



Government of the Republic of Vanuatu

National Aid Management Policy



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List of Abbreviations

ACNU	Aid Coordination and Negotiation Unit
ADR	Annual Development Report
APMS	Aid Project Management System
AMP	Aid Management Policy
CAC	Central Agencies Committee
COM	Council of Ministers
DCO	Development Committee of Officials
DSPPAC	Department of Strategic Policy, Planning and Aid Coordination
GIP	Government Investment Program
LDC	Least Developed Country
MBC	Ministerial Budget Committee
MEF	Monitoring and Evaluation Framework
MoFAICET	Ministry of Foreign Affairs, International Cooperation and External Trade
MFEM	Ministry of Finance and Economic Management
MIA	Ministry of Internal Affairs
NAB	National Advisory Board on Climate Change and Disaster Risk Reduction
NGO	Non-Government Organization
NPF	National Planning Framework
NSDP	<i>Vanuatu 2030: The People's Plan</i> (Vanuatu's National Sustainable Development Plan)
PMU	Project Management Unit
PPP	Public Private Partnership
PSC	Public Service Commission
SDGs	Sustainable Development Goals
SWAp	Sector Wide Approach
VAT	Value Added Tax
VNSO	Vanuatu National Statistics Office

Prime Minister's Foreword

I am pleased to present the Republic of Vanuatu's Aid Management Policy and the accompanying Aid Management Policy Implementation Strategy.

The Policy and Strategy are directly related to enhance the Government's emphasis on effective development cooperation. Vanuatu has a history of receiving external assistance and such assistance has been instrumental to help our national development as well as respond to crisis such as Tropical Cyclone Pam in 2015 and the evacuation of the island of Ambae in 2017 due to volcanic activity. The experience has shown the importance of partnerships between the people of Vanuatu and its development partners.

The Policy and Strategy are based on the international framework and principles of effective development cooperation. These include the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), and the Busan Global Partnership for Effective Development (2011). The documents also respond to the Pacific Island Forum (Cairns) Compact for Effective Development Cooperation (2009). Most important, the documents recognize the four main components of the Busan agreement: 1) ownership of development priorities by developing countries; 2) focus on results; 3) inclusive development partnerships; and 4) transparency and accountability between countries and development partners.

The Government has taken these commitments seriously as shown in the 2017 adoption of the National Sustainable Development Plan: *Vanuatu 2030 The People's Plan*. The Plan has been implemented with a Monitoring and Evaluation Framework. The Plan is reflected in the Annual Budget Statement and is becoming more integrated into Ministry and agency corporate and business plans. The first complete Annual Development Report applying the monitoring and evaluation framework was just completed. These efforts show Vanuatu's commitment to the ownership of the development process, a focus on results, the application of transparency and accountability, and the continuous strengthening development partnerships.

The Policy will not only provide direction to Vanuatu's development interests and approach but will also be a key component of the country's foreign policy. The Policy will provide direction within the Government and also how it reaches out to development partners to help address priority development needs in a timely and effective manner.

Implementing the policy will take coordination within the Government itself and also with development partners resident in Vanuatu with whom we have a long-term and collaborative relationship and those development partners with whom we are developing relations to meet our needs. The emphasis is on coordination, collaboration and partnerships built upon Vanuatu's development agenda. With this emphasis is the need for leadership: leadership within Government to set our priorities and work in an effective and results-oriented manner and leadership with the development partners to provide development partners with direction so that priority needs are met in an efficient manner.

It is recognized that no policy or strategy, in and of itself, will be perfect in implementing existing commitments, attracting new commitments, facilitating existing partnerships and managing new partnerships. The Policy and Strategy are 'living' documents that will be reviewed and improved upon from time-to-time as the Government implements its development framework. There will be lessons learned and adjustments and that is where there the benefit of coordination, collaboration

and partnerships will help so that we all meet our common goal: achieving the development needs and aspirations of the people of Vanuatu.

The Aid Coordination and Negotiation Unit of the Department of Strategic Policy, Planning and Aid Coordination will implement both these important policy framework documents. The implementation is dependent on the collaboration of the ACNU with the other DSPPAC units; collaboration with other central departments, namely the Ministry of Foreign Affairs, International Cooperation and External Trade and the Ministry of Finance and Economic Management; sector Ministries and agencies; and non-government organizations. The participation, collaboration and feedback from development partners are essential to make these documents relevant and worthwhile.

I have every confidence that with the guidance provided by the Aid Management Policy and the Aid Management Policy Implementation Strategy, our partnership with our development partners and all stakeholders will be enhanced and continue to grow in support of the needs and aspirations of the people of Vanuatu.


Hon. Charlot Salwai Tabimasmass
Prime Minister



I. Rationale and Background

A. Rationale

The rationale for the Aid Management Policy (AMP) is to provide direction for the Government of the Republic of Vanuatu (hereinafter, the Government) to coordinate and manage all development assistance flows to enhance the overall effectiveness of the assistance to achieve national development outcomes. The policy is also to provide direction to Vanuatu's development partners so there is a true partnership for development planning, management and evaluation. An accompanying document, the National Aid Management Implementation Strategy, identifies the functions, responsibilities and processes that accompanies and further implements the AMP.

The Policy is aligned with the Government's National Planning Framework (NPF) as well as the international framework that helps countries such as Vanuatu cooperate with development partners and take the lead for all development activities.

These frameworks are described below to indicate a national framework for development assistance that is in compliance with international standards and commitments. This policy emphasizes the use of the national framework for the direction and alignment of development with a focus on the Busan Global Partnership for Effective Development (2011) commitments. These commitments include:

1. Ownership of development priorities by developing countries;
2. Focus on results;
3. Inclusive development partnerships; and
4. Transparency and accountability between countries and development partners.

The utilization of the national and international frameworks becomes more important as Vanuatu is expected to graduate from being a Least Developed Country (LDC) in 2020.

B. National Government Policies and Implementation Framework

The national planning framework consists of the following:

- *Vanuatu 2030: The People's Plan* (Vanuatu's National Sustainable Development Plan - NSDP, 2016-2030)
- *Vanuatu 2030: The People's Plan Monitoring and Evaluation Framework*
- Annual Development Report
- National Planning Framework
- Annual Budget Policy Statement
- Medium Term Debt Strategy

The *NSDP* identifies the country's vision and serves as its overarching policy framework to achieve a stable, sustainable and prosperous country within the next 15 years. The NSDP sets out the national priorities and their alignment with the global Sustainable Development Goals (SDGs) to which the Government has committed.

In regards to the AMP, the NSDP “requires the active participation of civil society, the private sector and our international development partners.” And, “It also requires strong coordination of the partnerships with business, civil society, development agencies and donors, aligning their contributions to national priorities and ensuring program delivery takes place through national systems.”

There are many NSDP components that relate to effective development assistance. Regarding the management of the assistance, the most relevant goal is within Pillar 1: Society Pillar under Goal 6: Strong and Effective Institutions - a dynamic public sector with good governance principles and strong institutions delivering the support and services expected by all citizens of Vanuatu. The following policy objectives are relevant to the AMP:

- 6.1 Enhance the capacity and accountability of public officials, and ensure the impartiality and effectiveness of performance management systems.
- 6.4 Strengthen national institutions to ensure they are cost-effective and well-resourced to deliver quality public services.
- 6.5 Strengthen local authorities and municipal institutions to enable decentralized service delivery.
- 6.6 Strengthen physical planning and management to meet the service delivery needs of a growing population.
- 6.8 Coordinate resources to align with national objectives.
- 6.9 Strengthen research, data and statistics for accountability and decision-making.

The *Vanuatu 2030: The People's Plan Monitoring and Evaluation Framework* (MEF) was designed to complement the NSDP and report on its progress. It is the result of the Monitoring and Evaluation Policy. The MEF is results based and is intended to serve as a guide for implementing, monitoring and reporting on the NSDP. The Department of Strategic Policy Planning and Aid Coordination (DSPPAC) prepared the MEF with the assistance of the Vanuatu National Statistics Office (VNSO) and inputs of a variety of Government Ministries and agencies as well as other stakeholders.

The *Annual Development Report (ADR)* is the annual monitoring report for the NSDP. It follows the NSDP's MEF. The report is results-oriented as it shows the status of achieving specific targets based on activities to achieve the NSDP's pillars, goals and policy objectives. DSSPAC's Monitoring and Evaluation Unit produces the ADR.

The *National Planning Framework* (NPF, approved September 2018) was prepared for decision makers involved in planning at the Ministry and agency level. This includes keeping Ministries and agencies compliant with the legal reporting requirements of the Ministry of Finance and Economic Management (MFEM) and the Public Service Commission (PSC). The NPF is to ensure that planning across the Government is carried out in a uniform manner. The planning process includes alignment with the NSDP, MEF, *Corporate Plans* (Ministry or agency medium term strategies) and *Business Plans* (annual plans that accompany annual budget submissions). The NPF was prepared by DSSPAC.

The *Annual Budget Policy Statement* is prepared per the Public Finance and Economic Management Act. It incorporates the Government's strategic vision that is in line with the NSDP and identifies the financial policies and indicators of the Government including economic and fiscal performance, targets and future trends. It is supported by the annual budget.

The *Medium Term Debt Strategy* identifies policy conditions and other requirements for loans, credits, loan guarantees and on-lending.

The AMP is part of the above policy and process framework and will use what processes and procedures that exist from this framework to the extent possible. The AMP will also be a part of the Foreign Policy now being prepared by the Ministry of Foreign Affairs, International Cooperation and External Trade (MoFAICET).

C. Alignment with International Aid Practice and Framework

The AMP is based on the international framework and principles of effective development cooperation. Development partners and recipient countries, including Vanuatu, developed this framework over the years based on experience and the shared interest of making improvements. The framework has emphasized country ownership of the development agenda and coordinated, effective, and results-oriented assistance. The main components of this framework are:

Paris Declaration on Aid Effectiveness (2005) The declaration emphasized: 1) ownership of the development agenda and leadership of recipient countries; 2) alignment of external assistance with country development strategies; 3) harmonization of external assistance amongst development partners to reduce duplication and overlap; 4) managing for results; and 5) mutual accountability.

Accra Agenda for Action (2008) A further step based on an evaluation of the Paris Declaration that emphasized three main themes: 1) ownership so countries determine their own development strategies by playing a more active role in designing development policies and take a stronger leadership role in coordinating aid, and development partners use of existing fiduciary and procurement systems to deliver aid; 2) inclusive partnerships for which all partners including major development partners, recipient countries, non-governmental organizations (NGOs) and other civil society stakeholders participate fully in the development process; and 3) delivering results that will have real and measurable impact on development.

Pacific Island Forum (Cairns) Compact for Effective Development Cooperation (2009) The Compact emphasized: 1) annual Millennium Development Goal tracking¹; 2) peer reviews of national institutions, policies and systems; 3) development partner reporting on aid effectiveness commitments; 4) public financial management reforms; 5) more effective climate change financing; 6) private sector engagement in dialogue; and 7) investment in infrastructure development.

Busan Global Partnership for Effective Development (2011) The partnership emphasizes: 1) ownership of development priorities by developing countries; 2) focus on results; 3) inclusive development partnerships; and 4) transparency and accountability between countries and development partners.

II. Policy Objective

¹ Now Sustainable Development Goals.

The objective is: to improve the attraction and effective utilization of external resources to support national development objectives as envisioned in the NSDP to benefit the improvement of living standards for the people of Vanuatu. The Government will assert leadership of the aid management process and work with development partners on the alignment and harmonization of external assistance to national interests to ensure that external assistance is used effectively.

The expected results of the policy are:

1. Government leadership of development cooperation and management,
2. Government coordination of external assistance with development partners and line ministries,
3. Improved planning and predictability of development resources,
4. Increased efficiency and effectiveness of how development assistance is delivered,
5. Improved reporting of use of external assistance (off budget and on budget), and
6. Gradually decreasing amounts of off budget support.

The objective and expected results are in line with expected transition of Vanuatu from LDC status in 2020. The main factors are:

1. Existence and full usage of development planning, management and evaluation processes,
2. Focus on quality, effectiveness and results,
3. Regular and consistent use of existing government systems for planning, coordination, management (including budget and financial accounting management), monitoring and evaluation, by sector and nationally,
4. Increased transparency and accountability by two-way information sharing and reporting between Government, non-government and development partners.

III. Principles and Guidance

The Government recognizes that development partners and the Government have collective responsibility to build a stable, effective and accountable environment to promote effective ownership and thus more effective external assistance. The notion of shared responsibility underpins the principles outlined below.

1. All development partners commit to and respect the Government's national leadership and ownership of the development process with a focus on quality, effectiveness and results to ensure consistency with development priorities and alignment with national planning and decision making process for economic growth, thereby reducing poverty while allowing debt sustainability.
2. The Government will mobilize levels of external assistance based on and in alignment with identified needs within the NSDP while aiming to increase fiscal sustainability and macroeconomic stability. External financing will be an important input in the medium term while in the long term the Government will progressively reduce its reliance on external development finance.
3. The Government will ensure that external development finance needs provided through loans or credits are at the lowest cost and have affordable repayment obligations. The

Government will apply the policy conditions of the Medium Term Debt Strategy to maintain sustainable financial exposure and reduce fiscal risks. The Government will prioritize the mobilization of grants rather than loans and credits. This will be verified through a fully transparent process to assist both Government and development partners to be fully aware of the Government's debt burden (commitments and liabilities) and debt strategy.

4. The Government will engage in development cooperation with partners and approve new programs according to a transparent assessment of projects and programs in line with the AMP and its planning framework. The engagement will form the basis of cooperation agreements that clearly articulate the roles, approaches and obligations of the Government and its development partners.
5. The AMP clarifies the roles and responsibilities of the Government's central and line ministries in overall coordination and management and recognizes the role of DSPPAC and, specifically, the Aid Coordination and Negotiation Unit (ACNU), and the roles of the MFEM and the MoFAICET.
6. Recognizes the importance of an improvement in the capacity of DSPPAC to allow it to effectively perform the central development cooperation and management role.
7. Promotes and encourages inclusive development partnerships that focus on trust, mutual respect and learning recognizing the different and complementary roles of all stakeholders.
8. Promotes and encourages transparency and accountability in a mutual manner so that the decisions, implementation and results are mutually beneficial and serve the interests of Vanuatu's citizens.
9. Identifies institutional arrangements to ensure broad and regular consultations and dialogue with development partners, specifically in use of convening power for regular sector coordination in support of line ministries, and at a higher level for national strategic planning and coordination with all development partners and government ministries.
10. Encourages the use of Government systems to include planning, financial management including the budget process, and monitoring and evaluation.
 - a. Planning: Use of the NSDP, NPF, ACNU Development Project Profile (for proposed and planned projects); integration into Ministry and agency corporate and business plans; and responsiveness to sector or thematic strategies.
 - b. Financial Management: Use and integration of financial information in the annual national budget process, use of the established FMIS, and budget reporting.
 - c. Monitoring and Evaluation: Use of the approved MEF including reporting formats and information fields while indicating relationship to NSDP Pillars, Goals, Policy Objective, and, per Policy Objective, Indicator(s), Target(s) and Baseline measurement.
11. Identifies institutional arrangements among Ministries with cost-effective and efficient implementation, delivery and accountability mechanisms.

12. Underlines the principles of good governance, mutual accountability and zero tolerance to corruption. The Government requests joint efforts with partners to minimize corruption and illicit flows by enforcing Vanuatu's laws and promoting a culture of zero tolerance for all corrupt practices. This includes efforts to improve fiscal transparency, strengthen independent enforcement mechanisms, and extend protection for whistleblowers.
13. Recognizes the critical importance of inclusive sustainable development that addresses gender equality, environmental sustainability and respect for human rights.
14. Ensures that planning, management, coordination, monitoring and evaluation are inclusive of Provincial Governments, NGOs, community service and faith based organizations, and the private sector.
15. Ensures that the Aid Project Management System (APMS) is fully operational and updated to serve as a single reference point and repository of all (proposed, planned, ongoing and eventually, completed projects) information on development projects and programs. The Government will require all development partners and Ministries and agencies to report all development assistance flows (commitments and disbursements) to promote transparency and facilitate timely approval and implementation.
16. Technical assistance for project management and implementation for such efforts as infrastructure development and maintenance or other large projects or development partner investments (including international/regional financial institution grants and/or loans) implemented by private sector organizations (such as consulting, engineering, construction, architectural firms) include the necessary assurances and commitments in contracts to adhere to the applicable policies, laws and regulations.
17. The Government reserves the right to refuse or redirect external assistance if the potential negative effects of the assistance are judged to outweigh its possible benefits. The measures for this right of refusal will include both quantitative and qualitative aspects that will be decided on a case-by-case basis.

IV. Development Assistance Modalities

A variety of modalities have been used to deliver assistance to facilitate Vanuatu's development. These modalities have adjusted over the years from being totally externally managed to more use of direct budget support using Government systems and furthering Government ownership. This evolution is necessary given the maturity of Vanuatu's experience and capacity as well as its overall development. A further adjustment will occur over the medium term as Vanuatu is estimated to transition from LDC status in 2020.

Attention is still needed to the development process that requires institutional and capacity development. True partnerships are required to help with this institutional and capacity development. In addition, the inclusive development approach promoted by the Government provides a role for NGOs and the private sector as stakeholders.

And, as experienced in 2015 with Tropical Cyclone Pam and the eruption of the Ambae volcano in 2017 and again in 2018 that forced the island's evacuation, such natural disasters can, and most likely will occur in the future. The past experience has shown the need for coordinated

approaches for disaster and emergency assistance. While the Government must have the institutions and capacities to respond, partnerships will be necessary to effectively respond in a timely and effective manner.

The preferred development assistance modality, and priority, that the Government encourages is direct budget support. Such support adheres to the commitments and principles identified in past sections. It is expected that over the medium term that direct budget support will increase. The further application of this approach provides the Government with leadership, ownership and needed resources. Such support also comes with the responsibility of accountability and reporting not only for Government purposes but to meet the transparency and accountability needs of the development partners to verify meeting agreed milestones and achieving expected results.

A second preferred modality is the provision of development assistance to medium term sector or thematic strategies and plans. Currently, there is some overlap or insertion of projects that are not effectively implemented or completed because of disparate interests. Some of these projects are a result of perceived needs and fall outside Ministry or agency work programs and even capacities. Sector-wide approaches could allow for more coordinated donor integration, more targeted assistance and improved working structures within Government especially if multiple Government units and/or development partners are involved. Such an approach may take more time but the Government has an overall framework with the NSDP. Further defined sector or thematic strategies will help in the overall accomplishment of the development objectives as envisioned in the NSDP.

For development partner initiatives that do not fit either of the preferred modalities, the development partner should state the reasons of why those modalities cannot be used. The development partner should also indicate how the financing would be reported so the finance information can be recorded by the ACNU and the MFEM. If there are perceived weaknesses not to use the preferred modalities, the development partner should articulate such weaknesses in writing. The preferred response would be to work with the counterparts to identify the weaknesses and address them in a collaborative manner.

The following are possible aid modalities. The modalities are based on international definitions with some tailoring to Vanuatu's development environment.

Budget Support

A form of financial aid to channel funds directly to the partner Government's budget using the Government's own allocation and accounting systems, with any conditionality focused on policy measures related to growth, poverty reduction, fiscal adjustment, and strengthening institutions, especially budgetary processes. Budget support could be divided into: (i) general budget support— a general contribution to the overall budget; and (ii) sector budget support— earmarked to a discrete sector (with any conditionality relating to these sectors). The funds provided are subject to the same audit requirements as recurrent expenditure

Pooling Fund Arrangements E.g. Sector-Wide Approach (SWAp)

A form of aid to pool development partner funds to the Government's accounts. The Government manages and accounts for funds, preferably using standard budget procedures indistinguishable from those used for Government revenues. Funds are earmarked to the activities in a specific sector. SWAp usually includes three components: (i) an approved sector policy document and overall strategic framework, which define Government priorities; (ii) a medium-term expenditure framework for the sector; and (iii) a coordinated process amongst the development partners in

the sector, led by Government. The funds provided are subject to the same audit requirements as recurrent expenditure

Trust Funds

This mechanism seeks and manages funding from one or more development partners to finance a sector(s) or thematic area(s) aiming to enhance national ownership. Contributed funds may be saved over a period of years to be used at a later date when certain future revenue streams may weaken or disappear. Trust Fund management usually involves Government and contributing development partner representatives. Funding sources can be certain revenue streams from Government itself in addition to those provided by development partners. Funds are professionally invested per Committee guidelines. Disbursements are made per specific disbursement rules.

Project Support

A form of aid to finance specific activities with a limited objective, budget and time frame to achieve specific results. The project approach is based on the identification of a specific area of intervention for development partner involvement, and the targeted use of funds for specific activities for which the objectives, outputs and inputs required to achieve them have been defined.

Aid In Kind

Flows of goods and services with no payment in money or debt instrument in exchange. In some cases, these goods and services are referred to as “commodity aid” goods (such as rice). There is a preference for specified support and the right of refusal of unsolicited goods.

Independent, non-government and civil society-led implementing

Civil society organizations, inclusive of NGOs and faith-based organizations, are partners for Vanuatu's development agenda. They are important sources of development funding in their own right, as well as acting as a channel for official aid from other development partners. The role of such organizations is important, especially their power to represent the voice of communities and vulnerable social groups, such as women and people with disabilities.

South-South Cooperation

Cooperation that involves the exchange of resources, technology, and knowledge between developing countries, also known as countries of the global South.

Technical Assistance

Technical assistance may involve making available experts (consultants, advisors, teachers and administrators) to transfer skills and to help solve problems in their areas of specialization (including the costs of associated equipment). Conversely, scholarships, study tours, or seminars may be offered, giving individuals from Vanuatu the opportunity to learn new and special skills.

Technical Assistance for Project or Program Execution

Technical assistance or project support for project management and implementation for such efforts as infrastructure development and maintenance or other large projects or development partner investments (including international/regional financial institution grants and/or loans) implemented by private sector organizations (such as consulting, engineering, construction, architectural firms). Assurances provided in contracts to adhere to necessary policies, laws and regulations.

Private Investment

Investment by businesses and financial institutions rather than by a government.

Aid for Trade

A rules-based multilateral trading system to maintain the momentum for further trade liberalization while contributing to sustainable development. It strengthens trade policy dialogue with developing and emerging economies, increases the understanding of the effects of trade liberalization, and promotes mutually beneficial integration of these economies into the multilateral trading system.

Philanthropy

Private philanthropy takes many different forms: diaspora groups – typically emigrants and their descendants – are one source, as are religious groups, representing most of the world's main faiths. A substantial amount comes from foundations, some of which are associated with individuals, and others with businesses or wealthy families. Many businesses also provide aid, sometimes as a cash donation and sometimes “in kind”, which can include acts like providing expertise, scholarships or discounts on goods sold.

Public-private partnerships (PPP)

A PPP is a long-term contract between a private party and a government entity for providing a public asset or service in which the private party bears significant risk and management responsibility. Remuneration is linked to performance.

Concessionary Loans and Credit

Borrowed funds to address a development priority when grants are not available. The funds are usually provided at a concessionary rate and sometimes have a grace (non-payment) period. Careful consideration of such borrowing is warranted in terms of: 1) achieving an expected end result that has a return to meet certain expected result criteria such as increasing quantifiable living standards, generate income, economic performance, etc.; and 2) affordability in regard to not over exposing the country to debt payments and the ability to pay in the future.

Balance of Payments Support

Balance-of-payments assistance is designed to ease external financing constraints, especially if a government is facing difficulties or is seriously threatened with difficulties as regards its balance of payments. This can take the form of medium-term financial assistance.

Disaster and Emergency Assistance

Disaster and emergency assistance is provided and utilized during a government designated natural disaster or other crisis that is beyond the capacity (either or a combination of organizational, human resource and/or financial capacity) of the Government and other in-country resources. Since the events are periodic and unplanned, development partnerships are important for the response. Similar development cooperation principles apply, such as ownership, leadership and use of existing systems. Cooperative and collaboration efforts are required to respond. The use of the established frameworks is encouraged, such as that of the Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment and Energy along with the National Advisory Board on Climate Change and Disaster Risk Reduction and National Disaster Committee

V. Roles and Responsibilities of National Institutions

A. Overview

The AMP's institutional framework is established based on the experience of the Government in past years and the adjustment of that framework to best fit development needs and the availability and affordability of management and staff. No external assistance framework is perfect and each country must apply its available capacities and resource. The Government's interest is to have the relevant institutions work in a collaborative manner since no one entity is established to conduct all external assistance management functions. The aim is to have institutions and processes that add value and deliver quality services. This involves cooperation within the main entities, collaboration between entities, information sharing and effective working relationships so there is a real "bridge" between the Government and its development agenda and the development partners' and their resources and abilities to contribute to that agenda.

There are three main entities involved at the central level that are responsible for managing and coordinating development assistance. They are:

- DSPPAC with the ACNU being the main coordinating point and working in collaboration with the Policy Unit and Monitoring and Evaluation Unit.
- MFEM regarding its financial and debt management role and its role in coordinating with the international and regional financial institutions.
- MoFAICET with its development assistance attraction role, negotiation role and management of the country's foreign policy, including development assistance.

This central coordination and management role is supplemented by the cooperation and collaboration with the line Ministries and agencies, some of which have their own aid management and coordination units or staff, typically placed within Project Management Units (PMUs).

For decision making, there is a process in place that takes the inputs from the central agencies and places those inputs in front of decision makers to help with prioritization and approval. These entities include Development Committee of Officials (DCO), Central Agencies Committee (CAC), Council of Ministers (COM), and the Ministerial Budget Committee (MBC).

The following is a more detailed description of the functions of each of the central agencies as well as the entry, coordination and decision points to provide direction both internally to Government and externally to development partners, including NGOs.

B. DSPPAC

DSPPAC's objectives relevant to development assistance coordination and management are²:

1. Provide high-level policy and administrative support to the Prime Minister, COM and DCO, coordinate major initiatives, and ensure a professional, responsive, and high performing department.
2. Implement the NSDP, *Vanuatu 2030*, through coordination of Government strategic policy, planning and budgeting processes, and improve evidence-based decision-making.

² DSPPAC objectives and Unit objectives are per the 2018 Business Plan.

3. Establish common structures and standards for effective monitoring and evaluation to improve efficiency, effectiveness and resilience of service delivery.
4. Coordinate donor resources to align with national objectives.

DSPPAC has three units that are involved in development assistance coordination and management. These are the Policy Unit comprised of the Sector Policy Analysts, the Monitoring and Evaluation Unit and the ACNU. While all three have distinct roles and processes, the coordination of the three units is essential so that each of their roles is executed with the complementary work of its neighbor units. Each of the functions is outlined below. All units respond to objective 1, above.

Policy Unit

The Unit implements objective 2, above, by providing support to annual budget preparation, supporting NSDP implementation and conducting project appraisal. Specifically relating to development assistance, the Unit is responsible for:

- Review and ensure sector strategies and/or policies are reviewed and aligned with the NSDP.
- Review and ensure Ministry and Department corporate and annual plans are aligned with the NSDP, sector strategies and relevant policies.
- Review and approve project proposals of development partner support.

The Unit's distinct development assistance support role is the analysis of project proposals from Ministries and agencies, their review of the proposals to ensure alignment, responsiveness to need and other criteria, and their approval or rejection of proposals.

Monitoring and Evaluation Unit

The Unit implements objective 3, above. The Unit is responsible for implementing the National Monitoring and Evaluation policy and the accompanying framework to measure the performance of implementing the NSDP. The Unit is also responsible for policy audit and conducting research on specific topics, such as development outcomes.

The Unit and the appropriate DSPPAC Sector Policy Analyst coordinate Government-wide monitoring and evaluation activities. Monitoring and Evaluation Working Groups, one for each Ministry, are to be established comprised of the line Ministry monitoring and evaluation Focal Point Officer, the DSPPAC Sector Analyst responsible for the line Ministry, and an officer from the Unit. These Working Groups are tasked with:

- Identifying current and emerging barriers within Ministry plans relating to policy or project implementation with the objective of providing sound and timely advice for remedial measures.
- Ensuring policy consistency and identifying indicators to be used to monitor and evaluate implementation of Ministry plans in line with the NSDP and other related sector plans.
- Maintaining and promoting the exchange of data and information between the line Ministries and agencies, and with DSPPAC.

The Unit is responsible for preparing the ADR that reports on the NSDP annually to show its performance according to the approved monitoring and evaluation framework. The Unit is also responsible for preparing the United Nations Voluntary National Report on an annual basis.³

The information from the Working Groups and these reports are to be fed back into the planning process to identify development gaps and more effectively target development attention and resources to these gaps to improve the effectiveness of development efforts.

ACNU

The Unit implements objective 4, above, which is to coordinate, monitor, and report on development assistance. The Unit is to:

- Create an effective negotiation environment for regular dialogue between Government and development partners by:
 - Effective and efficient coordination between development partners and the Government;
 - Provision of effective and efficient aid negotiation between development partners and the Government; and
 - Identify and secure new funding sources from development partners.
- Prepare, implement and monitor the AMP.
- Develop and manage the APMS to help the planning, approval and monitoring of development projects and programs and provide information for dialogue with development partners and for inter-governmental discussions, reporting and decision making.
- Organize high level, working level and sector or thematic meetings to improve Government, NGO and development partner coordination and effective development assistance implementation.

The unit has direct linkages with the following entities:

- *Inter DSPPAC* - Work with the Policy Unit to receive valid project proposals from Ministries and agencies to eventually be presented to development partners. Work with the Monitoring and Evaluation Unit to help (through Development Project Profile forms and entry into the APMS) project design to include monitoring and evaluation information including NSDP indicators and, when implemented, progress reports in line with the monitoring and evaluation framework. Prepare the Six Monthly Report (biannual report) on COM decisions and large projects that are VT10 million and above. With both Units, use the information generated from all three units to actively identify development gaps that need further attention from Government and/or development partners.
- *With Ministries and Agencies* - Work with Ministries and agencies to help identify development gaps; project proposal preparation; GIP code issuance; duty and VAT exemptions; support to SWAp formulation and implementation; liaise with development partners; and information reporting.

³ The report is a national report on the status of Sustainable Development Goals. The Government plans to submit its first report in 2019.

- *With NGOs* - As needed, work with NGO's to identify resources for project execution; liaise within Government including with the Ministry of Interior NGO Desk; exchange information to help report on NGO activity (not captured from other sources) and for NGO to receive information in areas of expertise and interest; and coordinate a Government-NGO meeting at least once annually to discuss national development priorities and issues.
- *With development partners* - Liaise between Ministries and agencies, as necessary; collaborate to help identify development gaps and priorities; organize an annual schedule of meeting to consist of high level, working group level, and sector or thematic meetings; and exchange information for program and project approval and reporting through the APMS.

C. MFEM

The MFEM has several roles in regard to external assistance management. The roles include: planning and executing the annual budget inclusive of development partner resources that are nationally executed, debt management, and liaise with the international and regional development finance institutions.

The MFEM has identified in its 2016-2018 Corporate Plan objectives in line with the NSDP. Relevant to external assistance management, the objectives include:

1. To manage MFEM and financial resources at the highest standards, and
2. To maintain a sustainable fiscal balance while re-prioritizing expenditures, reducing debt, and minimizing subsidies paid to state-owned enterprises.

These Ministerial objectives are further refined in the Department of Finance and Treasury's Business Plan (2017-19):

1. To maintain prudent budget management practices at all levels of Government and achieve responsible recurrent and overall budget outcomes,
2. To prepare and implement a debt management strategy to gradually reduce domestic debt, and
3. To better manage donors' funds through the Government's financial system.

To implement the objectives, efforts are ongoing to better integrate external financing through the budget process; improve development finance revenue collection, accounting, expenditure, and reporting through Government systems; and improve debt management in terms of implementing the Medium Term Debt Strategy to improve debt assessment, accounting, payments, payment and liability forecasting and reporting (quarterly and annually).

The MFEM also has an economic management role. This role includes:

1. Monitor and analyze economic and social trends in Vanuatu and their implications on national development, fiscal and monetary policies,
2. Advise on macro and microeconomic policies to enhance private sector investment and employment, and
3. Advise on sector development priorities, including the fiscal implications of proposed projects.

The budget, finance and economic management role is coordinated with DSPPAC in regard to various aspects of the external assistance management effort to include:

1. Consultation on the implications of development projects and programs,
2. Financing and financial management of such projects and programs, and
3. Financial reporting of the projects and programs.

This cooperation is necessary to help present quality and timely information to the COM, development partners and line ministries.

DSPPAC's ACNU and the MFEM's Department of Customs and Inland Revenue (DCIR) also cooperate on the provision of duty and VAT exemptions. The exemption letters are submitted to the ACNU by the requesting Government entity and reviewed before being sent to the DCIR for the relevant exemption.

The MFEM also prepared a Public Financial Management (PFM) Reform Roadmap 2017-21. The Roadmap has the main objective of increasing the fiscal resilience, transparency and accountability of all public entities.⁴ A major reform strategy was to develop capacity towards an integrated and medium-term planning and budgeting regime.⁵ The strategy includes⁶:

1. Improving the planning and budgeting process for external assistance projects that will require consultation and interactions with DSPPAC, namely the ACNU, PMUs and other line Ministry or agency aid coordinating units, and
2. Developing a medium term budgeting concept and capacity that includes development financing.

The PFM also recommended the development of a debt management policy. The MFEM prepared the Medium Term Debt Strategy.

The end result of building these processes and capacities is to improve planning and budgeting for development partner-funded projects and programs to improve integration into the annual budget and develop medium term budgeting capacity to ensure long-term fiscal implications are considered and fiscal strategy is sustained. Coordination with DSPPAC's ACNU will be required to assist in this integration effort during the annual and medium term budget planning, execution and reporting process. The MFEM may require development partner support to help develop the processes, capacities and systems to address these PFM Roadmap strategies.

D. MoFAICET

The MoFAICET has two core objectives relevant to development assistance coordination and management:

1. To project a positive image of Vanuatu internationally and to maintain healthy relations.

⁴ Public Financial Management Roadmap 2017-2021, Ministry of Finance and Economic Management, p.16.

⁵ Ibid, page 20.

⁶ Ibid, page 35-36.

2. Increase economic opportunities through development cooperation and consular initiatives.

Relevant to development cooperation, the Ministry ensures that Vanuatu meets its international obligations by participating in and being represented at international and regional organizations. These entities include development-related entities and programs.

The Ministry is also responsible for attracting and negotiating development assistance programs. The participation of the relevant Government agencies, namely the ACNU and MFEM, are essential in such discussions and negotiations to make use of the Government resources and information available and to avoid duplication of effort or misdirection of potential resources.

While Government has existing relationships with long-time donors, most of whom are resident in Vanuatu, the Government also receives periodic or one-off assistance. As the “entry point” for such external partners with specific interventions or interests, the Ministry serves a useful function to direct the potential development partner to the proper entities, mainly DSPPAC and the ACNU as the first contact point, so that the ACNU can coordinate with other Government units and/or development partners, as necessary.

E. Line Ministries

The line Ministries and agencies are the main implementers of development assistance in Vanuatu. They are also a source of project and program plans submitted as Development Project Profiles. A variety of delivery modalities have been experienced over the years. The Government is moving toward establishing more PMU type structures to facilitate program and project development, management, monitoring and evaluation. Some of these structures are already in place. While these units have proven necessary for the short term, the emphasis will be on having the structures more institutionalized and integrated to better manage recurrent together with development funding. The major functions are:

- Coordination with DSPPAC on planning (and project proposal submission), liaison with development partners (for identifying resources as well as planning and/or implementation issues) reporting, monitoring and evaluation;
- Coordination with MFEM on financial management;
- Managing or coordinating SWApS based on their respective sectors or thematic areas involving their and possible other sectors or thematic areas;
- Coordination with development partner(s);
- Project and program implementation and monitoring; and
- Procurement and other administrative functions.

The PMU approach is usually more effective when more than one development partner or source of funding is involved and when there is a sector or thematic strategy or SWAp approach. However, as mentioned above, there needs to be an evolution to integrating these functions into the organizational structure and workflow of the entity so there are not stand alone PMUs and recurrent and development funding are integrated.

F. Climate Change and Disaster Risk Reduction Coordination

Vanuatu's vulnerability to climate change and natural disasters as exemplified by actual occurrences in 2015, 2017 and 2018 have focused attention and resources as indicated in the NSDP as one of Vanuatu's main development aspirations:

"With enhanced resilience and adaptive capacity to climate change and natural disasters- We will marshal support to enhance our resilience and adaptive capacity to the impacts of natural and man-made disasters, including increasingly more intense, more frequent, and more prolonged extreme weather events. We will also continue to draw on our rich history of resilience and risk reduction that stems from our traditional knowledge and practices, particularly in relation to food production and preservation."⁷

The policy objectives for this goal are:

- Institutionalize climate change and disaster risk governance, and build institutional capacity and awareness,
- Improve monitoring and early warning systems,
- Strengthen post-disaster systems in planning, preparedness, response and recovery,
- Promote and ensure strengthened resilience and adaptive capacity to climate related, natural and man-made hazards, and
- Access available financing for climate change adaptation and disaster risk management.

The institutions responsible for coordinating and/or achieving these policy objectives are the Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment and Energy along with the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB) and National Disaster Committee in coordination with other Government and non-government implementing stakeholders.

The NAB was established to be a focal point to help coordinate activities relating to climate change and disaster risk reduction as well as external assistance to other Ministry departments. The NAB has members from throughout Government, including from DSPPAC, MFEM and MoFAICET. It is supported by a secretariat to help identify and coordinate funding sources, screen proposed projects, approve projects, and provide some monitoring and evaluation. Project and program information and criteria are made known to potential applicants mainly per the requirements of the development partner funding sources.

There is an established process to analyze and approve projects. Project proposals are prepared by Government entities and submitted for review to the secretariat and then to the NAB's Project Screening Committee. The NAB approves the projects. Once approved, the projects or programs are implemented by the proposing entity. Coordination is with DSPPAC on project registration inclusive of financial commitments, duty and VAT exemptions, and the MEF. Coordination is with the MFEM regarding budgeting, accounting, payments and procurement. There may also be monitoring and evaluation reporting to the NAB secretariat per the requirements of the development partner.

⁷ Vanuatu 2030: The People's Plan, p. 6. The goal of "a strong and resilient nation in the face of climate change and disaster risks posed by natural and man-made hazards" is also a goal under the NSDP's environmental pillar.

G. Provincial Governments

Provincial governments are stakeholders in Vanuatu's development process especially given efforts at decentralization. Provincial Governments have served as partners and implementers, usually in cooperation with a Ministry or agency. Their inputs in term of planning are essential so that impacts are at the level to facilitate sustainable livelihoods and economic growth. Their role is also important for monitoring and evaluation since many indicators are related to the impact on different segments of the population.

H. Decision Making Points of the Development Assistance Process

The NPF fully describes the national planning framework that takes into account the NSDP, sector strategies, Ministry corporate and business and plans, the budget process, and the MEF. For aid management, there are several "decision points" that follow the annual budget process. These decision points help to provide feedback and approve development projects and programs as well as assure linkages to the Government's development interests. The following is a brief outline of the process for Government proposed development projects, referred to as New Project Profiles in the NPF:

1. Project files and programs are first discussed at the technical level between Government and development partners and possibly other stakeholders including those from civil society. These discussions involve the central agencies described above- the DSPPAC units, MFEM and MoFAICET (as appropriate) as well as the counterpart line Ministry or agency. While these projects or programs may be standalone, they may also be integrated into Ministry corporate and business plans and a sector or thematic strategy. The responsible Ministry or agency prepares the Development Project Profile, performs internal screening and then forwards the proposal to DSPPAC.
2. The screening of the project or program is done by DSPPAC. The proposal is received at the ACNU where it is given a registration number and proposal information is entered into the APMS. The ACNU will forward it to the appropriate Sector Analyst in the Policy Unit. There could be a further exchange of information between the Sector Analyst, development partner and line Ministry representative to get the proposal to the approval stage.
3. The CAC consisting of DSPPAC, MFEM and MoFAICET, may review the proposal and the development partner program. The CAC, either formally or informally, may consult on other development issues such as new development partner interests (projects or programs) or other issues being confronted regarding planning, implementing or monitoring development assistance.
4. Screened project and program proposals are sent to the DCO. The DCO reviews alignment of the proposal with Government policies including the NSDP, corporate plans, and business plans.
5. The DCO-approved projects that are of a certain size and/or use Government funding are then sent to the COM (over VT100 million). The COM reviews them in terms of the proposal being in the context of the Government's priorities, development partner and Government financing obligations, and other factors pertaining to the interests of the COM.

6. If approved by the COM, the MBC reviews in terms of financial costs, obligations and management.
7. If the program or project is part of the budget process, the project or program is approved by Parliament.
8. An MOU, or such other agreement, should be signed with the development partner to ensure the commitment. An MOU is needed for duty and VAT exemptions.

The NPF highlights the importance of Ministry and agency corporate and business plans as the cornerstones for planning short, medium and long term Government activities that are in alignment with the NSDP. To avoid fragmentation and a complicated planning process, the alignment of development initiatives within the framework of the NSDP should be placed within the frameworks of the corporate and business plans. Such integration would result in a more coherent system that would benefit all stakeholders and would lead to addressing priorities and more accurate measurement of results.

Such alignment requires that development programs and projects be fully integrated into corporate and business plans. Even if there are stand-alone sector or thematic strategies, roadmaps or plans, efforts should be made to integrate the activities into the corporate and business plans. The performance of the Ministry or agency is measured according to the corporate and business plans, as should the development interventions.

- **Corporate Plan** reflects the NSDP. The priorities detailed in the Corporate Plans (including indicators) for each Ministry are updated annually; and
- **Business Plan** should be aligned with the Corporate Plan, is the annual work plan for each Department or agency that is in the portfolio of a Ministry.⁸

The NPF provides guidance on how corporate and business plans are to be prepared to elaborate on, and align with, each of the NSDP policy objectives.

The NPF envisions that the corporate plans will establish the values, mission, vision, resource allocations and objectives of each Ministry. The corporate plan is also expected to outline the main strategies for achieving the objectives that the Ministry assumes responsibility for from the NSDP. The plans must also include measures that the Ministry is going to use to monitor performance.

The corporate plans should be informed by the NSDP goals and objectives and also by any other strategic planning documents which are relevant to those areas being planned, including any sector plans and policies that are in place. Any multiyear development projects or programs that fits into the strategic role and vision should also inform the corporate plans. Corporate plans are medium term plans (3 year rolling plans) and establish the most significant areas of effort that will deliver the outcomes expected by the Government and the community over this time period.

The Ministries are expected to use the corporate plan to develop annual operational business plans. Business plans provide the mechanism that Ministries use to allocate funding to fulfill the specified objectives, including development projects and programs. Business plans also allocate

⁸ National Planning Framework, Government of the Republic of Vanuatu, July 2018, p. 2.

human and other resources to the plan's activities. The business plan operationalizes the first year of the corporate plan. At this level, activities for each strategy are detailed with units/officers responsible, verifiable performance indicators and timelines.

Business plans should be developed alongside budget submissions to ensure that submissions are realistic and that the budget can be spent to put into action and achieve the objectives specified in the corporate plan. Using the planning and budget process helps to integrate the funds, and thus the development intervention, into an operational framework that allows day-to-day implementation as well as the periodic reporting according to the MEF. Funding that is provided to NGOs for implementation should also be included in the business plan.

VI. Coordination with Development Partners

A. Overview

Vanuatu has an active relationship with a variety of development partners to include international, regional, bilateral and NGOs. Some of these relationships are mature given historical relationships and years of development cooperation. Some are new resulting from Vanuatu's sensitivity to climate change and recent experiences with natural disasters. The Government's policy is to cooperate with such development partners in a proactive and results-oriented manner with the end result being improved socioeconomic living standards that eliminate poverty and further integrate Vanuatu into the regional and world economy.

B. Coordination with NGOs

The Government recognizes the important and diverse role played by local and international NGOs.⁹ Where they provide an intervention or assume a service delivery role, it is important that these services are provided in accordance with relevant national and sector plans as well as regulations and policies. There are regulations regarding NGO registration and behavior per the Policy for the Regulation of Non-Government Organizations prepared and administered by the Ministry of Internal Affairs (MIA).

Many NGOs play a complementary role to that of the Government in promoting the interests of the people of Vanuatu. They may collaborate directly, such as performing as project implementers, or indirectly with other development partners. The Government will facilitate an environment that enables and empowers NGOs to fulfill their objectives alongside those of the Government and other development partners.

Where there is a lack of Government's capacity to implement projects, specifically in the provinces, NGOs may act as implementers and service providers. There are also times when NGOs increase activity, as during the occurrence of national disasters. In response to these one-time events, NGOs have become important entities to help disaster preparedness and risk reduction.

⁹ The term NGO, per the NGO policy, refers to non-government organizations, civil society organizations, community-based associations, faith based organizations, charitable organizations and not-for-profit organizations.

The NGO Policy provides guidance regarding the: 1) registration, establishment and functions of NGOs; 2) management of NGO presence and local engagement; and 3) process for visa applications.

The MIA has a roster of NGOs per the registration process. The ACNU will collaborate with the MIA's NGO Desk to work toward matching NGO capacities to where such expertise is needed, in collaboration with the NGO partners. NGOs will submit to the ACNU a list of project activities or interventions in terms of timing, cost, objectives and expected results. Such a list will help in planning and targeting assistance as well as in evaluation so that all development assistance information is captured.

The ACNU will ensure that NGOs are represented in consultations on key policy and implementation issues, specifically at the sector level, where NGO input would be useful for project and program formulation, implementation, monitoring, and evaluation. There will also be the ability to share information so as to ensure addressing priorities, preventing duplication of effort, and ensuring effective implementation. As with any development partner, the Government retains a fundamental duty to ensure that all such organizations, regardless of funding source, act in a manner that is transparent and accountable to Vanuatu's Government and citizens.

C. Cycle of Meeting Activity with Development Partners

The ACNU will coordinate a schedule of annual development cooperation meetings to consist of the following:

- a. Annual Development Cooperation Partnership Meeting involving senior Government officials including the Prime Minister, other Ministers, Ambassadors, High Commissioners and representatives of international and regional organizations to discuss Vanuatu's development status, priorities, issues and development partner program and future commitments.
- b. Quarterly Technical Development Cooperation Partnership Meeting involving working level representatives of the Government's central agencies and relevant Ministries and agencies, and development partner counterpart's resident in-country or based in the region or outside of the region. These would be working level meetings that would discuss specific sectors or thematic areas, implementation challenges and other issues, identification of priorities, and evaluation feedback. Government and development partners would identify the schedule based on budget priorities or the interest to address specific themes or sectors. For sector or thematic meetings, a lead line Ministry or agency will coordinate with the ACNU to organize the meeting.
- c. Annual Meetings with the NGO Community to include central agencies, counterpart Ministries working with NGOs, and local and international NGOs to discuss Government priorities, implementation, and development areas that warrant attention.

The Government spends significant amounts of time and resources dealing with development partner meetings and missions throughout the year. Development partners are conscious of this time commitment. Periodically, there are time constraints of Government officials that may prevent full attention to meetings or lack of preparation. Development partners agree to ensure that their program planning, management and monitoring visits are carefully coordinated with the Government, seek at all times to meet the timing requirements of the Government and respect a

decision by the Government to place a moratorium on missions during the period of budget preparation. Mission clearance should be obtained from the MFEM, ACNU and NAB for the respective development partners that are under their respective coordination jurisdiction.

VII. Policy Risks

The Government recognizes that its ability to implement effective aid management leadership is contingent on its own capacity, as well as that of other stakeholders. Building systems takes time, and the articulation of this policy is the first stage in a labor-intensive process that requires cooperation between the Government, development partners and other stakeholders in the development process. The Government will work with its partners to ensure that its capacity to assert and implement effective leadership is strengthened in a sustainable manner.

A series of risks could be encountered while implementing the AMP. It is up to the Government to recognize these risks early on and to help reduce and eliminate the risks either on its own, with development partners, and with other stakeholders, as necessary.

The main risks are:

Development Partner Risk

There is the risk that development partners don't see the AMP as a realistic or practical framework or don't see the Government's development agenda as worth aligning to. This may result in development partners going in their own direction and working on an ad hoc basis with Government and NGO partners. Development partners may also see that the Government does not have the resources to successfully implement a project or program because of lack of political will, proper governance including audit responsibility, lack of human resource capacity, and lack of financial resources for counterpart funding or future funding to maintain sustainability. Government may also view development partner as having its "own agenda" and not aligning with Government identified plans, strategies, systems and processes.

Institutional Risk

Institutional risk relates to the ability of: 1) DSPPAC Units to work together in a coordinated and collaborative manner, 2) central agencies (DSPPAC, MFEM, MoFAICET) to work in a coordinated and collaborative manner, 3) DSPPAC to coordinate and exchange information with line Ministries and agencies, and 4) ACNU to coordinate and exchange information with development partners. Institutional risk also relates to the ability of the implementers (Ministries, agencies, Provincial Governments, etc.) to plan, manage, monitor, evaluate and report on development interventions.

Capacity Risk

The risk that the Government units have insufficient management and staff capacity - in terms of numbers, skills and other resources to carry out the planning, management, coordination, monitoring and evaluation of the development program.

Systematic Risk

That the necessary systems are in place to include planning (at the national level such as for the NSDP, sector level for sector or other strategies), project and program development, financial management, and monitoring and evaluation. While these systems are in place for the most part, the risk is the interest and ability of stakeholders (Government and development partners) to use them consistently.

Financial Management Risk

The financial risks are: 1) ability of the Government to provide counterpart funding for implementation, 2) the ability of the Government to provide sufficient financial support (as necessary) after project completion to facilitate sustainability, 3) having an appropriate financial management information system and use of the system by stakeholders, as necessary, for transparent and accountable reporting, and 4) applying audit procedures to development partner contributions.

Financial Exposure Risk

The risk of the debt burden resulting from concessionary and other loan or credit financing that could create future liabilities that endanger future revenue and expenditure flows and could cause socioeconomic instability. Such risks could be carefully measured when contemplating any type of credit or debt financing, even concessionary.

VIII. Policy Implementation and Monitoring and Evaluation

The AMP will be implemented mainly by the DSPPAC's ACNU in cooperation with other central Ministries as well as line Ministries and agencies. An Aid Management Policy Implementation Strategy, that accompanies this document, will provide AMP implementation guidance as well as more defined processes, forms and descriptions.

Monitoring and evaluation will be integrated into the overall NSDP monitoring and evaluation framework. From the initial Development Project Profile submitted to Ministries and agencies to the agreement with development partners, the monitoring and evaluation framework will be followed. The ADR will contain the monitoring and evaluation reporting and the Six Monthly Report (biannual report) will also be produced to indicate progress on large projects and programs.

The ACNU will manage the APMS. The APMS will be a repository of proposed and implemented projects. Summary reports will be compiled from time-to-time and provided to Government entities and development partners. Specific areas of research could also be conducted in collaboration with stakeholders.

The annual schedule of development partner meetings will offer several meetings for feedback regarding addressing the development agenda as well as any issues confronted by the Government or development partners.

The AMP should be monitored in accordance to the results of the MEF, feedback from Government-development partner meetings, and feedback from line Ministries and agencies. Adjustments should be made accordingly as policies, systems and processes change or are significantly adjusted.