



Government of the Republic of Vanuatu



PACIFIC ISLANDS FORUM SECRETARIAT

# Vanuatu Peer Review Report

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*with* assistance of the Pacific Islands Forum Secretariat

Approved by  
The Government of Vanuatu,  
*in consultation with* its development partners

## **ACKNOWLEDGMENTS**

At the invitation of the Government of Vanuatu, a peer review of Vanuatu's national development planning, budgeting, public financial and aid management systems and processes was undertaken in Vanuatu from 18-21 April 2011. The Government of Vanuatu invited representatives from two Forum Island Countries, Papua New Guinea (Mr Joseph Turia) and Samoa (Ms Litara Taulealo), and one development partner – New Zealand (Mr Rick Woodham) to make up their Peer Review Team. The Vanuatu Peer Review Team was supported by a team from the Pacific Islands Forum Secretariat.

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## 1.0 BACKGROUND

1. The Compact on Strengthening Development Coordination in the Pacific (Forum Compact) is a development compact agreed by Forum Leaders and endorsed by key development partners at the Pacific Islands Forum Leaders' annual meeting in Cairns, August 2009.

2. The development compact sets out collective actions by Forum member countries and development partners designed to strengthen coordination and use of development resources in the Pacific in line with international best-practice as expressed in the Paris Declaration on Aid Effectiveness, the Accra Action Agenda and Pacific Principles on Aid Effectiveness.

3. Peer reviews are a key part of this package of development coordination initiatives. It reviews and focuses action on the ways that FICs with support of development partners use their own money and the aid they receive to ensure a better life for their people and make progress towards achieving their national priorities including the Millennium Development Goals.

4. Peer reviews are based on the idea that if a FIC wants to make improvements in its development efforts, it may be better to seek advice from Pacific neighbours who may be facing and could have found solutions to exactly the same dilemmas within similar contexts.

5. The peer review team looked at how the government and people of Vanuatu formulate their national development priorities, turn these into budgets, implement plans and monitor and report on results; and just as importantly, how their development partners act collectively and individually to support those national priorities and processes.

6. Vanuatu has experienced several years of sustained economic growth and increased attention from development partners, so that the pressure to plan and use resources rationally has increased substantially. The national budget doubled between 2004 and 2010, and aid from development partners who are members of the Development Assistance Committee (DAC) rose steadily from US\$39 million in 2005 to US\$103 million in 2009.

7. The peer review team considered good practices in development coordination in Vanuatu by both the government and development partners that could be highlighted for possible adaptation in the region as well as areas that needed more attention and actions to strengthen. The team at the end of this report provides recommendations to the government of Vanuatu and development partners on a set of practical actions in the short to medium term that could strengthen development coordination in Vanuatu to ultimately improve the delivery of development assistance to the people of Vanuatu. The Peer Review Team's terms of reference are at Annex A.

8. The team had the benefit of information resources from the Government of Vanuatu including the Vanuatu long term development plan - the Vanuatu Priority Action Agenda 2006-2015 (PAA) and the Vanuatu 4 year development plan - the Planning Long, Acting Short matrix 2009-2012 (PLAS); the Vanuatu 2010 Country Report for the Cairns Compact; the Vanuatu

Paris Monitoring Survey Country Report 2010, the Vanuatu 2009 Annual Development Report, the Vanuatu 2010 and 2011 budgets and the Vanuatu Public Expenditure and Financial Accountability (PEFA) reports for 2006 and 2009. These provided comprehensive descriptions of current planning, reporting, financial and aid management systems and recommendations for future improvements and were useful to start the discussions and gave the team perspective on some of their recommendations in this report.

9. In undertaking this review, the team met with stakeholders in Vanuatu and based in Suva, Fiji. Substantive discussions were held with the Director General of the Office of the Prime Minister and Director and staff of the Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) and the Ministry of Finance, the Ministries of Health, Education, Public Works, Internal Affairs and Local Authorities, Justice and Community Services, Lands, Agriculture, Statistics Office and staff of the Parliament. Meetings were also held with Vanuatu's development partners based in Suva and in Port Vila - ADB/WB, AusAID, EU, French Embassy, JICA, New Zealand, PFTAC, the UN Resident Coordinator based in Fiji and the UN Joint Presence Office. The team also met with representatives of the private sector and non-governmental organisations.

10. In drawing up its recommendations the peer review team has tried not to cover everything that needs to be done to improve planning and development partner coordination, much of which is already well known and reflected in the Government of Vanuatu's own reflections on the status of development coordination in country, but to concentrate on actions which would help Vanuatu in the short to medium term.

11. This report is structured in three main parts; i) Background; ii) Findings along the 5 commitments of the Paris Declaration and the 7 Pacific Principles of Aid Effectiveness – *Ownership, Alignment, Harmonisation, Managing for Results and Mutual Accountability*; and iii) Recommendations for Action and Next Steps in the process.

## **2.0 FINDINGS**

### **2.1 Ownership**

12. The Priorities and Action Agenda 2006-2015 (PAA) has high recognition within government and among development partners as the top level policy statement of Vanuatu's development direction. It identifies seven strategic priorities, with private sector development and employment creation, including in tourism, agriculture and fisheries as the top priorities. Each of the priorities has a number of policy objectives, which are then broken down into sets of actions. For most priorities, a set of performance indicators is proposed. The PAA was envisaged as the pinnacle of a strategic framework backed by sector strategies and a Medium Term Expenditure Framework (MTEF). Since the PAA was written there has been considerable progress on several sector strategies, but not on an MTEF. The reasons are discussed later in this report.

13. General support for the PAA among development partners is matched by support among political parties. Although this is partly due to the consultative process by which many policies in Vanuatu are put together, it is also true, and accepted by those who work most

closely with it, that the PAA is a broad brush set of prescriptions which is unlikely to provoke political or community challenge. There has not so far been significant use of the PAA to call government and the public sector to account. The 2009 Annual Development Report (ADR) which monitors progress on the PAA was launched in the Parliament building but changes in government prevented it from being discussed. The Parliamentary secretariat has intentions to start a program of support to members involving help with finding and using information to carry out their jobs effectively. Part of this program will involve familiarising members with monitoring reports on the PAA.

14. The PAA has been reviewed with the help of a team from UN agencies. All Ministries visited acknowledged having been part of the review process. At least one felt that through the review process that the PAA had become more genuinely owned by the public sector. Representatives of the private sector and non-governmental organisations thought that there could have been more engagement with NGOs over the development of the PAA and its recent review, and over their role in policy dialogue and in the delivery of services. The situation has improved recently with the full engagement of the NGO sector in the development of the land sector policies and strategies as well as recent participation in the dialogue on the Paris Monitoring Survey. Some feeling of exclusion is a familiar theme in discussions over national planning; the government itself recognises the need for a stronger policy framework for partnership with civil society, including over delegating public service provision and is initiating the development of this policy partnership framework shortly.

15. The PAA review was completed before the peer review team's arrival, but the report was not yet available. The team therefore confined itself to encouraging the government to keep the PAA as simple as possible, notwithstanding the government's hope that reporting on it would become comprehensive enough to meet Vanuatu's complex international reporting obligations.

16. The Planning Long Acting Short (PLAS) matrix which was prepared by the then new government in 2008 was partly an attempt to give more focus to actions which had become important to the implementation of the PAA, and partly a means of clarifying the development agenda priorities of the new government. It is part legislative and administrative program and part reaffirmation of existing MDG type targets. As a short, action oriented and mostly measurable document on which politicians and the public service collaborated, it provides a useful model for the Pacific, where plans may be too long, broad or unmeasurable or too irrelevant to real political concerns to influence resource allocation or outcomes.

17. Both the PAA and the PLAS have merits as planning documents. However, because they exist in parallel, and because the PLAS is seen as having strong political ownership, it is not clear where the policy focus now lies. The ADR sets out to report progress on the PAA and the PLAS together, and in so doing is obliged to cover a set of inputs and processes as well as outcomes. The review of the PAA should as far as possible encompass the PLAS matrix to give a single set of targets.

18. The governance mechanism for the national plan is the Development Committee of Officials (DCO), made up of Directors General of Departments, which meets weekly to consider among other things new policy and expenditure proposals for consistency with national plans before submitting them to the Council of Ministers for endorsement. The assessment of the

Prime Minister's office was that very little expenditure circumvents this channel. The DCO also receives the ADR; there has not so far been substantive discussion of results.

19. The PAA itself envisaged a set of sector and corporate plans which would contain the detail of actions necessary to achieve national priorities. It has taken some time and a number of iterations to evolve sector plans; however, there is now a strong feeling at senior levels in the public service that with the emergence of an increasing number of sector plans the government is able more clearly to articulate what it intends to do on a sector rather than task by task basis, to exercise leadership with development partners and to demand different forms of support. Sector planning is furthest advanced in education, with the signature in December 2009 of the Vanuatu Education Road Map which not only sets out a target driven plan for improving education at all levels but also captures commitments by development partners to specific levels of funding and modalities(see **Figure 1**). Similar arrangements are in place for health since January 2011, (awaiting activation) and, are also being pursued for the infrastructure sector and the productive sector.

**Figure 1: Vanuatu Education Road Map**

*In the light of data showing falling enrolments, Vanuatu decided to give additional focus to its efforts to improve access to and quality of primary education. Specific medium term priorities, with targets, have been set out in the Vanuatu Education Road Map (VERM). While work continues on medium term costings, indicative expenditures were agreed for the first three years and formed the basis of education bids within Vanuatu's budget process. The VERM contains a detailed performance framework.*

*Based on this strategy, which builds on many years of collaborative work with development partners, partners have agreed to contribute pooled funding or to align their support to the VERM in other ways. Pooled funds will use Vanuatu's expenditure, procurement and audit systems. There is provision for joint monitoring through regular reviews using the VERM performance framework, and a comprehensive written agreement with development partners sets out the rights and obligations of all parties.*

20. Sector plans also exist for land and law and justice. A revised plan for law and justice, and one for infrastructure based on a forthcoming infrastructure master plan, are expected soon. The law and justice sector is a welcome innovation because it involves collaboration between two Ministries, Justice and Internal Affairs. Both Ministries told the peer review team that progress towards a joint approach and in due course common budget bids was satisfactory.

*"We are tired of projects. They are like standing by the side of the road when a car comes by with your friends in it. Because they are your friends you hop in the back, but after a while, you say 'Where are we going?'"*

*Director-General, Government of Vanuatu*

21. Developing sector programs based on targets rather than activities and which provide effective guidance for development partners has not been easy. Much more is involved than writing a document. It involves changing established practices within Ministries and



challenging power relationships with development partners. Strong leadership within the sector and support from at least a core of development partners is necessary. It is therefore not surprising that the evolution of sector plans to the point where they are now (and the idea of what a sector plan should be in the Vanuatu context) should have taken such a long time following the finalisation of the PAA. Because of the variable factors (history, leadership, specificity of the sector and development partner commitment) evolution has tended to move along sector-specific timelines. The result has been that new practices are furthest advanced in sectors (education and health) which are important to the PAA, but not identified as the top priority. While education and health are beginning to implement policy within a program approach, Ministries elsewhere in government are having trouble getting a set of projects off the ground. Moreover, while there has been learning across sectors on the development partner side, this appears to have happened less on the government side (see **Figure 2**) on the Samoan experience below). The Vanuatu Paris Monitoring Country Report itself notes that there is in some cases low ownership of the development of sector strategies and that development partners are leading the efforts. If the government of Vanuatu has determined that sector approaches make for better policy and stronger direction for development partners, then there is scope for greater direction from the Prime Minister's Office to determine where more effort and assertiveness over government's direction and development of sector ownership is needed and to allocate its manpower towards those priorities. The natural resources/productive sectors would appear to be a prime target for such a focus of government effort.

**Figure 2: Promoting sector planning in Samoa and Papua New Guinea**

*The Samoan Ministry of Finance hosts meetings every two months on the planning and implementation of sector wide programs with sector coordinators and lead agencies of different sectors. The meetings exchange experiences on the institutional mechanisms for sector planning, programming, implementation and monitoring including the development of sector MTEFs. The meetings aim to improve national development outcomes and public sector financial management through strengthening sector leadership and ownership in driving their sector programs, strengthening linkages between planning and budgeting at sector and national level, and strengthening sector level performance monitoring linked to the budget.*

*In PNG, Sector Planning is given more prominence under the Medium Term Development Plan 2011-2015 (MTDP); key Departments take leadership, with the Department of National Planning and Monitoring playing the overall coordination role with development partners. There is now in place sector planning dialogue in Health, Basic Education, Transport, Energy and community development. The Education, Health and Transport arrangements are the more advanced and effective sectors. The meetings are held monthly with clear time bound outcome targets and budget estimates.*

22. Crucial to progress in developing sector approaches and to translating policy into budget formulation is the relationship between sector and central agencies. In Vanuatu this is assured through the sector analysts in the Prime Minister's office, supported by expenditure analysts in the Finance and Treasury Departments, who are responsible for vetting program

proposals for the DCO and the narrative statements that go with budget bids. However, their role is intended to go further than being gatekeepers. They also act as advisers and brokers of relationships for their allocated Ministries. However, it appears that contact between analysts in the Prime Minister's Office and their line Ministries may be variable. There may be scope for a more formal and monitorable understanding between the two sides on what each can expect from the other.

### ***Budget and financial systems***

23. In terms of showing capacity to turn policy into budgets and manage resources well, Vanuatu has a number of well documented strengths and some acknowledged weaknesses:

- There is a strong legislative framework encouraging transparency and fiscal stability. To the extent that successive Public Expenditure and Financial Accountability assessments (PEFAs) in 2006 and 2009 identified weaknesses, mainly in the level of exposure to unreported transactions by Government Business Enterprises and the lack of external audit, these have been subsumed into the government's public financial reform program. An Auditor-General has been appointed after a significant gap.
- The country has an orderly and well understood budget process. Although the link between policy and budget is assessed as being weak<sup>1</sup>, the budget is used to implement major policy initiatives, for example the surges in infrastructure and education spending in 2007, and the medium term commitment made by the government to school grants. Variations from budget provision are modest.
- The government is committed to sound macro-economic management. The International Monetary Fund Article IV consultation for 2011 concluded that fiscal management was currently appropriate to the challenges of continuing recovery while guarding against inflation and economic vulnerability.
- There is no Medium Term Expenditure Framework, and the Ministry of Finance told the peer review team that political instability was an obstacle to agreeing one at present. On the other hand, Vanuatu operates in an environment of reasonable fiscal certainty. The government budget doubled between 2004 and 2010, and cash flow in year is smooth. The lack of an MTEF does not in itself therefore inhibit credible medium term planning on the basis of a reasonable expectation of resources.
- Financial controls and reporting for the national budget are strong<sup>2</sup>. Development partners and line ministries are generally satisfied with the level of responsiveness of the MOF to requests for financial reports and updates.
- Procurement regulations are acknowledged by development partners to be comprehensive and up to date, but little analysis has been carried out of how effective the public procurement system has been. A recent EU assessment noted that "procurement oversight is in its infancy, the Tender Board is understaffed and currently only a minimal share of public procurement currently goes through the Tender Board, mostly very large contracts and donor funded procurement". The slowness of national procurement systems rather than any innate inadequacy appears to be behind the

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<sup>1</sup> 2009 PEFA

<sup>2</sup> 2009 PEFA

reluctance of development partners, and occasionally Ministries themselves, to use them.

24. The recent move, started in 2010, towards integrating the development budget into the overall budget is a welcome move and one which holds some interest for the rest of the Pacific. It encourages national ownership of the development budget through its appropriation by Parliament, it enables better account to be taken of the recurrent implications of development expenditure, it gives a fuller picture of what is actually being spent sector by sector, and the government believes that it provides a better basis in the medium term for getting aid expenditure on budget and aligned with budget systems.

25. While recognising that Vanuatu has come a long way in determining its priorities and setting up the systems to deliver on them, the peer review team consider that the following actions would help to progress faster:

- **Recommendation 1:** That the government consider the priorities for the attention of the Prime Minister's Office as facilitators of sector planning and relationships with development partners. This may involve developing with priority sectors (particularly the productive sector) who are not as far advanced in the planning process a strategy to guide national and development partner engagement that concentrates on policy implementation and reduces the use of projects over time;
- **Recommendation 2:** That the government consider formalising further the understanding between sector analysts and their allocated Ministries to encourage closer working and the monitoring and management of key aspects of the relationship; and
- **Recommendation 3:** That the government continues to build on its public financial management reform program, in particular addressing audit weaknesses as identified in the PEFA. This is essential to building development partners' confidence in the use of government systems.

26. The team also consider that the Planning Long Acting Short matrix deserves to be better known in the Pacific as a model that can be considered for national planning. Although it arose in particular circumstances in Vanuatu as an implementation plan for a wider national plan, it may also be applicable as an alternative model where delivering on a complex multi-sector plan may be straining the capacity of the public service. The team recommends

- **Recommendation 4:** That the Forum Secretariat develops a case study of the PLAS as a learning and dissemination product.

## 2.2 Alignment

27. Vanuatu is increasingly able to hold a structured and collective dialogue with development partners about support to whole of sector programs and greater alignment with national systems. This capacity arises both from the spread of sector approaches and a clear policy decision that Vanuatu will pursue different forms of aid relationship. While there is an unfinished discussion within government about whether general budget support is the preferred destination, the direction of change is clear.

28. All development partners contacted said that their programs were aligned to the PAA. However, as noted above, the PAA sets broad directions and the test of alignment with it is not a difficult one to pass. Vanuatu is looking for increased alignment. Moving to a program based approach is leading to some use of pooled funds, progress over use of government systems, more frequent instances of development partners coordinating missions, and more regular structured contacts between resident development partner representatives and Ministries. However, there is still some way to go:

- Financial reporting and forecasting of aid is still problematic. The proportion of aid notified by development partners for the government sector for 2010 recorded in Vanuatu's budget was 56%. Further clarification of the figures is needed, as it appears that the government estimate for aid on budget is that for aid using the development account, not all aid reflected in the budget. The average masks very large divergences for individual development partners. The gap is attributed in the Vanuatu Paris Monitoring Survey Country report to use of project implementation units with their own disbursement channels, poor reporting by line Ministries on funds received directly, poor information on project spending profiles and non-disclosure by development partners of assistance that is not channelled through the national system<sup>3</sup>. Although the gap is getting smaller, lack of information on aid flows both before and after implementation is a serious problem for budgeting and preparation of national accounts.
- Just under 30% of aid for the government sector used national budget execution, reporting and audit procedures in 2010, and the same proportion used national procurement procedures. Most of this is accounted for by budget support and funding for the Education Road Map. This suggests that the scope for significantly greater use of systems is more likely to come about by pursuing the policy of program based approaches than through incremental changes in practice.
- While the budget does not distinguish between project and non-project aid, it is apparent that there is still a large number of projects which needs to be reduced. The figure given in the country monitoring report of 25 Project Implementation Units is exaggerated owing to a mis-estimate by one development partner; but problems of definition remain. Not only is there at present no clear strategy for reducing their use, but the review team became aware of a case where new parallel arrangements were being actively promoted by a major development partner.
- The project approach is causing some frictions with particular development partners where it is perceived by the government that development partner regulations cause unacceptable delay and/or strain on Vanuatu's capacity.
- Although there are good examples of development partners ceding decisions to use and operational control over technical assistance, there is still technical assistance provided for which Vanuatu does not know the full cost. The Vanuatu Paris Monitoring Country Report notes that national procedures (through the PSC) for exercising national control over TA recruitment are not always followed by development partners or parts of government.

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<sup>3</sup> There is of course a further gap between total aid flows and the amount appearing in the budget which is accounted for by grants made directly to NGOs. In principle development partners ought to be providing the government with equally complete information on these funds even if they do not appear in the budget.

- Development partners vary in their commitment to alignment. For example, one major non-traditional development partner declined to take part in the Paris monitoring survey. In general, relationships with non-traditional partners are in their infancy and will improve over time. Possible peer learning from the experience of other FICs such as Samoa that has managed well its relationships with non-traditional development partners could be a useful exercise.

29. In general, Vanuatu reports that development partners are willing to use the accepted channels for discussing aid through the Aid Coordination Unit (ACU). The consequences of not doing so are increasingly that there is no central agency support available for implementation. The increasing ability of the ACU to keep track of aid, the introduction of the integrated development budget and greater use of program based approaches should lead to an increase in the proportion of aid forecasts captured on budget. Traditional development partners identified by Vanuatu as better performers on aid forecasting and reporting believe that with a clearer agreement on methodologies for recording aid on budget it should be possible to increase the coverage.

30. On the related issue of predictability, development partners report having spent almost twice as much as they had planned in 2010. This degree of disparity suggests either that there are methodological differences in the compilation of the two sets of data or that forecasting needs to improve (or both). The result is that Vanuatu feels that large amounts of aid are being provided which it does not know about or which is subject to disbursement fluctuations it does not know about. However, over the medium term predictability is less of a problem in the sense that aid to Vanuatu is increasing steadily (see introduction) and major development partners such as Australia, New Zealand and the EU are increasingly committing to stability in at least their sectoral allocations.

31. The move to program based approaches (PBAs) and the use of national systems is well accepted by development partners. The main traditional development partners are responding to Vanuatu's policy initiatives positively but cautiously. As noted above, changing established practice is not easy. Vanuatu is still at an early stage in its use of PBAs, and it is too early to say that changed aid practices are leading to better outcomes.

32. Once on the path to program based approaches there are two frequently encountered difficulties which appear especially relevant to Vanuatu: high expectations and unpredictable standards.

33. Vanuatu is promoting the program based approach because it hopes to bring down the transaction costs of dealing with multiple development partners. At least some development partners share the same aim. However, the immediate effect of the intense processes involved in negotiating a program based approach is to increase workloads while the normal burden of project administration, basic management and adapting to political change remains. Moreover, once program based approaches roll out with more transactions being passed through national systems the weaknesses in those systems are exacerbated. This is being experienced in the education sector where projected expenditure, particularly on facilities, is behind schedule. There is a danger that the frustrations of negotiation and the accumulation of unspent funds will bring the whole move to new forms of aid into disrepute. A more directive approach by the Prime Minister's Office, working with the Aid Coordination Unit, to

sequencing and resource allocation, and the sharing of experiences as recommended above would help to some extent to deal with high expectations in line Ministries. But a more sophisticated dialogue is also needed between development partners who aim to integrate their programs into government activities and the relevant line Ministries. This dialogue should recognise that Vanuatu's capacity problems are deep and persistent and that there will be pinch points in Ministries' ability to deliver. Accounting and procurement were identified as areas where this may happen, but there may be others normally regarded as core administrative capabilities which face additional pressure. The essence of the international agreements on alignment is to use what works and help strengthen what does not. Without seeking to solve the problems of public service capacity in the short term, which is clearly an improbable aim, development partners and government need to consider temporary measures in the early stages of programs such as supplementary staffing or contracting out, within national systems and under Ministry control, to ease the pressure. It would be contrary to good practice if development partners concluded from difficulties with using national systems that the answer is to go back to parallel systems, unless there is clear direction from government that they should do so in a particular case.

34. The basis of confidence in national systems with which development partners approach budget support or program based approaches needs to be clear and predictable from the outset. Vanuatu faces the challenge of building trust in its systems by development partners who have different (and changing) tolerance of risk. Government officials understandably express frustration over what appear to them to be repeated demands that the country prove its financial management credentials, despite the fact that it has followed the spirit of the Paris Declaration and the Compact on Strengthening Development Coordination by inviting successive PEFA's and committing to a public financial management reform program based on them. Recent examples cited by the Ministry of Finance include:

- A request to provide every expense, by chart of account, by activity, by program, by month for every agency of Government for the past ten years.
- A consultant for a development partner asking for a range of financial information to "verify" the last PEFA.
- A request to recode line item expenses (for a certain project) so that individual suppliers could be identified, despite the fact that this was already possible without recoding.
- A development partner reopening the justification for a program three weeks after the release of the first cheques.
- Two recent debt analyses and a third in the offing.

35. Development partners reasonably argue that they are obliged to assess fiduciary risk at both national and sectoral level, and that commonly accepted diagnostic tools may not be detailed enough for the sorts of activity they wish to support; they also argue that assessments need to be up to date, though this is less reasonable if they are the sole arbiters of what is up to date. But duplication of analysis, scrutiny which doubles up with government's own financial control, and changes of position after a program has started are not, on the face of it, consistent with development partners' international commitments. There needs to be a more generalised agreement between Vanuatu and development partners who use national

financial systems about the nature and frequency of systems diagnosis that will underpin program approaches in future; and firmer commitments by development partners to share diagnoses and fiduciary assessments, to be clear about the basis of confidence on which they enter into aid arrangements and not to undermine these arrangements by revisiting prior assessments or asking for system changes unless significant new evidence emerges. Samoa's policy matrix of agreements with its development partners on immediate/short and medium term actions/conditions and outcomes required for budget support and use of PFM systems and processes appears to be working well and may be of value for peer learning for Vanuatu and other FICs (refer to **Annex 4**).

36. The Aid Coordination Unit already has plans to follow up the findings of the Paris monitoring survey in respect of alignment. The team recommends:

- **Recommendation 5:** That all development partners cooperate with the Aid Coordination Unit and provide necessary support to ensure that a significantly greater proportion of forecast aid is reflected in the 2012 budget, and that financial reporting is complete and accurate.
- **Recommendation 6:** That the government enter into discussions with development partners to identify and manage downwards the number of Project Implementation Units, and that development partners commit to not setting up new parallel arrangements unless this is a clear preference of government.
- **Recommendation 7:** That the government and development partners ensure that dialogue over the preparation and implementation of program based approaches which use national systems includes a joint assessment of administrative as well as technical capacity and that strategies are evolved to fill gaps in capacity in the short term.
- **Recommendation 8:** That the government arrange, or ask for assistance from an appropriate agency, perhaps the Pacific Financial Technical Assistance Centre, to facilitate, a regular dialogue with development partners who are using Vanuatu's financial systems to develop and review a set of ground rules for assessments and information requests and more generally to provide a forum in which the government can set out its reform plans, in whatever form it determines, and where agreement can be reached on systems weaknesses and solutions.

### 2.3 Harmonisation

37. Development partners report spending about 39% of their aid for the government sector through program based approaches in 2010. This is a lower proportion than for Papua New Guinea which has been developing such approaches for longer. There may be scope for agreeing a realistic target with development partners as part of the agreement on aid effectiveness. The Paris monitoring report notes that "Harmonisation of development partner procedures for reporting, budgeting, financial management and procurement are the main

challenges to face, as increasing the use of local systems for programme design and implementation, financial management, monitoring and evaluation.”

38. The number of development partner missions to Vanuatu continues to impose a significant burden on a small number of senior staff, to the extent that some report that they are only able to do core work in the evenings and at weekends. The Paris survey counted 59 missions in 2010, of which 21 were coordinated (mainly associated with program based approaches). The government believes that this is a significant underestimate and that the degree of coordination is overstated. There is also a growing awareness of the opportunity costs of development partner visits, which are charged to aid programs and could well be spent more productively.

*“We spend more time reporting to donors than delivering services. From my perspective, the more partners we have the more difficult it is to manage them; it is best that we deal with a few that we know and trust”*

*MOH Director General, Government of Vanuatu*

*“Due to significant missions and requests for meetings, government officials have*

*now become professional meeting attendees”*

*Director, Government of Vanuatu*

39. Mission fatigue is a longstanding issue and one which from experience elsewhere is not readily solved by appealing to development partners. Strategies used by other countries such as PNG and Samoa (see **Figure 3**) include imposing a mission black out period, usually around budget time, when no inward missions will be accepted, insisting on an advance schedule of missions to allow overlaps to be detected and enforcing a mission protocol with advance notification to a central contact point of terms of reference and costs of missions. Vanuatu is considering these as part of its aid effectiveness initiative. The ACU needs to undertake further analysis of actual numbers and of where the pressure is coming from to determine whether there are any quick wins (eg if one development partner has a high absolute number of missions or is running a level of visits disproportionate to its disbursements).

**Figure 3: Managing missions in Samoa and Papua New Guinea**

*The Government of Samoa keeps a mission calendar and development partners are asked to provide their annual mission plans. Development partners are requested to conduct joint missions where there are apparent commonalities. Development partners also discuss the possibilities of joint missions amongst themselves particularly in sectors. In addition, a no-mission period is enforced at critical times of the Integrated Management Cycle, in particular, the review and analysis period of the budget process.*



*In PNG, the process and procedures for missions by development partners are articulated under the PNG commitment on Aid Effectiveness. It is a requirement that all development partners are to advise the Department of National Planning and Monitoring of any mission with a month's advance notice through a mission protocol template that provides the purpose of the mission, the date, the composition of the mission, proposed program, inclusion of national counterparts, and the estimated cost of the mission. Missions usually commence with a start-up and a wrap up meeting with the Department of National Planning and key government agencies. Missions are kept to a minimum number during the budget preparation period from September to November. And all missions are cleared by the Secretary of the Department of National Planning and Monitoring.*

40. At present the main forum for collective discussion of aid issues with development partners is the annual donor round table. This is felt to be useful as a way of communicating new government policies. Vanuatu is planning to align the round tables more to its budget cycle, with the forthcoming meeting coinciding with the start of the budget round and considering the draft agreement on aid effectiveness. There are also at least quarterly meetings with major resident development partners (weekly where the complexity of procedures demands it).

41. Some other countries in the Pacific have moved away from the round table as the prime form of communication with development partners, preferring more frequent and informal collective contact particularly with resident development partner representatives. Experience elsewhere has been that this kind of development partner management can supplement the round table by being more likely to lead to increased trust on both sides and greater policy consistency by development partners, as well as reducing the need for bilateral meetings. It appears already to be showing results at the sector level. The draft action plan on aid effectiveness envisages more frequent meetings with development partners for particular purposes, eg aid forecasting. There may be scope to bring this sort of contact, and the discussions on fiduciary risk suggested above, within the structure of a general and regular set of meetings.

42. The team recommends:

- **Recommendation 9:** That the government experiment with a mission blackout period, as being the easiest form of mission control to establish; and over the next six months refine the data on missions (who is sending them, who are they seeing) and consider what further measures could be put in place, drawing on regional experience.
- **Recommendation 10:** That the government set up regular (perhaps quarterly) meetings with development partners as a forum for discussions on aid management, effectiveness and reporting, public financial reform, and other policy issues.

## 2.4 Managing for results

43. The establishment of the Monitoring and Evaluation Unit and the production of the second Annual Development Report in 2010 put Vanuatu ahead of other Forum island countries in arrangements for monitoring and reporting on its national plan. Considerable effort has gone in to

encouraging line Ministries to think about performance information, and into the creation of a network of monitoring and evaluation contact points in line Ministries. As the ADR points out, there is still room for improvement in both the identification of relevant, practical and measurable information, and in data collection. The practice of annual monitoring has faced underlying capacity problems in the public service, including lack of accountability, record keeping and a sense of collective responsibility for outcomes. As noted above, the existence of targets at both output and outcome levels, and the variability of information from individual Ministries, means that the ADR is reporting at a number of different levels and is at present neither a complete report on the PAA nor on the PLAS. However, the Unit has clear ideas about the improvements it wishes to implement, including the use of sharper outcome targets and developing interest and capacity for monitoring in line Ministries. The revised PAA should help to clarify what are the key things to measure.

44. An ADR is of most use if it appears in a form that decision makers can absorb and is submitted at the right time to make a difference, eg in the budget cycle. Assuming that there is a move over time to annual reporting of a manageable set of indicators tracking the effects of policy, this is likely to have the most impact if presented in a short graphical format and accompanied by analysis of the implications for discussion at the DCO and Council of Ministers. Similar products could be considered for tabling in Parliament and for public dissemination.

45. The education sector is illustrating how the move towards target based programs generates a demand for data and influences a shift in resources towards information gathering and analysis. The education management information system is noted in the ADR as “a model for other sectors for the government and development partners to mobilise around to ensure the quality of performance indicators and statistical collection systems in Vanuatu.” Development partners have agreed to use the results of sector monitoring for their own monitoring purposes and to undertake joint reviews with government based on the evidence generated.

46. The importance given to data is evident in the recent increase in resources for statistics. The Statistics Department is now much better placed to provide technical input to the development of sector plans, and should be encouraged to do so.

47. More generally, improving public service capacity for managing for results, starting with an emphasis on personal responsibility for implementing, reporting and upward accountability is recognised by the government as an essential area for human resource development.

48. One initiative the government may want to consider to further collaboration with civil society is to involve non-governmental organisations and the private sector formally in the preparation of the ADR, perhaps through membership of a steering committee.

49. The team recommends:

- **Recommendation 11:** That the government consider a range of information products based on the Annual Development Report, including ones aimed at the Council of Ministers and Parliament with accompanying analysis of the implications of the information.
- **Recommendation 12:** That the government ensure that the Statistics Department is invited to contribute at the early stages of formulation of sector plans and encouraged to provide

ongoing support for line departments, especially regarding the monitoring of sector programmes.

## 2.5 Mutual accountability

50. Some of the building blocks for mutual accountability are in place. Sector agreements in education and health commit government and development partners to targets and set out the responsibilities of each. The partnership with Australia and the forthcoming Joint Commitment for Development with New Zealand set out a basis on which the government and development partners can increasingly hold each other to account. There also exists a commitment signed jointly by Vanuatu, New Caledonia and France – holding each other accountable for funds programmed for Vanuatu. A joint commission meets annually to review progress as well as agree on programs for the next cycle. However, as noted above, there are still problems over the transparency of aid flows. And more generally, although Vanuatu and its development partners are both well aware of the challenges of capacity and governance that the country faces, they are in many cases still searching for an agreement on what this means for aid management.

51. One way into this conversation is to have an agreement on the priorities for greater development effectiveness and regular joint monitoring of progress. The government's initiative to establish a declaration and joint commitment on aid effectiveness is welcome. The peer review team has looked at the draft provided by the government and offers the following comments in the light of experience from PNG and Samoa:

- Experience in the region and particularly PNG indicates that when localising the Paris Declaration, keeping it simple and flexible is more effective than being too prescriptive and ambitious. The plan of action and the management and implementation need to be kept simple, realistic and achievable taking in to account the development partners landscape and the human and financial capacity constraints.
- The draft declaration is comprehensive and sets a firm direction for coordination. Some of the provisions will require considerable negotiation with development partners. For example, paragraph 7 on linking funding to a single framework of conditions may be some way off at a time when agreement on policy actions sector by sector is still being bedded in; and identification of comparative advantage may also be resource intensive. The government of Vanuatu should ensure that it commits to actions which it is certain it will have the resources to implement.
- Government and development partners should be clear about the purpose of the draft action plan. As a reminder of the potential commitments on both sides it is useful and a way of calling both sides to account. But if it is to concentrate action on the key issues that can feasibly be addressed in the short term, it needs supplementing with agreed actions preferably with quantifiable results. Otherwise there is a danger that capacity on the government side will be overwhelmed and feasible actions lost in the forest of intentions.

52. The peer review team recommends:

- **Recommendation 13:** That the government proceed with its proposed declaration taking advantage of advice from PNG and Samoa and taking full account of its ability to implement the commitments contained in it.

- **Recommendation 14:** That development partners support the initiative by the government, including by providing interim assistance for its negotiation and bedding down if required, and engage fully in discussion of concrete and measurable short term actions.

### 3.0 RECOMMENDATIONS AND NEXT STEPS

53. The following recommendations are proposed by the Vanuatu Peer Review Team for the government's and their development partners' consideration. These are possible actions by the government and its development partners to further strengthen national planning, budgeting, aid and public financial management systems and processes to support improved development outcomes in Vanuatu in keeping with the Paris and Pacific principles of aid effectiveness and as mandated by Forum Leaders under the Compact on Strengthening Development Cooperation. It is entirely the prerogative of the government what they do with and how they move forward with the acceptance and/or implementation of this report and recommendations.
54. As decided by the Forum Leaders in 2009, the development partners have a key role to play in supporting the Government of Vanuatu in taking forward the recommendations should the government wish to. As part of the post peer review process, the government is encouraged if it has not planned so already to convene a follow up meeting with its development partners within 3 to 6 months of completion of the peer review visit to agree on priority actions that will require development partner support. The Forum Secretariat stands ready to assist in facilitating further collective support by the development partners should the government require it and to support the government in the tracking of follow up actions.

#### To the Government:

1. Consider the priorities for the attention of the Prime Minister's Office as facilitators of sector planning and relationships with development partners. This may involve developing with priority sectors (particularly the productive sector) who are not as far advanced in the planning process a strategy to guide national and development partner engagement that concentrates on policy implementation and reduces the use of projects over time. (*Recommendation 1*)
2. Consider formalising further the understanding between sector analysts and their allocated Ministries to encourage closer working and the monitoring and management of key aspects of the relationship. (*Recommendation 2*)
3. That the government continues to build on its public financial management reform program, in particular addressing external audit weaknesses as identified in the PEFA. This is essential to building development partners' confidence in the use of government systems. (*Recommendation 3*)
4. Consider entering into discussions with development partners to identify and manage downwards the number of Project Implementation Units, and that development partners commit to not setting up new parallel arrangements unless this is a clear preference of government. (*Recommendation 6*)
5. Consider arranging, or asking for assistance from an appropriate agency, perhaps the Pacific Financial Technical Assistance Centre, to facilitate, a regular dialogue with development partners who are using Vanuatu's financial systems to develop and review a set of ground rules for assessments and information requests and more generally to provide a forum in which the government can set out its reform plans, in whatever form it determines, and where agreement can be reached on systems weaknesses and solutions. (*Recommendation 8*)

6. Consider experimenting with a mission blackout period, as being the easiest form of mission control to establish; and over the next six months refine the data on missions (who is sending them, who are they seeing) and consider what further measures could be put in place, drawing on regional experience. *(Recommendation 9)*
7. Consider setting up regular (perhaps quarterly) meetings with development partners as a forum for discussions on aid management, effectiveness and reporting, public financial reform, and other policy issues. *(Recommendation 10)*
8. Consider a range of information products based on the Annual Development Report, including ones aimed at the Council of Ministers and Parliament with accompanying analysis of the implications of the information. *(Recommendation 11)*
9. Consider tasking the Statistics Department to contribute at the early stages of formulation of sector plans and encouraged to provide ongoing support for line departments, especially regarding the monitoring of sector programmes. *(Recommendation 12)*
10. Consider proceeding with its proposed aid declaration taking advantage of advice from PNG and Samoa and taking full account of its ability to implement the commitments contained in it. *(Recommendation 13)*

#### **To the Development Partners**

11. Consider supporting the aid declaration initiative by the government, including by providing interim assistance for its negotiation and bedding down if required, and engage fully in discussion of concrete and measurable short term actions. *(Recommendation 14)*
12. Consider cooperating with the Aid Coordination Unit and provide necessary support to ensure that a significantly greater proportion of forecast aid is reflected in the 2012 budget, and that financial reporting is complete and accurate. *(Recommendation 5)*
13. That the Forum Secretariat develop a case study of the PLAS as a learning and dissemination product. *(Recommendation 4)*

#### **To the Government and Development Partners**

14. That the government and development partners ensure that dialogue over the preparation and implementation of program based approaches which use national systems includes a joint assessment of administrative as well as technical capacity and that strategies are evolved to fill gaps in capacity in the short term. *(Recommendation 7)*

## **Annex 1: Vanuatu Peer Review TOR**

### **1.0 Purpose**

This note sets out Terms of Reference for a peer review of Vanuatu's national development planning and related processes under the Cairns Compact on Strengthening Development Coordination in the Pacific.

These Terms of Reference draw on a concept note on the peer review process that was circulated by the Pacific Islands Forum Secretariat (PIFS) on 20 October 2009 and discussed at a regional workshop on 26-28 November 2009 and updated by the PIFS in March 2011 based on experience of the Nauru and Kiribati Peer Reviews in 2010.

### **2.0 Background**

Through the Cairns Compact, Forum Leaders agreed in August 2009 that the Pacific Islands Forum Secretariat (PIFS) should establish and report annually to the Post-Forum Dialogue on a process of regular peer review of Forum Island Countries' (FICs') national development plans to:

- a. promote international best practice in key sectors,
- b. improve effective budget allocation processes; and
- c. guide support from development partners.

The objective of the peer review process is also to guide improvements in development coordination, including by informing discussions at the Pacific Islands Forum and Post Forum Dialogue, through reviews of coordination at a country level.

Peer reviews are an opportunity for mutual learning between FICs on the one hand and their peers in other FICs and development partners (donors) on the other about how best to address development challenges. The peer review process is intended to contribute to reinforcing country leadership over the establishment of national priorities, and enhance the capacity of countries to guide the use of development resources – both government and development partner funded resources.

### **3.0 Issues for the Vanuatu Peer Review**

The Vanuatu peer review process will consider the following issues in line with globally (Paris, Accra) and regionally (Pacific Principles of Aid Effectiveness) accepted principles for development effectiveness:

**Ownership:** Pacific Aid Effectiveness Principles 1, 3

- Processes for preparing and reviewing well developed and costed national and sectoral development plans/strategies
- Links between the national and sector development plan/strategies and budgets

**Alignment:** Pacific Aid Effectiveness Principles, 2,5,6

- Alignment of development partners plans/programmes and funding to the national and sector development plans/strategies and national/sector budgets and financial management systems

**Harmonisation:** Pacific Aid Effectiveness Principle 4

- Harmonisation of and amongst development partners' development assistance, programming, monitoring processes to reduce transaction costs on government systems and resources

**Managing for Results:** Pacific Aid Effectiveness Principle 7

- Mechanisms, processes and frameworks for monitoring the implementation of the national development plans/strategies focused on results and outcomes.

**Mutual Accountability:** Pacific Aid Effectiveness Principle 7

- Mechanisms, processes and systems for collective (government and development partners) assessment, monitoring and review of development programmes/resources to improve the effectiveness of development assistance.

Following are the detailed considerations for the Peer Review:

**Ownership:**

- Processes for preparing and reviewing national and sector development plans, including:

- whether the national and sector plans define a clear set of development results and set realistic timeframes for achieving these
- how domestic stakeholders are consulted in the preparation and review of national and sector plans
- the extent to which the Government has communicated national and sector plans within Government and to other domestic stakeholders
- the extent to which the Government has established and implemented an effective review process for national and sector plans
- how evidence (including statistics) was used to develop national and sector plans, set budgets and monitor progress.
- Links between the national plan, sector plans and budgets, including:
  - the extent to which the plans included above are supported by realistic and appropriately costed annual budgets and sector plans
  - whether the processes for developing and reviewing national plans, sector plans and annual budgets are integrated with each other

### **Alignment and Harmonisation**

- Relationship of development partners to national and sector development plans, including
  - the extent to which development partners align their assistance to the priorities articulated in national and sector plans in a coordinated manner
  - the extent to which development partners harmonise among themselves to ensure coherent and collective assistance to the government. Eg, joint missions, joint assessments, joint country strategies, joint programmes.
  - the adequacy of national and sector plans to provide clear guidance to development partners on how aid can complement national resources
  - the extent to which development partners deploy aid resources through national (government and other domestic stakeholder) systems.

### **Managing for Results and Mutual Accountability**

- Monitoring the implementation of national and sector development plans, including
  - Processes and frameworks for tracking and reporting progress against outcomes in national and sector plans, and for drawing policy conclusions from progress reporting.

## **3.0 Outputs**

The key output from the Vanuatu peer review process will be a report prepared by the review team and agreed by the Government that will summarise the available evidence, based on existing documents and in-country consultations, to draw conclusions on the above issues as the basis for:

- Recommendations to the Government on how it can improve:
  - processes for preparing and reviewing its national and sector plans, including consultation mechanisms with domestic stakeholders
  - processes for linking these plans to the annual budget
  - coordination of development partners assistance, including by providing appropriate guidance through national and sector plans
  - budget allocation and monitoring systems
- Recommendations for development partners on how they can improve:
  - processes for aligning their assistance to the priorities articulated in the national and sector plans
  - processes for coordinating assistance between development partners
  - efforts to support and strengthen Government monitoring and implementation systems.
- Broader lessons on the above issues for other FICs and development partners to consider through the Post Forum Dialogue and other regional meetings.



#### 4.0 Vanuatu Peer Review Team

The Vanuatu Peer Review Team will consist of representatives from Papua New Guinea and Samoa and one representative from a development partner, the New Zealand Ministry of Foreign Affairs and Trade. As much as possible, Vanuatu was encouraged to draw their peer review team from the PIFS established Peer Reviewers Database consisting of government and development partner nominated officials. The Vanuatu Peer Review Team will be supported by the Regional Planning Adviser, an international consultant engaged by PIFS and the PIFS Communications Officer.

#### 5.0 Stages of review process

##### 5.1 Pre-Analytical review

With support of the Regional Planning Adviser, the consultant engaged by PIFS will consider the Government's self assessment (2010 Cairns Compact report, Paris Monitoring Survey Report if available) against the agreed format for annual reporting by all FICs on their national development plans, and any reflections by, or commissioned by, the Government on the implications of the self assessment, as well as any other recent reporting on implementation of plans, progress against the MDGs, and the economic and financial situation. An **Information Brief** will be prepared for the review team and shared with the Government.

##### 5.2 In-country review

The in-country peer review process will take no more than 7 working days. The in country review consultations with relevant national and development partner stakeholders should take no more than 5 working days

Prior to the consultations, the **Peer Review Team will hold an Initial Briefing with the Peer Review Focal Point/Agency** to confirm the objectives and focus of the Peer Review and the stakeholders to be consulted.

The peer review team would then meet with relevant stakeholders. A list of stakeholders will be agreed between the Government and the review team. It is anticipated that consultations will include:

- Ministers and officials in central planning and financial management agencies and key service delivery agencies (e.g. education and health).
- Representatives of key development partners
- Representatives of non-government organisations and the private sector.

The Peer Review Team will consult with the Government on the best way of getting a range of non-Governmental opinion and will if appropriate request that Government convene a consultative meeting with wide community representation.

A **Peer Review Debrief** will be held on the last day of the Peer Review in country where **the Peer Review team will provide some very preliminary findings from the peer review consultations. Stakeholders from both government & non-government sectors and development partners will be invited to attend.**

##### 5.3 Post Peer Review Process

###### 1. Preliminary Report by Peer Review Team

**Within two weeks** of the completion of the in country peer review visit, the Peer Review Team with support of the PIFS and consultant will produce and submit a **preliminary** Vanuatu Peer Review Report to the Government of Vanuatu for review and comment.

###### 2. Government approval of the Peer Review Report

The Government of Vanuatu will be asked to respond to the draft report **within two weeks** of receiving the draft and asked to approve a **final Peer Review Report within six weeks** of completion of the peer review visit.

3. Dissemination of the Peer Review Report  
**Within two weeks** of Vanuatu's approval of the final peer review report, the Vanuatu Peer Review Report will be disseminated widely by the PIFS to all Forum members and development partners via PIFS Circular and on the PIFS website.
4. Vanuatu and PIFS Report on Peer Reviews to PIC-Partners and PPAC meetings  
 Vanuatu and the PIFS will present the peer review report and a consolidated report summarising the peer reviews undertaken in 2011 at the Pacific Island Countries – Development partners meeting and the Pacific Plan Action Committee (PPAC) meeting. The conclusions of the peer reviews will be reported to the Forum Leaders meeting as part of the PPAC Chair's Letter to the Chair of the Forum.
5. Vanuatu and PIFS Report on Peer Reviews to Leaders and Post Forum Dialogue – September 2011  
 PIFS will present [a summary of] the peer review report and a consolidated report summarising the peer reviews undertaken in 2011 to Forum Leaders and the Post-Forum Dialogue to inform discussions on development coordination.

Vanuatu can also consider a high level report potentially through their leader's address to the Forum Leaders on their peer review process and follow up.

6. **Development Coordination Action Planning, Resourcing and Implementation:**  
**Based on the preference of the Government of Vanuatu**, it is proposed that there be a follow up visit by the PIFS and development partners to Vanuatu to **discuss concrete work plan/actions and resource framework/division of labor** for implementing the recommendations of the Vanuatu Peer Review Report. This visit is proposed to happen **within and no more than three months** after the completion of the Vanuatu Peer Review in country. Key development partners in country can consider a pooled fund to support the implementation of the peer review recommendations in addition to other government identified priority development coordination priorities.

Alternatively and/or additionally, and again based on the preference of the Government of Vanuatu, the government can integrate the Peer Review Recommendations into their ongoing national development planning, budgeting and aid coordination/management development strategy/plan and processes.

**It is proposed that a simple Monitoring and Evaluation Framework/indicators agreed between the Government of Vanuatu, development partners and PIFS will be developed and used to track** the implementation of the Peer Review Recommendations (recommendations to both Government and Development partners). Attached is a Draft Work plan and Report Template for consideration.

## **6.0 Administrative and funding arrangements**

In addition to the consultant, PIFS will provide logistical and administrative support to the peer review process coordinated by the Regional Planning Adviser.

The major costs of the peer review process will be met by PIFS with the support of Australia and New Zealand (and possibly other development partners). These costs include the consultant and administrative support provided by PIFS, travel by the peer review team and incidental costs incurred by the Government such as hiring meeting facilities and catering. The only significant costs to the Government will be the time of officials consulted. It is proposed that the development partner participating in the review team will cover their own costs.

The Government of Vanuatu's designated focal point to set up and manage the consultation process in close coordination with PIFS is Mr Simeon Athy, Director General of the Prime Minister's Office.

## **Annex 2: List of Stakeholders Consulted**

<b>TIME</b>	<b>ORGANISATION</b>	<b>STAKEHOLDER</b>	<b>VENUE</b>
<b>Friday 15<sup>th</sup> April, 2011</b>			
9.30am	PFTAC	Mr Matt Davis, IMF/PFTAC Coordinator, Suva, Fiji	PFTACK Office, Suva
11am	Japan Embassy	Mr Takato Maki, First Secretary Economic Cooperation, Embassy of Japan, Suva, Fiji	Japan Embassy, Suva
12pm	UN system	Mr Knut Osty, UN Resident Coordinator, Fiji Multi-Country Office	Kadavu House, Suva
<b>Monday 18<sup>th</sup> April, 2011</b>			
8.45am	Prime Minister's Office	Mr. Simeon Athy, Director General, PMO	Prime Ministers Office
	Dept. of Strategic Sector Planning & Aid Coordination (DSSPAC)	Mr. Gregoire Nimtik, Director	
	Aid Coordination Unit (DSSPAC)	Mr. Johnson Naviti, Head of Aid Coordination Unit	
	Strategic Sector Planning (DSSPAC)	Mr. Colin Tavi, Head of Monitoring and Evaluation	
1.30pm	Department of Finance & Treasury	Mr. Nickunj Soni, AusAID TA	Government Building
3.30pm	UN Joint Presence	Ms May Susan F Pascual, Chief of UNICEF Field Office and UN Joint Presence Ms. Roslyn Arthur,	UNICEF Office
<b>Tuesday 19<sup>th</sup> April, 2011</b>			
8.30am	Ministry of Education	Mr. Roy Obed, Acting DG	Ministry of Education
10.00am	Department of Health	Mr. Mark Bebe, Director General Ms Shirley L Token,	Ministry of Health
11.00am	Parliament Members (TBC)	Mr. Charle Harrison, Assistant to Clerk	Parliament Complex
1.30pm	Ministry of Public Works	Mr Willie Watson, Acting Director General Acting Director, PWD	Public Works Department
3.00pm	French High Commission	Mr Jean Charconnet, Advisor for Education	French Embassy
3.00pm	Internal Affairs and Local Authorities	Director General, Internal Affairs Director Local Authorities	
<b>Wednesday 20<sup>th</sup> April, 2011</b>			
8.00am	Ministry of Justice and Community Services	Director General, Ministry of Justice and Community	
8.30am	European Union Office (C)	Mr. Adrien Mourgues, Attache Cooperation Jean Charconet, Advisor for Education	EU Office
9.00 am	Australian High Commission	Mr. Jeffrey Roach	AHC
10.00am	New Zealand High Commission Office	Ms Sara Carley, Development Counsellor, NZHC Port Vila, HC	NZ HC
1.30pm	Vanuatu Chamber of Commerce	Mr. Louis Kalnpel, General Manager	VCCI
3.00pm	ADB/WB Liasion Office	Ms Nancy Wells, ADB/WB Development Coordinator, Port Vila, Vanuatu	
<b>Thursday 21<sup>st</sup> April, 2011</b>			
8.00am	VANGO	Ms. Vivienne Litch	Vango Office
9.00am	Statistics Office	Director, Statistics Office	
10.00am	Lands	Director General Lands	
11.00am	Ministry of Agriculture	Acting Director	
3.00pm	Debriefing	All Stakeholders	

### **Annex 3 Peer Review Team, Support Team and Vanuatu officials for the Peer Review**

#### **Vanuatu Government Official focal point and contacts for the Peer Review:**

- Mr Simeon Athy – Director General, Vanuatu Prime Minister’s Office (focal point)
- Mr Johnson Naviti – Director Department of Strategy Policy, Planning and Aid Croordination, Vanuatu Prime Minister’s Office
- Ms Flora Kalsaria – Vanuatu Prime Minister’s Office
- Ms Moana Matiriki – Vanuatu Pacific Plan Desk Officer

#### **Vanuatu Peer Review Team:**

- Mr Joseph Turia, First Assistant Secretary – Foreign Aid Policy, PNG Department of National Planning and Monitoring
- Ms Litara Taulealo, Principal Planning Officer – Economic Planning and Policy Division, Samoa Ministry of Finance
- Mr Rick Woodham – Deputy Director, Development Strategy, Advisory and Evaluation Division, New Zealand Ministry of Foreign Affairs and Trade

#### **PIFS Peer Review Support Team:**

- Ms Charmina Saili, Regional Planning Adviser, Pacific Island Forum Secretariat
- Mr John Winter, PIFS Development Coordination Consultant
- Ms Mue Bently-Fisher – Communications Officer, Pacific Islands Forum Secretariat

## **Annex 4: Samoa Government Policy Matrix**

<b>Theme</b>	<b>Near Term Actions</b>	<b>Short Term Actions</b>	<b>Medium Term Actions</b>
Addressing post-tsunami reconstruction	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post-tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an updated PSIP that is nearing completion of post-tsunami reconstruction
Enhanced economic contribution of SOEs	Action Plan prepared for moving the SOEs to full compliance with the Public Bodies (Performance and Accountability) Act on appointment of board members. Liberalization of telecommunications sector	SOEs fully compliant with the Public Bodies (Performance and Accountability) Act on the appointment of board members SamoaTel privatized	SOEs compliant with the provisions of the 2001 Public Bodies (Performance and Accountability) Act on community service obligations and corporate planning  Compliance with privatization schedule
Reduced cost of doing business		Refinement of Foreign Investment Act Establishment of Personal Property Securities Act	Continued modernization of legislation affecting the establishment and operation of businesses planned
Targeted support for the most vulnerable members of the community	Immediate housing and other living needs of tsunami affected communities met and interim needs being addressed	Findings of the HIES Publicized Concept paper on the needs of the vulnerable prepared and key interventions to address the issues incorporated in the sector planning/programming process	Integrate into the next SDS actions that will provide better protection for the most vulnerable members of the community
Maintenance of overall fiscal discipline	Interim update of the medium term expenditure framework to account for the impact of the tsunami	Medium term expenditure framework remains consistent with maintaining a low risk of debt issues	Medium term expenditure framework sets out a trim back of expenditure that will ensure a low risk of debt issues
Enhanced PFM	Stage one of the PFM Reform Plan underway with an emphasis on accounting, audit, procurement and debt and cashflow management	Stage one of the PFM Reform Plan nearing completion and stage two endorsed for implementation. Gradual adoption by development partners of the use of country systems	Stage two of the PFM Reform Plan underway with an emphasis on improving the alignment of expenditure with the SDS Increased shift by development partners to Budget support
Consultation and engagement of stakeholders	Public release of a communications and engagement strategy that explains and provides for effective feedback from the private sector and civil society on key policy actions	Communications and engagement strategy being implemented to explain and provide for effective feedback from the private sector and civil society on key policy actions	Refined communications and engagement strategy feeds into preparation of the next SDS in a consultative and participatory manner

Notes: FY2009=2008/09, PFM=Public Financial Management, PSIP=Public Sector Investment Program, SDS=Strategy for the Development of Samoa, SOE=State-owned enterprise