

Partnership Priority Outcome 1: Improved Education

Aim

The Partnership will support Vanuatu's progress towards the 2015 goal of universal primary education by supporting increased access to better quality education. Vanuatu is not yet on track to achieve MDG 2 (universal primary education). Despite rapid population growth, reported enrolments are decreasing. Learning outcomes need to be improved: estimated functional adult literacy is 38 per cent. With an ultimate goal of improving domestic productivity, Vanuatu intends to prepare students for tertiary education and employment, and see increases in the number of university and post secondary training graduates. A strong educational foundation in primary school is essential to achieving this ultimate goal as are improvements at all levels of education, including secondary, TVET and tertiary. Efficiency is a major issue, with the legacy of a dual system and a very significant share (23 per cent) of the national budget already directed to education.

Under the Partnership, the two Governments will work towards the agreed Partnership targets (see Attachment 1 for the full Priority Outcome statement):

- Net primary enrolment rate increased to 100 per cent by 2015, reaching 85 per cent by 2011
- Improved literacy and numeracy skills of school age children, tracked through national assessments
- Strengthened financial management and accountability, including primary schools adopting Government-approved bank accounts by the end of 2009
- Increased proportion of certified¹ primary school teachers
- Higher numbers of technical and vocational trainees increase their incomes through skill development.

These targets are in line with Vanuatu's 2009 Education Policy Statement under development and are consistent with Vanuatu's goals in the *Planning Long, Acting Short: Action Agenda* for 2009-2012.

Progress against these targets will, except for the TVET sector, be supported through a new long-term sector program, the *Vanuatu Education Road Map* (VRM). Government of Vanuatu intends to develop the VRM in consultation with development partners. VRM will be implemented in two phases: from 2010 to 2012 then from 2013 to 2015.

VRM will contribute to efforts to develop a sector-wide approach for education, building on progress made through the *Vanuatu Education Support Action Plan* (VESAP). Investments through VRM are intended to benefit all levels of schooling, starting at early childhood education and up to tertiary and post-secondary level. VRM will through the first phase initially focus on the following priority challenges in the education sector:

- *School Grants and Fee Relief*: The cost of contributions levied on parents by primary schools to meet basic operational costs is one of the key reasons some children miss out on basic education. In response, Vanuatu will introduce a Universal Primary Education policy through its 2010 Budget process to phase out these parental contributions by increasing Government grants to schools. This will be introduced on primary schooling in the first phase of VRM. Once the approach demonstrates success, later years of schooling may be added in future phases of VRM.
- *Improved Management and Efficiency*: Improvements are needed in the management and efficiency of the education system. Vanuatu needs to find significant savings in the education budget to finance increased school grants over the long-term. Stronger public administration and public financial management are needed for successful reform implementation. These reforms are

¹ See note on page 15 for definition.

intended to immediately benefit all levels of schooling, and will be informed by the Public Expenditure Review (PER) for education.

- *Quality Reforms:* The standard of education needs to be improved to ensure that children stay in school and receive an education that enables them to contribute to the economy, their community, and have the opportunity to progress to further education. Reforms are needed in curriculum, access to learning materials, assessment, and teacher professional development. These reforms are intended to immediately benefit all levels of schooling from early childhood to senior secondary.
- *Facilities Upgrades:* Almost half of all primary school classrooms are currently reported as constructed of ‘temporary’ or ‘traditional’ materials. Only 37 per cent are rated in ‘good’ condition. To meet the Universal Primary Education goal by 2015, Vanuatu will need to better maintain and more rapidly upgrade school facilities. Australian support for facilities will initially focus on primary schooling in the first phase of VRM, consistent with the needs of the Universal Primary Education policy and the School Grants and Fee Relief component.

To achieve the Partnership targets in technical and vocational education and training (TVET), Vanuatu and Australia will continue implementation of the TVET Sector Strengthening Program. Training within a quality framework and an agreed qualifications structure is needed to meet immediate skill development and economic needs, as well as over time facilitate pathways to further training and education. The Partnership will demonstrate how this can work effectively, continuing work underway in the two provinces Vanuatu has selected, and over time seeking to extend to national coverage.

Measurement

Vanuatu and Australia will adopt the following indicators and targets. These indicators are fully in line with Vanuatu’s 2009 Education Policy Statement. They will be tracked through the Performance Assessment Framework of the VRM. Further details are at Attachment 3.

#	Indicator	Baseline (year)	Interim Target (2012 or as stated)	Program Target (2015)
Accelerating Progress towards and through Universal Primary Education (MDG2)				
1.	Primary school parental contributions (Vatu per year, range)	600 - 15,000	no fees	no fees
2.	Net Enrolment Rate (NER) in year 1 (%)	36.0 (2008)	70	100
3.	Net Enrolment Rate in years 1 to 6 (%)	82.3 (2008)	85 (2011)	100
4.	Survival Rate to year 6 (%)	75.8 (2007)	85	100
5.	Transition Rate from year 6 to year 7 (%)	90.9 (2008)	Increase	Increase
6.	Survival Rate to year 13 (%)	18.8 (2007)	Increase	Increase
Improving the quality of education				
7.	Primary school teachers certified (%)	50.5 (2008)	60	70
8.	Early grade reading	To be established by end 2010		
9.	Year 4 literacy level	To be established by end 2010		
10.	Year 4 numeracy level	To be established by end 2010		
Gender parity				
11.	Gender Parity Index for NER years 1 to 6	1.00 (2007)	Within range 0.98 – 1.02	
Improved budget and financial management				
12.	Primary schools using Government-approved bank accounts (%)	0	100	100
13.	Non-payroll share of education budget (%)	12.0 (2009)	Increase	Increase
TVET				
14.	Increase in TVET trainees who found work	To be established by end 2010		

Resources

VRM: Australia will commit resources for the Partnership objectives in education through VRM. These will complement resources for VRM from Vanuatu and other development partners.

Projected contributions to *School Grants and Fee Relief* through VRM are as follows.

	2009	2010	2011	2012	2013	2014	2015
<u>Direct School Funding (fees and grants)</u>							
Total direct school funding required (VUV m)	359.0	484.0	532.4	543.1	553.9	564.9	576.3
<i>Of which:</i>							
<i>Parental contributions (fees) (VUV m)</i>	300.0	184.8	101.6	0.0	0.0	0.0	0.0
<i>Government of Vanuatu grants (VUV m)</i>	19.0	100.0	125.0	156.3	195.3	244.1	305.2
<i>Donor contribution to grants (VUV m)</i>	40.0	199.2	305.8	386.8	358.6	320.8	271.2

The above estimates are from the Government of Vanuatu, and are subject to further negotiation with donor partners and approval by the Government of Vanuatu Ministerial Budget Committee.

Australia anticipates contributing 50 per cent of the donor contribution to primary school grants through VRM. This is anticipated to be 100 million vatu in 2010. Vanuatu will contribute 100 million Vatu to the grants in 2010, increasing this 25 per cent each year until the program is fully Government of Vanuatu financed.

The Government of Vanuatu intends to seek commitments from development partners for an additional estimated 344.5 million Vatu for the period 2016 – 2019 to continue the transition to full Government of Vanuatu financing of the school grants.

The Government of Vanuatu (led by the Ministry of Finance and Economic Management, MFEM) will further refine and adjust as necessary modelling and costing for the Universal Education Policy during implementation. A more detailed examination of the Universal Primary Education policy and costing is at Attachment 2.

Contributions to *Quality Reforms, Facilities Upgrades, Improved Management and Efficiency* will be determined through further development of the VRM.

TVET: Through the TVET Sector Strengthening Program Phase II, Australia will commit the following resources to support the achievement of the Partnership objectives in TVET:

Year	Australia through TVET Sector Strengthening Program (A\$ million)
2009 (last 6 months)	0.8
2010	2.2
2011	1.9
2012 (first 6 months)	1.3
Total	6.2

Implementation Strategy

Use of Vanuatu Government systems: Consistent with the principles of the Paris and Accra declarations and the Cairns Compact, Australia will seek to use and strengthen Vanuatu Government systems in implementing the Partnership through VRM. Donor contributions to VRM will be included on the Government of Vanuatu budget and will, where possible, utilise the disbursement, procurement and audit systems of the Government of Vanuatu. To support and reinforce this, capacity building for public financial management will continue. An assessment of financial systems was undertaken in 2007 before commencement of the VESAP.

Implementing Arrangements: Vanuatu and Australia agree that activities in support of the Partnership objectives in basic education will be implemented through VRM. Contributions will be sought from other development partners including New Zealand. The program will be subject to annual review through the Government of Vanuatu budget process as well as joint review with development partners and other stakeholders. An annual assessment of progress against the joint commitments and targets in the priority outcome statement will also be made as part of Annual Partnership Talks.

Through the first phase of VRM, Vanuatu and Australia, along with other donor partners, will target four major areas of reform:

- phasing out primary school parental contributions over two years through increasing school grants. This will apply to Government and Government-assisted primary schools for years 1 to 6. Primary schools will adopt Government-approved bank accounts by the end of 2009, through which grants will be distributed. Vanuatu will audit implementation of these arrangements. In 2010 the increased grants will be distributed on an equal per-student basis. The impact will be closely monitored in 2010. Grant levels in 2011 will be adjusted. This will be informed by impact and further information on the costs of schooling and by establishing target service standards.
- improving sector management and efficiency through a focused approach to strengthening policy, budget and planning at all levels. Capacity building and technical assistance will address the needs of the Ministry's executive and three directorates (Education Services, Corporate Service, Policy and Planning) intended under the Ministry of Education restructure. Assistance will also aim to strengthen school support and inspection at the provincial level as well as management, planning and accountability at the school level. A key focus will be improved public expenditure management, including budgeting and audit. Improved budget development capability will contribute towards the goal of moving to a comprehensive medium term framework for all expenditures in the sector (Government and donor) through utilising the Government of Vanuatu's Development Budget process.
- quality-focused reforms to improve learning outcomes, of curriculum (already underway with support through VESAP), assessment systems (particularly literacy and numeracy), learning materials provision and, through reform of the Teaching Services Commission and strengthening Vanuatu Institute of Teachers' Education (VITE), teacher professional development and support.
- primary school rehabilitation and expansion, continuing investments underway through VESAP and scaling-up a rolling program sufficient to substantially improve the stock of primary school buildings. Planning and management will take into account maintenance challenges, long-term school rationalisation plans, the distribution and flow through to later years of schooling of increased enrolments, and land tenure issues.

Vanuatu and Australia agree that activities in support of the Partnership objectives in vocational training will be implemented through the TVET Sector Strengthening Program now underway. Vanuatu selected Sanma and Malampa provinces through a nationwide competitive process as the focus of the current phase of support. New TVET Centres have been established in these provinces. Australia is providing A\$1.5 million from 2008 to 2012 for an Employment and Training Fund (ETF). Delivered through the TVET Centres, the ETF funds registered training providers to deliver accredited programs that respond to local demand, encouraging training providers to be more responsive, and supporting economic growth. Sanma and Malampa Provincial Governments will provide some facilities and staffing support to the program. The Provincial Governments are providing facilities, staffing and management support to the program. When evaluations demonstrate the success of the program, it is expected that a future phase will be developed, with Government of Vanuatu providing financing for Provincial Training Board and TVET Centre operations. Other interested development partners will be invited to contribute financing through the ETF.

Gender and Inclusion: Primary school enrolments are at gender parity (1.00 GPI for NER in 2008). Secondary enrolments (1.05 GPI for NER reported in 2007), tertiary enrolments, and access to and uptake of non-formal TVET are less close. While Government of Vanuatu does not expect that this situation to change dramatically over the short term, it does intend that its efforts to improve access to quality schooling and training will result in a proportionally larger number of female students and trainees over the medium term.

Government is committed to ensuring that all children have access to a basic education. Over the course of VRM, Vanuatu will move to provide access to schooling for marginalized students including the disabled, those in poor and remote locations, and over-aged children who have not been able to access school. First steps in this direction include locating and mapping where additional services are needed and enhancing applicable services already provided. The new curriculum will also raise awareness and provide a means for attention to be focused on inclusion of marginalized populations. The Government of Vanuatu will also look at identifying those student support services that it can not itself provide so that the outsourcing of those services may be considered.

Donor coordination: Vanuatu and Australia will promote coordination between development partners supporting the education sector, noting Vanuatu's leadership role in coordinating donors. Development of the VRM will promote harmonisation and alignment by supporting the sector-wide approach in education. Mechanisms for management, finance and delivery of the VRM will be developed to help Vanuatu include and coordinate support from development partners to the sector. This will contribute towards the long-term goal of all development partners contributing support in line with a single sector policy using joint budgeting, disbursement, and monitoring and evaluation arrangements. The Education Partners Group chair will have a key role in VRM coordination and management. A mechanism for annual joint review of the VRM will be developed. The main development partners involved in the sector, and their current focus of support, are:

- China: infrastructure development for tertiary and technical education
- European Commission: general budget support, and support to tourism & hospitality centre at Vanuatu Institute of Technology
- France through Agence Française de Développement (AFD) and Embassy: language policy and infrastructure development
- JICA: primary school teacher training (mathematics, music and physical education) and infrastructure (primary school classrooms)
- NZAID: support for the sector-wide approach, focusing on basic education
- Peace Corps: rural training management and primary teacher training
- UNICEF: basic education, through the child friendly schools approach, focused on Tafea.

Risk Management

The education commitments under the Partnership, particularly the initiative to phase out parental contributions, are significant and ambitious undertakings for Vanuatu. They are not without risk. International experience the removal of school fees can produce less than anticipated gains in education outcomes if poorly managed. Recognising these risks, Government of Vanuatu will carefully manage and monitor progress and risks, including:

- carefully monitoring the phase out of parental contributions. The formula for allocating grants to schools from 2011 onwards will be revisited in the 2011 Budget context, based on evidence from the 2010 grant and a study of actual costs (public and private) of service delivery.
- auditing in 2009 compliance with new bank account and financial management arrangements for schools and implementing any recommendations. The new arrangements will facilitate regular audit of schools.

- effectively publicising the details of the phase out of parental contributions, so parents and schools understand clearly the what contributions are payable and on what schools can use the grants.
- ensuring ownership of the reforms across Government and stronger coordination between and within the key Ministries for implementation, MFEM and Ministry of Education, and strong support from the Public Service Commission for promptly and effective recruitments and placements required for the VRM implementation.
- completing the Public Expenditure Review (PER) for education, to enable greater transparency about education financing arrangements and costs. The PER will establish a baseline for monitoring progress, and help detail the agenda for improving sector efficiency.
- conducting a study to examine barriers to accessing education, noting that parental contributions are one of a number of known barriers.
- clearly prioritise education reforms and investments. Slow VESAP implementation has highlighted the need to focus on a limited set of initiatives, to calibrate these more closely against Government capacity, and for Government to address the underlying systems-level issues impeding implementation capacity.

Mutual Commitments

Australia commits to:

- (a) provide predictable financing for Vanuatu's education sector priorities through VRM, initially from 2010 to 2012, for:
 - increased school grants to enable primary school parental contributions to be phased out over 2010-2012
 - improved sector management and efficiency
 - quality reforms to reform the curriculum, establish robust assessment systems, provide learning materials and, improve teacher professional development and support, and
 - primary school facility upgrades to work towards improving all Government and Government-assisted primary schools to an agreed minimum standard.
- (b) promote effective donor coordination in the education sector, through the Education Partners Group and continuing the close partnership with New Zealand.
- (c) continue to use and strengthen Vanuatu Government systems.
- (d) provide technical assistance to support the implementation of these investments.
- (e) continue support for the implementation of the TVET Sector Strengthening Program Phase II.

Vanuatu commits to:

- (a) strengthen financial management and accountability, including ensuring that by the end of 2009:
 - all primary schools adopt Government-approved bank accounts,
 - an independent audit of the implementation of these arrangements is conducted, and
 - recommendations of the audit are implemented.
- (b) contribute 100 million Vatu for primary school grant funding in 2010, increasing this by 25 per cent each year until primary school grants are fully Vanuatu-funded.

- (c) conduct in 2010 a detailed study of actual costs (public and private) of education service delivery to inform a revised 2011 Budget proposal for the Universal Primary Education policy.
- (d) sustainable financing of the education sector through reforming the education system and budget to increase efficiency, including introducing minimum service standards, rationalising the school network and reforming management of teachers.
- (e) effective planning, management, contracting and oversight of upgrades to primary school facilities, with transparent and appropriate criteria for selecting and prioritising works.
- (f) introducing quality reforms, including finalising a National Curriculum Statement by March 2010 and a five year curriculum implementation plan by end 2010, ensuring all new primary teachers appointed after December 2010 are certified, strengthening the assessment unit and establishing a baseline of years 4 and 6 learning outcomes by end 2010.
- (g) maintain efforts to achieve a high standard of public administration, including full compliance with legal obligations under its Public Finance and Economic Management (PFEM) and Government Contracts and Tenders (GCT) legislation.

Progress against these commitments will be assessed and reported on as part of Annual Partnership Talks.

Attachments

1. Partnership Priority Outcome statement: Improved Education
2. Universal Primary Education policy and costing
3. Measurement annex

Attachment 1: Partnership Priority Outcome 1: Improved Education

Joint Commitments: The Partnership will support increased access and quality of education for boys and girls and equip them with relevant skills and knowledge, through:

- Accelerating progress towards the 2015 goal of **universal primary education** (MDG 2)
- **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's **education reform agenda** in line with the *Vanuatu Education Sector Strategy*, co-financed with New Zealand and other donors
- **Increased training and employment opportunities** through support for demand-driven vocational training services.

Target Results:

- Achieve the *Vanuatu Education Sector Strategy* goal of increasing the net primary enrolment rate to 100 per cent by 2015, reaching 85 per cent by 2011
- Improved literacy and numeracy skills of school age children, tracked through national assessments
- Strengthened financial management and accountability, including primary schools adopting government-approved bank accounts by the end of 2009
- Increased proportion of certified primary school teachers
- Higher numbers of technical and vocational trainees increase their incomes through skill development

This 'Partnership Priority Outcome 1: Improved Education' is included in the Vanuatu-Australia Partnership for Development signed by Prime Ministers Natapei and Rudd 27 May 2009.

Attachment 2: Universal Primary Education policy and costing

Vanuatu is developing a Universal Primary Education policy initiative. Under this initiative, Government grants to primary schools will increase so that compulsory parental contributions can be phased out by 2012. This means that in the 2012 school year, there will be no compulsory parental contributions ('school fees') payable for students at participating schools.

This attachment summarises the initiative and costing. A New Policy Project (NPP) will be submitted as part of the MoE 2010 Budget submission for consideration by Government of Vanuatu Ministers. The broad elements of the approach have been endorsed by the Prime Minister, Minister of Education, and Minister of Finance and Economic Management.

Scope: The Universal Primary Education policy will be implemented in Government and Government-assisted primary schools. It will initially be implemented for years 1 to 6 only. Additional coverage may be considered at a later date, once the approach is proven.

Grant Payment Mechanism: From 2010, increased school grants will be paid through a new system of Government-approved bank accounts. Primary schools are being transferred to the new bank accounts by the end of 2009. An initial 40 million Vatu incentive grant, financed by Australia and New Zealand, will be distributed on an equal per-student basis in 2009 to complying schools. The new system of bank accounts will enable improved audit of the use of funds by schools. Previously, schools had been using a range of accounts. Some schools are currently using accounts in the names of individuals.

School use of funds: Vanuatu has a set of rules – a 'Grant Code' – already in place defining how schools are permitted to use grant funds. The Grant Code will be updated and communicated to all schools. Some schools, particularly those in rural and remote areas, will have substantially more funds made available to them than before. It will be important to guide and assist schools in making sure these funds are well used. Changes to the Grant Code will require a change to the Education Act. In the interim, a directive from the Director General of MFEM will define eligible expenditures. Participating schools will receive a Program Manual (and training that supports the content of the manual) that includes a clear articulation of the Government of Vanuatu's Universal Primary Education policy, guidance on the use of grants by schools to improve the quality of schooling they offer and to maintain school facilities, and the process by which schools' spending will be monitored against these policies.

Audit and accountability: Given the increase in funds being provided to schools, an increase in audit scrutiny of schools is required. The MoE Internal Audit Unit will focus on primary school audits. These audits will be targeted by monitoring transactions through the new system of accounts. The implementing bank, National Bank of Vanuatu, is providing MFEM and MoE with a weekly electronic statement of account activity.

Costing: A joint Working Group of MoE and MFEM officials, assisted by Australia and New Zealand, developed the costing for the UPE policy initiative. Parental contributions will be reduced in 2010 and phased out by 2012 by increasing school grants to replace the reduced revenue from parental contributions.

Revenues: Information on current school revenues is available through data on parental contributions reported through VEMIS. Analysis of this data shows primary schools charge widely varying amounts ranging from 600 to 15,000 Vatu per year. Approximately 50 per cent of schools charge 5,000 Vatu per year or less. An estimated 70 to 80 per cent of schools charge 6,800 Vatu or less. The Government of Vanuatu currently provides a grant of 19 million Vatu across 450 primary schools, roughly 500 Vatu per child, per year.

School costs: To determine an average required funding amount per child, the Working Group undertook an analysis of school costs. This analysis showed that the annual cost per student in an urban school, at current service levels, is about 11,000 vatu per year. While the annual expenditure

per student in many rural schools is currently far lower than this, so too are service standards. Thus the Government of Vanuatu is adopting the figure of 11,000 vatu per child per year as the target level of grant funding to be reached by 2012.

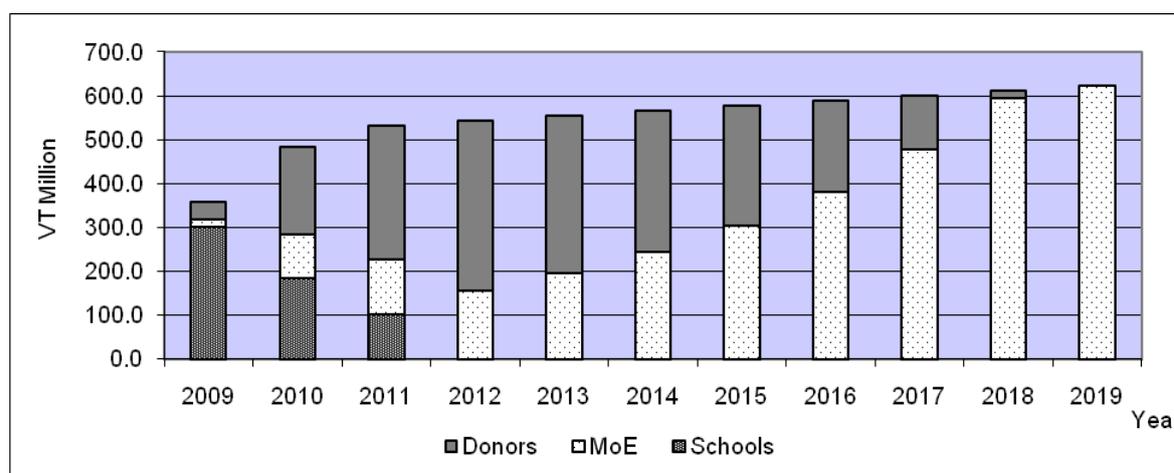
Enrolments: Data on enrolments by school in 2008 have been obtained from VEMIS. Total student numbers in Government and Government-assisted primary schools in 2009 are estimated at about 40,000. VEMIS currently reports a Net Enrolment Rate for primary school of 82 per cent in 2008. This means 18 per cent of primary school age children are estimated to be out of primary school. The Net Attendance Ratio reported from the 2007 MICS (see Attachment 3) suggests a larger pool of out-of-school children of school age, of around 20 per cent. The policy costing assumes 10 per cent enrolment growth from 2009 to 2010 and from 2010 to 2011. This is a relatively conservative assumption with respect to the expected cost of the policy, as it assumes the out-of-primary-school population enters school by 2011. Subsequent annual enrolment growth of 2 per cent is assumed, reflecting population growth once full enrolment has been achieved.

Costing results: School revenue from parental contributions will be fully replaced by school grants by 2012. In 2010, the target will be that 70-80 per cent of schools will no longer charge any contribution, while the remaining schools will continue to charge contributions reduced by 6,800 Vatu. In 2011, the target will be that 90 per cent of schools will no longer charge any contribution. In 2012, no primary schools will charge contributions.

In 2010 all schools will receive the same higher grant amount per student. This means total resourcing to schools that were charging lower parental contributions will increase substantially, bringing them level with more well-resourced urban schools. For some schools, much of this increase will need to be saved in the early years, given limited opportunities for expenditure. The arrangement with the National Bank of Vanuatu includes a high yield savings account linked to each school's transaction account.

School grants are expected to be held at an average of 11,000 Vatu from 2012 onwards, with subsequent increases in projected total initiative cost reflecting an increasing school age population. This level may be revised following the outcomes of a detailed study of actual costs (public and private) of education service delivery that will be conducted in 2010 to inform a revised 2011 Budget proposal for the Universal Primary Education policy, and the outcomes of the Public Expenditure Review.

Financing: Total projected costs and proposed sources of financing over the next ten years are shown in the following chart² and table. These estimates will be subject to revision in 2010.



² The series labeled 'Schools' in the chart refers to parental contributions.

	VT million										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Parental contributions	300.0	184.8	101.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ministry of Education grant	19.0	100.0	125.0	156.3	195.3	244.1	305.2	381.5	476.8	596.0	623.8
Total Vanuatu contributions	319.0	284.8	226.6	156.3	195.3	244.1	305.2	381.5	476.8	596.0	623.8
Desired total funding	n/a	484.0	532.4	543.0	553.9	565.0	576.3	587.8	599.6	611.6	623.8
Donor contribution	40.0	199.2	305.8	386.8	358.6	320.8	271.1	206.3	122.7	15.5	0.0

Vanuatu will contribute 100 million Vatu for school grant funding in 2010, increasing Vanuatu's funding each year by 25 per cent to ensure primary school grants are fully Vanuatu-funded by 2019.

While Vanuatu's total contributions increase every year, this profile means Vanuatu's share of total financing will commence at 33 per cent in 2010, reduce to 29 per cent in 2011 and 2012, then rise rapidly from 2013 (35 per cent) reaching 53 per cent in 2015 and 100 per cent in 2019. This reflects the need for donors to support Vanuatu through the transition, as well as Vanuatu's continuing commitment with substantial annual increases in its financing. To ensure a continuously increasing share of financing by Vanuatu would require delaying the full phase out from 2012 to 2013 or 45 per cent annual increases in Vanuatu's contribution rather than 25 per cent.

Limitations of the costing: The costing model developed for the UPE policy initiative is basic and will require further development to continue implementing the policy beyond 2010. Key limitations that will need to be addressed are:

Impact on enrolments: It is not clear by how much or how quickly fee reductions will impact enrolments. Revised enrolment information from 2010 will need to be re-input to the revised model. Given the uncertainty in the impact on enrolment, carefully phasing out parent contributions is an important way to make sure that a potential surge in enrolments does not so disrupt the functioning of schools that education quality decreases. A 5,000 vatu start to the increased grants in 2010 – fully removing parent contributions in only 50 per cent of schools – is a more conservative and effective appropriate way to commence the phase out.

Another mechanism to control potential impact is enforcing the age limit already in the Education Regulations to prevent over-age students flooding entry years to primary school. This however has equity implications, as over-age children who have not been to school deserve the opportunity to access education. This issue will need further consideration in during 2010.

School costs: A more comprehensive analysis of school costs is required during early 2010. The planned Public Expenditure Review process in 2009 will assist with establishing a baseline. A detailed study of actual costs (public and private) of education service delivery at primary school level will be conducted in 2010, along with close monitoring of the impact of the phase out. If actual school costs will not be sufficiently covered by the increased school grants, it will not be possible for parental contributions to be fully removed. Schools will recommence charging contributions, or will not respect the freeze on contributions at 2009 levels, so that reductions in contributions are less than they should be. The initial study conducted by the Working Group in 2009 among selected Port Vila schools suggests that current costs will be covered. A more comprehensive national study will be required to confirm this.

Future development: The UPE policy initiative enables Vanuatu to commence a profound shift in the financing and management of education in Vanuatu:

Firstly, grants can over time be adjusted to reflect the actual cost of delivering education services. Although grants to schools will initially be based only on enrolment, over time they will be adjusted to take into account other factors such as remoteness and existing facilities, as well as provide a core amount per school. This will help more remote and less well-off schools to 'catch

up' to the quality of services provided at larger schools that are nearer to urban centres where parents have greater income-earning opportunities. The detailed study of actual costs (public and private) of service delivery to be conducted in 2010 will enable further consideration of this issue.

Secondly, when the Government of Vanuatu directly provides grant funding to schools, it can begin to require schools to deliver services to an acceptable standard. This will be an important mechanism to ensure all children in Vanuatu receive a good education. Grants can be linked to minimum school service standards that the Government sets. These standards can be strengthened over time to include teacher attendance, classrooms, learning materials and eventually teacher qualifications. Government can then hold schools accountable for how they perform in providing education services and teaching students. Service standards will help identify how much school grants should be adjusted to take into account other factors such as remoteness and existing facilities.

Thirdly, as this approach to phasing out primary school parental contributions demonstrates success, later years of schooling may be added, beginning with years 7 and 8. It is anticipated that years 7 and 8 could be included in the second phase of VRM from 2013. If the initiative is running very successfully, VRM could potentially be amended to include years 7 and 8 earlier, say in 2012. The fee structure for years 7 and 8 is more complex than for 1 to 6, as it is more closely aligned to secondary school fee structure (such as boarding fees and other fees such as 'caution fee', a kind of insurance).

Attachment 3: Measurement

Data sources: Data will be sourced from Government of Vanuatu systems. The primary source will be the Vanuatu Education Management Information System (VEMIS). The indicators for tracking performance will be drawn from the Education Digest of statistics published by Ministry of Education by end October each year. Initial data are available by end August. The education indicators follow accepted international standards including definition, purpose and calculation method. Indicator 14 will be sourced from the Performance Assessment Framework of the TVET Phase II program.

Table 2 below provides definitions and notes for each of the selected Partnership for Development indicators.

Data weaknesses: It should be noted that data gathered and reported through the VEMIS system remain subject to weaknesses. For example, VEMIS data on school revenues required cleansing for the costing exercise. Recently released results of a 2007 nationwide Multiple Indicator Cluster Survey (MICS) show some differences to the VEMIS-gathered indicators. The MICS reports a Survival Rate to year 6 figure of 88.5 per cent, compared to the latest VEMIS figure (Survival Rate 2007→2008) of 75.8 per cent. The MICS estimate of net primary school attendance ratio is 80.4 per cent, slightly lower to the system-generated reported net primary school enrolment ratio. Survey results for gender parity index confirm the close-to-parity status for primary school, at 1.01 through the MICS, compared to 1.00 through VEMIS.

Improvements in data collection will continue, including the refinement of population estimates through the 2010 census, and continuing improvements to data collection and management. Further potential surveys could also assist in confirming and refining the data recorded in Vanuatu's own education management information system.

Comparison to internationally reported figures: There are a number of differences in reported indicator results in the Education Digest of statistics published by Ministry of Education and estimates for Vanuatu published by international bodies.

Progress on the Partnership will be tracked using data as provided and published directly by Vanuatu, through the Vanuatu Education Management Information System (VEMIS) and Education Statistics digests. Vanuatu's published figures are more timely and stakeholders in the VANSEP have greater insight into how they are generated. This supports the principle of using partner Government systems, and should over the long term contribute to raising the profile of the VEMIS unit and strengthening its important role.

Table 2. Partnership for Development Education Indicators: Definitions and Notes

#	Indicator	Definition	Notes
1.	Primary school fees (Vatu per year, range)	The range of annual parental contributions rates charged by schools in Vanuatu	Selected to monitor the success of phasing out school fees. The annual VEMIS survey includes a table through which schools report on different kinds of fees charged, including parental contributions. The range of school fees charged will be tracked using this data.
2.	Net Enrolment Rate in year 1	Number of pupils in the age group for year 1 enrolled in that level, expressed as a percentage of the total population in that age group.	Selected to monitor the impact of the Universal Primary Education policy. The gap to a 100 per cent NER figure for year 1 provides a measure of the proportion of year 1-aged children who are out of school. See notes to #3 below for further details on NER. The 2012 target of 70 per cent has been established as the midpoint between the 36.0 per cent baseline and the 2015 target of 100 per cent (set consistent with MDG2 and Government of Vanuatu policy for Universal Primary Education).
3.	Net Enrolment Rate in years 1 to 6	Number of pupils in the age group for years 1 to 6 enrolled in those levels, expressed as a percentage of the total population in that age group.	This is a key indicator under MDG 2 (target 2.A, indicator: 2.1 <i>Net enrolment ratio in primary education</i>). The gap to a 100 per cent NER figure provides a measure of the proportion of primary school age children who are out of school. As the Universal Primary Education policy takes effect, it is expected that the proportion of primary school age children out of school will decrease. Inconsistencies in Net Enrolment Rate calculations (such as exceeding the maximum possible 100 per cent) can arise due to inconsistencies between population and enrolment data. Population projections used as the denominator in VEMIS are derived from the 1999 census by the National Statistics Office. There is also a risk that school administrators may report exaggerated enrolments, especially if there is a financial incentive to do so. Children's ages may be inaccurately estimated or misstated. The 2010 census will significantly improve NER estimates for the 2010 Education Digest to be published in October 2010. However, care will need to be taken in comparing the 2010 NER estimate to previous estimates, taking into account revised population denominators. The baseline of 82 per cent for 2008 is the most recent available data from VEMIS. Net primary enrolment ratio (NER) as reported by Vanuatu Ministry of Education has declined in each of the last four years: 95.1 (2005), 89.6 (2006) and 85.4 (2007). Achieving the 2011 target of 85 per cent will require a reversal of this trend. As noted in Annex 2 - Costing to the Implementation Strategy, it is not clear by how much or how quickly fee reductions will impact enrolments. Revised enrolment information from 2010 will need to be re-input to the revised model. The 2011 target may need revision in light of additional data and analysis in 2010 developed through the revision of the costing. At present, the costing model estimates 10 per cent enrolment growth in 2010 and 2011. Assuming a no change in enrolment to 2009, and 2 per cent population growth, this implies an NER of approximately 95 per cent. This reflects the conservative approach being taken to the costing. The 2015 target of 100 per cent is consistent with MDG2 and Government of Vanuatu policy.
4.	Survival Rate to year 6	The percentage of a cohort of pupils enrolled in year 1 of primary who are expected to reach the last grade of primary school, regardless of repetition. The Survival Rate is a percentage of a cohort of pupils (i.e. children who have already entered school) and not a percentage of children of school age.	This is a key indicator under MDG 2 (<i>Indicator 2.2 Proportion of pupils starting grade 1 who reach last grade of primary</i>). It measures success in retaining students and preventing dropouts. However, for a more complete picture of the proportion of children in the overall population who completing primary education, the indicator should be considered along with net enrolment rate in grade 1 (see #1). Survival rate alone only relates to children who have commenced school. VEMIS calculates the survival rate using the reconstructed cohort method. This involves the calculation of year on year promotion rates and repetition rates using two consecutive years of data, and from these, deriving the dropout and survival rates. The estimate is therefore always lagged one year behind enrolment data. Major assumptions are made in the calculation (including that rates of promotion, repetition and drop-out observed in the last two years remain constant for the whole time the cohort of year 1 students are enrolled). The usefulness and reliability of the indicator depends on the consistency of data on enrolment and repeaters in terms of coverage over time and across grades. Care needs to be taken in using the results for comparisons. The impact of flows caused by re-entrants, grade skipping, migration or transfers during the school year are not adequately captured. Results for the indicator could be quite volatile and should be considered with care. The indicator takes into account observed promotion, repetition and drop-out rates throughout primary school years. (It should not be confused with 'primary completion rate' which published globally by UNESCO as the gross intake ratio to the last grade of primary: the total number of new entrants in year 6, regardless of age, as a proportion of the population at entrance age to year 6. This 'primary completion rate' only utilised observed intake rates to year 6, and contains less information than the selected indicator. The 2007 Digest published a Survival Rate 2006→2007 of 59 per cent. This used data from the first VEMIS survey conducted in 2007. Data for 2006 came from an earlier survey tool. The Survival Rate 2007→2008 estimate of 75.8 per cent is regarded as a

#	Indicator	Definition	Notes
			more reliable estimate. Given the falling enrolment rates, the apparent improvement between the 2006→2007 and 2007→2008 survival rate estimates is likely to reflect an improvement in the estimate than an underlying performance improvement of this magnitude. The 2012 target of 85 per cent has been established to reflect expected progress in reducing dropout and repetition rates, particularly from year 1. The 2015 target of 100 per cent is consistent with MDG2 and Government of Vanuatu policy.
5.	Transition Rate from year 6 to year 7	Proportion of a cohort of pupils enrolled in children enrolled in year 6 who commence year 7	This indicator is the 'year-on-year' survival rate from year 6 to year 7. It seeks to track the number of children enrolled in year 6 who reach year 7. With expected improvements to management and quality through all years of schooling, and the impact of the Vanuatu's Universal Primary Education policy, it will be important for Vanuatu and donor partners monitor potential bottlenecks in student progression. Increases over the baseline (2007 to 2008) by 2012 and 2015 are targeted. Specific targets may be set in later phases of VRM.
6.	Cumulative Survival Rate to year 13	The percentage of a cohort of pupils enrolled in year 1 of primary who are expected to reach year 13.	This indicator will help Vanuatu and donor partners to track the impact of quality and other improvements in retaining students and preventing dropouts throughout all years of schooling. It should be noted that no data on enrolments on the TVET sector are included in VEMIS. Some students leaving school in years before year 13 may continue studies in the TVET sector, but will not be picked up by this indicator. See note #4. above for further details on calculation of cumulative survival rate. Increases over the baseline (2007 to 2008) by 2012 and 2015 are targeted. Specific targets may be set in later phases of VRM.
7.	Share of primary school teachers certified	Number of primary teachers with qualifications regarded as certified as a proportion of total number of primary school teachers, using teacher numbers reported through the annual VEMIS survey.	This indicator helps track the capability of the teaching workforce. To be certified, teachers must have completed pre-service training at the Vanuatu Institute of Teacher Education (VITE) or attained a qualification from other recognised regional or international teaching institutions. The list of qualifications recognised by Government of Vanuatu will be annexed to the forthcoming 2008 Education Statistics Digest. Should appointment of uncertified new teachers continue, this would lower the value of the indicator. Structured in-service training of teachers when introduced should also result in teachers gaining certification and the improvement of this indicator. The numerator (number of certified teachers) and denominator (total number of teachers) are both tracked through the annual VEMIS survey. A 2012 target of 60 per cent and 2015 target of 70 per cent has been established to reflect expected progress in ensuring recruitment of only certified teachers and rates of in-service training to certify current uncertified teachers.
8.	Early grade reading	Grade 3 reading skills, assessed through and Early Grade Reading assessment (EGRA) that measures letter recognition, word decoding, and oral reading fluency	Starting in 2010, a regional program will commence to work with governments to assess grade 3 students' reading capacity using a small sample to determine what additional inputs a country's schools need to increase students' literacy (assessments will be available in French and English). These assessments will help Vanuatu and Australia determine the need to finance additional school level inputs.
9.	Year 4 literacy level	Percentage of year 4 pupils who meet an accepted standard of literacy	Baseline to be established once sample-based assessments of literacy and numeracy are introduced in year 4, as planned under VRM. This is likely to utilise the Vanuatu Standardised Test, commonly known as Vansta. This is part of a regional assessment of standards, coordinated by SPBEA, that is undertaken in Years 4 and 6. In Vanuatu Vansta is conducted every two years, next due in 2010.
10.	Year 4 numeracy level	Percentage of year 4 pupils who meet an accepted standard of numeracy	(as above)
11.	Gender Parity Index of Net Enrolment Rate years 1 – 6	Ratio of Net Enrolment Rate (NER) for girls in years 1 to 6 to that for boys.	This is a key indicator under MDG 3, to promote gender equality and empower women. The aim is to compare the ratio of girls to boys (gender parity index) in primary education. To standardise the effects of the population structure of the age group, the ratio of the Net Enrolment Ratio (NER, see #1 and #2) is used. It will also be important to monitor any significant variations between GPI for NER with GPI for Gross Enrolment Rate, which could signal some age-specific distinctions on access related to gender.
12.	Primary schools using Government-approved bank accounts	Percentage of Government and Government-assisted primary schools who use only Government-approved bank accounts	The first tracking of this indicator will be derived from the independent audit of the primary school bank account arrangements agreed to be conducted by end 2009.

#	Indicator	Definition	Notes
13.	Non-payroll share of education budget	Share of the total education appropriation not directed to payroll accounts (series 8A*****).	This indicator will track progress on re-balancing the education budget towards goods and services that enable delivery of quality education. It will also be important to monitor how this compares to budget out-turn. The indicator will include all levels of education. This indicator can be tracked annually when the budget is tabled in Parliament, usually in November. MFEM budget analysts will run a report from Vanuatu's <i>Smartstream</i> FMIS to tally this accurately, comparing amounts excluding series 8A***** to the total education appropriation.
14.	Share of TVET trainees who achieve employment or increased income following their training	Proportion of trainees accessing training financed through the TVET Employment and Training Fund (ETF) that gain employment (including self-employment) or improve their income within the 12 month post-training period.	This indicator is intended to track whether TVET services are matching training and employment needs. It is drawn from the Performance Assessment Framework of the TVET Phase II program. The Program, while having national implications, is seeking to measure impact in the two pilot provinces of Malampa and Sanma. ETF-financed contracts in these provinces with training providers require the collection and reporting of baseline and follow-up data on income and employment from training participants. Baseline data for all training participants is collected at the commencement of each ETF Funded training program. Training providers as a condition for ETF funding are required to track post-course outcomes for up to 12 months. An aggregation of post-course outcomes will be published annually in November of each year. Preliminary data will be available on an on-going basis following the completion of each training program. This indicator may be adjusted once the future of assistance to TVET beyond the two pilot provinces of Malampa and Sanma becomes clear.