

Vanuatu-Australia Partnership for Development: Progress Report (to 31 July 2011)

In May 2009, the (then) Prime Ministers of Australia and Vanuatu signed the Vanuatu-Australia Partnership for Development. Both Governments agreed on four priority areas for assistance: improved education; improved health; infrastructure; and economic governance. The first Partnership Talks in 2010 agreed to add a fifth priority outcome, improved law and justice. The Partnership includes target results for the first four priority outcomes. Details for the fifth are under discussion.

This document reports Partnership progress toward the planned results, noting that this is only the second year. All data is from AusAID Port Vila (in cooperation with the Government of Vanuatu), except for data marked * which is from Vanuatu's Millennium Development Goals 2010 Report. The MDGs report acknowledges some data quality problems, and highlights that 'the coverage of statistics from the Health Information System (HIS) is insufficient to provide accurate and reliable statistics'.¹ Results of most concern are in **red text**.

At best, our results in the first two years of the Partnership are mixed. There have been some impressive achievements, for example:

- Increased primary enrolments due to the phasing out of school fees;
- Reduced incidence of malaria, linked to 100 per cent national coverage with bed nets and insecticide spraying;
- Breaking the 70-year monopoly on electricity services, laying the foundation for reduced costs for consumers;
- A more effective and efficient budget process, with improved accountability and transparency (for example, the budget now accounts for all sources of funding, and the Government of Vanuatu reports finance statistics monthly according to latest International Monetary Fund guidance).

We are unlikely to reach the Partnership targets at the rate and pattern of progress in the first two years. We are slipping behind in all of the priority sectors, with poor results in literacy and numeracy, health outcomes for women and children, roads and other infrastructure, and some aspects of economic governance (especially public financial management and management of government business enterprises).

Particular challenges ahead include:

- Improving the quality of education—including teachers, learning outcomes, school buildings and resources—so more children will stay in school for longer (to ensure a good return for the investment in removing school fees)
- Improving health service delivery, especially in maternal and child health, and obtaining reliable health data on the whole population

¹ For example, see Millennium Development Goals 2010 Report for Vanuatu p41 (infant mortality), p43 (vaccination) and pp46-47 (maternal health).

- Carefully prioritising, jointly with the Government of Vanuatu, planned infrastructure investments for the next five-ten years, to ensure the plans are realistic and achievable considering the available institutions and resources
- Gaining renewed commitment to governance reforms, with particular attention to managing Government Business Enterprises, improving procurement compliance and performance (including support to line ministries), and following through recent reforms to introduce competition in the energy sector.

The Tables below summarise progress against the priorities and targets in the Partnership for Development.

Priority Outcome 1: Improved Education - support increased access and quality of education for all boys and girls, and equip them with relevant skills and knowledge			
Results and indicators	Baseline	Latest	Target (2015)
Result 1: Increased net primary enrolment rate (85 per cent by 2011; 100 per cent by 2015)			
Net Enrolment Rate (NER) in year 1 (%)	36.0% (2008)	37.6% (2010)	100%
Net Enrolment Rate in years 1 to 6 (%)	82.3% (2008)	88% (2011)	100%
Gender Parity Index for NER years 1 to 6	1.00 (2007)	1.01 (2011)	Within range 0.98 – 1.02
Result 2: Better quality education, including teachers, learning outcomes, school buildings and resources			
Primary school teachers certified (%)	50.5 (2008)	56 (2009)	70
Early grade reading	10% of grade 3 students are readers (benchmark 45 words per minute with 80% level of comprehension (2010))	As per baseline	Target yet to be agreed.
Year 4 literacy level	Students achieving at a satisfactory level (L3+) : 22.5% English system; 16% French system (South Pacific Board for Education Assessment 2007)	Students achieving at a satisfactory level (L3+): 23% English system; 22.5% French system (South Pacific Board for Education Assessment, 2009)	Target yet to be agreed.
Year 4 numeracy level	Students achieving at a satisfactory level (L3+): 28% English system; 28% French system (South Pacific Board for Education Assessment 2007)	Students achieving at a satisfactory level (L3+): 41% English system; 31% French system (South Pacific Board for Education Assessment, 2009)	Target yet to be agreed.

Priority Outcome 1: Improved Education - support increased access and quality of education for all boys and girls, and equip them with relevant skills and knowledge			
Results and indicators	Baseline	Latest	Target (2015)
Result 3: More effective and accountable GoV management of education funds at all levels			
Primary schools using Government-approved bank accounts (%)	0	95 (2011)	100%
Non-payroll share of education budget (%)	12.0 (2009)	20.7 (2010)	Increased
Result 4: Vocational training graduates earn increased incomes			
Total number of participants in Employment and Training Fund (ETF) courses in Malampa and Sanma	830 (May 2010)	1845 (2011)	2400
Number of registered training providers	0 (June 2009)	41	50
Change in share of TVET trainees engaged in income generating activities 12 months after training	20% change (2009)	Employment Training Fund only: 59% (6 months after training); combined Employment Training Fund and Business Development Scheme: 65% (6 months after training)	Minimum 25% change

Priority Outcome 2: Improved Health - Strengthen health services and accelerate progress towards health MDGs			
Results and indicators	Baseline	Latest	Target (2015)
Result 1: Under-five mortality rate reduced from 34.1 per 1000 in 2007 to the MDG target of 20.7 per 1000 by 2015, and maternal care improved with an increased percentage of deliveries supervised by skilled staff			
Under-five mortality rate (per 1,000 live births)	34.1 (2007)	30 (2010)*	20.7
Infant mortality rate (per 1,000 live births)	28.1 (2007)	25 (2010)*	Improvement
Maternal mortality ratio (per 100,000 live births)	68 (average of 2000-2007)	Reliable data not available	Improvement

Priority Outcome 2: Improved Health - Strengthen health services and accelerate progress towards health MDGs			
Results and indicators	Baseline	Latest	Target (2015)
Number of maternal deaths	For development in 2010	Reliable data not available*	Improvement
Proportion of deliveries assisted by a skilled birth attendant (%)	74 (2007, Multiple Indicator Cluster Survey ²)	Reliable data not available*	Increased
Result 2: Strengthened health supply chain, strengthened community nursing, and upgraded facilities			
Health facilities that experienced stock outs of essential drugs (%)	<i>To be established by end 2010</i>	No data available	<i>To be established by end 2010</i>
Rural health facilities rated 'adequate' or better (%)	<i>To be established by end 2011</i>	No data available	<i>To be established by end 2011</i>
Nursing workforce density (per 10,000 population)	20.7 (2009)	New data not available	25
Proportion of health facilities regularly reporting through HIS (%)	45% (2008)	73% of health centres and dispensaries and 64% of aid posts (2009)	95%
Result 3: Increased routine measles and triple antigen vaccination coverage of one year old children to 80 per cent by 2012 and 90 per cent by 2015			
Fully immunised children	42% (Multiple Indicator Cluster Survey, 2007)	New data not available	90%
Routine measles vaccination coverage (%)	37.1% (Multiple Indicator Cluster Survey, 2007)	80% (2010, through supplementary activity, not routine);	90%
Routine pentavalent (five-in-one) vaccination coverage (%)	58% (Multiple Indicator Cluster Survey, 2007)	82% (2010, through supplementary activity, not routine).	90%
Result 4: Reduced malaria incidence nationwide by 70 per cent, and elimination in Tafea			
Annual parasite incidence	23.3 per 1,000 (2007)	16 per 1,000 (2009)* (1 death in 2009)	7 (2014)
Provinces from which malaria is eliminated	0	Tafea incidence is less than 1% (provisional data; 0 deaths in 2010)	1

² Next Multiple Indicator Cluster Survey (MICS) is 2012. 2007 is latest available MICS data.

Priority Outcome 2: Improved Health - Strengthen health services and accelerate progress towards health MDGs			
Results and indicators	Baseline	Latest	Target (2015)
Result 5: Improved budgeting, financial and expenditure management, with increased proportion of health sector expenditures that reach provinces and rural facilities			
Share of GoV health sector expenditures directed to Provincial and Community Health (%)	19.9% (2008)	18% (2010)	Increase
Share of GoV health expenditures reaching provinces and rural facilities (%)	<i>Costing exercise and Public Expenditure Review underway (2011)</i>	No data available	
Share of Government of Vanuatu health sector expenditures spent on non-personnel costs (not including termination payments) (%)	39% (2008)	42% (2010)	Minimum standard to be agreed
Share of Australian aid to health through GoV systems (%)	52% (2009-10)	60% (estimate for 2011)	Increased
Result 6: Strengthened health information system to track MDG progress and support evidence-based decision-making			
Proportion of health facilities regularly reporting through HIS (%)	45% (2008)	73% (2009, for Health Centres and Dispensaries) 64% (2009, for Aidposts) Millennium Development Goals 2010 Report for Vanuatu highlights inadequacies of Health Information System coverage and reliability.*	95%

Priority Outcome 3: Improved Infrastructure - <i>develop essential infrastructure to support economic growth and service delivery</i>			
Results and indicators	Baseline	Latest	Target (Year)
<i>Result 1: National roads better maintained and in good condition, including rehabilitation of roads in Tanna, Malekula and Ambae by 2012</i>			
Vanuatu Transport Sector Support Program Phase 1 implemented effectively	Phase 1 Completed Sept 2011	Phase 1 extended to July 2012	Implemented (Jun 2012)
Vanuatu Transport Sector Support Program Phase 2 Design Completed	NA	Phase 2 Concept Note prepared; Concept Peer Review 17 August 2011	Completed (Dec 2011)
191km of rural roads rehabilitated and maintained on Tanna, Malekula and Ambae	0 kms in 2009	Demonstration road works completed 20kms road section rehabilitated 2 heavy work contracts recently awarded Outsourced Supervision Contract recently awarded Mid-term review in 2010 reduced the planned scope of works from 191km to 140km of road to be maintained. 20% of Phase 1 funds expended with 90% of Phase 1 time elapsed.	191km new roads completed (2012)
<i>Result 2: Expanded local employment and private sector development through road work</i>			
Up-to 160,000 labour-days of roadwork maintenance on Tanna, Malekula and Ambae	Limited opportunities (2008)	35,759 person works days generated Mid-term review in 2010 reduced the planned scale of employment generation from 160,000 labour days to 105,000 labour days.	Up to 160,000 work-days generated (June 2012)
Community groups and small-scale contractors undertaking road maintenance work	Nil in 2008	28 Island Based Contractors now receiving targeted training and direct award of roadwork contracts	Expanded (June 2010)

Priority Outcome 3: Improved Infrastructure - *develop essential infrastructure to support economic growth and service delivery*

Results and indicators	Baseline	Latest	Target (Year)
Result 3: Sustainable and affordable institutional arrangements established			
Capacity building program in place, improving Public Works Department (PWD) performance (including to plan and supervise road works).	Unspecified	Advisers in place Nov 2009 and supporting PWD operations Mid Term Review of Phase 1 recommended range of strengthening measures. Improved Corporate planning and reporting evident Development of policy and institutional reform program commenced.	In place (Nov 2009)
Local communities and the private sector become a key means to deliver road maintenance services in Tanna, Malekula and Ambae (and any new target provinces for the roads program)	Unspecified	Outsourcing being progressively extended Targeted procurement of works through private sector delayed but now building momentum with increased TA support	Increase (June 2012)
Result 4: Public finances for roads are more effectively and efficiently managed			
Vanuatu government systems effectively and efficiently use funds for infrastructure.	Unspecified	Work plan agreed and Vanuatu Transport Sector Support Program Phase 1 funds released Compliance issues identified and addressed with additional safeguards being introduced albeit stop-start depending on political situation	Improvement (Nov 2009)
Ministry of Infrastructure and Public Utilities demonstrates improved financial management systems, procedures and skills.	Unspecified	Improvement of Public Works Department financial management, procurement and reporting slower than expected due to limited	Improvement (June 2010)

Priority Outcome 3: Improved Infrastructure - <i>develop essential infrastructure to support economic growth and service delivery</i>			
Results and indicators	Baseline	Latest	Target (Year)
		and inconsistent GoV support. Increased and sustained Technical Assistance required to reinforce Ministry of Infrastructure and Public Utilities' planned corporate reforms.	
Community-groups and small-scale contractors paid on time.	No small contractors in 2008	Streamlined processes and financial delegations now agreed to expedite payments	Improvement (June 2010)
<i>Result 5: Development of Vanuatu's maritime infrastructure improves economic opportunities and service delivery</i>			
Feasibility study completed outlining options to improve the efficiency of Port Vila wharf.	Target was late 2009 for study	Design and Financing proposal for new wharf completed and utilised to engage with Government of Japan for financing.	Study completed (2009)
Enhanced capacity and operating efficiency of Port Vila Wharf	Unspecified	Ifira Port Development Services (IPDS) Reform program approved by GoV but limited implementation to date - commencement of physical works in 2013 currently looks ambitious. 2010 General Manager appointment resulted in significant port performance improvements	Commencement of physical works (2013)
<i>Result 6: Development of Vanuatu's aviation infrastructure improves economic opportunities and service delivery</i>			
Assess Air Vanuatu's financial position and identify possible reform and restructuring options.	No accounts produced since 2007	Strategic appraisal of business operations, and recommended reform program, provided to GoV late 2010. Audit of financial	Completed (Sep 2009)

Priority Outcome 3: Improved Infrastructure - <i>develop essential infrastructure to support economic growth and service delivery</i>			
Results and indicators	Baseline	Latest	Target (Year)
		management status completed	
<i>Result 7: Development of Vanuatu's telecommunications infrastructure improves economic opportunities and service delivery</i>			
90% mobile phone coverage by 2015	20% in 2008	Over 90% mobile coverage as of early 2010. Final coverage over next 5-10 years via implementation of the Universal Access Policy implementation (see below)	Increase (June 2009)
Universal Access Policy approved	No Universal Access Policy in 2009	Universal Access Policy in draft and currently with GoV and public for comment. GoV endorsement expected late 2011	Finalised (June 2009)
New telecommunications legislation adopted	Inadequate legislation	Revised Telecommunications Act adopted Nov 2009	Adopted (July 2009)
Competition for internet services.	No competition	Revised Telecommunications Act includes competitive market for Internet Service Providers	Competition (Sep 2009)
Permanent, independent and suitably qualified telecommunications regulator appointed.	None appointed	Permanent Regulator appointed October 2010	Appointed (Sep 2009)
<i>Result 8: Development of Vanuatu's energy infrastructure improves economic opportunities and service delivery</i>			
Utilities Regulatory Authority completes review of Vanuatu's power tariff.	Unspecified	Review of tariff completed March 2010 Arbitration on tariff finalised and tariff introduced in full mid 2011	Completed (Dec 2009)
Luganville Concession re-tendered.	Unspecified	Luganville Concession re-tendered and awarded to new provider (Pernix) December 2010	Re-tendered (Dec 2010) Confirmation of long term concession (Aug 2011)

Priority Outcome 3: Improved Infrastructure - <i>develop essential infrastructure to support economic growth and service delivery</i>			
Results and indicators	Baseline	Latest	Target (Year)
Rural electrification priorities identified and implementation programs established.	No national policy on energy (2009)	Rural electrification program design peer review August 2011. National Energy Roadmap due for launch October 2011. Rural electrification program planned to commence mid 2012.	National policy (Jul 2009) National programs established (2012)
Access to off-grid power increased by 25 percent	Access to affordable and reliable modern electricity in off grid areas 17% (2010)	See above for design progress. National Energy Roadmap process will establish formal national electrification targets and strategies for implementation	Increase (2015)

Priority Outcome 4: Economic Governance – <i>economic governance reforms generate economic growth and improve service delivery</i>			
Results and indicators	Baseline	Latest	Target (2012)
<i>Result 1: Strengthened budget processes better reflect national priorities for service delivery and public investment</i>			
More effective Budget process takes into account all sources of funding, and allocates funding in line with the Government’s program and fiscal policies.	No integrated budget process in 2009. 2010 budget was based on unrealistic estimates of revenue leading to severe adjustment difficulties in 2010	Integrated budgeting introduced in FY2010. New Vanuatu Budget Management System (VBMS) introduced in FY2011, including so the Aid Coordination Unit could directly access the VBMS. A new macroeconomic framework spreadsheet links the macro-framework to the Government Finance Statistics/System of National Accounts and Balance of Payments. The Government Finance Statistics monthly report accords with the latest guidance from the	Improvement (Dec 2009)

Priority Outcome 4: Economic Governance – <i>economic governance reforms generate economic growth and improve service delivery</i>			
Results and indicators	Baseline	Latest	Target (2012)
		International Monetary Fund (Government Finance Statistics Manual 2001). Different methodology used to forecast revenue and expenditures for 2011 Budget, to achieve more realistic forecast.	
Information systems, processes and public sector staff provide effective and efficient support for the Budget process.	System use by line agencies limited (2009)	Financial Management Information System based on SmartStream and Vision reporting upgraded to latest versions. Vanuatu Budget Management System upgraded to latest operating and database systems and performance improved. New web based multi dimensional reporting application purchased and live in May 2011. E-Government site set up with back-up SmartStream and Vanuatu Budget Management System servers. While access is now across government, improving quality of data input ongoing	Improvement (Dec 2009)
Budget estimates are published for the Budget year and three forward years.	Limited distribution hard copies only (2010)	Budget published in hard copy. Three-year fiscal and economic forecast are part of the budget process Aim for web publishing 2012 budget.	Improvement (Dec 2011)
Strategy for managing fiscal risks (from sources including indemnities, warranties, guarantees, legal action, unmet payment obligations and government business enterprises) published in the Budget papers	Nil	Budget shortfalls in 2010 and 2011 managed in an ad hoc but effective manner. Fiscal exposure to operations of some state owned enterprises and sub-national government remains a problem	Published (Dec 2011)

Priority Outcome 4: Economic Governance – economic governance reforms generate economic growth and improve service delivery			
Results and indicators	Baseline	Latest	Target (2012)
Organisational structure and remuneration decisions for government agencies made in accordance with a fiscally sustainable workforce planning strategy.	Unspecified	Responsibility for establishment is split between Public Service Commission and Ministry of Finance and Economic Management. Unfunded structures still exist, causing confusion and delay in reform process. There are fears that relatively high wage rates and associated staff benefits will be unsustainable.	Improvement (June 2012)
Result 2: Improved public financial management systems			
The Department of Finance establishes offices in all provinces to support improved financial management in line ministries.	No MFEM capacity to support line ministry operations outside of Port Vila.	Of the five planned offices outside Port Vila, one in Luganville was opened in 2009 and reviewed in 2010. Sites selected in remaining four provinces and fit up is complete. Staff being trained and we expect all provincial financial services bureaux will be open in 2011.	Established (Dec 2010)
A whole of government information management strategy is developed and implemented.	System fragmented and costly.	Information and Communications Technology policy adoption late 2010 includes establishing dedicated ICT policy function in public service. AusAID considering request to help migrate all government information systems to one whole of government system.	Developed and implemented (Dec 2011)
Legislation for procurement is reviewed and amended, and procurement capacity is strengthened.	System can be slow and often ignored.	After a review in 2009 and a scoping study in 2010 the first phase of the implementation work took place in 2011.	Amended (June 2012)
Result 3: Stronger transparency and accountability to Parliament			
The Public Finance and	PFEMA Act	The revised PFEM Act was	Amended

Priority Outcome 4: Economic Governance – economic governance reforms generate economic growth and improve service delivery			
Results and indicators	Baseline	Latest	Target (2012)
Economic Management (PFEM) Act and Financial Regulations amended to: introduce improved appropriation arrangements; clarify responsibility for financial and fiscal management; and simplify and improve fiscal and financial reporting.	of 1998 needed extensive revision to reflect the changes in government responsibilities and capabilities since that time.	approved late 2009 incorporating a large number of revisions. GoV plans to revise regulations third quarter 2011.	(Aug 2009)
Budget papers tabled in Parliament on the date required by the PFEM Act.	Unspecified	Budget prepared and approved in accordance with the timetable, but some delays due to political uncertainty in early 2011.	Tabled (Nov 2009)
Implement revised economic and financial reporting framework under amended PFEM Act.	Reporting on government operations incomplete and inconsistent	Public Accounts for 2010 prepared in accordance with new Act.	Improvement (Dec 2010)
The annual Financial Regulations 2.2 report is completed and reports fewer breaches of the Finance Regulations and instructions relating to purchasing and management of cash advances.	Reporting on government operations incomplete and inconsistent	Financial Regulations 2.2 report (on breaches) delayed due to late reporting from line agencies. Report is now complete.	Completed (Jun 2012)
Result 4: Improved management of government business enterprises (GBEs)			
Strategy to manage fiscal risks from government business enterprises is implemented.	GBEs a major source of systemic risk to the fiscal framework	No progress on the more general problems.	Implemented (Dec 2009)
Legislative framework and Government ownership and management of government business enterprises reviewed, and review recommendations actioned.	GBEs set up either under specific legislation or as commercial corporations. No generic regime to ensure accountability.	No progress on generic legislation. Lack of financial transparency in some government businesses (such as Air Vanuatu) remains a concern. A newer concern is that provincial and municipal governments are entering	Reviewed and actioned (Dec 2009)

Priority Outcome 4: Economic Governance – <i>economic governance reforms generate economic growth and improve service delivery</i>			
Results and indicators	Baseline	Latest	Target (2012)
		into unaffordable contracts locally, and then expecting the central government to help them pay.	
Government more active and effective as shareholder and director in government business enterprises.	Very mixed record.	Limited evidence of increased government effectiveness. Where improved performance is evident (Vanuatu National Provident Fund, National Bank of Vanuatu) it is driven from within the organisation, often as a result of public concern over past problems.	Improvement (Dec 2010)
Government business enterprises provide accurate and timely financial information.	Rules on financial reporting and results very loosely enforced.	A number of government business enterprises have been privatised, including Telecom Vanuatu Limited. Reporting by remaining entities remains variable.	Improvement (Dec 2011)
<i>Result 5: Enhanced collection and management of statistics</i>			
Population census completed in accordance with international quality standards.	Unspecified	Finalised and published progressively since late 2010	Completed (Dec 2009)
Agreed capacity strengthening initiatives implemented in National Statistics Office.	Unspecified	AusAID has re-established grant mechanism to support National Statistics Office based on its capacity building strategy Find out more about Secretariat of Pacific Community's support to Vanuatu's National Statistics Office.	Implemented (Dec 2011)