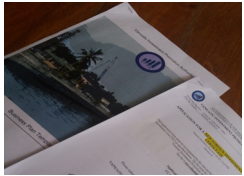




**Business Planning;  
Success or Failure**



**VIPA Presence in  
Santo**



**VIPA Application  
Changes**



**INVESTMENT**

# *Insight*

A bi-annual publication by VIPA

## **Planning for Success; The Importance of Business Plans**

Vanuatu's appeal as an attractive tourist destination in the South Pacific has in equal opportunity brought in many foreign investors established here today. It is quite common to find that many foreign investors established both in Port Vila, Luganville and other outer islands were once visiting tourists who had fallen in love with the country either for its beauty, its people, easy going lifestyle or all of the above!

Yet as beautiful and laid back as it may come, a small and growing country like Vanuatu presents numerous challenges when the tourist becomes the trader. This is where the

importance of planning, planning and more planning comes into effect. One that VIPA strongly encourages current or prospective business adventurers to take heed.

On average the Certification and Implementation Division of the Authority registers approximately 100 new and approved foreign investment applications in a year. For new investor's information on the necessary steps to undertake (a total of seven) are provided in order to establish their business presence in Vanuatu. These seven steps include registering at VFSC, VIPA, and residency permits with Immigration. It





also applying for business license and VAT, applying for a work permit from labour, if the investor wishes to recruit foreign workers and registering with VNPF.

For a Foreign Investment Approval Certificate (FIAC) a new investor is required to provide key supporting documents including a police clearance from their country of origin and passport copies. These supporting documents are provided with an investor's business plan. This plan should detail the bulk of market research any investor has done to support their business proposal in the country.

### **Market**

According to 2016 statistics data the population of Vanuatu sits at 270,402. In comparison to its Melanesian neighbours Vanuatu has a small population yet the country holds one of the highest population growth rates in the South Pacific at an annual rate of around 2.2%. This determines potential for Vanuatu's future in FDI. More people will mean increased demand in goods and services consumption and further opportunities for export. Vanuatu's tourism industry has opened up numerous opportunities for investments that focuses on a range of target markets from overseas. Apart from the obvious accommodation and food services targeted at tourists, Vanuatu's tourism industry has more opportunities for developing specific products to attract targeted tourist groups. This is an area where investors may want to look into as possible investment projects to kick start in the country.

### **Government Policies**

For the newcomer, it is important that you understand the Vanuatu Government's national plans and the strategic direction that the Government is moving towards. Vanuatu's current national plan is the "National Sustainable Development Plan 2030" also coined "The People's Plan". Focused on 3 key pillars (Society, Environment & Economy), the plan outlines key targets and objectives that the Government's Ministries, Departments and supporting authorities should achieve

by 2030. Nevertheless it is a key document of importance in which investors should consult with to understand the Government's focus especially in terms of creating employment and providing opportunities to up-skill the workforce. Other key documents to consider for research are Ministerial Policies such as the Agriculture Sector Policy by the Ministry for Agriculture, Industry Policy by the Ministry for Trade and Industry and other relevant policy with regards to the economic sector that the investor is investing in.

### **Competitive labour rates**

In its population structure, Vanuatu's youth group makes up 60% to 70% determining a young and strong work force. Its history with England and France colonial rule resulted in Vanuatu's bilingual flare boasting a French and English workforce, a plus for investors all over. Vanuatu's competitive labour rates also make it a sound choice for investment for foreigners. It is therefore essential that any new investor willing to invest in Vanuatu should liaise with the Department of Labour and the Vanuatu National Provident Fund (VNPF) on any matters relating to employment and workers' rights and benefits. The VIPA Act directly enforces and supports a key government policy which is for employment creation through FDI. Therefore it is essential that an investor's business plan provides realistic and achievable employment and training avenues in the course of their investment.

### **Risk Management**

It is always important in any business plan to include a risk management strategy for the obvious reasons of risk mitigation but more importantly to demonstrate that you are aware of the risks that may likely occur in the course of implementing your investment proposal. Vanuatu's geographical location is quite ideal for the budding investor, sitting within reasonable distance from key markets in Australia, New Zealand and Fiji. However it is also ranked as a highly disaster prone country in the world. In 2015 when the Category 5



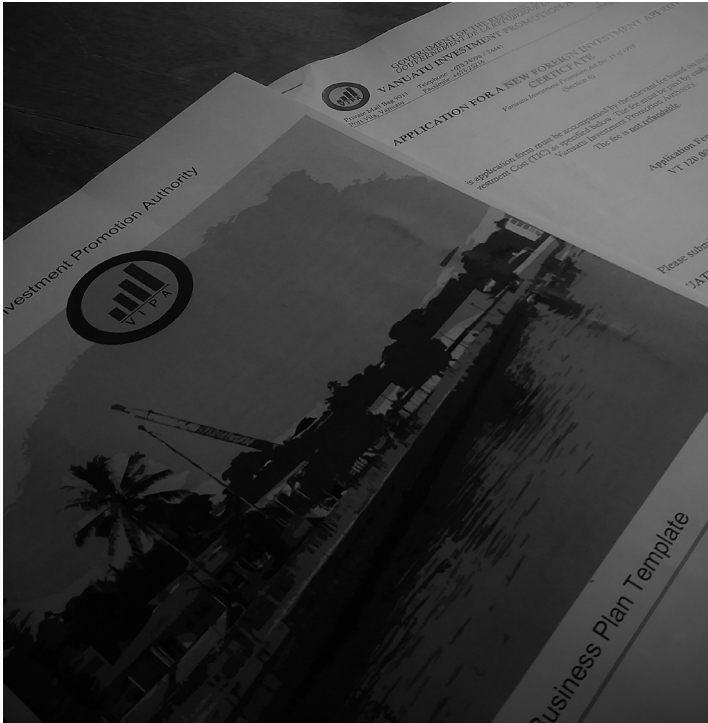


tropical cyclone Pam hit Vanuatu, a lot of businesses in Vanuatu suffered. It is therefore crucial that you understand the business environment and its risks in Vanuatu before committing to your investment project. Being one of the Pacific's strong financial centre, Vanuatu has a number of well-established insurance companies that can assist in your risk management strategy.

## VIPA Reforms

The VIPA Management is currently making changes to its application forms and has formulated a draft business plan template to make it easier for investors to understand what is needed from them through the information that they provide. The illustration on the left depicts key information that has now been incorporated into the business plan template formulated by VIPA. This ensures that VIPA wholly understands the investment that is being proposed and the direct benefits through its financial value, employment creation and skills retention practices.

Vanuatu like any other small and growing Pacific nation offers various challenges that can be difficult to overcome especially without a plan that will provide guidance. Through careful market research and proper planning an investor can be better prepared in carrying out their investment in the country. Despite these challenges any investor intending to invest will be sure to affirm that Vanuatu offers a unique doing business climate with an abundance of opportunities that should boost economic growth.



## Business Planning

**1**  **Business Plan Summary & Overview**

**Organization Structure & Training Plan**  **2**

**3**  **Market Research & Risk Management Strategy**

**Financial Statement & Projections**  **4**





## VIPA Santo Office to reopen in July

Investors in SANMA can be pleased to hear that the VIPA Branch office in Luganville will be reopening its doors for good. With an appointed staff currently undertaking training in Port Vila, foreign investors in Santo can now have their applications processed and checked in Santo from July onwards.

Ms Alexine John is VIPA's new Regional Investment Promotion Officer having worked within the Department of Cooperatives for well over 20 years. Ms John will be playing an active role in application appraisals and also in aftercare services.



Since its establishment in 1998, VIPA has had no permanent presence in SANMA province of where \_\_\_% of current FDI are active. This gap has long been raised as a major concern from both investors and key government departments on Santo.

With VIPA's permanent presence on Santo investment and investor issues can also be dealt with at first hand through positive response actions. Moreover a presence in the Province will mean that first hand data for sector and province profiling for SANMA and key Northern provinces can be produced for the purposes of attracting FDI into other parts of Vanuatu.

VIPA is confident that Ms Alexine John will be a useful asset to the Authority in helping bring about these long due changes.

## VIPA Networking & Partnership Engagements

VIPA Investment Promotion team met with A/ DG Shing and his Directorate on the 18th of May to discuss closer working relations between the two key offices. The meeting, a follow up on previous ones held between some heads of MALFFB Departments was significant in terms of paving the way for better communication and information sharing between the offices and identifying key work priorities that should and will be addressed by both parties in order to strengthen foreign investment in the Agriculture, Forestry, Fisheries and Livestock sector in Vanuatu.

It was clear through the meeting that Vanuatu's agriculture sector needed foreign investment through value adding activities however genuine FDI should come through with close scrutiny of investors' plans and business activities. This would mean VIPA and MALFFB must work closely to identify ways in which price control issues over farmers and smallholders will be best addressed, promoting fairness. The meeting also saw a number of key agriculture products through FDI put forward:

- Milk Dairy
- Aquaponics (Combination of Hydronics and Aquaculture)
- Feed mills (E.g. production of hay through wild peanut plant and other feed mills for cattle)
- Horticulture
- Production of extra virgin coconut oil, coconut by products
- Bamboo processing and value adding g. Processing of seasonal fruits.
- Processing and value addition of timber
- Smallholder strengthening.

VIPA looks forward and welcomes as such with the MALFFB and other key Government stakeholders. Government determines policy that will guide private sectors and investors to follow allowing fair play in the market.



## Developments within VIPA

VIPA's efforts to establish a conducive business continue through various developments that have been happening internally.

### VIPA Draft Investment Bill

The VIPA National Investment Bill has been reviewed by the State Law Office and will be shared with the public for final reviews and consultations that will carry out. This will give it ample time for final input before it goes to Parliament in the last session of Parliament for 2018.

The Bill is a longstanding issue that needs to be finalized in order for the Authority to run with a legislation that is best fitting for the current doing business environment that the country is now going through.

### National Investment Policy

The National Investment Policy for VIPA is in

progress of securing an international expert to work on the policy. A local consultant for the Investment Policy has already been secured. The delay in securing an international expert for this exercise will see the further delay into achieving a full draft of the policy which may happen in 2019.

### VIPA Aftercare Service

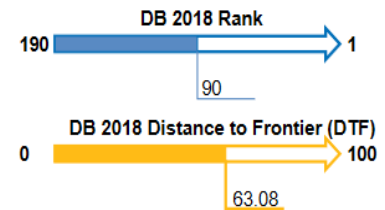
In promoting assistance and aftercare, VIPA must do more walk of the talk. This will mean more time should be allocated to actual site visits on investment activities especially for those that are already in existence in Vanuatu. VIPA will begin aftercare and site visits from Quarter II onwards and will send out notices to the investors to inform them beforehand. This will be a great opportunity for investors to express any grievances and concerns and share stories with the VIPA Team.

## Doing Business Ranking Vanuatu's Performance

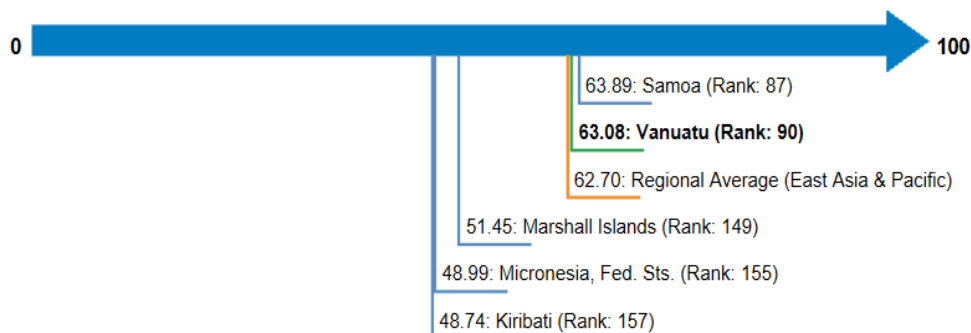
Ease of Doing Business in  
**Vanuatu**



Region	East Asia & Pacific
Income Category	Lower middle income
Population	270,402
GNI Per Capita (US\$)	2,815
City Covered	Port Vila



### DB 2018 Distance to Frontier (DTF)



Note: The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.





Contact us today:  
Vanuatu Investment Promotion Authority  
PMB 9011  
Tamarama Building  
T: 24441/24096  
E: [investment@vipa.org.vu](mailto:investment@vipa.org.vu)  
W: [www.investvanuatu.org](http://www.investvanuatu.org)

***Investment Insight*** is a bi-annual publication of VIPA that will be released twice a year in addition to the Quarterly Newsletter Publications that will be made in each quarter of the year. It is part of VIPA's information sharing and awareness on FDI issues happening in and out of Vanuatu.

