



Australian Government
Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Vanuatu

September 2017



KEY MESSAGES

This report outlines the progress of Australia's aid in Vanuatu from July 2016 to June 2017. The program was implemented in line with Australia's Vanuatu Aid Investment Plan 2015-16 to 2018-19 and reflects the shared priorities of the Australian and Vanuatu Governments to promote prosperity, reduce poverty and enhance stability by focussing on two overarching development outcomes: strengthening private sector development and enabling human development in Vanuatu.

In 2016-17, Australia provided \$69.8 million in Official Development Assistance to Vanuatu through government, multilateral organisations, management contractors and non-government organisations. Australia's aid program made good progress against our objectives in 2016-17, enabling the people of Vanuatu to improve their lives and livelihoods through increased participation in the economy. Key achievements in 2016-17 attributable to Australian aid include:

- routine maintenance on 1,181 kilometres of rural roads, linking towns, markets and communities
- support for drafting legislation addressing deficiencies in counter-terrorism financing and anti-money laundering systems, preventing Vanuatu's inclusion on the Financial Action Task Force's dark grey list
- implementing the new Language of Instruction policy in 438 primary schools across Vanuatu, promoting teaching in mother tongue to increase participation of children in the early years of school
- skills training to 834 people (42 per cent female; 4 per cent with a disability; 21 per cent youth)
- supporting 72 ni-Vanuatu students (30 men, 42 women) to undertake study, research and professional development in Australia and the Pacific region
- supporting long-term recovery from Tropical Cyclone (TC) Pam, including provision of 54,000 coconut seedlings and 68,000 crop-replanting materials delivered to 1,000 households and 500 farmers, completion of three health centres and eight tourism bungalows; and rehabilitation of 14 rainwater or gravity fed systems.

Priorities in 2017-18 will include managing ongoing implementation of the TC Pam recovery program, and the design and implementation of new phases of health, infrastructure, education and governance programs. DFAT will update the Aid Investment Plan to reflect the Australia-Vanuatu Aid Partnership Arrangement signed in December 2016, as well as Vanuatu's National Sustainable Development Plan launched in early 2017.

CONTEXT

Australia and Vanuatu have a close and strong bilateral relationship. Australia is Vanuatu's largest aid donor and closest security partner and we share strong people-to-people links.


In 2016-17, Australia provided \$69.8 million in Official Development Assistance to Vanuatu. This was comprised of bilateral funding (\$42.6 million) as well as funding from regional, global and whole of government programs. Australia remains the largest bilateral aid donor to Vanuatu, providing 54.2 per cent of total ODA to Vanuatu, which represents 6.7 per cent of GNI.¹

Australian aid supports economic growth, stability and poverty reduction in Vanuatu, and investments fall across a broad but interconnected range of sectors. The objectives of the aid program, which are guided by areas of shared priority with the Vanuatu Government, are:

- building resilient infrastructure and an environment for economic opportunity;
- improving early education and essential health services;
- improving community safety and resilience; and
- supporting cyclone recovery and reconstruction.

While the aid program invests in a number of sectors, support is ultimately directed towards enabling the people of Vanuatu to improve their lives and their participation in the economy. Aid investments

¹ Australian Engagement with Development Countries: Part 2: Official Sector Statistical Summary 2015-16



increasingly focus on sub-national government, reflecting the importance of decentralised service delivery to the Vanuatu Government.

It is notable that a significant portion of Australian support in Vanuatu is delivered through direct support to sectoral budgets (16 per cent in 2016-17, excluding recovery funding). This approach aims to build capacity and ownership by the Vanuatu Government, which is critical for long-term sustainable development.

During 2016-17, Vanuatu experienced a period of relative political stability and positive economic growth. Since its election in February 2016, Prime Minister Salwai's Government has sought to tackle enduring challenges, such as constitutional and tax reforms. However, the ever-present possibility of political change remains – in the previous three-year parliamentary term, there were four prime ministers – which can lead to shifts in policy direction and key stakeholders, with subsequent impact on the success of our aid program.

Vanuatu's economy is emerging from a difficult period following TC Pam in 2015, which caused damage and losses equivalent to 64 per cent of GDP. The recent budget forecasts 4.6 per cent growth in 2017 (an increase from 1.8 per cent in 2015), and five per cent growth in 2018. Infrastructure funding – for TC Pam recovery and from multilateral development banks – is driving economic growth in Vanuatu. Growth in other sectors has been slower (the industry sector grew an estimated 23.9 per cent in 2016 compared to 3.1 per cent growth for the services sector, which includes tourism-related activities). Constraints to growth (affecting both men and women) in Vanuatu include: a small, isolated and fragmented market; poor quality and high cost of infrastructure; inadequate regulation of natural monopolies leading to high costs of business; low human capital; difficulties with access to land; and limited financial service delivery.

In February 2016, the Financial Action Task Force (FATF) placed Vanuatu on its grey list for deficiencies in its counter-terrorism financing and anti-money laundering systems, creating risks for the financial sector. For a country like Vanuatu, reliant on international trade, aid, tourism and remittances, blacklisting would have a devastating economic impact. Efforts to address these deficiencies are ongoing, with targeted Australian support.

A significant change to the donor landscape is the increase in availability of development finance. This has come from various sources including the multilateral development banks (the World Bank and the Asian Development Bank), Japan's JICA, China's EXIM bank, and the Green Climate Fund. Infrastructure funding has grown substantially in recent years, spurred by TC Pam long-term recovery funding, including a major upgrade to Port Vila's Bauerfield Airport (through the World Bank). As a result, Vanuatu now has an unprecedented array of options for financing, and will need to carefully assess the benefits of potential offers, as well as ensure effective stakeholder coordination as major projects gather pace.

Rates of family violence in Vanuatu are high, with 72 per cent of women experiencing sexual or physical violence in their lifetime.² In 2017, 60 per cent of detainees in correctional facilities were convicted of sexual offences against women and girls. While the Vanuatu Government has introduced legislation to prevent family violence, it has not been fully implemented and there is no government funding for ending violence against women. Further, Vanuatu's law and justice system is complex and encompasses formal institutions, civil society and customary practices to resolve disputes.

There have been a number of developments since the Vanuatu Aid Investment Plan 2015-2018 was finalised in September 2015. The Australian and Vanuatu Governments signed an Aid Partnership Agreement in December 2016, which outlines the shared vision of both governments to ensure development cooperation effectively and efficiently contributes to sustained and inclusive economic growth and reduced poverty in Vanuatu. The Vanuatu Government also launched its National Sustainable Development Plan 2016-2030 in early 2017. The Plan provides a high-level policy framework and guides planning to achieve the goal of a stable, sustainable and prosperous Vanuatu.

In early 2017, DFAT conducted an internal health check of the aid program in Vanuatu. The health check recommended: updating the Aid Investment Plan; increasing management efficiencies by further

² National Survey on Women's Lives and Family Relationships, Vanuatu Women's Centre in Partnership with the Vanuatu National Statistics Office, May 2011

consolidating the program; and strengthening cross-program collaboration on common governance issues such as public financial management.

EXPENDITURE

Total Australian ODA to Vanuatu in 2016-17 was an estimated \$69.8 million. This excludes funding for TC Pam recovery totalling \$35 million, implemented over three years through the Vanuatu Government.

Table 1 Total ODA Expenditure in FY 2016-17

Objective	A\$ million	% of total ODA
Building resilient infrastructure and an environment for economic	22.4	32.2%
Improving early education and essential health services	11.6	16.7%
Improving community safety and resilience	8.1	11.7%
Supporting cyclone recovery and reconstruction*	0.3	0.4%
Sub-Total Bilateral	42.6	61%
Regional and Global	25.6	37%
Other Government Departments	1.6	2%
Total ODA Expenditure	69.8	100%

* \$35 million for TC Pam long-term recovery provided to the Vanuatu Government in 2014-15.

PROGRESS TOWARDS AIP OBJECTIVES

The performance of Australia's aid program is measured against performance benchmarks outlined in the Australia-Vanuatu Aid Partnership Arrangement and the program's performance framework under the Vanuatu Aid Investment Plan 2015-16 to 2018-19. Table 2 summarises progress. The ratings for objectives 1 and 3 are green in 2016-17, reflecting increasing gains in areas where Australia has consistently invested over a number of years. They also reflect strong buy-in and leadership from the Vanuatu Government. The amber rating against objective 2 reflects the effectiveness rating of the health program, although our education investments under the same objective are performing strongly. The design for the new phase of the health program will address previously identified deficiencies. The amber rating for objective 4 reflects that progress on cyclone recovery has not met expectations, largely due to delays in programming funds, procurement and construction. Restorative action is in place for this objective.

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating	Current Rating
Objective 1: Building resilient infrastructure and environment for economic opportunity	Green	Green
Objective 2: Improving early education and essential health services	Green	Amber
Objective 3: Improving community safety and resilience	Green	Green
Objective 4: Supporting cyclone recovery and reconstruction	Amber	Amber

Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1: BUILDING RESILIENT INFRASTRUCTURE AND AN ENVIRONMENT FOR ECONOMIC OPPORTUNITY



Progress against the first objective of building resilient infrastructure and an environment for economic growth has been rated green. Australia's engagement cuts across the main focus areas of governance, infrastructure, skills and employment.

Governance

Australia has assisted the Vanuatu Government to remove constraints to economic growth, improve service delivery through reforms, and improve public financial management through targeted technical support.

Through support provided under the Governance for Growth Program (GfG), which pursues emerging opportunities for strategic, catalytic investment for economic reform, the National Trade Development Committee has facilitated a more coordinated approach by partner government agencies in breaking down barriers to trade and driving the aid-for-trade agenda. We have assisted the government in rolling out its Universal Access Policy, with a trial of 22 computer laboratory and internet community centres coming online in 2016. Australia's work with the National Bank of Vanuatu on rural and mobile banking has supported increased access to financial services, with 6,040 new bank accounts opened in the last year, far exceeding the target of 3,000 accounts for 2016-17. Of these, 45 per cent are owned by women. We have initiated investments aligned to DFAT's shared value approach to engaging the private sector. For example, our work with The Difference Incubator supported the re-engagement of 700 small holder coffee growers following TC Pam, paving the way for substantial private investment in the coffee sector.

Australia has been able to provide timely, critical funding to assist Vanuatu's efforts to avoid blacklisting by the Financial Action Task Force (FATF). In early 2016, Vanuatu was placed on the FATF's grey list for deficiencies in its counter-terrorism financing and anti-money laundering systems, with the likelihood of a further downgrade to the dark grey or black list if the deficiencies were not addressed. Blacklisting would increase the cost of doing business, reduce access to international markets, limit new investment and precipitate capital flight. For a country like Vanuatu, which is reliant on international trade, aid, tourism and remittances, this would have been devastating.

With assistance from the Australian Attorney-General's Department, Australia funded technical advisors to work with the State Law Office to draft legislation addressing key counter-terrorism financing and anti-money laundering deficiencies. In June 2017, Parliament passed 13 key pieces of priority legislation and these were gazetted into law. While Vanuatu's progress was commended, more work is required to avoid a further downgrade in its listing. In 2017-18, Australia will continue to support efforts to remove Vanuatu from the grey list, including assistance to draft the remaining legislation.

Progress in other areas, however, has been uneven with some initiatives losing impetus, and some recent gains still to be locked-in. For example, Australia's support to provide reform options for the Vanuatu Commodities Marketing Board was considered highly relevant, but the Government has to date not been able to progress reforms.³ Capacity and resource constraints persist in government and frequent change in key management positions mean opportunities for reform can be fleeting. Nevertheless, the political demands for reform and expectation on the government to deliver them have increased over the last year.

³ Governance for Growth in Vanuatu, Overseas Development Institute report



The program has targeted gender equality outcomes in specific investments. For example, GfG's mobile banking program was designed with a gender focus and has achieved impressive results, with 23,727 people (42 per cent women) receiving financial literacy training from 2011 to 2016.

Two separate reviews of GfG conducted in 2016 substantiate the value of a long-term commitment to support locally led and politically feasible institutional reforms. A report conducted by the Overseas Development Institute (ODI) found that GfG has been able to support reforms in a number of areas by working politically and is delivering on its ambition. The report highlights liberalisation of the telecommunications industry, improvements in wharf management and fiscal decentralisation as key achievements over the life of the investment.⁴ The second review found that, while the program had delivered some impressive reforms, ongoing challenges include inclusivity (such as gender or reaching outer islands), capacity limitations and political volatility.⁵

Findings from these reviews have informed the development of the third phase of Australia's investment in GfG, which commenced in August 2017. The new phase will increase Australia's support to economic reforms that benefit women and will evaluate the impacts of the program on women.

Australia continues to be in a strong position to engage in economic reform policy dialogue through the program, particularly as the multilateral development banks scale up their investments in Vanuatu. There is also scope for increased engagement with other Australian-supported sectors such as health and education, including support for public financial management in line ministries.

With regard to gender equality, the push for greater involvement of women at community, provincial, and national levels of government has become increasingly evident in recent years. The Department of Women's Affairs, with support from Australia's Pacific Leadership Program, successfully lobbied for reserved seats for women at the municipal level. This illustrates a gradual shift towards greater inclusivity and involvement by women in decision-making.

Infrastructure

Australia continued to support infrastructure development in Vanuatu through our rural and urban investments. We worked closely with the Public Works Department (PWD) of the Ministry of Infrastructure and Public Utilities (MIPU) to further its transition from a traditional works organisation to a modern-style network road manager.

Through the Roads for Development Program, we supported all six provinces to improve basic road access. In 2016, routine maintenance was completed on 1,181 kilometres of rural roads (exceeding expectations) and repairs and rehabilitation were carried out on 81 kilometres of roads (target of 104). Additional physical works included the construction of 15 concrete drifts (target of 18), 41 culverts (target of 52) and 28 concrete pavements (target of 12).


We supported the Vanuatu Government to develop and implement an important new rural access policy and to tackle sector reform. Vanuatu's new focus on "roads for people" is bringing year-round basic access to rural communities, which boosts disaster resilience and benefits women and children. Roads are also meeting new climate resilience standards. An independent evaluation conducted in 2016 recommended Australia continue to support Vanuatu's rural road sector to improve rural living conditions, and contribute to economic growth by improving and sustaining rural access. The evaluation also found that the roads program had supported improvements in the performance of the PWD, including its ability to deliver more effectively on access improvements and road maintenance.⁶

Our support to urban development is transforming Port Vila - Vanuatu's centre of commerce and gateway for tourism. After experiencing delays in its early stages, the Port Vila Urban Development Project (PVUDP), co-funded by Australia and the Asian Development Bank (ADB), achieved greater rates of progress in 2016-

⁴ Governance for Growth in Vanuatu, Overseas Development Institute, 2016.

⁵ Vanuatu Governance for Growth Program - Review

⁶ Roads for Development Independent Evaluation, 2017



17 compared to previous years. In 2016-17, three community sanitation facilities were completed and are now operational; George Kaslakau Drive (minus the concourse) and Vanuatu's first septage treatment facility were completed; 12.8 kilometres of roads were double bitumen sealed (target of 13 kilometres). Construction rates for stormwater drainage, kerb, gutter and footpaths increased, however the rate of progress remains slower than expected. Some critical design work remains incomplete and works are expected to extend beyond the current end date.

A Gender Action Plan (GAP) was prepared in 2016 to address gender issues in PVUDP activities. The GAP set targets for women's employment in projects, training and focussed on inclusive work sites. Broad consultation regarding inclusion have resulted in consideration of gender requirements, needs of children and people with disabilities in project works.

Vanuatu's infrastructure sector is experiencing an unprecedented level of investment from multilateral development banks and other development partners. Australia is a long-term partner with a depth of experience working in the sector. While Australia will play an important role in the short-medium term to support and coordinate stakeholder engagement at a time when infrastructure funding is rapidly increasing in Vanuatu, this increased investment by the multilateral development banks may free up Australian resources to focus on other priorities in the medium to long term.

Skills & Employment

Australia's investment in the post-school education and training sector achieved strong results with 834 people (42 per cent female; four per cent with a disability; 21 per cent youth) benefiting from support in 2016. Australia worked across four of Vanuatu's six provinces, in areas most likely to yield tangible economic benefits for participants: tourism, construction, agriculture and handicrafts. Australian support has provided more opportunities for ni-Vanuatu entrepreneurs, increasing their participation in the formal economy and stimulating new businesses.


We supported increased gender equality by mentoring and coaching women in small business and promoting increased female access to traditionally male-dominated trades and markets. In 2016, Australia supported 117 rural tourism businesses, of which 55 are co-owned by women. Over 80 per cent of participants continue to report higher incomes following training (meeting program benchmarks). Australia supported better training for bungalow owners, tour guides, transport providers, masseuses and handicraft makers. Provincial tourism businesses reported tangible improvements in product quality and increased revenue.⁷ Successful outcomes of the program included cultural revitalisation and empowerment for women (42 per cent of the 2016 participants in skills development activities).⁸

While participation rates for people with a disability declined from 2015 to 2016, this was due to a transition between phases and a loss of momentum. Plans are in place to improve disability inclusiveness in 2017. Australia has embedded its support into the structure of the Ministry of Education and Training (MoET) to ensure ownership and sustainability. In 2016-17, the program secured an additional \$1.1 million from the Disability Inclusive Development Fund (DIDFund) to progress disability inclusion within the Vanuatu Skills for Economic Growth Program between 2016-19. The goal of this effort is to improve access to skills development activities for men and women with disabilities in Vanuatu. The DIDFund grant enables scaling up of lessons learned previously to promote and support disability inclusion amongst training providers, in line with the national policy, as well as strengthening demand for skills development opportunities amongst people with a disability and their families. With the foundations for this scale-up put in place in 2016-17, we expect to see increased access to skills development opportunities for people with a disability in 2017-18.

Australia supported 72 ni-Vanuatu students on-award (30 men, 42 women), to undertake study, research and professional development in Australia and the region (compared to 103 students on-award in 2015-16; 50 men and 53 women). A number of ni-Vanuatu Australia Awards alumni are now in Ministerial, senior

⁷ TVET for Tourism Final Report and Evaluation May 2016

⁸ Technical & Vocational Education & Training (TVET) for Tourism Final Report and Evaluation, May 2016



public service and private sector positions where they maintain strong ties with Australia and contribute to Vanuatu's development. A key focus in 2016-17 has been to build the alumni network, with an alumni committee established in May 2016 and four professional development workshops delivered, benefiting approximately 165 alumni members. While the program is progressing well overall, plans are underway to improve efficiency by outsourcing administration of Australia Awards in 2018.

The Seasonal Worker Programme (SWP) continues to provide mutual benefits for both Australian and ni-Vanuatu participants. Due to high demand for ni-Vanuatu workers and Vanuatu's unique system of recruiting workers through licensed labour agents rather than through government, Vanuatu is now the second largest participant in the SWP after Tonga. The number of ni-Vanuatu participants has grown from 567 participants in 2014-15 (94 female, 473 male) to 2,150 participants in 2016-17 (393 female, 1,756 male) – almost a quadrupling of the cohort in two years. A tracer study (finalised in July 2017) was conducted in Vanuatu by Australia's Labour Mobility Assistance Program to examine the impacts of the SWP. The study revealed the experience of ni-Vanuatu men and women participating in the SWP was overwhelmingly positive. On average, each worker saved \$8,529 per placement, with money earned used to pay for necessities such as healthcare, educational costs and improved housing.

OBJECTIVE 2: IMPROVING EARLY EDUCATION AND ESSENTIAL HEALTH SERVICES



Progress against the second objective of improving early education and essential health services is rated amber, reflecting mixed progress (green for education, amber for health). The overall rating of amber is a conservative judgement, and we anticipate an improved rating following management responses and the transition of the health program to a new phase.

Education


In 2016-17, Australia made significant progress, working closely with the MoET to improve quality and access to education and management of the education system.

Australian support was instrumental in implementing a new Language of Instruction Policy in primary schools. The policy promotes teaching and learning in mother tongue to increase participation of girls and boys in the early years of school. Our program met targets to develop teaching materials in Bislama and translate readers into 60 vernaculars for Years 1 and 2, and to roll out a new curriculum to Year 2.⁹ We also constructed classrooms in 15 schools on Tanna, which are disability accessible and can withstand category 4-5 cyclones.

A mid-term review of the program conducted in late 2016 emphasised the importance of seeing the program as a multi-decade agenda of sector strengthening rather than a standalone program. The review found that MoET was providing strong leadership, governance arrangements were working well, and the program remains a relevant and effective tool for the Vanuatu Government to implement its education agenda. The review also noted that many of the reforms supported by the program are beginning to gain momentum.¹⁰ We expect it will take four years to fully realise learning outcomes (improved literacy and numeracy for Year 4 girls and boys) and gains from work on school registration and teacher management. There are early indications of success, however, with teachers reporting improved participation of girls and boys in the classroom. In terms of gender, Australia has provided support to MoET to improve women's leadership in the ministry. All school management committees now include at least one woman.

⁹ The Vanuatu Education Support Program (2013-2017): Mid Term Review, December 2016

¹⁰ The Vanuatu Education Support Program (2013-2017): Mid Term Review, December 2016



In August 2016, we evaluated a small pilot program in early childhood care and education (ECCE), which aimed to improve the quality of, and access to, Kindergarten. The program was found to be effective in improving Kindergarten students' readiness for Year 1. The review found there was a lack of shared vision of the program's key objectives, compromising its relevance.¹¹ Following this, the MoET is developing a five-year ECCE strategy based on lessons learned from the pilot.

Education is a priority for Australia and we have deep and enduring experience and relationships in the sector. Our support continues to build on Australia's investment in the sector over many years.

Health

Health continues to be a challenging and complex sector, with mixed progress across our investments. While Vanuatu has made some progress, immunisation coverage, family planning, and screening for non-communicable diseases are still areas of concern. Workforce shortages – particularly in rural areas – also remain a significant risk affecting aid posts, hospitals and dispensaries.

In 2016-17, we increased our support to provincial health facilities. Australian-funded technical advisors have provided program management training (including business planning and public financial management) to support capacity building at the provincial level. For the first time, Australia is directly funding provincial cost centres, giving provincial authorities more autonomy and control over their health budgets. Stronger provincial health systems are essential to delivering more and better services that respond to communities' changing needs.

We continued to support the Ministry of Health's (MoH) national headquarters, including corporate planning, public financial management and human resource management. Australian-funded technical advisers supported the Vanuatu Government to complete a long-term workforce plan to build capacity and fill critical gaps. However, ongoing staff shortages in MoH corporate teams continue to hamper progress.

New curriculum for the delivery of midwifery training to certificate level 7 at Vanuatu College of Nursing Education commenced in January 2016, with all 12 units of competency accredited under the Vanuatu Qualifications Authority. Fourteen midwifery students completed training in June 2017.

Through Australia's support for UNICEF, an Expanded Program of Immunisation (EPI) coverage survey in 2016-17 showed Vanuatu has made significant progress towards its 2016-17 benchmark. The survey showed that 81 per cent of children aged 12 to 23 months received DPT3 (diphtheria-tetanus-pertussis vaccine), compared to 79 per cent in 2015. Eighty-four per cent of children aged 24 to 35 months received MCV1 (measles-containing vaccine first dose), compared to 71 per cent in 2015. Australia's support for the National Vector Borne Disease Control Program has helped keep the number of deaths from malaria at zero since 2012.

Australia's investments in health, while individually highly relevant, are fragmented. While we have seen isolated successes in 2016-17, assessing progress of the overall health program is challenging. There are two significant constraints: a limited monitoring and evaluation M&E framework, and the lack of a coherent framework to guide investments in the health sector. Both constraints will be addressed in the coming year, which will be a transitional one for the health program and the Vanuatu Government. Design for a new phase of the health program, including a strengthened M&E framework, has commenced, and the new phase will begin in 2018-19.

Continued investment in Vanuatu's health sector has flow-on benefits. An effective public health system contributes to regional health security. With over 250,000 Australians visiting or living in Vanuatu each year, and increasing movement through the Seasonal Worker Program, there is potential for transmission of preventable infectious diseases. Increased coordination with Australia's investments in central Ministries in the future will also assist in addressing public financial management and human resourcing constraints faced by the MoH.

¹¹ Strengthening Early Childhood Care and Education, Programme Completion Report, February 2017

OBJECTIVE 3: IMPROVING COMMUNITY SAFETY AND RESILIENCE



Progress against the objective of improving community safety and resilience is rated green. This is based on achievements in the previous and new phases of the Policing and Justice Program.


Australia plays a critical role in supporting access to justice for women and children impacted by family violence. The issue requires long-term support, and close partnership with the Vanuatu Government. The Vanuatu Policing and Justice Program provides support to coordinate and collaborate across the law and justice system, build capacity and deliver services focused on women, children and youth.

In August 2016, Australia's Minister for International Development and the Pacific launched Australian-funded research on access to justice in rural Vanuatu. The research identified significant barriers to justice for women, including severe under resourcing, a lack of training, and poor decentralisation across all state justice agencies (e.g. courts and police). It also highlighted a lack of general knowledge of the law and poor understanding of the different roles of the state justice system *vis a vis* kastom (which is seen to have less neutrality and less support for victims of crime). Women's limited voice in decision-making also contributes to restricting women's access to justice. This research informed the design of a new phase of support, which has a much stronger focus on access to justice for women and children, particularly in rural areas.

Drawing on this critical research, and our extensive experience in the sector, the Policing and Justice Program entered a new phase in early 2017 with a strengthened focus on access to justice at the provincial level. In 2016-17, engagement with the Magistrates Court and the public prosecutor has improved communications across sector agencies. The Magistrates Court supported a meeting of court users to drive collaboration on the administration of justice in that court – an effort unheard of in past years. The program supported the rollout of the Police Information Management System (PIMS), enabling the Vanuatu Police Force (VPF) to enter 5,000 incidents accounting for almost two years of information. PIMS provides the VPF Executive with a platform for more evidence-based policing and reliable criminal history records. Collaboration across the sector has been strong - a considerable achievement for 16 bodies operating under three ministries. For example, women are collaborating on women's professional participation in the sector; the Office of the Ombudsman and the VPF Professional Standards Unit have an MOU in place and collaborate on investigations of mutual interest.

Despite these successes, and significant investment through the aid program over many years, many challenges remain to ensuring access to justice for women and children. The VPF does not have adequate resources to manage their caseload (there are over 4,000 open investigations, many of which should lead to prosecution). The performance of police has flow-on effects on the performance of prosecutions and the courts (for example, if police do not serve summons, courts are unable to hear cases; currently, only three per cent of the cases with the State Prosecutions Department have been listed for a future hearing in court). Accordingly, Australia's program with the police and other agencies takes a holistic view, recognising the need for improvement across the entire sector to make a real difference to women and children.

Australia is a long-term supporter of the Vanuatu Women's Centre (VWC). In the latest phase of support (2012-16), 16,369 clients accessed VWC services, an increase of approximately 30 per cent from the previous phase. In the 23 years since Australia started providing support to VWC, it has grown to include five provincial branches and has extended its services from counselling to provide education and awareness raising about family violence, legal advocacy, lobbying and human rights training. Building on this success, UN Women funded a sixth VWC centre in Penama Province, which opened in January 2017.



Australia's support for Wan Smolbag Theatre (WSB) has provided a wide range of services to the community, particularly youth and at risk groups. WSB's scope of activities has grown from using drama to raise community awareness of sensitive issues to include programs in creative media, youth and community, health, environment, governance and policy research. In 2016-17, WSB performed five different plays exploring a range of social, political, environmental and health issues; delivered workshops, including in sexual and reproductive health to 1,934 youth (compared to 1,862 in 2015); and provided sexual and reproductive health services to over 10,978 people (9,759 female), exceeding the annual target. Vanuatu is experiencing a youth bulge and WSB's programs for youth and at-risk members of the community provide important support for community safety and resilience.

OBJECTIVE 4: SUPPORTING CYCLONE RECOVERY AND RECONSTRUCTION




Progress against the objective of supporting cyclone recovery and reconstruction is rated amber because implementation has been slower than anticipated.

Australia's \$35 million long-term recovery funding package comprises 72 per cent of total response and recovery funding in Vanuatu. Programming these funds was challenging in the first year of the program; only 32 per cent of funding was allocated by the end of 2015-16 (target of 50 per cent). These delays have put the program behind where it had initially set out to be at this point. While 89 per cent of funds are now programmed (a significant achievement which exceeds the 2016-17 target of 85 per cent), implementation rates vary across activities.

The program consists of 13 projects spread across seven sectors. It includes: large investments in rebuilding health centres, primary school classrooms and public buildings; smaller investments in rehabilitating rainwater harvesting and gravity feed systems; distributing livestock and agriculture supplies to affected communities; and funding a tourism campaign and rebuilding tourism bungalows. Some of these sectors, such as agriculture, are outside the scope of our long-term bilateral program, but were identified by Vanuatu as critical for recovery. While investments in health, tourism and agriculture are well progressed, the rehabilitation of government buildings and water systems has only partly progressed and rebuilding schools is only just starting. A significant focus in 2017-18 will be to progress implementation of infrastructure works.

In 2016-17, we completed three health centres and commenced an additional 15 on Efate. Eight tourism bungalows were reconstructed, which will result in enhanced economic opportunities. In agriculture, fish aggregating devices and solar freezers were distributed, and we completed the Tafea Provincial Livestock Breeding Centre, supporting livelihoods and increased production opportunities. On Tanna, Australia also supported provision of potato seeds, construction of seven new water-harvesting systems in five communities, three completed drinking water safety plans and 18 water community development programs. We completed reconstruction of the Vanuatu Society for People with Disability Office in Port Vila. In education, construction commenced on seven double classrooms on Tanna, out of a targeted 143 by the end of 2017-18. Project Management Units (PMUs) overseeing implementation have increased capacity and experience in procurement and project management, which will benefit the Vanuatu Government in the long term.

Working through government systems has enabled Vanuatu Government line ministries to learn additional skills (procurement and project management), and boosted Vanuatu's economy through contracting ni-Vanuatu businesses. However, it has also limited DFAT's ability to hold implementing partners directly to account. Delays in programming funds to meet DFAT's risk and safeguards requirements have meant implementation is not where we expected. The large number of small procurements has slowed approvals



through Vanuatu government systems. Increased construction has put pressure on the availability of building materials. In addition, infrastructure works are often in remote locations, presenting challenges for the supply and transport of materials, particularly during the wet season.

However, from an aid effectiveness perspective, the challenges associated with recovery are arguably also the program's strengths. The Vanuatu Government is leading the recovery effort, using local contractors and coordinating implementation through line ministries. This ensures local ownership and supports institutional strengthening. Australian-funded PMUs are staffed by ni-Vanuatu with oversight by international technical assistance, providing employment opportunities for ni-Vanuatu but also mitigating risks in program delivery. The program is highly relevant, and is critical to restoring livelihoods and rebuilding the economy. The program is committed to 'build back better' principles, which will safeguard investments and reduce vulnerability to future cyclones.

In 2017-18, we will implement a remediation plan to address the deficiencies identified in the Aid Quality Check. Given funds are now programmed, the focus in 2017-18 will be continuing implementation and managing program risks, including ensuring construction quality, managing potential cost overruns, and mitigating against implementation delays. An M&E plan has been finalised in consultation with the Vanuatu Government. As a member of the project steering committee, DFAT will continue to monitor implementation and make additional site visits to oversee progress.

We will also support the Department of Women's Affairs to implement the gender recovery project. The project will support community awareness and training on gender and protection issues, as well as disaster risk reduction planning to better accommodate the needs of children, women, the elderly and people with a disability. It will provide training to Community Disaster and Climate Change Committees (CDCCCs) on gender and protection issues. This will build on and reinforce the work of the Gender and Protection Cluster, and help communities prepare for future disasters.

Australia will continue to address disaster risk reduction and disaster risk management through non-government organisations funded through global and regional programs. Their focus is on strengthening links with communities through CDCCCs, and helping the National Disaster Management Office (NDMO) to decentralise coordination to the provinces by developing disaster management plans in all six provinces. This work is supported by a Disaster Risk Management Specialist placed at the NDMO through the Australian Civilian Corps. The specialist has assisted with legislative reform and helped strengthen the NDMO's capacity to prepare for, coordinate and respond to emergencies (including cyclones Cook and Donna in 2017). The new Australian Humanitarian Partnership will further add focus on preparedness and disaster risk reduction in Vanuatu, building on work that six lead Australian NGOs have implemented in recent years.


MUTUAL OBLIGATIONS

The Australia-Vanuatu Aid Partnership Arrangement 2016-19 affirms a series of mutually reinforcing commitments. Obligations for the Vanuatu Government include increasing access to services for people with a disability; developing and implementing a national school rationalisation policy; implementing the National Gender Equality Policy; and implementing a national Rural Road Access Policy and Strategy, which identifies access targets and levels of service. The Australian Government will support the Vanuatu Government to deliver its commitments; support the Vanuatu Government to develop evidence-based policy options; and deliver aid in line with the strategic priorities and objectives of the Partnership. Both partners are committed to a zero tolerance approach to fraud and corruption in the aid program. Both partners will consider climate and disaster resilience in investments to safeguard sustainability and ensure value for money.

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

The health check of the Vanuatu aid program in February 2017 recommended an update to the Vanuatu Aid Investment Plan in order to align with the Australia-Vanuatu Aid Partnership Agreement. The AIP will be



updated in 2017-18 and will include a Performance Assessment Framework. Broadly, monitoring and evaluation (M&E) was identified as an area for improvement in a number of programs during 2016-17 AQC discussions. With a number of program designs being undertaken in 2017-18, enhanced M&E will be a focus. An M&E advisor will be engaged in 2017-18 to provide support across aid investments in Vanuatu.

Aid Quality Checks (AQCs)

DFAT completed AQCs or FAQCs on 11 programs in 2016-17. All AQCs were completed by senior program managers and ratings agreed through independently moderated detailed discussions between Port Vila Post, DFAT's Vanuatu desk, and relevant sectoral or thematic sections. Overall, relevance and effectiveness scored 'good' or 'adequate'. Efficiency and sustainability were generally rated 'adequate'. Four programs scored M&E as less than adequate and two programs scored gender equality less than adequate – a slight decline in these ratings compared to the previous year. This trend reflects limitations in M&E across the program and a need to improve gender mainstreaming.

The PVUDP was taken off the Investment Requiring Improvement list in 2016-17. DFAT continues to monitor implementation closely to ensure outcomes are consistent with expectations. TC Pam Recovery was rated as an Investment Requiring Improvement in the 2016-17 AQC process.

To improve M&E of the program, DFAT will increase its ability to analyse M&E data and report on whole of program results. This will be enhanced by a refreshed Performance Assessment Framework, and a newly appointed program and quality focal point. The TC Pam Recovery program has engaged an M&E specialist and developed an M&E plan. Gender equality will also continue to be a major focus across the Vanuatu program, including in new program designs (health, infrastructure and education). The new phase of the GfG program will target economic reforms that benefit women and evaluate the impacts of program investments on women.

A table of AQC ratings is at **Annex D**.

Performance of key delivery partners

Australia's aid investments in Vanuatu are delivered through a range of modalities. Where possible, Australian support is provided directly to the Vanuatu Government to strengthen local institutions' systems and processes. Persistent human resource gaps and the absence of strategic policies create challenges in some sectors, including health. Managing contractors engaged by DFAT to deliver programs (including infrastructure) have generally performed well. DFAT works with multilateral agencies, including the World Health Organization, UNICEF and the ADB, across several sectors. While ADB's ability to foresee and manage risks for PVUDP continues to be limited by a lack of in-country presence, we have been pleased with the Project Officer's engagement and the increased frequency and duration of review missions. Work with local civil society organisations (including Wan Smolbag and the VWC) has been successful. These organisations have strong links to the community and have delivered programs efficiently and effectively. Ten performance assessments were completed during the reporting period.

RISKS

There are common risks across the program, including political instability. Other common risks include poor planning, human resource management and financial systems in the partner government and the persistent risk of a natural disaster. These risks have the potential to diminish the sustainability, efficiency and effectiveness of the Australian aid program and, in the case of natural disasters, could disrupt the implementation or relevance of programs.

Table 3: Management of Key Risks to Achieving Objectives


Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)	Are these same risks in in Post's Risk Register (Yes/No)*
Political instability; change of leadership	Work closely with relevant Ministries to ensure shared understanding of aid investments; work with agreed priorities and plans; new aid partnership to set clear boundaries for aid program and hold annual discussions.	Regular dialogue and engagement with senior officials across government.	Medium	Yes
Continued capacity and HR constraints in Vanuatu Government	Strong engagement and dialogue with relevant Ministries; regular dialogue with partners; recruit HR and capacity development advisors where needed.	Support corporate reforms and strengthening of HR systems in key programs. Placing managing contractors or technical advisors in key roles	Medium	Yes
Implementation delays for TC Pam recovery	Active dialogue with Vanuatu Government, engagement in oversight committee	Active engagement with Ministers, Director Generals, Project Management Units and technical assistance and through steering committees; increased monitoring; increased cross project collaboration.	High	Yes
Future natural disasters impact recovery efforts or other investments	Climate change and disaster resilience built into aid programs; scenario planning and disaster management plans.	Climate change and resilience built into aid programs. Increased measures in contracts to provide flexibility in the case of a disaster, including challenging recovery funding through those programs	Very high	Yes

*If no, consider updating the Risk Register

MANAGEMENT ACTIONS

The following management responses are for the forthcoming 12 months:

1. Update the Vanuatu Aid Investment Plan to reflect the Australia-Vanuatu Aid Partnership Arrangement 2016-19 including a refreshed performance assessment framework.
2. Strengthen focus on youth and climate change through design processes for new investments, including health, education and infrastructure.
3. Develop a coordinated approach to addressing overarching policy priorities across the program, initially focussing on public financial management.
4. Strengthen gender equality in programs including: health – by developing a major focus on women and girls in the new design; TC Pam recovery – by supporting government to progress



implementation of the gender equality and social protection project; and GfG – through engaging gender equality expertise.

5. Increase mainstreaming of disability inclusion across investments, including increasing access to skills development opportunities for people with a disability.
6. Increase investment in whole of program analysis and reporting by engaging an M&E advisor.
7. Improve efficiencies by transferring management of the Australia Awards (Vanuatu) to a contractor.
8. Implement the remediation plan for the TC Pam recovery program.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Describe progress made against management actions in 2015-16 report

Management actions identified in 2015-16 APPR	Rating	Progress made in 2016-17
Finalise a new aid partnership between Vanuatu and Australia, which sets objectives for the program, provides greater strategic coherence and outlines clear performance benchmarks and mutual obligations	Achieved	The Australia-Vanuatu Aid Partnership Arrangement 2016-2019 was signed in December 2016.
Provide close management of Port Vila Urban Development Project (PVUDP) to ensure that improvements continue.	Achieved	Close management of PVUDP was maintained throughout 2016-17, including increased engagement with ADB Project Officer, ongoing monitoring by the Infrastructure Adviser to the Australian High Commission and regular reporting to the Head of Mission on progress and potential risks.
Provide strong oversight of cyclone recovery package to ensure any contingencies can be effectively managed.	Partly achieved	Strong oversight provided through regular senior level engagement, the establishment of Program Management Units and the placement of technical assistance. However, delivery through government systems limited DFAT's ability to hold implementing agencies directly to account.
Continue work to promote gender equality and disability inclusion throughout the program, with a focus on programs which received less than satisfactory ratings.	Achieved	DFAT incorporated gender equality and disability inclusion in all new program designs, including Vanuatu Australia Policing and Justice program, Governance for Growth Phase III (draft), Skills Partnership Program and Scholarships (draft). DFAT has established a disability focal point, second gender focal point and a gender equality committee. DFAT delivered training to staff, managing contractors, government counterparts and NGOs. Further focus will be given to incorporating gender equality and disability inclusion into new designs schedule for 2016-17.
Analyse current programming pipeline to assess its contribution to climate change programming targets from existing programs, including Roads for Development, PVUDP and the Australian NGO Cooperation Program. Future programming may need to incorporate greater climate change expenditure.	Achieved	Climate change stocktake and integration plan completed.
Consider tailored communication strategies alongside program designs to support program implementation.	Achieved	Communications strategies and/or officers in place where relevant including Vanuatu Skills for Economic Growth, PVUDP, Wan Smolbag and Vanuatu Women's Centre. New infrastructure, education and health programs will be designed in 2017-18.

Note:

- **Achieved.** Significant progress has been made in addressing the issue
- **Partly achieved.** Some progress has been made in addressing the issue, but the issue has not been resolved
- **Not achieved.** Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Performance Benchmarks below are those agreed in the Australia-Vanuatu Partnership Arrangement signed in December 2016.

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
Build better infrastructure and an environment for economic opportunity	13 km of urban roads resealed/asphalt concreted	Achieved	12.8km of roads were double bitumen sealed.
Build better infrastructure and an environment for economic opportunity	Increase in bank accounts opened in rural areas	Achieved	6,040 new bank accounts opened in the last year (exceeding target of 3,000 for 2016-17). Of these, 45 per cent are owned by women.
Build better infrastructure and an environment for economic opportunity	80% of self-employed TVET trainees report higher incomes following training	Achieved	
Improve early education and essential health services	Increase in literacy and numeracy rates in 51% of Year 4 students	n/a	Currently unable to assess, as children who program was rolled out to in Year 1 have yet to reach Year 4.
Improve early education and essential health services	Increase in number of fully-immunised children, using routine immunisation systems (83% in 2016-17)	Achieved	Vanuatu is close to achieving this target. The survey showed that 81 per cent of children aged 12 to 23 months received DPT3, compared to 79 per cent in 2015. 84 per cent of children aged 24 to 35 months received MCV1, compared to 71 per cent in 2015.
Improve community safety and resilience	Increase in number of women survivors of violence provided counselling support and legal services (3,500 in 2016-17)	Achieved	From 2012-2016, 16,369 clients accessed VWC services, an increase of approximately 30 per cent from the previous phase.
Support cyclone recovery and reconstruction	Australia's \$35m long-term recovery support is allocated to recovery projects (85% in 2016-17)	Achieved	89 per cent of funds were programmed in 2016-17.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations



Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark	2017-18	2018-19	2019-20
Objective 1: Build resilient infrastructure and an environment for trade and economic opportunity, including in the productive sectors.	Kilometres of urban roads resealed or asphalt concreted	8	-	
	Number of rural bank accounts opened in rural areas	3,000	3,000	
	Self-employed TVET trainees reporting higher incomes following training	80%	80%	
Objective 2: Improve early education and essential health facilities.	Literacy and numeracy rates in Year 4 students	51%	70%	
	Rate of immunised children	87%	90%	
Objective 3: Improve community safety and resilience.	Number of women survivors of violence provided counselling, support and legal services	4,000	4,000	
Objective 4: Supporting cyclone recovery and reconstruction.	Proportion of Australia's \$35m long-term recovery support allocated to recovery projects	100%		

ANNEX C- EVALUATION PLANNING

List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INK455 Governance for Growth (Phase II)	Vanuatu Governance for Growth Program - Review	April 2017	10 August 2017	n/a	Pending publication
INK455 Governance for Growth (Phase II)	Overseas Development Institute Review – Governance for Growth in Vanuatu	June 2017	10 August 2017	10 August 2017	July 2017 (ODI website)
INK372 Vanuatu Education Support Program (VESP)	VESP 2013-2017: Mid-Term Review	December 2016	24 April 2017	10 August 2017	August 2017
INK372 Vanuatu Education Support Program	Strengthening Early Childhood Care and Education – Programme Completion Report	February 2017	24 April 2017	10 August 2017	August 2017
INK721 Port Vila Urban Development Project (PVUDP)	PVUDP Mid-Term Review by the Asian Development Bank	February 2016	10 August 2016	19 August 2016	Pending publication
Tropical Cyclone Pam Recovery Package	Humanitarian Assistance in the Pacific: An evaluation of the effectiveness of Australia’s response to cyclone Pam	February 2017	n/a	n/a	February 2017
INK771 Vanuatu Transport Sector Support Program Phase 2	Independent Evaluation	June 2017	August 2017	In process	Pending publication

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Tropical Cyclone Pam long-term recovery program	INL732	June 2018	August 2018	<ul style="list-style-type: none"> - Demonstrate results - Verify performance - Improve existing investment - Inform future recovery investments 	DFAT led (includes consultants engaged by DFAT)

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Vanuatu Health Sector Support	\$41.5m	2017 AQC	4	3	4	3	3	2
	2010-18	2016 AQC	5	4	4	3	4	3
Tropical Cyclone Pam Recovery Package	\$35m	2017 AQC	4	3	3	3	4	3
	2015-19	2016 AQC	4	4	4	4	4	3
Australia Awards	\$3m p.a.	2017 AQC	3	4	4	3	4	4
		2016 AQC	5	4	4	3	4	4
Wan Smolbag Theatre Community Partnership	\$11.8m	2017 AQC	4	4	5	3	4	4
	2014-17	2016 AQC	5	5	5	4	4	5
Port Vila Urban Development Project	\$31m	2017 AQC	4	4	3	4	3	4
	2013-18	2016 AQC	4	4	3	4	4	4
Vanuatu Transport Sector Support Program	\$24.8m	2017 AQC	5	4	4	4	4	4
	2013-17	2016 AQC	5	4	4	5	4	4
Vanuatu Education Support Program	\$37m	2017 AQC	5	5	4	5	5	5
	2012-2017	2016 AQC	5	5	4	4	4	4
Vanuatu Skills for Economic Growth	\$16.4m	2017 AQC	5	5	4	5	5	5
	2016-20	2016 AQC	6	6	5	5	5	6

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Vanuatu Policing and Justice Support Program	\$20m 2014-16	4	5	4	4	4	4	4
Governance for Growth	\$23.4m 2012-16	5	5	5	4	4	4	3
Pacific Women Initiative		5	6	5	4	4	5	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.