

# Skills for Economic Growth

[Vanuatu Technical and Vocational  
Education and Training Sector  
Strengthening Program]

Phase 3



COMPLETION REPORT

2013 – 2016

JUNE 2016

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## Acronyms

ACER	Australian Council for Educational Research
ACTIV	Alternative Community Trade in Vanuatu
APTC	Australia Pacific Technical College
BDS	Business Development Support Services
BHI	Box Hill Institute
DFAT	Department of Foreign Affairs and Trade
DoT	Department of Tourism
DPO	Disabled People's Organisation
ETF	Employment and Training Fund
F1	Finance One - Box Hill Institute Finance System
GoA	Government of Australia
GoV	Government of Vanuatu
ICT	Information and Communication Technology
MALFFB	Ministry of Agriculture, Livestock, Fisheries, Forestry and Bio-security
MoET	Ministry of Education and Training
MYDST	Ministry of Youth Development Sports and Training
NTDC	National Trade Development Committee
PGTB	Provincial Government Training Board
PHAMA	Pacific Horticulture and Agriculture Market Access Program
QMS	Quality Management System
RTC	Rural Training Centre
TfT	TVET for Tourism
TVET	Technical and Vocational Education and Training
TVL	Telecom Vanuatu Limited
VoIP	Voice over Internet Protocol
VQA	Vanuatu Qualifications Authority
VQAF	Vanuatu Quality Assurance Framework
VTOMS	Vanuatu Tourism Operator Minimum Standards

## 1.0 Purpose

**Phase 3** of the **Vanuatu Skills for Economic Growth Program** concludes after forty months at the end of June 2016. This report has been prepared as a summary of the important achievements and challenges that have been addressed by the Program during this period. Its content is a synthesis of a substantial number of significant reports including:

- Annual Plans (FY1314, FY1415, FY1516 and FY1617)
- Annual Evaluation Reports (2014, 2015)
- Supporting Women in Provincial Vanuatu – TVET Gender Equality Report (2013-2016)
- TVET for Tourism - Final Report and Evaluation (2013-2016)
- Independent Evaluation of the Vanuatu Technical and Vocational Education and Training Sector Strengthening Program (DFAT 2015)

## 2.0 Background

**Phase 1** of The Vanuatu TVET Sector Strengthening Program, which commenced in November 2005 and finished in December 2007, focused on the establishment of a non-formal TVET curriculum, training of trainers and assistance to TVET providers to increase their efficiency.

**Phase 2** started in June 2008 with a new approach focused on the decentralisation of TVET service delivery. During this phase, the Program was successful in establishing TVET Centres in Malampa and Sanma provinces. The GoV selected these two provinces after a competitive provincial selection process. The TVET Centres began operations in June 2009 and deliver a range of services to facilitate better targeted training, business development, and employment growth through an Employment and Training Fund (ETF) which finances accredited training (AT) and business development support services (BDS). The Centres have worked closely with Provincial Government Training Boards (PGTB) in order to improve provincial training coordination, skills development planning and advocacy.

In addition, during this Phase, the Program contributed to National TVET policy development and supported its continuing implementation. Through the National Policy, there was a strong direction to expand TVET service delivery, by establishing TVET Centres in the other provinces.

**Phase 3** of the Vanuatu TVET Sector Strengthening Program was designed to operate over a forty-month year period – commencing March 2013 and concluding in June 2016. Phase 3 continued the approaches commenced in Phase 2 with a view to expanding the number of TVET Centres and strengthening institutional support for the principal Government agencies responsible for TVET.

Three key strategies have underpinned the implementation of the Phase 3 Program:

**Convergence** - Implementation that has been programmatic in approach, working within the policies and procedures of the GoV, particularly in light of the fact that the Program Goal is identical to the Vanuatu National TVET Policy Goal.

**Consolidation** - The Program has continued to build on the significant Phase 2 achievements in its support for a quality-assured, demand-driven, flexible and accessible TVET system. The Program has strengthened the function of the TVET Centres as brokers of collaboration and coordination between diverse stakeholders within the TVET system to maximise outcomes (public sector, private sector, other donor-funded programs, volunteers). National systems development has continued with the review of the Vanuatu National Training Council (VNTC) and the Ministry of Youth Development Sports and Training (MYDST) TVET Division leading to the establishment of the Vanuatu Qualifications Authority (VQA), the restructure of the Ministry of Education to become the Ministry of Education and Training with a Tertiary Education Division responsible for TVET.

**Expansion** - The vision of the TVET Program has been to support the development of a national TVET system that benefits the whole country and maximises efficiencies of Program/TVET Centre operations to achieve optimal impact within a resource constrained environment. During Phase 3, new TVET Centres have been established in Torba and Tafea provinces.

In March 2015, Vanuatu was struck by Cyclone Pam, which caused severe damage particularly to the southern provinces of Shefa and Tafea. This event has significantly impacted the context within which the Program operates. Following Cyclone Pam, the Program supported the priorities of key productive sectors and GoV ministries to assist with food security and economic recovery through all TVET Centres. Expansion into Tafea has a particular 'Skills for Economic Recovery' focus.

## 3.0 Work Progress

Program progress and key activities are outlined below across the three Key Result Areas (KRA) of the M&E framework.

### 3.1 KRA 1: National TVET System

The Program has developed essential elements of an effective national TVET system within the Vanuatu context. During Phase 3 it has:

1. increased TVET Centre geographic coverage;
2. improved TVET system structures and processes at central and provincial levels;
3. built human resource/technical capacity across the TVET sector; and
4. encouraged increased GoV investment in the TVET Centre model.

Key activities are summarised below:

#### *Increasing TVET Centre geographic coverage*

- **The selection of Torba as the host province for a third TVET Centre** at the end of 2013 followed a national competitive process with four provinces vying for the right to host the third Centre. Recruitment of new TVET Centre staff followed and the refurbishment of the Provincial Education Office to house the new TVET Centre was completed and officially opened by the Minister of Education and Training in November 2014. The opening provided an opportunity for important awareness raising of the work of the TVET Centre and the impact that access to skill development services was already having on communities across the province.
- **Roll-out of TVET Centre operations in Tafea province** followed in 2015 as part of an agreement between the GoV and GoA. This agreement included the GoV officially taking responsibility through the Public Service Commission for three Provincial Training Coordinator positions as a pre-condition for Australian support to establish a fourth centre. Following recruitment of personnel, Tafea TVET Centre operations began successfully but became significantly impacted by Cyclone Pam which caused widespread devastation across Tafea province. Following the cyclone, the focus of this Centre shifted from economic growth to cyclone recovery with activities focused on food security and shelter. Staff were accommodated in very limited space within the Provincial Education Office while a new purpose built TVET Centre was being constructed. The Program designed the building, negotiated with the Province for the provision of a suitable site free of land disputes, conducted a competitive tender process to select the construction contractor, and oversaw the building program. The new building was handed over by the contractor in April 2016 and immediately occupied by Tafea TVET Centre staff.

### *Improving system structures and processes at the central and provincial levels*

- **New National Structures.** As recommended by the National TVET Policy, the Program facilitated the review of the Vanuatu National Training Council (VNTC) and the Ministry of Youth Development Sports and Training (MYDST) which, at the time, had responsibility for TVET. Following the review, the Program prepared Concept Papers that led to the adoption by Government of an entirely new structure for the oversight, quality assurance and management of TVET in Vanuatu. New legislation to repeal the VNTC Act and to establish the Vanuatu Qualifications Authority (VQA) was drafted with Program assistance and brought into law in 2015. Responsibility for management of TVET shifted from the MYSDT to the Ministry of Education which, following Concept Paper recommendations, was restructured to include a Tertiary Education Directorate and renamed the Ministry of Education and Training.
- **PGTB strengthening.** As part of the establishment of the new TVET Centres in Torba and Tafea, the Program worked with the VQA and respective Provincial Governments to strengthen the structure and operations of the Provincial Government Training Boards (PGTB), in line with VQA requirements. Capacity building activities were provided to ensure PGTB members understood their roles, responsibilities and national TVET system linkages. This involved facilitation of visits from key PGTB members from other TVET Centre provinces to assist cross-provincial learning.
- **National agencies capacity building.** The Program has provided considerable capacity building support across both the VQA and MoET including:
  - In collaboration with the VQA, the Program engaged a short-term Quality Management System (QMS) Adviser to work with VQA CEO and staff to develop an internal QMS that is in line with the Vanuatu Quality Assurance Framework (VQAF) and the Secretariat of the Pacific Community - Educational Quality and Assessment Programme. Improvements in the VQA's QMS have enabled the processing of re-registration of training providers, with 19 providers registered as at end 2015.
  - The Program engaged technical assistance to review the existing trainer regulatory framework and its associated qualifications and to re-develop policies, strategies and qualifications to bring them in line with new VQA quality standards. The objective of the new trainer qualification standards is to at least match regional quality standards and add further to the credibility of the Vanuatu quality system within a regional context.
  - Through its Curriculum Specialist, and in a capacity strengthening relationship with key national providers and Rural Training Centres (RTCs), the Program has established models for course accreditation in line with the VQAF and the new national training packages. With a focus on priority demand areas in the Post-Pam environment – construction and tourism rebuilding - the qualifications developed include Certificate I in Tourism (Tour Guiding), Certificate I in Tourism (Accommodation Services), Certificate 1 in Forestry and Forest Product, Certificate 1 in Business (Rural Book-keeping) and Certificate 2 in Construction. Pilot delivery of the latter qualification focused on the construction of a Komuniti Haos in Tafea province. Models have blended formal training with action plan coaching and included locally-driven teaching and learning material development.
  - The Program has also supported more efficient internal VQA processes through the development of the on-line Accreditation Toolkit but unfortunately, ongoing organisational issues within the VQA has meant that final course accreditation of the qualifications cited above has not as yet taken place.
  - The Program facilitated a study tour for the VQA CEO and selected VQA Board members to the Samoa Qualifications Authority which culminated in the signing of an MoU between the two agencies focused on mutual support and resource sharing.

- Following the appointment of the new Director for Tertiary Education, the Program, particularly through the Team Leader (TL) and Technical Director, has concertedly built a strong working relationship with this key counterpart. The TL is now part of the regular internal meetings of the Directorate.
- In response to a direct request from the GoV, the Program has facilitated the review of the current national TVET policy and the collaborative development of a new Post School Education and Training (PSET) policy.
- A significant Program output, following extensive consultation and collaboration with key disability support agencies, has been the *National TVET Sector Disability Inclusion Strategy*. Based on the results of the Strategy, the MoET requested the Program to develop the first national disability inclusion policy for the sector. In parallel, the Program supported a ‘Toolkit for Disability Inclusion’ that is enabling TVET Centre staff to continue promoting and supporting inclusion in skills development. In 2015, 8% of participants had a disability and at least half of these are experiencing positive changes in their livelihoods through skill development. Successful outcomes and approaches have been captured in the new DVD produced by the Program, ‘Skills for All: Disability inclusion, bisnis blong yumi everiwan’.
- With specialist technical assistance, the Program developed a National Language, Literacy and Numeracy (LLN) Framework and more recently has been working with the VQA, MoET and key training providers to pilot a new LLN Diagnostic Tool. The aim is to ensure that the Tool aligns with the National LLN Framework descriptors and levels, that it provides meaningful LLN data to inform curriculum development and training delivery, and to develop a pool of practitioners that are competent in conducting LLN assessments. A National Adult LLN Pilot Working Group has been established which, informed by the results of the pilot, will then oversee the development of a national Workplace LLN strategy.

#### *Building sectoral human resource/technical capacity*

- The Program has continued to support the professional development of TVET Centre staff as leaders of the developing TVET system in Vanuatu. As well as a series of province-specific strategic planning workshops, ‘whole-of-Program’ staff capacity building/strategic planning workshops have been conducted bi-annually. Senior management have been supported to participate in leadership training including a Diploma of Management delivered by the Australian Pacific Technical College (APTC). More recently senior management have participated in a DFAT-funded Pacific Leadership Program focused on ‘Adaptive Leadership within Organisations’. The Implementation Adviser has also provided ongoing on-the-job coaching to the local Team Leader to enable continuing growth of local Program leadership.
- The Program has coordinated and supported the acquisition of APTC Certificate IV TAE qualifications for selected key personnel from the Vanuatu Agriculture College (VAC), the Department of Tourism (DoT), and individuals with high demand industry skills and experience but no formal training qualifications. These trainers have then been affiliated with registered providers to deliver training through the TVET Centres.
- Intensive capacity building has continued to be provided to the local trainers involved in both training delivery and the development of contextually appropriate teaching and learning resources for the new qualifications, which also meet the requirements of the VQA guidelines for the development of training package support material, and the national standards of the Department of Tourism (DoT). The capacity of affiliated trainers (specifically those who have recently completed Certificate IV TAE) has also been strengthened through a targeted program providing coaching in competency-based training delivery and assessment in outer island locations. Trainer capacity remains, however, an ongoing limitation of the TVET system and needs to be concertedly addressed through the Phase 4 Program.

- In addition to upskilling key DoT staff through supporting successful completion of a Certificate IV TAE with the APTC, other key DoT capacity building activities have included: a) Malampa DoT staff mentored to a stage where they are able to independently coach all Malekula tourism businesses; b) one-on-one support provided to the National Cruise Tourism Officer to coordinate skill development activity at selected Ports of Call; c) conduct of ‘Disability Inclusion and Accessible Tourism’ workshop for all DoT staff; e) collaborative design of an interactive ‘Product Development Toolkit’ for DoT Officers including Product Development (coaching) Guidelines, and the ‘Marketing Guidelines for Rural Tourism Businesses’.

### *Increasing GoV and GoA support for, and investment in, the TVET Centre model through strategic communications*

- The Program has continued to direct efforts to its national/international media and communications campaign to build understanding of, and advocacy for, GoV and GoA commitment to the TVET sector and the TVET Centre model in Vanuatu. Following on from a series of DVDs in Phase 2 including the frequently viewed *TVET for Tourism* program, the Program has continued to use this effective medium to produce *Skilling Women Empowering Communities* and *Skills for All – Disability Inclusion – Bisnis blong yumi evriwan* in Phase 3. There has been wide dissemination of these Gender and Disability Inclusion DVDs, both domestically and internationally, including on third-party websites.
- Program DVDs together with a comprehensive range of other material including reports, photographs and numerous media clippings are all freely available on the Program’s website – [www.vanuatutvet.org.vu](http://www.vanuatutvet.org.vu) The Program has continued to update its website to reflect Program achievements and publications and in 2015 there were 6,662 sessions with 13,340 page views recorded, up from 1962 sessions with 5,042 page views in 2014.
- Strategic communication of Program outcomes and approaches has led to high-level recognition of Program impact within the GoV, including in the 2016 bi-annual National Trade Development Committee (NDTC) report, in which two of its three national highlights were directly attributable to the Program - provincial tourism development and Sanma aquaculture development.

## **3.2 KRA 2: Provincial Skills Development Coordination**

Improving coordination in the planning and delivery of skill development services has focused around three key areas:

1. strengthening coordination structures and processes at the provincial level;
2. improving coordination between national and provincial sectoral stakeholders; and
3. building multi-sectoral partnerships at the provincial level to maximise skill development impact.

Key activities are summarised below:

### *Strengthening coordination structures and processes at the provincial level*

- Engagement with provincial governments and provincial productive sector departments through Provincial Government Training Boards (PGTBs) has been a primary coordination strategy since TVET Centres were first established in Phase 2. PGTBs have played a pivotal role in determining provincial skill development priorities, the development of provincial skills plans, and advocacy for national TVET reform to improve provincial service delivery of skills training. Their strength of advocacy is attributable to the evidence base generated by the Program’s monitoring and evaluation system in which PGTB members have played a direct role in data analysis, evaluation and presentation in national fora such as the Strategic

Advisory Group. Working closely with TVET Centre staff, PGTBs also play a role in funding approvals for accredited skills training and business development support services to ensure funded activities are aligned to provincial economic development priorities.

- Capacity building of PGTB members has been ongoing through technical TVET Centre staff in each of the provinces. The response from the different PGTBs has been variable, so the Program continues to provide support with the purpose to increase PGTB involvement in training planning, and monitoring and evaluation, and strengthening their function as a skills advisory body for the TVET Centres, as well as ensuring inclusive representation, particularly of women's groups and disabled people's organisations (DPOs).
- The Program has continued to strengthen engagement with Area Secretaries across all TVET Centre provinces, and many are now playing a greater role in training needs identification, participant selection and logistical coordination arrangements.
- Efforts have been directed to strengthening the industry and productive sector associations that have emerged from TVET Centre skill development activities. For example, the Pinalum Women's Market Association in Malekula formed by women having participated in TVET Centre agriculture trainings. Through the strength of the association, the women farmers have been able to lobby for, and secure, a land space as a market area for the sale of their products. Another example, the Port Olry Tourism Zone Committee has been provided with targeted capacity building support. This has focused on assisting the diverse community and industry stakeholders to work together in a coordinated and harmonious manner to ensure that the area remains a popular destination for both cruise ship passengers and air arrivals, uncompromised by community conflict.
- The strength of the TVET Centres as effective coordination centres was illustrated in February 2015, following Cyclone Pam. TVET Program senior management concentrated efforts on ensuring the operations of the new TVET Centre in Tafea contributed to coordinating reconstruction activity in a complex post-disaster environment. Strong relationships were built across government, international NGOs and civil society. As well, the Tafea PGTB was supported to enable it to function as the key skills development coordination mechanism for the province. Activity in this latter area focused around the updating of the Tafea Skills Plan.

#### *Improving coordination between national and provincial sectoral stakeholders*

- In May 2013, the Program initiated and established a formal MoU ('TVET for Tourism Work Program') with the Department of Tourism (DoT) which, as reported by the Director DoT, has been an important factor in improved coordination between DoT officers at the national and provincial levels, and has provided a collaboratively agreed roadmap to guide delivery of skill development services to support this sector. This MOU has been renewed annually and is now providing a coordination model for other sectors.
- While engagement at the national level from some key productive sectors, namely Agriculture, Livestock, Fisheries and Forestry had been disappointing, a breakthrough was achieved through the productive sector skills planning workshop for these four areas held in March 2014 in Luganville. This led to a formal MOU with the Ministry of Agriculture, Livestock, Forestry, Fisheries and Bio-security (MALFFB). The Program continues to advocate for improved coordination regarding skills development through this MOU and the subsidiary MoUs with the individual departments. Anecdotal evidence collected through the Program's M&E indicates that it has been due to the evidence of measurable economic outcomes at the provincial level (achieved through the collaboration between the provincial department and the TVET Centre) that has been a catalyst for increased decentralisation of funding.
- The MoU signed between the Ministry of Justice and Community Services and the Program in December 2014 has also enabled the TVET Centres to work closely with the Department of

Women's Affairs (DoWA) for the ongoing support to the Malampa Handicraft Centre (MHC). The successful model of the MHC has informed the decision of the DoWA to work with the Torba TVET Centre, the Department of Agriculture, the Torba Provincial Government and relevant communities to secure funding from DFAT's Direct Aid Program to build a Market House in Sola which will also be used as a Handicraft Centre.

#### *Building multi-sectoral partnerships to maximise skill development impact*

- The Program has continued to build linkages across sectors and with other donor partners (e.g. Peace Corp volunteers) to maximise skill development impact. This has been most successful in the tourism sector across the provinces, particularly with the NZ Aid Programme. Through formalised partnerships there has been a significant number of Volunteer Service Abroad (VSA) personnel in both Sanma and Malampa provinces, specifically with regard to the strengthening of operations of the Sanma and Malampa Call Centres and in the consolidation of the Malampa Handicraft Centre.
- The Program has also partnered with the Pacific Horticulture and Agriculture Market Access (PHAMA) Program and the Tourism Ambassador Program to facilitate improved market access for handicraft producers in the outer islands. Relationships have been established with international NGOs such as CARE and Live and Learn, the latter with regard to the production and sale of value-added products to cruise tourists at Champagne Beach.
- Strengthening of formal partnerships with the private sector is ongoing. Based on the success of the Sanma and Malampa Call Centres, both of which are now fully sustainable, Telecom Vanuatu Limited (TVL) has indicated its desire to partner again with the Program in the establishment of a new Call Centre in Tafea province in Phase 4.

### **3.3 KRA 3: Training, Business Development and Employment**

TVET Centres have now been established in 4 provinces. Two were established during Phase 2 in Malampa and Sanma provinces following a national competitive bidding process across the 6 provinces. Early in Phase 3 another competitive bidding process was undertaken across 4 provinces resulting in the selection by a GoV committee of Torba. The Torba TVET Centre commenced in 2014 in a purposively reconstructed part of the Provincial Education Office.

The competitive process generated a high level of interest across the provinces and in response the GoV sought Australian assistance to develop a fourth centre in the south to serve the Tafea Province. While there was some expectation in the Phase 3 design that a small coordination unit might emerge in a fourth province, the establishment of a fully functioning fourth centre was not provided for. Nevertheless, the Australian Government agreed to support this expansion conditional on increased levels of financial commitment by the GoV. This was provided with the GoV formalising three provincial coordinator positions within the Vanuatu public service and progressively filling TVET related positions in the new Tertiary Education Division of the MoET. As a result, the Tafea TVET Centre commenced at the beginning of 2015 (just prior to Cyclone Pam) and in April 2016 moved into a purpose built centre on land provided by the Tafea Provincial Council.

In each province, the TVET Centres operate as coordination hubs to facilitate the determination of skill development priorities and to arrange, in response, suitable skill development interventions including accredited training, business development support services and information technology support for clients.

Throughout Phase 3 implementation of TVET Centre skills development activity has focused on:

- More targeted selection of TVET Centre clients, prioritising existing 'active' clients who have demonstrated concrete commitment to achieving economic outcomes.
- Increased emphasis on training follow-up and coaching and progressive needs identification,

in partnership with trainers and productive sector representatives.

- Increased collaboration between formal trainers and BDS industry consultants.
- Capacity building and engagement of an increased number of ni-Vanuatu industry consultants and coaches, with a focus on supporting female trainers as positive role models across all sectors, particularly in non-traditional trade areas.

As coordination hubs the TVET Centres seek to improve the match between skill demand and skill supply. Skill demand is determined by the TVET Centres principally with the support of Provincial Government Training Boards (PGTBs). In response to identified priorities the Centres arrange the procurement of relevant skill development services from a range of suppliers. These include major national institutions such as the Vanuatu Institute of Technology, the Vanuatu Agriculture College and the Vanuatu Maritime College as well as a number of small rural training centres operated mainly by faith based organisations. In addition, industry coaches and mentors are engaged to support local business clients grow their businesses. It has been the interaction between accredited training and business development support services that has added significant value for TVET Centre clients.

A wide variety of skill development activities have been delivered throughout the four provinces and across a number of different sectors. The following is a snapshot of a number of these activities:

- Based on the recognised value of the Sanma and Malampa Skills Plans developed during Phase 2, the Program, in consultation with the VQA and the MoET engaged technical assistance to review the existing plans and to prepare, for the first-time, Skills Development Plans (SDS) for the remaining four provinces. Over a period of six months, in-depth and wide-ranging consultation took place with representatives from all productive sectors and key industries at provincial and national level to determine and document the projected skill needs of each province 2015-2018. The SDS were formally handed over to the respective Secretaries General (SG) of each province in February 2015 with wide recognition that these documents will guide priority training delivery in support of economic growth outcomes. The six provincial Skill Development Plans are available on the Program website.
- Implementation of the ‘TVET for Tourism’ (TfT) activity has resulted in significant business growth of the local tourism industry. Full details of training, business development and employment under the TfT sub-program have been detailed in the TfT Evaluation (May 2016)<sup>1</sup>. Some of the highlights from this very successful activity include:
  - In 2015, 77 local operators in three provinces now meet national Vanuatu Tourism Operator Minimum Standards (VTOMS), up from 59 in 2014 and 12% of client businesses are now operating in the formal economy, up from 5% in 2014; 37% are semi-formal businesses, up from only 12% in 2013.
  - In September 2015 nine accommodation businesses and six tours and activities throughout Torba province had reached VTOMS from a zero 2014 baseline. Through a partnership with the VTO, the Program facilitated a professional photo shoot for the new businesses to assist with marketing and promotion at individual and destination levels. Following intensive capacity building support to the Sanma Call Centre to improve operational efficiency, all businesses are now being marketed through this mechanism, and on the VTO website in regional and international campaigns.
  - In the post disaster environment on Tanna following Cyclone Pam, the Program’s aim was to support the rebuilding of resilient tourism accommodation using local material and traditional methods that would also meet VTOMS and international tourist expectations. In

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<sup>1</sup> *TVET for Tourism - Final Report and Evaluation* (Vanuatu Skills for Economic Growth Program, May 2016)

partnership with the DoT and Provincial Government, the Program undertook the 'Build Strong Build Local' initiative. This skill development activity engaged 40 participants from across the province in a range of workshops delivered onsite using local industry experts from Tanna and Port Vila. The completed construction was the first full construction completed in Tafea province following the cyclone and is being used both as a commercial accommodation revenue source for the province, and a model for Tafea tourism operators to ensure they build at an international standard while also maintaining culture, safety and disaster risk management practices.

- Considerable liaison and discussion with cruise ship operators, particularly *Carnival Australia* has resulted in the delivery of targeted training, in consultation with local industry, DoT and Luganville's cruise line agent, to develop a range of additional tours and activities for cruise ship passengers, in expectation of the increase in cruise ship visits to Luganville Port of Call in 2017-18. 11 new tours have been developed in 2015 for on-board sale.
- Commencement of the Aneityum agri-tourism pilot project to increase linkages between agriculture and tourism sectors through a value chain approach, and improve sustainable and inclusive benefits from the increasing number of cruise ship visits. The initiative is working with a range of stakeholders from government, civil society and the local private sector, and comprises 80 participants from across the island with a strong focus on the participation of women and people with disabilities.
- Development of annual sectoral training plans in partnership with the Departments of Agriculture, Fisheries and Industry respectively have been directed to quality and quantity improvements of primary products and value addition. Of note, the measurable production outcomes achieved through the integrated training plan developed between the Sanma TVET Centre and the provincial Department of Fisheries for small-scale aquaculture in Sanma province has led to scale-up and replication across other provinces throughout 2015. The economic impact of this targeted skills development program has been recognised at the national level by the National Trade Development Committee (NTDC).
- Cross-sectoral results achieved through coordinating skill development activities to link with market opportunities created by growing local tourism. Flow-on effects in sectors such as agriculture and handicraft have been particularly marked; for example, coordination between skills training in agriculture production and the training provided to tourism accommodation/ restaurant operators has resulted in increased vegetable production, diversification and sale in Torba. Communities in Sanma have also benefitted from a partnership brokered by the Program between the Department of Fisheries and the DoT to replant coral reefs and remove Crown of Thorns with the joint aim of reducing risks associated with climate change and safeguarding the reefs for snorkeling as part of the tourist experience.
- Implementation of skills development in line with the 'Gender Equality Strategy for the TVET Centres' has resulted in tangible outcomes for gender quality and women's economic empowerment. Full details of progress are available in the 2016 Gender Equality Report; however key features include:
  - Maintenance of strong levels of women's representation across TVET Centre activity.
  - Ongoing support to the business development of the Malampa Handicraft Centre as a key mechanism for inclusive women's economic empowerment.
  - Conduct of activities focused on survivors of gender-based violence (GBV) and reducing the vulnerability to GBV associated with economic empowerment. In the case of the former, the Program established a partnership with DFAT's 'Stretem Rod blong Jastis' program to identify skills development activities linked to economic potential for survivors of GBV in the Maskelyns in Malekula. Focus has been directed to handicraft production for sale at the

Malampa Handicraft Centre, integrated with GBV-related counselling.

- Collaboration with the Red Cross and Alternative Community Trade in Vanuatu (ACTIV) focused on skilling women in the production of mats and pandanus leaves for post-Pam reconstruction in Tafea province. This particular activity generated AUD 32,000 with 80% going directly to the women producers.

## 4.0 Indicative Results

A comprehensive approach to monitoring and evaluation has underpinned Program activity and provided the evidence base for the determination of results at output and outcome levels as well as the assessment of lessons learned and the application of learning to Program policy, planning and implementation. Throughout Phase 3, six-monthly progress reports at activity level have been prepared based on 100% baseline data collection of all participants. Annual Evaluation Reports have also been prepared at outcome level based on sample surveys of participants 6 months after their participation in a skill development activity.

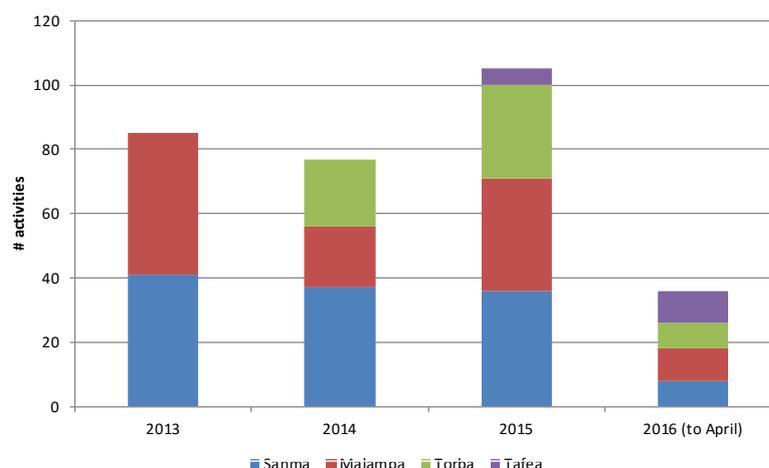
The presentation by the M&E team and PGTB Chairs of findings from both the six monthly and annual reports to the bi-annual Strategic Advisory Group (SAG) meetings, has provided the basis for substantive discussion within the Program and with stakeholders about key aspects of the Program’s approach.

### 4.1 Outputs

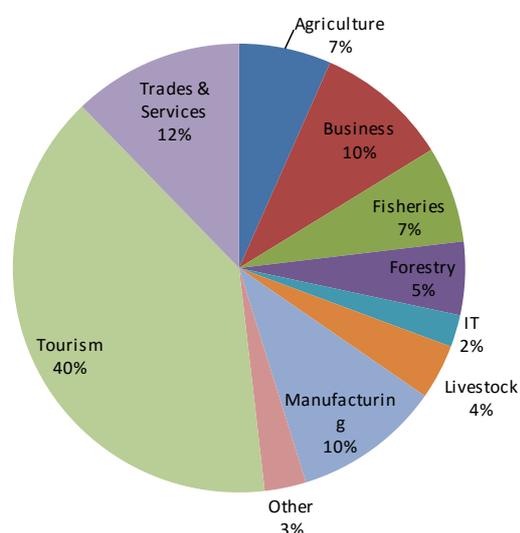
The following charts provide a summary of Program activities and achievements during Phase 3.

As mentioned above, skill development activities comprise both accredited training and business development support services. The chart at right tracks the combined total of both activity types across each of the provinces. It illustrates the increase in activities with Torba coming on stream in 2014 and Tafea in 2015.

Skills Development Activities 2013 - April 2016



Skills Development Activities by Sector 2013 - April 2015



A broad range of economic sectors have been provided both accredited training and business development support services.

The largest proportion of activities has been in the tourism sector. As fully reported in the comprehensive TVET for Tourism Evaluation Report (2016), this has been a product of a partnership between the Program and the Department of Tourism(DoT) which from a very early stage has actively sort Program assistance to support its national tourism objectives.

Other departments have been slower to see the potential of this type of partnership but

based on the demonstrable success with the DoT, and its strong advocacy of the benefits derived from its association with the Program, other productive sector departments and agencies have increasingly sought similar arrangements.

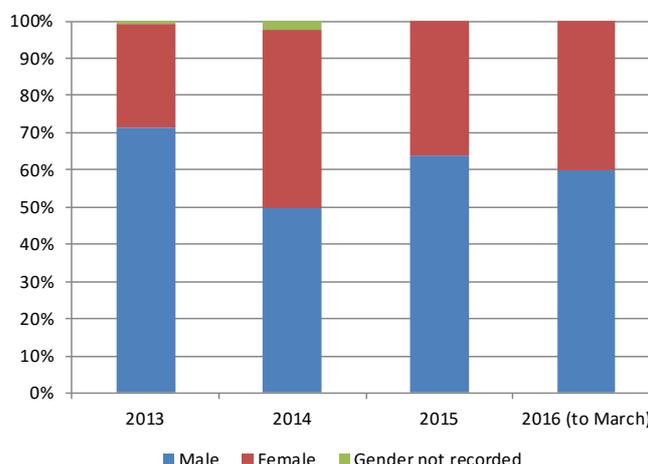
Throughout Phase 3, just on 2,900 people have participated in Program facilitated accredited training and/or business development support services.

Of these approximately 40% have been female. A discrete Gender Equality Report<sup>2</sup> prepared in 2016 noted that the variable level of women’s participation is partly explained by the shifting levels of skills development activity across the different sectors. In particular, there has been increasing agriculture and forestry activity, as well as the need to support reconstruction skills in the aftermath of Cyclone Pam; most of these are sectors traditionally dominated by men.

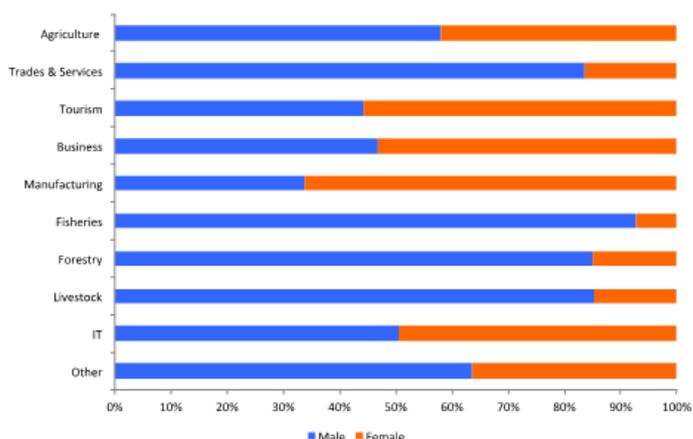
The figures in the table represent the average participation levels across all sectors but as might be expected there has also been a high level of variability across sectors as illustrated in the next table which highlights the very low levels of women’s participation in the productive sectors such as livestock, fisheries, and forestry, as well as construction focused trades and services.

The Program’s inclusive approaches have included a very strong focus on improving opportunities for people with disabilities (PWD). In combination the National TVET Sector Disability Inclusion Strategy, the identification of inclusion focal people within TVET Centre staff and partnerships with key disability support agencies have all worked to remove barriers to PWD participation in skill development programs and associated economic benefits. From 4% of all participants in 2013, participation rates hovered around 8% in 2014 and 2015 and it looks like a similar figure will be achieved in 2016.

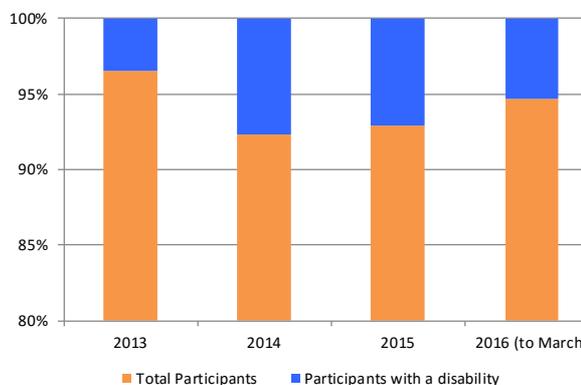
**TVET Centre Participants by Gender 2013 - Mar 2016**



**TVET Centre Skills Development Participants by Sector 2013-2015**



**TVET Centre Participants with a Disability 2013 - Mar 2016**



<sup>2</sup> Supporting Women in Provincial Vanuatu – TVET Program Gender Equality Report (Vanuatu Skills for Economic Growth Program, May 2016)

## 4.2 Outcomes

### 4.2.1 Quantitative Results

The Outcomes Survey was launched in March 2014 and completed in October 2015. It was designed to explore personal, employment, business and economic outcomes for participants, six-to-eight months after participating in TVET Centre skills development.

Using a stratified sampling approach, responses were analysed from 355 men and women, drawn from a population of 793<sup>3</sup>. An interview team of two (the Program M&E Manager and M&E Officer) undertook data collection in four rounds, visiting past participants in their homes and workplaces to conduct a structured interview of 20-30 minutes' duration. The majority of interviews were conducted face-to-face, although a small number of participants were interviewed by phone due to their travel away from home or other difficulties with access. The overall response rate was a very high 96%. Specialist personnel at the Australian Council for Educational Research (ACER) supported the quantitative analysis, including weighting to reflect the different sample populations, using SAS<sup>4</sup>.

The following provides a summary of the evaluation findings<sup>5</sup>:

- 63% of all TVET Centre participants report increased income
  - 60% of men
  - 68% of women
  - 52% of participants with a disability
  - 21% of employed
  - 89% of self-employed
  - 72% of subsistence workers/ students/ others
- Income improvements most common in the Forestry, Manufacturing and Tourism sectors within 6-8 months
- Improvements least common in Fisheries and IT
- 91% of self-employed participants report increased business income
- 79% of employed participants improved their employment situation (e.g. responsibility, satisfaction, income, etc.)
- Important personal changes included: increased confidence, and new ideas and inspiration for the future

### 4.2.2 Qualitative Observations

The face to face interview technique used in the evaluation survey enabled a great deal of qualitative observations to be captured. These observations correlate with the quantitative data as illustrated by the sample of statements provided below:

- *“In the past there was a very distant relationship between the Provincial Council, the productive sectors, and Area Councils. Now with TVET there, it seems to be connecting*

<sup>3</sup> The population from which the sample was drawn is not the whole population of participants for 2014 and 2015. Rather it is the population for the time period of activity 6-8 months prior to each round of interviews.

<sup>4</sup> SAS 9.3 for Windows. Copyright (c) 2002-2010 by SAS Institute Inc., Cary, NC, USA.

<sup>5</sup> *Annual Program Monitoring and Evaluation Report 2015* (Vanuatu Skills for Economic Growth Program, February 2016)

everyone.” Provincial Secretary General, 10 December 2015

- “Good governance is always a concern. We are looking forward to a better, stable government, so this Program can continue to benefit our country...Success is determined by good leadership” Provincial Secretary-General, 7 December 2015
- “Inside the Program we have strong advocates... [we have] won respect within the community for advocating the rights of people with disability to access services...” Senior Program staff member, 20 January 2016
- “The Program is a very excellent program. It’s been a huge success. You see these ni-Vanuatu guys building hotels, getting tourists every day, not just expatriates but local tourists and government offices. And the service you get in these guest houses [breakfast, cleaning of the room, reception]; you can see the difference in these businesses...for ni-Vanuatu entrepreneurs.” (Senior MoET official, stakeholder interview)

In addition to the Program’s intensive monitoring and evaluation approach, the Department of Foreign Affairs and Trade (DFAT) commissioned an Independent Evaluation<sup>6</sup> in 2015. Its conclusions about the factors underpinning the success of the TVET Program:

- the value chain approach;
- decentralised service delivery;
- the M&E system;
- communications and relationships;
- the Program’s sustainability framework;
- the Program’s links with other aid programs;
- local leadership; and
- ethical, values-based leadership.

The independent evaluation concluded that:

- “the most important of these was the decision to move to decentralised service delivery in the Provinces, although other factors were in play that facilitated this successful change. The M&E system and the value chain approach to sectoral development have also been important drivers”

### 4.2.3 Sustainability

In June 2010, the Phase 2 Strategic Advisory Group (SAG) discussed the concept of sustainability in relation to the continuing development of the Vanuatu TVET sector and developed a set of criteria against which progress in the TVET sector could be assessed. Progress against these criteria has been discussed at each of the subsequent SAG meetings on a six-monthly basis.

The following table provides an assessment as to how confident the SAG members were with respect to each of the criterion at the beginning and end of Phase 3. From the table it can be seen that there were already a number of criterion that were already well progressed and the SAG members have maintained a continuing level of confidence that these factors point strongly to sustainable outcomes. In some of these high confidence areas there has also been some progression such as in

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<sup>6</sup> *Independent Evaluation of the Vanuatu Technical and Vocational Education and Training Sector Strengthening Program* (DFAT July 2015)

the level of coordination and TVET Centre human resource capacity.

	Criteria for Sustainability		Level of confidence (%)									
			1	2	3	4	5	6	7	8	9	10
1	Policy – have the Policy framework in place	2012										
		2016										
2	Training providers' human resource capacity	2012										
		2016										
3	Government funding	2012										
		2016										
4	Coordination systems to maximise use of resources	2012										
		2016										
5	TVET Centres human resource capacity	2012										
		2016										
6	Local ownership/ empowerment	2012										
		2016										
7	Realistic cost structures	2012										
		2016										
8	Politicians aware of success	2012										
		2016										
9	Technology transfer – skills pass to counterparts	2012										
		2016										
10	Holistic (whole of Government) approach to economic development	2012										
		2016										
11	Communications/ information/ M&E	2012										
		2016										

Of significance during Phase 3 has been positive movement in areas such as Government funding, political awareness and an holistic approach to economic development. While these remain in the lower confidence level categories, it is significant that there has been relatively substantial movement since 2012. Especially considering that these areas are outside the Program's direct control – both being areas where the Program can only seek to influence change.

Two areas have stubbornly remained in the mid-confidence category – training provider capacity and realistic cost structures. The view of the SAG in both these areas is that while there has been assistance provided by the Program, particularly with respect to provider quality management systems to support compliance with the VQA's registration and course accreditation requirements, there has been little observable change in provider capacity. Compounding this negative assessment has been the SAG's observation that despite limited capacity improvements, training providers have increased their charges for service delivery funded through the TVET Centres to unsustainable levels.

## 5.0 Program Management

### 5.1 Personnel

As the managing contractor, BHI Group has been responsible for the contracting and payroll of in-country and contracted personnel. Over the last 20 months, the organisational structure for the BHI Group been reviewed in light of the BHI Group's strategic plan which impacted the TVET program.

In late 2014, the BHI Group underwent an organisational wide realignment, which affected the TVET project management team.

The International Business Development area, which is the business unit that the TVET project management team was located in, was broadened to include domestic projects. This revamped business unit, Contracted Delivery was located in the portfolio of Enterprise Delivery.

As part of the broadening of this Contracted Delivery business unit, the BHI TVET Project Director was assigned to a consulting role with the program and the Project Manager was successful in obtaining a

new position within the BHI Group.

In late 2015, the Executive Director Enterprise Delivery departed the BHI Group, which resulted in the Contracted Delivery business unit being realigned to the Executive General Manager Business Development. The current team have been in place since November 2015.

#### 5.1.1. Long-term staff

- Long-term staff are contracted directly by BHI. In terms of payroll and conditions of employment, they are considered part of the Box Hill Institute workforce and therefore afforded the same fair workplace employment conditions as their Australian colleagues.
- The recruitment and induction processes follow BHI policies and procedures which are written under the laws of Victorian and Vanuatu governments. By complying with these processes, the in country team has developed a working knowledge of the best practice processes and legal obligations under Australian law. Box Hill Institute (BHI) processes have been contextualized to the local cultural overlay. For example, jobs are advertised and interviewed locally. Recommendations are submitted by the in country team and due diligence and contract issuing are completed by the *BHI People and Capability* team.
- Payroll is processed on a fortnightly basis and pay slips are emailed directly from BHI to individual employees. Leave is managed and approved in country and reported to BHI payroll for processing. Vanuatu National Provident Fund (VNPF) (superannuation) is calculated by BHI's payroll team and reported monthly to the in country team for payment locally.
- Communication between BHI and the in country team has been regular and productive usually by Email to ensure that all relevant stakeholders are informed. Some roles have engaged frequently with the Project Manager at BHI. Such as monthly calculation of cashbook replenishment which is calculated with the support of the in-country Finance and Administration Manager and Team Leader.
- Personnel budget management has been a collaborative effort between Australia and Vanuatu using a shared tracking spreadsheet (the "Budget Tracker" explained later).
- In late 2014, the Government of the Republic of Vanuatu agreed to contract three personnel as salaried employees in the role of Provincial Training Coordinator at Torba, Santo and Malekula. The Australian Government agreed to pay the difference between the TVET salary and the local government salary, identified as the "Gap Payment". Currently three personnel work in this arrangement.
- A review of Program personnel needs for Phase 4 was conducted in 2016. Most current employees will continue with TVET from Phase 3 to Phase 4. Four positions were terminated due to change of role. Three new roles were created and cleaners will be employed directly. The table below highlights in blue the roles that will continue to Phase 4. Those highlighted in purple are changed roles and those in pink are new roles being introduced in Phase 4.

Table 5.1. Staff changes Phase 3 to Phase 4

Position Title	TVET Centre Location				
	Vila	Sanma	Torba	Tafea	Malampa
Team Leader	1				
Finance & Administration Manager		1			
Operations Manager	1				
TVET Centre Manager		1	1	1	1
Provincial Training/Bus. Dev. Services Coord.		1			
Provincial Training Coordinator (PTC*)			1	1	1
Finance & Administration Assistant		1	1	1	1
Administration Assistant	1				
Training Provider Support Coordinator	1				
Disability Inclusion Officer		1			
IT Officer/Trainer	1				
M&E Manager	1				
M&E Officer	1				
National Communications Officer	1				
Office Support Officer	1				
TfT Coordinator	1				
TVET Systems Specialist	1				
TVET Systems Specialist (Gender)	1				
Cleaner		1	1	1	1
Grand Total	12	6	4	4	4

### 5.1.2. Independent contractors

- Independent contracts are entered into with sub-contractors based on the requirements of the program and under the advice of the in country team and DFAT. The independent contract process is governed by BHI independent contractor process.
- Independent contracts are written in line with the named positions in the head contract that specify input days and conditions. From time to time, variations to independent contracts are made based on the requirements that emerge from the budgeting and annual planning process. Any variation is made with endorsement from DFAT.

### 5.1.3. Staff welfare

- The welfare of staff is supported by the practices governed by individual work contracts. Following cyclone Pam, BHI made a payment to each staff member (from its management fee) to support employees through the rehabilitation and re-construction period.

### 5.1.4. Workplace relations

- Day to day management of the team is the responsibility of the in country leadership team. In circumstances of a breach of the staff code of conduct, BHI policies and procedures apply.
- Fraud management is assessed under the independent audit process. The Finance and Administration Manager reconciles cheques to receipts to identify anomalies in financial tracking. Guidelines for this process have been supplied in the form of a Financial Management Manual.

## 5.2 Information and Communications Technology

On commencement of Phase 3 of the 'Vanuatu Technical and Vocational Education and Training Sector Strengthening Program' a preliminary investigation of the TVET Offices in country was undertaken in April 2013 to assess the capability of information and communication technology services in relation to Services Clause 3.3 of the contract, specifically:

- a) establish and maintain an effective Program Office in Port Vila, which is sufficiently resourced (including security, logistics and communications) and operate in accordance with appropriate administrative systems;
- b) establish and maintain effective TVET Centres in Sanma and Malampa provinces and other locations in Vanuatu to be agreed between DFAT and the GoV, which are sufficiently resourced (including security, logistics and communications) and operate in accordance with appropriate administrative systems;
- c) establish and maintain an information and communication technology system with necessary hardware and software to allow for effective communication between offices and personnel.

A summary of activity and deliverables as a result of the preliminary investigation in April 2013 is outlined here:

### 1. Initial Investigation results:

The investigation identified a number of observations, specifically:

- Overall the speed and functionality of internet services to the program was limited and presented a number of difficulties especially in Torba province.
- Each office location had adequate structured cabling and client office equipment.
- File servers were located at each office but effective staff uptake of these systems was poor and data storage on these servers was inconsistent.
- Data backup processes relied on practices undertaken on a location by location basis.

Webmail access provided the best means to manage email in light of internet connectivity in order to limit loss associated with download to local computers.

### 2. Indicative deliverables recommended as a result of initial investigation:

A set of functional IT requirements were subsequently developed aligned to the needs of the program, specifically:

#### Telecommunications Requirements

1. Connection to the TVET network at all program locations.
2. Internet access to each location.
3. VoIP telephony to each location

#### Network Service Requirements - Managed Services

1. Centralised network accounts for all staff.
2. Centralised email for all staff.
3. Centralised shared printing for all staff.
4. Centralised individual and shared file storage.
5. Centralised tiered backup of all program data.
6. Centralised Website hosting.

## 7. Capacity to manage future Business Systems.

**3. Vendor Comparison:**

These requirements were then subsequently presented to both commercial providers and the Government of Vanuatu's eGov network, in which their ability to meet the requirements were subsequently compared against the programs requirements, as illustrated in Figure 1 below:

Figure 1 - TVET Program Requirements – Vendor Comparisons	TVET Program Requirements	TelSat	TVL	eGov
	<b>Telecommunications Services</b>			
T1	Connection to the eGov network at all program locations.	NC	C	C
T2	Internet access to each location.	C	C	C
T3	VoIP telephony to each location.	NC	C	C
	<b>Network Services</b>			
N1	Centralised network accounts for all staff	NC	NC	C
N2	Centralised email for all staff	NC	NC	C
N3	Centralised shared printing for all staff	NC	NC	C
N4	Centralised individual and shared file storage	NC	NC	C
N5	Centralised tiered backup of all program data	NC	NC	C
N6	Centralised Website hosting	NC	NC	C
N7	Capacity to manage future Business Systems	NC	C	C
Ranking		N/A	2	1

NC – Non-compliant, C-Compliant

**4. Vendor and deliverable confirmation:** eGov was subsequently identified as best meeting the requirements of the program. A letter of approval to proceed was presented to Mr Fred Samuel, Chief Information Officer, Office of the Government Chief Information Officer on July 2, 2013 from Jesse Dick, Director General, Ministry of Education and Training. Works then proceeded to integrate the TVET Offices in Port Villa, Santo and Malampa.

**5. Operational Deliverables**

Following the initial rollout of eGov services works proceeded to align systems and processes with eGov and maintain ongoing technical operations for the Program.

**Key Features included:**

- Design and development of an ICT Service Delivery Framework (SDF)
- User documentation for common ICT services TVET
- ICT Policy Procedures and Forms
- Appointment of an IT Support Officer
- Established new operational processes and procedures with eGov to accommodate TVET specific requirements.
- Inducted the Service Delivery Framework to all Centre managers in Country.
- User provisioning process and forms
- User internet access, email access, shared folder access process and manuals

- Procurement process and forms
- Communication with upstream eGov points of interconnection
- Established communication of network outages and major incidents
- Established escalation process and opened communication channels between TVET Centre Managers and eGov
- Improved ICT Infrastructure, specifically:
  - Cutover TVET to eGov network services (VANGOV) including rollout of high speed Optical Fibre in Santo
  - Implementation of eGov VoIP telephony across all Centres
  - Introduction of centralised document management
  - Improved wireless infrastructure and network connectivity through open communication between TVET ICT and eGov
  - Introduction of standardised TVL Calling Circle for TVET mobile services.
  - Introduced Standard Operating Environment for Staff End user Computing

## 6. Work Completion Summary

On completion of contract the majority of services were transitioned to eGov, as outlined in the table below.

	Service Offering	Status	Comments
	<b>Telecommunications Services</b>		
T1	Connection to the eGov network at all program locations.	Completed	All TVET Locations connected to eGov Network
T2	Internet access to each location.	Completed	Resolved as of 18/9/2014. High speed with good band width.
T3	VoIP telephony to each location.	Completed	systems transitioned to eGov VoIP
	<b>Network Services</b>		
N1	Centralised network accounts for all staff	Completed	Accounts have been created, including deployment of Standard Operating environment.
N2	Centralised email for all staff	Existing	Existing email system remains in place.
N3	Centralised shared printing for all staff	Completed	Deployed as part of Standard Operating environment.
N4	Centralised individual and shared file storage	Completed	Implemented along with ICT Service Delivery Framework (SDF)
N5	Centralised tiered backup of all program data	Completed	Service provide by MoET ICT dependent on N1,N3
N6	Centralised Website hosting	Existing	Existing website remains in place.
N7	Capacity to manage future Business Systems	Future-capability	Within the capability of eGov managed services.

### IT summary

The strategy undertaken throughout was in keeping with the Program's objective to strengthen and align the program with government systems and capabilities. There have been a number improvements achieved in Phase 3 TVET SSP. The introduction of the VoIP telephony allows reliable

communication between offices and government departments and reduced expenditure. The establishment of centralised file sharing has realised benefits in convenience including collaboration between centres, data security (backup) and knowledge management. The program Team Leader identified “this was a great improvement in this phase”.

Provision for centralised email and website hosting with eGOV is available. Further dialogue between parties in country will assist in the transition of these services.

### 5.3 Finance and Audit

DFAT provides funding for the Vanuatu TVET SSP as outlined in the head contract. Funding is identified as management fees and reimbursable costs. Management fees are paid to BHI subject to approval of stated milestones. Reimbursable costs are borne by the in-country team and reimbursed via BHI to maintain cashflow for agreed activity and operational expenses as detailed in the Annual Plan.

BHI processes and procedures are applied in accordance with the requirements of the Financial Management Act 1994.

#### 5.3.1. Finance tasks and personnel

Financial operational management is governed by the Financial Management Manual. Through partnership with BHI and international advisors, the TVET program has seen improvements in financial governance of the TVET Centres.

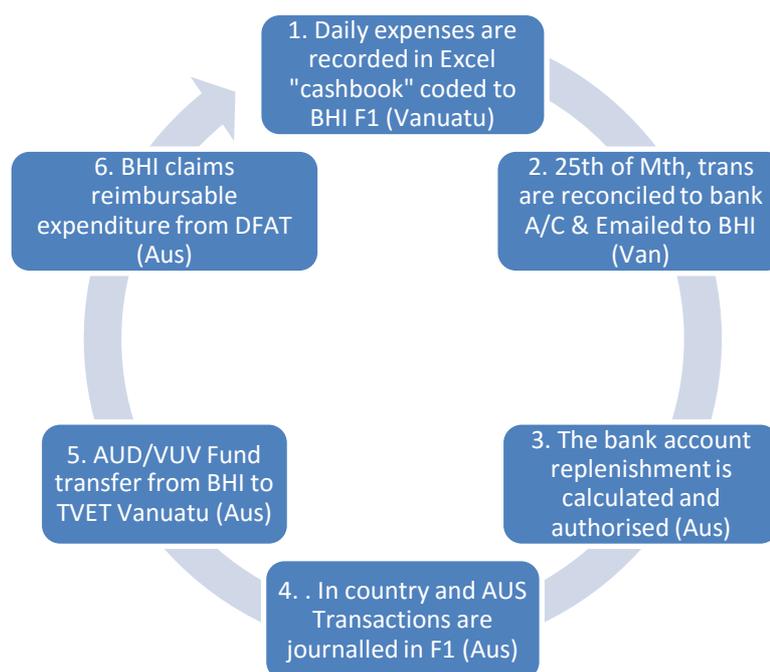
In 2013 a BHI delegation visited Vanuatu to establish financial management processes contextualized to local financial mechanisms and existing processes. Most business transactions are by cheque. The BHI delegation and local team collaborated to develop an appropriate record keeping procedure for financial record keeping. The team was provided with an Excel spreadsheet that included embedded formula to calculate accounting code that was compatible with coding used for BHI financial system journals, thereby allowing seamless downloading of transactions to the finance system in Australia. This Excel spreadsheet is known as the “cashbook”. However, the cashbook is not only a recording device, it is most importantly a means for the local team to monitor the bank balance in the absence of internet banking.

The provincial TVET Centres were provided with the same process for recording transactions from a Petty Cash budget, maintaining a VUV 20,000 float (approx. AUD 270).

At the end of the month, all cashbooks were submitted to BHI in Australia, journaled and uploaded to BHI finance system, F1.

Ongoing support has been provided to the in country team to assist with the correct coding of transactions and general communication around timing for replenishment of the account and tracking to the budget.

Bank replenishment in Vanuatu and monthly reimbursable expense claims to DFAT are implemented in a cyclical process.



Each step depends on the integrity and timeliness of the previous stage. On the whole, the process has worked well. The process provides an opportunity for working understanding of accounting procedures and is simple and inexpensive to implement in Excel format. However as seen in the process map, there are many communication links that have potential for failure. These situations have been rare however there was one incident in the three year period where the fund transfer was not authorised within the usual timeframe, the funds were not transferred when expected, the local team in Vanuatu, unaware of the depleted in country bank balance discovered that activities were compromised due to insufficient funds being available. As a one off occurrence, it indicates that the process is sound however the implications of rare failures are profound. To mitigate risk, increased quality control checks could be implemented such as closer monitoring of bank account balances by the in country team.

### 5.3.2. Budgeting & Forecasting

Top level budgeting and forecasting are performed as part of the Annual Plan preparation process with activities and associated costs approved by DFAT.

In country operational expenditure has been planned and monitored with the aid of a simple Excel budgeting spreadsheet (the "Budget Tracker") developed in collaboration with the Team Leader and BHI, see appendix 8.2. Coded in line with DFAT allocated funds and the Annual Plan, it allows the in-country team to plan activity within financial limits and to monitor progress to budget. BHI and the in-country team can proactively and promptly identify funding issues and allocate resources accordingly.

BHI financial management is augmented by their accounting system Finance One (F1). Purchase orders are raised in line with contracts and expenditure is drawn against the funds specified in the purchase order. This practice mostly pertains to independent contracts and it alerts the project manager to spending more than the allocated funds in the budget.

The variable factor is the timing of expenditure from the cashbook. Most expenses are incurred in country and the transactions are submitted to BHI for financial processing (reimbursement of the cashbook and invoicing to DFAT) at the end of the month. A time lag is experienced between when the expense is incurred and when the DFAT fund is updated with the revised available

balance. Very close management of the budget is required to ensure local expenditure is tracking to forecast expenditure to ensure the Program performs within budget and that the local operations have cash reserves.

Overall the budget was exceeded by around \$72,000 which BHI has absorbed within its Management Fee. The major reasons were the higher than budgeted expenditure in the operational expense line (office expenses, communications, vehicles and interisland travel) and in the TVET Centre Establishment Line. The most likely reason for this being the additional expenditure associated with the fourth TVET Centre and the construction of the Malampa TVET Centre Manager's house. Both of these significant additional activities have been mostly absorbed within the original contract budget except for the amount cited above. Appendix 8.3 summarises budget performance.

DFAT has allowed funds to be moved between original budget lines which has assisted in budget management. Insurance premiums paid for the period in Phase 4 were scheduled for refund from the Phase 4 Managing Contractor. See Annexes 8.3 to 8.5

#### 5.3.3. Invoicing and financial reporting to DFAT

BHI invoiced DFAT for reimbursable expenses and milestone achievement. DFAT Vanuatu has been prompt in their certification of invoices.

Quarterly financial reporting is a milestone requirement of the contract. It has also provided a valuable opportunity to reconcile BHI fund balance records with those at DFAT.

#### 5.3.4. Bank Account Management

The TVET bank account is held with Westpac Bank in Port Vila. Bank transactions in Vanuatu usually involve a visit to the local branch. For example, on preparation of the bank reconciliation to the cashbook, the Finance Manager visits the branch, requests a bank statement (paper copy) and reconciles transactions to the office records. Unpresented cheques are identified and reported as part of this manual process.

#### 5.3.5. Asset Management

Assets are managed and recorded by the in country team. The team has fully embraced this requirement and records even the smallest of assets. In preparation of the handover report for the incumbent managing contractor, the asset register was checked and updated with condition reports.

#### 5.3.6. End of Financial Year Procedures

During the course of the project, BHI has conducted three Annual Independent Financial Audits as per the conditions of the head contract. In all accounts, BHI processes were found to comply with the contractual financial procedures and requirements of the agreement.

#### 5.3.7. Risk Management

BHI risk management policy is established on a foundation of principles articulated in Risk Management – Principles and Guidelines AS/NZS ISO 31000:2009.

In February 2016 an employee in the capacity of Finance Officer was suspected of fraud. The BHI *People and Capability* specialists provided the in country team with advice in terms of the correct course of action and provided tools to the in-country Team Leader and Implementation Advisor to assist with the process. These were speaking notes, Letter of Intent and Letter of Termination.

Managing projects from a distance can also present risks for example in the management of the building of the TVET Centre in Tafea. Risk management strategies were adopted such as in-country approval of invoices by requiring photographic evidence of building works before invoices were approved.

## 6.0 Lessons Learned

The 2015 Independent Evaluation<sup>7</sup> of the Program identified eight key lessons:

1. In decentralised contexts with relatively large rural populations, a simultaneous bottom-up and top-down implementation strategy is more likely to support the development of a 'joined-up' TVET system in which the three TVET dimensions of strategy, oversight and service delivery are carefully aligned and mutually reinforcing.
2. Cross-sector cooperation amongst a diverse range of public and private stakeholders is essential to the development of an effective TVET system; where this cooperation does not yet exist, it can be facilitated by programs that are sufficiently nimble to work at national, provincial and sectoral levels simultaneously to create critical breakthroughs.
3. A value-chain approach which links the formal and informal economies but which is grounded in the existing customary order of informality can be a powerful means of transforming sectoral skills development while also facilitating changed behaviour in both economies and fostering private-sector engagement in skills agendas.
4. Programs that focus on long-term transformations but persistently work day-to-day with the grain of local custom and culture rather than from an externally devised blue-print are more likely to achieve their outcomes and be sustainable.
5. An incremental, iterative, participatory and adaptive approach to both system and organisational change in Vanuatu is more likely to ensure those changes are locally sustainable.
6. Consistent, regular, relevant and respectful two-way communication between development programs and country partners helps build consensus and facilitates the emergence of resilient local coalitions and leadership genuinely committed to better development outcomes.
7. Long-term continuity of both program personnel and DFAT personnel in program design, management, implementation and review allows for the growth of deep local knowledge and skills and the development of mutual trust between the Program and its implementation partners.
8. The wider relationship between Australia and partner governments can be strengthened through actions that demonstrate a very long-term commitment to supporting a mutually agreed priority development agenda and in doing so opens up new opportunities to work cross-sectorally both in the country and regionally and enhances Australia's reputation as a trusted, committed, and knowledgeable development partner.

From the perspective of BHI as Managing Contractor, the Program has been an enriching collaboration between the TVET Vanuatu team, international advisors and the BHI team. Vanuatu operates with emerging business practices and BHI operations are highly structured and legislated processes.

The financial systems in Vanuatu are manually operated using simple tools like Excel spreadsheets (the cashbook) and paper-based bank statements. To bridge the in country system with BHI financial systems, BHI personnel had embedded the in country financial recording spreadsheet (the cashbook) with coding compatible with BHI accounts and DFAT fund lines. The TVET Finance Manager enters transactions using locally relevant categories selected from a drop down menu, those categories are converted to BHI account code in hidden columns, then when the cashbook is sent to BHI for upload to the financial system, the code is already entered ready to be bridged to BHI journals and invoiced to DFAT. This process has been a success of the program because it has provided local personnel with a simple way to manage accounts. It was using a widely-used, inexpensive application (Excel) that

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<sup>7</sup> Independent Evaluation of the Vanuatu Technical and Vocational Education and Training Sector Strengthening Program (Schofield et al, 2015)

could be easily implemented elsewhere.

The TVET accounts comprise many small transactions. Due to the manual involvement in recording, there is a high risk of transactional error. Furthermore, the economy in Vanuatu often involves drawing cash from the bank from a cheque (to pay for activities) then banking the change (credit transaction). These and end of financial year processes can result in credit balances in lines. Credits could not be invoiced to DFAT and were accrued to the following month(s) through a BHI manual adjustment process. The ability to invoice credit balances to DFAT would alleviate some of these complicated adjustments and make book-keeping more straightforward.

Financial management has required the reconciliation of multiple sources of record: the cashbook, the budget tracker, BHI journal/invoices and DFAT records. When differences arise, identifying and correcting root-causes has involved detailed analysis, representing significant commitment of time.

Managing perceptions has been a challenge. BHI has appointed the International Advisors to manage in country relations. The performance of those advisors has been reviewed favourably in the PPA however it has limited the need for direct involvement between the BHI administration team in Australia and the team in Vanuatu leading to risk of communication breakdown. For example, BHI takes time to process transactions and contracts through its legislated and vigorous quality control system and the delegation process. At times, the timeliness of processing may have been perceived as poor prioritising of TVET matters or inflexibility.

## 7.0 Summary

Phase 3 of the Vanuatu TVET Sector Strengthening Program has continued successfully over the past 40 months with Box Hill Institute as the Managing Contractor supporting and facilitating the work of a strong and experienced in-country team.

During this period the Program grew substantially with the addition of two new Provincial TVET Centres. Program staffing grew commensurately to 33 full time staff spread across 5 Program locations. Of particular significance is the fact that during Phase 3 the in-country team was comprised entirely of ni-Vanuatu personnel including the Team Leader.

Importantly, despite natural calamities such as Cyclone Pam in 2015, the Program has continued to deliver improved economic outcomes for participants of the Program facilitated skill development activities including both accredited training, coaching and mentoring, and other business development support services. As evidenced by the extensive Program monitoring and evaluation reports, decentralised and flexible service delivery has expanded access to economic outcomes derived from skill development for women and people with a disability.

National system development has continued with the repeal of the VNTC Act and the formation of the Vanuatu Qualifications Authority. The Program supported restructure of the Ministry of Education and its transformation to becoming the Ministry of Education and Training with a new Tertiary Education Directorate has also been an important development culminating in the finalisation of the National Post-School Education and Training Policy by the end of Phase 3.

Coordination structures have continued to be built including the agreements for the deployment of funding from the Pacific Women Shaping Pacific Development and the Governance for Growth initiatives. Sectoral MOUs have been established with a range of different agencies.

The growth and complexity of Program operations in-country have created challenges for Box Hill Institute as the managing contractor at a time when itself, through external factors, was undergoing internal structural reform. Competing priorities have needed to be managed. While it has been difficult at times, the continuing success of the Program is reflective of the efforts of the in-country team, the DFAT Post in Vanuatu, and the on-going support and assistance they have been provided by BHI as the managing contractor.



## 8.0 Annexes



## 8.2 Sample Budget Tracker

BUDGET TRACKER	Program Budget	Program Expenditure to date	Program Balance to date	2014						2015						FY 14/15 Budget	FY 14/15 Expenditure to date	FY 14/15 Balance to date
				5	6	7	8	9	10	11	12	13	14	15	16			
				July	August	September	October	November	December	January	February	March	April	May	June			
<b>Operational &amp; Establishment Costs</b>																		
TVET Centre establishment costs	600,000	448,009	151,991	54,277	90,855	5,415	28,421	22,722	102,487	317	2,219	-	-	-	-	300,000	306,714	- 6,714
Office, furniture, equipment, consumables and services	536,000	710,678	- 174,678	27,821	15,503	34,556	46,923	32,859	19,925	14,598	31,145	31,562	27,506	50,249	8,996	144,000	341,644	- 197,644
Vehicle purchase & on-road running costs	268,000	260,987	7,013	5,300	2,959	83,149	16,020	2,914	7,135	1,603	14,534	3,739	3,061	9,557	302	116,400	150,273	- 33,873
Inter-island travel & accommodation	250,000	124,778	125,222	2,139	3,807	2,218	3,999	2,788	4,026	5,275	8,535	2,757	5,982	9,510	1,886	75,000	52,922	22,078
Telecommunications and internet costs	250,000	210,837	39,163	10,102	10,146	5,951	4,846	5,939	14,669	3,065	4,365	2,327	16,279	19,068	1,107	30,000	97,863	- 67,863
	1,904,000	1,755,290	148,710	99,639	123,271	131,290	100,209	67,222	148,242	24,859	60,798	40,385	52,828	88,384	12,291	665,400	949,416	- 284,016
<b>Program Activity Costs</b>																		
<b>Employment Training Fund</b>																		
Sanma TVET Centre	650,000	433,277	216,723	3,395	16,787	9,881	3,436	5,135	7,679	5,141	4,856	1,702	1,455	17,198	9,806	250,000	86,471	163,529
Malampa TVET Centre	650,000	416,983	233,017	14,038	24,562	15,299	8,565	13,080	7,309	-	14,965	5,146	315	21,573	11,289	250,000	136,141	113,859
New TVET Centre(s) (Torba)	400,000	160,997	239,003	14,861	7,026	2,298	8,150	3,592	751	1,057	7,451	4,556	4,441	16,208	25,713	300,000	96,104	203,896
National Activities	-	130,596	- 130,596	4,795	3,310	3,588	5,058	21,820	6,466	1,107	-	31,932	-	10	10,492	46,000	88,580	- 42,580
Tafea TVET Centre												49	-	5,722	9,728			
Pacific Women Costs	635,000	254,724	380,276	1,903	3,939	30,672	11,968	55,829	11,466	3,416	4,186	48,044	1,248	13,637	-	184,400	186,308	- 1,907
	2,335,000	1,396,576	938,424	38,991	55,625	61,739	37,177	99,456	33,672	10,720	31,458	91,331	7,458	74,348	67,028	1,030,400	593,604	436,796
<b>Other Program Activity Costs</b>																		
Stakeholder Meetings	164,000	137,443	26,557	16,749	2,350	760	409	6,726	22,190			520	370	4,585	296	52,000	54,954	- 2,954
PTB/VNTC Council Support	60,000	28,871	31,129	2,883	1,260	1,201	118	1,861	1,808		1,183	1,391	271	3,041	850	24,000	15,324	8,676
DoYDST Support	115,973	28,726	87,247	639	2,393	2,316	1,898	11	-			2,694	1,223	2,861		70,000	14,034	55,966
VNTC Support	150,000	130,591	19,409	8,578	5,062	4,913	9,548	354	259		2,926	10,958	6,653	43,412	1,429	70,000	93,574	- 23,574
Monitoring and Evaluation	180,000	53,636	126,364	1,277	2,446	1,152	8,443	1,333	5,657		1,112	570	493	9,413	1,328	66,000	30,568	35,432
Capacity Building	300,000	127,901	172,099	484	13,449	7,487	769	880	1,528	551	377	15,768	2,780	3,926		96,000	40,149	55,851
Training Provider Support Services	200,000	257,495	- 57,495	22,254	19,052	65,635	28,626	6,262	9,596	799	5,265	3,102	927			60,000	159,663	- 99,663
Skills Plans, Feasibility Studies, Other Studies	150,000	33,539	116,461	2,408	989	2,659	844	6,541	4,261		643	6,982	6,331	262		50,000	31,920	18,080
Sanma Call Centre	50,000	54,614	- 4,614	1,509	3,784	-	25	7,724	1,056			-	-	12,265		21,748	26,362	- 4,614
	1,369,973	852,816	517,157	56,781	50,785	86,123	50,679	31,692	45,835	1,350	11,505	41,985	16,652	71,913	1,247	509,748	466,547	43,201
	5,608,973	4,004,682	1,604,291	195,411	229,681	279,151	188,065	198,370	227,748	36,930	102,578	173,701	76,939	234,645	80,566	2,205,548	2,009,568	195,980

### 8.3 Summary Expenditure by Year to Budget

By financial year, budgets and expenditure by primary budget categories	2013	2014	2015	2016	Total	Contract	End of Phase 3 Balance
PEN6465 - Advisor Support Costs	51,226	87,313	20,288	28,898	<b>187,725</b>	267,776	80,051
PEN6480 - Long Term Locally Engaged Personnel	500,461	760,235	776,524	488,917	<b>2,526,137</b>	2,484,837	-41,300
PEN6476 - Short Term Int. Advisors	67,754	172,985	171,629	138,772	<b>551,141</b>	566,218	15,077
PEN6472 - Unallocated Short Term Advisors	44,143	581,158	394,636	76,718	<b>1,096,655</b>	1,150,000	53,345
PEN6502 – Operational & Establishment Costs	413,590	1,064,022	540,338	351,637	<b>2,389,303</b>	2,139,000	- 250,303
PEN6499 - Program Activity Costs	177,163	547,781	292,000	41,522	<b>1,058,466</b>	1,119,000	60,534
PEO9907 - Pacific Women, Sanma Call Centre, Employment & Training Fund	523,981	587,731	787,113	159,106	<b>2,057,619</b>	2,050,973	-6,646
<b>Total Operational Expenditure</b>	<b>1,778,318</b>	<b>3,801,225</b>	<b>2,982,528</b>	<b>1,285,570</b>	<b>9,867,046</b>	<b>9,777,804</b>	<b>-89,242</b>
						<b>Total Funds Available</b>	<b>-89,242</b>

## 8.4 PEN code reallocation

Fund	Expenditure	Contract	Fund bal.	Feb Adj	Mar Adj	Apr Adj	May Adj	June Adj	Fund bal.
PEN6480 - Long Term Locally Engaged Personnel & Long term advisors	2,526,138	2,484,837	-41,301					7,004	-34,296
PEN6476 - Short Term Int. Advisors	551,141	566,218	15,077				-9,755	-5,322	1
PEN6472 - Unallocated Short Term Advisors	1,096,655	1,150,000	53,345	-9,485		-38,373	-5,487		0
PEN6465 - Advisor Support Costs	187,725	267,776	80,051		-77,846		-523	-1,682	-1
PEN6502 – Operational & Establishment	2,389,303	2,139,000	-250,303	98,558	60,220	20,815	15,765		-54,946
PEN6499 - Program Activity Costs	1,058,466	1,119,000	60,534	-89,073	20,753	7,786			0
PEN6504 - ETF 1-5, PEO9907 Pacific Women	2,057,619	2,050,973	-6,646		-3,126	9,772			0
	9,867,046	9,777,804	-89,242	0	0	0	0	0	-89,242
<b>Total Funds Available</b>			-89,242						-89,242

## 8.5 Insurance Refund Calculation

Insurance	Policy number	VUV	AUD	Start	Finish	% MC	Balance
Commercial fire package	VU110009918COP	228110	0	1/02/2016	1/02/2017	58%	0
Vehicle	VU100055485COM	608725	7,766.33	14/11/2015	14/11/2016	38%	2912.374
Staff medical insurance	VU110015373MRP	2596500	34749.73	1/03/2016	1/03/2017	67%	23166.49
Workers Compensation	VU110009919WOC	114650	4769.166551	1/02/2016	1/02/2017	58%	2782.014
Approximate refund:							<b>28860.87</b>

<b>Jun-16</b>	
Overspend PEN6502 Operational and Establishment Costs	\$ 35,901.28
Insurance refund (approx.)	-\$ 28,860.87
Balance BHI unable to recover	\$ 7,040.41