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Thinking and working politically in the Vanuatu skills sector: supporting local leadership and building a political constituency for change

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EXECUTIVE SUMMARY

This case study considers the degree to which the Vanuatu Skills Partnership (VSP or ‘the Partnership’) provides an example of a development program that thinks and works politically. Development partners have become increasingly interested in the idea of “thinking and working politically” (TWP) as a basis for more effective programming. The idea that working with the grain of local politics to empower local coalitions to undertake effective collective action in support of reform is an attractive one and makes intuitive sense. However, development partners face significant challenges in designing programs that can actually work politically and the evidence base remains small. This case study seeks to contribute to the evidence base by considering if and how VSP has worked politically, and the lessons that may be learned from its experience for the broader donor community.

VSP is an Australian-government funded program that, since 2005, has been working to support the re-orientation of Vanuatu’s Technical and Vocational Education and Training (TVET) system towards a demand-driven skills system that better links training to the economic growth opportunities of the Vanuatu economy. The idea of “skills” – as opposed to the narrower concept of TVET - has been central to the VSP’s approach. It has allowed for a more expansive understanding of the development problem and enabled the Partnership to work towards supporting the development of a new sector that engages with the formal and more substantive informal economy. Over its 18-year program life, VSP has helped change the ways skills are understood in Vanuatu and supported the emergence of a new institutional framework to deliver decentralised, demand-driven and quality assured training and business development assistance to local business and communities. This has resulted in discernible improvements in livelihoods and local economic development.

While VSP was established before the idea of TWP began to interest the development community, it has nevertheless worked in highly political ways that have supported its successes. An *Independent Evaluation* conducted in 2015 found VSP provided a ‘strong example of a locally led initiative, and how innovations can be achieved when programs are locally led.’¹ Consistent with the TWP literature that has emerged over the last decade, VSP has exercised many of the characteristics that the literature has suggested mark a program that thinks and works politically. Its Partnership approach has been based on a deep understanding of local political economies. It has provided flexible forms of support in ways that have empowered local actors to lead a long-term sector reform process. It has also worked iteratively to support a training approach that responds to evident economic need. VSP has also benefited from having a donor who has created a supporting organisational environment that has allowed it to work at arms-length and in political ways.

As a case study of a program that is thinking and working politically, VSP is significant in a number of ways. Not the least, it provides a rare example of a politically-aware program in a non-governance sector. The longevity of the sector-program also provides insights into how programs can evolve to work politically over a long timeframe. But some of the ways VSP has thought and worked politically have not been captured in the TWP literature. In particular:

VSP has used its own political agency in highly effective ways to foster local leadership and build a sense of political community in an emerging sector. It has done this by using program structures and resources to build sector literacy amongst a formerly disparate set of actors. This took time, but

¹ Schofield, K., Minford, M. and Epstein, A. (2015), *Independent Evaluation of the Vanuatu Technical and Vocational Education and Training Sector Strengthening Program. Final Report (Revised)*, 22 July, p.26

meant that sector actors began to recognise their common interests in skills system reform. This provided a basis for stronger local leadership and more effective collective action, leading to sustainable systemic reforms.

Central to VSP's ability to think and work politically has been its provision of valued support to sector stakeholders. VSP's demand-driven approach to training, coordinated through locally-based Provincial Skills Centres, has meant it developed valued support which led to real development gains at the local level. This meant it was able to build political support amongst local actors for its decentralised and demand-driven skills approach, which in turn enabled VSP to support the progression of national-level sector reforms. It is notable that the sector where VSP has been most successful – tourism – is the sector where economic opportunity was greatest. This meant that there were genuine incentives for local actors to engage with the program, confident that targeted training and business development support would lead to real economic opportunities.

VSP has been able to adapt what is on its face appears is a traditional, sector-based program structure, to work in very political ways. Much of VSP's political influence has been based on its reputation in Vanuatu as a high quality, values-based and locally-led program that is committed to supporting the country's inclusive development agenda. VSP has gained this reputation on the basis of excellence in program management, sustained over its long program history. By being a highly professional and results-oriented program, VSP has won the trust of its key stakeholders, generating its own political capital and legitimacy. The Partnership has used this capital in highly effective ways, becoming over time an indispensable partner to the Vanuatu skills sector, including government partners, and helping shape sensitive reform debates. VSP's reputation as an ethical and high performance program has become an important, intangible asset for the program that has been central to its ability to work politically. Crucially, VSP has built this program reputation through strong program management over its program life. This is significant because it means that other traditionally-structured programs can begin to think and work politically in the context of traditional program structures, by investing in staff capabilities and strong program management to build trust-based relationships with counterparts. The TWP literature has generally overlooked the importance of intangible assets to enabling development programs to work politically.

In working politically, VSP has invested in the establishment of local-level institutions as a foundation for substantive collective action. Arguably, VSP's biggest development success has been its support for a network of Provincial Skills Centres through which it has facilitated the delivery of training and business development mentoring support. Investment in Provincial Skills Centres has been a form of local-level or hybrid state-building which has been key to VSP's ability to work politically. This is because the Provincial Skills Centres have created an institutional structure where sector relationships between provincial government, the private sector and local communities can be nurtured, leading to more politically impactful forms of collective action in support of systemic reforms. By investing in a Provincial Skills Centre network, VSP created an institutional architecture which has made it easier to work politically with local stakeholders.

As a case study of a program that has thought and worked politically, the VSP experience suggests development partners need to adopt a broader understanding of what it means to be political. As a long-term program that has worked to help build a nascent sector, VSP has arguably been political in a very different way. In building sector literacy around the idea of a 'skills sector', VSP used its own agency to change the political dynamics that had conditioned the TVET system in Vanuatu, opening up new opportunities for supporting a long-term reform program. In building a political community that recognises its own sector interests, VSP has helped change the political dynamics needed to achieve meaningful reform.

1. INTRODUCTION

This case study considers the degree to which the Vanuatu Skills Partnership (VSP or ‘the Partnership’)² provides an example of a development program that is thinking and working politically (TWP). Development partners have become increasingly interested in the idea of ‘working politically’ as a basis for more effective programming.³ The idea that working with the grain of politics to develop aid programs that are contextually relevant and empower local coalitions to undertake effective collective action in support of reform is an attractive one and makes intuitive sense. However, development partners face significant challenges in designing programs that work politically, are programmatically implementable *and* politically palatable. The evidence base regarding examples of successful programs that have worked politically remains small.⁴

TWP implies that programs working in political ways will be different to more traditional programs. Programs that work politically are said to have a strong understanding of the political context and how this conditions reform prospects. Such programs are also able to respond to contextual circumstances in flexible ways which empower local actors to lead more effective reform campaigns. This compares to traditional programs that are donor driven and seek to impose ‘best practice’ technical solutions in diverse development contexts. But the implication that development programs that work politically must in some way be structurally different risks alienating development practitioners by implying that they must adopt a significantly different way of working. The very premise of TWP itself raises concerns for development practitioners careful to avoid perceptions of interference in local politics.

It is in this context that VSP provides an interesting case study on TWP. An *Independent Evaluation* conducted in 2015 found VSP to be highly successful in supporting the development of a demand-driven and decentralised national skills framework in Vanuatu that has demonstrably helped improve the livelihoods of Vanuatu communities. The *Independent Review* attributed this success in part to VSP’s ethical and values-based leadership approach, which was a form of TWP warranting further analysis.⁵

On the face of it, VSP provides an unusual example of TWP. It commenced with what might be called a traditional program structure and approach (donor-driven, top-down, focused on externally

² VSP is the name given to Phase 4 of an Australian Government funded program focused on supporting the development of the technical and vocational education and training (TVET) sector in Vanuatu. Phase 1 of the Program was known as the Vanuatu Technical and Vocational Education and Training (TVET) Sector Strengthening Program (November 2005 – May 2008). This was significantly redesigned and then extended for an additional two stages (Phase 2 from 2008 – 2013, Phase 3 from 2013 - 2016) before the commencement of Phase 4 in June 2016. For the purposes of this report, and to avoid confusion, the program will be referred to as the VSP or “the Partnership” throughout its various iterations.

³ The last decade has seen the emergence of several communities of practice interested in the politics of development and its implications for donors in the development of more effective programs. Prominent communities of practice include TWP (TWP Community of Practice 2013), Doing Development Different (DDD Community 2014) and Policy-Driven Iterative Adaption (PDIA) (Andrews et. al. 2014). Chapter 2 will consider the concept of TWP in more detail, introducing key concepts and including a brief literature review. Given the shared interests and overlap of these schools of thought, for the purposes of this report we will use the term TWP to cover program approaches that are politically-aware and responsive.

⁴ Dasandi, N., Marquette, H. and Robinson, M. (2016), *Thinking and Working Politically: From Theory Building to Building an Evidence Base*, Developmental Leadership Program Research Paper 37, January.

⁵ Schofield et al. (2015), op cit., p.27

prescribed ‘best practice’ technical reforms), ostensibly focused on strengthening the national TVET system by working with national institutions. Difficulties in progressing key program objectives saw VSP search for more effective ways of engaging with the sector, leading to the design and implementation of what would now be recognised as a TWP approach. Crucially, this TWP approach was accommodated within standard program structures, such that VSP’s ability to work politically was able to evolve without major shifts in program structures. Key questions considered in this case study include what enabled VSP to change its approach so it could begin to work politically, and whether such an approach can be replicated elsewhere?

1.1 Research Approach

This case study analysis of VSP began with a review of the literature on TWP to inform the development of a conceptual framework against which to assess VSP. This was followed by a desk review of key policy documents, including VSP program designs, program evaluations, and monitoring and evaluation reports. It also included analysis of broader policy literature relevant to the skills sector in Vanuatu, such as economic and sector analyses commissioned by development partners.

The author travelled to Vanuatu to undertake field work from the period 17 – 23 May. Field work included in-depth interviews with a broad range of program stakeholders, including program staff, donor representatives, government, civil society and private sector actors. In-country interviews were supplemented with an additional set of interviews with individuals based outside of Vanuatu, including former program advisers and DFAT officials. A list of interviewees is provided at **Annex 1**. In selecting interviewees, care was taken to obtain an historical perspective of VSP and how it had evolved. Review findings were tested with key program staff, and DFAT and regional specialists with a knowledge of the program and sector.

As an example of TWP, this case study has a number of strengths and weaknesses. In a review of the evidence base on TWP published in 2018, Laws and Marquette have noted the concentration of TWP on a small number of sectors, with a particular focus on governance, law and justice and infrastructure. Indeed, with the majority of studies focussed on the governance sector, TWP has been criticised as inhabiting a ‘governance ghetto’ with limited applicability in other development sectors⁶. Laws and Marquette note that at the time of their review and to the best of their knowledge they could find no example of a TWP study in the education sector. This study is therefore significant in providing an example of a TWP approach in the skills sector, thus extending the sectoral reach of the literature. As an in-depth case study covering a long-term program that has evolved over four program phases (2005-2018), this study also provides long-term insights into the evolution of TWP. Finally, the case study has also benefited from significant access to a broad range of stakeholders, including development partners. It thus has the potential to address a range of

⁶ Green, D. (2017), ‘Thinking and Working Politically: where have we got to?’, Oxfam from Poverty to Power blog, 13 June. <https://oxfamblogs.org/fp2p/thinking-and-working-politically-where-have-we-got-to/> in Laws, E. and Marquette, H. (2018), *Thinking and Working Politically: Reviewing the Evidence on the Integration of Politics into Development Practice over the Past Decade*, TWP Community of Practice, March at <https://twpcommunity.org/wp-content/uploads/2018/04/Thinking-and-working-politically-reviewing-the-evidence.pdf> p.23

questions that are presently occupying TWP researchers about the implementation of TWP approaches and the capacity of donors to work politically through adaptive program processes.⁷

But the case study also has a number of limitations. First, this study is of a single program, and thus provides no basis for comparative analysis with similar programs in other country contexts. Additionally, as a self-identified example of TWP program, the case study also risks suffering from selection bias, in the sense of being selected for analysis as it is seen to fit within prevailing TWP frameworks of analysis. There is also a risk of confirmation bias, with the decision to use a TWP framework to analyse VSP because the latter accords with 'a pre-existing notion of what factors lead to more successful programme implementation and outcomes.' Finally, the methodological approach used for this study, based on stakeholder interviews and documentary analysis, does not allow for causal analysis and the degree to which TWP practices have resulted in program achievements.

It should be noted here that VSP did not set about consciously to work as a TWP program, limiting criticism on the basis of confirmation bias. Its intuitive use of TWP practices has evolved incrementally in response to changing program circumstances. The choice of a TWP framework to analyse VSP was made because it provides a conceptual baseline against which to assess in a more systematic way how VSP has been political and to contribute to but also challenge the ongoing TWP debate.

The report will begin by reviewing the TWP debate and the idea that working politically provides a basis for more effective development support. In doing so it will establish a conceptual baseline to inform our analysis of the VSP as an example of politically-aware programming. It will then consider the political economic context in Vanuatu, focusing on the country context in Vanuatu, the nature of the labour market and skills sector and the political economy of aid. The case study will then use the conceptual baseline to assess the degree to which VSP can be considered an example of TWP, and the ways in which the program has worked in politically-aware ways. A key focus of this part will be why politically-aware approaches emerged, and the benefits of such practices in terms of more effective programming. The report concludes with a consideration of lessons learned from the VSP and whether, and in what ways, such approaches can be replicated in other contexts.

⁷ *ibid.*, pp.26-27

2. WHAT IS THINKING AND WORKING POLITICALLY?

2.1. The politics of development and the need to work politically

Interest in TWP has arisen out of the development community's frustration at the challenges faced in supporting significant and sustainable reforms. Increased investments in aid have not been matched by successful examples of institutional reform leading to significant development change and more inclusive development outcomes.

Over the last decade the development community has engaged in an increasingly influential debate on the need for more politically aware approaches in the provision of development support. Several communities of practice have emerged, each engaging in various ways with how politics matters for development and what this means for development partners seeking to improve program effectiveness.

The central insight of TWP is that development is a complex and inherently political process, and that efforts to support significant reforms need to engage with development as a political challenge as much as a technical one. Development problems reflect the outcome of complex political relations which result in winners and losers. Achieving significant development change requires unsettling the political status quo and recasting institutions so that the 'rules of the game' incentivise positive forms of development that redistribute political and economic resources in favour of formerly marginalised individuals and communities. Efforts to achieve *significant* change can be expected to generate political resistance as actors who stand to lose resources or influence mobilise to protect their interests. In this context, Yanguas has described aid as a form of contentious development politics that should be designed to disrupt entrenched elites.⁸

Recognising development as a political challenge requires a different donor approach to delivering aid. Traditional aid approaches based on prescribing top-down, technical, 'ideal-type' solutions - often modelled on western institutions - will struggle to gain traction as they fail to account for political dynamics and the complex contextual circumstances conditioning the development problem at hand. Conversely, donor approaches that seek to account for the politics of development are believed to have a better chance of success because they focus on 'working with the grain'⁹ of politics and empowering local reformists who best understand the development context and who are best placed to lead reform campaigns to achieve change. Politically-aware development approaches also recognise the messiness of reform processes in complex systems. Change does not happen in linear ways, with predictable cause-and-effect relationships that can be easily understood and managed.¹⁰ This complexity means that donor support must be flexible, adapting to changing circumstances in response to emerging risks and opportunities during the course of a reform campaign.

Whilst the idea of working politically makes intuitive sense, the evidence base regarding successful examples of programs that have successfully thought and worked politically – while growing – remains thin. In 2016, Dasandi, Marquette and Robinson reviewed the TWP literature and found that 'there is an absence of an evidence base that demonstrates a clear positive effect on

⁸ Yanguas, P. (2018), *Why We Lie About Aid: Development and the Messy Politics of Change*, Zed Books

⁹ Levy, B. (2014), *Working with the Grain: Integrating Governance and Growth in Development Strategies*. Oxford: Oxford University Press.

¹⁰ Wild, L., Booth, D. and Valters, C. (2017), *Putting Theory into Practice: How DFID is Doing Development Differently*, ODI Report, February, p.9

programme outcomes.¹¹ Much of the TWP research is ‘based on an inductive theory-building approach, in which studies use empirical examples to generate lessons and theories on politically informed development programming.’¹² One consequence of this is that much of the literature suffers from a confirmation bias as researchers choose examples of successful programs that align with preconceived notions of what TWP programming is. As noted in section 1, TWP studies have also tended to be concentrated in only a few sectors, with the perception that TWP is considered exceptional and thus of limited relevance to many development practitioners in terms of providing lessons relevant for traditional donor programs and projects working in non-governance sectors.¹³

Donors have also found operationalising TWP challenging. Carothers and de Gramont have described TWP as an *Almost Revolution* with practitioners struggling to mainstream TWP approaches in their day to day activities.¹⁴ This partly reflects the political skill set development practitioners require to ‘work politically’, which can be very different to the program management skills required to implement traditional programs.¹⁵ Skills required to TWP are said to include a capacity to cultivate necessary political relationships, build reform coalitions, respond flexibly to political opportunities and manage political risks as they arise. While the rhetoric of TWP has been widely embraced across the development community, there remain important questions about whether TWP approaches can be mainstreamed.

2.2 What it means to Think and Work Politically?

There is no commonly agreed definition of TWP in the literature, nor an accepted framework or agreed practitioner tools to guide program development.¹⁶ The last decade has seen the emergence of several communities of practice interested in the politics of development and its implications for donors in the development of more effective programs. Prominent schools include the TWP Community of Practice, the Doing Development Differently community (DDD) and the Policy-Driven Iterative Adaption (PDIA) school. All of these communities of practice have responded to the central idea that politics must be better integrated into development practice if aid is to be more effective, but have engaged with the issue of the politics of development in different – although often overlapping - ways.

While each community of practice differs in its emphasis, they have tended to focus on a common set of concepts. In their 2018 review of the evidence base for TWP, Laws and Marquette observe that ‘[a]lthough TWP is not a formal method or operational model, the literature highlights a number of recurring factors that are said to contribute to the success of more politically-informed programmes.’¹⁷ They note that the TWP Community of Practice identifies the three core principles which identify programs that are working in political ways. TWP programs are those that are informed by ‘strong political analysis, insight and understanding’; appreciate and respond to local

¹¹ Dasandi et al. (2016), op. cit., p.6

¹² *ibid.*, p.6

¹³ *ibid.*

¹⁴ Carothers, T. and de Gramont, D. (2013), *Development Aid Confronts Politics: The Almost Revolution*. Washington, D.C: Carnegie Endowment for International Peace

¹⁵ Rocha Menocal, A. (2014), ‘Getting Real about Politics: From Thinking politically to Working Differently’, London: Overseas Development Institute; Carothers and de Gramont, T. (2013), op. cit.

¹⁶ Laws and Marquette (2018), op. cit., p.2

¹⁷ *ibid.*, p.8

context; and employ flexible and adaptable program processes to work in ways which are effective in local contexts.

Andrews, Pritchett and Woolcock's idea of Problem-Driven Iterative Adaptation (PDIA) has been particularly influential. It proposes four core principles for donors to follow to support sustainable and more effective aid interventions: engage with locally nominated and defined problems in performance; help create an environment supportive of positive deviance and experimentation (versus prescriptive implementation of technical solutions); support rapid experiential learning so programs can respond quickly to what works; and engage with a broad range of actors to ensure reforms are viable, legitimate, relevant, and supportable.¹⁸

Recognition of the importance of politics has important implications for the design and delivery of donor programs. Laws and Marquette make the important distinction about differences in thinking and working politically. *Thinking* politically refers to how an understanding of politics might inform how development problems are understood by donors, including how formal and informal institutions influence the agency of local actors in pursuing development reforms. It requires a focus on what institutional change is possible in a given context and how politics might impede or support change processes over the long term. Thinking politically is particularly important at the program design and implementation stage. *Working* politically refers to how program support is tailored to respond to this political understanding, and changes in political conditions, on the ground. This requires 'politically-smart methods' in how donor support is delivered.¹⁹

What then does this look like programmatically? A number of elements that characterise programs that think and work politically can be identified in the literature:

2.2.1 Politically Smart

A foundation principle common to most TWP discussions is the need for deep intelligence and knowledge of the political context in which development problems occur. 'Being politically smart means having an in-depth understanding of country and sector context, including embedded structures, history, and local institutions (both formal and informal, including norms, values and ideas), relationships and actors.'²⁰ Programs that think and work politically adopt a different mindset or sensibility in the way development problems are approached – one that recognises the political nature of development, seeks to better understand how politics conditions the development problem at hand, and responds to this understanding in the way aid is provided. Carothers and De Gramont refer to the need for 'politically smart development aid' which requires engaging with development problems differently: '[i]t is about recognising that development change at every step, at every level, is an inherently political process.'²¹ Booth and Unsworth argue that a politically smart approach is one that provides 'a way for donors to adjust the way they work to these fundamental propositions about the nature of development.'²² Such approaches are *politically informed* – based on an historically aware and in-depth knowledge of country and sector context, and political

¹⁸ Andrews, M., Pritchett, L. and Woolcock, M. (2012), 'Escaping Capability Traps through Problem-Driven Iterative Adaptation (PDIA)', *Centre for Global Development Working Paper 299*, June

¹⁹ Laws and Marquette (2018), *op. cit.*, p.4

²⁰ *ibid.*, p.9

²¹ Carothers and De Gramont (2013), *op. cit.*, p.159-160 in Laws and Marquette *ibid.*, p.3

²² *ibid.*, p.3

economy dynamics – and *politically astute* in terms of adopting ways of working that respond to ‘information about the politics (including political economy) with intelligence and creativity.’²³

How donors might obtain this political knowledge is the subject of debate amongst donors. Recognition of the need to improve political understanding of development problems has resulted in an increased focus on political economy analysis, often at the design stage of program development. There is also recognition that political knowledge is best accessed by engaging professionals with deep country knowledge to work on programs, with a particular importance placed on the composition of program teams and staff with the skills needed to work politically. Faustino and Booth have developed the concept of ‘development entrepreneurship’ which points to the need for donors to engage staff with deep local knowledge who can work as coalition builders to support reform coalitions.²⁴ Booth and Unsworth note that working in politically smart ways requires donors to cultivate and use political skills, by which they mean a ‘capacity to work *with* the politics or *around* them according to what works best in the context.’²⁵ They also note that politically smart approaches may need ‘to be deployed alongside a wide range of more traditional expertise to find ways that are technically sound (though not necessarily optimal) and politically feasible.’²⁶ An important theme throughout the literature is the need for programs to be politically smart throughout the program cycle. Donors need to be attuned to political changes throughout the program and be able to respond to these changes through flexible program approaches.

2.2.2 Problem Identification

Politically aware programs are strategic in the way they identify the development problems they want to address. This means such programs are ‘focused on issues and problems that have local salience, either for potential beneficiaries and for at least some individuals with the power to support, influence or block change.’²⁷ By working to progress highly salient reforms, politically aware programs have a better chance of success because key actors will be more motivated to lead and sustain reform campaigns. A key contribution of the TWP literature is to show how programs can support processes which help local communities identify development priorities and locally-legitimate reforms.

The issue of problem identification puts a greater burden on donors themselves to consider the salience of program priorities and approaches. Teskey describes this as a challenge of being ‘much more thoughtful and analytical at the selection stage (thinking about what is both technically appropriate and what is politically feasible)’.²⁸ He also observes that TWP requires ‘[g]reater rigour in the development of theories of change and action, so that interventions better account for politics’. Problem identification should not only occur at the start of a program design process but

²³ *ibid.*, p.3

²⁴ Faustino, J. and Booth, D. (2014), *Development Entrepreneurship: How Donors and Leaders Can Foster Institutional Change; Working Politically in Practice Series – Case Study No, 2*, The Asia Foundation and ODI, December

²⁵ Booth, D. and Unsworth, S. (2014), *Politically Smart, Locally Led Development*, ODI Discussion Paper, September, p.3, *their italics*

²⁶ *ibid.*, p.4

²⁷ *ibid.*, p.3

²⁸ Teskey, G. (2018), ‘What makes Adaptive Management actually work in practice? Posted on *From Poverty to Power*, Oxfam blog at <https://oxfamblogs.org/fp2p/what-is-needed-to-make-adaptive-management-actually-work-in-practice/>

should be considered a dynamic and iterative process to allow programs to respond to emerging opportunities and entry points to support locally-salient reform action.

2.2.3 Iterative problem solving

Iterative programs are those that constantly experiment in the search for effective ways of engaging with specific development programs. 'Rather than starting with a blueprint based on a solution mapped out in advance and a linear approach to delivery and results, the literature on TWP calls for implementing teams to search for the right approach to solve the problem at hand through a constant cycle of testing, learning, and adapting the program approach.'²⁹ Iterative approaches require stakeholders to convene regularly to assess progress, determine what is working or not, manage risks, and respond to emerging opportunities by adjusting course. PDIA calls this a process of making 'small bets', experimenting to identify realistic and workable responses to the development problem at hand.³⁰ An iterative approach to problem solving requires program structures that provide space for learning and the development of program cultures that embrace change. Hadley and Tilley observe that iterative programs require a form of project management that 'involves an element of muddling through ... but this is purposive muddling, with continuous links to the immediate problem and solution that are being worked towards.'³¹ The idea of iteration stands in contrast to donor-driven reform programs that seek to prescribe technical solutions.

2.2.4 Monitoring and evaluation

One implication of TWP's interest in flexible and adaptive programming is the need for current information to inform iterative programming approaches. This requires accommodative monitoring and evaluation systems that allow local stakeholders to make informed decisions about what is working, what is not, to make relevant program adjustments. Such systems should ideally be locally designed and owned so they are accessible to local stakeholders who are leading programs and negotiating locally relevant solutions. This compares to traditional monitoring and evaluation systems that have tended to focus on responding to donor reporting needs such as reporting on value for money and short-term metrics on effectiveness measured against program log frames.

2.2.5 Locally-led

TWP requires program approaches that support local problem solving because of the 'basic assumption ... that change is best led from within, and is weakened when it is externally driven, purposely or otherwise.'³² Booth and Unsworth define the term 'locally-led' development as being both locally owned *and* locally negotiated and delivered.³³ Programs should be locally-led because local leaders understand the complex political economies that condition specific reforms and are best placed to identify and implement workable reform proposals. TWP programs work in ways that foster local leadership and empower local leaders to identify solutions that will be effective in distinct local contexts. While the idea of local leadership is fundamental to TWP and makes intuitive sense, it raises a number of challenges for donors. Identifying legitimate local leaders can be

²⁹ Laws and Marquette (2018), op. cit., p.12

³⁰ Hadley and Tilley (2017), op. cit., p.23

³¹ *ibid.*, p.23

³² Wild, Booth and Valter (2017), op. cit., p.10

³³ Booth and Unsworth (2014), op. cit.

challenging. Supporting local leaders requires a form of ‘arms-length’ program management which provides sufficient space to local leaders to campaign for reform.³⁴

2.2.6 Brokering relationships

Recognising that it is through the exercise of political agency that reforms are achieved, programs that think and work politically work to support key individuals or reform coalitions who must drive reform processes. Donors can do this by ‘brokering relationships and building alliances around common interests’.³⁵ A key challenge for donors wanting to work politically is to support the emergence of influential coalitions that have some prospect of achieving reforms. For example, Teskey identifies a ‘willingness and ability actively to intervene alongside, and support, social groups and coalitions advocating reform for the public good’³⁶ as a key feature of TWP. Supporting politically effective reform coalitions requires a consideration of the reform issue being pursued, and the sort of power and influence that must be recruited to have some hope of overcoming resistance and achieving reform.

2.2.7 Long-term

The idea of iteration suggests dynamic and ever-changing program approaches as donors search for what works. But the TWP literature also identifies the need for programs to have a long-term perspective and commitment. Continuity of commitment facilitates a deep and nuanced understanding of political context and political economies. It also helps cultivate trust-based staffing relationships necessary for successful local leadership and coalition building. Long term funding commitments provide a program with time to experiment with different program approaches and consolidate program gains.³⁷

2.2.8 Flexibility

If donors are to think and work politically, they must be able to provide support in ways that respond to changing political circumstances. In recent years, donors have become particularly interested in the concept of adaptive programming³⁸ which Teskey describes as ‘flexible ways of working whereby support can respond to changing political circumstances, both in terms of identifying policy opportunities and adapting implementation approaches as policy efforts proceed’.³⁹ The degree to which a program is adaptive depends on how its program structures, management approaches and the deployment of resources can accommodate the opportunistic and locally-led ways of working required by TWP.

The adaptive programming literature draws attention to different aspects of program management which will be considered in this report. Program management and governance structures are required which can support locally-led dialogue. Booth and Unsworth note that for programs to be able to work politically, they require ‘a supportive *authorising environment* from the donor agency’.

³⁴ Hadley and Tilley (2017), op. cit., p.24

³⁵ *ibid.*, p.23

³⁶ Teskey (2018), op. cit., p.1

³⁷ Hadley and Tilley (2017), op. cit., p.23

³⁸ See, for example, Valters, C., Cummings, C. and Nixon, H. (2016), *Putting Learning at the Centre: Adaptive Development Programming in Practice*, ODI Report, March

³⁹ Teskey (2018), op. cit., p.1

A program's capacity to work politically may also be complicated by program management arrangements, with managing contractors and local program staff sharing very different views on program management approaches.⁴⁰ Adaptive programs must also be able to recruit, incentivise and retain staff able to work politically. They must also have learning systems that can enable program decision-makers to reflect and respond to emerging evidence on what is and is not working.

2.2.9 Supportive environment

Perhaps most important in the ability of a donor agency to work flexibly is having a supportive organisational environment. Laws and Marquette identify the need for a 'supportive political and bureaucratic environment in the donor agency in question' if TWP approaches are to be adopted.⁴¹ While TWP is focused on empowering local actors to deal with salient development problems, donors seeking to work politically must still be able to provide forms of support in ways that can be accommodated by their own institutional requirements. One of the challenges donors have faced in attempting to work politically is to provide forms of deliverable aid which can reconcile the iterative and locally-led ways of working required under TWP with the more formal program management requirements for which donors are accountable. Booth and Unsworth observe that '[a]id donors have found it hard to move from thinking politically to working differently ...'⁴² A fundamental requirement for donors wanting to move beyond political economy analysis and begin to work politically is to be able to respond to their analytical findings with a suite of practical engagement options. This requires donor agencies to give staff space to experiment in program approaches and requires an organisational culture that encourages innovation (and tolerates greater risk).

From a programming perspective, TWP requires careful consideration of the internal political economies of aid within donor organisations. Donor agencies (and their implementing partners such as managing contractors and in-country program teams) are not monolithic. It is likely that different organisational units within a donor organisation will have different views on the desirability of working politically, and different tolerances for risk and program ambiguity which come with such approaches. It is entirely possible that different organisational units will work at cross-purposes, complicating efforts to make programs politically responsive.

One interesting consideration that will be explored in more detail in this case study is the degree to which space can be found *within* the formal rules and processes set out by donor agencies, and in what circumstances donor staff can use this space to work politically 'within the rules'. Programs can develop *internal* program cultures – the values and approach inside a particular donor agency, managing contractors and in-country program teams – which are more conducive to experimentation and risk taking necessary to work politically. In risk-averse programs, such as those operating in the context of charged political environments or fragile, conflict and violence-affected settings, donors will likely have little tolerance for experimental program approaches. In making the case for a more ambitious politically-responsive program approach, it will be important to address legitimate donor anxieties about how political, financial and operational risks will be managed.

While there is no agreed definition of TWP, this report will use the key concepts and principles introduced in this chapter as a framework against which to analyse the degree to which VSP is thinking and working politically. A summary of these concepts is provided at **Table 1**. The purpose of

⁴⁰ Booth and Unsworth (2014), op. cit., p.23

⁴¹ Laws and Marquette (2018), op. cit., p.16

⁴² Booth and Unsworth 2014, op. cit.

subsequent analysis is not to definitively prove that the key concepts of TWP are determinative of program successes, but merely as a means to guide analysis as to how VSP is thinking and working politically in a structured manner.

Table 1: Thinking and working politically – synthesis of common characteristics

| | |
|----------------------------------|--|
| <i>Politically smart</i> | Strong political economy understanding of country and sector context; historically informed; politically astute in finding creative ways to use this knowledge to develop effective solutions |
| <i>Problem identification</i> | Focus on addressing salient development problems as identified by local actors |
| <i>Iterative problem solving</i> | Experimentation through small bets to identify promising development approaches and discard ineffectual approaches; regular testing of interventions to identify what works; supporting a development cycle with tight feedback loops to adjust course when necessary |
| <i>Monitoring and evaluation</i> | Locally-accessible M&E systems that provide useful data to stakeholders to inform iterative problem solving |
| <i>Locally-led</i> | Supporting local actors to identify reform priorities and who have power to lead reform coalitions with a prospect of reform success |
| <i>Brokering relationships</i> | Use program processes and resources to support local reform coalitions to undertake collective action in pursuit of reform; help empower local reform coalitions to improve their capabilities to engage with reform obstacles; work with a diversity of stakeholders so reforms are legitimate and politically viable |
| <i>Long term</i> | Sustained engagement to deepen sector knowledge and trust with partners; stable financial support to give interventions time to work |
| <i>Flexibility</i> | Adaptable program designs and implementation processes to better respond to political opportunities for reform |
| <i>Supportive environment</i> | Donor organisations provide an authorising environment for programs to work politically; tolerance for managed risk-taking and experimentation |

Source: Adapted from Andrews et al. 2012; Thinking and Working Politically Community of Practice 2013; Booth and Unsworth 2014; The Doing Development Differently Manifesto 2014

3. THE VANUATU DEVELOPMENT CONTEXT

3.1. The Vanuatu development context

Vanuatu is a small island state in the south west Pacific with a population of some 272,000 people.⁴³ Around 70 per cent of the population lives in rural areas, dispersed over 65 islands, meaning the country is highly geographically dispersed. Vanuatu's economy is based around a small formal sector concentrated in the urban centres – predominantly the capital, Port Vila - and a rural economy characterised by informal and subsistence activities. Services and agriculture account for the major share of GDP, at around 68 and 23 percent respectively.⁴⁴ The formal economy is dominated by the public sector, construction and tourism. The tourism sector has grown rapidly over the last decade, providing for around 25 per cent of GDP and being a major source of formal employment and foreign exchange. The informal economy is based around smallholder agriculture and provides the livelihood basis for the majority of the Vanuatu population. Around 75 per cent of the population is reliant on subsistence farming and fishing for their livelihoods. Vanuatu's economy is highly vulnerable to natural disasters like cyclones.

Vanuatu faces significant structural challenges impacting on its long-term growth prospects. These include unavoidable factors such as remoteness from major markets and a population that is too small and fragmented to enable the realisation of economies of scale to make production more competitive. Vanuatu's regulatory and policy environment also poses challenges, with issues around land development and access to finance increasing the cost of doing businesses. Limited access to capital and markets inhibits women's ability to establish business and livelihood opportunities.⁴⁵

Notwithstanding these structural challenges, Vanuatu's economy is growing reasonably well, being one of the stronger performing Melanesian economies. But the benefits of economic growth are not shared equitably. Many of the gains made in growing formal sectors such as tourism and property development have been captured by foreign investors and have not flown back into the domestic economy. The growing influence of Chinese business interests in the economy – and the consequent marginalisation of indigenous businesses - is also becoming an issue of significant public controversy and a potential political flashpoint.⁴⁶ Vanuatu has a dual labour market, with the small formal economy providing insufficient livelihood opportunities for ni-Vanuatu citizens to benefit from economic growth. At 20 per cent of the workforce, the country has one of the lowest rates of formal sector employment in the Pacific; the 1,500 new jobs created each year in the formal economy have been insufficient to absorb some 4,000 new labour market entrants.⁴⁷ It also suffers from high youth unemployment, which for urban youth is around 35 per cent.

Vanuatu policy makers are seeking to address national development inequities through a range of policies. Vanuatu's *National Sustainable Development Plan 2016-2030* puts a bigger emphasis on

⁴³ Government of Vanuatu National Census (2016).

⁴⁴ Asian Development Bank (2015), *Asian Development Outlook 2015*.

⁴⁵ Government of Vanuatu (2015), *National Gender Equality Policy 2015-2019*, pp.8-9 at <https://www.nab.vu/sites/default/files/documents/NationalGenderEqualityPolicyJuly2015.pdf>

⁴⁶ Wroe, D. (2018), 'On the ground in Vanuatu, monuments to China's growing influence are everywhere', Vanuatu, monuments to China's growing influence are everywhere', *The Sydney Morning Herald*, 10 April at <https://www.smh.com.au/politics/federal/on-the-ground-in-vanuatu-monuments-to-china-s-growing-influence-are-everywhere-20180410-p4z8t0.html>

⁴⁷ Vanuatu TVET Sector Strengthening Program Phase 3: 2013-2016 (2012), Final Design Document, 6 June, p.i

sustainable development, poverty reduction and inclusive economic growth, including by supporting skills development.⁴⁸ And the country has had some success in implementing growth enhancing reforms. For example, liberalisation of the telecommunications sector in the mid-2000s has been judged as having helped boost economic growth.⁴⁹

But Vanuatu's political system has complicated prospects for meaningful development reform. Vanuatu has suffered from significant political instability since it gained independence. Government is formed by unstable coalitions of MPs, with members elected on the basis of highly personalised and local campaigns, characterised by clientelistic forms of political bargaining. The absence of an established party structure means these coalitions are fragile and vulnerable to collapse. Since 2005, Vanuatu has suffered from 14 changes of government. The 2016 Parliamentary elections saw 17 parties elected to the legislature. This inherent instability results in a politicised, short term approach to policy and under-investments in national development.

Vanuatu only obtained independence in 1980 and the country continues to face challenges associated with building a coherent sense of national identity and a stable national government.⁵⁰ Colonial Vanuatu was a condominium comprised of French and British territories, and separation between Francophone and Anglophone communities remain apparent today. Identities are complicated by additional provincial, village, church and language divisions. This cultural and social fragmentation has complicated efforts to build a coherent political community that can work collectively to progress developmental reforms.

Governance in Vanuatu has been characterised as weak, lacking capacity and resources to promote a sustained and strategic national development program delivering inclusive services to the majority of the population.⁵¹ The national government has limited institutional reach beyond Port Vila. Provincial governments have faced particularly acute challenges in terms of resourcing and developing basic capabilities necessary to support basic local service delivery. Strengthening government remains a long-term challenge but political dynamics make it difficult for incumbent governments to invest limited resources in strengthening state capabilities. In the absence of stable executive government, the bureaucracy has played an important role in backstopping government and source of developmental leadership.

Vanuatu is heavily dependent on aid and the politics of aid is an important political economy dynamic conditioning development policies. In 2016-17, aid accounted for approximately 6.7 per cent of Vanuatu's GNI.⁵² The country's aid-dependence has given development partners a degree of influence which they have sought to use to support structural reforms judged to be in Vanuatu's long-term development interests. Development partner demands that Vanuatu implement sensitive structural reforms have in some instances caused significant political tensions.⁵³ Australia is

⁴⁸ Government of Vanuatu (2016), *Vanuatu 2030: The People's Plan: National Sustainable Development Plan 2016 – 2030* at <https://www.gov.vu/attachments/article/26/Vanuatu2030-EN-FINAL-sf.pdf>

⁴⁹ 'Ofa, S. V. (2010), 'Telecommunications reform in Fiji, Samoa and Vanuatu and the credibility problem: the impact of independent regulators', *Pacific Economic Bulletin*, 25(1): 96-113.

⁵⁰ Cox, M., Alatoa, H., Kenni, L., Naupa, A., Rawlings, G., Soni, N. and Vatu, C. (2007), *The Unfinished State: Drivers of Change in Vanuatu*, April

⁵¹ *ibid.*

⁵² Government of Australia (2017), *Aid Program Performance Report 2016-17: Vanuatu*, September, p.1

⁵³ For example, in the late 1990s the Asian Development Bank promoted an ambitious structural reform program known as *Comprehensive Reform Program*, encompassing a wide range of political and administrative reforms, resulted in political resentment leading to the eventual demise of the program. See Asian Development Bank (2002), *Program Completion Report to the Comprehensive Reform Program to the*

Vanuatu's largest development partner, providing some AUD69.85 million in Overseas Development Assistance (ODA) in 2016-17 (which accounted for 54.2 per cent of the country's total ODA).⁵⁴ A long-term development partner, Australia has provided long-term support for the health and education, infrastructure and governance. More recently, China has provided support for large-scale, high profile infrastructure developments.⁵⁵

3.2 How do these factors shape reform prospects?

These geographic, social, political and economic conditions manifest in a political economy which makes development reform difficult. Political fragmentation undermines prospects for sustained, reform-oriented collective action on a national scale. In the context of a weak state, informal institutions have become important in determining the allocation of resources. A reliance on personal relationships has resulted in a style of government which militates against strategic and programmatic decision-making. Clientelist pressures, coupled with weak state institutions, also result in corruption as political elites use their political power to benefit supporters and build power bases. This political economy conditions prospects for reform and the nature of reform campaigns that are likely to succeed. 'The use of informal power structures and channels to build consensus and coalitions for change has ... been acknowledged as a critical reform mechanism.'⁵⁶ Mobilising personal relationships, often based on kinship and social relationships such as church networks, has proven to be particularly important allowing reform-minded individuals to progress change.

This political economy has conditioned the development of the national technical and vocational education and training (TVET) sector in Vanuatu, and prospects for reform of the TVET system. In particular, Vanuatu has lacked a strong political constituency capable of demanding increased investment in a quality national TVET system capable of supporting improved economic growth and development outcomes. Consistent with the clientelistic nature of politics, political elites in Vanuatu have also tended to treat TVET in a politically opportunistic manner, rather than as an issue of significant importance to national development. MPs have regarded the TVET sector as means to provide political supporters with training opportunities and have had little interest in considering the broader developmental significance of skills and how they support economic growth.

The TVET sector has lacked powerful stakeholders capable of demanding system-strengthening investments or institutional reforms. For example, the private sector, as a key demander of skills, has been unorganised and generally lacked power to demand reforms to the TVET system. This reflects the informal nature of the economy, with many firms being small in scale and excluded from the formal economy. Many of the larger businesses, including those owned by Chinese entrepreneurs, operating in the formal sector have preferred to politick through informal channels. The political fragmentation of the broader community has meant voters have lacked political influence to demand high quality training opportunities to support improved livelihood opportunities. Finally, the national state has lacked the incentive or capacity to drive a national reform agenda which links skills

Government of Vanuatu, December at <https://www.adb.org/sites/default/files/project-document/70737/pcr-van-31485.pdf>

⁵⁴ *Australia's Aid Investment Plan 2015-16 – 2018-19* (Government of Australia, 2015, op. cit) lists four broad objectives centred on infrastructure and a supportive economic growth environment, early education and health, community safety and resilience, and cyclone recovery and reconstruction.

⁵⁵ China is the second largest bilateral donor to Vanuatu after Australia.

⁵⁶ *ibid.*, p.54

to economic growth, with the result that skills policy historically reflected the self-interests of a small number of established TVET institutions operating in the formal economy (see section 3).

Compared to other sectors such as infrastructure and fisheries, opportunities for rent-seeking in the skills sector are limited, beyond the political benefits of scholarships. The political value of scholarships has been reflected in their disproportionate share of post-secondary education funding in Vanuatu. Beyond scholarships, the limited availability of rent-seeking opportunities in the skills sector may have impeded elite interest in the sector. This may mean that elite opposition to structural reform of the sector will be more muted. An important question to be considered in this report is how the political economy characteristics of the skills sector has influenced the implementation of VSP and its impact.

4. SKILLS POLICY AND THE VANUATU SKILLS PARTNERSHIP

4.1. The TVET sector in historical context

The previous section noted the challenges Vanuatu faces in supporting inclusive economic development. One reason for Vanuatu's poor labour market outcomes has been its limited skills base, which has inhibited private sector development and economic growth and made it difficult for unskilled ni-Vanuatu citizens to capitalise on emerging economic opportunities. This has meant that while Vanuatu's economy has grown reasonably well over recent decades, such growth has been of limited benefit to most ni-Vanuatu citizens who continue to suffer from a 'poverty of opportunity' in terms of limited access to services and income-earning opportunities.⁵⁷

The skills problem is multi-faceted. Education participation rates in Vanuatu are at the lower end of regional levels and have historically been reflected in low tertiary enrolment rates. In 2009, of 'the population 15 years and older, 3.8 per cent (5,000 persons) held a tertiary level qualification and 1.2 per cent (1,580 persons) held a vocational qualification as their highest level.'⁵⁸

Vanuatu's TVET system has also been under-funded relative to need. TVET funding has been low by regional standards, at an estimated 0.6 per cent of GDP in 2012, which compared to 1.3 per cent in Solomon Islands and 2.0 – 2.5 per cent in Samoa.⁵⁹ This has meant that the TVET sector has relied heavily on donor support. Moreover, government funding has been poorly directed, with a disproportionate share of the Ministry of Education and Training's (MoET) funding for post-secondary education being allocated to tertiary scholarships.⁶⁰

The institutional and policy framework governing TVET was also poorly positioned to deliver economically-relevant training opportunities that responded to the needs of local businesses and diverse communities. Vanuatu's post-colonial TVET system was small and conservative in its approach. It was centred on a small number of national TVET providers funded through a range of government ministries including the Vanuatu Institute of Technology, and a number of colleges focusing on specific sectors and professions (police, nursing, agriculture, maritime, teaching). It also included a number of non-government training providers, including 39 Rural Training Centres. These providers were focused on delivering ad hoc and supply-driven courses (i.e. reflecting the interests of the training providers rather than the needs of employers), with no linkage to validated economic or labour demand analysis. The rhetorical commitment of successive governments to support a national training system had not been matched by the establishment of a strategic national policy framework to systemically identify training needs or guide sector development, nor funding commitments needed to strengthen sector capacity.

The misalignment between a TVET system focused largely on the needs of the formal economy and those of a predominantly informal and rural-based Vanuatu economy meant that the TVET system

⁵⁷ Gibert, A. (2013), 'Blurring the Boundaries between Formal and Non-Formal Skill Development in the Pacific: Lessons from Vanuatu', *12th UKFIET International Conference on Education and Development: Education and Development Post 2015: Reflecting, Reviewing, Re-Visioning*, p.2

⁵⁸ Schofield et al. (2015), op. cit., p.5

⁵⁹ *ibid.*, p.6

⁶⁰ Schofield et. al. (2015) note that in 2013 the Vanuatu Ministry of Education and Training reported that 'post-secondary education absorbed over 16 per cent of the recurrent budget ... [with] an additional 15 per cent of total recurrent expenditure available for education ... spent on tertiary scholarships for studies in other countries.' (*ibid*, p.6)

was unable to support more inclusive forms of economic development. In particular, the system was institutionally unable to respond to a key recommendation of an influential Asian Development Bank report published in 2008 – *Skilling the Pacific*. That report argued that Vanuatu needed a TVET system focused on the training needs of the rural and informal sectors, which could only be achieved by reorienting the system so it could work with local communities and employers.⁶¹

4.2 The Vanuatu Skills Partnership

Australian support for the program now known as VSP began in November 2005 as the *Vanuatu Technical and Vocational Education and Training (TVET) Sector Strengthening Program*. Commencement of VSP marked a significant shift in Australia’s support for TVET, which had begun in the late 1990s with a basic institutional support and capacity building program centred on the Vanuatu Institute of Technology. The design of VSP Phase 1 marked a recognition that a narrow institutional strengthening approach focused on strengthening a single TVET institution would not engage with the fundamental development challenge facing the sector: helping Vanuatu businesses grow, and equipping ni-Vanuatu citizens with useful skills to capitalise on actual livelihood opportunities available in a predominantly informal economy.

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As a sector-based approach, VSP has worked since its re-design in Phase 2 to support the re-orientation of Vanuatu’s TVET system towards a demand-driven training system. Crucially, VSP has sought to reframe the concept of training as one of skills linked to economic growth, rather than a narrow concept of TVET. The idea has been to foster a more expansive understanding of skills-based capabilities linked to the needs of the formal and informal economic sectors in Vanuatu.

Since its commencement, VSP has been extended through four program phases. Details of each phase are provided in **Table 2**, which identifies major program activities and achievements. While the focus of each phase has changed in line with sector need and opportunity, from the beginning of Phase 2 they have cumulatively sought to support the establishment of an integrated national, demand-driven skills system. VSP has done this by pursuing three, interlinked objectives. First, working to strengthen Vanuatu’s TVET institutions through incentive-based capacity building and institutional reform approaches. To this end, VSP has provided support for the articulation of a strategic policy framework to guide the development of skills sector, and used contestable funding to incentivise demand-driven training delivery by local providers. This support led to the Government of Vanuatu’s adoption of a National TVET Policy in 2011, which laid the groundwork for

⁶¹ Asian Development Bank (2008), *Skilling the Pacific – Technical and Vocational Education and Training in the Pacific*, Manila, ADB, p.8

institutional reform such as the review and subsequent repeal of the Vanuatu National Training Council Act and the establishment of the Vanuatu Qualifications Authority under a new Act. The significant change from a supply led VNTC to a demand led VQA facilitated the development and implementation of a more strategic skills policy linked to Vanuatu's national development objectives.⁶² The Vanuatu Qualifications Authority (VQA) is responsible for implementing – the *Vanuatu Qualifications Framework* (VQF) and the *Vanuatu Quality Assurance Framework* (VQAF) – both necessary for ensuring the delivery of quality assured and recognised post-school qualifications.

Another critical indication of the Government's increasing appetite for skills system reform occurred in 2014, when through Ministerial agreement, the Government transferred responsibility for TVET from the Ministry of Youth Development, Sports and Training to the Ministry of Education, changing the Ministry's name to the Ministry of Education and Training and gaining Public Service Commission approval for a new structure to establish a Directorate of Tertiary Education (TED). This ensured the issue of skills development received greater policy recognition and was better integrated into a broader education policy framework.

VSP provided important incentives and technical and capacity building assistance to support the development of these institutional reforms, adoption of which represented 'a major advance in the significance and prominence of TVET in the broader education and training sector in Vanuatu.'⁶³

Second, supporting the provincial-level delivery of nationally accredited and flexible training and business development support services that respond to provincial economic development priorities.⁶⁴ A key Partnership objective has been the development of a network of Provincial Skills Centres (PSCs)⁶⁵ whose main role has been to 'facilitate access to a range of targeted skills training and business development services in line with self-employment and employment opportunities.'⁶⁶ The PSCs, which were first established Phase 2 of VSP, do not provide training in their own right but 'act as a coordination broker' linking local employers and communities with registered training providers⁶⁷ and industry coaches to 'deliver a range of integrated skill development services according to identified productive sector and industry priorities.'⁶⁸ Over time, the PSCs have become a key part of the national skills system, incorporated as a formal part of skills system managed by MoET.

Third, support for improved coordination amongst sector stakeholders in favour of a more 'joined-up' and coherent TVET system that services both the formal and informal economies and benefits both urban and rural communities.'⁶⁹ VSP has provided support to strengthen the capacity of employer organisations, government agencies and training organisations to participate in policy-

⁶² Schofield et al., (2015), op. cit., p.7

⁶³ Vanuatu TVET Sector Strengthening Program (2015), *Annual Program Monitoring and Evaluation Report 2014*, February, p.7

⁶⁴ Schofield et al., (2015), op. cit., p.6

⁶⁵ The PSCs were initially called Provincial TVET Centres. The change in name under Phase 4 was a response to the success of the program in supporting a more expansive understanding of the sector as a *skills* sector engaged with the formal and informal economies.

⁶⁶ Investment Design Document (2017), *Vanuatu Skills Partnership: Skills for Prosperity*, May, p.5

⁶⁷ Training providers must be registered under the regulatory framework of the Vanuatu Qualifications Authority, to which VSP has provided support to improve quality standards. The PSCs work in conjunction with local Provincial Government Training Boards, comprised of local representatives of key productive sectors and industry, who act as skills advisory bodies on provincial economic development opportunities.

⁶⁸ *ibid.*, p.5

⁶⁹ *ibid.*, p.6

making processes and work within the context of a demand-driven skills system to shape training and business development activities in line with economic and community priorities.

4.3 Contribution of the Vanuatu Skills Partnership

Program evaluations of VSP have found it to be highly successful and to have made a significant contribution to the development of a demand-driven skills sector that provides high quality training responding to the needs of Vanuatu's economy. An *Independent Evaluation*⁷⁰ conducted in 2015 assessed VSP's contribution in three key areas – strategic framework, system oversight, and service delivery – and found:

The program has made a substantial contribution to the development of the TVET system over the decade across all three dimensions. Its contributions are most visible in terms of targeted *service delivery* at the provincial level supported by BDS [business development services] activities, and this highly focused effort has produced genuine champions for TVET – an essential characteristic of an effective TVET system. The program has also made tangible contributions to the strategic framework for TVET and to TVET system oversight, and especially in the areas of building national consensus about the scope and nature of a TVET system that works for Vanuatu.⁷¹

The evaluation continued '... it is highly unlikely that the progress that has been made in building the Vanuatu TVET system would have been visible or significant without ... [VSP] and that it is highly likely that without ... [VSP], improvements would have been far slower and less focused and consistent in that direction.'⁷²

VSP support has been found to have made a tangible difference to both business development and participant livelihoods. Monitoring and evaluation data has pointed to significant improvements in the incomes of individuals who have participated in training activities. This is most evident in the tourism sector, where VSP's TVET for Tourism (TfT) has seen the 'majority of participating businesses showing improvements in terms of product development, financial growth and transition from the informal to the formal economy.'⁷³

Most significantly, VSP is considered to have played an important role in building national recognition of the importance of skills as a driver of economic growth and inclusive development. It has had significant success in supporting a "national conversation" on strategies to ensure that the benefits of growth are distributed more equally ...'⁷⁴ The *Independent Evaluation* concluded that:

Vanuatu has made steady progress and achieved significant improvements in its TVET system at both national and provincial levels' such that 'many of the building blocks essential for an effective workforce development system are emerging... Government and non-government advocacy for TVET has grown substantially in the past few years and the Government is now able to articulate its strategic direction for TVET ... More coherent (and hopefully now stable) national and provincial coordination arrangements for TVET have been established within MET and through VQA.'⁷⁵

⁷⁰ Schofield et al., (2015) op. cit.

⁷¹ *ibid.*, p.9

⁷² *ibid.*, p.9

⁷³ *ibid.*, p.12-13

⁷⁴ Investment Design Document (2017), op cit., p.11

⁷⁵ Schofield et al. (2015), op cit., p.7

The tangible outcome of this conversation has been reflected in the Government of Vanuatu's changed policy positioning in which the idea of skills is central to national policy efforts in the TVET sector. This is evident in the Government's overarching development strategy under the *National Sustainable Development Plan 2016-2030 (NSDP)* which includes a commitment to support skills development linked to national growth imperatives. It is also reflected in the Government's *Post-School Education and Training (PSET) Policy (2016-2020)* which was launched in 2016 and commits to the goal of achieving a 'sustainable and well-coordinated PSET system that maximises access to relevant and quality assured qualifications that lead to improved economic, social and cultural development opportunities for all.'⁷⁶ This policy provides a framework for an integrated approach to skills development combining strategic coordination, sector regulation and service delivery.

While significant progress has been made in reforming the TVET sector, important challenges remain in the implementation of a demand-driven skills system. The *Independent Evaluation* found there remains a need for continued system reform, particularly in the area of government financing of the skills system, which remains overly donor dependent. There is also a need for refinements in skills sector coordination mechanisms, particularly the stronger institutionalisation of mechanisms to support coordination across public and private stakeholders and clarification of the different roles and responsibilities of stakeholders in a more mature but complex skills system.⁷⁷ VSP has also struggled to support the extension of Partnership successes beyond the tourism sector, with application of its value chain approach proving difficult (see next section). Finally, there is a need for further engagement of the private sector, both as demanders of training and as embedded training providers.

Table 2: The evolution of the Vanuatu Skills Partnership

| Program phase | Period | Expense | Main activities | Key developments |
|---|------------------------|----------------|---|--|
| Vanuatu Technical and Vocational Education and Training (TVET) Sector Strengthening Program Phase 1 | Nov 2005 – May 2008 | AUD5.1m* | <ul style="list-style-type: none"> - Focus on support for institutional strengthening of TVET system - Capacity building support for TVET training providers - Commitment to extend reach of Vanuatu Institute of Technology by establishing of provincial training centres in Sanma and Tafea Provinces | <ul style="list-style-type: none"> - Program unable to establish Provincial Training Centres - Mid-term review critical of limited program progress leading to new design |
| Vanuatu Skills for Economic Growth VSEG Phase 2 | June 2008 – Feb 2013 | AUD10.6 m* | <ul style="list-style-type: none"> - Shift in program support to focus on decentralised approach to TVET service delivery based around PSCs - Ongoing support for institutional strengthening and buy-in including stakeholder dialogue around the idea of a decentralised demand-driven skills system - Support for the Government of Vanuatu to develop a new National TVET Policy - Use of incentive mechanisms for improvements in quality/flexibility of local training providers to deliver localised demand-driven training and business development activities through PSCs - Establishment of a demand-driven Employment and Training Fund to finance PSC training activities | <ul style="list-style-type: none"> - Open provincial selection tender process leads to the establishment PSCs established in Sanma and Malampa Provinces - Development of TVET for Tourism sub-program leading to piloting of value chain approach to link training activities economic opportunities - Program fully-localised except for Team Leader with a ni-Vanuatu Deputy Team Leader. - GoV provides financial contribution to support staffing costs of PSCs |
| Vanuatu Skills for Economic Growth VSEG Phase 3 | March 2013 – June 2017 | AUD11.4m* | <ul style="list-style-type: none"> - Continued support for extension of PSC network - Ongoing institutional capacity building and system strengthening assistance | <ul style="list-style-type: none"> - Major sector reforms passed by Government of Vanuatu including transfer of skills responsibility to MoET and establishment of VQA |

⁷⁶ Government of Vanuatu (2016), *Post-School Education and Training (PSET) Policy (2016-2020)*

⁷⁷ Schofield et al. (2015), op. cit., p.9

| | | | | |
|----------------------------|------------------|----------|---|---|
| | | | | <ul style="list-style-type: none"> - PSCs established in Torba and Tafea Provinces - Program fully-localised with appointment of ni-Vanuatu Team Leader (Director) 2015 |
| Vanuatu Skills Partnership | June 2017 - 2020 | AUD15m** | <ul style="list-style-type: none"> - Continued support for PSC, with greater focus on business development/industry coaching services - Focus on extending productive sector support beyond tourism with the development of Productive Sector Partnerships - Continued support for institutional strengthening of main skills system institutions including Ministry of Education and Training Tertiary Education Directorate and the Vanuatu Qualifications Authority - Replacement of Strategic Advisory Committee (SAG) with Skills Partnership Steering Committee | <ul style="list-style-type: none"> - First-time contribution from national productive sector budgets into the Skills Development Fund |

*Figures taken from Schofield et. al. (2015), op. cit. p.6

**Projected figures as per the VSP design

5. IN WHAT WAYS IS THE VSP WORKING POLITICALLY?

On the face of it, VSP – at least in its first phase - would not appear to provide a strong example of TWP. Phase 1 of the Partnership was in most respects a traditional, donor-driven TVET program implemented by an international managing contractor. But analysis undertaken for this report has found that VSP over its last three phases has worked in surprisingly political ways which have been important to its subsequent successes. Using the criteria introduced in section 2, this section considers the ways in which VSP has thought and worked politically. Section 6 will then consider lessons learned from VSP’s experience and its implications for the broader TWP debate and effective aid practice.

5.1 Politically smart

One of the most important factors behind VSP’s long-term success has been the political smartness it has brought to its sector engagement. Booth and Unsworth observe that programs that work politically are ‘historically aware’, with an in-depth knowledge of country and sector and context.⁷⁸ This certainly resonates with VSP, whose design followed a history of long-term sector engagement dating back to the 1990s. Australia’s long-term support for the sector meant it brought deep and historically-informed knowledge of the sector to the design process for VSP. Indeed, Australia’s proposal to adopt a different sector-program approach focused on development of a demand-driven skills sector reflected an historically informed assessment that a business-as-usual approach focused on narrow institutional capacity building program would be of limited development utility in terms of Vanuatu’s long-term development interests.

It is one thing to have a deep historical knowledge of a sector, but another to respond to this knowledge in political ways in the design and implementation of program approaches. To this end, it is notable that VSP was designed at a point in time when the Australian aid program in Vanuatu was becoming increasingly receptive to working in politically smart ways. Indeed, in the mid-2000s, the Vanuatu bilateral country program was amongst the first of DFAT’s country programs to begin to engage with political economy issues to inform its programming decisions.⁷⁹ For example, it was the first country program to conduct a comprehensive ‘drivers of change’ analysis to support its strategic programming decisions. The 2007 *Unfinished State* report was immensely influential both within the Vanuatu High Commission and across the broader Australian aid program.⁸⁰

This heightened sensibility to the politics of development was reflected in a more innovative approach to program design and implementation. For example, the Vanuatu Post was one of the first country programs to pursue a sector-wide approach in education. The *Governance for Growth* program⁸¹, which began in 2007 and was designed to provide bespoke support for structural reforms

⁷⁸ Booth and Unsworth (2014), op. cit., p.3

⁷⁹ In 2013, the Australian Agency for International Development (AusAID), was merged into the Department of Foreign Affairs and Trade (DFAT). Prior to the merger, AusAID had been an independent agency that reported to the Minister for Foreign Affairs. For the purposes of this report, and to avoid confusion, we will refer to DFAT as the implementing agency for VSP.

⁸⁰ According to key advisers involved in the early development of VSP, the *Unfinished State* report was also immensely influential in shaping early thinking within VSP and the need to work through coalitions for change to build support for the development of a decentralised, demand-driven skills sector.

⁸¹ Hadley and Tilley (2017), op. cit.

by working in what would now be recognised as political ways, supported a number of significant reforms and became a flagship program within DFAT. These programs gave the Post a reputation for excellence and significant organisational capital to support innovative programming approaches in other sectors. All of this contributed to what the VSP literature describes as a supportive environment which would be important in VSP's evolution (see section 5.9).

At the time of VSP's Phase 2 design, the Vanuatu country program also benefited from being supported by a number of politically-skilled staff adept at working politically. With a reputation for innovation, Vanuatu Post had attracted ambitious and talented aid staff (this is one reason for Vanuatu Post's leadership in the area of political economy analysis). One of the benefits of Australia's long-term sector engagement was that Post also had access to a small group of technical advisers with significant understanding of the sector and strong personal relationships with Vanuatu stakeholders. Such advisers were able to work in a manner similar to Faustino and Booth's development entrepreneurs, building a reform coalition around the idea of a decentralised, demand-driven skills sector.

VSP benefitted from this supportive culture in a number of ways. VSP emerged at a point in time when the Australian High Commission was receptive to thinking and working in what would now be recognised as political ways. And it was able to capitalise on this interest in working politically with the support of a cadre of politically skilled staff. This meant Australia could successfully negotiate the re-positioning of Australia's support for TVET in favour of an experimental, demand-driven approach. VSP has also continued to benefit from having access to these politically skilled staff throughout its various phases. As will be seen in section 5.9, several senior advisers involved in the early design and implementation phases of VSP have remained engaged with the Partnership throughout. This has meant VSP has been well placed to navigate political challenges throughout its various phases (most notably the shift in program direction from Phase 1 to Phase 2).

It should be recognised that in its earliest iterations, VSP's political smartness was a latent characteristic. VSP Phase 1 was structured in a traditional way to deliver a set of preconceived outputs, with a focus on working in a top-down manner with national TVET institutions. But with the support of politically-skilled program staff and technical adviser support, coupled with a supportive organisational environment, VSP was able in subsequent phases to evolve in politically-responsive ways.

5.2. Problem identification

The idea of problem identification suggests discernment in choice of development problem that donors choose to support, taking account of local politics and the potential of local actors to lead a credible reform process. The concept implies local actors have a strong sense of their own development priorities and can articulate a reform program which donors can get behind.

In a general sense, VSP's experience provides an interesting counterpoint to this locally-led approach to problem identification. Australia's historical support for Vanuatu's TVET sector responded to national priorities identified by the Government of Vanuatu. But the repositioning of Australian support under VSP around the concept of skills was in many respects externally-driven. There was initially significant domestic resistance to suggestion that support for TVET be repositioned. This reflected the conservative understanding of TVET which existed in Vanuatu noted above, leading to domestic resistance from established training providers to a changed sector approach. It also

reflected the weak state of sector leadership, which made it difficult to help local stakeholders lead a reform program.

At a strategic level, one of VSP's main contributions over its four phases has been its success in helping local actors develop a more expansive understanding of the "development problem" in the TVET sector, reflected in the idea of 'skills' and the need for a decentralised, demand-driven training system that responds to Vanuatu's economic need. VSP has worked consistently over its various iterations to build a sector constituency for a demand-driven system.

Advisers involved in the initial design of VSP said the Partnership always had a long-term vision to support a more expansive understanding of the idea of skills in Vanuatu, and to build this within a 'systems approach'. But it was recognised that building a sector consciousness would take time. From Phase 2 VSP's long-term strategy of building a political constituency for sector reform was articulated by its Technical Director (Phases 1-3), Peter Morris, in a monitoring and evaluation report in 2015, following the passage of institutional reforms in 2014:

A fundamental premise of the ... design has been development of sustainable models of TVET sector behaviour at the provincial level that could be observed, understood and rolled out at national levels. By broadening understanding at the political level of the potential for economic and social change through targeted skill development, the ... [Partnership] has created an appetite for further investment by the Government of Vanuatu.⁸²

VSP sought to change the way the development problem was understood in a number of ways. It continued to provide institutional strengthening and capacity-building support for national TVET systems, using policy discussions in national policy fora, and a range of incentive mechanisms, to make a case for systemic reform. VSP governance structures such as the Strategic Advisory Group (SAG) were particularly important in providing structured opportunities to convene stakeholders to discuss sector issues and build sector consciousness, literacy and buy-in. VSP used this forum to provide participants with technical advice on, and incentives for, reform options.

At the same time, VSP sought to demonstrate the benefits of a demand-driven and decentralised approach by establishing pilot PSCs. From the outset, VSP program managers hoped the operation of PSCs would demonstrate local-level gains and provide an evidence-base and political constituency for TVET sector reform. Anna Gibert, former VSP Team Leader (Phase 2 and 3) who remains involved in Phase 4 as a senior adviser, has described the process as a strategic one centred on the need to build a shared understanding of training as part of a broader skills system. She has observed that the success of piloting a decentralised PSC model, and the initial gains made in the tourism sector, provided a 'small-scale practical demonstration as a means to build and inform the 'conceptual infrastructure' necessary for meaningful political and bureaucratic engagement in the development of effective national systems'.⁸³ Over time, this resulted in the development of 'a dynamic inter-relationship between provincial service delivery and the development of national policy and governance frameworks ...',⁸⁴

By building a shared consciousness amongst sector stakeholders around the strategic role of skills, VSP has helped broaden the way the development problem regarding training in Vanuatu is

⁸² Vanuatu TVET Sector Strengthening Program (2015), *Annual Program Monitoring and Evaluation Report 2014*, February, p.7

⁸³ Gibert (2013), *op. cit.*, p.7

⁸⁴ *ibid*, p.7

understood. This has in turn provided a stronger basis for collective action in support of systemic reform.

VSP's success in changing the way the training development problem is understood in Vanuatu is best reflected in the focus of Phase 4 of VSP. Here, the idea of a 'skills partnership', which is reflected in the program's title, is highly symbolic of the significant shift in stakeholder thinking away from a narrow understanding of training towards the much more expansive concept of skills linked to economic growth. The magnitude of the shift is also reflected in the Government of Vanuatu's recently released *PSET* Policy noted above.⁸⁵ By changing the way in which the problem of skills is understood in Vanuatu, VSP has in a sense changed the political context within which it works.

5.3 Iterative problem solving

Given its commitment to supporting local leaders to develop contextually relevant solutions, VSP has had a reflexive commitment to working in iterative ways. Furthermore, the need to work iteratively has been reinforced by the challenges of constructing a new sector, for which there was no clear blueprint. The centrality of an iterative approach to VSP's operations was acknowledged in the phase 4 VSP design:

From the beginning of Phase 2, the Program has had a commitment to work through a responsive and opportunistic 'process approach' rather than a focus on the achievement of predetermined, externally defined milestones. Activity has been undertaken within local structures and processes with the aim of fostering and promoting local leadership to ensure that the investment leads to authentic and sustainable reform, driven by coalitions for change within the Vanuatu social and political system.

VSP has worked iteratively at a number of levels. At a strategic level, VSP has adjusted its programmatic approach at a number of points throughout its four-phase life, responding to emerging evidence about what is working and what is not. The most notable shift occurred in the transition from Phase 1 to 2 and the focus on a decentralised approach based on working with local stakeholders through pilot PSCs. Demonstrable successes of the PSC model allowed a renewed focus under Phase 3 on supporting national institutional reforms, with VSP able to leverage successes at the provincial level to energise reform discussions at the national. Institutional reforms made in Phase 3 allowed VSP to strengthen its Partnership with the Government of Vanuatu's to implement its *PSET* Policy in Phase 4.

VSP's iterative approach at the program level was epitomised in its changed approach in Phase 2. The decision to change the focus of VSP's efforts to supporting the establishment of decentralised PSCs represented a sort of 'small bet'. The decision to shift the focus of support towards piloting PSCs was a pragmatic one, driven by the concerns of senior program managers about the lack of progress under Phase 1, and the evidence base provided by the 'Unfinished State' analysis in terms of the challenges in working with the Vanuatu state at the local level. Senior program managers interviewed for this report noted feeling under significant pressure at the time to achieve results or lose DFAT support. The decision to use a competitive tender process to determine where to establish two pilot PSCs was recognised at the time as a risky but potentially effective way of

⁸⁵ Government of Vanuatu (2016), *Post-School Education and Training (PSET) Policy*, op cit.

securing stakeholder buy-in. In many respects the approach taken to establishing the pilots involved numerous small bets, exploring what approaches could gain traction and provide a means for progressing VSP objectives. One adviser that played a central role in the strategic repositioning of VSP spoke of their experience as ‘not having a clue what we were doing’ because it had never been done before. This required the VSP team to work with local stakeholders to find practical solutions to key problems. The success of the PSCs meant that the experimentation paid off, such that this iterative approach became a defining feature of VSP and a program culture of calculated experimentation. Another long-term adviser involved in VSP’s early phases characterised the approach as one where ‘they throw you in and you know where we’re going but how to get there, who knows?’

At an operational level, VSP’s demand-driven and decentralised approach to skills development by necessity requires a form of iterative program development as the Partnership helps local stakeholders identify skills gaps and helps tailor responsive training opportunities. The best example of this iterative approach is provided in VSP’s work with the tourism sector, where VSP pioneered what has come to be known as a value chain approach to skills development. In Malampa Province, where no effective tourism sector existed prior to VSP’s arrival in 2010, local businesses and communities told Partnership representatives they would like to capitalise on Vanuatu’s growing tourism industry by encouraging tourists to visit the province. Sector mapping supported by VSP found that the lack of suitable accommodation for tourists was a particular problem limiting visitations. Based on this analysis, VSP provided targeted support for local entrepreneurs in areas such as building appropriate guest house accommodation and hospitality and health and safety requirements for tourists. Early monitoring and evaluation data found that such training support, while valued by participants, had failed to translate into improved livelihoods because tourist numbers to Malampa remained small. In response, VSP worked with local tourism stakeholders to identify options to increase tourism demand. This saw VSP provide financial and training support for the establishment of a tourism call centre which worked with local guest house owners to support web-based marketing and facilitate accommodation bookings. This resulted in a significant increase in tourism visitations. Growing tourist numbers has over time provided a basis for further training to expand the value chain, including by helping agricultural and handicraft producers capitalise on increased tourism numbers. By Phase 4, with a basic local tourism sector established, program support is now focused on providing much more targeted support to individual operators through mentoring, to help established tourism businesses mature and grow. This process has evolved over an eight-year period.

The value chain approach has also institutionalised a form of iterative working as a core operating principle within VSP. This is because the value-chain approach requires program staff to work with local actors to build ‘vertical and horizontal relationships within industries and between buyers and sellers, using skills development and business support services as the point of entry.’⁸⁶ When training and business support provided by VSP gains some level of traction, in the sense of demonstrably supporting local economic growth, the Partnership then considers how it can help local stakeholders build on these gains. The value chain approach is thus inherently iterative because it requires support to evolve in line with emerging economic opportunities, ensuring support is relevant and responsive. It should also be noted that VSP’s ability to work iteratively has been aided by the establishment of PSCs, which have provided an embedded institutional structure to work with local actors to explore training options and develop local training solutions. Without this local institutional presence, it would have been very difficult for VSP to work with local stakeholders in iterative ways.

⁸⁶ *ibid.*, p.23

5.4 Monitoring and evaluation

Central to VSP's ability to successfully think and work politically has been its adroit use of monitoring and evaluation processes to build political support from key Program stakeholders and inform iterative programming decisions. Key to this success has been VSP's design of a monitoring and evaluation system that was meaningful and accessible to its Vanuatu stakeholders.

VSP was careful to establish an accessible framework that could be managed by local program staff and would provide local counterparts with useful information to inform Partnership activities.⁸⁷ For example, the monitoring and evaluation system has been developed so PSC staff can collect data and participate in data analysis and program learning. VSP has invested in building the capacity of local staff to participate in monitoring and evaluation processes and lead in the formulation of program responses to the program evidence. VSP has also ensured the Provincial Government Training Board's (PGTBs) are actively engaged in the analysis and use of evaluation information.

The accessibility of the monitoring and evaluation system has been central to VSP's ability to work politically in a number of ways. It has provided an evidence base documenting Partnership success at the local level, which has been helpful in building long term support for VSP amongst a broad constituency including DFAT, provincial and national government policymakers and the private sector. The system has provided baseline data on training and business development activities delivered through the PSCs and helped inform iterative decision-making under the value chain approach. VSP has focused in particular on using monitoring and evaluation data to help PGTB members understand and lead on the development of provincial skills strategies. For example, the presentation of a monitoring and evaluation report to Board members in the newly established Torba PSC in 2014 'galvanised Board members to subsequently meet to jointly forward plan their 2015 activities, including with the TVET Centre (PSC).'⁸⁸

VSP has also actively used its monitoring and evaluation systems to build a political constituency to support its long-term reform objectives. Most importantly, it has used its monitoring and evaluation data to empower local actors as sector leaders able to participate in policy discussions. From the beginning of Phase 2, all monitoring and evaluation data on the performance of the PSCs was delivered to national policymakers by provincial government representatives and never expatriate monitoring and evaluation advisers. This has strengthened the legitimacy of provincial training officials and allowed them to own the Partnership and advocate the results on behalf of local constituents.

VSP has also been careful to communicate performance data in politically-influential ways, building community support for the idea of a national skills sector as a key component of Vanuatu's inclusive development strategies. It has actively used the media to communicate results and build the profile of the skills sector, always making sure that local stakeholders and power-brokers received the credit for program successes (and never depicting VSP as an external 'aid project'). Several interviewees commented on the high level of publicity enjoyed by VSP in its early phases, which was the result of a proactive communications campaign:

This level of sustained media coverage contributes to the positive profile of the TVET Sector and thus to the broader advocacy work for national investment into the TVET system of Vanuatu; the public profile of the Program and the TVET Centres (PSCs) has certainly

⁸⁷ Vanuatu TVET Sector Strengthening Program (2015), *Annual Program Monitoring and Evaluation Report 2014*, February, p.2

⁸⁸ *ibid*, p.13

contributed to the continuing political support for TVET and the tangible Government of Vanuatu commitments.⁸⁹

At a personal level, VSP staff interviewed for this report noted the powerful impact that the development of short performance videos has had on politicians and other stakeholders. For example, one video documenting Partnership impacts in the areas of gender equality, disability and community livelihoods proved emotionally compelling and resulted in the personal commitment of politicians – all of whom have strong personal community allegiances and identities – to progress efforts around gender equality and disability. One interviewee spoke of how a local MP was moved to tears after seeing a video on the program’s engagement with disability issues, going on to be a strong advocate for disability inclusive policy approaches.

5.5 Locally-led

Central to the idea of TWP is that local actors must play a leading role in identifying development problems to be addressed and devising locally relevant solutions. The idea of local leadership as presented in the TWP literature implies a process whereby donors identify influential actors who have a commitment to progressing particular reforms. However, this can be challenging in development contexts such as Vanuatu where structural and environmental factors inhibit the emergence of strong local leaders capable of driving a significant reform agenda. This was particularly so in the TVET sector when VSP commenced.

The 2015 *Independent Evaluation* specifically noted that one of VSP’s strengths was as a ‘strong example of a locally-led initiative, and how innovations can be achieved when programs are locally led.’⁹⁰ One of the most interesting aspects of the VSP as an example of TWP is how it has engaged with the issue of local leadership in a constructive way. In the context of a poorly defined sector, VSP worked to identify the nascent potential for a strong sector leadership capable of driving a long-term reform program. Throughout its various phases, VSP has worked consistently to foster local leadership. This was recognised explicitly in the Phase 3 design:

Continuous efforts by MYDST [Ministry of Youth Development, Sports and Training] and Program personnel will be needed to promote local ownership and leadership in the sector. A participatory approach to maximise inclusion of national, provincial agencies, training providers, the private sector and other ni-Vanuatu participants in the Program consultation and implementation is the most critical method to achieve this. Also critical will be the need to provide regular opportunities for dialogue as to the benefit that the whole nation, urban and rural, is gaining from the Program ...⁹¹

A key way VSP supported strong local leadership was through the program governance structures it established. As noted in **Section 5.2**, during its early phases, VSP used its main governance body – the SAG – in a strategic way to build the sector literacy of committee members and a stronger sense of sector identity amongst TVET stakeholders. VSP used its convening power in politically effective ways, bringing key stakeholders together to discuss sector issues without prescribing policy solutions. For example, during Phases 2 and 3, SAG meetings provided an opportunity for VSP to

⁸⁹ *ibid*, p.11

⁹⁰ Schofield et. al. (2015), *op. cit.*, p.26

⁹¹ *Vanuatu TVET Sector Strengthening Program Phase 3: 2013-2016 (2012)*, Final Design Document, 6 June, p.19

present an evidence base – aided by a ‘fit for purpose’ monitoring and evaluation system (see **Section 5.4**) – on the benefits of a demand-driven and decentralised approach to skills. Membership of the SAG included senior representatives from the bureaucracy, TVET training institutions, provincial government and the private sector. It became a critical forum from which to build program ownership and buy in. Over time, the SAG membership formed the basis of a network of senior policy makers and stakeholders, including representatives from provincial government and the private sector, in Vanuatu who came to work as a reform coalition to promote sector wide reforms.

VSP has been careful to ensure it has used its program resources in ways that have reinforced local leadership. VSP has acted as a facilitator of a locally-led policy advocacy and never acted as an advocate in its own right. For example, in supporting the establishment of PSCs, VSP has been careful to work through established PGTBs. These had existed in a formal sense but were comprised mostly of training providers mirroring the VNTC under which they were formed. That is, they were essentially supply driven. With Partnership support the PGTBs were restructured to become more demand focused with each of the provincial productive sector departments represented. The new PGTB structure also included the Provincial Secretary General and the Provincial Planner. The restructure of the PGTBs helped re-invigorate them as a more effective mechanism and provided opportunities for Board members to play a more active role in supporting local skills development. As the PSCs began to achieve results, the leadership status of provincial authorities was bolstered and they were able to play a more active role in advocating the benefits of a decentralised and demand driven approach to national authorities.

VSP has also used its resources to strengthen the leadership capabilities of national policy actors. For example, it provided capacity building and resource support for the newly established TED, which was established in 2014 to coordinate government implementation of the Government of Vanuatu’s TVET sector reforms. VSP has also used its influence to promote the leadership of non-government actors in the skills sector. VSP has actively supported marginalised groups including women and the disabled in ways that have ‘[d]elivered tangible outcomes in terms of participation rates, individual economic outcomes, and pathways to further education and training, as well as greater awareness and support for gender and disability inclusion throughout the skills sector.’⁹²

VSP has also been conscious of its own agency in fostering strong local leadership in the skills sector. It has taken a strategic and long-term approach to preparing staff to assume leadership roles so that the localisation process would be successful. It invested heavily in training and development, preparing staff to assume leadership roles by identifying future leaders early in their careers and supporting their professional development over the long term. For example, the current Team Leader (Director), who was hired in Phase 2 as a trainer, has been supported to undertake a broad range of professional development activities including formal post-graduate training overseas in preparation for a senior management role. VSP has also consciously provided strong mentoring support, primarily through the highly judicious use of technical advisers, to prepare local staff for senior management roles. For example, the current ni-Vanuatu Team Leader (Director) is supported by a senior technical advisor who, as the former Team Leader, has had a long-term relationship with the Partnership and acts as a source of professional advice when required. This approach to fostering local program leadership has been important because it has ensured that when promoted to leadership roles, program staff have been well prepared and performed well.

⁹² *ibid.*, p.9

In 2014, VSP became the first fully nationalised development program in Vanuatu. VSP was the first major development program in Vanuatu to be led by a ni-Vanuatu national, supported by a fully local program team. Ni-Vanuatu leadership of the Partnership has become one of its greatest strengths. Local program leadership has itself been highly politically significant, contributing to its local legitimacy and underlining its claim to be a genuine partnership and allowing it to play a constructive role in supporting sector development. It has also enabled VSP to successfully navigate sector politics where 'external' program staff would have few or no entry points. Vanuatu stakeholders consulted in the preparation of this report were proud of the local ownership and saw it as ensuring the program was more approachable and responsive to local needs as they understood them. Strong Vanuatu ownership has made it easy for the program to be embedded in sector structures so that it is now a key part of the institutional framework that has evolved. One senior Government of Vanuatu official noted that by Phase 4 VSP's program management team had effectively become a de facto part of the MET and a key sector stakeholder in the form of a 'program management unit'. One DFAT official commenting on the program noted how many in Vanuatu 'don't see the VSP program as an Australian program.'

Over the course of its four phases, VSP has had significant success in transitioning from a donor-driven sector program to a locally-owned program embedded in a developing national skills sector system. This is evidenced on a number of fronts. Most significant has been the localisation of key program mechanisms and their incorporation into national skills institutions. For example, PSCs established under the Partnership were incorporated in Phase 3 into the MET TED. VSP staff, including the Program Director, now sit on national sector coordination bodies. Most significantly, the VSP Director, at the request of the Government of Vanuatu, sits as an official member – as opposed to 'observer' which is the role usually given to development partners – on two strategic economic development committees, in recognition of the central importance of skills to Vanuatu's future economic development.⁹³ By Phase 4, what began as VSP's Employment and Training Fund had become the Skills Development Fund (SDF). The channelling into the SDF of productive sector departmental training funds to support productive sector training, already commenced by the Department of Tourism, serves as a model for what a national skill development fund might comprise in the future. Under Phase 3, the Government of Vanuatu began to assume financial responsibility for some PSC staff, with a commitment to transition all PSC staff across all provinces from the Government of Australia to the Government of Vanuatu MET payroll by 2020.⁹⁴ Finally, Phase 4 saw the transition of SAG from a program advisory and advocacy body into a Skills Partnership Steering Committee (SPSC) which is now the Partnership's main strategic sector coordination mechanism. These institutional developments have provided the basis for a genuine and more consequential sector leadership.

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⁹³ *ibid.*, p.12

⁹⁴ *ibid.*, p.24

future economic development.⁹⁵ By Phase 4, VSP's Employment and Training Fund had become adopted by the Government of Vanuatu as the National Skills Development Fund (SDF), with the intention that national sector budgets will begin to be channelled through it to support productive sector training. (This is already happening in the tourism sector with the budgetary contribution of the national Department of Tourism into the Fund.) Under Phase 4, the Government of Vanuatu is beginning to assume financial responsibility for PSC staff, with a commitment to transition all PSC staff across all provinces from the Government of Australia to the Government of Vanuatu MET payroll by 2020.⁹⁶ Finally, Phase 4 saw the transition of SAG from a program coordination body into a Skills Partnership Steering Committee (SPSC) which is now the Government of Vanuatu's main strategic sector coordination mechanism. These institutional developments have provided the basis for a genuine and more consequential sector leadership.

VSP has also been careful to ensure that its program resources and structures are managed in ways that reinforce local ownership. This is best reflected in the way technical adviser resources have been deployed. Reliance on external advisers is in many respects anathema to TWP and its emphasis on strong local ownership and the development of locally-led solutions to development problems. One of the keys to VSP's long-term success has been its ability to manage its adviser relationships judiciously and in ways that have reinforced the Partnership's commitment to work locally and empower local leaders. A key principle governing VSP's use of advisers has been ensuring they have worked to support local ownership rather than lead in program development. VSP benefitted greatly in its early phases from being supported by a small number of experienced and highly culturally literate advisers who shared a deeply personal commitment to Vanuatu and a determination to support a program approach that prioritised national ownership. The original Technical Director who led the design of Phase 2 had significant professional experience and a long-term commitment to TVET development in Vanuatu, having worked in the sector for a decade. Not only did he bring significant experience and a deep network of professional and personal contacts, but also a long-term vision of helping local actors build a strong TVET sector. This vision was important in the inculcation of a program culture that from the outset placed importance on local ownership. This meant that the Partnership was disposed to fostering local talent as future program leaders and engaging external staff in ways which would not undermine localisation.

Practically, VSP has managed its expatriate advisers in ways that have reinforced local ownership. This is most evident in the light external adviser load employed by VSP. By Phase 2, VSP was supported by two long-term expatriate advisers, with all other program staff being Vanuatu nationals. Moreover, the Partnership has structured adviser deployments in ways that have required them explicitly to work locally with stakeholders. Under Phase 2, the expatriate Team Leader was deliberately based in the program management office in the province of Luganville. This was taken by local stakeholders as a highly symbolic expression of good faith and respect for Vanuatu ownership and decentralisation, in contrast to most development programs being based in the capital, Port Vila. Advisers engaged to support the development and delivery of local training and advisory supports have been required to live amongst local communities rather than develop inputs remotely. This has been taken as a sign of program respect for local stakeholders.

One of the biggest challenges VSP has faced is finding a managing contractor model that empowers local leadership. Over its various phases, VSP has been supported by different managing contractor models. Phase 1 provided for a significant level of contractor control and invested particular

⁹⁵ *ibid.*, p.12

⁹⁶ *ibid.*, p.24

leadership responsibilities with the Team Leader who was an expatriate adviser. By Phase 4, the managing contractor relationship has been designed to play a light touch support role, providing basic operational support to the locally-led team. Significantly, the Phase 4 design describes this as a ‘support’ role, to explicitly reflect the back-office function of the managing contractor. As observed in the Phase 4 design document: ‘The Program’s experience with the conventional approaches to managing contractors to date has borne out international research findings that these approaches are often incompatible with implementation that has flexibility, innovation, locally-driven strategies and local empowerment at its core.’⁹⁷

Finding a managing contractor model that supports local leadership has not always been easy. Senior advisers involved in VSP since Phase 2 noted that with the managing contractors based in Australia, local advisers had significant scope to work with Vanuatu counterparts to develop the Program. However, there have been times when there has been a misalignment of locally-led programming directions and managing contractor approaches which have threatened the capacity of VSP to work politically. In Phase 4, the initial managing contractor of what was a design and implement program based on well established locally led structures and systems, sought to change these program structures and processes so that they better fit with the contractor’s own systems. These changes were seen by local staff as undermining local ownership of the Partnership, and came to be seen by them as representing a crisis. A number of senior staff threatened to resign, and one senior adviser said that the changes threatened the ‘heart and soul’ of the Partnership by reinstating a conventional and externally-driven program management approach.

The way in which this was resolved provides a good example of locally-responsive programming, resulting in what in the Phase 4 design document was called a ‘non-conventional’ managing contractor approach.⁹⁸ Local Partnership managers actively communicated their very real concerns with DFAT and the risk this posed to what by then had become a highly successful locally-led program. Becoming aware of the existential crisis this posed to the Partnership, DFAT initiated an internal review which included strong participation of VSP staff. In re-tendering the contract, tender criteria were changed to place a greater emphasis on local ownership and the reduced power status of the managing contractor. The tender process itself was run in a way which ensured strong Vanuatu participation. The result was the adoption of a new managing ‘support contractor’ model for Phase 4 which foregrounds the role of the local program management and leadership team and casts the role of managing contractor as helping this team deliver identified commitments. Under this model, a managing contractor has been engaged to provide:

... a **corporate support role and a specific Scope of Services** that explicitly requires the contractor to adapt its standard procedures to support the management requirements of the Program, led by the [local] Senior Management Group. The Scope of Services will explicitly provide for ongoing capacity building support to Program staff to enable them to strengthen these procedures as required for effective implementation, and in recognition of the Program’s unique role as ‘coalition for change’ [sic] within the local environment.⁹⁹

⁹⁷ Investment Design Document (2017), op cit., p.35

⁹⁸ *ibid.*, p.35

⁹⁹ *ibid.*, p.36, bolding in original document

5.6 Brokering relationships

A key element of TWP is the need for donors to support politically influential coalitions to undertake collective action in pursuit of meaningful reform. VSP has proven adept at supporting a network of committed reformers in the TVET sector.

At the time of VSP's inception, relationships across the TVET system were weak. This reflected both the fragility of the state system and sector institutions, and the limited sector consciousness amongst key stakeholders identified above. Connections between relevant ministries responsible for training at the national and provincial level were largely no-existent. For example, there was very little coordination amongst government agencies at the national level around skills training, such that different government ministries supported a disparate range of training activities. Connections between government and non-government actors in the sector were also very weak. This made development of a strategic skills policy tied to Vanuatu's long term economic development strategy immensely difficult. One of VSP's main motivations in moving to a demand-driven skills system was the need to strengthen key relationships across an incoherent and unformed sector. As a politically-aware program with a genuine commitment to fostering strong local ownership, VSP has from its inception considered the fostering of 'coalitions for change' as central to its goal of building a demand-driven skills system.¹⁰⁰ One of VSP's most important development contributions has been its support for politically consequential relationships within the sector which have been central to the implementation of institutional reforms over the longer term. This has occurred at multiple levels.

At the national policy level, VSP has supported the emergence of a more effective policy network. By providing support and incentives to key ministries with an interest in skills development it has strengthened the bureaucratic networks. This was epitomised in the systemic reforms achieved under Phase 3, including the establishment of the TED in the MET and the VQA. These institutional reforms have provided a stronger institutional basis for whole-of-government coordination around a strategic skills policy.

As noted above, VSP has also played an important role in strengthening politically consequential relationships at the provincial level, and between provincial and national governments. This was primarily achieved through the process used to establish PSCs based on an open tender provincial selection process. In submitting tender proposals, provincial authorities were encouraged to submit integrated proposals incorporating a broad range of stakeholders. This incentivised provinces to coordinate bids and saw collaborations across different areas of provincial government. Credible bids required provinces to demonstrable political commitment to support the establishment of a PSC with in-kind forms of assistance.

This was best illustrated in the case of Torba Province, which won the tender to establish the third PSC under Phase 3. As a 'forgotten province' starved of resources, the tender process was seen by provincial government representatives as an 'opportunity sent by God' to secure some form of recognition and government resourcing. This had the effect of invigorating moribund provincial relationships on a number of fronts. In preparing the bid, Torba's provincial leaders managed an extensive process of community consultation to discuss the parameters of the bid, community priorities and how the provincial government could best support the bid. Exceptionally, provincial authorities presented the resultant proposal to the Provincial Government before it was submitted to VSP, securing the government's political support. The Secretary General of the Province

¹⁰⁰ *ibid.*, p.9

accompanied the bidding team to Port Vila to support the bid. Torba eventually won the bid on the basis of the strength of its proposal including strong provincial government support. Winning the bid surprised the larger, competing provinces but energised Torba, resulting in an unprecedented sense of community pride and commitment to grasp the opportunity and make it work. The process followed in establishing PSC has helped build a strong sense of community ownership which has not abated. It has also catalysed the formation of stronger provincial institutions in the skills sector and thus helped strengthen government capacity at the local level. The establishment of a PSC in Torba, representing the first example of a tangible 'state' presence in the province for many years, has also acted as a beachhead for the local state, helping Torba leaders ask for additional support from the national government and donors for support for other local development priorities. The Torba PSC has formed the basis of a more joined up system of local government. For example, as a result of the establishment of the PSC, other state departments such as the Department of Agriculture are now more active in the province. A PSC centre manager in Torba in 2014 described the newly opened PSC as being 'like a magnet, pulling people together...'.¹⁰¹

VSP has also used its governance structures to help broker relationships between national and provincial level authorities. For example, VSP helped provincial authorities participate in sector coordination processes such as the SAG, where provincial representatives became strong advocates for the decentralised skills approach on the basis of their experiences with PSCs. Interestingly, VSP also provided opportunities for provincial parliamentarians to participate in policy discussions. In establishing PSCs, VSP was careful to include local politicians in the process, giving them a sense of ownership and recognition of centre activities. In a country where provincial government has historically been profoundly under-resourced, the ability of MPs to associate themselves with one of the few examples of a viable local service delivery initiative became a valued political opportunity for MPs. It meant that they became strong advocates for the decentralised approach based around locally managed PSCs. This was important in subsequent Partnership efforts to support national sector reforms. Phase 4 has seen the Partnership place a greater emphasis on the formalisation of Sector Partnerships with key national sector ministries and the establishment of Partnership Implementation Frameworks (PIFs) between national and provincial governments to 'articulate priority areas for joint activity between the Program/Skills Centres and the respective department.'¹⁰² These PIFs will play a greater role in determining access to Program resources delivered through the PSCs.

VSP has also played an important and conscious role in brokering relationships at the industry sector level. The Partnership has used its resources effectively to foster strong relationships between government agencies, training providers and the private sector through its value chain approach. This has required strong dialogue between business and government, to identify local training and business development needs in specific industry/productive sectors, which VSP has supported in a number of ways. For example, VSP has conducted diagnostic work to identify training needs and skills gaps and used this analysis to broker relationships in the sector.¹⁰³ Under Phase 4, this approach is being consolidated through the negotiation of PIFs, whereby '[t]he process of identifying priority economic opportunities at the provincial level, and the resources required to maximise

¹⁰¹ Vanuatu TVET Sector Strengthening Program (2015), *Annual Program Monitoring and Evaluation Report 2014*, February, p.13

¹⁰² *ibid.*, p.20

¹⁰³ Such efforts have been most effective in the tourism sector, reflecting the existence of a growing sector with exposure to the international economy and therefore strong collective incentives to improve standards. By contrast, efforts to strengthen coordination in the agricultural sector characterised by smallholder and informal farming has proven more difficult.

these, [is] ... an important mechanism for fostering coordination between provincial and national levels of government, and supporting the Government of Vanuatu's decentralisation agenda.¹⁰⁴ The absence of any sort of local level organisation made this process difficult and led VSP to support the development of local-level industry organisations to represent their 'clients' interests. For example, in Malampa Province, VSP supported the establishment of local tourism and agricultural organisations, resulting in the emergence of an active local stakeholder network capable of advocating for and supporting the development of locally-relevant training needs and a business development program for local business growth.

VSP has also been successful in supporting the development of strategic relationships between government and the private sector at the national policy level. Before VSP commenced, relationships between the government and the private sector were extremely weak. This is best reflected in the role of the Vanuatu Chamber of Commerce and Industry (VCCI), which, prior to VSP, had felt marginalised from policy discussions on training and skills development and had limited capacity to play a strong role in participating in policy debates. (This was despite VCCI being a registered training provider in its own right). VSP resources have enabled the VCCI to play a more constructive role in supporting skills development, primarily by providing resources to enable it to work at the provincial level, both in the formal economy and to assist transition by local businesses from the informal economy.

VSP has also had a strong sense of its own political agency and role as a trusted partner in convening diverse sector stakeholders to progress policy issues. As a localised program, VSP has had both a strong understanding of local context and a natural capacity to build strong, culturally-embedded relationships with key sector stakeholders. As a ni-Vanuatu national, the current Team Leader (Director) has become embedded in an intimate network of policymakers and stakeholders. Indeed, the capacity of staff to leverage their own social networks has been an important factor in VSP's hiring decisions. To this end, the religiosity of the Partnership – which will be explored in more depth in **section 5.8** – has also strengthened its capacity to network and work politically in the Vanuatu context. Stakeholders have spoken of the 'secret church' and how church-based relationships have helped senior VSP staff gain access to senior decision-makers in the Vanuatu government. Informal discussions within this network have been important in the program's ability to discuss complex reform issues, socialise program approaches, understand political sensitivities and identify reform opportunities. Faith-based relationships and networks have been particularly important for the Program. Several staff noted that shared faith provided a strong basis for discussing sensitive and complex policy issues.

5.7 Long-term

It is without a doubt that VSP has benefited from the longevity of its sector engagement. Sustained program funding over four program phases – AUD27.145 million in program funding from DFAT by the end of Phase 3, with a funding commitment of AUD 15 million under Phase 4 – has enabled VSP to build deep sector relationships and to embed Partnership initiatives into local systems.¹⁰⁵ A common theme in interviews with individuals involved in the early phases of the Partnership was the importance of Australia's long-term engagement to subsequent program successes. This enabled the development of trust-based relationships between Australian program staff, advisers and sector

¹⁰⁴ Investment Design Document (2017), op. cit., p.23

¹⁰⁵ Schofield et. al. (2015), op. cit., p.65

stakeholders. The *Annual Program Monitoring and Evaluation Report 2014*, which was reflecting on mounting Partnership achievements by Phase 3, found '[t]he combination of a long-term approach, embedded in existing systems with flexibility and capacity to respond to opportunities as they arise, and supported by a genuine commitment to localisation, is paying dividends across the TVET sector in Vanuatu.'¹⁰⁶

Program longevity has also been important to VSP's ability to innovate and work in iterative ways. In taking a long-term perspective, VSP has been able to explore innovative program responses to emerging opportunities or critical junctures when they arise, and to work to consolidate gains made as a basis for incremental reforms. Under Phase 2 the focus on PSCs began to yield results as evidenced by a difference in difference economic analysis using 2010 Household Income and Expenditure Survey data as a control. The demonstration effect provided by PSCs, enabled the Partnership to advocate effectively for the institutional reforms supported under Phase 3. A long-term approach has also meant VSP has been able to work across several program cycles to build political momentum to support long term systemic reform. It has allowed VSP staff to build a deep understanding of sector issues and reform opportunities, and given them confidence to work politically to provide reform support.

5.8 Flexibility

The ability of donors to work flexibly is fundamental to their ability to move beyond thinking politically to work politically.¹⁰⁷ Donors need to be able to provide support in ways that can capitalise on emerging reform opportunities. Whether program structures can be established to facilitate ways of working politically has been a particular interest in the TWP literature, leading to a focus on ideas of adaptive management.¹⁰⁸

In terms of structure, VSP in its early phases did not, at face value, look particularly well positioned to support flexible program approaches. As a sector-based program, VSP was built around a traditional program structure that emphasised top-down sector engagement. But VSP has worked within and influenced this framework in flexible and political ways. It therefore provides a good case study of how traditional programming structures can be used to facilitate political ways of working. Some of the more important modalities that have allowed VSP to work in flexible ways have included:

- Local level work planning based around PSCs: Training and business development activities facilitated by PSCs are not pre-determined but identified through a locally-led consultation process. This ensures training and business development activities supported by VSP are more responsive to local economic circumstances. For example, VSP's initial value-chain work in the tourism sector, which was eventually extended across the country, was first pioneered in Malampa Province.

¹⁰⁶ *ibid.*, p.6

¹⁰⁷ Teskey (2018), *op. cit.*

¹⁰⁸ See, for example, Teskey (2018); Green, D. (2016), 'How do you do "Adaptive Programming"? Two examples of Practical Experience help with some of the answers', *From Poverty to Power*, Oxfam blogs, 13 September at <https://oxfamblogs.org/fp2p/how-do-you-do-adaptive-programming-two-examples-of-practical-experience-help-with-some-of-the-answers/>; and Knaus, G. (2018), 'Smart thinking from USAID on putting adaptive management into practice', *From Poverty to Power*, Oxfam blogs, 23 April at <https://oxfamblogs.org/fp2p/smart-thinking-from-usaid-on-putting-adaptive-management-into-practice/>

- A Skills Development Fund (SDF): Having identified local-level training and business development priorities, PSCs can access a flexible SDF to work with providers to develop and contract tailored training activities.
- Flexible funding for unallocated technical adviser inputs: VSP had access to a discretionary budget for the engagement of technical advisors. This has allowed the engagement of advisers on a short-term basis according to narrow, specified criteria. This has provided VSP with 'an essential element of flexibility' which has enabled VSP '... to be responsive and creative in providing technical input.'¹⁰⁹
- Value chain approach: Work planning linked to a value chain approach facilitated by local PSCs has ensured a high degree of operational flexibility in terms of program activities. This approach means VSP is systemically orientated towards supporting iterative approaches at a sub-sector level, rather than a one-size-fits all approach across the Partnership.

While VSP has had some success in developing a suite of “fit for purpose” modalities that have helped it work in flexible ways, this list does not adequately capture why VSP has been able to adapt its formal program structures to think and work politically. This requires a recognition of the *informal* practices VSP has developed over its four phases, which has allowed it to work within its formal program structures in flexible ways. These informal practices centre on VSP’s values-based approach to leadership and success in developing a high-performance program culture.

One of the most remarkable characteristics of the VSP has been the way it has been able to build a reputation as a highly ethical program with its counterparts. Most VSP stakeholders interviewed for this report noted the way in which VSP is imbued by an exceptionally high ethical standard. This was also identified in the 2015 *Independent Evaluation*:

Many ethical and governance challenges arise in international development processes. Good governance is the cumulative consequence of a long, slow incremental process, and it requires, amongst other things, ethical leadership and institutional integrity.

The Program team is not seen by other local actors simply as a team assembled to implement a project. Throughout the evaluation’s consultations many different stakeholders emphasised that they see the Program team as one of the core TVET institutions in Vanuatu ... In the sense, how the Program team conducts its work, the rules it follows, the values it promotes and its ethical standards are all central to the TVET system and to the relationship between the team and other TVET institutions. One stakeholder observed that: *We see the seriousness of the staff and the staff recruitment processes ... The way the office works shows us good management and administrative practices ... It respects and honours who we are, our culture and re-affirms us.*¹¹⁰

VSP has worked hard to build this reputation over successive program phases and on a number of fronts. Senior managers and advisers employed by VSP enjoy a reputation for managerial integrity and a values-based approach to leadership which is consistent with Vanuatu culture and the centrality of religion through a range of management practices. VSP is notable for the effort it has put into staff performance management and professional development. Several interlocutors noted that the program has a reputation for ‘hiring and firing well’. VSP has sought to tackle performance challenges in a timely fashion. It has also been strategic in managing staff and other program relationships that are not working. It has consistently reviewed staff positions and when certain roles are no longer required, changed them. It has also been careful to performance manage staff

¹⁰⁹ Vanuatu TVET Sector Strengthening Program (2015), p. 5

¹¹⁰ Schofield et al. (2015), op. cit., p.27

and remove staff that have not performed to expected standards. This commitment to building a high-performance culture is noteworthy in Vanuatu where there are strong cultural pressures to accommodate variable work performance and the Partnership's willingness to take difficult decisions in terms of staffing has helped it in terms of its ability to achieve objectives.

VSP is seen by counterparts to have highly professional staff who work hard to support the sector's interests. Partnership staff have a strong commitment to achieving results and working in ways which display personal and professional integrity. Staff interviewed for this case study all shared a strong vocation of national development and identified their work strongly as being important to Vanuatu's national development. Partnership staff were immensely proud of VSP's explicit commitment to support national development in Vanuatu in a way that improves the livelihoods of individuals and families. A senior program manager interviewed for this report described the role of the Partnership thus: '[d]evelopment should be a process that allows people to see opportunities and work towards them. In the program, we have a value that wants to help people and we work together to help them achieve this and impact on the lives of the people.'

This identification of program objectives with broader national development goals has been highly motivating for staff. Partnership staff took pride in achieving tangible development results and reported feeling professionally privileged in being part of the VSP team. Many noted the work they performed went above and beyond their terms of reference to seeing themselves as having an important role in supporting the development of their country.

High performance program norms have been reinforced by the active use of culture and cultural concepts. This is particularly evident in the way church and religious beliefs have been enlisted by senior program managers to achieve Partnership objectives. Many of VSP's staff are deeply religious and go to the same church. This shared religious commitment has helped build a sense of common program purpose, with work on VSP being likened to a form of religion in practice, enabling them to live out their faith in meaningful ways. Several Partnership staff noted that the integrity of the Partnership and its commitment to helping Vanuatu's national development was consistent with Vanuatu's Christian culture. Moreover, the religious connection has also imbued the Partnership with a form of missionary zeal. VSP staff have a common term – 'stikfaea' – to describe the passion and commitment they bring to the job and their determination to achieve results. Loosely translated as 'catalyst', the idea is imbued with a strong sense of Christian morality and links with a clear sense of nation-building. Interestingly, several external stakeholders identified the power of stikfaea as important to VSP's success and the passion it brought to developing the sector. This makes it an attractive partner and gives the Partnership a degree of convening power unusual for a development program.¹¹¹

Importantly, VSP has been careful to ensure that 'culture' not be used as an excuse for under-performance. VSP went through a 'forming' stage in its early phases in which core professional expectations were established. One area where this was particularly important was in terms of staff punctuality, where tardiness was often excused by local staff as being consistent with Vanuatu culture. Local leadership of the program meant that program management was able to counter such assertions and establish clear expectations about program performance, thereby actively and

¹¹¹ The sense that staff working on VSP are exceptional has attracted the attention of other development partners. Design teams working on non-related development programs have tried to capture the concept of stikfaea in their own program approaches. The commitment and professionalism of staff has been important in building its legitimacy within DFAT. The integrity of the Partnership and the success of local leadership has helped build trust on the part of DFAT which has enabled the Partnership time and space to evolve.

purposefully resisting negative and disempowering stereotypes. This has reinforced VSP's reputation as a professional and highly performing program.

VSP has also prioritised soft skills when recruiting technical advisers, to ensure their cultural fit with VSP's operational philosophies. This was reflected in selection criteria used to recruit technical support, with an emphasis on cultural literacy and emotional intelligence as much as technical capacity. A number of key adviser appointments that came to play important roles in the redirection of the Partnership in Phase 2 had little technical experience in the TVET sector. For example, the second Team Leader who led VSP under Phase 2 was a French speaking Australian and former aid worker and teacher who had never worked in the sector. Similarly, the first tourism sector specialist engaged by the Partnership – and who pioneered the value chain approach – was a French national with a professional background in private sector development but no experience in managing aid programs. Both advisers noted that their limited experience as TVET professionals meant they were required to rely heavily on local expertise and work in inclusive ways to identify program opportunities and solutions to program problems. Both have said that lack of TVET knowledge made them more humble and responsive to local concerns and insights. Limited technical knowledge also made them more receptive to innovative ideas.

VSP's program culture has engendered the strong loyalty and commitment of advisers that have worked with the Partnership. VSP is unusual in terms of the longevity of a number of key relationships. Several advisers who were involved with VSP in its early phases remain professionally and emotionally committed to the program in various ways. Most former advisers interviewed for this report spoke of how transformative the experience was, not only in terms of the professional satisfaction with being involved in a successful, locally-led program, but also in terms of the emotional connections they made with counterparts and sector stakeholders. Most local Partnership staff spoke in very warm terms about key advisers. The strength of these friendships has seen former advisers continue to play a mentoring role to staff which has given them confidence to assume greater responsibilities over time. Over the long term, VSP has benefited from being able to draw on the experience and support of this pool of expatriate advisers.

Building VSP's reputation as a program of high integrity and performance has taken time. Importantly, it has also been the result of a strategic program management - the cumulative outcome of management practices that have over time combined into a distinctive program culture and way of working. The result has been a program culture that is inherently political, reflected in an ingrained desire to support local leaders build an indigenous skills sector. This reputation for integrity and a deep programmatic commitment to supporting the development of the skills sector has contributed to a deep reservoir of trust between VSP and its stakeholders. This trust has become an invaluable intangible asset for VSP that has been central to its ability to work politically to achieve Partnership goals.

VSP's deliberate investment in building a high performance program culture marks it out as an unusual development program. But many of the management practices VSP has deployed are consistent with broader strategic management, human resource development and organisational development theories.¹¹² These concepts are often overlooked in development contexts, where

¹¹² There is a vast literature engaging with the issue of creating high performance organisations. Relevant disciplines include strategic management, human resource development and organisational behaviour schools. These disciplines are focused primarily on the challenges of business development in advanced (western) economies but it is a contention of this report that many of the concepts engaged by these traditions may be of relevance to the construction of high performing development programs.

program approaches have tended to treat the task of program management as one of coordinating an assemblage of technical inputs, often managed by a managing contractor, to achieve technical results. What has been exceptional with VSP is the degree to which such practices have been locally led and therefore implemented through the eyes of culturally sensitive managers.

5.9 Supportive environment

One important reason VSP has been able to work politically is because it has come to enjoy the strong support of DFAT, both at Port Vila and in Canberra. Regarded within DFAT as a highly successful program delivering tangible development outcomes, VSP has been given a high degree of political license to operate at arms-length, consistent with the needs of a locally-embedded program. DFAT has demonstrated its support for a program that can think and work politically at key moments in VSP's evolution, such as its support for the full localisation of the Partnership in Phase 3. It has also given VSP the benefit of the doubt at certain crisis points in its development, such as in its support for the major shift in approach towards a decentralised skills system in Phase 2 and the adoption of a new managing contractor model in Phase 4.

VSP has also been proactive in engaging with DFAT, working strategically to build organisational support and actively manage program risks to build organisational trust. Just as VSP has proven effective in brokering relationships with external stakeholders, so too has it been successful in building strategic relationships within DFAT. One of VSP's greatest program assets has been 'the good working relationship between the Post and the Program team [that] enabled early identification of issues and enhanced Program management.'¹¹³

VSP has worked to build strong strategic relationships with DFAT in a number of ways. Particularly important has been its recognition of the need to demonstrate to DFAT its developmental effectiveness to justify continued country program support. VSP has throughout its phases been careful to document program successes and communicate these to DFAT. To this end, VSP has used its monitoring and evaluation systems strategically to demonstrate success, by providing data on program impact. For example, performance information on the successes of the TVET for Tourism program was particularly important in demonstrating the potential of the PSCs and helped strengthen DFAT support for a decentralised approach. As a locally-owned and successful development program, VSP has also been careful to provide DFAT with public diplomacy opportunities. Section 5.4 noted how VSP actively promoted itself in the local media. One adviser involved with VSP in its early phases noted there was 'not a week that went by when VSP was not in the news!' While this was primarily to build community awareness of the idea of skills for development, it had the added benefit of demonstrating Australia's development commitment to Vanuatu and thus enlisting the support of the Australian High Commission. As an example of a highly regarded and effective bilateral program, VSP has often been showcased by the High Commission during Australian High level visits including ministerial ones. VSP's public diplomacy value has given it an added level of protection within the wider aid program. One DFAT interviewee who had worked at the High Commission in Port Vila noted that the visible successes of the Partnership meant it was valued by the High Commissioner and therefore quarantined from internal pressures other aid programs may feel.

¹¹³ *Vanuatu TVET Sector Strengthening Program Phase 3: 2013-2016 (2012)*, Final Design Document, 6 June, p.8

VSP has also been strategic in anticipating the changing priorities of the Australian aid program. Thinking politically has meant VSP has sought to engage with new priorities within the Australian aid program. For example, as a result of the value chain approach developed in the tourism sector, the Partnership found itself at the forefront of DFAT's emerging interest in private sector development, which has become a priority of Australia's Pacific aid program.¹¹⁴ Similarly, VSP has worked hard to mainstream gender as a key Partnership focus, consistent with Australia's broader development interest as a core priority of the aid program. For example, under Phase 4, the potential for women to participate in sector development has become an important consideration in economic sector choice and the development of PIFs.¹¹⁵ This is reflected in VSP's adoption of a gender-sensitive value-chain framework to inform its work planning and the active promotion of women into key leadership and program delivery roles across all parts of the Partnership.¹¹⁶ In Malampa Province, this has resulted in the development of a 'Skills for Handicraft' initiative which has sought to help local women capitalise on the economic opportunities provided by the growing local tourism industry.

Another important reason why VSP has been able to work politically is because it has enjoyed the support and patronage of key people within DFAT. VSP has been able to cultivate strong relationships with key DFAT staff, in the High Commission and Canberra, and enjoys the loyalty of people within DFAT who have had some experience with it.

Most important has been the strong support VSP has enjoyed from the Australian High Commission, and in particular DFAT's senior program manager. A ni-Vanuatu/French national who began working with VSP shortly after the commencement of Phase 1, she came to the position with a background in education and training and a strong personal commitment to developing a Vanuatu's TVET sector. She has continued to manage VSP since her arrival at the High Commission and has thus become an important source of program continuity. Over time, the senior program manager has become a critical bridge between VSP and the High Commission, and is an important reason why VSP has been able to work at arms-length. With her long-term understanding of the Partnership and the sector, the senior program manager has been able to advocate on behalf of VSP to newly posted DFAT officers unfamiliar with VSP and its significance in Vanuatu. Her strong personal relationships with program staff, and in particular the trust she enjoys with senior VSP managers, has been important to VSP's ability to manage risks proactively, giving DFAT confidence in VSP's local program management team. It has also provided a basis for frank discussions around political issues, both in terms of sector politics but also organisational politics within DFAT. Having this relationship has been important to VSP's longevity and has protected the Partnership at critical moments. For example, the senior program manager has played an important role in advocating internally to protect VSP in the face of cuts to bilateral program following a change of government in 2013 and advocated on behalf of the in-country program management team to address serious concerns about the managing contractor at the beginning of Phase 4 noted above.

While VSP has worked to build a productive relationship with the Australian High Commission, it has also looked to build broader support across DFAT. For example, VSP has worked to build strong relationships with TVET sector specialists, both to benefit from their expertise but also to educate them in the success of the Partnership and its innovative approach. One senior sector specialist

¹¹⁴ See, for example, DFAT (2015), *Strategy for Australia's Investments in Private Sector Development*, October at <https://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-investments-in-private-sector-development.pdf>

¹¹⁵ Investment Design Document (2017), op. cit., p.21

¹¹⁶ *ibid.*, pp.44-45

interviewed for this case study noted how they were invited to observe the Partnership during Phase 2 and were struck by the innovative nature of its decentralised approach. This adviser became an important 'friend' of the Partnership and an important internal advocate within DFAT. Building a strong internal constituency for VSP has helped strengthen its position in terms of funding continuity and program support.

Importantly, VSP has been able to sustain its political license to work politically because it has been effective in recognising and responding proactively to DFAT's risk thresholds. For example, senior program managers have been proactive in communicating with DFAT counterpart's program challenges and discussing opportunities to address them. This was exemplified by the re-positioning of the Partnership in Phase 2, after program managers proactively responded to a critical mid-term review to significantly change the Partnership approach. In a very visible and tangible way, VSP has proactively sought to address DFAT's risk concerns by establishing the role of Strategic Adviser under Phase 4. As the former VSP Team Leader, this adviser has a deep understanding of VSP and the sector, and strong personal relationships with VSP and DFAT staff. She has therefore been able to act as a risk manager and sort of insurance policy for DFAT, providing confidence that the fully-localised program is continuing to manage risks in ways consistent with DFAT parameters. DFAT's confidence that the VSP management team understands its risk tolerances has been important in the Partnership being given latitude to work politically and experiment with contextually-relevant solutions.

It should also be noted that VSP was given significant space to evolve as a program. This was because in comparison to higher profile programs such as Governance for Growth it was initially seen by DFAT as a relatively uninteresting, legacy program which Australia continued to support largely because the Government of Vanuatu had asked it to do so. VSP also represented a relatively modest financial commitment in the context of Australia's bilateral aid program. While VSP's cumulative budget over its four phases has been significant, its annual program cost has been relatively modest. One senior adviser involved in VSP's early phases said the small financial scale and low profile allowed it to fly under the radar, giving it time to evolve and begin to achieve program successes. Partnership managers involved in Phase 2 and 3 noted how important it was to be given space by DFAT to experiment and identify program approaches that proved in the long term to be successful. One senior adviser involved in the repositioning of the Partnership under Phase 2 noted the formative impact of a discussion with a senior DFAT sector specialist who said he needed to be bold in repositioning the program and 'prepared to fail'. This gave the VSP team confidence to take calculated risks with innovative programming approaches, underpinned by good monitoring, evaluation and learning processes.

6. WORKING POLITICALLY IN AN EMERGING SECTOR: CONCLUSIONS AND RECOMMENDATIONS

This section considers lessons learned from VSP as an example of TWP. VSP began to think and work politically before the concept gained momentum in development circles. While VSP has evolved over the course of its four phases, it has maintained a long-term focus on supporting the development of a decentralised and demand-driven national skills system in Vanuatu that better links training and business development activities to economic growth opportunities. In doing so, it has made a contribution to helping Vanuatu pursue its inclusive development objectives. Over the course of more than a decade of supporting the sector, VSP has been found to have made a notable contribution to improving development outcomes in Vanuatu. This has included support for the development of a PSC network across several provinces that is providing tailored training and business development assistance leading to local economic development. VSP has also supported significant institutional reforms to reposition the national skills system so it can better support a demand-driven approach to skills development. Being able to think and work politically has been important in VSP's ability to realise program successes, by helping it identify engagement opportunities and support local reform coalitions to achieve reform goals.

Over time, VSP has developed a suite of program structures and capabilities that, according to the criteria identified in section 2, can be seen to have been important to its ability to work politically. These include a Partnership approach informed by a deep understanding of the development problem and country context, the recruitment of a politically-smart program team, a program culture with a primary focus on supporting local leaders to progress sector reforms, and flexible program structures that have allowed VSP to match program support to iterative reform opportunities. **Table 3** provides a summary of key ways in which VSP is structured to work politically and organisational factors that have helped it apply these in political ways.

One of the most interesting things about VSP as a program is how it began to work politically in the context of a traditional program structure. The central lesson from this case study is that VSP's practice of thinking and working politically has stemmed from a deep and enduring program commitment to help local actors find practical solutions to the development of a national skills system. From this has come a program approach that has been inherently political and that has worked pragmatically to achieve sector reforms. A range of intangible factors such as program culture have allowed VSP work within the context of these standard program structures in political ways.

What lessons then does VSP's experience have for broader discussions around TWP?

6.1 Being political by delivering valued support

Central to VSP's ability to think and work politically has been its provision of valued support to sector stakeholders. VSP's demand-driven approach to training through locally-based PSCs meant it was able to provide tangible resources to stakeholders that contributed to improved local livelihoods and business development. This meant it was able to build political support amongst local actors which gave VSP momentum and enabled it to support the progression of national-level sector reforms.

It is notable that the sector where VSP has been most successful – tourism – is the sector where economic opportunity was greatest. This meant that there were genuine incentives for local actors to engage with the program, confident that targeted training and business development support would lead to real economic opportunities. This was demonstrated when VSP supported the establishment of call centres for on-line marketing/bookings, which enabled VSP clients access to viable economic markets and tourist services. As a result, VSP assistance was able to catalyse local leadership and sustained collective action.

By contrast, VSP has faced challenges in applying the value chain approach it developed for the tourism sector in other productive (agriculture, horticulture, forestry, fisheries etc.) and service (construction, transport, property) sectors. The *2015 Independent Evaluation* notes there are many reasons for this, including the different nature of associated value chains, capabilities of responsible government agencies and levels of Partnership investment, leading to the conclusion that ‘sectoral differentials pose a risk to the achievement of the Program’s outcomes’.¹¹⁷ VSP’s experience in the tourism sector underlines the importance of entry-level economic gap and political economy analysis to identify sectors where there are real prospects for genuine economic development, to incentivise sustained collective action. Traction being made by VSP and its support for the Handicraft sector, which is linked to gains made in the tourism sector, provides further evidence of this.

6.2 Strong program management has been central to VSP’s ability to working politically

Strong program management has been central to VSP’s ability to work politically over the long term. VSP has built a reputation over its four phases for performance and professionalism that has given it a degree of programmatic prestige and helped it earn the trust of Vanuatu stakeholders and DFAT. It has been able to leverage this prestige and trust to explore innovative solutions to progressing sector reforms – most notably the radical shift in program approach in Phase 2. This has seen VSP invited to be a core partner within the Vanuatu skills system – and national government, more broadly.

One of VSP’s greatest programmatic strengths has been the high performance program culture it has been able to cultivate. Senior program managers have over VSP’s four phases invested heavily in building a culture of performance, integrity and professionalism, exemplified in the animating dynamic of ‘stikfaea’. This program culture has been recognised by external stakeholders as a key but intangible program asset. It has proven to be a key source of program legitimacy which has enabled it to work politically. Being recognised by stakeholders as a program with a genuine and often personal commitment to supporting Vanuatu’s national development goals has become an important source of political capital for VSP and helped it secure a seat at the policy table. This has been key to enabling VSP to play a more constructive role in supporting key sector reforms. VSP’s program culture is one reason why it has been able to adapt its formal program structure in ways that have enabled it to work politically. For example, DFAT’s trust in VSP’s management capabilities has given it confidence to let VSP experiment and innovate. As a trusted partner, it has also seen VSP embraced by the Government of Vanuatu, opening opportunities to support sensitive reform processes.

¹¹⁷ Schofield et. al. (2015), op. cit., p.30

Arguably, the importance of intangible program assets in allowing programs to think and work politically has not received sufficient recognition in the TWP literature. This case study has found that program investments in strong program management, and the cultivation of high performance program cultures, can pay significant dividends in creating opportunities for programs to think and work politically. It is important to recognise that VSP has built this program culture through strategic management decisions made over the course of VSP's four phases. Recognising that high performance program cultures can be built is an important observation, as it suggests that traditional programs can be adapted to facilitate more political ways of working. This is potentially significant in terms of responding to the perception that TWP represents a bespoke way of working limited to a small range of sectors.

The experience of VSP suggests development programs should invest more time in understanding how to build intangible program assets to invigorate formal program processes and activities. It requires a greater focus on recruiting high quality staff, and empowering them to achieve program development goals. To this end, donors may benefit from considering lessons from mainstream strategic management, human resource and organisational development literatures about the construction of effective work teams in complex work environments.

6.3 The importance of stable program support

TWP discussions have emphasised the importance of iterative programming approaches. This is encapsulated in the idea of small bets and feedback loops as programs search for and test approaches to see what works. At the same time, the TWP literature points to the importance of long term engagement, encapsulated in the provision of stable program financing. This case study has shown how VSP has had some success in working iteratively, most evidently in its adoption of a value-chain approach focused on identifying local market development opportunities and supporting local actors to capitalise on them by supporting tailored training and business development activities.

However, it needs to be recognised that VSP's ability to work iteratively has been facilitated by an overarching programmatic stability. Programmatic stability has been important in helping VSP nurture politically salient and trust-based relationships that have enabled it to work politically. It has also contributed to VSP's deep understanding of the sector, including its political economies, and the political strategies needed to prosecute a reform agenda. A key lesson from a TWP perspective is that program stability created an enabling environment conducive to in-program flexibility and innovation. It is *within* the context of long term program engagement that VSP has been able to experiment with specific program approaches and support an effective reform program. The VSP experience suggests donors need to think more carefully about how to build this programmatic enabling environment to support iterative and adaptive programming approaches central to working politically. In this sense, the VSP experience offers an important corrective to the tendency of the TWP literature to over-emphasise agility and nimbleness as core characteristics of TWP. In many respects, VSP has been politically persuasive and effective because it has stayed the course, becoming a trusted and committed partner in the Vanuatu skills sector.

6.4 What it means for a program to 'be political'

The VSP experience also encourages some reflection on what it means to 'be political' in a development program context. As a long-term program that has worked to help build a nascent sector, VSP has arguably been political in a very different way. One of the most significant lessons arising from this case study is how VSP has helped build a 'conceptual framework' around the idea of a 'skills sector', and used this process to build a sector consciousness amongst a previously disparate group of actors in the TVET area. VSP has in a way helped build a political community in the sense of a self-aware community of sector stakeholders that recognise their common interests within a broader desire to see national political/service delivery reform. By helping local actors reframe how they think about their sector, VSP has helped change the political dynamics needed to achieve meaningful reform.

The idea of building a political community is a much subtler but arguably more powerful way of working politically which points to the issue of programmatic agency. One of the most interesting things about VSP has been its own role as a political actor. The Partnership is notable for having an acute sense of its own political agency and using it effectively ways to build leadership in an emergent sector for national development outcomes. Most important was the way in which VSP used its program structures, resources and convening power to bring together formerly fragmented sector actors to build their sector literacy. Sector literacy refers to the idea of educating disparate stakeholders about their common interests in a sector and, when common interests are recognised, helping them identify locally legitimate reform solutions to sector problems. VSP built sector literacy through the technical discussions it supported in program governance fora such as the SAG, and through the demonstration effect of its PSC network. Building sector literacy was a necessary pre-requisite to VSP's ability to support an institutional reform program because it created the basis for more effective local leadership and collective action.

Having strengthened sector literacy, VSP also supported the creation of structures to incentivise and sustain more effective forms of collective action. This was most evident in the tender process VSP used to decide the location of PSCs, where the process of preparing a bid forged connections between previously isolated provincial actors and where the success of local bids has invigorated previously moribund provincial governments. Local sector leadership and collective action has also been supported by VSP's support for a decentralised PSC network. In a sense, this was a form of local-level or hybrid state-building and played a crucial but unrecognised role in creating an institutional foundation where emerging sector interests could coalesce and gain strength. This has had the effect of strengthening reform coalitions by providing them with resources and an institutional basis for advocating reforms. In short, PSCs have provided a foundation for more effective collective action to achieve effective decentralisation and the governance and resource allocation of national service delivery.

There are of course serious risks that in exercising its political agency a donor program would crowd out local leadership and create donor dependencies. Indeed, this is a key recognition that has led to interest in TWP. However, VSP has managed these risks by creating a strong program culture with a deep program commitment to supporting local leadership, exercising agency in deeply empathetic ways and using its monitoring and evaluation system to assess when VSP activities could be sustainably localised.

6.5 The relevance of the Vanuatu Skills Partnership for thinking and working politically

How is VSP's experience relevant to broader discussions on TWP?

First, VSP provides a case study of the training sector and is thus novel in terms of the TWP literature. In Vanuatu, sector characteristics were important in VSP's ability to work politically. As an emergent sector, it was a relatively uncontested space in terms of established political interests. The concept of a skills system did not exist prior to VSP, and actors within the sector were unorganised and fragmented. As a relatively vacant field, VSP enjoyed significant latitude to work in the space and to support local actors to build a sector consciousness. One of the biggest sources of political opposition to efforts to reposition the TVET sector were the small number of established providers in the TVET sector who were resistant to change. However, there was enough space in the broader sector for VSP to accommodate established sector interests while working to support the emergence of new actors within the new conceptual framework for an effective skills system in the Vanuatu context. Over time, the establishment of PSCs helped create a new constituency – including provincial MPs and governments, the private sector and local communities – and changed the political dynamic of the sector, requiring an accommodation on behalf of established sector interests.

It is also important to recognise that VSP did not require a significant diversion of resources away from established actors and entrenched rent-seeking practices. In particular, VSP did not encroach on tertiary scholarship spending which has been an important part of clientelist politics in Vanuatu. Moreover, as additional funding for the sector, Australian aid funding represented a valued opportunity for previously marginalised actors such as provincial governments to access new resources. This was politically motivating and again helped incentivise new forms of collective action to invigorate the sector. In Phases 3 and 4 the Government of Vanuatu has begun to assume financial responsibility for some parts of the Partnership, including staff in PSCs. It will be interesting to see if the political economy dynamics change significantly as the institutions established under VSP become fully integrated into the Government of Vanuatu's own structures and the level of accountability required by DFAT diminishes.

It is notable that the economic sector where VSP has had its most significant success – tourism – is the one with clear economic prospects. VSP's focus on a substantive economic sector has ensured genuine local level buy-in and helped avoid donor-driven and thus shallow rooted (or isomorphic) activities. The realistic prospect for participants to realise actual development gains has been genuinely incentivising for sector actors and provided a solid basis for sustainable and locally-led collective action. VSP's experience underscores the need for careful gap analysis focused on identifying realistic development opportunities to increase prospects for substantive political engagement leading to genuine reform.

Table 3: Vanuatu Skills Partnership's approach to Thinking and Working Politically

| | Approach | Organisational incentives |
|----------------------------------|--|---|
| <i>Politically smart</i> | <ul style="list-style-type: none"> Long term engagement in sector brings deep knowledge of context Heavy investment in cultivating personal relationships with sector stakeholders Local program management allows for deep understanding of political economies | <ul style="list-style-type: none"> Longevity of key program staff and adviser relationships facilitates trust with counterparts VSP program processes have become increasingly embedded in Government of Vanuatu systems at national and provincial level, facilitating deep sector knowledge |
| <i>Problem identification</i> | <ul style="list-style-type: none"> Focus on building sector literacy around idea of a "skills sector" reframes stakeholder understanding of the development problem Decentralised and demand-driven skills approach, through PSCs, places onus on local stakeholders to identify skills gaps and priorities Support for sector policy reforms at national level has allowed VSP to work behind Government of Vanuatu policies | <ul style="list-style-type: none"> Organising concept of "skills for economic growth" provides VSP with a broad mandate to work across the 'supply' and 'demand' dimensions of the sector PSCs embedded in provincial government systems allows VSP to work closely with local stakeholders to identify substantive development problems Linking training to identifiable economic need through gap analysis and sub-sector industry planning strengthening VSP legitimacy |
| <i>Iterative problem solving</i> | <ul style="list-style-type: none"> PSCs were piloted to demonstrate value of demand-driven skills approach Success of PSCs has been used to inform national level system reforms Value-chain approach creates horizontal and vertical linkages to extend VSP activities | <ul style="list-style-type: none"> Decentralised training approach provides wide scope to experiment with local level training and business development approaches Long-term engagement enabled the program to shift focus across phases when opportunities at national and provincial level arise |
| <i>Monitoring and evaluation</i> | <ul style="list-style-type: none"> Development of an M&E system focused on stakeholder needs provides accessible M&E data to inform locally-led decision-making Training of local M&E capacity to analyse and respond to data Active use of program fora to disseminate and respond to data | <ul style="list-style-type: none"> Work planning process must be evidence-based, requiring stakeholders to use M&E data to justify programming decisions Use of program governance structures to analyse M&E data has built sector literacy and enabled local stakeholders to become strong program advocates and sector leaders |
| <i>Locally-led</i> | <ul style="list-style-type: none"> VSP governance structures (SAG and PGTBs) designed to support local participation Capacity building for local stakeholders to improve sector literacy facilitates confident local sector leadership Localisation and mentoring of VSP management to reinforce national ownership of VSP Judicious use of technical advisers to not crowd out local leaders Active cultivation of program culture that prioritises local leadership and local values Structuring of managing contractors relationships that reinforce local ownership Publicity and communications that gives credit to, and promotes role of, local stakeholders | <ul style="list-style-type: none"> Localisation of program management and arms-length approach means VSP is a trusted partner incorporated into national systems Working through local institutional structures such as PGTBs has reinforced and reinvigorated local ownership |
| <i>Brokering relationships</i> | <ul style="list-style-type: none"> VSP is structured around a partnership approach with sector institutions. Tender process to locate PSCs requires local partnerships amongst stakeholders PSCs established as brokers between demand and supply and incentivising local actors to be the providers of that supply. Active use of VSP governance fora to build relationships across sector | <ul style="list-style-type: none"> Success in building sector literacy has increased local ownership Value chain approach supports strong relationships at sector level, most evident in strengthening tourism sector relationships Incentives to build organisational capacity of local providers, rather than replace/substitute with external resources |
| <i>Long term</i> | <ul style="list-style-type: none"> Supporting a demand-driven skills sector within a national governance reform vision recognised explicitly as a long-term goal Longevity of funding has underwritten confidence in VSP's commitment to sector Long-term approach to staff development | <ul style="list-style-type: none"> DFAT has maintained stable financing for VSP and protected general program approach Long-term staff relationships, based around key personnel in DFAT and VSP, have underpinned trust and support for sector experimentation |
| <i>Flexibility</i> | <ul style="list-style-type: none"> Value chain approach requires PSCs to work in flexible ways according to emerging need and economic opportunity Use of Skills Development Fund to support innovative training activities Unallocated technical adviser inputs to facilitate bespoke engagements | <ul style="list-style-type: none"> Skills Development Fund facilitates development of responsive training activities |
| <i>Supportive environment</i> | <ul style="list-style-type: none"> Strong program focus on building good working relationship between Post and VSP program staff Active use of M&E data to demonstrate program success and build internal support | <ul style="list-style-type: none"> Longevity of key DFAT-program relationships has provided program continuity and ensured proactive risk management Demonstrable success of VSP has built internal support within DFAT Strategic advisor inputs used as risk management mechanism has reinforced DFAT confidence |

Annex 1 List of people consulted

| Name | Position/Organisation |
|-------------------------------|--|
| Hon. Bob Loughman | Former Minister for Education and Training |
| George Borugu | Acting Director General/Former Director of Tourism Ministry of Tourism Trade, Commerce and Ni-Vanuatu Business |
| David Lambukly | Chief Executive Officer, Vanuatu Qualifications Authority |
| Arthur Nigel | Training Manager, Vanuatu Chamber of Commerce and Industry |
| Susan Ryle | Deputy High Commissioner, DFAT Vanuatu |
| Alison George | First Secretary, DFAT Vanuatu |
| Christelle Thieffry | Senior Program Manager – Education, DFAT Vanuatu |
| Belynda McNaughton | Former First Secretary, DFAT Vanuatu |
| Nic Cumpston | Former Counsellor, DFAT Vanuatu |
| Fremden Yanhambath | Team Leader (Director), VSP |
| May Garae | Operations Manager |
| Warren Gama | Coordinator, Skills for Tourism |
| Benuel Lenge | Manager M&E |
| Jamine Makikon | M&E Officer |
| Paul Sarai | Coordinator, Skills for Handicraft |
| Sherol George | Disability Inclusion Coordinator |
| Moulin Tavuti | Training Provider Support Coordinator |
| Collin Tavi | Former M&E Manager |
| Anna Gibert | Strategic Advisor/former Team Leader (Phases 2-3) |
| Pascal Gavotto | Productive Sector Adviser |
| Peter Morris | Former Technical Director (Phases 1-3) |
| Sara Webb | M&E Specialist |
| Sally Baker | Disability Inclusion Adviser |
| Kaye Schofield | Sector Consultant |
| Sandra Kraushar | DFAT Canberra |
| Sarah Boddington | DFAT Canberra |
| Sakariah Daniel | Former Chairman – Sanma Provincial Government Training Board |
| Simeon Bage | Provincial Training Coordinator, Sanma Provincial Skills Centre |
| Raynold Surmat | Secretary General, Torba Province |
| Albert Ruddley - | Manager, Vanuatu Skills Partnership, TORBA province |
| Michael Silona | Member and former chairman of Torba Provincial Government Training Board |
| Joel Johnson | Climate change adviser/volunteer |
| Edna Paolo | Manager, Malampa Tourism Office, Lakatoro |
| Renjo Samuel | Chairman, Malampa Provincial Government Training Board, Malampa Provincial Education Office, Norsup |
| Marie Anne Septiley | Handicraft Industry coach, Malampa Handicraft Centre |
| Mr Jack Roy & Mrs Assunda Roy | Owners, Rural Tourism operator/client, Lakatoro Palm Lodge, Lakatoro |
| Ellis Silas | Manager, Malampa Provincial Skills Centre, Norsup, Malekula |

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