



Australian Government

Department of Foreign Affairs and Trade



Aid Program Performance Report 2014-15

Vanuatu

November 2015

Key Messages

The Aid Program Performance Report (APPR) summarises the Australian aid program's progress in Vanuatu from July 2014 to June 2015. Key findings include:

- › Overall performance continues to improve on previous years. However, there remain some challenges, in particular, in the infrastructure sector. Progress was made improving gender equality outcomes and efficiency. But there is more work to do.
- › The response to Tropical Cyclone Pam dominated the final four months of the reporting period. Vanuatu Government and program resources were diverted to deal with the response. Implementing the long term recovery package will be a major focus for the next 12 months, with the additional challenge of responding to El Nino weather conditions.
- › Close and regular communication with the Vanuatu Government was critical for achieving outcomes, particularly during the cyclone response. Continuing this will help ensure effective program and recovery implementation, including the re-design of key programs and the development of a new Aid Partnership between Vanuatu and Australia.
- › The Australian National Audit Office conducted a performance audit of the Vanuatu aid program during the year. The audit found the aid program was effective and met Australian and Vanuatu Government priorities. DFAT agreed to, and is implementing, the audit's two recommendations on documenting risk and on monitoring and evaluation planning.

Context

Developments in Vanuatu in 2014-15 were dominated by Tropical Cyclone Pam, which struck Vanuatu as a category five cyclone in March 2015. It caused 11 deaths and severe damage to housing, health centres, schools and other critical infrastructure. Overall, it affected the livelihoods of around 195,000 people across four disaster-affected provinces and damaged Vanuatu's key industries of tourism and agriculture.

Tropical Cyclone Pam will compound many of Vanuatu's existing social and economic challenges and may delay progress in addressing them. Social and economic challenges include access to health and education services, violence against women and children, poverty and low incomes, access to economic opportunities in rural areas, and financial and capacity constraints across government. Vulnerability to natural disasters, including drought as well as more cyclones, remains a major risk. Vanuatu is on track to reach Millennium Development Goal (MDG) 6 (HIV, malaria and other diseases), but has made uneven progress or is off track on all other goals.ⁱ

The overall economic impact of the cyclone will be significant. The IMF forecasts that real GDP will decline by 2 per cent in 2015, down from a forecast growth of 3.5 per cent pre-cyclone. Government finances will also be affected, with tax exemptions in place to support recovery and additional expenditure pressures adding to an already tenuous budget situation. The IMF anticipates a shortfall of US\$100 million in the budget this year. Economic growth will rely on the recovery and expansion of tourism, construction and agriculture.ⁱⁱ

The cyclone recovery process will take a number of years with recovery costs estimated at \$426 million.ⁱⁱⁱ This is expected to far exceed donor contributions, so it will be crucial that donors align their support with the Vanuatu Government's recovery plan and coordinate assistance with each other.

Australia is making an important contribution to Vanuatu's development and long-term cyclone recovery. We remain by far the largest provider of aid, equivalent to around 30 per cent of total public spending and to around 6 per cent Vanuatu's GDP. Australia is the largest source of foreign direct investment (\$169 million in 2014) and tourists (over 200,000 a year) and the 10th ranked destination for Vanuatu exports. We are the lead donor in the health, education, governance and justice and policing sectors. Australia was the first and largest contributor to the cyclone response, committing \$50 million for humanitarian, early and long-term recovery.

Vanuatu has few other long-term country partners. New Zealand supports infrastructure, education, water and tourism. China and Japan have a growing presence in infrastructure. The World Bank and Asian Development Bank have increased their engagement in Vanuatu following the cyclone; their contributions to recovery, through both existing and new activities, will be important.

There was a change in government in Vanuatu in June 2015 (following one in May 2014), bringing further turnover in key political and ministry roles and changes or uncertainty in policies. This slowed progress in complex areas such as health. Experience and resource shortages in the Vanuatu Government also continue to be a constraint on progress. Cyclone recovery challenges will create significant additional pressures on Vanuatu Government resources and capabilities and may affect the delivery of our broader aid program activities.

The current aid program will be updated in 2015-16 to reflect the outcome of Aid Partnership talks with the Vanuatu Government. Australia's Aid Investment Plan (AIP) for Vanuatu will form the basis of those discussions.^{iv} The AIP proposes consolidating current support in key sectors, and includes a major new expansion of our aid program through Australia's \$35 million in cyclone recovery assistance. This assistance will build where possible on the strengths of our existing aid program, to deliver appropriate and cost-effective outcomes in an environment where resources will be under additional pressure. We will seek to fill capacity gaps where possible. All investments will place an emphasis on gender and disability support, as well as strengthening resilience.

In addition to cyclone recovery, the country will be focused on the lead-up to national elections due at the end of 2016. This will present both opportunities and risks for achieving the aid program's goals during this period.

Expenditure

Total Australian Government ODA to Vanuatu in 2014-15 was \$111.9 million. Table 1 shows expenditure from the bilateral program for financial year 2014-15, disaggregated by objective. The table also shows funding for the Tropical Cyclone Pam response. Of this, our long-term recovery assistance of \$35 million includes \$34.7 million delivered through a trust account and \$300,000 for operational and support costs. Australian-funded recovery projects will be implemented over three years through the Vanuatu Government's recovery management arrangements.

Total ODA flows to Vanuatu include an estimated \$29.5 million from regional and global programs and \$0.9 million from other government departments. Pacific regional programs are reported on in a separate APPR. Australian Federal Police (AFP) activities are funded through DFAT.

Table 1 Total ODA Expenditure in FY 2014-15

Objective	A\$ million	% of total ODA
Bilateral	41.8	37
<i>Education</i>	10.2	24
<i>Health</i>	4.9	12
<i>Economic Governance</i>	7.1	17
<i>Infrastructure</i>	12.5	30
<i>Law and Justice</i>	7.1	17
Tropical Cyclone Pam response*	39.7	35
Regional and Global**	29.5	26
Other Government Departments	0.9	1
Total ODA	111.9	100

* includes \$34.7 million through a trust account and \$5 million on early recovery.

** includes regional and global funding for Cyclone Pam response.


Progress towards Objectives

Table 2 summarises progress against Australia's five objectives in Vanuatu as articulated in the Partnership for Development 2009-2015. This is expected to be replaced in 2015-16 by a new Aid Partnership.


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

Objective	Previous Rating	Current Rating
Support increased access to and quality of education for all boys and girls, and equip them with skills and knowledge	Green	Green
Strengthen health services and accelerate progress towards health MDGs	Amber	Green
Progress reform on economic governance issues	Green	Green
Develop essential infrastructure to support economic growth and service delivery	Amber	Amber
More effective legal institutions and improved police services	Green	Green

Note:

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

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

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

Reporting period:

Objective 1: Support increased access to and quality of education for all boys and girls, and equip them with skills and knowledge

Progress is on track for our investments in early education and Technical and Vocational Education and Training (TVET) and, despite some efficiency concerns, is adequate for scholarships.

Shared development outcome:	<i>Increased access and quality of education for all boys and girls, and equip them with relevant skills and knowledge</i>
Australia's objective:	<i>Accelerating progress towards the MDG goal of universal primary education Improving the quality of education, through reforming the curriculum, upgrading school facilities and resources, and enhancing teacher training Ongoing support for the Government of Vanuatu education reform agenda Increasing training and employment opportunities through support for demand-driven vocational training services Investing in scholarships to regional and Australian universities</i>

The net enrolment rate in primary education increased from 87% in 2008 to 96% in 2013. However, the poor quality of education in Vanuatu remains a major concern. Building on Australia's long history in the sector and lessons from previous investments, the Vanuatu Education Support Program (VESP) focuses on basic skills in the early years of primary education, recognising the need for stronger foundational learning to underpin a more effective education system. VESP provides targeted support to the Ministry of Education and Training (MoET) with three long-term goals of improving basic education quality, providing more equitable inclusive access to education and ensuring a well-managed education system. The program pools funds with New Zealand. DFAT manages the investment.

VESP is on track to meet its objectives. Despite the impact of Tropical Cyclone Pam: literacy and numeracy kits were delivered to all 460 Year One classrooms and 1,923 teachers were trained to use these kits; tests for literacy and numeracy baselines were developed and trialled; the Curriculum Development Unit adopted a more coordinated approach to developing teaching materials; and 22 provincial trainers and eight Zone Curriculum Advisers were trained in school-based support for the Year One literacy and numeracy curriculum. The School Leaders Development Program brought positive change to: classroom practices; age-appropriate enrolment; community participation in schools; and school improvement planning. School-based management is also improving as a result of VESP-funded school grants, with 98 per cent of eligible primary schools now receiving grants.

Capacity building contributed to increased sustainability. This included the up-skilling of teachers and the development of high quality curricula to improve future education quality. Program expenditure was 43 per cent less than expected, in part reflecting additional priorities in MoET following Tropical Cyclone Pam.

Investment in TVET helped increase economic opportunities for ni-Vanuatu, particularly in rural areas. In 2014, 91 per cent of the 1,062 participants came from rural areas (of which 33 per cent were from remote areas). In 2014-15, 93 per cent of self-employed people reported higher incomes six to eight months after participating in a skills development activity. Overall, 65 per

cent of women reported increased income or improved livelihoods within eight months of training, compared to 59 per cent of men. The number of clients with an official business licence rose to 19 per cent (up from 4 per cent in 2011), and 573 men and 489 women participated in skills development activities (21 per cent aged 15-24 years). The program also made progress increasing disability inclusion – eight per cent of participants have a disability (up from four per cent in 2013).

The TVET program has strong Vanuatu Government support. A third TVET centre was established in Torba province in 2014 and consultations commenced on a fourth centre in Tafea province (planned for 2015-16). This will help meet the strong demand for skills development opportunities following Tropical Cyclone Pam and complement our long-term recovery activities. Capacity building within the program team resulted in localisation of all full time staff, including the Team Leader.

Where possible, the TVET program engaged, trained and promoted local female experts to deliver skills development services, including in traditionally male-dominated industries. In 2014, the proportion of women being trained rose to 48 per cent (up from 28 per cent in 2013).

Box 1 – Australia Awards Promoting Disability Inclusiveness and Gender Equality

Disability-related studies are a priority field for Australia Awards Scholarships, with two students currently undertaking studies in this field. Students with a disability are also encouraged to apply for scholarships.

In 2014 a female with a disability graduated with a Certificate in Disability Studies from Fiji National University. She was also awarded an International Women’s Day Award in 2014. She is often invited as a guest speaker to events, and is now employed by an international NGO in Vanuatu.

Gender equality is managed and maintained from selection stage. Thirteen of the 21 2014 awardees were female. Fifty-three of the 97 current awardees are female.

Scholarships completion rates were high in 2014, with 15 of a possible 18 students graduating and returning to Vanuatu. Most of these graduates returned to former jobs or found jobs in their field of study with government, private sector and regional organisations. Our focus on disability inclusiveness and gender was continued (see **Box 1**).

Objective 2: Strengthen health services and accelerate progress towards health MDGs

Despite ongoing challenges, in particular poor workforce management in the Ministry of Health, progress across all initiatives improved on last year.

Shared development outcome:	<p><i>Enhanced access to and quality of rural health care services</i> <i>Controlling and progressively eliminating malaria</i> <i>Improved budgeting, financial and expenditure management</i> <i>Strengthened health information systems</i> <i>Reduced child mortality</i> <i>Improved maternal health</i> <i>Combat HIV/AIDs and other diseases</i></p>
Australia’s objective:	<p><i>Public financial management strengthening including procurement and assets management</i> <i>Support for costed, evidence-based workforce planning and</i></p>

	<i>management</i> <i>Assistance to strengthen provincial service delivery,</i> <i>effectively bolstering primary care provision</i>
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Vanuatu’s health sector has one of the lowest trained health worker to population densities in the Pacific (0.19 doctors and 1.58 nurses and midwives per 1,000 population). Under-five mortality rate of 31/1,000 is also very poor and Vanuatu is unlikely to meet MDG 4 (reduce child mortality). Combined with system inefficiencies and limited service delivery capacity, health clinics often lack basic resources.^v

Australia is the largest and lead donor in the health sector in Vanuatu. Our health investments are guided by the Vanuatu Health Delivery Strategy of 2010. DFAT provides support to: hospitals and nursing, village health workers, malaria elimination, immunisation and health systems strengthening. Assistance is provided through government systems, third-party contracts, technical assistance and projects directly managed by contractors.

In 2014-15 DFAT worked with the Ministry of Health, the World Health Organisation and UNICEF to strengthen measles immunisation for children, delivering an increase in vaccination coverage from 53 per cent to 91 per cent. In Tafea and Torba provinces, malaria is almost eliminated and there have been no deaths from malaria since 2012. The 2014 Annual Parasite Incidence (API) rate for malaria was 4/1,000 - below the target of 7/1,000 and down from 74/1,000 in 2003. We will continue to monitor impacts of reduced Global Fund allocations to Vanuatu for malaria control, announced in March 2014. Twenty-five nurses were trained in 2014. No midwives were trained in 2015 due to challenges finalising the Midwifery Training curriculum.

Ongoing support to improve health sector administration helped to leverage efficiencies and achieve results. By the end of 2014, assistance to Vanuatu’s Health Information Systems Unit had helped increase provinces’ reporting rates from 30 to 80 per cent. We also provided funding for national office administration, provincial officer support, supervisory visits, training, and maintenance of new digital health information systems. A DFAT-funded review will also support improved asset management by provincial health facilities. The Village Health Worker program completed a nationwide baseline mapping assessment of community aid posts and village health workers.

There is growing evidence of the sustainability of our medical capacity-building. In 2015, there are now seven consultant or Masters-level ni-Vanuatu doctors, plus eleven Diploma-level doctors, up from none in 2002. By 2026 there are projected to be 49 Masters level ni-Vanuatu specialists. This transition will decrease the need for capacity supplementation over time.

Staff vacancies, high leadership turnover and policy and management uncertainty in MoH limited the impact of our support to workforce planning and management and constrained health service delivery. DFAT nevertheless maintained regular policy dialogue with the MoH and other health development partners throughout the year, and helped the MoH to produce a credible 2015 budget submission.

DFAT continued its support to the NGO *Wan Smolbag*, which includes a focus on delivering primary health services to the peri-urban poor through reproductive health clinics. 9,731 clients (7,917 female and 1,814 male) were seen in 2014, an increase of 22% from the previous year. In 2014, *Wan Smolbag* also produced the sixth series of Love Patrol, a television series with wide reach across Vanuatu and the Pacific, which continues to educate about HIV and other sexually transmitted infections as well as social issues affecting communities including sex work, drug abuse and gender based violence.^{vi}

In 2015-16, we will develop a new health sector strategy. The strategy will consolidate our investments and build a comprehensive performance framework to improve outcomes and guide investments over the next four years. The new strategy will take account of a 2014 independent review of Australia's health investments, as well as Aid Partnership discussions with the Vanuatu Government planned for 2015-16. The recommendations will provide an opportunity to address monitoring and evaluation weaknesses in the health sector identified by the ANAO in June 2014.

Objective 3: Progress reform on economic governance issues

Despite some challenges, progress on economic governance met expectations for the reporting period.

Shared development outcome:	<i>Promote economic growth and improved service delivery through good governance</i>
Australia's objective:	<i>Vanuatu's policy framework is more supportive of durable, equitable and broad-based growth The quality of Vanuatu's public expenditure and its management is improved</i>

Economic growth over the past decade of around 4 per cent a year (marginally higher than population growth of 2.5 per cent) has lifted some living standards. Growth has been underpinned by macroeconomic and social stability, as well as key microeconomic reforms. Nonetheless, Vanuatu faces significant challenges in its efforts to decrease the cost of doing business, improve the environment for investment, and deliver durable broad-based growth. In addition, challenging public sector reforms are required to improve the quality of public expenditure and service delivery. Tropical Cyclone Pam also highlighted the importance of supporting improved budget management, revenue collection and public sector reforms, which increase economic resilience to disasters.

The Governance for Growth (GfG) program is DFAT's main avenue for engagement with the Vanuatu Government on economic, trade and fiscal policy. GfG's assistance aims to strengthen public sector governance and management to promote sound, economic growth-focused policies. The program covers a large number of government agencies (currently ten). GfG's strength lies in its long-term approach, relying on strong relationships with key players in central ministries. It is located in the Vanuatu Prime Minister's Office compound and highly valued by senior members of Vanuatu government.

In 2014, GfG supported a Utilities Regulatory Authority tariff review of Luganville electricity prices that led to a decrease in prices of 14 per cent, while a Port Vila water tariff review recommended a reduction in price of 20 per cent. GfG's support for the roll out of provincial financial services bureaus (FSBs) has led to greater reliability of the government payment system which will encourage the private sector to do business with government. The establishment of a forum for implementing a Trade Policy Framework (through the Ministry of Trade) was another key achievement of 2014-15. The framework is expected to lead to improvements in trade competitiveness. The commencement of work on a competition policy (with the Asian Development Bank) will also improve the business environment.

GfG's support for improved revenue collection and public financial management continued. VAT collections exceeded budget projections for 2014 by six per cent. Continued strengthening of

tender processes has resulted in stronger public expenditure control. GfG's work over many years to improve understanding of Vanuatu Government systems enabled Australia to provide Cyclone Pam recovery funding through a Vanuatu Government trust account

More work is needed to improve GfG's gender outcomes. This will include a more developed analytical framework to enable identification and exploitation of opportunities to increase gender equality and identify gender disaggregated benefits of investments. A new program with the National Bank of Vanuatu assisting the rollout of mobile banking technology will target women.

In 2014, GfG continued to explore partnership arrangements with the private sector. It is currently the vehicle for coordinating and managing the partnership with Carnival Australia and provides policy advice and support to other sectors through the TVET program. GfG provided ad-hoc support to the Vanuatu Chamber of Commerce and Industry (VCCI), with a view to exploring innovative and more inclusive ways to enhance the partnership in the future.

Ni-Vanuatu participation in the Seasonal Worker Programme grew strongly in 2014-15, with more than 500 participants during the year. It brings the total number of ni-Vanuatu participants to over 800 since the program began in 2012. The majority have participated in horticulture. The expansion of the SWP to the agriculture, tourism and hospitality sectors will provide further benefits to ni-Vanuatu given the prominence of those sectors in Vanuatu and the relevance of those skills to jobs and livelihoods, complementing our investments in-country.

Land is a challenging area of government policy in Vanuatu. Australia continued to support policy dialogue on land governance in 2014-15, including the Department of Land and Customary Land Management Office consultations, and proposed piloting of new land laws gazetted in February 2014. Australian assistance also supported: scanning of 14,000 land registry files; completion of Port Vila and Luganville valuation roles and valuation zone maps (which will provide a sound basis for the determination of land rents and municipal rates); further improvements to the integrity of the digital cadastral database; and improved use of new survey equipment. Following the change of Vanuatu Government in June 2015, Vanuatu's approach to land policy is being reviewed. The current phase of Australian support to the lands sector will conclude in 2015.

Objective 4: Develop essential infrastructure to support economic growth and service delivery

Progress in some areas of work in support of this objective was slower than expected.

Shared development outcome:	<i>Rehabilitation and improved maintenance of high priority rural roads Contribute to sustainable urban development in Port Vila through improved road, drainage and sanitation infrastructure and services</i>
Australia's objective:	<i>Support the Vanuatu Government build the skills, systems and resources to manage its core national road network Support the Provincial Works Department maintain key road infrastructure on Ambae, Malekula, Tanna and Pentecost Improved road network and drainage system in greater Port Vila; improved treatment of septic waste; provision of</i>

	<i>multipurpose sanitation areas in target areas</i>
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Vanuatu's infrastructure sector is undergoing significant change. At present, Vanuatu has six major loan financed projects in the pipeline totalling US\$321 million: US\$34 million from ADB (11%), \$84 million from JICA (26%), US\$59 million from World Bank (18%) and US\$144 million from China EXIM (45%). Considering the capacity limitations in the Public Works Department (PWD) and increasing support from other donors, Australia's role in the sector may need to change over time. Our investments will increasingly need to support policy dialogue and performance management in PWD. Cyclone Pam not only did significant damage to infrastructure assets, but will also compound the challenges the sector faces by increasing the strain on PWD implementation capacity.

The Roads for Development program (R4D) is a long term program (10-15 years) designed to improve economic growth and service delivery in rural areas through increased access to a well maintained, affordable and integrated transport network. Key activities include physical civil works on the islands of Tanna, Malekula, Ambae and Pentecost, institutional transformation such as establishing public financial management and procurement systems and processes, and human resources capacity building.

By 30 June 2015, R4D had maintained 147 kilometres of rural roads, and built 173 drainage structures since the program commenced in July 2013. To complete this work, 38,060 worker days were provided in 2014-15 mainly through island based contractors (IBCs). A tracer study of IBCs showed approximately 20% of the work-force is female. Equal employment opportunities vary significantly from area-to-area and amongst IBCs. It appears there is more equality of opportunity on labour-based, light routine maintenance jobs (e.g. grass cutting, clearing drains), but little opportunity for women to work on the construction of structures.

The program has assisted PWD develop and implement a Social Safeguard Framework (SSF). PWD recently recruited a female Senior Community Partnership Officer, whom with the assistance of the R4D Community Liaison Specialist and three Community Partnership Officers will oversee implementation of the SSF. Several gender initiatives (e.g. SSF emphasising the important role women can play in rural roads maintenance programs) have been established. DFAT reviewed its infrastructure activities through a disability and access lens, including DFAT's Accessibility Design Guideline. The program also worked with PWD to embed inclusiveness practice in Vanuatu systems.

R4D uses a number of innovative approaches to assist with program delivery. In 2014-15 the program assisted PWD develop a community contracting model for routine road maintenance, established a Management Information System and encouraged partnerships through the Melanesian Spearhead Group to utilise regional technical expertise. The Program also procured quad bikes to improve mobility of site inspectors and tractor-based equipment to trial lower cost, fit-for-purpose machine based road maintenance. Job codes for better financial management practice were introduced within PWD and a Public Expenditure Review of the Ministry of Infrastructure and Public Utilities was undertaken, which will help drive further reform and performance improvements.

In early 2015, an interim review of the road program was completed. Despite successes, the review highlighted a number of concerns regarding the program's approach, which was not generating expected improvements in PWD performance. These program factors, combined with insufficient funding, will mean the program will not achieve its current end-of-program target to rehabilitate and maintain in 'good' condition 350 km (16 per cent) of the rural road network.

The review proposed a move away from a road length target, support for PWD introduce a Rural Access Policy built around the Rural Access Index metric and establishing a demand-driven approach to engaging with PWD. These recommendations will continue to be implemented in 2015-16.

The Port Vila Urban Development Project (PVUDP) continues to face delays in progress, management/governance challenges and higher than anticipated costs. These factors mean that the original project outcomes will not be delivered to the extent anticipated. Road and drainage length will be reduced and a number of residential area flooding hotspots will likely not be treated. The first packages of minor works were contracted in September 2015, with sanitation works in bid evaluation and a major package of works to be tendered in October 2015. By early 2016 we expect the majority of project funds will be committed and construction underway. The project partnered with *Wan Smolbag* to develop baseline data and consider disability issues in the designs for community sanitation facilities and traffic and pedestrian management plans.

Objective 5: More effective legal institutions and improved police services

Australian support continued to achieve good results in this sector despite key policing and justice sector agency leadership changes and the impact of Tropical Cyclone Pam.

Shared development outcome:	<i>For all justice services to promote and provide fair and equitable services to meet the needs of the community, the rule of law and the protection of human rights</i>
Australia's objective:	<i>Improved law and justice sector coordination, capacity development and evidence-based policy development Contribute to the provision of excellent policing services and strong police/community relations Improved prevention and response to violence against women and children</i>

Box 2 – Workplace learning for VPF finance staff

Putting into practice what you learn from a training course can sometimes be a challenge. A key part of the capacity development strategy for the police and justice sector, produced by the PJSPV, is to ensure training is put into practice. This is happening through a program of workplace learning.

An example of this is a new partnership with MFEM. Fifteen finance officers from 11 agencies across the police and justice sector received finance training from MFEM, and nine trainers from MFEM have received coaching training from the PJSPV workplace learning adviser. The MFEM trainers have now been paired with the 15 finance staff from the police and justice sector that received initial training. The MFEM coaches visit the police and justice finance officers to help them put into practice what they learnt during their formal training.

MFEM have expressed an interest in using this model to support the decentralisation process of MFEM into the provinces.

The Policing and Justice Support Program Vanuatu (PJSPV) aims to improve access to justice for women, children and youth. It provides support to the Vanuatu Police Force (VPF), the agencies, statutory and constitutional bodies that make up the Ministry of Justice and Community Service (MJCS), the Prime Minister's Office, and partners with civil society including Save the Children. Policing assistance is provided in partnership with Australian Federal Police (AFP).

In 2014-15, our support helped the VPF to take a more coordinated response to operations and enabled implementation of an evidence-based

capacity development strategy for the sector (see **Box 2**). Our support to the Police Professional Standards Unit resulted in a 60 per cent increase in internal complaints, demonstrating increased public confidence in reporting systems and responses; the Police Commissioner endorsed the Vanuatu Police Force Women's Advisory Network strategy which was developed with Australian support; and there was progress on the appointment of Authorised Persons and Registered Counsellors under the *Family Protection Act*.

Australian-funded improvements in data quality are informing management decisions by the Courts and the State Prosecutions Department and decreasing the time taken to draft charges (down to 40 days from 116 days). We also assisted the Department of Women's Affairs to finalise the National Gender Equality Policy which was endorsed by the Vanuatu Government. Australia's ongoing support will contribute to its implementation, including promoting women's leadership and equal political participation (see **Box 3**).

Australia continued its long-running support for the Vanuatu Women's Centre (VWC). The centre provides counselling, support and legal services to survivors of violence. It is the only organisation of its kind in Vanuatu and is responding to the urgent and severe challenge of family and sexual violence. In 2013-14, the Vanuatu Women's Centre provided 6,007 people with counselling and support services across all six provinces – over 40 per cent of clients were in rural locations outside of Port Vila and Luganville. Assistance was provided to 369 at-risk women to obtain Family Protection (restraining) Orders. A significant achievement for the reporting period was the opening of a new branch of VWC in Lakatoro, Malakula (Malampa Province), extending the reach of the VWC services to women and children survivors of violence. Malampa Province records some of the highest rates of violence against women in Vanuatu.

Improved disaster preparedness and early-warning systems in Vanuatu, supported by Australia, including through the Australian Civilian Corps, may have helped reduce the number of fatalities and the extent and scale of damage during Tropical Cyclone Pam. In 2014, we supported the establishment of the National Disaster Management Office's (NDMO) short code phone and short messaging service (SMS). This was used extensively by the NDMO throughout TC Pam to keep people informed of the cyclone's location and predicted movement.

DFAT regional programs have been addressing the need for communities to become more resilient to the adverse effects of natural disasters and climate change through community programs. This helped establish Community Disaster & Climate Change Committees (CDCCC) which were used to disseminate and gather information before and after TC Pam and helped shape NDMO's response activities.

Support to the Vanuatu Meteorological and Geo-Hazards Department (VMGD) through regional climate change programs and the Bureau of Meteorology helped the Vanuatu Government use climate and weather science for better risk mitigation. The VMGD provides timely and critical

Box 3 – Women in Shared Decision Making (WISDM)

The Pacific Leadership Program provided support for WISDM, coordinated by the Department of Women's Affairs.

The WISDM coalition aims to increase the participation and representation of women at all levels of legislative decision-making. WISDM, and the Department of Women's Affairs, was closely associated with the enactment of two amendment Bills to the Decentralization and Municipalities Acts that provided reserved seats for women at municipal level.

In July 2015, four female candidates were elected to the Luganville Municipal Council under the amendment. A fifth female candidate was elected under an open seat.

weather analysis for key sectors such as agriculture. This information helps to lessen the impact of events such as cyclones and El Nino.

Response to Tropical Cyclone Pam

Following Tropical Cyclone Pam Australia provided early life-saving support valued at more than \$10 million dollars. This included urban search and rescue and medical teams, humanitarian relief items, and logistics support. Through NGO partners, we provided on the ground water and sanitation, health and hygiene, child protection, food security, livelihoods and shelter assistance. The Australian Defence Force (ADF) also deployed more than 500 personnel to repair key infrastructure, restore basic services and deliver more than 115 tonnes of vital humanitarian assistance and disaster relief support. An additional \$5 million was also provided for early recovery priorities. Key results include:

- urgent school repairs and replacement of damaged learning materials and equipment in 143 schools in Shefa and Tafea, benefitting more than 19,000 students and enabling children to get back to school sooner
- supporting key health facilities to return to normal functioning after the cyclone, including Port Vila Central Hospital, Lenakel Hospital on Tanna, and eight health centres and dispensaries across provinces of Shefa and Tafea
- targeted assistance to reduce the prevalence of disease after the cyclone by supporting the World Health Organization to increase disease surveillance and coordinate damage assessments of 71 health facilities
- over 24,000 children under four years old in Shefa, Tafea, and Samna provinces were immunised to prevent post-cyclone outbreaks of vaccine-preventable disease
- a food security and income improvement project for severely affected farmers, particularly women farmers, in TAFEA province.

In May 2015, Australia's Foreign Minister announced a three-year Australian Recovery Package of \$35 million. The package will complement Australia's bilateral aid program and early recovery support and will contribute to the Vanuatu Government National Recovery Framework.

Performance Benchmarks

Five out of the six pilot benchmarks set for 2014-15 were fully met (see **Annex B** for detail).

Proposed performance benchmarks for future years are outlined in the Aid Investment Plan drafted during the reporting period. These will be confirmed through Aid Partnership discussions with Vanuatu during 2015-16. Future performance benchmarks will reflect the revised strategic pillars proposed under the Aid Investment Plan and the Aid Partnership.

Mutual Obligations

The Vanuatu Government's overarching national development plan, the Priorities and Action Agenda (PAA), expires in 2015. The Vanuatu Government is currently in the process of developing a National Sustainable Development Plan (NSDP) to replace the PAA.

As reported in previous APPRs, mutual obligations under the Partnership for Development have now all been achieved or superseded. There is a need to reset these through a new Aid Partnership with Vanuatu.

Program Quality and Partner Performance

The Vanuatu program continues to make effective use of performance information. Post coordinates regular monitoring that inform program management. Evaluations and reviews are also being used to improve performance. A review of the Health Sector Program is informing the development of a new strategy that will re-shape the program's focus. An interim review of the Roads for Development Program is contributing to a reconsideration of Australia's approach to support in that sector. An evaluation of the TVET program considered impact and value for money. **Annex C** lists evaluations completed during the reporting period and planned.

A performance assessment framework has been developed as part of the AIP. Further refinement of this, including through finalising an Aid Partnership with Vanuatu, will support improvements to whole of program performance assessment and management.

The ANAO completed a performance audit of the Australian aid program in Vanuatu during 2014-15. The audit was tabled in Parliament on 5 June 2015. It found that the program was generally effective and met Australian and Vanuatu Government priorities. The ANAO made two recommendations on documenting risk and monitoring and evaluation planning. DFAT agreed to both recommendations. Implementation of both recommendations is well advanced.

The AIP and Aid Partnership will support further consolidation of the program. The AIP proposes to consolidate the program within three weighted strategic pillars to ensure that Australian assistance is best meeting development objectives agreed with the Vanuatu Government.

Analysis of Aid Quality Checks (AQC's)

Most programs continue to have high relevance scores across the board. Exceptions are in land and road infrastructure where contextual shifts have required reconsideration of program approaches. Effectiveness is mostly satisfactory (although at 75% this is below DFAT's target of 85%). Most effectiveness issues are in the in the infrastructure sector where projects have performance issues and delays. Efficiency is also broadly the same as last year with only 83% of programs achieving a satisfactory rating (the Department target is 85%). Improvements in the health program rating reflect steps taken to address management issues. Monitoring and Evaluation scores improved slightly on last year as programs bed down revised approaches, in part in response to the ANAO audit findings. Sustainability continues to be a challenge in most sectors. Risk is being managed effectively by the programs, as reflected in the scoring, and the program continues to improve its risk documenting in response to the ANAO's findings.

Despite some improvement in gender ratings, only 75% of programs achieved a satisfactory rating. DFAT has set a target of 80%. The programs with less than satisfactory ratings - GfG, R4D and the Vanuatu Land Program - have plans in place to address the issues highlighted and are expected to lift their rating in the next reporting period or, in the case of the land program, will conclude in 2015. A table of all AQC ratings is included at **Annex D**.

PVUDP was recorded as an initiative requiring improvement (IRI). To lift performance, DFAT has agreed with ADB and the Vanuatu government to: increase in country ADB supervision resources; ensure outstanding design issues are resolved; develop a model to prioritise key pieces of work within the revised budget; and continue to ensure public expectations about PVUDP are effectively managed through good communication.

Performance of key delivery partners

The Vanuatu program works through government systems (e.g. in health and education), through managing contractors (e.g. in law and justice, TVET, education and infrastructure) and through civil society partners (e.g. in health and governance). Nine partner performance assessments were completed during the reporting period.

In terms of program size, the Asian Development Bank (ADB), which is delivering PVUDP, is our major implementing partner. PVUDP continues to suffer performance shortfalls. Concerns with the project were also highlighted in the ANAO audit. DFAT will continue to work closely with the ADB and Vanuatu Government to ensure performance is lifted. The ADB has also committed to take a number of steps to address performance issues.

Risks

Table 3 Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)
Political and bureaucratic instability (including in the lead-up to elections in 2016) resulting in diminished support and/or understanding of our aid programs, and diminishing long-term sustainability of programs.	<p>Worked closely with relevant Ministries to ensure a shared understanding of Australian aid programs.</p> <p>Worked at program level with agreed priorities and work plans.</p> <p>Link closely with Political team to understand and predict possible changes in the short-term.</p>	<p>Strong and high level engagement on aid partnership document to set clear boundaries for aid programs.</p> <p>Work with contractors to ensure they have handover plans for staff that are leaving where required.</p>	High
Significant natural disaster, incl. El Nino induced drought conditions, disrupts implementation of programs and/or reduces relevance of programs.	<p>Crisis Action Plan and scenario planning</p> <p>Disaster Management Plans.</p> <p>Dialogue with GoV and other partners on future implementation of programs.</p>	<p>Dialogue with GoV, civil society and other stakeholders to plan for disasters, at national, provincial and local community levels.</p> <p>Identify flexibility within existing bilateral program and recovery funds to enable responsive action to disasters.</p>	Very high
Following TC Pam, there is a risk that recovery progress will be slow, not meeting expectations and needs of communities.	<ul style="list-style-type: none"> • Liaising with GoV at central agencies and line ministries • Working with GoV and other partners on proposals and provision of TA as appropriate • Regular internal discussions on progress, challenges and possible solutions 	<ul style="list-style-type: none"> • Once approvals by GoV in place, undertake effective communication to ensure affected communities are aware of what is happening, and regular monitoring to assess progress and quality of implementation. 	High

Management Responses

Progress addressing last year's management responses was mixed. **Annex A** provides detail. The following management responses are for the forthcoming 12 months.

New aid partnership

Vanuatu and Australia will finalise a new Aid Partnership during 2015-16. The Partnership will set new objectives for the program, provide greater strategic coherence and outline clear performance benchmarks and mutual obligations

Port Vila Urban Development Project

PVUDP will require significant management attention to ensure the remediation plan to address performance issues is implemented effectively.

ANAO Performance Audit

By the end of 2015-16 the recommendations from the ANAO audit of the Australian aid program to Vanuatu will be fully addressed.

Tropical Cyclone Pam

The response to Cyclone Pam will continue to place significant additional pressure on DFAT and Vanuatu Government capacity. Strong senior management oversight to ensure effective implementation of the recovery package, support for staff and early recognition of emerging risks will be critical.

Program Designs

A number of major programs will conclude during 2015-16 requiring review and re-design processes. We will need to ensure these processes are adequately resourced (considering other pressures such as Cyclone Pam recovery) and achieve our efficiency and consolidation objectives. DFAT will need to also ensure transition plans are in place, there is effective communication with partners and that senior management has ongoing visibility of progress.

Budget Management

The Vanuatu Program has very high commitment levels. Close monitoring and management of the budget will be required to ensure any contingencies can be effectively managed. The program will also need to continue to closely monitor its program pipeline. The AIP and Aid Partnership provide the opportunity to do this effectively with the Vanuatu Government.

Gender and Disability

The program will continue to develop pragmatic ways to improve the understanding of and responses to gender and disability issues, in particular for the programs that received less than satisfactory ratings. Although there were some improvements from last year's reporting period, gender and disability will continue to be a focus area for the program.

Annex A - Progress in Addressing Management Responses

› Describe progress made against management responses in 2013-14 report

Management responses identified in 2013-14 APPR	Rating	Progress made in 2014-5
Develop a new aid partnership	Not achieved	Corporate priority was given to finalising an Aid Investment Plan, which provides the basis for a new aid partnership. Formal discussions on a new aid partnership began in early 2015-16 following AIP finalisation.
Consolidation and efficiency improvements	Achieved	Further progress on consolidating programs has been achieved in the Policing, Law and Justice Sector. We are considering options to improve the efficiency of agreement management and modality choice in some sectors, including scholarships. The Lands program is concluding in 2015.
A partnership approach to managing financial risks through public sector reform	Partially achieved	We advanced discussions with the Vanuatu Government on the need to make public spending more effective, as well as to protect Australian funds, with a view to securing concrete outcomes through our aid partnership discussions in 2015-16. Fiduciary risk assessments will continue to inform program management in all sectors.
Ensure effective implementation following Department of Foreign Affairs and Trade integration	Achieved	We have maintained effective management oversight and implementation of the aid program throughout the integration process. An ANAO audit of the program following integration found the program was effective and made two recommendations on documenting risk and monitoring and evaluation planning. We will continue to monitor closely.

Program improvements on gender and private sector engagement

Partially
achieved

While gender equality outcomes improved, with strong results in TVET, Law and Justice, Education and Health, the overall program result (75%) fell just short of the 80% target. Further work is underway to improve results in the challenging areas of governance and roads. We continue to look for opportunities to learn from the higher performing programs.

To identify private sector engagement opportunities, we held consultations with local and Australian business representatives, including AIP consultations in Canberra in October and a roundtable in Port Vila in October. We also continued to work with Carnival Australia on outcomes to increase jobs and improve livelihoods for ni-Vanuatu. Australian companies contributed to the Tropical Cyclone Pam response.

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

Annex B - Progress towards Performance Benchmarks in 2014 -15

› Report on the performance benchmarks identified in last year's APPR.

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
Develop essential infrastructure	100kms of maintenance and rehabilitation works completed on target rural roads	Achieved	The length of roads (147km) maintained in the last 12 months is well above the 2014-15 benchmark and there is significant progress in terms of concrete structures built and length of drainage structures constructed under physical civil works.
Progress reform on economic governance	3,000 bank accounts opened	Achieved	In 2014, 3,361 bank accounts were opened across Vanuatu showing increased economic activity and income
Support increased access to skills and knowledge	80 per cent (of 800 participants) report higher income	Achieved	90% of participants reported higher income in the reporting period 46% of participant were female 8% of participants were people with a disability (an increase from 3% in 2011-12)
Support improved quality of education	Monitoring tool for literacy and numeracy developed and trialled	Achieved	Year 4 literacy and numeracy test developed, ready for <i>examination</i> of children in September 2015 across Vanuatu
Strengthen health services	30 nurses and midwives trained	Partially Achieved	25 nurses were trained in 2014. No midwives were trained in 2015 due to challenges getting the Midwifery Training curriculum in place. Midwifery training will start in January 2016.
More effective legal institutions and improved police services	4,000 women provided counselling and legal support	Achieved	4,685 women were provided counselling and legal support. This also includes women assisted with Family Protection Orders, legal assistance, and safe housing.

Note:

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

Annex C - Evaluation and Review Pipeline Planning

› List all evaluations and reviews completed in the reporting period.

List of evaluations completed in the reporting period

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Vanuatu Health Sector Support 2010-2018	INJ438	Vanuatu Health Portfolio Review	17 April 2015	4 August 2015	15 September 2015	Planned for Oct 2015
TVET Sector Strengthening Program	INK310	Independent evaluation of the TVET Sector Strengthening Program	30 June 2015	tbc	Not yet completed	Planned for Oct 2015

List of evaluations planned in the next 12 months

Name of Investment	AidWorks number	Type of evaluation	Purpose of evaluation	Expected completion date
Health Sector- Village Health Workers Program	INJ438	Independent Progress Review	To assess & inform future program planning	Jan 2016
Policing and Justice Support Program	INJ603	Independent Progress Review	To assess progress & inform future investment	Mar 2016
Pacific Women (Vanuatu)	INK586	Independent Completion Review (Pacific Women component excl. VWC)	To assess progress & inform next three year planning	Apr 2016

Vanuatu Education Support Program	INK372	Independent Progress Review	To assess progress & contractor performance	Dec 2016
Roads for Development	INK771	Independent Completion Review	To assess progress & inform next phase	Apr 2016
Port Vila Urban Development	INK721	Partner-led Progress Review	To assess progress	Apr 2016

Annex D - Aid Quality Check ratings

The previous investment level performance assessment system utilised Quality at Implementation (QAI) reports. Two criteria, Risks and Safeguards and Innovation and Private sector were not assessed in QAI reports and there have been significant changes in AQC reporting this year. Innovation and Private Sector is not a quality standard.

AQC ratings

Investment name	Approved budget and duration	AQC/QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Australia Awards	\$10,056,300 2007-2017	2014 AQC	5	4	3	3	4	5	3
		2013 QAI	5	4	4	3	3	4	n/a
Vanuatu Land Program	\$11,787,436.16 2009-2015	2014 AQC	3	3	4	3	2	3	4
		2013 QAI	4	4	4	4	4	3	n/a
Wan Smolbag Theatre Community Partnership	\$11,816,555.21 2010-2017	2014 AQC	5	5	5	5	4	5	5
		2013 QAI	5	5	4	4	4	5	n/a
Vanuatu Health Sector Support	\$41,539,191.11 2010-2018	2014 AQC	4	4	5	3	4	4	4
		2013 QAI	5	4	4	4	4	4	n/a
Vanuatu Policing and Justice Support Program	\$16,558,818.36 2014-2016	2014 AQC	5	5	5	4	4	4	4
		2013 QAI	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vanuatu TVET Program Phase 3	\$11,054,691.24 2011-2016	2014 AQC	6	5	5	5	5	6	4
		2013 QAI	6	5	5	5	5	4	n/a
Vanuatu Education Support Program	\$37,556,869.14 2012-2017	2014 AQC	5	5	4	4	4	4	4
		2013 QAI	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Governance for Growth Phase 2	\$20,473,026.98 2012-2018	2014 AQC	6	5	4	4	4	3	5
		2013 QAI	5	4	4	3	4	3	n/a
Pacific Women Initiative (Vanuatu)	\$6,720,206.43 2012-2018	2014 AQC	5	5	5	5	3	6	4
		2013 QAI	6	5	4	5	4	6	n/a
Port Vila Urban Development Project	\$26,500,000 2012-2017	2014 AQC	4	3	3	4	4	4	4
		2013 QAI	5	4	3	4	3	3	n/a
Roads for Development	\$24,218,365,.24 2012-2016	2014 AQC	4	3	4	5	3	3	5
		2013 QAI	5	4	4	4	4	4	n/a

FAQC ratings

FAQC scores assess performance over the lifetime of the investment and should not be compared to the previous year's QAI ratings.

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Vanuatu Australia Police Project	\$14,118,752.13 2011-2014	4	5	4	4	3	3	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very good; satisfies criteria in all or almost all areas

5 = 5 = Good; satisfies criteria in most areas

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

Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate; on balance does not satisfy criteria but does not fail in any major area

2 = 2 = Poor; does not satisfy criteria in major areas

1 = 1 = Very poor; does not satisfy criteria in many major areas

ⁱ Vanuatu has made mixed progress against MDGs 1 (eradicating poverty), 2 (universal primary education), 3 (gender equality) and 5 (maternal health). It is off track against MDG 7 (environmental sustainability). See Pacific Islands Forum Secretariat, *2013 Pacific regional MDGs tracking report*. The tracking report suggests Vanuatu is on track against MDG 4 (infant mortality). However, the most recent data available which puts under-five mortality at 31/1,000, suggests MDG 4 is unlikely to be met. See Government of Vanuatu, *Vanuatu Demographic and Health Survey – MICS 2013*.

ⁱⁱ see International Monetary Fund, IMF Country Report No. 15/149: Article IV Consultation for Vanuatu, June 2015.

ⁱⁱⁱ Government of Vanuatu, *Vanuatu: Post Disaster Needs Assessment: Tropical Cyclone Pam March 2015*, released August 2015.

^{iv} see Government of Australia, *Aid Investment Plan to Vanuatu*, September 2015, <http://dfat.gov.au/about-us/publications/Pages/aid-investment-plan-aip-vanuatu-2015-16-to-2018-19.aspx> .

^v For detail see Government of Vanuatu, *Vanuatu Demographic and Health Survey – MICS 2013*.

^{vi} See Won Smolbag, *Annual Report 2014*.