

Review of Vanuatu Small Projects Scheme

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Report Title	Review of the NZAID Small Projects Scheme for Vanuatu
Team	Jean McKinnon, Kinsa Associates and Selwyn Aru

Background

The Small Project Scheme (SPS) is a contestable funding scheme administered by the NZHC Port Vila. SPS has been welcomed by the Vanuatu Government as a flexible aid instrument accessible to a wide variety of groups and organizations. The SPS seeks to contribute to the social and economic development of Vanuatu by providing appropriate funding assistance in the following focus areas: Capacity Building; Private Sector Development; Health; Youth at Risk; Gender and Development; and General. The current guidelines state that assistance is in line with the NZAID Programme Strategy for Vanuatu 2006-2010 with the central focus on poverty reduction through the three thematic priorities – education, governance and economic development focusing on rural areas. This alignment also means that the SPS is aligned to the Vanuatu Comprehensive Reform Programme (CRP), the Government Investment Programme (GIP) and the priorities set out in the Government of Vanuatu's Prioritised Action Agenda (PAA) 2006-2015.

The Scheme provides a fund of \$850,000 per year to support individual small grants of up to Vatu 4 million (\$55,000) for projects submitted through the Department of Economic and Sector Planning and appraised by NZAID. Funding is available for multi-year projects of up to three years. Final approval for all projects lies with the New Zealand High Commissioner, although projects with a budget of over \$40,000 must be referred to Wellington. Funds for approved projects are channelled to the recipients through the Department of Finance. Reports and financial acquittals are required to be provided by recipients at the end of the project, or for multi-year projects, as progress reports. These are channelled through the government system and eventually back to NZAID. Grants have been awarded to over sixty government and non government agencies and community groups. The Scheme has been used, for example, to provide short term training and attachments for government officials, assist with a range of capacity building initiatives, community education on governance and health issues, women's safe house programmes, village pre-schools and community health programmes and a variety of projects for urban youth at risk.

Purpose and Objectives

Purpose: to determine the effectiveness and development impact of SPS. The review will assist NZAID and other stakeholders to determine projects' past effectiveness and, in light of these findings, make recommendations for any improvements to ensure the assistance aligns with current Vanuatu and NZAID policy priorities, best practice and/or possibly alternative approaches. Should the review recommend a continuation of SPS it should consider improvements to management and administrative processes, funding criteria and the introduction of an appropriate monitoring and evaluation framework.

Objectives:

1. To determine development outcomes/impact of the Small Project Scheme, 2000-2006.
2. Recommend any changes to improve the Small Project Scheme or propose alternative options to better align with the objectives of the NZAID/Vanuatu Development Programme Strategy 2006-2010 with particular reference to aid effectiveness criteria.

Main Findings

Stakeholders and grant recipients support continuation of the Scheme. It is felt to meet specific needs which fall outside of normal government service delivery, to enhance existing programmes and create opportunities for groups to access small but significant funds to realise their development goals.

Although the SPS guidelines were set up prior to the introduction of the current NZAID Vanuatu Country Strategy there is a good fit with the main sector themes and priorities:

- quality basic education, particularly in rural areas
- build demand for and improve governance, accountability and community safety
- increase economic growth and strengthen livelihoods, particularly in rural areas
- social sector outcomes in water and health.

Target expenditure has been met each year, with an average grant size of Vatu1.69m (\$23,500). There were no overall trends or consistency in grant allocation priorities over the years.

Few grants were made to groups outside the main urban centres, although some grants to urban-based agencies are for rural projects. Based on the stated aims and target groups of the projects supported since 2001, 40 percent of projects have potential for a direct impact on people in rural areas or poor urban communities; 36 percent for indirect impact for this sector and 24 percent with negligible potential benefit in these areas. There is insufficient information on actual impacts to tell for certain if the benefits intended have in fact occurred. Considering total grant value, over 50 percent of funding goes to projects with a likely direct impact on poverty and hardship. Although the majority of grants have gone to groups located in the urban centres, over half of these have an intended impact on poverty and hardship alleviation. This is not in keeping with the proportion of people living either in rural areas or poor urban settlements (80 percent of the population lives in rural or poor urban areas).

Guidelines require a 50:50 division of grants between public and non-public sectors. This has been followed with a 52 percent: 48 percent split between public and non-public sector organisations) but not for their value (the split is 38 percent public sector vs 62 percent non-public sector).

Benefits of projects supported through the scheme include improved access to domestic water supply; improved health services particularly maternal and infant care; access to pre school education; support to specific aspects of rural training centre development, youth training and counselling and civil society education. The Scheme has enabled a small number of community groups to carry out their own economic development projects.

The Scheme has contributed to capacity building of both government and non government agencies through institutional strengthening, human resources development, provision of essential equipment, technical systems and management information systems.

Project management and return of reports and financial acquittals is generally of a high standard by NGOs. Government recipients are less diligent about reporting, but agencies that have received multiple grants consistently furnish good and timely reports. Community based organisations do not have a good record in this respect, but this is not an indication of poor management or failed projects, rather that they are unaccustomed to this type of requirement. Follow-up support by agencies that assisted with the development of their proposals would help. In general, reports rarely comment on longer term impacts or discuss issues such as gender or sustainability measures. These aspects tend to be better covered in proposals than in activities or reports.

SPS guidelines and criteria need to be improved to remove barriers for groups outside the urban centres and better align with the NZAID/Vanuatu Development Programme Strategy. There is limited information about the SPS outside of the two main urban centres, complicated guidelines in English only, and no system for local groups to learn about the Scheme and obtain assistance to access it.

The appraisal process is thorough but complicated (10-11 steps) and time consuming in proportion to the size of the average grant. Before they are forwarded to NZAID all proposals must be checked by 4 government offices a process which may take 3 weeks to 2 months. Management by Vanuatu government contributes to transparency and accountability but creates barriers to access. Management by NZAID could be improved with enhanced internal systems and procedures and the resources to market, appraise, monitor and evaluate projects.

Key Issues and Learning for NZAID

Generally, cross cutting issues (gender, sustainability) are addressed more in proposals (where it is a requirement for obtaining funding) than in the projects themselves, or reports.

Poverty: to improve the percentage of grants with potential benefits for rural and urban poverty alleviation, more active marketing of the scheme in remoter rural areas is needed, to avoid capture of the scheme by organisations in urban centres.

Gender equality: gender focus is weak although some projects have been carried out to benefit women.

Cost-effectiveness/value for money: the scheme is well organised, operated and effectively managed. There is insufficient information on actual impacts to tell for certain if the intended benefits of the individual projects supported by the fund have in fact occurred. Considering total grant value, over 50 percent of funding goes to projects with a likely direct impact on poverty and hardship.

Follow-up

Response to recommendations:

1. NZAID agrees to continue with the SPS for at least another 5 years, but with modifications to improve efficiency, access and focus on rural and urban settlements as follows.
2. NZAID agrees to modify SPS guidelines/criteria in line with the Strategy and NZAID's focus on reducing poverty and hardship for rural communities.
3. NZAID agrees with the need to strengthen management systems, including a marketing and an M&E plan but it is unclear whether this is a role appropriate for NZAID itself, or the government of Vanuatu to implement (with capacity building support from NZAID).
4. NZAID agrees that active marketing of the SPS is needed to widen the catchment for proposals beyond urban centres and attract groups working to alleviate poverty and hardship.
5. NZAID endorses the need to work with the Vanuatu government to simplify the application and proposal process and release of funds.
6. NZAID supports increasing the engagement of provincial officials (and NGOs) in SPS management, as capacity in the provinces is increased.
7. NZAID agrees to conduct a stock take after two years to assess the degree of improvement of SPS management and outcomes. If the stock take reveals a poor degree of improvement one option is for the SPS to be re-designed. It could be replaced with a Small Grants Programme comprised of two schemes:
 - a capacity building small grants scheme managed much as the current SPS
 - a community grants scheme which is managed and funded directly by NZAID working closely with provincial authorities and NGOs.