

# **Government of the Republic of Vanuatu**



## **ANNUAL DEVELOPMENT REPORT 2014**

**September 2015**

## FOREWORD



Hon. Sato Kilman LIVTUVANU  
Prime Minister, Republic of Vanuatu

I am pleased to present the Annual Development Report (ADR) of the Vanuatu Government for the year 2014.

The ADR presents an annual assessment on the implementation of the 2006-2015 PAA in particular progress made by the Government within its seven policy areas;

- Private sector Development & Employment creation
- Macroeconomic Stability & Equitable Growth
- Good Governance & Public Sector Reform
- Private sector Development, environment, climate change, & Disaster Risk Management
- Provision of Better Health Services, especially in rural areas
- Education & Human Resource Development
- Economic Infrastructure and support services

The evaluation report also denotes government's commitment on close monitoring and reporting of the effectiveness of its policy and programs where both the government and development partner resources are spent.

Let me stress that obtaining meaningful and reliable data from line ministries and various national institutions remains a challenge, however the Prime Minister's Office has been working closely with the line ministries to define meaningful indicators and strengthen the collection of data to enable the monitoring and evaluation of government's policy implementation. This effort also includes redefining 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.

In all, the government maintains effective monitoring to 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 development 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. Sato Kilman LIVTUVANU, MP**  
**Prime Minister**  
**Republic of Vanuatu**

## ACKNOWLEDGEMENTS

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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 Prime Minister's Office 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, Vanuatu Investment Promotion Authority, Reserve Bank of Vanuatu, and constitutional bodies who have contributed in providing information for the report.

Some valuable reports and surveys from Non-Government Organisations, from our development partners, and from multilateral agencies and institutions have been very useful for this report. The Australian Government 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 the Department of Strategic Policy, Planning, Aid Coordination and Monitoring & Evaluation Unit, Vanuatu National Statistics staff, and Expenditure Analysts at the Treasury unit within MFEM who have worked collectively in finalising this report.

**Johnson Naviti MARAKIPULE**  
**Director General**  
**Prime Minister's Office**

## 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 2014. 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 the following data gathering methodology was used;

- Review of all ministries Annual Reports for 2013;
- Consultation with the institutions responsible for collecting the data such as the Vanuatu National Statistics 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.

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**

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

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



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

MAP OF THE REPUBLIC OF VANUATU



## 2014 AT A GLANCE

## MACROECONOMIC AND ECONOMIC INFRASTRUCTURE

- Vanuatu's economy continues to expand showing positive growth of over five consecutive years. The economy grew by 3.7 percent in 2014 reflecting a better performance over the last three years. When compared to 2013, value added increase by 0.2 percentage point. The positive growth in 2014 can be attributed to a mixed combination of positive performance across different industries in Agriculture, Fishing and Forestry, Industries, and Services.
- Annual inflation as measured by the Consumer Price Index decreased by 0.4 percent from 2013 to 2014, reflecting a rise in basic imported food and steady external inflation.
- The GoV collected VT15, 084 million in revenue (excluding donor grants) in 2014, enabling government to achieve 99 percent of its target revenue. It is an improvement for the GoV who collected around 97 percent of its target revenue in 2013 with a collection of VT13, 612.4 million. Actual collections to date have shown a positive response compared to 2011 and 2012 levels and with total GoV revenue currently being on target. Recurrent revenue has performed significantly better as result of improved compliance in Value Added Tax and inflows from the PRG Hong Kong based residency programme.
- The best performing revenue stream is the collection of VAT. For the month of December alone, it collected VT 427.8 million, raising total VAT collections to VT5, 798.7 million. The 2014 number exceeded its target by 2 percent. This is a result of improved compliance and good legislative enforcement by the Department of Customs and Inland Revenue as well as an indication that the economy is picking up.
- The largest payroll share (39 percent of total payroll expenses) went to the MoE to pay for staff and school teachers' personal wages, salaries and allowances. This is a decrease of just 0.3 percent of the Ministry's total payroll from 2013. The second largest payroll share, 14 percent, went to the MoH. These two ministries account for just over half or 53 percent of total actual payroll expenses. This indicates the high cost of delivery of government services in the government education and health sectors throughout Vanuatu.
- In 2014, the government recorded a net operating surplus worth VT561 million (or 0.7 percent of GDP) but an overall fiscal deficit worth VT 146.1 million (or -0.2 percent of GDP). Excluding donor financed operations, the government ran a net operating surplus worth VT618.1 million (or 0.8 percent of GDP) and a fiscal surplus worth VT369.7 million (or 0.5 percent of GDP). This implies that the overall fiscal deficit was the result of donor funds received in years prior to 2014 but being spent in that year.
- Months of import cover reached 6.5 months in December 2014.
- Overall, in 2014, there has been an overall 16 percent decrease in the value of exports, and in the case of domestic exports, mostly driven by the decline in exports of beef, fish and other products. Provisional export data shows a decrease of 18 percent, with a few major export commodities not performing well over the quarter. Copra and timber earnings in particular were reduced.
- However, there are some promising statistics to date. Coconut products

<ul style="list-style-type: none"> <li>• Tourism arrivals decreased in 2014 by six percent. Since 2009, the largest numbers of tourists have come from Australia, New Zealand, and New Caledonia. This growth corresponds with VTO's strategic marketing activities, flight and annual cruise ship frequency.</li> <li>• 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.</li> <li>• It is estimated that 846 km of roads were maintained in 2014. This is approximately 48 percent of the total road network system in Vanuatu. This maintenance work involves bush clearance, rehabilitation, spot improvement, re-gravelling, drainage maintenance and sealing of existing roads. A new road clearing of 10km commenced late last year at South Malekula (Arop to Okai) and is ongoing.</li> </ul>	<p>accounted for around 46 percent of exports in 2014 with copra production at 25,194 tons compared to 12,508 in 2013 registering an increase of around 100 percent. This continual boost in local coconut meal production has significantly contributed to the increase in exportable coconut products.</p> <ul style="list-style-type: none"> <li>• New Foreign Direct Investments recorded in 2014 was at VT10 billion, reflecting a slight increase (42 percent) over the previous year. Of the total investment value recorded, 65 percent was attributed to new projects and 35 percent to variations.</li> <li>• 2014 figures show an increase in overall employment by 2 percent compared to 2013; recording a total of 21,796 persons in employment; a 3 percent increase in female employment: males (59 percent) and females (41 percent).</li> <li>• Vanuatu RSE scheme workers increased from 3,000 in 2007 to 3476 workers in 2014, in one year, the Australian scheme has also increased its recruitment drive by almost 200 percent with 399 workers going to Australia compared to 199 in 2013.</li> </ul>
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#### SOCIAL (HEALTH AND EDUCATION)

<ul style="list-style-type: none"> <li>• Vanuatu's population was estimated to have reached 271,087 in 2014 from 234,023 in 2009 (2009 census) and will double by 2030 at current growth rates.</li> <li>• Each year population grows by 2.6 percent and just over half of the population is male</li> <li>• Life expectancy at birth; male and 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 to increase slightly between 2010-2015</li> </ul>	<ul style="list-style-type: none"> <li>• There is improvement on the NER in Primary with ongoing school grants assistance with 88.0 percent rate recorded in 2014 compared to 86.3 percent for the year 2013.</li> <li>• Early Childhood Education Gross Enrolment Rates decreased from 63.1 percent in 2013 to 63.0 percent in 2014 and Net Enrolment Rates decreased to 42.1 percent from 42.5 percent during the period.</li> <li>• GER in Primary continues to increase from a recorded 119.4 percent in 2013 to</li> </ul>
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<ul style="list-style-type: none"> <li>• Vanuatu's IMR is estimated to have fluctuated from 21 per 1,000 live births in 2009 to 28/1000 in 2013 (VDHS) 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 2014.</li> <li>• Immunization coverage was at 88.2 percent in 2014, an improvement from 64.3 percent in 2013, this includes the coverage of Measles and others.</li> <li>• Malaria has reduced significantly from an Annual Malaria Parasite Incidence (API) baseline of 73.9 positive cases per 1,000 populations in 2003 to 4 per 1,000 in 2014. This remarkable decline is the resulted efforts for elimination of Malaria in Vanuatu by 2030</li> <li>• The 2014 top 10 causes of morbidity and mortality reflects severity of NCD problem in Vanuatu (18 percent) deaths.</li> <li>• Tuberculosis remains a significant public health problem. Additional facilities were established in; Lamap, Melsisi, Malao, Saramauri, Vaimali &amp; Gaua, and this has resulted in an increased case detection About 110 -130 TB cases detected and treated annually, with 60-68 percent were new smear positive TB cases out of the total TB cases detected. This is below the WHO target of 70 percent.</li> <li>• With less than 10 percent share of the government recurrent budget in 2014, the MoH gets additional support from development partners.</li> <li>• The number of doctors, nurses and midwives was 1.8 per 1,000 population in 2014, which is below the WHO recommended threshold of 2.3 health workers needed to achieve the Millennium Development Goals.</li> </ul>	<p>120.0 percent in 2014. The exceeded 100% figures represent over-aged students repeating in Primary Schools.</p> <ul style="list-style-type: none"> <li>• Vanuatu Primary Education continues to suffer a high dropout and repetition rate of 14.4 percent and 5.0 percent respectively for the year 2014. However these figures represent slight decrease from 2013 figures.</li> <li>• The enrolment in secondary school decrease to 44.4 percent in 2014 from 49.9% for the Gross Enrolment Rate (Class 7-13) in 2013 and 31 percent for the Net Enrolment Rate (those children who have the right age for being in secondary school) against 32.9 percent in 2013. The Net Enrolment Rate remains low in Vanuatu since 2010.</li> <li>• Text Book distribution to schools is every year a financial and logistical challenge. The availability of textbooks for students definitely affects the learning outcomes of a classroom. As shown this report, there is continuous progress with the Textbook/Pupil ratio for both primary and secondary.</li> <li>• Students/Teacher ratio. As the ratio looks rather good at 25.2 for Primary, and 20.4 in Secondary, as an average in Vanuatu, it also conceals a very large disparity between schools.</li> <li>• The MoE receives highest portion of Government recurrent budget:</li> <li>• Figures on scholarship awards continue to show commitment of both the government and development partners in 2014 with the government being the biggest contributor.</li> </ul>
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**PRIMARY SECTOR**

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| <ul style="list-style-type: none"> <li>• 108,936 hectares zoned under Agricultural Land.</li> <li>• 920 active agriculture leases.</li> <li>• A total of 74 trainees graduated in 2014 from the Vanuatu Agriculture College.</li> <li>• A total of 248 participants attended TVET training in 2014.</li> <li>• The volume of copra export in 2014 was around 25,000 tons. Coconut oil accounted for about 9,000 tons and the rest of the products (coconut meal, cocoa, beef, and kava) exported less than 5 tons.</li> <li>• In terms of the value gained from exporting these primary products, copra alone accounted for 34 percent or VT1,485 million, coconut oil with 25 percent or VT1,081 million, kava with around VT800 million and the rest of the products (coconut meal, cocoa, beef), each accounted less than VT500 million.</li> <li>• The total number of Quarantine certificates issued in 2014 was 7,950.</li> <li>• The two Acts that were amended and passed by the National Parliament in 2014 were: Pollution Control Act, Waste Management Act.</li> <li>• DEPC has developed 10 Resource Management Plans based on Community Conservation Areas leading to registration.</li> <li>• DEPC has developed 3 Regulations: CITES Regulation, ODS regulation, and EIA regulation</li> <li>• Department of Environment, Protection and Conservation has assisted with the creation of over 20 protected areas. Currently there is a total of 37 protected areas recognised by the GoV covering 10,000 hectares.</li> <li>• The Department of Agriculture has</li> </ul> | <ul style="list-style-type: none"> <li>• Primary Sector contributed 22 percent to overall GDP in 2014. Crop production as in the last three years make up about 16 percent of GDP while the rest contributed only around 6 percent.</li> <li>• The estimated total donor funding of VT81.8 million was spent on the projects implemented by the Ministry of Agriculture, Livestock, Forestry and Fisheries and Bio-security in 2014. Out of this amount Department of Fisheries received the highest portion of 47 percent, while the rest received less than 20 percent each.</li> <li>• As part implementing the Customary Land Management Act (which replaced the Lands Tribunal Act and passed by parliament in 2014), customary lands officers were recruited in the provinces to help the processes in dealing with the custom lands when it comes to leasing of rural lands.</li> <li>• The new Customary Land Management Act allows no room for corrupt practices when it comes to customary land dealings.</li> <li>• The Land Reform Act was amended in 2014 empowering the Land Management Committee to approve all lease applications.</li> <li>• The Land Reform Act also provides for a Land Ombudsman who is mandated to investigate complaints on the process of obtaining a lease if a complaint is lodged with the Office of Lands Ombudsman on the process of a lease.</li> <li>• The Department of Geology, Mines and Water Resources conducted the legislative reviews for the Water Resource Management Act and the Water Supply Act in 2014. The review was completed and approved by COM.</li> <li>• The New Fisheries Act was passed in Parliament in 2014.</li> <li>• The Department of Bio-Security collaborated very closely with the Government of the Republic of Turkey which funded the purchase and</li> </ul> |
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<p>consulted tirelessly across the country in all efforts to help introduce the country's first Agriculture Sector Policy after 34 years of independence. The policy will be launched early 2015.</p> <ul style="list-style-type: none"> <li>The Forestry Department undertook an innovation approach in promoting sandalwood through a partnership with the Port Vila Municipal Council (PVMC) that led to the declaration of Port Vila as the 'Sandalwood City of the Pacific'.</li> </ul>	<p>installation of Vanuatu's first X-ray machines at the Bauerfield and Pekoa International Airports in December 2014.</p> <ul style="list-style-type: none"> <li>The Ministry of Climate Change Adaptation and Disaster Risk Reduction Policy was developed.</li> <li>The National Disaster Management Office (NDMO) set up seven clusters within the Government mechanism with humanitarian partners.</li> </ul>
<b>GOVERNANCE</b>	
<ul style="list-style-type: none"> <li>There were two meetings held by Government – Political leaders to revive it made on the draft Political integrity bill. The 2015 Government policy retreat endorse the need to revisit the works on the political reform as highlighted in the Professor. Don Patterson's report.</li> <li>Consultations with SLO on the amendment of Government Act have begun in 2013 and 2014 on the proposed legislative amendments to the Government Act incorporating sections on the Parliament Secretariat. Final work on amendments will be continued in 2015 and carried through for endorsement and tabling at Parliament.</li> <li>Propose amendment to People's Representation Act to increase candidate fees and election petition fees for Presidential elections through an elimination process in three rounds of voting.</li> <li>In the Supreme Court, the total cases pending is 915 (an increase from 815 at end of December 2013). The extent of unacceptable backlog is around 260 cases. In the Magistrate's Court, approximately 1300 cases are pending. In 2014 the Magistrate's court suffered a loss of two magistrates, retirement of one magistrate and the sudden death of another.</li> <li>A committee has been appointed by the Prime Minister's Office to oversee the progress to building of a "Hall of Justice". So far the committee has been</li> </ul>	<ul style="list-style-type: none"> <li>There are no elected female representatives in Parliament.</li> <li>There are no elected female representatives in all 6 provincial councils.</li> <li>In 2014, a total of 29 percent (5/17) women in Port Vila Municipality (Reserve Seats). In Luganville Municipality (Open Seats) there are 6 percent (1/16) women in the Municipality. Luganville will be trialing reserve seats in July 2015.</li> <li>There are no females in Director General positions.</li> <li>17 percent (1/6) of females occupy SG positions.</li> <li>There are no females occupying town clerk positions.</li> <li>4 percent (2/53) females occupy the position of Directors in Public Service.</li> <li>Work has been started in 2013 on developing an Urbanisation policy however now it's on hold due to limited funding.</li> <li>The State Law Office registered a total of 254 cases in 2014. Of this, only 25 cases were closed while 229 cases were backlogs that were added to the 1165 total case load that were accumulated from the previous years.</li> <li>A total of 52 bills lodged in parliament in</li> </ul>

<p>unsuccessful in securing a development partner for the project.</p> <ul style="list-style-type: none"> <li>• The Customary Land Tribunal Act was repealed and replaced by the Customary Land Management Act and approved by Parliament in 2013. The amendments to the Act were slowly implemented in 2014.</li> <li>• Amendments to Ombudsman's Act have been forwarded to the Vanuatu Law Commission to carry out consultations.</li> <li>• Number of Leadership Code breaches prosecuted - none so far. However, the Office of the Ombudsman will be pursuing prosecution of certain leaders with the assistance of the public prosecutor in the next one or two months.</li> <li>• An amendment was made in the Foreign Service Act in 2014 to allow for the Consular program to commence.</li> <li>• In 2014, three Air Services Agreements were concluded and signed with Singapore, Kiribati, and Australia.</li> <li>• Department of Women's Affairs implemented Reserve Seats resulting in 5 women councillors elected into the current Port Vila Municipal Council – the biggest for any one time since independence.</li> <li>• The New law of the Customary Land Management Act was passed by the parliament in September 2013 which provides more power and authority to the custom governance authority in the process of the Land dispute resolution.</li> <li>• Customary Land Management Act was further amended in 2014 (Customary Land Management Amendment Act No 12 of 2014).</li> </ul>	<p>2014, and only 41 of them were debated and passed by the parliament. A remaining of 11 were held over to 2015.</p> <ul style="list-style-type: none"> <li>• In 2014, PSC received a total of 17 disciplinary matters. All of these matters were determined before Public Service Commission.</li> <li>• The number of detainees in 2014 was 151, a dropped of 20 percent from the total number of detainees in 2013. Also in 2014, 82 detainees were released by Parole Board.</li> <li>• The Office of the Prime Minister has developed a Terms of Reference for a review of the Government Machinery and will be implementing the expected deliverables in 2015 and onwards.</li> <li>• 33 police officers graduated in 2014 and were posted as probationary constables to the southern and northern commands.</li> <li>• The Department of External Trade was relocated to the Ministry of Foreign Affairs from the Ministry of Trades, Tourism, Cooperatives, and Ni-Vanuatu Business.</li> <li>• The Office of the Land Ombudsman was established in December 2014 following the appointment of the first Land Ombudsman of Vanuatu also in December 2014.</li> <li>• The Vanuatu Law Commission has so far reviewed 6 Laws which are; Dangerous Drugs Act, Water Supply Act, Water Resource Management Act, Public Health Act, Penal Code Act and Civil Status Act.</li> </ul>
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# 1 MACROECONOMIC STABILITY AND EQUITABLE GROWTH

## 1.1 GROSS DOMESTIC PRODUCT (GDP)

Vanuatu's economy continues to expand showing positive growth of over five consecutive years. The economy grew by 3.7 percent in 2014 reflecting a better performance over the last three years. When compared to 2013, value added increase by 0.2 percentage point. The positive growth in 2014 can be attributed to a mixed combination of positive performance across different industries in Agriculture, Fishing and Forestry, Industries, and Services.

The weak performance in service sector was more than offset by expansion in the Agriculture and the Industry sectors to achieve a positive growth in 2013. Agriculture, Fishing, and Forestry grew by 4.8 percent and Industry sector grew by 9.8 percent in real terms. All sub-industries under agriculture which contributes to this positive growth were animal production; it grew by 11.3 percent, followed by crop production 3.5 percent and the other two minor contributors, forestry and fishing in terms of weights. Copra production has not recovered to reach 2012 production level due to fall in price from VT40,000 to VT28,000 per ton on average following the fall in world prices. Meanwhile, the cocoa price was more stable throughout previous years but production fell in 2013 due to a fall in world prices.

It is also important to note that with a current annual population growth rate set at 2.3 percent, and with current GDP rates, Vanuatu's economy is currently experiencing a downturn compared to 2009 rates by 1.3 percent. Maximising sustainable environmental, economic, and agricultural growth – the Government's overarching policy objectives – is imperative if we are to fund our country's social needs.

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

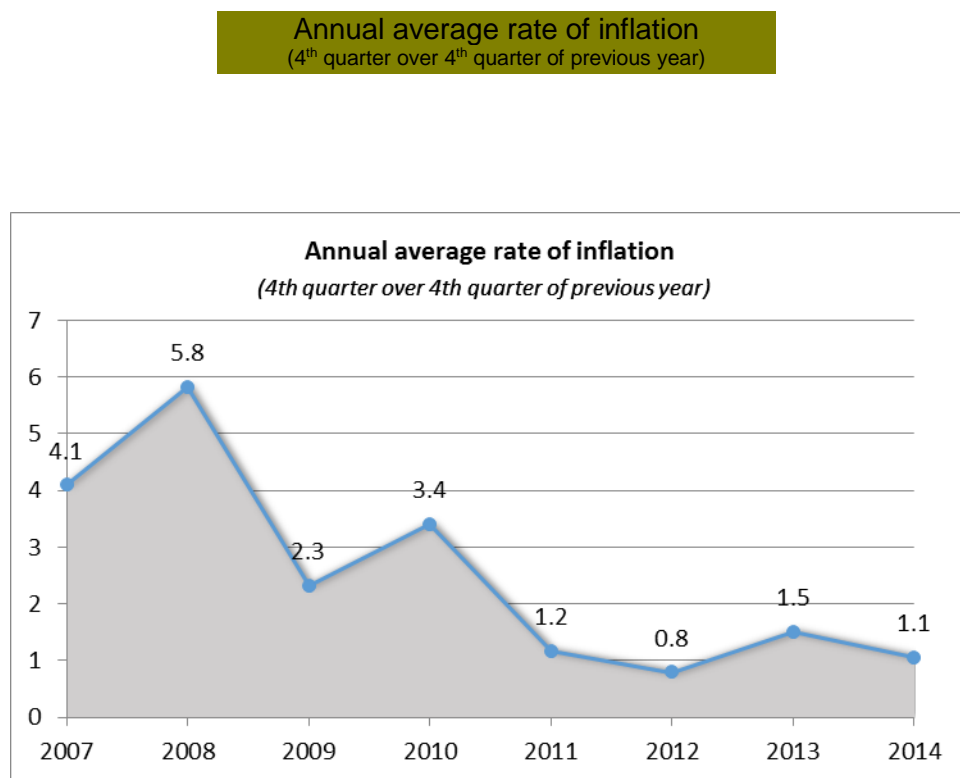
	2010	2011	2012	2013	2014
Agriculture, Fishing, and Forestry	11,424	12,117	12,386	12,978	13,492
Industry	6,480	5,222	4,064	4,461	4,617
Services	35,997	37,137	38,761	38,804	39,588
Plus Taxes less subsidies on products	5,948	6,461	6,114	6,292	6,437
GDP - constant 2006 Prices	57,144	57,843	58,858	60,017	61,416
GDP – annual percentage change	1.6	1.2	1.8	2.0	3.7
GDP Deflator	118.8	122.5	123.0	126.3	

Source: VNSO National Accounts 2014 report

## 1.2 INFLATION

Annual inflation as measured by the Consumer Price Index (CPI) decreased by 0.4 percent points in 2014.

Figure 1-1 Consumer Price Index, annual inflation 2007 – 2014



Source: VNSO

## 1.3 BUDGET OUTCOMES

The GoV collected VT15, 084 million in revenue (excluding donor grants) in 2014, enabling government to achieve 99 percent of its target revenue. It is an improvement for the GoV who collected around 97 percent of its target revenue in 2013 with a collection of VT 13,612.4 million. Actual collections to date have shown a positive response compared to 2011 and 2012 levels and with total GoV revenue currently being on target. Recurrent revenue has performed significantly better as result of improved compliance in VAT and inflows from the PRG Hong Kong based residency programme.

The best performing revenue stream is the collection of VAT. For the month of December alone, it collected VT427.8 million, raising total VAT collections to VT5, 798.7 million. The 2014 number exceeded its target by 2 percent. This is a result of improved compliance and good legislative enforcement by the Department of Customs and Inland Revenue as well as an indication that the economy is picking up.

Similarly, there have been slight improvements in the collection of excise and import duties compared to the previous year, which again suggests that the economy is improving. In December of this year, excise collected VT1, 971.5 million which is 7.3 percent higher than that collected in the same period last year. As for import duties, there is insignificant difference between the collection of December last year and that of this year.

A revenue stream which has also seen an increase is the collection of property tax. By the

end of 2014, it had collected VT427.6 million. Compared to the previous year (VT360.4 million), this year's property tax collection is higher.

In 2014, the government recorded a net operating surplus worth VT561 million (or 0.7 percent of GDP) but an overall fiscal deficit worth VT 146.1 million (or -0.2 percent of GDP). Excluding donor financed operations, the government ran a net operating surplus worth VT 618.1 million (or 0.8 percent of GDP) and a fiscal surplus worth VT 369.7 million (or 0.5 percent of GDP). This implies that the overall fiscal deficit was the result of donor funds received in years prior to 2014 but being spent in that year.

## 1.4 GoV Expenditure

The total expense (including donor funds) is VT12, 128.5 million, representing 76.0 percent of the budget target (VT16, 041.5 million) and 1.3 percent above VT11, 981.8 million expended during the same period in 2013.

Similarly, the slightly lower figure this time around last year is attributed to tight expenditure control measures approved by Council of Ministers in the last financial year.

Government continued to manage and control its expenditures in line with the 2014 budget target. However, there were increases in some aspects of expenditure compared to the same period last year due to unforeseen and under budget expenditures.

Major spending items come from two areas:

- Compensation of employees – at VT6, 011.7 million. This represents 54.2 percent of the GoV's expenses and 72 percent of the 2014 budget target (VT8, 302.9 million). In relation to the same period in 2013, this represents a 0.4 percent increase from the VT5.989.2 million.  
In addition, there has been improvement in management of allowances in some government ministries.
- Goods and Services – at VT2, 544.0 mill. This represents 23 percent of the GoV's expenses and 85 percent of the 2014 budget target (VT2, 989.6 million). In relation to the same period in 2013, this represents a 16.9 percent increase from the VT2.174.8 million.

## 1.5 MONTHS OF IMPORT COVER

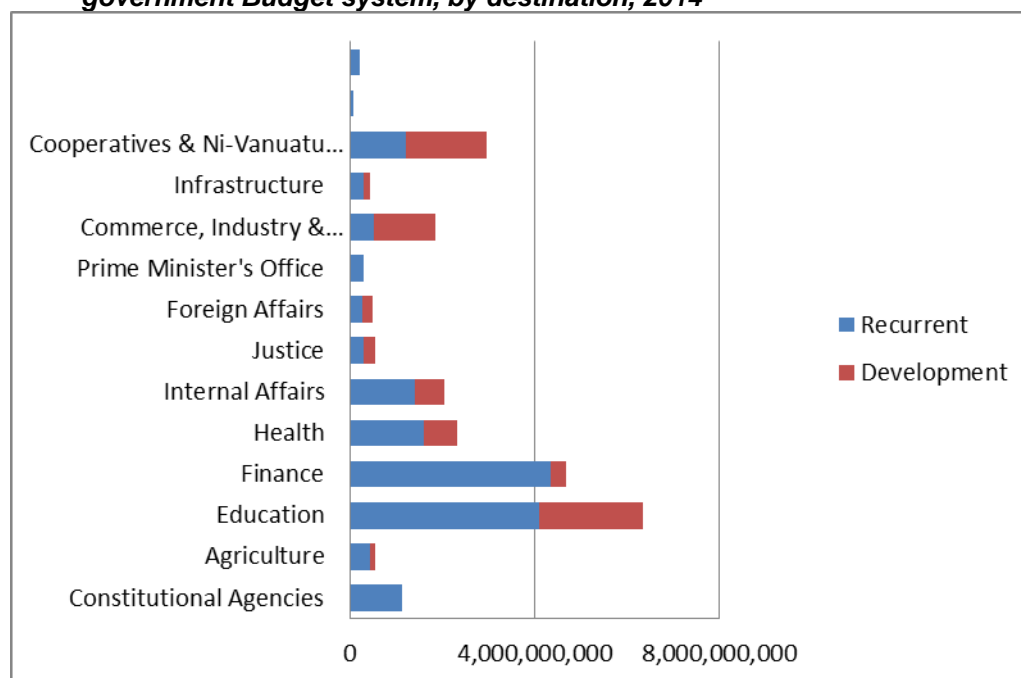
Most countries hold foreign-exchange reserves partly to protect themselves from external crisis. The Reserve Bank of Vanuatu (RBV) aims at maintaining official reserves at adequate levels above a minimum level of four months of import cover. Official reserves have been heavily utilised by demand from 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 six and a half months of import cover in December 2014.

## 1.6 Integrated Development Budget Expenditure

In 2014, over VT 2.3 billion was spent through the Government development budget system. Almost one third, or 28 percent of these funds spent through the budget in 2014 were for programs managed through the MIPU, notably VT362 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 percent) 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 percent) and this was mainly on health care service workforce and the malaria control and elimination program.

**Figure 1-2 Aid donor funds and recurrent funds received and spent through the government Budget system, by destination, 2014**



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.

## 1.7 PUBLIC DEBT LEVEL

The GoV has continued to manage both its domestic and external loan repayments. Tight control and management of government expenditures continue to ensure expenditure is in line with the 2014 budget target.

At least seven (7) projects have been confirmed and a few were scheduled to begin in the fourth quarter of 2014 and into 2015. These projects are made up of both grants and loans from development partners and include: Lapetassi International Multi-Purpose Wharf Development Project (Lapetassi), the Vanuatu Inter-island Shipping Project (VIISP), the Port Vila Urban Development Project (PVUDP), the South Tanna and Malekula roads, the Luganville wharf, the Bauerfield airport extension project, and the Housing project.

Following relatively strong revenue receipts, the Government's financing needs declined in 2014, which has led to the slowdown in borrowing. Due to the increase of external loan drawdowns for new projects, in the latter half of this year, the stock of public debt at the end of 2014 was estimated to increase to VT16,867.8 (a 10.6 percent increase from the 2013 debt stock and 21 percent of GDP). Mid-year domestic borrowings to finance supplementary budget also assisted in this 10/6 percent increase.

The estimated decline in stock of debt can be attributed to delays to the drawdown of several major, new donor funded projects loans expected to kick start in 2014 as well as old external loans continued to be repaid.

Furthermore the domestic financing gap has been reduced in 2014 due to strict expenditure control measures imposed by MFEM and strong domestic revenue collections.

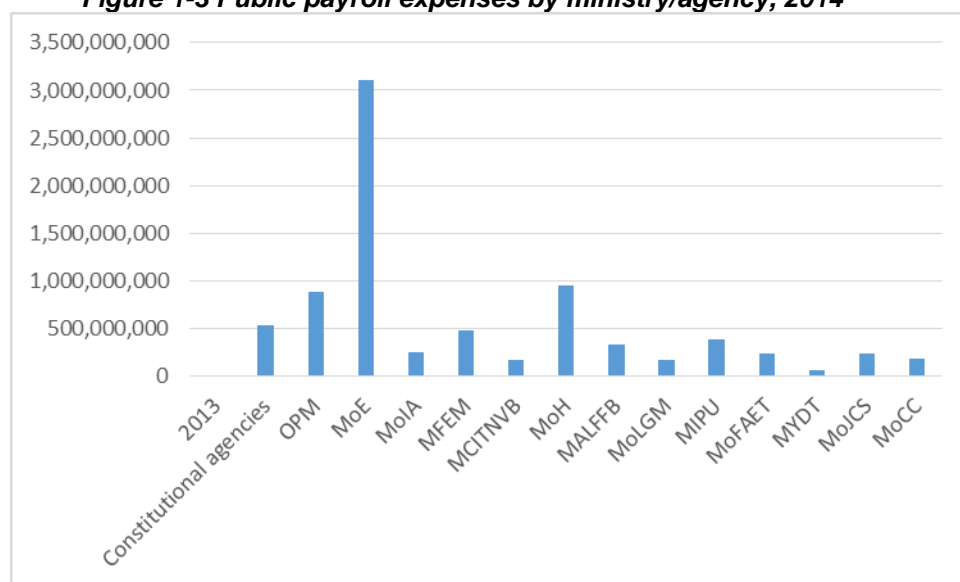
Domestic borrowings has risen by an estimated 5.5 percent in 2012 adding to the stock of debt while the stock of external debt declined owing to amortization totaling at VT 458 million with repayment of the e-government loan constituting the highest share at VT 98 million in 2013. Meanwhile, the stock of public debt as per cent of GDP is estimated to remain well within the IMF's recommended threshold of 40 percent at the end of 2014.

However, this ratio will rise closer to the comfortable threshold over the medium term, following the Government's new borrowing plans for several major public funded infrastructure projects.

### 1.8 SHARES OF PUBLIC PAYROLL BY SECTOR IN 2014

The Ministry of Education (MoE) receives the largest proportion of the government payroll followed by the Ministry of Health (MoH), the Office of the Prime Minister (OPM), and the Ministry of Infrastructure and Public Utilities (MIPU).

**Figure 1-3 Public payroll expenses by ministry/agency, 2014**



Source: MFEM

From figure 1-3, 39 percent of total payroll expenses went to the MoE to pay for staff and school teachers' personal wages, salaries and allowances. This is a decrease of just 0.3 percent of the Ministry's total payroll from 2013. The second largest payroll share, 14 percent, went to the MoH. These two ministries account for just over half or 53 percent of total actual payroll expenses. This indicates the high cost of delivery of government services in the government education and health sectors throughout Vanuatu.

## 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.

2014 saw a number of pivotal changes take place at the Ministry of Tourism, Trades, Commerce, Industries and Ni-Vanuatu Business Development between two former ministries (Ministry of Ni-Vanuatu Business Development and Ministry of Tourism, Trades & Industry)

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) aims 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 has since been 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' labour force in Vanuatu.

### 2.1 TRADE IN SERVICES

Figure 2-1 shows that the export of services within the last three years. During this period, export of tourist services averaged 30 percent of total services export. Telecommunications, financial, and business services also recorded positive, although less significant, growth rates.

The development in the demand and supply of the foreign exchange produced a Balance of Payments (BOP) surplus of VT968 as the 2014 Current Account (CA) recorded a surplus compared to the previous year.

This improvement in the CA was caused by increases in foreign reserves through trade in services, primary income and current transfers. The Capital & Financial Accounts increased slightly over the period, recording net errors and omissions of -1,273MVT recorded in the overall Balance of Payments (BOP) statement.

**Table 2-1 Vanuatu's Trade Performance, 2011- 2014 (Million Vatu)**

	Dec- 11	Dec- 12	Dec - 13	Dec- 14
Stock of FX (Less IMF positions)	11,685	16,149	15,120	16,200
Import Cover Goods	7.2	7.4	6.4	6.5
Current Accounts	2011 (5,668)	2012 (5,651)	2013 (6,250)	2014

Sources: RBV Economic Review Quarter 4, 2014

**Table 2-2 Trade Performance to Quarter 4, 2014 (Million Vatu)**

Current Accounts (% of GDP)	(7.9)	(7.4)	(7.6)	(7.7)
Imports of Goods (% of GDP)	(38.0)	(36.0)	(39.2)	43.8
Tourism Earnings	20,184	24,259	26,000	26,150
Tourism Earnings (% of GDP)	28	31	32	54.8

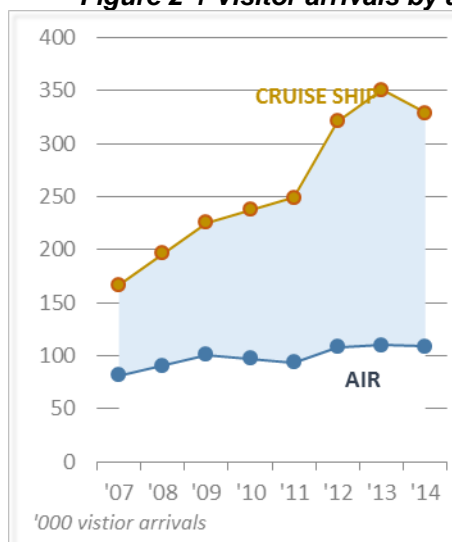
Sources: RBV Economic Review Quarter 4, 2014

## 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 2014, the VTO marketing expenditure was around VT160 million. Part of the marketing program is to provide training and awareness about Vanuatu to international travel agents.

Figure 2-1 depicts the statistics on international visitor's air and cruise ship arrivals. The data compiled by the Vanuatu National Statistics Office (VNSO) shows that tourism arrivals decreased in 2014 by six percent. Since 2009, the largest numbers of tourists have come from Australia, New Zealand, and New Caledonia. This growth corresponds with VTO's strategic marketing activities, flight and annual cruise ship frequency.

**Figure 2-1 Visitor arrivals by air and cruise ship, 2007-2014**

Source: VNSO

## 2.3 Goods exports

Overall, in 2014, there has been an overall 16 percent decrease in the value of exports, and in the case of domestic exports, mostly driven by the decline in exports of beef, fish and other products. Provisional export data shows a decrease of 18 percent, with a few major export commodities not performing well over the quarter. Copra and timber earnings in particular were reduced. The improvement in commodity prices could not offset the negative impact of the US dollar appreciation and its impact on Vanuatu exports, as most commodities are traded in USD.

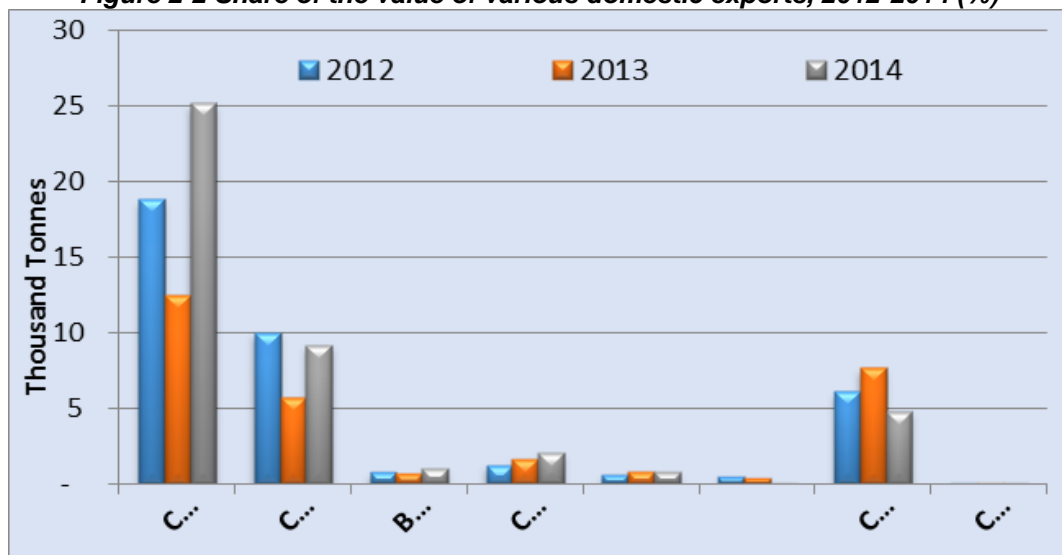
However, there are some promising statistics to date. Coconut products accounted for around 46 percent of exports in 2014 with copra production at 25,194 tonnes compared to 12,508 in 2013 registering an increase of around 100 percent. This continual boost in local coconut meal production has significantly contributed to the increase in exportable coconut products.

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.



Figure 2-2 below depicts the value of domestic exports from Vanuatu since 2007 and the main export products in 2014.

**Figure 2-2 Share of the value of various domestic exports, 2012-2014 (%)**



Source: VNSO

## 2.4 Levels of Foreign Direct Investment

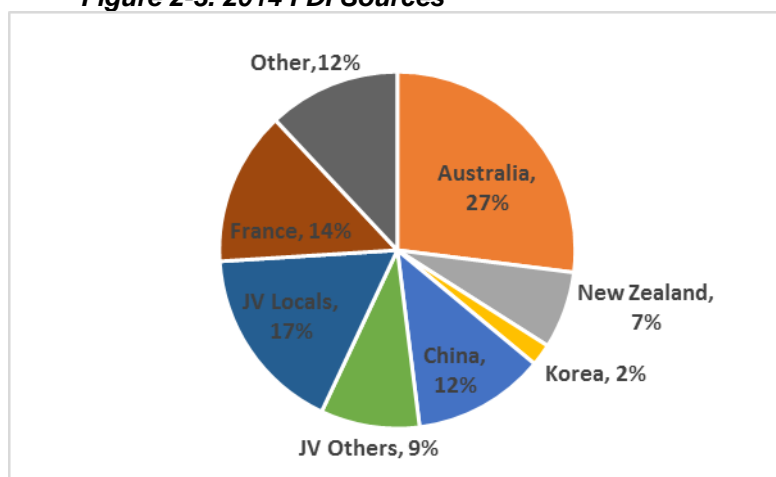
Foreign Direct Investment (FDI) is monitored by the RBV. After a strong surge in 2011, there was a decline in FDI in 2012, and current levels are now similar to what they were in 2008 and 2009. Vanuatu has made substantial progress over the past years in terms of growth in investment in the country.

2014 continued to see a growth in investments from new and variation applications registered by the Vanuatu Investment Promotional Authority (VIPA). FDI statistics from the RBV show a similar trend to the projects under the mandate of VIPA, the statutory body mandated to promote, regulate and facilitate foreign direct investment in Vanuatu.

Applications for new and variations of businesses increased in 2014 with 125 new applications and 182 variations with the total proposed value of new FDIs recorded in 2014 was at VT10 billion, reflecting a slight increase (42 percent) over the previous year. Of the total investment value recorded, 65 percent was attributed to new projects and 35 percent to variations.

Figure 2-3 below shows that of the approved FDI in 2014, 27 percent were from Australia.

**Figure 2-3. 2014 FDI Sources**

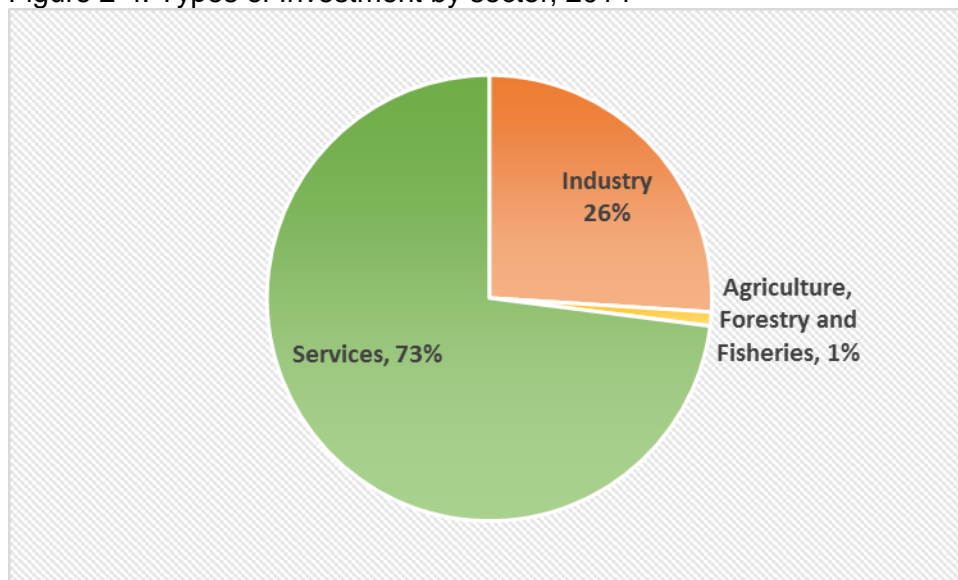


Second was 'JV (Joint Venture) Locals' with 17 percent, France one 14 percent, China and 'Other' with 12. Joint venture investments involving local partners in Vanuatu are also significant with the second highest number for the year.

Figure 2-4 shows investment by sector with the Services sector maintaining strong growth during

the year accounting for over 73 percent of the total number of projects, Industry ranked second with 26 percent and Agriculture, Fisheries & Forestry sectors accounted for 1 percent. Foreign investments from Australia are mainly in the Services sector (mainly tourism related activities) with employment rates in this sector accounting for up to 40 percent, Finance and Consultancy while the Wholesale and Retail sector has been dominated by Chinese investors.

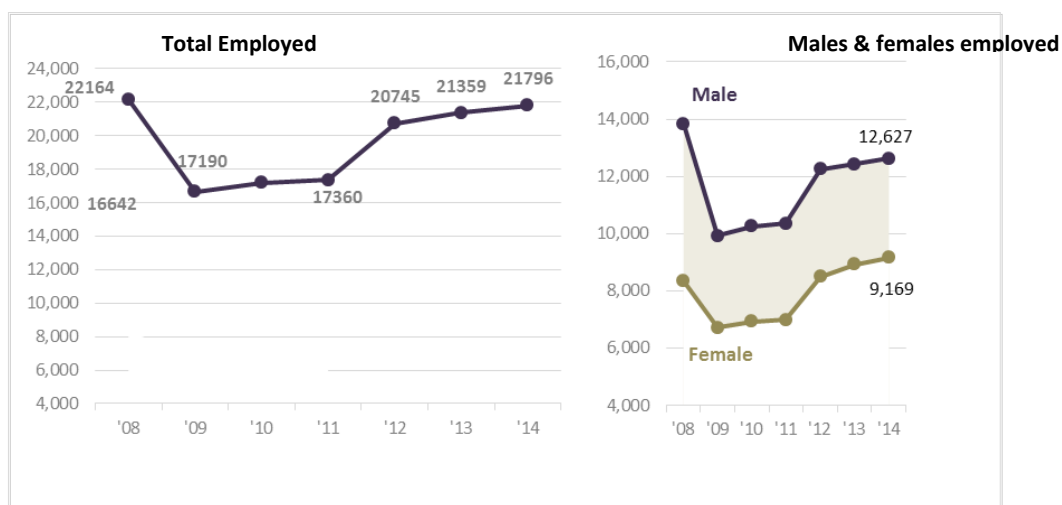
Figure 2-4: Types of Investment by sector, 2014



Source: VIPA 2014 Annual Report

## 2.5 Number of active employee accounts at VNPF

Figure 2-5 Number of contributing members of VNPF, Total and by gender, 2008 - 2014



Source: VNPF as reported in VNSO QSI 2014

There are 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.

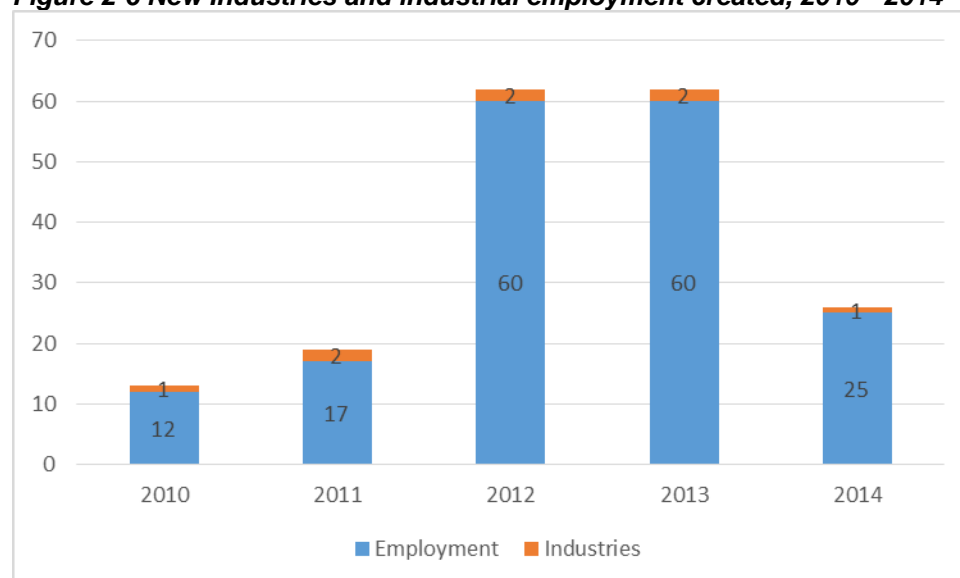
The number of people employed has continued to increase steadily since 2008. 2014 figures show an increase in overall employment by 2 percent compared to 2013. 2014 recorded a total of 21,796 persons in employment.

The majority of employees included in the VNPF are males (59 percent) and females (41 percent). There has also been a 3 percent increase in female employment. 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 with inclusion of construction and utility (mainly electricity) by VNSO standards. After the COM decision was passed in late 2013 to set up the policy framework, this was developed by the Ministry in late 2014 with the realization of the National Industrial Development Policy. The policy is also linked to the MTTCNVB CP and the Department's Annual Business Plan for 2014.

**Figure 2-6 New Industries and industrial employment created, 2010 - 2014**



Source: Department of Industries Annual report, 2014

Figure 2-6 shows number of new industries and employment created over a 4 year period with the total number of industries increasing by 26 since 2014.

## 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.

In the third quarter of 2013, domestic credit expanded by 1.0 percent over the previous quarter and 2.6 percent relative to the same quarter of 2013. This growth results from increased loans to municipalities, private sector, and net claims on the government. Loans to non-financial public enterprises recorded a decline during the quarter. The annual growth in Private sector credit slowed further to 1.7 percent at the end of the quarter as compared to 2.9 percent over the year to the September quarter of 2013. This slowdown continues to reflect the current slowdown in economic activities. Loans to private sector recorded a gradual expansion during the quarter, driven by an increase of 5.9 percent in loans to business. However, over the year, loans to businesses declined by 1.1 percent.

Credit extended to individuals and households fell slightly by 0.5 percent during the quarter, however recorded a growth of 5.8 percent over the previous year. Although business loans picked up during the quarter, loans extended for private consumption remains the main driver of the annual growth in private sector credit.

According to RBV, loans and advances to individuals and households made the largest contributions to growth in private sector credit during the last quarter of 2013 and the first two quarters of 2014, while loans to business made smaller contributions to growth. Growth in private sector credit slowed towards the second half of 2013 due to subdued global economic conditions.

## **2.8 Ni-Vanuatu businesses and cooperatives**

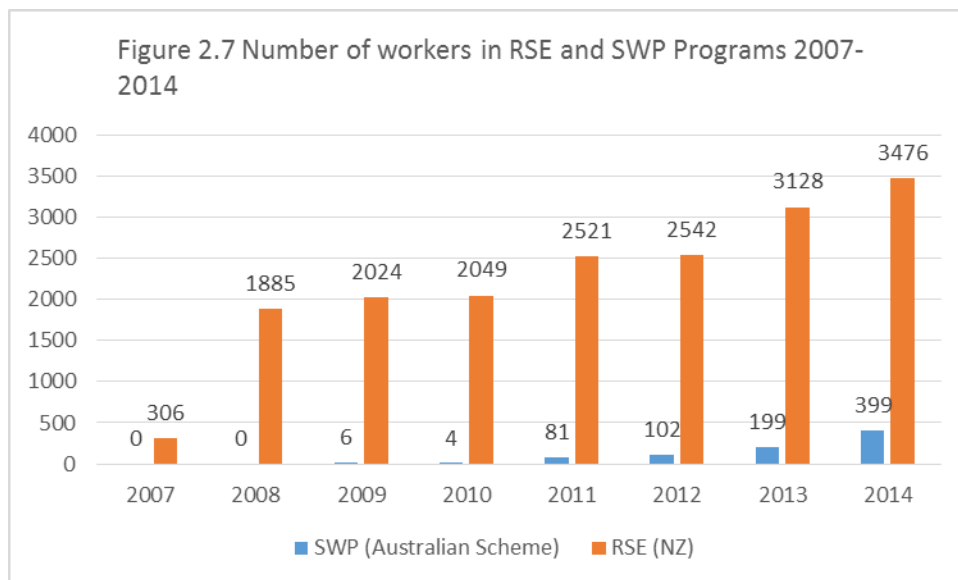
Creating and providing the right environment for Ni-Vanuatu involvement in business is a major policy objective for the Vanuatu government. The government has addressed these policy objectives in a number of ways including: facilitating access to credit and providing training to Ni-Vanuatu through different 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. Since late 2012 to early 2013, 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 early 2012 to 504 in early 2013.

## **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 experiencing a different way of life. Figure 2-10 shows that in 2014, there were 3476 workers, many of whom were returnees, going to New Zealand. In one year, the Australian scheme has also increased its recruitment drive by almost 200 percent with 399 workers going to Australia compared to 199 in 2013.



Source: Employment Service Unit, Labour Department

## 2.10 Ease of doing business

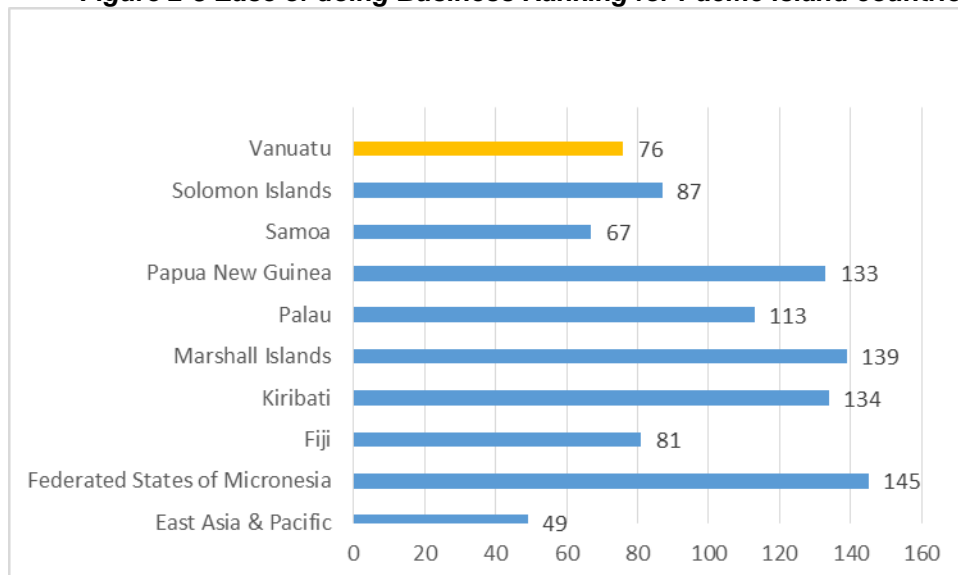
The PAA placed considerable emphasis in improving the business environment, such as reducing the cost of starting and operating a business since the comprehensive reform program (CRP) in 1997. To keep track on the progress achieved, the World Bank 'Ease of Doing Business Index' is used. It specifically 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 76 in the ranking of 185 economies on the ease of starting a business. The regional average rank for East Asia and the Pacific is 49, so Vanuatu at 76 stands in the better half of this scale compared with the economies of the region.

Figure 2-8 shows the ease of doing business ranking for seven Pacific Island countries with only Samoa (ranked 67) higher than Vanuatu.

**Figure 2-8 Ease of doing Business Ranking for Pacific island countries, 2014**



Source: World Bank Ease of doing Business Report 2014

### 3 PRIMARY SECTOR DEVELOPMENT AND THE ENVIRONMENT









#### 3.1. INTRODUCTION

Primary Sector Development and the Environment although is one of the important strategic priorities of the Government, it contributes very little to the growth of the economy. Over the last 13 years (2000-2013), contribution to GDP by primary sector has been constant at around 20 percent. This signifies the need for the Government to put more effort in developing this sector.

Vanuatu like other Pacific Island countries, its economy is based on primary sectors; agriculture, forestry, fishing and livestock. The sector provides a living for majority of Vanuatu's population.

This section reports on the achievements made by the Government in terms of Primary Sector Development and the Environment. The table below provides updates made against the PAA indicators for primary sector development and the environment. Further below, detailed analysis were presented for some of the indicators. The report concludes this section by highlighting some of the accomplishments made in 2014 by Ministries concern.












**Table 3-1 below shows some achievements and progress made against the PAA indicators of Primary Sector Development and Environment**

PAA Policy Objective 4.1 Increase Production and Productivity in the Primary Sector to Sustainably Increase Incomes and Livelihoods		
<b>Key</b>  Completed  On Track/On-going activity  Warrants Attention		
Indicators	Rating	Comments
Production of Copra		Refer to detail analysis below
Production of Cocoa		Refer to detail analysis below
Production of Coffee		Refer to detail analysis below
Agricultural Incomes (HIES every 5 years)		Information on Agricultural incomes is usually captured from the Household Income and Expenditure Survey (HIES). This survey was normally conducted every five years. The last HIES survey was done in 2010, unfortunately, National Statistics Office could not conducted another one this year, as a result of unavailable fund required for this exercise. Therefore, we could not report progress on this indicator.
% share of Agriculture in GDP		Refer to detailed analysis on this indicator below.

<b>Number of hectares zoned under "Agriculture Land";</b>	●	108,936 hectares
<b>Number of leases (and lease area) under agriculture</b>	●	920 active agricultural leases
<b>Number of Agricultural extension officers appointed</b>	●	Ongoing process depending on vacancy and available funding. Actual number of Agricultural extension officers was not provided by the Department of Agriculture.
<b>Number of high yield &amp; pest &amp; climate change resistant crops, vegetables, fruits and seedlings introduced;</b>	●	Introduction of climate resilient crops is an ongoing process by the ministry and projects related to climate change adaptation; so far about 10 kumala varieties, 5 cassava varieties and 5 yam varieties are being promoted as climate resilient.
<b>Number of hectares of high yield &amp; pest &amp; climate change resistant crops cultivated</b>	●	This indicator is very difficult to quantify based on the farming systems (mixed farming) practiced in Vanuatu. The closest we can get in analysing this indicator is to estimate the size of farms cultivated from which to deduce # of hectares.
<b>Expenditure on research and development;</b>	●	Research funds going to the productive sector have remained stagnant for the last decade. New development budget needs to be injected into research in all sectors.
<b>Number of Certificates awarded to trainees by the Agriculture Colleges</b>	●	Refer to detailed analysis on this indicator below.
<b>Number of farmers/fishermen attending TVET courses</b>	●	Refer to detailed analysis on this indicator below.
<b>Number of farmers/fishermen successfully completed TVET courses</b>	●	Refer to detailed analysis on this indicator below.
<b>Quantity of traditional crops and fruits trees under cultivation;</b>	●	Need new agriculture census to update data records on new plantings of traditional food crops and fruit trees.
<b>Number of producer cooperative established in agriculture, livestock, fisheries and forests;</b>	●	Number of registered cooperatives is documented under the coops dept. registry, but the number of active coops is hard to quantify.
<b>PAA Policy Objective 4.2 Strengthening and Increase Market Access in Agriculture, Livestock, Fisheries and Forests</b>		
<b>Export of Copra</b>	●	Refer to detailed analysis below
<b>Export of Coconut Oil</b>	●	Refer to detailed analysis below
<b>Export of Cocoa</b>	●	Refer to detailed analysis below
<b>Export of Kava</b>	●	Refer to detailed analysis below



<b>Export of Coffee</b>	●	Refer to detailed analysis below
<b>Export of beef</b>	●	Refer to detailed analysis below
<b>Export of timber</b>	●	Refer to detailed analysis below
<b>Export of fish</b>	●	Refer to detailed analysis below
<b>Export of spices</b>	●	Data not available
<b>Export of new local Markets established</b>	●	Data not available
<b>Number of producer cooperative established in agriculture, livestock, fisheries and forests.</b>	●	Number of registered cooperatives is documented under the coops dept. registry, but the number of active coops is hard to quantify.
<b>New framework in place to replace VCMB by private sector organisations for marketing functions. (MALFFBS)</b>  <i>Baseline: VCMB Act repealed by Parliament Target/Milestone: New framework in place.</i>	●	No clear direction set by PMO.
<b>Number and size of new rural market centres established;</b>	●	All 6 provincial centres have established markets; area centres have organized weekly market days.
<b>Tonnage of fish / beef sold at rural market centres</b>  <i>Baseline: Target: 2 more each year</i>	●	Total tonnage of beef sold at rural market centres – 50-60 tonnes. Total tonnage of fish sold at rural market centres: Malekula 6 tonnes; Santo 12 tonnes; Ambae 2 tonnes; Port Vila 15 tonnes and Tanna 45 tonnes. A total of 80 tonnes. The better facilities in centres, the larger tonnage per year.
<b>PAA Policy Objective 4.3 Strengthen and Increase the Quality, Safety and Competitiveness of Agriculture, Livestock, Fisheries and Forest Products</b>		
<b>Number of quarantine certificates issued.</b>	●	Refer to detailed analysis below
<b>Number of training courses conducted on post-harvest handling and packaging of agriculture, livestock, fisheries and forest products to enhance quality, safety and competitiveness</b>	●	This activity is ongoing and will be in more demand during disaster times. Data was not provided on number of training courses provided.
<b>Number of trainees on post-harvest handling, preservation and packaging</b>	●	Trainings conducted through some projects. Data was not provided on number of trainees on post-harvest handling, preservation and packaging.
<b>Number of valued added production/processing plants in operation;</b>	●	Five production/processing plants and they are as follows: Nasituan; Tanna Coconut Mills; Bella Oil; ACTIV; VENUI.

<b>Monitoring system in MALFFBS</b>		A new unit is being proposed under the CSU of the Ministry to coordinate M&E.
<b>Primary Sector strategy developed and implementation commenced.</b>		Overarching sector strategy was completed.
<i>Baseline: Strategy under development Target: Strategy and implementation Programme funded and implementation commenced by 2012</i>		Implementation ongoing; E.g. the development of agriculture policy; livestock policy; biosecurity policy.
<b>HRD plan for the primary sector developed and adopted</b>		Not yet developed but dateline set for new plan is September 2015. Needs technical assistance.
<b>PAA Policy Objective 4.5 Environment and Climate Change – Ensure the Protection and Conservation of Vanuatu’s Natural Resources and Biodiversity, taking Climate Change Issues in Consideration.</b>		
<b>Primary Sector strategy developed and implementation commenced.</b>		2002 Environment & Conservation Act (ECA) 2010 Amendments to ECA 2011 Ozone Layer Protection (Fees & Penalties) 2011 EIA Regulations & Amendment Order 2014 Pollution Control Act 2014 Waste Management Act 2014 National Environment Policy (NEP) drafted for Parliamentary submission in 2015.
<i>Baseline: Strategy under development Target: Strategy and implementation Programme funded and implementation commenced by 2012</i>		
<b>Number of resource management plans developed</b>		DEPC has developed 10 Resource Management Plans based on Community Conservation Areas (CCAs) leading to registration.
<b>Number of regulations developed and enforced;</b>		DEPC has developed 3 Regulations i. CITES Regulation ii. ODS Regulation iii. EIA Regulation
<b>EIA Trust Fund Established;</b>		The EIA Trust Fund will be part of an overall Environment Trust Fund as per Environmental Management & Conservation Act 2002.
<b>Number of EIAs conducted;</b>		Since 2008, the Department of Environment has conducted over 180 EIAs on development projects around Vanuatu. In addition, over 250 PEAs (Preliminary Environmental Assessments) were completed.
<b>Number of stop-working notices issued.</b>		Since 2008, DEPC has issued over 40 “Stop Work” notices and 35 penalty notices for non-compliance.
<b>Number and size of protected areas with a map, survey, management plan and management committee</b>		DEPC has assisted with the creation of over 20 protected areas. Currently there is a total of 37 protected areas recognised by the Vanuatu Government covering 10,000 hectares. DEPC has assisted with the development of Management Plans for 10 of these areas and establishment of Management Committees.

<b>Number and size of protected areas with a map, survey, management plan and management committee.</b>	●	DEPC has assisted with the creation of over 20 protected areas. Currently there is a total of 37 protected areas recognised by the Vanuatu Government covering 10,000 hectares. DEPC has assisted with the development of Management Plans for 10 of these areas and establishment of Management Committees.
<b>Biodiversity Advisory Council established.</b>	●	The establishment of a Biodiversity Council is still under consideration.
<b>Vanuatu climate change policy finalized;</b>	●	New MCCA Ministry established, policy being developed.
<b>Number of sector plans that take climate change issues into consideration</b>	●	On-going advocacy & awareness raising Sector Strategies including CC issues: <ul style="list-style-type: none"> <li>• MOL</li> <li>• MIPU</li> <li>• MoE</li> </ul>
<b>Baseline: Vanuatu climate change policy still in draft (2011)</b>		
<b>Vanuatu Meteorological Act reviewed to include the relevant changes</b>	●	Ni-Vanuatu lawyer, Jane contracted to review, redraft & finalise for Parliamentary approval in 2015.
<b>Baseline: Meteorological Act not reviewed</b>		
<b>Target: Done by 2013</b>		Department of Environment has a draft National Environment Policy developed ready for promulgation in 2015 that will be harmonised with the VMGD Legislation.
<b>MCCA Policy Framework</b>	●	A policy framework for the Ministry of Climate Change Adaptation, Energy, and Environment, and NDMO was completed in 2014 with the draft underpinning legislative framework to be finalised in 2015.
<b>Allocation of financial and human resources for DRR&amp;DM plans across all sectors of Government</b>	●	Advocacy & awareness raising sessions delivered for this on-going activity but needs stronger GoV focus.
<b>Number of Ministerial / Sectoral / Provincial / Corporate Plans and annual budgets that explicitly reflect DRR and DM considerations.</b>	●	Strong advocacy role played by NDMO but dependent on individual agency focus and budget availability.
<b>Number of communities with their disaster risk reduction and management plans.</b>	●	108 Community Disaster Committees established & training delivered: <ul style="list-style-type: none"> <li>• SHEFA x 1</li> <li>• SANMA x 8</li> <li>• PENAMA x 11</li> <li>• TORBA x 38</li> <li>• TAFEA x 47</li> <li>• MALAMPA x 3</li> </ul>
<b>Energy Department Increased coverage of Electricity Connections -currently 27% (16.7% rural homes, 25% health facilities, 42% schools)</b>	●	Funding confirmed in 2014 for initiatives to improve connections.
<b>East Ambae &amp; Aniwa Desalination</b>	●	Completed:

**Project**

Aniwa – 3 communities  
Ambae – Lolowai including hospital

**3.2 SHARE OF THE SECTOR AND SUB-SECTORS IN GDP**

Table 3-2 Share of the sector and sub-sectors in GDP

<b>Primary Sector/Sub-Sectors</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 (*e)</b>
<b>Total Primary Sector Share</b>	<b>20.0</b>	<b>20.9</b>	<b>21.0</b>	<b>21.6</b>	<b>22.0</b>
Crop Production	15.5	16.2	16.0	16.2	16.3
Animal Production	2.4	2.6	2.9	3.1	3.3
Forestry	1.2	1.3	1.4	1.4	1.5
Fisheries	0.8	0.8	0.8	0.9	0.9

Source: MEC. \*The 2014 figures are preliminary estimates.

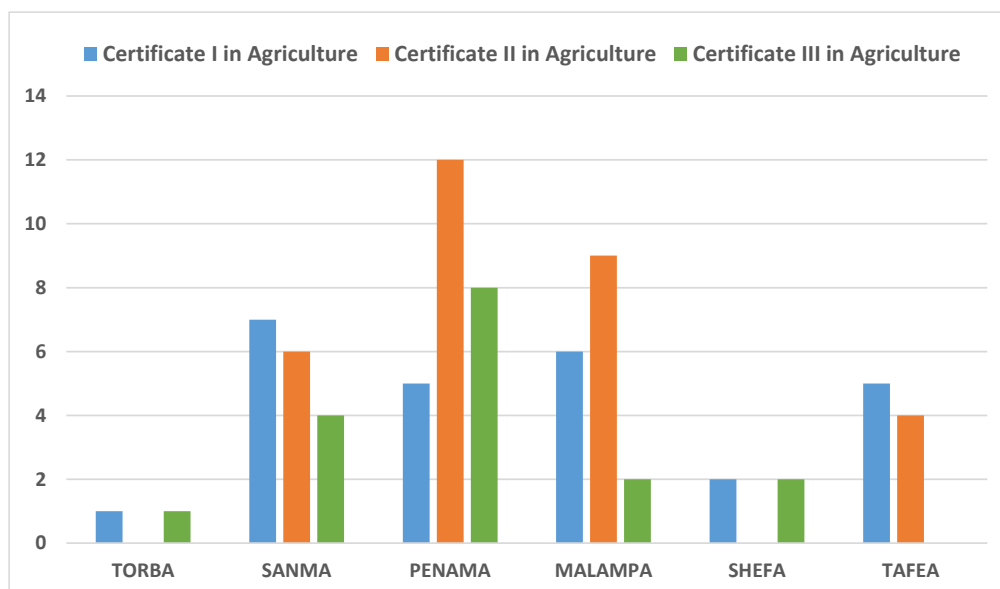
According to MEC estimates, Primary Sector contributed 22 percent to overall GDP in 2014. Crop production as in the last three years make up about 16 percent of GDP while the rest contributed only around 6 percent. Over the last 13 years (2000-2013), contribution to GDP by primary sector has been constant at around 20 percent, however, MEC estimated that in 2014, Primary Sector contribution to GDP has slightly increased to 22 percent. Almost all the sub-sectors of the primary sector (except Fisheries sector) increased their contribution by 1 or 2 percentage points.

**3.3 AGRICULTURE TRAINING**

The Vanuatu Agriculture College (VAC) was established in 2005 and is based in Santo. It runs management courses in Forestry, Horticulture, Livestock and Fresh Water Prawn Farming accredited by the Vanuatu Qualifications Authority (VQA). It also offers short courses for farmers delivered by Ministry of Agriculture, Livestock, Fisheries, Forestry and Bio-Security (MALFFBS).

Figure 3-1 below shows the number of VAC graduates in 2014 by province. The graduates received certificate I, II, & III in Agriculture. A total of 74 trainees graduated in 2014 with 26 received Certificate I, 31 graduated with Certificate II and 17 with Certificate III. Majority of the graduates (about 25 or 34 percent) came from PENAMA province while 23 percent (or 17) came from each provinces of SANMA and MALAMPA. The provinces of TORBA, SHEFA and TAFEA each contributed less than 10 graduates.

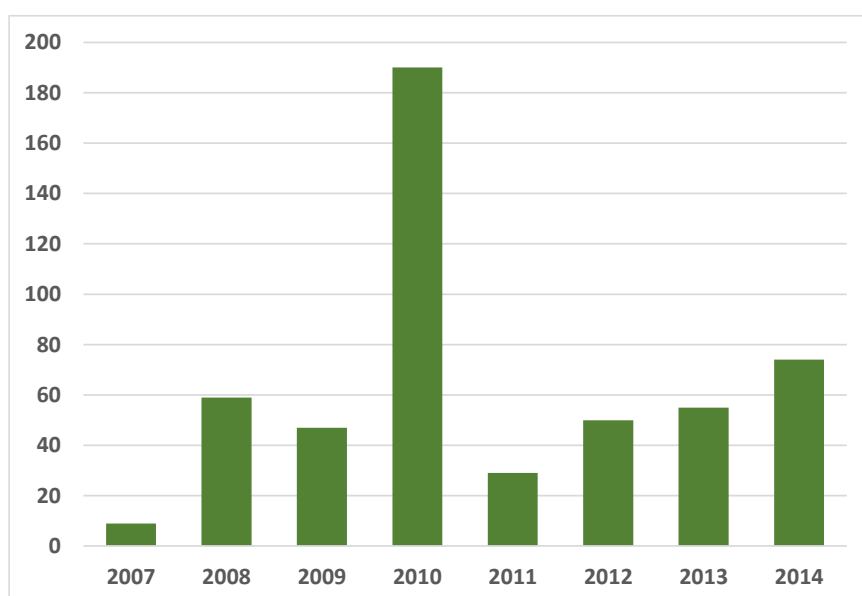
**Figure 3-1 Number of Graduates in VAC in 2014 by Province**



Source: Vanuatu Agriculture College

Figure 3-2 below shows the number of graduates in VAC from 2007 to 2014. The increased number of graduates in 2010 reflects the low rate of course fees introduced by the institution during that year. The total number of graduates in 2014 is 74, an increase of 35 percent from the previous year.

**Figure 3-2 Number of Graduates in VAC, 2007-2014**



Source: Vanuatu Agriculture College

### 3.4 Strengthen TVET for farmers/communities in agriculture, livestock, fisheries and forestry

The Vanuatu Technical and Vocational Education and Training (TVET) Sector strengthening Program is an Australian Government funded Program which aims to support economic development through targeted skill development services. The program encourages a more responsive and better quality training system that is able to meet the skill demands of the productive sectors in provincial communities.

The Program works to strengthen national and provincial structures within the TVET sector and builds the capacity of local training providers to deliver courses focused on employment and income-generation outcomes within a nationally recognised framework.

TVET Centres have been established in SANMA, MALAMPA and TORBA provinces which coordinate a range of demand-driven training and business development support services. A fourth TVET Centre will be established in TAFEA province in early 2015. The TVET Centres have now been formally integrated within the structure of the Ministry of Education and Training.

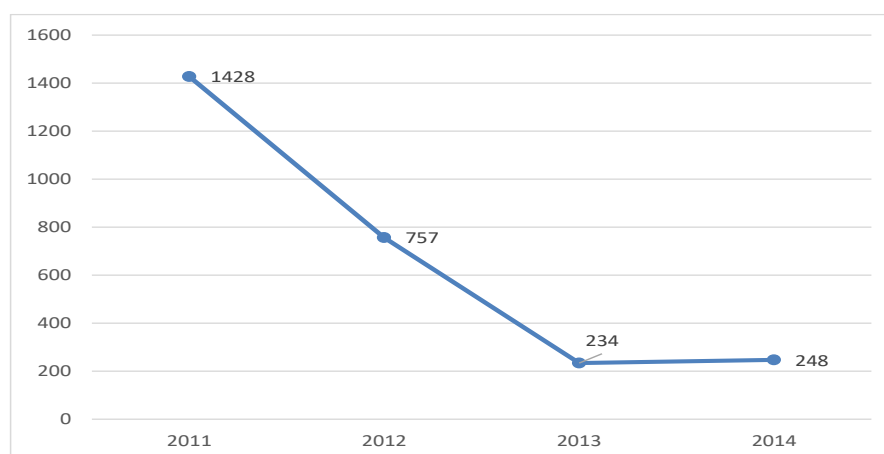
The table 3-3 below shows the number of Participants attending TVET trainings in regards to agriculture, fisheries, forestry and livestock from 2011 to 2014. In 2011 to 2013, TVET established its Centres only in SANMA and MALAMPA provinces. It extended its operations to TORBA province in 2014. Figure 3-3 further below indicates a downward trend of participants attending agricultural sector trainings in TVET over the same period. This indicates that the number of participants attending TVET trainings in agriculture, fisheries, forestry, and livestock decreases over the period from 2011 – 2014.

**Table 3-3 Number of Participants Attending TVET Agriculture Sector Trainings in SANMA, MALAMPA and TORBA Provinces, 2011 - 2014**

Agriculture Sector	2011		2012		2013		2014		
	Sanma	Malampa	Sanma	Malampa	Sanma	Malampa	Sanma	Malampa	Torba
Agriculture	119	206	76	139	0	25	20	0	21
Fisheries	80	194	203	0	102	71	122	0	14
Forestry	376	138	68	121	2	9	29	0	0
Livestock	117	198	126	24	0	25	16	26	0
<b>Total</b>	<b>692</b>	<b>736</b>	<b>473</b>	<b>284</b>	<b>104</b>	<b>130</b>	<b>187</b>	<b>26</b>	<b>35</b>

Source: TVET Office, Port Vila

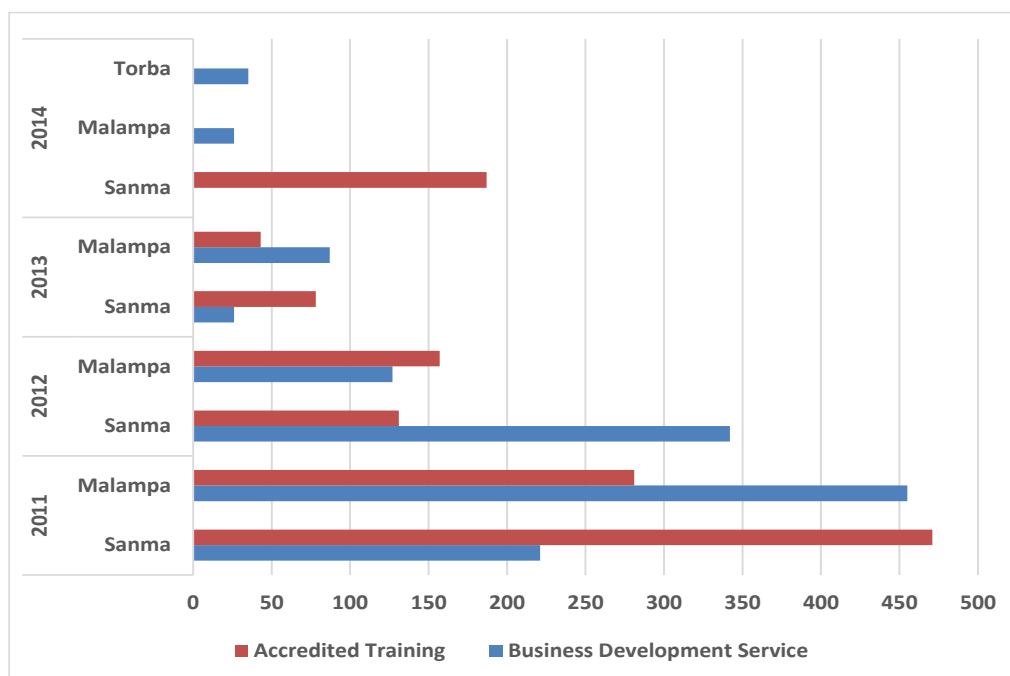
**Figure 3-3: The Total number of participants attending TVET Training in Agriculture Sector, 2011 – 2014**



Source: TVET Office, Port Vila

Figure below illustrates TVET participants undertaking Accredited Training (AT) and Business Development Service (BDS) workshops in Agriculture, Fisheries, Forestry and Livestock. Accredited Trainings are demand-driven short courses accredited by the Vanuatu Qualifications Authority (VQA) specifically linked to an employment outcome or livelihood activity. Trainings are delivered by registered local training providers in provincial workplace settings, and financed through the Employment and Training Fund (ETF). Business Development Services are advisory and coaching services to assist existing and start-up businesses and cooperatives with business planning, establishment and management.

**Figure 3-4: TVET Participants Attending AT and BDS Training in Agriculture Sector, 2011-2014 for SANMA, MALAMPA and TORBA Provinces**

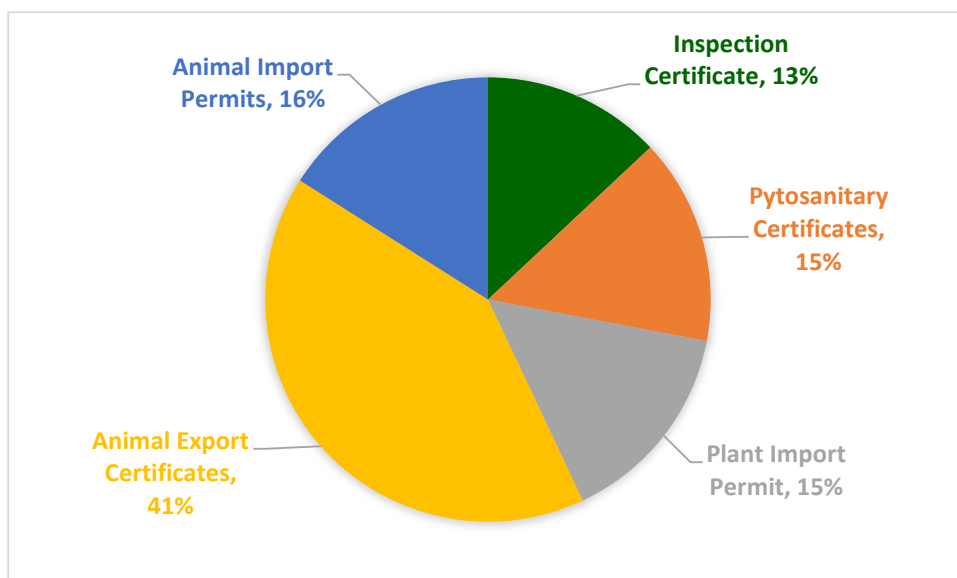


Source: TVET Office, Port Vila

### 3.5. NUMBER OF QUARANTINE CERTIFICATES ISSUED

Figure 3-5 below demonstrates the total number of Quarantine Certificates issued by the Bio-security Department in 2014. The total number of certificates issued in 2014 was 7,950. Of this total, 89 percent or 1,152 of the certificates were issued by Port Vila Bio-Security Office and 11 percent or 103 of them were issued by Luganville Office. Almost half of the total Quarantine Certificates issued were Animal Export Certificates.

Figure 3-5: Number of Quarantine Certificates Issued, 2014



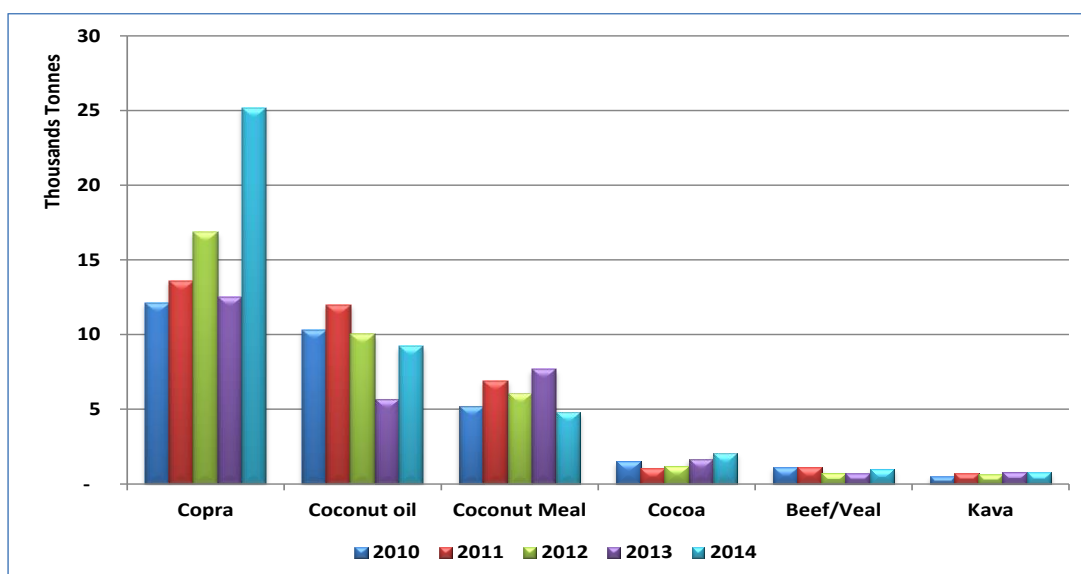
Source: Department of Bio-security, MALFFBS

### 3.6. MARKET ACCESS IN THE PRIMARY SECTOR

#### *Export of Agricultural Products (Volume & Value)*

Figure 3-6 below shows the export volume for six major primary export commodities. Copra alone accounted for 59 percent of the quantity of primary products exported in 2014, while Coconut oil and Coconut meal accounted for 21 percent and 11 percent respectively. This shows that coconut related products made up 91 percent of total primary products exported in 2014 while cocoa, beef and kava accounted for only 9 percent of the total export of primary products. A similar picture can be also seen in the last four years.

**Figure 3-6 Major Commodity Exports, Volume, 2010 – 2014 (000 tons)**



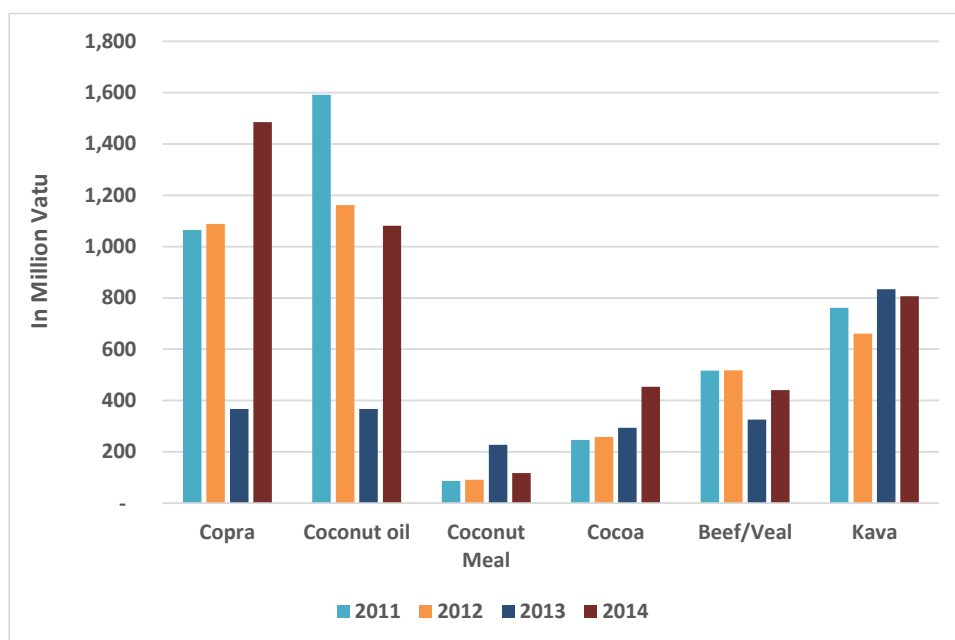
Source: Vanuatu National Statistics Office (VNSO)

Figure 3-7 below shows the value of exports for the above same six primary products exported in 2010 to 2014. Copra accounted for 34 percent of the total value of the primary



products exported in 2014, Coconut oil with 25 percent, kava 18 percent, cocoa and beef with 10 percent each and coconut meal accounted for only 3 percent. The increase in the value of exports for copra and coconut oil reflects the increase in their quantity of export during the same period. However, in terms of cocoa, beef and kava, the increase in their value of exports is determined by their high average export prices despite their low volume of export. Coconut meal, on the other hand, despite contributing 21 percent of the total quantity of primary products exported in 2014, it only accounted for 3 percent of the value of primary products exported. This was resulted from a very low average export price of only VT24 per kilogram of coconut meal exported.

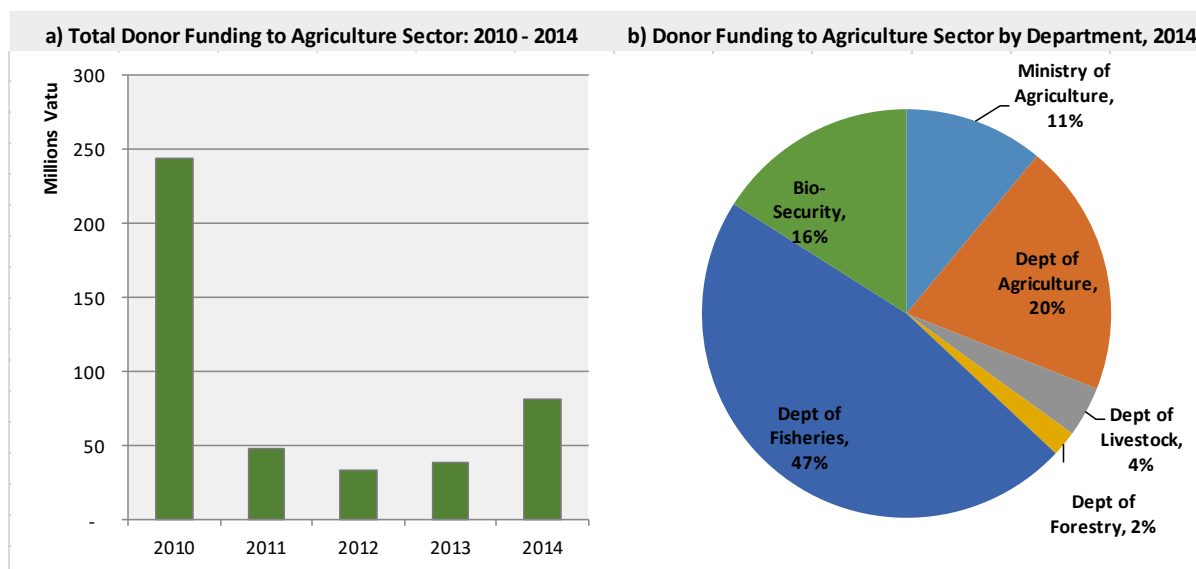
**Figure 3-7 Value of Exports of Primary Products, 2010 – 2014 (Million Vatu)**



Source: Vanuatu National Statistics Office (VNSO)

### 3.7. DONOR RESOURCES TO PRIMARY SECTOR

**Figure 3-8 Donor funding to the Primary Sector, 2010 – 2014**



Source: FMIS, Ministry of Finance & Economic Management

Figure 3-8 (a) above shows the estimated total donor funding disbursed during the implementation of projects by the Ministry of Livestock, Forestry, Fisheries and Bio-Security (MALFFBS) over a five year period (2010 – 2014). A total of 81.8 million vatu was spent on MALFFBS in 2014. This amount over doubles the amount of donor resources (an increase of 113 percent) paid to Agriculture sector in 2013. The data only captures projects funds that use the Vanuatu Government Budget Management System (VBMS).

In terms of donor funding to the individual departments in MALFFBS, figure 3-8 (b) illustrates that Department of Fisheries received the highest portion of the donor funding of 47 percent, Department of Agriculture with 20 percent, 16 percent to Department of Bio-Security, Ministry of Agriculture with 11% and Department of Forestry and Department of Livestock were given 4 percent and 2 percent respectively.

### **3.8. ACHIEVEMENTS AND POLICY DEVELOPMENTS MADE IN 2014**

Amidst challenges faced in 2014, the following Ministries were able to make some significant achievements that contributed to the development of the Primary Sector. These are some of the accomplishments that are worth mentioning.

#### **3.8.1 Ministry of Land & Natural Resources**

In 2013, the new Customary Land Management Act (No 33 of 2013) was approved by the parliament to replace the Lands Tribunal Act. This gives back the decision making to the Chiefs to handle ALL land ownership issues. The process involves the *Nakamal*, the Mediation Process and the Custom Area Land Tribunal. Any appeal goes to the Island Court (Land) which is also provided by the Act.

As part implementing this Law, Customary Lands Officers were recruited in the provinces to help the processes in dealing with the custom lands when it comes to leasing of rural lands. These Officers take records of all the proceedings/hearings and ensure there is transparency in the processes at all time. The new Act allows no room for corrupt practices when it comes to customary land dealings.

The legal process under the new Act is shorter as it starts from the Nakamal, Area Land Tribunal and the Island Court (Land). It cannot go any further. In the old Act, it was a long process which ended up in the Supreme Court. There was no transparency in the old regime.

The Minister of Lands can only act on behalf of the claimants of a custom land if ALL the claimants agree to that. If 50 agree while 5 disagree, the Minister cannot act. Unlike in the past where Ministers of Lands acted without any mandate by the land claimants.

The Land Reform Act was amended in 2014 empowering the Land Management Committee (LMPC) to approve all lease applications. This process requires that all applications to lease land (both rural and urban) in Vanuatu must go through the LMPC. The Minister will only approve a lease after the recommendation of the LMPC. In here any negotiations can only become fruitful after ALL the land owners have agreed that a lease for a particular development is accepted over their land. If they refuse or some refuse, it will not proceed.

In this Act, it also provides for a Land Ombudsman who is mandated to investigate complaints on the process of obtaining a lease if a complaint is lodged with the Office of Lands Ombudsman on the process of a lease.

Basically, the new Land Laws provide a more transparent and effective means of issuing a lease both over the rural and urban lands.

The Department of Geology, Mines and Water Resources (DGMWR) had developed a Water Quality and Waste Water Monitoring Standards for rural and urban areas. The Council of Ministers (COM) had approved the standards in 2014.

Also in 2014, the legislative reviews for the Water Resource Management Act and the Water Supply Act were completed and approved by COM. The two amended Acts will be debated in Parliament in 2015.

### ***3.8.2 Ministry of Agriculture, Livestock, Forestry, Fisheries and Bio-security***

The Department of Agriculture has consulted tirelessly across the country in all efforts to help introduce the country's first Agriculture Sector Policy after 34 years of independence. The policy will be launched early 2015.

Similarly the Department of Livestock has also embarked on numerous consultations around the country to prepare a Livestock Sector Policy which will also be launched in April 2015.

The Forestry Department undertook an innovation approach in promoting sandalwood through a partnership with the Port Vila Municipal Council (PVMC) that led to the declaration of Port Vila as the 'Sandalwood City of the Pacific' (and possible, of the World!).

The Fisheries Department has worked tirelessly and for very long hours and helped to clear Vanuatu's name off the 'yellow card' it was initially served by the EU in 2012 with a 'green card' being issued in mid-October 2014. The New Fisheries Act was passed in Parliament in 2014.

The Team at the Bio-Security collaborated very closely with the Ministry and the Government of the Republic of Turkey which funded the purchase and installation of Vanuatu's first X-ray machines at the Bauerfield and Pekoa International Airports in December 2014. These machines have immediately proven effective by detecting the intrusion of items considered to be a threat to our primary production sectors.

### ***3.8.3 Ministry of Climate Change Adaptation, Meteorology and Geo-Hazards, Energy Environment and NDMO***

The Ministry of Climate Change Adaptation and Disaster Risk Reduction Policy was developed. Other legislative reviews are also underway to strengthen enabling framework of MCCA.

The Vanuatu Meteorology and Geo-Hazards Department launched its Strategic Plan 2014 – 2023. The department also established the Multi-Hazard early warning centre in 2014.

The Energy Department had received an approval of 14 million US dollar for the SPREP investment Plan for Vanuatu by scaling up of Renewable Energy Program (REP) in November 2014. The department also completed the Desalination Plants in East Ambae and Aniwa. Furthermore, the National Energy Road Map was launched in April 2014.

The Department for Environment Protection and Conservation has strengthened its legislative framework through passing the Waste Management Act and Pollution Control Act

in 2014. The department is also currently reviewing the regulations for the following: Community Conservation Areas, Mangrove protection, Specific Endemic Species, and Waste and pollution control.

The National Disaster Management Office (NDMO) set up seven clusters within the Government mechanism with humanitarian partners. The office also recruited provincial disaster officers for TAFEA, MALAMPA, SANMA and TORBA. It further established community disaster and climate change committees in communities around Vanuatu.

## 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.

This section reports on the achievements made by the Government in terms Good Governance and Public Sector reform within the government. The table below provides updates made against the PAA indicators for Good Governance and Public Sector Reform. Further below, detailed analysis were presented for some of the indicators. The report concludes this section by highlighting some of the accomplishments made in 2014 by Ministries concern.

**Table 4-1 below shows some achievements and progress made against the PAA indicators for Good Governance and Public Sector Reform**

PAA Policy Objective 3.1 To provide Policy Stability		
<b>Key</b>  Completed  On Track/Ongoing activity  Warrants Attention		
Indicators	Rating	Comments
<b>Number of Sector MTEFs designed and approved.</b> Baseline: Education MTEF completed Target/Milestone: 3 sector MTEFs prepared and adhered to;		The 2013 MTEF is completed while 2014 is on track.
<b>Number of M&amp;E reports (ADR, Six-Monthly Reports) tabled in COM.</b>  <i>Baseline: M&amp;E policy in place, ADR prepared</i> <i>Target/Milestone: ADR and 6 monthly M&amp;E reports prepared regularly.</i>		Since the establishment of M&E Unit with the Prime Minister's Office, M&E Unit has produced and tabled in COM 6 Annual Development reports (including this one) and 5 six months reports. M&E Unit, PMO has also produced an M&E Policy in 2009 and is in the process of reviewing the policy. The Unit has annually prepared ADR and Six Months reports.
<b>MOU between GOV and VANGO reviewed and implemented</b>		Not completed. MOU reviewed but not signed as VANGO Secretariat was closed down due to the withdrawing of Donor Funding from NZAID as one of the major sponsors.
<b>Service Act. National Foreign Policy of Vanuatu finalized and</b>		On track.

approved;		
Agreements with non-traditional donors (Traditional donors are Australia, NZ, EU, France, Japan, China);	●	On track.
Percentage of strategic locations with a representation of Vanuatu;	●	On track.
Legal framework for career based diplomatic services reviewed;	●	On track.
Number of career/professional based appointments made in accordance with the Foreign	●	On track.
Relevant Constitutional Review Commission recommendations approved by Parliament;	●	There were some amendments made on the Land related legislation recently in relation to the Constitutional Review Report compiled by Professor Patterson.
Registration of political parties legislation designed and approved by Parliament;	●	There were two meetings held by Government – Political leaders to revive it made on the draft Political integrity bill. The 2015 Government policy retreat endorse the need to revisit the works on the political reform as highlighted in the Professor. Don Patterson's report.
Government act amendments drafted and approved by Parliament;	●	Consultations with SLO have begun in 2013 and 2014 on the proposed legislative amendments to the Gov't Act incorporating sections on the Parl. Secretariat and CACs. Final work on amendments will be continued in 2015 and carried through for endorsement and tabling at Parliament.
People's Representation act amendments drafted and approved by Parliament;	●	Propose amendment Increase candidate fee, election petition fees Presidential election through an elimination process in three rounds of voting.
Reallocation of Ministries' portfolios implemented	●	Government is still waiting to receive a formal respond from GFG to support a TA to review the whole of Government machinery. DSPPAC has developed a TOR on the review of the Government Machinery and will be implementing the expected deliverables in 2015 onwards.
<b>PAA Policy Objective 3.2 To provide Stable Institutions</b>		
Law and Justice sector framework reviewed and approved by COM;	●	Justice and Community Services Sector Strategy Framework was reviewed and approved by COM in March 2013.
Case throughput rate in PPO, SPD, PSO and SLO	●	Case throughput rate is measured as a volume of cases completed divided by the number of resources utilised.  Currently, we know how much effort each agency is

		<p>exerting to carry out its job. They are doing more cases with the same amount of resources but we do not really know yet with confidence, how many cases they truly work on or complete each year. PSO and SLO do not record accurately the cases they have closed. SPD is getting close to achieving this but PPO still needs to work out what the throughput rate for their office really is.</p> <p>As an example of this indicator: SPD would count number of cases they move to PPO (or MC now) - per year - divided by number of effective full time prosecutors.</p>
<b>Backlog of court cases pending</b>		<p>In the Supreme Court, the total cases pending is 915 (an increase from 815 at end of December 2013) The extent of unacceptable backlog is around 260 cases. In 2014 there was a removal of a permanent judge from Santo, coupled by absence of 1 judge in Vila for an extended period, plus the transition of the NZ judicial support.</p> <p>In the Magistrate's Court, approximately 1300 cases are pending. In 2014 the Magistrate's court suffered a loss of two magistrates, retirement of one magistrate and the sudden death of another.</p>
<b>New court house built</b>		<p>A committee has been appointed by the Prime Minister's Office (PMO) oversee the progress to building of a "Hall of Justice". So far the committee has been unsuccessful in securing a development partner for the project.</p>
<b>New correctional facility built.</b>		<p>In 2014 the infrastructure Task Force of the Department formalised documents for the tender process for Tanna and Luganville Correction facilities.</p> <p>An Infrastructure Plan containing 7 key activities was also submitted to COM for their approval. The Department is now working closely with the New Zealand Government as the donor to facilitate a Grant Funding Agreement which is now in the process of being finalised.</p> <p>This funding will be used to implement a number of the 7 key activities identified in the Infrastructure Plan.</p>
<b>Reported Crime Rate</b>		<p>Current data on crime in Vanuatu is unreliable to publish. Vanuatu police project is addressing this issue.</p>
<b>Average response time of Police in the rural areas</b>		<p>Data not available for this indicator.</p>
<b>Malvatumauri Act reviewed and approved by Parliament</b>		<p>The National Chiefs Act was reviewed in 2013. A COM paper was drafted as a result of this review was being discussed with the PMO in 2013. It is unclear what the status of this discussion is in 2014.</p>
<b>Land Tribunal Act reviewed and approved by Parliament;</b>		<p>The Customary Land Tribunal's Act was repealed and replaced by the Customary Land Management Act and</p>



		approved by Parliament in 2013. The amendments to the Act were slowly implemented in 2014.
<b>Mama Graon Program Indicators</b>	●	No update provided on this indicator.
<b>Mechanisms and operational procedures established for prevention, reporting and responding to cases of abuse, violence and exploitation in communities</b>	●	<p><b>Child Protection:</b> The Child Desk with funding from UNICEF piloted a Child Protection Program on Erromango and Tanna in 2013- 2014. This pilot established Community Child Protection Communities (CCPC) who were trained and supported to refer cases of abuse of children to service providers.</p> <p><b>Violence Against Women:</b> In 2014, DWA piloted the establishment of the Authorised Persons (APs) and Registered Counsellors (RCs) under the Family Protection Act. This pilot attempts an approach where establishments of APs and RCs can contribute to reporting (and thus prevention) and response to victims of domestic violence.</p> <p>Lessons learnt from both VAW and the CP pilot will assist government policy as well as government response to violence and exploitation in communities.</p>
<b>Number of cases (Male/Female) reported and addressed in accordance with established operational procedures</b>	●	Data on this indicator is not available.
<b>Number of reports tabled by Auditor General to the Public Accounts Committee</b>	●	Since the current Auditor-General took office in 2009, he has tabled 40 audit reports before the Public Accounts Committee (PAC). A list of audit reports issued by the Auditor-General from 2010 up to April 2015 is provided. This activity of tabling audit reports to the PAC is an ongoing activity due to the requirement under section 32 of the Expenditure Review and Audit Act (as amended) which requires all audit reports issued to be reported to the PAC and the Minister of Finance.
<b>Amendments made to Ombudsman's Act in line with Ombudsman Review report;</b>	●	Amendments have been forwarded to the Vanuatu Law Commission to carry out consultations. Their issues paper is in progress and they are awaiting funds to implement consultations. Their request for financial assistance to the Ombudsman's Office has been forwarded to project assistance. If this is not possible, this will be included for NPP for 2016 budgetary application.
<b>Number of Leadership Code breaches prosecuted;</b>	●	None so far. However, the Office of the Ombudsman will be pursuing prosecution of certain leaders with the assistance of the public prosecutor in the next one or two months.
<b>Leadership tribunal approved by Parliament and in operation;</b>	●	Leadership Tribunal not yet approved by parliament. The review is now with the Vanuatu Law Commission.
<b>Human Rights Commission established.</b>	●	An interim National Human Rights Committee was established in 2013. This committee was formalised in 2014. The National Human Rights Committee will assist

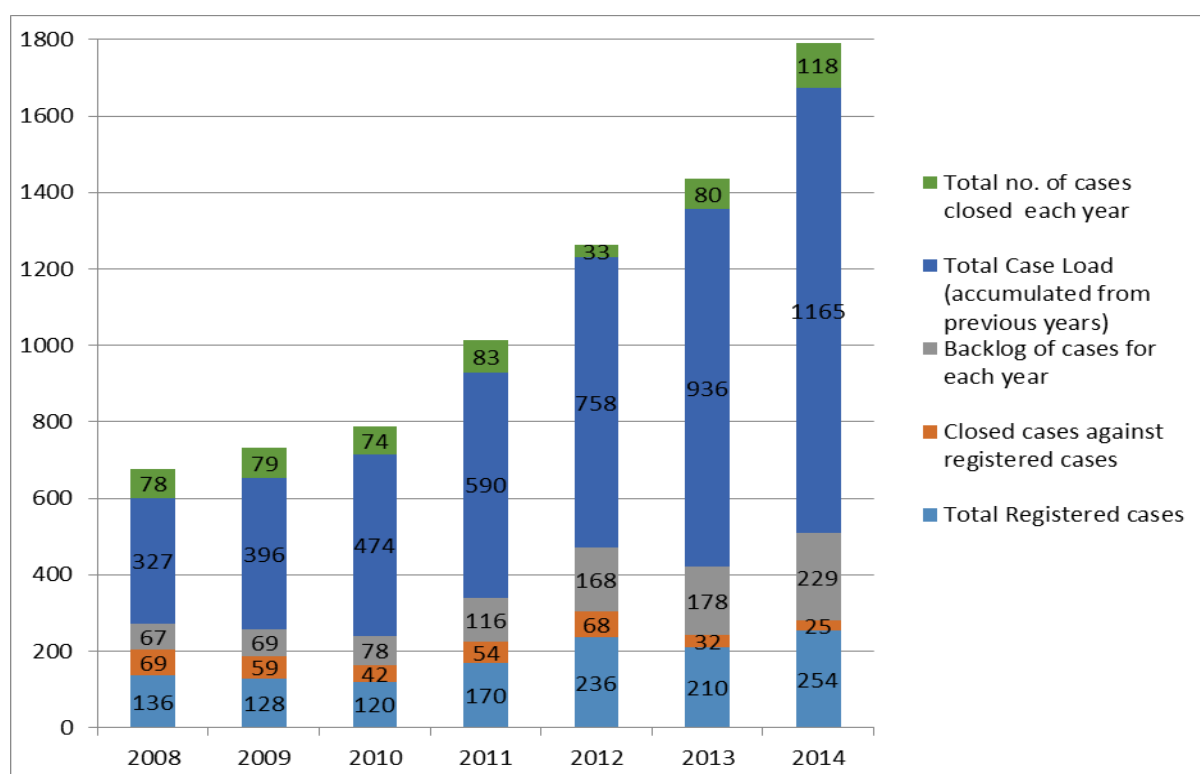
		the MJCS to establish the Human Rights Commission in due course.
<b>Number of qualified lawyers recruited by the Law reform commission</b>	●	In 2014, there were five (5) qualified lawyers recruited by the Vanuatu Law Commission.
<b>Number of Amendments passed by Parliament</b>	●	Refer to detailed analysis below.
<b>PAA Policy Objective 3.3 To develop a Productive Public Sector</b>		
<b>Number of disciplinary cases</b>	●	Refer to Detailed Analysis below.
<b>Rate of staff performance appraisals per year;</b>	●	2014 – 59 Staff performance (include confirmation of appointment, promotions and accelerated increment). Implementation of revised PMS Policy states in 2015.
<b>Implementation of PSC Performance Management System. Six Monthly &amp; Annual Reports prepared and considered by PSC board;</b>	●	<ol style="list-style-type: none"> <li>1. MBC did not approve the budget submitted for this NPI</li> <li>2. Timetable for submission of Work plans was greatly affected by PAM</li> <li>3. New Deadline for submission is 15<sup>th</sup> May 2015.</li> <li>4. Needs and injection of VUV 5,538,000 for training of Directors and Assessment Committee.</li> </ol>
<b>Human Resource Development policy and plan for the public service</b>	●	PSC has started a workforce plan within the Ministry of Prime Minister as part of the development of VPS HRD Plan last year 2014 and it was completed. This year 2015 PSC will be working on workforce plans for the other line Ministries.
<b>Percentage of PSC positions in Provinces and Municipalities filled;</b>	●	Secretary General & Town Clerk and Accountant position been formalised by PSC. Position of Planner will be formalising this year 2015. Positions of deputy town clerk and Cashier still yet to be formalized depend entirely on availability of budget.
<b>Decentralisation Act amended to include area councils;</b>	●	Parliament approved the amendment and the gazetting of the amendment also made last year.
<b>Urbanisation policy approved and implemented.</b>	●	Work has been start on 2013 on developing a policy however now it's on hold due to limited funding. Needs funding and a TA to concentrate on developing this policy cause this is a cross cutting issues.
<b>Targeted SOEs reviewed and reformed;</b>	●	Further information on which SOE's is currently being reviewed and reformed was not provided.
<b>Government's financial exposure to SOEs reduced;</b>	●	Government should address this matter seriously.
<b>SOEs Act Passed by Parliament.</b>	●	It needs to go to parliament in the first ordinary of 2015.

**PAA Policy Objective 3.4 To Promote Gender Equality and Empower Women**

<b>% of women in wage employment in the non-agriculture sector</b> Baseline: VNPF/NSO statistics Target: 50% of women in non-agricultural sector;	●	48% in the Services Sector 17% in the Industry Sector (These figures remains the same as in 2013).
<b>% of women in positions of DGs, SGs, Clerks, and Directors in Public Service</b>	●	a. 0% of Women occupy DG positions b. 17% (1/6) of Women occupy SG positions c. 0% Women occupy town clerk positions d. 4% (2/53) women occupy the position of Directors in Public Service.
<b>% of Women in Parliament, Provincial and Municipal Council</b>	●	a. 0% of women in Parliament b. 0% women elected representatives in all 6 provincial councils. c. In 2014, a total of 29%(5/17) women in Port Vila Municipality (Reserve Seats). In Luganville Municipality (Open Seats) there are 6% (1/16) women in the Municipality. Luganville will be trialling Reserve Seats in July 2015.
<b>Number of gender programs in Government Ministries</b>	●	In 2013, there were 7 out of 11 Government Ministries carrying out a number of gender programs. No stock take was undertaken since then.
<b>Inclusion of the GRB in national budget statement;</b> Baseline 3 programs in 2013	●	No inclusion of GRB in National Budget Statements.
<b>Number of gender programs undergone cost benefit analysis</b>	●	No government gender programs undergone a cost benefit analysis.

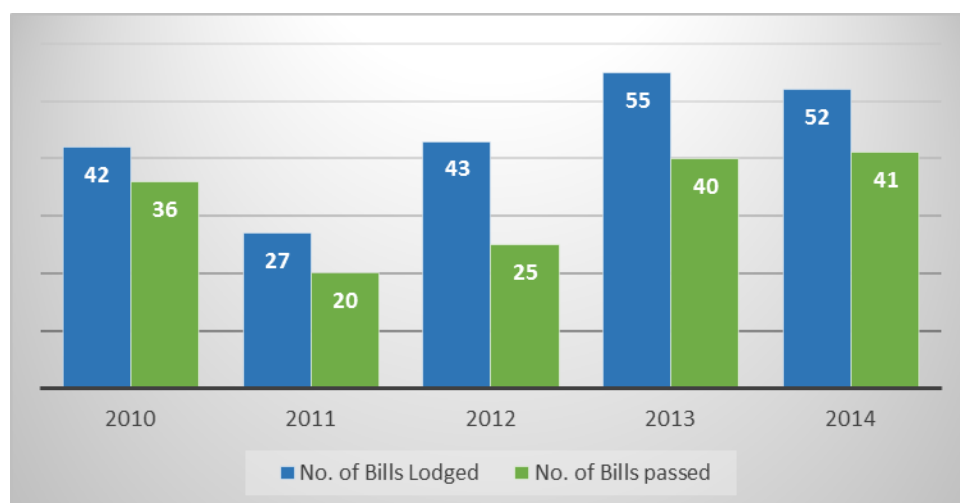
**4.2. GOVERNMENT COURT CASES**

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 SLO over the period 2008 – 2014. In 2014, SLO registered a total of 254 cases. Of this, only 25 cases were closed while 229 cases were outstanding or backlogs that were added to the 936 total case load (in 2013) that were accumulated from the previous years. The total case load or backlogs in 2014 is 1165.

**Figure 4-1 Number of Court Cases Processed, 2008-2014**

Source: State Law Office

### 4.3. BILLS AND AMENDMENTS PASSED BY PARLIAMENT

**Figure 4-2 Number of Bills lodged and passed by the Parliament, 2010-2014**

Source: State Law Office Annual Report 2014

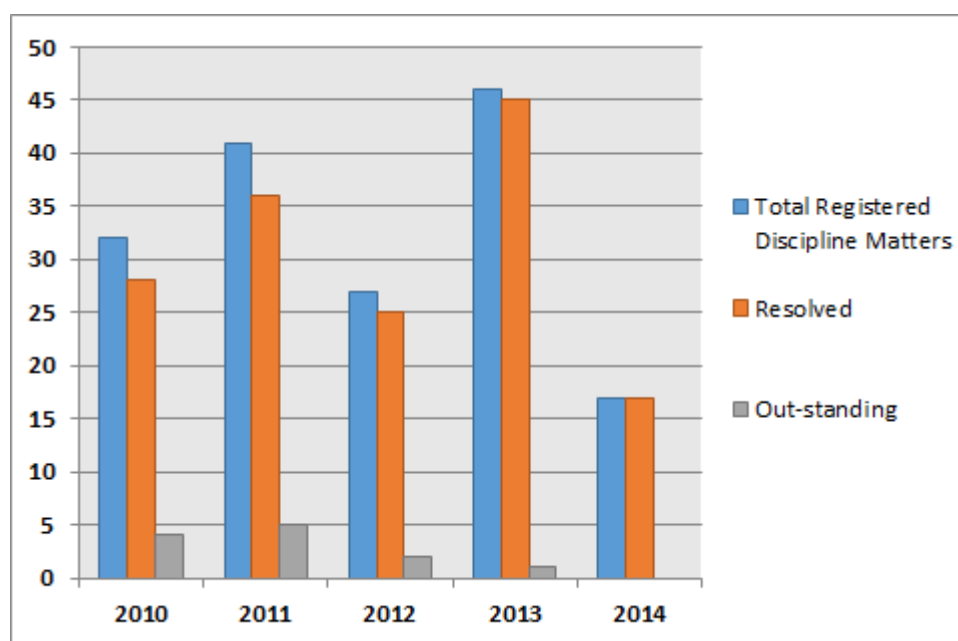
One of the principal tasks of State Law Office is to draft the Government's Bills to be tabled and passed by Parliament. Figure 4-2 shows the number of Bills lodged and passed by parliament from 2010 to 2014. This data has been regularly updated by SLO. There were a total of 52 bills lodged in parliament in 2014, and only 41 of them were debated and passed by the parliament. A remaining of 11 were held over to 2015.

#### 4.4. PUBLIC SERVICE COMMISSION DISCIPLINARY CASES

##### *Accountability, Discipline and Performance*

The Public Service Disciplinary Board (PSDB) deals with disciplinary cases involving public servants. Figure 4-3 below shows the number of registered cases from 2010 to 2014. In December 2014, PSC received a total of 17 disciplinary matters. All of these matters were determined before Public Service Commission. Of the total of 17 determined matters, 13 were discipline matters resulting in the termination of 6 officers. Further 2 matters were dismissed due to lack of evidence or support.

**Figure 4-3 Disciplinary Matters within the Public Service 2008-2014**



Source: Public Service Commission

#### 4.5. NUMBER OF DETAINEES

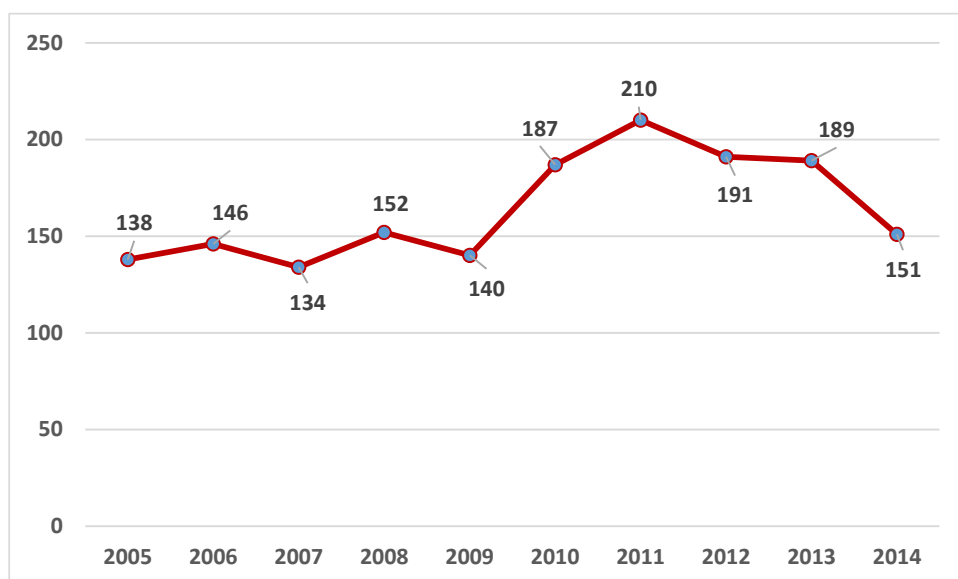
The Vanuatu Department Correctional Services provides correctional services to the people of Vanuatu. The Department shares the motto of other Justice agencies in Vanuatu: Safety, dignity, respect and proper treatment for all.

Correctional Services Department works with chiefs, churches and communities to develop safer and more harmonious communities throughout Vanuatu. It delivers custodial sentence management via Correctional Centres and community based sentence management via the Probation Service. It manages more than hundred detainees within four Correctional Centres and more than 400 offenders in communities throughout Vanuatu.

Figure 4-4 below shows the number of detainees in custody between 2005 and 2014. In 2014, the number of detainees was 151, a decrease by 20 percent from 2013. In 2014, 82 detainees were released by Parole Board.

Out of the total number of detainees in 2014, approximately 15 percent of them were on remand, awaiting trial, and awaiting sentencing. The high number of remanded detainees put significant pressure on resources, staff and infrastructure.

**Figure 4-4 Number of Detainees, 2005-2014**



Source: Ministry of Justice and Community Service 2014 Annual Report.

#### 4.6. WORLD BANK GOVERNANCE INDICATORS

The Worldwide Governance Indicators (WGI) are a research dataset summarizing 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 WGI projects reports on aggregate and individual governance indicators for 2015 economies over the period 1996 – 2013, for six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption.

Unfortunately, current ADR could not report on the progress of these dimensions as the 2014 WGI data is not available during the compilation of this report.

#### 4.7. ACHIEVEMENTS AND POLICY DEVELOPMENTS MADE IN 2014

Amidst challenges faced in 2014, the following Ministries who are more accountable to upholding Good Governance and Public Sector Reform in the Public Sector were able to make some achievements that are worth mentioning.

##### 4.7.1 Office of the Prime Minister

- The Ministry of the Prime Minister through the Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) have made some progresses in reviewing

the Government Act and PSC Act. Consultations with SLO have started in 2014 on the proposed legislative amendments to the Government Act incorporating sections on the Parliamentary Secretariat and CACs. Final work on amendments will be continued in 2015 and carried through for endorsement and tabling at parliament.

- DSPPAC has developed a Terms of Reference for a review of the Government Machinery and will be implementing the expected deliverables in 2015 inwards.
- The Ministry of the Prime Minister has been working on a new National Planning Framework for the Government since 2013. The new framework is to be called the National Sustainable Development Plan (NSDP). There have been much accomplishments made in 2014 including; staging of the Civil Society Public Forum, appointment of the technical working groups, appointment of the Policy Writing Coordinators, and advertisement of the ADB consultants to assist DSPPAC with the drafting. The final draft of NSDP 2016 – 2030 should be released by September 2015.
- The Vanuatu Police Force (VPF) and the people of Port Vila witnessed the graduation of thirty-three officers who passed out from the recruit course and are posted as Probationary Constables to the Southern and Northern Commands.
- VPF continued to decentralise its services to the provinces of Vanuatu. The PENAMA Police station and Bwatnapini Police Post was officially opened in 2014.
- VPF sustained numerous awareness to communities, schools, churches, youth women and NGOs in order to maintain and strengthen law enforcement and order management in the communities.

#### ***4.7.2 Ministry of Foreign Affairs and External Trade***

- One of the highlights of the year was the relocation of the Department of External Trade from the Ministry of Commerce, Trade, Tourism and Ni-Vanuatu Business to the Ministry of Foreign Affairs and International Cooperation. This happened in June 2014.
- The Ministry facilitated the appointments of three Ni-Vanuatu to our overseas missions: Ambassador Sela Molisa to the Embassy in Beijing, China, Ambassador Odo Tevi to the Permanent Mission in New York and High Commissioner Nikenike Vurobaravu to the High Commission in Suva Fiji.
- The Ministry also engaged its two senior officers to take up the positions of the First Secretaries at the High Commission in Canberra and at the Brussels Mission.
- An amendment was made in the Foreign Service Act in 2014 to allow for the Consular program to commence.



- MOU was signed with the Socialist Republic of Vietnam in October 2014, on Technical Cooperation under the scope of Agriculture, Education, Health and Sustainable Development, Trade and Investment.
- Three similar MOUs were also signed with Turkey, China and Kazakhstan.
- Another achievement was the strengthening of relations with Russia which saw approval granted for Honorary Consul in Moscow.
- The Ministry was also able to direct its strategic focus to Middle East in January and December 2014.
- Also in 2014, three Air Services Agreements were concluded and signed with Singapore, Kiribati and Australia.

#### ***4.7.3 Ministry of Internal Affairs***

- The Minister of Internal Affairs signed Ministerial Orders for amendments through regulations for some sections of Immigration Act and Passport Act.
- Amendment of Decentralisation Act where it provides provision to empower area council secretary, composition of executive, administration - funding will be directly allocated to them, make decisions of development projects.

#### ***4.7.4 Ministry of Justice and Community Services***

- The Department of Correctional Services in 2014 saw continued strong performance from the Community Probation Services and a marked improvement in security at the Correctional Centres. Continued maintenance of important facilities has also improved. The number of detainees in custody in 2014 dropped from 189 in 2013 to 151 in 2014, reflecting a decrease of 20 percent.
- The Department of Women's Affairs (DWA), in 2014 undertook some strategic steps to lobby for the Government support to introduce a Temporary Special Measure (TSM) at elections at the Municipal Council Level. DWA also successfully lobbied Council of Ministers to approve that in all National Working Groups and Task Forces, that 30 percent would be women.
- DWA implemented Reserve Seats resulting in 5 women councillors elected into the current Port Vila Municipal Council – the biggest for any one time since independence.
- The New law of the Customary Land Management Act was passed by the parliament in September 2013 which provides more power and authority to the custom governance authority in the process of the Land dispute resolution.
- As a result of the introduction of the above new Law, Custom Lands Management Office (CLMO) was established with the main office in Port Vila and 5 small offices in the five other provinces.

- Customary Land Management Act was further amended in 2014 (Customary Land Management Amendment Act No 12 of 2014).
- Since the establishment of the Vanuatu Law Commission (VLC) in 2012, it had reviewed 6 Laws which are; Dangerous Drugs Act, Water Supply Act, Water Resource Management Act, Public Health Act, Penal Code Act and Civil Status Act. The recommending reports are now with SLO to be drafted and listed to go to parliament.
- The Office of the Land Ombudsman was established in December 2014 following the appointment of the first Land Ombudsman of Vanuatu also in December 2014. The land ombudsman is a new position within the Government and it was created to compliment the functions of CLMO, Lands Department and the MOLNR with issues relating primarily to the rural lands in Vanuatu.

## 5. EDUCATION AND HUMAN RESOURCE DEVELOPMENT

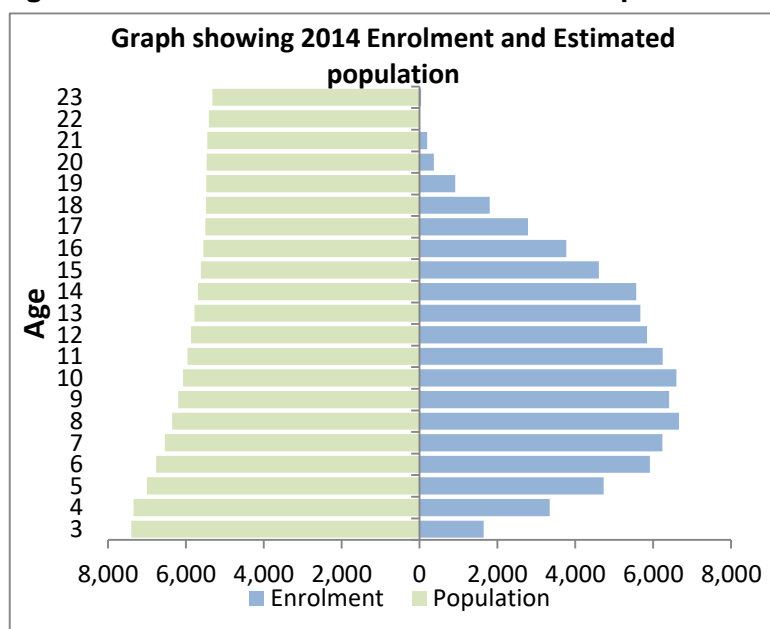
### 5.1 Introduction

#### Increasing Access to education

There were emerging policies and programme activities been set aside to improve access to education at all levels of the education sector. The graph shows that in the age group 3-23, only 28.2 percent are enrolled in schools in 2014. There are new aspirations and resource integrations to improve access to education in Vanuatu. One of the major incentives back in 2010 was the earmark of the primary school grants.

The enrolment change in primary education has shown a large increase in primary school enrolment from 38762 in 2009 to 41,783 in 2010. There is an increase of over 1 percent a year on our primary school enrolment between 2010 and 2014. This increase shows that there is no gender inequality in access to education and meets the Universal Primary Education (UPE) policy objectives for gender equality, gender parity is well represented in primary education.

**Figure 5-1 2014 Enrolment and Estimated Population**

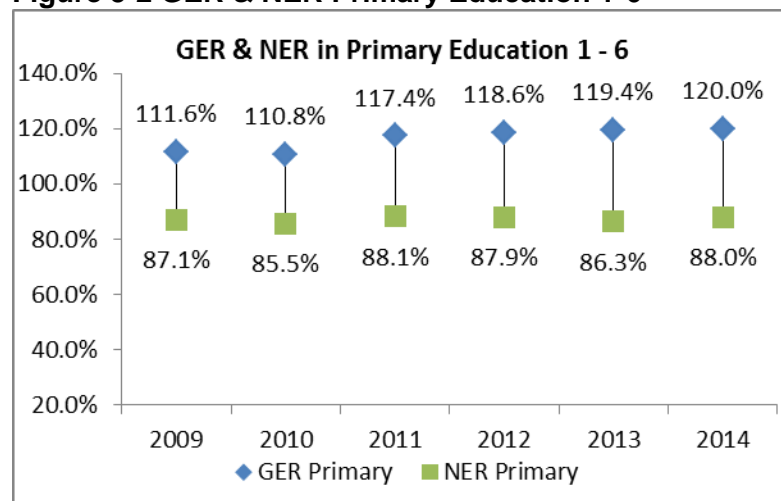


More incentives in terms of finance and technical inputs were put forward to increase access in early childhood development since 2009. The gross enrolment rate is an indicator to monitor progress against small children participation in the kindergarten schools, however the GER in ECCE was 63% in 2014 a steady increase since 2010.

The gross enrolment rate (GER) in primary education 1 to 6 is fluctuated over time since 2009, the GER was 120 percent in 2014 as compared to 110.8 percent in 2010. The net enrolment rate (NER) in primary continued to increase by 1 percent between 2009 and 2014; however the average NER was 86.8 percent between 2011 and 2013. The average gross enrolment rate in secondary education (7+) is at 44.3 percent between 2010 and 2014 way below 100 percent. Approximately 56.7 percent of students within the age category 13 to 18 years old are out-of-formal schooling or would have enrolled in the formal and informal

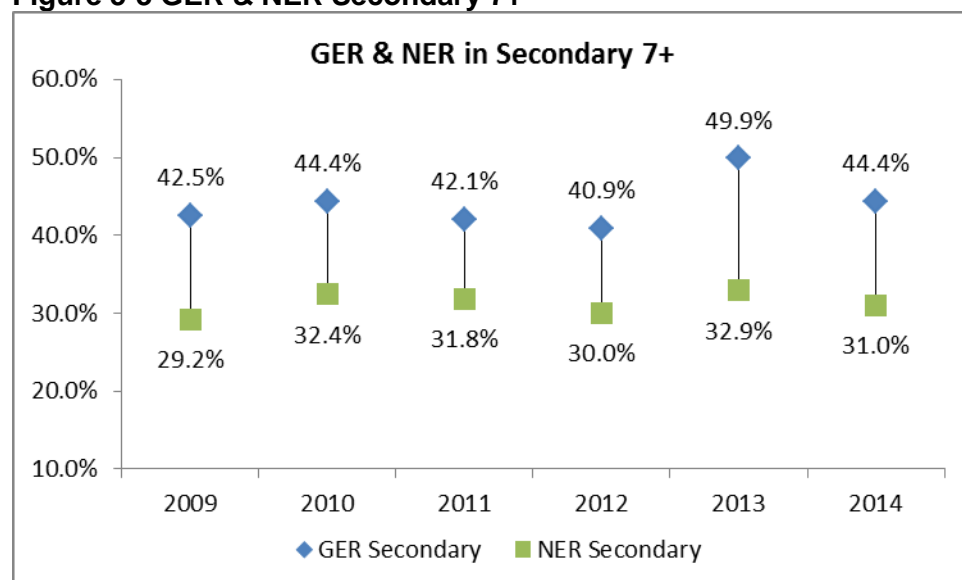
technical institutions such as the rural training centres, the Vanuatu Institute of Technology or in any post-secondary institutions in the country.

**Figure 5-2 GER & NER Primary Education 1-6**



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**Figure 5-3 GER & NER Secondary 7+**



VEMIS

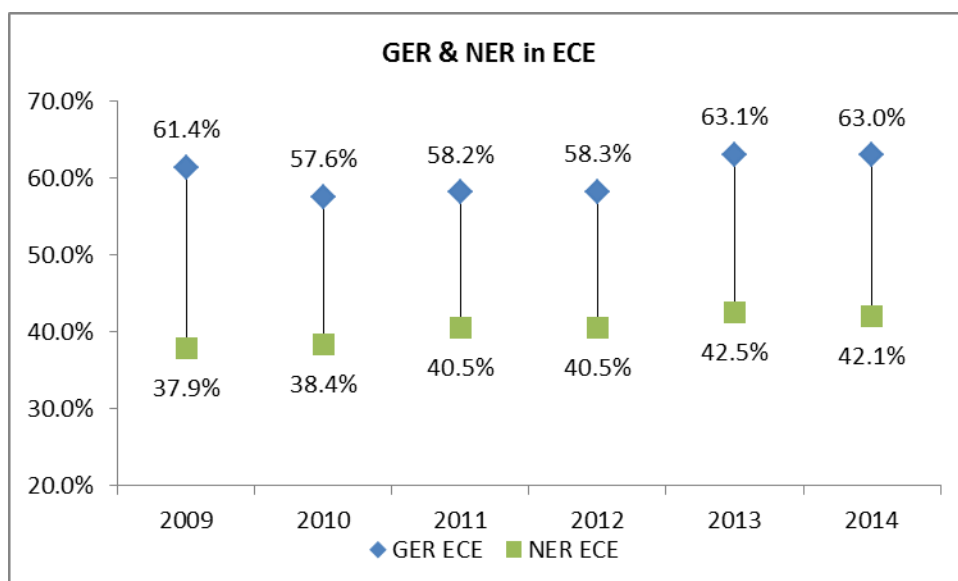
Advancement to formal tertiary studies is another important field within the education sector which absorbs over 8 percent of the recurrent budget of the ministry of education. In 2014, there are 306 new award students of which more than 50 percent of scholars were bachelor degree students.

Progress from formal education to post-secondary institutions and rural training centres varies according to the contexts and the schooling structure of the non-formal tertiary and informal institutions in the country. VEMIS has recorded over 3,000 students in the post-secondary schools in the country namely the Vanuatu Maritime College, VITE, VIT, Vanuatu Agriculture College and Vanuatu Nursing College and the Australian Pacific Training College (APTC) in Vanuatu. The Vanuatu Education Management Information System is not designed to store data on post-secondary and tertiary education. Tertiary education is another training field in the education sector that represents over 650 a year from the recurrent budget.

## 5.2 EARLY CHILDHOOD EDUCATION

Studies have shown very clearly that attending pre-school (also Early Childhood Care and Education – ECCE) is a major factor of success at school in further studies.

**Figure 5-4 GER & NER in ECE**

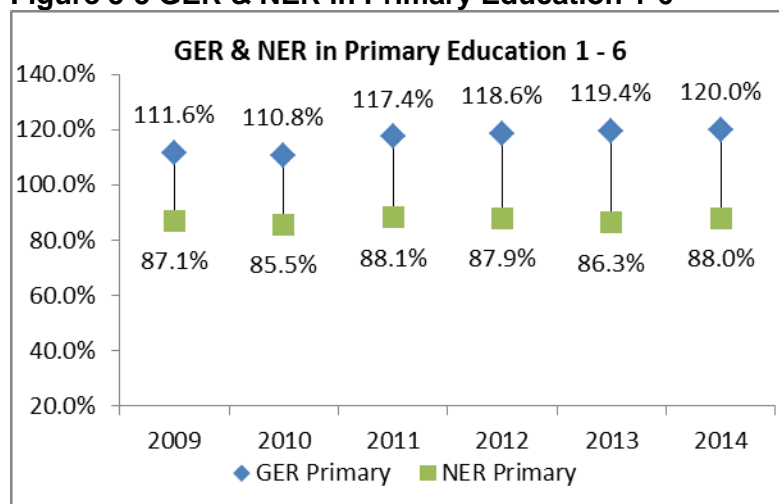


Source: VEMIS

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. The figure above shows that the NER is keeping up just above 41 percent in Vanuatu. More efforts will be made in the coming years to increase this number.

### 5.3 PRIMARY SCHOOL ENROLMENT

**Figure 5-5 GER & NER in Primary Education 1-6**

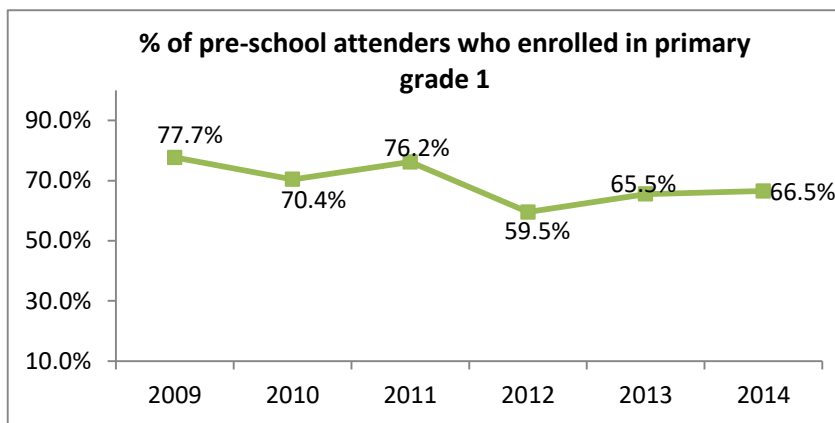


Source: VEMIS

Increasing access to primary education is a priority goal for the Vanuatu Government under the Primary Education Policy that aims to enrol 100 percent 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 had no impact on Net Enrolment Rates. This is mainly due to the number of repeaters and over-aged children at school: in 2014 more than 12,000 pupils aged 12 years old and more in primary schools; an unchanged scenario since implementation of the policy.

A particularly worrying consequence of this trend is that the need for additional school classes and teachers is over-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 has been constant since 2011, reaching an average of 14.4 percent in 2014.)

One of the possible reasons for high repetition and dropout rates is the low rate of enrolment from pre-school, as illustrated in the table here. The percentage of children enrolled in primary schools grade 1 who come out of preschool in 2014 showed a slight increase 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 grade 1 primary school over-aged.

**Figure 5-6: % of Pre-school attenders who enrolled in Primary Grade 1**

Source: VEMIS

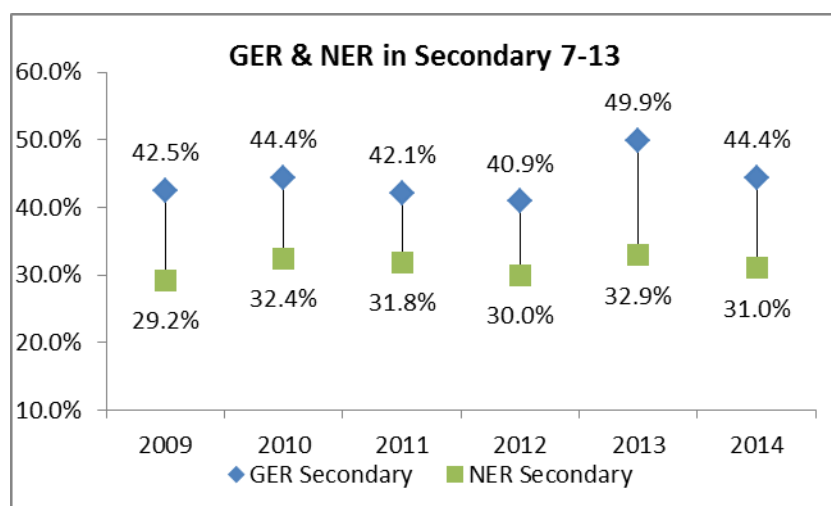
This can be confirmed by persistent low Net Intake Rate in 2014 at 65.5 percent, constant from the previous year.

The promotion rate in primary school for 2014 is in average 80.6 percent which an increase from 78.3 percent the previous year. (The percentage of students who pass from one level to the next one).

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.

#### 5.4 SECONDARY SCHOOL ENROLMENT

The enrolment in secondary school was at 44.4 percent for the Gross Enrolment Rate (Class 7-13) in 2014; a slight increase from annual average rate of 44.3, and 31.0 percent for the Net Enrolment Rate (those children who have the right age for being in secondary school). The NER remains low in Vanuatu since 2009.

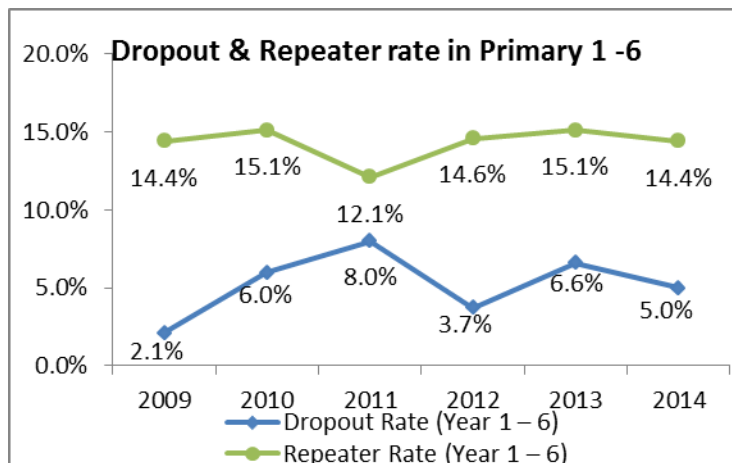
**Figure 5-7 GER & NER in Secondary 7-13**

Source: VEMIS



It is not sure, though, that the actual demand for secondary education is growing much faster, because the cost of secondary education remains high by Vanuatu standards.

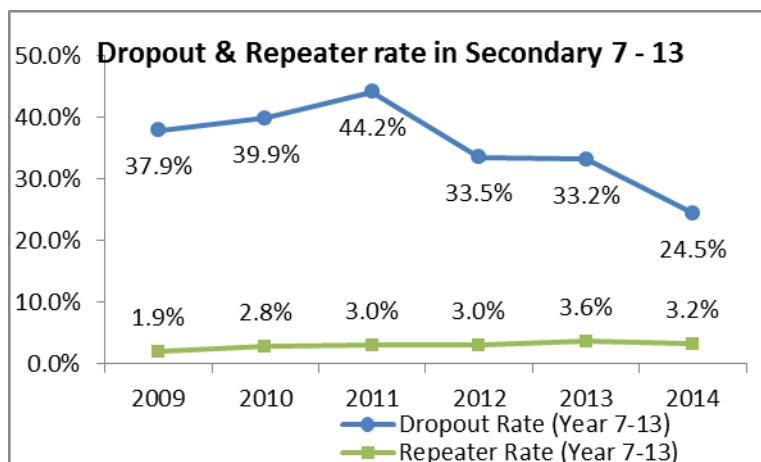
**Figure 5-8 Dropout & Repeater rate in Primary 1-6**



#### VEMIS

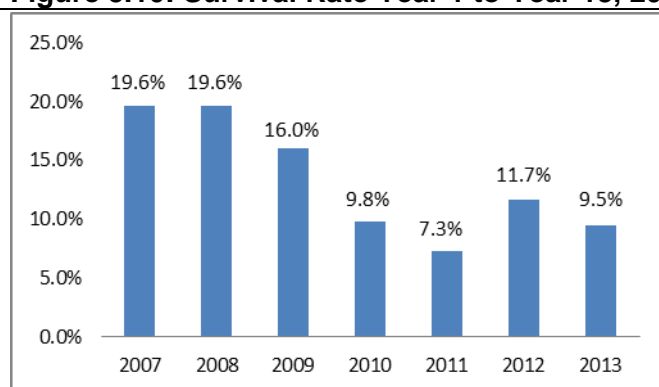
The high cost of the secondary education could be a cause/factor in the high rates of dropout: parents do not want to pay expensive school fees for children who do not look like they benefit from the education provided.

**Figure 5-9 Dropout & Repeater rate in Secondary 7-13**



#### VEMIS

In secondary schools, the repeaters rates are far less important as in primary (3.2 percent compared with 14.4 percent), but the rate of dropouts jumps from 5.0 percent in Primary to 24.5 percent in Secondary, although it shows a continuous decrease from previous year's (since 2011).

**Figure 5.10: Survival Rate Year 1 to Year 13, 2007 to 2013**

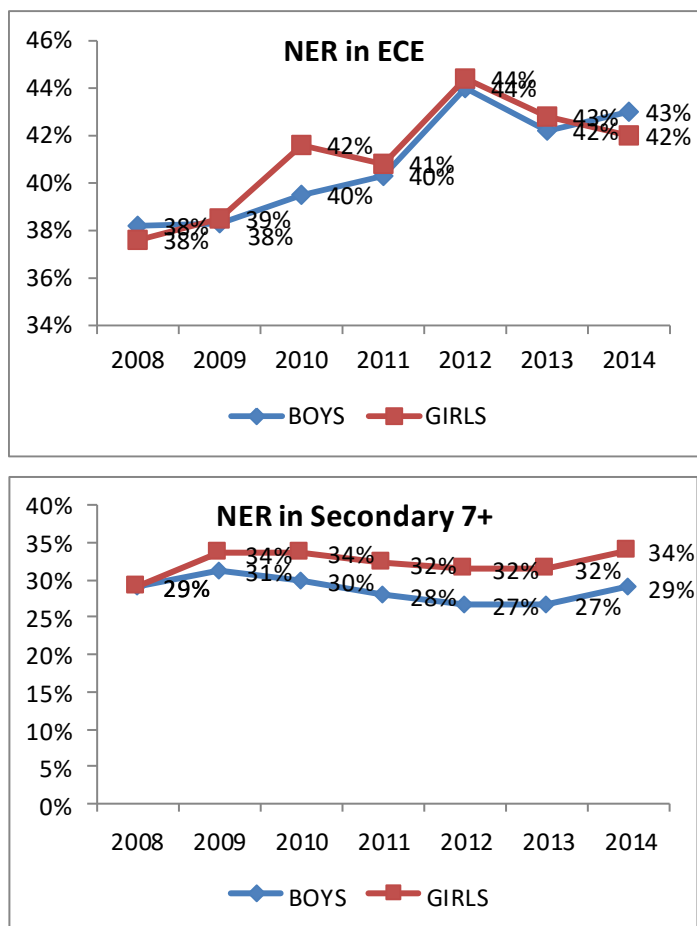
Source: VEMIS, Ministry of Education

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 2011 and 2014, going from 44.2 percent in 2011, down to 24.5 percent in 2014. As the rate of 12 years old that enter secondary school has remained stable at about 70 percent, it means that the education system has been losing in its efficiency to produce end-of-year 13 students (ready to pursue Tertiary Education). As shown in the adjoining Figure, there is some redress though: the Survival rate of Year 1 to Year 13, which had gone down as a result of additional enrolment in Primary, of students who were not prepared to pursue Secondary Education, has gone up from 7.3 percent in 2011 to 9.5 percent in 2013 (meaning that 9.5 percent of the children that were enrolled in Year 1 in 2001 went all the way to year 13 in 2013).

## 5.5 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 proportions, which is reflected in the Gender Parity Index at about 1.00. 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 bigger number of male 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 (Years 13 and 14), because the students that apply for tertiary education scholarships are predominantly males, by a large margin. The figure below shows the respective Net Enrolment Ratios in Pre-school, Primary and Secondary schools. It shows a stronger rate for girls at both Primary and Secondary levels, and reflects the non-discriminatory nature of Vanuatu's education system at these levels.

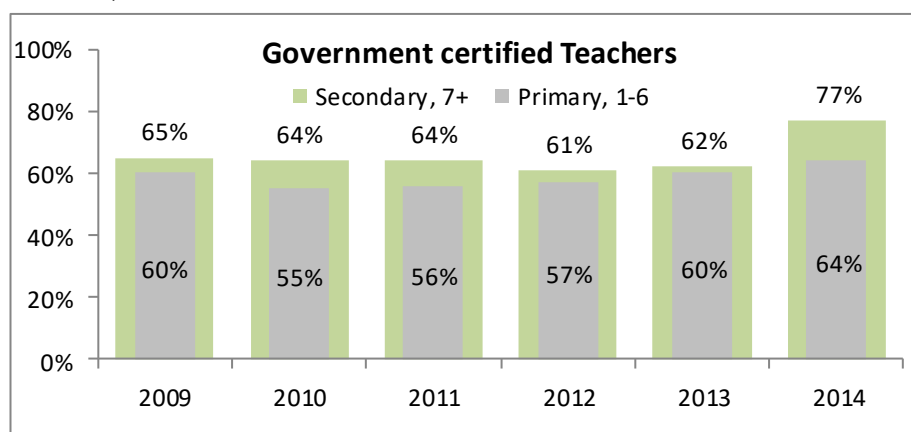
**Figure 5.11 Net Enrolment Rate in Pre-school Primary & Secondary, 2008 to 2014, boys and girls**



Teachers,  
Classrooms and  
Text Books

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.

**Figure 5.12: Teachers certified in Government primary and secondary schools, 2009 - 2014**



Source: Ministry of Education (VEMIS)

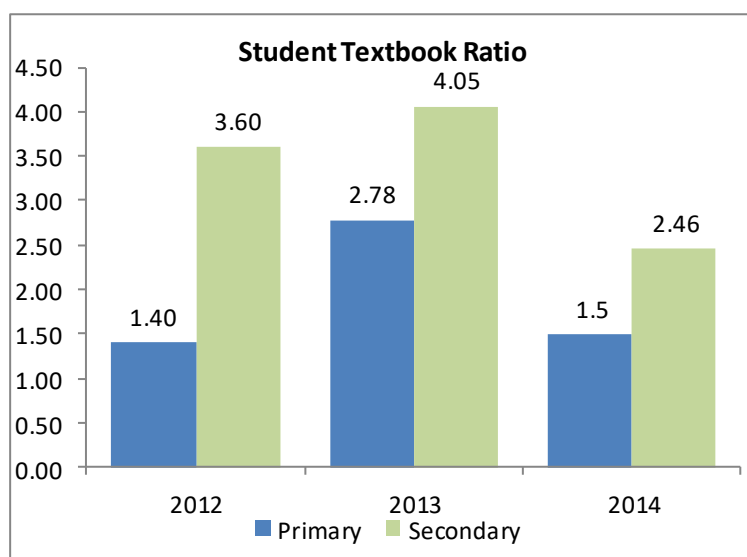
The mediocrity of the examination results at various levels of schooling, particularly at the younger ages could reflect the high proportion of unqualified teachers along with other factors such as the rate of teacher absenteeism from the classroom, poor preparation of school lesson plans, inadequate in-service training 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 when the number of school children and consequently teachers is increasing every year.

One important measure of the quality standards in education is the Students/Teacher ratio. As the ratio looks rather good at 25.2 for Primary, and 20.4 in Secondary, as an average in Vanuatu, it also conceals a very large disparity between schools: actually the ratios fluctuate, depending on individual schools. Between 2011 and 2014, primary school teachers were re-assigned through the Provinces to diminish these imbalances. Still inside each province there is still some more balancing to be operated, as the figure above also shows improvement on SHEFA and TAFEA provinces from the previous years.

The availability of classrooms all over the country is also unequal, as the dynamics of demographics and migration are difficult to keep up with, in terms of building new classrooms (it is easier to appoint a teacher to another place than to move a classroom!). Overall, as the situation in Primary seems “stable in average” (while such situation means that classrooms have to be built every year to follow up), the ratio is slowly improving in Secondary, where the situation is worse (with the Student Classroom Ratio at 28.5) than in Primary schools (average SCR at 23.4) and in ECE (average SCR at 19.4).

**Figure: 5-16 Student Textbook Ratio Primary & Secondary**

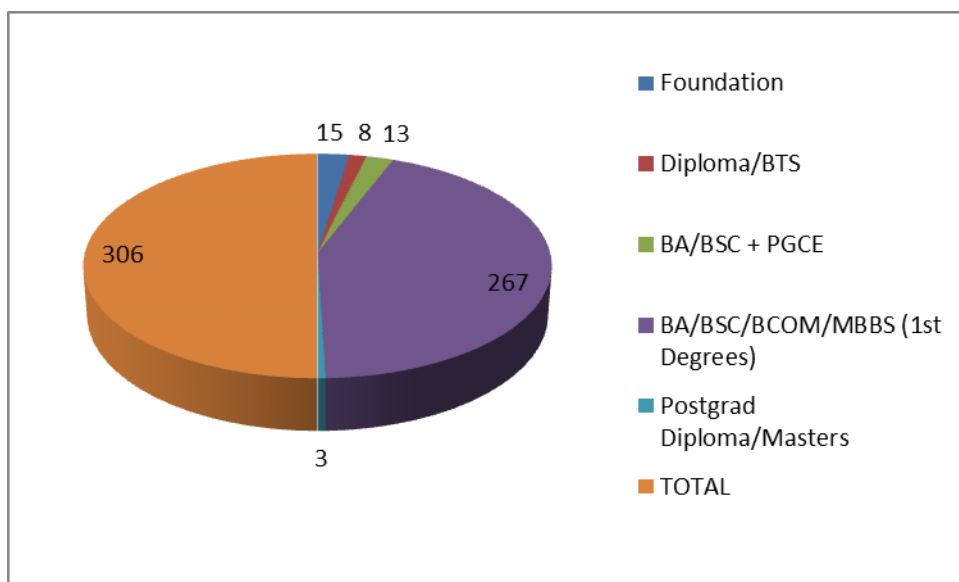


Text Book distribution to schools is every year a financial and logistical challenge. The availability of textbooks for students definitely affects the learning outcomes of a classroom. As shown in the attached figure, there is continuous progress with the Textbook/Pupils ratio for both primary and secondary, and continued commitment important.

## 5.6 TERTIARY EDUCATION

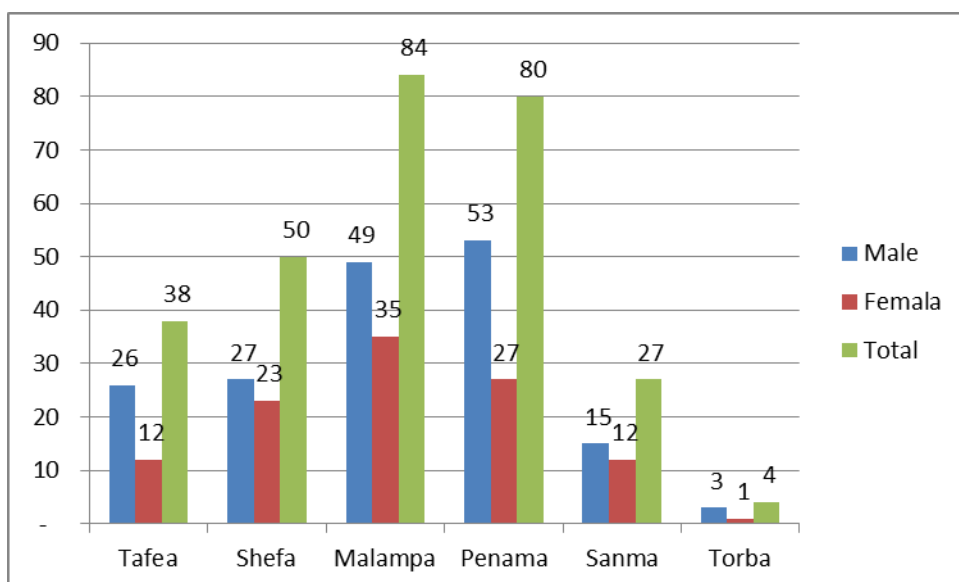
Ni-Vanuatu students benefited from the Vanuatu government scholarships and from other development countries scholarships. A number of Ni-Vanuatu students' scholarships are managed and funded through the Australian and the New-Zealand Assistancess. Below are new awards by government in 2014.

**Figure 5-17: 2014 New Awardees Statistics**



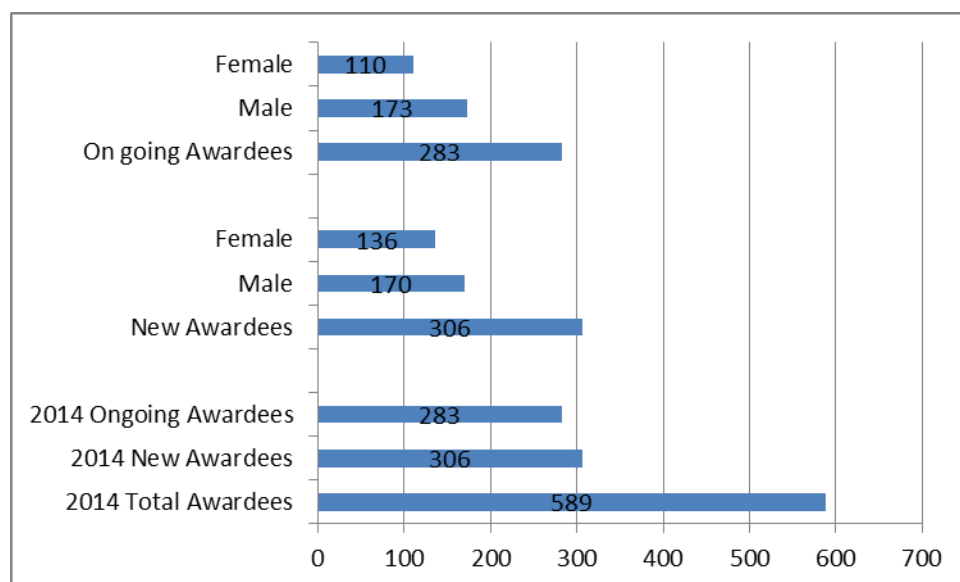
Source: Scholarships Office

**Figure 5-18: Distribution of New Awards by Province & Gender**



Source: Scholarships Office

**Figure 5-19: New and On-going awards by programme of study funded by Government of Vanuatu, 2014**



**Source:** Scholarship office, 2014

The Policy and Planning Unit is not able to provide data on government students who have graduated in 2013.

The award processes for the Vanuatu Government scholarships were highly coordinated by the Training and Scholarship Coordination Unit. The scholarship awards by province is not gender balance except in SANMA and TORBA province where there is equitable share of scholarship awards; otherwise more male students were awarded scholarship through the Vanuatu Government scholarship in 2013, seeing female to male ratio is at 0.58 in favour of boys.

The scholarship applicant's selection process was done by the two technical committees before it gets to the National Education Commission (NEC) for final selection and approval. NEC is a statutory body which is mandated to oversee and coordinate the well management of the scholarship Unit. In 2013, the scholarship awardees were sent to more than 25 different Universities and Institutions in the Pacific Region and few students were sent to the Philippines Institutions for further studies.

## 5.7 IMPROVING PLANNING, FISCAL AND FINANCIAL MANAGEMENT

The Government continues to increase its funds to the MoE showing its financial commitment to the free primary education policy and increased scholarships for tertiary study. In fact MoE gets the largest share of the government budget

## **6. 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.

### **6.1 IMPROVE THE HEALTH STATUS OF THE POPULATION**

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

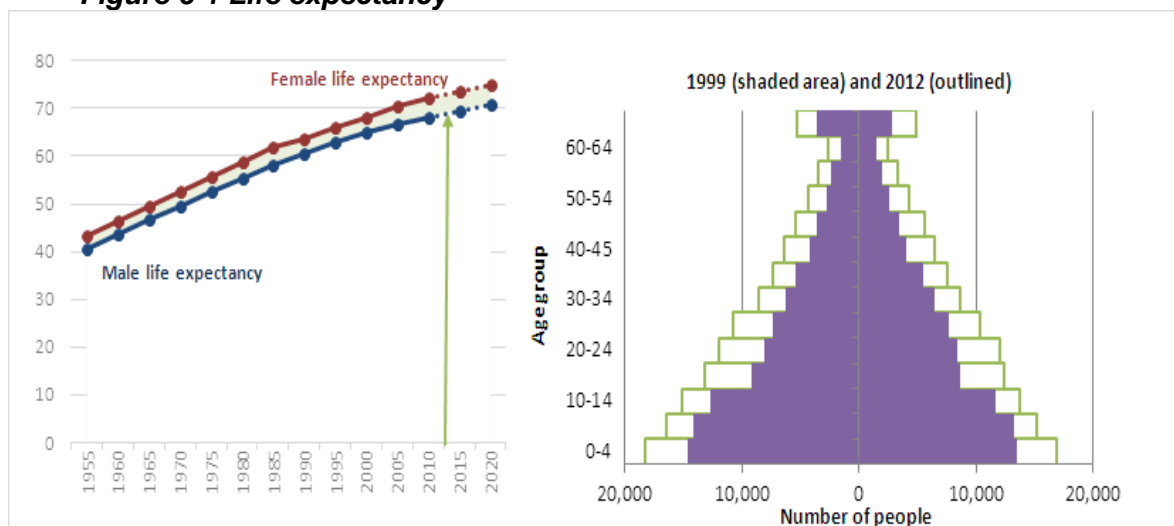
- absence of physical pain, physical disability, or a condition that is likely to cause death;
- emotional well-being, and
- Satisfactory social functioning.

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.

### **6.2 LIFE EXPECTANCY AND POPULATION GROWTH**

Life expectancy at birth; male and 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.

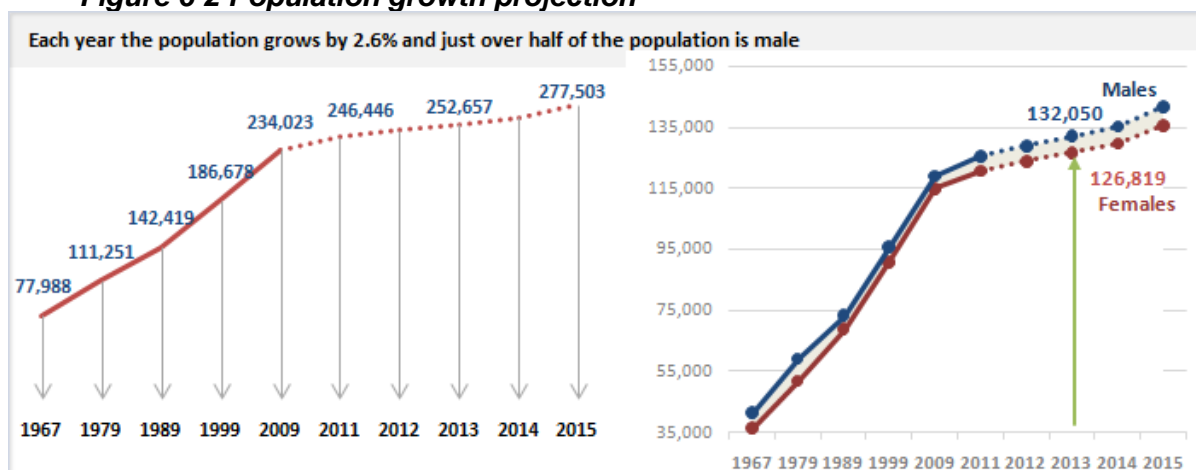


**Figure 6-1 Life expectancy**

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 6-2 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 6-2 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.

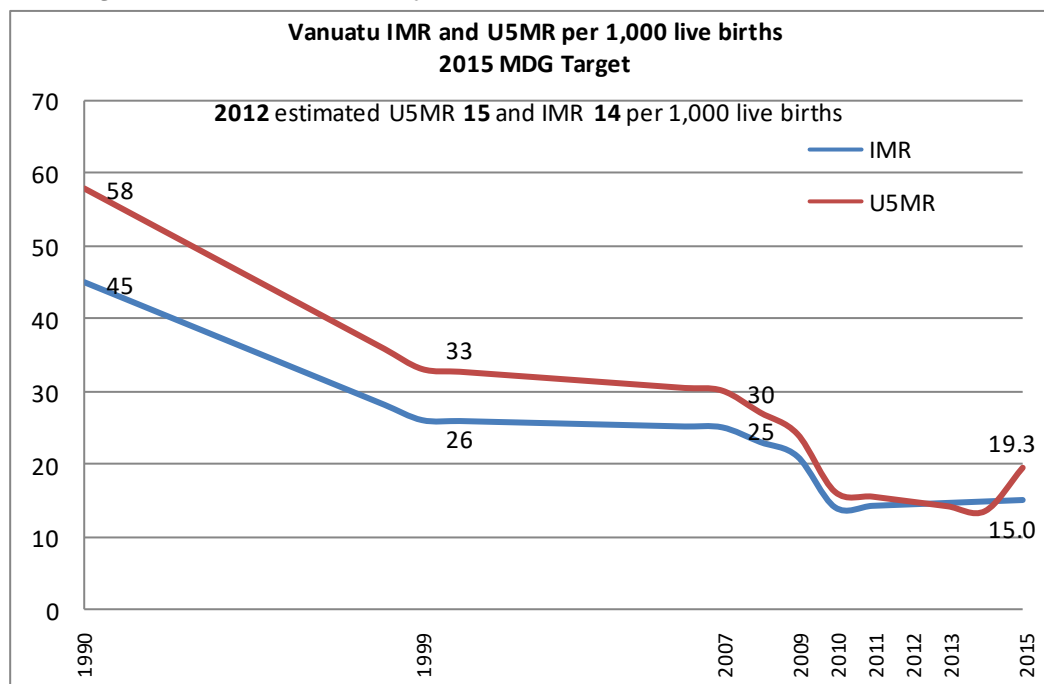
Vanuatu has a young population with 45 percent aged 15 and younger and an ageing population given the estimated life expectancy at birth rising to 71.5 years by 2010-2015. This means that the MoH will be increasingly facing both childhood and elderly diseases, and both communicable and non-communicable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

### 6.3 INFANT MORTALITY AND UNDER-FIVE MORTALITY

Figure 6-3 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 6-3 Infant Mortality**



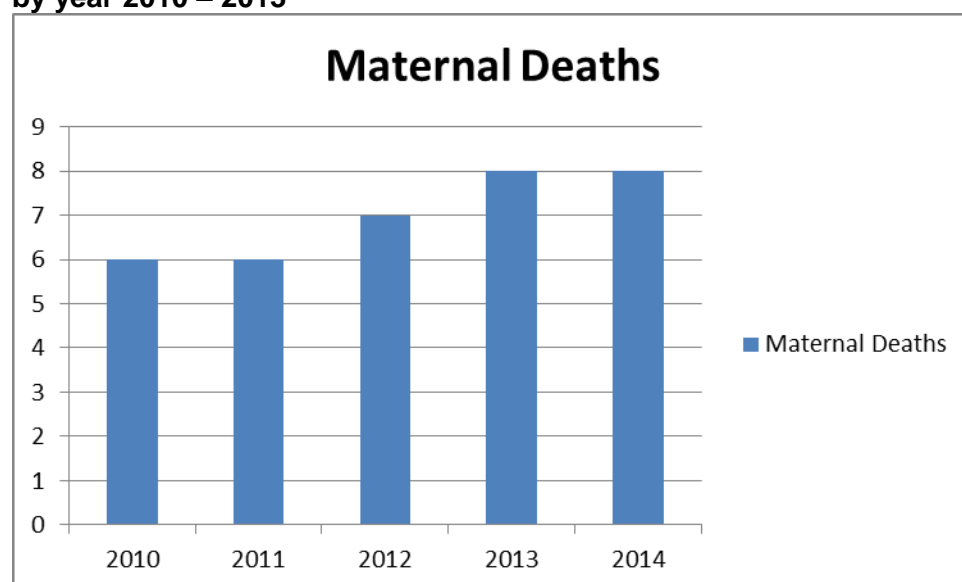
Source: VNSO

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 percent 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.

## 6.4 MATERNAL MORTALITY

The Ministry of Health keeps records of morbidity and mortality annually. In 2014 there were eight maternal deaths although the actual number could be higher. Chart below shows increase in maternal deaths steadily from 2010 to 2014.

Maternal mortality is an important indicator of societal health and development and a particularly sensitive indicator of health system performance, hence its inclusion in the Millennium Development Goals. Every woman has the right to quality health care, especially a pregnant woman or a new mother. The maternal death review committee does a thorough job of tracking and investigating maternal deaths across Vanuatu. Tracking the number of maternal deaths and associated indicators is essential in ensuring every woman has access to maternal care and treatment of obstetric emergencies.

**Fig 6.4: Total number of preventable and unpreventable maternal deaths for Vanuatu by year 2010 – 2013**

Source: Maternal Death Review Committee, Vila Central Hospital

## 6.5 HEALTH INDICATORS

The goal of achieving malaria target as requirement of millennium development goal by 2015 is on tract. It has dropped from 25/1000 in 2011 to 4/1000 in 2014. Infant Mortality rate (IMR) has also been reduced from 25/1000 in 2007 to 21/1000 in 2009. Crude Birth Rate has increased from 27/1000 in 2007 to 31/1000 in 2009. This is reflected in the current birth rate of around 2.4 percent. The other health indicators have remained stagnant due to several factors of which a major factor is lack of proper data to monitor them.

**Table 1: Health Indicators** ( refer to Appendix 1)

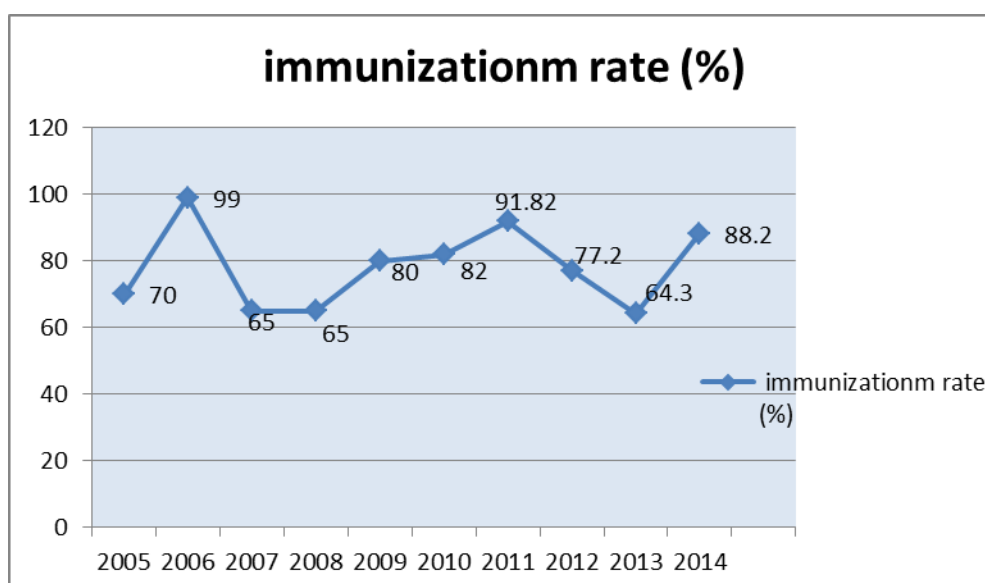
Indicator	Proportion	Year	Source
Vanuatu Population	271,087	2014	2009 Census projections
Infant Mortality Rate (IMR)	28/1000	2013	2013 VDHS
Maternal Mortality Rate (MMR)	79/100,000	2014	MoH data
Crude Birth Rate (CBR)	33/1000	2013	2013 VDHS
Crude Death Rate (CDR)	5/1000	2014	2009 Census projections
Malaria Annual Parasite Incidence(API)	4/1000	2014	Malaria annual report
% of pregnant women cared for by skilled birth attendants (SBA)	89%	2013	2013 VDHS
Measles (routine coverage)	90%	2014	EPI annual report
BCG (routine coverage)	95%	2014	EPI annual report

Access to improved water sources	91%	2013	2013 VDHS
Access to improved sanitation facilities	52%	2013	2013 VDHS

### 6.6 IMMUNIZATION COVERAGE (PENTAVALENT 3 AND MEASLES)

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

**Figure 6-5 Immunization coverage**



Source: HIS

Figure 6-5 shows that the 2014 immunization coverage was at 88.2 percent high, a huge improvement from 64.2 percent reported in 2013. Notable 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.

### 6.7 MORBIDITY AND MORTALITY

The MoH keeps records of morbidity and mortality annually. The table highlights that Circulatory Diseases is one the diseases that most people died from in 2014 showing a percentage 18 percent whereas neoplasm and infections (including TB, viral hepatitis and malaria) shows a 13 and 10 percent and 20 percent for respiratory conditions (above 5 years) were treated at the health facilities.

Keeping comprehensive and accurate statistics of notifiable diseases is of paramount importance. Such statistics help the Ministry of Health to assess the health situation and develop intervention programs.

Currently with the proper reporting system in place within HIS unit the Ministry will be having better data's in the upcoming years.

## A. Mortality

**Table 2(a) showing the Mortality: Top 10 causes of death**

1. Circulatory Disease (including ischaemic heart disease, hypertensive disease, pulmonary heart disease and cerebrovascular disease)	18%
2. Neoplasms	13%
3. Infection (including TB, Viral Hepatitis and Malaria)	10%
4. Diabetes (Type 2)	8%
5. Chronic respiratory disease	5%
6. Diseases of the genitourinary system (primarily Renal Failure)	5%
7. Maternal deaths	5%
8. Perinatal disorders	5%
9. Pneumonia/Acute respiratory infection (primarily in children)	4%
10. Injuries	3%
<i>Other conditions not elsewhere classified and ill-defined</i>	12%

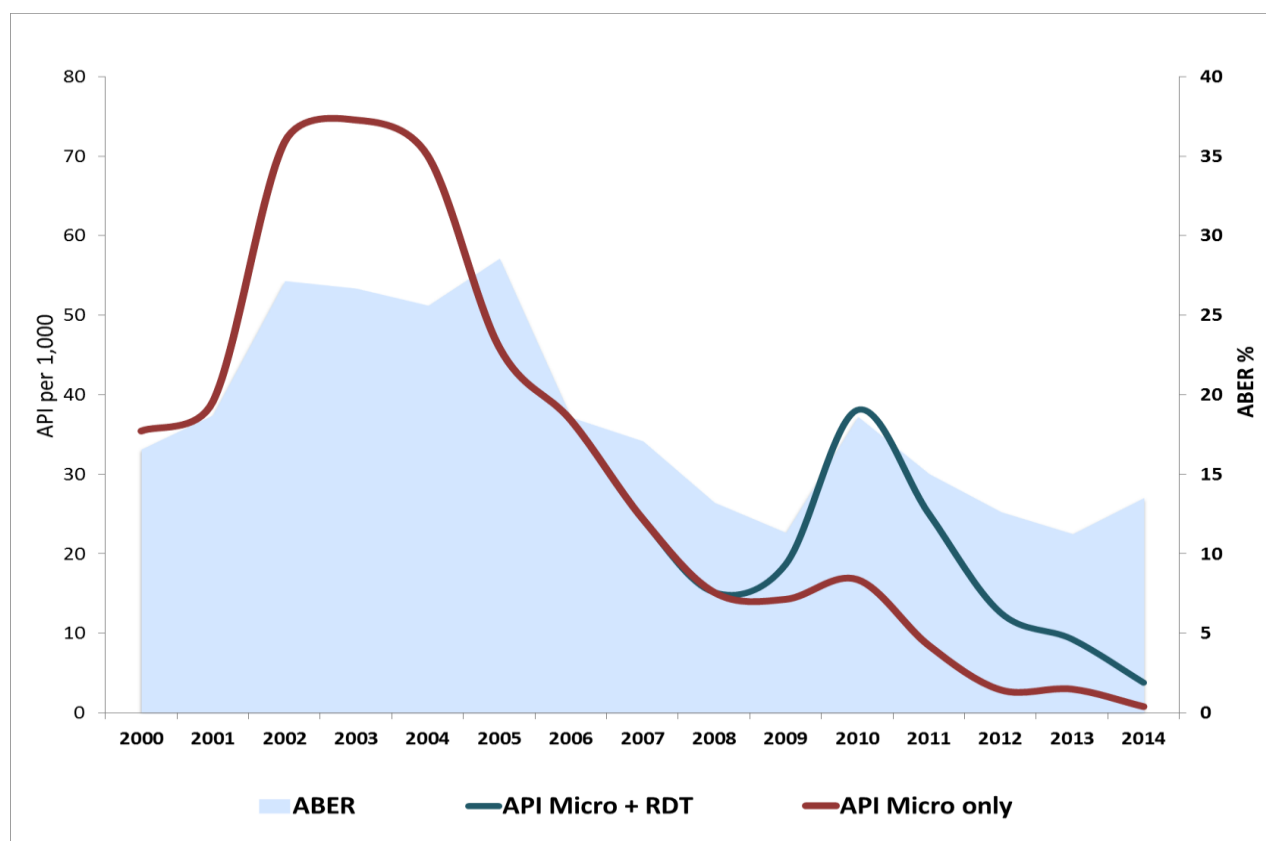
## B. Morbidity

**Table 2 (b): Morbidity: Top 5 types of conditions treated in health facilities**

1. Respiratory conditions (above 5 years)	20%
2. Environmental health conditions (including diarrhoea in adults)	16%
3. Acute Respiratory Infections (ARI) in infants	8%
4. Diarrhoea in infants	3%
5. Injuries and Musculoskeletal conditions	2%

## 6.8 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 9 per 1,000 in 2013 (figure 6-8). 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.

**Figure 6.6** Graph showing Annual Parasite Incidence rate (API) 2000 - 2014

The trend of API (proxy API), using the standard microscopy diagnostic source as a proxy measure for comparing the evolution of API relative to the period before 2009 prior to scaling up diagnostic services using the malaria rapid diagnostic test, has decreased from 18/1,000 reported in 2009 to 0.8/1,000 of the population reported in 2014. Mass training and the distribution of the new Rapid Diagnostic Tests (RDTs) and Coartem to health facilities at all levels of the health system since late 2009, has resulted in increasing coverage of health facilities up to 91 percent and more in 2014. The "Actual reported API" in 2013, based on a combined microscopy and RDT diagnostic source, was 9/1,000 - a continuity of significant decline since 2010. The relative reduction of "Actual reported API" between 2010 and 2013 was 73 percent and the relative reduction of "Proxy API" for the same period remains as 82 percent, a remarkable achievement during the last four years. In 2014 the target set was reaching 10/1,000 for "Actual reported API", in other words the total confirmed cases using combined RDT and Microscopy. For "Proxy API" the target set for 2014 was 2/1,000 population. Based on those targets the program amazingly achieved more below targets of 4/1,000 and 0.8/1,000 population on "Actual reported API" and Proxy API". This is a great achievement.

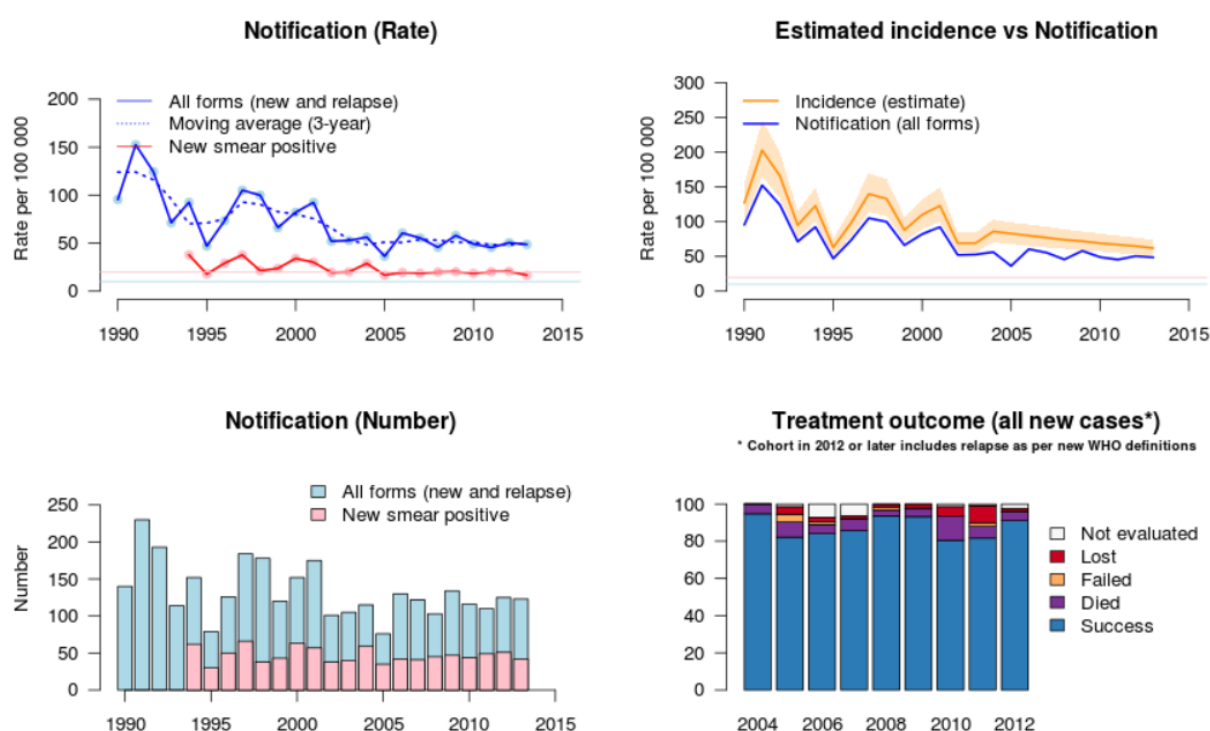
## 6.9 TUBERCULOSIS AND LEPROSY

The National Tuberculosis Program (NTP) has two main objectives:

- ❖ To reduce mortality, morbidity and transmission of tuberculosis infection until it no longer poses a threat to the general population and;
- ❖ To prevent development of drug resistant tuberculosis.

Tuberculosis is a national concern in both urban and rural settings. From 2000 to 2007 the average yearly prevalence rate was 6 cases per 10,000 inhabitants, what corresponds to 120 TB cases a year in Vanuatu. In addition this is an overview of the TB trend in the last 10 years. Since the introduction of DOTS in 1999, and with the external support from donor partners, Tuberculosis in Vanuatu has been significantly reduced. However, the current trend indicates that despite the tremendous efforts made over the last 5 years since 2005, the figure does not increase or reduce further but rather a constant figure was observed, which is about 110 -130 TB cases detected and treated annually, with 60-68 percent were new smear positive TB cases out of the total TB cases detected. This is below the WHO target of 70 percent. Otherwise, the treatment success rates were maintained at 85 – 90 percent for those detected and treated. The graphs below shows the trend for the last ten years.

**Figure 6.7 Showing rates of Tuberculosis**



**Table 6.3: Leprosy activities**

Activity	Media Outlet	Number conducted	Funding Source
Radio Spot	FM 98	6 spots aired/day x 2 months period	PLF
Radio program	National Radio Broadcast (RV)	1 recorded program aired weekly	PLF
Press Release	Daily Post (Ltd.)	1 published article	PLF
Leprosy Screening		Screening conducted – 3 new cases identified in Santo and 1 on Pentecost	PLF

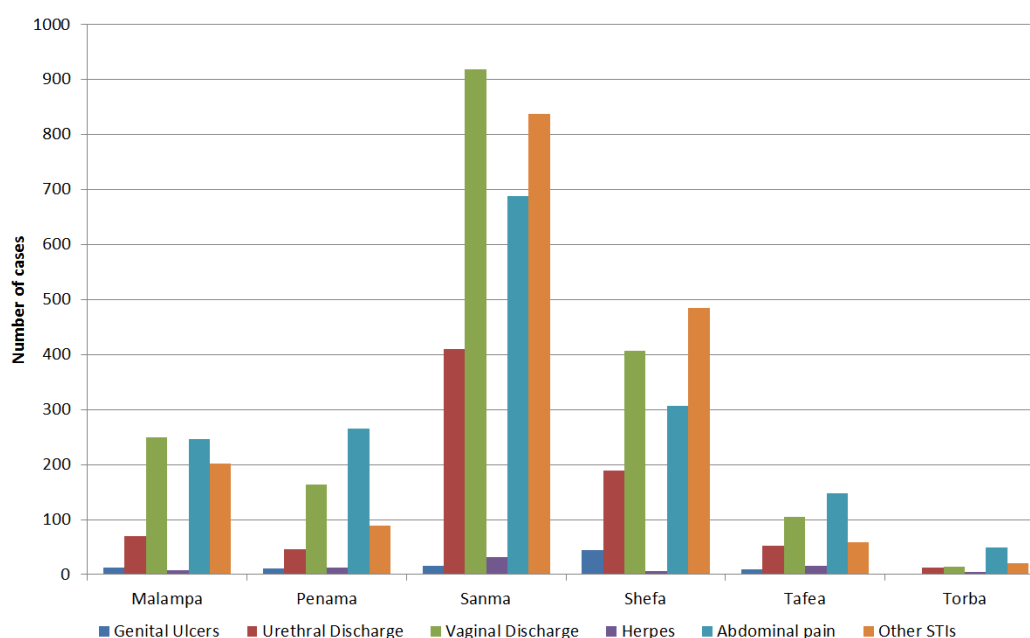
The outcome of the campaign has some impact on the general population. 4 new leprosy cases have been detected and treated. More than 5 people called in for more information and 2 people showed up at the office for examination.

## 6.10 SEXUAL TRANSMISSION INFECTIONS

Sexually transmitted infections (STI) were once identified as highly prevalent. In 2014 it shows that there is an increase of 30 percent in women with vaginal discharge whereas 27 percent for abdominal pain and other STIs however there is a very low percentage for other STIs such as genital ulcers, urethral discharge and herpes.

Refer to the graph below where it shows total of STIs amongst the provinces of Vanuatu. (Refer to Appendix 1 for other information).

**Figure 6.8 showing STI cases by condition/syndrome per province for 2014**





### 6.11 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 2013 top 10 causes of morbidity and mortality reflects severity of NCD problem in Vanuatu (fig. 6.6, 6.7). The data from the NCDs step survey conducted in 2012 shows that over 40 percent of both male and female are overweight and 10 percent of males and 22 percent of females are obese. The MoH is facing the challenge to deal with early detection and vigorous treatment to avoid complications and premature deaths. Lifestyle changes and lack of physical exercise are main contributing factors to NCDs.

### 6.12 ENSURE EQUITABLE ACCESS TO HEALTH SERVICES.

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

In 2014 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.

**Figure 6.4: Distribution of Health Facilities and Administration**

Type of Institution	TORBA	SANMA	PENAMA	MALAMPA	SHEFA	TAFEA	Total
<b>Executive and National Administration</b>					1		1
<b>Provincial Health Administration</b>	1	1	1	1	1	1	6
<b>Referral hospitals</b>		1			1		2
<b>Provincial hospitals</b>	1*		1	1		1	4
<b>Health Centers</b>	3	8	5	8	4	3	31
<b>Dispensaries</b>	5	19	23	19	20	13	99
<b>Aid Posts</b>	22	42	43	44	40	29	220
<b>Public Health Program Offices</b>	1	1	1	1	2	1	7

Source: MoH, 2013

\* Hospital yet to be fully functioning.

### 6.13 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.

In 2014 there were 1,259 government health workers according to the MOH records, including 46 medical practitioners, 335 nurses, and 62 midwives. This number has been the same since 2012. 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 for both years, a significant improvement from 2010 is still below the WHO recommended threshold of 2.3 health workers per 1,000 population.

**Figure 6-5 Health workers (clinicians) per population ratio**

Health Professionals	2010		2012/2013	
	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

Figure 6-5 shows the ratio of health professionals per 1,000 populations.

#### 6.14 SCHOLARSHIPS AWARDED FOR HEALTH SECTOR STUDIES

Figure 6-6 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.

**Figure 6-6 Scholarships Awarded, 2013/2014**

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, 2013

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.

## 6.15 DISTRIBUTION OF HEALTH WORKERS BY PROVINCES

Figure 6-13, 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 populations, 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.

**Figure 6-7 selected indicators showing the distribution of public sector health workers by regional area in 2014 Health Professional Group/Cadre**

Health Professional Group/Cadre	Total	MALAM PA (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

The Ministry of Health continued to receive less than 10 % share of the government recurrent budget in 2014, as in the previous year, however the Ministry of Health continues to have substantial support from donor and development partners.

## 6.16 FAMILY PLANNING

Results of the 2013 demographic health survey report (DHS) found that:

- Almost half of the currently married women (49 percent) are currently using some method of contraception.
- Modern methods of contraception account for over three-quarters of total use, with 37 percent of married women reporting using a modern method, versus 12 percent using a traditional method. Female sterilization is the most widely used method (used by 11 percent of married women), followed by pills (10 percent) and injectable (10 percent).

## 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 2014.

The Ministry of Infrastructure and Public Utilities (MIPU) administers transport and urban water supply, the Ministry of Lands and Natural Resources (MLNR) drives the rural water supply, and the newly formed Ministry of Climate Change and Disaster Management (MCCDM) is responsible for energy policies and activities.

MIPU went through major restructuring in late 2012, which continued in 2014 and coordinated several major pre-studies and negotiations for major infrastructure projects to be implemented in the coming years:

- Port Vila Urban Development Program;
- Port Vila Tourism Infrastructure Project
- Roads For Development (R4D) Program
- Star Wharf Upgrade
- Luganville Wharf Repairs and Extension
- Santo Road, SANMA
- Vanuatu Inter Island Shipping Program (six provincial wharves)
- Tanna Road Phase I and II
- Malekula Road Phase I and II
- Bauerfield International Airport Upgrade
- 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 ageing 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, Meteorology 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

Other notable activities for 2014 include:

- Vanuatu Infrastructure Strategic Investment Plan (VISIP)

Developed cooperatively by key Government, private, and civil sector agencies in cooperation with donor partners with the main objective to develop an overarching

framework for the identification, prioritisation, planning, funding, and implementation of infrastructure initiatives. With a review completed in 2014, it is expected that in 2015, the VISIP will be used to integrate infrastructure activities.

- Legislation and Policy reviews

Amendments to key infrastructure laws such as: The Building Act, the Public Roads Act, and together with Ministry of Internal Affairs to draft the Traffic Management Act, as well as reviewing maritime legislation and the producing a COM paper on the Transport Infrastructure Maintenance Fund has meant that MIPU is able to move forward with enforcement and management activities.

## 7.1 ROAD CONSTRUCTION AND MAINTENANCE

The Government annually allocates VT500 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.

2014 sees the PWD continuing with 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 twenty eight 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.

**Table 7.1 Kilometres of roads maintained**

YEAR	TOTAL	TORBA	SANMA	PENAMA	MALAMPA	SHEFA	TAFEA
2014(Total road network)	2,575.23km	243.93km	976.80km	426.90km	327km	504km	243.93km
2014 (Total maintained)	846km	46km	337km	74km	130km	263km	14km

Source: MIPU Annual Report 2014

Figure 7.1 shows the estimated number of roads (kilometres) being maintained by the PWD in 2014. It is estimated that 846 km of roads were maintained in 2014. This is approximately 48 percent of the total road network system in Vanuatu. This maintenance work involves bush clearance, rehabilitation, spot improvement, re-gravelling, drainage maintenance and sealing of existing roads. A new road clearing of 10km commenced late last year at South Malekula (Arop to Okai) and is ongoing.

## 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 is 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.

### **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 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 2013, the CAAV collected over VT6, 079,917 in landing, pilotage, airport departure, and other fees, 20 percent more than its budgeted target of 5 million Vatu, deposited into the general budget of the Government.

#### **Airports**

All twenty six (26) domestic airstrips are cyclically maintained by IBCs under current contractual arrangements with MIPU. Specific maintenance activities were also carried out in 2014 at TORBA, MALAMPA (South West Bay strip), and TAFEA (Dillion's Bay, Erromango strip).

Currently, all airstrips have terminal buildings but there are a few which require maintenance and repairs.

### **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 7.1: Total number of new and rehabilitated wharves in 2014**

Year	Total	TORBA	SANMA	PENAMA	MALAMPA	SHEFA	TAFEA
2014	19	1	5	4	3	5	1
Rehabilitated wharves	5	0	1	1	2	1	0

- There are around nineteen (19) wharves throughout the country since 1980. However, many are no longer available due to deterioration over time and severe weather conditions.
- The five (5) rehabilitated wharves include both Star Wharf in Port Vila and in Luganville Symondsen's wharf, currently underway with funding from the Chinese and in the latter, Japanese governments.
- Lolong (Pentecost), Port Sandwich (Malekula), and Litz Litz (Malekula) are all subject to rehabilitation under the Vanuatu Interisland Shipping Project (VIISP).

**Table 7.2: Total number of maintained wharves in 2014**

Year	Total	TORBA	SANMA	PENAMA	MALAMPA	SHEFA	TAFEA
2014	14	0	4	2	2	5	1
%	40	0	10	5	5	15	10

- The wharf in TORBA is no longer in use. There is a need for a new wharf to be constructed as well as a relocation to a more feasible site.
- Within PENAMA province, Narovorovo (Maewo) wharf is no longer used due to erosion from natural disasters over time. There is a need for a new wharf to be constructed as well as a relocation to a more feasible site. Also within PENAMA, the Walaha (Ambae) wharf is rarely utilised due to severe weather conditions.
- MALAMAPA province also has one wharf (Lambubu, Malekula) which is also no longer utilised due to deterioration.
- SHEFA province has declared Laman Bay (Epi) wharf unsafe due to inaccessibility by vessels at low tide.
- There are a number of functional wharves in SANMA province and around Port Vila with a number of privately owned wharves as well in operation. Some of these also require upgrading as International Signal Point Codes (ISPCs) must be adhered to.
- The total percentage of wharf maintenance around the country sits at 40% which is below average, with the most recent maintenance drive being carried out in 2010. Since then, a number of wharves have been earmarked for rehabilitation through the VIISP and Lapetassi wharf projects, and as part of routine GoV maintenance within MIPU programming.
- In addition to wharf rehabilitation, there is also a dire need for construction of warehouse facilities in several provinces including PENAMA (Lolong), Port Sandwich (MALAMPA), and Lenakel (TAFEA).



The Shipping Unit (SU), within the Department of Ports and Marine has a chief role to enforce safety regulations and assess seaworthiness of vessels transporting goods and passengers around Vanuatu. The SU issues Seaman Record Books (SRBs), Certificates of Competencies (CoCs), and licenses for those successful applicants who successfully complete and gain relevant qualifications 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 (VIISP) is in the process of undertaking reviews of the maritime sector legislation. Once complete, a restructuring of the department can take place to improve on this sector.

## 7.5 METEOROLOGICAL SERVICES & GEO-HAZARDS

VMGD aims to meet the growing demands of the Government of Vanuatu and all Ni-Vanuatu for improved meteorological and geo-hazards services that will:

- Ensure the safety, security and wellbeing of the people and communities of Vanuatu.
- Contribute to achieving national sustainable development.
- Fulfil Vanuatu's commitments and obligations under relevant regional and international agreements and conventions.

The objective of the VMGD is to meet the needs of all people living in Vanuatu for meteorological and geo-hazards information, understanding and services that are essential for their safety, security, and general well-being, and to ensure that meteorological and geophysical data and knowledge are effectively applied to Vanuatu's National Goals. Key achievements include;

- New Meteorological and Geo-hazard Act that integrates laws related to meteorology, geo-hazards and climate change.
- integration of the Climate Change and Disaster Risk Management (DRR) into national policies and planning (new National sustainable development Plan (NSDP) that will succeed the PAA post 2015)
- The VMGD has developed a Draft Strategic Development Plan (SDP) 2014-2023, which will be printed in January 2014.
- Coverage on awareness (pamphlets, posters and leaflets for users)
- Climate Change and Disaster Risk Reduction Policy in draft format.
- 2013 has seen the refurbishment of the VMGD's building and the creation of the new multi-hazards Early Warning Centre.
- The annual budget for 2013 has seen an increase of 7% compared to 2012.

## 7.6 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 7.3 Vanuatu commercial electricity network, 2014**

Concessionaire	Locations	2008	2009	2010	2011	2012	2013	2014

UNELCO	Port Vila	8,859	9,269	9,395	9,786	10,338	11,080	11,956
	Malekula	526	526	538	550	526	558	570
	Luganville	2,163	2,218	2,313				
	Tanna	601	632	653	662	682	875	962
VUI	Luganville				2,302	2,349	2,551	2,636
Total no. of electricity company customers in Vanuatu as of Dec 2014		12,149	12,645	12,899	13,330	13,895	15,064	16,124

Source: URA Report 2014

Government policy emphasises the need to increase access to electricity for the urban and rural population. Figure 7-3 above shows that all four concession areas have increased in the number of customer connections as follows;

- Luganville, there were 85 new customer connections with VUI
- UNELCO saw a rise in all three locations around Vanuatu with: Efate - 876, Tanna - 87, and Malekula – 12.

## 7.7 RENEWABLE ENERGY

In 2013, 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 7.4 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 by early 2013 reached 4.4MW out of 31.5MW or 14 percent of the total installed generation capacity.

## 7.8 MOBILE PHONE NETWORK COVERAGE

Since the introduction of competition in the telecommunication sector, mobile coverage has increase rapidly. Total number of mobile phone subscribers for Vanuatu was estimated to be 150,000 in 2013, and the present network cover 92 percent of the population. It is estimated that mobile coverage for Digicel is around 90 percent of the population while TVL is around 70 percent of the population.

## 7.9 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 and Luganville). The PWD allocated approximately 36 million Vatu from its annual

budget 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. PWD requested the Utilities Regulatory Authority to undertake a tariff review the findings of which would be released in 2013 and as the result, the URA commenced public awareness and consultation meetings during the 4<sup>th</sup> Quarter of 2012 into the early months of 2013 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) database showed a total of 28 water projects approved by the DSPPAC in 2011 for rural communities. Since 2012, only 5 rural water supply projects were approved with a total value of VT25 million and funds have been disbursed by the donors. There are other water projects currently being implemented by the NGOs, however the lack of updated information of project locations and names of NGOs implementing such projects makes it difficult to provide a complete assessment on water supply improvements in the rural areas.

#### **7.10 CHALLENGES FOR INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE**

The absorptive capacity of the ministry to deliver on project objectives is limited by under-staffing, inadequate budget, lack of technically qualified Ni-Vanuatu staff in key positions and ageing equipment.

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.