

**REPORT FROM THE
VANUATU CHAMBER OF COMMERCE AND INDUSTRY
TO THE
NATIONAL SUSTAINABLE DEVELOPMENT PLAN WORKING GROUP**

**SUMMARY OF THE VCCI EMPLOYER SURVEY 2014 RESULTS ON
PRIVATE SECTOR DEVELOPMENT PRIORITIES
2016- 2030**

Report prepared by Flaviana Rory, Alick Berry and Anita Jowitt

CONTENTS

1. Summary

TEXTBOX: Who is the private sector

2. Methodology and survey demographics

3. Private Sector response to the NSDP policy priorities

4. Specific issues to be addressed

5. Priority changes

6. Other changes

7. Additional changes post-Cyclone Pam

APPENDIX 1: SURVEY FORM

1. SUMMARY

In June 2014 the Vanuatu government ran a week long public forum in Port Vila to get public feedback on what should be included in the National Sustainable Development Plan 2016 – 2030 (NSDP). The Vanuatu Chamber of Commerce and Industry (VCCI) was in the process of launching a nation-wide survey of employers at the time. In order to help the government to get more feedback from the private sector the VCCI added a section on development issues and the NSDP to this survey. This report presents the results of this survey.

It should be emphasised that whilst this report provides a consensus view on development priorities for the private sector, the later sections, which provide strategies for change are not a private sector position paper on development strategies. Instead, as with the report from the June 2014 consultations, this report aims to collect together more public feedback for the government to consider.

At the June 2014 public forum the VCCI presented its views on the existing Priorities and Action Agenda (PAA). Many of those priorities and strategies are still not fully implemented, and remain very important. The NSDP should make sure that it builds on and continues the direction set in the PAA. The VCCI also emphasized that, of the 3 pillars in the draft NSDP, no one is more important than the other. Instead they all support each other. Economic development, including a strong private sector, provides government revenue to fund social development programmes and provides incomes to households to raise standards of living and increase choices. Strong social development, particularly in areas such as health and education helps to build a healthy work-force that in turn leads to even stronger economic development. A healthy population requires a healthy environment. Vanuatu's economy is largely based on tourism and primary production, and both of these things also need a healthy environment.



The findings of the survey indicate that respondents from the private sector are in strong agreement with the draft policy priorities of the NSDP. The findings also suggest that many in the private sector think that the most important priorities for Vanuatu's development as a whole over the next 15 years

are health, education and good governance. Good health and good education are the foundation of a strong healthy society that can participate in further social, economic and environmental development. Without this foundation it is not possible for Vanuatu to move forward. Strong social development, economic development and environmental development all rely on good governance, with government programmes being well designed for the benefit of the nation as a whole and government expenditure being carefully planned and controlled. In order for these things to happen a stable political environment is needed.

One of the big changes between the policy priorities in the NSDP and the PAA is that the draft NSDP includes strengthening the traditional economy as a policy priority. There is some uncertainty as to what the policy priority in respect of strengthening the traditional economy involves, or what role the government should play in this regard. Whilst it is accepted that the traditional economy is an integral part of life for many in Vanuatu, it is already strong without government intervention and strategies to further this priority would need to be carefully developed and explained.

When it comes to the changes the private sector would like to see over the next 15 years in order to help business to develop, improving infrastructure, promoting market access both to internal and international markets for goods, improving governance, reducing costs of doing business and developing tourism are seen as key areas to address.

After Cyclone Pam in March 2015 a number of other specific issues for the private sector have been identified. The private sector report following Cyclone Pam is also included as these issues should also be taken into account in Vanuatu's next national development plan.

This data report for the NSDP working group provides additional private sector feedback. In order for the private sector to make a more targeted response to the NSDP, a copy of the draft NSDP, which was to have been produced by December 2014, is needed. It will then be possible for the VCCI to use the data from the survey, plus additional consultations as required, to make specific input on proposed strategies of the NSDP.

The data in this report can be analysed further. If there is specific analysis the NSDP Working Group would like before the draft NSDP is available this can be referred back to the VCCI.

For VCCI members and private sector associations this data can also be analysed by sector in order to help provide input into private sector association development plans or policy priority documents.

WHO IS THE PRIVATE SECTOR?

Some people think the private sector is only large businesses, or is mainly made up of foreign owned businesses. This is not the case. The private sector includes all non-governmental businesses and individuals who are self-employed and undertake economic activity producing goods or supplying services for profit. There are different layers of formality within the private sector. The most recent labour market survey identified two layers:

- the formal sector: businesses that have a turnover of 4 million vatu or more (approx US\$44,000 in October 2012) and are registered for value added tax (VAT), or are VAT exempt; and
- the informal sector: licensed businesses which have a turnover of less than 4 million vatu.¹

There is also a third layer, the 'sub-informal sector'. As the 2006 HIES observes, 'many households in essence operate small businesses selling agricultural and other commodities produced in the home as the goods are marketed and sold on a regular basis. But most of these households would not consider themselves to be operating a business, mostly because they do not have a business license.'¹

A fourth layer, subsistence agriculture for self-sufficiency (the traditional economy) might also be considered to be part of the private sector. Certainly once subsistence plus surplus begins to occur then production moves into the sub-informal sector.

There is no precise data on the number of private sector operators within each layer of the private sector but the 2009 census indicates that of the population over the age of 15, 1,369 were employers, 5,874 were self employed, and 10,046 were producing goods for sale. A further 41,877 were producing goods for own consumption. The remainder were employees, volunteers or unpaid family workers.

In the 2009 census only 2949 people (including those under the age of 15 and those who were otherwise not economically active) were born overseas. Given the number of people who identify as employers, self-employed, or producing goods for sale it is simply not possible to say the private sector is owned foreign business people. Whilst larger businesses that have a higher turnover and more employees tend not to be owned by indigenous ni-Vanuatu, in terms of the number of individual businesses the private sector is largely ni-Vanuatu.

This private sector response to the NSDP reflects this, with businesses throughout Vanuatu being consulted, and an emphasis placed on small ni-Vanuatu operators that operate in the informal sector.

2. METHODOLOGY AND SURVEY DEMOGRAPHICS

Introduction

Between June – October 2014 the Vanuatu Chamber of Commerce and Industry (VCCI) conducted a survey of all members. There were three aims of this survey: to gain feedback on proposed employment law reforms; to gain feedback on the National Sustainable Development Plan; and to gain feedback on VCCI member services.

When the survey was piloted it became apparent that many small (primarily ni-Vanuatu owned and operated) businesses did not engage employees. The pilot questionnaire was amended to include two versions – a long questionnaire which contained sections on employment law matters as well as a section on the National Sustainable Development Plan and VCCI member services and a short questionnaire which only contained the section of questions on the National Sustainable Development Plan and VCCI member services.

In total 373 surveys, including pilot surveys with usable data, were received. Of these, there were 345 surveys that answered some, or all of the questions relating to the National Sustainable Development Plan. Some respondents owned more than 1 business, so this sample size represents at least 457 different businesses.

Comments on sample selection, distribution and sample size

The sample population

One of the challenges of conducting a business survey in Vanuatu is that there is no accurate information on the population to be sampled. The VCCI does have a member database provided by Rates and Taxes. Whilst this data on the number of business licenses provides something of a baseline, it has limits.

First, Rates and Taxes only holds information on business licenses that are issued in municipalities. Statistics on business licenses issued through provincial councils was not readily available to the VCCI. The list of businesses provided to the VCCI by Rates and Taxes also contains a number of businesses which are not operating. Further some businesses hold multiple business licenses.

There is also the issue that some businesses have no business license. This particularly affects businesses that turnover less than VT4 million per year so are not registered for VAT. Whilst the law changed in 2014 to require these businesses to hold licenses and compliance activities are being undertaken, there is still non-compliance.

These issues make it difficult to identify the population of business operators in Vanuatu. They also make it difficult to conduct a simple random sample. In order to address these issues a non-probability convenience sample was used. In the project design phase a minimum target number of surveys was

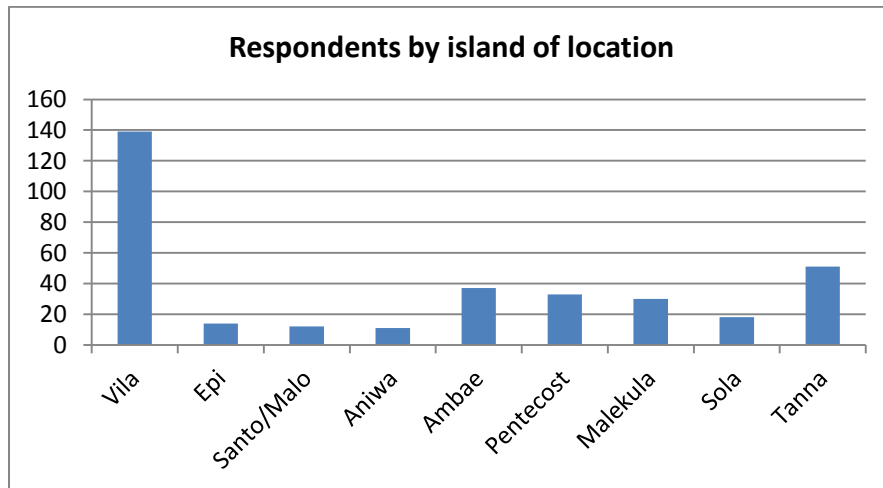
identified. There was sufficient information to stratify businesses to ensure roughly proportional representation of businesses in different industry categories, and follow ups with businesses ensured that proportionality of respondents was maintained.

The number of businesses surveyed in the outer islands was also limited by time and money. It was decided to conduct surveys in at least 1 location in each province (Malampa, Penama, Sanma, Shefa, Tafea, Torba) Census data was used to identify the main islands of private sector activity in each location.

These challenges are acknowledged. The self-selecting nature of respondents is also acknowledged.

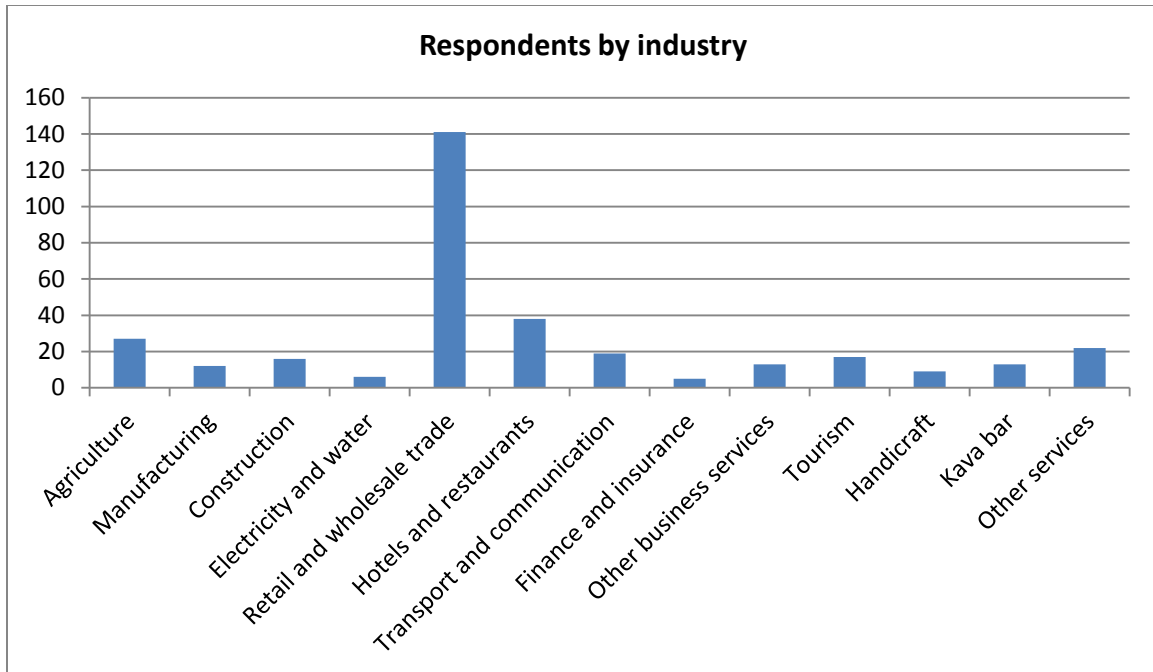
Demographics

Location: The chart below shows the number of surveys done by island. Whilst Port Vila is the dominant single location this, in part, reflects the fact that the majority of formal sector businesses are located in Port Vila.



Gender: Two thirds of respondents (67%) were male. Whilst this might be an indication that more businesses in Vanuatu are owned by males than females, caution should be placed on this conclusion. It may also be that businesses owned by males were easier to identify, or that males were more willing to share their ideas via a survey.

Industry category: The table below indicates the category of industry that the business person operated in. In cases where more than one business operated respondents were asked to select the category of their main business. This was used to stratify respondents by industry.



Ethnicity and size of business: The majority of respondents (76%) were indigenous ni-Vanuatu, which reflects the large number of ni-Vanuatu informal sector businesses. When cross-tabulated against VAT registration status we can see that 70% of businesses owned by indigenous ni-Vanuatu respondents had a turnover of less than 4 million vatu so were not VAT registered.

Ownership	VAT		Total
	Yes	No	
Indigenous Ni-Vanuatu	80	189	269
			76%
Offshore based foreigners	19	0	19
			5%
Other Ni-Vanuatu nationals	14	11	25
			7%
Expatriate residents	35	0	36
			10%
A combination	8	0	8
			2%
Total	156	201	357
	44%	56%	

Summary

Whilst some issues arise from the sample not being random it these demographics do indicate that the VCCI consulted with a wide range of business owners in compiling this report.

3. PRIVATE SECTOR RESPONSE TO THE NSDP POLICY PRIORITIES

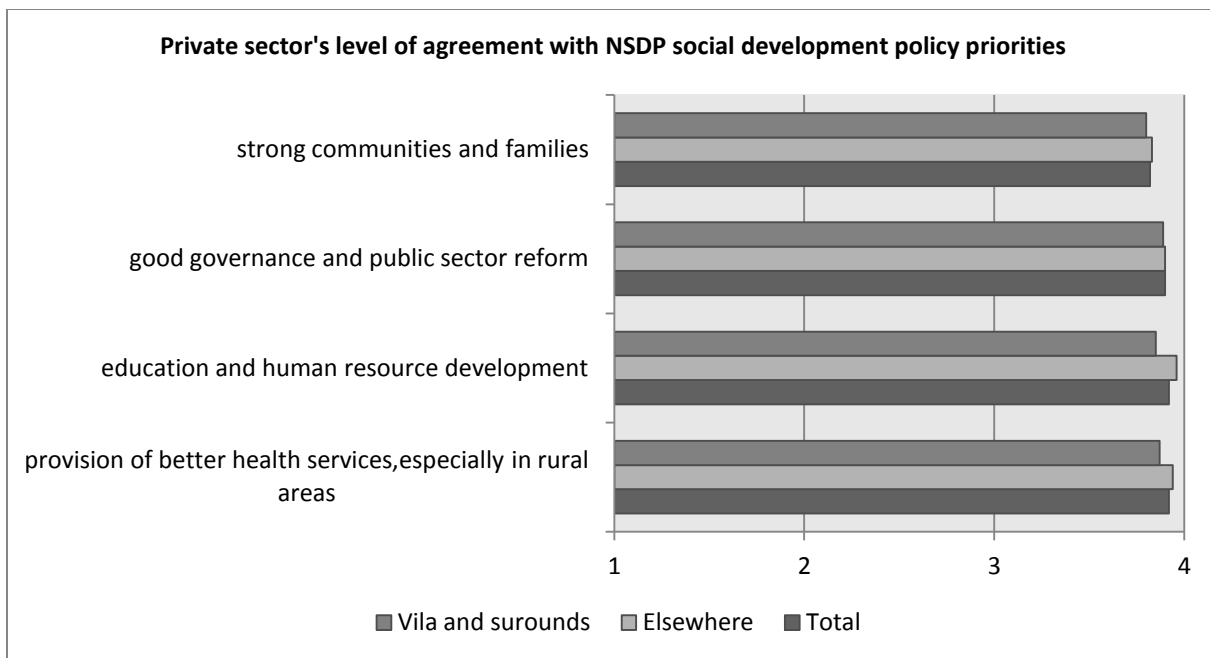
The NSDP is based on three pillars - social, environmental and economic.

The survey asked respondents to rate the national policy priorities presented at the NSDP public forum 2014 by their level of importance (with 4 being a very important strategy, 3 being somewhat important, 2 being somewhat unimportant and 1 unimportant) in order to gauge whether the private sector agrees with the broad policy direction proposed by the Vanuatu government.

The graphs below show the average response in respect of each specific policy priority. The higher the scoring, the more important the private sector considers that priority to be.

The graphs show responses by location as well as by total, in order to identify whether there is a difference of opinion between people in and around Port Vila and those on other islands.

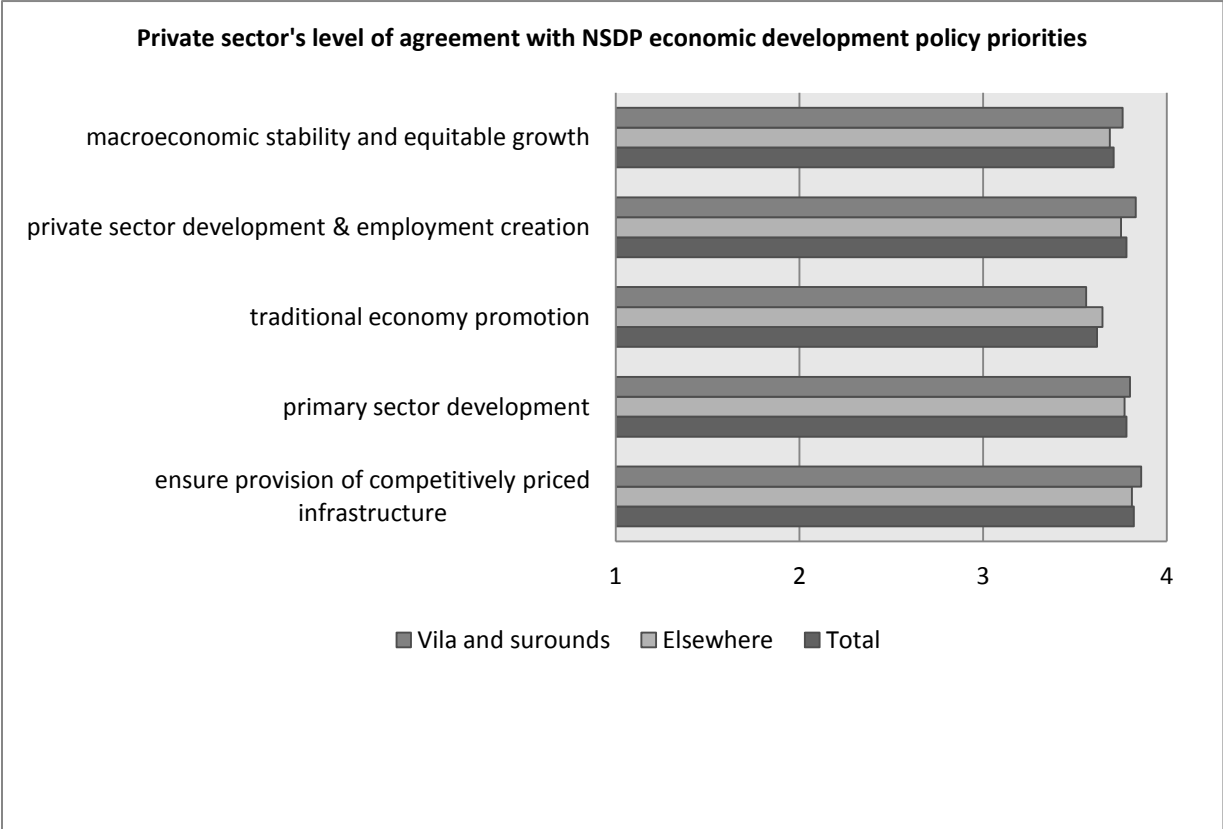
Social development



The survey indicated that the private sector strongly agrees with the broad social development policies. Strong communities and families contribute to stability and general wellbeing of all in Vanuatu. Education and human resource development will result in people being more employable, more productive as workers, and more able to set up businesses for themselves. The provision of better health services throughout the country, as well as being a social good, helps to build a healthy

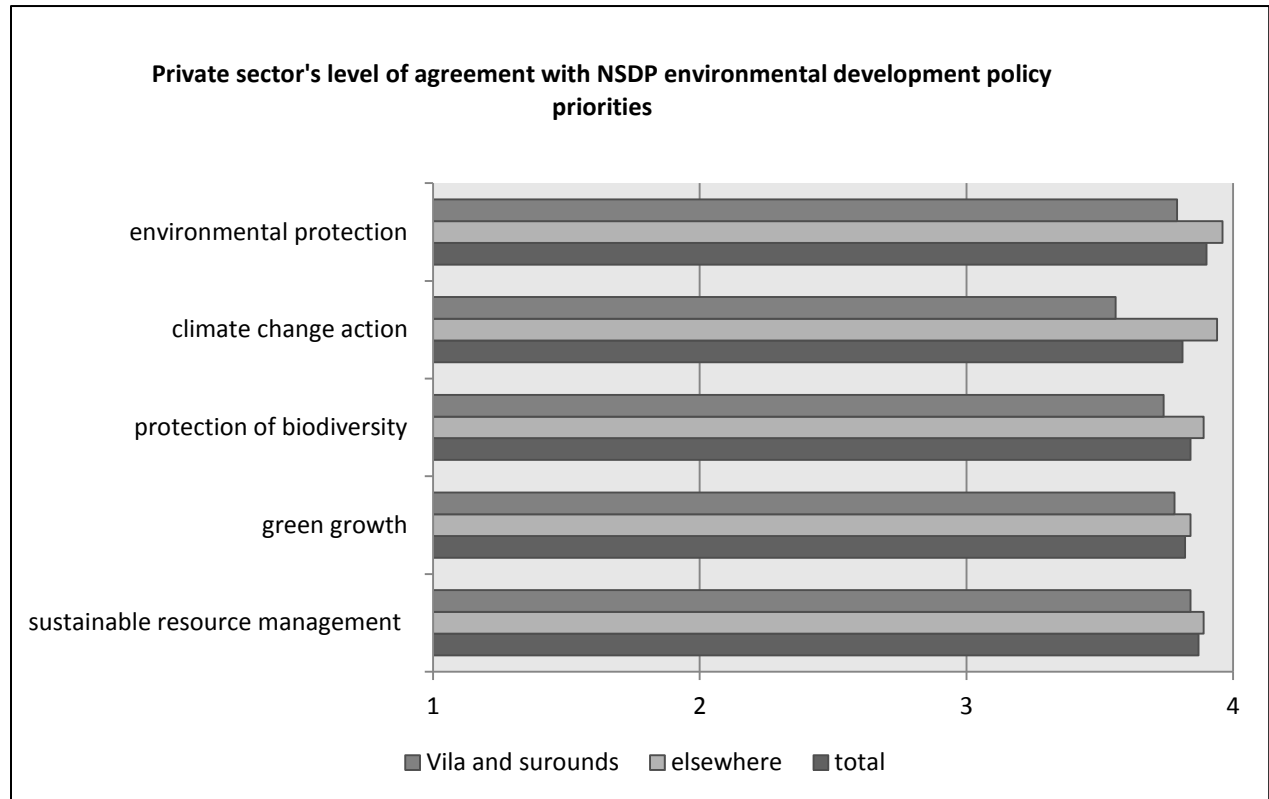
workforce. Good governance and private sector reforms provide a good environment for doing business, which in turn leads to private sector confidence.

Economic development



The private sector agrees strongly with the policy priorities proposed by the government in relation to economic development. Macroeconomic stability and equitable growth is essential to give the private sector confidence to develop further to enhance the nation’s economic growth. Competitively priced infrastructure is necessary in order to be able to operate businesses, which increasingly rely on electricity, telecommunications and infrastructure to allow for the easy movement of goods and people. Private sector development and employment creation is particularly important to address as Vanuatu is facing challenges of a rapidly expanding labour force and slow job growth, which in turn can lead to instability and unrest. The primary sector is labour intensive which helps to address job creation. It also plays to Vanuatu’s traditional economic strengths. Finally it is important to keep and promote the traditional economy as many depend upon the traditional economy for their well-being.

Environmental development



The private sector agrees strongly with the policy priorities proposed by the government in relation to environmental development. Sustainable resource management requires environmental protection and protection of biodiversity whilst at the same time allowing for economic development. The promotion of green growth helps to develop sustainable private sector activities. Responding to climate change through adaptation and mitigation measures helps businesses to become sustainable, and may also create private sector opportunities.

Summary

Policy priorities set the broad strategic direction for Vanuatu. As there is general agreement on the policy priorities, what becomes important is the specific strategies for achieving the policy priorities. An overall ranking of the policy priorities may help the Vanuatu government to consider where to target strategies and/or information campaigns to explain why policy priorities and the strategies to achieve them are useful and relevant for the development of Vanuatu as a whole.

The two tables below show the 5 most important and the 5 least important policy priorities, both in total and by location. It can probably be said from this that the private sector sees the government's

core business as achieving social development policies, and in particular developing health, education and good governance.

The rankings of various policies relating to environmental development are interesting. Rural dwellers prioritize this considerably more than employers in Port Vila. This may be because Port Vila employers see sustainable resource management as a “catch all” for the various environmental policies. It is also interesting to note that rural dwellers have de-prioritized the various policy priorities relating to economic development. This may be because current policies and strategies in this area are not seen to be particularly helpful or relevant to many rural businesses.

It is important to stress that the 5 least important policy priorities all still have an average score that is higher than 3.5, meaning that they are all still important.

5 most important policy priorities for the private sector

Total	Port Vila and surrounds	Elsewhere
1 st = Health	1 st Good governance	1 st = Education
1 st = Education	2 nd Health	1 st = Environmental protection
3 rd = Good governance	3 rd Competitively priced infrastructure	3 rd = Health
3 rd = Environmental protection	4 th Education	3 rd = Climate change action
5 th Sustainable resource management	5 th Sustainable resource management	5 th Good governance

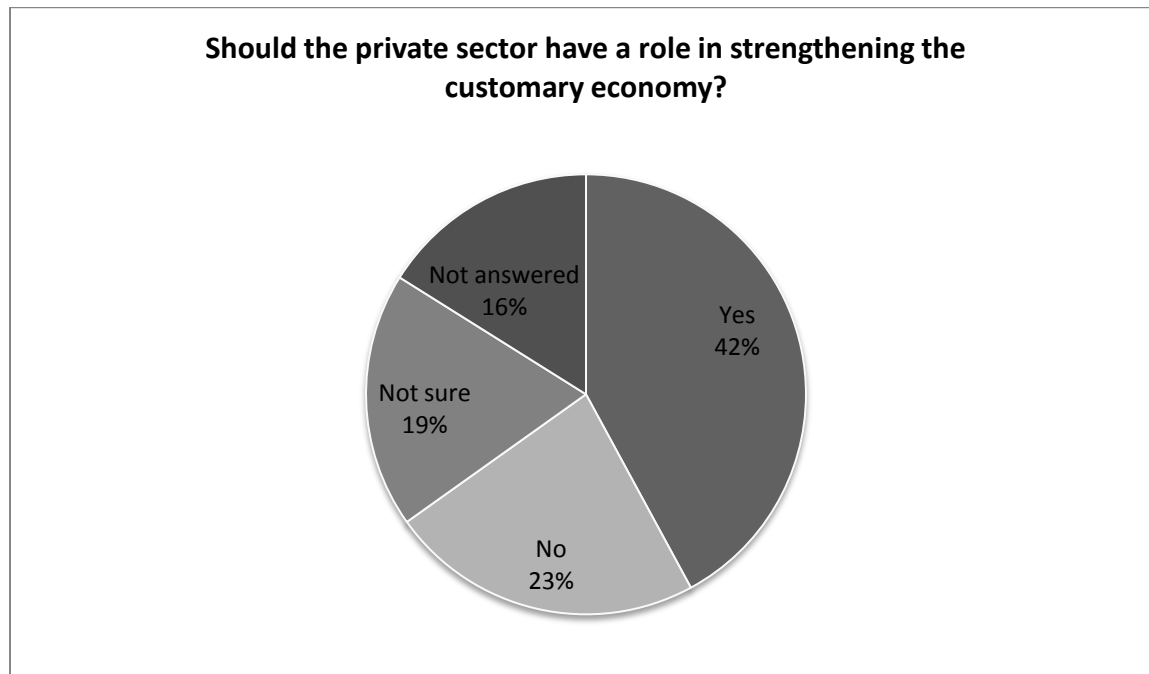
5 least important policy priorities for the private sector

Total	Port Vila and surrounds	Elsewhere
1 st Traditional economy promotion	1 st = Traditional economy promotion	1 st Traditional economy promotion
2 nd Macroeconomic stability & equitable growth	1 st = Climate change action	2 nd Macroeconomic stability & equitable growth
3 rd = Private sector development & employment creation	3 rd Protection of biodiversity	3 rd Private sector development & employment creation
3 rd = Primary sector development	4 th Macroeconomic stability & equitable growth	4 th Primary sector development
5 th Climate change action	5 th Green growth	5 th Competitively priced infrastructure

The traditional economy?

The addition of the traditional economy as a policy priority in respect of economic development is one of the major changes between the NSDP and the previous PAA, and this has created considerable uncertainty for the private sector.

The survey asked whether the private sector should have a role in strengthening the customary economy and if so, what role the VCCI should play in this. As the table below indicates there was some uncertainty about this.



A number of people made comments on the role that the VCCI could have in strengthening the customary economy. Whilst some of these indicated that respondents did not know what was meant by the customary economy a number of useful strategies emerged, with the most frequently mentioned being:

- Train people on how to move from the custom economy to the cash economy
- Encourage hotels and business to use local arts and crafts for decoration
- Encourage tourism operators to use custom performances as welcomes
- Encourage fair treatment when ni Vanuatu are bartering
- Encourage arts festivals
- Implement primary sector development in accordance with traditional economy practices
- Strengthen links to the formal economy (supply chains)

4. SPECIFIC ISSUES TO BE ADDRESSED

Overview of issues

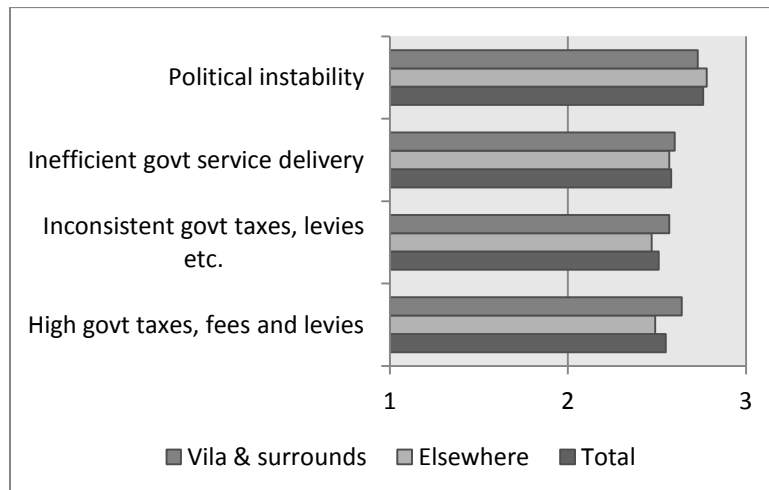
In developing specific strategies to achieve the policy priorities it will be useful for the government to identify particular issues faced by business. These issues give an indication of what specific strategies should aim to address.

During the survey the companies were requested to consider a list of linked problems - infrastructure and public utilities, the relationship with the government, the problem of labor, laws, access to market / problem of competitiveness and productions costs. The survey further requested the companies to indicate if the problems caused major problems, problems, small problems or no problems at all for their enterprises.

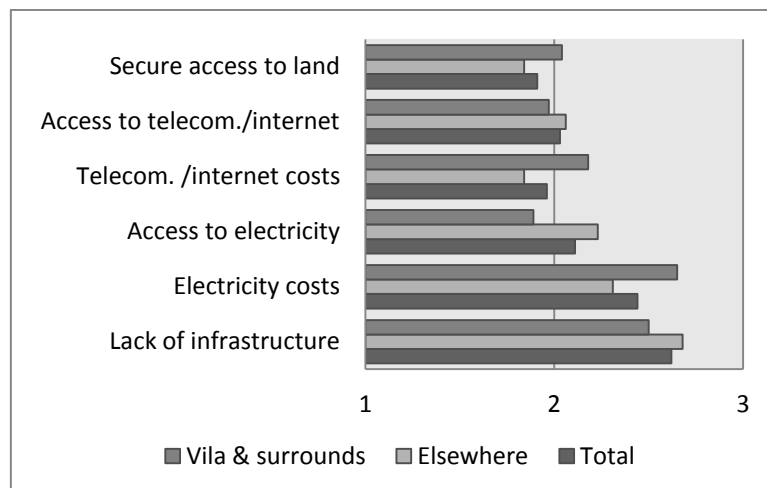
The graphs below show the average score for each issue - 3 being a major problem, 2 being a small problem and 1 being no problem. The higher the score, the more widespread and serious the particular problem is for the private sector as a whole. This in turn suggests areas that should be prioritized during the development and implementation of strategies to achieve policy goals.

Relationships with the Government

Looking at the graph below it can be observed that political instability, inefficient service delivery by the government, high taxes and inconsistent taxes creates considerable problems for businesses in both Port Vila and elsewhere. Strategies to deal with all of these issues need to be developed and implemented urgently.

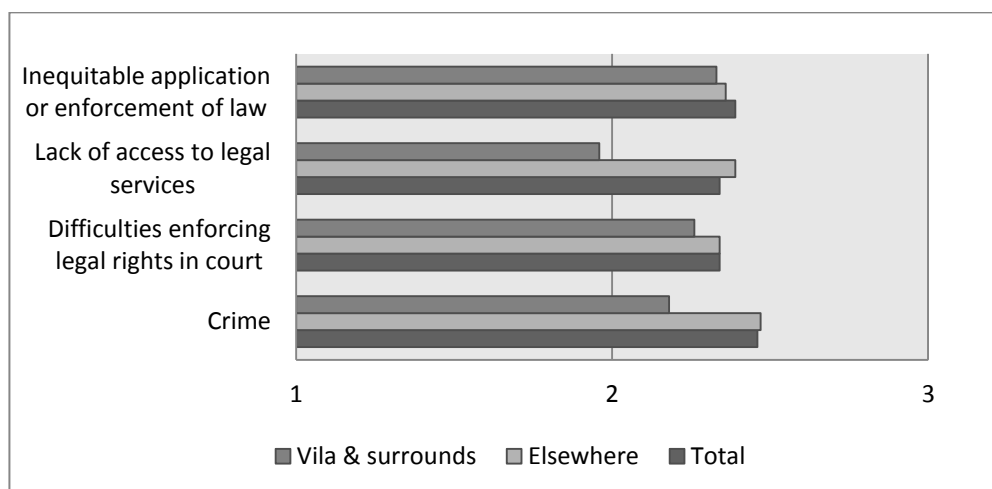


Infrastructure



The graph above suggests that some aspects of infrastructure are being addressed fairly well, with access to telecommunications and internet and electricity not posing widespread and/or major problems for the private sector, although access to electricity remains an issue in rural areas. Costs of electricity do, however, pose a real burden on the operation of many private sector businesses. Government reforms in these areas, including establishing the Utilities Regulatory Authority (URA) and Telecommunications & Radio Regulatory (TRR) can be considered successes. Secure access to land is also not perceived to be a widespread and/or major problem. Lack of infrastructure, including roads, wharves and airports is a major problem that must be addressed throughout the country.

Law and order



Law and order continues to pose an issue for the private sector, particularly in rural areas. There is a need to improve the presence of police and other legal services throughout the country. The application and effectiveness of laws also need to be improved. Laws need to be applied more consistently across all people. The enforcement of legal rights through court must also be improved.

Workforce issues

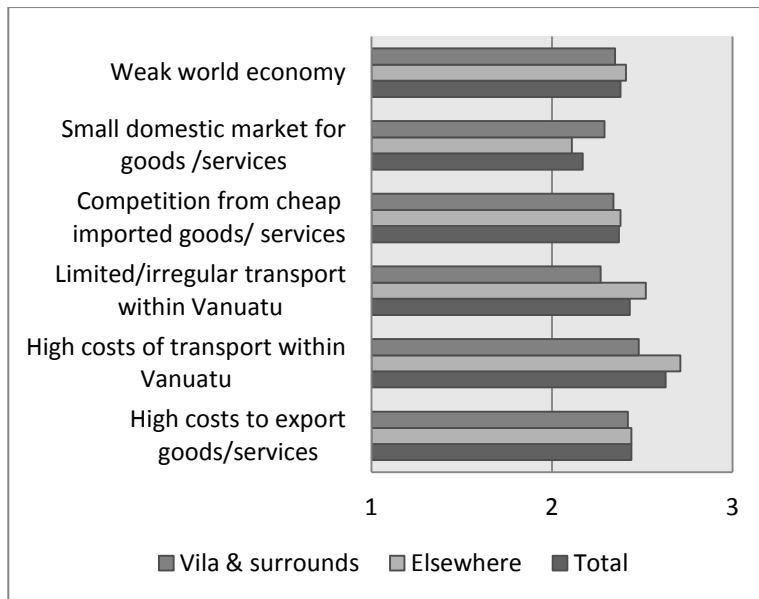


Lack of skilled labour presents a problem for many businesses. This in turn contributes to inefficiency or low productivity of staff. When low productivity is taken into account labour costs pose a problem for a number of businesses. Prioritising quality training that fills skills shortages will help to address these three linked labour market issues.

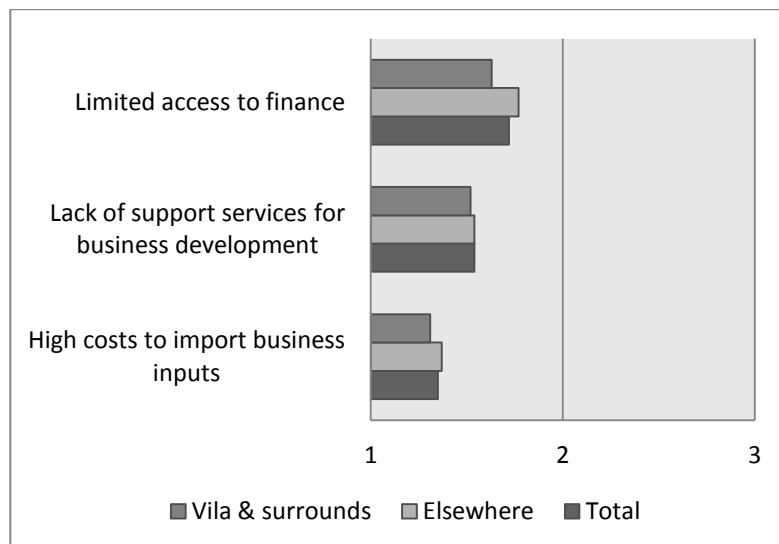
Market access / competition issues

Businesses need access to markets so that they can sell their goods and services. Businesses in the islands identified transport as a major problem especially in terms of cost and in terms of irregular shipping and flight cancellations without notice. This affects local, regional and international market access and must be addressed for the private sector throughout the country to grow.

The high cost to export goods also poses a problem for many businesses. This is particularly concerning as a number of businesses face the problem that the domestic market is too small for them to sell their goods and, in order to remain viable or to expand they need to export. The government should have strategies to both open up export markets and address the costs of exporting. Businesses operating in the small domestic market in Vanuatu also face pressures from imported goods and services. This issue particularly relates to free trade. The Vanuatu government needs to put in place strategies to ensure that local businesses are not harmed by free trade agreements.



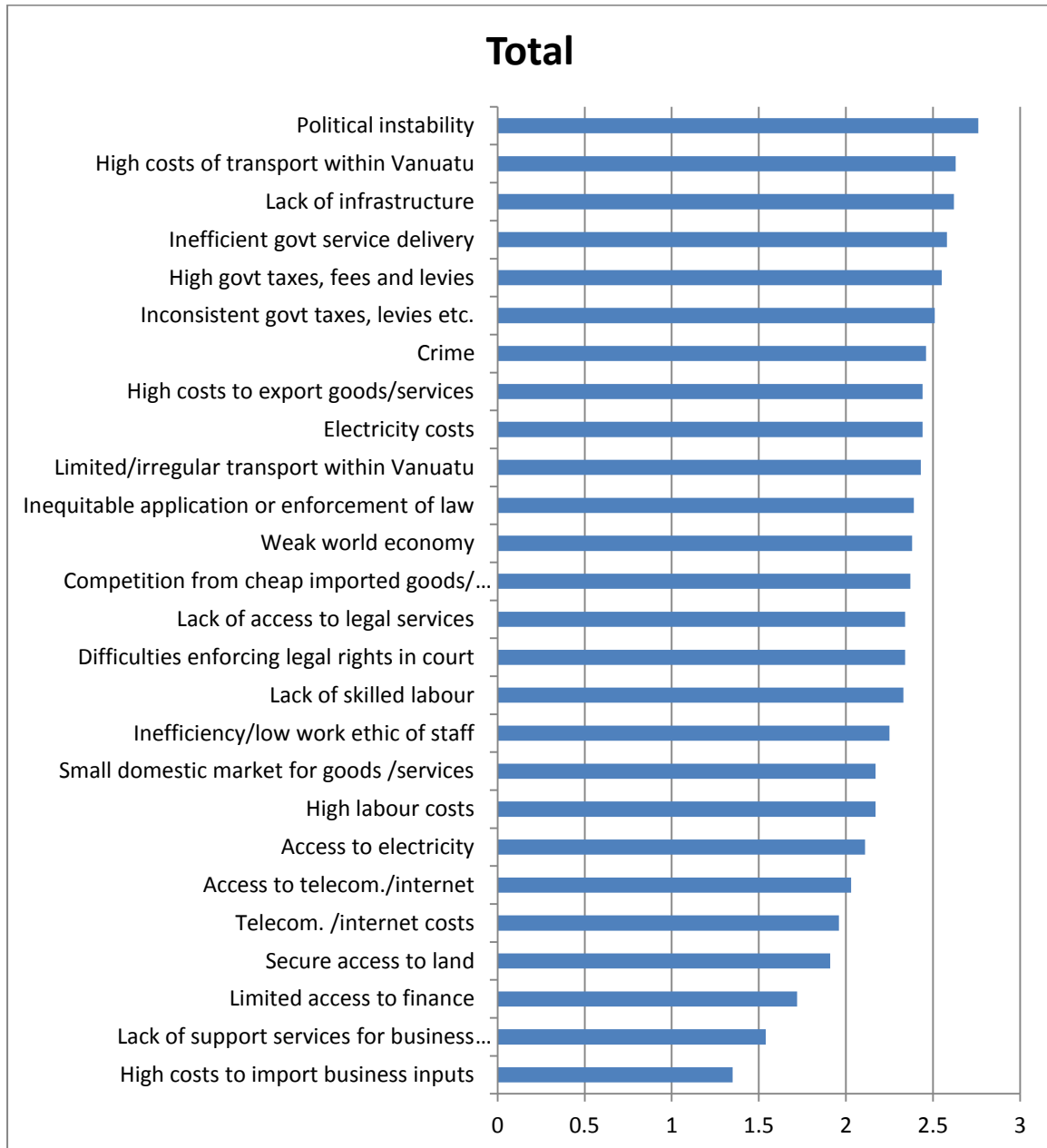
Other business production/cost issues



It is somewhat surprising that businesses tended not to identify access to finance, lack of support services for business development and high costs to import business inputs as being a major problem. This suggests that government should monitor the current position in these areas, with a view to developing and implementing strategies as they arise, rather than prioritizing the immediate implementation of strategies to reduce problems in these areas.

Data as a whole

The chart below shows the problems as a whole, listed from the most major to the least major problems, for the private sector as a whole. Whilst the ranking change if the data from Port Vila and surrounds or the data from elsewhere is used, this chart gives a useful overview of the specific issues that the private sector thinks the government should address in the National Sustainable Development Plan.



5. PRIORITY CHANGES

Businesses were asked to list up to 5 changes that they would like to see occur in the next 15 years as in order to make it easier for the businesses to operate. This gives another indication of specific priorities and in some instances, specific strategies for addressing priorities.

Many businesses identified the same or similar priorities for change. The VCCI grouped changes by categories: infrastructure and transportation, government services & taxes, promoting sustainable market access, tourism, training and development, and other matters (including access to finance, land, and protection of Ni -Vanuatu interests). The categories are listed in the order of most frequent mentions.

Infrastructure and transportation

The most commonly identified changes that are desired by businesses relate to infrastructure, with transport infrastructure (including roads, wharves and airports) being the main type of infrastructure identified.

Improving sea and air transportation

The irregularity and cost of shipping and air services between the islands affects business activities and hinders outer islands businesses from being able to access markets. This in turn places a considerable constraint on operating businesses in these locations. Changes that must be done to resolve these constraints include:

- Improvement of shipping services between islands
- Reduction of airfares
- Airports improvement/upgrades throughout the country
- Bauerfield runway improvement
- Construction of ports in strategic areas such as Tanna, Ambae, Ambrym
- More flights to outer islands to build tourism
- Upgrading of domestic shipping services schedules to deal with irregular shipping
- Limiting the number of buses in Port Vila as these vehicles cause traffic jams
- Reduction of seafares
- Construction of more wharfs and jetties throughout the country
- Provision of safer transport
- Provision of storage facilities to store goods waiting for transport in the main islands
- Provision of adequate transportation for cattle

Roads

The single most identified change that was requested was to improve roads – both through maintenance of existing roads and expanding road networks. Example changes needed in this area include:

- Improve road conditions in Port Vila, Luganville and the rural areas
- Better road maintenance plans
- Need good road networking
- New feeder roads needed
- Need tar seal roads in business districts such as Lakatoro and Lenakel
- Develop new roads to allow producers to be able to get their goods to market

Electricity & water supply

Two clear themes emerged in respect of changes that people wanted to see in respect of improvements to electricity and water supply:

- Reduce electricity costs throughout the country
- Reduce water costs especially in Port Vila and Luganville
- Improve water supply systems in the rural areas especially areas that have huge tourism potential such as the Yasur volcano area, etc to boost businesses as well as basic health
- Improve access to electricity in rural areas, including through promoting renewable energy generation

Communication

Whilst there were a small number of comments about telecommunications costs and reliability, the main theme here was the need to improve internet coverage throughout the country. Example changes needed were:

- Establish more internet cafes in the provinces to improve market access for products and tourism
- Island bungalows must have access to internet
- Faster access to internet services in the rural areas will boost economic development

Other Infrastructure

There were frequent mentions of other infrastructure issues relating to social development as well, with the top three being:

- Need for more health centers
- Build more schools
- Need for more women handicraft centers to ensure women go into business

Government services & taxes

The second most common area to attract comments was government services and taxes. Whilst there were a small number of comments about reducing crime and improving legal services, the main concerns for the private sector relate to political stability, government services and taxes.

Political Stability

The need for political stability was identified by many businesses as a pressing concern. Political instability scares investors. It also leads to wastage of public funds, which in turn leads to demand for higher taxes, reduces consistency and quality of government services and creates an environment in which corruption can flourish.

Government Services

Poor government service delivery in some areas is causing barriers for some business operators. A number of specific changes for improving government services were identified, including:

- VIPA to improve its investment process facilitation and if there's a need to establish offices elsewhere within Vanuatu to fast-track approvals then VIPA should do so.
- There should be a single license for multiple businesses if need be.
- Need for access to correct information .
- There's a need for a one stop shop where business licenses, residence permits, etc will be purchased.
- Attitudes of government workers need to be positive and encouraging to investment
- More private sector consultations are needed when reviewing bills and government policies.
- Government employees need to be recruited on merit/qualifications
- Government employees that have enforcement powers need to be trained on correct interpretation of laws.
- Improve agricultural extension services.

Taxes/costs of doing business

A number of issues were raised about the costs of business licenses, VAT and other taxes, particularly on small or new businesses. Whilst it is recognized that responses to remove tax altogether are not practical the NSDP needs to contain measures about revisiting taxation to ensure that it is not stunting the expansion of the private sector. Some specific responses include:

- Government needs to collaborate fully with the private sector when it comes to developing and implementing new tax regimes
- VAT should be either left where it is or reduced a bit because it is not only affecting small businesses but increases prices of daily needed goods in the provinces.
- Government should introduce an equitable taxation system

- Ensure payments from government for VAT are processed quickly
- Consider giving new local businesses a break of 5 years before they have to register for VAT or hold business licenses

Amendment to employment regulation

A considerable number of respondents identified employment laws as a priority areas for change. This may be because the survey took place as part of a wider employer survey. Responses include:

- Law needs to be clear and simple
- Act is difficult to understand at present, simplify Employment Act
- Workers contracts section be reviewed
- Public holidays need to be reduced as it affects businesses
- Termination of workers section needs to be simplified
- Ensure Vanuatu's Employment Act is consistent with the other PIC Acts
- Minimum Wages may take time to work in the rural business community as there are traditional systems in place to govern employer-employee relations
- Need for less rules and regulations, laws but must be precise
- Need to reduce severance
- A Sectoral wage category may assist
- Union members need to have a clear understanding of the labour law
- Lawyers representing Union members must tell their clients their rights as well as their limitations

Promoting sustainable market access

Many comments related for the need to government to ensure access to both domestic markets and export markets. Some comments focused specifically on primary products, or the need to develop targeted value adding for niche markets. Comments relating to infrastructure also had a very strong link with promoting market access, as do comments relating to training.

Specific changes for the government to implement included:

- Establish a Vanuatu diagnostic laboratory under the Food Center to ensure all Vanuatu products to be exported meets overseas requirements
- Government through the Ministry of Agriculture should encourage farmers to go into commercial farming.
- To assist businesses as well as the farmers the government should be looking into providing subsidies on necessary commodities such as copra and goods such as fuel.
- VIPA should facilitate and accelerate the processes of investment in Vanuatu. Annual renewals should be made instantly as delaying this makes investors nervous.

- The government and its development partners must ensure that market houses/centers must be built for communities to sell their crops. Depending on the size of the island, a market house should be build within every 5 area councils.
- Trade agreements that are currently being negotiated should take into account how island products could be traded. If the products are to be value added then the government must assist in value addition assistance through training and other available methods.
- Provincial governments need to ensure that set prices are observed by rural dwellers when selling their produce.
- Export of labour or trade in services is something the government must look into to ensure Vanuatu skilled labour get employed abroad with the aim of returning with new skills to develop Vanuatu.

Tourism

Many comments were received specifically about market access for Vanuatu tourism, through promoting marketing overseas. A number of other specific strategies for improving tourism were frequently mentioned as well. It is clear the respondents throughout the country see tourism as a vital sector for furthering private sector development in Vanuatu in the next 15 years. Common changes in the next 15 years that businesses wanted to see included:

- Diversification of tourism into the outer islands
- Promote the use of Guest houses in the provinces
- Government agencies promoting tourism should look at specific provincial tourism attraction and market those attractions aggressively
- More needs to be done on marketing and promoting Vanuatu on the regional and international arenas
- The Tourism Marketing Master Plan for Vanuatu needs to be implemented progressively to ensure its goals and objectives are met within a given time-frame
- Resolve problem of taxis and buses during cruise ships

Training and workforce development

A number of changes related to improving the health system for a healthy workforce, the education system generally and to target education in areas where there are skills gaps for employers. In addition businesses identified a number of specific training needs. It could be seen that there is a significant difference between retail, hospitality and local farmers' comments:

Agribusiness

Farmers want the government to draw a plan for semi commercial to commercial agriculture in order to supply our local market as well as our external market through value added products.

In addition to that, farmers would like to see more agribusiness training that links to value addition.

Retail

Businesses requested more management and finance training. Small and medium businesses are demanding basic training on book keeping.

Hospitality

The tourism sector is growing not only in Port Vila but in the outer islands as well. With the rising tourism developments comes the need to have well trained staff to manage and operate tourism businesses. The tourism sector is therefore requesting for more local skilled and trained employees to enter the tourism industry work-force as well as training on the outer islands on how to run tourism related businesses.

Other matters

A number of changes businesses wanted to see related to the protection of ni-Vanuatu interests. Access to finance was another theme that emerged. Whilst answers in the previous section indicated that access to finance was not a widespread or major problem the comments in relation to changes businesses would like to see happen indicates that it is still an issue that needs to be addressed. Land issues were also a theme.

Protection of ni-Vanuatu Interests

A number of comments indicated uncertainty about the place of foreign investors in Vanuatu. Comments also indicated that support should be specifically targeted to emerging ni Vanuatu businesses. Desired changes included:

- Clear criteria for foreign investors and foreign workers must be followed.
- The Reserve List should be upheld always to ensure that ni Vanuatu can participate in businesses.
- The government should ensure that ni Vanuatu are trained in areas of value addition so that perishable items/products are processed to have longer shelf lives.
- More ni Vanuatu are to be encouraged to participate in business ventures by offering favourable loan rates.

Access to finance

It can be difficult for business startups to get into business as well as local companies to expand their businesses because access to finance is so complex. Bank interest rates are high. Some businesses are saying there is a need to have more commercial banks so that the competitive loaning environment would perhaps enable banks to reduce their interest rates. Other commercial banks

should be encouraged by the government to establish branches throughout the main producing islands to help facilitate access to finance as well as improve the rural banking systems.

Some businesses also felt that the Government should offer low cost loans for business start ups across all sectors. The Vanuatu Agriculture Development Bank is not offering the services that the farmers were promised instead its rates are high and its application forms are lengthy which put farmers off.

Land

Access to land to do business is proving difficult for some. Greater certainty around negotiations and leasing was requested by some. Land reforms need to provide procedural certainty around renewal and change of purpose of leases and compensation for improvements on expiry.

6. OTHER CHANGES

The questionnaire asked the businesses to suggest what strategies they would suggest to implement the 3 pillars contained in the NSDP. Whilst the government received some feedback from the public during the NSDP public forum in June 2014, there was limited turnout at this forum and it was “Vila-centric”. This section of the questionnaire is intended to provide more feedback to the government from members of the public from throughout the country. As with feedback collected from the NSDP forum some of the comments from members of the public are not fully formed concrete strategies. Further, the number of responses identifying similar issues/strategies should not necessarily be taken as an indication of what the best or most important strategies for the government to implement are. Instead it may be that some strategies for improvement are more obvious, and therefore easier to identify.

Much as all comments provided by the public at the NSDP forum were collected together for the NSDP Working Group to then consider further, this data has been summarized and grouped by the VCCI, but has not otherwise been filtered.

Social Development

In terms social development, there were 5 main themes mentioned: health, education, community development good governance and law and order. A 6th theme, improving economic opportunities, crosses the boundaries between social and economic development but was also frequently mentioned as a response to social development. A further, cross cutting issue, was also mentioned by many respondents: the need to ensure that there is effective decentralization of government services throughout the country and to focus on development in rural areas, as it is rural areas that currently have the weakest government services.

Education

The area that attracted the most comments and strategies was education, with about 100 comments relating to improving education. About 20 comments stressed the general importance of education and/or the need for the government to put more money into education.

About 50 comments related specifically to developing primary and secondary education. Whilst building more schools was the most frequently identified strategy (identified by 35 people), the quality of schools was also important (10). Other strategies relating to primary and secondary education were:

- Upgrade/build better schools (9)
- Provide qualified teachers (3)
- Teachers should teach in their own provinces to assist in teaching cultures and respect
- Increase free education/reduce school fees (10)
- Improve quality of school material (2)
- Revise school rules and disciplinary measures in schools

Tertiary education and vocational training was also the subject of some education related strategies:

- Provide training for older people who are not in school on business activities
- Provide education in areas there are skills shortages for employers
- Implement targeted quality training for technicians and other skills
- Provide free courses to business owners (2)
- Provide more vocational schools (4)

There were also some strategies that relate both to education and other aspects of social development that were identified:

- Ensures scholarships for study overseas are awarded on merit
- Establish traditional schools
- Use local materials to build schools, in order to promote local products

Health

More than 80 comments that were listed related to improving health. About 30 responses specified that more health centres should be built, although a number of responses stressed that it is not just the number of clinics but the quality of health care that is important. Things such as qualified staff, availability of medicines, improving service times/reducing waiting times at hospitals and maintenance of existing health clinics were identified as being helpful for improving quality.

In addition to expanding and improving health care facilities a number of other health related strategies were identified. These are listed below, with the numbers in brackets indicating the numbers of mentions.

- Smoking related strategies
 - Ban smoking in public areas/enforce law (3)
 - Ban (youth) smoking (2)
 - Find ways to stop smoking
- Alcohol
 - Ban drinking and driving (and enforce ban) (2)
 - Ban alcohol (2)
 - Ban drinking in public areas (3)
 - Encourage people to drink only on special events
 - Stop underage drinking
- Drugs
 - Control the use of kava 2
 - Ban marijuana (and other drugs) (10)
- Non communicable diseases
 - Provide quality food/nutrition information 2

- Impose very high tariffs of things that are known to contribute to health issues – cigarettes, MSG, sugar, sweets, soft drinks, junk foods et cet. The money collected should be kept separate and used for NCD sickness and publicity campaigns to reduce NCDs et cet.
- Other
 - Stop vehicles that produce too much pollution (2)
 - Encourage people to go for a monthly preventative checkup
 - Provide free medication for children

Community development

A number of strategies related to community development, with many comments particularly focusing on the need to strengthen communities in order to keep youth out of trouble.

- Create public youth facilities (that can also include vocational training) to keep youths busy (6)
- Strengthen youth/sports in local communities through sports officers in provinces
- Put more money into youth development to keep youth away from crime (2)
- Help youths (and others) so they do not get involved in drugs (4)
- Organise more sports tournaments to bring people together (5)
- Provide sports facilities
- Create community works in rural areas (such as cleaning roads)
- Give communities small projects to work on
- Train social authorities/officers on how to improve social activities for social development
- Allocate funds for communities to organize social activities
- Educate communities in how to run a healthy community
- Run more awareness on social development (4)
- Have more radio talkback shows
- Government should give more money to support Christian churches in Vanuatu

Good governance

Good governance is positioned under social development in the NSDP, and a number of strategies listed by respondents related to good governance. It is interesting to note that more good governance related strategies were listed as responses to improving economic development. Particular matters identified by respondents as social development strategies were:

- Government should be stable (2)
- Stop votes of no confidence
- Less overseas trips for government officials and parliamentarians
- Require political parties and coalitions to state political aims
- Strengthen the ombudsman(5)
- Strengthen the economy so we are not dependant on handouts from other countries

- Stop corruption on all levels (8)
- Sort out government productivity
- Pay nurses, teachers, policemen on time
- Only employ qualified peoples for jobs
- Introduce Integrity Act

Law and order

As identified in section 3, above, crime is a problem for many businesses. Few strategies for addressing weaknesses in law and order were identified, however:

- Chiefs are important for law and order. Government should praise and empower them.
- More crime awareness to reduce crime (3)
- Introduce more road rules/signs
- Place more police in communities
- Tougher penalties for wife beating/rape
- Strengthen families and communities to reduce crime rate
- Security needs to improve
- Educate people to understand the law

Improving economic opportunities

A number of other issues were identified as strategies to boost social development. These strategies largely group around economic activities, and reflect the close relationship between economic and social development.

- Provide education/training in respect of retirement plans.
- Increase wages
- Give opportunities to expatriates to run businesses to provide jobs for ni-Vanuatu
- Reduce religious public holidays
- Limit the number of sailing boats to the country (2)
- Lower interest rates
- Implement national ICT policy
- Increase working days and culture of work
- Strengthen infrastructure to promote community development (roads (9), water supply (4), market houses (2), other (2))
- Find the proper owners for land

Environmental development

Strategies identified by respondents have been grouped into the following categories: responding to climate change, promoting the use of green technologies, promoting green business, pollution and waste management, promoting biodiversity, education and regulation. These categories overlap somewhat and sometimes an identified strategy could be placed into two or more sections. In order

to avoid repetition strategies are only listed under one category. One overarching comment is particularly important to bear in mind: “Resource everything – it is time to stop talking and to start acting”.

Responding to climate change

Nine responses specifically mentioned climate change, although a number of listed strategies relate to climate change responses. Strategies in respect of the use of green technologies are listed in a separate section. Other identified strategies in this area include:

- Promote awareness about climate change (1)
- Build water supplies with the aim of providing a buffer during dry seasons caused by climate change (4)
- Help reduce the cost of sea level rise (4)
- Promote reforestation (31)
- Government should set a day in which everyone should plant trees in areas where there are no trees (arbor day)

Promoting the use of green technologies

Many strategies for promoting the use of green technologies related to electricity generation, although the need to promote use of renewable resources more broadly was also recognized. It can also be noted that one strategy identified as part of social development, to build schools using local materials, could also be included as a strategy for promoting green technologies. Specific strategies are:

- Stop the use of diesel run generators (45)
- Increase use of solar panels (26)
- Increase use of wind turbines (5)
- Increase use of hydro/micro-hydro power generation (7)
- Use of copra oil or alternative fuels as fuel for vehicles(3)
- Introduce biogas
- Implement energy road map
- Apart from solar panels promoting other means of energy efficient production desirable eg. mini crusher
- Government should increase the use of renewable resources
- Use renewable resources (2)

Promoting green business

The green technology ideas listed relate to green business, as well as green households. Other strategies include:

- Government officers can offer free planting materials to grow to promote agriculture (2)

- Promote agriculture (through the Department of Agriculture) (2)
- Establish eco-tourism (4)
- Find a more efficient way of drying copra without using open fires
- Change ideas from import > export to export > import

Pollution and waste management

Whilst some people made general comments about the need to control pollution and rubbish, comments in this area also generated a number of quite concrete strategies for addressing issues. Comments include:

- Recycle rather than burning rubbish
- Advise people to clean up the town/have more clean up days (2)
- Increase awareness on recycling waste
- Encourage regular servicing of vehicles
- Teach people to dispose of rubbish properly (3)
- Fine businesses that pollute
- Teach people how to reduce, recycle, compost (4)
- Enforce municipal laws to keep town clean
- Provide more rubbish bins in town (3)
- Introduce high temperature combustion with co-generation for solid waste disposal on Efate
- Reduce use of plastics (4)
- Establish proper sites throughout country for dumping rubbish (3)
- Have waste management plans for urban areas (2)
- Ban littering

Promoting biodiversity

The need to protect biodiversity was recognized by a small number of respondents (4). A number of strategies related to promoting biodiversity were also identified. These include:

- Increase protected areas (ie places that have endemic species, breeding sites)
- Use custom tabus to help enforce protected areas
- Introduce a crown of thorns eradication programme
- Ban coconut crab hunting and consumption
- Have more concern for sea creatures
- Put in laws to protect biodiversity &/or specific species
- Make it easier for those who would like to create reserves/sanctuaries (2)

Education

About 30 responses indicated that more education, training and awareness in relation to the environment would be useful strategies to implement to promote environmental development. Specific strategies include:

- Include education in schools
- Teach children about custom tabus and how to use tabus to protect the environment
- Educate leaders so they can educate their people to look after the environment
- Educate people to plant more trees in coastal areas
- Educate to conserve materials (ie photocopy paper) (2)
- Use media to educate on the long term effects of plastic bags

Regulation

Some strategies listed above relate to regulation. A number of people also generally identified the need for more laws, or better enforcement of existing laws as a general strategy. The need for urban planning was also identified as a strategy that affects a wide range of environmental goals.

- Introduce laws to protect the environment (2)
- Enforce the laws that are in place, equally (4)
- Make penalties for breaking law stricter
- Ban logging in some areas (11)
- Decrease the numbers of big factories
- Start proper urban planning (3)
- Municipalities and provincial councils need environmental officers
- Impose an environment tax on plastics and vehicles. Keep this money separate from general revenue and use to clean the environment and fund publicity on environmental issues

Economic development

Specific strategies identified in relation to developing individuals' own businesses have been listed in section five above. This section reports other general strategies identified in order to achieve the policies of the NSDP. They are grouped into 11 themes.

Help to access markets, both local and domestic, for goods

Thirty-nine (39) comments related to developing access to markets for goods. Specific comments included:

- Develop links between agriculture and tourism (7)
- Help to develop export markets (19)
- Develop export markets for kava juice
- Improve marketing programmes across all sectors (6)
- Improve shipping throughout country to make it more possible to access markets to sell goods (7)
- Build market houses in strategic locations throughout country
- Declare mini-township areas

Strengthen tourism

About 50 comments specifically related to strengthening tourism, which indicates that it is perceived as a central driver for economic activity in Vanuatu. Specific strategies in this area include:

- Improve tourism marketing (20)
- Improve transport for tourists to rural areas
- Promote building of bungalows/eco-tourism in the islands (4)
- Protect custom sites and help to revive Vanuatu's Nasaras to create tourist attractions (3)
- Improve tourism outlets/tourism industry standards (3)
- In 5 years cruise pax arrivals increased 150%. if we marketed cruise past experiences better when here you would have seen some increase in airport arrivals. but no - this is not done
- Introduce home stay tourism
- Improve security for tourism
- Develop agro-tourism

Improve infrastructure

Thirty-three responses could be clustered around infrastructure. Businesses in the rural areas clearly indicated that infrastructure development is a cross cutting issue and if infrastructure is developed and properly maintained, tourism activities, government services, agricultural services, access to medical treatment and so forth will be easily accessed. Specific strategies included:

- Establish/maintain wharves (2)
- Repair and maintain roads (6)
- Build roads in places that will help people to bring products to market (7)
- Improve transportation in the islands
- Ensure roads are suitable for tourism
- Open land sales for development
- Improve airports/transportation throughout the country (particularly important to promote tourism) (2)
- Fix Bauerfield airport runway (2)
- Improve water supply in rural areas 3

Develop primary sector

Whilst there were fewer sector specific responses about building primary sector than there were about building tourism, there was a cluster of responses about the need to develop the primary sector. Two responses noted that 'Primary production without value adding is never going to achieve economic growth for Vanuatu as we are too small and remote' so developing new value-adding businesses should also be seen as developing the primary sector. Specific strategies to boost primary production include:

- Encourage farmers to plant high value commercial crops
- Promote re-forestation
- Increase copra price
- Support communities with fishing boats to build fishing industry
- Increase copra production
- Provide farmers with equipment that they can grow businesses from
- Improve Dept. of Agriculture/agriculture extension workers (2)
- Fix prices for commercial crops
- Promote cocoa, kava
- Introduce a standard price for kava

Manage corruption and accountability

About 15 people identified issues of good governance as relating to economic development. This is particularly interesting as good governance is a priority under the social development pillar of the NSDP. The responses serve to enforce the view, reflected elsewhere in the questionnaire, that lack of good governance is a major hindrance to the private sector. There was a view that “Govt should stay away from economic development because when they are involve in an economic activity, we never see the income because they corrupt it... They should leave economic development to private sectors.” Other strategies included:

- Improve stability (2)
- Sort out needless bureaucracy
- Stop corruption
- Increase private sector representation on boards such as VNPF, VTO
- Consult with the private sector more (2)
- NSD can only exist if there is ABD – accountability brings changes in decision makers.
- Do not allow mps to change affiliation after elected in order to increase stability
- Ensure macroeconomic stability (2)
- The collection of license fees must be supported by competent authority or inspectors. License fees should be able to deliver a service and not just be another revenue stream. Those that are collecting fees must be subject to audit. For example, where does all the money go that Shefa collects as airport tax .

Taxes and costs

The tax burden on businesses comes about because of the need to fund government activities, and this gave rise to the view that “first and foremost stop govt misuse of public funds. The leakages in public funds puts pressure on increasing taxes and other ways to raise revenue. If they can stop the leakages there will be enough money. Look at salary levels of public servants, political employees, members of parliament, ministers etc. make all these pay levels match production, not tile of the post they hold.” Taxes are therefore closely related to good governance.

Particular strategies in respect of taxes include:

- Reduce ports and departure fees
- Cut down costs for different government sectors (eg customs, municipality, provincial fees)
- Reduce import tax
- Evaluate how taxes are hindering businesses
- Give businesses a 5 year period before they are required to register for VAT
- Reduce VAT on agricultural imports
- Remove barriers/costs caused by monopolized utilities, stevedoring services et cet
- Have a 10% tax on all money that comes through Vanuatu to fund social development

Promote business growth

There were a number of comments relating to promoting business growth generally. The place of foreign investors is problematic, with conflicting comments:

- Attract more foreign investors (1)
- Screen foreign investors properly (1)
- Allow ni-Vanuatu to take over the responsibility – stop foreign investors (3)
- Reserving occupations is a negative step that does not make room for growth and is affecting safety issues
- Make shipping a reserved industry
- Facilitate investor/land owner joint ventures

Whilst these comments do not help the government to determine strategies, they do suggest that the government needs to be very clear about identifying policies in relation to foreign investors.

There were also some strategies for promoting business development:

- Promote value-adding in rural areas
- Give funds for business people to promote our economy
- Help rural areas as this is where people have problems generating incomes
- Promote diversification of industries
- Provide loans to businesses
- Make factories for producing local products (4)
- Increase presence of VCCI throughout the country so business have a place for help and advice in times of trouble
- Support service sector development

Workforce/training

The need to increase employment and, in particular create work for young people was recognized by 3 respondents as a critical economic development strategy. The lack of skilled workers was also seen as a problem by some. Particular strategies to promote employment or self-employment were:

- Better labour organization/simpler labour laws (2)

- Continue to promote seasonal workers scheme
- Less costly labour laws that reflect the reality of an unskilled workforce with a limited work ethic
- Improve education in areas of skills shortages (5)
- APTC style training needs support
- Encourage more qualified people to come from NZ/Australia to transfer skills
- Allow bonding to encourage employers to invest in staff training
- Fund quality overseas training
- More training to small business owners or those interested in establishing small business (4)
- Give training on simple accounting in schools
- Give specific training to people in rural areas to produce more products to sell to tourists

Other matters

There were some other matters that were raised as strategies that are less easy to group. Regulation of business operations, improving law and order, and promoting the traditional economy are some possible themes. One respondent also saw women as economic drivers of economic development to be supported:

- Improve construction law/regulation of the building industry
- Regulate commercial lending rates
- Regulate for quality products to be sold in shops, in order to protect health
- Regulate rental house standards
- Address trespass and law and order issues in rural areas (for instance stock thefts)
- More security for business and presidency
- Establish handicraft centres as sites to promote traditional economy (9)
- Help people to save money
- Give some funds to the ladies
- I question the level of VNPF admin fees that are charged to the account versus level of interest paid. I have seen the fund is being eroded and the employee pension is not keeping with inflation.

7. ADDITIONAL STRATEGIES POST CYCLONE PAM

The following are excerpts from the Post-Cyclone Pam Post Disaster Needs Assessment Report compiled by the VCCI. Whilst Cyclone Pam should not be used as a reason to abandon the NSDP, the lessons learned from Cyclone Pam should be drawn from for the government's ongoing development plans. The strategies identified in from the April 13 2015 meeting of business people should be considered for incorporation into the NSDP.

Summary:

The Vanuatu Chamber of Commerce and Industry (VCCI) was part of the needs assessments teams that were involved in collecting data after the cyclone. During a meeting with the World Bank representatives and the other line government ministries, departments and statutory bodies at the Reserve Bank of Vanuatu's conference room, the institutions were divided up into sectors and the members of the VCCI team are part of the Commerce sector. The Department of Industry and the Department of Cooperatives are also in the Commerce sector. The Department of Industry staff will be visiting the local manufacturers while the Department of Cooperatives staff will concentrate on the cooperatives, loan societies and associations. The VCCI team was told to concentrate on the Large and Small commerce, women's group and the Finance sector and has been visiting retail and wholesale businesses, women's group, other professional services, credit facilities and other businesses not covered by the government ministries, departments and statutory bodies. The team visited different areas of Port Vila where businesses are located from Number Three to Switi.

In eight days, the VCCI team surveyed 274 businesses from within the Large and Small commerce, women's group, Finance sector and other professional and business services. 95 surveys were also received from Lenakel, Tanna. The businesses were asked to estimate the costs of damages to their businesses, loss of revenues and recovery costs that are needed to rebuild their businesses.

One issue in doing the survey is that the VCCI does not have a full list of all businesses. The most recent list of businesses that VCCI has comes from Rate and Taxes as of December 2013 and is based on businesses that held business licenses. On this list there were 1,658 business licenses issued in Port Vila and Luganville in 2013. 58% of these businesses (967) operated in the categories of Large and Small commerce, women's group, Finance sector and other professional and business services. However, in 2013 businesses that were not VAT registered (small and micro-businesses) were not required to have business licenses. Businesses operating outside of the Port Vila Municipality are also not included on this list as their business licenses are issued by Shefa Province and VCCI does not have any data on business licenses issued by Shefa Province. The lack of baseline data on the number of businesses makes any estimation of the number of business affected and the total damages across industry sectors very difficult...

Recovery Strategy & Needs:

The recovery strategy options below are largely based on what was discussed at a meeting of VCCI membership convened Monday 13th April 2015. Some of the elements relate to sectors that were not the subject of the VCCI survey conducted during the preceding week (e.g. tourism and agriculture). The strategy options include elements that require monetary assistance and others that require policy responses on the part of government and/or donor partners.

Short Term

Sector	Program of Activity	Value (VUV)	Responsible Agency
Commerce	Low-cost loan facility announced by government 10 th April 2015 plus appropriate processes to ensure that facility is available to SMEs as well as larger businesses	VT500 million	RBV/MFEM/ Commercial banks
Tourism	Marketing strategy specifically tailored to post-disaster destinations		Donor partners/VTO/ Dept of Tourism
	Redirect budget allocated to participation in Milan Expo to marketing to Aus/NZ/New Caledonia	VT50 million	VTO
	Businesses that rely solely on tourism should be exempt for 2015 from vehicle registration charges, VAT and airport access charges to assist speedy recovery		CoM/MFEM/Dept of Customs & Internal Revenue
Construction & associated trades	Ensure budget allocation to infrastructure investment is not redirected to other areas such as disaster relief		CoM
	Fast track tendering of projects that are already approved		VPMU
	Government to commit to grant first priority to local companies for rebuilding activities		CoM/MIPU
Industry	Small loans for home based enterprises	VT500 million	Donor partners/ executing agency
	Replace Industrial Development Act in accordance with Manufacturers and Exporters consultation with Trade Department especially important after PAM		Department of Industry/VCCI/CoM/P arliament
	Temporary reduction of import duties and excise taxes especially for processing operations that will need to import raw product from overseas until domestic supplies are re-established to be continued if necessary		MFEM/Dept of Customs & Inland Revenue
Manufacturing	Temporary reduction of import duties and excise taxes especially for processing operations that will need to import raw product from overseas until domestic supplies are re-established to be continued if necessary		MFEM/Dept of Customs & Inland Revenue
	Provide interest 'only short term loans' to allow for rebuilding/development during down time associated with re-establishment of supply chains		Donor partners
All Sectors	To increase low-cost loan facility announced by government 10 th April 2015 plus appropriate processes to ensure that facility is available to SMEs as well as larger	VT15 Billion	RBV/MFEM/ Commercial banks

	businesses in primary industry sectors, secondary industry sectors and tertiary industry sectors		
	Extension of VAT lodgment periods and waiver of penalties for late submissions		MFEM/Dept of Customs & Inland Revenue
	VAT office to reduce delay of VAT refunds		
	Reduction of Excise Tax in key industry sectors		
	Lower the minimum wage requirements for the 'clean up' period		CoM
	Waive requirement for VNPF registration for part-time workers		CoM/VNPF
	Revise employment termination laws and severance allowance entitlement		CoM
	Insurance companies to speed up processing of claims and release funds to pay for repairs and rebuilding. These funds should not be subject to VAT.		Insurance industry & Dept of Customs and Inland Revenue
	Aid assistance to be directed to businesses on a needs basis		Donor partners & executing agency
	Any short-term aid assistance to private sector to be coordinated via VCCI to speed up processing and ensure it gets to where it is most needed		Donor partners/MFEM/VCCI
	Standards need to be implemented & enforced regarding the quality of building materials being imported (e.g. timber) for rebuilding		Customs/Municipal & Provincial Councils
	Review of National Building Code Guide against natural disasters		MIPU/ Building Sector
	Extension of VAT exemption period for building material, fencing material etcetera		CoM
	Participation of Private Sector through Tripartite Labour Advisory Council (TLAC) in Labour Disaster Preparedness, Response, Recovery Plan represented in the National Disaster Management Office		Ministry of Internal Affairs/NDMO/VCCI

Medium to Long Term

Sector	Program of Activity	Value (VUV)	Responsible Agency
Commerce	Low-cost loans to promote investment		RBV/Commercial banks
Agriculture	Increase investment in agriculture to rehabilitate declining activities and establish new ones		Ministry of Agriculture/Donor partners/Commercial banks

Construction & Associated Trades	Mandate that all foreign companies working on major infrastructure projects must subcontract with local companies if local companies are competent to do the work		VPMU/VIPA
	Waive or reduce costs associated with importing of extra labour resources by already established businesses (residency & work permits)		CoM/Department of Labour/Ministry of Internal Affairs
	Reduce the financial capability requirements for local tenders on conditional basis for infrastructure projects to allow greater participation by local companies		VPMU/Donor partners
Industry	Strategy for diversification of industrial base from tourism to agri-industries		Department of Industry
All Sectors	Increase low-cost loan facility announced by government 10 th April 2015 plus appropriate processes to ensure that facility is available to SMEs as well as larger businesses in primary industry sectors, secondary industry sectors and tertiary industry sectors	VT15 Billion	RBV/MFEM/ Commercial banks
	Develop brand 'Vanuatu' across all sectors		Whole of Government /Industry groups/VCCI
	Maintain funding for health and education to provide a healthy and capable workforce for the future		Government/donor partners
	Maintain commitment to and fast track projects already approved and funded that aim to diversify the economy and develop new livelihood options with strategy for diversification of economic base		Whole of Government/NSDP of PMO/ MFEM /donor partners
	Follow up on recommendations made by the Public Accounts Committee and in particular review the operation of State Owned Enterprises		CoM
	Direct UNELCO to relocate all aerial power lines to underground power lines to protect the grid and facilitate faster reconnection		MIPU/UNELCO/ URA
	Investment in infrastructure development against natural disasters in climate change		MIPU/MFEM/VCCI
	Maintain policy commitments in the 2015 budget and National Sustainable Development Plan from 2016 to 2030 (NSDP) designed to foster private sector participation and growth		MBC/COM/NSDP of PMO
	Implement Insurance ombudsman/oversight body		Min of Internal Affairs/Min of Commerce
	Implement fair trading/consumer guarantees body		Min of Internal Affairs/Min of Commerce

APPENDIX: SURVEY FORM

BACKGROUND

1. Are you the

Tick one

- Owner or part owner of the business
- Employed manager of the business
- Other (specify) _____

2. Gender

Tick one

- Male
- Female

3. How many businesses do you have? _____

4. How many business licenses do you have? _____

5. What industry category does your business/do your businesses fall into?

Tick all that apply

- | | |
|---|--|
| <input type="checkbox"/> Agriculture, forestry, fishing | <input type="checkbox"/> Transport and Communication |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Finance and Insurance |
| <input type="checkbox"/> Electricity and water | <input type="checkbox"/> Other business services |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Other Services |
| <input type="checkbox"/> Retail and wholesale trade | <input type="checkbox"/> Tourism |
| <input type="checkbox"/> Hotels and restaurants | <input type="checkbox"/> Other (specify) _____ |

6. What industry category is your main business? _____

7. Is your main business registered for VAT?

Tick one

- Yes
- No
- No, because the business turns over under 4 million vatu per year
- No, because the business is VAT exempt

8. Who owns your main business?

Tick one

- | | |
|---|--|
| <input type="checkbox"/> Indigenous Ni-Vanuatu | <input type="checkbox"/> Offshore based foreigners |
| <input type="checkbox"/> Other Ni-Vanuatu nationals | <input type="checkbox"/> Expatriate residents |
| <input type="checkbox"/> Naturalized citizens | <input type="checkbox"/> A combination |

9. How many years has your main business been operating?

Tick one

- | | |
|--|---|
| <input type="checkbox"/> 0 – 3 years | <input type="checkbox"/> 3 – 6 years |
| <input type="checkbox"/> 6 – 9 years | <input type="checkbox"/> 9 – 12 years |
| <input type="checkbox"/> 12 – 15 years | <input type="checkbox"/> 15 years or more |

10. How many years have you been in business in Vanuatu for?

Tick one

- | | |
|--|---|
| <input type="checkbox"/> 0 – 3 years | <input type="checkbox"/> 3 – 6 years |
| <input type="checkbox"/> 6 – 9 years | <input type="checkbox"/> 9 – 12 years |
| <input type="checkbox"/> 12 – 15 years | <input type="checkbox"/> 15 years or more |

11. How many unpaid/volunteer workers do you have in your businesses? *Unpaid/family/volunteer workers* includes family members and people paid with goods or are paid an irregular amount.

Main business: unpaid/family/volunteer workers	
Other businesses: unpaid/family/volunteer workers	

BARRIERS TO GROWING YOUR BUSINESS

The government is currently revising Vanuatu’s national development plan (the Priorities and Action Agenda) and developing a 15 year National Sustainable Development Plan. This section will help the VCCI to advocate for what businesses would like to see prioritised in the plan.

12. What changes would you like to see happen in the next 15 years to make it easier for your business(es) to operate in Vanuatu?

List up to 5 changes

13. What support would you like the Vanuatu Chamber of Commerce and Industry to provide to help you develop your business?

14. Imagine a friend has asked you for advice on setting up a small business close to where you live. Your friend has a small amount of savings – under 1,000,000 vatu - and has free access to land to put the business on.

(a) Given the current economy/state of development what do you think would be a good business opportunity for your friend to develop. Try to be as specific as possible.

(continue on the back page)

(b) What would you advise your friend are main challenges to developing the business?

(continue on the back page)

15. How much of a problem is each of these factors for your business?

Issue	A big problem	A small problem	Not a problem
Infrastructure and utilities issues			
Lack of infrastructure (roads, ports etc)			
Electricity costs			
Access to electricity			
Telecommunications/internet costs			
Access to telecommunications/internet			
Secure access to land			
Other (explain)			
Relationships with government			
High govt taxes/fees and levies			
Inconsistent govt taxes/duties/fees/levies			
Inefficient govt service delivery			
Political instability			
Other (explain)			
Workforce issues			
High labour costs			
Lack of skilled labour			
Inefficiency/low work ethic of staff			
Other (explain)			
Law and Order			
Crime			
Difficulties in enforcing legal rights in court			
Lack of access to legal services			
Inequitable application/enforcement of laws			
Other (explain)			
Market access/competition issues			
High costs to export goods/services to other countries			
High costs of transport within Vanuatu			
Limited/irregular transport within Vanuatu			
Competition from cheap imported goods/ services			
Small domestic market for my goods/services			
Weak world economy reduces international market for my goods and services			
Other (explain)			
Other business production cost issues			
High costs to import items used in my business			
Other business development issues			
Lack of support services for business development			
Limited access to finance (savings and credit) services			
Other (explain)			

16. The National Sustainable Development Plan is built around 3 pillars: social, environmental and economic development. The table below contains draft policy priorities in each area.

How important do you think these issues are for the future of all people of the Republic of Vanuatu?

	Very important	Somewhat important	Somewhat unimportant	Unimportant
Social development				
Provision of better health services, especially in rural areas				
Education and human resource development				
Good governance and public sector reform				
Strong communities and families				
What specific strategies would you like the government to implement to improve social development? (for example: ban smoking in public areas; strengthen the Ombudsman; build more schools....)				
Environmental development				
Sustainable resource management				
Green growth				
Protection of biodiversity				
Climate change action				
Environmental protection				
What specific strategies would you like the government to implement to improve environmental development? (for example: increase use of solar panels to generate electricity....)				

Economic development				
Ensure provision of competitively priced quality infrastructure, utilities and services, either through public enterprises or through private sector partnerships and competition				
Primary sector development				
Traditional economy promotion				
Private sector development and employment creation				
Macroeconomic stability and equitable growth				
What specific strategies would you like the government to implement to improve economic development? (for example: improve tourism marketing....)				

17. Should the private sector have a role in strengthening the custom economy?

Tick one

Yes

No

I don't know/am not sure

(a) If yes, what do you think the Vanuatu Chamber of Commerce and Industry should be doing to help strengthen the custom economy?
