

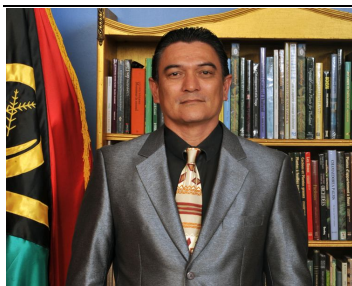
Government of the republic of Vanuatu



ANNUAL DEVELOPMENT REPORT 2012

July 2013

FOREWORD



Hon. Moana CARCASSES KATOKAI KALOSIL
Prime Minister, Republic of Vanuatu

I am pleased to present the Annual Development Report (ADR) of the Vanuatu Government for the year 2012.

First let me emphasise that this report is an important mechanism for the Government in its Monitoring & Evaluation process. The purpose of this report is to provide information and update the Government and donors on how the Government has implemented its policies and how it has achieved these policies over the years.

Let me also stress that obtaining meaningful and reliable data from line ministries and various national institutions is still a national challenge. However, the Ministry of the Prime Minister has been working closely with the line ministries in the last six months, in an effort to improve the design of meaningful indicators and strengthen the collection of data to enable the monitoring and evaluation of policy implementation.

The Government has recognised the need to redefine some policy objectives and desired outcomes at the ministry level to better align with the national policy priorities (PAA, PLAS), redefining the expected delivery of services (desired outputs), and redefining performance indicators accordingly. These efforts we believe will improve the collection of information and the reliability of data to be used by policy makers as well as its timeliness.

As part of the “100 days plan”, this year, the Office of the Prime Minister has started the work on reviewing the PAA. The review will ensure that the PAA reflects national priorities such as the alternative indicators of well-being for Melanesia are integrated into national policy priorities. The review will also assess and improve the linkages between development priorities with ministries policies, corporate plans and departments business plans.

I would like to emphasize that the Government will maintain its commitment not only to implement the Government policies but to also assess the impacts of these policies and programs on the welfare of our people, and report on the achievements and challenges.

It is my hope that this report will provide valuable information to inform the public, stakeholders and donor partners on the implementation progress of Prioritised Action Agenda (PAA), the Planning Long and Acting Short (PLAS) and other policy initiatives that have been achieved.

It is my wish that year after year, we need to extend the coverage and analysis of this Annual Development Report to better serve, our nation and our development partners.

Hon. Moana CARCASSES KATOKAI KALOSIL
Prime Minister
Republic of Vanuatu

ACKNOWLEDGEMENTS

At the outset, it is with great honour that we acknowledge with gratitude the generous support and assistance from my fellow Director Generals from line ministries and respective Directors of departments as well as heads of constitutional bodies who have assisted the Ministry of the Prime Minister in providing information and data for this Annual Development Report.

We also wish to thank the Public Service Commission for providing direction to line ministries on the format of the Annual Reports, the expanded content of which has assisted the Prime Minister's office to gather information.

We are also grateful to the heads of government institutions that have their own acts including the Vanuatu National Statistics Office (VNSO), Vanuatu Investment Promotion Authority (VIPA) Reserve Bank of Vanuatu (RBV) and constitutional bodies who have contributed in providing information for the report.

Some valuable reports and surveys from the Non Government Organisations (NGOs), from our donor partners, and from multilateral agencies and institutions have been very useful for this ADR. The AusAid funded a valuable technical assistance to the M&E Unit these last months that helped improve the Annual Development Report.

Last but not the least I would like to thank the staff of the M&E unit and the Policy Analysts within DSPPAC and the staff of the office of the VNSO, the Treasury unit within MFEM who have worked collectively in finalizing this report.

Simeon Malachi Athy
Director General
Ministry of the Prime Minister

INTRODUCTION

This report provides information on the progress of the implementation of national development priorities and major Government policies as expressed in the seven chapters of the Priorities and Action Agenda (PAA) and the Planning Long and Acting Short (PLAS) matrix namely; macroeconomic stability and equitable growth; private sector development and employment creation; good governance and public sector reform; primary sector development and the environment; provision of basic services and strengthening social development; education and human resource development; infrastructure and utilities.

The report provides specific updates on outcomes and output indicators of the PAA (including MDG indicators). It provides an assessment on how progress has been achieved in 2012. For some indicators charts and graphs have been used to show the trend over some years.

It is important to note that in the formulation of this report includes the following data gathering methodology was used;

- Review of all ministries Annual Reports for 2012;
- Consultation with the institutions responsible for collecting the data such as the Vanuatu National Statistic Office (VNSO), Reserve Bank of Vanuatu (RBV); and other government institutions such as the Utility Regulatory Authority (URA), Telecommunications & Radio-communications Regulator (TRR);
- Various survey reports and websites have been accessed to provide evidence of achievements, for instance the World Bank indicators on governance, and the ease of doing business.

The report also presents some analysis on two cases studies which highlight significant policy interventions by government. The first case study looks at the data available to monitor the quality of basic education (Yr1 to 10) in Vanuatu, with a special attention to the question of the quality in Centre Schools. The approach taken in this case study involved consultation with the responsible staff in the Ministry and Department for education and reviews of latest reports on VANEGRA and VANSTA diagnostic assessments.

The second case study provides some information on the voter registration process in Vanuatu, following the general election that was held in 2012. This case study was developed based on interviews with the Chairman of the Electoral Commission, with the previous and current Principal Electoral Officers, with registration officers and assistant registration officers in Efate and Port Vila, and with Dr. Howard Van Trease, in charge of compiling the 2012 General Election Report. Documents, files and reports related to the voters' registration and to the electoral roll were examined.

It is also worth noting that for some indicators in the PAA this report has no updated statistical data. Poor management of data collection and the lack of responsible reporting by some authorities have been a major challenge to having access to updated reliable data, although considerable progress has been made by the majority of contributing agencies where these data gaps occur narrative summaries highlight progress in policy implementations and lessons learnt

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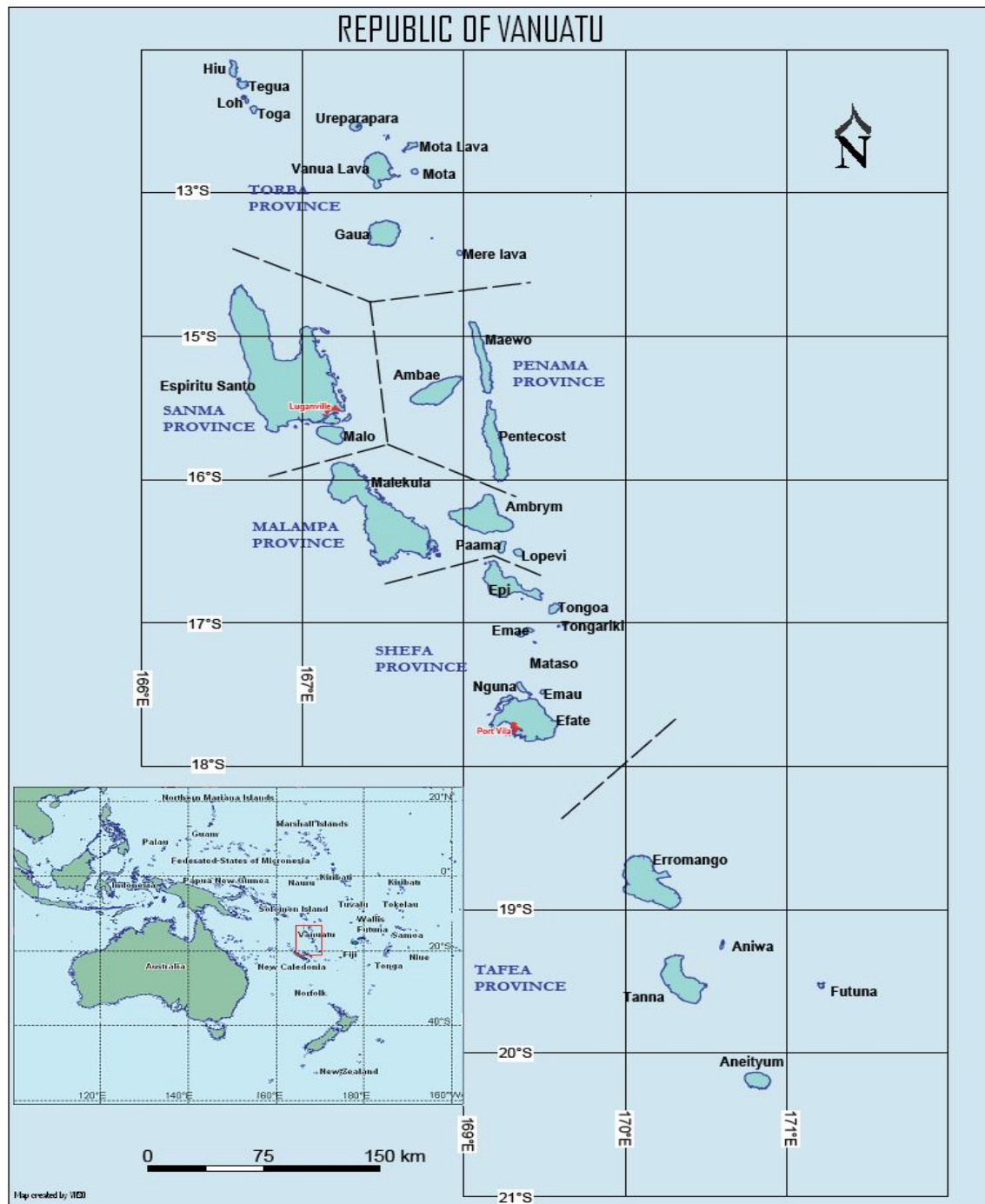
ABBREVIATIONS

ADB	Asian Development Bank
ADR	Annual Development Report
AIDs	Acquired Immune Deficiency Syndrome
API	Annual Parasite Incidence
AFD	Agence Française de Développement (France Development Agency)
ARI	Acute respiratory tract infections
AT	Accredited Training
AUF	Agence Universite de la Francophonie
AusAID	Australian Agency for International Development
CEDAW	Convention on the Elimination of All forms of Discrimination Against Women
CLTU	Customary Land Tribunal Unit
CRIMS	Crime Reporting and Information Management system
CCA	Climate change Adaption
CRPD	Convention on the right of persons living with Disability
COM	Council of Ministers
BCG	Basille Calmet Guerin (TB Vaccine)
BDS	Business Development support
DSPPAC	Department of Strategic Policy, Planning and Aid coordination
DRC	Decentralisation Review Committee
DARD	Department of Agriculture and Rural Development
DEPC	Department of Environment, protection and conversation
DGMWR	Department of Geology Mines and Water Resources
DRC	Decentralisation Review Committee
DRR	Disaster Risk Reduction
DRM	Disaster Risk management
DTP	Diphtheria Tetanus Pertissus (Vaccine)
DWA	Department of Womans Affairs
DLQ	Department of Livestock and Quarantine
ECE	Early Childhood Education
EIA	Environmental Impact Assessment
EPC	Environment protection and conservation
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FPA	Family Protection Act
FSM	FSM-Fiji School of Medicine
GDP	Gross Domestic Product
GIP	Government Investment Program
GFATM	Global Fund Assistance Toward Malaria Funding
GPI	Gender Parity Index
GER	Gross Enrolment Rate
HIS	Health Information system
HIES	Household and Income Expenditure Survey

HSS	Health Sector Strategy
HIV	Human immunodeficiency virus
ICCPR	Internal Covenant on Civil and Political Rights
IDA	International Development Assistance
ITN	Insecticide Treated Nets
ILO	International Labour Organization
IMR	Infant Mortality Rate
IWRM	Integrated Water Resource Management
JICA	Japan International Cooperation Agency
LSF	Land Sector Framework
MGP	Mama Graon Program
MAFFB	Ministry of Agriculture, Forestry, Fisheries & Bio-security
MBC	Ministerial Budget Committee
MP	Management Plans
MEC	Micro-economic Committee
MCA	Millennium Challenge Account
MCV	Measles Containing Vaccine (vaccine)
MIPU	Ministry of Infrastructure and Public Utilities
MAQFF	Ministry of Agriculture, Quarantine Forestry and Fisheries
MDG	Millennium Development Goal
MICS	Multiple Indicator Cluster Survey
MJCS	Ministry of Justice and community survey
MFEM	Ministry of Finance and Economic Management
MNVBD	Ministry of Ni Vanuatu Business Development
MNCC	Malvatumauri National Council of Chiefs
MOE	Ministry of Education
MOH	Ministry of Health
MLNR	Ministry of Lands and Natural Resources
NCDs	Non-Communicable Disease
NDMO	National Disaster Management Office
NGO's	Non-Government Organizations
NPP's	New Policy Proposal's
NLF	National Livestock Framewrok
ODA	Official Development Assistance
OECD	Organization of Economic Corporation Development
OPSP	Overarching Productive Sector Policy
PAA	Priorities and Action Agenda
PLAS	Planning Long and Acting Short
PER	Public Expenditure Review
PMU	Project Management Unit
PSC	Public Service Commission
PWD	Public Works Department
PSDP	Public servie disciplinary Board
PSSC	Pacific Senior Secondary Certificate
RBV	Reserve Bank of Vanuatu
RSE	Regional Seasonal Employment Scheme

RTCs	Rural Training Centres
SOEs	State Own Enterprises
SOPAC	South Pacific Applied Geo-Science Commission
STIs	Sexually Transmitted Infections
SPBEA	The South Pacific Board for Educational Assessment
SPC	South Pacific Commission
SPFSC	South Pacific Form Seven Certificate
SWAP	Sector Wide Approach
TVET	Technical and Vocational Education and Training
TVL	Telecom Vanuatu Limited
UAP	Utility Authority Pool Fund
UNICEF	United Nations Children's Fund
USP	University of the South Pacific
UPE	Universal Primary Education
UPR	Universal Access Policy
URA	Utility Regulatory Authority
UNELCO	Union Electrique de Vanuatu Ltd
VAC	Vanuatu Agriculture College
VANGOV	Vanuatu Government
VANWODS	Vanuatu Women Development Scheme
VBMS	Vanuatu Budget Management System
VCNE	Vanuatu Centre for Nursing Education
VLC	Vanuatu Law Commission
VERM	Vanuatu Education Road Map
VFF	Vanuatu Football Federation
VESS	Vanuatu Education Sector strategy
VESAP	Vanuatu Education Sector Action Plan
VEMIS	Vanuatu Education Management Information System
VNTC	Vanuatu National Training Council
VNSO	Vanuatu National Statistics Office
VIPA	Vanuatu Investment Promotion Authority
VNPF	Vanuatu National Provident Fund
VPF	Vanuatu Police Force
VRDTCA	Vanuatu Rural Development Training Center Association
VNTC	Vanuatu National Training Council
VTO	Vanuatu Tourism Office
VMS	Vanuatu Meteorological Services
WHO	World Health Organization
WGIs	Worldwide Governance Indicators

MAP OF THE REPUBLIC OF VANUATU



2012 AT A GLANCE

MACROECONOMIC AND ECONOMIC INFRASTRUCTURE

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| <ul style="list-style-type: none"> • GDP growth was estimated at 4.6% in 2012 and projected at 5.1% for the year 2013. • Annual inflation as measured by the Consumer Price Index (CPI) declined from 2.7% in 2011 to 0.8% in 2012. • The Government collected VT 13,615.8 million in revenue (excluding donor grants) at the end of December 2012 (representing 97% of the budgeted target of VT13, 970.1 million). • The two main revenue streams, Value Added Tax (VAT) and import duties resulted in revenue of VT 5,007.0 million and VT 2, 580.2 million, respectively in 2012. • Court costs for government were VT 19.0 million against an annual budget of VT 6.5 million (or 292.3 per cent). • Scholarship fees and allowances, cost VT213.5 million against an annual budget of VT 295.1 Million (or 72.3 per cent). • Total stock of debt at the end of 2012 was VT 15,749.7 million or 21% of GDP. • Total domestic debt at the end of 2012 was VT 5,623.5 million or 8% of GDP. • The Government rolled over VT 601.9 million worth of existing debt and undertook VT 1,990.4 million of new domestic borrowing in 2012. • Total stock of external debt at the end of 2012 was VT 10,126.3 million or 13.5% of GDP. This debt is largely held with the Asian Development Bank (VT 4,983.1 million), Chinese Government (VT 3,817.3million) and the World Bank IDA (VT 985.5 million). • Government retired VT 100 million worth of external debt in 2012 for the “i-Government” project. • In 2012, a total of over VT 2.7 billion was spent through the Government | <p>donors. Almost half, or 28% of these funds spent through the budget in 2012 were for programs managed through the MIPU, notably VT 362 million on physical works associated with the Vanuatu Transport Sector Support Program (VTSSP) and VT 239 million on climate change mitigation program.</p> <ul style="list-style-type: none"> • The second largest recipient of donor funds was the Ministry of Education (21%) and this was mainly for primary school grants, a total of approximately VT 225 million. • The third largest recipient of donor funds was the Ministry of Health (15%) and this was mainly on health care service workforce and the Malaria control and elimination program. • 39% of total payroll expenses went to the Ministry of Education to pay for staff and school teachers’ personal emoluments. • The second largest payroll share, 14%, went to the Ministry of Health to meet personal emolument costs for nurses and doctors. • Months of import cover reached 7 months in December 2012. • Export of services increased by 41% during the period 2007-2012 (from VT 21 billion to VT 30 billion). • Services imports grew by a more modest 44% (from VT 9 billion to VT 13 billion). As a result, the trade in services surplus increased from VT 12 billion in 2007 to VT 16 billion in 2012. During this period, export of tourist services averaged 30% of total services export. • The total number of visitors to Vanuatu has increased by 31% in 2012 compared with the year before, to 327,000 visitors, mostly from the • There was a 34% increase in the value of domestic exports in 2011, mostly |
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<p>buoyant cruise ship industry.</p> <ul style="list-style-type: none"> • Compared with year 2011, cruise ship visitor arrivals increased from 155,000 to 219,000, or 41% in 2012. Air arrivals increased from 94,000 to 108,000, or 15% increases in 2012. • An estimated 2,163 km of public roads were maintained in 2012. • Total labour force within the MIPU was 248. Of this total 77% are male and 23% are female. • The PWD has the highest number of male employees at 105 or 42% of total employment in the MIPU. Ports and marine has the second highest 19% of male employees from the total employment. • There were 56 female employees, in the MIPU, 34% employed in the Department of Public Works. • There were 124 cruise ship calls and 112 container ships calls in 2012. For both ports, there was increase of both cruise ship and container ships. • TEUs exported increased by 11% in 2012 compared with 2011; this is lower than the 2011 increase of 36%. • There were 6 domestic aircraft incidents in 2012, all closed. • Electricity consumers increased by 6% in the Port Vila area. The Lenakel concession area also records an increase by 3%. There was a drop of 4% of the number of electricity consumers in MALAMPA province between 2011 and 2012. • The amount of renewable energy capacity commercially available at the end of 2012 reached 4.4MW out of 31.5MW or 14% of the total installed generation capacity. • The number of active Cooperatives in 2012 was 393, 24% of which were in SANMA an increase from 16% in 2011. SHEFA province maintained a slight increase in cooperatives by 1% in 2012. • The number of active cooperatives in 	<p>driven by increased exports of coconut products, along with increased value of exports of beef, kava, coffee and fish.</p> <ul style="list-style-type: none"> • Coconut products accounted for 44% of exports in 2012. Coconut oil maintained a positive growth of 23% a slight drop of 3% compared to 26% in 2011. • Copra accounts for 21% of domestic exports, a slight increase of 3% compared to 18% in 2011. • Copra value VT 1,087 million was exported compared with VT 1,065 million in 2011. • The value of cocoa exports increased by 4% between 2011 and 2012, with a value of VT 258 million recorded in 2012. This is a huge increase compared to the negative growth of 36% in 2011. • Beef exports maintained slow growth from VT 516 million in 2011 to VT 518 million in 2012. The value of Kava exports decreased by 13% between 2011 and 2012, with a value of VT 661million in 2012. • Foreign Direct Investment (FDI) was estimated at VT 3.5 billion in 2012 (excluding direct investments abroad). • After a strong surge in 2011, there was a decline in FDI in 2012 and levels are now similar to what they were in 2008 and 2009. • Formal employment has reached 20,000 in 2012, a record increase since 2009 due to expanded geographical coverage and the majority of employees included in the VNPF are males (59%) and 41% females. • Domestic credit expanded by 3% in 2012. • Total number of mobile phone subscribers for Vanuatu was estimated to be 150,000 in 2012. • Present cellular network coverage reaches 92% of the population. It is estimated that mobile coverage for Digicel is around 90% of the population while TVL is around 70%. • There had been no electricity tariff
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<p>other four provinces (TORBA, PENAMA, MALAMPA and TAFEA) declined compare to 2011.</p> <ul style="list-style-type: none"> • More than 3,000 RSE workers have been recruited since 2007. The Australian scheme has started, 81 workers send in 2011 and 101 workers recruited in 2012. • Globally, Vanuatu stands at 80 in the ranking of 185 economies on the ease of starting a business. 	<p>review since 1981. In September 2012 PWD requested the Utilities Regulatory Authority to undertake a tariff review the findings of which would be released in 2013. URA commenced public awareness and consultation meetings during the 4th Quarter of 2012 in Luganville.</p> <ul style="list-style-type: none"> • Geo-Hazard recorded 3,388 earthquakes and only 744 located events. This small number of located events is due to the poor coverage of seismic stations along the Vanuatu archipelago.
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SOCIAL (HEALTH AND EDUCATION)

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| <ul style="list-style-type: none"> • Vanuatu's population was estimated to have reached 252,657 in 2012 from 234,023 in 2009 (2009 census) and will double by 2030 at current growth rates. • Each year population grows by 2.6% and just over half of the population is male <p>Life expectancy at birth; male & female (years) in Vanuatu has increased steadily between 1989 and 2009 from 64.3 to 73 respectively according to the national census and is estimated increase slightly between 2010-2015.</p> <ul style="list-style-type: none"> • Vanuatu's IMR is estimated to have reduced from 21 per 1,000 live births in 2009 to 14.4 in 2012 while similarly U5MR is estimated to have further reduced from 24 per 1,000 live births in 2009 to 14.6 per 1,000 live births in 2012. • Immunization coverage was at 77.2% in 2012, a drop from 91.82% reported in 2011. This includes the coverage of Measles with a top up campaign conducted in 2012. • Malaria has reduced significantly from an Annual Malaria Parasite Incidence (API) baseline of 73.9 positive cases per 1,000 populations in 2003 to 13.1 per 1,000 in 2012. This remarkable decline is the resulted efforts for elimination of Malaria in Vanuatu by 2030, beginning with TAFEA Province by 2014. • Non-communicable diseases (NCDs) - especially heart disease, diabetes and hypertension are increasing. TAFEA reported 248 new cases of NCDs in 2012. Vila Central Hospital (VCH) reported 4,569 cases which is over 300 per month. Northern Province Hospital (NPH) reported 1,145 cases of NCDs in 2012. Coverage of the Health Information | <ul style="list-style-type: none"> • There is no improvement on the NER in Primary despite the ongoing school grants assistance with 87.9% rate recorded in 2012 compared to 88.1% for the year 2011. • ECE GER increased from 58.2 % in 2011 to 58.3% in 2012 and the NER remains at 40.5 % during the period. • GER in Primary continues to increase from a recorded 117.4% in 2011 to 118.6%. The exceeded 100% figures represent over-aged students repeating in Primary Schools. • Vanuatu Primary Education continues to suffer a high dropout and repetition rate of 14.6% and 3.7% in respectively for the year 2012. • The overall enrolment for secondary level (class 70-13) in 2012 is lowest in the last 5 years with GER 40.9%. Relatively, NER remains low at 30%. • Some progress took place in the Primary Schools between 2011 and 2012, with the Textbook / Pupils ratio having jumped in average from about 0.1 to 1.40 (that is 1.4 textbooks per student). In Secondary schools, the average rate has decreased from 3.8 in 2011 to 3.6 in 2012, with SHEFA and TAFEA being the most problematic places to distribute teaching materials. • The MOE receives 24.4% (almost one quarter) of the Government recurrent budget: the highest proportion of any Ministry. • The MOE continued to receive an increased budget from 24.4% in 2011 to 25.5% in 2012. This is a quarter of the government budget; the highest proportion any Ministry is allocated. • The number of scholarship awarded by field of study for 2013 is as follows: Accounting and Commerce 38, management and business |
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<p>system makes it difficult to capture the number of outside the main hospitals.</p> <ul style="list-style-type: none"> • Tuberculosis remains a significant public health problem. Additional facilities were established in; Lamap, Melsisi, Malao, Saramauri, Vaimali & Gaua, and this has resulted in an increased case detection rate from 101 in 2011 to 126 cases in 2012. • With a 9.5 % share of the government recurrent budget in 2012, the MOH s experienced a 0.9% reduction as compared to its 2011 share at 10.4% in 2011 ADR. • The number of doctors, nurses and midwives was 1.8 per 1,000 population in 2012, which is below the WHO recommended threshold of 2.3 health workers needed to achieve the Millennium Development Goals. 	<p>administration 23 Engineering 16 to computer and IT 15 and law 12.</p>
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PRIMARY SECTOR

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| <ul style="list-style-type: none"> • The Overarching Productive Sector Policy was completed in 2012 and was released early 2013. This policy framework provides strategic direction for the development for the primary sector • Production of Copra and Cocoa were influenced largely by the price paid to producers • Total net monthly income increases from sale of agriculture and other commodities produced by households estimated to 58% over total monthly income of 688 million vatu (HIES 2010 data). • Primary Sector contributed 20.9% to GDP in 2012. Crop production as in the previous years, continues to make up about 16% of GDP while the rest contributed only 4%. • The number of Agriculture leases increased to 111 with a total lease area of 10,127 hectares in 2012. • 2012 TVET data reveals that more women (over 60%) took training in Horticulture than men as compared to other trainings where more men attended. • Copra, coconut oil and coconut meal dominated on average 86% of the quantity of primary products exported in 2010, 2011 and 2012. Copra alone accounted for almost on average 40% of the total exports over the three years. | <ul style="list-style-type: none"> • The volume of copra exported increased considerably from 13.5 tonnes in 2011 to almost 17 tonnes in 2012. • The National Livestock Framework 2012-2022 (NLF) was completed in 2012. • The Department of Environment, Protection and Conservation (DEPC) produced 50 preliminary environment assessments in 2012. • The DEPC received 5 EIA reports in 2012, 2 reports were approved and 3 required further investigations. • Nine marine protected areas around Vanuatu received interest for conservation. • In December 2012, Vanuatu launched the National Advisory Board (NAB) on Climate Change and Disaster Risk Reduction. • An estimated total of eighty (80) disaster management plans have been supported and coordinated with the National Disaster Management Office (NDMO) in 2012. • A total of over VT 33 million was spent on MAFFB projects in 2012 reflecting a decreased of 31% when compared to 2011. • 50% of the total donor funding for the primary sector in 2012 went to projects implemented by the Department of Forestry. The Department of Fisheries received project funding of 41% (13.7 million vatu) while 9% of the donor funding went to projects implemented by the department of Livestock and Bio-security. |
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GOVERNANCE

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| <ul style="list-style-type: none"> • The Strategic Planning Framework for the Justice and Community Services for the period 2013 – 2017 was developed in 2012. | <ul style="list-style-type: none"> • In 2012, the Department of Women's Affairs (DWA) started the process to design a new five year National Gender Policy. |
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<ul style="list-style-type: none"> • In 2012, a total of 239 new Government court cases were registered with SLO, only 12 of these cases were closed during the twelve months to 31st December 2012. • SLO also dealt with court cases for the past years in 2012, which resulted in closure of 35 cases. Caseload in 2012 increased to 892 cases. • There were 43 bills lodged in parliament in 2012 and 25 of them were debated and passed. • In 2012 the Public Service Commission introduced four year performance contracts for the Director Generals of Government Ministries. This was made through the amendment of the Government Act in line with the PAA. • The positions of the Secretaries General and Accountants in all the Provinces have been moved to administrated by the Public Service Commission. • Town Clerks and Accountants in the two Municipalities of Port Vila and Luganville were moved to, Public Service Commission administration in 2012. • VNPF registered 41% of women working in the “formal” sector. Over the years 2009 - 2011, the percentage of women employed in non-agriculture sector has been constant at 40%. This indicates a positive trend in the participation of women in the formal economy compared to men. 	<ul style="list-style-type: none"> • Family Protection Act awareness was conducted around the country and total participants were up to 20,000 in 2012. • In 2012, the Child Desk Programme conducted workshops with community and youth leaders in Port Vila, resulting in 4 action plans being developed; Human Rights and Children Rights action plans were developed and translated into Bislama. A draft Children and Young people’s volunteer code of conduct was also developed. • World Bank ranking showed some improvement in Regulatory Quality and Government Effectiveness with the ranking for Political Stability, Voice and Accountability and Rule of Law decreasing because other countries improved. There was no perceived change in Control of Corruption. • When compared to some Pacific countries, Vanuatu ranks highest in Voice and Accountability, Political Stability and Control of Corruption. However, as was the case in the previous two years, Vanuatu continues to lag behind Samoa on Government Effectiveness and Rule of Law and ranks second to the last in Regulatory Quality.
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1 MACROECONOMIC STABILITY AND EQUITABLE GROWTH

1.1 GROSS DOMESTIC PRODUCT (GDP)

Vanuatu's economy is estimated to have grown by 4.6% in 2012 and projected growth by 5.1% for 2013. Vanuatu is one of the few countries in the Pacific region that has maintained positive growth, despite slow world economic growth. The industrial sector has contributed to this positive growth recording an estimated growth rate of 13.8% in 2012. The impact of construction activities has boosted the growth of the industrial sector. The service sector also recorded positive growth of 3.7% in 2012.

Table 1-1 Gross Domestic Product (annual growth rates)

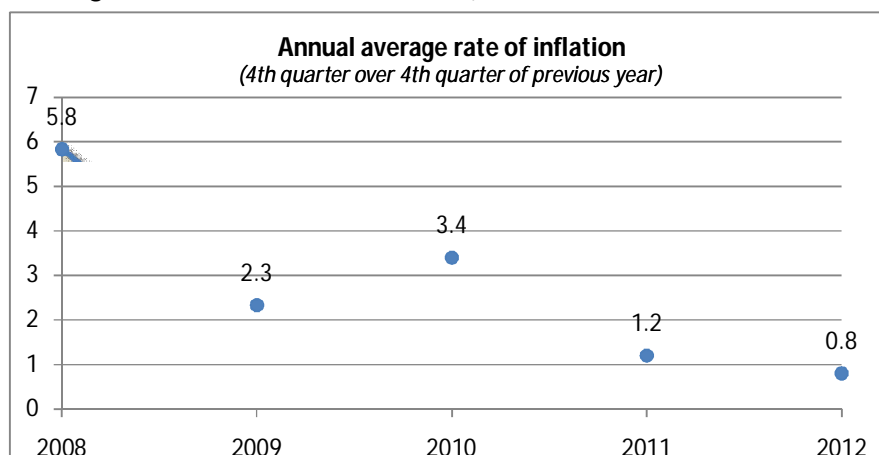
	Actual		Estimates		Projections		
			2010	2011	2012	2013	
Real GDP growth by major sector	2008	2009	Budget	Budget	Budget	Budget	March
Agriculture, fishing and forestry	3.8	1.7	4.3	2.9	2.1	2.1	2.8
Industry	15.5	9.2	-0.3	10.3	13.8	17.7	17.0
Services	4.3	6.8	1.4	3.6	3.7	3.8	3.0
Real GDP	6.3	3.5	3.0	0.0	4.6	5.1	0.0

Source: VNSO & Macroeconomic Committee

1.2 INFLATION

Annual inflation as measured by the Consumer Price Index (CPI) declined from 2.7% in 2011 to 0.8% in 2012, reflecting a fall in basic imported food and weak external inflation.

Figures 1-1 Consumer Price Index, annual inflation 2008 – 2012



Source: VNSO

1.3 BUDGET OUTCOMES

The Government collected VT 13,615.8 million in revenue (excluding donor grants) 2012, representing 97% of the budget target (VT13, 970.1 million). The two main revenue streams, Value Added Tax (VAT) and import duties resulted in revenue of VT 5,007.0 million and VT2, 580.2 million, respectively in 2012.

Spending on unbudgeted activities and over spending on budgeted activities put pressure on the Government's fiscal position resulted from these main expenses:

- Vehicles fuel, VT 47.9 million (or 41.9 per cent) against an annual Budget of VT 114.3 million.
- Vehicles - Additional, VT 4.8 million (or 192 per cent) against an annual Budget of VT 2.5 million.
- Vehicles repair and maintenance, VT 53.4 million (or 55.4 per cent) against an annual budget of VT 96.4 million
- Court costs, VT19.0 million (or 292.3 per cent) against an annual Budget of VT 6.5 million.
- Scholarship fees and allowances, VT213.5 million (or 72.3 per cent) against an annual Budget of VT 295.1 Million

1.4 PUBLIC DEBT LEVEL

The total stock of debt at the end of 2012 was VT 15,749.7 million or 21% of GDP.

Total domestic debt at the end of 2012 was VT 5,623.5 million or 8% of GDP. The Government rolled over VT 601.9 million worth of existing debt and undertook VT 1,990.4 million of new domestic borrowing in 2012.

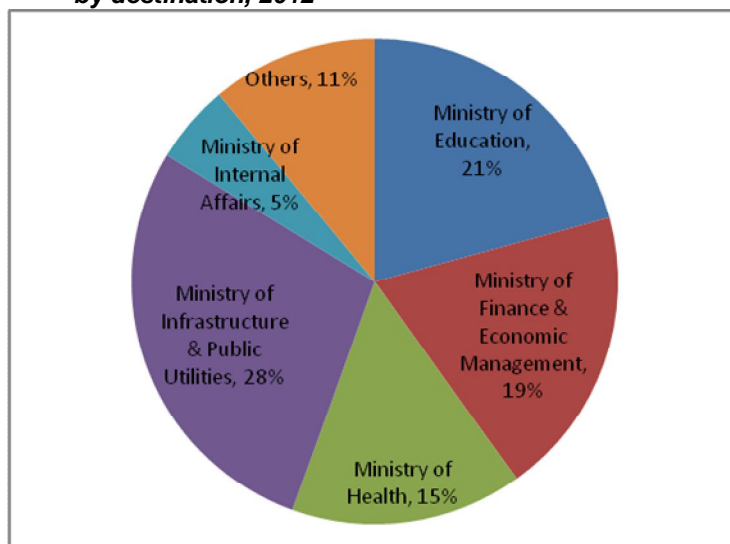
The total stock of external debt at the end of 2012 was VT 10,126.3 million or 13.5% of GDP. This debt is largely held with the Asian Development Bank (VT 4,983.1 million), Chinese Government (VT 3,817.3million) and the World Bank IDA (VT 985.5 million).

The government borrowed VT 2.91 Billion from China for the "i-Government" project and retired VT 100 million worth of external debt in 2012.

1.5 EXPENDITURE SHARES ON DEVELOPMENT BUDGET

In 2012, over VT 2.7 billion was spent through the Government development budget system from donors. Almost one third , or 28% of these funds spent through the budget in 2012 were for programs managed through the MIPU, notably VT 362 million on physical works associated with the Vanuatu Transport Sector Support Program (VTSSP) and VT 239 million on climate change mitigation program. The second largest recipient of donor funds was the Ministry of Education (21%) and this was mainly for the primary school grant, a total of approximately VT 225 million. The third largest recipient of donor funds was the Ministry of Health (15%) and this was mainly on health care service workforce and the malaria control and elimination program.

Figure 1-2 Aid donor funds received and spent through the government Budget system, by destination, 2012



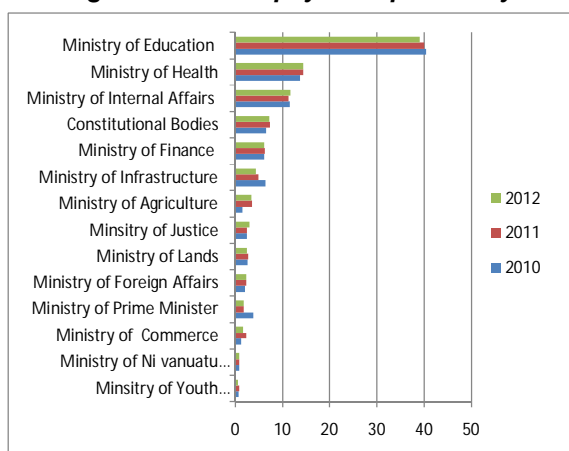
Source: MFEM

For the past three years, donors have maintained focus on economic infrastructure although the main emphasis was on health and education. Given the scarcity in government resources, donors often fund operational expenses that could not be funded from the recurrent budget.

1.6 SHARES OF PUBLIC PAYROLL BY SECTOR IN 2012

The ministry of education receives the largest proportion of the government payroll followed by the ministry of health, the ministry of Internal Affairs and constitutional bodies.

Figure 1-3 Public payroll expenses by ministry/agency, 2010-2012 (Percentage)



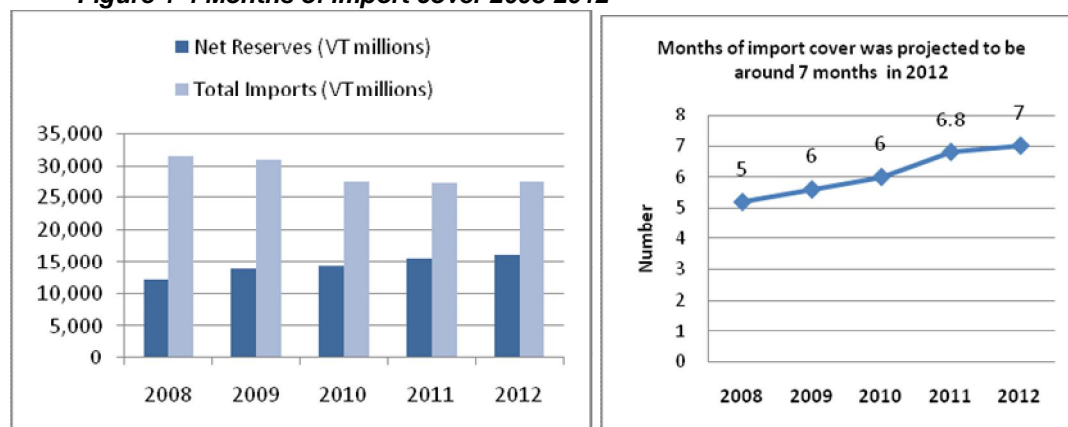
Source: MFEM

From figure 1-3 39% of total payroll expenses went to the Ministry of Education to pay for staff and school teachers' personal wages, salaries and allowances. This is a decrease of just 0.5% of the Ministries total payroll from 2011. The second largest payroll share, 14%, went to the ministry of Health. These two ministries account for just over half or 53% of total actual payroll expenses. This indicates the high cost of delivery of government services in the government education and health sectors throughout Vanuatu.

1.7 MONTHS OF IMPORT COVER

Most countries hold foreign-exchange reserves partly to protect themselves from external crisis. The Reserve Bank of Vanuatu (RBV) aims at maintaining official reserves at adequate levels above a minimum level of four months of import cover.. Official reserves have been heavily utilised by demand from banks to finance imports for domestic consumption and external debt servicing of the Government. The reserve of foreign currency is well above the target of four months of import cover. It reached seven months of import cover in December 2012.

Figure 1-4 Months of import cover 2008-2012



Source: RBV, 2012

2 *PRIVATE SECTOR DEVELOPMENT AND EMPLOYMENT CREATION*

The PAA placed considerable emphasis on private sector development. Although little progress has been made in reviewing the tax base, the objective of creating an investment friendly environment has been pursued in various sectors, such as the policy reform in the transport and utilities sector, and in the public service.

The Government has achieved its policy objective of lowering the cost of telecommunications, but the utilities costs remain high and delivery of public services is still a constraint to improving the productivity in the private sector.

A number of improvements in providing better support services to businesses including streamlining services, removing duplication and barriers to start a new business and providing access to credit have been pursued by various institutions within the government.. Improving tax compliance has been a focus of the government, with the objective to increase revenue.

The Trade Policy Framework (TPF) was finalized in 2011 and work is currently underway to implement the policy framework. The objective of the TPF is to:

- Mainstream trade into Vanuatu's national development strategies;
- Enhance development through increased exports of goods and services;
- Guide and inform the Vanuatu National Trade and Development Committee;
- Guide and inform Trade negotiations; and
- Facilitate increased inflows of Aid for Trade (AfT).

An industrial policy is currently being developed which will be compatible with the trade policy and the Diagnostic Trade Integration Study (DTIS) action matrix.

Assessing how successful the implementation of the PAA has been in creating jobs is a difficult task, since employment encompasses both the formal (paid employees in the public and private sector, registered businesses) and informal (subsistence farmers, market or roadside vendors etc) sectors. The challenge is to have access to data on informal employment. Information on Vanuatu National Provident Fund (VNPF) contributors is commonly used to represent the extent of the 'formal' labor force in Vanuatu.

2.1 TRADE IN SERVICES

Table 2-1 shows that the export of services has increased by 41% during the period 2007-2012 (from VT 21 billion to VT 30 billion), services imports grew by 45% (from VT 9 billion to VT 13 billion). As a result, the services surplus increased from VT 12 billion in 2007 to VT 16 billion in 2012. During this period, export of tourist services averaged 30% of total services export. Telecommunications, financial, and business services also recorded positive, although less significant, growth rates.

Table 2-1 Vanuatu's Trade Performance, 2007 - 2012 (Million Vatu)

	2007	2008	2009	2010	2011r	2012r
Balance on Trade in Goods	-14,993	-22,641	-20,482	-23,387	-21,238	-22,381
Exports	3,040	4,230	6,125	4,705	6,018	5,072
Imports	18,033	26,871	26,369	27,512	27,256	27,453
Balance on Trade in Services	11,633	12,342	14,622	14,692	12,045	16,423
Services credit of which tourism:	20,910 67%	23,594 73%	26,094 76%	26,732 78%	25,559 79%	29,577 82%
Services debit	9,052	11,252	11,472	12,040	13,514	13,154

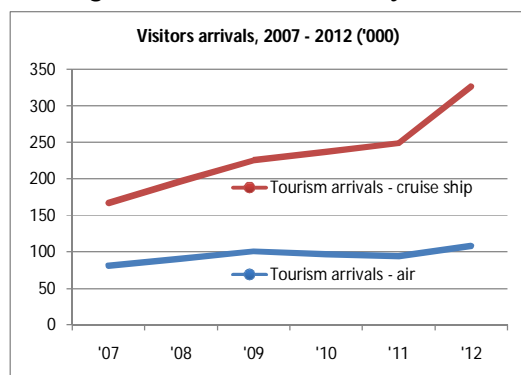
Source: RBV, 2012

2.2 INTERNATIONAL TOURIST ARRIVALS

The core role of the Vanuatu National Tourism Office (VTO) is to market Vanuatu as a tourist destination to other parts of the world. The Department of Tourism in the Ministry of Trade assists Ni-Vanuatu business men and women who have the potential to run tourism related businesses, and facilitates training to improve the quality of services provided.

In 2012, the VTO marketing expenditure was VT 156, 9million. Part of the marketing program is to provide training and awareness about Vanuatu to international travel agents. In 2012, 97 training sessions were delivered to travel agents in Australia, 53 training sessions to travel agents around New Zealand, 44 in New Caledonia, 20 in the USA, 30 around Europe, 11, 18 and 12 in Korea, China and Japan respectively.

Figure 2-1 depicts the statistics on international visitor's arrivals including visitors from cruise ships. The data compiled by the Vanuatu National Statistics Office (VNSO) shows that tourism arrivals have increased by 45%. Since 2009, the largest numbers of tourists come from Australia, New Zealand and New Caledonia respectively. This growth corresponds with VTO marketing activities and flight and cruise ship frequency.

Figure 2-1 Visitor arrivals by air and cruise ship, 2007-2012

Source: VNSO

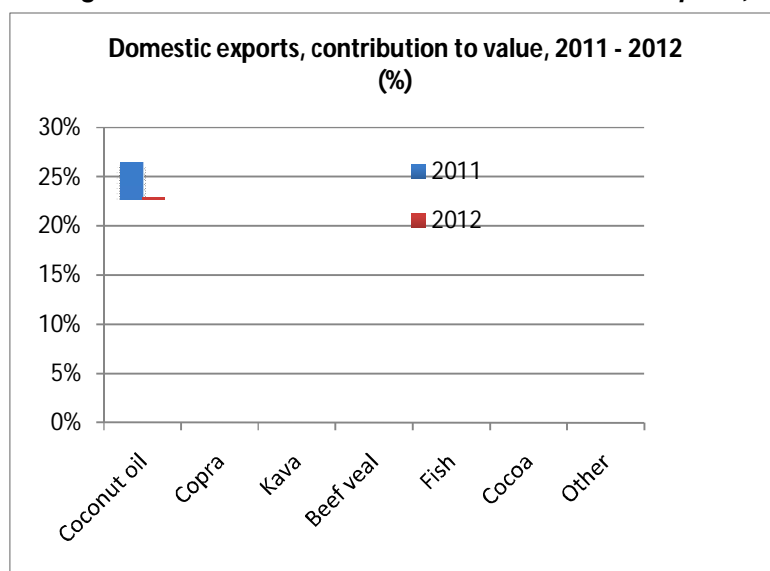
The total number of visitors to Vanuatu increased by 31% in 2012 compared with 2011, to 327,000 visitors, mostly from the buoyant cruise ship industry.

Compared with year 2011, cruise ship visitor arrivals increased from 155,000 to 219,000, or 41% in 2012. In 2012 there was a 15% increase in visitors arriving by air, from 94,000 to 108,000, showing recovery of this market segment to 2009 levels.

2.3 MANUFACTURED OUTPUT AND EXPORTS:

Figure 2-2 below depicts the value of domestic exports from Vanuatu since 2007 and the main export products in 2011. In 2011 there was a 34% increase in the value of domestic exports, mostly driven by increased exports of coconut products, along with increased value of exports of beef, kava, coffee and fish.

Figure 2-2 Share of the value of various domestic exports, 2011-2012 (%age)



Source: VNSO

Coconut products accounted for 44% of exports in 2012, Coconut oil share showed a slight drop of 3% compared to 26% in 2011. Copra accounted for 21%, a slight increase of 3% compared to 18% in 2011. The trade statistics for 2012 show a slight increase in the value of the copra exported to VT 1,087 million, compared with VT 1,065 million in 2011.

The value of cocoa exports increased by 4% between 2011 and 2012, with a value of VT 258 million recorded in 2012. This is a significant increase compared to a negative growth of 36% in 2011 and shows the recovery of export earnings from increased global prices.

Beef exports maintained growth from VT 516 million in 2011 to VT 518 million in 2012. The value of Kava exports decreased by 13% between 2011 and 2012, with a value of VT 661 million in 2012. While agricultural exporters are dependent on international commodity markets, it is important that the producers are able to meet the highest quality standards and the buyers' import requirements, so that exporters and farmers gain the best returns possible.

2.4 LEVELS OF FOREIGN DIRECT INVESTMENT:

Foreign Direct Investment (FDI) is monitored by the Reserve Bank of Vanuatu, which estimates that in 2012 FDI was VT 3.5 billion (excluding direct investments abroad). After a

strong surge in 2011, there was a decline in FDI in 2012 and levels are now similar to what they were in 2008 and 2009. The FDI statistics from the RBV show a similar trend to the projects under the mandate of the Vanuatu Investment Promotion Authority (VIPA).

VIPA is mandated to promote, regulate and facilitate foreign direct investment in Vanuatu. VIPA statistics show that the number of new FDI projects increased to 110 in 2012. Figure 2-

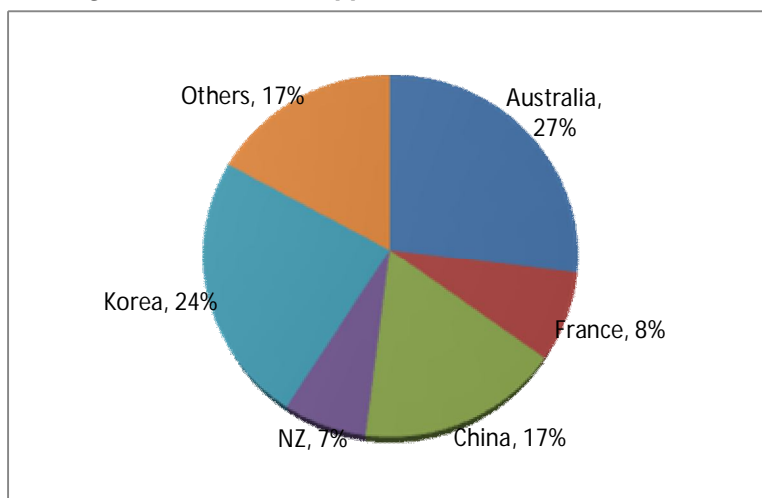
3 shows that of the approved FDI in 2012, 27% were from Australia. Second was Korea with 24%, then China with 17%, France with 8% and New Zealand 7%.

Joint venture investments involving local partners in Vanuatu were also significant.

The VIPA investment data for all projects in 2012 showed that 74% of FDI, were in the

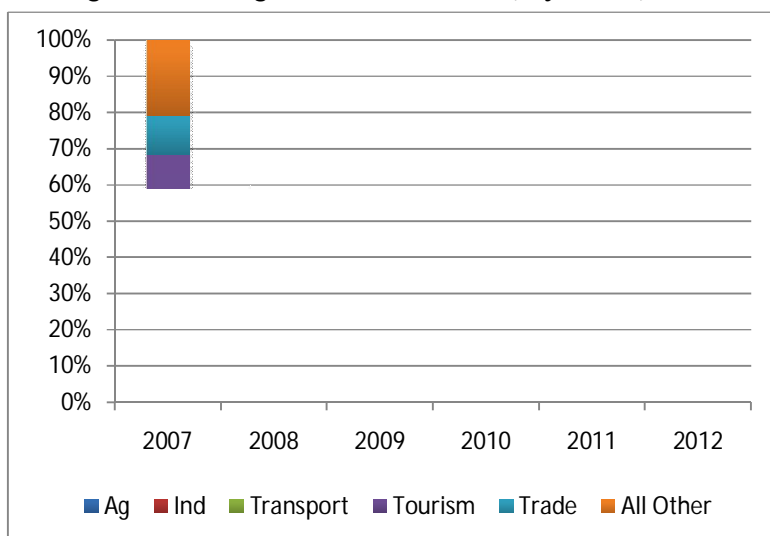
service sector, with 20% in industry and 12% in agriculture, forestry and fisheries. Figure 2-4 shows the types of investment by sector, and it is clear that tourism investments have been a major component since 2007.

Figure 2-3. Source of approved FDI, 2012



Source: VIPA (2012 Annual Report)

Figure 2-4 Foreign Direct Investments, by sector, 2007 – 2012 (%age)

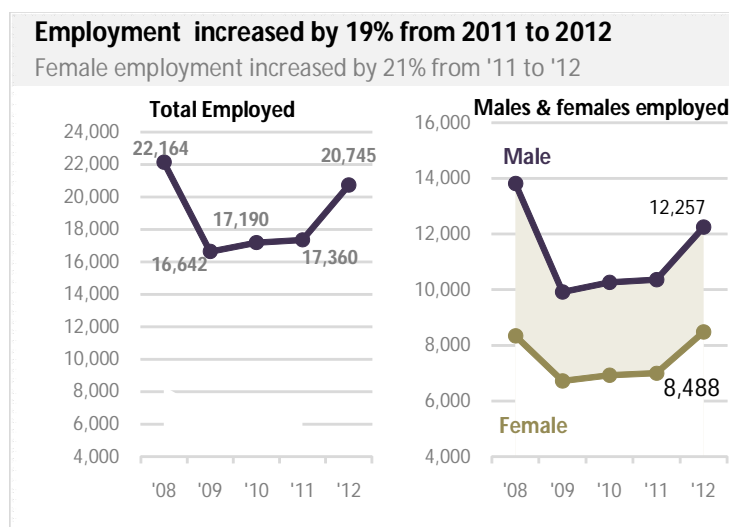


Source: VIPA (2012 Annual Report)

Figure 2-4 also shows that the proportion of tourism projects has declined from 39% in 2011 to 25% in 2012 as investors move into industry and trade. Foreign investments in trade (wholesale and retail) have registered an increase by 25% in 2012 compared to a 10% increase in 2011. FDI in transport services has also declined to 2% in 2012.

2.5 NUMBER OF ACTIVE EMPLOYEE ACCOUNTS AT VNPF

Figure 2-5 Number of contributing members of VNPF, Total and by sex, 2008 - 2012

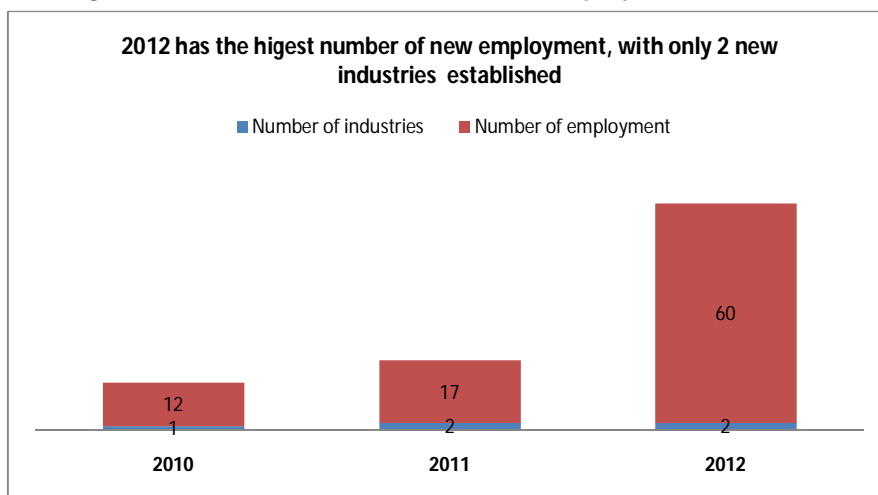


Source: VNPF (VNSO QSI)

There is no annual monitoring of statistics on the extent of employment and unemployment, as these statistics need to be collected from household surveys, which are not run every year. However, the Vanuatu National Provident Fund (VNPF) provides statistics on employees (members) registered for contributions and these statistics are used to monitor changes in the formal labour market, as shown in Figure 2-5. The number of people employed has increased steadily since 2009. It has reached 20,000 in 2012 this is a record increase since 2009 and the majority of employees included in the VNPF are males (59%) and 41% females. This reflects the activities of VNPF to expand its membership thus increased access to its services and increased compliance activities.

2.6 INDUSTRY SECTOR

The industrial sector is defined as the economic sector that includes manufacturing and mining quarrying and other extractive industries. The VNSO classified industry in the national account systems as construction and utility (mainly electricity) to the industrial sector. Since there are no major extractive industries in Vanuatu, the industrial policy developed and released by the Government classified industries as manufacturing industries. Figure 2-6 shows number of new industries and employment created over a 3 year period.

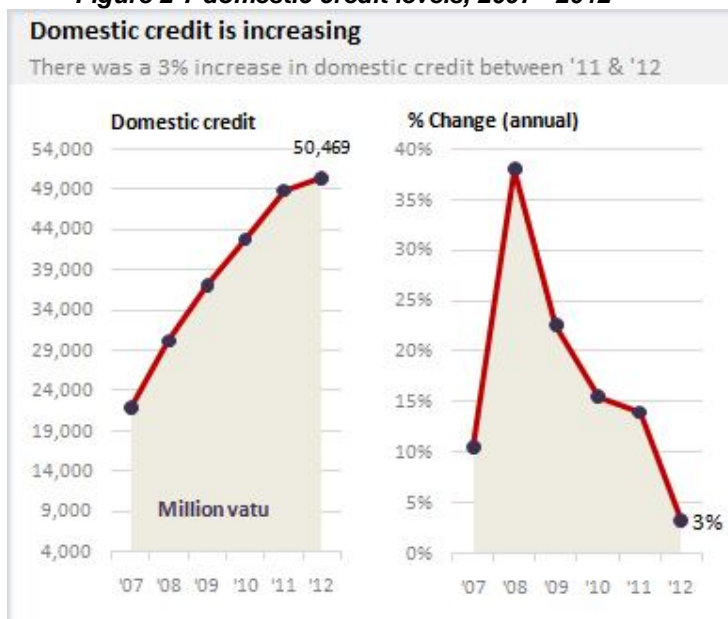
Figure 2-6 New Industries and industrial employment created, 2010 - 2012

Source: Department of Industries Annual report, 2012

In 2012, 2 new industries were set up and these industries have provided employment for 60 people as shown in Figure 2-6.

2.7 LEVEL OF CREDIT TO PRIVATE SECTOR

Government policy maintains priority to improve access to credit. An indicator to track the progress would be the level of credit to businesses through the commercial banking system, including micro credit.

Figure 2-7 domestic credit levels, 2007 - 2012

Source: RBV (4th quarterly Report 2012)

Figure 2-7 shows recent trends in domestic credit by the financial institutions. Domestic credit expanded by 3% in 2012. This is a slower growth compared to 2011. The growth in 2012 was due primarily to an increase in claims on municipalities and claims on government.

According to RBV, the economic sectors that made the largest contributions to the year on year growth in credit to the private sector are distribution, professional & other services, and personal loans. According to RBV, loans and advances to individuals and households made the largest contributions to growth in private sector credit during the four quarters of 2012, while loans to business made smaller contributions to growth.

Growth in private sector credit slowed towards the second half of 2012 due to subdued economic conditions.

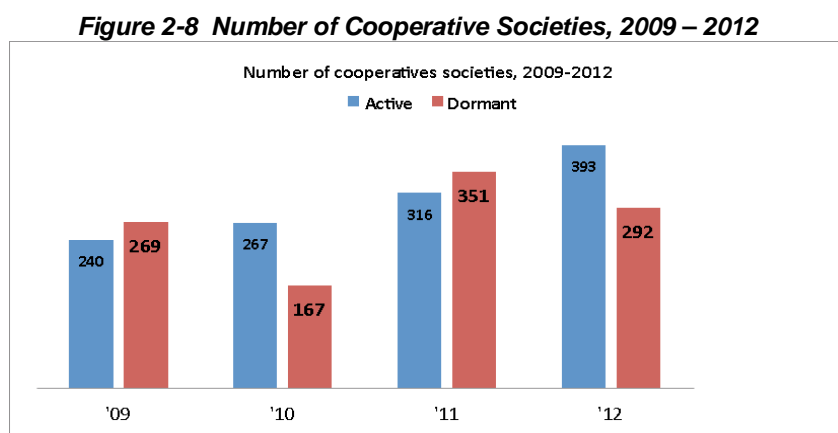
2.8 NI VANUATU BUSINESSES AND COOPERATIVES

Creating and providing the right environment for Ni Vanuatu involvement in business is a major policy objective for the Vanuatu government. The government has addressed these policy objectives in a number of ways including: facilitating access to credit and providing training to Ni Vanuatu through different institutions. The Department of Cooperative and Ni Vanuatu Business was set up to facilitate the creation and the improvement of sustainable Ni-Vanuatu Businesses so that they are able to compete domestically and internationally. The department has been actively engaging with different types of cooperative societies around the six provinces. These include: retail, producers, fisheries, savings and loans, transport and other small business. In 2012, savings and loans cooperatives societies dominated all other businesses corporations.

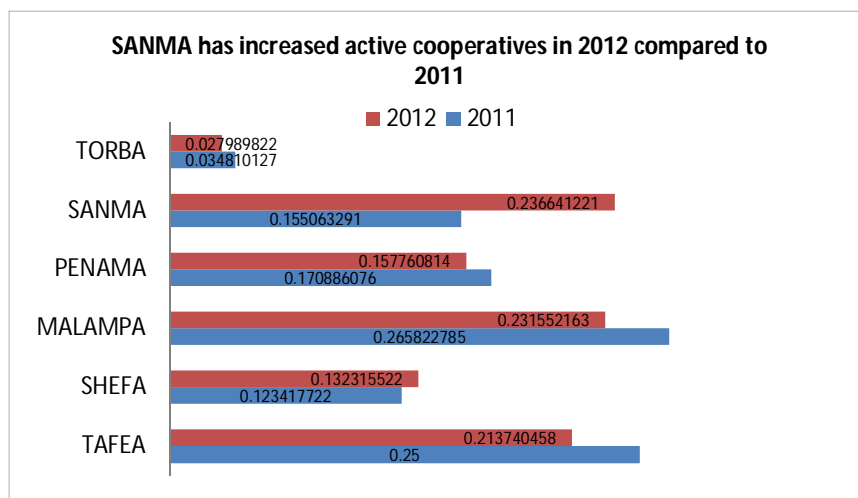
The number of active cooperatives has increased since 2010, and the number of people employed by the cooperative societies has increased from 386 in 2011 to 504 in 2012.

As depicted in figure 2-8, the total number of active cooperatives in 2012 was 393, 24% of active cooperatives were in SANMA as of December 2012;

an increase from 16% in 2011.. The number of active cooperatives in TORBA, PENAMA, MALAMPA and TAFEA has declined compared to 2011.



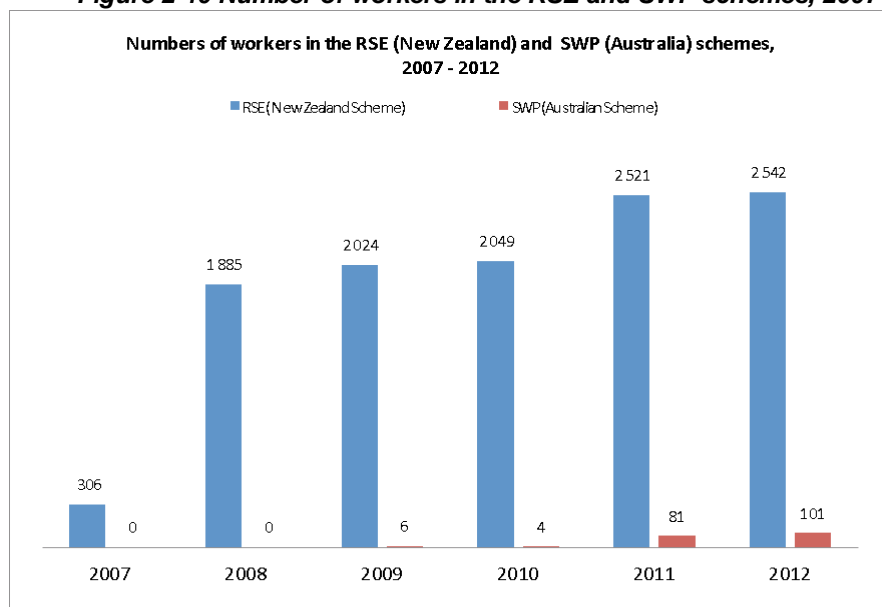
Source: Cooperative Department, Annual Report 2012

Figure 2-9 Active cooperatives by Provinces, 2012

Source: Cooperative Department, 2012 Annual Report

2.9 MIGRATING WORKERS

Vanuatu has been one of the countries in the Pacific that benefited from the RSE scheme by sending more than 3,000 workers to New Zealand since 2007. The number of workers has continued to increase every year and this has provided a lifetime experience for most Ni Vanuatu for both the wages and New Zealand way of life. Figure 2-10 shows that in 2011 81 workers were recruited to work under the Australian scheme and 101 workers went in 2012.

Figure 2-10 Number of workers in the RSE and SWP schemes, 2007 – 2012

Source: Employment Service Unit, Labour Department

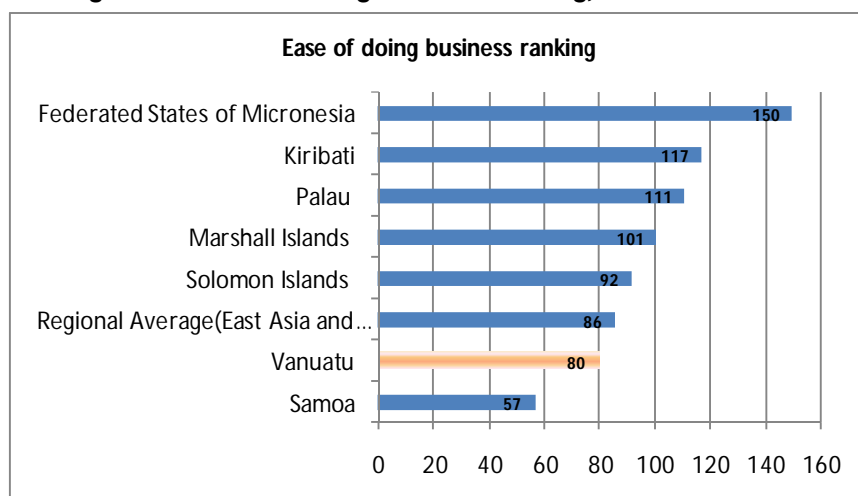
2.10 EASE OF DOING BUSINESS

The PAA placed considerable emphasis in improving the business environment, such as reducing the cost of starting and

operating a business since the comprehensive reform program (CRP) in 1997. To keep track on the progress achieved, the world bank 'Ease of Doing Business Index' is used. It specifically focuses on the challenges typically faced when opening a new business, and in running an existing business. The ranking looks at many aspects of starting or running a

business, from the difficulty of securing land, or obtaining a building permit, to the ease of paying taxes or obtaining a bank loan. Globally, Vanuatu stands at 80 in the ranking of 185 economies on the ease of starting a business. The regional average rank for East Asia and the Pacific is 86, so Vanuatu at 80 stands in the better half of this scale compared with the economies of the region. Figure 2-11 shows the ease of doing business ranking for seven Pacific Island countries: only Samoa (ranked 57th) has a better rank than Vanuatu.

Figure 2-11 Ease of doing Business ranking, Pacific Islands countries, 2012



Source: World Bank Ease of doing Business Report 2012

3 PRIMARY SECTOR DEVELOPMENT AND THE ENVIRONMENT

3.1 INTRODUCTION

It is important to monitor the development progress of the Primary Sector, the environment, and the management of climate change and disaster risks, since these areas directly affect the lives of the majority of the people of Vanuatu. About 75% of the Vanuatu's population live in rural areas and depend entirely on the primary sector for their livelihood. The primary sector also contributes positively to Vanuatu's foreign trade balance and continues to provide employment and income opportunities for the rural population.

The Ministry of Agriculture in collaboration with the Department of Strategic, Policy and Planning(DSPAC) developed an Overarching Productive Sector Policy in 2012 which was released early 2013. This policy framework will provide strategic direction for the development for the primary sector for the period 2013 to 2017. The development of land sector is guided by the land sector framework with activities currently implemented by the Mama Graon Program. The Department of Environment is currently developing an environmental policy that will provide strategic direction for the management of Vanuatu's environment in the years to come.

3.2 OUTPUT GROWTH IN PRIMARY SECTOR

Table 3-1 below shows the production of Copra and Cocoa in Vanuatu in the last five years. Production of these two main cash crops is influenced largely by the price paid to producers, which the government tries to sustain through subsidies when world market prices are low.

Table 3-1 Production of Copra and Cocoa in the last 5 Years (2008 – 2012)

Years	Copra			Cocoa		
	Volume (Tonnes)	Value (Million Vatu)	Implied Producer's Price	Volume (Tonnes)	Value (Million Vatu)	Implied Producer's Price (VT/Tonne)
2008	38,449	1,680	43,706	1,886	200	106,097
2009	23,167	529	22,675	2,465	277	112,220
2010	36,066	1,345	37,290	2,541	438	172,408
2011	40,320	2,283	56,633	1,779	334	188,050
2012	35,834	1,466	40,903	1,019	165	161,753

Source: VNSO

These tables show very clearly the impact of a high price paid to producers of copra and cocoa on the level of their production.

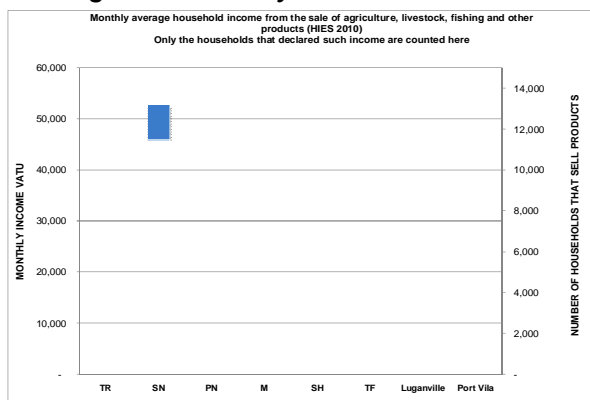
Primary sector earnings by rural and urban households can be measured using the growth of income from the sale of production from agricultural products, homemade products (dried kava, bakery products etc) and handicrafts. It is also a good indicator to measure the cash benefits of primary sector to the economy. This information was captured by VNSO in its Household Income and Expenditure Survey (HIES) in 2006 and 2010.

In 2006 there were 28,680 households engaged in these primary sector income generating activities, with a net monthly income of 688 million vatu or an average of 23,990 Vatu per household per month. In 2010 the average monthly income was 32,700 vatu; an increase of 36% compared to 2006. The total value of primary sector income in 2010 was 1,085 million vatu with 33,200 households engaged in these activities; and increase of 16% in households

over 2006 and this was mostly from the increases in sales of home made products in urban areas.

Figure 3-1 below illustrates the total monthly income and average household income by province. The province of rural SANMA had the highest monthly average income for households compared to other provinces.

Figure 3-1 Monthly Household Income from Sale of Agricultural Products by Province



Source: VNSO

Note: TR=TORBA; SN=SANMA; PN=PENAMA; M=MALAMPA; SH=SHEFA; TF=TAFEA

From figure 3-1, the households that have sold such products are included when calculating the average. So the level of average income from agricultural products is quite high, but some of it is probably shared between households in the members of the extended family.

3.3 SHARE OF THE SECTOR AND SUB-SECTORS IN GDP:

Table 3-2: Share of Primary Sector and Sub-Sectors in GDP, 2007 – 2012 (%)

Primary Sector/Sub-sectors	2007	2008	2009	2010	2011	2012 (P)*
Total Primary Sector Share	20.7	19.9	19.4	20.0	20.9	20.9
Crop Production	16.5	15.8	15.2	15.5	16.2	16.1
Animal Production	2.2	2.1	2.2	2.4	2.6	2.6
Forestry	1.1	1.1	1.2	1.2	1.3	1.3
Fisheries	0.8	0.8	0.8	0.8	0.8	0.8

Source: MEC. *The 2012 figures are preliminary estimates. All figures in the table have been updated.

According to MEC estimates, Primary Sector contributed 20.9% to overall GDP in 2012. Crop production as in the previous years, continues to make up about 16% of GDP while the rest contributed only 4%. Contribution to GDP by the primary sector over the last 12 years (2000 – 2012) has been constant at around 20%.

3.4 LAND LEASED FOR AGRICULTURE

Figure 3-3 shows the number of Agricultural leases given in 2008 – 2012 and the total area of the leases. In 2012, the number of leases increased to 111 with a total lease area of 10,128 hectares. This reflects the fact that 90 agricultural sub-divisions with an average size of 2,000 square meters (also one area of agricultural lease was not known in 2011 and two areas in 2012) were leased, the first time this sort of deal happened in the country.

Table 3-3: Number of Agriculture Lease and Lease Area (m²), 2008 - 2012

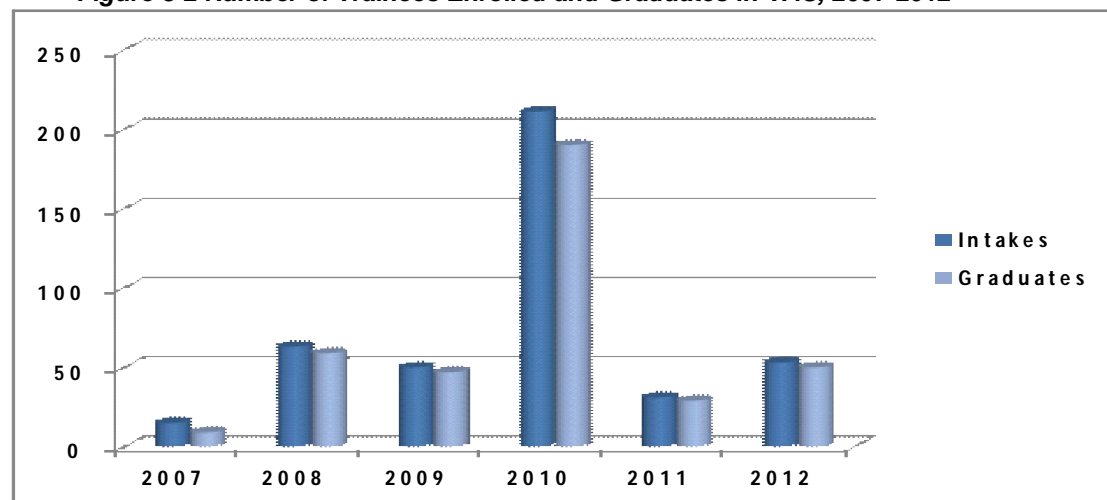
Years	Number of Agricultural Leases	Area of Lease under Agriculture (Hectares)
2008	22	6,701
2009	40	3,812
2010	44	3,271
2011	32	1,950
2012	111	10,128

Source: Department of Lands, Registry Unit

3.5 AGRICULTURE TRAINING

The Vanuatu Agriculture College (VAC) was established under the VAC Act in December 2005 and further amended in May 2007. The VAC is located in Santo and currently runs training in Forestry, Horticulture, Livestock and Fresh Water Prawn Farming accredited by the Vanuatu National Training Council (VNTC). It also offers short courses for farmers delivered by the agriculture extension officers. The centre was developed into a training facility for farmers. The centre provides farming skills and technologies for enhancing agricultural production.

Figure 3-2 Number of Trainees Enrolled and Graduates in VAC, 2007-2012



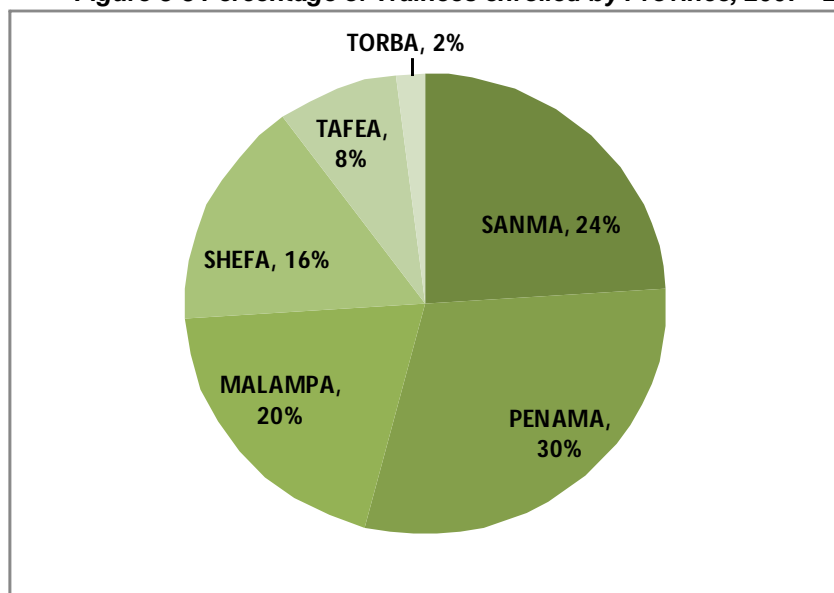
Source: Vanuatu Agriculture College

Figure 3-2 shows the number of trainees enrolled in VAC since 2007. The increased number and increased range of short courses of enrolment in 2010 reflects the low rate of course fees introduced by the institution. Over the six years 91% of the trainees graduated with the following certificates:

- High Vocational Certificates in Agriculture, livestock forestry and Aquaculture
- Basic Certificate in agriculture
- Intermediate Certificate in Agriculture

Figure 3-3 illustrates the number of trainees by province from 2007 to 2012. The data suggest that during the six-year period 30% of enrolments were from PENAMA province followed by SANMA with 24% and MALAMPA with 20%. The proximity of these two provinces encourages high enrolments in the institution.

Figure 3-3 Percentage of Trainees enrolled by Province, 2007 - 2012



Source: VAC

3.5.1.1 Strengthen and Increase Access to TVET for farmers/communities in Agriculture, Livestock, Fisheries and Forestry

The Vanuatu Technical and Vocational Education and Training (TVET) Sector Strengthening Program has developed new systems and approaches to better link training to economic outcomes for trainees within a nationally-recognised training system. The program is now in its second phase and in the coming years will be rolled out in all provinces based on funding availability, but is currently based in SANMA and MALAMPA.

The TVET Centres are designed to offer a range of targeted skills training and business development services in line with provincial economic development priorities. Table 3-4 shows the number of participants that attended Accredited Training (AT) in various subjects of agriculture in 2011 and 2012. It reveals that more women (over 60%) took training in Horticulture - Plant Vegetables than men, while in other trainings more men attended.

In addition to the accredited training units, the TVET Centres coordinate the conduct of Business Development Support (BDS) workshops and coaching. These services are

provided as a complement to training, with a specific focus on small business support in priority growth areas, which includes agriculture, fisheries, forestry and livestock.

Table 3-4 TVET Training in agriculture in SANMA and MALAMPA Provinces

Areas of Training Provided	2011			2012		
	Male	Female	Total	Male	Female	Total
Horticulture - Plant Vegetables	37	97	134	52	90	142
Prawn Farming	49	13	62	57	8	65
Propagate Plants	1	0	1	12	12	24
Raise Cattle	59	2	61	25	4	29
Raise Chicken	94	36	130	46	48	94
Rural Fishing and Small Vessel Operation	8	3	11	75	5	80
Total	248	151	399	267	167	434

Source: TVET Office, Port Vila

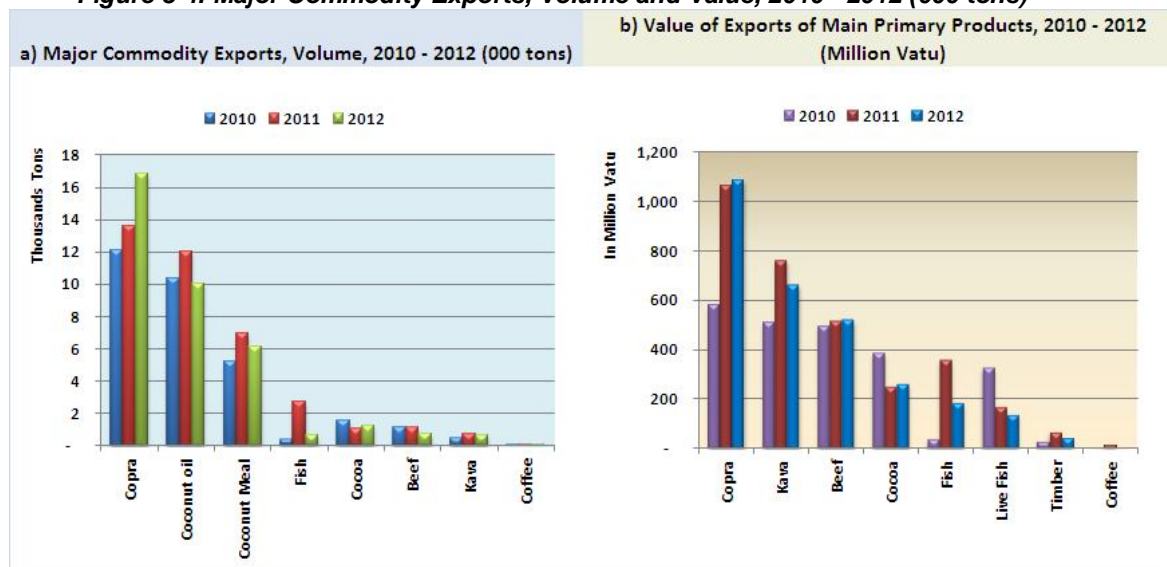
3.6 MARKET ACCESS IN THE PRIMARY SECTOR

Export of Agricultural Products (Volume & Value)

Figure 3-4 (a) shows the export volume for eight major primary export commodities. The three main products, copra, coconut oil and coconut meal dominated on average 86% of the quantity of primary products exported in 2010, 2011 and 2012. Copra alone accounted for almost on average 40% of the total exports over the three years. In 2012, the volume of copra exported increased from 13.5 tonnes in 2011 to almost 17 tonnes in 2012.

The quantity of fish exported in 2011 increased significantly when compared to the previous years. The main reason for this increase was possibly due to the changes in the sea water temperature causing movement of fish into Vanuatu waters. The warmer sea temperature attracted more fish thus increased the quantity of fish catch which also boosted the volume of fish exports during that period. The decrease in the quantity of fish exported in 2012 by 75% (compared to 2011) was also likely due to changes in sea temperatures.

Figure 3-4 (b) shows the value of exports for ten main primary products. There is a downward trend in the export value of almost all the primary products with the exemption of copra and cocoa with a slight increase of 2 and 4 percent respectively. The decrease in the value of export for the other products in 2012 reflects the drop in their quantity of export during the same period.

Figure 3-4: Major Commodity Exports, Volume and Value, 2010 - 2012 (000 tons)

Source: VNSO

3.7 DEVELOPMENT OF PRIMARY SECTOR STRATEGIES

Development of primary sector policies and strategies are very important in providing clear directions for the future development of the sector. The Productive Sector Growth Support Program (PSGSP), funded by European Union, was purposely designed to support the productive sector. There are three critical areas targeted by this program in compliance with the financing agreement signed by the EU and the Vanuatu government in 2010:

1. Improve policy processes and strengthen institution capacity which leads on the development of the productive sector policy;
2. Reinforce public policies in support of private sector
3. Improve delivery of public goods

The following activities were achieved by the MAFFB in 2012 under these target areas:

- The Overarching Productive Sector Policy (OPSP: 2012 – 2017) was developed in 2012 and launched in February 2013. The policy establishes a coherent policy framework to guide strategic actions and investments over the next five to ten years. The OPSP is premised on seven fundamental principles, which guide policy goals and strategy development. These principles include: environmental sustainability, social and gender equity, cultural sensitivity and integrity, private sector led growth, subsidiarity, good governance and transparency, and observance of international treaties. These principles are considered essential to sustain the resource base, protect cultural values and promote equitable social and economic development.
- A National Livestock Framework 2012-2022 (NLF) was also completed in 2012. The objective of the framework is to assist in promoting and growing the livestock sector in Vanuatu. It will particularly focus on increasing the production and protection of Vanuatu's livestock sector and its environment from pests and diseases by providing sanitary and phyto-sanitary assurance to its trading partners and ensuring social and economic wellbeing for all citizens.
- A core functional analysis and Public Expenditure Review of MAFFB, MOTI and DSPPAC was also undertaken in 2012. The analysis aims to define the optimal

institutional arrangement in place to ensure a better match between resource allocation and their desired outcome. This exercise is ongoing.

- A study on organic certification was carried out in 2012 with an objective to determine the costs and benefits of engaging in certifying the Vanuatu's organic products. The study was completed in April 2012.

3.8 NATURAL RESOURCES, BIODIVERSITY AND CLIMATE CHANGE

Implementation of the Environmental Management and Conservation Act 2002

The Department of Environment, Protection and Conservation (DEPC) is mandated through the Environmental Protection and Conservation (EPC) Act of 2002 to ensure the environmental resources is sustainably managed, protected and maintained for equitable use by future generations.

The EPC Act of 2002 is poorly enforced due to lack of human and financial resources, poor coordination between government agencies and lack of awareness of the communities and foreign investors. In November 2010, an amendment to the Act was passed by the parliament to give more authority to the DEPC over the management of the environment.

The EPC Act mandated the DEPC to provide services to the public in the following areas of concern: Environmental Conservation, Parks, Reserves & Protected Areas, Sustainable Environmental Planning & Development Control, National Ozone Activities, Environmental Research and Information and Compliance, Monitoring & Enforcement.

Environmental Impact Assessments (EIAs)

Environmental Impact Assessment (EIA) is one of the major activities that DEPC conducts to make sure that implementing projects meet their obligations under the EPC Act and EIA regulations. Major activities undertaken in 2012 includes; monitoring compliance inspections, site inspections, community awareness, mainstreaming significant environment issues into EIA process and drafting Mangrove policy.

The DEPC produced 50 preliminary environment assessments in 2012. The Department also received 5 EIA reports of which 2 were approved and 3 required further investigation.

Development of Protected Areas

The DEPC works with land owners and rural communities who have the interest in initiating community conservation areas and marine protected areas. In 2012, DEPC received such request on nine marine protected areas around Epi Island, Dixon reef, Melcoffee waters of Luganville, Santo, Marine protected area at south Pentecost, Marona conservation area in north-west Efate and Lelepa Island Tours Marine Protected Area.

Coastal Water Quality Monitoring

One of the main objectives of the Department of Geology, Mines and Water Resources (DGMWR) is to ensure that 95% of rural population has access to safe and secure water supply by 2018 as according to DGMWR 2012 Annual Report. Thus, the department is tasked with the quarterly monitoring of the coastal water quality in Port Vila and Luganville. In the first and second quarter of 2012, with the funding assistance from secretariat of the Pacific community (SPC), South Pacific Applied Geo-science commissions (SOPAC) and Integrated Water Resources Management (IWRM), the department was able to monitor the coastal/fresh water quality of Luganville Harbour and Sarakata river, both in Luganville. The coastal water quality monitoring for Port Vila was not done in 2012 due to unavailability of funding.

Climate Change and Disaster Risk Reduction in Vanuatu

The Vanuatu Government is currently addressing Climate Change and Disaster Risk Reduction (DRR) by integrating the Climate Change Adaptation (CCA) and DRR into a single governing institution. This was to avoid duplication of efforts, resources and capacity in delivering services to the people. In December 2012, Vanuatu launched the National Advisory Board (NAB) on Climate Change and Disaster Risk Reduction. The NAB is an executive body which will endorse all CCA and DRR initiatives in Vanuatu.

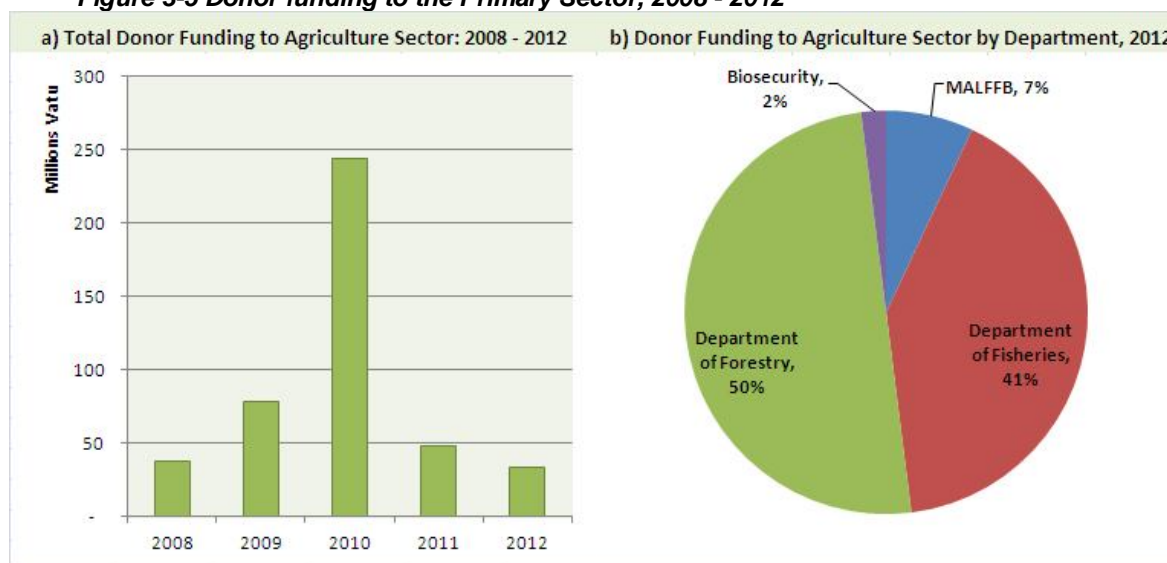
To support the work of the NAB the government through the Vanuatu Meteorology and Geo-Hazards Department secured funding from the European Union (EU) to establish a Project Management Unit (PMU) which provides secretariat services to the NAB. The PMU is working to support all NAB priorities and collecting useful data and information while also developing processes and procedures that provide more coordinated efforts on climate change and Disaster risk reduction. PMU manage two World Bank Projects, one EU project and one UNDP project. All projects work in collaboration with relevant government agencies such as the Agriculture, the local authorities, the bio-security sector, the environment and most importantly disaster management and meteorology.

The Ministry of Climate Change is currently in the process of developing a climate change policy. The policy will be divided into two parts; enabling environment and mainstreaming of climate change and disaster risk reduction in the longer term. Consultations are underway with the stakeholders including desktop review to pull out all relevant resources and explore what other government and NGO sectors currently have.

In dealing with the effects of climate change and other disasters, the climate change office is empowering the communities to design and implement their strategies for DRR and Disaster Risk Management (DRM). An estimated total of eighty (80) disaster management plans have been supported and coordinated with the National Disaster Management Office (NDMO). Most of the disaster management plans are designed through the work of NGOs and civil society organizations supporting NDMO. Work has commenced to set up and support Provincial Disaster Committees at the provincial level. Currently, TORBA has 25 Management Plans (MPs), SANMA, PENAMA, SHEFA and TAFEA have 10 each and MALAMPA 25.

3.9 DONOR RESOURCES TO PRIMARY SECTOR

Figure 3-5 Donor funding to the Primary Sector, 2008 - 2012



Source: MFEM

Figure 3-5 (a) shows the estimated total donor funding disbursed during the implementation of projects by the Ministry of Livestock, Forestry, Fisheries and Bio-security (MAFFB) over a five year period (2008 – 2012). A total of over 33 million vatu was spent on MAFFB projects in 2012, a decrease of 31% compared to 2011. The data only captures projects funds that use the Vanuatu government budget management systems (VBMS).

In terms of donor funding by departments in MAFFB, figure 3-5 (b) illustrates that 50% of the total donor funding in 2012 went to projects implemented by the Department of Forestry, an increase from 37% in 2011. The Department of Fisheries received project funding of 41% (13.7 million vatu) while only 9% of the donor funding went to projects implemented by the Department of Livestock and Bio-security.

4 GOOD GOVERNANCE AND PUBLIC SECTOR REFORM

4.1 INTRODUCTION

Good Governance and Public Sector reform remains a critical Government priority area. This is reflected in the PAA, which focuses on the following policy objectives:

- To provide policy stability and stable institutions;
- To develop a productive public sector, while
- Promoting gender equality and empowering women.

The following paragraphs highlight some achievements and progress made in terms of good governance and public sector reform in 2012.

4.2 POLICY STABILITY

Monitoring and evaluating development progress

Information collection through Monitoring and Evaluation is crucial for evidence-based policy making and achievement of results. The Monitoring and Evaluation (M&E) Unit within the Prime Minister's Office is responsible to systematically monitor and evaluate the performance of line ministries and departments. The annual reports are being assessed based on the PAA objectives and their associated indicators.

In order to facilitate better monitoring, the M&E Unit has been working with line ministries since 2010 to align the sector policies, Corporate Plans, Business Plans and Budget Narratives with PAA policy objectives. In 2012, the Unit held three workshops within the Ministry of Finance and Economic Management (MFEM) on their Corporate Plan and Performance Indicators. The draft MFEM Corporate Plan was finalised in December 2012. The M&E Unit also held several workshops with the M&E focal point officers in the Ministries on the M&E framework, systems and tools.

Six-monthly reports provide an update on the implementation progress of the decisions taken by the Council of Ministers (one year after the decisions were taken), the report also provides updated information on how government projects (included donor-funded projects) of a value of 10 million vatu and above are being implemented. This Annual Development Report (ADR) is also a tool to assess how the government has progressed in achieving policy objectives.

Strengthen and Expand Foreign Affairs and External Trade Relations

One of the five primary objectives of the Ministry of Foreign Affairs (MOFA) is to create opportunities through development cooperation initiatives.

In 2012, two agreements were signed with Israel and Indonesia (however, the current government is reviewing the agreement with Indonesia). Other Memorandum of Understandings (MOUs) or technical cooperation agreements that have also been approved by the Council of Ministers are with Philippines, Korea, Turkey and Mexico. Draft MOUs on

agreements with Fiji, Brazil, Thailand, Kuwait and United Arab Emirates are yet to be approved by the Council of Ministers.

The MOFA is currently developing a National Foreign Policy. Further, the Foreign Service Act (2008) has been reviewed and amendments to the Act will be tabled in parliament in August 2013.

Strengthening the Legal sector including the Judiciary Services

In 2012, the Ministry of Justice and Community Services (MJCS) developed a Strategic Planning Framework for the Justice and Community Services for the period 2014 – 2017. The strategic plan will be tabled in the Council of Ministers later in 2013. The objectives of the strategy are to:

- a) Gain the support of the Government of Vanuatu for the Justice and Community Services strategic plan to be recognised as a major sector planning document;
- b) Adjust the Planning Long Acting Short (PLAS) document to reflect the key priorities of the sector plan;
- c) Recognise both the independence of many of its key agencies and constitutional stakeholders and the critical importance of the contribution of civil society organisations to the work of the sector;
- d) Create ownership by the agencies and staff within the ministry and gain support from key stakeholders within the sector;
- e) Design and support a simple planning process which is sustainable;
- f) Become the overarching framework document within which the Ministry will develop its three year corporate plans and the agencies their annual business plans;
- g) Enable agencies to focus collaboratively on common cross cutting issues and best use of common resources;
- h) Provide a means by which donors can consider how to engage with key sectoral priorities.

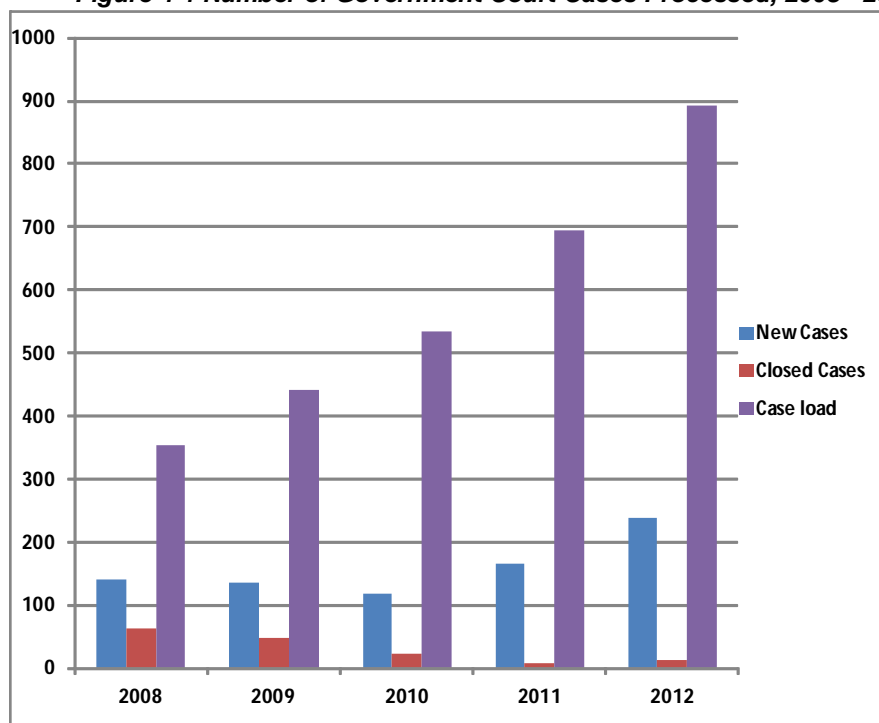
The Justice and Community Services sector includes a significant number of agencies and non-government stakeholders, including the Police, Judiciary, all justice agencies, correctional services, law reform, customary land rights issues, public safety, land valuation, accountability bodies (Ombudsman, Auditor General), women's and children's rights and advocacy agencies, and agencies concerned with disability and the aged. These agencies also have a wide scope of related service delivery areas, some of which are cross cutting, which requires them to work collaboratively to resolve issues. Overall, the sector is expected to provide the following services:

- a) Judicial Services (formal and informal);
- b) Correctional Services (custodial and community based);
- c) Law Reform (Legislation and Legal Policy);
- d) Public Order Services (Safety and Peace);
- e) Accountability Services (Governance Issues for whole of Government)

4.3 GOVERNMENT COURT CASES

The State Law Office (SLO) deals only with Government's Civil Litigation, it does not deal with any criminal nor any civil matters that the Government or State are not party to. Figure 4-1 shows the number of court cases processed by the SLO over the period 2008 to 2012. In 2012, a total of 239 new court cases were registered with SLO, only 12 cases were closed during the twelve months to 31st December 2012. However, SLO also dealt with court cases from the past years in 2012, which resulted in 35 overall closed cases. Total caseload in 2012 increased to 892 cases. SLO was able to upgrade its database system in 2012, thus, provide a more reliable data compared to previous years.

Figure 4-1 Number of Government Court Cases Processed, 2008 - 2012

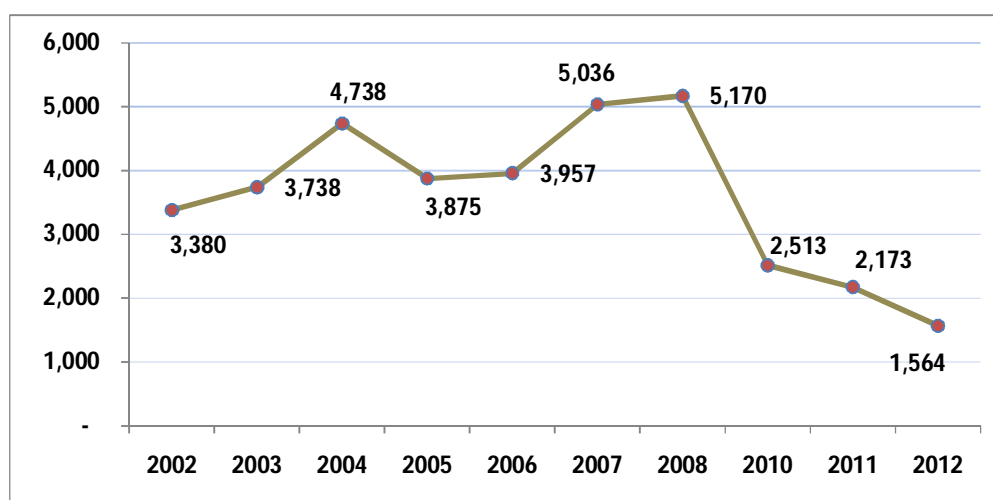


Source: State Law Office

4.4 REPORTED CRIME RATE

. In Vanuatu as normally practiced, crimes can be resolved outside the law in customary reconciliation or round table discussion with the police. Whatever the dimension of the criminal act and its customary resolution, once the offense is reported to the VPF, it is considered a crime.

Criminal activities are classified according to the criminal code and laws used to investigate the crime.

Figure 4-2 Trend of Crime Reporting in Vanuatu, 2002-2012

Source: Vanuatu Police Force, Information Unit

Note: The 2009 figure is not included in figure 4-2 due to accidental loss of files)

The decreasing trend shown in the above figure 4-2 could be explained as crime data being under reported, especially crimes that take place in the provinces. In many instances, police officers in the provinces often fail to report to the Central Police Station in Port Vila the number of criminal activities happening in their areas. Furthermore, some offences that are resolved by chiefs were never captured or reported to VPF therefore were not recorded. As such, the downward trend of the rate of crime in Vanuatu does not really reflect the crime growth but rather the poor reporting of the criminal offences occurring both in urban and rural areas. The Crime Reporting & Information Management System (CRIMS) has been set up while workshops and trainings are being held with the village chiefs on the importance of crime reporting.

The VPF has been actively providing awareness programmes in schools and communities as well as providing counselling to reduce criminal activities. Police Posts have been built in some of the islands as part of the crime prevention activities.

Court Referred Mediation, Port Vila

A mediation process was initiated and established in 2009 as part of the efforts to reduce the backlog of court cases and in particular to address the commercial frustrations about delay in resolving commercial cases on time. This initiative involves exploring options for incorporating custom dispute settlement.

4.5 LAND MANAGEMENT AND LAND DISPUTES

Land disputes are increasing in Vanuatu, and their management involve a special mediation process, before being referred to the courts. The Vanuatu Land “Mama Graon” Program (MGP) addresses some of the issues linked to the management and resolution of disputes, with the collateral objective to reduce the backlog of court cases. A Monitoring and Evaluation framework and indicators for MGP were developed in 2012. It is expected that the MGP will be redesigned in 2013 thus will have a new set of indicators.

Stakeholders assisted by this program included the Malvatumauri National Council of Chiefs (MNCC), the Customary Land Tribunal Unit (CLTU) and the Department of Land. The following describes the progress of key outputs against Annual Plan and towards achieving the end-program outcomes.

Malvatumauri and Customary Land Tribunals

- MNCC made public consultations with the 5 provinces (SANMA, PENAMA, MALAMPA, SHEFA and TAFEA). The aim of these consultations is to ensure ownership and commitment from the chiefs and their people on implementation of the strategic roadmap of the 19 resolutions as an outcome of a customary workshop organised by MNCC in 2012;
- A proposal was prepared to amalgamate MNCC and CLTU following recommendations made in the review of these organisations in 2012;

Department of Lands

- Backlog of unregistered applications lodged prior to 2012 has been reduced to approximately 1,000 applications;
- The manual for Land Registration procedures has been improved;
- A review has been completed on lease execution, enforcement and planning activities and numerous recommendations have been agreed upon;
- Valuation data has been collected for all 4,141 residential and commercial properties in Port Vila Municipality;
- Draft Valuation Zone Maps have been prepared for Port Vila Municipality.

4.6 THE LEGAL SYSTEM

The Vanuatu Law Commission (VLC) is an independent statutory body established in 2010 and funded by the Government of Vanuatu. The VLC was created under the Law Commission Act [Cap 115] to study and keep under review the laws of Vanuatu and recommend reforms where needed.

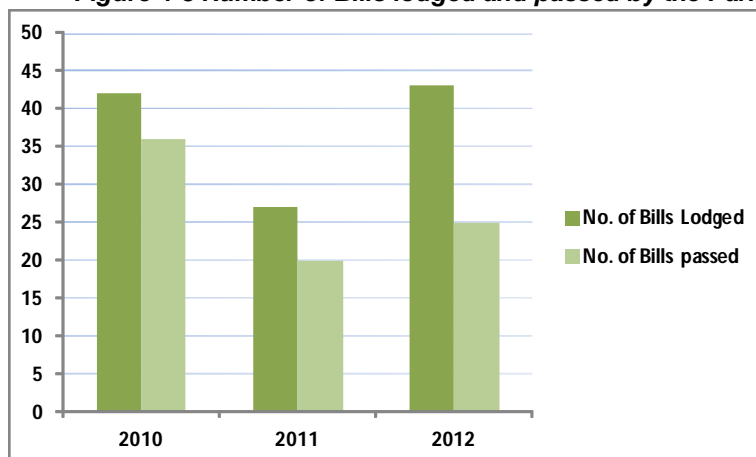
When a Government bill is published the Commission may also submit comments and recommendations on the bill by notice in writing to the Speaker of Parliament before any debate on the bill is commenced.

Any recommendations made by the Law Commission are based on extensive research and public consultation as well as the principles of impartiality, equity and social justice.

It has to be noted that the Law Commission does not offer legal advice or handle complaints about the legal system generally or intervene in specific legal matters.

4.7 BILLS AND AMENDMENTS PASSED BY PARLIAMENT

One of the principal tasks of the State Law Office is to draft the Government's Bills to be tabled and passed by Parliament. Figure 4-3 shows the number of Bills lodged and passed by parliament from 2010 to 2012. This data has been regularly updated by the SLO. There were 43 bills lodged in parliament in 2012 and 25 of them were debated and passed, with the remaining 18 held over to 2013, sent for revision, parliamentary review committees.

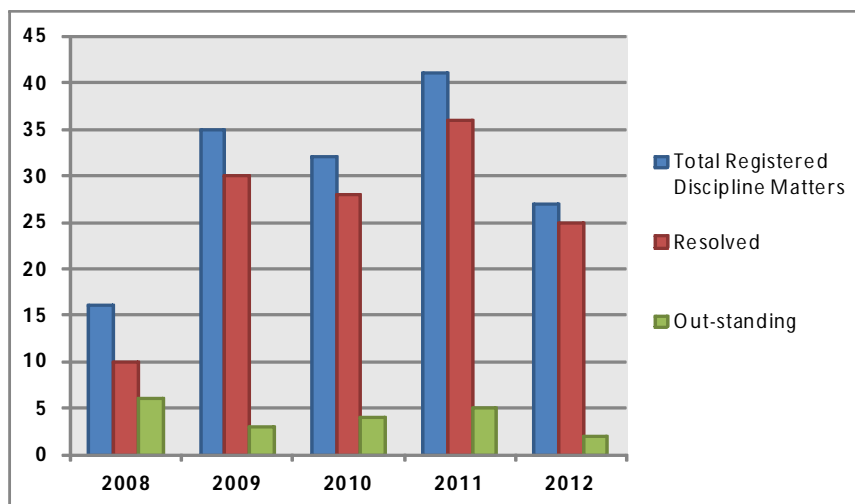
Figure 4-3 Number of Bills lodged and passed by the Parliament, 2010 - 2012

Source: State Law Office Annual Report 2012

4.8 DEVELOPING A PRODUCTIVE PUBLIC SECTOR

Accountability, Discipline and Performance

The Public Service Disciplinary Board (PSDB) deals with disciplinary cases involving public servants. Figure 4-4 shows the number of registered cases from 2008 to 2012. During December 2012, 27 disciplinary cases were resolved leaving 2 cases to be dealt with in 2013.

Figure 4-4 Disciplinary Matters within the Public Service

Source: Public Service Commission

In 2012, the Public Service Commission introduced 4 yearly performance contracts for the Director Generals of the Government Ministries for the first time since CRP. This was made through an amendment of the Government Act. This approach was implemented to ensure high performance and productivity for senior civil servants in the Public Service.

Provincial and Municipal Governance

The government has seen the potential to improve public service delivery by strengthening governance at the Province and Municipality levels. This has been shown through its strong commitment to the decentralisation policy where certain public service positions were established in the provinces and municipalities.

Major achievement since 2011 on decentralization

The Secretary General and Accountant positions are now administered and managed by the Public Service Commission;

Town Clerks and Accountants in the two Municipalities of Port Vila and Luganville were filled by the Public Service Commission.

Other positions that are yet to be moved to the PSC include deputy town clerks, planners and cashiers from the municipalities and Assistant Secretaries General, Planners and Treasurers in the Provinces. According to the Department of Local Authorities the delay in moving these positions is due to budget constraints.

State Owned Entities (SOEs)

State Owned Entities, that are monitored by the Government Business Enterprise Unit (GBEU) are supposed to assist the Government to reach some of its objectives that are better served through a “private sector” type of management than in the Public Service. While some of them have performed particularly well in 2012, others have not reached their financial and corporate objectives. Some of these entities have not reported or been audited for their last year’s performances. Under these circumstances, there is no evaluation of the fiscal risk that these businesses expose the Government to.

4.9 PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN

The 2012 government’s budget for the Department of Women’s Affairs was VT 37.5 million, which represented 0.23% of the total budget appropriated in 2012. Around 21% of this budget was allocated for activities related to children and disabilities, mostly through salaries and very limited operational funds.

At national level, the PAA, included a modification on government’s approach to gender in order to pay greater attention to gender equality, women’s empowerment as well as to the welfare of most vulnerable people. Hence, the PAA considers gender mainstreaming and the implementation of the Family Protection Act as governance issues to achieve stable institutions, gender equality and women’s empowerment. At the level of line Ministries, five ministries carried out actions directly linked to address gender equality in Vanuatu: Ministry of Justice, as responsible for the Department of Women Affairs, Ministry of Infrastructure and Public Utilities, Ministry of Tourism, Trade and Commerce, Ministry of Education and Ministry of Health.

Economic empowerment of women

In 2012, few key objectives were achieved towards enhancing progress on gender equality and domestic violence in Vanuatu. Concerning economic empowerment, VNPF registered 41% of women working in the “formal” sector. Over the years 2009 - 2011, the percentage of women employed in non-agriculture sector has been constant at 40%..

Among the activities to promote entrepreneurship in Vanuatu, The Department of Cooperatives and Ni-Vanuatu Business, has been implementing a project to seek out women entrepreneurs’ in order to support them with training, financial services and provide advice on accessing to market and business development.

Political empowerment of women:

The PAA recognised the need to empower women in politics. Thus an indicator needs to be identified to track the progress of this policy objective. This report captures only the initiatives undertaken so far in terms of facilitating woman empowerment in politics.

These initiatives include the following;

- workshop on women's political participation jointly delivered by the Department of Women's Affairs (DWA), and UNWomen in several locations at the provincial level;
- The "Vanuatu Voter Education Awareness" project has conducted workshops on voter education in SANMA and SHEFA province.
- Several conference and trainings have been funded and delivered by the Pacific Leadership Programme and the Centre for Democratic Institutions to the 17 women contestants for the 2012 National Elections.

Despite these efforts, no woman was elected to the national parliament during the 2012 national elections.

Family Protection Act (FPA)

The implementation of the FPA faces many challenges. Most activities implemented were related to prevent domestic violence and awareness of the FPA as well as of Human Rights. FPA awareness was conducted around the country and the total number of participants were up to 20,000 in 2012. These activities were funded by AUSAid and UNWomen Regional Small Scheme Grant.

Gender Policy Mainstreaming:

In 2012, the DWA started the process to design a new five years National Gender Policy. Consultations took place in Malampa, Shefa, Tafea, Penama and Sanma province, including the municipal area of Luganville.

Child Protection

There are no government funded social welfare benefits for children in Vanuatu and very limited services. A child and family social welfare policy is yet to be drafted. The establishment of the proposed network of services and/or functioning social welfare unit is currently being piloted in two sites in TAFEPA Province with the aim to promote the prevention of child abuse and to provide coordinated response services to children who have experienced violence, abuse and exploitation. These initiatives are supported by UNICEF.

In 2012, the Child Desk Programme conducted workshops with community and youth leaders in Port-Vila, resulting in:

- Four action plans being developed;
- Human Rights and Children Rights action plans being developed and translated into Bislama;
- A draft Children and Young people' volunteer code of conduct being developed; and
- 300 children around the Seaside settlement being engaged in sport activities under the VFF Just Play programme.

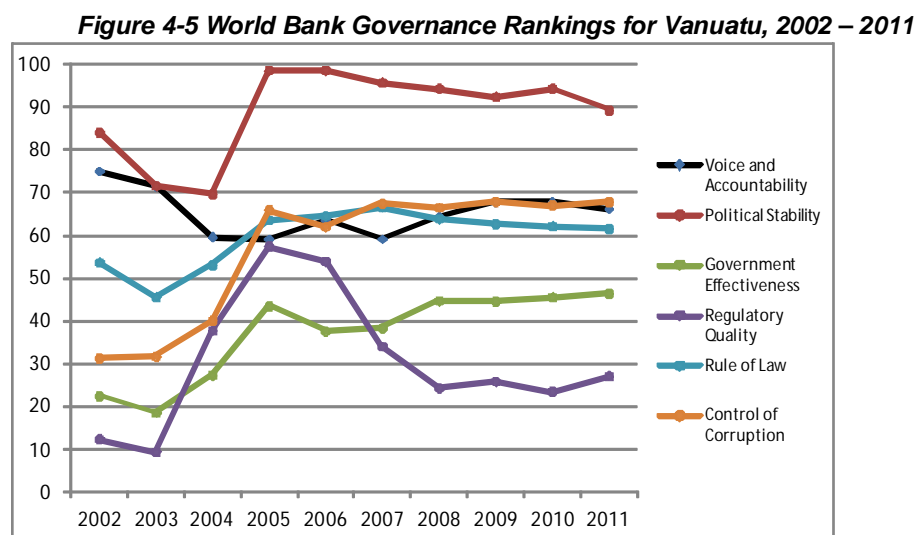
4.10 WORLD BANK GOVERNANCE INDICATORS

The World Bank Governance Indicators (WGI) is a research dataset compiled by the World Bank annually for over 215 countries. The dataset summarises the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organisations, international organisations, and private sector firms.

The (WGIs) are widely used to measure the improvements in Good Governance and Public Sector Reform in government institutions.

The World Bank governance indicators are updated annually using six dimensions of governance: *Voice and Accountability*, *Political Stability*, *Government effectiveness*, *Regulatory Quality*, *Rule of Law* and *Control of Corruption* and each country's performance is scored against these dimensions.

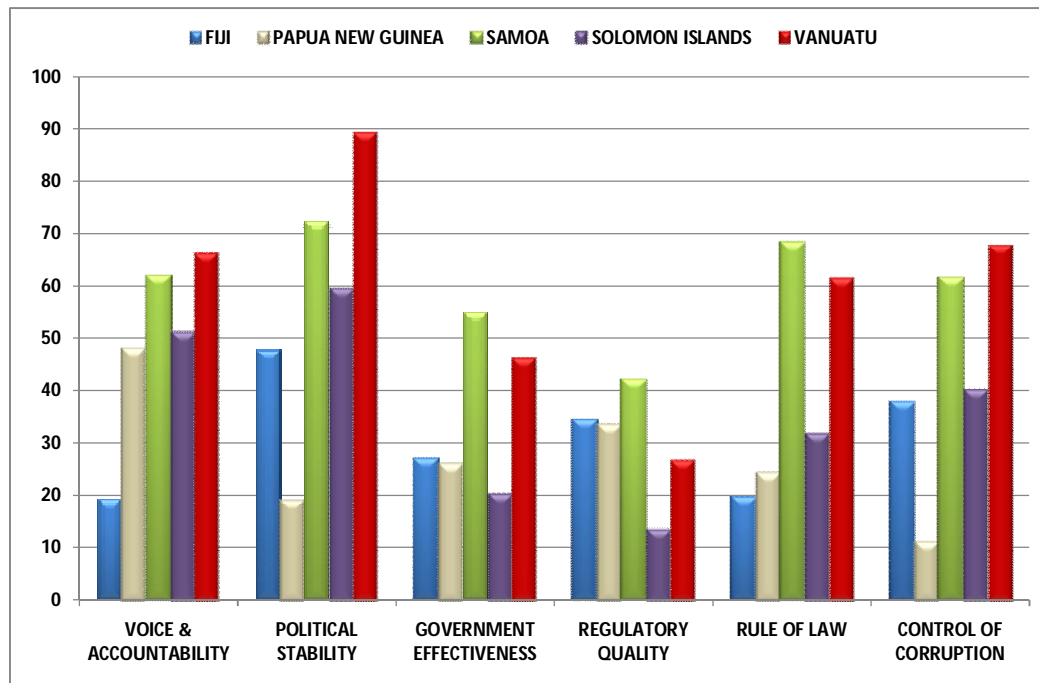
Figure 4-5 shows Vanuatu's relative ranking in these six dimensions of governance compared with over 200 countries, since 2002.



Source: World Bank

According to the 2011 rankings released by the World Bank, Vanuatu showed improvement in “Regulatory Quality” and “Government Effectiveness” with a drop in “Political Stability”, “Voice and Accountability” and “Rule of Law”. There was no change in “Control of Corruption”.

Figure 4-6 Percent ranks (0-100) of selected Pacific Countries for the World Bank Governance indicators, 2011



Source: World Bank

Figure 4-6 shows how Vanuatu is ranked compared with 4 neighbouring Pacific countries in 2011. The figure shows that Vanuatu ranks highest in Voice and Accountability, Political Stability and Control of Corruption. However, as was in the previous two years, Vanuatu is behind Samoa on Government Effectiveness and Rule of Law and ranks second to the last in Regulatory Quality.

4.11 CASE STUDY 1: VOTERS REGISTRATION PROCESS IN VANUATU

1. Why the case study?

While the general election in Vanuatu in 2012 ended up with a new elected Parliament, some issues were raised, pertaining to various areas of the electoral process. Among those are the surprising number of 192,215 registered voters, compared to the maximum voting age population of 120,000 based on the official Population Census of 2009 conducted by the National Statistics Office. The meaning of these figures is clear: many voters are registered more than once, and some individuals (dead or alive) with no right to vote are nonetheless registered as voters. This case study tries to look at the problem of the registration of voters, which if untreated, risks to affect the next elections in proportions that might undermine democracy in Vanuatu.

2. Looking at the issues

The M&E Unit at the Prime Minister's Office has conducted interviews with the Chairman of the Electoral Commission, with the previous and current Principal Electoral Officers, with registration officers and assistant registration officers in Efate and Port Vila, and with Pr Howard Van Trease, in charge of compiling the 2012 General Election Report.

Documents, files and reports related to the voters registration and to the electoral roll were examined.

3. The process of registering voters in Vanuatu

The process for registering voters in Vanuatu relies on appointed Registration Officers (one per constituency in the Act, in fact approximately one for each province), who themselves recruit Assistant Registration Officers (approximately 1 per polling station) in charge of visiting every household in Vanuatu, from January to March every year, to update the Electoral Roll. Their responsibility is to establish the electoral roll for each polling station. Information gathered should include:

1. Young voters that reached the age of 18;
2. Deceased voters;
3. Voters who have changed residence;
4. Voters who lost their electoral card.

One of the problems encountered by the assistant Registration Officers is that they have to update a file which they carry in their hands, with no possibility to find a name by its initial, so they lose an enormous amount of time searching in their written file the name of the persons in each household they interview.

They also cannot check, at that time, whether the people who declare that they have moved from another constituency have already been registered or de-registered in that other constituency.

The other problem is that very often, the declarations of the households interviewed cannot be assessed or confirmed by official documentation: birth and death certificates are missing, proofs of residence are sketchy, and too many voters declare that they have lost their cards, or that they have never been registered, which the officers have no possibility to check in the field.

Even if assistant registration officers insist on the need to have these documents, some people insist that not registering them would result in depriving them from their citizen's right to vote. During this updating process, some politicians are trying to make sure their supporters are given a new electoral card, or a duplicate.

After these field operations, the names of newly registered voters are entered into the

computerized system, while they are given an electoral card or duplicate. The provisional lists of voters are published from 1 to 15 June (inspection period) each year, which means that any citizen aware of this fact can make an application to the Electoral Office or the Registration Officer for any correction that he/she sees fit. After the Principal Electoral Officer has looked and acted upon all applications, the updated final electoral roll is finalized 1st July every year.

According to the Principal Electoral Officer, the computer system in place does not give an alert when the same voter is registered in 2 different polling stations. It should also be noted that the removal of the name of deceased voters from the electoral roll only happens if the family at the place where they are registered declare it to the assistant registration officer.

The Act does not provide for last minute registrations courtesy of the Electoral Commission or whoever else.

4. Registration Issues emerging from the 2012 General Election

The main reasons why the number of registered voters largely exceeds the number of eligible voters are the following:

- Registration officers never submit names of dead people, or names of people who have migrated from an area to remove them from the Registration Role: over the years, the number of dead or moved people (then implying double registration) on the role have increased;
- Identification of registered voters is very poor, no photography on electoral cards, names spelled erratically, double registrations are common place;
- Last minute registration authorized by the Electoral Commission;
- Electoral database system not properly programmed, or used, so as to identify the duplicate records hence resulting in duplicating and triplicating of records.

5. The road ahead: how to improve the election process in 2016?

Various proposals are suggested to improve the registration of voters:

- instead of visiting all households every year, then freezing the system 1st July, a continuous system of update of the electoral roll, might be more efficient;
- penalties for intentional multiple registration or multiple double vote, as provided for in the Representation of the People Act, should be enforced more systematically;
- a computerized system of registration in the field (instead of a manual system), associated with a computerized system of identification through finger prints (such electronic biometric system has been tested successfully in Samoa) is suggested to prevent double registrations and double votes;
- in the longer term, improvements of the civil status system will command progress in the electoral registration system.

5 PROVISION OF BASIC SERVICES AND STRENGTHENING SOCIAL DEVELOPMENT

The policy of the Government is to raise the welfare of the people of Vanuatu thus the PAA recognises that good health is a key to achieving this goal through long-term economic performance and development. In line with the broad goal, the PAA and the Ministry of Health Sector Strategy 2010—2016 emphasizes four broad policy objectives that now guide health service delivery and development in Vanuatu with stating special attention to rural areas;

- Improve the health status of the population;
- Ensure equitable access to health services at all levels of services;
- Improve the quality of services delivered at all levels;
- Promote good management and the effective and efficient use of resources.

5.1 IMPROVE THE HEALTH STATUS OF THE POPULATION

“Health” is a multi-dimensional concept that is usually measured in terms of:

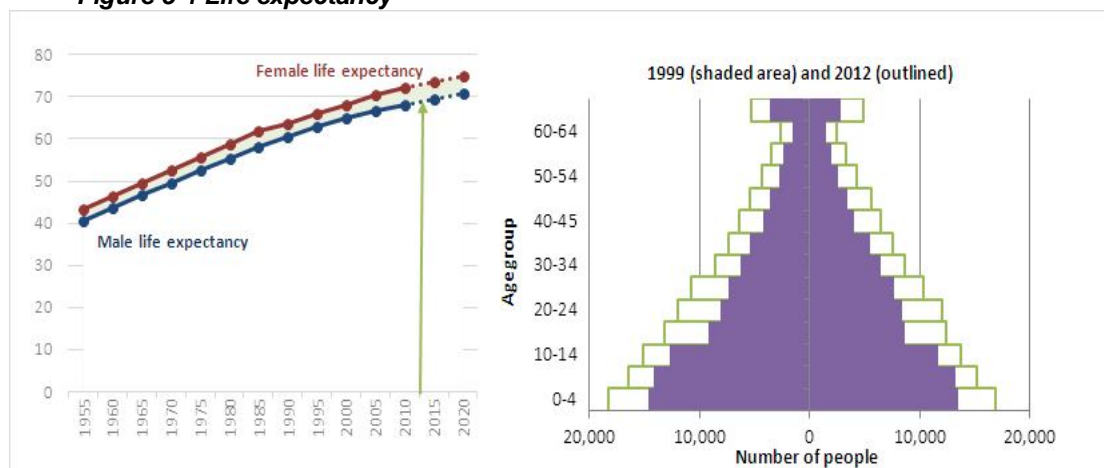
- absence of physical pain, physical disability, or a condition that is likely to cause death ;
- emotional well-being, and
- satisfactory social functioning.

The health of an entire population is determined by aggregating data collected on individuals. In the absence of comprehensive or absolute measures of the health of a population, the average lifespan, the prevalence of preventable diseases or deaths, and availability of health services serve as indicators of health status.

5.2 LIFE EXPECTANCY AND POPULATION GROWTH

Life expectancy at birth; male & female (years) in Vanuatu has increased steadily between 1989 and 2009 from 64.29 to 72.55 respectively according to the national census and is estimated to be around 69.52 for male and 73.58 for female between 2010-2015. This could be the result of better health services (reduced mortality rate), improved nutrition, education, the economy and political environment Vanuatu enjoyed over this period.

Figure 5-1 Life expectancy

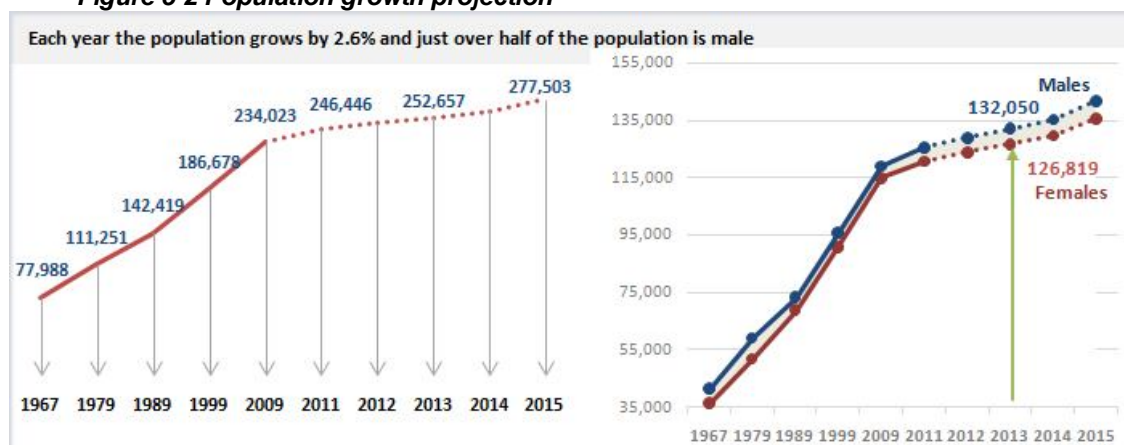


Source: VNSO

Vanuatu's population is estimated to have reached 252,657 in 2012 from 234,023 in 2009 (2009 census) and will double by 2030.

Figure 5-2 shows the population growth and the projection until 2015 using the census 2009 growth rate. Based on these figures released by the VNSO, Vanuatu's population was estimated to be around 277,503 in 2015.

Figure 5-2 Population growth projection



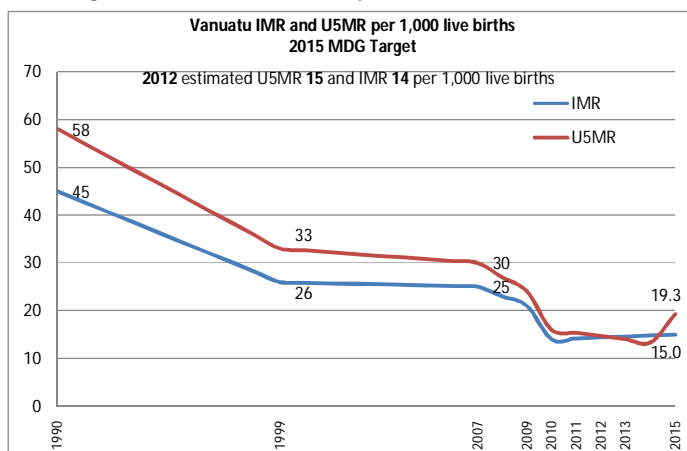
Source: VNSO

Based on the projection it was estimated that in 2013 there were 126,819 females and 132,050 males. This suggests that there are more males than females.

Vanuatu has a young population with 45% aged 15 and younger and an ageing population given the estimated life expectancy at birth rising to 71.5 years by 2010-2015. This means that the Ministry of Health will be increasingly facing both childhood and elderly diseases, and both communicable and non-communicable diseases, and it will also become more expensive to deal with such diseases.

5.3 INFANT MORTALITY AND UNDER-FIVE MORTALITY

Figure 5-3 shows a steady decrease under-five mortality rate and should meet the MDG target in 2015. This is an impact of rigorous public health interventions that improved antenatal care, increased proportion of deliveries attended by skilled birth attendants, and a better referral system to access emergency obstetric care.

Figure 5-3 Infant Mortality

Source: VNSO

The main component of under-five mortality is deaths of new-born babies and infants aged under one year. Acute Respiratory Infections (ARI) are the main cause of ill health in infants with infants aged under two years accounting for around 40-60% annually according to the MICS and HIS data. The MOH has a number of strategies to reduce the rates of ARI, diarrhoea and neo-natal complications, which are the main causes of infant mortality. The MOH is working to improve the health of infants and children through its Integrated Management of Childhood Illness (IMCI) strategy.

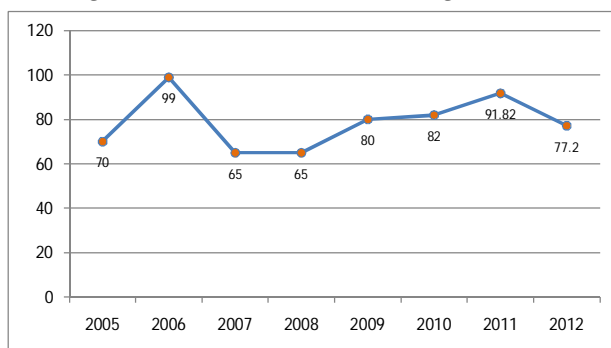
5.4 MATERNAL MORTALITY

The Ministry of Health keeps records of morbidity and mortality annually. In 2012 there were eight maternal deaths although the actual number is higher because there is under medical care.

Ante Natal Care (ANC) and assistance during delivery have reasonable coverage, the Multi-indicator cluster survey (MICS) has found; with 60% or more deliveries assisted by skilled birth attendants across provinces (except TORBA – around 40%). Ninety eight per cent (98%) of mothers have received some sort of ANC, although this can be improved, considering the range of care supposed to be provided in ANC clinic. Skilled birth attendance is now 91%. There are still neonatal deaths reported by both the hospitals and community health services. Deaths occurring outside the health system are not captured. Reliable data on Antenatal coverage, family planning user rate and adolescent fertility rate was not available for 2012.

5.5 IMMUNIZATION COVERAGE (PENTAVALENT 3 AND MEASLES)

Vanuatu adopted the regional initiative of WHO to eliminate measles by 2015 through improved routine immunization coverage, the control of morbidity and prevention of mortality program.

Figure 5-4 Immunization coverage

Source: HIS

Figure 5-4 shows that the 2012 immunization coverage was at 77.2%, a drop from 91.82% reported in 2011. Possible factors contributing to non-completion of vaccination schedules include logistics difficulties for children in remote rural areas, population mobility, and parents' and caregiver's beliefs in vaccines.

Infectious diseases linked to poverty, such as HIV/AIDS, malaria, tuberculosis and neglected communicable diseases, have a significant negative impact on social development. Despite progress towards the control and elimination of these diseases, Vanuatu is also facing emerging threats such as drug-resistant strains of tuberculosis and malaria, the increased risk of infection faced by vulnerable populations, and the effects of climate change.

Tables 5-1 show the most recent available data on 10 top communicable diseases. They are known to be the major cause of deaths in Vanuatu hospitals during 2011.

Table 5-1: Top 10 diagnosed health problems reported by hospitals for 2011 for all ages.

1	ARI among children (0- 5 yrs.)	18,951
2	Other Skin Diseases	18,302
3	Non-Influenza(Respiratory Infection)	15,578
4	Influenza	13,682
5	Diarrhea	4,348
6	Bronchitis	4,289
7	Asthma	2,975
8	External Ear Infection	2,256
9	Other Injuries	2,048
10	Neurological Disorder	1,503

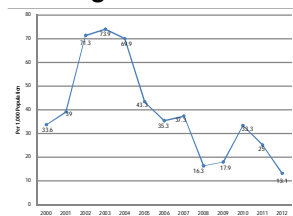
Source: HIS

5.6 MALARIA

Malaria reduced significantly in Vanuatu from an Annual Malaria Parasite Incidence (API) baseline of 73.9 positive cases per 1,000 inhabitants in 2003 to 13.1 per 1,000 in 2012 (figure 5-5). This remarkable decline is in line with the policy for elimination of Malaria from Vanuatu by 2030, beginning in TAFEA Province by 2014. Major factors explaining improvement in malaria are increased staff recruitment into the program and increased use

of bed nets. Records from the Malaria Information System (MIS) in 2011 identified 71.6% of households having at least one bed net. According to the MIS low coverage is found amongst urban households and the well-off population, which use other means of vector control.

Figure 5-5 Malaria Annual Parasite incidence 2002-2012

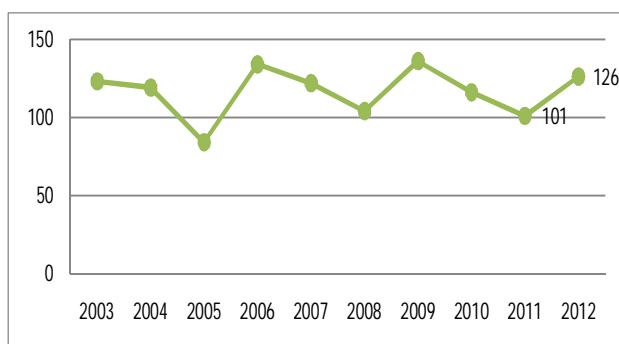


Source: MIS database

5.7 TUBERCULOSIS (TB)

Tuberculosis remains a significant public health problem as sufferers maintaining the Directly Observed Short Course Treatments (DOTs) develop resistance. The complete treatment and management of cases is challenged by the movement of people, social behaviour and living conditions in urban squatter settlements and villages.

Figure 5-6 Number of TB cases, 2003-2012



Source: HIS

Figure 5-6 shows the annual incidence result with a fluctuating trend. The additional facilities established in the dispensaries of Lamap, Melsisi, Malao, Saramauri, Vaimali & Gaua, have increased the number of cases detected from 101 in 2011 to 126 cases in 2012.

5.8 NON-COMMUNICABLE DISEASES

Non-communicable diseases (NCDs), especially heart disease, diabetes and hypertension, an emerging issue of concern, are increasing. New incidences of NCDs are being reported every year and NCDs are amongst the most common reported causes of death every year.

The data from the NCDs step survey conducted in 2012 shows that over 40% of both male and female are overweight and 10% of males and 22% of females are obese. The MOH is facing the challenge to deal with early detection and vigorous treatment to avoid complications and premature deaths.

TAFEA reported 248 new cases for NCDs in 2012. Vila Central Hospital (VCH) reported 4,569 cases, which is over 300 per month. Northern Province Hospital (NPH) reported 1,145 cases of NCDs in 2012.

NPH also reported that the leading cause of deaths on NCDs related illness was hypertension (21% of the total deaths at the NPH).

The data reported here does not fully capture the number of NCDs cases around all provinces because of an ill-equipped health information system that makes it difficult to verify the exact magnitude of NCDs.

Lifestyle changes and lack of physical exercise are main contributing factors to NCDs.

5.9 ENSURE EQUITABLE ACCESS TO HEALTH SERVICES.

Vanuatu's main means to ensure equitable access to health services is through the provision of village Aid posts across Vanuatu and a 100% staffing of trained personnel to these facilities.

In 2012 the MOH had 210 fully operational facilities including outpatient care services provided by 95 dispensaries and 32 health centres. The Primary Health Care programs of the MOH were established in each province and model 4 healthy settings in each province that include one in a school, one in a clinic, one in a community, and one in a market place. The program aims to promote healthy living and behavioural change.

5.10 IMPROVE THE QUALITY OF SERVICES DELIVERED AT ALL LEVELS

The number of health workers in the population is a vital factor of the quality of care. There is an absence of a functional human resources information system making it difficult to determine the current health workforce situation. Data for this report has been sourced from payroll databases, as well as contacting NGOs and private health facilities directly for health workers information by the Ministry of Health.

There were 1,261 government health workers as of April 2012, according to the MOH records, including 46 medical practitioners, 335 nurses, and 62 midwives. There were also 206 village health workers spread across rural Vanuatu in aid posts. The number of doctors, nurses and midwives was 1.8 per 1,000 population in 2012, a significant improvement from 2010 is still below the WHO recommended threshold of 2.3 health workers per 1,000 population.

Table 5-2 Health worker (clinicians) per population ratio

Health Professionals	2010		2012	
	Total	HW/1,000 population (Pop. 239,631)	Total	HW/1,000 population (Pop. 251,661)
General Medical Practitioner	32	0.13	17	0.07
Specialist Medical Practitioners			29	0.12
Advance Practise Nurses	45	0.19	56	0.22
Graduate/Registered/professional Nurses	244	1.02	279	1.11
Midwives	51	0.21	62	0.25
Dentists	5	0.02	7	0.03
Dental Technicians & Assistants	6	0.03	10	0.04
Pharmacists	4	0.02	6	0.02
Pharmaceutical technicians & assistants	11	0.05	23	0.09
Medical imaging and therapeutic equipment technicians	9	0.04	12	0.05
Medical & pathology laboratory technicians	20	0.08	59	0.23
Physiotherapists	5	0.02	3	0.01
Nutritionist & dieticians	1	0	2	0.01
Environmental & Occupational health & Hygiene officers			36	0.14

Source: WHO

Table 5-2 shows the ratio of health professionals per 1,000 population.

5.11 SCHOLARSHIP AWARDED FOR HEALTH SECTOR STUDIES

Table 5-3 shows the new and on-going scholarship awards. The highest number of scholarships (43) was awarded for studying Bachelor of Medicine and Bachelor of Surgery (10 students in Cuba and 33 in Fiji). Allied health scholarships awarded were 14, all at the Fiji School of Medicine.

Table 5-3 Scholarships Awarded, 2012

Area of study	Number	Place of study
MBBS	43	Fiji, Cuba
Public Health	10	Fiji, Australia
Dentistry	5	Fiji
Pharmacy	3	Fiji
Allied Health	14	Fiji
Nursing	12	Solomon Islands & PNG

Source: MOH Annual Report, 2012

The total number of permanent staff and new students currently on scholarships was 87. This number does not include students at the Vanuatu School of Nursing.

With the current number of students and with successful completion of the curriculum for doctors on scholarship study, by 2016, Vanuatu should have around 24 new graduate doctors working to ease the burden of shortage of medical doctors in the country.

Table 5-4 shows that the Ministry of Health has in total 998 positions approved by the Public Service Commission. Positions that have been occupied total up to 638 and contract positions add up to 336.

Table 5-4 Human resources management

Employment Status	Total
Approved PSC Positions	998
Occupied Positions	638
Vacant position Numbers	n/a
Staff on contract (no post Number)	336
Staff on pay roll (2012)	966

Source: HIS

5.12 DISTRIBUTION OF HEALTH WORKERS BY PROVINCES

Table 5-5, showed that there is misdistribution of health workers and disparate allocation of skills across the country. TORBA has no doctor but has the highest health worker density at 6.95 per 1,000 population, with most health services provided by the community health workers. SHEFA and SANMA provinces have two of the greatest health worker densities (5.93 and 5.32 per 1,000 population), and wider variety of services due to the two tertiary referral hospitals in Port Vila and Luganville.

Table 5-5 Selected indicators showing the distribution of public sector health workers by regional area in 2012 Health Professional Group/Cadre

Health Professional Group/Cadre	Total	Malampa (Pop. 38,187)	Penama (Pop. 32,323)	Sanma (Pop. 49,411)	Shefa (Pop. 88,082)	Tafea (Pop. 33,733)	Torba (Pop. 9,925)
Generalist medical practitioners	17	0.03	0	0.14	0.08	0.06	0
Specialist medical practitioners	29	0.03	0	0.1	0.26	0	0
Advanced practice nurses	56	0.26	0.22	0.32	0.12	0.21	0.5
Graduate/registered/professional nurses	279	0.81	0.99	1.4	1.19	0.92	1.11
Midwives	62	0.21	0.15	0.36	0.23	0.21	0.4
Nurse aides/nurse assistants	152	0.68	0.59	0.79	0.34	0.83	1.01
Dentists	7	0	0	0.04	0.06	0	0
Dental technicians and assistants	10	0	0	0.08	0.07	0	0
Pharmacists	6	0	0	0.04	0.03	0	0.1
Pharmaceutical	23	0.03	0.19	0.06	0.11	0.09	0

technicians and							
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Source: WPRO HRH Country Profiles

Both provinces also have a greater share of health workers in comparison to their population. SHEFA province has 35% of the population and 37.2% of health workers; SANMA province has 19.6% of the population and 23.2% of health workers. In comparison, MALAMPA province has 15.2% of the population, but only 11.3% of health workers. Despite this, distribution is also not equitable among the provinces with urban areas. SANMA province meets the minimum threshold of doctors, nurses and midwives to assist in the achievement of the Millennium Development Goals (2.3 per 1,000 population), in comparison to SHEFA province with 1.9 per 1,000 population.

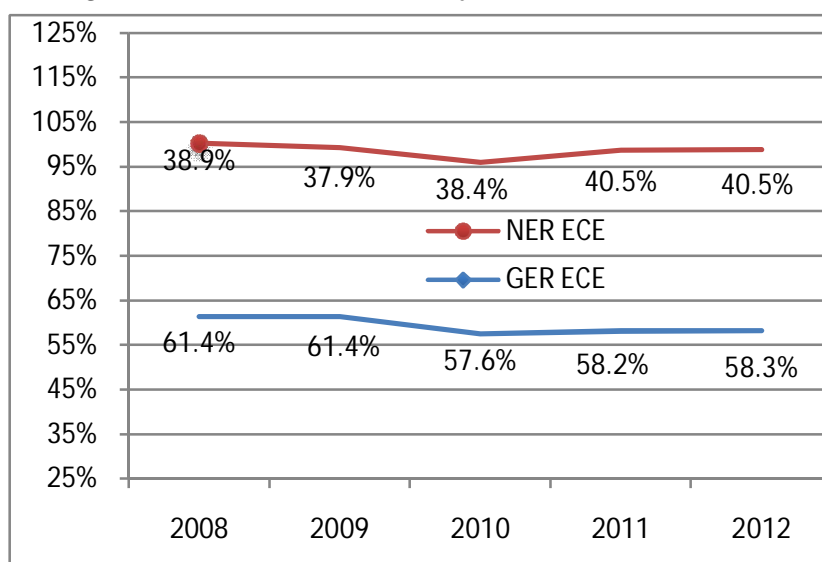
6 EDUCATION AND HUMAN RESOURCES DEVELOPMENT

6.1 EARLY CHILDHOOD EDUCATION

Studies have shown very clearly that attending pre-school (also Early Childhood Care & Education – ECCE) is a major factor of success at school in further studies. The encouragement from the Government to develop access to Early Childhood Education has been successful but needs to be maintained with a high level of commitment: due to the high population growth rate, the influx of new children into the education system is putting a strong pressure on existing resources. The Gross Enrolment Rate reflects the number of children enrolled in ECCE divided by the total number of children in the population that are 4 and 5 years old. The Net Enrolment Rate (NER) is the number of children of 4 and 5 years of age that are enrolled divided by the total number of children in the population that are 4 and 5 years old. Figure 6-1 shows that the NER is keeping up at about 40% in Vanuatu. More efforts will be made in the coming years to increase this number.

6.2 PRIMARY SCHOOL ENROLMENT

Figure 6-1 GER VS NER in Primary schools Year 1-6



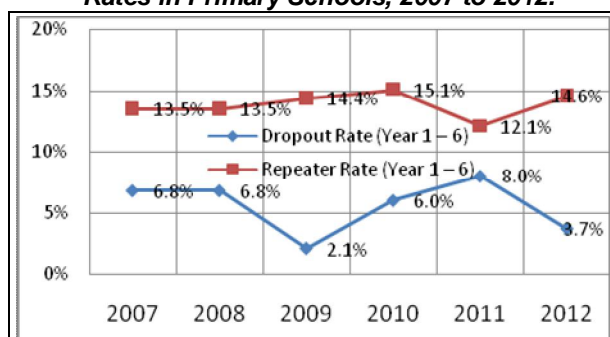
Source: VEMIS, Ministry of Education

Increasing access to primary education is a priority goal for the Vanuatu Government under the Primary Education Policy that aims to enrol 100% of all children aged 6-11 years in classes 1-6 by 2015. In 2010 the Ministry of Education with its development partners started to implement a school grants scheme subsidizing 365 primary schools parental contributions at 6,800 Vatu per pupil to ultimately make primary education free. Although the effort has been sustained over the last year, it has not been reflected in the Net Enrolment Rate. This is mainly due to the number of repeaters and over-aged children at school: in 2012 there was more than 12,000 pupils aged 12 years old and more in primary schools.

A particularly worrying consequence of this trend is that the need for additional school classes and teachers is under-estimated because of the large number of repeaters and over-aged children in the primary schools. Because the total number of children attending school

is the basis for school grants to be received by the school, the “free primary education” system might be a counter-effective incentive for school principals to keep over-aged children at school, and even to encourage repeaters (the repetition rate that had decreased in 2011 has gone up again in 2012, reaching an average of 14.6%).

Figure 6-2. Dropout Rates and Repetition Rates in Primary Schools, 2007 to 2012.



Source: VEMIS, Ministry of Education

2012 showed a sharp decrease compared with the previous year. While the enrolment rates of children in pre-schools and in primary school are stable, this confirms the fact that more children enrol in year 1 primary school over-aged.

This is confirmed by the very low Net Intake Rate, the percentage of children aged 6 years old that enter grade 1 of primary schools: that rate was only 36% in 2012, as in the year before.

The promotion rate in primary school is 81.7% on average (the percentage of students who pass from one level to the next one), while the survival rate for Primary education (percentage of students that complete year 1 to 6) was 83.6%, against 69.5% the year before.

An on-going program of “school-based management” tries to assist principals, teachers and parents to maximise the benefits of school grants for a better quality of education. But the issue of repeaters and over-aged children will have to be addressed in the years to come.

6.3 SECONDARY SCHOOL ENROLMENT

The enrolment in secondary school remain low, 40.9% for the Gross Enrolment Rate (Class 7-13) in 2012 is the lowest in 5 years, and 30% for the Net Enrolment Rate (those children who have the right age for being in secondary school). The NER is at the same level as in 2008 and 2009.

Figure 6-3. Percentage of Primary school grade 1 intake who come from a pre-school

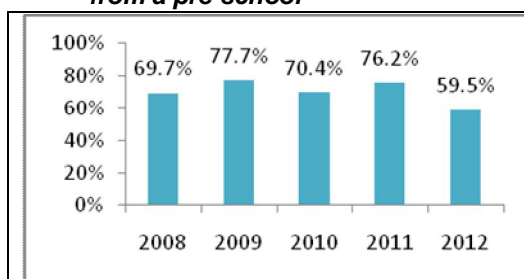
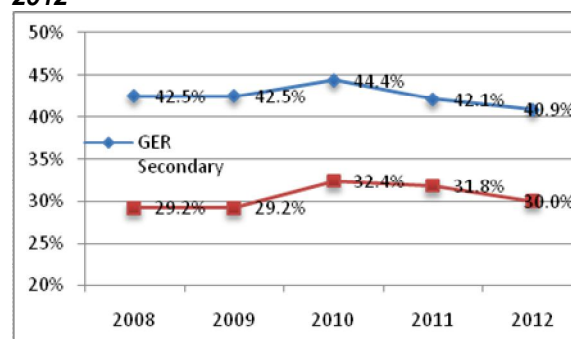


Figure 6-4 Gross and Net Enrolment Rates in Secondary Education, 2008-2012



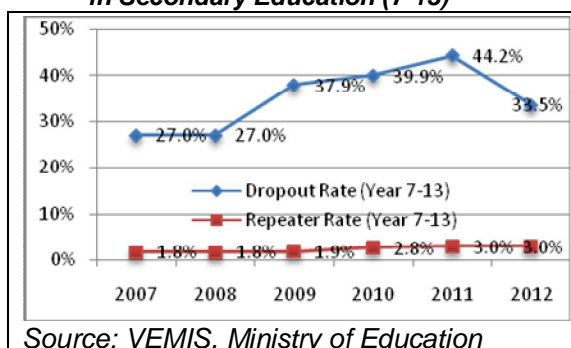
The enrolment rates do not reflect the actual demand for secondary education because the cost of secondary education remains high by Vanuatu standards.

The high cost of the secondary education might be an important factor of the high rates of dropout: parents do not want to pay expensive school fees for children who do not look like they will benefit from the education provided.

In secondary schools, the repeaters rates are far less important as in primary (3% compared with 14.6%), but the rate of dropouts jumps from 3.7% in Primary to 33.5% in Secondary, although it shows a sharp decrease compared to the previous year's 44%, a maximum reached in 2011.

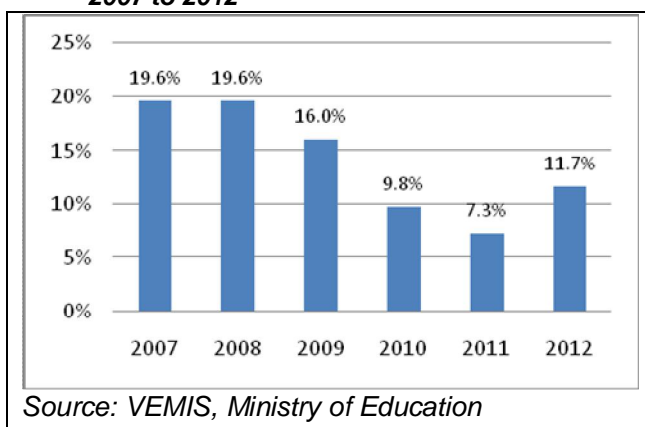
The major dropout in Secondary education happens between Year 8 and Year 9, and the average promotion rate for Years 7 – 13 has continuously fallen between 2007 and 2012,

Figure 6-5. Dropout and Repeaters rates in Secondary Education (7-13)



Source: VEMIS, Ministry of Education

Figure 6-6. Survival Rate Year 1 to Year 13, 2007 to 2012



Source: VEMIS, Ministry of Education

Education, has gone up from 7.3% in 2011 to 11.7% in 2012 (meaning that 11.7% of the children that were enrolled in Year 1 in 2000 went all the way to year 13 in 2012).

6.4 GENDER IN PRESCHOOL, PRIMARY AND SECONDARY SCHOOLS

In Vanuatu there are more boys than girls in the population aged 3 to 18 years old, boys and girls have access to Early Childhood Education about in the same proportion as boys, which is reflected in the Gender Parity Index at about 100. In Primary Schools, the Gender Parity Index is stable and balanced between 0.98 and 1.02. In Secondary Schools, the Gender Parity Index is in favour of girls at 1.12 for the Gross Enrolment Rate, and at 1.18 for the Net Enrolment Rate, reflecting the number of boy dropouts at the end of Primary school, and of Year 8. It seems that the Gender Parity Index is reversed in favour of boys in upper Secondary classes (Yr 13 & 14), because the students that apply for Tertiary Education scholarships are predominantly males, by a large margin.

Figure 6-7 shows the respective Net Enrolment Ratios in Pre-school, Primary and Secondary schools. It shows a slightly higher rate for girls at both Primary and Secondary levels, and more research is needed to understand why boys are not attending.

6.5 TEACHERS, CLASSROOMS AND TEXTBOOKS

The quality of education outcomes relies for one part on the number and qualifications of the teachers, and on the availability of classrooms and textbooks.

The poor examination results at various levels of schooling, particularly at the younger ages could reflect the high proportion of unqualified teachers along with other quality factors such as the rate of teacher absenteeism from

Figure 6-7 Teachers certified in Government primary and secondary schools, 2008 - 2012

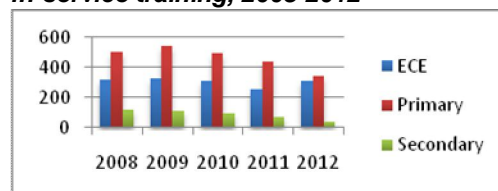


Source: Ministry of Education (VEMIS)

the classroom, poor preparation of school lesson plans, inadequate in-service training student absenteeism rates and a lack of teaching resources.

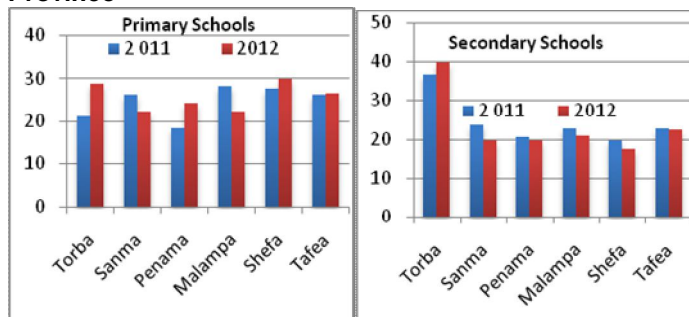
At the same time as the MOE is working to update and unify the curriculum, it works at improving the qualifications of teachers. It established the Vanuatu In-Service Unit at the Vanuatu Institute of Teacher Education (VITE) in 2010, which offers Year 1-13 classroom teachers training with a curriculum designed specifically for their needs. Teachers learn how to incorporate lessons and to provide appropriate resources and learning materials into their teaching. They are also trained how to design assessment tools and align lesson plans with learning outcomes. The goal is to prepare today's teachers for tomorrow's demands in teaching. However, the challenge for this program is to deliver this one-year in-service course for all untrained teachers at a time

Figure 6-8 Number of teachers attending in-service training, 2008-2012



Source: VEMIS, Ministry of Education

Figure 6-9 Students Teacher Ratio, Primary and Secondary, by Province



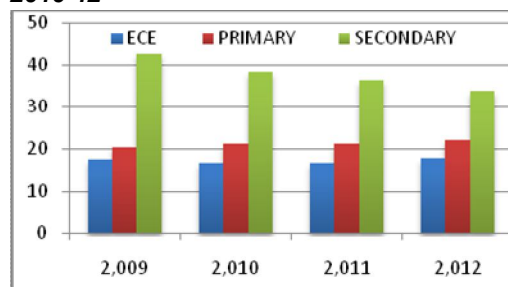
Source: VEMIS, Ministry of Education

when the number of school children and consequently teachers is increasing every year.

One important measure of the quality standards in education is the Student/Teacher ratio. As the ratio looks rather good at 25.3 for Primary, and

19.4 in Secondary, as an average in Vanuatu, but this conceals a very large disparity between schools: actually the ratios fluctuate, depending on individual schools. Between 2011 and 2012, primary school teachers were re-assigned through the Provinces to diminish these imbalances. Inside each province there is some more balancing to be completed, as figure 6-11 shows that SHEFA and TAFEA provinces, at 30 and 28 Student/Teacher Ratios, are on in average have larger numbers of students per teacher, in a poorer situation than the other provinces.

Figure 6-10 Students / Classroom Ratios, 2010-12

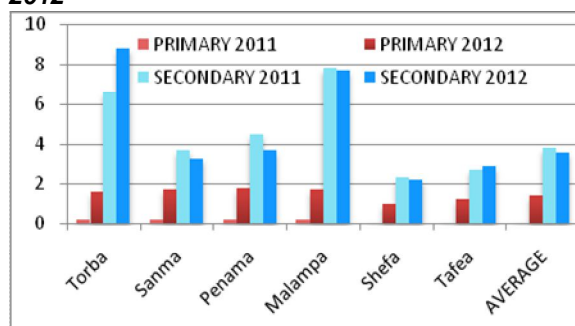


Source: VEMIS, Ministry of Education

The availability of classrooms all over the country is also unequal, as the dynamics of population growth and migration are difficult to keep up with, in terms of building new classrooms,. Overall, the situation in Primary seems “stable on average with more classrooms built every year, the ratio is slowly improving in Secondary. At secondary Student Classroom Ratio is 33.8 compared with Primary schools (average SCR at 22) and in ECE (average SCR at 17.9).

Textbook distribution to schools is every year a financial and logistical challenge. The

Figure 6-11 Student / Textbook Ratio, 2011 - 2012

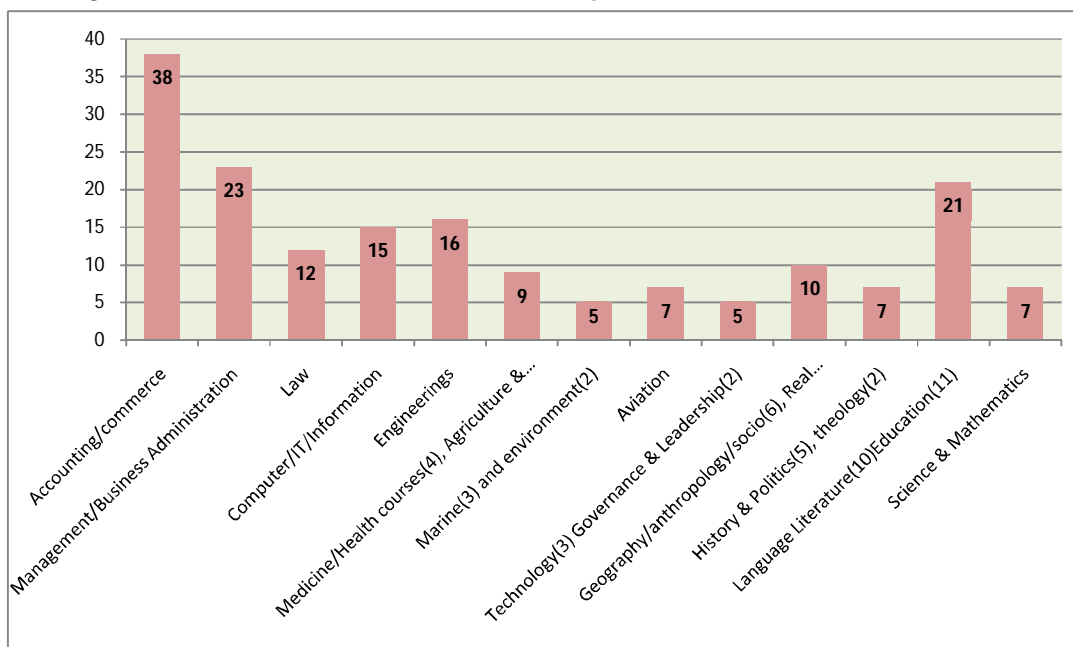


Source: VEMIS, Ministry of Education

availability of textbooks for students definitely affects the learning outcomes of a classroom. As shown in figure 6-12, some progress took place in the Primary Schools between 2011 and 2012, with the Textbook / Pupils ratio having jumped in average from about 0.1 to 1.40 (that is 1.4 textbooks per student). In Secondary schools, the average rate decreased slightly from 3.8 in 2011 to 3.6 in 2012, with SHEFA and TAFEA being the most problematic places to distribute teaching materials.

6.6 SCHOLARSHIPS AWARD

In 2012 the number of ongoing and new scholarships increased to 635 students (on-going & new) compared to 593 in 2011, this only includes the Vanuatu government, Australian Government (AusAid) and New Zealand (NZaid) funded scholarships. Table 5-5 shows a total of 401 students received Vanuatu government scholarships (175 new students and 226 ongoing students). A total of 125 students received Ausaid sponsorship (82 ongoing and 43 new students). Nzaid sponsored 109(72 ongoing and 37 new).

Figure 6-12 Vanuatu Government scholarship award 2012

Source: Scholarship office, MOE

Figure 6-1 shows only the Vanuatu government sponsored student's field of award. The distribution awarded scholarships shows more students taking accounting and Commerce followed by management and business administration, engineering's, computer/IT/information, law, language and education. The rest of the fields are below 10. Further, the highest number goes to the undergraduates (167), and the remaining goes to graduate qualifications (8).

Table 6-1 scholarship by sponsor and gender, 2012.

SPONSOR	NEW	ONGOIN	TOTAL FEMAL	TOTAL MALE
AusAID	43	82	71	54
NZAID	37	72	53	56
Vangov	175	226	152	249
TOTAL	255	380	276	359

Source: Scholarship office, MOE

Table 6-1 shows that the government remains the largest scholarship sponsor in Vanuatu. In terms of gender, there were 276 females and 359 males on scholarship in 2012.

6.7 IMPROVING PLANNING, FISCAL AND FINANCIAL MANAGEMENT

The Vanuatu Education Sector Strategy (VESS) for 2007-16 focuses on better educational outcomes and education as a right achieved. Long-term strategies are achieved by implementing annual initiatives to reach short-term results. The Vanuatu Educational Road Map (VERM) sets out the agenda for the development of education sector over the medium

term. The Ministry of Education received about 24.1% or almost one quarter, of the Government recurrent budget in 2012 (Vt. 3,904,962,695).

6.8 CASE STUDY 2: MONITORING QUALITY IN BASIC EDUCATION

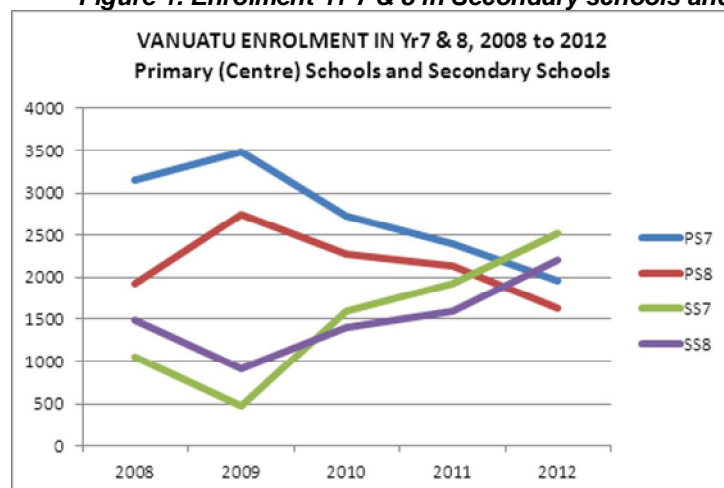
The vision of the government in Education is “An Educated Vanuatu” with the strategic goal of providing equitable **access** to basic education (K1 to Yr-10) and **quality** education to all children and students in Vanuatu. While the introduction of grants to all primary schools has improved **access**, because school fees have been reduced for parents, there still is uncertainty as to whether the **quality** of education delivered has improved. Particularly, it is alleged that year-9 students experience difficulties to fully engage in their curriculum because of weaknesses inherited from below-standard education that they were given in the years before. Some of these students have gone through Junior Secondary education in Secondary schools, while some of them have gone through Centre schools situated into primary schools.

This case study looks at the data available to monitor the quality of basic education (Yr 1 to 10) in Vanuatu, with a special attention to the question of the quality in Centre Schools, which triggered this paper.

1. Do Secondary Schools perform better than Centre Schools?

In 2010, considering the difficulty to provide quality education in Year 7 & 8 in Primary “Centre” schools, the Minister of Education decided to phase out the Centre Schools system.

Figure 1. Enrolment Yr 7 & 8 in Secondary schools and Centre schools, 2008 to 2012



Source: VEMIS

As shown in figure 1, the phasing out of the Centre schools has effectively been implemented from 2010 to 2012, and the number of students being admitted in Secondary schools (including Junior Secondary Schools) for Yr 7 & 8 has increased significantly.

Table 1. Results Secondary / Centre Schools at the Yr 8 National Examination 2012.

	ANGLOPHONE			FRANCOPHONE	
	SECOND. SCHOOLS	CENTRE SCHOOLS		SECOND. SCHOOLS	CENTRE SCHOOLS
Nb of schools	38	51	Nb of schools	19	17
Nb of students	1,043	1,213	Nb of students	427	410
AVERAGE MARKS /100 (Standard Deviations from 10 to 15)					
1 ENGLISH	50	46,5	2 FRANÇAIS	55,9	50,7
3 MATHS	30,6	31,6	4 MATHS	36,4	34,2
5 GEN SCIENCE	55,1	53	6 SCIENCE GEN	51,8	49,6
7 APPL SCIENCE	28,9	27	8 SCIENCE APPL	26,8	24,4
9 FRENCH	36,4	36,7	10 ANGLAIS	45,4	46,9

Source: Examinations and Assessments Unit, Ministry of Education

Table 1 shows some **significant differences** in results for the Yr8 National Examination between students enrolled in Secondary Schools and students enrolled in Centre Schools. Some Centre Schools score better than Secondary Schools.

2. Vanuatu Early Grade Reading Assessment (VANEGR), 2010

A baseline assessment was conducted in August 2010 with the children in **Yr 1 to 3**. VANEGR diagnoses comprise the first step in the process by providing Ni-Vanuatu education officials with a system-level diagnosis of how well - and at what pace - Ni-Vanuatu children in Anglophone and Francophone schools develop foundational skills needed to become literate.

Results of VANEGR in 2010 showed that: "While most students develop some fundamental skills in grade levels 1, 2 and 3, by the end of Grade 3 only about 1 in 4 students are able to develop fluency in reading to understand most of the text they read."

3. VANSTA Literacy and Numeracy tests results, Yr 4 and Yr 6, 2005 to 2009

The *Vanuatu Standardised Tests of Achievement for Literacy and Numeracy (VANSTA)* were developed by the South Pacific Board for Educational Assessment (SPBEA). The tests are for literacy and numeracy at Years 4 and 6. They are in French and English. VANSTA were administered in 2004-05 to gather baseline data, and again in 2009. Reports were published by SPBEA in September 2010. The comparison of the performances of schools, nationally, between 2005 and 2009, casts some light on the shortcomings of the education quality in our Primary Schools.

Year 4: In the Francophone schools, in both literacy and numeracy, the critical underachievement rate that was very high in 2004-05 (over 50% of the pupils) was hardly reduced in 2009, while the very poor percentage of satisfactorily achieving pupils was increased only by a small margin in the same time.

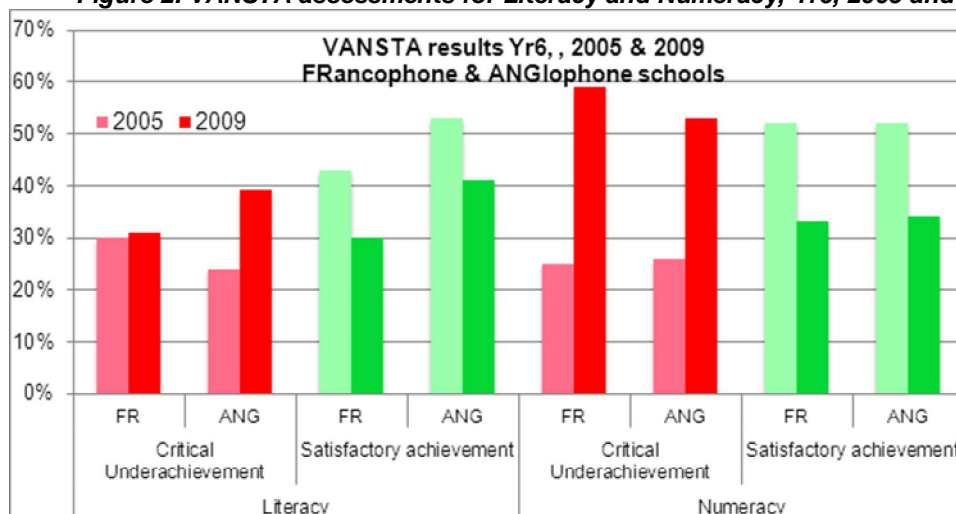
In the Anglophone schools, in both literacy and numeracy, the critical underachievement rate that was very high in 2004-05 (over 50% of the pupils), was not reduced by 2009 for literacy, but was significantly reduced for numeracy. The very poor percentage of satisfactorily achieving pupils in literacy was maintained in 2009, while the number of satisfactorily achieving pupils in numeracy increased from a very poor 28% to 40%.

Year 6: Figure 2 below shows that the critical underachievement rate in literacy in Yr 6 Francophone has increased, while the satisfactorily achieving students in literacy has diminished from 42% in 2004-05 to 30% in 2009.

The critical underachievement rate in Year 6 in numeracy for the Francophone schools has jumped dramatically from 25% in 2004-05 to 58% in 2009.

Figure 2 below shows the results for the Anglophone schools at Yr6. The critical underachievement rates have dramatically jumped both in literacy and numeracy, from 2004-05 to 2009, while during the same period the satisfactory achievement rates have decreased significantly from over 50% to respectively 41% in literacy, and 33% in numeracy.

Figure 2. VANSTA assessments for Literacy and Numeracy, Yr6, 2005 and 2009.



Source: SPBEA

These results show that many children are leaving primary school without the basic skills (reading, writing and counting) that the school was supposed to give them.

4) The proposed Vanuatu National Assessment and Reporting Policy (VNARP)

A major purpose of the *Vanuatu National Assessment and Reporting Policy (VNARP)* that was drafted in 2012 is to provide a coherent basis and framework for all assessments in the education system. Purposes of the assessments are either formative (help to improve teaching and learning processes), or summative (help to measure learning outcomes).

At the national level, the proposed assessments of learning outcomes for basic education (K1 to Yr10) are presented in the table below:

Table 2. National instruments in place / proposed for basic education assessment (2012)

ASSESS-MENT TOOL	YEARS ADMINISTERED / LANGUAGE	FRE-QUENCY	IMPLEMENTED/ PROPOSED	COHORT or SAMPLES	MAJOR FEATURES/ USES
VANEGRA	1-3 English/French	Admin 2010. Planned for 2013.	IMPLEMENTED	SAMPLES	SYSTEM REPORT EARLY READING STANDARDISED, INDIVIDUAL ADMIN.
VANSTA	4 and 6 French/English Extension to 8 discussed.	Four yearly. Last: 2009	IMPLEMENTED 4 AND 6. PROPOSED 8.	COHORTS	SYSTEM REPORTING NUMERACY LITERACY STANDARDISED, GROUP ADMIN.
VANEGA	2 English/French	Four yearly begin 2013	PROPOSED	COHORTS	
PILNA (with Pacific benchmarks)	4,6,8 English initially. French to come.	Three or four yearly beginning 2013	PROPOSED	COHORTS	
YEAR 8 NATIONAL EXAMS.	8 English/French (To be revised)	Annual	IMPLEMENTED	COHORTS	NATIONAL EXAMS. SUMMATIVE AND REPORTING.
YEAR 10 NATIONAL EXAMS.	10 French/English	Annual	IMPLEMENTED	COHORTS	NATIONAL EXAMS. SUMMATIVE, SELECTION, AND REPORTING.

Source: *Vanuatu Examinations and Assessments Unit (Draft VNARP 2012)*

It is important that the Ministry of Education allocates the necessary resources to implement this proposed assessment framework as planned. A periodic assessment of the quality of our education at the national level is necessary to guide policies.

All children should be offered the opportunity to realise their maximum potential.

7 ECONOMIC INFRASTRUCTURE AND SUPPORT SERVICES.

This chapter examines how the Government has responded to the needs for infrastructure (mainly transport) and public utilities (water supply, energy, telecommunications) development and regulation in Vanuatu in 2012.

The Ministry of Infrastructure and Public Utilities (MIPU) administers transport and urban water supply, while the Ministry of Lands and Natural Resources (MLNR) drives the energy and rural water supply policies and activities.

In 2012 the MIPU went through major restructuring which continued in 2013, , and coordinated several major pre-studies and negotiations for major infrastructure projects to be implemented in the coming years:

- Port Vila Urban Development Program;
- Vanuatu Transport Sector Support Program Phase II;
- Star Wharf Extension;
- Port-Vila International Wharf;
- Vanuatu Inter Island Shipping Program under which provincial wharves will be considered for refurbishment at Waisisi, Lolowai, Port Sandwich, Lenakel, Forari, Litzlitz, Loltong, Luganville (International wharf and Samensen wharf);
- Port Vila Tourism Infrastructure Project;
- Vanuatu Convention Centre

The absorptive capacity of the MIPU to deliver on projects is limited by under-staffing, inadequate budget, lack of technically qualified Ni-Vanuatu staff in key positions and aging equipment. One of the most confronting situations was the re-organisation of the Ministry with Civil Aviation and VMGD moving to the new Ministry of Civil Aviation, Meteo and Postal Services a decision later reversed but costing the Ministry unbudgeted resources for Cabinet staffing and resourcing.

Significant governance issues (and in many cases, poor reporting) are experienced by the Statutory Bodies under the Ministry:

- Airports Vanuatu Limited (AVL)
- Air Vanuatu
- Vanuatu Post Limited
- Northern Island Stevedore Company Limited (NISCOL)
- Ifira Wharf & Stevedoring (IWS)
- Vanuatu Maritime College

7.1 ROAD CONSTRUCTION AND MAINTENANCE

As part of its response to these challenges, in 2012 the PWD implemented its new structure (approved by PSC 6th October 2011), the design of which sought to strengthen its capacity for maintenance of existing infrastructure and to undertake new capital expenditure on new work. As part of operationalizing its structure, the PWD undertook its first fully consultative Performance Management Review in 30 years to promote retention and to identify training needs to improve service delivery and resource utilisation, the latter being PWD's greatest challenge.

The Government allocates VT 500 million to the PWD for road maintenance as part of an agreement between the Vanuatu Government and the US government to construct the two major roads in Efate and Santo (MCA Accord) but PWD's 2012 National Roads Audit indicated 9 billion Vatu would be required if all roads were maintained annually. As this was

not possible, prioritisation of roads maintenance based on usage, population, and economic return is essential and PWD planning was adjusted to take this approach.

In 2012 the PWD implemented a new outsourcing business model with support from the Vanuatu Transport Sector Support Project. This strategy is in line with PAA and PLAS planning priorities to encourage Public Private Partnerships (PPPs) and economic development in the provinces. The PWD contracted 28 Island Based Contractors (IBCs). These contractors are supervised by qualified site inspectors from the PWD. This new Public Private Partnership model and contracting system have improved the delivery of appropriate road maintenance, stimulating the island economies and speeding up road maintenance work around the provinces.

An Economic and Social Impact Survey has been contracted in 2013 to investigate the outcomes of this approach in the participating provinces (PENAMA, TAFEA and MALAMPA) with particular focus on gender. Results will be available in 2014.

Table 7-1. KMs of roads maintained

Year	SANMA	PENAMA	SHEFA	TAFEA	MALAMPA
2011	116	26	20	60	68
2012	916	361	316	244	327

Source: MIPU annual Report 2011/2012

Table 7-1 shows the estimated number of KMs of roads being maintained by the PWD in 2012. It is estimated that 2,163 km of roads were maintained in 2012. The maintenance works involves bush clearance, rehabilitation, spot improvement, re-gravelling, drainage maintenance and sealing of existing roads.

In its new structure the Public Works Department now employs two Social & Environment Officers to liaise with communities where major infrastructure projects are to be undertaken to raise awareness of cultural social health and environment issues. These officers will also assist in negotiations of resources (i.e. quarry materials and land ownership) that are key risks in delivery of PWD projects.

Government policy emphasised gender balance in every sector of employment. Total labour force within the MIPU was 248. Of this total 77% are male and 23% are female.

The Department of Public Works (PWD) has the highest number of Male employees of 105 or 42% of total employment in the MIPU. Ports and marine has the second highest of 19% of male employees from the total employment. There were 56 female employees, 34% are employed in the Department of Public Works.

7.2 CIVIL AVIATION SERVICES

The Civil Aviation Authority of Vanuatu (CAAV) was established through an Act of Parliament in 1999 and is the regulator to the airline industry. In its Administration Department the financial and secretarial/clerical staff are headed by the Director. The Flight Safety department is made up of the Airworthiness, Flight Operations and Personnel Licensing sections with Aviation Security standing alone.

Oversight in the Flight Safety department was boosted in the latter half of 2012 through the recruitment of two additional staff that further complemented the organizational structure and hence, its overall role. Flight Safety and Aviation Security make up the core technical team of the CAAV.

Table 7-2 Mandatory Occurrence Report 2012

1	Bird Strikes	15 altogether of which all are effectively closed through the AVL wild life control programme.
2	Aircraft Incidents	6 altogether all closed
3	Defect Reports	4 altogether all closed
4	Aerodrome Incidents	3 altogether, 1 closed
5	Airspace Incidents	Nil

There were no airspace incidents 2012.

Disagreements about land leases for airstrips continue, which affected the operations of a number of airstrips including Craig Cove in Ambrym.

7.3 UPPER AIRSPACE AGREEMENT

The Upper Air Space Agreement between the Government of Fiji and Vanuatu remains an outstanding issue. According to the MIPU Annual Report, Vanuatu does not have the required technical equipment to control its own sovereign air space. This is done by Fiji which collects the money and pays a dividend to the Vanuatu government based upon an agreed formula that takes into account services provided by Vanuatu's ground based navigational equipment. Vanuatu is located within the NADI-FIR and our Upper Air Space is controlled by the NADI Flight Information Centre. This area is sovereign space and as such, aircraft operating within are obliged to pay for usage.

Since Vanuatu does not have the required equipment to control its own sovereign space, the Air space fees are being collected by Fiji (Nadi International Airport). The government of Fiji then pays a dividend to the government of Vanuatu based upon a formula that takes into account Vanuatu's ground based navigational equipment. This amounts to around 10 Million Vatu annually and this money is paid to Airports Vanuatu Limited (AVL).

CAAV confirms plans to conduct feasibility study into this matter before formal renegotiation with Fiji, but financial constraints has delayed this important priority and to setting up an Aviation Trust Fund into which the funds would flow for transparent reportable utilisation.

The CAAV also charges payable fees for services rendered to the aviation participants and these charges included the following; landing charges, pilotage charges, miscellaneous charges, and the airport departure charges.

In 2012, the CAAV collected 6,079,917 Vatu in landing, pilotage, airport departure, and other fees, 20% more than its budgeted target of 5 million Vatu, deposited into the general budget of the Government.

7.4 PORTS AND HARBOURS

The PAA clearly articulates the priorities of the Vanuatu government on marine transport. The following strategy has been endorsed and will continue to form the basis of further development in marine transport:

- Maintain and upgrade existing marine infrastructure including storage facilities.
- Improve and maintain maritime safety standards through regulatory measures and seafarers training.
- Maintain and upgrade existing wharf infrastructure;
- Improve management of the sector through improved consultation with ship owners and other stakeholders;
- Improve operational efficiency in the ports and eliminate subsidies;
Improve and maintain safety standards through regulatory measures and seafarers training.

Table 7- 3 below shows the list of the wharves describing their status and location. This list was updated during the fourth quarter of 2012. These 20 wharves and jetties are being used by regular domestic shipping services. From the list below, four of the wharves are privately owned.

Table 7-3 Status of wharves, in order of urgency for works to be engaged

WHARF NAME	LOCATION	SHIP TONNAGE (Berthing tonnage + Lengths)	REMARKS (in use or not, last maintained, need maintenance or new construction, depths etc.)
International Wharf	Luganville (Santo)	>750 GRT	In use, western apron needs major upgrade urgently. Outfall or erosion of existing damaged part will cause shallow depth.
Lenakel Wharf	West Tanna	<500 GRT	Wave surge and restricted manoeuvring area for berthing. New wharf location needs to be identified for any future development.
Star Wharf	Port Vila	<10,000 GRT	Old and unsafe structure. Needs demolishing and new construction. Need lighting, sanitation facility, water supply, warehouse and fencing.
International Wharf	Port Vila	>20,000 GRT	Needs fire hydrants and hoses, security sentry building at the main gates. Banning of tourism operators present when tourist boats berth. Last upgraded in 2010.
Marine Quay (Ex-VMA)	Port Vila	<200 GRT	Timber and concrete infrastructure with pillars may soon need repairs, (water, light and warehouse available). Currently Occupied by Tuna fishing Company. Last upgrade in 2001.
BP Wharf	Port Vila	<200 GRT	In use for berthing of vessels
Port Sandwich	South Malekula	<200 GRT	In use need maintenance or major upgrade. Well sheltered, need good road, water supply, warehouse, sanitation facility and fencing. VISP project cover new wharf.
Lambubu	West Malekula	Deteriorated	unsafe, old and rotted.
Litzlitz	North East Malekula	>500 GRT	In use, and requires maintenance and upgrade. Needs lighting, and wider road access.
Simonsen	Luganville (Santo)	<500 GRT	In use needs upgrade, lighting and sanitation facilities. Sunken Vessel Rodain needs to be removed to allow more free access to berthing.
BP Wharf	Luganville (Santo)	<500 GRT	Privately owned.
Melcofee (WSS)	Luganville (Santo)	<500 GRT	In use. Privately owned. Needs lighting, sanitation facilities, tar sealed road and maintenance.
Laman Bay	West Epi	<20 GRT	Hard to use due to depth (shallow) Tourism potential.
Loltong	West Pentecost	No longer exists	Only ends of pillars visible. Needs new construction, sanitation facility, water, warehouse, and road connection. VISP includes new wharf construction.
Nduindui	West Ambae	<20 GRT	Rarely used due to westerly heavy swells.
Lolopuepu	Ambae	<200 GRT	In use. Currently under land dispute.
Narovorovo	Maewo	High and Dry	Not in use, washed away. Needs a new wharf and re-location.
Sola	Vanua Lava	High and dry	No longer in use. Needs a new wharf and re-location.

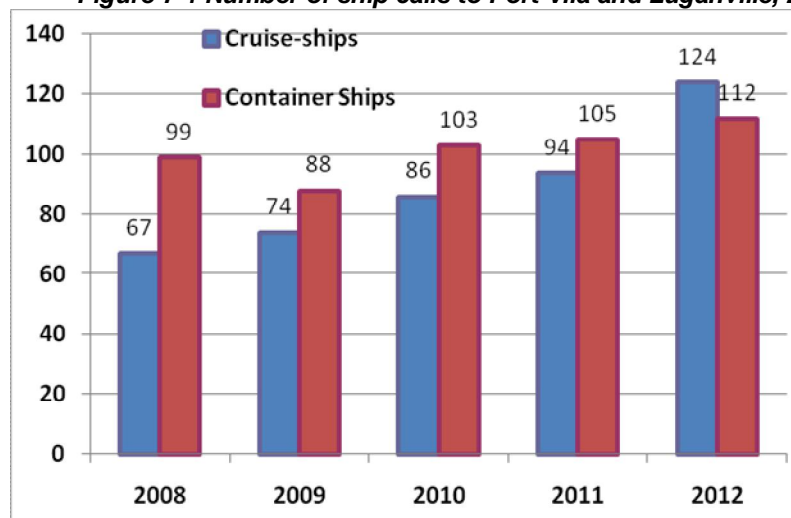
Dinh Shipping	Luganville, Santo	<500 GRT	Privately owned. In use, requires major repair.
VARST	Port Vila	<200 GRT	Privately owned, in use, currently being upgraded.

Source: MIPU , 2012 Annual report

The Shipping Unit operated under the Department of Ports and Marine has the objective to enforce compliance on seaworthy of vessels and safety of passengers travelling around the Vanuatu archipelago. The Shipping Unit issues Seaman Record Books (SRB) and Certificates of Competency's (CoC's), and licenses for those successful applicants that have attended courses at the Vanuatu Maritime College.

There has been increasing usage and demand for shipping services but this is constrained by both the regulatory framework and staffing. The Vanuatu Inter Island Shipping Project will undertake major reviews of the maritime sector legislation. Once complete, a restructuring of the department can take place to improve on this sector.

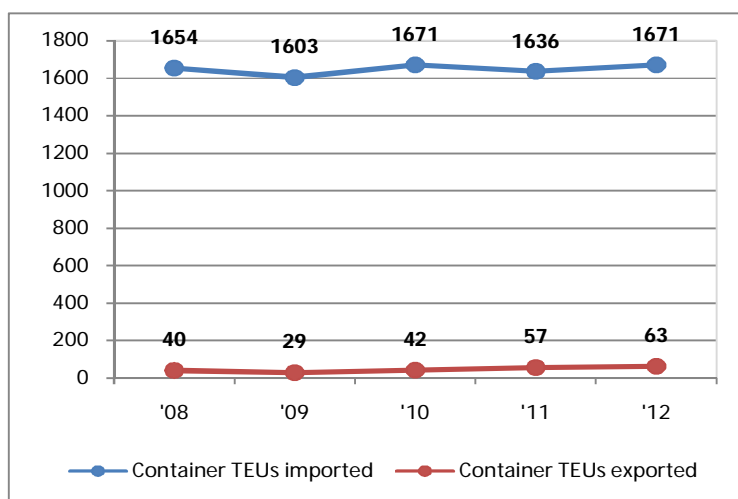
Figure 7-1 Number of ship calls to Port Vila and Luganville, 2008-2012



Source: Ports and Marine

Figure 7-1 shows the trend of ships calling at the two main wharfs in Port Vila and Luganville. There were 124 cruise ship calls and 112 container ships calls in 2012. For both ports, it shows an annual steady increase of both cruise ship and container ships.

Figure 7-2 Number of TEU's Imported and Exported at Port Vila and Luganville, 2008-2012.



Source: MIPU 2012 Annual

Report

Note: Unit=TEUs (twenty –foot container equivalent units)

Figure 7-2 above shows that the twenty – foot container equivalent units (TEUs) exported increased by 11% in 2012 compared with 2011; this is lower than the 2011 increase of 36%. The TEUs of imported goods increased by 2% in 2012.

7.5 METEOROLOGICAL SERVICES

The Vanuatu Meteorology and Geo-Hazards Department (VMGD) provides meteorological forecasting and climate forecasting and dissemination of warnings.

The New Meteorological and Geo-hazard Act was developed with the assistance from Donor partners. This new Act integrates laws related to meteorology, geo-hazards and climate change.

The integration of the Climate Change and Disaster Risk Management (DRR) into national policies and planning strengthens Vanuatu's national sustainable development initiatives, particularly those articulated in the PAA, by:

- Developing a joint disaster risk reduction and climate change policy and implementation plan to consolidate existing priorities into a unified strategic document. The purpose of a joint policy is to avoid overlapping and duplicating policies and strategies, reduce complexity and make priorities clear.
- Developing a single overarching climate change and disaster risk reduction governance body – a National Advisory Board, with established decision-making procedures, mechanisms and secretariat support.

In 2012 the Vanuatu Meteorology and Geo-Hazard Department (VMGD) undertook the preparation of a 10 year Strategic Plan with the assistance of the World Meteorological Organisation (WMO).

A major step has been the drafting of ground-breaking legislation for VMGD – the first of its kind in the Pacific which integrates Climate Change and Disaster Risk Reduction strategies into VMGDs strategies. Implications of this legislation has been made more broadly known through a series of provincial awareness workshops

Agri-Met synergies were promoted in 2012 with workshops on the integration of Meteorological and Agricultural services to promote resilience for Vanuatu communities.

A Communications Strategy was rolled out in 2012 to make the public more aware of VMGD services as well as CC issues through schools programs, radio and television interviews, open days and WMO Day as well as weekly media releases placed in newspapers.

A major step was the approval of Climate Change Projects Management Unit (PMU) – a special unit to manage the considerable flow of Climate Change projects funding from a variety of donors.

7.6 GEO-HAZARDS

Government policy aims at upgrading the monitoring systems for better responses to volcanic, seismic and tsunami events in Vanuatu.

The Geo-Hazard Unit informs and educates the general public on various disaster risks. According to the MIPU 2012 Annual Report, the Geo-Hazards detected 3,388 earthquakes and only 744 located events. This small number of located events is due to the poor coverage of seismic stations along the Vanuatu archipelago.

7.7 PROVISION OF ELECTRICITY

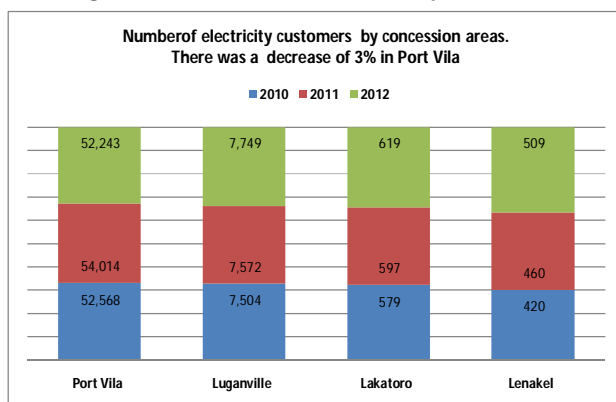
Vanuatu has two private electricity utility operators, Union Electrique du Vanuatu Company Limited (UNELCO) and Vanuatu Utilities and Infrastructure Limited (VUI). UNELCO has concessions on Malekula, Efate and Tanna Islands. VUI has concession on Luganville.

The Utilities Regulatory Authority (URA) is the regulator of electricity and water services. It manages consumer complaints and advises the government on matters related to electricity and water. It also renegotiates tariffs under the rules of the Concession Agreements.

Table 7-4 Vanuatu commercial electricity network, 2012

	Number of Customers	Installed Capacity(MW)	High Voltage Network(KM)	Low Voltage Network(KM)
Port Vila Power station	10,338	26.5	205	260
Luganville power station	NA	NA	NA	NA
Lakatoro Power station	526	0.5	11	13
Lenakel Power station	682	0.5	19	16

Source: URA, Vanuatu Utilities and Infrastructure Ltd (VUI) Performance Report, 2012

Figure 7-3 Number of Electricity customers, 2010-2012

Source: VNSO QSI report, 2012

Government policy emphasises the need to increase access to electricity for the urban and rural population. Figure 7- 3 depicts the number of customers access to electricity within the UNELCO and VUI concession areas. It is difficult to obtain data on the number of people residing in the concession areas and still don't have access to electricity. Figure 7-4 shows that in 2012, there was a decrease in customers access to electricity by 3% in the Port Vila area of distribution by UNELCO. Lenakel concession area records the highest increase by 11% in 2012. There was also an increase by 2% and 4% for Luganville and Lakatoro respectively between 2011 and 2012.

7.8 RENEWABLE ENERGY

In 2012, the Vanuatu Government finalized the Energy Roadmap and initiated its implementation. Its main objective is to reduce the reliance on diesel-based electricity generation through increased usage of renewable energy sources. Companies producing electricity have already been operating green energy assets. Table 7-5 shows installed renewable energy generation.

Table 7-5 Installed renewable generation capacities across concessions in Vanuatu by generation type

Location	Generation Type	Capacity (in MW)	Since
Efate	wind	3,020	2010
Efate	Solar	70	2011
Santo	Hydro	1,200	1995
Malekula	Solar	20	2012
Tanna	Solar	20	2012

Source: URA

The amount of renewable energy capacity installed at the end of 2012 reached 4.4MW out of 31.5MW or 14% of the total installed generation capacity.

7.9 MOBILE PHONE NETWORK COVERAGE

Since the introduction of competition in the telecommunication sector, mobile coverage has increased rapidly. Total number of mobile phone subscribers for Vanuatu was estimated to be

150,000 in 2012, and the present network cover 92% of the population. It is estimated that mobile coverage for Digicel is around 90% of the population while TVL is around 70% of the population.

7.10 PROVISION OF WATER

The current management of water supply systems is fragmented with the Department of Geology, Mines and Water Resources (DGMWR) and communities managing rural water supplies. UNELCO manages Port Vila water supply, and the PWD manages the water supply systems for Luganville and three Provincial government headquarters (Lakatoro, Isangel & Luganville). The PWD allocated approximately 36 million Vatu from its budget annually for the management and maintenance of water systems in these three areas. However, revenue from water billing goes to the central revenue fund.

Due to poor staffing and collection compliance, Luganville water provision was costing the PWD millions of vatu a month with considerable outstanding bills in 2012. There had been no tariff review since 1981. In September 2012 PWD requested the Utilities Regulatory Authority to undertake a tariff review the findings of which would be released in 2013. URA commenced public awareness and consultation meetings during the 4th Quarter of 2012 in Luganville.

There is no accurate annual data on the proportion of rural population with access to clean water supply and the proportion of population using an improved sanitation facility. The population census which is conducted every ten years provides the updated data. The last population census was conducted in 2009.

Records from the Vanuatu Budget Management System (VBMS) data base showed a total of 28 water projects approved by the DSPPAC in 2011 for rural communities. In 2012, only 5 rural water supply projects were approved with a total value of VT 25 million and funds have been disbursed by the donors. There are other water projects currently being implemented by the Non-Government Organisations (NGOs), however the lack of updated information of project locations and names of NGO's implementing such projects makes it difficult to provide a complete assessment on water supply improvements in the rural areas.

7.11 CHALLENGES FOR INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

The absorptive capacity of the Ministry to deliver on project objectives is limited by understaffing, inadequate budget, lack of technically qualified Ni-Vanuatu staff in key positions and aging equipment. One of the most confronting situations in 2012 was the re-organisation of the Ministry with Civil Aviation and VMGD moving to the new Ministry of Civil Aviation, Meteorology and Postal Services, a decision later reversed but costing the Ministry unbudgeted resources for Cabinet staffing and resourcing.

There are significant governance issues with the government enterprises related to infrastructure and utilities, noticeably Airports Vanuatu Limited (AVL), Air Vanuatu, Vanuatu Post Limited, Northern Island Stevedore Company Limited (NISCOL), and also Ifira Wharf & Stevedoring (IWS) of which the government of Vanuatu is a shareholder.

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