



VESP

**VANUATU EDUCATION
SUPPORT PROGRAM**

VESP II – Mid-Year Context Analysis

September 2022

23 September 2022

GOUVERNEMENT
DE LA REPUBLIQUE
DE VANUATU
MINISTRE DE
L'EDUCATION ET DE LA
FORMATION



GOVERNMENT
OF THE REPUBLIC
OF VANUATU
MINISTRY OF EDUCATION
AND TRAINING



Vanuatu Education Support Program is managed by Tetra Tech International Development, on behalf of the Australian Government

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Acronyms

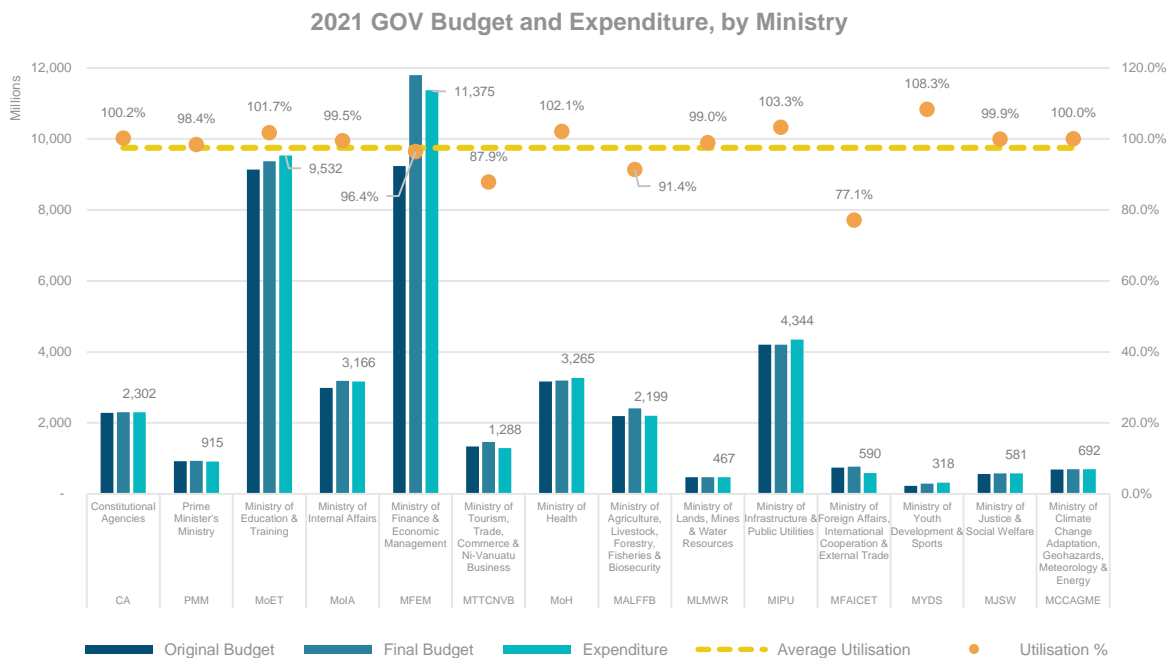
ADB	Asian Development Bank
CDU	Curriculum Development Unit
COM	Council of Ministers
COVID-19	Coronavirus Disease of 2019
DG	Director General
ECCE	Early Childhood Care and Education
ESD	Education Services Directorate
ESPIG	Education Sector Plan Implementation Grant
FAD	Finance and Administration Directorate
GAEA	Government-Assisted Education Authority
GPE	Global Partnership for Education
HYEFU	Half Year Economic and Fiscal Update
KoBLE	Koalisen Blong Leftemap Edukesen (Coalition to Improve Education)
MALFFB	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity
MFAT	(New Zealand) Ministry of Foreign Affairs and Trade
MFEM	Ministry of Finance and Economic Management
MIPU	Ministry of Infrastructure and Public Utilities
MoET	Ministry of Education and Training
MoH	Ministry of Health
MoIA	Ministry of Internal Affairs
MQS	Minimum Quality Standards
NGO	non-government organisation
NPP	New Policy Proposal
NTDP	National Teacher Development Plan
PEO	Provincial Education Office
PPU	Policy and Planning Unit
SBM	School Based Management
SIO	School Improvement Officer
SPBEA	South Pacific Board for Educational Assessment
TED	Tertiary Education Directorate
TQUP	Teacher Qualification Upgrade Policy
TSC	Teaching Service Commission
TVET	Tertiary and Vocational Education and Training
USP	University of the South Pacific
VSES	Vanuatu Secondary Education Support
VUV	Vanuatu Vatu
ZCA	Zone Curriculum Adviser

The 2022 Mid-Year Context Analysis presents analysis on the 2021 financial year budget execution in the Vanuatu education sector, budget execution for the 2022 financial year (between January and June 2022), expected changes to education sector budget forecasts beyond 2022 and reports on significant policy and programming developments in the education sector in the first half of 2022.

1 2021 Budget Execution

In 2021, the Ministry of Education and Training (MoET) spent a total of VUV 9,494,929,248 against its final recurrent budget appropriation of VUV 9,368,575,446, representing an overall budget utilisation of 101.3% and an overspend of more than VUV 126.4 million. This compares to an average budget utilisation across government ministries of 97.5% and a combined budget utilisation of 98.5% for the government in 2021. Comparative values and rates for other government ministries are presented in the figure below.

Figure 1: 2021 Government of Vanuatu (GOV) Budget and Expenditure, by Ministry



MoET’s budget makes it the second largest ministry within government – with its annual recurrent budget appropriation only exceeded by the Ministry of Finance and Economic Management (MFEM)¹ in 2021. Given its size, it is difficult to compare MoET’s financial performance with other ministries. The most appropriate comparisons are with other large² service delivery agencies, such as the Ministry of Health (MoH), Ministry of Infrastructure and Public Utilities (MIPU), Ministry of Internal Affairs (MoIA) and Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity (MALFFB). The average utilisation rate among these ministries (including MoET) is 100.6%, with MoET’s utilisation rate falling just below the median of 101.7%.

¹ MFEM manages budget and expenditure for a range of central functions on behalf of government. These include central payments (cost centre 3512), public debt repayments (cost centre 3513), the emergency fund (cost centre 3518) and fiscal stimulus payments (cost centres 35C1, 35C2 and 35C3). When these cost centres are excluded, MFEM’s total recurrent budget appropriation for 2021 is VUV 3,305,339,855 (35.3% of MoET’s 2020 total recurrent budget appropriation) and total expenditure for 2021 is VUV 3,222,948,422 (33.8% of MoET’s 2021 total recurrent expenditure).

² Ministries with an annual budget appropriation greater than VUV 2 billion

1.1 New Policy and Supplementary Appropriations

MoET's 2021 budget appropriation included VUV 883,072,610 in New Policy Proposal (NPP) funding³. The list of 2021 NPPs is included in the table below.

Table 1: 2021 New Policy Proposals

Code	New Policy Proposal	NPP Budget	Derived 2021 Expenditure	% Utilisation
21A153	Secondary Curriculum Reform	9,873,000	7,923,669	80.3%
21B153	School Principals & Deputy Principals Remuneration	86,892,000	104,962,466	120.8%
21C153	Government Phased Payment of Kindergarten Tuition Fee Grant (25%)	27,389,250	27,389,250	100.0%
21B155	Strengthening Vanuatu Qualifications Authority (VQA) operations	5,000,000	5,000,000	100.0%
21A182	Teachers Severance Entitlement and Recruitment Plan	753,918,360	800,252,337	106.1%
Total		883,072,610	945,527,722	107.1%

While MoET has not specifically tracked its expenditure against the NPP appropriations⁴ using the NPP codes provided, by calculating the additional expenditure within the relevant cost centres we can derive the additional expenditure incurred by MoET relating to these NPPs. Using this approach, we can identify that all NPPs have been utilised. The secondary curriculum reform NPP (21A153) was underutilised, with only 80.3% of the additional appropriated budget spent. The school principal remuneration NPP (21B153) however was oversubscribed, with actual expenditure on this item exceeding the budget by 20.8%.

During the 2021 fiscal year, MoET's original recurrent budget appropriation of VUV 9,139,820,137⁵ increased by 2.5% to its final recurrent budget appropriation of VUV 9,368,575,446 through the allocation of VUV 228,755,309 in supplementary appropriations during the fiscal year. These appropriations included:

- VUV 3,434,424 for an additional chaplain and handyman for MoET Cabinet. This supplementary appropriation was awarded to all government ministries in response to a Council of Ministers (COM) decision earlier in the year.
- VUV 7,901,994 for salary and other entitlements for the Chairperson of the National Scholarships and Training Board.
- VUV 86,000,000 to support fees related to quarantine for scholarship recipients.
- VUV 131,418,891 to cover the forecasted budget shortfall for the secondary (Years 7 to 10) tuition fee subsidy. This was intended to enable a 16% increase in 2021 enrolments (with an additional 3,009 students, for a total enrolment of 21,497 students in these cohorts), based on the subsidy of VT42,000 per student.

³ This funding is awarded in addition to the recurrent budget 'ceiling' of the Ministry. Further explanation of budget ceilings is provided in the Expected Budget Changes section below.

⁴ Only VUV 310,224 of expenditure was recorded against the NPP code 21A153 (Secondary Curriculum Reform) in 2021. This is included in the derived 2021 expenditure figures in the table below.

⁵ Per the 2021 Budget Book and original parliamentary appropriation in the 2021 Budget Appropriation Act

Aside from the allocation to MoET Cabinet, all supplementary appropriations appear to have been fully utilised by MoET during the 2021 fiscal year.

MoET’s supplementary appropriations represent 6.5% of the total supplementary appropriations awarded across government in 2021 (VUV 3,513,191,769). The largest share – 72.9% (or VUV 2,561,795,011) – was awarded to MFEM, of which 90% was related to fiscal stimulus initiatives. Excluding supplementary appropriations relating to fiscal stimulus, MoET received 18.9% of all supplementary budget appropriations in 2021.

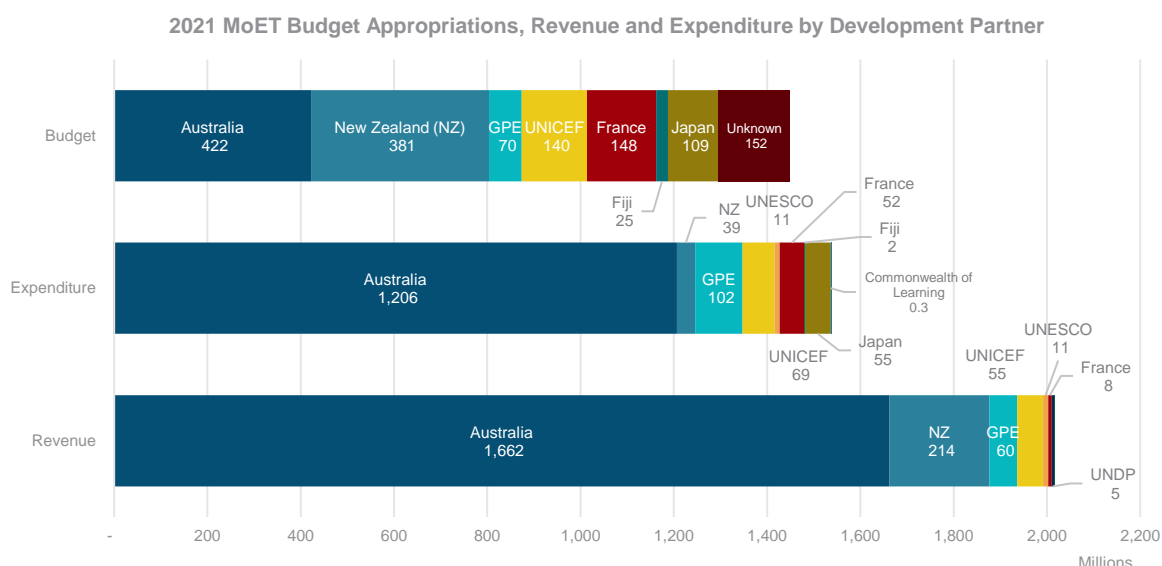
1.2 MoET Development Partner Expenditure

MoET also received significant financial support from development partners in 2021. MoET spent a total of VUV 1,536,543,408 on development partner-funded projects in 2021⁶, exceeding the annual development partner budget appropriation⁷ of VUV 1,448,279,161 by 6.1%. Development partner-funded expenditure represents 13.9% of MoET’s total expenditure in 2021 (VUV 11,031,472,656). This is MoET’s highest ever level of development partner expenditure within a fiscal year and is the highest proportion of development expenditure since 2017 (which was the peak of the Tropical Cyclone Pam recovery program implementation).

The revenue collected in 2021 from development partners (which is then used for development partner project expenditure) also exceeded budgeted figures, with VUV 2,015,649,111 received during the fiscal year. Much of this revenue is tied to projects planned for delivery in 2022 – for example, the VUV 214,256,237 received from the New Zealand Government in 2021 relates to the ‘MFAT Recovery School Project’, which commenced in 2022. Similarly, expenditure against New Zealand-funded projects in 2021 (totalling VUV 39,149,207) relates to projects for which revenue was received in 2020.

The figure below details budget appropriations, revenue and expenditure relating to development partner-funded projects within MoET in 2021.

Figure 2: 2021 MoET Development Partner Appropriations, Revenue and Expenditure



⁶ This analysis only includes development partner spending incurred through use of government financial systems (i.e. funding that is on-budget, on-treasury and on-accounting). Though aid-in-kind contributions are included in the annual budget appropriation, currently there are no mechanisms available for tracking expenditure against these commitments.

⁷ This includes development partner budget appropriated through the Appropriations Act (i.e. the annual budget book) as well as through supplementary appropriations in May and November 2021.

Australia provides the largest share of development funding to MoET, with expenditure against Australian Government-funded projects reaching VUV 1,206,429,327 in 2021 (78.5% of total expenditure on development partner-funded projects). The full volume of this support is not reflected in the appropriation however, with only VUV 422,385,153 allocated through supplementary appropriations during the fiscal year for Australian-funded education projects. For instance, the largest component of Australia’s contributions in 2021 – its support to school grants (including COVID-19 response grants) – are not reflected in the 2021 budget. This under-appropriation is not the norm across development partners; for most other partners – including UNICEF and the French, Fijian and Japanese Governments – actual expenditure is significantly less than the budget appropriation.

Further discussion on the changes in development partner investments is included in Section 3.

1.3 Other Allocations to the Education Sector

While MoET is the primary government agency responsible for the delivery of education services in Vanuatu, GOV also appropriates education sector-related budget to other ministries. These include appropriations to MFEM (including grants to the Vanuatu Maritime College, Vanuatu Agriculture College⁸, University of the South Pacific (USP) and the South Pacific Board for Educational Assessment (SPBEA)), MoIA (appropriations to the Vanuatu Police College) and MoH (appropriations to the Vanuatu College of Nursing Education).

In 2021, GOV expenditure related to these institutions totalled VUV 421,000,415, representing an additional 4.4% of education sector expenditure above MoET’s 2021 expenditure. This is significantly lower than in previous years, where other government ministries typically managed over VUV1 billion in education sector funding. This reduction is mainly due to the Vanuatu Government Scholarship Fund, which in 2021 had a budget of VUV 1,134,010,612, shifting to MoET management from 2021⁹. Grants to USP/SPBEA were also significantly underutilised, with VUV 53,251,223 unused in 2021.

The table below provides the 2021 budget and expenditure for each of the relevant institutions.

Table 2: 2021 Education Sector Expenditure managed by other Government Ministries

Cost Centre/ Institution	Final Budget	Expenditure	% Utilisation
35E4 Vanuatu Maritime College	53,674,434	53,674,434	100.0%
35F1 Vanuatu Agriculture College	86,325,933	86,325,933	100.0%
35E8 Grant to USP and SPBEA	141,003,971	87,752,748	62.2%
2609 Vanuatu Police College	140,589,446	129,212,026	91.9%
61VZ Vanuatu College of Nursing Education	62,584,919	64,035,274	102.3%
Total	484,178,703	421,000,415	87.0%

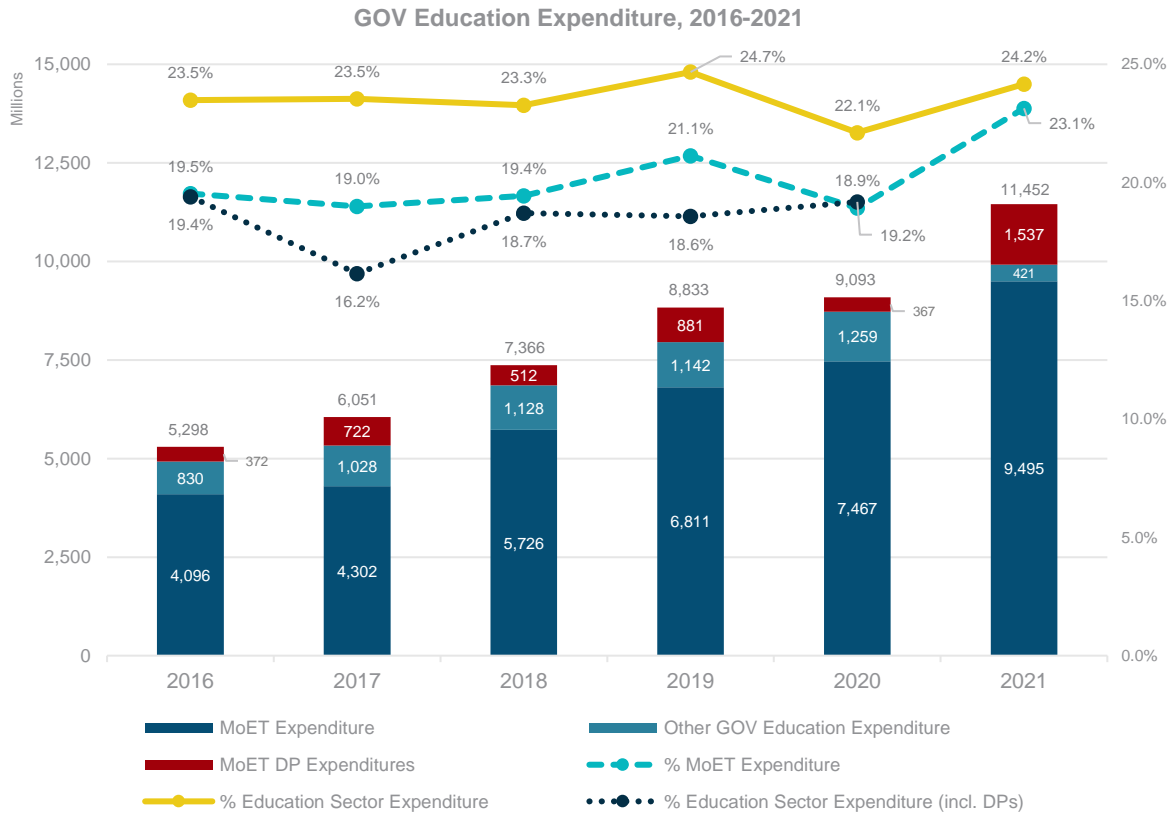
Combining MoET recurrent expenditure, MoET development partner expenditure and education sector expenditure managed by other GOV ministries, total government spending in the education sector reaches VUV 11,452,473,071 – making it the largest sector within government (exceeding MFEM’s total expenditure in 2021).

Recent trends in overall education sector expenditure since 2016 are reflected in the figure below.

⁸ In some prior years, this grant has been managed by MALFBB. In 2022 it remains with MFEM.

⁹ Prior to 2021, MFEM managed the Vanuatu Government Scholarship Fund. This was transferred to MoET responsibility in the 2021 budget appropriation.

Figure 3: GOV Education Sector Expenditure, 2016-2021



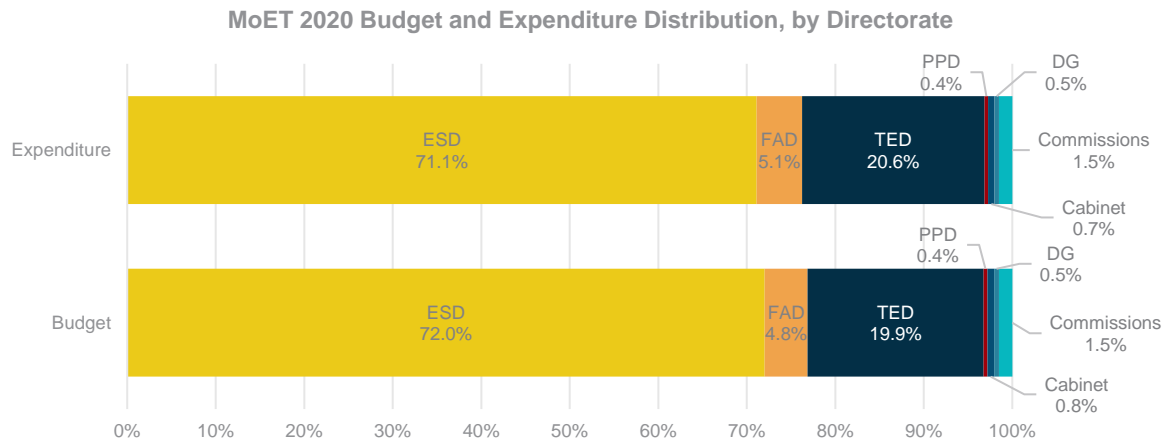
1.4 MoET Expenditure by Function

The Education Services Directorate (ESD) is responsible for the largest proportion of MoET recurrent expenditure, accountable for 71.1% (VUV 6,753,254,105) of MoET’s total recurrent expenditure in 2021. This includes the majority of MoET’s frontline service delivery functions, including the provision of early childhood care and education (ECCE), primary and secondary school grants, teachers’ salaries as well as appropriations to provincial education offices (PEOs), zone curriculum advisers (ZCAs)¹⁰ and government-assisted education authorities (GAEAs).

The remaining 28.9% of MoET’s expenditure is spread across the other three (3) directorates of Tertiary Education (TED, 20.6%), Finance and Administration (FAD, 5.1%), and Policy and Planning (PPU, 0.4%), as well as the offices of the Minister (Cabinet, 0.7%), the Director General (DG, 0.5%) and the various statutory commissions and authorities that fall under the jurisdiction of MoET (1.5%). The distribution of budget and expenditure across the directorates is presented in the figure below.

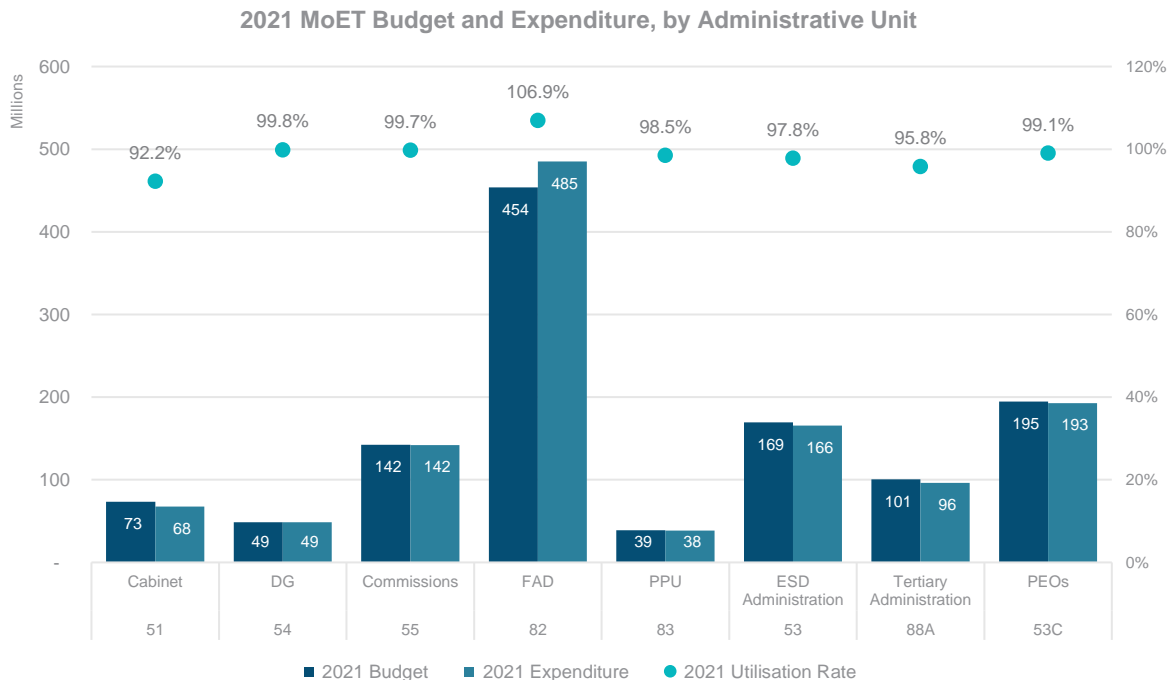
¹⁰ While the relevant cost centre is named ‘Zone Curriculum Advisers’, it is understood that this cost centre caters for salaries of School Improvement Officers and Inspectors

Figure 4: 2021 MoET Budget and Expenditure Distribution, by Directorate



Given the concentration of budget in ESD (and within ESD, to frontline service delivery functions), it is also useful to analyse the MoET budget based on allocations to the various education subsectors. To support this analysis, a cost centre-level analysis is used to separate the budget into education sector management (or ‘administrative’) functions and education service delivery functions. The figure below presents 2021 budget allocation and expenditure across education sector management units, including Cabinet, the office of the DG, Education Commissions and Councils (“commissions”), PEOs (which include allocations to ZCAs and GAEAs) and the administration units of the four directorates within MoET. Budget utilisation rates vary across these units, from 92.2% for Cabinet to 101.6% for FAD.

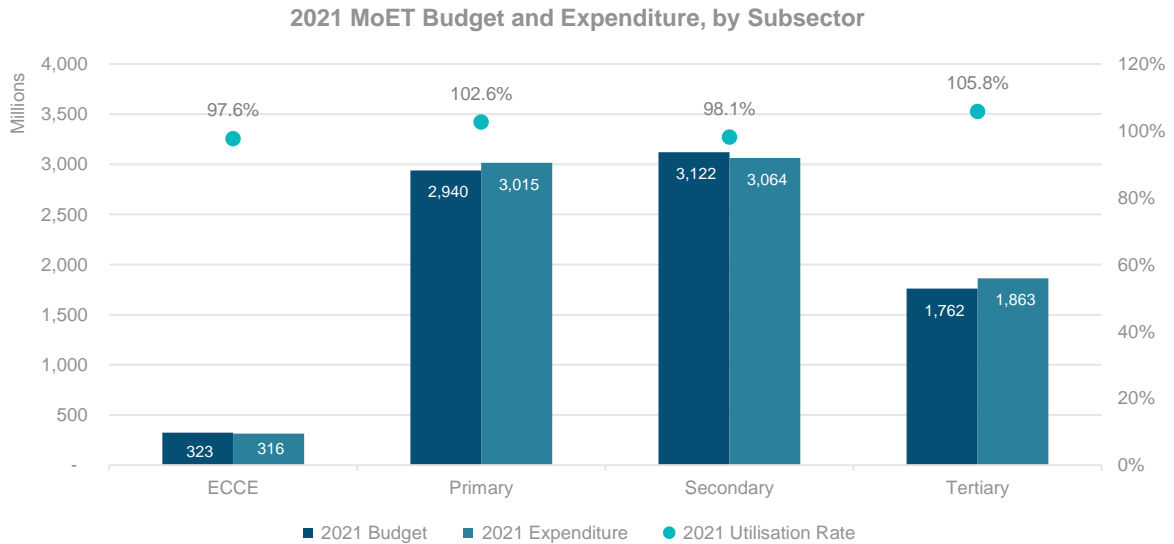
Figure 5: 2021 MoET Budget and Expenditure, by Administrative Unit



FAD represents the largest component of MoET administrative unit expenditures, with total expenditure of VUV 485,239,121 in 2021. Nearly half (43.2%) of this expenditure relates to severance entitlements, which are managed by FAD but apply to staff across the Ministry. The overspend in this directorate (of VUV 31,533,433, or 6.9%) is mainly related to overspends in severance payments. All other directorates have remained within budget in 2021.

Figure 6, below, presents 2021 budget allocations and expenditure to the education subsectors: ECCE, primary, secondary, and tertiary.

Figure 6: 2021 MoET Budget and Expenditure, by Subsector



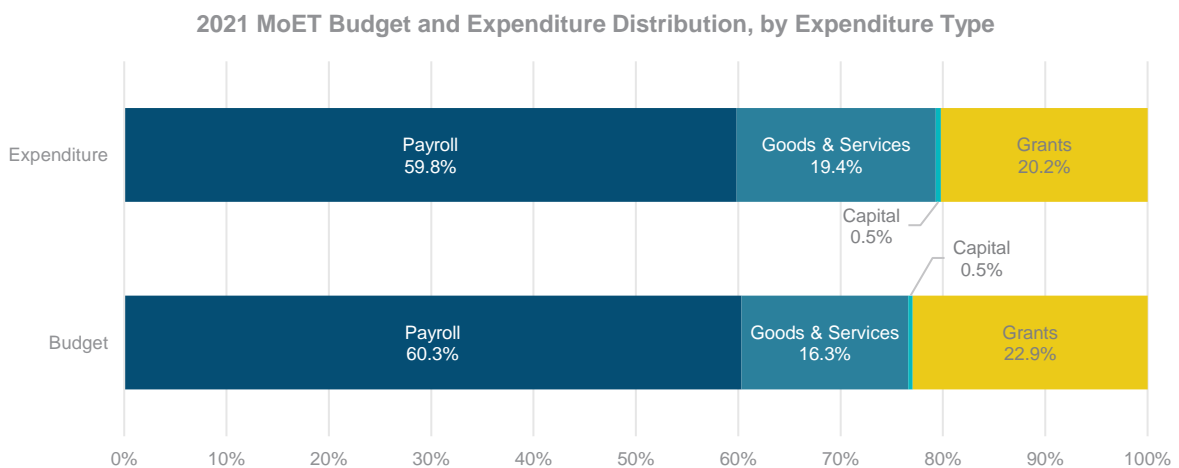
Both primary and tertiary subsectors were overspent in 2021. Overspends in the primary subsector were predominantly (95.4%) due to expenditure on teachers’ payroll overruns. In the tertiary subsector, overspends were mainly a result of additional expenditure on scholarships (likely related to the cost of repatriation of students studying overseas).

1.5 Expenditure by Economic Class

For MoET, payroll costs represent most of its budget (VUV 5,649,953,188) and expenditure (VUV 5,682,559,662), accounting for 60.3% of the 2021 recurrent budget appropriation and 59.8% of recurrent expenditure in 2021. This is significantly higher than for the government more broadly, where payroll accounted for just 43.9% of the annual budget appropriation in 2021.

The remaining recurrent expenditure of MoET relates to grants (20.2%), the purchase of goods and services (19.4%) and capital expenditures (0.5%). The budget and expenditure distribution across expenditure types is presented in the figures below.

Figure 7: 2021 MoET Budget and Expenditure Distribution, by Expenditure Type



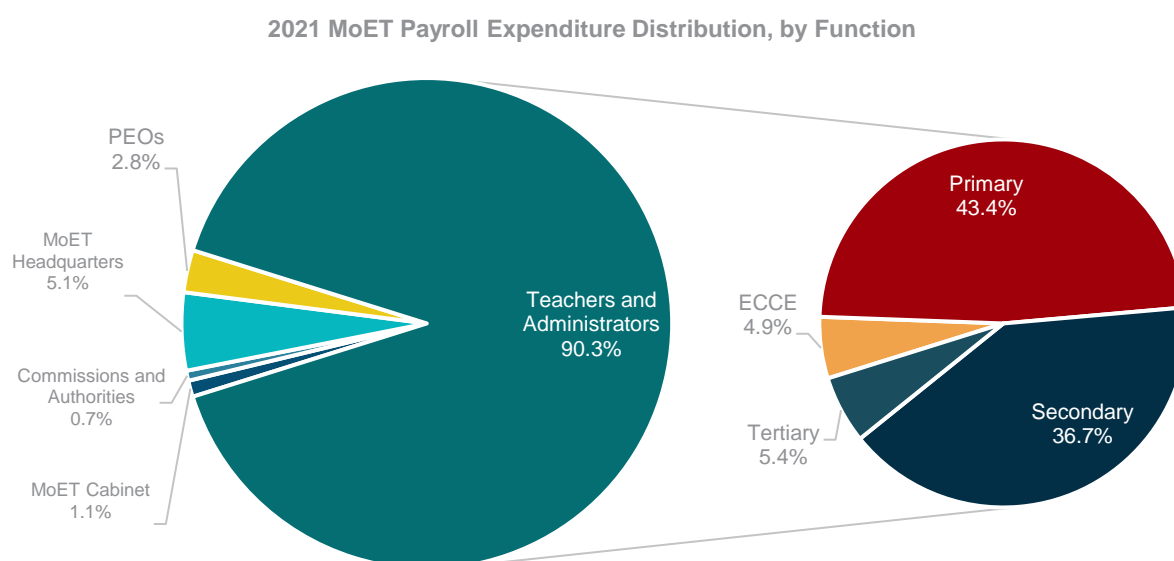
Further details on each type of expenditure are discussed in the sections below.

1.5.1 Payroll

Most of MoET’s recurrent payroll expenditure (VUV 5,474,604,564, representing 96.3%) relates to routine payroll costs, such as wages, provident fund contributions and scheduled allowances (i.e., family and housing allowances). An additional 3.7% (VUV 207,955,098) relates to ‘unscheduled’ payroll costs, including acting, responsibility¹¹ and other allowances and overtime payments.

Total payroll expenditure in 2021 across different MoET cadre is reflected in the figure below.

Figure 8: 2021 MoET Payroll Expenditure by Cadre



Salaries for frontline service personnel represents the overwhelming majority of MoET’s payroll, with VUV 5,133,679,091 (90.3% of total MoET recurrent payroll expenditure in 2021) attributable to ECCE, primary, secondary and tertiary and Technical Vocational Education and Training (TVET) teacher and administrator remuneration. MoET staff at headquarters (including staff under each of the four directorates and the DG’s Office) represent a further 5.1% (VUV 291,626,849) of payroll expenditure in 2021, with PEO personnel making up another 2.8% (VUV 158,577,803). Staff working for other statutory authorities under the jurisdiction of MoET – such as the Teaching Services Commission (TSC) and VQA – incurred VUV 37,504,381 in 2021, just 0.7% of the total recurrent payroll expenditure for the Ministry.

1.5.2 Grants

Grants represent one-fifth (20.1%) of MoET’s total recurrent expenditure in 2021. While this is a lower proportion than in previous years (grant expenditure represented 24.1% of recurrent expenditure in 2020, for instance), MoET’s actual recurrent expenditure on grants has increased by 6.4% in 2021 to VUV 1,917,140,136. MoET recurrent grant expenditure in 2021 also exceeds budget by VUV 74,417,276 (6.4%), with actual expenditure exceeding the budget allocation across all education subsectors (except ECCE). Some grants were issued also issued to PEOs in 2021, though these were not budgeted for.

¹¹ Acting allowances are issued when MoET personnel are acting in a role with a higher salary than their substantive position. Responsibility allowances are issued when MoET personnel are performing additional duties, beyond the specific duties assigned to them in their job description.

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Grants also represent the largest share (65.5%) of development partner-funded expenditure in 2021. Australian-funded grants included:

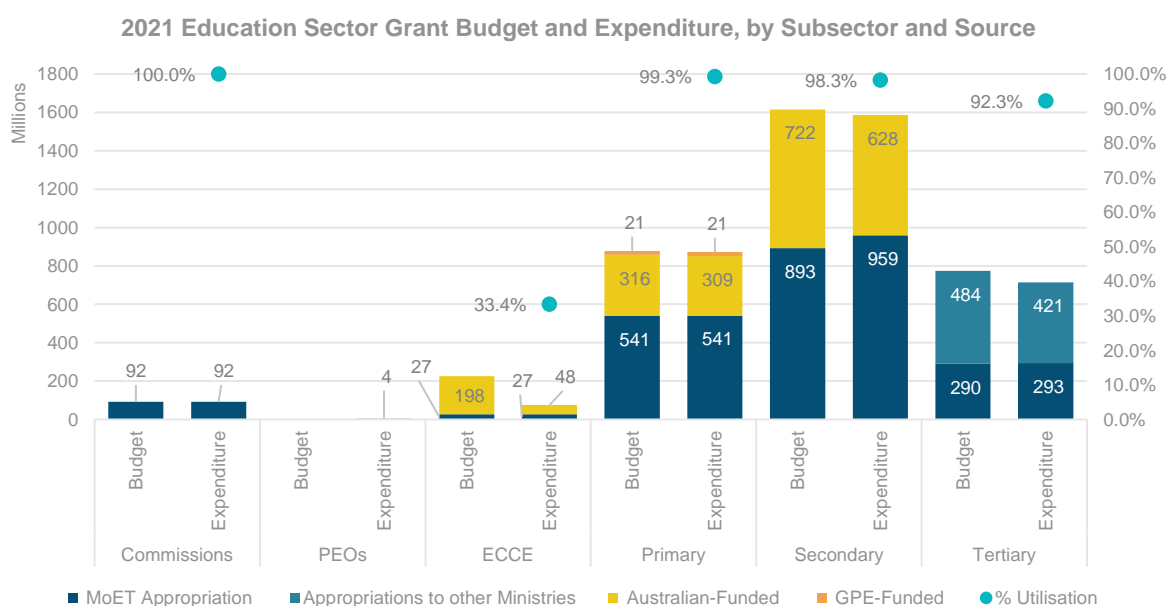
- VUV 47,676,786 in operational grants to ECCEs, accounting for 63.5% of all grants issued to this subsector in 2021
- VUV 309,339,820 to primary schools under the Vanuatu Australia School Community Grant scheme, representing 35.5% of grants to primary schools in 2021
- VUV 627,777,225 to secondary schools for tuition fee, examination fee and boarding fee subsidies, accounting for 39.6% of all grants to secondary schools in 2021

Grants were also issued to primary schools under the Global Partnership for Education (GPE) COVID-19 support project, totalling VUV 21,033,044. In total, development partner grants to ECCE, primary and secondary schools in 2021 represented 31% of all grants issued to schools during the year.

Appropriations from other GOV ministries relating to the education sector (described in section 1.3 above) account for 58.9% (VUV 421,000,415 out of VUV 714,325,681) of grants to the tertiary subsector in 2021. When including these additional appropriations, tertiary subsector grant expenditure is underspent by 7.7% (VUV 63,178,288). The underspend relates to grants issued to USP and SPBEA, for which grant expenditure was just 62.2% of the grant budget appropriation for these institutions.

The figure below presents grant budget and expenditure for each subsector from all sources.

Figure 9: 2021 Education Sector Grant Budget and Expenditure, by Subsector



1.5.3 Capital

MoET's capital expenditures represent just 0.5% (VUV 48,509,816) of total recurrent expenditures in 2021. Though still a small proportion of total MoET recurrent expenditure, this represents a 10% increase in capital expenditures compared to the 2020 fiscal year. Most of these expenditures in 2021 were on vehicles (VUV 21,051,765, or 44.3% of capital expenditures) and computer and other ICT equipment (VUV 17,216,749, or 36.2% of capital expenditures).

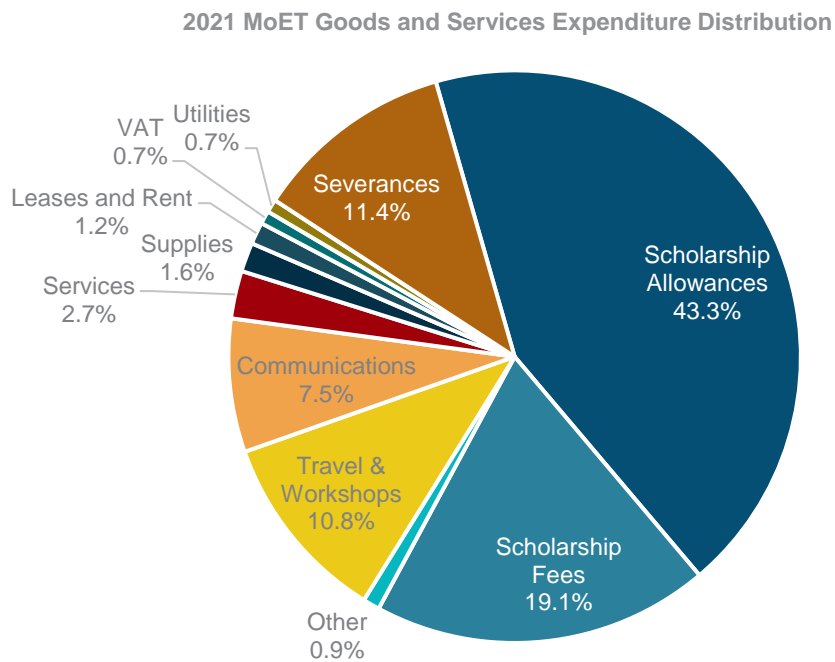
Just 1.9% (VUV 942,432) of MoET's recurrent capital expenditure in 2021 was related to building construction and renovation. This compares to VUV 101,152,398 in capital expenditure on buildings in 2021 relating to development partner-funded projects.

1.5.4 Goods and Services

Costs related to the scholarship program represent 62.3% of recurrent goods and services expenditure for MoET in 2021 (and 12.1% of total 2021 MoET expenditure). VUV 799,109,944 (43.3% of goods and services expenditure in 2021) relates to allowances for scholarship recipients, with another VUV 351,891,511 (19.1%) relating to scholarship fees.

Severance costs for MoET personnel (including frontline staff) represent a further 11.4% (VUV 209,618,219), with travel and workshop-related costs accounting for 10.8% (VUV 199,118,155) of MoET recurrent goods and services expenditure 2021. The figure below presents the distribution of MoET goods and services expenditure in 2021.

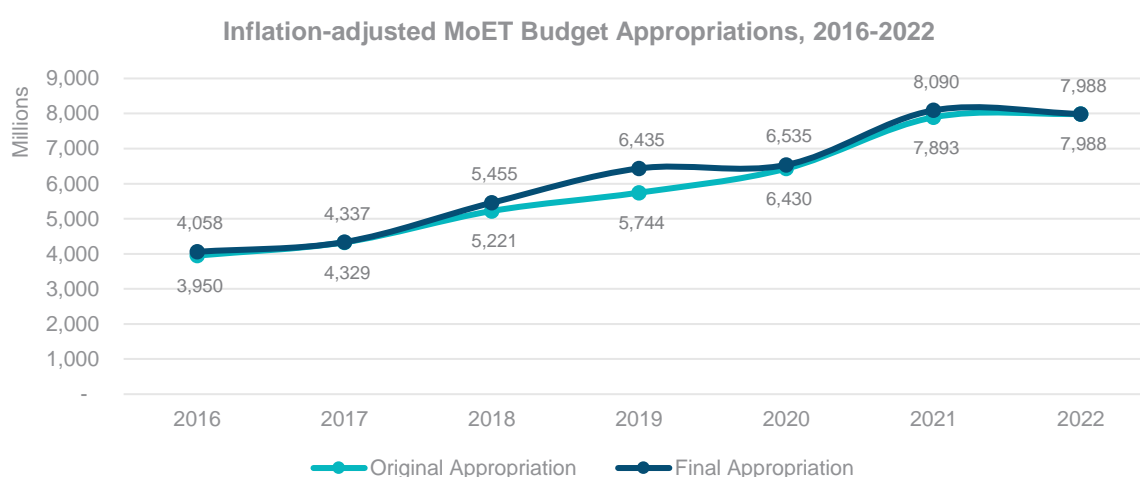
Figure 10: 2021 MoET Goods and Services Expenditure Distribution



2 2022 Budget Execution

MoET’s annual recurrent budget appropriation has continued to increase, in nominal¹² terms, year on year since at least 2016. Though this trend continued into 2022 (with an increase of 0.7% or VUV 65,261,987 above the 2021 final appropriation), when accounting for inflation MoET’s 2022 budget is 1.3% lower than the MoET’s 2021 appropriation – the first time that the MoET budget has not increased in real terms over this period. Inflation-adjusted appropriations, based on 2016 figures, are reflected in the figure below¹³.

Figure 11: Inflation-Adjusted MoET Budget Appropriations, 2016-2022



2.1 2022 Budget Changes

No additional recurrent budget (i.e. recurrent supplementary appropriations) has been awarded to MoET in 2022. However, two additional appropriations for development partner-funded projects were passed in the May sitting of Parliament, which include:

- VUV 655,445 for the Pacific Literacy and Numeracy Test
- VUV 2,134,494 for support to child safeguarding and gender equality positions

These appropriations are included in the development partner budget figures referenced below.

2.2 2022 Expenditure to Date¹⁴

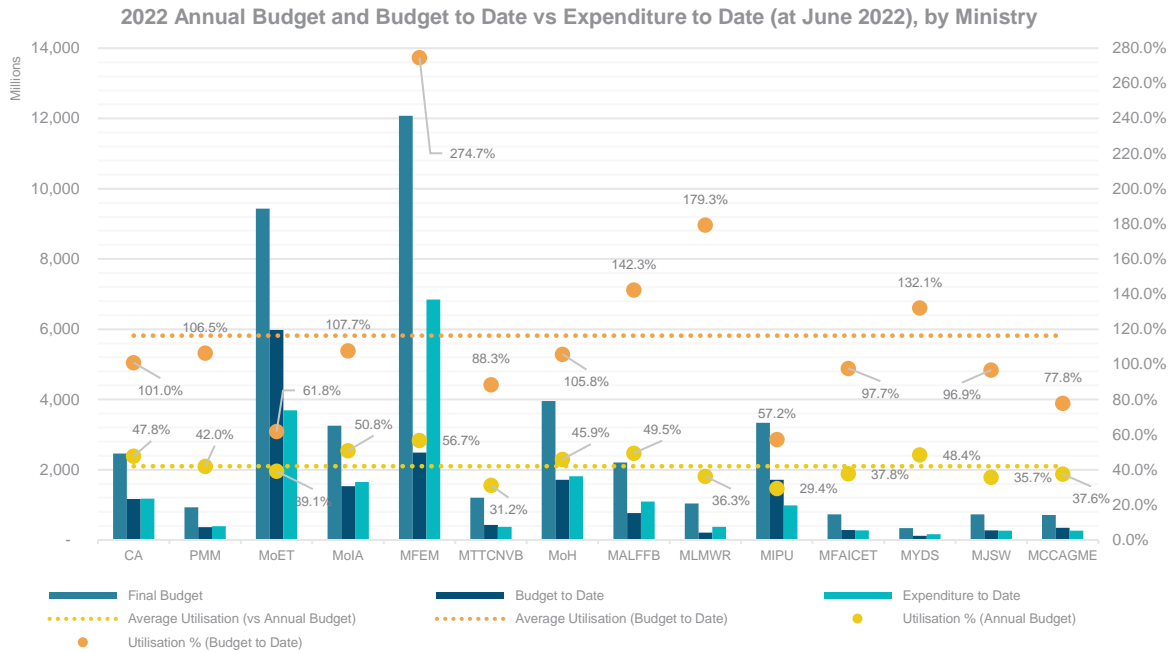
MoET has spent a total of VUV 3,692,382,916 of its recurrent budget in the fiscal year to 30 June 2022. This represents 39.1% of its annual budget appropriation (VUV 9,433,837,433) and 61.8% of the budget released within the first six months of the year (VUV 5,977,652,337). Though this is low relative to previous years (the equivalent rate for MoET in 2021 was 45.9%), MoET’s utilisation rate is comparable to other ministries in 2021, where the average utilisation rate against the annual budget is 42%. Comparative figures for other ministries are presented in the figure below.

¹² Nominal amounts are unadjusted, and do not reflect the impact of inflation over time

¹³ Inflation adjustments based on inflation rates report in the [World Bank databank](#), retrieved 15 September 2022

¹⁴ 2022 expenditure to date figures are based on extracts from the government financial management information system. As transactions in the first half of the year are still being processed and adjusted, reports that have been extracted on different times will provide slightly different figures. This results in some minor discrepancies between figures reported in this section, particularly between the total MoET 2022 expenditure figures and those broken down by cost centre

Figure 12: 2022 GOV Annual Budget, Budget to Date and Expenditure to Date (30 June), by Ministry



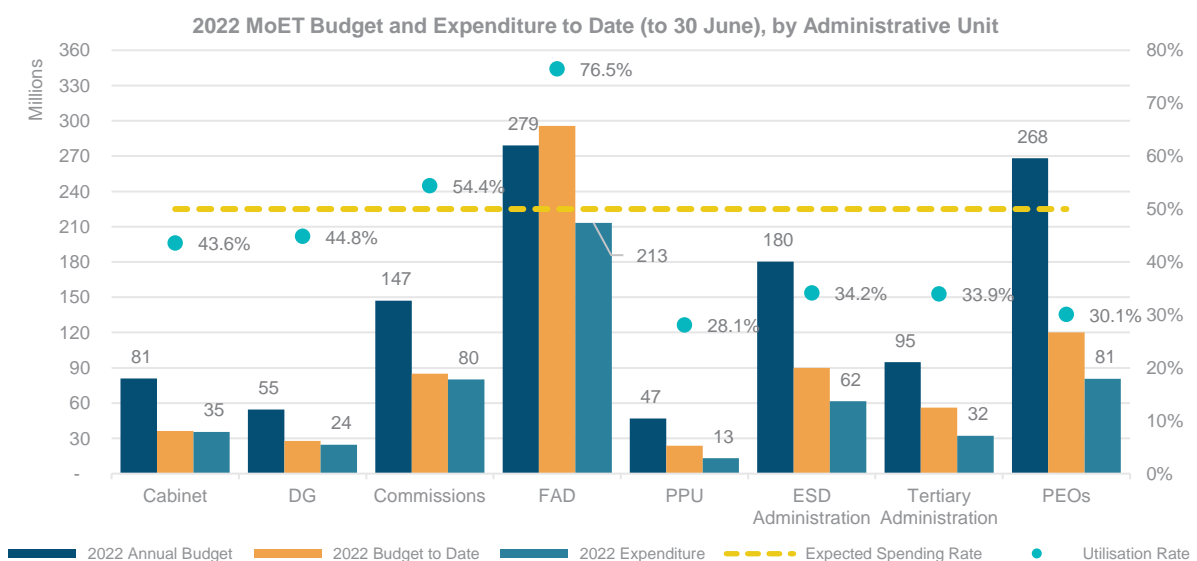
This lower-than-expected utilisation of budget across government is likely related to the community outbreak of COVID-19 in March 2022, which led to extended lockdowns in Port Vila and other parts of the country. During this period, many ministries, including MoET, shifted to ‘work-from-home’ arrangements along with other business continuity measures. Though operations continued, the shift to new working arrangements impacted the delivery of various government services – particularly discretionary programming that required travel or meetings.

2.2.1 MoET Expenditure by Function

Within MoET, mid-year execution rates vary widely across its administrative units and subsectors.

The figure below presents annual budget, budget to date and expenditure to date (to 30 June 2022) for education sector management units within MoET.

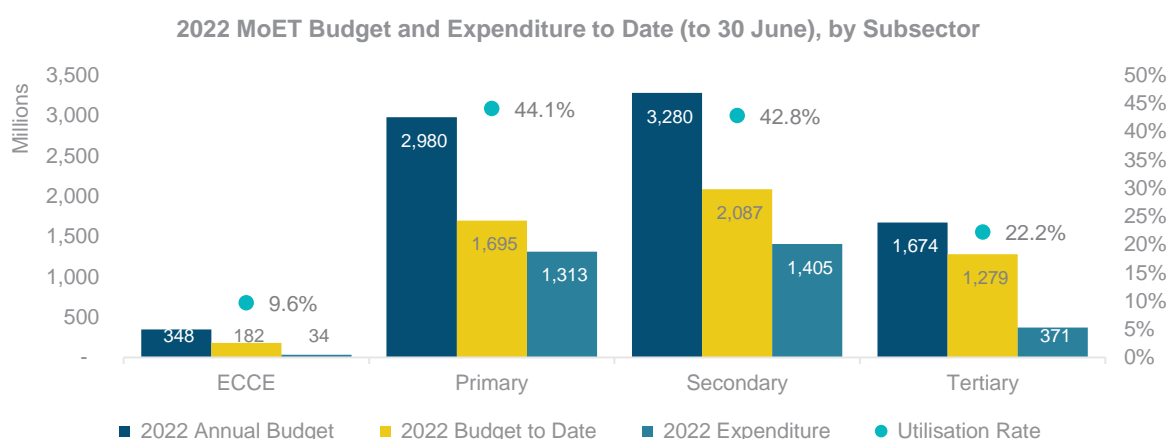
Figure 13: 2022 MoET Annual Budget, Budget to Date and Expenditure to Date, by Administrative Unit



At headquarters, FAD and the education commissions and authorities are spending ahead of other units, executing more than half their respective annual budget appropriations by June 2022 (FAD at 76.5% and the commissions at 54.4%). Other units, including PPU, ESD, TED and PEOs are all significantly spending below this rate. PPU has the lowest utilisation rate of these, with just 28.1% of its annual budget expended by 30 June 2022. This likely reflects the larger proportion of discretionary spending in those areas (compared with the focus on routine and scheduled costs in FAD). As the work of these units involve activities requiring outreach, workshops and other initiatives which require travel, these units were likely more significantly impacted by the COVID-19 lockdowns in early 2022.

The figure below presents annual budget, budget to date and expenditure to date (to 30 June 2022) for education subsectors within MoET.

Figure 14: 2022 MoET Annual Budget, Budget to Date and Expenditure to Date, by Subsector



Similar to the headquarters, utilisation rates vary widely across the subsectors. Overall spending in primary (44.1%) and secondary (42.8%) subsectors is close to, though still slightly lower than, budget expectations at mid-year. Spending in ECCE and tertiary subsectors, however, is much lower, with both subsectors executing less than one-quarter of the annual budget appropriation by 30 June 2022.

For Tertiary, the underspends relate mainly to the scholarship fund – of the VUV 712,613,831 of fund released in the first half of the year (from a total annual appropriation of VUV 838,369,211), only VUV 59,748,357 has been spent as of 30 June 2022, mostly on allowances. This represents just 7.1% of the annual budget appropriation for the scholarships fund. Payroll budget appropriations, particularly for TVET teachers, have also not been utilised during the year so far.

ECCE teacher payroll budget, which at VUV 140,586,958 represents 77.4% of the total ECCE budget released to June 2022, is also significantly underspent. Only VUV 504,905 has been spent in the first six months of the year, just 0.4% of the budget released.

2.2.2 MoET Development Partner Expenditure

Expenditure against MoET’s development partner projects is very low in 2022, both compared with expenditure in previous years and against annual development partner appropriations.

MoET spent a total of VUV 194,856,316 on development partner-funded projects in the year to 30 June 2022. This represents just 14.4% of MoET’s annual development partner appropriation for 2022, and only 12.7% of total project expenditure in 2021.

As with other areas of MoET (and government operations more broadly), it is likely that the low expenditure rates are, at least in part, related to disruptions caused by the COVID-19 outbreak in early 2022. Development partner-funded activities requiring travel, workshops, meetings or site visits may have been delayed during this period. Notably, there has also been no development partner-funded expenditure related to school grants in the first half of 2022. Typically, this accounts for a large proportion of development partner-funded expenditure for MoET – in 2021, for instance 74.4% of total project expenditures were related to school grants).

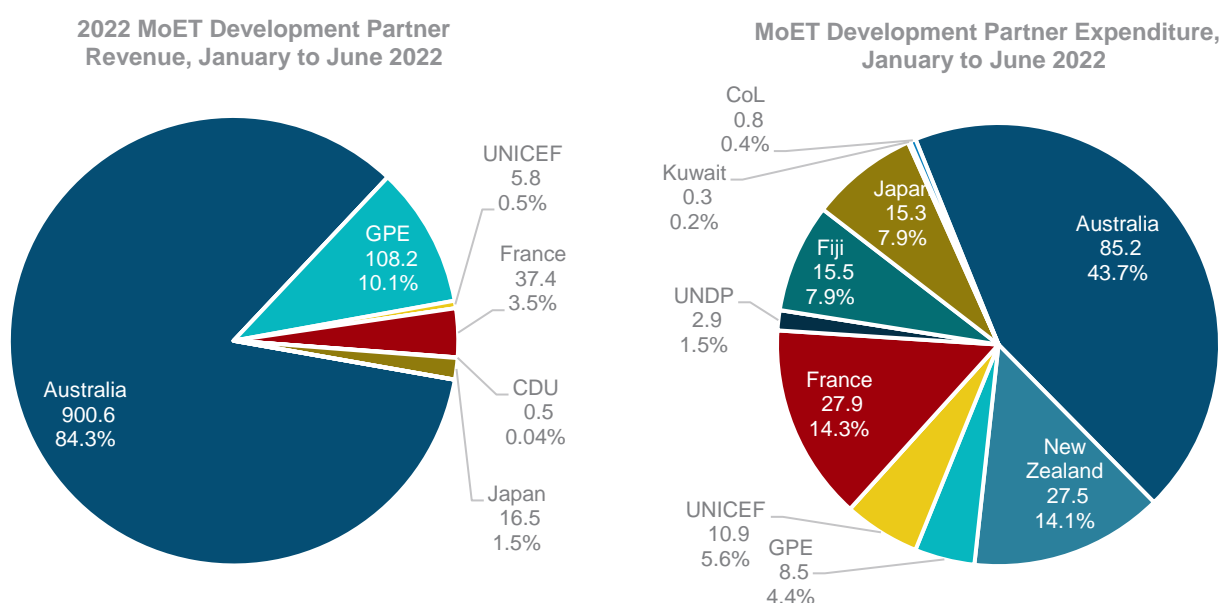
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Despite this low expenditure, the first half of 2022 has seen significant development partner revenue receipts. VUV 1,068,892,293 was received from five development partners between January and June 2022, with a further VUV 457,674 received into the Curriculum Development Unit (CDU) school textbook fund.

The composition of revenues and expenditure related to partners is presented in Figure 15.

Figure 15: MoET Development Partner Revenue and Expenditure, January to June 2022



2.2.3 Other Allocations to the Education Sector

Expenditure against appropriations related to the education sector managed by other ministries is progressing relatively well, with a total half-year expenditure of VUV 208,731,417 representing a 45.1% utilisation of the annual budget appropriations for these cost centres (and 73.9% against the budget released to June 2022). 2022 annual budget and expenditure to date figures for these cost centres are presented in the table below.

Table 3: 2022 Education Sector Expenditure managed by other Government Ministries

Cost Centre/ Institution	Annual Budget	Expenditure to June 2022	% Utilisation
35E4 Vanuatu Maritime College	50,174,434	37,630,821	75.0%
35F1 Vanuatu Agriculture College	86,325,933	50,356,593	58.3%
35E8 Grant to USP and SPBEA	141,003,971	-	0.0%
2609 Vanuatu Police College	122,258,565	92,606,694	75.7%
61VZ Vanuatu College of Nursing Education	63,014,099	28,137,309	44.7%
Total	462,777,002	208,731,417	45.1%

Notably, grants to USP and SPBEA have not yet been issued in 2022. This was also an area of underspending in 2021 (see section 1.3 above).

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2.2.4 2022 New Policy Proposals

MoET was awarded VUV 64,928,970 in NPP funding in 2022. These NPP projects are listed in the table below. While the government financial management information system enables ministries to track expenditure against NPP appropriations, there is no expenditure recorded against any of MoET's 2022 NPPs in the first half of the year.

Table 4: 2022 New Policy Proposals

New Policy Proposal		Annual Budget	Expenditure to June 2022
22A151	Official Salaries Act Staff Additional One Month Gratuity Payment	7,234,345	-
22D153	Internet connectivity improvement for schools, rural training centres & PEOs	36,000,000	-
22B153	Government to Phase Payment of Kindergarten Tuition Fee Grant by 25%	13,694,625	-
22C155	TSC Operation Budget Support	8,000,000	-
22A151	Official Salaries Act Staff Additional One Month Gratuity Payment	7,234,345	-
Total		64,928,970	-

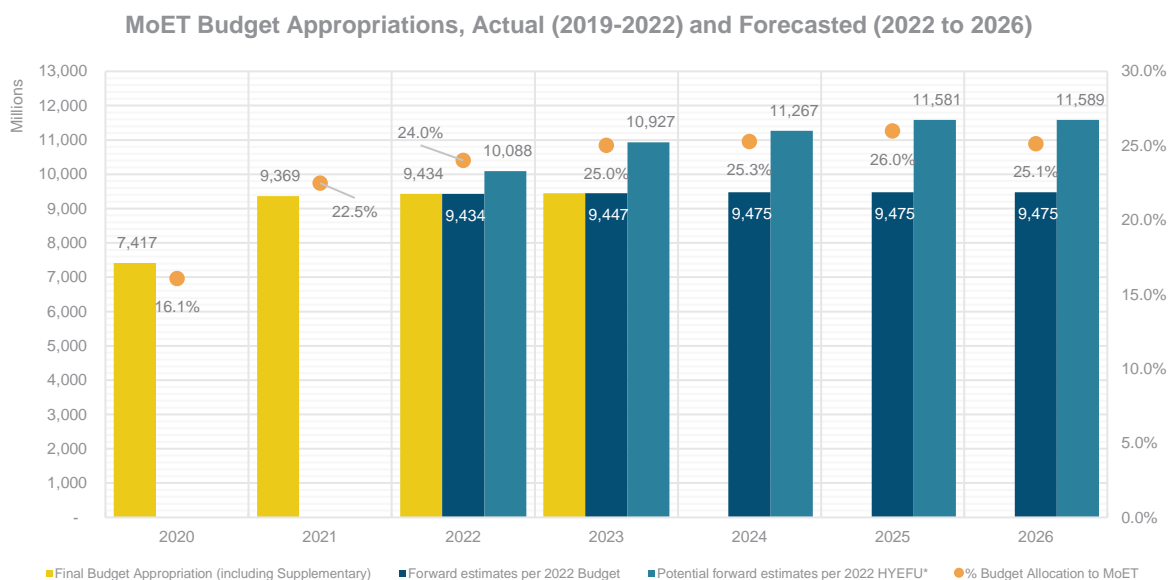
3 Expected Budget Changes

The March 2022 Context Analysis reported on the medium-term expenditure forecast for MoET, as presented in the 2022 GOV Budget book (published in February 2022). This reflected a ‘plateauing’ MoET budget over the medium term, with the MoET annual appropriation expected to remain around VUV 9.4 billion over the forward estimates period (fiscal years 2022 and 2026).

The government has since published its Half Year Economic and Fiscal Update (HYEFU)¹⁵ in August 2022, which presents an updated fiscal policy for the forward estimates period. This revised policy includes a significant increase in forecasted total government expenditure over the medium term, 12% higher than the forecasts presented in the 2022 Budget Book. Though the HYEFU does not provide medium term expenditure estimates at the ministry level, this increased forecasted government expenditure is reported to apply across all expenditure categories (payroll, goods and services, grants and capital).

The figure below presents a possible scenario of future MoET budget appropriations, assuming that the recently reported overall government expenditure forecasts are applied to ministries based in 2022 proportions.

Figure 16: MoET Budget Appropriations, Actual (2019-2022) and Forecasted (2022 to 2026)



3.1 2023 Budget Submission

MoET’s budget is expected to increase to at least VUV 9,447,401,108 in 2023, with the Ministerial Budget Committee allocating this as MoET’s budget ceiling¹⁶ for the 2023 budget development process. This represents one-quarter (25.1%) of the total budget ceiling issued across all ministries of VUV 37,680,274,442.

The 2023 budget ceiling is VUV 13,563,675 (0.14%) greater than the 2022 appropriation. In real terms (i.e. adjusting for inflation), this is likely to be around 2% lower than the 2022 budget appropriation. The ceiling is in line with the medium-term expenditure forecasts presented in the 2022 budget book,

¹⁵ The HYEFU is a requirement of the Public Finance and Economic Management Act [CAP 244] and must include an update on the economic and fiscal forecast since the Annual Budget Appropriation was published.

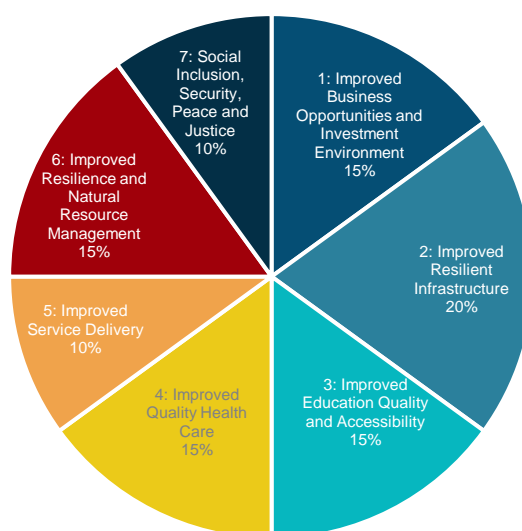
¹⁶ Budget ceilings are published in the annual Budget Circular in May each year

though it is not yet clear whether the expanded fiscal policy introduced in the HYEPU (as described above) will impact the 2023 annual budget development process¹⁷.

In addition to its budget ceiling, ministries may submit NPPs in line with the government’s budget policy priorities. The government has published details of seven budget policy priorities for the 2023 budget development process in the Budget Policy Statement (BPS)¹⁸ in April 2022, as well as a proposed allocation of any calculated fiscal space¹⁹ across these priorities. The 2023 priorities and the proposed allocation of fiscal space to those priorities, is presented in the figure below.

Figure 17: Proposed Allocation of Fiscal Space in 2023, per the 2023 Budget Policy Statement

Allocation of Fiscal Space, Budget 2023



Priority outcome 3 of in the BPS is around “improved education quality, accessibility and training outcomes for children and young people”, and includes the following areas of focus:

- Expanding greater access to education – through accelerating progress made in universal early childhood education and primary education from year 7 to year 12.
- Improving the quality of education – through ensuring teachers are paid and trained, reforming the curriculum in line with NSDP, and upgrading school facilities and resources including those affected by the volcanic disasters in Ambae and Ambrym and TC Harold.
- Increasing higher education opportunities – through completing revised Vanuatu Education Strategy, implementing National Human Resource Development Plan, supporting life-long learning opportunities within the education system.
- Improving opportunities for employability and entrepreneurial skills development – through technical and vocational skills training and increased support for out of school youth

These priorities within the education sector have remained consistent in the BPS since 2018 (with the final priority – on improving employability and entrepreneurial skills – added in 2019).

As part of its 2023 budget submission, MoET has included bids for NPPs totalling more than VUV 4 billion. These NPP requests are listed in the table 5 below.

¹⁷ Note that the budget ceilings were issued on 12 May 2022, while the HYEPU was issued on 31 July 2022 – which may reflect a change in government policy during that period.

¹⁸ The BPS is a requirement of the Public Finance and Economic Management Act [CAP 244]

¹⁹ Fiscal space is the difference between the budget ceiling and the forecasted revenue in the budget year. The total value of fiscal space is not published, but is considered by the Ministerial Budget Committee when they

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Table 5: 2023 MoET New Policy Proposals

#	Description	Budget (VUV)	Nature of NPP
1	ECCE Teachers Allowances & Recruitment	318,062,321	Ongoing
2	Tuition Fee & Examination Fee Grant to Senior Secondary	281,620,965	Ongoing
3	School Maintenance and Reconstruction	180,000,000	Ongoing
4	School Lease Premium, Outstanding Land Rent and Logistics	100,000,000	Ongoing
5	Skul Kakai Lokol Helti Prgram Roll out	356,339,657	Ongoing
6	National University of Vanuatu (NUV) Strengthening and Growth	748,712,850	Ongoing
7	Former VITE Staff Severance Payment	412,579,971	One-off
8	Diploma of Biomedical and Mechanical Engineering at VIT	18,628,500	Ongoing
9	Development of TVET Cert I and II Training Resources	115,006,000	One-off
10	Maritime Institute of Vanuatu	92,000,000	Ongoing
11	Centre of Excellence on IT (as per COM decision)	10,000,000	Ongoing
12	Sky Garden	213,980,884	One-off
13	Vanuatu National Secondary School Games	100,915,592	Ongoing ²⁰
14	School Disaster and Emergency Fund	16,034,000	Ongoing
15	Storage space for Port Vila & Santo	105,000,000	One-off
16	MoET Staff Insurance – Workers Compensation	3,285,156	Ongoing
17	Education Attache Office Establishment	26,337,680	Ongoing
18	Primary and Secondary Schools Support Staff Arrears Payment	1,823,855,604	Ongoing ²¹
19	Principals & Deputy Principals GRT Payroll Cost	1,227,990,848	Ongoing
20	Additional Duties Claims*	348,537,882	One-Off
Total		4,116,334,811	

At the time of reporting, the Ministerial Budget Committee was still considering MoET's 2023 budget submission. Though the draft appropriations bill for the 2023 budget was due to be published in September 2022, the move to a caretaker government and the snap general election (see further details in Section 4.3.1 below) are likely to disrupt this process.

²⁰ ongoing, but every two years

²¹ One-off arrears payment, followed by an ongoing annual request at 25% of the 2023 total request

4 New policy developments

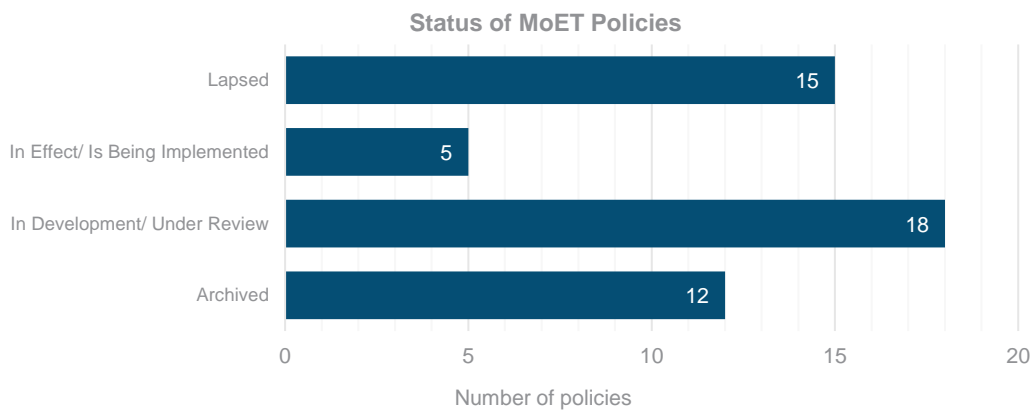
A range of policy and programming developments have occurred in the first half of 2022. These include policy developments, legislative and regulatory changes, leadership changes and changes in partner programs.

4.1 MoET policies developments

4.1.1 MoET Policy Baseline Assessment

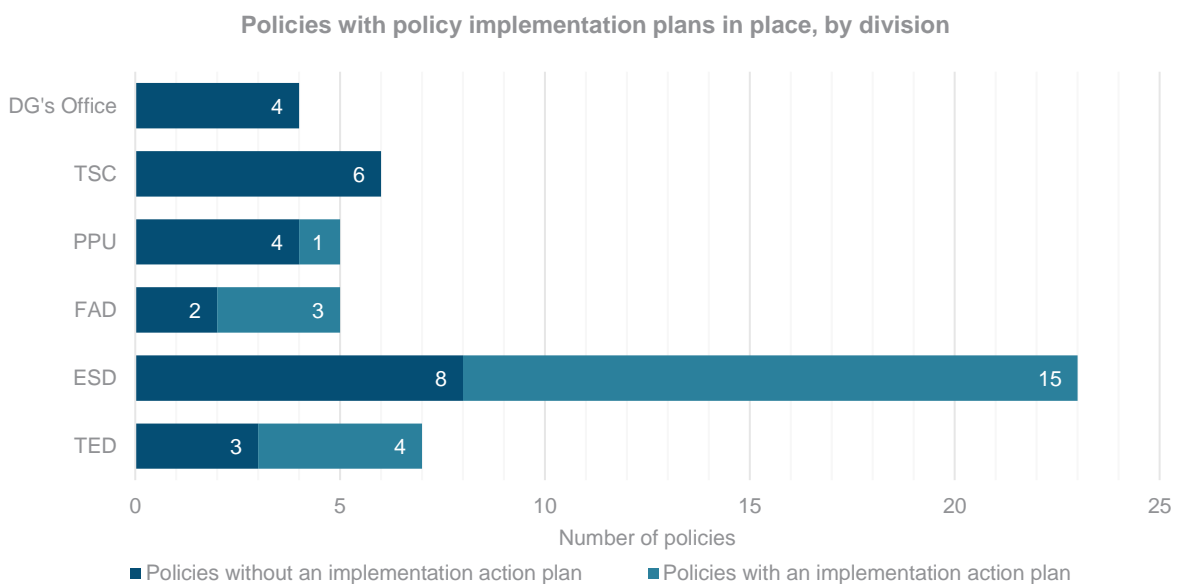
In 2022, the MoET PPU have undertaken a baseline assessment of all MoET policies to understand how these documents are being used in practice. Findings demonstrated that less than a quarter (10%) were currently being implemented, 36% were under review or development, and 54% had either lapsed or had been archived. The figure below presents the findings of this assessment.

Figure 18: PPU Baseline Assessment of MoET Policies



The PPU assessment notes that one of the key barriers to policy implementation was the absence of costed implementation action plans developed for each policy. Currently only 46% of policies have an implementation action plan. The figure below maps this across each directorate within MoET.

Figure 19: MoET Policies and status of implementation action plans



Despite low implementation of policies, MoET has undertaken a range of approaches to strengthen policy work across the Ministry. This includes the creation of a policy development guide to assist staff in developing and reviewing policies. This guide has been shared with all MoET staff to support them in strengthening their understanding of the policy development process. PPU have advised that further socialisation and training in how to use the policy guide is required across MoET, including a breakdown of step-by-step processes to improve the useability of the guide. In addition, PPU have developed a Policy Registry to track and monitor policy development, implementation and review across MoET, which provides a tool to understand how the Ministry is using both operational policies and public policies. Development partners are also providing technical assistance and support to review and develop policies however, PPU highlight that more support for the facilitation of policy implementation could be valuable. A costed policy implementation template has been created by PPU, and there is a focus on developing training for MoET staff to guide them in how to develop policy implementation plans.

4.1.2 Inclusion Policy Review

MoET is currently working on the development of a series of inclusion policies, including an Inclusive Education Policy, Gender Equity in Education Policy, Child Safeguarding Policy. Consultation has been completed for all three inclusion policies at the provincial and national levels. Consultation reports have been drafted and are being used to inform policy development.

MoET has selected a drafting team to write the policies, which consists of MoET officers, non-government organisation (NGO) representatives, parents, other Government agencies and development partners. The MoET writing team is expected to submit final drafts in December 2022, ready for implementation from 2023.

4.1.3 Early Childhood Development Policy

MoET is currently in the drafting phase of the Early Childhood Development (ECD) policy, following the completion of provincial and national level consultations. The impetus for the policy stems from the 2019 for the Pasifika Call to Action on ECD, following which MoET was tasked to lead the development of ECD policy,

The ECD policy is expected to be completed by December 2022.

4.1.4 Education in Emergencies Policy

MoET has undertaken a stakeholder mapping of all relevant individuals and organisations engaged in emergency response related to the education sector. Consultations have been conducted with these stakeholders, and the report is currently being drafted.

4.1.5 Teacher Qualification Upgrade Policy

In 2022, TED has commenced discussions with the Secretary General of the TSC to assure alignment between MoET's proposed Teacher Qualification Upgrade Policy (TQUP) and TSC's existing Teacher Registration and Licensing Policy.

The draft TQUP was updated in March 2022 and further reviewed by a working group during a two-day workshop in July. A consultation process will commence in August, with the TQUP expected to be submitted to the MoET Senior Management Team by December 2022.

4.1.6 National Teacher Development Plan

A National Teacher Development Planning Officer was recruited in 2022 to lead the TED working group and progress the development of the National Teacher Development Plan (NTDP). A two-day workshop was conducted in July 2022 with the working group members from MoET, VQA and the National University of Vanuatu School of Education. The members reviewed previous work on the NTDP, further conceptualised and agreed on a National Teacher Development and Management Framework to inform the NTDP. Key components were identified to include in the NTDP and work is progressing on the drafting of sections of the NTDP.

4.1.7 Minimum Quality Standards

A harmonized standards monitoring tool has been developed using Kobo Toolbox to support the measurement of the Minimum Quality Standards (MQS), which were launched in September 2022.

The School Based Management (SBM) unit developed the verification document for the MQS monitoring tool, and the tool has been piloted and adjusted to prepare for rolling out in Quarter 3 2022. Discussions on the integration of the MQS monitoring tool into OVEMIS has also started. SBM have also piloted initial training on the MQS and its monitoring tool during the Principal's Induction Program in five provinces in 2021 with the final training pilot conducted in Shefa province in 2022.

4.2 Legislative and regulatory developments

Three pieces of legislation which govern the work of MoET are currently under review or development. These include:

- Education Act [No 9 of 2014]
- Teaching Service Act [No. 38 of 2013]
- Higher Education Bill

In 2021, MoET's DG tasked PPU to lead work on the Education Act review. Consultations were held in 2021 with relevant stakeholders, and feedback collected will be incorporated into a COM paper for approval of proposed amendments.

4.3 Leadership changes

4.3.1 Caretaker Government

On 18 August 2022, Vanuatu's President dissolved Parliament. As a result, Vanuatu is currently in caretaker period until a general election is held in October 2022. The transition to a new government may cause some delays in policy implementation and decision making and is likely to interrupt the 2023 budget development process.

4.3.2 Director Appointments

On 23 August 2022, the Public Service Commission appointed four new MoET directors, including:

- Nanise Lapi, as the Director of Education Services
- John Gideon as the Director of Finance and Administration
- John Kaltau as the Director of the Tertiary Directorate
- Serge Lewawa as the Director of Policy and Planning

4.4 Development Partners

4.4.1 Global Partnership for Education

GPE activities have expanded in 2022, with the roll-out of the Education Sector Plan Implementation Grant (ESPIG). While around VUV 20 million was issued in 2021 (following the release of the first tranche of ESPIG funding in August 2021), more than VUV 100 million has been received in MoET project accounts in first six months of 2022 alone.

The major focus in 2022 has been on developing 150 new reading books and other literacy materials, and the engagement of six inclusive education officers (one for each province). Over the past six months, the new officers have delivered an inclusive education induction training workshops for inclusive education coordinators and PEOs, to support provinces to raise awareness of inclusive education practices in schools and better facilitate data collection for children with disability.

4.4.2 UNICEF

In August 2022, UNICEF, with support from the Vanuatu Education Sector Program, hosted the first national consultation in the lead-up to the United Nations Transforming Education Summit. The summit is due to take place in mid-September 2022 at the United Nations headquarters in New York City.

The consultation identified both immediate and longer-term policy enablers and bottlenecks, made recommendations for change and identified priority areas to be addressed through the Vanuatu Education and Training Sector Strategy.

4.4.3 New Zealand

In 2022, the New Zealand Ministry of Foreign Affairs and Trade (MFAT) ended its contract with the Creative HQ consortium for the design of the Vanuatu Secondary Education Support (VSES) program. Creative HQ and their consortium provided MFAT with a rich data set that will be used in the next phase of the design process.

MFAT has reinforced to MoET its continued commitment to secondary education and are planning to approach the market for a new consultant to draft a design for VSES. MFAT anticipates the design for VSES will be conducted in 2023 for implementation in 2024. In 2022, MFAT is working with MoET on some bridging projects, given the delayed the implementation of VSES.

MFAT's support to the Year 7-10 Curriculum Review project in 2022 will focus on three key deliverables in 2022. These are completing the Year 8 syllabus, the Year 8 teacher guides, and drafting the Year 8 professional learning program. These deliverables are on track to be completed by the end of 2022.

MFAT is also funding the 'Building Teacher Capacity in Inclusive Education' program. The program, launched in December 2021 and led by the University of Auckland, will continue to seek views from MoET on the key focus areas until December 2022. MFAT is also interested in improving access to education for deaf learners and supporting research on effective inclusive education practices in the Pacific. MFAT is planning to arrange discussions with MoET and other stakeholders before the end of 2022.

The regional e-learning program has concluded the first phase and is now undergoing an evaluation to inform its future.

4.4.4 Australia

In 2022, Australia has provided to MoET an additional VUV 882,551,800 for school grant support, along with VUV 18,000,000 in support to literacy programs delivered through the PEOs (and supported by the Vanuatu Education Sector Program).

In the tertiary sector, Australia continues to support the Australia Pacific Training Coalition (with an aid-in-kind appropriation of VUV 238,135,075 reported) and the Vanuatu Skills Partnership. With the reopening of borders in Vanuatu in July 2022, Australia Awards Vanuatu has also started to mobilize students again.

4.4.5 India

In 2016, the Indian Ministry of External Affairs, the Centre for Development of Advanced Computing and the Vanuatu Institute of Technology signed an agreement to set up the India-Vanuatu Centre of Excellence in IT.

The project includes the provision of IT infrastructure, course materials and training alongside the establishment of the centre. The project has been included in the list of MoET NPPs for 2023.

4.4.6 Asian Development Bank

In October 2021, the Asian Development Bank (ADB) approved a Transaction Technical Assistance Facility of up to USD1 million to support the design of education sector improvement projects in Solomon Islands and Vanuatu.

The proposed project in the Solomon Islands has progressed significantly, with the contracting of a design team (Cognition Education) in June 2022 and a design mission starting soon after. There remains the opportunity to expand the scope to include the design of the Vanuatu component of the project, following further engagement between ADB and MoET. ADB representatives met with MoET leadership in September 2022 to progress the project and identify areas of focus.

4.4.7 Koalisen Blong Leftemap Edukesen

The Kolisen Blong Leftemap Edukesen (KoBLE) is a not-for-profit, national association of civil society organisations in Vanuatu that advocates for the improvement of education opportunities for the citizens of Vanuatu, especially those that do not have access to services.

KoBLE was established in 2018, though its activities in recent months have increased. KoBLE was particularly active in the campaign to ease COVID-19 restrictions to allow schools to reopen in the first half of 2022. In August 2022, KoBLE hosted a workshop for civil society organisations and educators, where they reviewed the government's education budget and discussed opportunities to engage in the MoET budget development process.

