

Grant Funding Arrangement

between

The Government of the Republic of Vanuatu
represented by
the Ministry of Education
the Ministry of Finance and Economic Management and
the Prime Minister's Office

and

**The Commonwealth of Australia represented by the Australian Agency for
International Development (AusAID)**

and

New Zealand Agency for International Development (NZAID)

in relation to the

Vanuatu Education Road Map

NZAID Ref: GRA/496/22 /Koru No:

GoV Ref:

AusAID Ref (AusAID Agreement Number): 53103

Acronyms

AJR	- Annual Joint Review
AusAID	- Australian Agency for International Development
DG	- Director General
GoV	- Government of Vanuatu represented by the Ministry of Education (MoE) and the Ministry of Finance and Economic Management (MFEM) and the Prime Ministers Office (PMO)
JPA	- Joint Partnership Arrangement in relation to the Vanuatu Education Road Map
MFEM	- Vanuatu Ministry of Finance and Economic Management
MoE	- Vanuatu Ministry of Education
NZAID	- New Zealand Agency for International Development
OAG	- Office of the Auditor General, Vanuatu
PAF	- Performance Assessment Framework
PMO	- Vanuatu Prime Minister's Office
TA	- Technical Assistance
UPE	- Universal Primary Education
VERM	- Vanuatu Education Road Map

Definitions / Glossary

Arrangement	- This Grant Funding Arrangement between the Government of Vanuatu, AusAID and NZAID, including all parts and any schedules and annexes.
Fraudulent Activity	- "Fraud" or "Fraudulent" means dishonestly obtaining a benefit by deception or other means.
Joint Partnership Arrangement ('JPA')	- Joint Partnership Arrangement in relation to the Vanuatu Education Road Map between the Government of Vanuatu and the donor partners (classified as either Pool Partners or Non-Pool Partners).
Permanent Staff	- Staff who are employed on a full-time ongoing basis and part of the Public Service Commission-approved structure of the organisation.
Relevant List	- "Relevant List" means the lists of terrorist organisations made under Division 102 of the Criminal Code Act 1995 (Cth) and the Charter of the United Nations Act 1945 (Cth) posted at: http://www.nationalsecurity.gov.au/agd/www/nationalsecurity.nsf/AllDocs/95FB057CA32DECF30CA256FAB001F7FBD?OpenDocument and http://www.dfat.gov.au/icat/UNSC_financial_sanctions.html#3
Technical Assistance	- Individuals contracted by Pool Partners to the Joint Partnership Arrangement to provide short- or long-term advice or assistance.
Vanuatu Education Road Map ('VERM')	- The Vanuatu Education Road Map is the document that describes the national education program for delivery of effective and efficient education services to the people of Vanuatu. It is attached to the Joint Partnership Arrangement.
Working Day	- A day on which the Vanuatu Ministry of Education is open for business.

Introduction

- 1 The Government of Vanuatu ('GoV'), NZAID and AusAID (collectively known as 'the Signatories') have reached the common understandings set out in the:
 - a. **Joint Partnership Arrangement ('JPA')** in relation to the Vanuatu Education Road Map ('VERM') signed as Pool Partners by GoV, AusAID and NZAID; and
 - b. this Grant Funding Arrangement (the 'Arrangement') in relation to funding support for the implementation of VERM.
- 2 This Arrangement is to be read together with and consistently with the **JPA**. Where there are parts of both that cannot be read consistently, the provisions of this Arrangement prevail.
- 3 The Signatories support the partnership principles and aid effectiveness as set out in the **JPA**.

Purpose

- 4 The GoV will apply all the funding provided through this Arrangement by AusAID and NZAID solely for the purpose for which it has been provided. The purpose of the funding assistance is set out in the **JPA** which is attached at **Schedule 1** to this Arrangement.
- 5 Funding provided through this Arrangement by AusAID and NZAID will be used to support agreed priorities in **basic education (from early childhood through to Year 8)** in line with the three Strategic Goals of the VERM:
 - a. To increase equitable access to education.
 - b. To improve the quality of education in Vanuatu.
 - c. To improve and strengthen the management of the education system in Vanuatu.

Term

- 6 This Arrangement is to take effect from **1 January 2010** and continue until **30 December 2012**, unless terminated earlier. The Term may be varied in accordance with **Paragraph 29**.

Contributions

- 7 GoV will contribute its own funds in accordance with the **JPA** to achieve the VERM objectives for basic education and will fully fund the base salaries of Permanent Staff, housing allowances and office rental costs.
- 8 GoV will make all reasonable effort to facilitate the successful implementation of the VERM, in accordance with the **JPA**.
- 9 NZAID will contribute up to a maximum of **NZD 12 million** (inclusive of all taxes, if applicable, and directly contracted Technical Assistance) through this Arrangement.
- 10 AusAID will contribute up to a maximum of **AUD 15 million** (inclusive of all taxes, if applicable, and directly contracted Technical Assistance) through this Arrangement. The AusAID contribution could be increased by agreement with GoV and in discussion with NZAID, subject to GoV implementation performance, demonstrated need, and Australian Government budget appropriations.

- 11 These combined AusAID and NZAID contributions mean the GoV will have available up to approximately **VUV 2.0 billion**¹ to apply to the purpose in accordance with **Paragraph 5** for the duration of the Arrangement.
- 12 Payment of AusAID and NZAID funds will be provided to GoV in Vanuatu's national currency – Vatu, but will not exceed the upper amounts in **Paragraphs 9 and 10** when converted.
- 13 AusAID and NZAID funds will be allocated annually in Vatu in accordance with the Governance and Management of Pool Partner funds as set out in the **JPA**.

Payments

- 14 AusAID and NZAID will jointly contribute and pool their funds in six monthly tranche payments, in accordance with the Pool Partner Contribution Mechanism at **Annex C** of the **JPA**. The contributions of AusAID and NZAID will be attributed in accordance with **Annex D** of the **JPA**.
- 15 Any funds left in the relevant account defined in the **JPA** (Development Fund Account) at the end of each GoV financial year (31 December) during the term of this Arrangement will remain in the account, and are to be rolled into the next financial year. In determining planned disbursements of funding for the following year, any potential balances will be taken into consideration by AusAID and NZAID, in accordance with the Pool Partner Contribution Mechanism at **Annex C** of the **JPA**.
- 16 Any funds not spent by the date this Arrangement concludes will either be returned to AusAID and NZAID or reallocated through mutual agreement among the Signatories.
- 17 In the case of non-compliance with agreed expenditures and/or departure from the principles set out in this Arrangement including in the **JPA**, AusAID and NZAID may suspend, reduce or withhold further payments. If the GoV uses the funds for anything other than the purpose stated at **Paragraphs 4 and 5**, GoV undertakes to reimburse such funds to AusAID and NZAID immediately upon request by AusAID and NZAID.

Procurement

- 18 Procurement will be carried out as per the **JPA**.
- 19 Where AusAID and NZAID agree to a request by GoV to procure Technical Assistance on its behalf, the procurement will be undertaken by AusAID or NZAID in consultation with the Signatories.

Audit

- 20 GoV will keep accounts and undertake audits in accordance with the **JPA**.
- 21 As per the **JPA**, the GoV (represented by MFEM, PMO, and MoE) will allow AusAID and NZAID and/or its agents and representatives access to all accounting information relating to the Arrangement. Where AusAID and NZAID seek access to information they will give the GoV notice in accordance with **Paragraph 39**. The GoV will provide the information requested

¹ Depending on currency exchange rates over the duration of this Arrangement.

and/or access to the same within ten (10) working days of being given notice. AusAID and/or NZAID may take copies of any information provided.

- 22 As per the **JPA**, AusAID and NZAID reserve the right to initiate independent audits regarding the use of their respective funds if the need is identified, and in consultation with GoV and the Office of the Auditor General (OAG).

Reporting, Monitoring and Evaluation

- 23 Reporting, and monitoring and evaluation of progress against the VERM objectives will be carried out in accordance with the **JPA**.
- 24 In addition to providing reporting under **Paragraph 23**, the GoV will provide AusAID and NZAID with informal reports on request as well as providing information to AusAID and NZAID when opportunities arise.

General Provisions

Relationship between the Signatories

- 25 Each Signatory is a separate legal entity. Nothing contained or implied in this Arrangement will be construed as creating a legal partnership between the Signatories, or any of their employees, agents, representatives or sub-contractors.
- 26 This Arrangement is not governed by international law. Nothing contained or implied in this Arrangement will be construed as creating an international treaty between sovereign states and/or the Signatories. Further, this Arrangement does not create a partnership at law.
- 27 No Signatory will in any circumstances during or after the course of this Arrangement make any commitments on behalf of any other Signatory or Government relating to the expenditure of official development assistance or any other official funds, other than the extent to which Signatories have consented to in this Arrangement.
- 28 This Arrangement acknowledges that each Signatory is subject to its own operating environment, including legislative, ministerial and parliamentary obligations.

Variation

- 29 The terms of this Arrangement may be modified, limited or extended by the common consent of the Signatories. All variations to this Arrangement must be in writing and signed by all Signatories.

Termination

- 30 Each Signatory reserves the right to withdraw its support to this Arrangement. If any Signatory intends to withdraw from this Arrangement,
- a. they will call a meeting to inform the other Signatories of its decision and to consult on the consequences for the VERM; and
 - b. the remaining Signatories will discuss with each other the implications of such termination, and if wishing to continue their participation may formalise the results of such discussion in a Letter of Variation to this Arrangement.

- 31 Notwithstanding **Paragraph 32** below, each Signatory's responsibilities for VERM initiatives or activities commenced before notice of termination is received will continue until completion of such initiatives or activities, and this Arrangement shall continue in force in respect of the period of completion, unless otherwise negotiated or necessitated by the circumstance of the termination.
- 32 This Arrangement will no longer have effect, except for the circumstances outlined in **Paragraph 31** above, for Signatories wanting to terminate their involvement 30 days after written notice has been given by any Signatory of the decision to terminate the Arrangement.

Anti-Terrorism

- 33 Each Signatory agrees to use their best endeavours to ensure:
- a. that individuals or organisations involved in implementing the VERM are in no way linked, directly or indirectly, to organisations and individuals associated with terrorism; and
 - b. that Funds provided under this Arrangement are not used in any way to provide direct or indirect support or resources to organisations and individuals associated with terrorism.
- 34 If, during the course of this Arrangement a Signatory discovers any link whatsoever with any organisation or individual listed on a Relevant List it must inform all other Signatories immediately.

Fraud

- 35 The Signatories agree that:
- a. The Signatories and their employees, agents, representatives or its subcontractors must not engage in any Fraudulent Activity. Each Signatory is responsible for preventing and detecting Fraud.
 - b. The Signatories agree to report in writing within five (5) working days to the other Signatories any detected, suspected, or attempted Fraudulent Activity involving the VERM. The Signatories agree to investigate the alleged Fraudulent Activity.
 - c. Following the conclusion of any investigation which identifies acts of a Fraudulent nature, the responsible Signatory shall:
 - I. make every effort to recover any funds, the subject of Fraudulent Activity;
 - II. refer the matter to the relevant police or other authorities responsible for prosecution of Fraudulent Activity; and
 - III. be liable for the repayment of any funds amounts misappropriated by the Organisation, its agents, representatives or subcontractors.
 - d. The obligations of the Signatories under paragraphs (b) and (c) above shall survive the expiration of this Arrangement.

Anti-Corruption

- 36 The Signatories agree that they shall not make or cause to be made, nor shall they receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Arrangement. In addition, the Signatories shall not bribe public officials and shall ensure that its delivery organisations

comply with this provision. Any breach of this paragraph shall be reported to other Signatories promptly.

Extraordinary Events

37 No Signatory will be responsible for any failure to perform or any delay in performing their obligations under this Arrangement where the cause of such failure or delay is beyond that Signatory's reasonable control (Force majeure). The Signatory claiming suspension of its obligations due to an extraordinary event will immediately notify the other Signatories in writing of its intent and the reason(s) for suspension.


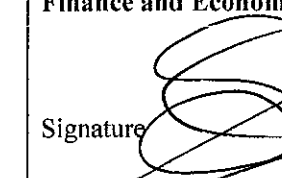
Resolution of Disputes

38 The Signatories undertake to use all reasonable efforts in good faith to resolve any disputes which arise between them in connection with this Arrangement. Subject to **Paragraph 17**, and unless otherwise agreed by the Signatories, the Signatories shall at all times during the dispute proceed to fulfil their obligations under this Arrangement.

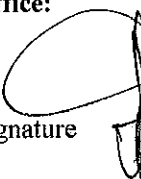
Notices

39 All formal and legal notices under this Arrangement will be sent by mail, fax or be hand delivered, to the following addresses, or to such other address or person as that Signatory may specify by notice in writing to the others. Any such notice shall be deemed to have been duly given either on the date of dispatch, if delivered by hand or sent by facsimile, or fourteen (14) days after the date of posting, if sent by registered airmail.

This is accepted by signing as follows:

<p>for and on behalf of the Vanuatu Ministry of Education:</p> <p>Signature </p> <p>Hon. Charlot Salwai Tablousiasde L'EDUCATION Full name</p> <p>Minister of Education Position</p> <p>Date 04/12/2009</p>	<p>for and on behalf of the Vanuatu Ministry of Finance and Economic Management:</p> <p>Signature </p> <p>Hon. Sela Molisa Full name</p> <p>Minister of Finance and Economic Management Position</p> <p>Date 04/12/2009</p>
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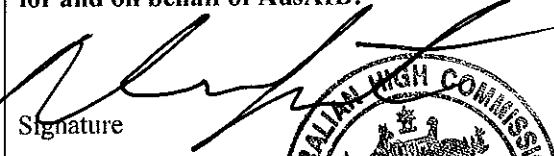
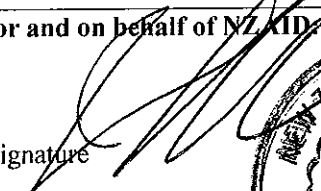
for and on behalf of the Vanuatu Prime Minister's Office:

Signature 

Hon. Edward Niyokampa Tuta-Fantua'ariki
Full name

Prime Minister
Position

Date 04/12/2009

<p>for and on behalf of AusAID:</p> <p>Signature </p> <p>Mr. Nick Cumpston Full name</p> <p>Counsellor, Port Vila Position</p> <p>Date 04/12/2009</p>	<p>for and on behalf of NZ AID:</p> <p>Signature </p> <p>Mr. Jeff Langley Full name</p> <p>New Zealand High Commissioner, Port Vila Position</p> <p>Date 04/12/2009</p>
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Joint Partnership Arrangement

Between

The Government of Vanuatu
represented by
the Ministry of Education
the Ministry of Finance and Economic Management and
the Prime Minister's Office

and

Agence Française de Développement
Australian Agency for International Development
European Union
The Government of France, represented by the Embassy of France
The Government of Japan, represented by the Embassy of Japan
New Zealand Agency for International Development
The Peace Corps
Secretariat of the Pacific Community
United Nations Educational, Scientific and Cultural Organisation
United Nations Children's Fund
The World Bank

in relation to the

Vanuatu Education Road Map

GOV File Ref:
AFD File Ref:
AusAID File Ref: 53434
EU File Ref:
GoF File Ref:
GoJ File Ref:
NZAID File Ref: GRA/496/25
Peace Corps File Ref:
SPC File Ref:
UNESCO File Ref:
UNICEF File Ref:
World Bank File Ref: