



Vanuatu Annual Program Performance Report 2011

June 2012



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Context

As a close neighbour of around 234 000 people,¹ Vanuatu is best known to Australians as an increasingly popular tourist destination—over 150 000 Australians visit each year. Vanuatu’s economy has grown every year since 2003, driven largely by tourism, land sales, high commodity prices (copra and coffee) and donor-funded construction projects.² Growth slowed to 1.5 per cent in 2010 and 2.5 per cent in 2011.³ Vanuatu remains heavily reliant on Official Development Assistance (ODA), which represents 18 per cent of Gross National Income. Major bilateral donors include Australia, New Zealand, the European Union, China, Japan and France.

Vanuatu and Australia have an important aid partnership, with Australia providing around 50 per cent of Vanuatu’s total ODA flows.⁴ While sustained growth has increased economic opportunities, particularly in Port Vila, many Ni-Vanuatu continue to experience real hardship, lacking access to employment, quality education or health services, and affordable transport or utilities. Around 13 per cent of people live below the national poverty line.⁵ Overall Vanuatu’s progress towards the Millennium Development Goals (MDGs) is mixed. The country is on-track to achieve Goals 4 (child mortality) and 6 (HIV/AIDs, malaria and other diseases).⁶

While their impact was not severe, three tropical cyclones hit Vanuatu in early 2011, a reminder of the country’s vulnerability to natural disasters.⁷ Australia released the results of the first detailed scientific projections for long-term climate change impacts in Vanuatu and the Pacific in 2011. The impacts, such as extreme weather events, sea level rise, and associated increased levels of inundation and storm surges, are expected to continue increasing over time.

Since independence in 1980, Vanuatu has been governed by democratically elected governments, which are increasingly made up of fragile coalitions of small parties and independents. Changes of government due to votes of no confidence on the floor of parliament are frequent. In 2011, there were two changes of government – one due

¹ 234 023 at the 2009 Census.

² Government of Vanuatu 2012 budget papers, October 2011.

³ Government of Vanuatu informal estimates, 29 May 2012.

⁴ Based on US\$. 2010 Organisation for Economic Co-operation and Development – Development Assistance Committee Survey on Monitoring the Paris Declaration.

⁵ 2010 data, Vanuatu Household Income and Expenditure Survey 2012 (forthcoming publication).

⁶ Pacific Islands Forum Secretariat 2011 MDG Tracking Report.

⁷ Vanuatu is the most vulnerable country to natural disasters in the world according to the World Risk Report 2011, United Nations University Institute for Environment and Human Security.

to a constitutional challenge. These changes occurred peacefully and in accordance with the decisions of parliament and the courts, however this political instability slowed the day-to-day running of government business, as well as the delivery of Australian-funded aid programs managed jointly with the government. In response, the two governments engaged in more regular high-level dialogue in 2011 around how to restore momentum to aid initiatives and issued a joint public commitment on this at Partnership for Development talks in August.

Program objectives and strategy

The direction of the Australian aid program in Vanuatu is driven by the Australia–Vanuatu Partnership for Development, which was signed in May 2009 and is scheduled for an update in 2013. Australia works with a range of partners to achieve the partnership’s objectives, including the Government of Vanuatu, the private sector (in both Vanuatu and internationally), civil society organisations (including churches and chiefs, local and international non-government organisations), and increasing numbers of Australian volunteers. The agreed partnership objectives are to:

- support increased access to and quality of education for all boys and girls, and equip them with relevant skills and knowledge
- strengthen health services and accelerate progress towards health MDGs
- develop essential infrastructure to support economic growth and service delivery
- progress reform on economic governance issues
- facilitate more effective legal institutions and improved police services.

In addition to these areas, AusAID provides substantial support to build the capacity of key civil society organisations and to improve land administration. The Vanuatu program’s estimated expenditure in 2011 is outlined in the table below.

Table 1: Estimated expenditure in 2011

Objective	A\$ million	% of country program
Country program	46.0	
1: Education	7.6*	16.5
2: Health	5.8	12.7
3: Infrastructure	6.9	15.0
4: Economic governance	9.5	20.1
5: Law and justice	7.6	16.5
Civil society and land	8.4	18.3
Other	0.2	0.3
Regional/global programs	14.6	
Other government departments	2.2	
TOTAL	62.8	

* This includes basic education, technical and vocational education and training, and scholarships. The total scholarships expenditure in Vanuatu was higher than reflected here since it was partly funded by an AusAID-wide program, bringing total scholarships expenditure in 2011 to \$3.1 million (only \$1 million is captured in this table).

Note: Figures for regional/global programs and other government departments are estimated based on the 2011–12 budget.

Progress against objectives

This section discusses progress against each of the partnership objectives in 2011.

Table 2 provides a summary assessment.

Table 2: Ratings of the program's progress towards the objectives

Objective	Current rating	Relative to previous rating
1: Support increased access to and quality of education for all boys and girls, and equip them with relevant skills and knowledge	■	Declined
2: Strengthen health services and accelerate progress towards health MDGs	■	Unchanged
3: Develop essential infrastructure to support economic growth and service delivery	■	Improved
4: Progress reform on economic governance issues	■	Unchanged
5: More effective legal institutions and improved police services	■	Declined

Key:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.


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

In 2009, access to primary education increased when AusAID, along with other partners, implemented Vanuatu's Universal Primary Education policy including the introduction of grants direct to primary schools. The grants saw an initial increase of 7 per cent in gross enrolment rates in 2010. By the end of 2011, net enrolment rates at primary school were levelling at 87.9 per cent with equal numbers of boys and girls. The remaining enrolment gap will be hardest to bridge as it is caused by diverse constraints including some very remote communities and cultural barriers to formal education.

Rising enrolments have increased pressure on the education system, particularly in urban areas. Older children entering school for the first time have created new challenges with gross enrolment rates⁸ over 100 per cent. One challenge, particularly in urban areas, is the resultant overcrowding in many schools. Australia and other donors funded the construction or renovation of 58 classrooms in 2011.

The quality of education remains an enormous challenge. An AusAID-financed World Bank reading assessment covering 73 schools was conducted in 2010–11 to determine how well children are reading at early grades and to provide a baseline to assess future progress. The findings are bleak: less than 10 per cent of the French and English school children sampled could be considered fluent in reading. These findings resulted in increased involvement by central government agencies to help tackle some of the challenges in the sector.

⁸ The gross enrolment rate of 119 per cent in 2011 analysis shows that many children older than 11 are still enrolled in Years 1 – 6.



The improved quality of teaching in schools is a focus for ongoing support jointly financed by Australia, New Zealand and the United Nations Children's Fund, together with government and civil society organisations. Successes in 2011 included:

- establishing a new three-year, pre-service program for teachers at the Vanuatu Institute of Teacher Education, with the first group of 95 certified teachers supported by Australia and other partners to start in 2012
- sending reading books to over 400 primary schools and providing in-service training for 389 teachers on using the books to improve literacy
- providing 43 384 textbooks for primary schools through the school grants program
- revising the national curriculum developed for Kindergarten to Year 3.

Despite these gains, results are not commensurate with the significant investment by both government and partners in the sector in recent years. Institutional change is moving slowly, with progress hampered by human resource constraints and poor internal financial controls identified in a 2011 audit. In 2011, AusAID agreed with government and partners that despite increased financial assistance to address education quality, a new approach to the sector was to be further developed for implementation in 2013.

Australian support to the technical and vocational education and training sector continues to deliver impressive results through the work of the Australian Pacific Technical College and the Sector Strengthening Program. In 2011, the college's Vanuatu campus produced 232 graduates. Through the Sector Strengthening Program, 40 local registered training providers (up from none in 2008) supported 1083 women and 1181 men to complete accredited training courses and access business development services. In the program's target provinces of Malampa and Sanma, graduates reported real benefits for their livelihoods from their training, including increased income (70 per cent) and increased production from their farms and other businesses (69 per cent). Women comprised 43 per cent of trainees during 2011 and 39 per cent of business development service users in the same period. The institutional arrangements – provincial training boards and technical and vocational education and training centres in Malampa and Sanma, as well as the 2011 national technical and vocational education and training sector policy – provide a more sustainable base for future training.

Australia Award scholarships remain a significant feature of the Australian aid program and help fill the tertiary education gap in Vanuatu. Australian scholarship awardees are carefully selected, have high success rates, and a large number return to key jobs in Vanuatu. In 2011 there were 43 Ni-Vanuatu students studying in Australia and 197 in regional institutions, mostly in Fiji and Papua New Guinea. Sixteen students graduated from Australia in 2011 (100 per cent of those expected to graduate) and all were employed. Forty-one graduates returned from the regional institutions and also found employment in Vanuatu. Women comprise more than 40 per cent of current scholars. Around 50 per cent of senior officials in the public sector are graduates of the Australian Development Scholarship program.



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

Signing the first-ever joint partnership arrangement between government and development partners in early 2011 formalised a new approach to donor funding in the health sector, with government increasingly leading the agenda and better information sharing and coordination among development partners. This harmonised approach has led to more efficient allocation of roles between donors, a reduction in the number of small programs, and efficiency gains through links between programs. Australia is the largest donor to the sector at 43 per cent of donor spending and 23 per cent of total health spending. AusAID's support to the sector is provided through a direct grant to the Ministry of Health for agreed priorities, as well as through regional initiatives and civil society organisations such as Wan Smolbag and Save the Children.

Australian assistance has contributed to early progress in improved public administration of health. In 2011, the Ministry of Health produced an annual plan and budget which, for the first time, reflected both donor and government contributions. Through the Global Fund to Fight AIDS, Tuberculosis and Malaria and AusAID support, the ministry successfully completed its first major procurement process in over five years to secure a 100 million vatu (A\$1.1 million) program to upgrade 32 health centres with clean water and electricity to enable health services day and night, and better maternal and child health services. Although these public administration gains are fragile, they provide a foundation for real improvements in health service delivery to the people of Vanuatu.

With AusAID support, the ministries of Finance and Economic Management and Health undertook a public expenditure review in 2011 that critically assessed medium term expenditure patterns and recommended changes to improve the efficiency of public spending on health. This analysis pointed to the concerning trend of declining funding for public health service delivery at hospital and community levels between 2006 and 2010, relative to spending at central policy and administrative levels. Funding for community health services fell from 22 per cent of the government's health budget in 2006 to 18 per cent in 2010. Disappointingly, there has been no increase in government allocations to rural service delivery as required under the aid partnership. A high priority for Australia is to ensure that public funds are spent on the most cost effective interventions to reduce the burden of disease for the poor, most of who live in rural areas. Analysis commenced by the World Bank will help to identify and eventually overcome bottlenecks to getting funds out to frontline service delivery units such as aid posts and clinics.

Australian aid delivered an impressive outcome in the ongoing effort to eradicate malaria (see Box 1). However, routine immunisation coverage delivered in partnership with the United Nations Children's Fund and the Ministry of Health remains inadequate. Measles coverage is a reliable indicator of a functioning health system. The latest data shows measles coverage in Vanuatu at only 52 per cent.



Box 1: Vanuatu reduces malaria

With assistance from Australia and the Global Fund to Fight AIDS, Tuberculosis and Malaria, Vanuatu is on track to achieve its targets for reducing the impact of malaria. A malaria indicator survey carried out in 2011 showed that malaria has dropped from 17 500 cases in 2003 to less than 6000 cases in 2011. Malaria prevalence in Tafea Province is now less than 1 per cent and national prevalence is less than 3 to 5 per cent of the total population. This was achieved through 100 per cent national coverage with bed nets. Indoor residual insecticide spraying has been completed in 94 per cent of target households in Tafea Province which is targeted for malaria elimination by 2014.

Australia and Vanuatu are working to tackle critical gaps in the public health workforce. AusAID assistance to the Vanuatu College of Nursing Education has improved curriculum quality, and from 2012 will see at least 30 nurses graduate every year from the school, effectively closing the gap in the nursing workforce by 2015. More work will be needed to ensure that provincial and rural health facilities receive the staffing required to improve services to remote communities. Australian funding for seven senior medical specialists at the Vila Central Hospital has resulted in high-quality care to patients, as well as important training and mentoring opportunities for local medical practitioners. These senior specialists also help the hospital to maintain its status as a teaching hospital.

Objective 3: Develop essential infrastructure to support economic growth and service delivery

Improving infrastructure in Vanuatu is fundamental to delivering services and opening up economic opportunities. Australia is assisting with the enormous task of rehabilitating and maintaining the rural road network through the Vanuatu Transport Sector Support Program. This uses local-based contracting and labour-intensive maintenance to increase local employment opportunities, and adopts appropriate technology for sustainability.

After a slow start in 2010, the program gathered momentum in 2011 with new approaches and close management attention. This included removing bottlenecks in approval processes and rolling out new delivery methods, including greater use of the private sector (national and local) to deliver road works, rather than a reliance on Public Works Department staff and equipment.

These new approaches followed a move from within the Public Works Department to rethink its planning and delivery of roads in Vanuatu. The shift to greater outsourcing and more critical assessment of which methods will deliver best value for money in different locations also led to increased efficiency. Institutional reform and capacity development has been delivered in the department, which is in the early stages of transitioning from implementing physical works to managing contracts.

In 2011, Australia improved access to over 128 kilometres of priority road links on three outer-islands in Vanuatu: Malekula, Ambae and Tanna. This represents renewal



of around 8 per cent of Vanuatu's unsealed rural road network. The works have generated 68 000 days of employment to date. AusAID encourages women's participation in road maintenance works and their employment participation rate in the early works is around 14 per cent. In Tanna, around one third of the island-based contractor businesses are led by women.

These road improvements increased access to basic services for up to 40 000 people. They also opened up new business opportunities ranging from 28 small-scale, island-based contractors supported by the program to public transport operators and roadside stalls. The island-based contractors on Malekula benefited through AusAID's technical and vocational education and training program. The roads have also enabled new public transport businesses to emerge.

In the Middlebush area of Tanna, the cost of transporting goods to market has halved, from an average of 1000 vatu per person per load to 500 vatu. Mini bus services were introduced on the island in 2011 and the cost of bus fares between the main business centre and the airport has more than halved.

A review into aviation safety began in 2011 with all commercial airfields in Vanuatu expected to comply with national physical and management standards by 2012. This will increase air travel safety and the regularity of services in the outer islands.

Australia supported ongoing regulatory reform in the energy sector to improve services and reduce costs for consumers. AusAID also expanded its support to the successful Lighting Vanuatu initiative (see Box 2).

Box 2: Lighting Vanuatu – connecting poor households

The Lighting Vanuatu initiative has distributed 20 000 solar lamps to families throughout Vanuatu to provide clear light without the recurrent costs of kerosene or candles. The lights also charge mobile phones, which are used by more than 75 per cent of rural households. Recent AusAID research suggests this reduces the cost of using mobile phones for the poorest households without electricity by 20 to 30 per cent.

Objective 4: Progress reform on economic governance issues

The economy and government revenue held up in 2011, in part due to a number of Australian-supported investments and reforms. These included investments in rural roads, ongoing support for competition in the telecommunications and energy sectors, expansion of rural banking services, and support to the tourism sector. While economic growth increased slightly (2.5 per cent in 2011 compared with 1.5 per cent in 2010), it was still below the average of 5.3 per cent between 2003 and 2009.

AusAID's continued partnership with the Ministry of Finance and Economic Management, established for more than 10 years, is central to these efforts. The mid-term review of the Governance for Growth program reaffirmed that the ministry continues to perform well, with treasury and finance functions performing strongly.



Australian support to the ministry is demand-driven and managed by the ministry, which uses AusAID funding to recruit its own technical advisors.

The strong performance of the central finance ministry however is not matched in line ministries, where public financial management generally remains weak. This has proved an obstacle to delivering services in key sectors such as health, education and infrastructure. Future AusAID support through Governance for Growth and sector programs will increasingly address public financial management capacity in line ministries, and coordinate with the central Ministry of Finance and government-wide reforms.

More positively, Australian assistance to the Ministry of Finance's customs and revenue team in 2011 yielded real results. With the support of a technical advisor, major business reforms in value-added tax were undertaken. Revenue collection, which was tracking below target in 2010 and the first half of 2011, was back on track by the end of the year. A 2011 review of procurement policy and procedures and subsequent reforms driven by the ministry will help improve transparency and value for money in tendering new public investments.

Australian support to the Office of the Auditor-General saw the release of qualified financial statements for 2005–2009 and the first auditor-general's annual report since 2007—a substantial improvement in the productivity of the office in 2011.

In 2011 Australia and the World Bank supported Vanuatu to roll-out an integrated government IT network (the I-Gov initiative) adding value to recent government investments in IT hardware. This initiative consolidated 146 separate government IT systems onto a single network, increased data security, introduced voice and data links between Port Vila with the six provincial centres, and delivered cost savings of around A\$4 million a year to the government.

At the same time, AusAID used a research fund to undertake longer-term evaluative work, such as the second in a series of telecommunications impact studies, to provide a longitudinal view of the impact of telecommunications reforms. Early data suggests telecommunications coverage is now available to 90 per cent of the population, with reforms contributing an estimated 1 to 1.5 per cent increase in annual GDP. Australian support to the telecommunications sector, in partnership with successive governments in Vanuatu, remains one of the stand-out achievements of the aid program.

In 2011, Australia supported Vanuatu to conclude a competitive tender for the Luganville electricity concession, the second largest grid concession, resulting in a new service provider. This was the first such change in 70 years and provided immediate cost savings to grid users of 4.7 per cent across all consumer categories. As a result of the independent Utilities Regulatory Authority, which was established in 2007 with AusAID and World Bank assistance, electricity cost savings of up to 49 per cent were delivered to low-income consumers for all the four grid concessions (Port Vila, Luganville, Tanna and Malekula). In addition to price reductions, there is now active and public scrutiny of pricing by the new regulator.



Box 3: Connectivity supports access to finance

Financial inclusion is being achieved through an innovative partnership between AusAID and the National Bank of Vanuatu. The bank is developing its rural ICT infrastructure so as to better serve the 70 per cent of the population who live in rural areas. The bank now has 12 of its 25 rural branches connected through solar-powered satellite communications, which allows it to deliver real-time services in the islands. Mobile banking is also on the rise. IsiMS – an SMS alerts system – has delivered more than 120 000 messages to customers and isiMani – a new transactional mobile wallet system – is starting to grow. Coupled with nationwide efforts to lift financial literacy, in 2011 these innovations resulted in 7000 new rural accounts, increasing rural deposits by around 500 million vatu (A\$5 million), and more than 750 new microfinance loans with a value of more than 200 million vatu.

Objective 5: Law and justice – more effective legal institutions and improved police services

The law and justice sector is the most recent to be formally added to the Partnership for Development (becoming the fifth partnership priority in 2010). However, Australia and Vanuatu were unable to formalise specific commitments and responsibilities in this sector in 2011. The surprising expulsion of an AusAID-funded adviser to the State Law Office in May 2011 cast uncertainty over the future of Australia's contributions to the sector and led to an unfortunate gap in legal sector assistance. Australia remained committed to working with Vanuatu in the legal sector, and made efforts over the course of the year to put future law and justice assistance on a sound footing.

The Vanuatu Legal Sector Strengthening Project concluded in June 2011. An independent review found it highly effective, with particular success in office and case management and improved performance of junior staff in Vanuatu's public legal offices. The removal of the Australian lawyer noted above led Australia to delay the start-up of the successor program, Stretem Rod Blong Jastis (Vanuatu Law and Justice Partnership). Despite the loss of momentum in Australian assistance, there was locally driven impetus for enhancing cohesion between programs across the sector. The Ministry of Justice and Community Services worked with other agencies to better define the government's sector policy and priorities.

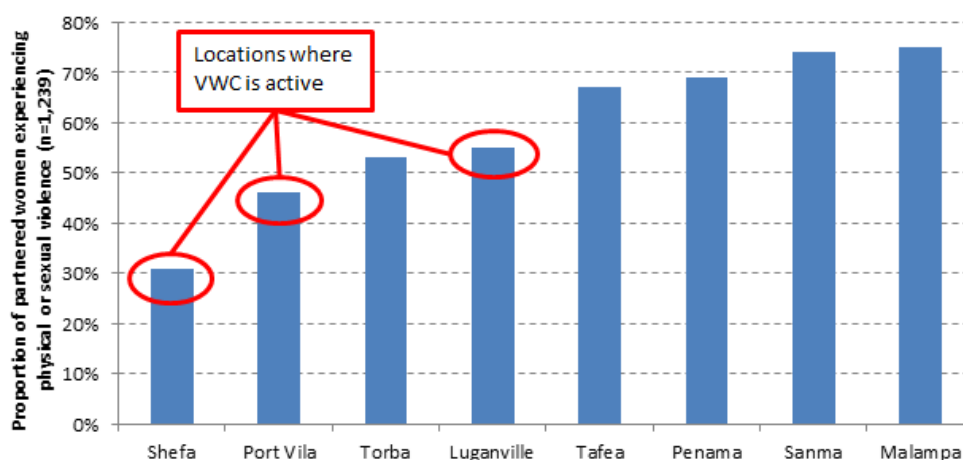
The Vanuatu Australia Police Project supports the Vanuatu Police Force with new construction and equipment, subsidies to police operating expenses, and capacity development. Evidence suggests that relationships between the police and communities are improving. The Vanuatu Women's Centre reported improved cooperation and responsiveness from the police during 2011 on efforts to tackle high rates of domestic and sexual violence. A community perceptions survey carried out by the Pacific Institute of Public Policy in 2011 suggests improvements in the visibility of police and their relationship with the public. Unsubstantiated crime statistics also indicate improved responsiveness and resolution of criminal investigations.



Australia has provided substantial support for Vanuatu Police Force efforts on workforce renewal, which has reinvigorated the organisation after a 20-year recruitment freeze from 1987 to 2006. Thirty-three new recruits were trained during the year, eight of who are women, and other training was delivered for 910 police. Australian support to the police force has seen a small but steady increase in female officers from 6 per cent to 9 per cent. Financial assistance from the Vanuatu Australia Police Project contributed to the Vanuatu Police Force effectively expanding its reach with one police station and two police posts completed in 2011. Sustainability remains a concern. While progress has been made, the police force remains heavily reliant on substantial, ongoing AusAID funding for operational expenses and the maintenance of infrastructure and equipment.

Like elsewhere in Melanesia, violence against women is pervasive, with a detrimental impact on families and their safety, the economy, healthcare and the criminal justice system. Sixty per cent of women in Vanuatu experience physical or sexual violence at the hands of their partners at some point in their lifetime. Thirty per cent of women are sexually abused before the age of 15. Seventy per cent of offenders in correctional facilities in Vanuatu are there for violent sexual offences.

Lifetime prevalence of physical and sexual violence against women in Vanuatu



Australia is committed to helping address the causes of violence against women and to supporting the survivors. Our long-time support for the Vanuatu Women's Centre (VWC), the only one of its kind in Vanuatu, means that the survivors of family violence have somewhere to turn. The centre's community awareness work against violence is impressive. In 2011, community awareness activities reached 5002 women and 4292 men from 136 communities in four provinces. Sixty-one radio programs and three talkback shows were aired, with around 70 per cent of talkback callers voicing support for the centre's programs. Results from highly credible national research published by the centre in 2011 (chart above) show that provinces where the centre is most active have significantly lower rates of physical and sexual violence against women.



The centre also provides important counselling, legal and emergency accommodation services for the survivors of family violence. The number of women coming to the centre to request court orders grew markedly when the Family Protection Act was passed in early 2009. In 2011, the centre and its branches facilitated 238 protection orders for women at high risk of violence. Ninety-eight per cent of its clients expressed satisfaction with the counselling and other services provided by the centre.

Other objectives: Civil society and land

AusAID supports land governance and civil society activities that complement the five objectives agreed under the bilateral partnership (although land and civil society are not specifically targeted). Land is integral to economic development and access to justice. Civil society is integral to effective service delivery and governance.

The new land initiative, Mama Graon, began in 2011. The program is jointly financed by the Australian and New Zealand governments, and administered by AusAID. During the first 12 weeks of the program, there were six different ministers of lands, and several key staff were suspended. The program is consequently behind schedule but has been able to make some progress. It assisted the Ministry of Lands to reduce the registry backlog of over 6500 cases to a few hundred, meaning that land transactions can now be recorded much more efficiently. Registration procedures in the land registry office have been amended to improve document security. Work has begun to update the digital records of all surveyed land parcels. These administrative changes will require institutional improvements and adequate ongoing resourcing to be sustainable.

In September 2011 a customary land workshop was held with the Malvatumauri National Council of Chiefs, which identified 19 key resolutions for strengthening kastom governance of land. The workshop saw much positive and vibrant debate on the complex relationship between land administration by government and codification of land ownership by kastom. The program is working to support the current social inclusion approach adopted by the Vanuatu Government and the Malvatumauri National Council of Chiefs to recognise group rights to land, which include women's rights. The AusAID-funded World Bank program, Jastis Blong Evriwan, continues to generate important and indepth research on social justice issues which will inform government policy considerations.

Vanuatu has a large youth population – more than 40 per cent is aged between 18 and 25. Many of these young people live in settlements on the fringe of urban centres. Wan Smolbag is an impressive local organisation which targets Vanuatu's young people and delivers health, education, counselling, theatre (see Box 4) and communication services, and acts as an employment incubator. Wan Smolbag is a key vehicle for Australian support to Vanuatu's young people. In 2011, 818 new members joined Smolbag's Youth Centre in Port Vila, 53 per cent of who were women.



Box 4: Encouraging social debate on political governance

Wan Smolbag continues to raise awareness on critical social issues and government policies, contributing to a more informed and active citizenship. In 2011, its annual major theatrical play ‘Zero Balans’ was staged 22 times in Port Vila, and was attended by 3892 people (a sold-out series of events, with ticket prices set low to allow access to as many people as possible). The play was based on an unstable political landscape, familiar to audiences in Vanuatu. Like Smolbag’s perennially popular Pacific TV drama series, *Love patrol*, the play generated much public debate. It provoked debate on the responsibilities of members of parliament, and the expectations of their supporters.

Wan Smolbag’s health service delivery is a good example of the effectiveness of the partnership between public sector agencies and civil society organisations. Monthly mobile reproductive health clinics are conducted in peri-urban communities around Port Vila and Luganville, as well as in some rural areas. The clinics provide age-appropriate and confidential sexual and reproductive health services all year round. A total of 5618 clients – 85 per cent women – accessed Wan Smolbag’s health centre in Port Vila in 2011, a 6 per cent increase from 2010. Nearly half of the health centre’s clients are young people aged between 14 and 24 years old. These services are provided in partnership with the Ministry of Health, which provides medicines and conducts analytical tests for clients attending the clinics.

Recent research into telecommunications commissioned by AusAID highlighted the importance of radio as a communication channel. Both urban and rural research participants thought that radio was very important (46 per cent and 25 per cent respectively), especially for political news and events. More than one third of people in Vanuatu have access to a radio. For this reason Australia supports the Vanuatu Broadcasting and Television Corporation to improve programming, increase reach, and engage provincial audiences. The Vois Blong Yumi program is delivered by the Australian Broadcasting Corporation and has achieved good results in programming and transmission coverage.

Since 2008, the proportion of adults who ‘ever’ listen to radio has risen from 56 per cent to 72 per cent, and those who watch TV from 21 per cent to 46 per cent. Audience figures for Radio Vanuatu have increased substantially to 68 per cent, from 39 per cent in 2008. Sixty talkback radio shows are broadcast every month on Radio Vanuatu with an average of 500 callers during that period. Politics dominates discussions and is often discussed in relation to other issues like gender and religion. The program helped boost the corporation’s revenue by a further 7 per cent in 2011 (also up by 22 per cent in 2010). However, it continues to spend well in excess of its annual revenue and so sustainability remains a concern.



Box 5: Radio communications improve governance

In 2011, the Vois Blong Yumi program provided media training to provincial officials, which has helped to increase regional content on national radio. This local, provincial content has proved highly popular with listeners. The subsequent increased use of radio by the Sanma Provincial Government to provide electoral information during the November 2011 provincial elections enabled these elections to occur without incident for the first time in more than a decade.

Churches play an important part in the life of people of Vanuatu, especially in remote areas where they are often an important source of education and health services. Australia supports Ni-Vanuatu churches and their Australian partners to advocate for effective community services, hold public service delivery agencies to account, and support governance and service delivery in remote areas. The churches increasingly collaborate and engage in joint activities, so the foundation is in place for churches to engage in policy dialogue as a unified group. AusAID also recognises the vital importance of Vanuatu's system of traditional governance which is managed by chiefs. For this reason, Australia supports the Malvatumauri National Council of Chiefs to fulfil its role as the peak representative body in matters relating to kastom and tradition.

Program quality

Multilateral performance assessment

In Vanuatu, the World Bank is AusAID's main partner in telecommunications, energy and maritime reform. AusAID provides the majority of the funding for the bank to engage technical assistance in these sectors. The World Bank continued to be an effective partner for both Vanuatu and Australia during 2011. For example, it was instrumental in developing a new energy policy.

AusAID works closely with the Asian Development Bank in urban development. In 2011, Australia, Vanuatu and the bank began preparatory work on the largest urban development initiative in Vanuatu since independence. In this project's development, the Asian Development Bank has been practical and flexible.

A joint partnership arrangement in the health sector was signed in 2011 and AusAID, the Secretariat of the Pacific Community, World Health Organization, United Nations Children's Fund and United Nations Population Fund made efforts to work more collaboratively to respond to the Ministry of Health's priorities and align with its workplan. Bureaucratic processes among these multilateral partners mean that working from one plan remains difficult and improved information sharing and joint planning is slow to progress. Inadequate technical support in-country continues to impede the delivery of results.

Quality ratings

Table 3 below summarises the quality ratings for the Vanuatu program's main initiatives in 2011. This shows that most programs continue to be very relevant to the development context and to the priorities of both governments. Overall, the initiatives have been rated as more than adequate in terms of effectiveness, efficiency, gender equity, and monitoring and evaluation. However, half of the initiatives are rated as less than adequate on sustainability, which is largely a reflection of the limited financial sustainability of many initiatives even where institutional or policy sustainability is more assured.

Table 3: Quality at Implementation ratings in 2011

Initiative number	Initiative name	Quality at Implementation ratings					
		Relevance	Effectiveness	Efficiency	Monitoring & evaluation	Sustainability	Gender equality
INH937	Vanuatu Education Road Map	6	2	2	2	2	5
ING012	Technical and Vocational Education and Training Program	5	5	5	5	4	5
INJ588	Australian Development Scholarships	5	5	5	4	5	5
INH654	Australian Regional Development Scholarships	5	5	5	4	5	5
INJ438	Vanuatu Health Sector 2010–2014	5	4	3	2	4	4
INI427	Vanuatu Transport Sector Support Program	5	4	3	4	2	5
INH523	Governance for Growth Program 2008–2011	5	4	4	3	3	4
INJ675	Vanuatu Australia Police Project	5	4	4	3	2	4
INH199	Vanuatu Women's Centre—Phase 5	6	5	5	5	4	6
INI501	Vanuatu Land Program (Mama Graon)	4	4	3	4	3	3
INI637	Wan Smolbag Theatre Tripartite Partnership	6	6	5	5	5	6
INI307	Vanuatu Church Partnership program—Phase 2	4	4	3	4	4	4
INJ898	National Archives and Library Building	3	5	5	5	2	3
INH074	Vanuatu Media Strengthening	5	4	4	4	3	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very high quality; needs ongoing management and monitoring only

5 = 5 = Good quality; needs minor work to improve in some areas

4 = 4 = Adequate quality; needs some work to improve

Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate quality; needs work to improve in core areas


2 = 2 = Poor quality; needs major work to improve

1 = 1 = Very poor quality; needs major overhaul

Lessons

The Vanuatu program was managed effectively during the year to achieve development results, and initiatives were handled flexibly to adapt to changing context and capacity. For example, in response to implementation delays under the Vanuatu Transport Sector Support Program, new delivery approaches were developed in 2010 and 2011 which returned implementation to schedule.

The program also sponsored and used research as evidence for policy dialogue, programming and management decisions. In 2011 AusAID supported research into



the impact of telecommunications reforms, the Vanuatu National Survey of Women's Lives and Relationships, and the Ministry of Finance and Economic Management's Public Expenditure Review of the Ministry of Health.

In Vanuatu, AusAID works with other donors to reduce the burden on government by supporting harmonised approaches to aid delivery. AusAID participates in both formal and informal donor coordination mechanisms, which include traditional and emerging development partners. As Vanuatu's largest donor, AusAID works closely with other partners in the health, infrastructure and education sectors, and has co-financing agreements with New Zealand in the land program and two non-government organisation partnerships. A peer review of Vanuatu's implementation of the Cairns Compact was carried out in 2011 by representatives of Samoa, Papua New Guinea and New Zealand, supported by the Pacific Islands Forum Secretariat. This peer review recognised the joint partnership arrangement for basic education between Vanuatu, Australia and New Zealand, together with the United Nations Children's Fund, as good practice.

In 2011 AusAID managed risks to its programs by identifying those at risk and working with partners to respond. At the annual partnership talks, Australia and Vanuatu committed to renewing momentum on stalled aid activities. Both governments acknowledged slow results in the education sector and agreed to address this through improved financial safeguards, increased outsourcing, bolstered advisory support and a re-design of assistance beyond 2012. In addition, an assessment of the overall fiduciary risks to Australian funds channelled via Vanuatu government systems was initiated in 2011.

Lessons from 2011 also show where AusAID could do better. Delivery approaches need to change to better suit the environment AusAID works in. For example, Australian aid places high demands on Vanuatu's government in terms of expectations about joint governance arrangements, timeframes, outputs and outcomes. This is appropriate to high-performing ministries, but strains the capacity of others. Some delivery approaches are inefficient due to the high transaction costs for both governments.

AusAID's programs are heavily focused on Port Vila and the central government; increased attention is needed to the rural areas and urban settlements, as well as frontline service delivery. AusAID needs to put more effort into understanding and addressing the causes and profile of poverty in Vanuatu.

While there are good examples of linkages across the AusAID program portfolio – for example, the transport sector and technical and vocational education and training program – there is scope to do more. Further, there is scope to improve the coherence of AusAID's regional and bilateral efforts in Vanuatu and to promote closer engagement by the government in AusAID-funded regional and multi-country activities.



Management consequences

Strategy and planning

The priority for 2012 will be to conduct wide consultation and strong analysis to underpin a new Partnership for Development in 2013, following Vanuatu's national elections in October 2012. Analytical work to further understand poverty, and what impact Australian aid is having on poverty, will be a priority. Partnership preparations provide a good opportunity to develop joint performance targets, agree on delivery strategies and generally update the program's strategic objectives. In line with the policy statement *An Effective Aid Program for Australia*, future assistance will focus on where aid can make the most difference. Tackling poverty will be at the centre of future aid efforts.

AusAID will prepare a realistic medium-term budget plan for investment between 2013 and 2016 with Ni-Vanuatu officials and in line with Australia's new aid policy framework. This will be structured to balance Australian ODA relative to Vanuatu's economy and budget to avoid distortions and to maximise expected results. It will pave the way for both governments to more confidently plan and sequence new initiatives.

Visibility

There is scope to substantially increase the visibility of Australian aid. In 2012, AusAID will recruit a dedicated communication resource to the program and prepare an updated media strategy. AusAID will increase outreach through local media, with a focus on increasing understanding of the impact of programs on the people of Vanuatu. More effort will also be given to promoting greater understanding of the objectives and scope of Australian aid, and to encouraging feedback.

Delivery approaches

In 2012 AusAID will work with a wider range of Vanuatu government partners and engage civil society partners to ensure that delivery approaches in the key portfolios of education, health and infrastructure achieve results. We will also continue to regularly assess the risk environment and adjust delivery approaches accordingly.

In response to the challenges in education, AusAID has agreed with government and partners to develop a new approach to the sector for implementation in 2013. A more targeted program of support will be designed in 2012 focusing on the early years of schooling and greater use of outsourcing to deliver goods and services.

Program linkages and consolidation

AusAID will better articulate the link between its support to land, civil society, and regional activities, and the partnership priorities agreed with the government. The new aid partnership will make more explicit mention of these areas and the anticipated results. There is scope to rationalise and make more efficient the delivery

of Australia's support in some of these areas, including some regional activities and the churches and chiefs partnerships.

2012 will provide a good opportunity to revisit the design of the Governance for Growth program. This highly regarded program will be mid-way through its 10-year lifespan and both governments will need to confirm its mandate, resourcing and focus for its second phase. Internal management arrangements for AusAID's infrastructure portfolio will be assessed through this design process.

Table 4: Status of management consequences from previous APPR for action in 2011

Management consequence	Status	Comment
Reposition the aid program to acknowledge the changed political context.	Fully achieved	Increased high-level engagement with government and adjusted delivery approaches and safeguards where needed, for example in education.
Reaffirm the primacy of the partnership as the strategic framework for the aid program.	Fully achieved	Annual partnership talks in August 2011 reaffirmed the partnership's primacy. Partnership continues to be the starting point for dialogue and the driver of funding decisions.
Exert more discipline in reining in the number of initiatives outside the partnership priorities, as well as the focus and administration of assistance within each of the five priorities.	Fully achieved	Number of initiatives has been reduced, although there is scope for further reductions.
Improve coordination of Australia's bilateral, multi-country, and regional efforts.	Not achieved	Regional activities could be better coordinated in health, education, climate change and disaster risk reduction to improve aid effectiveness. Infrastructure experience demonstrates a better approach to coordination.
Make explicit the importance of land, scholarships and civil society in the partnership.	Partially achieved	Land, scholarships and civil society partnerships given more prominence in reporting and bilateral dialogue.
Together with government, AusAID will confirm the capacity and robustness of financial and procurement systems.	Partially achieved	Assessment of national public financial management systems commenced, but not finalised by end of 2011.
Prepare a realistic budget plan for increasing spending through to 2015.	Partially achieved	Early analysis completed, but budget plan not finalised or discussed with partners by end of 2011.
At the mid-year partnership talks, Australia will agree with government delivery approaches in our key portfolios of education, health and infrastructure.	Fully achieved	Reached agreement on revised delivery approaches in education, health and infrastructure.
Revisit 2007 Drivers of Change analysis of the political economy of Vanuatu and how our program has adapted in response.	Partially achieved	This work has started but was not completed. Changes in context meant it was not efficient to continue.
More analysis is needed on the affordability of key government services, particularly where donor funding is proportionately high (basic health, primary education and policing).	Partially achieved	Public expenditure review completed in health. Analysis started but not yet complete in other sectors.
More attention on leadership and staffing issues within the public service that are a binding constraint to implementing both government and donor programs.	Fully achieved	Frank discussions between governments about human resource issues and their impact on the delivery and sustainability of joint programs.
Trial the evaluation capacity-building initiative.	Fully achieved	Commenced in 2011 and proceeding well, with positive feedback from AusAID staff.
Trial introducing vernacular teaching in early grades.	Not achieved	Planned for 2013.



Management consequence	Status	Comment
Investigate randomised trials in the area of maternal and child health.	Fully achieved	Options investigated, but different methods identified as more efficient and useful (for example, public expenditure review in health sector and Vanuatu Women's Centre research into women and families).
Promote a dialogue on economic and development policy between government and its development partners, as well as broader stakeholders.	Not achieved	Other issues for dialogue took priority, so this action was postponed. This is a key component of the Governance for Growth design to be implemented in the second half of 2012.
Revisit the mix of resources AusAID dedicates to the Vanuatu program.	Fully achieved	Resources changed to better service needs of Vanuatu program (with better staffing complements in Port Vila and in Canberra).
Align the analytical and policy work of Canberra staff with the program delivery work of the Post (and vice versa).	Fully achieved	Constructive partnership and good division of labour on work such as situational analyses, economic notes and education concept paper.
Enhance Port Vila-based resources with locally engaged professional staff and sectoral and economic expertise.	Fully achieved	Locally engaged staff contributing to more effective management under changed delivery approaches with government and civil society.