



Independent Evaluation of the Vanuatu Country Programme

Aid Coordination in Vanuatu

Key findings from Sapere Research Group

Key questions to consider

- What is the apparent state of aid donor co-ordination in Vanuatu?
- How can we improve donor spread in development sectors in Vanuatu?
- What can be done to improve donor co-ordination in Vanuatu?

Aid Co-ordination in Vanuatu

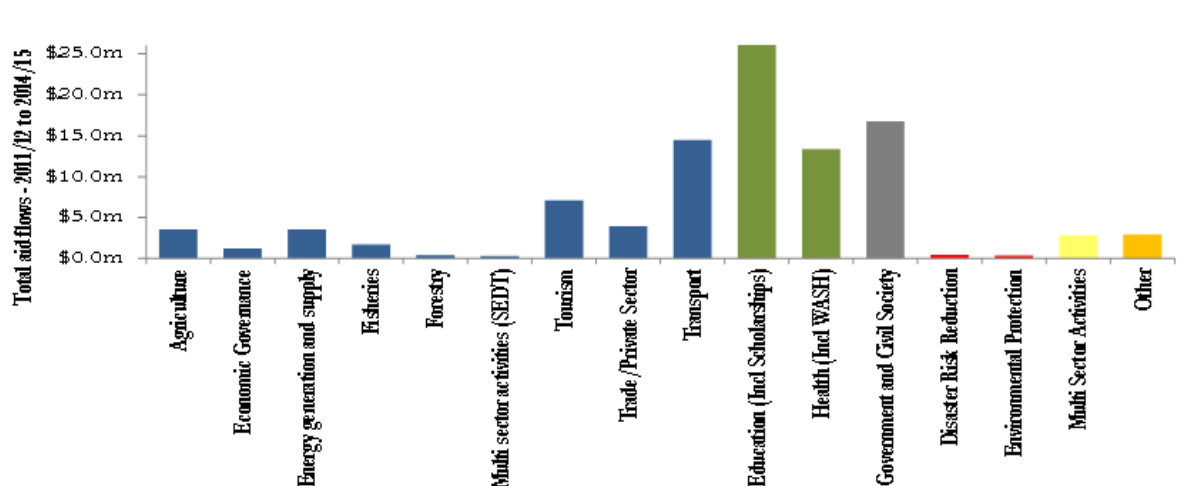
Since the late 1990s Official Development Assistance (ODA, or aid) has followed an upward trend. It spiked at \$US219¹ in 2015 in response to Tropical Cyclone Pam (TC Pam). New Zealand is Vanuatu's second largest OECD donor, providing 18 percent of all aid other than that from China during 2011 to 2015.

While increased donor support is welcomed, there are concerns about co-ordination of the support. Vanuatu has needed to increase co-ordination due to proliferation in the number of Activities supported by donors.

Sectoral focus

MFAT supported Activities across 16 sectors between 2011 -2015. Most support was focused on Education, Government and Civil Society, Transport and Health. These four sectors represented 73 percent of our total country aid flows between July 2011 and June 2015. Support in 12 other sectors was more thinly spread as shown in **Figure 1**.

Figure 1: Education, Government and Civil Society, Transport and Health accounted for 73% of New Zealand Activities



Source: MFAT Forward Aid Plan

International donor support

International donors, excluding New Zealand, have traditionally focussed on two sectors: Education and Government & Civil Society (**Figure 2**). Health and Transport and Storage were the third and fourth supported sectors, respectively. Sixty-nine percent of all donor support was allocated to these four sectors.

Donor response to TC Pam led to a major change in sectoral focus. Understandably, Humanitarian Aid, including Disaster Response support, was the most supported. Education, Health and Government & Civil Society were the third, fourth and fifth sectors.

Both **Figures 1 and 2** show us that New Zealand and other international donors supported similar sectors². As previously mentioned, 73 per cent of New Zealand support went to these four sectors, compared to 69 per cent of all other donor support.

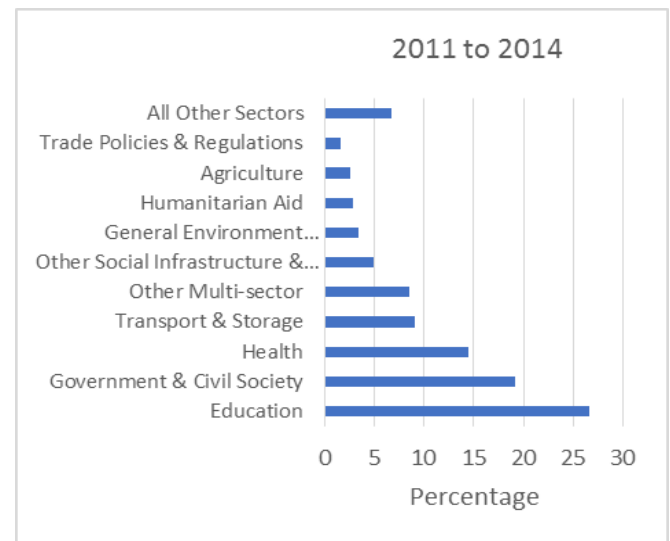
Sectoral focus for partner countries

The sectoral focus of donor support should in principle be aligned with the priorities of that partner country's government. The donor should also focus on what it can most effectively and efficiently achieve, on so called '*donor comparative advantage*'.

The Government of Vanuatu's has articulated its vision of "an educated, healthy and wealthy Vanuatu"³. International donor sectoral focus on health and education is consistent with this vision.

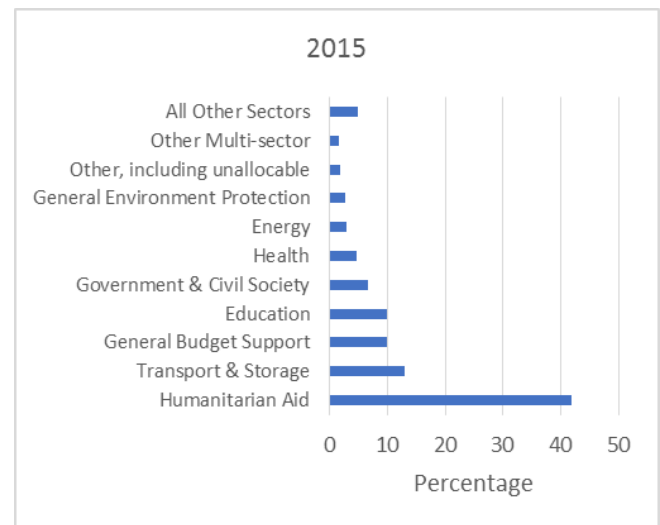
To some extent, there appears to be donor clustering, also known as 'herding', around the four sectors without sufficient recognition of what donors are best placed to do. The evaluation indicates this shows evidence of a lack of co-ordination and division of effort among donors. This is reinforced by an apparent reticence by Vanuatu to lead on donor co-ordination in recent years. The Government of Vanuatu and its donor partners could work together to develop a donor sectoral division of effort in Vanuatu. This division should be consistent with alignment and comparative advantage of New Zealand and other donor countries.

Figure 2: International donors strongly supported education and government and civil society sectors



Source: OECD-DAC International Development Statistics database 2017

Figure 3: International donors strongly supported Humanitarian Aid following TC Pam in 2015



Source: OECD-DAC International Development Statistics database 2017

Endnotes:

1. This number is taken from the OECD-DAC International Development Statistics database. Chinese aid is not included in it as China does not report its aid flows to the OECD nor make information on them available publicly.
2. Noting that storage is added to transport in the OECD DAC data shown in Figure 2.
3. Government of Vanuatu Priorities and Action Agenda 2006-2015