National Planning Framework

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I am pleased to present the National Planning Framework (NPF) of the Vanuatu Government.

The NPF is designed to complement the planning, monitoring and reporting aligned with implementation of the Vanuatu 2030 The Peoples Plan. This is our National Sustainable Development Plan (NSDP) for the period 2016-2030. The NPF further coordinates with the National Monitoring and Evaluation Policy (MEP) and the NSDP Monitoring and Evaluation Framework

The NPF is designed to assist decision makers involved in planning at ministry level align Corporate Plans, Business Plans and policies with the NSDP and the MEP. The NPF includes critical information needed to ensure Vanuatu is successful in planning and reporting on progress related to the NSDP. A critical component of the NPF is the revised Corporate and Business Planning Guidelines which are stated in Annex 2 of this document.

The last update of the Corporate Planning Guidelines for Preparing Corporate and Business Plans in the Vanuatu Public Service were approved in 2001. Over the past 17 years, there have been considerable change in the use of planning, monitoring and evaluation across the public service, including the design and development of the NSDP. The NPF, including the revised planning guidelines are designed to:

1.   Ensure integration and alignment of NSDP priorities into the planning process
2.   Design a simpler process for ministry planning which reduces duplication
3.   Design better linkages between the business plans, the budget narrative and corporate plans, ensuring that that performance indicators and service targets are consistent with NSDP
4.   Provide an opportunity for high level review of plans by DGs and Ministers
5.   Encourage closer coordination between central agencies in reviewing plans
6.   Strengthen the opportunity for improved performance management

The NPF is further designed to improve the implementation the NSDP and to coordinate ministry planning and budgeting at all levels of Government with a focus on improved performance and service delivery.

I would like to emphasize that the government will maintain its commitment not only to implement the government policies stated in the Peoples' Plan 2030, but to also use the NPF to ensure effective alignment of planning, budgeting and reporting in order to best address issues that could hinder development efforts.

Let me take this opportunity to thank all the government Agencies who contributed to the development of the NPF.

Honourable Charlot Salwai Tabimasmas (MP)
Prime Minister
July 2018

ACRONYMS	
ADR	Annual Development Report
BP	Business Plan
CCA	Central Agencies Committee
CGBE	Commercial Government Business Enterprises
CP	Corporate Plan
COM	Council of Ministers
DG	Director General
DCO	Development Committee of Officials
DSPPAC	Department of Strategic Policy, Planning and Aid Coordination
FMIS	Financial Management Information System
GIP	Government Investment Project
HRD	Human Resource Development
M&E	Monitoring and Evaluation
MEP	National Monitoring and Evaluation Policy
MFEM	Ministry of Finance and Economic Management
MOIA	Ministry of Internal Affairs
MOH	Ministry of Health
NPF	National Planning Framework
NPP	New Policy Proposal
NSDP	National Sustainable Development Plan
PEFM	Public Finance and Economic Management
PRC	PAM Recovery Committee
PSC	Public Service Commission
SA	Sector Analyst
SMART	Specific, Measurable, Achievable, Relevant, Timely (Indicators)
SDGs	Sustainable Development Goals
SMR	Six-Monthly Report
TC PAM	Tropical Cyclone PAM
VNSO	Vanuatu National Statistics Office
VA	Vertical Analysis

National Planning Framework

Section 1. Background

1.1 Overview National Planning Framework

The National Planning Framework is designed for use by decision makers involved in planning at ministry level. This includes specifically Executive Officers and M&E focal point officers who are responsible for keeping Ministries compliant with legal reporting requirements to the Ministry of Financial and Economic Management (MFEM) and Public Service Commission (PSC). Additionally, the audience for this document can also include other ministry level decision makers with authority in strategic areas such as ministry planning, policy, resource management, and performance management. These decision makers may include Director Generals (DGs), Human Resource and/or Corporate Managers, Planning officers, and Technical Assistance staff.

1.2 Role of Department of Strategic Policy Planning and Aid Coordination

The National Planning Framework (NPF) has been developed to ensure planning across the government of Vanuatu is carried out in a uniform manner. Furthermore, the NPF is designed to provide the necessary background and information so that all government entities are certain as to the "how and why" of the planning process?

Planning

Planning includes developing baselines, targets and indicators as well as expected results (outputs, outcomes and impacts).   There are various definitions of planning used throughout government and businesses. For purposes of this NPF, "Planning" is defined as: *Basic management function providing details to balance needs and demands using available resources[1].*

The planning process should:
- Identify goals and objectives to be achieved
- Formulate strategies to achieve the goals and objectives
- Arrange and coordinate means needed to achieve the goals and objectives
- Provide directions and targets for monitoring all steps in proper sequence
- Use standardised list of agreed terms and definitions with regards to planning including titles given to sector planning documents and agreed definitions for critical terms **(Annex 1)**

In the line ministries, Planning (and M&E) is expressed through three essential documents, which are designed to organise Government's policy and implementation cycle:

- The **Corporate Plan (CP)** reflects the NSDP. The priorities detailed in the Corporate Plans (including indicators) for each ministry are updated annually;
- The **Business Plan (BP)**, which should be aligned with the Corporate Plan, is the annual work plan for each Department / Agency that is in the portfolio of a ministry;

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[1] Business Dictonary.com

- The **Annual Report**, which each ministry sends to the Public Service Commission (PSC) by end of March each year, and which should be tabled in Parliament by each relevant minister (this legal requirement has never been effective).

Department of Strategic Policy, Planning and Aid Coordination (DSPPAC)

The DSSPAC is responsible for coordinating and aligning planning, monitoring and evaluation for the Government of Vanuatu. The planning (and M&E) system of the Government of Vanuatu relies on a set of documents at various levels of the Government that define directions and performance indicators for the Government activities.

Government policies are managed, and guidelines for documents are given by the "Central Agencies", namely the Prime Minister's Office, the Public Service Commission, and the Ministry of Finance and Economic Management. Inside the Prime Minister' Office, the DSPPAC, and the M&E Unit contribute to the planning and M&E effort.

At the national level, the **National Sustainable Development Plan (NSDP)** is the major policy document, which gives major policy directions for the next 15 years (2016-2030). The **NSDP M&E Framework** was finalised and launched in July 2017. The NSDP M&E framework provides guidance for implementing, monitoring and reporting on the NSDP. These two major policy documents were prepared by DSPPAC which also has the overall responsibility for ensuring alignment of planning, budgeting and reporting with regard to the NSDP.

The **Annual Development Report (ADR)** is the annual report on progress regarding the NSDP. This report is prepared by the M&E Unit of DSPPAC and is tabled annually at the Council of Ministers (COM).

1.3 Planning in Vanuatu

The current planning and reporting system is understood in principle by most civil servants with policy or planning responsibilities, and those at the executive level. However, the extent to which the current planning system fails to deliver results can be attributed to both an over-complication and misinterpretation of the current systems and a failure to fully implement (not seeing the value in planning).

Overall, there is a broad understanding of the hierarchy of government plans, starting with the NSDP and how this plan flows to corporate and business plans at the ministry-level. The ministerial planning cycle of three-year corporate plans and annual business plans is a well-understood process of setting medium-term strategies for ministries. Similarly, it is well understood that ministries' annual report summarises operational outputs against goals set in the business plan. However, the link to long-term objectives and national policies has always been weak, as is the link to the budget process.

The current system of strategic planning is complicated by the fragmented nature of planning at the Ministerial level. 'Policies", 'strategies' or 'road maps', which are often funded by Donors at the request of Departments, contain targets, indicators and/or other formal commitments that are not reflected in Ministerial business plans.

1.4 Reporting

Ministerial Annual Reports are required to be filed every year to the Office of the Public Service Commission by 31st March[2] and are usually combined with the reporting of financial statements as required under the PFEM Act[3] into a single document. However, due to the quality of ministry plans (and the lack of explicit link to national planning) as well as the annual reporting requirements not specifying the need for reporting against set objectives or budget service targets (with previously agreed indicators), these annual reports do not deliver a good picture of the overall performance of a ministry.

Section 2: NPF Objectives: Addressing Critical Areas

The NPF objectives are aligned with critical components of the planning and M&E cycle that are addressed in this National Planning Framework document:

- **Objective 1** Promote transparency throughout the levels of planning so that plans and the resulting outputs, outcomes and impacts align and result in improved performance with regard to all the plans leading up to the NSDP
  - o Current guidelines and how well they are followed
  - o Linkages between national planning and sector planning
  - o The different models and practices for producing sector-level plans
  - o Decentralised planning, and 'bottom up' planning and budgeting with desegregation to provincial levels
  - o Provide clarity on the various strategies, roadmaps, policies, plans, action plans, corporate plans, business plans etc. in use throughout government
- **Objective 2:** Improve efficiency and effectiveness of the planning cycle leading to improved service delivery
  - o Integration and alignment with M&E policies and principles
  - o Alignment with the implementation of the NSDP and accompanying M&E framework
  - o Account for the alignment and localisation of the Sustainable Development Goals
- **Objective 3:** Promote accountability for the achievement of policies and program objectives through the alignment of planning and budgeting
  - o Integration of donor programming at a sector-level
  - o Integration of donor programming into the national planning framework
  - o Include medium-term planning and how this could relate to budget
  - o Aligned with the DCO/COM process
- **Objective 4:** Promote learning, feedback and knowledge sharing on results and lessons learnt among ministries and departments, and integrate M&E principles into national planning and policy making
- **Objective 5:** Establish a standard system for information flow and reporting and clearly define the role of DSPPAC in the planning process

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[2] As per Section 20(h) of the Public Service Act (PSA)
[3] Part 6 of the Public Finance and Economic Management (PFEM) Act

- **Objective 6:** Provide a flexible and efficient planning framework that can accommodate priorities of successive elected governments.

Section 3: NPF Goal

3.1 Setting the Scope of the NPF Goal

The NPF provides guidance on how Ministerial Corporate Plans, and annual Business Plans are to be designed to elaborate on, and align with, each of the NSDP Policy Objectives. *Corporate and Business Planning Guidelines* are provided in **Annex 2**. As such, the NPF provides the structure of the process of translating the NSDP into Corporate and Business plans, based on Policies (the 'strategies', 'frameworks', 'road maps', etc. mentioned above) that are consistent with the NSPD.

Overall, the NPF seeks to improve the structures and processes necessary for strong, informed decision making within the Government and to translate national goals into effective policy implementation for long-term development outcomes.

3.2 Scope limitations

The NPF is a practical guide for line ministry staff in policy and planning roles, to translate the NSDP in outcomes at their respective ministers. As such, the following aspects are outside of the scope of the NPF:

- **M&E guidance:** This document is not intended to be a guide for measuring progress against the NSDP. Targets and Indicators for the NSDP are detailed in the **NSDP M&E Framework**, and the Government's approach to M&E more generally is explained in the **National M&E Policy**.

- **Budget Reform:** While considerable improvements in planning could be achieved by strengthening the budget allocation process and aid management approach, this document does not provide a detailed analysis of failings in these areas, nor does it propose recommendations for reform. The focus is on providing practical guidance under the current processes.

- **Sub-national planning:** While DSPPAC recognises the need for closer alignment of provincial planning with the NSDP, the role of coordinating provincial and local authority planning rests with the Ministry of Internal Affairs (MoIA). In the next review of the National Planning Policy (expected in March 2019: see Section 10), DSPPAC will explore closer cooperation with MoIA to implement the planning principles set out in the updated Planning Guidelines at the provincial level.

3.3 NPF Goal

The Government recognises the importance of having the NPF in place. As such, the purpose of the National Planning Framework is as follows:

> *To establish common structures and standards for effective planning by providing guidance that is flexible enough to allow ministries to have the room to plan as needed but defined enough so that all planning follows a set of core principles*

Furthermore, the NPF is linked to the government's overall strategic policy framework through Vanuatu 2030, the National Sustainable Development Plan for 2016 – 2030 **Society Pillar Goal 6:** which aims to achieve:

A dynamic public sector with good governance principles and strong institutions delivering the support and services expected by all citizens of Vanuatu

Included in the **Society 6 Pillar** is the **Policy Objective SOC 6.4** which states:

Strengthen national institutions to ensure that they are cost-effective and well-resourced to deliver quality public services

Furthermore, the **Society 6 Pillar** also includes **Policy Objective 6.9** which states:

Strengthen research, data and statistics for accountability and decision-making

The scope of the NPF is to set out the importance of following good-quality planning criteria throughout the government. The NPF stresses the importance of implementing best practices with regard to aligning ministry level planning and National Planning, including a focus on cross cutting issues such as gender, social inclusion, climate change, environment, and disaster risk management.

Section 4: Planning

4.1 DSPPAC's Planning Mandate

As described in Section 1, Planning is defined as:

<u>*Basic management function providing details to balance needs and demands using available resources[4].*</u>

This NPF emphasises the role of planning within the broader Government management accountability framework. The NPF seeks to clarify "how to" plan within government ministries, agencies, Commercial Government Business Enterprises (CGBEs) and statutory bodies. It also clarifies the role of DSPPAC as the focal point for alignment of National Planning and monitoring with ministry planning and reporting within the government.

4.2 Planning Cycle

There is a broad understanding of the hierarchy of government plans, starting with the NSDP[5], aligning with sector policies (as relevant) and implemented at the ministry level through corporate plans (medium term 3 year rolling plans) and, at the department level, via business plans (one year plans that operationalise the first year of the corporate plan) at the ministry-level. Alignment of plans, in coordination with clearly articulating the timelines in the planning cycle, establishes both planning alignment and cyclical flow processes so that planning, budgeting and reporting are completed as per standardised timelines.

Diagram 1 below provides an illustration of the planning and M&E cycle. This diagram illustrates the ongoing alignment and stream of linkages from the NSDP (National Level) through Sector Plans (where relevant) and Corporate and Business Plans (Ministry Level). The cyclical process continues from planning through implementation, ministry level reporting, and national level reporting (ADR). The cycle is

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[4] Business Dictonary.com

[5] previously the Priority Action Agenda (PAA)

designed as such so that ministry results (reporting) are used to inform national results (ADR) and then for planning and budgeting for the next annual cycle.

DIAGRAM 1: PLANNING CYLCLE
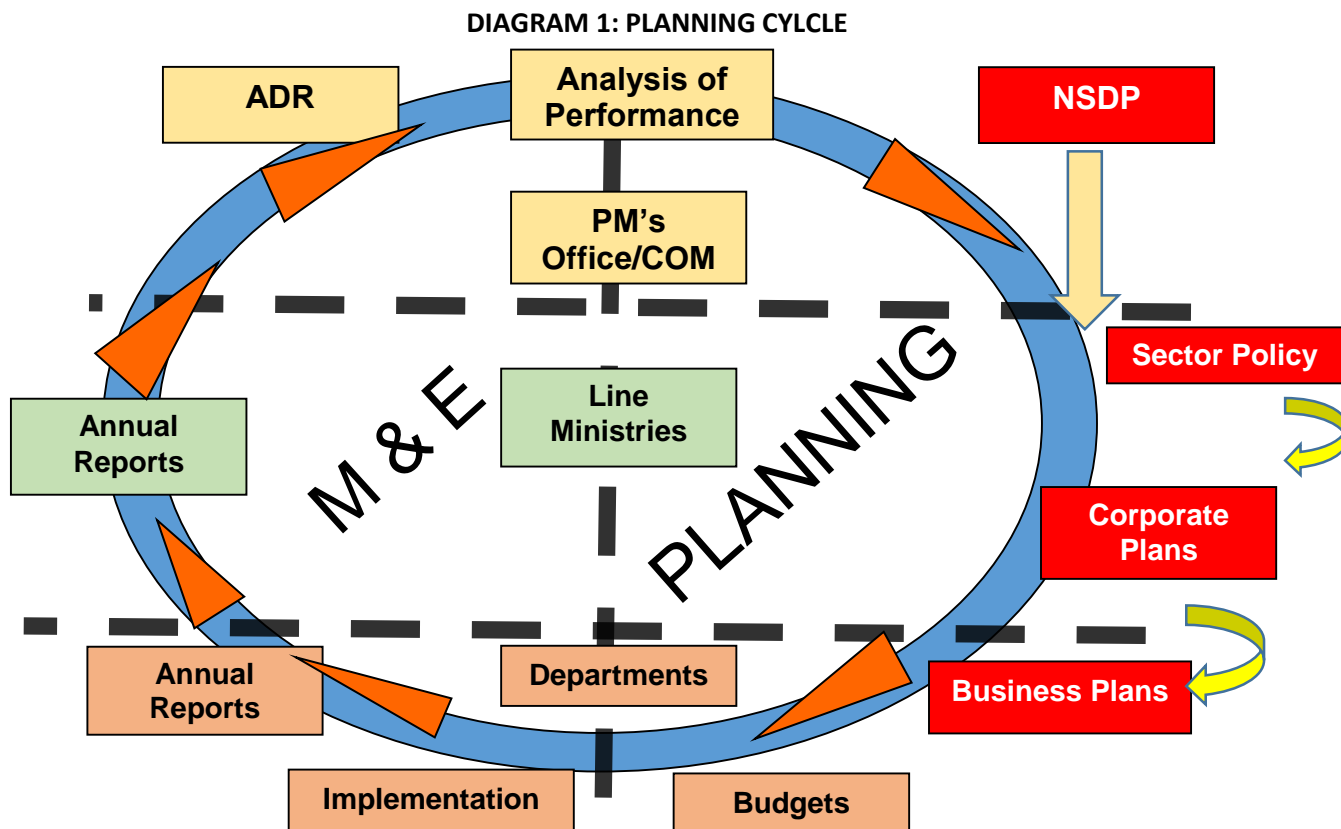
4.3 Ministry Planning

The current planning guidelines for corporate and business plans were developed in 1999 and revised in 2001. Since then, there have been no further revisions, so while the planning process for these plans is firmly entrenched, the operationalisation and implementation of the plans has not been fully realised. Furthermore, linking the plans to the national plan (Comprehensive Reform Program/Priority Action Agenda) was not fully realised during the implementation period of those respective national plans.

The NPF envisions that the **Ministry Corporate Plan**s will establish the values, mission, vision, resource allocations and objectives of each Ministry. The Corporate Plan is also expected to outline the main strategies for achieving the objectives which the ministry assumes responsibility for from the NSDP. Furthermore, the plans must include measures that the ministry is going to use to monitor performance (to allow reporting at a later date).

The Corporate Plans should be informed by the NSDP goals and objectives but also by any other 'strategic planning' documents which are relevant to those areas being planned, including any sector policies that are in place. Corporate plans are medium term plans (3 year rolling plans) and establish the most significant areas of effort that will deliver the outcomes expected by the Government and the community over this time period. They specify the most critical work related strategies and activities that need to be undertaken. The ministries are expected to use the Corporate Plan to develop annual operational

business plans. Business plans provide the mechanism that ministries use to allocate funding to fulfil the specified objectives. Business Plans also focus on ensuring appropriate Human Resource Management is considered in the context of the overall resourcing of the ministry.

When the Ministry has completed (or updated) the Corporate Plan, each Department/Division/Unit is expected to prepare its own annual **Business Plan**, which should be consistent with the Ministry's Corporate Plan (which in turn should be consistent with the NSDP) and budget realities. The Business Plan operationalises the first year of the Corporate Plan. At this level, activities for each strategy are detailed with units/officers responsible, verifiable performance indicators and timelines.

Business plans should be developed alongside **budget** submissions, to ensure that submissions are realistic and that the budget can be spent to put into action and achieve the objectives specified in the Corporate Plan. Following the approval of the budget at the end of the budget cycle, business plans should be updated to reflect the actual allocation before being put into practice. This relationship is further detailed in Section 5 (Budgeting).   At this time, it is acknowledged that decentralisation of planning is a priority of the current government. As legislation and other policies move forward in this area, the NPF will be reviewed in order to reconsider the effect on planning at the provincial level.

Diagram 2 illustrates how the Corporate and Business Plans align and coordinate with other components of the planning and M&E cycle.

Diagram 2: Planning Flow Chart
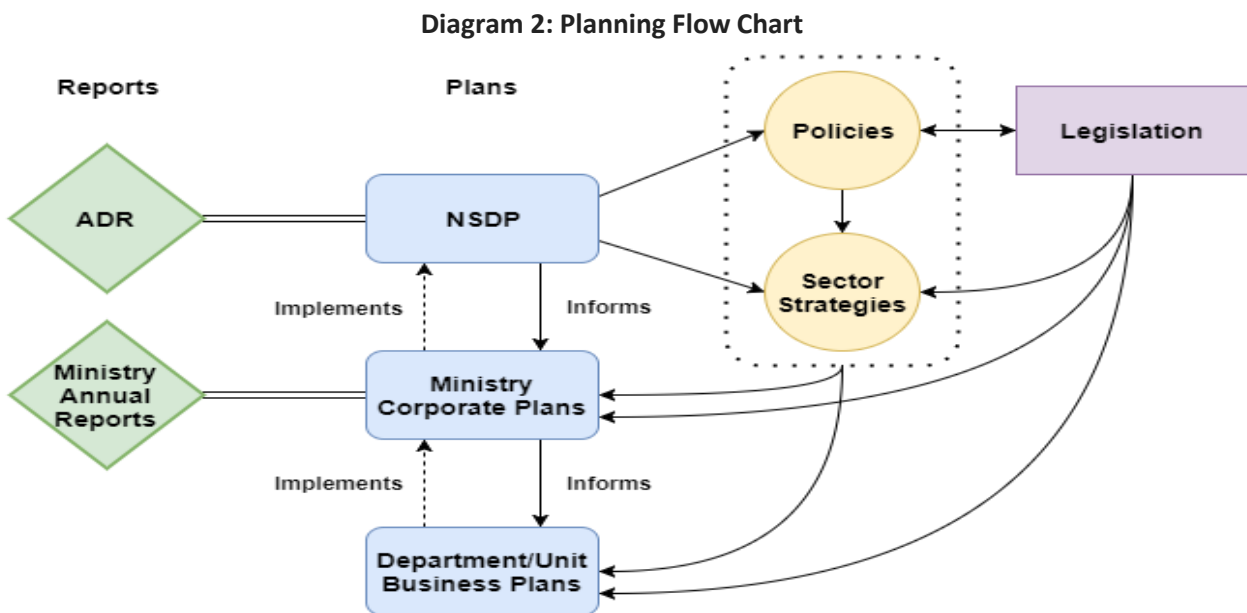
Reviewing **Diagram 2 (above)** from right to left, the flow of planning is evident. Starting at the far right side of the diagram, it is shown how Legislation is linked to both Polices and Sector Strategies (Sector Planning). We see that there is a back and forth relationship between Policies and Legislation, while Legislation informs Sector Strategies; as well as Ministry Corporate and Business Plans.

Moving left to the next area of the diagram, we see that Policies are linked to Sector Strategies and these Sector Strategies stream into and inform Ministry Corporate and Business Planning. Moving further left across the diagram, the top to bottom/bottom to top relationship (both implementing and informing) among the NSDP, Ministry Corporate Plans and Business Plans is shown. The remaining far left portion of

the diagram illustrates the reporting aspect, specifically how the ADR (reporting) aligns at the National Level with the NSDP and how Ministry Annual Reports align with Ministry Corporate Plans. When planning and budgeting are viewed in this flow chart format, a clearer picture of the role of the NSDP, and the Corporate and Business Plans to the overall planning and M&E cycle is evident.

4.4 Planning Guidelines

The most crucial area of the NPF is the revised and updated *Corporate and Business Planning Guidelines*. The complete updated guidelines are included in **Annex 2** of this document. This update is long overdue since Corporate and Business Planning Guidelines were last updated in 2001 as mentioned earlier. The revised guidelines are designed to reduce the burden on Ministry Planners. The Guidelines provide a "how to" regarding alignment of Ministry Three-Year Corporate Plans with both the NSDP and the Annual Business Plans. Critical revisions were designed to "make life easier" for ministries and as such, the following are included in the updated planning guidelines:

- Details regarding the natural alignment of planning with budgeting, implementation and reporting
- Details regarding the elements of Corporate and Business Plans
- Details regarding Human Resource Management and how to align HR with the Planning process
- Background and reference information on the planning process, including the basis of planning elements, identification of indicators and targets and establishing baselines
- Details on methods for developing the plan (Workshop Style Planning)
- Details on alignment of ministry planning, with M&E Policy and NSDP M&E Framework

Plans are all about planning future work. Planning should not become the work itself. It is important that the plans are designed so that performance can be monitored and evaluated. The updated guidelines emphasise that the work of ministries should focus on implementation of plans – not planning itself.

Section 5: Budgeting

5.1 Budgeting and Planning

In Vanuatu, the extent to which Budgeting and Planning inform each other is limited. Ministries' budgets and corporate plans are based on the expectation that any Ministry's budget will be equal or slightly higher than last years' budget. Nevertheless, there is scope - within Ministries' budget ceilings - to allocate resources in a way that maximises performance against the NSDP and the NSDP targets and indicators. This is where DSPPAC and MFEM Expenditure Unit can play a stronger role.

MFEM is the lead agency in the annual budget preparations which includes the preparation of the detailed programme budgets as well as the budget narrative which seeks to link the objectives and service targets of ministry programmes to their allocated budget. Through reporting on these service targets in ministry annual reports, it is possible to draw comparisons of the effectiveness of different programmes. Ministries are expected to integrate their service targets into their annual business planning and reporting.

An area where the link between budget allocations and the NSDP can be strengthened is the New Policy Proposal process (NPPs). NPPs are funded by an increasing proportion of the national budget (around 10%) set aside each year for new initiatives. There is a well-established decision making process, which revolves around the Ministerial Budget Committee. While NPPs are sometimes use to plug urgent

personnel gaps, NPPs are intended as operational budgets for new activities and are seen as a flexible and effective tool for policy implementation.

DSPPAC and MFEM already have an established process for mapping proposed NPPs against the NSDP; this also facilitates the allocation of funding against the Budget Policy priorities set out by the Government under the Public Financial Management Act. However, once NPPs are approved, there is little or no oversight with regards to Ministries' performance in implementing the NPPs, nor have there been any attempts to measure out the impact of these NPPs on NSDP outcomes.

5.2 Areas for Future Cooperation

DSPPAC and MFEM will continue to deepen the working relationship with a view to integrate planning and budgeting more closely. In particular, DSPPAC will explore:

- **Zero budget process**. Currently, each year's budget allocations to Ministries is equal or slightly higher than the previous year's allocation. An alternative budgeting systems is the "Zero Budget" process, where ministries have to justify year by year budget allocation requests. As this would facilitate a much closer integration with planning, DSPPAC will work with MFEM, who leads the push for reform in this area.

- **FMIS reports and M&**E. MFEM's Financial Management Information System (FMIS) contains very detailed information which could, in principle, be used to assess performance against Ministry NSDP targets. While achieving this will require significant management time and resources, DSPPAC's M&E Unit will pursue closer cooperation with FMIS.

- **Supplementary budget evaluation**. The MFEM is in the process of strengthening the supplementary budget process to ensure that supplementary allocations –which can be significant – are indeed used to address unforeseen expenses, as per the Public Financial Management Act. DSPPAC will work under MFEM leadership to ensure that emergency allocations are properly reflected in updated planning documents and reports.

Section 6: Development Programming and New Project Proposals

6.1 Donor-Funded Projects and National Planning

In Vanuatu, donors provide around 40% of the national budget, with over 8bn VT channelled through the government's financial management System in 2017. Donor-funded projects often represent capital and operational expenditure with a direct and measurable impact on NSDP Goals. Moreover, Ministries commit significant time and effort to implement donor-funded projects, and this is often poorly reflected in Business and Corporate Plans.

Closer integration of donor-funded projects in Ministries' approach to planning is made difficult by the irregular nature of funding, with significant lags between the approval of a project and its completion. It is often difficult for planners in line ministries to predict timelines for donor-funded projects, meaning that these projects are often planned, implemented and evaluated separately from ministries' annual planning and reporting documents.

6.2 DSPPAC as an Aid Coordination Agency.

Despite these challenges, coherent and comprehensive mapping of donor-funded projects against the NSDP will provide clarity to donors of their contribution to the NSDP and possibly unlock more donor

funding. DSPPAC can play a key role in this due to its statutory role of certifying donor funded projects and its statutory responsibility to award duty and VAT exceptions for certain donor funded projects.

Donors have a keen interest in mapping their products against NSDP and there is continued dialogue between Donors and Sector Analyst on improving and integrating the outputs of donor-funded projects into the Annual Development Report. There is much potential for DSPPAC to harness this goodwill and further areas of cooperation will be singled out by the upcoming **Aid Coordination Policy,** a key document in defining the role and scope of DSPPAC's aid coordination responsibilities.

6.3 The Role of M&E

From the M&E perspective, capturing the outcomes of donor-funded projects on the NSDP is a key priority, as well as an operational requirement. The M&E unit is responsible for providing six-monthly updates to the Council of Ministers on collated updates from every Government Investment Project (GIP) above 10m VT, including projects funded by donors. The published **NSDP M&E Framework** provides guidance to donors and planners on how DSPPAC expects donor funded projects to be reported against the NSDP.

Section 7: M&E and Reporting

7.1 M&E Overview

M&E ensures that monitoring information is shared between levels, with each level informing the next level (vertical sharing) with regard to progress and achieving desired results. Furthermore, M&E should also ensure that there is sharing of information within levels (horizontal sharing) regarding both collection and analysis of data and performance information. This horizontal sharing is especially important when developing the ministry annual reports.

7.2 Reporting Overview

Reporting is critical in the alignment of planning, monitoring and evaluation. Reporting includes analysing and reporting of data that assists decision makers at all government levels adjust and implement improvements in projects, policies, and programs.

Ministries are required to submit annual reports on Corporate, Business Plans and also required to submit updated information to DSPPAC regarding progress on NSDP targets (ADR). The annual reports are to be completed at the end of the fiscal year and submitted to PSC. The ADR information is to be submitted in the first quarter of the new fiscal year (following the reporting year) to the M&E Unit of DSPPAC. This information is then used by DSSPAC to develop the ADR.

M&E will provide a matrix for each ministry to update regarding the status of the NSDP targets. M&E will also coordinate with the Vanuatu National Statistics Office (VNSO) to verify and coordinate all information submitted by the ministries. Feedback on accuracy and validity of data will be provided where relevant.

PSC will provide (within a month after submission) comments and questions regarding the ministry annual reports. These comments will focus on a results based approach including comments regarding:
- How Baseline information is maintained (planning)
- How ministry goals align with national goals (planning and implementation)

- How ministry targets align and feed into the NSDP (monitoring and results)

The NSDP M&E Framework, the *National M&E Policy*, the *Corporate and Business Plan Guideline*s and the NPF are to be used by planners to guide their planning, M&E and reporting. In order to standardise annual reporting throughout government, the following basic reporting outline should be followed at all levels (Full details of reporting formats are included in the *Corporate and Business Plan Guidelines*):

Executive Summaries

Executive summaries should be short (one to four pages). Major findings and recommendations should be presented in bullet format. The summary can refer to the report or appendices for more details.

Report: Written Summations

Written summations contain an introduction (including purpose of report, evaluation questions, background, goals and objectives). The summation contains a description of the results and findings of monitoring. Data should be organised around major themes or program components (use charts and tables). Conclusions are to be clearly connected to performance.

Charts and Tables

Charts and tables should be used to clarify results and provide visual and user friendly presentation. Tables are best used for presenting data, highlighting changes, doing comparisons, and showing relationships. Charts are better for presenting the message.

Conclusion and Findings

While conclusions can be (should be) made throughout the body of the report, a final section providing a summary of conclusions and findings is to be included.

7.3 Reporting Alignment

Diagram 3 below provides a snapshot of the alignment of planning with reporting. The NSDP M&E Framework provides guidance on the reporting required to fulfil the requirements for the ADR.

Diagram 3: Reporting Alignment

Plan	Report	Responsible
NSDP	ADR	M&E (DSPPAC)
Ministry Corporate Plan	Ministry Annual Report	PSC & DSPPAC
Ministry Business Plan	Ministry Financial Report	PSC & (MFEM)

Section 8: Implementation

8.1 DSPPAC's Approach to Implementing the NPF.

DSPPAC's approach to implementing the NPF is based on close cooperation with line ministries to gradually strengthen their ability to plan, budget and report effectively. This is key for fostering ministry–level outputs that are guided by, and actually contribute towards, the NSDP goals.

NPF implementation relies in first instance on Sector Analysts, who are expected to work closely with Executive Officers and other planning officials in line ministries to provide required planning documents

(Business Plans, Corporate Plans) on time and on point. DSPPAC's M&E Unit and Aid Coordination Unit are expected to support this approach proactively.

8.2 NRP outputs and responsibilities

Consistent with the NPF's Updated Business Guidelines, the NPF will be included in DSPPAC's own planning documents. **Diagram 4** below summarises the high-level activities, outputs, timelines and responsibilities for implementing the NPF in 2018.

Diagram 4: NPF Implementation

Activity	Output	Targets and indicators	Complete by	Responsibility
Familiarisation with Guidelines	Workshops or meetings with Executive officers and other planning staff in line ministries	DSPPAC provides feedback on Business plans for more than 70% of Ministries.	March 2019	DSPPAC Sector Analysts
Stakeholder engagement	Workshops and meetings with PSC and MoIA to facilitate	At least one meeting held with Chairman, PSC and Director, DLA	December 2018	Director, DSPPAC
Review of business plans and annual reports.	Feedback and guidance provided to line ministries on planning requirements	More than 50% of Ministries business plans are consistent with Updates Planning Guidelines	March 2019	DSPPAC Sector Analysts
Implementation review	Effectiveness of NPF implementation reviewed and new targets set in DSPPAC Business plan	DSPPAC Annual Report reports against the targets set out above. Business plan contains updated targets.	March 2019	Director, DSPPAC

8.3 NPF Review

The NPF is a **dynamic** document and as such, it will be subject to regular reviews by DSPPAC. DSPPAC will take a gradual and realistic approach to implementing this policy, starting with small steps to improve planning and reporting at ministry-level, and building from there. In particular, as outlined in the table above, the next review of the NFP (to be completed by March 2019) will focus on:

- **Relationship with PSC and MFEM**. The review will establish to what extent DSPPAC has been able to create a working relationship with PSC and MFEM to improve the planning, budgeting and reporting process. The review will also look at what steps need to be taken to deepen this collaboration.

- **Sub-national planning**. The review will detail to what extent DSPPAC established a working relationship with the Department of Local Authorities, and review whether both units (managers and working level staff) aware of each other's work and responsibilities.

- **Donor coordination**. The review will analyze if there are there practical and simple ways on how to include donor-funded projects in Ministries' planning and reporting documents. It will also discuss how the integration of donor funded projects within the NSDP M&E Framework can be improved.

NPF Annex 1: Terms and Definitions

Currently, there is no standardised list of agreed terms and definitions with regards to planning, including titles given to sector planning documents. This list of definitions aligns with the critical definitions included in the M&E Policy.

Accountability: Obligation to demonstrate that work has been conducted and complies with agreed rules and standards so as to accurately illustrate results.

Activity: Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilised to produce specific outputs.

Annual Development Report: Annual report providing an overview and update on NSDP progress.

Baseline: Establishes current status relative to the outcome aiming to be achieved. The baseline is the first measurement of an indicator.

Benchmark: Reference point or standard against which performance or achievements is assessed.

Business Plan: Ministry annual operating plan, setting out Ministry operational objectives and expected outputs, based on the budget provided and on stated policy direction.

Corporate Plan Ministry three year rolling plan, updated annually, setting out the Ministry's mission, values, resource requirements to fulfil stated policy directions.

Effectiveness: Measures the ratio of outputs (or resources used to produce the outputs) per unit of project outcome/impact. *(The number of vaccinations (or cost) per unit decline in morbidity rate (illness prevented) or per unit decline on mortality rate).*

Efficiency: Measures the ratio of inputs needed per unit of output produced; measuring the extent to which resources are available for and applied to targeted activities *(Cost vaccination program/number vaccinated).*

Evaluation: The analysis of the effectiveness of activities that would allow for a judgment regarding the progress made in relation to the stated goals.

Formative Evaluation: Evaluation intended to improve performance, most often conducted during the implementation phase of programs/projects.

Impact: Quality and quantity of long-term results generated by programme outputs. For example, *"Reduced incidence of diseases, as a result of participation in the immunization program".*

Indicators: A unit of measurement that specifies what is to be measured along a scale or dimension, but does not necessarily indicate direction or change. Indicators are a qualitative or quantitative means of measuring an output or outcome, with the intention of gauging performance and results.

Inputs: Resources that are put into the project, such as, staff, funding and technical resources.

Logical framework (Log frame): Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact)

and their causal relationships, indicators, and the assumptions or risks that may influence success and failure.

Milestone: A well-defined point used to measure progress towards achieving a target, output, outcome or impact (interim target).

Monitoring: The systematic analysis made over a given period of time to identify changes.

Monitoring and Evaluation Framework: A framework that illustrates the process to ensure that there will be regular tracking and reporting on progress towards achieving a plan (such as the Vanuatu NSDP M&E Framework).

Objective: Statement of a desired program result that meets the criteria of being Specific, Measurable, Achievable, Realistic, and Timely (SMART).

Outputs: The quantity, quality, and timeliness of the products, goods or services that are the result of an activity/project/programme – e.g. "*Number of families participating in livelihood programmes*". Output indicators measure the immediate results of project or programme activities and tell us if activities are happening as planned.

Outcomes: Intermediate results generated by programme outputs. Correspond to any change in behaviour as a result of a programme e.g. *"% of supported families who experience an increase in household income"*. Outcome indicators measure the intermediate changes as a result of the project or programme activities. These outcomes are expected to lead, in combination, to the final impact that is planned.

Performance monitoring: A continuous process of collecting and analysing data to compare how well a project, program, or policy is being implemented against expected results.

Program evaluation: Evaluation of a set of projects (ministry programs) that are designed to attain specific global, regional, country, or sector development objectives.

Project evaluation: Evaluation of an individual project designed to achieve specific objectives within specified resources and implementation schedules, often within the framework of a broader program.

(Sector) Policy: In the context of the NPDF, any document, (Framework, Strategy Roadmap) that describes a course of actions for organised sectors (group of ministries/agencies).

Results: The output, outcome or impact (intended or unintended, positive and/or negative) of a program or project.

Results Based Framework: A results-based M&E framework not only aligns with annual plans and other work plans, but also focuses on achieving outcomes as means to provide management the direction for managing results to each indicator.

Results Based Planning and Management: Management approach where all stakeholders contribute directly or indirectly to achieving a set of results, and further ensure that all processes, products and services contribute to the achievement of desired results.

Risk Management Planning: A structured and coherent approach to identifying, assessing and managing risk. It builds a process for regularly updating and reviewing the assessment based on new developments or actions taken.

Summative evaluation: A study conducted at the end of a program/project to determine the extent to which anticipated results are produced.

Sustainable Development Goals: On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development were launched and were adopted by world leaders in September of the same year. The SDGs are designed to mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

Sustainable Development: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Target: *"…a specified objective that indicates the number, timing and location of that which is to be realised".* Targets specify a particular value that an indicator should reach by a specific date in the future. Targets should also be SMART (Specific, Measurable, Achievable, Realistic, and Timely).

Validity: The extent to which the data collection strategies and instruments measure what they purport to measure.

NPF Annex 2: Corporate and Business Plan Guidelines

1. OVERVIEW

1.1 Introduction

These Guidelines have been developed to assist Director Generals (DGs) and Directors adhere to the requirements of the Public Service Act 1988. The Act requires DGs to provide "a corporate plan in a form, content and at a time directed by the (Public Service) Commissioner." Plans are all about planning future work. Planning should not become the work itself. It is important that the plans are designed so that performance can be monitored and evaluated.

Corporate and Business Plans are fundamental to good management practice and are also used for initiating high level performance within the organisation, and ensuring efficient and effective delivery of services to the public.

1.2 Why have Corporate and Business Plans

Corporate plans establish the most meaningful areas of effort for delivery of outcomes expected by the Government and the community. Plans specify what are the most important work related strategies and activities that are to be undertaken. Additionally, organisations use plans to ensure adequate funding is secured for fulfilling the objectives specified, ensure the right people are recruited to the organisation and appropriate training and development opportunities for staff are available.

2. PLANNING LEVELS

2.1 Plans for the Vanuatu Public Service

The Government's National Development Plan, now set out as _Vanuatu 2030 The Peoples Plan_ (National Sustainable Development Plan 2016-2030) (NSDP) is the national planning level.

The **Corporate Plan** establishes the values, mission, vision, resource allocations and objectives of the Ministry. The Corporate Plan outlines strategies for achieving objectives and lists measures that the organisation is going to use to monitor performance. The Corporate Plan includes organisational information, financial information and human resources information. Human resource issues are to be considered in the context of the plan to assess capacities and skill sets as compared to the objectives of the Corporate Plan.

Every Ministry and Agency of the Vanuatu Public Service is expected to develop its own Corporate Plan, bearing in mind the higher level goals identified in the NSDP. The Corporate Plan should reflect the Strategic Objectives of the Ministry, including the identification of Outcomes, Indicators and Targets.

Aligned with the Corporate Plan is the Business Plan. Each Department/Division/Unit is required to provide input into the **Business Plan**, which should, in turn be consistent with the NSDP, the Ministry's Corporate Plan and budget. Business plans should align activities for each strategy with details regarding units/officers responsible, verifiable performance indicators and service targets.

Corporate Plans are forward-looking documents that are set over a three-year time frame. In contrast, Business Plans focus only on the first year of the planning cycle. Both Corporate and Business Plans are closely linked to the budget situation and wherever possible, the performance measures in the plans, particularly those in Business Plans, should be consistent with performance measures specified in the budget narrative (although not all of them will necessarily appear in that narrative).

The cycle of developing plans is annual. Each year the Corporate Plan is revisited, the achievements against the objectives are measured, and a rolling Corporate Plan for the next three-year period is developed. While it is necessary to revisit Corporate Plans every year, it may be that not much has changed, the budget remains static and the strategies to achieve the outcome have proven to be successful. In such cases, the update of the plan may involve only minor fine-tuning. The important thing is to reconsider the plan to ensure that the things considered important twelve months ago remain so, and the strategies for achieving the objectives have proven to be successful (or not).

Corporate Plans, focusing on a three-year period ensure that the plans are more closely aligned to the budget process. Budget papers currently provide national three year rolling budgets for Ministries. **Business Plans** for the updated year of the three-year Corporate Plan are developed with regard to progress achieved against previous plans. It is thus possible to show qualitative and quantitative improvement in agency results year after year. **Figure 1** below provides a graphic illustration of the planning hierarchy.

Figure 1: Hierarchy of Planning

NSDP	• National Development Plan • Sets out Government National Priorities
Policies	• Aligned with NSDP • Consistent with Sector or Ministry priorities • Realistics with regards to available budgets
Corporate Plans	• Alinged with NSDP • Aligned with Sector Strategies (where relevent) • Inform Business Plans
Business Plans	• Aligned with Ministry Corporate Plan • Aligned wiht Budget Narrative

3. LINKAGES AND COMPONENTS

3.1 Linking the Planning and Budget Processes

Corporate and Business Plans form the basis of the budget submissions. These plans can highlight the need for structural changes or considerations regarding redirection of budget. The budget is to be formulated to ensure that emerging priorities are captured in ongoing, revised or updated strategies to achieve planning priorities.

The Department of Strategic Policy Planning and Aid Coordination (DSPPAC) is responsible for monitoring the performance targets and indicators contained in the Budget papers. Such performance

measures, based on service delivery targets, should be SMART. **Figure 2** provides an illustrative view of the concept of SMART targets.

Figure 2: SMART Targets	
Specific	▪ Well defined. Clear to anyone that has a basic knowledge of the project, program or policy.
Measurable	▪ Capacity to be counted, observed, analysed, tested or challenged. If it cannot be measured, then progress cannot be determined.
Achievable	▪ Results can realistically be achieved given available resources.
Relevant	▪ Relates to the larger outcome.
Timely	▪ Attached to a time frame.

The targets are specific to the activity being funded and should be related to the objective and means of delivery provided in the budget narrative. The performance measures in the budget papers are a sub-set of performance measures contained in the Corporate and Business plans. Assessment of performance against measures contained in the budget papers occurs with the program of regular expenditure reviews performed by the Sector Analysts within DSPPAC and should also be reported on in Annual Reports.

3.2 Components of a Corporate and Business Plan

Corporate Plans should include the following core components:
▪ Mission, Vision, Values
▪ Organisational Structure
▪ Strategic Objectives
  ✓ Strategic Direction
  ✓ Outcomes, Indicators and Targets
▪ Outputs and Activities
▪ Human Resources
  ✓ Vertical Analysis & Workforce Development Plan
▪ Budget
  ✓ Current year budget
  ✓ Three year budget

Business Plans should include the following core components:
▪ Mission Statement
▪ Objectives, Values, Stakeholders
▪ Legislation
▪ Organisational Structure
▪ Breakdowns by Divisions/Units (each unit should have)
  ✓ Outputs
  ✓ Activities/Responsibilities
  ✓ Service Targets (aligned with budget)

4.   PLANNING CYCLE AND CONSULTATIONS

4.1 Consultation on Draft Corporate and Business Plans

Corporate and Business Plans are a strategic description of what the Ministry is planning to achieve and must reflect the Government's budget and strategic directions. To ensure Government policy and priorities are considered in the planning process, it is essential for DGs to discuss policy and priority

issues with their respective Ministers prior to the commencement of the planning process. Such information must be focused into the planning process. As part of the planning process, ministries need to complete the following:

- Conduct "Systems review": Review the internal (vertical) system regarding how activities are carried out and services delivered, in order to promote increasing effective and efficient service delivery.
- Review core functions, mandates and processes with regards to activities and impacts to improve internal efficiency, to better align core functions and core mandates and to determine how to best improve efficiencies, effectiveness and service delivery.

The plans must be linked to decisions made and funding allocated in the Budget process. DGs might also discuss their Corporate Plan with DGs General of other relevant Ministries that have some alignment with their planning.

In an effort to improve the quality of plans and ensure they are developed as part of the consideration of the budget, central agencies are to consider all Corporate Plans immediately before the budget process each year. Corporate Plans should then be presented by the relevant Minister and DG to the Council of Ministers as a further step in ensuring Government policy is being aligned with planning at a Ministry level.

The corporate planning process relates to the program budget and is used as a basis to determine human resource management and development needs. As a result, it will be necessary to consider not only the number of staff allocated to the Ministry, but also the types of skills that may be necessary to build on or improve to enable staff to undertake the responsibilities over the three year period of the plan.

4.2 Planning Cycle

All Ministries should complete their Corporate and Business Plans to ensure they are ready for consideration as part of the budget process each year. Once the budget has been determined, DGs and Directors should revisit their plans to determine if the strategies, activities, performance measures and HR issues should be revised as per the final budget.

The annual planning cycle is detailed in the NPF. It is important that DGs and Directors have procedures in place to ensure that adequate time is allowed to undertake the work necessary to complete plans, budget requirements and annual reports to meet the timelines specified. Each year, Ministries and Departments with actual timelines and dates to ensure planning and budgeting are finalised in a timely manner.

5.   PROCEDURES

5.1 Workshop Style of Plan Preparation

Ideally, the Director General, Directors and representatives of staff from across the Ministry or agency, should develop the Corporate Plan in planning workshops. Where the agency is small (say under 25 people) all staff could be involved. The more staff involved in the development of the Corporate Plan, the stronger the understanding, sense of ownership, commitment to its implementation, and relevance to longer-term issues and problems. All managers and staff will be responsible for achieving the targets in the plan and implementing the defined strategies.

It is appropriate to involve the Minister and political advisers as part of the corporate planning process. The role of all the Government Ministries and Agencies is to ensure that the elected Government's policies are implemented, and as such, Corporate Plans and Business Plans should reflect the Government's policies and priorities as directed by the NSDP.

Workshop style contributes to the team-building processes in the organisation at the same time as sharing information about what other departments/divisions in the Ministry are doing, as well as building decision-making and problem-solving capacity. The Director General and Directors should lead the workshop participants through the plans as a team effort.

5.2 Functional Analysis Overview and Preparation

The first exercise to be undertaken before determining the organisation's objectives is a functional analysis. A functional analysis analyses current status and takes into account where the organisation is and where it wants to be as it aligns with NSDP priorities and Goals.

The first step to performing the analysis is formulating clear objectives and goals of where the organisation wants to be – and identifying challenges that currently exist to reaching those goals and objectives.

After formulating and choosing clear goals to focus on, the next step is listing all the facts of the present situation that relate to the goals to be reached. This covers the **"Where are you**?" part of the analysis.

Now list anything associated with the goals or objectives to achieve. In other words, break down the goals into the component parts that will need to be completed in order to achieve the goal. Repeat this step for all ministry goals.

5.3 Identifying Deficiencies and What Comes Next

Design a key results matrix to understand what the current status for each goal is and what standard is desired. The final step in the results matrix is to determine what needs to be done and who is responsible. (**Figure 3** Results Matrix Example below).

Once this functional analysis is complete, there should exist a good idea of where the organisation stands and what needs to be done in order to get there. The next step will be to design a Corporate Plan that identifies strategies for moving forward. This can be derived directly from the results matrix.

The plan should contain a summary of the challenges identified and what steps the Ministry proposes to take to either manage or minimise the impact of these challenges. An example might be where it is determined that staff do not have the skills to undertake their roles, the ministry might need to either recruit persons with the skills needed or develop training programs to enhance the skills of current staff. The findings of this analysis can be presented in a section that provides details as to *"Where Are We Now"* and focuses on the issues and challenges identified in the functional analysis.

Once the challenges have been addressed it is important that Corporate Plan align with the policy direction provided by the Government. Guiding Principles that align with NSDP Goals and Policy Objectives should be established. These principles guide an organisation regardless of changes in

goals, strategies or personnel[6] . For example, the Ministry of Health (MOH) lists the following as one of the ministry guiding principles:

> *Health services should be 'people-centred' and the needs of disadvantaged and vulnerable populations, those with disabilities and victims of violence, must be addressed.*

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[6] Business Dictionary.com

FIGURE 3: RESULTS MATRIX EXAMPLE

Corporate Plan Ministry Goals/Objectives	Sector Policies (If Existing) Sector Objectives Aligned with Corporate Plan	Mandate for Objective NSDP Objective(s) Related Plans & Other Deliverable(s) (ICT Policy/JNAP)	Key Deliverable(s) Identified in Corporate Plan Explanation of Responsibility and Associated Costs	Responsibility in Division (Title) External Coordination (Where and Who)	Status of Deliverables (For Business Plan) List ongoing/ expected activities) Anticipated impacts	Bottlenecks or Hindrance to Deliverable(s) (activities and impacts)
List one Goals/Objective per Row	List relevant sector objective/goal (Can be more than one per row if needed) Identify alignment with Corporate and Plan and NSDP (linkages) Question: Are Linkages clearly defined and objectives operationalised in the Corporate Plan?	List Mandate for Goal Identify related NSDP Pillar/Goals/Policy Objective Question: Does the Mandate give authority to this Ministry to carry out Goal or Objective? List Related Plans and related Policies Questions What organisation is responsible for	List Deliverables from plan and link to Business Plan List any deliverables that have been added or deleted and provide details as to why Questions Are these deliverables finite, and if so, how do they translate into further deliverables? Is it anticipated that future deliverables could be the responsibility of other organisations?	Once responsible staff are identified the following questions need to be addressed Questions Are the right people staffed to this position in the Ministry? Are the right people staffed in coordination and support areas? Are additional staff needed (anywhere)? Describe the flow of information/chain of	List deliverable status List related activities for each deliverable List anticipated impacts for each deliverable Questions What activities and timelines are related to each deliverable (timelines)? Which stakeholders are expected to be impacted by the deliverables?	Details of possible or probable bottlenecks or hindrances to specific deliverables, activities or impacts (internal and external) Be specific including funding, legislations, donor support, staffing, chain of command (to slow, not responsive) How might deliverables be

		deliverables of related plans and polices? Who is responsible for coordination?	What are the cost efficiencies associated with delivery to stakeholders for each deliverable? Are there efforts to reduce costs in any areas?	command (internal & external) Are additional skill sets needed to meet objective and deliverables?	What is/are method(s) for stakeholder feedback? How does organisational structure relate to delivering objectives and deliverables?	impacted by bottlenecks or hindrances? Are there plans for adjusting deliverables to accommodate such issues? What is impact of stakeholder?

6.   DESIGING THE CORPORATE PLAN

6.1 Mission

The mission statement should clarify the purpose of the Ministry. *What is our core business? What caused the organisation to be created in the first place? What set of issues does the Government want managed?* It is important in finalising the mission statement that the focus is on the NSDP and the primary "clients" of the organisation. In answering the questions above, you will need to identify the client's problem. Do not mistake what you do for why you do it and only capture what the Ministry is actually accountable for.

The larger group could be divided into smaller groups for this exercise, making sure that different departments are represented in each group so that a whole-of-ministry perspective is achieved. A whole group discussion should lead to agreement about the best mission statement, which is sometimes a combination of ideas from each small group. Example of a mission statement:

> *Prime Minister's Office:*
> *To provide strong and transparent leadership in the government, to determine strategic policy directions, ensure effective resource management, and to uphold the Constitution, rule of law and good governance.*

6.2 Vision

The vision takes a longer term look at where the organisation would like to be, sometimes within a set timeframe, e.g. five years: *What do we want to be in the future?* A vision can be an inspirational and exciting statement or one that looks forward to the achievement of a target. The same process used to develop the mission statement could be used for the vision statement. Example of a vision statement:

> *Ministry of Health:*
> *A healthy population that enjoys a high quality of physical, mental, spiritual and social well-being …*

This vision statement also serves as NSDP Society Goal 3, and as such this further illustrates the alignment of MOH planning with the NSDP.

6.3 Values

The foundation of an organisation is a set of values that are the basis for the mission, vision and objectives: *What do we value? How should we behave?* Values form the basis for how people behave and how work gets done. It is important to work collaboratively to make these values explicit at the beginning of the planning process. This can be done through a brainstorming process in which all participants suggest values, either in the whole group or in small groups. Six to eight values should be determined through participants selecting those values that they consider to be the most important to the organisation's achievement of its objectives. Values should be clear in day-to-day behavioural terms. They should not be so general as to be meaningless and should be specific enough to change behaviour where necessary. Example of how values can be phrased:

We are committed to undertaking our work whilst focusing on the following values:
- **Client focus**: *We will identify and proactively render services to our clients and stakeholders, and strive to consistently improve the quality and efficiency of our services.*
- **Result orientation**: *We will individually and jointly plan for quality results, work for results and report on results.*

6.4 Objectives

Planning participants should work to determine overall objectives for the Ministry/Agency. The Corporate Plan objectives should not vary dramatically from year to year and should be presented briefly in the introduction to the Ministry in the Budget narrative. Some of these objectives will probably be the same objectives as appear in the Budget papers. In the case of Ministries, more detailed specific objectives for each Department/ Division/ Unit will form the basis of Business Plans at the next stage of the planning process. There should be consistency between the objectives in the Corporate Plan, the Business Plan and the individual budget activities in the Budget document. An example of an objective:

> *Ministry of Health*
> *Ensure that the population of Vanuatu has equitable access to affordable, quality health care through the fair distribution of facilities that are suitably resourced and equipped*

6.5 Strategic Direction

Strategic direction includes the central forces that move the Ministry toward intended objectives. This aligns the vision, mission and core values so that strategies can be designed to reach the desired goals outcomes. A well designed strategic direction establishes the structure for internal responsibilities while providing clear line of sight regarding ministry objectives. Strategic Directions have a broad focus, with most ministries developing at least two and most likely, no more than six strategic directions for the corporate plan. An example of a strategy that would flow from the above objective:

> *Ministry of Health*
> *Improve health service access for the population through integrated planning and fair resource allocation.*

6.6 Strategies

Strategies are aligned within the strategic direction of the ministry. Furthermore, the strategies in the Corporate Plans should not only be informed by the NSDP goals and objectives, but also by any other 'strategic planning' documents which are relevant to those areas being planned, including any sector plans that are in place. Strategies that will allow the ministry to achieve each objective should then be determined: ***How would we achieve our objectives?***   Strategies should be developed, bearing in mind the issues and challenges identified in the functional analysis to ensure strategies can be implemented.

In the Corporate and the design of strategies, it is expected that consideration will be given to risk management. Risk management analysis should take into account questions including, "What are the risks if strategy X cannot be completed? What objectives will be at risk? What funding will be at risk? Risk management can also focus on the risks of allocating funds to specific priorities while spending less in other areas.

6.7 Outcomes

Outcomes demonstrate whether success has been achieved and provide further direction. Government agencies should consider all relevant sources when determining outcomes including, but not limited to the following:
- NSDP
- Sustainable Development Goals (SDGs)
- Authorising Legislation
- Available Resources

- International and Regional Commitments

An outcome can be expressed as a change in skills, attitudes, knowledge, behaviours, status, or condition, including life condition. It is the expression of success. When choosing outcomes, the first priority is to ensure relevance to the stakeholder. This can be summarised by the following:

A program (outcome) purpose statement: "***We do what, for whom, for what outcome or benefit"?*** Once relevance is determined, other considerations should be reviewed including:
- What inputs (resources) are needed to do this?
- What activities need to be carried out to meet the outcomes?
- What services need to be delivered to stakeholders to achieve the outcomes?
- Is there capacity to monitor the delivery of the outcome (program)?

Consideration is also given to the timing of the outcome, short, medium or longer term. With regard to corporate planning, it is more likely that the outcomes will be short or medium term, while linking to the longer term outcomes of the NSDP. The ability to measure the outcome is critical. If you can't measure success, how can the outcome of the program be determined? Evaluating outcomes equates to defining success by the measurable changes to and/or for stakeholders.

6.8 Performance Measures/Targets/Indicators

Participants should make a list of the measures/targets/indicators they intend to use to monitor how performance with regard to reaching the outcomes. ***How will we know when outcomes have been achieved? How will we know how well we are progressing?***

Setting Key Performance Indicators

Participants should follow these guidelines for choosing and designing good indicators:
- Should be direct as possible (a reflection of the outcome itself)
- Should be sufficiently precise to ensure objective measurement
- Are available, practical, cost-effective collection of data
- Are sensitive to change in the outcome, but mostly unaffected by other changes
- Can be disaggregated as required for reporting

These guidelines align with the idea of SMART provide for the development and design of **SMART** indicators (and targets) (defined above). SMART indicators help to answer two fundamental questions:
- "How will we know success or achievement when we see it?
- Are we moving toward achieving our desired outcomes?"

SMART indicators can be either qualitative or quantitative. Quantitative indicators are reported in terms of a specific number while qualitative indicators/targets imply qualitative assessments. Additional information regarding indicators can be found in the NPF document.

Selection of Performance Targets

In aligning targets to outcomes (see above), agency planners will start with the baseline indicator level, and project the desired level of improvement (taking into consideration available resources over a specific time period). This is the performance target. When developing and selecting targets:
- There must be a clear understanding of the baseline starting point
- There must be awareness of expected funding and resource levels, existing capacity, budgets, personnel, funding resources, facilities and such, throughout the target period.

- Targets should be feasible given all of the resource considerations as well as organisational capacity to deliver activities and outputs.
- Targets are set (or reviewed) annually.

6.9 Outputs and Activities

At this level, the Corporate Planning team determines what will be the actual outputs, what activities need to be implemented to obtain the output and who is responsible for this output. This is where the planning teams shows how the entire plan aligns, from objectives through the activities and responsibilities. Clear linkages from the mission of the organisation through to the objectives and related outcomes, targets and outputs is realised in this section. **Figure 4** provides an example of what this can look like.

Figure 4: Outputs and Activities				
Objective 1: Provide high-level policy and administrative support to the Prime Minister, the Council of Ministers (COM), Central Agencies Committee (CAC) and the Developmental Committee of Officials (DCO), coordinate major initiatives, and ensure a professional, responsive, and high performing Department				
Outcome	**Targets/Indicators**	**Outputs**	**Activities**	**Responsibility**
Policy Coordination: To ensure the DCO process delivers the highest quality of advice and analysis of key policy issues to the Council of Ministers	Timely delivery of advice COM papers submitted	Improve DCO/COM process and quality paper submission	Review DCO and COM process in Government Act Issue quarterly guidelines and deadlines for preparing DCO/COM papers Prepare assessments for DCO/COM papers on content, format, policy implications and implementation issues	Director Sector Analysts

7.   DESIGING THE BUSINESS PLAN

The same workshop process to finalise a Business plan at the Departmental level can be used. The objectives and the strategies in the Corporate Plan may well be one and the same in the business plan. In some instances, they might need to be more specific in the business plan. In any event, to ensure there is no duplication of effort, some of the components as they are described in the Business plan should be translated directly into the Budget narrative.

Activities/tasks, which are what units or individuals do on a daily basis to support the strategies, are included in Business Plans. This allows people to see how what they do contributes to the Business Plan and the overarching Mission and Vision of the organisation. Activities/tasks also inform Work

Performance & Development Plans for individual officers, as required in the Public Service Manual; thus enabling the basis for sound management practices to be introduced and maintained.

Not all components developed in the Business Plans will necessarily appear in the budget narrative, only those for which budget is required.

7.1 Mission Statement

The mission statement should align with the mission statement in the Corporate Plan. It should be derived from ongoing 3-year planning priorities, but focus on specific priorities for the budget year.

7.2 Objectives, Values and Stakeholders

Objectives for each division in the ministry should be included here and should also align with those in the Corporate Plan. Values should also align with those presented in the Corporate Plan.

Stakeholders are those directly impacted by the Ministry. Be specific as possible. It is a reality that the ministries generally serve the entire population of the country; however, there may be specific stakeholders that are the focus of specific funded activities and projects.

7.3 Legislation

Provide the specific authorising legislation for the Ministry. Also list National and International policies and agreements that impact ongoing projects or activities.

7.4 Organisation Structure

Provide an organisational chart and any additional comments or information needed to provide a clear understanding of the Ministry.

7.4 Division Breakout

Each division should provide an objective (aligned with the objectives presented earlier in the plan). A brief description and overview of the responsibilities of the division are included here. This should include linkages to legislation and any national or international policies and agreements. Following this section, there should be a breakout for each division as follows:
- Outputs
- Activities/Responsibilities
- Service Targets (aligned with budget)

This can most effectively be consolidated into a matrix showing how these align. An example of this section of the business plan narrative is found in Section 8 below. Section 9 (**Figures 5-8**) provide examples of matrix style alignment of outputs, activities and service targets. Both examples use the DSPPAC Business Plan for the M&E Unit for illustrating the examples.

8. EXAMPLE OF DIVISION BREAKOUT NARATIVE FOR BUSINESS PLANNING

This example uses the DSPPAC M&E Unit Business Plan to illustrate how the structure of the business plan can be designed.

M&E Unit Objective 3: (this is numbered as 3 as it is in the DSPPAC Business Plan)

Objective 3: To establish common structures and standards for effective monitoring and evaluation to improve efficiency, effectiveness and resilience of service delivery

The objective of the Monitoring and Evaluation Unit is that of the National Monitoring and Evaluation Policy (2018). Furthermore, the M&E Policy is linked to the Vanuatu 2030 National Sustainable Development Plan goal for Society 6: Strong and Effective Institutions, which aims to achieve: '*A dynamic public sector with good governance principles and strong institutions delivering the support and services expected by all citizens of Vanuatu".*

Contained within the Society 6 Goal of Vanuatu 2030 is the Policy Objective SCO 6.9 to: '*Strengthen research, data and statistics for accountability and decision-making'*. The Monitoring and Evaluation Policy (MEP) has been designed with Society Goal 6 as a guiding principle.

As part of its mandate, the Monitoring and Evaluation Unit works closely with government agencies to advocate and advise on the implementation of effective M&E practices, and in this respect, is the focal-point for M&E within the government. Specifically, the M&E Unit has four main areas of undertakings as outlined in the MEP:

1. **Monitoring**: Oversee monitoring and reporting regarding the implementation of the NSDP as well as Council of Ministers decisions, and implementation of large development projects. As such, the M&E Unit is responsible for producing three important reports:
    ✓ Annual Development Report (ADR): reports on the progress made over the previous year towards the NSDP targets as stated in the accompanying M&E Framework. This is produced during the first quarter of the year and should be used by decision makers to inform government programming decisions to achieve the national targets in 'Vanuatu 2030".
    ✓ Six-Monthly Report (SMR): reports on the implementation of COM decisions and of large development projects.
    ✓ Annual Performance Report: compilation report from the annual reports of each ministry on performance against the service targets as contained in the budget narratives, Volume 3 of the annual budget. This can be used to compare the effectiveness of departments in delivering outputs against their budgets.

2. **Evaluation**: Assess, on a five-yearly basis, the outcomes of the NSDP objectives to-date and produce intermediate NSDP outcome evaluation reports. An overall impact evaluation report will be produced at the end of the current NSDP in 2030.

3. **Policy Audit**: Independent evaluation of the relevance of a public policy taking into account the costs and benefits. It can be done before, during and after a policy implementation.

National research: Setting of the research priorities and guidance for research into development processes and outcomes, and providing coordination and alignment of research proposals to government programming.

The M&E Unit and the appropriate DSPPAC Senior Policy Analyst (SA) coordinate government-wide M&E activities. M&E Working Groups, one for each ministry, are to be established comprised of the line ministry M&E Focal Point Officer, the SA responsible for the line ministry from DSPPAC and an officer from the M&E Unit. These Working Groups are tasked with:

- Identifying current and emerging barriers within ministry plans relating to policy or project implementation with the objective of providing sound and timely advice for remedial measures;
- Ensuring policy consistency and identifying indicators to be used to monitor and evaluate implementation of ministry plans in line with the NSDP and other related sector plans;
- Maintaining and promoting the exchange of data and information between line ministries and departments, and with DSPPAC;
- Meeting regularly to review progress of the implementation of relevant areas of the NSDP, COM decisions, development projects, and NPPs.

When requested, the M&E unit prepares additional reports on monitoring for the consideration of Ministers at the Council of Ministers (COM).

The Unit has four staff members who oversee coordination of four critical components laid out in the M&E Policy. Officers with the responsibility for Monitoring, Evaluation, Policy Audits, and a Head of Unit who coordinates all these areas as well as ensures that the NSDP Monitoring and Evaluation Framework continues to roll out and appropriate M&E is well established and practiced throughout the government system.

9. EXAMPLE OF DIVISION BREAKOUT MATRIXES FOR BUSINESS PLANNING

Administration -- M&E Unit Objective 3.1

The 'Head' of the M&E Unit will manage and work with M&E Unit staff, external consultants, sector analysts, ministry M&E focal points, and other appropriate agencies to ensure that the national M&E Policy is implemented through NSDP M&E Framework, NSDP M&E Roll-Out Strategy, etc.

The Head of the M&E Unit will also coordinate capacity building for the Unit, as well as other M&E focal points to ensure smooth delivery of M&E activities across the government are met in a timely and efficient manner

FIGURE 5: EXAMPLE BUSINESS PLAN ALIGNMENT MATRIX			
Outputs	**Activities**	**Responsibility**	**Service Targets**
3.1.1 National M&E Policy and NSDP M&E framework in place and implemented	Oversight of Unit consultations with PSC, ministries, and other relevant agencies Manage external consultant activities for NSDP M&E Framework Roll-Out Strategy Manage M&E unit activities for NSDP M&E Framework Roll-Out Strategy	Head	100% of ministries covered (13) in training and capacity building activities NSDP M&E Roll Out Strategy completed M&E Guidelines developed
3.1.2 Implement activities for M&E capacity building as laid out in the M&E roll-out strategy	Revisit 2010 COM paper on M&E focal point officers for ministries Establish M&E sector working groups	Head	Official instruction issued by PSC implementing 2010 COM paper NSDP M&E Roll Out Strategy completed M&E Guidelines developed
3.1.3 Regular M&E reports are produced and Unit running efficiently and effectively	Work with Unit staff to ensure timely and relevant reports are submitted (ADR, SMR 1, SMR 2, TC Pam Evaluation, Policy Audit exercise) Regular performance appraisals (every six months), work planning, and budgeting updates	Head	Reports produced by deadlines for 2018 Performance appraisals completed Regular Unit meetings annually Number of staff matters dealt with
3.1.4 NSDP Baseline Survey	Work with VNSO and other agencies to ensure this is funded and completed in 2018	Head	Regular meetings with VNSO and partners Provide feedback on survey design, results, and format

Monitoring -- M&E Unit Objective 3.2

Objective 3.2: To provide effective monitoring of government policies and programs through targeted expected outputs and timeframes for the year. The monitoring officer will evaluate and analyse the impacts of government policies during implementation and advice the government on the impacts of the policies.

FIGURE 6: EXAMPLE BUSINESS PLAN ALIGNMENT MATRIX			
Outputs	**Activities**	**Responsibility**	**Service Targets**
3.2.1 The M&E framework for the GOV is in place and implemented	Assess line ministries M&E frameworks for aligned reporting to the ADR	Monitoring Officer	100% of ministries covered (13)
3.2.2 Six-Monthly Report (SMR)	Coordinate consultations between M&E Unit and line ministries for information Collate information to draft report	Monitoring Officer	Paper on SMR approved by DCO and COM
3.2.3 Annual Development Report (ADR)	Coordinate consultations between M&E Unit and line ministries for information Collate information to draft report	Monitoring Officer	Paper on ADR approved by DCO and COM

Evaluation -- M&E Unit Objective 3.3

Objective 3.3: To provide effective monitoring and evaluation of government policies and programs through targeted expected outputs and timeframes for the year. The evaluation officer will evaluate and analyse the impacts of government policies during implementation and advice the government on the impacts of the policies.

FIGURE 7: EXAMPLE BUSINESS PLAN ALIGNMENT MATRIX			
Outputs	**Activities**	**Responsibility**	**Service Targets**
3.3.1 TC Pam Recovery Program Evaluation	Develop Evaluation Plan Develop assessment tools Funding source Manage and conduct field work Produce a final draft report for feedback Final report completed	Evaluation Officer	Evaluation Plan developed All assessment tools justified Funding secured Field work completed Draft report is circulated Final Report presented to PRC, DCO, COM
3.3.2 Establish Standard Evaluation Guidelines	Coordinate consultations with M&E focal point officers and agencies	Evaluation Officer	Guidelines completed

Policy Audits -- M&E Unit Objective 3.4

Objective 3.4: To provide effective monitoring and evaluation of government policies and programs through targeted expected outputs and timeframes for the year. The Policy Auditor will independently audit the approved policy, monitoring and evaluation of the impact of government policies.

FIGURE 8: EXAMPLE BUSINESS PLAN ALIGNMENT MATRIX			
Outputs	**Activities**	**Responsibility**	**Service Targets**
3.4.1 Establish Standard Policy Auditing Guidelines	Coordinate consultations with M&E focal point officers and agencies	Policy Auditor	Guideline completed
3.4.2. Policy audit exercise	Identify policy/s to audit Develop audit tools Coordinate consultations with M&E focal point officers and agencies Produce a final draft report for feedback Final report completed	Policy Auditor	Audit plan developed All assessment tools developed Consultations completed Draft report is circulated Final Report presented to DCO, COM

10.   HUMAN RESOURCE MANAGEMENT

At the same time as developing Corporate and Business Plans, it is essential to consider the impact on the human resources of the organisation. The inclusion of details relating to resource allocations, both financial and human, ensures that the planning is conducted in the knowledge of likely allocations over the next three years. If however, the Government's priorities shift, providing more or less resources than previously thought, it will be necessary to plan the increase or decrease in staffing. For example:

- What strategies are most likely to be most impacted?
- Do current organisational structures support the range of strategies determined?
- Does the organisation currently employ the right mix of officers to undertake the new expectations? Does the organisation currently employ officers with the appropriate skills?
- What skills are currently not available?
- Is it possible to recruit new staff or transfer other officers from within the Ministry or across the public service with those particular skills? If not, are there possible training and development options that would provide those skills to current staff or newly recruited staff?
- What are the most appropriate skills development options; on the job training, mentoring or more formal training courses?
- Are such courses available generally across the public service or is the skills development more specific to the Ministry?

The answers to these questions may result in the need to consider structural change, opportunities to transfer existing staff into the priority function, a recruitment program to employ the right mix of staff, or a reduction in staff. The answers to the later question will assist you in understanding the skills gap in the Ministry and consider options to address the gap. The following is a recommended process to develop the Ministry HRD plan.

10.1   Human Resource Development Plan

A Human Resource Development (HRD) Plan is a plan, which reflects the training and development needs of an organisation. The HRD Plan outlines the objectives of training and lists the strategies that the organisation will utilise to meet the training and development needs of its staff. The HRD Plan is linked to the Corporate Plan and should only contain training and development activities for the staff, which will actually help the organisation to get its work done. It is important that the HRD Plan be realistic, achievable and affordable.

In order to determine what should be in the HRD Plan, each Ministry will need to establish a system for identifying the training and development needs of staff. It is important to remember that all managers have a responsibility for identifying the training needs of the staff they supervise.

Vertical Review: This type of review analyses what happens within an organisation and is used to introduce new functions to an existing organisation; to improve efficiency or to reduce staff and costs.

- Review System & Process "Mindset" not People
- Review & Strengthen Lines of Accountability
- Review if monies are being spent for Intended Purposes
- Review Competencies: Right People for the Right Jobs
  - ✓ *We can do things right and we can do things wrong, but it is most important that we do the right things – right*

10.2   How & What of Vertical Analysis

A Vertical Analysis (VA) should be completed when first updating the business plan. There is no need to conduct a complete VA every year; however, if significant revisions are made to critical elements of the business plan, a vertical analysis should be conducted. The components include:
- Conduct "Systems review": Review the internal (vertical) system regarding how activities are carried out and services delivered, in order to promote effective and efficient service delivery.
- Review core functions, mandates and processes with regard to activities and impacts to improve internal efficiency, to better align core functions and core mandates and determine how to best improve efficiencies, effectiveness and service delivery.
- Result is a robust framework with regards to review and decision making based on organisational structures, core ministry mandates/functions and effective/efficient service delivery.

10.3   What should the Ministry be doing?

There are several essential areas that the vertical analysis addresses, including:
- Is the Ministry addressing all relevant and essential areas?
- If not, what is missing?
- Is the Ministry addressing areas not relevant to the mandates?
- If so, what is extraneous?
- Is the Ministry addressing "secondary functions" that could be better placed elsewhere?
- If so, how, where and when to transfer these functions?

The answer to these questions then logically provides this follow-up:
- Are functions properly placed within the Ministry?
- Are functions properly named in the Ministry?
- Do all functions appear on the organisation chart or identified as to where they are housed?
- Are functions readily identifiable in a non-graphic presentation; i.e. Can the picture be narrated into words?

10.4   What are we looking for?

The Vertical Analysis should clarify the following issues:
- How core functions & mandates align with ongoing activities and service delivery
- What is the result of implementing core functions on other core and "secondary" functions
- Determine impact of organisation on service delivery
- Ascertain how functions and decisions "flow" through the ministry and the impact on services
- How best to streamline functions and decision making to impact positively on service delivery
- How information flows and decision-making can be affected by redesign/streamline
- Are some functions in reality multiple functions combined under one name?
- Is it possible that the interaction (impacts) of various functions cannot be understood except when placed in the overall context of the ministry mandates within the government structure?

10.5   Result

A complete Vertical Analysis provides the basis for a strong HRD Plan. Such a plan assists Ministries to meet Corporate Objectives by:

- Reviewing all functional units to verify organisational responsibilities and relationships
- Verify for all units' duties, activities and services conducted by whom and for whom
- Analyse outputs and activities (impacts) using various criteria including (but not limited to):
  - ✓ Quality
  - ✓ Timeliness
  - ✓ Cost Efficiency
- Identify possible hindrances and bottlenecks
- Making sure that all training and development activities are focused on equipping staff with the skills they need to get the work of the organisation done.
- Identifying the role managers/supervisors will play in providing good supervision and on the job training for staff and making them responsible for this aspect of their work.

Overall, the Vertical Analysis provides the foundation for an HRD plan to provide clear directions and results for the Ministry at both the organisational and the individual level. The HRD plan, using the results of the Vertical Analysis provides the following:
- Streamlined functional and organisational relationships
- More direct information flow
- Improved decision making
- Elimination of Bottle Necks
- Improved Cost Efficiency
- Improved Service Delivery
- The right people doing the "right things"
- Clear expectations
- Results oriented organisation and more effective workplaces

11. BUDGET & RESOURCE ALLOCATIONS

Financial issues should be considered before proceeding with the planning process. It is important to ensure that the plans are based on realistic financial assumptions (budget ceiling, if known). If the budget ceiling is not known, then plans can be based on the national budget for the Ministry as proposed in current budget papers. Another area to be considered when aligning planning and budgeting is the number of staff available to undertake the responsibilities in the Ministry. Staff availability is likely dependent on the budget allocated to the Ministry and an important consideration when determining appropriate strategies to be implemented to achieve the stated objectives.

Participants need to be conscious of both the anticipated financial and human resources before proceeding to ensure that the plans are realistic. The notional three year financial and human resource allocation should then be specified in the plan itself.

11.1   Alignment of Planning and Budgeting

In order to align spending and performance, budgets should be tailored to show a direct link between anticipated program results and proposed spending. Alignment of existing ministry plans and integration with the budget cycle and ministerial ceilings is envisioned. The alignment of planning and budgeting is illustrated in **Figure 9** below. The alignment includes:
- Focus on alignment of budget narratives with planning documents

- Ensure that planning documents are used for preparation of upcoming fiscal year budget submissions to provide for ongoing implementation and alignment

Figure 9: Planning and Budgeting Flow Diagram
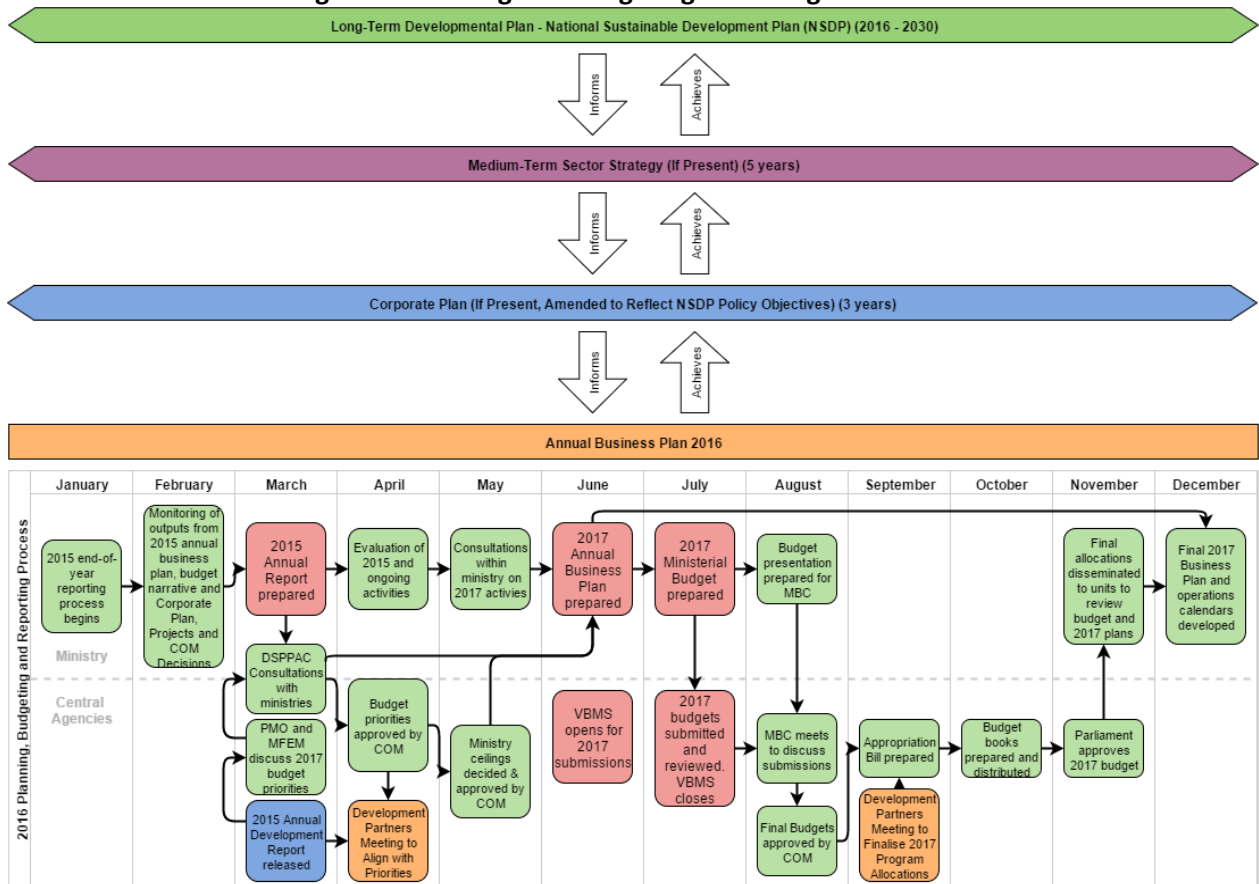
11.2   Budget Considerations

When designing the business plan, ministries are to ensure the following are considered:
- Annual policy priorities are established and captured in the Budget
- New initiatives in line with the NSDP
- Budget narratives are in line with policy priorities outlined in the Corporate Plans/Business Plans