

Subject Submission for Record of Understanding Signature Date 15 February
for the Vanuatu Australia Police Project 2011

For James Gilling, First Assistant Director General

Through CC: Kamal Azmi, Director, Vanuatu, Fiji & Coordination

CC: Sue Connell, Assistant Director General, Pacific Branch

Purpose

Attached are two originals of Activity Schedule 15 to the Record of Understanding No. 14378 for the Vanuatu Australia Police Project (VAPP) that are submitted for your signature.

Background

2. The Record of Understanding is required for the following reasons:
- The Mid-Term Review of the Vanuatu Police Force Capacity Building Project recommended that Australian Policing Assistance be continued beyond the project's end in February 2011. On 29 June 2010, Moana Carcasses, Vanuatu's then Minister of Internal Affairs, requested a new phase of support to the Vanuatu Police Force – and this was agreed to in principle by Peter Baxter, Director General of AusAID.
 - The FMA Reg 9 and 10 for the VAPP was signed by Cath Walker, A/g Director General, on 24 January 2011 (Attachment 1).
 - AusAID will directly source the Australian Federal Police (AFP) to deliver the VAPP as the lead Australian agency in delivering capacity-building support to police forces around the region.
 - All technical assistance positions in the new project were specifically requested by the Government of Vanuatu. The cost of AFP technical assistance personnel will account for approximately 25 per cent of the overall budget. Fees and rates of AFP advisers are typically set by the AFP International Deployment Group.
 - Subject to your approval and signature, mobilisation is scheduled for 16 February 2011.

Approvals and clearances

3. The following approvals and clearances have been completed for this Record of Understanding:
- The funding, method of spending and outcome of this method have been approved by an FMA Reg 9 delegate (Attachment 1)
 - The Record of Understanding has been cleared by the Cross Government Linkages Section (Attachment 2)

Signing Instructions

4. Please sign both copies and send them to me for signature by the AFP. The details of the Record of Understanding will be entered into AidWorks in a timely manner in accordance with the AidWorks Manual.



Steve Kaleb
Vanuatu Desk Officer

Activity Schedule 15 to the Record of Understanding No. 14378

In Relation to cooperation between AFP and AusAID to Vanuatu Australia Police Project (VAPP)

This **Activity Schedule 15** sets out the objectives of AusAID and AFP (the **Parties**) in relation to **Vanuatu Australia Police Project (VAPP) (Activity)** which will be implemented under the Record of Understanding signed by the Parties on 9 January 2006 (**ROU**).

This Activity Schedule (including any attachments) details the scope of the Activity, as well as the contributions and obligations of each Party in relation to the Activity. Unless otherwise stated in this Activity Schedule, the provisions of the ROU will apply.

Signed on behalf of **AusAID** by:

Signed on behalf of **Australian Federal Police** by:

Name **James Gilling**

Name: **Paul Osborne**

First Assistant Director General Pacific Division

Acting National Manager International Deployment Group

Designation

Designation

Signature and Date

15/2/11

Signature and Date

15.2.11.

Vanuatu Australia Police Project (VAPP)

(Activity)

1. INTERPRETATION

- 1.1 Unless the contrary intention appears, the definitions in the ROU apply to this Activity Schedule.

2. COMMENCEMENT AND COMPLETION DATES

- 2.1 The Activity will commence on **16 February 2011** and be completed by **30 June 2012**.

3. BACKGROUND

- 3.1 In 2001, the Government of Vanuatu (GoV) requested assistance from the Government of Australia (GoA) to improve the capabilities of the Vanuatu Police Force (VPF). In response, the Australian Government undertook an Interim Phase project to prepare the organisation for longer term technical assistance. The Vanuatu Australia Police Project (VAPP) is a sixteen (16) month project which will build on the achievements of the Interim Phase (February 2002 to September 2005) and the Vanuatu Police Force Capacity Building Project -VPFCBP (February 2006-February 2011). This program presents a significant long-term commitment to the Government of Vanuatu to assist in the development of efficient, independent and accountable policing services. Integral to the success of the VAPP is ensuring the ongoing partnership with the VPF.
- 3.2 In furtherance of Government of Australia's policy on whole-of-government collaboration, assistance to the VPF through the VAPP will be provided through Australian Government partners, the Australian Agency for International Development (AusAID) and the Australian Federal Police (AFP).
- 3.3 This Schedule will provide the principles that will guide the partnership between these Australian government partners in the implementation of the VAPP. This includes:
 - (a) A description of the management and other relationships between the Parties for the purposes of the Project;
 - (b) Recognition that AusAID has been tasked with overall management responsibility for the Project;
 - (c) Definition of the respective roles and responsibilities of AusAID and the AFP in implementing the VAPP; and

- (d) Clarification of the financial arrangements that apply to Project delivery by the Parties.

4. ACTIVITY GOALS AND OBJECTIVES

- 4.1 The Project's goal is: A safe and secure environment for all citizens and visitors of Vanuatu.
- 4.2 The Project's purpose: To contribute to the provision of excellent policing services and strong (close) police/community relations.
- 4.3 The focus of the VAPP is to respond to VPF priority development activities. The Project will, therefore, focus on the Annual Business Plans developed each calendar year by the VPF and five of the VPF's key objectives. These key objectives are:
 - (a) A safe and secure community.
 - (b) To prevent crime and prosecute offenders.
 - (c) To protect the national interests and borders of Vanuatu
 - (d) Valuing our people and resources.
 - (e) Keep the highest Professional Standards possible.

5. ACTIVITY DESCRIPTION

- 5.1 The AFP shall implement the project, including recruitment and provision of all Overseas personnel, resources and management services to undertake all relevant planning, coordination, liaison, consultation and administration necessary for the effective implementation of the project in accordance with the intent of the VAPP Project Design Document (PDD) dated February 2011.
- 5.2 AusAID shall be responsible for the recruitment and management of locally engaged project staff until 30 June 2012. The parties agree that in the event that the AFP are to continue in Vanuatu beyond 30 June 2012, to further consult on the mechanism for the recruitment and management for local project staff..
- 5.3 The VPF operates in a complex environment that encompasses other legal sector agencies, Partner Agencies in Vanuatu and regional organisations / projects. The VAPP should support the VPF to strengthen these linkages, including the involvement of these agencies / organisations in Project activities.
- 5.4 The Project has been designed in such a way as to use 'rolling designs' in the form of Annual Plans to allow flexibility in responding to the needs and requests of the VPF. The Annual Plans will align with the priorities identified by the VPF through their annual Business Plans.

5.5 This Schedule should be read in conjunction with the PDD, which sets out further detail on the implementation of this project. Where there is an inconsistency between the PDD and this Schedule, this Schedule will take precedence.

5.6 The project has four priority areas of work:

- (a) Training and professionalisation of the VPF;
- (b) Infrastructure, assets and logistics;
- (c) Workforce renewal; and
- (d) Internal VPF governance.

5.7 Area 1: Training and professionalisation of the VPF

This area covers a broad range of capacity building activities which are intended to increase emphasis on VPF's move towards self reliance in terms of specific policing skills and management. Continued support will be provided to strengthen the Vanuatu Police Training College (VPTC), working with VPTC staff to upgrade curricula, ensure that all recruits complete their diploma of policing and are adequately trained in a way which matches VPF's workforce development plans in the medium-term. A range of short and medium term training requirements have also been identified by the VPF. Some priority setting is needed to identify which courses should be delivered and which require external specialists during the life of the Project. Efforts to maximise training and participation by women should continue.

An important requirement for further professionalisation of the VPF will be improved community relations and outreach. The Project will continue to assist the VPF to build on work plans already commenced in the previous phase. Direct advice and capacity building support for key sections of the VPF, aimed at increasing professionalism by upgrading relevant technical skills, will be the focus of this area of work. One of the tasks of the VAPP will be to ensure coordination and consistency in capacity building across all areas of work. Thus, advice and capacity building regarding community relations, in particular with women's and youth groups as well as traditional leaders, will be generalised across all areas of capacity building.

5.8 Area 2: Infrastructure, Assets and Logistics

GoV budget support to the VPF is not sufficient to cover all VPF operational needs, nor its infrastructure priorities (both capital and recurring costs). It is expected that improved VPF financial management and planning processes will assist the organisation to gain increased Government confidence and financial allocations in the future (supported by work undertaken in **Area 4** below). In the meantime, improvements and additions to existing infrastructure and assets are crucial for a holistic approach to strengthening capacity.

During the Annual Business Planning process, Project personnel and VPF will agree on infrastructure priorities from the four areas of work. Sustainability in upkeep and operational costs will also be a key consideration.

This area will be closely linked with Areas 4 and 1 and will build on the improvements to budgeting and administration already made by the VPF during the previous phase of the project. Asset maintenance and funding for operational costs will need to be incorporated into VPF training, procedures and budget planning. The VPF and VAPP will need to give close consideration to use of ni-Vanuatu products and expertise as a way of helping to ensure sustainability and upkeep of new and improved infrastructure. Similarly, availability of local mechanical and operational expertise (or the potential to train relevant VPF staff) will be key factors in deciding which equipment to purchase.

It is likely the agreed list of items to be funded under this area of work will include, amongst other things, assistance to establish several new police posts, to renovate VPF houses and to provide accommodation for new recruits, including more accommodation for female recruits. All infrastructure activities will also reflect Universal Design principles to maximise accessibility for all people (police and public) including those with disabilities.

5.9 Area 3: Workforce Renewal

Past experience has shown that retirement of 12 older VPF officers frees up enough of the VPF operating budget to fund up to 40 new recruits. Previous phases of the Project have assisted this process by providing the funds to pay outgoing officers their statutory entitlements for retirement. VPF has requested support for another two rounds of retirements during the sixteen month Project. This will depend not only on the availability of Project funds but also on the capacity of VPF and GoV to complete the necessary processing for a cycle of retirements and new recruitment to take place. It is likely that two rounds of retirements will be feasible within the Project time-frame.

5.10 Area 4: Internal VPF Governance

The Mid Term Review (MTR) of the VPFCBP identified a link between VPF financial management capacity and constraints in GoV budget allocations. Subsequent capacity building and VPFCBP assistance with financial management and preparation of budget submissions have started to address these questions. The VAPP will extend these gains, with particular emphasis on empowering VPF management staff to engage effectively with Ministry of Finance and Economic Management. VPF has started to develop comprehensive governance and financial management frameworks and the Project will continue to assist VPF staff to complete these frameworks and ensure relevant staff members are able to implement them.

VPF, with VPFCBP support, has recently undertaken a major review of its Corporate Services Unit (CSU). This review has been formally approved by GoV. The CSU and Project personnel have already prepared a plan to implement the 77 recommendations of the review.

- 5.11 Risks have been identified and will be managed jointly by both parties as outlined in the Risk Management Matrix at Annex 6 to the PDD.

6. STATEMENT OF ROLES AND RESPONSIBILITIES

Australian Federal Police

- 6.1 The AFP will:

- deliver services at performance standards as specified and in accordance with the terms and conditions of the ROU, expectations articulated in the PDD and priorities as agreed in the Project Coordinating Committee (PCC); and
- meet the quality standards for deliverables and payment milestones.

- 6.2 The AFP is responsible and accountable for:

- managing the working relationship with AusAID Counsellor and AusAID staff at the Australian High Commission, VPF, Project counterparts and relevant stakeholders, including the AusAID funded Vanuatu legal sector program and the Vanuatu Women's Centre;
- working jointly with the VPF and counterpart agencies to implement the agreed joint work program set out in the PDD, amended annually through the Annual Plan process;
- liaising with counterpart officials to encourage timely planning for, and delivery of, the agreed counterpart inputs;
- coordinating with other AusAID projects to enhance achievement of VAPP delivery, including but not limited to the Vanuatu legal sector program, Pacific Policing Development Program (PPDP), and AusAID governance initiatives;
- reporting on progress with the implementation of an activity via the major periodic reports (the annual plan and quarterly progress reports) so that AusAID, the counterpart agency and the partner government's central authorities are provided with the focused and relevant information necessary to discharge their management, monitoring and corporate reporting obligations;
- providing ad hoc reporting to AusAID on:
 - any factor with the potential to have a major negative impact on the implementation of the activity as a whole, and
 - any external factor outside its control that is compromising its capacity to meet AFP's ROU obligations
- having in place a reliable internal quality assurance system directed at ensuring that deliverables and payment milestones meet the quality standards specified in the contract, and

- using the Annual Plan process as the primary vehicle for bringing to the implementation partners' attention any proposed changes in activity implementation, including any proposed changes to the activity's design, resource levels, Australian and partner government contributions, and contractor services..

AusAID

6.3 AusAID will:

- manage the relationship with GoV and counterpart authorities during implementation. This will include, where appropriate:
 - undertaking policy dialogue on strategic and policy issues, including engagement with Government of Vanuatu counterparts at the political and official level on commitments to the Pacific Partnership for Development Project Design and other reform commitments
 - engagement with counterparts to ensure Government of Vanuatu commitments (resources, facilitation, exemptions, participation, joint monitoring) are provided; and
 - engagement with central agencies on umbrella MOU issues and whole of aid program issues of relevance to the successful implementation of the project
- provide strategic management for the Project, with a particular focus on securing the key developmental outcomes of the activity, and high-level monitoring, drawing on technical expertise where appropriate;
- manage the relationship with donor agencies, in advancing collaboration and harmonisation efforts;
- facilitate commitment from other AusAID projects to enhance achievement of VAPP objectives and outcomes, including but not limited to the AusAID's Vanuatu legal sector program and the Vanuatu Women's Centre;
- advance whole of Australian government coordination with respect to the implementation of the Project and represent Australian national interests in policing reform, with whole of government partners;
- ensure access to AusAID corporate resources (for example on advice regarding development expertise, quality, aid effectiveness, law and justice reform in fragile environments, related experience in other countries) where required to contribute to best practice delivery of the Project;
- monitor the implementation environment at the policy and sectoral levels, provide reporting to AFP, DFAT and other partners;
- keep AFP up to date on important issues that are being considered by AusAID and that may impact on the Program services being delivered by the AFP;
- provide notification as early as possible on issues which may require action by AFP;
- involve AFP in any Program policy developments through consultation and through seeking feedback on policy implementation issues;
- consult with AFP when developing or proposing changes to Program policy and implementation arrangements;

- provide AFP with appropriate policy and other advice, guidance and support to enable effective Program delivery at the standards specified in this Agreement;
- design the Program specifications so that AFP has maximum flexibility to implement the Program services;
- provide AFP with a central point of contact in AusAID Port Vila Post to facilitate effective delivery of the Program, with Port Vila Post to be the primary point of contact on Project implementation matters and a first point of call with regard to Project related issues;
- contribute to joint monitoring of the partnership with AFP, including monitoring of performance of the VAPP against outputs; and
- meet AusAID management requirements, including financial management and timely responses to reporting.

7. AFP PERSONNEL

7.1 Terms and Conditions for AFP Personnel

- (a) Terms and conditions for any individual will be specified prior to deployment with that individual. Conditions of service will be advised to AFP deployees as per the relevant overseas determination applying at the time

7.2 Recruitment and Pre-Departure Training

- (a) Recruitment of any AFP personnel to be deployed for the purposes of the Project will be undertaken by the AFP.
- (b) AFP will be responsible for providing pre-deployment assistance and training.

7.3 Insurance for AFP Personnel

- (a) AFP is responsible for ensuring that all AFP personnel are adequately insured for the duration of the Activity, including medical, dental, personal effects and evacuation (medical or otherwise) insurance.

7.4 Conduct and Operational Procedures / Determinations

- (a) AFP will make all reasonable endeavours to ensure that AFP Personnel comply with the AFP Directive issued pursuant to Section 40 (h) of the *AFP Act 1979*.
- (b) AFP will ensure that AFP personnel sign and understand the above document. .
- (c) Pursuant to the ROU, AusAID will refer information it receives pertaining to AFP personnel involvement in:

- (i) potential breaches of operational procedures or determinations; or
- (ii) other behaviour or incidents that potentially compromise the delivery of the Australian Government's activities under this Activity Schedule

to AFP for their management.

- (d) AusAID may advise AFP on its position on any matter covered in this paragraph.

7.5 Suspension and Termination of AFP Personnel

- (a) Where AusAID forms the view that the behaviour of AFP personnel or their recognised dependent/s are damaging or likely to damage the reputation of the Australian Government or the Australian aid program overseas, AusAID may require AFP to suspend or terminate the involvement of a particular person in an AusAID funded activity and AFP will take appropriate action in accordance with AFP Professional Standards and Governance framework.

7.6 Duty of Care to Personnel

- (a) AFP is responsible for performing the duty of care owed by the Commonwealth to all personnel. This includes providing for security arrangements and occupational health and safety.

8. REPORTING, MONITORING AND EVALUATION

- 8.1 The Parties agree that it is essential to ensure the performance and impact of the Activity is adequately and effectively monitored and assessed.
- 8.2 In this Project, all personnel will be required to develop capacity development plans, in which they identify the approaches to be followed and the priority capacity development objectives for both advisers and VPF colleagues/teams. These plans will be assessed at the completion of the project phase, using the question against Purpose in the Monitoring and Evaluation (M&E) Matrix.
- 8.3 The Project will use a very limited range of tools to suit the short time frame. The primary tool will be joint assessment of progress with the traffic-light system for each of the four areas of work, with the ten clear questions provided to inform the assessment process. The mix of tools will differ for each Area of Work, as defined in the M&E Matrix Element (e.g. Community Perceptions survey for gathering quantitative and qualitative information about safety, security and the quality of police services; an assessment of minutes from consecutive meetings to understand progress against annual business plans). The M&E Specialist and local participants will use those tools they are familiar and comfortable with and all methods and tools should emphasise the participation of relevant stakeholders,

not only in terms of data provision, but also data collection and analysis, where appropriate.

- 8.4 The flexibility of the project requires robust program management and communication strategies. A range of coordination, communication and reporting mechanisms will be used to ensure open communication between the Parties. Opportunities to align reporting requirements across each of the Partner agencies will be adopted, where possible, to minimise the reporting requirements upon the Team Leader.
- 8.5 Project governance fits under the high level Partnership for Development governance arrangements, and will be guided by that leadership.
- 8.6 Specific Project governance will be undertaken by a Project Co-ordinating Committee (PCC), comprising senior officials from GoV and GoA. The focus and role of the PCC will be to provide strategic advice on the overall Project's direction, particularly in relation to the links between VPF and the broader sector wide coordination and collaboration. The PCC will approve Annual Joint Business Plans for 2011 and 2012 once they have been approved by the PMG (see below). The PCC will also oversee the development and implementation of monitoring arrangements to ensure that it is provided with the most appropriate information required for governance, both by the GoV and GoA.
- 8.7 Members of the PCC will include:
- Director General Ministry of Internal Affairs (DG MoIA) (Chair)(and appropriate MoIA staff)
 - VPF Commissioner and other representatives nominated by the CVPPF
 - Police Service Commission Chair
 - Representative of the Office of the Prime Minister
 - Representative of the Ministry of Finance Economic Management (MoFEM)
 - Representative of the Ministry of Justice and Community Services
 - Senior AusAID representative
 - Senior AFP representative
 - Project Team Leader
 - Community Representatives, such as senior officials from the Council of Chiefs,
 - Vanuatu Women's Centre and Wan Smolbag (on youth issues).
- 8.8 The Project Management Group (PMG) will be responsible for regular management oversight. The intention is that the PMG will provide robust program management and communication strategies necessary for the Project to remain flexible and responsive to the changing priorities and operational environment of the VPF. The arrangements emphasise a joint decision-making and planning process to maximise the extent of ownership of Project activities by VPF. The PMG should meet at least quarterly and take a more hands-on role in

management and monitoring Project activities. This is a more appropriate use of senior officials than the formal and labour-intensive PCC meetings.

- 8.9 The PMG will comprise:
- Commissioner VPF (Chair)
 - Representative of the MoIA
 - Representative of the MoFEM
 - Police Project Team Leader
 - AusAID Representative
 - A representative of the Law and Justice Sector Project
- 8.10 The PMG's role will include, but not be limited to:
- Monitoring progress towards implementation of all plans for the four areas of work (receiving and approving Quarterly Project Reports and ensuring that Project activities accord with Annual Plans approved by the PCC)
 - Monitoring progress of capacity building plans
 - Approving reports including capacity development plans and budget allocations for each Project area of work
 - Preparing plans to ensure gender equity issues in the sector are deliberately researched, addressed and monitored, consistent with GoV commitments
- 8.11 Secretariat services for the PMG will be provided by the Project and the Chair can invite observers as appropriate, including specialists on topics to be included in the agenda.

Other program-related meetings, Port Vila

- 8.12 Regular meetings will be held between the Project and the AusAID Port Vila office as outlined below. In addition the parties may agree to or either party may request a meeting with the other party at any time.
- Regular meetings between Team Leader and AusAID Activity Manager, as agreed between the parties
 - Regular meetings between Team Leader and AusAID Counsellor and Activity Manager, as agreed between the parties

Reporting arrangements

- 8.13 The Project Team Leader will report to IDG on day-to-day program management matters as appropriate.
- 8.14 The AusAID Port Vila Office will be responsible for all reporting and dialogue with GoV partners.

Written reports

- 8.15 One Progress Report - Information requirements and due date are to be discussed and agreed between the parties.
- 8.16 Exceptional and ad hoc reporting, as required, for example in relation to
- any factor with the potential to have a major negative impact on the implementation of the activity as a whole, and
 - any external factor outside its control that is compromising its capacity to deliver outcomes.
- 8.17 Project Completion Report, based on AusAID requirements.

9. FINANCIAL ARRANGEMENTS

- 9.1 The financial arrangements outlined below will apply to the Activity.
- 9.2 The maximum amount payable by AusAID in respect of this Activity is **A\$9,899,550** plus GST if any up to a maximum amount of **A\$989,955** AusAID will not be liable for any amount, costs or expenditure incurred by AFP in excess of this amount.
- 9.3 AusAID will pay AFP the sums in accordance with the budget and timetable set out in **Attachment 1**.
- 9.4 Claims for payment of sums due and payable in respect of the Activity will be submitted in a form identifiable with the services and in accordance with relevant provisions in the ROU. Claims will be forwarded as follows:

Email (preferred method of contact): accountsprocessing@ausaid.gov.au

Post: AusAID
Attention: Chief Finance Officer
GPO Box 887
Canberra ACT 2601
Australia

Except as otherwise specified, these amounts are inclusive of all costs, expenses, disbursements, levies and taxes and the actual costs and expenses.

10. LIAISON AND NOTICES

10.1 The contact officer for each Party is the Activity Manager. Each Party's address for the service of notices for the purposes of this Activity is as follows:

Contact: Bill Quade
Commander

Telephone: +678 22918

Facsimile: +678 22863

Postal Address: VAPP
PO Box 484
Port Vila

Street Address: Vanuatu Australia Police Project
c/- Vansec House
Port Vila

AusAID:

Contact: First Secretary, Law and Justice

Telephone: +678 23341

Facsimile: +678 22292

Postal Address: AusAID Office
C/- Australian High Commission
Winston Churchill Avenue
PO Box 111
Port Vila

Street Address: VANUATU
Winston Churchill Avenue

Attachment 1

Activity budget

TOTAL COSTS

AusAID shall not be liable for any costs or expenditure incurred by the AFP in excess of the items provided in **Table 1** below.

Table 1: AFP Costs

AFP Management Costs:	
Project Management	932,000
Local Project Support	344,250
Other on costs	351,000
Technical Advisors:	
Advisor costs	1,057,000
Project Funded local costs	618,300
Other costs associated with advisors	868,000
Area of Work 1 - Training & Community	1,604,000
Area of Work 2 - Infrastructure	2,725,000
Area of Work 3 - Workforce Renewal	1,100,000
Area of Work 4 - Management systems	300,000
Total	9,899,550

Annual financial estimates and expenditures

The AFP will provide detail of projected annual expenditure for each calendar year as part of the Annual Plan. These estimates will be used by AusAID for financial planning purposes. The detailed annual expenditures will be broadly in line with the estimates set out in the attached table. However it is recognised that actual project expenditures will vary from year to year and that it will be a task for AFP to ensure ongoing financial management to keep expenditure estimates within the overall financial limitation of this Project.

Payment

AFP will invoice AusAID quarterly (3 monthly), in arrears, for costs actually incurred in the implementation of the Project. Attached to the invoice will be financial records of expenditure being claimed for the quarter.

Attachment 1
COPYAustralian Government
AusAID**Minute to Authorise and Approve
Spending for Current and Future
Financial Years (FMA Reg 9 & 10)**

To	Catherine Walker, A/g Director General, AusAID ^{24/01/11} Canberra	Date	19 January 2011
Subject	FMA Reg 10 Authorisation and FMA Reg 9 Approval for Vanuatu Australia Police Project		
Start Date	16 February 2011		
End Date	30 June 2012		
Through	- CFO (to register request) - Octavia Borthwick, A/g Deputy Director General, Pacific, AusAID Canberra - Bill Costello, Acting Minister Counsellor, Pacific, AusAID Canberra - Katherine Ruiz-Avila, Counsellor, AusAID Port Vila - Linda Gellard, First Secretary, AusAID Port Vila		
cc			
Requested by	Patrick Haines, Senior Program Officer, AusAID Port Vila		
FMA Reg 10 #	2010- 152A		
Attachments	- Reg 9/10 Attachment from Aidworks - Project Monitoring and Evaluation Matrix		

Purpose

This minute seeks your **authorisation under FMA Regulation 10** of:

- (a) a spending proposal of up to **\$9,900,000** plus a maximum of 10 % for GST (if applicable) over the years **2010-11 to 2011-12**;

and your **approval in accordance with FMA Regulation 9** for:

- (b) a spending proposal of up to **\$9,900,000** plus a maximum of 10% for GST over 2 years;
 (c) the method of spending to be the direct sourcing of the **Australian Federal Police (AFP)** and the signing of a **Record of Understanding (RoU) with the AFP**;
 (d) the outcome of this method to be quarterly payments to the AFP as set out in the RoU;

for the **Vanuatu Australia Police Project** in accordance with the information provided in this minute.

Details of the Proposed Commitment**Outline of Spending Proposal**

1. A strengthened Vanuatu Police Force (VPF) is a clear priority for the Governments of Australia (GoA) and Vanuatu (GoV). Vanuatu's recent impressive economic growth has been driven by a thriving tourist industry, and the performance of the VPF is crucial to Vanuatu's reputation as a safe and secure destination for tourists and investors alike. Support for the VPF also reflects Australian Government interest in promoting safe communities for the people of Vanuatu.
2. The two governments signed the Australia-Vanuatu Partnership for Development in May 2009. In June 2010, at the annual Partnership talks, both governments agreed to include law and justice as a new priority outcome under the Partnership.

3. This minute seeks approval for a 16-month extension of the VPFCBP to be called the Vanuatu-Australia Police Project (VAPP) from 16 February 2011 to 30 June 2012. The reason that this project is of such short duration and referred to as an 'extension' is that the Australian Federal Police (AFP) has indicated its intention to seek its own appropriation for its capacity-building work under the Pacific Police Development Program from FY2012-13 onwards.
4. The objective of the VAPP will be to provide a safer and more secure environment for the community by the prevention and detection of crime through strong (close) police/community relations. While this will not be fully achieved in the 16-month period, we expect to make clear progress toward this objective – in anticipation of the next (AFP-led) phase of support post June-2012.

History of past support to policing in Vanuatu

5. Australian Government support to policing services in Vanuatu dates back to 2001 when the GoV requested assistance from the GoA to improve the capacity of the VPF. As a result of that request the GoA agreed to undertake an 'interim phase' of project assistance to the VPF which then evolved into a longer-term capacity-building project. The interim phase (\$6.5m from 2002 -2005) was directly managed by AusAID through a managing contractor, while the current five-year project, referred to as the Vanuatu Police Force Capacity Building Project (VPFCBP) commenced in February 2006 (\$28.0m) and is overseen and funded by AusAID utilising the technical expertise of the AFP.
6. A mid-term review conducted on the VPFCBP in December 2008 concluded that the performance of the VPF has improved substantially with support from the project. Key achievements of the VPFCBP include:
 - increased community confidence in VPF performance, as noted in the 2008 Community Perceptions Survey (a new survey is scheduled for 2011);
 - a transition to a younger and more skilled VPF: prior to Australian support commencing in 2006 there had not been a recruit training course since 1997. Through the current project, 83 new recruits have graduated with a Diploma in Policing and been a welcome addition to the VPF workforce. Of these new recruits, 28% are female. This increases the number of female officers to 61 out of a total force number of 648 (9.4%);
 - substantial upgrades in infrastructure for the VPF: this includes refurbishing the Vanuatu Police Force Training College, Port Vila Police Station renovations, Santo Police Station, Santo Community Hall, numerous police posts in rural areas around Vanuatu and renovations to Officers' Barracks on Santo, Tanna and Port Vila;
 - increased capacity of the VPF to have a more visible presence in rural areas through the provision of a coastal patrol vessel for the northern islands of Vanuatu, as well as 10 'banana' boats; and
 - joint training activities with VPF and Mobile Force officers which has fostered a sense of a unified Vanuatu Police Force.
7. While considerable progress has been made, the VPF continues to face challenges of serious under-resourcing (eg. insufficient funds to pay for recurrent costs such as fuel or utility bills), division between the regular and para-military force, absenteeism and lack of discipline.
8. The mid-term review recommended that Australian policing assistance be continued beyond the VPFCBP's end in February 2011. On 29 June 2010, Peter Baxter, Director General of AusAID met with Moana Carcasses, Vanuatu's then Minister of Internal Affairs, to discuss adding law and justice as a fifth priority outcome under the Partnership for Development. At this meeting, Mr Carcasses on behalf of the GoV requested a new phase of support to the VPF – and this was agreed to in-principle by the DG.
9. A joint AusAID-AFP design team then visited Vanuatu in September 2010 to consult with the VPF, GoV ministers and officials, other donors and NGOs. There was strong participation from the VPF executive in the design phase. The design process provided the opportunity to test and update the recommendations of the earlier mid-term review. The design document was peer reviewed in December 2010 and agreed by all parties. Delays in the finalisation of this

extension phase were due to uncertainty over the source of the funding and the extended caretaker mode in Australia.

Scope of VAPP

10. The new VAPP will build on the successes of the existing AusAID-AFP-VPF partnership, but will focus more closely on four priority areas identified by the VPF and other stakeholders during the design.

a) Training and professionalisation of the VPF

This area covers a broad range of capacity-building activities to increase the VPF's move towards self reliance in specific policing skills and management. Support will be provided to:

- strengthen the Vanuatu Police Training College (VPTC) by working with staff to upgrade curricula, in order to ensure that all recruits complete their diploma of policing and are adequately trained in a way which matches VPF's workforce development plans;
- develop and implement comprehensive HR development policies.
- assist in the professionalisation of the VPF through improved community relations and outreach; and
- provide advice and capacity building for key sections of the VPF, aimed at increasing professionalisation by upgrading relevant technical skills.

b) Infrastructure, assets and logistics

The VPF's annual budget is typically insufficient to cover all VPF operational needs and infrastructure priorities. AusAID funding will be essential in rehabilitating rundown facilities. This area of the Project will provide support for:

- improvements and additions to existing infrastructure and assets. This will include the establishment of several new police posts and the renovation of VPF houses and accommodation for new recruits. These are key infrastructure priorities of the VPF and are crucial for a holistic approach to more efficient police operations, to being able to recruit high-quality new officers and to boosting morale [sustainability issues are addressed below]
- budget planning and training on asset maintenance, as well as funding for agreed operational costs.

c) Workforce renewal

The workforce renewal program supports organisational change and human resource management improvements. Past experience has shown that the retirement of 12 older VPF officers frees up enough of the VPF operating budget to fund up to 40 new recruits. Previous phases of Australian assistance have helped pay outgoing officers their statutory entitlements for retirement [again, sustainability is addressed below].

Inputs for this area will include funding for one round of workforce renewal (exact numbers of retirees to be finalised according to assessment of costs, but likely to be a total of twelve officers). The VPF already have a list of officers eligible for retirement.

d) Internal VPF governance

Long-term performance improvements in the VPF will also require improvements to the organisation's internal governance. A key theme of future Australian support will be to increase the capacity and self reliance of the VPF, particularly through addressing persistent weakness in corporate services. The VPF does not receive sufficient operational funding from GoV, but the VPF also need to improve their performance in managing their existing allocation to enable them to justify a budget increase. The VPFCBP has made some progress in improving financial management and the preparation of budget submissions. The VAPP will extend these gains, with particular emphasis on:

- Supporting the VPF to work with the Ministry of Finance and Economic Management;
- developing appropriate corporate and financial management frameworks; and
- implementing the recommendations of the VPF's recent Corporate Services Unit (CSU) Review. The Review is awaiting formal GoV approval and VPF leaders are optimistic that

this will occur shortly. The VPF CSU and Project personnel have already prepared a plan to implement the 77 recommendations of the review.

Issues

11. The Australian Government places considerable emphasis on enhancing security and criminal justice systems in our region, as an integral part of meeting development challenges and protecting Australia's national interests. AusAID and the AFP are joint partners in this endeavour, sharing a common interest in: assisting developing country partners to improve their law enforcement capabilities; ensuring effective coordination between all pillars of partners' criminal justice systems to maintain the rule of law; and improving collaboration between criminal justice systems across the Asia Pacific region. The AFP is the lead Australian agency in delivering capacity-building support to police services around the region. We therefore do not propose to tender out the implementation of the VAPP, but to **directly source the AFP** as the implementing partner.
12. AusAID is confident of the AFP's ability to deliver a high standard of capacity-building support to the VPF. The mid-term review, and annual QAI assessments point to the current project's increasing effectiveness. The project is highly regarded by the VPF. Many of the current VPFCBP personnel are available to continue working on the VAPP. This will also minimise costs in the transition to the new project. **Value for money** will be achieved by ensuring that the Record of Understanding (ROU) between the AFP and AusAID is inline with the cost estimates of the design. Personnel rates will be determined with the AFP [Further information on technical assistance rates is below].
13. The **AusAID-AFP partnership** has proven to be an effective one, with close coordination between the project team and Post in Vanuatu, and between AusAID and the AFP International Deployment Group (IDG) in Canberra. The AFP brings strong operational strengths, and AusAID brings experience in the law and justice sector more broadly. During the life of the VAPP, AusAID will be responsible for a) oversight of the project's financial and quality performance; b) development of a new (law and justice) schedule to the Partnership for Development; c) better alignment of Australian legal sector and policing assistance; d) ensuring our policing assistance is in line with GoV's Law and Justice Sector Strategy and Action Plan 2009 to 2014; and e) promoting whole of government coordination consistent with the Australian Government's new *Framework for Law and Justice Engagement with the Pacific*. Over the course of the 16-month VAPP, we will revisit AusAID's ongoing involvement in policing support, especially if the AFP is able to secure its own budget for this work.
14. The VPFCBP effectively underwrites a proportion of the recurrent costs of police services in Vanuatu, such as travel (especially between islands), training, some salary costs and asset maintenance. While we have been successful in the past in encouraging the VPF to fund joint priorities (such as recruit salaries), the total police budget is simply insufficient to meet all the demands upon it. The VAPP will continue to meet some of these recurrent costs. This means that in the short-term, some of the project activities will be unsustainable. However, we are improving the longer-term **sustainability** of our assistance by investing heavily in a new, better qualified and trained generation of police, by increasing our focus on police leadership, and by working hard to improve the financial position of the VPF – with a view to being able to successfully negotiate with central agencies for a realistic increase in the police budget. The drafting of a new schedule to the Partnership for Development will also provide the opportunity to assess issues of affordability and agree realistic future resourcing commitments by each government.
15. Australia has taken an active role in drawing attention to concerns over the VPF's infringement of **human rights**, by strengthening human rights education and practice throughout the VPF. The VAPP will take a number of specific actions to further encourage community outreach and support for human rights among the VPF including:
 - support for recruitment and training of female police officers;
 - support for the Police Women's Advancement Network;
 - support for police/youth relations through the community outreach and liaison programs;

- support for VPF to implement the Family Protection Act; and
 - making police posts and offices accessible for people with disabilities.
16. The Governments of Australia and Vanuatu share a particular commitment to reducing **violence against women**, and this has been evident through our past support to the VPF. Approximately 70% of criminal prosecutions in Vanuatu have been found guilty of sexual and/or violent crimes against women and children. In support of the implementation of the new *Family Protection Act*, the VPFCBP has helped the VPF to successfully seek in excess of twenty Family Protection Orders through the Magistrate's Court. The AusAID report *Stop Violence: Responding to violence against women in Melanesia and East Timor* sets out Australia's priorities and actions to prevent and reduce violence against women in these regions. The VAPP will prioritise opportunities to further implement the recommendations of this report. Specific efforts will be made to include female VPF officers in monitoring processes, training and other capacity-development activities.

Technical assistance

17. The dominant approach to capacity development in previous phases has been the placement of long-term and short-term Australian advisers with a VPF officer (or officers) as their counterpart. The new phase of support will place stronger emphasis on joint AFP-VPF responsibility for project leadership and implementation. For example, in respect to adviser placements, there will be joint identification of potential placements, joint selection processes and shared responsibility for the monitoring and management of adviser performance. The VPF and the Project are working together to agree on a plan for decreasing reliance on long-term advisers.
18. Under the VAPP, the number of technical assistance (TA) personnel will drop from 8 (under the VPFCBP) to 7. All TA positions were specifically requested, and agreed, by the GoV during the course of the design. The cost of AFP technical assistance personnel will account for approximately 25% of the overall budget. Fees and rates of AFP advisers are typically set by the AFP IDG. We will ensure that the AFP-IDG's rates under this project are consistent with deployee rates that AusAID may negotiate with other government agencies.
19. In addition to providing training and mentoring, project personnel also act as facilitators of other forms of capacity- building assistance. In the VAPP, each adviser will be tasked to work with their counterpart to develop a capacity-development plan specific to that section and integrated within the VPF's overall planning process.

Monitoring and Evaluation

20. The new law and justice schedule to the Australia-Vanuatu Partnership for Development will be the key document which clearly establishes performance measures and mutual commitments in our policing (as well as broader law and justice sector) assistance. Progress against these targets and commitments will be jointly monitored and reported on an annual basis. The involvement of ministers and senior officials in the annual review process will help ensure a good degree of scrutiny, as well as create an incentive for performance.
21. In addition, the VAPP will report its progress in quarterly and six monthly reports. These reports will use a "traffic-light" system to identify whether progress is acceptable, raising concerns on failing to proceed against the agreed objectives. An M&E specialist from AFP-IDG will continue to undertake periodic visits to Vanuatu to assist with project monitoring. These efforts will be complemented by AusAID Post's ongoing monitoring responsibilities, by the commissioning of a community perceptions survey and an Independent Completion Report.

Risk Management Strategy

22. The primary risk facing the VAPP will be the limited sustainability of its efforts, due either to limited ownership of the change agenda from the VPF, and/or the inability of the VPF to fund on an ongoing basis core logistical, training and salary costs. For example, in the 2011

National Budget, the allocation to the VPF is 10% down on the (already stretched) 2010 allocation.

23. Other risks include the:

- breakdown in the relationship between VPF and the Australian Project partners, including AFP deployees;
- lack of VPF commitment to Project activities;
- advisers not able to maintain an appropriate balance between "doing" and "advising"; and
- perceived conflict of interest with AFP international operations in transnational crime.

24. A detailed risk matrix was prepared as part of the design process, but it is worth noting here three ways in which AusAID will manage these risks:

- (a) negotiating explicit performance benchmarks, as well as joint commitments from both governments in terms of resourcing, under the new schedule to the Vanuatu-Australia Partnership for Development – and then tracking our progress via annual partnership talks;
- (b) elevating the role of the Project Coordinating Committee, so that it is constituted of senior officials from both governments (including, from GoA, DFAT and AFP-IDG representation) to oversee the VAPP's strategic direction, proactively manage any emerging issues, and ensure that the resourcing commitments made by both governments are being met; and
- (c) ensuring that all decisions which commit AusAID to paying recurrent costs which will subsequently need to be picked up by the VPF (eg. the initial salary payments of new recruits) will be set out in an exchange of letters which precisely detail what each partner is responsible for. This approach has proved successful in the past, where for example, the VPF subsequently picked up the ongoing costs from three earlier Australian-funded recruitment courses.

Quality Processes

25. This program has been assessed for quality assurance purposes. In December 2008, a mid-term review was conducted and its recommendations implemented. A draft design document for the new phase was peer reviewed on 30 November 2010, and a quality at entry assessment finalised. Comments by peer reviewers were incorporated in the final design document.

Funding Details

26. The source of the funding is the Vanuatu Program Fund.

27. The anticipated amounts payable under this spending proposal are:

Financial year:	2010/11	2011/12
Spending proposal:	\$3.0m	\$6.9m

Funding Availability

28. The table below indicates the percentage of the budget allocation currently committed against each program fund, and shows that there is sufficient uncommitted appropriation and forward estimates to support the expenditure:

Program fund	Budget allocation	2010/11	2011/12
Vanuatu Program – VU1	\$46.220m	81.48%	37.19%

Indemnities and Contingent Liabilities

29. There are no contingency liabilities arising from the arrangements proposed in this submission.

Accounting for GST

30. The Delegate should note that GST is recorded against an agency-wide charge code and is not reflected against the Initiative.

31. To facilitate budget and pipeline reporting, figures are presented in the attached tables as not including GST.

Details of Method

32. AusAID will directly source the AFP to deliver the VAPP. Justification for this procurement approach is provided above (paragraphs 11-12). A Record of Understanding (RoU) will be agreed between AusAID and the AFP for the VAPP.

Details of Outcome

33. The AFP will be the implementing partner for the VAPP, in support of the project's objective of providing a safer and more secure environment for the community by the prevention and detection of crime through strong (close) police/community relations. The AFP will be responsible for project management, and the purchase and deployment of assets and personnel. AusAID will make 6 quarterly payments to the AFP upon receipt of invoices for project expenditure, in accordance with the RoU.

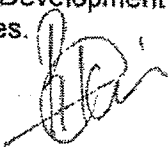
Recommendation

It is recommended that, in accordance with FMA Regulations 9 and 10, you:

- (a) authorise under FMA Regulation 10 a commitment of up to **\$9,900,000** plus a maximum of 10% for GST (if applicable) over the years **2011-12 to 2012-13**;
- (b) approve, in accordance with FMA Regulation 9, commitment of up to **\$9,900,000** plus a maximum of 10% for GST (if applicable);
- (c) approve, in accordance with FMA Regulation 9, the method of spending to be the direct sourcing of the **Australian Federal Police (AFP)** and the signing of a **Record of Understanding (RoU) with the AFP**;
- (d) approve, in accordance with FMA Regulation 9, the outcome of this method to be quarterly payments to the AFP as set out in the RoU;

for a spending proposal relating to **Vanuatu Australia Police Project**.

The proposed expenditure is in accordance with the policies of the Commonwealth in relation to the Australian Development Cooperation Program, and will make efficient, effective and ethical use of public monies.



**Patrick Haines, Senior Program Officer
AusAID Port Vila**

19 10 11

Date

Authorisation and Approval:

(a) FMA Reg 10 commitment:

AUTHORISED / NOT AUTHORISED

(b) FMA Reg 9 commitment:

APPROVED / NOT APPROVED

(c) FMA Reg 9 spending method:

APPROVED / NOT APPROVED

(d) FMA Reg 9 outcome:

APPROVED / NOT APPROVED



**Catherine Walker, A/g Director General
AusAID Canberra**

24 10 11

Date

Request for Approval to Spend Public Money – Attachment A

This needs to be attached to the Reg 9/10 Approval Minute available in the Rules and Tools intranet.

Details of commitment requested, generated by AidWorks on Wednesday, 19 January 2011

Initiative Objectives

Objective	Sector	Initiative Total	Future Anticipated Amount*	Total
Law and Justice	N/A	\$9,900,000.00	\$0.00	\$9,900,000.00
Total:		\$9,900,000.00	\$0.00	\$9,900,000.00

* Future anticipated amount should include any amount that may arise, but for which funding approval is not yet being sought eg Anticipated Activities. A further approval should be sought before future anticipated amounts are committed.

Funding Source

This table includes total funds allocated to the initiative.

Program Fund	Fund Code	2010/2011	2011/2012	Total
Vanuatu	VU1	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00
Total:		\$3,000,000.00	\$6,900,000.00	\$9,900,000.00

Country Breakdown

Country	2010/2011	2011/2012	Total
VANUATU	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00
Total:	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00

Objective Breakdown

Objective	2010/2011	2011/2012	Total
Law and Justice	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00
Total:	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00

Activity Breakdown

Activity	2010/2011	2011/2012	Total
Vanuatu Australia Police Project (VAPP)	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00
Total:	\$3,000,000.00	\$6,900,000.00	\$9,900,000.00

Annex 6: Risk Matrix

Risk	Impact on Program	Likelihood	Consequence	Risk level	Mitigation	Responsibility
In Project						
The relationships between VPFCBP and VPF breaks down	Project is not effective	2	4	H	Joint VAPP/VPF supervision of Advisers. Advisers with ability to communicate in cross cultural situations and with an understanding of CB processes will be recruited.	AFP, VPF
Further delays in reform of (CAP 105)	Important reforms to VPF structure unable to proceed	2	3	H	Assist VPF to implement those reforms that do not require CAP 105 reform	VPFCBP, VPF
Growth of VPF without appropriate funding	Ongoing reliance on external assistance	3	1	M	Encourage VPF to review staffing needs, assist VPF to improve budgeting and planning processes	VPFCBP, VPF
Excessive focus on urban areas	Program remains irrelevant to majority of population Lack of attention to provision of services in rural areas	2	2	M	Support for infrastructure upgrades in rural area will be prioritised by VAPP. Support VPF plans for new police posts in rural areas providing they will be properly staffed.	VPF and VPFCBP
There is a lack of VPF ownership of Project activities	Project will not be effective	2	4	H	Emphasis on joint project management, selection and supervision of advisers	VPFCBP, VPF
Perceived conflict of interest with AFP international operations in the area of Transnational Crime	Gov and/or VPF will resent and reject VPFCBP and presence of advisers	2	3	H	Minimise contact between VAPP staff and AFP operatives in-country. Ensure VAPP internal management and reporting is open and transparent. Encourage joint project management and supervision of advisers	AFP, VPFCBP
In Project management						
Cannot source and retain appropriate personnel	Anticipated number of advisers are not engaged	2	2	M	Encourage decreased reliance on advisers. Recruit from state police forces as well as AFP. Consider use of other capacity building tools.	

**Draft Record of Understanding (ROU)
Request for Clearance Minute**

Activity Schedule <i>or Activity ROU or Variation</i> [<u>underline type for clearance</u>]	
Number: 14378/15	
Activity Title: Vanuatu Australia Police Project	
Partner Agency: Australian Federal Police (AFP)	Request Date: 08/02/2011

CLEARANCE STEP 1

TO: Cross Government Linkages Section (CGL)
FROM: Activity Manager

I confirm that:

1. The Partner Agency has confirmed that there are no outstanding issues and this draft is ready for signing. **Yes**
2. I have highlighted template clauses which will be deleted as they are not appropriate to this activity. **NA**
3. I have attached all relevant documents related to this clearance request **Yes**
(eg for a variation attach original ROU or schedule, any earlier variations and FMA 9/10 as relevant).
4. All previous documents are uploaded on AidWorks. **Yes**

Patrick Haines, AusAID Port Vila ext 122.....

Activity Manager

[Email to 'ROU Clearance' mailbox, once above sections are completed]

STEP 2

TO: Activity Manager
FROM: Cross Government Linkages Section

The attached draft has been cleared for final preparation. All recommended changes are indicated on the document.

Legal and Dir PAS clearance *is NOT* required.


.....
CGL Section
Geoff McConnell, ext. 4643

9/2/11

Activity Managers

Once your draft is finalised and two (2) originals are signed remember to:

- Make the AidWorks agreement active and upload the signed document;
- Ensure AusAID's signed original is placed in the relevant ROU file in Records Management.

