



THE REPUBLIC OF VANUATU

ENSURING STABLE GROWTH FOR 35 YEARS



VANUATU FINANCIAL SERVICES COMMISSION (VFSC)



GEORGE ANDREWS
Commissioner



MR. SIMEON MALACHI ATHY.
Governor, Reserve Bank of Vanuatu.

The Reserve Bank of Vanuatu has a flawless record of success, for over 35 years, in achieving its core mission of providing the right conditions to build a strong and resilient economy by ensuring confidence and stability in the country's financial system. The country's GDP growth trend,

notwithstanding its variability over the years, has been generally smooth since the country's independence in 1980, providing therefore the added precondition for such a success.

"We try, first of all, to secure stability," says the Reserve Bank's Governor Simeon Malachi Athy. If financial stability is the key to confidence, Vanuatu's economic growth -- averaging over 3.0% a year -- is indeed promising.

To consolidate its international reputation as a strong financial center within the South Pacific Island region, the Reserve Bank together with its peer local authorities is advising the Government of Vanuatu to strengthen and improve its financial legislations and framework.

"I think the most important thing is to make sure that we continue to adhere to the FATF requirements by passing most of the priority legislative deficiencies highlighted in the review to Parliament," says Mr. Athy. While finance holds a key promise for growth and investments in the economy, the agriculture sector remains the mainstay of the economy. "The growth of the tourism sector over the years has been and continues to be very strong. And to me, it made a lot of sense for the country to focus its attention on that sector because it's really our main advantage given its close linkages to the many other sectors, like agriculture and infrastructure," says Governor Athy. "I believe together with the other government plans, the infrastructure developments currently taking place will eventually attract more foreign investments into Vanuatu." ■

PROVIDING FOR VANUATU SINCE 1986



VANUATU NATIONAL PROVIDENT FUND

Established in 1986 by an Act of Parliament of the Republic of Vanuatu

For 30 years, the Vanuatu National Provident Fund (VNPF) has been a crucial element of Vanuatu's financial sector by providing retirement benefits to the Ni-Vanuatu.

As Vanuatu does not have a government-funded social welfare scheme, the VNPF is a safe way for the people of Vanuatu to make sure they will be able to provide for themselves and their loved ones, once they can no longer work.

Designed to safeguard the interests of its members and to assist in financing the social and economic development of the country, the VNPF invests its

members' contributions in a number of approved financial instruments -- such as government bonds and loans, term deposits with commercial banks, offshore investments managed by the approved fund manager, and property -- to generate income. Its current strategy is to focus on investments that will provide a return within 12 months.

Membership is mandatory for all employees in the country between the ages of 14 and 55. However, those earning less than VT 3,000 (USD 26.8) a month, as well as those who are specifically exempted, need not contribute to the fund. While the contribution rate may vary year to year, the

contribution itself is split between employee and employer.

While the main purpose of the VNPF is to maximize and protect Provident Fund benefits to all its members, it may also offer additional benefits to improve the living standards of its members, without putting at risk its primary goals.

In 2015, following Tropical Cyclone Pam, which caused a damage amounting to USD 360.4 million, the VNPF returned 20% of all its members' savings -- over VT 8.8 billion (nearly USD 79,000) -- within six months of the natural disaster.

The fund was established by an act of Parliament in 1986, and has just celebrated its 30 years of existence. In that time, Vanuatu's economy has steadily grown nearly sevenfold and the country has been establishing itself in recent years as an increasingly attractive global financial center.

In that context, the VNPF is a central institution within the Ni-Vanuatu financial sector, and plays an essential role in the country's socio-economic development. ■

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ENSURING FAIRNESS IN THE ICT SECTOR



With one of the best regulated telecommunications sectors across the Pacific Islands, Vanuatu's rapidly growing Information and Communication Technology (ICT) industry is overseen by the Telecommunications & Radiocommunications Regulator (TRR).

Established in 2009 to facilitate the development of the ICT sector, TRR also manages the radio frequency spectrum to promote national, social and economic development. It issues licences to service providers, the right to operation radio communication devices, as well as the right to import and sell equipment.

TRR thanks the Vanuatu Government for its recognition, trust and confidence to the current Regulator, Mrs. Dalsie Baniala, to lead such a challenging role and functions in this rapidly evolving sector.

The regulatory agency is also responsible for the management of the country code Top Level Domain for Vanuatu, .vu. ■
Find out more at www.trr.vu

EXEMPLARY BORDER ENFORCEMENT



With the difficult task of managing the security and integrity of Vanuatu's borders, Customs and Inland Revenue (CIR) oversees the movement of goods and people into and out of the archipelago's 83 islands.

Working closely with other border agencies such as the Ministry of Agriculture, the Quarantine Service and the Immigration Service, CIR prides itself on working efficiently and effectively, achieving a lot by working within its means. In transforming itself, the department has developed its operating system to a level their regional counterparts are trying to replicate. "We strive to be a shining example to other governmental organizations, internally and externally," says CIR Director Benjamin Malas. With over 90 employees spread across the island nation, with main offices in Port Vila and Luganville and provincial centers on several other islands, CIR collected VT1 billion (US\$9.4 million) in surplus revenue in 2016 by carrying out its tasks from intercepting contraband and enforcing import and export restrictions to collecting customs duties and other taxes. ■

A NEW PORTFOLIO OF INVESTMENT OPPORTUNITIES

Vanuatu Investment Promotion Authority

With a nearly 20-year history, the Vanuatu Investment Promotion Authority (VIPA) seeks to promote investment opportunities in the island nation, creating win-win situations for investors and the Ni-Vanuatu people.

The Authority is in the process of moving to its new headquarters in the French embassy, where it will set up a one stop shop with other agencies to expedite and facilitate investment procedures. VIPA's acting CEO, Raymond Vuti, also wishes to develop a portfolio of specific investment projects that are especially promising for the country's development.

Tourism is currently the top priority. However, Vanuatu's tourism product is primarily centered in Port Vila. With 80% of the population residing in other islands, VIPA's goal is to develop new tourism activities to reach them.

Ultimately, these investment projects will create a virtuous cycle by generating employment, using more renewable resources and increasing the value of the country's exports. ■

AIRPORTS VANUATU LIMITED Expanding Vanuatu's Airport Capacity



With half of Vanuatu's GDP coming directly from tourism, the remote island nation relies heavily on its airport infrastructure to sustain its economy. Indeed, with approximately 300,000 international and 200,000 domestic travelers passing through Vanuatu's main hubs of Bauerfield, Pekoa, and Whitegrass airports annually, the country depends on the aviation industry not only to bring in tourists, but also to connect its 83 islands. Airports Vanuatu Limited (AVL), a state-owned enterprise dedicated to providing safe, secure and efficient access to tourism, trade and investment in Vanuatu, has been working hard on upgrading the country's airport infrastructure in order to grow its tourism capacity.

"Not having an international airport capable of accessing long-haul travel markets directly has been a limiting factor for us over the years—until now!" says AVL CEO Jason Rakau. "With upcoming planned infrastructure upgrades, we are moving into a new era for the country." Indeed, through the World Bank's Vanuatu Aviation Investment Project, the country has been able to secure funding of US\$73.9 million to upgrade its international airport infrastructure.

With new airport pavement upgrades commencing this year to cater for wide-bodied aircraft operations and forecasted to last for the next 20 years, upgrading other associated airport infrastructure is a necessity. "We cannot simply upgrade our runways and expect that this in itself will achieve our objectives," says

the CEO. "All airport infrastructure require some form of upgrades and this is what we are working on now. It is a big step we are taking and airport infrastructure upgrades are certainly not cheap," he adds. "However, for a small Pacific island nation, this infrastructure is critical to sustaining economic growth and we are ensuring that upgrades will help stimulate this growth for Vanuatu into the future". While Vanuatu's airports are already fully operational, these upgrades will have significant knock on effects on the rest of the tourism industry. ■

RELIABLE, AFFORDABLE AND FAIR UTILITIES SERVICES

The Utilities Regulatory Authority (URA), the regulator of electricity and water services in Vanuatu, increases access to safe, reliable and affordable electricity and water services to homes and businesses in Vanuatu.

Created in 2008, URA approves tariffs for electric and water services for private providers and state-owned companies. Responsible for ensuring safety and reliability of services, URA assists in resolving consumer disputes. It also advises the government on policy and electricity and water-related legislative matters. Vanuatu's significant renewable resources include: wind, hydro, solar, geo-thermal and bio-fuel. "Our utilities offer reliable, good quality services at competitive prices in the region that makes Vanuatu an attractive destination for new businesses," says URA's CEO, Dr. Hasso Bhatia. "Our primary goal is to assure power and water on demand at reasonable prices to all consumers and to promote business growth in Vanuatu." ■

Find out more at www.ura.gov.vu



Delivering Service Through Partnership

Vanuatu Project Management Unit
VPMU



<http://vpmu.gov.vu>