Ministry of Education

Schools Grants Scheme

Approved by the Minister of Education
Honorable

Charlot Salwai TABIMASMAS
Ministry of Education

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on 22nd January 2010
1. **Government of Vanuatu Education Policy - Universal Primary Education**

1.1 The Government of Vanuatu's Education Policy Statement includes the following Vision:

"Proud of our unique identity, we commit ourselves entirely to the development of good and responsible citizens through the implementation of a comprehensive quality education system, FOR ALL and BY ALL."

1.2 In order to have education available to ALL, barriers to access to education need to be removed. It has been identified that one of the barriers to access to education is the requirement for parents to pay contributions to schools in the form of school fees.

1.3 Part of the Government of Vanuatu's Education Policy is to phase in fee free basic education. This will be achieved by gradually replacing school fees with increased government grants.

1.4 For 2010 the Government will pay increased grants to primary schools for students in Years 1 to 6, with the intention that in most cases schools will not charge any school fees at all for students in Years 1 to 6. Some schools will continue to charge school fees, but at a much reduced rate. Refer to Part 4, for more details.

1.5 The purpose of this Schools Grants Scheme is to guide the Ministry, Provincial Education Offices, Education Authorities, School Councils/Committees and Schools in the proper administration and accountability for government grants and school fees.

1.6 This School Grants Scheme rescinds the Grant Code 2003, and is effective as of 1st January 2010.

2. **Millennium Development Goals**

2.1 The Government of Vanuatu Universal Primary Education Policy is consistent with achieving the United Nations Millenium Development Goal number 2 - Achieve Universal Primary Education. The target for this Millenium Development Goal is:

"Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling."

3. **Objectives of the School Grants Program**

3.1 To increase access to education for all children in Vanuatu in order to achieve the Second Millennium Development Goal (universal primary education) by removing financial barriers that prevent parents from enrolling their children in primary school.

3.2 To provide funding by way of school grants directly to Vanuatu schools in order to reduce and over time eventually eliminate the costs to parents of paying school fees to contribute to the costs of their children's education.

3.3 To provide funding directly to schools' bank accounts to assist in managing their ongoing operating costs.

3.4 To provide funding in the first year of the scheme directly to primary schools which enrol students in Years 1 to 6, and to expand provision of school grant funding in future to schools enrolling other Years of education, as resources permit.
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3.4 To provide funding in the first year of the scheme directly to primary schools which enrol students in Years 1 to 6, and to expand provision of school grant funding in future to schools enrolling other Years of education, as resources permit.
3.5 To support schools by providing funding to assist in raising the quality of education in Vanuatu.

3.6 To provide training to Head Teachers, Principals, senior staff in schools, and Ministry of Education administrators such as Zone Curriculum Advisers and Provincial Education Officers, to assist whole school development planning, with a particular focus on improved effectiveness and efficiency in financial management.

3.7 To support the development and review of a long-term school development plan, which would guide schools' expenditure over a period of 10 years, and to serve as a useful mechanism by which school communities can monitor expenditure and results.

4 Introduction of the School Grants Scheme

The program will be introduced in the 2010 school year. A funding subsidy of 6,800 vatu per student will be provided initially for all students enrolled in Years 1 to 6 in primary schools.

When the Ministry of Education has demonstrated that it can manage the efficient delivery of funding to these schools, the scheme will be extended to schools that enrol students in Years 7 and 8. It is anticipated that this extension could occur in 2011.

Schools that receive increased funding from the School Grants Scheme will be expected to reduce the school tuition contribution charged to parents by an amount corresponding to that received by schools from the Government. Any primary school that charged an annual contribution of 6,800 vatu or less for a student in Years 1 to 6 in 2009 will not be permitted to charge any contribution in 2010. A primary school that charged a school tuition contribution of more than 6,800 vatu in 2009 will need to reduce its 2010 tuition fee by 6,800 vatu. For example, a school that charged an annual contribution of 9,000 vatu in 2009 would be permitted to charge parents an annual contribution of 2,200 vatu in 2010.

Schools that enrol students in Years 1 to 6 will not be permitted to increase their 2009 contribution in 2010.

Parents may still be required to pay for some costs of their children's education, such as the cost of school uniforms or the cost of transport to school. As a longer-term goal, the Ministry of Education would like to give consideration to subsidising the cost of transport to school.

The Ministry of Education will give consideration to increasing the per student amount of the school grant as school costs increase, in order to ensure that the value of the school grant keeps up with inflation. A survey of the costs of education will be conducted in early 2010. Following this survey, the Ministry of Education will review the amount of the grant allocation to schools.

The expectation is that no parents of a student enrolled in a primary school in Years 1 to 6 will be required to pay any contribution for tuition by the beginning of 2012.

In the medium term, the goal is that no parents of a student enrolled in Years 1 to 8 will be required to pay any fee for tuition (say, by the beginning of 2013).
In the longer term, the goal is that no parents of any primary or secondary school student will be required to pay any fee for tuition.

During the period while a school contribution is still expected from parents, schools will need to develop, in consultation with their school community, a policy on dealing with parents who do not pay a school contribution. Schools are reminded that excluding students from attending schools, because parents have not paid their contributions, is a contradiction to the policy of increasing access to basic education.

5. Principles of the School Grants System

5.1 School grants will be paid to all Government and Government-Assisted schools in Vanuatu. VEMIS records all registered schools in Vanuatu. VEMIS includes a record of whether a school is Government, Government-Assisted or Private.

5.2 School grants will be paid directly to each school's authorized cheque account.

5.3 Schools will be paid their grant twice annually - January and July.

5.4 The total amount of the school grant will be based on the actual enrolment at the school as at the 23rd of March of each year.

5.5 Enrolments must be recorded in VEMIS.

5.6 The amount paid per student will be set for the forthcoming year during the Government's annual budget process.

5.7 The Ministry of Education will inform Provincial Education Boards and Education Authorities of the total amount of grant paid to each school within the relevant jurisdiction.

5.8 Payment of school grants is subject to certain conditions described below. In order to be eligible to receive government grants, a school must:

a. Be registered by the Ministry of Education and designated as either a Government School or a Government-Assisted School,

b. Submit the annual VEMIS return, including the annual financial report, by the due date,

c. Keep financial and administrative records in accordance with the School Financial Management Manual,

d. Operate only authorized bank accounts,

e. Use grant funds only as permitted in this document and the Grants Code.

6. Authorised School Bank Accounts

6.1 All Government and Government-Assisted Schools must have an authorized bank account.

6.2 The Director-General of the Ministry of Finance and Economic Management (DG MFEM) has authorized specific bank accounts for use by schools. The Public Finance and Economic Management Act (PFEM Act) states that only bank accounts authorized by the DG MFEM may be used to deposit public moneys. School grants and school fees are public moneys and may only be paid into these specific accounts.

6.3 Each school has two accounts established with the National Bank of Vanuatu (NBV) - one cheque account and one savings account. The cheque account is to be used for all deposits and payments.
6.4 The savings account may be used to hold money that the school does not need imme-
diately, and the moneys kept in the savings account will earn interest for the school. The
only transactions permitted on the savings account are transfers from the cheque
account and back to the cheque account. The savings account may not be used for
general deposits and payments. Grant funds should predominantly be used as operating
funds to improve the immediate quality of the school and its objectives. Refer to
paragraphs 9.2.3 and 9.2.4.

6.5 If a school has funds that will not be needed for a few months, the money may be placed
on term deposit with NBV. Again, the term deposit must be established by a transfer from
the cheque account, and the principal and interest must be paid back into the school's
cheque account.

6.6 As a general rule, schools should not plan to generate large surpluses, but should use
the money wisely in the year in which it is delivered. It is not wise for schools to
stockpile funds over several years when immediate school needs have not been
addressed. It would be preferable for schools to discuss their needs with the Ministry of
Education, if there are long-term outstanding issues. Conversely, schools should not
allow their accounts to accumulate large debts. In its reporting on the use of its funds,
each school should reconcile revenue gained against expenditure. More details about
reporting are provided in the Schools Financial Management Manual.

6.7 Schools must not operate any other accounts with any financial institution. Only the
DG MFEM is authorized under the PFEM Act to open bank accounts to be used for
public money.

6.8 Schools must not borrow or take out loans or overdrafts. Only the Minister of Finance and
Economic Management may authorize any borrowing by any government entity.

6.9 When a new school is approved and registered by the Ministry of Education (MoE), the
school must open a cheque account and a savings account with the NBV under the
schools category of accounts. The Director-General of Education must write to the
Director-General of Finance and Economic Planning requesting that he authorize the
new accounts and the signatories to operate the accounts. The Education Services
Directorate will prepare the required correspondence as soon as a new school is
authorized to open.

6.10 Each school must have three registered signatories - the Head of School, the Chairman
of the School Council/ Committee and one other person nominated by the School
Council/ Committee. For any withdrawal or transfer from one of these accounts two of
these three people must sign the cheque or transaction slip. If one of the signatories dies,
is transferred or is no longer available to be a signatory for some reason, the school
signatories must suggest a new signatory within 7 days and submit the NBV form to the
PEO for approval. The name of the new signatory and the name of the school will be
forwarded to MoE who will arrange for authorization of the new signatory by the Director-
General MFEM in accordance with the PFEM Act.

Schools Grants Scheme
Page 5 of 15
7 Calculation of School Grants - Years 1 to 6

7.1 For 2010 the Government of Vanuatu will pay each Government and Government-Assisted primary school 6,800 vatu for each student attending grades 1 to 6.

7.2 The school grant will be paid in two portions. The first instalment of 60% will be paid in January as 4080 vatu for each student attending grades 1 to 6 as recorded in VEMIS for 2009.

7.3 The second payment will be made in July 2010. This amount will be calculated for each school as:

\[ 6800 \text{ vatu} \times \text{number of students in grades 1 to 6 (from VEMIS 2010 records)} \]

\[ \text{Minus the amount paid per student in the first payment in February} \]

7.4 If a school has failed to submit a VEMIS return to the PEO by the due date of 31st March each year, consideration will be given to whether the school will be paid any grant for the second payment of 2010. If a school submits their return later than the required date, the Director-General will determine whether the school should still receive a grant. In any case, a delay in receipt of the VEMIS return will probably result in a delay in payment of any grant to the school.

7.5 The PEO's are required to date stamp the returns on the day they are received, check the VEMIS returns and submit them to MoE by the 15th of April.

7.6 The VEMIS return is required to include numbers of students, statistics regarding student enrolment patterns and a summary of financial information for the previous year.

7.7 During 2010 the Ministry will conduct studies of the costs to operate schools in different locations and will determine a more detailed scale of grants for primary schools for 2011.

7.8 Calculation of School Grants - Years 7 to 8

7.8.1 For 2010 the Government of Vanuatu will pay each Government and Government-Assisted school a grant similar in amount to previous years for each student attending grades 7 and 8.

7.8.2 This will be paid in two portions. The first will be paid on 31st January as 60% of the annual amount for each student attending grades 7 and 8 as recorded in VEMIS for 2009.

7.8.3 The second payment will be made on 1 July 2010. This amount will be calculated for each school as:

\[ \text{Annual grant} \times \text{number of students in grades 7 to 8 (from VEMIS 2010 records)} \]

\[ \text{Minus the amount paid per student in the first payment in February} \]

7.8.4 If a school has failed to submit a VEMIS return to the PEO by the due date of 31st March each year, the school will not be paid any grant for the second payment of 2010 and will not be paid any grant for the first payment in 2011. If a school submits their return later than the required date, the Director-General will determine whether the school should still receive a grant. In any case, a delay in receipt of the VEMIS return will probably result in a delay in payment of any grant to the school.
7.9 Calculation of School Grants - Years 9 to 13

7.9.1 For 2010 the Government of Vanuatu will pay each Government and Government-Assisted school a grant for each student attending grades 9 to 13.

7.9.2 This will be paid in two portions. The first will be paid on 31st January as 60% of the annual amount for each student attending grades 9 to 13 as recorded in VEMIS for 2009.

7.9.3 The second payment will be made on 1st July 2010. This amount will be calculated for each school as:

Annual grant x number of students in grades 9 to 13 (from VEMIS 2010 records)

Minus the amount paid in the first payment in February

7.9.4 If a school has failed to submit a VEMIS return to the PEO by the due date of 31st March each year, the school will not be paid any grant for the second payment of 2010 and will not be paid any grant for the first payment in 2011. If a school submits their return later than the required date, the Director-General will determine whether the school should still receive a grant. In any case, a delay in receipt of the VEMIS return will probably result in a delay in payment of any grant to the school.

7.10 Calculation of Grants - New or Closed Schools

7.10.1 The amount of grant to be paid to new schools, or schools that are expected to close will be determined by the Director-General Education, but will be consistent with the Schools Grants Scheme.

7.11 Process for Payment of Grants

7.11.1 The Education Services Division is to prepare a listing of all Government and Government-Assisted schools in Microsoft Excel during January (showing data for the previous year) and during June (showing data for the current year) of each year. These lists must include the following information for each school:

- VEMIS ID
- School Name
- Primary or Secondary School
- Island
- Province
- School Cheque Account Number
- Number of students in years 1 to 6
- Number of students in years 7 to 8
- Number of students in years 9 to 13
- Amount of government grant in vatu
7.11.2 The release of funds is based on the annual cash flow plan prepared by MoE.

7.11.3 The Education Services Division of MoE prepares the calculations of the value of grant to be paid to each school. This list will include all the details as specified in 7.11.1.

7.11.4 The MoE Finance Unit will cross-check the calculations and then will raise a LPO. The LPO is approved by the Director General of Education.

7.11.5 The LPO is submitted to the Ministry of Finance and Economic Management (MFEM). MFEM then draws a cheque, which is then signed by authorized personnel at the MFEM, which includes the Director of Finance. The cheque and the detailed lists as outlined in 7.11.1 are forwarded to NBV. MoE will also email a softcopy of the listing to NBV for ease of processing by NBV.

8. Parental Contributions for Years 1 to 6

8.1 Parental contributions for primary education will be phased out over the next few years. This is an essential part of the Universal Primary Education Policy. School fees are one of the barriers preventing some children having access to basic education. Thus the government is increasing school grants to replace parental contributions to address this issue.

8.2 If a school charged parental contributions of 6800 vatu a year or less per student in years 1 to 6 in 2009, the school must not require parents of students in years 1 to 6 to pay any parental contributions at all during 2010.

8.3 If a school charged parental contributions of more than 6800 vatu per student in years 1 to 6 in 2009, the school may require parents of students in years 1 to 6 to pay a maximum of the parental contribution charged in 2009 MINUS 6800 vatu per student during 2010. For example, if a school charged parents of students in years 1 to 6 3000 vatu per term, or 9000 vatu per year in 2009, the school may charge parents a maximum of 2200 vatu per year in 2010. (9000 - 6800 = 2200)

8.4 The school fee and school grant levels will be revised during 2010 after a study of the costs of operating different types of schools has been conducted by the Ministry.

8.5 Any school found to be requiring parental contributions higher than the description above faces the risk of reduction or withdrawal of support through Government Grants. In addition, the head of school and/or school committee may be removed from their positions.

9. Use of School Grants and School Fees

9.1 What Grants and Fees May be Used For

9.1.1 The Grants Code 2003 will be revised and republished in early 2010. Until that time the Grants Code 2003 is a statutory order issued by the Minister for Education and must be complied with.
9.1.2 School Grants and School Fees may only be used for expenditure which directly benefits students. This includes:

- Electricity, kerosene, oil, fuel for use in school buildings only
- Transport for head of school or bursar to attend bank or provincial centre for school banking, shopping for school needs, and other essential school related activities
- Rations for students
- Boarding supplies for students
- Teaching materials and stationery
- Photocopying
- Administration costs
- Freight
- Books
- Desks, chairs, school furniture
- Maintenance of school buildings
- Maintenance of school vehicles and equipment
- Wages and VNPF contributions for ancillary staff.

9.1.3 For 2010 the Government of Vanuatu will purchase and distribute basic stationery supplies for all government and government-assisted primary schools. Therefore it is expected that very little will need to be expended on stationery directly by schools. This may change for 2011 and later years. This is one subject that will be considered during the study of costs of operating schools and future grants paid.

9.2 What Grants and Fees May Not be Used For

9.2.1 School Grants and School Fees must NOT be used for:

- Loans or advances or gifts to anybody. If public moneys are found to have been used for this purpose the head of school responsible will be subject to disciplinary action and possible Police investigation and prosecution
- Wages or salaries for non-certified and/or non-qualified teaching staff. All teachers must be appointed by the Teaching Service Commission, or by a School Council.
- Maintenance of school houses - rent paid by teachers is to be used to pay for maintenance of school houses
- Major expenditure of over 500,000 vatu per item (eg new permanent classrooms, large generators etc), unless approved in writing by the Ministry of Education. These large items should normally be funded by the Government’s Development Budget or by separate contributions or donations. School fees and school grants are to be used for school operating costs, not for capital improvements.
- Transport to or from school for students and staff, except as described in section 9.1.2
- Entertainment, gifts, hospitality, alcoholic beverages or kava for any reason
- To subsidise or establish a commercial activity within the school
- Any purpose which does not directly benefit students

9.2.2 Teachers occupying school houses are to pay the required rent directly to the school. The school is to use these funds for maintenance of the school houses. Rent paid by teachers is also public money and must be banked and recorded using the same process as grants and school fees.
9.2.3 School grants and school fees are not to be accumulated and saved for long periods of time. Grants and fees are intended to be used for school operating costs, which means that most of the money will be expended each year.

9.2.4 Schools may request capital works to be undertaken by the Government, or accept contributions or donations to be used for major expenditure or capital works. These moneys are permitted to be saved over a long period of time until the target is reached.

10. Basic Record Keeping

10.1.1 Schools are required to be accountable for how school grants and school fees are used. These funds are public funds and must be used for the benefit of students only.

10.1.2 Detailed procedures for financial management at schools are described in the Schools Financial Management Manual. The manual has been authorized by the Minister of Education and MUST be complied with.

10.1.3 The following is a summary of the basic requirements so that schools can show that public funds have been used properly and wisely.

10.2 Budget

10.2.1 Before the beginning of each year the School Committee must prepare a budget. The budget needs to show where income is expected to come from, including government grants. The budget also needs to list the items that the school expects to spend money on in the next year. The expected income should equal or be slightly greater than the expected payments.

10.2.2 The School Committee must meet to approve the budget, record this in the Minutes of Meeting, and send a copy of the budget to the Provincial Education Board.

10.3 Bank Accounts

10.3.1 NBV is required to provide each school with a bank statement every month. The head of school is responsible for ensuring that the balance on the bank statement is compared to the balance recorded in the cash book. Any differences must be identified and noted on the cash book and bank statement. If the bank has made an error, the school must notify the bank and MoE Internal Audit Unit.

10.4 Cheques

10.4.1 The preferred method of making payments is by cheque. However it is recognized that not all suppliers will accept cheque payments, particularly in rural areas.

10.4.2 Cheques must never be pre-signed. Cheque signatories are responsible for checking the supporting documents before signing any cheque to make sure that the amount is correct and that the payment is for the benefit of students and in line with the Grants Code.
10.4.3 If a cheque is found to have been made in error or not in accordance with the Grants Code, each cheque signatory will be held personally accountable.

10.5 Cash Imprests/Petty Cash

10.5.1 Schools may keep a small amount of cash for small payments where a cheque payment is not acceptable. The amount of cash which is appropriate for each school to keep depends on the distance the school is from an NBV branch or agency, and whether regular suppliers will accept government cheques.

10.5.2 The cash must be kept in a locked cash box, and the locked cash tin must be kept locked in a safe place. A safe place includes inside a locked strong filing cabinet.

10.5.3 The amount of cash held will be checked by Internal Audit, Inspectors, and/or Zone Curriculum Advisors when they visit each school. The Cash Books must be always kept up to date so that the amount of cash left in the cash tin always balances with the amounts paid and recorded in the cash book.

10.6 Cash Book

10.6.1 One cash books are required to be kept by each school. One cash book will be for the bank account and record deposits to the bank and cheques paid or cashed. The balance of this cash book must be checked to the balance on the bank statement every month. The head of school plus one committee member must sign and date the page of the cash book to prove that they have seen the results of the check.

10.6.2 The same cash book needs to be kept for payments by cash. This cash book must be checked to the amount of cash held in the cash tin at least once a week. Again the head of school plus one committee member must sign and date the page of the cash book to prove that they have seen the results of the check. This cash book will show the amount of the cheque that was cashed as money coming in to the cash imprest. For very remote schools, cash received and not taken to the bank will also be shown in this book as money coming in. Every payment of cash must be recorded in this cash book. At any time the total of the cash book must equal the amount of cash in the cash tin.

10.7 Financial Reports

10.7.1 Heads of schools must prepare monthly financial and operating reports to be submitted to the school council/committee. Even if the School Council/Committee does not meet monthly, the reports need to be prepared and be ready for review by the School Council/Committee.

10.7.2 Heads of schools and school councils/committees must submit annual financial reports to the PEB or GAEA. The PEB or Government-Assisted Education Authority (GAEA) then sends the quarterly financial reports to MoE Education Services Division.

10.7.3 The final quarterly report is submitted as an annual report within the VEMIS return by the 31st of March each year.
10.8 Audit

10.8.1 Internal Audit Unit has a mandate to audit all government and government-assisted schools as well as PEB's and GAEA's and all head office activities. The main objectives of the audits are to identify areas for improvement in financial management and internal control within MoE activities, as well as to provide assurance to senior management and other stakeholders that legislation, policies and procedures are being applied correctly. All heads of schools and school finance officers are to cooperate fully with the Internal Auditors, as stipulated in the Act. Any head of school or finance officer who does not will be considered for disciplinary action. At least 10% of the schools will be audited annually.

11. Training

The Ministry of Education will provide training for all heads of schools, zone curriculum advisors, provincial education officers and other administrators in the implementation of the school grants program.

The training will cover the following topics:

- Whole School Policy Development
  - School Policies
  - Curriculum
  - Teachers
  - Students
  - Communicating with the School Community
  - School Environment
  - School Buildings

- School Financial Management
  - Developing a school budget
  - Accountability
  - Procurement of goods or services for the school
  - Maintaining the payroll records
  - Maintaining the cash book
  - Developing monthly & annual reports
  - Record Keeping
  - Inventory of School Property
  - Audit Findings

In 2010, 2 training programs will be delivered. The first will be delivered in all provinces during the months of February - April. The second program will be designed to reinforce the lessons learned from the first program. It will be delivered from August - October.

Training will be provided by the Ministry of Education, through the Provincial Education Authorities. Initially the training will be delivered by a Ministry of Education dedicated team. This team will include people form head office with accounting expertise, the provincial executive officers, zone curriculum officers, principals and school finance officers from selected secondary schools.

*Schools Grants Scheme*

*Page 12 of 15*
The expectation is that following the training programs in 2010, the executive officers and zone curriculum officers will work directly with schools to assist them in monitoring and managing their own finances. The training programs will also extend to awareness raising in the school community.

Consideration will be given in the longer term to contracting out this training to the private sector with support from the Ministry of Education.

12. Monitoring and Verification

12.1 General Introduction

12.1.1 The Ministry of Education will use a monitoring framework that will assess the impact of the school grants program. This framework will include monitoring the impact of the school grants program on education outcomes, and on the performance of schools, including service delivery. The joint reviews that will be conducted by the Ministry of Education and Pool Partners over the period 2010 to 2012 will be the principal mechanism used to address these matters. The purpose of this monitoring program will be to gather data to assess the impact the school grants program is having on improving access to education and its quality.

12.2 Sources of Information

12.2.1 PEO's will receive the 2010 VEMIS forms from the Ministry of Education by mid December 2009. PEO's are to ensure that all VEMIS forms are distributed to all schools in mid January so that all schools receive their VEMIS forms by the first week of school. The MoE and PEO's are to keep a detailed register which shows when the form was sent to each school, the means by which it was sent to the school, the date the school advised the form is being returned, the means by which the form is being returned, the date the form was received back and the date the form was sent to MOE in Port Vila. PEO's are to ensure that every school receives their forms promptly so that every school can comply with the 31st March deadline.

12.2.2 Schools are required to submit annual returns for VEMIS data entry by 31st March each year. This information is used for decision making and assessment of Vanuatu's education services by a number of stakeholders. It is essential that the information provided be as complete and accurate as possible.

12.2.3 Schools are also required to submit annual financial reports to the Provincial Education Board as part of the annual VEMIS returns. The Provincial Education Board and the Ministry use these reports to assess whether school grants and fees have been used for proper purposes. These reports may also be made available to the parents and community of each school. The financial reports are essential for public transparency and accountability of the use of public moneys for education services. These financial reports must also be complete and accurate and submitted by the due date.

12.2.4 If the VEMIS forms and the annual financial reports are not received by the due date, the school will not receive the second grant payment on the due date and may not be paid the second instalment at all. Heads of Schools and PEO's who do not adhere to these time frames may also face disciplinary action as this information is vital for the management of school grants and education in Vanuatu.
12.3 Verification of VEMIS Data

12.3.1 Each year a large number of schools will be selected for audit by the Internal Audit Unit. Some of these audit visits will be pre-arranged with the school management but some internal audit visits will be without any notice to the school management. As part of the audit testing for each school, the Internal Auditors will verify the number of students enrolled at the school.

12.3.2 Student numbers and other VEMIS data will also be verified from time to time by Provincial Education Officers, Executive Officers, Education Authority Officers, School Inspectors and Zone Curriculum Advisors.

12.3.3 If it is found that VEMIS returns have been falsified or are materially incorrect for any reason, the Ministry and the Teaching Service Commission will take disciplinary action against the head of school or school finance officer concerned. If a school is found to have submitted a VEMIS return which is materially incorrect, the Ministry may decide not to pay government grants to the school in future.

12.4 Monitoring of Receipts and Expenditure

12.4.1 Every Provincial Education Board and every Education Authority is to ensure that all schools within their jurisdiction submit the VEMIS returns and the financial reports by the due date.

12.4.2 The Provincial Education Board/ Education Authority is responsible for reviewing the financial reports, then providing further training and support identified as being needed.

12.4.3 Internal Audit and others within the Ministry use the financial reports to assess risks, financial management and strength of internal controls. Any risks, concerns or unfavourable trends identified by the review of these reports will result in management or audit visits to specific schools to clarify or identify the cause of concern and to recommend corrective or remedial action needed.

12.4.4 NBV provides a listing of all transactions on all authorized school bank accounts in electronic format each week. These transactions are collated and reviewed by both the Ministry of Education Internal Audit Unit and the Ministry of Finance. Again, these reports are reviewed to assess risks, financial management and strength of internal controls. Any risks, concerns or unfavourable trends identified by the review of these reports will result in management or audit investigation to clarify or identify the cause of concern and to recommend corrective or remedial action needed.
### 13. Calendar

13.1 The calendar for the Ministry, the Provincial Education Boards, the Education Authorities and schools in the area of school grant management is presented below:

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>By 15th January</td>
<td>PEO's send VEMIS forms to schools</td>
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</tr>
<tr>
<td>By 31st January</td>
<td>Disbursement of 60% of school grants based on student numbers reported for VEMIS for the previous year.</td>
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<td>End of preliminary school bank account training for primary schools</td>
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<td>Submission of VEMIS forms to Ministry, including financial report.</td>
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</tr>
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<td>By 31st March</td>
<td>End of 1st Financial Management Training for all schools</td>
<td>MoE</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Audit and verification of VEMIS data and financial reports</td>
<td>MoE Internal Audit Unit / Management</td>
</tr>
<tr>
<td>By 15th April</td>
<td>Submit Quarterly Financial Report to PEB/ GAEA</td>
<td>Schools</td>
</tr>
<tr>
<td>By 30th April</td>
<td>Submit Quarterly Financial Report to MoE</td>
<td>PEB/ GAEAs</td>
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<td>Disbursement of remainder of school grants based on current year student numbers.</td>
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</tr>
<tr>
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<td>Annual Budget for following year approved by School Council</td>
<td>Schools</td>
</tr>
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Grant Funding Arrangement

between

The Government of the Republic of Vanuatu
represented by
the Ministry of Education
the Ministry of Finance and Economic Management and
the Prime Minister’s Office

and

The Commonwealth of Australia represented by the Australian Agency for
International Development (AusAID)

and

New Zealand Agency for International Development (NZAID)

in relation to the

Vanuatu Education Road Map
**Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AJR</td>
<td>Annual Joint Review</td>
</tr>
<tr>
<td>AusAID</td>
<td>Australian Agency for International Development</td>
</tr>
<tr>
<td>DG</td>
<td>Director General</td>
</tr>
<tr>
<td>GoV</td>
<td>Government of Vanuatu represented by the Ministry of Education (MoE) and the Ministry of Finance and Economic Management (MFEM) and the Prime Ministers Office (PMO)</td>
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<td>JPA</td>
<td>Joint Partnership Arrangement in relation to the Vanuatu Education Road Map</td>
</tr>
<tr>
<td>MFEM</td>
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</tr>
<tr>
<td>MoE</td>
<td>Vanuatu Ministry of Education</td>
</tr>
<tr>
<td>NZAID</td>
<td>New Zealand Agency for International Development</td>
</tr>
<tr>
<td>OAG</td>
<td>Office of the Auditor General, Vanuatu</td>
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<tr>
<td>PAF</td>
<td>Performance Assessment Framework</td>
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<td>PMO</td>
<td>Vanuatu Prime Minister's Office</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>UPE</td>
<td>Universal Primary Education</td>
</tr>
<tr>
<td>VERM</td>
<td>Vanuatu Education Road Map</td>
</tr>
</tbody>
</table>

**Definitions / Glossary**

- **Arrangement** - This Grant Funding Arrangement between the Government of Vanuatu, AusAID and NZAID, including all parts and any schedules and annexes.

- **Fraudulent Activity** - "Fraud" or "Fraudulent" means dishonestly obtaining a benefit by deception or other means.

- **Joint Partnership Arrangement (‘JPA’)** - Joint Partnership Arrangement in relation to the Vanuatu Education Road Map between the Government of Vanuatu and the donor partners (classified as either Pool Partners or Non-Pool Partners).

- **Permanent Staff** - Staff who are employed on a full-time ongoing basis and part of the Public Service Commission-approved structure of the organisation.


- **Technical Assistance** - Individuals contracted by Pool Partners to the Joint Partnership Arrangement to provide short- or long-term advice or assistance.

- **Vanuatu Education Road Map (‘VERM’)** - The Vanuatu Education Road Map is the document that describes the national education program for delivery of effective and efficient education services to the people of Vanuatu. It is attached to the Joint Partnership Arrangement.

- **Working Day** - A day on which the Vanuatu Ministry of Education is open for business.
Introduction

1 The Government of Vanuatu ('GoV'), NZAID and AusAID (collectively known as 'the Signatories') have reached the common understandings set out in the:

a. Joint Partnership Arrangement ('JPA') in relation to the Vanuatu Education Road Map ('VERM') signed as Pool Partners by GoV, AusAID and NZAID; and

b. this Grant Funding Arrangement (the 'Arrangement') in relation to funding support for the implementation of VERM.

2 This Arrangement is to be read together with and consistently with the JPA. Where there are parts of both that cannot be read consistently, the provisions of this Arrangement prevail.

3 The Signatories support the partnership principles and aid effectiveness as set out in the JPA.

Purpose

4 The GoV will apply all the funding provided through this Arrangement by AusAID and NZAID solely for the purpose for which it has been provided. The purpose of the funding assistance is set out in the JPA which is attached at Schedule 1 to this Arrangement.

5 Funding provided through this Arrangement by AusAID and NZAID will be used to support agreed priorities in basic education (from early childhood through to Year 8) in line with the three Strategic Goals of the VERM:
   a. To increase equitable access to education.
   b. To improve the quality of education in Vanuatu.
   c. To improve and strengthen the management of the education system in Vanuatu.

Term

6 This Arrangement is to take effect from 1 January 2010 and continue until 30 December 2012, unless terminated earlier. The Term may be varied in accordance with Paragraph 29.

Contributions

7 GoV will contribute its own funds in accordance with the JPA to achieve the VERM objectives for basic education and will fully fund the base salaries of Permanent Staff, housing allowances and office rental costs.

8 GoV will make all reasonable effort to facilitate the successful implementation of the VERM, in accordance with the JPA.

9 NZAID will contribute up to a maximum of NZD 12 million (inclusive of all taxes, if applicable, and directly contracted Technical Assistance) through this Arrangement.

10 AusAID will contribute up to a maximum of AUD 15 million (inclusive of all taxes, if applicable, and directly contracted Technical Assistance) through this Arrangement. The AusAID contribution could be increased by agreement with GoV and in discussion with NZAID, subject to GoV implementation performance, demonstrated need, and Australian Government budget appropriations.
11 These combined AusAID and NZAID contributions mean the GoV will have available up to approximately VUV 2.0 billion\(^1\) to apply to the purpose in accordance with Paragraph 5 for the duration of the Arrangement.

12 Payment of AusAID and NZAID funds will be provided to GoV in Vanuatu’s national currency – Vatu, but will not exceed the upper amounts in Paragraphs 9 and 10 when converted.

13 AusAID and NZAID funds will be allocated annually in Vatu in accordance with the Governance and Management of Pool Partner funds as set out in the JPA.

Payments

14 AusAID and NZAID will jointly contribute and pool their funds in six monthly tranche payments, in accordance with the Pool Partner Contribution Mechanism at Annex C of the JPA. The contributions of AusAID and NZAID will be attributed in accordance with Annex D of the JPA.

15 Any funds left in the relevant account defined in the JPA (Development Fund Account) at the end of each GoV financial year (31 December) during the term of this Arrangement will remain in the account, and are to be rolled into the next financial year. In determining planned disbursements of funding for the following year, any potential balances will be taken into consideration by AusAID and NZAID, in accordance with the Pool Partner Contribution Mechanism at Annex C of the JPA.

16 Any funds not spent by the date this Arrangement concludes will either be returned to AusAID and NZAID or reallocated through mutual agreement among the Signatories.

17 In the case of non-compliance with agreed expenditures and/or departure from the principles set out in this Arrangement including in the JPA, AusAID and NZAID may suspend, reduce or withhold further payments. If the GoV uses the funds for anything other than the purpose stated at Paragraphs 4 and 5, GoV undertakes to reimburse such funds to AusAID and NZAID immediately upon request by AusAID and NZAID.

Procurement

18 Procurement will be carried out as per the JPA.

19 Where AusAID and NZAID agree to a request by GoV to procure Technical Assistance on its behalf, the procurement will be undertaken by AusAID or NZAID in consultation with the Signatories.

Audit

20 GoV will keep accounts and undertake audits in accordance with the JPA.

21 As per the JPA, the GoV (represented by MFEM, PMO and MoE) will allow AusAID and NZAID and/or its agents and representatives access to all accounting information relating to the Arrangement. Where AusAID and NZAID seek access to information they will give the GoV notice in accordance with Paragraph 39. The GoV will provide the information requested

\(^1\) Depending on currency exchange rates over the duration of this Arrangement.
and/or access to the same within ten (10) working days of being given notice. AusAID and/or NZAID may take copies of any information provided.

22 As per the JPA, AusAID and NZAID reserve the right to initiate independent audits regarding the use of their respective funds if the need is identified, and in consultation with GoV and the Office of the Auditor General (OAG).

**Reporting, Monitoring and Evaluation**

23 Reporting, and monitoring and evaluation of progress against the VERM objectives will be carried out in accordance with the JPA.

24 In addition to providing reporting under Paragraph 23, the GoV will provide AusAID and NZAID with informal reports on request as well as providing information to AusAID and NZAID when opportunities arise.

**General Provisions**

**Relationship between the Signatories**

25 Each Signatory is a separate legal entity. Nothing contained or implied in this Arrangement will be construed as creating a legal partnership between the Signatories, or any of their employees, agents, representatives or sub-contractors.

26 This Arrangement is not governed by international law. Nothing contained or implied in this Arrangement will be construed as creating an international treaty between sovereign states and/or the Signatories. Further, this Arrangement does not create a partnership at law.

27 No Signatory will in any circumstances during or after the course of this Arrangement make any commitments on behalf of any other Signatory or Government relating to the expenditure of official development assistance or any other official funds, other than the extent to which Signatories have consented to in this Arrangement.

28 This Arrangement acknowledges that each Signatory is subject to its own operating environment, including legislative, ministerial and parliamentary obligations.

**Variation**

29 The terms of this Arrangement may be modified, limited or extended by the common consent of the Signatories. All variations to this Arrangement must be in writing and signed by all Signatories.

**Termination**

30 Each Signatory reserves the right to withdraw its support to this Arrangement. If any Signatory intends to withdraw from this Arrangement,

a. they will call a meeting to inform the other Signatories of its decision and to consult on the consequences for the VERM; and

b. the remaining Signatories will discuss with each other the implications of such termination, and if wishing to continue their participation may formalise the results of such discussion in a Letter of Variation to this Arrangement.
Notwithstanding Paragraph 32 below, each Signatory’s responsibilities for VERM initiatives or activities commenced before notice of termination is received will continue until completion of such initiatives or activities, and this Arrangement shall continue in force in respect of the period of completion, unless otherwise negotiated or necessitated by the circumstance of the termination.

This Arrangement will no longer have effect, except for the circumstances outlined in Paragraph 31 above, for Signatories wanting to terminate their involvement 30 days after written notice has been given by any Signatory of the decision to terminate the Arrangement.

Anti-Terrorism

Each Signatory agrees to use their best endeavours to ensure:

a. that individuals or organisations involved in implementing the VERM are in no way linked, directly or indirectly, to organisations and individuals associated with terrorism; and

b. that Funds provided under this Arrangement are not used in any way to provide direct or indirect support or resources to organisations and individuals associated with terrorism.

If, during the course of this Arrangement a Signatory discovers any link whatsoever with any organisation or individual listed on a Relevant List it must inform all other Signatories immediately.

Fraud

The Signatories agree that:

a. The Signatories and their employees, agents, representatives or its subcontractors must not engage in any Fraudulent Activity. Each Signatory is responsible for preventing and detecting Fraud.

b. The Signatories agree to report in writing within five (5) working days to the other Signatories any detected, suspected, or attempted Fraudulent Activity involving the VERM. The Signatories agree to investigate the alleged Fraudulent Activity.

c. Following the conclusion of any investigation which identifies acts of a Fraudulent nature, the responsible Signatory shall:

   I. make every effort to recover any funds, the subject of Fraudulent Activity;

   II. refer the matter to the relevant police or other authorities responsible for prosecution of Fraudulent Activity; and

   III. be liable for the repayment of any funds amounts misappropriated by the Organisation, its agents, representatives or subcontractors.

d. The obligations of the Signatories under paragraphs (b) and (c) above shall survive the expiration of this Arrangement.

Anti-Corruption

The Signatories agree that they shall not make or cause to be made, nor shall they receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Arrangement. In addition, the Signatories shall not bribe public officials and shall ensure that its delivery organisations
comply with this provision. Any breach of this paragraph shall be reported to other Signatories promptly.

Extraordinary Events

37 No Signatory will be responsible for any failure to perform or any delay in performing their obligations under this Arrangement where the cause of such failure of delay is beyond that Signatory's reasonable control (Force majeure). The Signatory claiming suspension of its obligations due to an extraordinary event will immediately notify the other Signatories in writing of its intent and the reason(s) for suspension.

Resolution of Disputes

38 The Signatories undertake to use all reasonable efforts in good faith to resolve any disputes which arise between them in connection with this Arrangement. Subject to Paragraph 17, and unless otherwise agreed by the Signatories, the Signatories shall at all times during the dispute proceed to fulfil their obligations under this Arrangement.

Notices

39 All formal and legal notices under this Arrangement will be sent by mail, fax or be hand delivered, to the following addresses, or to such other address or person as that Signatory may specify by notice in writing to the others. Any such notice shall be deemed to have been duly given either on the date of dispatch, if delivered by hand or sent by facsimile, or fourteen (14) days after the date of posting, if sent by registered airmail.
Any notices required under this Arrangement should be given in writing to:

<table>
<thead>
<tr>
<th>For MOE: Director-General</th>
<th>For MFEM: Director of Finance</th>
</tr>
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<tr>
<td>Ministry of Education</td>
<td>Ministry of Finance and Economic Management</td>
</tr>
<tr>
<td>PMB 9028</td>
<td>PMB 9058</td>
</tr>
<tr>
<td>Port Vila</td>
<td>Port Vila</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>Vanuatu</td>
</tr>
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For PMO:
Director of Strategic Planning
Prime Minister's Office
PMB 9053
Port Vila
Vanuatu

For NZAID:
Counsellor
New Zealand Agency for International Development
New Zealand High Commission
PO Box 161
Port Vila
Attention: First Secretary (Education)

For AusAID:
Counsellor
Australian Agency for International Development
Australian High Commission
PO Box 111
Port Vila
Attention: First Secretary (Education)
This is accepted by signing as follows:

<table>
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<tr>
<th>For and on behalf of the Vanuatu Ministry of Education:</th>
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<tr>
<td>Signature</td>
<td>Signature</td>
</tr>
<tr>
<td>Hon. Charlot Kabwarchi</td>
<td>Hon. Sela Molisa</td>
</tr>
<tr>
<td>Full name</td>
<td>Full name</td>
</tr>
<tr>
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<td>Minister of Finance and Economic Management</td>
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<tr>
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<th>For and on behalf of AusAID:</th>
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<td>Mr. Nick Cumpston</td>
</tr>
<tr>
<td>Full name</td>
<td>Full name</td>
</tr>
<tr>
<td>Prime Minister</td>
<td>Counsellor, Port Vila</td>
</tr>
<tr>
<td>Position</td>
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<th>For and on behalf of NZAID:</th>
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<tbody>
<tr>
<td>Signature</td>
<td>Signature</td>
</tr>
<tr>
<td>Mr. Jeff Langley</td>
<td>Mr. Jeff Langley</td>
</tr>
<tr>
<td>Full name</td>
<td>Full name</td>
</tr>
<tr>
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Joint Partnership Arrangement

Between

The Government of Vanuatu
represented by
the Ministry of Education
the Ministry of Finance and Economic Management and
the Prime Minister's Office

and

Agence Française de Développement
Australian Agency for International Development
European Union
The Government of France, represented by the Embassy of France
The Government of Japan, represented by the Embassy of Japan
New Zealand Agency for International Development
The Peace Corps
Secretariat of the Pacific Community
United Nations Educational, Scientific and Cultural Organisation
United Nations Children's Fund
The World Bank

in relation to the

Vanuatu Education Road Map
Joint Partnership Arrangement

between

The Government of Vanuatu
represented by
the Ministry of Education
the Ministry of Finance and Economic Management and
the Prime Minister's Office

and

Agence Française de Développement
Australian Agency for International Development
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The Government of France, represented by the Embassy of France
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New Zealand Agency for International Development
The Peace Corps
Secretariat of the Pacific Community
United Nations Educational, Scientific and Cultural Organisation
United Nations Children's Fund
The World Bank

in relation to the

Vanuatu Education Road Map
# Table of Contents

- Introduction ................................................................................................................................ 3
- Vanuatu Education Road Map Objective and Duration ............................................................... 4
- Partnership Principles and Aid Effectiveness ........................................................................... 4
- Governance and Management – Responsibilities ........................................................................ 5
- Governance and Management – Meetings ................................................................................ 8
- Contributions ............................................................................................................................. 12
  - Government of Vanuatu ........................................................................................................... 12
  - Pool Partners .......................................................................................................................... 12
- Monitoring and Evaluation .......................................................................................................... 15
- Procurement ............................................................................................................................... 16
- Audit ........................................................................................................................................ 17
- General Provisions ..................................................................................................................... 18
  - Variation .................................................................................................................................. 18
  - Dispute Resolution ................................................................................................................... 18
  - Media ...................................................................................................................................... 18
  - New Pool Partners .................................................................................................................. 18
  - Extraordinary Events ............................................................................................................. 19
  - Non-Compliance and Suspension .......................................................................................... 19
  - Pool Partner Withdrawal ........................................................................................................ 20
  - Conflict of Interest ................................................................................................................ 20
  - Confidentiality ....................................................................................................................... 20
  - Relationship of the Partners .................................................................................................... 20
  - Corruption ............................................................................................................................... 21
  - Terrorism .................................................................................................................................. 21
- Execution .................................................................................................................................... 22
- Annex A: Vanuatu Education Road Map .................................................................................... 25
- Annex B: Performance Assessment Framework .......................................................................... 26
- Annex C: Pool Partner Contribution Mechanism ....................................................................... 28
- Annex D: Financial and Acquittal Reporting ............................................................................. 30
- Annex E: Issues to discuss at VERM Annual Joint Review and to address in the annual reporting of VERM progress ................................................................. 34
- Annex G: Update of the Universal Primary Education policy in 2010 ........................................ 37
- Annex H: Template for Aide Memoires of the Annual Joint Review Meeting (AJRM) .............. 39
Introduction

1. The Government of Vanuatu (GoV) has requested the support of development partners to contribute towards the funding and implementation of the Vanuatu Education Road Map (VERM).

2. This Joint Partnership Arrangement ("the Arrangement") is between "the Participants", namely:

   a) the "Pool Partners" who are:

      i) the GoV, represented by the Ministry of Education (MoE), the Ministry of Finance and Economic Management (MFEM), and the Prime Minister's Office (PMO), and

      ii) the donor partners who have agreed to pool their funding with GoV in support of the VERM ("donor Pool Partners"): the Australian Agency for International Development (AusAID); the New Zealand Agency for International Development (NZAID); and the United Nations Children's Fund (UNICEF).

   b) the "Non-Pool Partners", who are other donor partners who are signatory to this Arrangement and who support the VERM without contributing pooled funds: the European Union; the Government of France; the Government of Japan; the United Nations Educational, Scientific and Cultural Organisation (UNESCO); the World Bank; the Peace Corps, and the Secretariat of the Pacific Community (SPC).

3. Additional development partners may join the pool arrangements by the mutual agreement of the Pool Partners, as described at paragraph 65. Additional development partners may also become Non-Pool Partners by the mutual agreement of the Participants.

4. The financial assistance from the Pool Partners will be provided on terms and conditions set out in separate Grant Funding Arrangements to be entered into between the GoV and relevant donor partner(s).

5. The financial assistance from the Pool Partners will reflect the implementation performance of the GoV. Annual plans and contributions will be calibrated against existing implementation capacity, with realistic targets that, if met, can support a decision to increase financial assistance.

6. The Participants commit to harmonisation and will strive to align with GoV processes.
Vanuatu Education Road Map Objective and Duration

7. The Vanuatu Education Road Map (VERM) is the document that describes the national education program for delivery of effective and efficient education to the people of Vanuatu. The VERM is attached at Annex A.

8. The objective of the Vanuatu Education Road Map is to improve the effectiveness of the GoV in delivering quality education to the people of Vanuatu. The VERM has three strategic goals:

   **Strategic Goal 1 (Access):** To increase equitable access to education for all people at all levels of education in Vanuatu.

   **Strategic Goal 2 (Quality):** To improve the quality of education in Vanuatu.

   **Strategic Goal 3 (Management):** To improve and strengthen the management of the education system in Vanuatu.

9. The VERM provides the basis for a three year rolling planning process. The VERM currently covers the period 2010 to 2012. It will be brought up to date whenever required, taking into account the results of the VERM Annual Joint Review Meetings, and decisions taken by the GoV in consultation with the other Participants. The VERM is expected to be updated annually. The most recent approved VERM will be considered by all Participants to be Annex A to this Arrangement.

10. This Arrangement comes into effect on the date of signature by the Participants and will remain in effect until 31 December 2012. This Arrangement may be extended by the written agreement of the Participants.

11. The purpose of this Arrangement is to set out the Participants’ joint understandings and individual commitments that support the VERM. The Arrangement serves as a coordinating framework for consultation with the GoV for joint reviews of performance, common procedures on monitoring and evaluation, procurement, financial management, disbursement, reporting and audits.

Partnership Principles and Aid Effectiveness

12. The Participants to this Arrangement are committed to applying the partnership commitments in the Paris Declaration on Aid Effectiveness.

13. The following principles will guide the Participants’ relationship under this Arrangement:
   a) Vanuatu leadership and ownership.
b) Alignment to Vanuatu's needs and priorities.

c) Fairness, transparency, openness, accountability and mutual trust in all dealings.

d) Effective and efficient use of funding and resources.

e) Commitment to results and developing GoV capacity.

f) Tailoring implementation and resource levels to the absorptive capacity and performance of the GoV.

g) Harmonisation where possible of the Participants' commitments and collaboration on implementation to ensure efficient and effective use of resources.

14. The development partners' commitment to uphold the principles of the Paris Declaration on Aid Effectiveness and to facilitate a move towards more effective delivery and management of development assistance will continue to be reflected in the Education Partners' Group (EPG). The EPG Chair will facilitate effective coordination in the sector.

**Governance and Management – Responsibilities**

15. The GoV has overall responsibility for the implementation of the VERM.

16. The **Ministry of Education (MoE)** is responsible for:

a) overall coordination of the implementation, including administration, financial management and procurement.

b) monitoring, evaluation and reporting.

c) oversight of education service delivery.

17. MoE will:

a) in accordance with Annex D, provide monthly by email to the Pool Partners a Development Fund Detail Report produced from the *SmartStream* Financial Management Information System (FMIS) *Vision* reporting system, which documents monthly expenditure according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions within five working days after end of month.

b) ensure monthly updates occur in accordance with paragraph 29.

c) ensure the Education Budget and VERM Annual Joint Review Meetings are conducted as agreed at Paragraphs 25, 26, and 27, including ensuring appropriate representation of civil society.
d) ensure annual audit of Pool Partner funds is undertaken in accordance with paragraphs 52 to 59.

e) provide the secretariat for the VERM Steering Committee.

f) prepare the Annual Work Plan and Budget.

g) prepare reports in accordance with paragraphs 39 to 44.

18. The **Ministry of Finance and Economic Management (MFEM)** is responsible for:

a) assisting MoE in the planning, administration, financial management, procurement, monitoring and reporting relating to implementation of the VERM.

b) managing the financial contributions of the Pool Partners, including ensuring all contributions are utilised in accordance with the Public Finance and Economic Management Act and the Contract and Tenders Act.

c) analysis of education sector expenditure, including to inform Annual Joint Review Meetings, in consultation with MoE.

19. MFEM will:

a) fully participate in meetings of the VERM Steering Committee, including the Education Budget and Annual Joint Review Meetings.

b) attend monthly update meetings.

c) develop in accordance with Annex D a Development Fund Detail Report to be produced monthly from the *SmartStream* Financial Management Information System (FMIS) *Vision* reporting system which indicates budget versus actual expenditure according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions.

d) assist MoE to provide monthly the report in 19.c) by email to the Pool Partners within five working days after end of month.

e) ensure correct retirement of imprests from the Development Fund Account.

f) ensure MoE and Pool Partners are informed promptly if any problems are encountered or irregularities are discovered in the management, disbursement and acquittal of Funds.

g) assist MoE in ensuring that annual audit of Pool Partner funds is undertaken in accordance with paragraphs 52 to 59.

h) only make reallocations of the donor Pool Partner funds in accordance with paragraph 38.
20. The **Prime Minister's Office (PMO)** is responsible for:
   a) overseeing monitoring and evaluation of the VERM to ensure GoV policy is implemented.
   b) coordinating the activities of the MoE and the MFEM.
   c) liaising with development partners through the Aid Coordination Unit to ensure alignment of contributions to GoV policy.

21. PMO will:
   a) fully participate in meetings of the VERM Steering Committee, including the Education Budget and Annual Joint Review Meetings.
   b) attend monthly update meetings.
   c) facilitate an effective whole-of-government approach to assist MoE address critical VERM implementation challenges, including human resource needs.

22. The **donor Pool Partners** will:
   a) support the principles set out in this Arrangement including those detailed at paragraph 13.
   b) provide predictable funding contributions in line with this Arrangement and regularly review funding needs based on capacity and performance.
   c) use existing GoV systems where possible and support activities to strengthen GoV systems in line with internationally accepted standards.
   d) aim to lessen the administrative burden of their assistance on GoV by working towards joint appraisal, analysis, audit, reporting and evaluation where possible.
   e) provide Technical Assistance in line with GoV priorities under the VERM.

23. Although the **Non-Pool Partners** will not contribute directly to the funding pool, they will:
   a) support the principles set out in this Arrangement including those detailed at paragraph 13.
   b) fully share their work plans, budgets, reports and other pertinent documents with the Participants.
   c) design their programs and annual work plans to be harmonised and aligned with national and sector priorities, plans and policies as per the VERM.
d) co-ordinate their input into the Education Budget Review and the Annual Joint Review Meetings through the EPG.

e) in cooperation with GoV, discuss potential Technical Assistance requests with the EPG, including sharing draft Terms of Reference for at least two working days for comment.

f) ensure that any Technical Assistance provided is appropriately performance managed.

24. The VERM Steering Committee (VERM SC) will:

a) oversee VERM policy and implementation.

b) oversee budget development and agree on Pool Partner contributions to annual budgets including tranche amounts per Pool Partner.

c) comprise:

i) senior GoV officials (MoE Director General (DG) and Directors, MFEM Director of Finance, and PMO Director Strategic Policy and Planning);

ii) representatives from the donor Pool Partners; and

iii) the Chair of the EPG. If the Chair of the EPG is also a Pool Partner, a Non-Pool Partner will also attend from the EPG.

d) be chaired by MoE DG, with support from MoE staff.

e) prepare and convene for:

i) the 2010 Education Budget Meeting, to be held by end-May 2010;

ii) the 2010 VERM Annual Joint Review Meeting, to be held November 2010; and

iii) the Education Budget and VERM Annual Joint Review Meetings in 2011 and 2012, to be held by end June of these years.

iv) other meetings if the need arises.

Governance and Management – Meetings

25. The VERM SC will meet for a 2010 Education Budget Meeting which will:

a) be the key formal interaction between Pool Partners to confirm allocations of resources for the 2011 budget.
b) be held before the finalisation and submission of the 2011 GoV education budget, with an expected meeting date in late May 2010.

c) be organised and convened by MoE.

d) be prepared for and conducted according to the following process:

i) at least two (2) weeks prior to the meeting, Chair of the VERM SC (MoE DG) will circulate to VERM SC members the draft New Policy Projects to be supported in line with the VERM;

ii) at the meeting, Pool Partners will indicate anticipated funding levels and allocations for VERM priorities in the coming year, based on the draft New Policy Projects provided in advance;

iii) at the meeting, VERM SC members will review and agree New Policy Projects to be supported in line with the VERM;

iv) following the meeting, Chair of the VERM SC (MoE DG) will circulate the New Policy Projects including requested funding levels and allocations for VERM priorities; and

v) on receiving the New Policy Projects, Pool Partners will endorse in writing the anticipated funding levels and allocations for VERM priorities for inclusion in the GoV education budget.

26. The VERM SC will meet for a 2010 VERM Annual Joint Review Meeting which will:

a) review and analyse implementation progress and results in 2010.

b) be held in November 2010.

c) be organised and convened by MoE.

d) be prepared for and conducted according to the following process:

i) at least two (2) weeks prior to the meeting, MoE will circulate to VERM SC members the 2010 Annual Joint Review Report (in accordance with paragraph 42) and draft Annual Work Plan and Budget for 2011;

ii) prior to the meeting, appropriate site visits to schools will be undertaken with Pool Partners;

iii) at the meeting, VERM SC members will:

(1) review implementation progress and results including using data from the Vanuatu Education Management Information System (VEMIS) for 2010
and results against the VERM Performance Assessment Framework at Annex B and against progress targets in the Annual Work Plan;

(2) discuss important topics identified in the course of implementation;

(3) agree a set of conclusions and recommendations that will form the basis for MoE and other key stakeholder actions in the coming year;

(4) agree the Annual Work Plan and Budget for 2011, taking into account the outcome of the Ministerial Budget Committee (MBC) consideration of the New Policy Projects to be supported in line with the VERM agreed at the 2010 Education Budget Meeting and the full and final budget for 2011 that has been endorsed by the MBC; and

(5) agree the tranche payments to be made by the donor Pool Partners in 2011 on the basis of the MoE’s cashflow needs identified in the Annual Work Plan and Budget.

d) following the meeting, Chair of the VERM SC (MoE DG) will circulate to VERM SC members the finalised 2011 Annual Work Plan and Budget.

e) on receiving the finalised documents, Pool Partners will jointly endorse in writing the 2011 Annual Work Plan and Budget.

27. In 2011 and 2012, the VERM SC will meet for a combined Education Budget and VERM Annual Joint Review Meeting which will:

a) be the key formal interaction between Pool Partners to confirm allocations of resources in the following year’s budget.

b) review and analyse implementation progress and results in the previous year.

c) be held before the finalisation and submission of the GoV education budget for the coming year, with meeting held by end June in 2011 and 2012.

d) be organised and convened by MoE.

e) be prepared for and conducted according to the following process:

i) at least two (2) weeks prior to the meeting, MoE will circulate to VERM SC members:

(1) the draft New Policy Projects (New Policy Projects) to be supported in line with the VERM; and

(2) MoE Annual Report in accordance with paragraph 42.c).

ii) prior to the meeting, appropriate site visits will be undertaken with Pool Partners.
iii) at the meeting, Pool Partners will indicate anticipated funding levels and allocations for VERM priorities in the following year, based on the draft budget proposals provided in advance.

iv) at the meeting, VERM SC members will:

1) review and agree New Policy Projects to be supported in line with the VERM;

2) review implementation progress and results, discussing important topics identified in the course of implementation, and

3) agree a set of conclusions and recommendations that will form the basis for MoE and other key stakeholder actions in the coming year.

v) following the meeting, Chair of the VERM SC will circulate the New Policy Projects including requested funding levels and allocations for VERM priorities.

vi) on receiving the New Policy Projects, Pool Partners will endorse in writing the anticipated funding levels and allocations for VERM priorities for inclusion in the GoV education budget.

28. For all major meetings held in relation to this Arrangement, including those described in paragraphs 25, 26 and 27 above, all substantive agreements will be recorded in aide memoires, following the template at Annex H. The Aide Memoire will be drafted by MoE with assistance of donor Pool Partners.

29. MoE will conduct brief, up to one hour in duration, monthly update meetings. These will:

a) include representatives of Pool Partners and the EPG Chair, with MoE represented by the Director General, Directors and a member of the internal MoE coordinating committee, or their representatives. MFEM and PMO will also be represented.

b) be held within ten working days after end of month, ensuring that the report in 17.a) is provided to the Pool Partners at least two (2) working days in advance of the meeting.

c) for one meeting each quarter, include more detail on activity implementation progress and challenges, including a brief written update (of up to five (5) pages in length) provided to the Pool Partners at least two working days in advance of the meeting.
Contributions

Government of Vanuatu

30. The GoV undertakes to secure ongoing financial assistance sufficient to support its commitments to implementation through its annual appropriations from parliament, including:
   a) contributing at least VUV 100 million in 2010 to school grants for years 1 through 6; and
   b) increasing contributions to school grants for years 1 through 6 by 25 per cent each year until fully GoV-funded.

31. In addition to financial contributions, the GoV undertakes to provide for technical assistance supported by Pool Partners such human resources, office space, and logistical support as is required to ensure successful implementation.

Pool Partners

32. Financial assistance through Pool Partners individual contributions will be set out in separate Grant Funding Arrangements between the GoV and other Pool Partners.

33. The separate Grant Funding Arrangements of the Pool Partners will be compatible with the spirit and provisions of this Arrangement and will refrain from setting conditions which contradict or diverge from the spirit of the provisions of this Arrangement. However, if there is any inconsistency or contradiction between the terms and conditions of this Arrangement and any separate Grant Funding Arrangement, the provisions of the separate Grant Funding Arrangement will prevail. Insofar as specific provisions of a separate Grant Funding Arrangement deviate from this Arrangement, the Pool Partner concerned will inform the other Pool Partner thereof, by supplying a copy of the Grant Funding Arrangement to the other Pool Partner, specifying the provision(s) concerned.

34. Pool Partner contributions will be made according to the Pool Partner Contribution Mechanism set out in Annex C or as negotiated in the Grant Funding Arrangement between the GoV and the Pool Partner.

35. The Pool Partners acknowledge that Pool Partner contributions are conditional upon the annual appropriations of respective Parliaments of such sums for the purpose of supporting this Arrangement.

36. Consistent with paragraphs 5 and 13, the amount of actual funding required each year will be based on GoV requirements. This will be informed by the VERM and based on an Annual Work Plan, budget forecasts, actual expenditures, and the rate of progress in the implementation.
37. GoV will use the funds provided by the donor Pool Partners solely for purposes within the scope of the VERM agreed in advance in writing through the processes outlined at Paragraphs 25, 26 and 27 above.

38. Where necessary, a Budget Adjustment can be made to reallocate donor Pool Partner funds within the agreed VERM scope defined at paragraph 37. The process will be:

a) if the adjustment exceeds 5 per cent of the agreed activity budget (at the level of SmartStream Project-Component Code) or VUV 5 million (whichever is less) within a 12 month period, then MoE will seek prior written approval from the VERM SC including all donor Pool Partners.

b) if the adjustment does not exceed 5 per cent of the agreed activity budget (at the level of SmartStream Project-Component Code) or VUV 5 million (whichever is less) within a 12 month period, then MoE will inform the VERM SC including all donor Pool Partners of the reallocation in writing by at least five (5) working days in advance of the adjustment or commencing expenditure above the prior agreed amount.

c) a copy of the relevant correspondence including that required by a) and b) above will be attached to a Budget Adjustment request that MoE sends to MFEM. MFEM will not make any changes to the budget of the VERM funds in the Development Fund Account without a completed Budget Adjustment request form including the correspondence record verifying that the requirements at a) and b) above have been met.

Reporting

39. MoE will provide the following reports to the VERM SC:

a) an annual Acquittal Report of donor Pool Partner funding.

b) New Policy Projects to be supported in line with the VERM.

c) a 2010 Education Annual Joint Review Report.

d) the MoE Annual Report in 2011 and 2012.

e) an Annual Work Plan and Budget for 2010, 2011 and 2012.

40. The annual Acquittal Report will:

a) be prepared in accordance with Annex D, using a Development Fund Detail Report produced from the SmartStream Financial Management Information System (FMIS) Vision reporting system which clearly shows according to the Account structure (Project, Component and Chart of Account) of VERM Pool Partner contributions:
i) actual expenditure against budget;

ii) the balance remaining after actual expenditure; and

iii) any unspent funds from the preceding year.

b) cover 1 January to 31 December of the previous year for donor Pool Partner contributions to VERM.

c) be provided by 31 March each year.

d) be signed off by the MoE DG including a statement acknowledging that:

i) donor Pool Partner contributions were received and only used for agreed purposes;

ii) all conditions relating to this Arrangement and any related Grant Funding Arrangement(s) have been met; and

iii) donor Pool Partner contributions were fully utilised, or, if not fully utilised, an explanation regarding unspent contributions.

e) in 2010, cover all expenditure under the Vanuatu Education Support Action Plan (VESAP) from 17 June 2008 until 31 December 2009.

41. The New Policy Projects to be supported in line with the VERM will:

a) be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the Education Budget Meeting.

b) clearly indicate requested funding levels and allocations for VERM priorities of donor Pool Partner contributions.

c) be endorsed in writing by the Pool Partners following the Education Budget Meeting.

42. The 2010 Education Annual Joint Review Report, and in 2011 and 2012 the MoE Annual Report, will:

a) consider issues noted in the reporting template at Annex E, including analysing progress on the Annual Work Plan (achieving planned outputs and progress targets) and towards the targets in the PAF at Annex B.

b) assess whether implementation performance is satisfactory, in accordance with paragraph 46.

c) in 2010, be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the 2010 Education Annual Joint Review Meeting.
43. The Annual Work Plan and Budget will:

a) be circulated by MoE DG to VERM SC members at least two (2) weeks prior to the Education Annual Review Meeting.

b) include a budget for the coming year in a format consistent with the template at Annex D using a Development Fund Detail Report produced from the SmartStream Financial Management Information System (FMIS), which clearly shows budgeted amounts according to the Account structure (Project, Component and Chart of Account) of the VERM Pool Partner contributions.

c) include a procurement plan that includes for each procurement to be undertaken over VUV 1 million (either by open tender or quotations where permitted) the proposed procurement method, terms of reference or product specification, advertisement, and evaluation method.

d) include progress targets to monitor implementation of activities.

e) include an indicative update of the full three year rolling plan funding requirements.

f) be endorsed in writing by the VERM SC members following the 2010 Education Annual Review Meeting.

g) be considered in 2011 and 2012 at a regular monthly VERM meeting, as specified at paragraph 29, before the end of November each year.

h) be endorsed in writing by the VERM SC members by end-2011 and end-2012.

44. MoE with support from MFEM will be responsible for preparing and distributing via email a monthly Development Fund Detailed Report to the Pool Partners, in accordance with paragraph 17.a).

Monitoring and Evaluation

45. The Participants have agreed on a comprehensive Performance Assessment Framework as set out in Annex B. The MoE will be responsible for coordinating the collection of data, collation of results and reporting in accordance with paragraph 42.

46. The Pool Partners have agreed that implementation performance will be considered satisfactory if GoV achieves all of the targets set out at paragraph 6 of Annex B.
47. At a minimum, the following reviews and studies will be undertaken to support VERM implementation:

a) to inform a revised 2011 New Policy Project for the Universal Primary Education (UPE) policy, in accordance with the approach outlined at Annex G:

i) a detailed study led by GoV in early 2010 of actual costs (public and private) of education service delivery and barriers to access;

ii) an independent review of fund flows, processes and procedures at all stages of the school grants, to be completed by June 2010; and

iii) a GoV monitoring report of the UPE policy.

b) to examine options for efficiency gains in the sector, a Public Expenditure Review or equivalent comprehensive analysis of the financing of education, to be completed not later than November 2011.

c) utilising the approach outlined at Annex G, conduct an independent assessment of the impact of the school grants program on access and the quality of schooling and on parental contributions to schools, to be completed by mid-2012.

d) VERM Review to be conducted in early 2012 to inform post-2012 plans for development partner support for the VERM.

Procurement

48. Responsibility for the procurement of goods, works, or services in relation to the implementation of the VERM rests with the GoV. The Pool Partners also have an obligation to ensure that their contributions are used with due attention to economy and efficiency. GoV undertakes to effect all procurement of works, goods and services under the VERM in accordance with the Vanuatu Public Financial Management Act 1998 and the GoV Procurement Guidelines. GoV is responsible for the management and implementation of all resulting contractual arrangements.

49. The Participants will work together to ensure that there is effective coordination, transparency in selection and recruitment, and avoidance of duplication in provision of technical support or assistance for the VERM, in response to requests made by the GoV. Pool Partners will support MoE efforts to strengthen its procurement and contract management capability so that in due course MoE can directly procure Technical Assistance (TA) itself.

50. GoV will be responsible for performance management of all long-term TA. Any TA contracted for a period of 12 months or more will be considered long term. For long-term TA, GoV will:
a) complete at least every six months, or more frequently if required, Section 1 of the Staff Performance Appraisal of the GoV Public Service Commission ‘Performance Management System Policy’;

b) share with Pool Partners within 30 days of completion each Staff Performance Appraisal referred in a) above; and

c) report at any time any dissatisfaction or concerns with TA performance in writing to the other Pool Partners.

51. Where GoV does not provide donor Pool Partners with performance appraisals for long-term TA in accordance with 50.b) above, or where GoV reports dissatisfaction or concern, where they are a party to the contract with the TA and where the contract allows this, donor Pool Partners will take appropriate action and may terminate the contract of the TA in question, in consultation with GoV.

Audit

52. MFEM operates the GoV’s Development Fund Account. MFEM is responsible for maintaining the accounting records, ledgers and preparing the financial statements pertaining to the account.

53. Donor Pool Partner funds held in the Development Fund Account will be subject to GoV’s existing and statutory accounting and audit procedures including the Office of the Auditor General’s (OAG) annual audit of GoV financial statements.

54. After this annual audit the OAG provides a management report to the Director General (DG) of the MoE, MFEM, and the PMO, commenting on control weaknesses and recommendations within MoE. The MoE DG and the DG of MFEM undertake to share this report with other Pool Partners and discuss ways in which funding partners can assist in addressing identified weaknesses.

55. GoV commits to monitoring OAG’s capacity and ability to undertake an annual audit and will discuss any risks stemming from OAG capacity constraints with the Pool Partners.

56. If the OAG is unable to carry out the audits mentioned above due to constraints on the Office’s capacity, the Pool Partners will discuss ways in consultation with the OAG to support the OAG to carry out these audits to ensure that regular audits are conducted, in line with GoV systems. The annual audit will provide the necessary assurance to development partners and other stakeholders about the proper use of donor Pool Partner and GoV funding.

57. The Pool Partners reserve the right to initiate independent audits for the use of their respective funds if the need is identified, and in consultation with GoV and the OAG.
58. GoV undertakes to discuss all audits with the donor Pool Partners in order that a joint plan for implementing recommendations can be put in place.

59. The GoV will allow the donor Pool Partners access to all accounting information relating to the Arrangement. Where donor Pool Partners seek access to information they will give the GoV ten (10) working days notice. The GoV will provide the information requested within ten (10) working days of being given notice. The donor Pool Partners may take copies of any information provided.

General Provisions

Variation

60. Any variation, modification or amendment to the provisions of this Arrangement will only be effective if agreed in writing by the Pool Partners. If the variation, modification or amendment will affect Non-Pool Partners, the variation, modification or amendment will also be made in agreement with Non-Pool Partners in writing.

Dispute Resolution

61. Each of the Participants shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising under or in connection with this Arrangement or the VERM. The outcome of the negotiations will be documented. In so doing, each of the Participants undertakes to act in good faith, in a spirit of goodwill and cooperation.

Media

62. In the event that a Pool Partner needs to issue a media release in relation to the VERM or any aspect of this Arrangement, it will first consult with the other Pool Partners. Reasonable time must be allowed for such consultation, while taking into account the constraints of media release timeframes.

63. Where a high profile issue arises in relation to the VERM, or this Arrangement, then the Pool Partner who first becomes aware of the issue must immediately advise the others. Each Pool Partner undertakes not to make or cause to be issued any comment or statement to the media, or any member of the public, or any third party without the prior consultation and agreement of the other Pool Partner.

New Pool Partners

64. The Pool Partners welcome other development partners to join this Arrangement to support the VERM as a Pool Partner.
65. Any prospective new Pool Partner must make a written request to GoV (directed to the PMO and copied to MoE and MFEM) stating their wish to join this Arrangement as a Pool Partner. Such a request is to be considered by all Pool Partners. Where it is agreed that the new development partner may join the arrangement as a Pool Partner, a formal Letter of Partnership will be completed and signed. Any such accession must be on the same terms and conditions as are contained in this Arrangement.

66. New donor Pool Partners contributions will be made according to the arrangements described at paragraph 34 or as negotiated in the Grant Funding Arrangement between the GoV and the new Pool Partner.

Extraordinary Events

67. Pool Partners shall not be liable for any failure to perform or any delay in performing their obligation(s) under this Arrangement where the cause of such failure or delay is beyond that Pool Partner's reasonable control. However, the Pool Partner claiming suspension of its obligations for this reason must immediately give written notice to the others.

Non-Compliance and Suspension

68. Other than in situations of force majeure, each Pool Partner must advise the others within five (5) working days if, at any time, that Pool Partner, or its employees, agents or sub-contractors is unable, for any reason, to meet or perform any of the requirements of this Arrangement or the agreed implementation of the VERM.

69. In case of a material or serious non-compliance with the provisions of this Arrangement, or the agreed implementation, the Pool Partners, individually and jointly as the case requires, reserve the right to suspend further payments and/or to reclaim all or part of the contribution funding already transferred to the GoV. Reasonable advance notice of the suspension of payments shall be given, where possible at least six months prior to the beginning of the GoV financial year. For the purposes of this paragraph non-compliance includes, but is not restricted to, the following:

a) a substantial deviation from agreed implementation plans and/or budgeted expenditure occurs.

b) a serious issue or fault in a tender selection process resulting in a mis-procurement.

c) significant deviation from the understandings of this Arrangement.

d) significantly unfavourable development of the VERM in relation to its objectives.

e) a fundamental change in circumstances compared to those which existed at the signing of this Arrangement.
70. If a Pool Partner intends to suspend payment(s) or terminate its support, that partner must call for a meeting with all Pool Partners to discuss whether a joint position can be agreed on the measures, remedial or otherwise, required. If a joint position cannot be reached, the suspending Partner may confirm to the other Pool Partners its intentions regarding the continuance or discontinuation of support.

71. If a Pool Partner intends to suspend their payment for any reason, then any preconditions the Pool Partner would require satisfied before it recommences payment should be discussed in good faith with fellow Pool Partners.

**Pool Partner Withdrawal**

72. Each Pool Partner reserves the right to withdraw and/or terminate its support to the VERM. In doing so it should provide, where possible, at least six months notice to the Pool Partners. The circumstances and reasons for the withdrawal should be discussed with the GoV and other Pool Partners.

73. Prior to written notification of its withdrawal or termination, the Pool Partner in question must call a meeting of all Pool Partners to inform them of its decision and to consult on the consequences for the VERM.

**Conflict of Interest**

74. Each Pool Partner undertakes to take active steps to manage any actual, potential or perceived conflict of interest in relation to their role or the role of any employee, consultant, agent or sub-contractor.

**Confidentiality**

75. All information marked by any Pool Partner as 'confidential' will be treated as confidential by the others except insofar as the information has been made available for public release. However, each Pool Partner acknowledges that certain information may be required to be disclosed through legal process or government convention.

**Relationship of the Partners**

76. Each Pool Partner is a separate entity. Nothing contained or implied in this Arrangement or associated Grant Funding Arrangement shall be construed as creating, and no Partner shall state, imply or do anything to suggest that this Arrangement creates, a relationship of employer/employee, or principal/agent or a legal partnership or an international treaty between sovereign states between the Pool Partners, or any of their employees, agents or sub-contractors.
77. Each Pool Partner remains responsible for the liability of its own employees, agents and sub-contractors and for all related tax, insurances or such other costs attributed to their employment or engagement.

**Corruption**

78. Consistent with each Pool Partner's commitment to good governance, accountability and transparency, each Pool Partner reserves the right to investigate, either directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices in relation to the other Pool Partners and the implementation of the VERM or any aspect of this Arrangement.

79. The GoV will ensure that its employees, agents, consultants and sub-contractors working in relation to any aspect of the VERM or this Arrangement or associated Grant Funding Arrangement shall not make or offer or seek or accept from or by any third party, for themselves or for any other party, any gift, money, reward, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an unethical, illegal or corrupt practice.

80. The GoV will promptly inform the Pool Partners of any serious event under paragraphs 78 or 79 above, or incidence of accidental or deliberate misuse of funds, embezzlement, fraud, dishonesty or corruption in relation to any aspect of the VERM or this Arrangement. The GoV undertakes to investigate and take all appropriate measures including laying an immediate complaint with the Police if any funding from the Pool Partners is stolen or misappropriated.

**Terrorism**

81. GoV undertakes that it: (a) will not use VERM resources or any part thereof for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to GoV's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under the United Nations Security Council Resolution 1373 and related resolutions; and (b) will include a corresponding provision to this effect in any agreement that GoV enters into with entities to which GoV makes VERM resources available.
Execution

Signed for and on behalf of the Vanuatu Ministry of Education:

Signature

Hon. Charlot Salwai Tabimasmas
Full Name
Minister of Education
Position

Date 4/12/09

Signed for and on behalf of the Vanuatu Ministry of Finance and Economic Management:

Signature

Hon. Sela Molisa
Full Name
Minister of Finance and Economic Management
Position

Date 4/12/09

Signed for and on behalf of the Vanuatu Prime Minister's Office:

Signature

Hon. Edward Nipake Nabapa (Tita-Pamela)
Full Name
Prime Minister
Position

Date 4/12/09

Signed for and on behalf of Agence Française de Développement:

Signature

Nick Cumpston
Full Name
Counsellor
AusAID Port Vila
Position

Date 4/12/09

Signed for and on behalf of AusAID:

Signature

Nick Cumpston
Full Name
Counsellor
AusAID Port Vila
Position

Date 4/12/09
<table>
<thead>
<tr>
<th><strong>Signed for and on behalf of the European Union</strong></th>
<th><strong>Signed for and on behalf of the Government of France represented by the Embassy of France</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Signature</strong></td>
<td></td>
</tr>
<tr>
<td>Nicolás Berlanga</td>
<td>Francoise Maylie</td>
</tr>
<tr>
<td>Chargé d'Affaires</td>
<td>Ambassadrice de France</td>
</tr>
<tr>
<td>Delegation of the European Union</td>
<td>Ambassade de France, Port Vila</td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td><strong>Position</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>4/12/09</td>
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<table>
<thead>
<tr>
<th><strong>Signed for and on behalf of the Government of Japan represented by the Embassy of Japan</strong></th>
<th><strong>Signed for and on behalf of NZAID</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Signature</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jeff Langley</td>
</tr>
<tr>
<td>Full Name</td>
<td>New Zealand High Commissioner, Port Vila</td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td><strong>Position</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>4/12/09</td>
<td>4/12/09</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Signed for and on behalf of the Peace Corps</strong></th>
<th><strong>Signed for and on behalf of SPC</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Signature</strong></td>
<td></td>
</tr>
<tr>
<td>Eddie Stice</td>
<td></td>
</tr>
<tr>
<td>Full Name</td>
<td></td>
</tr>
<tr>
<td>Country Director</td>
<td></td>
</tr>
<tr>
<td>Peace Corps, Vanuatu</td>
<td></td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td><strong>Position</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>4/12/09</td>
<td></td>
</tr>
</tbody>
</table>

23
Signed for and on behalf of UNESCO:

Signature: 

Visesio Pongi

Full Name: 

Director

Position: 

12 February 2010

Date: 

Signed for and on behalf of UNICEF,

Signature: 

Tim Sutton

Full Name: 

Deputy Representative

UNICEF Suva

Position: 

Date: 4/18/09

Signed for and on behalf of the World Bank:

Signature: 

PHILIP O'KEEFE

Full Name: 

Lead Economist, World Bank

Position: 

1/2/10

Date: 

Signed for and on behalf of the Save the Children Vanuatu:

Signature: 

Hilson TOALIU

Full Name: 

Country Program Director

Position: 

7/5/10

Date: 

Vanuatu Field Office P.O. Box 288 Sandpoint Vanuatu
Annex A: Vanuatu Education Road Map

Government of Vanuatu

Vanuatu Education Road Map

Feuille De Route De L’Education De Vanuatu

1 December 2009
Annex B: Performance Assessment Framework

1. The Performance Assessment Framework (PAF) at Table 1 below will be used to track progress towards the three strategic goals of the VEM, consistent with the Education for All Goals and the Millennium Development Goals.

2. The PAF will be tracked along with progress against the implementation progress targets established in the Annual Work Plans.

3. The PAF will utilise data from the Vanuatu Education Management Information System (VEMIS) and other complementary sources as required. Sources are indicated in the table at Table 1 below.

4. GoV will continue to develop and refine the PAF. The most recently Pool Partner agreed version will be considered as this Annex B.

5. Progress against the PAF will be discussed at the Education Annual Joint Review Meetings and recorded in the 2010 Education Annual Joint Review Report and the 2011 and 2012 MoE Annual Reports, as outlined at paragraph 42 of this Arrangement.

6. In implementing the Annual Work Plan and Budget agreed in accordance with paragraph 43 of this Arrangement, performance will be considered satisfactory if GoV achieves all of the following:

   a) Annual expenditure reaches at least 80 per cent of the total agreed Annual Budget for donor Pool Partner funds.

   b) 100 per cent of progress targets in the Annual Work Plan are achieved for the School Grants and Support for School Grants Outputs.

   c) 80 per cent of progress targets in the Annual Work Plan are achieved for all other Outputs not including School Grants and Support for School Grants.
Table 1: VERM Performance Assessment Framework

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Baseline (year)</th>
<th>Interim Target (2012 or as stated)</th>
<th>Program Target (2015)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Primary school parental contributions (VT/yr. range)</td>
<td>600 - 13,000</td>
<td>no fees</td>
<td>no fees</td>
<td>Annual VEMIS survey results</td>
</tr>
<tr>
<td>2.</td>
<td>Net Enrolment Rate (NER) in year 1 (%)</td>
<td>36.0 (2008)</td>
<td>70</td>
<td>100</td>
<td>VEMIS, published in Education Digest</td>
</tr>
<tr>
<td>3.</td>
<td>Net Enrolment Rate in years 1 to 6 (%)</td>
<td>82.3 (2008)</td>
<td>85 (2011)</td>
<td>100</td>
<td>VEMIS, published in Education Digest</td>
</tr>
<tr>
<td>4.</td>
<td>Survival Rate to year 6 (%)</td>
<td>75.8 (2007)</td>
<td>85</td>
<td>100</td>
<td>VEMIS, published in Education Digest</td>
</tr>
<tr>
<td>5.</td>
<td>Transition Rate from year 6 to year 7 (%)</td>
<td>90.9 (2008)</td>
<td>Increase</td>
<td>Increase</td>
<td>VEMIS, published in Education Digest</td>
</tr>
<tr>
<td>6.</td>
<td>Survival Rate to year 13 (%)</td>
<td>18.8 (2007)</td>
<td>Increase</td>
<td>Increase</td>
<td>VEMIS, published in Education Digest</td>
</tr>
</tbody>
</table>

**Strategic Goal 1: To increase equitable access to education for all people at all levels of education in Vanuatu**

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Baseline (year)</th>
<th>Interim Target (2012 or as stated)</th>
<th>Program Target (2015)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>Primary school teachers certified (%)</td>
<td>50.5 (2008)</td>
<td>60</td>
<td>70</td>
<td>VEMIS, published in Education Digest</td>
</tr>
<tr>
<td>8.</td>
<td>Early grade reading</td>
<td>To be established by end 2010</td>
<td>Early Grade Reading assessment (EGRA) Surveys, to commence in 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Year 4 literacy level</td>
<td>To be established by end 2010</td>
<td>Sample based assessments of literacy and numeracy through Vanuatu Standardised Test (Vansta), commencing 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Year 4 numeracy level</td>
<td>To be established by end 2010</td>
<td>(as per PAF item 10.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Student textbook ratio</td>
<td>To be established by end 2010</td>
<td>VEMIS, published in Education Digest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Classroom:student ratio</td>
<td>To be established by end 2010</td>
<td>VEMIS, published in Education Digest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Gender Parity Index for NER years 1 to 6</td>
<td>1.00 (2008)</td>
<td>Within range 0.98 - 1.02</td>
<td>VEMIS, published in Education Digest</td>
<td></td>
</tr>
</tbody>
</table>

**Strategic Goal 2: To improve the quality of education in Vanuatu**

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Baseline (year)</th>
<th>Interim Target (2012 or as stated)</th>
<th>Program Target (2015)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>Primary schools using Government-approved bank accounts (%)</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>Independent audit of the primary school bank account arrangements</td>
</tr>
<tr>
<td>15.</td>
<td>Non-payroll share of education budget (%)</td>
<td>12.0 (2009)</td>
<td>Increase</td>
<td>Increase</td>
<td>MFEM will run a report from Vanuatu's Smartstream FMIS to compare amounts excluding series 8A**** to the total education appropriation.</td>
</tr>
<tr>
<td>18.</td>
<td>VERM implementation performance</td>
<td>-</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Aide Memoire, VERM Annual Joint Review</td>
</tr>
</tbody>
</table>
Annex C: Pool Partner Contribution Mechanism

1. In accordance with paragraph 37 of this Arrangement, GoV will use the funds provided by the Pool Partners through this mechanism solely for purposes within the scope of the VERM agreed in advance in writing.

2. Tranche payments will be made to the Government of Vanuatu Development Fund Account (DFA).

3. Pool Partners will contribute funds through two tranche payments each year.

4. The first tranche payment each year will:
   a) take place in January.
   b) in 2010 be 60 per cent of the 2010 annual approved donor contribution.
   c) in 2011 and 2012 be a proportion of the annual approved donor contribution based on GoV’s cashflow needs reflected in the annual work plan and agreed at the previous November monthly meeting between all Pool Partners and confirmed in writing among the Pool Partners.
   d) be released in 2010 upon:
      i) signing of this Arrangement and associated Grant Funding Arrangement(s)
      ii) agreement in writing by the Pool Partners to the design of the school grants program (including School Financial Management Manual & Grant Code), and
      iii) endorsement in writing by the Pool Partners of the 2010 Annual Work Plan and Budget, including the amounts of each tranche per Pool Partner.
   e) be released in 2011 and 2012 upon endorsement in writing by Pool Partners of the Annual Work Plan and Budget as outlined at paragraph 43.

5. The second tranche payment each year will:
   a) take place in July, subject to paragraph d) below.
   b) in 2010 be 40 per cent of the 2010 annual approved contribution less any unspent Vanuatu Education Support Action Plan (VESAP) funds as at 31 December 2009.
   c) in 2011 and 2012 be a proportion of the annual approved donor contribution agreed at the previous year’s November monthly meeting between all Pool Partners and confirmed in writing among the Pool Partners, less any unspent funds as at 31 December of the previous year.
Annex D: Financial and Acquittal Reporting

1) Financial Reporting

In accordance with paragraph 17.a) of this Arrangement MoE with assistance from MFEM will provide monthly by email to the Pool Partners a Development Fund Detail Report produced from the SmartStream Financial Management Information System (FMIS), which will:

- be developed by MFEM FMIS Section
- show according to the Account structure (Project, Component and Chart of Account) of the VERM donor Pool Partner contributions:
  - actual expenditure (expenditure already paid in cash)
  - commitments (where expenditures are committed by purchase order but not yet paid in cash)
  - total of actual expenditure and commitments
  - uploaded budget (the amount allocated from received donor funds to each Component)
  - variance (‘under/(over)’) comparing uploaded budget less the total of actual expenditure and commitments.
  - annual budget (the amount agreed among Pool Partners for the VERM Activity for the year)
  - variance (‘under/(over)’) comparing annual budget less the total of actual expenditure and commitments.
- be provided within five working days after the end of each month
- follow the template provided below. This will also be the template for the budget detail in the Annual Work Plan and Budget as per paragraph 43.b)
- be extracted from Vision, a reporting system associated with SmartStream
- show donor Pool Partner contributions as revenue only at the Project code level for VERM overall, and not distinguish revenue sources for each Component.
## Development Fund Detail Report Template

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Actual Expenses</th>
<th>Commitment</th>
<th>Total</th>
<th>Uploaded Budget</th>
<th>Under/(Over) to Uploaded Budget</th>
<th>Annual Budget</th>
<th>Under/(Over) to Approved Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>7QAU</td>
<td>Australia</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7QNZ</td>
<td>New Zealand</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7QXX</td>
<td>(other donor)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7QXX</td>
<td>(other donor)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(account code)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(account code)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td></td>
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<tr>
<td></td>
<td>(account code)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses (overall)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 10A101-00 - School Grants

| Expenses |                         | X | X | X | X | X |                                  |              |                                |
|          | 6DGC Operating Grant | X | X | X | X | X |                                  |              |                                |
|          | (account code) | X | X | X | X | X |                                  |              |                                |
|          | Total Expenses | X | X | X | X | X |                                  |              |                                |

### 10A101-10 - Support for School Grants - Costing / barriers review

| Expenses |                         | X | X | X | X | X |                                  |              |                                |
|          | 8CIE (expense type, e.g. Equipment Hire) | X | X | X | X | X |                                  |              |                                |
|          | (account code) | X | X | X | X | X |                                  |              |                                |
|          | (account code) | X | X | X | X | X |                                  |              |                                |
|          | (account code) | X | X | X | X | X |                                  |              |                                |
| Total Expenses | X | X | X | X | X | X |                                  |              |                                |

### 10A101-11 - Support for School Grants - Training

| Expenses |                         | X | X | X | X | X |                                  |              |                                |
|          | 8CIE | X | X | X | X | X |                                  |              |                                |
|          | (account code) | X | X | X | X | X |                                  |              |                                |
|          | Total Expenses | X | X | X | X | X |                                  |              |                                |

(continue as needed for remaining project-component codes)

### 10A101-1* - Total Expenses for Support for School Grants (including all sub-Activities)

|           | X | X | X | X | X | X |                                  |              |                                |

(continue as needed for remaining project-component codes)

| Remaining Balance for 10E101: | X | X | X | X | X | X |                                  | 31 |
The VERM project code will be a code such as '10A101'. Each VERM Development Output will include an additional two-digit Component Code to the VERM project code, such as '10A101-01', as will each Activity within one Output (if there are multiple Activities in an Output), for example from '10A101-01 to 10A101-99'.

Indicative account structure (Project, Component and Chart of Account) for the 2010 VERM donor Pool Partner contributions

<table>
<thead>
<tr>
<th>VERM Output</th>
<th>Activity</th>
<th>Project Component Code</th>
<th>Fund / Cost Centre / Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Grants</td>
<td>Primary School Grants</td>
<td>10E101-00</td>
<td>4-54EN-MECC</td>
</tr>
<tr>
<td>Support for School Grants</td>
<td>Costing / barriers review</td>
<td>10E101-10</td>
<td>4-54BC-MEBB</td>
</tr>
<tr>
<td></td>
<td>Financial Management Training for Head of Schools</td>
<td>10E101-11</td>
<td>4-54BB-MEBB</td>
</tr>
<tr>
<td></td>
<td>Finance Staff</td>
<td>10E101-12</td>
<td>4-54BB-MEBB</td>
</tr>
<tr>
<td></td>
<td>Stationery</td>
<td>10E101-13</td>
<td>4-54EN-MECC</td>
</tr>
<tr>
<td>Primary School Classrooms and Facilities</td>
<td>Water Tanks</td>
<td>10E101-30</td>
<td>4-54CB-MECA</td>
</tr>
<tr>
<td></td>
<td>Basic Education Upgrade (Classrooms)</td>
<td>10E101-31</td>
<td>4-54CB-MECA</td>
</tr>
<tr>
<td></td>
<td>Staff / Contractors</td>
<td>10E101-32</td>
<td>4-54BD-MEBB</td>
</tr>
<tr>
<td>Quality Improvements</td>
<td>Harmonization / Teacher Education</td>
<td>10E101-50</td>
<td>4-54FB-MECD</td>
</tr>
<tr>
<td></td>
<td>In-Service Unit</td>
<td>10E101-51</td>
<td>4-54FB-MECD</td>
</tr>
<tr>
<td></td>
<td>Curriculum Development</td>
<td>10E101-52</td>
<td>4-54CA-MECA</td>
</tr>
<tr>
<td>Improvements to Management</td>
<td>Audit</td>
<td>10E101-70</td>
<td>4-54AB-MEBA</td>
</tr>
<tr>
<td></td>
<td>Legislative &amp; Policy Reform</td>
<td>10E101-71</td>
<td>4-54AA-MEBA</td>
</tr>
<tr>
<td></td>
<td>Sector Financing</td>
<td>10E101-72</td>
<td>4-54BC-MEBB</td>
</tr>
<tr>
<td></td>
<td>VEMIS</td>
<td>10E101-73</td>
<td>4-54BC-MEBB</td>
</tr>
<tr>
<td></td>
<td>Improved Budgeting &amp; Planning</td>
<td>10E101-74</td>
<td>4-54A-AM-EBBA</td>
</tr>
</tbody>
</table>

From time to time, GoV will produce and share among Pool Partners other reports, including where possible showing recurrent (GoV-funded) and development (donor-funded) expenditure by Cost Centre and Activity codes.

Activities cannot be overspent to their annual budget. If funds need to be transferred between Activities, the procedure will be undertaken according to paragraph 38 of this Arrangement.

For accrual accounting purposes, all expenditure to budget, as well as any surplus funding, will be deemed attributable to donor Pool Partners according to their share of the total annual contribution and not according to the order in which each contribution was received.
II) Acquittal Reporting

Acquittal Reports will be prepared in accordance with paragraph 40 of this Arrangement. The GoV's own acquittal reporting format will be accepted by the donor Pool Partners.

The Acquittal Report will state:
- the start and end dates for the period of the acquittal report
- the currency of the acquittal report, expected to be in Vanuatu’s national currency (Vatu - VUV)
- the funds received from each donor Pool Partner, shown separately and noting the date the funds were received. This will be included as a separate schedule produced from Vision.
- unspent funds from the previous acquittal period that are being carried forward and expressed as the opening balance in the current acquittal report
- the total revenue received to date from all donor Pool Partners (funds received plus unspent funds)
- by Project, Activity and Account Code for the period covered:
  - budget
  - actual expenditure
  - variance
- totals of:
  - budget
  - actual expenditure
  - variance
  - closing balance (surplus/(deficit))
- that the closing balance will be carried forward into the next reporting period.

Any surplus funds reported in the Acquittal Report will be deemed attributable to the donor Pool Partners according to each Pool Partner's share of the total annual Pool Partner contribution.

While GoV may include committed expenses in the Acquittal Report, the Acquittal Report will separately show actual expenses and calculate the balance against actual expenses.

In accordance with paragraph 40.d) the Acquittal Report will be signed off by MoE DG including a statement acknowledging that:

i) donor Pool Partner contributions were received and only used for agreed purposes;

ii) all conditions relating to the this Arrangement and any related Grant Funding Arrangement(s) have been met; and

iii) donor Pool Partner contributions were fully utilised, or, if not fully utilised, an explanation regarding unspent contributions, for example that they will be carried forward into the next reporting period.
Annex E: Issues to discuss at VERM Annual Joint Review and to address in the annual reporting of VERM progress

1. VERM Annual Joint Review processes will be conducted each year in accordance with paragraphs 26 and 27 of this Arrangement.

2. The VERM Annual Joint Review will:
   a) review financing levels in the overall education sector, including the levels and sources of financing for early childhood education, primary, secondary, tertiary, and technical vocational education and training (TVET).
   b) discuss progress towards implementation targets in the Annual Work Plan and whether implementation performance is satisfactory in accordance with paragraph 6 of Annex B.
   c) assess progress towards PAF targets – are we making an impact?
   d) discuss any audits undertaken in the last 12 months
   e) discuss Technical Assistance (TA) performance and needs
   f) discuss education policy issues to inform the next budget process
   g) discuss financing needs and commitments
   h) discuss potential VERM implementation targets for next year to be included in the Annual Work Plan.

3. Annual reporting of VERM progress will address the issues listed in paragraph 2 above, focusing on items a), b) and c), as well as the issues detailed at Annex H.

VERM Management Cycle: 2010

GoV Budget Cycle

Reports

Meetings

Payments by Pool Partners

Key Events

Month

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

Provided to Pool Partners by December 2009

60% of annual

using previous year's enrolment numbers

VERMIS data for current year

adjusted for the current year's enrolment numbers

School grant 2

School grant 3

School grant 4

VERMIS surveys in

enrolment collected

calculated less urgent balance from VLESAP

Education Budget

Including appropriate stakeholders & provinces

(enables payment of 1st Annual Tranche in 2011)
Annex G: Update of the Universal Primary Education policy in 2010

Vanuatu's Prime Minister, Minister of Finance, and Minister of Education endorsed a Universal Primary Education (UPE) policy in June 2009, starting in the 2010 Budget.

This policy decision included that grant amounts to schools be reviewed by Ministers in the context of deciding the 2011 and 2012 Budgets.

This Annex sets out the process to support Ministerial review in 2010. Ministers will need to consider in mid-2010 a range of issues including:

- **Parental Contributions**: What parental contributions are schools charging? Has the policy reduced them as intended?

- **Access and enrolments**: Are more children attending school because of the UPE policy? Where? Are there some children who still don't come to school, even with lower fees? Who are they, why, and how could they be assisted? What is happening to over-age children? Are any new schools required?

- **Quality impacts**: Has the UPE policy affected the quality of education for children in school? Why?

- **Management**: Is the school grants program being managed well, at all levels? What improvements need to be made?
  
  (i) Are schools spending the grant only on approved expenditures? Do they know what items are allowed and those not allowed?
  
  (ii) Are program documentation, guidance and awareness adequate?
  
  (iii) Are communities adequately aware and involved?
  
  (iv) What should schools be responsible for managing and paying for?

- **Options for 2011**: By how much should the grant for years 1 to 6 increase in 2011? Should there be an increased grant for years 7 and 8 in 2011?

- **Costs**: What are the costs of the options? Are these estimates accurate? Is there adequate data from the education management information system (VEMIS) to support these estimates? How can it be improved?

The VERM Steering Committee will oversee the work.

An Options Paper will be presented to Ministers by June 2010. Information and analysis to support this will come from:

- a GoV monitoring report of the UPE policy, covering the use and impact of the first school grant payments in 2010, to be prepared by May 2010.

- An independent review of the school grants program, to be concluded by May 2010. An independent recognised school grants specialist will consider and, where appropriate, recommend improvements to: program management; guidance
material; fund flow mechanisms; grant procedures at all levels (national to school level).

- A comprehensive GoV-led study of: the costs of primary schooling in urban, peri-urban, rural and remote areas; and non-cost-related barriers to access to and/or participation in schooling in Vanuatu to be completed by May 2010.

The Steering Committee will lead the following process:

Dec 2009: ToR agreed for any short-term TA reviewers required

Jan 2010: GoV monitoring commences

Mar 2010: Data gathering commences (study of costs and non-cost barriers)

Apr 2010: Independent review commences (estimated 2 months)

- Initial findings circulated in mid-April of: GoV monitoring; independent review; analysis of school costs and non-cost barriers

- by end-April, the VERM Steering Committee hosts a seminar with donor Pool Partners considering initial findings and jointly developing a draft Options Paper for Government of Vanuatu, copied to donor Pool Partners

May 2010: Independent review completed

Options Paper and independent review findings considered by Ministers

VERM Steering Committee prepares 2010 UPE Progress Report

UPE Progress Report considered among VERM priorities at ‘Education Budget Meeting’ (as per JPA paragraph 25)

June 2010: GoV monitoring report completed and circulated

Agreed UPE Progress Report included in MoE 2011 Budget submission

Sept 2010: Ministerial Budget Committee review of UPE Progress Report

VERM Steering Committee ensures that arrangements for implementing the revised policy are in place, including community engagement and program monitoring.
Annex H: Template for Aide Memoires of the Annual Joint Review Meeting (AJRM)

1. Introduction
2. Progress on previous AJRM recommendations
3. Key issues relating to implementation of quality reforms including curriculum development, teacher development, literacy and numeracy, and assessment.
4. Key issues relating to implementation of access reforms including the school grants scheme and addressing non-financial barriers to access.
5. Key issues relating to implementation of management reforms including efforts to find/make efficiency gains in the sector.
6. Assessment of implementation performance in accordance with paragraph 6 of Annex B.
7. Progress against PAF indicators at Table 1 of Annex B: report on most recent data compared to baseline and target, commenting on whether this is on track or not, and noting the key reasons why.
8. Key recommendations with clear advice regarding implementing the recommendations and highlighting the responsible agency/person
9. Annexes including in depth studies, reports of field visits, etc.

The aide memoire should be a maximum of 5 pages (excluding annexes) and will be signed by all Pool Partners at the conclusion of the AJRM.