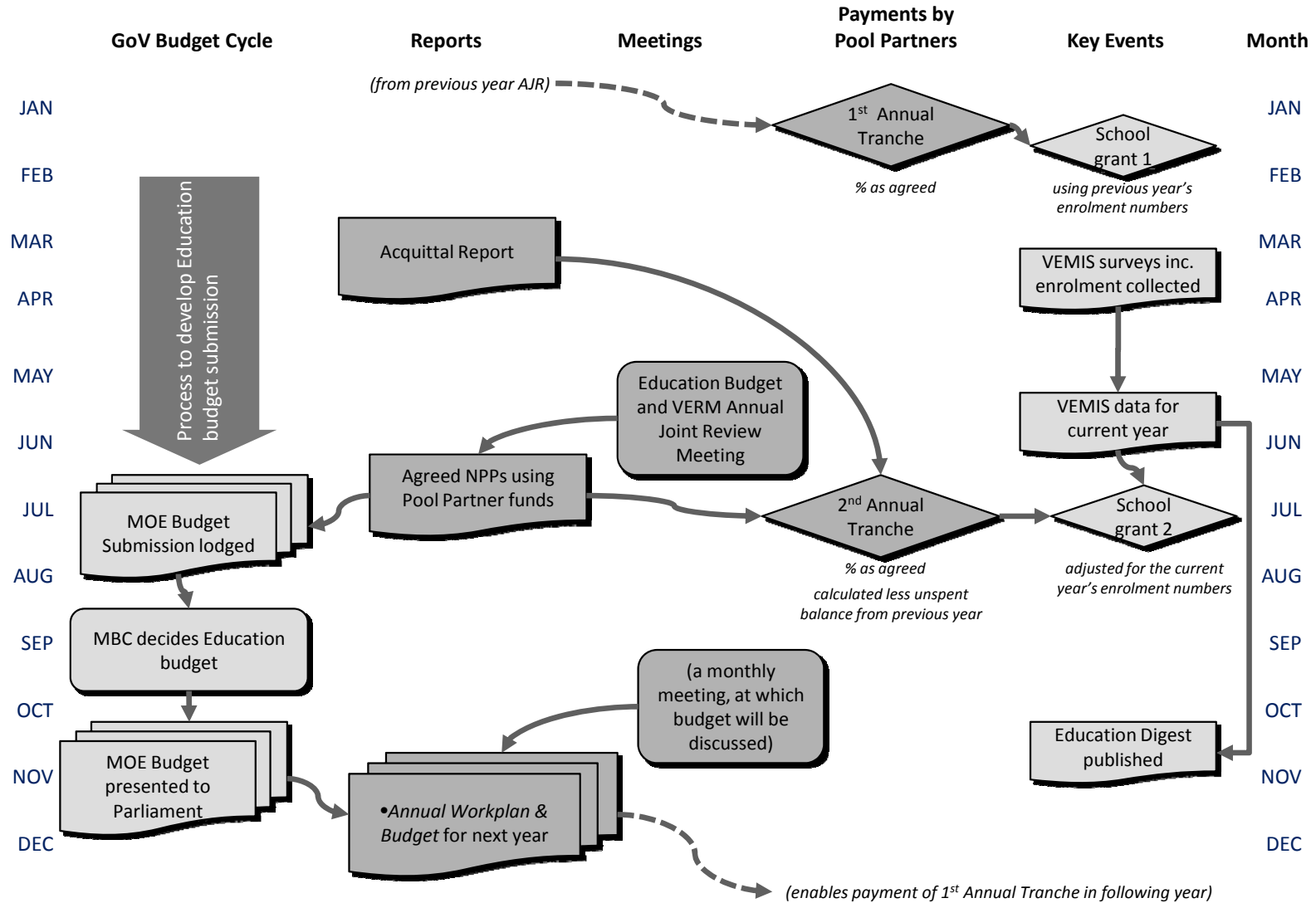
**Annex E: Issues to discuss at VERM Annual Joint Review and to address in the annual reporting of VERM progress**

1. VERM Annual Joint Review processes will be conducted each year in accordance with paragraphs 26 and 27 of this Arrangement.
2. The VERM Annual Joint Review will:
  - a) review financing levels in the overall education sector, including the levels and sources of financing for early childhood education, primary, secondary, tertiary, and technical vocational education and training (TVET).
  - b) discuss progress towards implementation targets in the Annual Work Plan and whether implementation performance is satisfactory in accordance with paragraph 6 of **Annex B**.
  - c) assess progress towards PAF targets – are we making an impact?
  - d) discuss any audits undertaken in the last 12 months
  - e) discuss Technical Assistance (TA) performance and needs
  - f) discuss education policy issues to inform the next budget process
  - g) discuss financing needs and commitments
  - h) discuss potential VERM implementation targets for next year to be included in the Annual Work Plan.
3. Annual reporting of VERM progress will address the issues listed in paragraph 2 above, focusing on items a), b) and c), as well as the issues detailed at **Annex H**.

## Annex F: Diagram of VERM management cycle – 2010, 2011, 2012



## VERM Management Cycle: 2011 & 2012



## **Annex G: Update of the Universal Primary Education policy in 2010**

Vanuatu's Prime Minister, Minister of Finance, and Minister of Education endorsed a Universal Primary Education (UPE) policy in June 2009, starting in the 2010 Budget.

This policy decision included that grant amounts to schools be reviewed by Ministers in the context of deciding the 2011 and 2012 Budgets.

This Annex sets out the process to support Ministerial review in 2010. Ministers will need to consider in mid-2010 a range of issues including:

- Parental Contributions: What parental contributions are schools charging? Has the policy reduced them as intended?
- Access and enrolments: Are more children attending school because of the UPE policy? Where? Are there some children who still don't come to school, even with lower fees? Who are they, why, and how could they be assisted? What is happening to over-age children? Are any new schools required?
- Quality impacts: Has the UPE policy affected the quality of education for children in school? Why?
- Management: Is the school grants program being managed well, at all levels? What improvements need to be made?
  - (i) Are schools spending the grant only on approved expenditures? Do they know what items are allowed and those not allowed?
  - (ii) Are program documentation, guidance and awareness adequate?
  - (iii) Are communities adequately aware and involved?
  - (iv) What should schools be responsible for managing and paying for?
- Options for 2011: By how much should the grant for years 1 to 6 increase in 2011? Should there be an increased grant for years 7 and 8 in 2011?
- Costs: What are the costs of the options? Are these estimates accurate? Is there adequate data from the education management information system (VEMIS) to support these estimates? How can it be improved?

The **VERM Steering Committee** will oversee the work.

An Options Paper will be presented to Ministers by June 2010. Information and analysis to support this will come from:

- a GoV monitoring report of the UPE policy, covering the use and impact of the first school grant payments in 2010, to be prepared by May 2010.
- An independent review of the school grants program, to be concluded by May 2010. An independent recognised school grants specialist will consider and, where appropriate, recommend improvements to: program management; guidance

material; fund flow mechanisms; grant procedures at all levels (national to school level).

- A comprehensive GoV-led study of: the costs of primary schooling in urban, peri-urban, rural and remote areas; and non-cost-related barriers to access to and/or participation in schooling in Vanuatu to be completed by May 2010.

The Steering Committee will lead the following process:

- Dec 2009: ToR agreed for any short-term TA/reviewers required
- Jan 2010: GoV monitoring commences
- Mar 2010: Data gathering commences (study of costs and non-cost barriers)
- Apr 2010: Independent review commences (estimated 2 months)  
Initial findings circulated in mid-April of: GoV monitoring; independent review; analysis of school costs and non-cost barriers  
by end-April, the VERM Steering Committee hosts a seminar with donor Pool Partners considering initial findings and jointly developing a draft Options Paper for Government of Vanuatu, copied to donor Pool Partners
- May 2010: Independent review completed  
Options Paper and independent review findings considered by Ministers  
VERM Steering Committee prepares 2010 UPE Progress Report  
UPE Progress Report considered among VERM priorities at 'Education Budget Meeting' (as per JPA paragraph 25)
- June 2010: GoV monitoring report completed and circulated  
Agreed UPE Progress Report included in MoE 2011 Budget submission
- Sept 2010: Ministerial Budget Committee review of UPE Progress Report  
VERM Steering Committee ensures that arrangements for implementing the revised policy are in place, including community engagement and program monitoring.

## **Annex H: Template for Aide Memoires of the Annual Joint Review Meeting (AJRM)**

1. Introduction
2. Progress on **previous AJRM recommendations**
3. Key issues relating to implementation of **quality** reforms including curriculum development, teacher development, literacy and numeracy, and assessment.
4. Key issues relating to implementation of **access** reforms including the school grants scheme and addressing non-financial barriers to access.
5. Key issues relating to implementation of **management** reforms including efforts to find/make efficiency gains in the sector.
6. Assessment of **implementation performance** in accordance with paragraph 6 of Annex B.
7. Progress against **PAF indicators** at Table 1 of Annex B: report on most recent data compared to baseline and target, commenting on whether this is on track or not, and noting the key reasons why.
8. **Key recommendations** with clear advice regarding implementing the recommendations and highlighting the responsible agency/person
9. **Annexes** including in depth studies, reports of field visits, etc.

The aide memoire should be a maximum of 5 pages (excluding annexes) and will be signed by all Pool Partners at the conclusion of the AJRM.