

SCHEDULE 1: IMPLEMENTATION STRATEGIES

PARTNERSHIP PRIORITY OUTCOME 3 – INFRASTRUCTURE

JOINT COMMITMENTS

The Partnership will support the development of Vanuatu's infrastructure, recognising its fundamental role in the provision of economic opportunities and in the delivery of services.

For **road transport infrastructure**, under Phase 1 (2009-2012) of the Vanuatu Transport Sector Support Program (VTSSP), Vanuatu and Australia will:

- Rehabilitate and maintain 191 km of priority rural roads on Tanna, Malekula and Ambae to improve access to markets and services
- Generate up to 160,000 work-days of employment by ensuring that the private sector and local communities become key providers of road maintenance services creating jobs and income in rural areas
- Establish sustainable and affordable institutional arrangements for road maintenance
- Strengthen the management of public finances within the transport sector to ensure that funding is used efficiently and effectively
- Complete the design for Phase 2 of the VTSSP which will set in place a long-term program of Australian support for transport infrastructure.

For **maritime transport infrastructure**, Vanuatu and Australia will prepare a feasibility study on the investment and management improvements needed to enhance the capacity and operating efficiency of Port Vila wharf.

For **aviation**, Vanuatu and Australia will assess reform and restructuring options to ensure that Air Vanuatu is able to operate on a sustainable basis over the long-term.

For **telecommunications** and **power**, the existing reforms and investments being implemented through the Governance for Growth (GfG) program will remain a priority for Vanuatu and Australia. The aim of these activities is to improve the access to and affordability of telecommunications and power throughout Vanuatu, including:

- Achieving at least 90 percent mobile phone population coverage by 2010.
- Introducing competition for internet services by 2009.
- Completing a review of the power tariff by 2009.
- Increasing access to off-grid power by 25 percent by 2012.

TARGETS

Vanuatu and Australia will adopt the following targets with respect to activities in support of infrastructure development.

Activity	Targets	Timeframe
1. Road Maintenance	<ul style="list-style-type: none"> • VTSSP Phase 1 Implemented Effectively • VTSSP Phase 2 Design Completed 	<p>Jun. 2012 Dec. 2011</p>
a. Rehabilitate and maintain priority rural roads.	<ul style="list-style-type: none"> • 191 km of rural roads rehabilitated and maintained on Tanna, Malekula and Ambae 	Jun. 2012
b. Generate local employment and income.	<ul style="list-style-type: none"> • Up to 160,000 work-days generated for local communities and the private sector through road maintenance activities on Tanna, Malekula and Ambae • Community groups and small-scale contractors have the required skills and equipment to undertake maintenance work 	<p>Jun. 2012 Jun. 2010</p>
c. Establish sustainable and affordable institutional arrangements.	<ul style="list-style-type: none"> • Capacity building program in place and is strengthening the skills of the Public Works Department (PWD) • Strengthened planning and supervision of road maintenance programs by PWD • Local communities and the private sector become a key means to deliver road maintenance services in provinces targeted by VTSSP 	<p>Nov. 2009 Jun. 2012 Jun. 2012</p>
d. Strengthen the management of public finances.	<ul style="list-style-type: none"> • Funding delivered effectively and efficiently using Vanuatu Government systems • Financial management systems, procedures and skills within the Ministry of Infrastructure and Public Utilities strengthened • Community-groups and small-scale contractors paid in a timely manner 	<p>Nov. 2009 Jun. 2010 Jun. 2010</p>
2. Maritime	<ul style="list-style-type: none"> • Feasibility study completed outlining options to improve the efficiency of Port Vila wharf 	Sep. 2009
3. Aviation	<ul style="list-style-type: none"> • Assess Air Vanuatu's financial position and identify possible reform and restructuring options 	Sep. 2009
4. Telecomms	<ul style="list-style-type: none"> • Universal Access Policy finalised to extend priority telecommunication services to areas which are not commercially viable • New telecommunications legislation adopted. • Competition for internet services • Permanent independent and well-qualified telecommunications regulator appointed 	<p>Jun. 2009 Jul. 2009 Sep. 2009 Sep. 2009</p>
5. Power	<ul style="list-style-type: none"> • Utilities Regulatory Authority completes review of Vanuatu's power tariff • Luganville Concession re-tendered • Rural electrification priorities identified and implementation programs established 	<p>Dec. 2009 Dec. 2010 Jul. 2009</p>

More detailed indicators for the targets above are contained within the VTSSP and GfG performance frameworks and will be jointly assessed by Vanuatu and Australia each year. Means of verification will include Vanuatu Government budget documents, annual workplans and budgets, annual road condition surveys, baselines and impact studies, site visits, financial reporting including external audit reports and contract and procurement documentation.

RESOURCES

Road Transport. Through the VTSSP, Vanuatu and Australia will commit the following resources to support activities to develop road transport infrastructure.

Year	Vanuatu VUV million	Australia (VTSSP) AUD million
2009	500	4.0
2010	500	4.4
2011	500	5.8
2012	500	3.1
Total	2,000	17.3

Vanuatu's contribution represents a continuation of its existing commitment under the Millennium Challenge Account (MCA) project and that their resources will be used solely for the purpose of road maintenance activities.

Australia's commitment represents a contribution made under the Pacific Region Infrastructure Facility (PRIF) to the VTSSP.

Other Infrastructure Activities. Through the GfG program, Australia will provide financing for analytical and design activities to develop reform and investment programs for maritime and aviation transport. Existing programs in telecommunications and power will continue. Available funding for these activities is as follows.

Year	Australia through GfG AUD million
2009	9.9
2010	5.0
2011	4.6
2012	TBA
Preliminary Total	19.5

Where additional priority activities are agreed by Vanuatu and Australia under this Partnership and additional financing is required – such as for the possible implementation of reforms in maritime and aviation transport – Australia will consider the scope to make additional funding available under the PRIF and other mechanisms. The next phase of the GfG program will be designed during 2011 and will result in funding decisions for 2012 and beyond.

USE OF VANUATU GOVERNMENT SYSTEMS

Consistent with the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*, strengthening the effectiveness of Vanuatu Government systems is a key objective of Australia's aid program to Vanuatu. Australia will seek to use and strengthen Vanuatu Government systems in delivering support in the infrastructure sector. Australia's contribution to road maintenance will be delivered through the budget of the Ministry of Infrastructure and Public Utilities (MIPU) and will include a component of capacity building for public financial management.

To support these activities the Vanuatu Government will maintain its commitment to achieve a high standard of public administration, including compliance with relevant legal obligations under its Public Finance and Economic Management (PFEM) and Government Contracts and Tenders (GCT) legislation.

IMPLEMENTING ARRANGEMENTS

Activities in support of infrastructure development will be undertaken through the GfG program which is a joint initiative of the Vanuatu and Australian Governments. The aim of GfG is to identify and remove obstacles to economic growth and service delivery in Vanuatu.

Within the Vanuatu Government the key implementing agencies are the Prime Minister's Office, Ministry of Finance and Economic Management and Ministry of Infrastructure and Public Utilities.

Within the Australian Government the key implementing agency is AusAID.

DONOR COORDINATION

Vanuatu and Australia will promote coordination between development partners working on infrastructure development. The main agencies currently involved in the relevant sectors are:

- Road transport: United States (Millennium Challenge Corporation), New Zealand (NZ AID)
- Maritime: Japan (JICA), New Zealand (NZ AID), Asian Development Bank (ADB)
- Aviation: International Finance Corporation (IFC)

It is noted that the ADB, New Zealand (NZ AID) and the World Bank are partners in the PRIF and are working collaboratively to promote infrastructure development in the Pacific.