System Capacity Grant Annual Progress Report Template

Status: Accepted

Country	Grant ID	Grant Agent	Grant Effectiveness/Start Date
Vanuatu	GPE0016524	SCG	10/01/2024

Grant Amount	Timeframe Examined in this Report		Date of Report Submission
1,150,000 (USD)	From Date	To Date	02/24/2026
	12/31/2024	12/30/2025	

Area(s) and activity group(s) covered by grant

Window 1: Strengthen gender-responsive planning and policy development for system-wide impact

- Supporting policies and plans to identify and address multiple forms of exclusion (planning for children with disabilities, system resilience and inclusion of displaced children)

Window 3: Strengthen capacity, adapt, and learn, to implement and drive results at scale

- Strengthening data systems, including on improving the availability and use of sex-disaggregated data, and data on children with disabilities
- Training and support for government staff and central and decentralized levels, including on the uptake and use of data and evidence

Implementation Progress

Overall Project Progress this Reporting Period

Overall progress this reporting period [1]	Previous Rating
Moderately Satisfactory (MS)	NA

Detailed Description including factors that lead to an upgrade/downgrade in the rating

(1) Major Accomplishments

Recruitment and Staffing

The GPE Chief of Party (COP) position was first advertised on 11 December 2024, but due to low applicant numbers (following earthquake on December 17) it was re-advertised on 4 February 2025. Recruitment process concluded thereafter, and the successful candidate commenced duties on 5 May 2025. The MEAL Officer from GPE ESPIG was retained and began work on 8 July 2025, supporting initial project setup with the Chief of Party. A Finance and Procurement Officer was recruited on the 4 August 2025. Other technical roles, including the planned Open VEMIS Project Developer role, were not immediately recruited due to MOET SMT decision making on the preferred technical option for Open VEMIS to ‘Upgrade’ of current VEMIS instead of ‘New’ VEMIS. Based on ‘Upgrade’ VEMIS decision by SMT, TORs for a Lead Coordinator (with developer skills) and Software Developers were drafted and reviewed pending finalisation so recruitment process can start in December of 2025. The School Financing and Equity Specialist was not recruited because the Activity Manager confirmed that this role would only be recruited in 2026 as their focus was on the teachers’ strike.

PMU Establishment and Coordination

Strong support from the Director of Education Services Directorate and Acting Director of Finance and Administration Department ensured the swift allocation of an office space for the GPE PMU team in MoET,

with assets and space established quickly post the December earthquake. An induction and socialisation session brought together Activity Managers for Component 1 (VEMIS Upgrade) and Component 2 (School Grants) to provide an overview of the SCG project, updates on current progress, component budgets, M&E tools, and quarterly reporting requirements. Clear liaison points were also established for finance, Open VEMIS, and IT during staff absences. Key SCG documents were shared with MoET PEO VEMIS and PEO Finance (Activity Managers) to support consistent understanding across teams.

Project Planning

Discussions were held on the Open VEMIS options paper, including recommendations and approval processes from the Ministry of Education and Training (MoET). A dedicated overview meeting between senior management and the MoET PEO VEMIS (as Activity Manager) clarified roles and responsibilities for Open VEMIS upgrade implementation. Several weekly meetings continued with VAESP, the PPU Director, the GPE Chief of Party, and the Open VEMIS PEO to review cost analyses and maintain coordinated oversight. A technical working group was established as the technical oversight for the VEMIS Upgrade project – GPE PMU has two members on the working group.

Systems, Data Management and IT Access

The PPU Director approved VEMIS system accounts for the Chief of Party and MEAL Officer to facilitate their review of the modules scheduled for upgrade.

Stakeholder Engagement and Meetings

A high-level GPE introductory session was held between key SCV staff, PMU staff, and staff from Save the Children Australia, to clarify roles and responsibilities and the support that the Grant Agent would give to the PMU and project. The first Local Education Group (LEG) meeting took place on 5 June 2025, with GPE providing very brief update of the new SCG and STG projects. A successful kick-off workshop was held on 4th and 5th September 2025 and incorporated SCG and STG. This was a great platform where stakeholders learned about the design of the SCG (and STG) linking to the MOET's policy directions including the Joint Sector Review, the Partnership Compact, and the VETSS, plus the support from the VAESP. GPE Project profiles, budget, roles and responsibilities and the different objectives and outcomes of the project were also communicated. Ongoing engagement continued included sharing updates, documents, and coordination across MoET, SCV, and partners.

The MOET and PMU welcomed a visit from the GPE Secretariat from 27-29th October, which enabled opportunities for increased visibility of GPE programs, and support for targeted outcomes.

Financial Updates

Given the delays experienced from the December earthquake, the SCG funding agreement was signed on the 15th of July and thereon, followed by other project start up processes including VAT exemption, tranche request, and request for authorization to expend development funds with DSPPAC. These processes concluded at the end of September 2025 making the funds available for use by the PMU for SGC activities. Noting the delay in completing the funds clearance process and with the way the STG and SCG are set up (especially sharing costs for PMU support), initial financial support for meetings were drawn from the STG. SCG funds were primary used for PMU establishment including salaries, office equipment, printing/communication, and fuel for MoET vehicle use.

(2) Implementation challenges or delays

Several factors contributed to early implementation delays, including operational challenges resulting from the December 2024 earthquake leading to difficulty securing office space in Port Vila, slower-than-anticipated financial transfers due to internal processing requirements from competing priorities, as well as delays in recruiting PMU staff and key technical positions (COP, MEAL, PMU staff, Project Developer, Education Human Resource Specialist, and School Financing and Equity Specialist). There have also been delays resulting from internal decision making for the project direction, specifically the decision to

change from a New VEMIS to VEMIS Upgrade. Assessment for actual upgrade cost had to be made to inform the Technical Working Group. Technical Working Group meetings have progressed more slowly than planned due to unavailability of key staff.

Secondly, due to the ongoing teachers' strike throughout 2025, MoET's priority—per the National Government's directive—has been to resolve the outstanding payments issue. As a result, progress on the Equitable School Grant activity has been significantly delayed, with implementation now expected to begin in January 2026, while recruitment is planned for completion this yeaend of 2025r.

It cannot be overstated that the System Capacity Grant was significantly hampered in 2025 due to these two major, compounding shocks to the education system. On 17 December 2024, a 7.3 magnitude earthquake struck near Port Vila, causing widespread damage to school infrastructure, disrupting administrative systems, and displacing students and teachers at the start of the 2025 academic year. The immediate priority of the MOET and partners shifted to rapid damage assessments, temporary learning spaces, safety inspections, and coordination of reconstruction efforts. As recovery planning was underway, a nationwide teachers strike in 2025 over disputed salary and payment issues continued and further disrupted schooling, halted classroom instruction, and absorbed significant leadership attention within the Ministry and the Teaching Service. Together, these events redirected limited human and financial resources toward crisis response and industrial negotiations, delaying technical working groups, policy reforms, capacity building activities, and system strengthening milestones under the System Capacity Grant, as the sector quite understandably prioritised stabilising schools, restoring learning, and resolving urgent workforce concerns.

To address earlier implementation delays, several corrective actions have been put in place. The Project Management Unit has now secured dedicated office space within the Ministry of Education and Training premises, strengthening day to day coordination, visibility, and integration with Ministry teams. Following the recent transfer of funds, disbursement processes between the Grant Agent and Vanuatu Government have stabilised and allowed the free flow of resourcing for the PMU. The PMU will prioritise the timely submission of all financial and narrative reports to ensure efficient review and minimise future delays in fund release.
To mitigate staffing gaps experienced in 2025, a comprehensive human resources plan has been developed, clearly outlining all positions, sequencing, and recruitment timelines. This has improved workforce planning and is enabling more structured and timely recruitment and onboarding.

In relation to VEMIS, the Senior Management Team has endorsed upgrading the existing system rather than procuring a new platform. Retaining the current developer ensures continuity and institutional knowledge, while two additional developers, the PEO programmer and an international consultant will strengthen technical capacity. A consolidated work plan will be finalised once contracts are completed in early 2026.

While progress on the Equitable School Grant has been slower than anticipated, recruitment is now underway. The School Financing and Equity Specialist role has been advertised, with appointment expected in early 2026 to accelerate design refinement and implementation.
Together, these measures position the System Capacity Grant for more consistent delivery and improved momentum moving into 2026.

Grant Implementation Progress, by Grant Window

Grant Window	Level of Progress this Reporting Period [2]	Previous Rating
Window 1: Strengthen gender-responsive planning and policy development for system-wide impact	Moderately Satisfactory (MS)	NA

Detailed Description:
Kick off workshop with stakeholders in September

TORs drafted for technical roles

PMU recruited
Assets purchased
Office space secured
Budget processed through Govt Systems
Risk Management Awareness and Child Safeguarding Training for GPE PMU Staff by SCV staff
Finance and procurement induction with SCV
MoET HR Induction done

Grant Window	**Level of Progress this Reporting Period** [2]	**Previous Rating**
Window 3: Strengthen capacity, adapt, and learn, to implement and drive results at scale	Moderately Satisfactory (MS)	NA

Detailed Description:
Kick off workshop with stakeholders in September
TORs drafted for technical roles
VEMIS Technical Working Group Meeting established
VEMIS Options Paper confirmed by SMT for upgrade of VEMIS

PMU recruited
Assets purchased
Office space secured
Budget processed through Govt Systems
Risk Management Awareness and Child Safeguarding Training for GPE PMU Staff by SCV staff
Finance and procurement induction with SCV
MoET HR Induction done

Lessons, innovative/promising practices

Nothing to note at this time.

Impact stories

None.

Tangible Outputs, Knowledge Products, Results Framework and other Supporting Documentation

#	File Name	Document Type	Description

The documents listed were submitted with the progress report. If you'd like access to them, please contact the grant operations officer for your country.

Financial Reporting & Grant Management

Financial Reporting on GPE Grant

Cumulative Financial Absorption Rate

Approved Budget to Date	Cumulative Expenditure	Cumulative Financial Absorption Rate	Level of Financial Absorption
1,150,000	97,384	8.47	Off Track

Since the financial absorption is not rated as 'on track', please provide an explanation that identifies the main activities that have been delayed and their corresponding unspent amounts, as well as reasons for the delay and steps taken to ensure that expenditure absorption gets on track in the next reporting period.

The underspending is due to delays from the December Earthquake and competing priorities within MOET (Teacher Strike) leading to postponed planned activities and expenditures.

Budget Variance Analysis for the Current Reporting Period

Total Approved Budget for the Current Reporting Period

836,133

Total Expenditure for the Current Reporting Period

81,717

Explanation for underspending or overspending in excess of 10%

Management Performance

Level of management performance

Moderately Satisfactory (MS)

Detailed Description

Management duties have had a positive impact on the grant's implementation through effective leadership, resource allocation, and decision-making within the PMU. However, the negative impact on progress was primarily due to delays caused by stakeholders responsible for approval processes, leading to slow approvals, or lack of engagement, which hindered timely completion and achievement of activities. These delays have been caused by external events (teacher strike and earthquake)

Revisions to the grant

This period, have there been any revisions to the grant other than those submitted to the Secretariat for their approval?

Yes

Detailed Description

Change of option from ‘New VEMIS’ to current Open VEMIS Upgrade

How likely is that the grant agent will submit a request for revision to the Secretariat in the next 12 months for their approval?

Unlikely

Annexes

Annex 1: List of Acronyms

Acronym	Description

1 Highly Unsatisfactory- The grant has major shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is unlikely. Unsatisfactory - The grant has significant shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is uncertain. Moderately Unsatisfactory - The grant has moderate shortcomings or delays that limit or jeopardize the achievement of one or more outputs but a resolution is likely. Moderately Satisfactory - The grant is expected to achieve most of its major outputs efficiently with moderate shortcomings or delays. Satisfactory – The grant is expected to achieve almost all of its major outputs efficiently with only minor shortcomings or delays. Highly Satisfactory - The grant is expected to achieve or exceed all of the major outputs efficiently without significant shortcomings or delays.

2 Highly Unsatisfactory – The window has major shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is unlikely. Unsatisfactory – The window has significant shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is uncertain. Moderately Unsatisfactory – The window has moderate shortcomings or delays that limit or jeopardize the achievement of one or more outputs but a resolution is likely. Moderately Satisfactory – The window is expected to achieve most of its major outputs efficiently with moderate shortcomings. Satisfactory – The window is expected to achieve almost all of its major outputs efficiently with only minor shortcomings or delays. Highly Satisfactory – The window is expected to achieve or exceed all of the major outputs efficiently without significant shortcomings or delays.

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