

New Zealand-Vanuatu Programme Strategy 2006-2010

Evaluation

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The views expressed in this report are those of the author and do not necessarily reflect the position of the Ministry of Foreign Affairs and Trade, the New Zealand Government nor any other party. The author takes responsibility for any errors.

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EXECUTIVE SUMMARY

Introduction

The New Zealand Aid Programme (formerly NZAID) of the Ministry of Foreign Affairs and Trade (MFAT) has country strategies which guide the distribution of its Overseas Development Assistance (ODA). These strategies support New Zealand's aim to make the biggest impact with its aid by supporting fewer, larger scale activities over a longer period, and aligning expenditure with other relevant policies and guidelines. This evaluation assesses the relevance and usefulness of the NZ-Vanuatu programme strategy 2006-2010 (the Strategy), what difference the Strategy has made, how well it has been implemented, lessons learnt, and makes recommendations.

The Strategy, agreed with the Government of Vanuatu (GoV), set out the areas of focus (education, governance, economic development and water) and the intended purpose of spending. Expenditure is now \$19 million per annum, more than double that of 2005/06.

Vanuatu is ranked 126th out of 182 countries on the Human Development Index measure. Between 1999 and 2009 Vanuatu's population grew by an average of 2.3% per year reaching 234,023 in 2009. Urbanisation increased and the rural share of the population dropped from 79% to 76%. The Vanuatu economy grew at an average annual rate of 6.6% between 2003 and 2008 falling to just under 4% in 2009. In contrast with the situation prior to 2003, economic growth is now rising on a per capita basis.

The Evaluation Methodology

The evaluation was managed by a Steering Group which including representatives from the New Zealand Aid Programme and the GoV. It involved a review of key documents and discussions with the Vanuatu desk in Wellington, and with the NZ High Commission (NZHC), GoV officials, and other stakeholders in Port Vila. Discussions were confidential, and tailored to individuals. A Port Vila debrief was held with NZHC and the Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) staff.

Limitations

The evaluation was a one person job by an external consultant. The DSPPAC staff member who was to have been involved in interviews and reflections was, unfortunately, not available. The evaluation was a high-level review and subject to the constraints of a two week in-country study. A few programmes of activity (Education, Decentralisation and Water) were looked at in some more depth.

A further limitation was the lack of information on the performance of the Strategy in its first two years. The Monitoring and Evaluation (M&E) Framework for the Strategy was not in place until 2008/09. No benchmarks are in place for the expected costs of ODA planning and management (efficiency) and no conclusions have been drawn on Value for Money.

Findings

The Relevance and Usefulness of the Strategy Document and M&E Framework

Relevance of the Strategy

The Strategy was designed to align with the Vanuatu Government's Priorities and Action Agenda (PAA) 2006-2015 whilst maintaining New Zealand's ODA priorities. The

Strategy's overall aim "to reduce poverty and hardship, particularly in rural areas, and to support a more stable and prosperous Vanuatu", is distinct from, but consistent with, the PAA aim of "An Educated, Healthy and Wealthy Vanuatu". The PAA and the subsequent Planning Long Acting Short priorities (PLAS) focus on macroeconomic and government service issues, and have largely been developed within government. They are not broad-based national development programmes. Consultations during the development of the Strategy were broad-based but missed business interests (apart from one person) and churches.

The activities funded by New Zealand over 2006-2010 have fitted within the sectors identified in the Strategy. There was a lack of analysis within the Strategy, and supporting documents, on how some priorities, such as lifting rural populations, were going to be achieved; this may have contributed to slow progress.

In 2010, the following emerging issues are additional to, or an augmentation of, the challenges facing Vanuatu to those considered when the Strategy was developed:

- the limited flow of benefits from Vanuatu's economic growth to the ni-Vanuatu population and the accompanying issue of land alienation (Cox et al, 2007)
- the growth in urbanisation and the higher rates of material deprivation that are occurring in urban, compared with rural, areas (Freeland and Robertson, 2010)
- environmental degradation, as a consequence of population growth, climate change, the impact of increased tourist and housing development in an environment where there is limited land use controls, and invasive plants and pests
- a recognition of the importance of sustainable development and a questioning of the primacy of economic growth as a goal in the Pacific.

Contextual changes impacting on the Strategy's relevance for New Zealand include: the changed mandate for New Zealand's ODA; a sharper focus within the NZ's ODA on measurable outcomes, value for money, and strategic alignment and cooperation with Australia; the reintegration of the NZAID agency into MFAT, and the proposed replacement of country strategies with Joint Commitments for Development (JCfD).

The usefulness of the Strategy and the Monitoring and Evaluation Framework

Initially, neither the Strategy nor the PAA included a results framework, practical performance indicators or a defined Monitoring and Evaluation (M&E) framework. More critically, the log frame did not show the logic used by the NZ-Vanuatu ODA Programme to determine its judgments about how it acts proactively in relation to the Strategy. An implicit logic was developed to fill this gap.

The Strategy was a statement of what the NZ-Vanuatu ODA programme would, and would not do. This was seen as particularly important during a period of budget growth. The Strategy's usefulness diminished as the programme funds became committed.

Changes made to the categorisation of programmes within the Strategy indicate a retrofitting of the Strategy to the overarching Pacific Strategy. The primacy given to a sectoral approach may have contributed to a lower profile and lesser importance being attributed to some projects including rural water, the Sanma Counselling Service (SCS) and the Small Project Scheme (SPS).

The M&E framework was developed with DSPPAC and completed in 2009. It formalised a process for reflection, and includes a commitment to quarterly meetings with DSPPAC

and regular high level meetings. NZHC and DSPPAC value the framework and quarterly meetings which are seen as strengthening mutual accountability.

NZ-Vanuatu ODA Programme Implementation

In Education intended actions were mainly achieved. The education plan and Sector Wide Approach (SWAp) took longer than anticipated to get started and expenditure dipped in 2007/08 when the plan stalled due to gaps in staffing and functions. The Vanuatu Education Monitoring and Information System (VEMIS) is slow to generate information. However getting VEMIS started before the comprehensive education plan was underway means lack of data should not hold up future progress and monitoring. Stakeholders regard the Vanuatu Education Road Map (VERM) as a good plan and the SWAp as solid. However, delivery is behind schedule due to infrastructure delays and procurement policies. One gap in the VERM is an asset management plan that caters for growth in the school population and regular refurbishment of facilities.

Attempts to develop a National Human Resource Development plan to guide tertiary scholarships were not successful. This task may now be picked up by DSPPAC.

In the **Governance** area, the Strategy permitted a large range of activities, not all of which have occurred. The largest project was the Correctional Services strengthening which has seen lessons learnt and benefits from making a larger, longer-term commitment. Apart from the Strategy for Engaging with Civil Society, there was limited analysis around how the NZ-Vanuatu ODA Programme can support progress on some of the smaller governance programme commitments.

The discussion on **Economic Development** in the Strategy was the least focused of all the sector analyses and this has flowed on into a piecemeal approach to funding activities over the 2006-2010 period. The NZ-Vanuatu ODA Programme got money back from projects where it was not allocated to agreed activities and also teamed up with the Millenium Challenge Account (MCA) as a substantial donor on roading.

Progress on **access to clean water** largely stalled post the development of the National Water Strategy and the completion of an evaluation of training. . Apart from the establishment of ad-hoc water projects, funded by other donors, as well as the Small Project Scheme (SPS) no substantive progress was made in improving services on the ground and Vanuatu may not meet the MDG target related to access to safe drinking water. A TA appointment, to work with the department to develop a plan, is immanent.

Responses to lessons learnt from the 2000-2005 Strategy Evaluation

The NZ-Vanuatu ODA Programme now has a stronger commitment to planning. Its refusal to fund projects in the absence of a clear plan (eg with Water Supply) is recognised by DSPPAC, and government staff in rural water and sanitation, as the right thing to do. There has also been progress in moving towards longer term commitments and in donor harmonisation. GoV capacity issues are recognised, but there may still not be enough attention to these at the planning stage. Plans still tend to be over-ambitious.

Other achievements against Strategy plans

- NZAID's intention to consider the scope for additional support for the Vanuatu Country Strategy from regional programmes has not materialized.
- There was an increase in Aid staff at post. There has been no analysis of whether an increase in local sourcing of consultancy and programme inputs occurred.

- Harmonisation and coordination have increased as planned.
- Processes to take account of cross-cutting issues are in place and used. However a planned gender stocktake did not occur.

Performance of the NZ-Vanuatu ODA Programme

Efficiency and value for money

There are no benchmarks from which to assess the efficiency of the implementation of the Strategy overall. It is recommended that the New Zealand Aid Programme establish ODA delivery benchmarks related to costs and effectiveness indicators. Compared to having no Strategy, it is likely there have been reduced transaction costs around new projects. Expenditure risks are well-managed; there is active project management, and processes to prevent poorly designed projects being funded and funds to be paid back.

The vacuum of long term commitments in Economic Development resulted in time-intensive expectations on the programme to engage in discussions and consider small projects that fit within the ambit of strategy. From a Value for Money perspective, appraisals would be more complete if they specified requirements in relation to sustainability, and addressed key policy issues such as: why ODA is being sought as opposed to other funding sources; and whether the project put forward is the best way to address the purpose and outcomes sought.

Decision-making processes and responsibilities across Wellington and the post ODA staff are complex. In Vanuatu, the GoV regards the New Zealand High Commission (NZHC) as a single entity and the High Commissioner as the overall manager. Financial delegation to Post, mooted in the Strategy, has not occurred. The highly consultative approach between post and Wellington does not fit well in an environment where ODA is shifting from projects to large sector-based commitments involved pooled donor funding. Much of the decision-making and influence needs to occur in the field and often via negotiation. There is an opportunity with the merger into MFAT to reassess the locus of delegations, the accountabilities of key managers and the skill levels of staff with different levels of responsibility. Public messages about the programme would raise its profile and support a shared vision and direction within the whole of the NZHC.

Effectiveness and Sustainability

The lack of a results framework and time-bound outputs makes it difficult to assess the effectiveness of the programme of work that flowed from the Strategy. There have been achievements and failures and M&E reports suggest there is room for improvement.

Stakeholders in Vanuatu viewed post staff as effective, and committed to government ownership, coordination, and using government financial systems. The NZ-Vanuatu ODA Programme M&E has put systems in place that encourage reflection on what is working and a process for mutual accountability with DSPPAC. Similar structures for regular planning and progress meetings are evident at the sector level. Coordination has been supported by the GoV's creation of DSPPAC within the Prime Minister's department and staff increases to enable: the development and management of the GoV's plans; the monitoring of achievements; and coordinating donors. There was a healthy debate between GoV and donors on how per-child subsidies might leverage quality improvements. The post sees the potential for a move towards budget support in Education as reporting and management improves.

The Vanuatu government needs to address the churn of Director Generals, the high levels of vacancies, slow appointment processes, and too many people (particularly in management) being poorly matched to their current position within the public service. During the evaluation, the Public Service Commission signalled its intention to progress this agenda. Other capacity solutions raised were: more training at the executive level of government, the need for management and other higher level training being available in Vanuatu; and increasing the pool of talent by ensuring women progress in the public service. Structural and legal barriers also slow the pace of development implementation.

The NZ-Vanuatu ODA programme can do more to ensure technical advisors (TAs) are more effective. The evaluation of the Corrections project recommended that the Programme provides more support and direction to TAs. An AusAID study has also identified improvement strategies for the use of TAs in the Pacific.

The Strategy projects that were well planned achieved the most progress. However, the quality of planning and analysis in the Strategy is patchy. In Governance, the substantial gap between what GoV wants to achieve in decentralization, and what the current support can deliver, is not articulated in the partnership agreement. Some linkages in the Strategy for Engaging with Civil Society are weak, and there needs to be criteria for moving the Vanuatu judiciary to greater ownership of appointments. The Programme is currently undertaking analysis to support a clearer direction in Economic Development.

The NZ-Vanuatu ODA Programme's culture of moving at the partner's pace has a downside of sometimes being hands-off when projects stall and waiting until the lead department takes the initiative to shift. This has reputational risks where NZ has put its hand up to support key projects that then don't succeed. The Programme has taken steps to address this issue by putting in place partnership agreements that provide for the escalation of discussions where projects fail to progress. Cross-cutting issues are assessed for new projects and in evaluations.

Impact of the Strategy

The quality of education had increased. There are more children in primary schools, but growth is only matching population and the proportion of year 1-6 at school has stayed at 82% since 2007 and possibly dipped last year. The marked improvement in security and public safety over the last years represents a major achievement of the Corrections project. Improvements in the Courts throughput is directly attributable to NZ assistance.

Overall, the Strategy has been well adhered to and has reinforced good processes such as the establishment and maintenance of good communications with the Vanuatu government and the commitment to working towards the OECD-DAC principles of Aid Effectiveness. The M&E framework is starting to generate mutual accountability for problem solving. Weaknesses in the Strategy's analysis have followed through into weaknesses in the programme areas. Some planned stocktakes did not occur.

Lessons and Implications of the Findings for a New Strategic Framework

Both the Vanuatu Government and NZ are shifting to a focus on whole sector needs and paying more attention to planning, monitoring and evaluation. This supports spending being more cost-effective and results-oriented. Two gaps that form barriers to achieving more effective ODA that have emerged in this evaluation are:

- getting traction when there are capacity issues or other factors that slow down the partners' actions on an agreed element of the Strategy; and
- the NZ-Vanuatu ODA Programme needing to be more proactive in identifying what is needed to achieve success in the projects it supports.

Addressing both these issues will require a greater commitment to planning and analysis.

A five year strategy or plan needs to be reviewed or tweaked along way and nothing in the evaluation suggests there are benefits from moving to a longer term plan. Some of the issues facing Vanuatu, such as urban poverty and limited spread of the benefits of growth, are more prominent now than when the Strategy was developed. Nevertheless, the sectors targeted by the Strategy remain relevant. It is recommended that commitments in Education and Corrections continue in the next plan and both the Programme and GoV give early consideration to:

- whether the programme's commitment to support decentralisation should be scaled up and extended,
- whether access to clean water is continued and, if so, how to ensure success, and
- whether capacity building at DG level is taken on as a new commitment.

It is recommended that an exit strategy is developed for the judiciary programme and that the review of the Strategy for Engaging with Civil Society is deferred until 2012. Different views were expressed about what was needed in Economic Development and analysis has begun on where the Programme's future emphasis will be. A focus on infrastructure over the next five years is an option to consider.

Organization-wide processes and guidelines related to financial control and OECD-DAC Aid Effectiveness principles are well-developed. However, there are gaps in ongoing support for: M&E systems and its moderation, performance benchmarks for country programmes; and in analytical and content support (the Education area was noted as an exception).

Recommendations arising from this evaluation (listed in full on pages 35-36) are:

1. The new framework be of five years duration and be focussed around the NZ-Vanuatu ODA programme and its goals, activities and results
2. Note that the areas of focus in the 2006-2010 Strategy remain relevant
3. GoV and the NZ-Vanuatu ODA programme have preliminary discussions around the possible programmatic areas for the next five year plan so that both parties have time to undertake the necessary research and assessments prior to a finalised JCfD
4. The NZ-Vanuatu ODA programme and DSPPAC advise their governments on inclusions (listed in full in the recommendations) in a new programme
5. Specific items (listed in full in the recommendations) are included in the next NZ-Vanuatu ODA programme five year plan
6. MFAT consider the need for supports and policy changes (listed in full in the recommendations) that have application beyond the Vanuatu programme.

SECTION ONE: INTRODUCTION

The purpose of country strategies

Country strategies are five to ten year plans to support recipient countries to achieve their own national development strategy. They are an agreement with a country partner on what NZ will, and won't, support with its Overseas Development Assistance (ODA) and reflect New Zealand's aim to make the biggest impact with its aid by supporting fewer, larger scale activities over a longer period, and aligning expenditure with other relevant policies and guidelines (such as mainstreaming cross-cutting issues) (NZAID, 2007b). The Strategy and its implementation are part of the New Zealand Aid Programme's work.

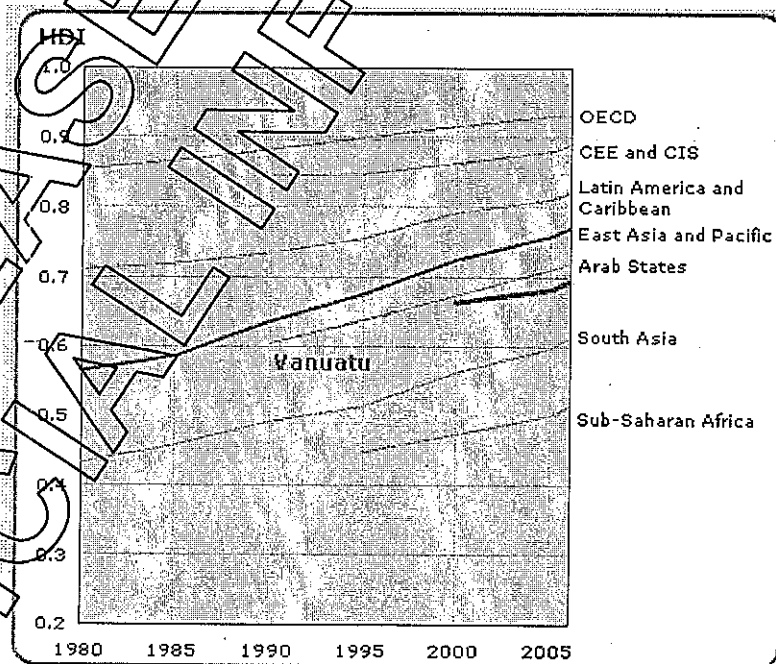
The structure of this report

This section provides a brief background on Vanuatu and the key features of the NZ-Vanuatu Programme Strategy 2006-2010 (the Strategy). Section Two describes the purpose and objectives of the evaluation, the approach taken, and the limitations. Section Three considers the relevance and usefulness of the Strategy and Monitoring and Evaluation (M7E) Framework, Section Four discusses implementation, Section Five discusses the performance of the Strategy and Section Six discusses lessons and implications.

Overview of Vanuatu's position and progress

Human Development Index (HDI) The United Nations Development Programme (UNDP) HDI is a composite measure of wellbeing indicators, including life expectancy, adult literacy, education and gross domestic product (GDP) per capita. Between 2000 and 2007 Vanuatu's HDI rose by 0.62% annually from 0.663 to 0.693. This upward trend is occurring in all regions (see Graph one below) and Vanuatu's HDI score is 126th out of 182 countries.

Graph One: Vanuatu HDI Trends



Source: Indicator table G of the Human Development Report 2009

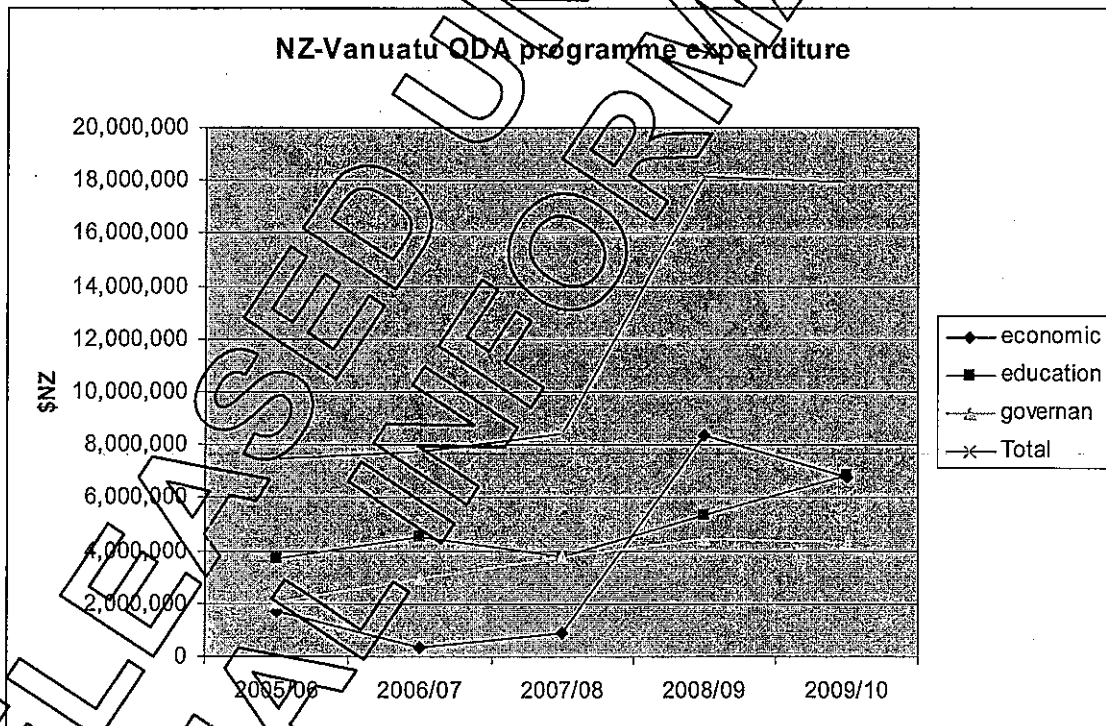
Population change between 1999 and 2009 censuses: Vanuatu's population grew by an average of 2.3% per year reaching 234,023 in 2009. Urbanisation increased and the proportion of the population who are rural dropped from 79% to 76%. The population is widely dispersed. Provincial populations in 2009 were: Malampa, 36,724; Penama, 30,819; Sanma, 45,860; Shefa, 78,721; Tafea, 32,540; and Torba, 9359.

Economic growth: GDP grew at an average annual rate of 6.6% between 2003 and 2008 dropping back to just under 4% in 2009. Thus, in contrast with the situation prior to 2003, GDP is above the population growth rate and rising per head of population. Growth has been attributed mainly to the tourism and construction sectors (Howes and Soni, 2009).

NZ-Vanuatu Programme Strategy 2006-2010: Key features

As agreed with the Vanuatu government, the Strategy set out the areas of focus (and intended purpose) for New Zealand's Overseas Development Assistance (ODA) as education, governance, economic development and water. Responsibility for the Strategy is shared between New Zealand Aid Programme staff in Wellington (planning and evaluation) and at the New Zealand High Commission in Vila (implementation).

Graph Two: NZ-Vanuatu Strategy: Expenditure on main programme items



Evaluator's calculations from NZ-Vanuatu ODA programme data

Programme Expenditure

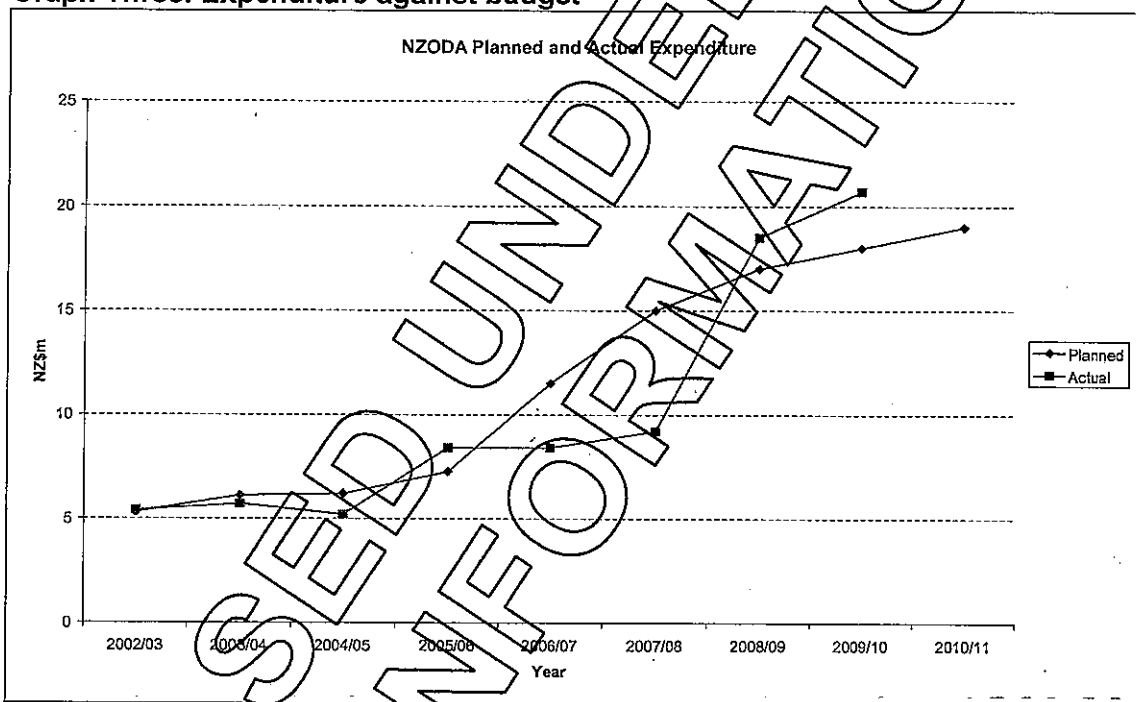
Graph Two shows total expenditure on the programme to implement the Strategy over five financial years and in the three main sectors: education, governance and economic development.

Expenditure on education was on an upward trend over the Strategy period (as was the intention), with a dip in 2007/08. Expenditure on governance has similarly been on an

upwards trend with the major programme to build capacity in corrections absorbing the bulk of this budget. Expenditure on economic development has been the most volatile. The main intended focus of this spend was to encourage the development of the "productive sector" to lift rural livelihoods via a partnership with the Ministry of Agriculture, Quarantine, Forestry and Fisheries (MAQFF). The large expenditure increases in 2008/09 and 2009/10 were due to New Zealand's contribution to the MCC roading projects of \$7 million and \$5 million respectively.

Expenditure on "other" activities varied between \$260,000 and \$960,000 per annum. The Small Projects Scheme (SPS), the largest "other" item had its project expenditure allocated to the three main sectors in most recent years.

Graph Three: Expenditure against budget



Source: NZ Vanuatu QDA programme data

As illustrated in Graph Three, the proposed increase in expenditure on development assistance in Vanuatu was more gradual than anticipated in the first three years of the programme (2005/06 to 2007/08) with expenditure increasing to exceed the planned budget for 2008/09 and 2009/10.

SECTION TWO: THE EVALUATION METHODOLOGY

Purpose of the evaluation

As stated in the Terms of Reference (Appendix 2) this evaluation is intended to assess the relevance and usefulness of the Vanuatu programme strategy 2006-2010 (the Strategy), what difference the NZ-Vanuatu ODA programme has made (results), how well the NZ-Vanuatu ODA programme has been implemented (efficiency), and to identify lessons learnt and provide recommendations for the future strategic direction. Regional programmes are not covered by the Strategy, but the evaluation was asked to consider the coherence of New Zealand-funded regional programmes in Vanuatu in terms of their impact on the effectiveness of the bilateral programme, and in relation to the efficiency of implementation of the programme.

Objectives

The evaluation had the following four objectives, which are set out in more detail in Appendix 2:

- 1) To assess the Strategy document's and M&E Framework's relevance and usefulness in guiding the NZAID Vanuatu programme (and the monitoring of its performance) over 2006-2010
- 2) To assess and explain the extent to which programme implementation has followed the Strategy
- 3) To assess and explain the performance of the Vanuatu programme over 2006-2010, and to identify the factors that have enhanced or constrained performance (eg modalities, number and size of activities, coherence with regional programmes)
- 4) To identify learnings, describe the implications of the findings (and learning) for the new strategy, and make recommendations that will inform: a new strategic framework for 2011-2021; a new M&E Framework; and funding decisions.

Approach

The evaluation was set up with a briefing from the New Zealand Aid Programme, the provision of key programme documents and the development of an evaluation plan which was discussed and signed off by the Steering group (refer Appendix 3). The evaluation plan identifies, inter-alia, the assessment of stakeholders, information sources, and risk management.

Following a review of the Strategy document, monitoring and evaluation reports, and reviews and evaluations of programmes in Vanuatu between 2006-2010, discussions were held with the Vanuatu desk in Wellington and then with NZHC and stakeholders in Port Vila between 9-20 August 2010. Additional documents, data and literature were accessed through a combination of requests, referral and internet searches. The list of materials utilised is contained in Appendix 4 and discussants are listed in Appendix 5.

As outlined in the evaluation plan (Appendix 3), the evaluation involved consultations about the whole programme with Vanuatu government officials from the Department of Strategic Policy, Planning and Aid Coordination (DSPPAC), and consultations with officials from other departments about the three elements of the Strategy looked at in more depth (education, rural water supply and decentralisation). Information was not gathered on some smaller and newer Strategy elements and recent evaluations were used as the primary information source, where they existed. Table One summarises the different elements of the Strategy, their cost and information sources used.

Table One: Elements of the Strategy, their cost, and the extent of their review		
Programme element	Approximate spend 2005/06-2009/10 (\$NZ)	Information sources
		Reviews & evaluations, plans, MFAT at post & HQ, GoV officials, other donors & stakeholders
Education (all elements)	\$ 24.15 m	All
Rural Water Supply	\$ 0.45 m	All
Provincial government /decentralisation (exc REDI)	\$ 0.54 m	All
Agriculture & related projects & primary sector &/or productive sector	\$2.27 m	MFAT at post and HQ, EU-led presentation
Passport upgrade	\$0.4m	MFAT at post
Vanuatu Chamber of Commerce and Industry (VCC1)	\$251,000	Evaluation
Farm Support Association	\$148,000	Draft evaluation
Correctional Services project	\$10M	2010 evaluation
Judicial Strengthening programme	\$2.3m	MFAT at post and HQ
Wan Smolbag	\$2.8m	2010 evaluation
Small Project Scheme (SPS)	Around \$750,000 pa	2010 stocktake, 2007 evaluation summary, MFAT/IDG at post and HQ
Not assessed:		
Agricultural Census (one off contribution) (\$1.27m)		
REDI (discontinued) (\$0.7m)		
Trade capacity building (discontinued) (\$59,000)		
Inter-island Shipping (research and planning phase) (\$1.24 m)		
Roading infrastructure – direct contribution to MCA project (\$12m)		
Land Sector programme (\$125,000)		
Vanuatu Rural Development Training Centres Association (VRDTCA) (\$253,500)		
Revenue Sector support (concluded) (\$204,000)		
VBTC restoration of radio services (concluded) (\$409,000)		
National Census (one off contribution) (\$435,000)		
Sanma Counselling Centre (\$536,000)		
Vanuatu Association of Non-Government Organisations (\$125,000)		
Medical Treatment Scheme (annual allocation of \$150,000)		

In addition to gathering programme information, the evaluation sought views and evidence on the overall performance of the NZ-Vanuatu ODA Programme in relation to the Strategy. Discussions were tailored to particular stakeholders. All participants received a one page information sheet about the evaluation prior to the discussion (Appendix 6). Participants were informed that comments, if reported, would not be attributed to particular individuals. If comments could be identified, participants would be emailed text for their approval. To maintain independence and to encourage frank discussion, the evaluator undertook all the interviews on her own with one exception¹.

At the end of the Port Vila visit, a debrief was held with NZHC and DSPPAC staff. Both parties were sent a copy of the Aide Memoire (Appendix 7) for comment prior to the debrief in order to stimulate discussion and avoid major inaccuracies.

¹ the evaluator asked the NZAID programme contact to also attend this meeting as a way to manage a sensitive relationship.

Literature and data was used to assess broader contextual issues, and to complement and triangulate findings from the stakeholder interviews and programme documents. As far as possible, the approach take to the review has been transparent, and has taken into account the New Zealand Aid Programme's principles of partnership, independence, participation, transparency and capacity building.

Finally, some of the issues identified in the evaluation are larger than the NZ-Vanuatu ODA Programme and require systemic change. These have been identified in the recommendations as areas for consideration by MFAT.

Limitations

This evaluation was carried out as a one person job by an external consultant. As such, it was necessarily a high-level review and subject to the constraints of a two week in-country study where it was impossible to comprehensively assess all activities related to the Strategy. This resource issue was managed by selecting a few programmes of activity (education, decentralisation and water) to look at in some more depth.

It was intended that the evaluation would be conducted in partnership with the Government of Vanuatu (GoV) to as great an extent as possible. Jonas Arogogona, a monitoring and evaluation expert at DSPPAC, was to partner the consultant in carrying out interviews. However, due to other urgent work, he was unable to be involved and there was not time to recruit an alternative counterpart.

A further limitation on this evaluation was the lack of information on the performance of the Strategy in its first three years. Of all those currently employed by the New Zealand Aid Programme in Wellington and Port Vila, only one administrator in Port Vila has been employed since the Strategy's inception, and one other local staff member was involved in the country strategy consultation as a Vanuatu government representative. The Monitoring and Evaluation (M&E) Framework for the Strategy was not put in place until 2008/09. In addition, the categorisation and description of some expenditure items, as well as their amalgamation within budgets, changed several times over the five year period. This made it difficult to track some expenditure.

There were some elements of the evaluation objectives and plan where it was difficult or impossible to draw conclusions, for example, no conclusions have been drawn on Value for Money as no benchmarks are in place for the expected costs of ODA planning and management.

Recommendations have aimed to take account of contextual issues. The New Zealand AID Programme is going through considerable change and it is possible that some context has been missed. Steering Group feedback has been taken on board to manage this risk.

Findings

SECTION THREE: THE RELEVANCE AND USEFULNESS OF THE STRATEGY DOCUMENT AND M&E FRAMEWORK

The main objectives of the Strategy

Table Two maps the Strategy's priority objectives, Education, Governance and Economic Development and the expected outcomes, to Vanuatu's development strategy, the Priorities and Action Agenda (PAA) as was done in the Strategy:

Table Two: The Strategy's main areas and outcomes mapped against Vanuatu's PAA (derived from the Strategy document)				
Vanuatu Government's PAA Vision: "An Educated, Healthy and Wealthy Vanuatu"				
Vanuatu 1 st National Priority <i>Improving governance and public service delivery by providing policy stability and fiscal sustainability via a strengthened law-enforcement and macroeconomic management capacity and a small, efficient and accountable government.</i>	Vanuatu 4 th National Priority <i>Enabling greater stakeholder participation in policy formulation by institutionalising the role of chiefs, non-governmental organisations, and civil society in decision-making at all levels of government</i>	Vanuatu 5 th National Priority <i>Increasing equity in access to income and economic opportunity by all members of the community. Specific areas of focus include: enabling universal access to primary education by school-age children, universal access to basic health services, and inducing increased employment opportunity for those seeking work.</i>	Vanuatu 2 nd National Priority <i>Improving the lives of the people in rural areas by improving service delivery, expanding market access to rural produce, lowering costs of credit and transportation, and ensuring sustainable use of natural resources.</i>	Vanuatu 3 rd National Priority <i>Raising private investment by lowering obstacles to growth of private enterprise including lowering costs of doing business, facilitating long-term secure access to land, and providing better support to business.</i>
supported by		supported by		supported by
NZ-Vanuatu Strategy Objective Two Governance To build demand for and improve governance, accountability and community safety.		NZ-Vanuatu Strategy Objective One Education To support the delivery of quality basic education to all Vanuatu children, particularly in rural communities.		NZ-Vanuatu Strategy Objective Three Economic Development To increase economic growth and strengthen livelihoods, particularly in rural areas.
so that (there is)		so that there are		So that there are
Communities and civil society in Vanuatu are empowered to help strengthen accountability, democratic process and legitimacy in government Strengthened local government and improved service delivery in rural areas Increased safety and security of the general population Reduction in actual and potential conflict associated with disputes over land ownership and user rights		Improvements in quality and access for all in basic education, and particularly rural areas, achieved by— 2010		Improved family livelihoods and employment opportunities, especially for rural communities Increased private sector investment

Key features of the Strategy

The Strategy's overall aim "to reduce poverty and hardship, particularly in rural areas, and to support a more stable and prosperous Vanuatu", is distinct from, but consistent with the PAA aim of "An Educated, Healthy and Wealthy Vanuatu". The rural focus is reflected in the stated outcomes (as well as the programme areas identified for support) within Governance (strengthened local government and improved service delivery in rural areas), Education (improvements ..particularly in rural areas) and Economic Development (improved family livelihoods and employment opportunities especially for rural communities) and water (improve access to clean water in the rural areas).

The Strategy document log frame (Appendix 8) covered the three priority areas, plus an objective around clean water. The Strategy also included the following elements:

- o identification of the challenges to set the scene for indicative areas of activity
- o signaling of an intention to increase the bilateral programme to more than \$NZ16.5m pa (more than double the 2005 level) by 2007/08 with concurrent increases in staffing at the NZHC in Port Vila
- o an expectation that specific outcomes would be identified (national, provincial, local). This has not happened at a Strategy level but has occurred within some programmes.

Implementation is discussed in terms of taking account of lessons learnt from the 2000-2005 programme, and the principles of:

- o *partnership*, through a commitment to openness, respect, mutual accountability and strengthening the staff resource in Port Vila to support the expanded programme
- o *improving Aid Effectiveness* through use of more programmatic approaches, addressing capacity constraints within key departments, moving towards earmarked budget support and donor harmonization and coordination
- o *regional engagement* through considering the scope for additional support to the Strategy from regional programmes and also support to Vanuatu's involvement in regional trade processes
- o *mainstreaming* of the cross-cutting objectives to uphold human rights; promote gender equality and women's empowerment, encourage good governance, promote conflict prevention, limit the spread of HIV/AIDs and protect the environment.

Relevance of the Strategy then and now

The Strategy was designed to align with the Vanuatu Priorities and Action Agenda (PAA) 2006-2015 while maintaining New Zealand's priorities such as the focus on education and rural livelihoods.

The PAA, and the latter priority setting document Planning Long, Acting Short; the Government's Policy Priorities for 2009-13 (PLAS) are successors to the Comprehensive Reform Programme (CRP) programmes of action. An Economic Policy Forum in 2002, which included representatives from NGOs, church groups, private sector and the civil society fed into the PAA. Notwithstanding this, both the PAA and PLAS focus on macroeconomic and government service issues, and have largely been developed within government. They are not broad-based national development programmes with commitments from all sectors. The Strategy document noted there was little reference to environmental and gender issues in the PAA. While the PAA explicitly recognises the importance of greater stakeholder participation in policy making, this is not the case in the PLAS. Both the PAA and PLAS address the issue of access to government services, neither directly addresses the issue of hardship and vulnerability.

In the evaluation, many stakeholders from outside government stressed that private business and civil society are important to Vanuatu's development and must not be forgotten.

The Strategy was the end point of a process which included:

- o desk studies covering key development issues and challenges in Vanuatu, key lessons learnt from the 2000-2005 country programme, a summary of regional programmes having some impacts on, and benefits for, Vanuatu, a summary of assistance from other donors, and a discussion of the rationale for the continuation of the New Zealand Aid Programme in Vanuatu.
- o consultations in Vanuatu by a six person team, which included a Vanuatu government representative and a Vanuatu government-nominated consultant.

It is difficult to judge how relevant the Strategy was to the country context at the time it was developed. It is not known what level of peer review there was for the background papers, and in particular the review of key development issues and challenges. Consultations within Vanuatu were reasonably broad-based and should have identified the breadth of challenges; included were government, donors, NGOs (both local and international), Council of chiefs as well as provincial government (two provinces). Missing from this list were business interests (apart from one person) and churches.

In 2010, the following emerging issues are additional to, or an augmentation of, the challenges facing Vanuatu to those considered when the Strategy was developed:

- o the limited flow of benefits from Vanuatu's economic growth to the ni-Vanuatu population and the accompanying issue of land alienation (Cox et al, 2007)
- o the growth in urbanisation and the higher rates of material deprivation that are occurring in urban, compared with rural, areas (Freeland and Robertson, 2010)
- o environmental degradation, as a consequence of population growth, climate change, the impact of increased tourist and housing development in an environment where there is limited land use controls, and invasive plants and pests²
- o a recognition of the importance of sustainable development and a questioning of the primacy of economic growth as a goal in the Pacific (for example by the Pacific Conference of Church Leaders Statement on Climate Justice, 13/08/10)

These issues are not trivial and cannot be addressed by the Vanuatu Government alone; their resolution will need broad-based agreements around priorities and pathways. There are new strengths too; communication advances, supported by the spread of cell phones and Chinese ODA which will fund high speed internet in every provincial capital, are lessening the problem of geographical isolation. Vanuatu faces good prospects for further economic growth and continued political stability.

The Strategy did not significantly shift the focus of programme activities from those of the 2000-2005 country strategy which were to: strengthen governance, improve social indicators (largely focused on education) and build prospects for sustainable economic growth. The Strategy was well-aligned to New Zealand's priorities and categorization of budget items changed year by year to better align with the priorities of the New Zealand Aid Programme's Pacific Strategy 2007-2015.

² SOPAC (Pacific Islands Applied Geoscience Commission) note that Vanuatu's current National Assessment report on sustainable development is currently not available but its 1993 National Conservation Strategy identified a range of sustainable management and conservation concerns