

LETTER

Updates, case-studies and key developments



VANUATU FOREIGN INVESTMENT PROMOTION AGENCY

Thinking Investment - Choose Vanuatu

CHAIRMAN'S MESSAGE



Dear distinguished readers, stakeholders and friends, welcome to the VFIPA January 2021 Newsletter.

2020 had been a difficult year for the VFIPA. Despite the global crisis caused by the pandemic that changed the way the Agency works and interacts with its customers; I am proud to note the VFIPA Board of directors and management have demonstrate agility and reactiveness in supporting the evolving needs of investors and were able to adapt to the new normal.

During the previous year, we have committed to increasing the visibility of the agency though a variety of mediums. Our participation in workplaces, business forums and consultations between the private sector and Government and a number of companies visits in Santo, Tanna and Port Vila have been strong and effective. We will do more of this in

this year as part of our aftercare service to clients.

Our relationship with the private was excellent and we will continue to build on this to pursue options and policies necessary to make Vanuatu and ideal location for foreign investment.

The uncertainties of COVID-19 make it hard to forecast how 2021 will be like. However, as the VFIPA board chairman, I see adapting to the new normal our priority. The Board and Management will roll out the Foreign Investment Marketing Strategy this year that will see a focused mandate to ensuring FDI inflow and retention.

On behalf of the VFIPA board of directors, may I take this opportunity to extend my thanks to all our stakeholders and employees for standing tall and remaining resilient amidst this crisis. As chairman, I would like to thank my colleague board members for their valuable guidance and support and our management for their tireless commitment to ensure normal operation of the agency.

We look forward to working with you all again and I take this opportunity to wish you all greater success in 2021.

*Ambassador Roy Mikey Joy
Chairman
VFIPA Board of Directors*

CONTACT US

Vanuatu Investment Promotion Agency
PMB 9011
Port Vila
E: investment@investvanuatu.vu
T: 678 24441/24096

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A New Dawn for Private Sector/Government working relationship

Every time both sides met, it was almost always to air frustrations and many times, to declare war. Things are different now. Both parties are more willing to work together than previously. From an investment promotion perspective, it is refreshing to see this relationship becoming stronger .

This in line with one of the key functions of the VFIPA -to play the role of a mediator between the government and private sector in terms of promoting and facilitating foreign direct investment into the country.

In demonstrating VFIPA's commitment and support of this new dawn of relationship, VFIPA's CEO, Mr Aru has been making very strong calls. This relationship began when the government called for a review of the Foreign Investment Act (CAP 248). This saw the formation of a public private partnership (PPP) between VFIPA, MTTCNVB and VCCI that

undertook the review of (CAP 248). This was the third joint government -private sector meeting held since the national business forum. For the first time in 40 years, both sides now see eye to eye, and discuss key areas of mutual interest and collaboration in a very mature way.

This is unheard of and its history in the making. This is exactly how things should have been over the past 4 decades.

Under the leadership of Mr Aru as the chief executive office for the VFIPA, supported by its board of directors, strategic directions were set resulting in significant events happening in which the agency actively participated and taking lead in a few. The first ever 2-day National Business Forum conducted in Vila, 2020 is a classic example of this relationship. The VFIPA was an active organising committee member for the forum. High level meetings between Ministry and Department heads and

Government ministers are becoming regular events, where government's priority strategies and issues are discussed.

The Agency through its CEO is an active participant and maintaining its voice on the importance of FDIs and pushing for reforms that will help existing and potential FDIs.

In a more recent meeting in which Vanuatu's graduation from an LDC status is a key agenda, the VFIPA joined the private sector to stress the need for the government to work more closely with the private sector than before:

“While the government will play its on policy decisions as its role will always be, the private sector Reps must think corporately than individually- especially when they are entrusted with the council to serve and to be the voices of collective groups and of respective industries”.

Annual Surveys

All existing investors are required by the VFIPA Act No. 15 of 2019 to submit their Annual Surveys to the VFIPA Management.

Forms can be downloaded through:
<https://www.investvanuatu.vu/business-in-vanuatu/our-forms>

Certification & Implementation Division Key Contacts:



Manager Gelpen Silas (All New/Variation Applications)
Email: gsilas@investvanuatu.vu
Telephone: 678 24441/24096



Certification Officer, Lolleth William (All Annual Surveys)
Email: lwilliam@investvanuatu.vu
Telephone: 678 24441/24096

FROM THE CEO'S DESK



Happy New Year, 2021!

2020 has been an unprecedentedly turbulent year for the entire globe. VFIPA's faced its share of the challenges posed by the pandemic. Together with a term of very dedicated and hardworking managers and staff we achieved quiet a lot in the second half of last year since my joining the team in June 2020.

Taking advantage of the quieter environment resulting from the border closures since COVID-19 struck in March 2020, the VFIPA team embarked on a number of key inhouse to improve on VFIPA's institutional operations and effectiveness.

Strengthening Internal Capabilities.

These included a major clear the deck exercise to update several hundred 'unimplemented projects' since VFIPA's birth in September 1998. With the able leadership of our Manager Mr Gelpen Silas and his team we completed this rather daunting and time-consuming task. We also got the old existing VFIPA organization structure of 2015 reviewed and passed by the Board of Directors (BoD).

In order to get more work and better position VFIPA to promote investments in 2021, we submitted and had approved three (3) important NPPs (New Policy proposals) by ministerial budget committee with the full support of our minister and national

parliament.

Retention of Existing clients to sustain growth.

Company visit and aftercare are core functions of an IPA such as VFIPA. The new chairman and CEO embarked on this over the past 6 months both in the capital Port Vila and key provinces /destinations such as Luganville, Tanna and Malekula.

More work must be done still on this front in the new year. We worked very closely with other partner agencies such as labour and immigration to address some of the challenges faced by the investors concerned.

VFIPA played a very proactive policy advocacy role over the past 6 months in various fora, notably the 2-day National Business Forum from 30th Oct to 1st Nov 2020 to raise awareness on a number of very important policy issues affecting foreign investors and the private sector at large.

This is work in progress and must be continued with greater strategic actions and fervency in the new year.

Going digital a must in 2021 and beyond.

Covid-19 has imposed a 'new normal' on how we do business and how we promote FDI from now on. Building up a 'strong digital platform' (as rightly pointed out by VFIPA's head of Investment Division Mr Raymond Vuti) is of vital importance from now on given the current challenges across the globe. We started off with diagnostic of VFIPA's existing ICT infrastructure which aided the improvement of our ICT systems. Despite a major setback along the way, we will emerge with a far more

effective and robust ICT infrastructure in 2021 to advance VFIPA's mandate in promoting and facilitating FDI in Vanuatu.

For several weeks we have engaged the services of our Deputy Board Chair's support to have regulations and new forms created to give effect to the new VFIPA Act passed by the Parliament in November 2019. This work will be completed this month. Whilst this has been on going, we've also had to create a new Office Space in the northern town (Luganville) fully dedicated to VFIPA.

Looking Ahead.

Despite the inroads of covid-19 and the serious implications it has had on foreign investment and businesses in general over the past 10 months the pandemic has to some extent proven to be a good wakeup call on us and on how VFIPA has and will conduct business from now on since its establishment over 22 years ago.

At this junction I wish to convey my sincerest gratitude to the VFIPA Board Chairman DG Roy Mikey Joy and the rest of the board members, our staff at VFIPA and all our partners agencies within government and the private sector for their support during 2020.

Wishing all a happier and more prosperous New Year.

*Mr. Howard Aru
Chief Executive Officer
Vanuatu Foreign Investment
Promotion Agency*

Emerging FDI opportunity for Vanuatu during and post COVID-19

Digital Nomads

They are the people who earn their living by working remotely but have access to the internet, while being able to travel constantly and change their location quite often.

This is new sector altogether in terms of investment opportunities for host economics. Studies have shown a number of countries have benefited from the services these type of people are offering.

The VFIPA and its of board of Directors are seriously considering digital nomads as an alternative investment opportunity in Vanuatu.

Consultations with key stakeholders are ongoing with having a solid concept paper in place regarding this opportunity the ultimate goal.

The VFIPA board will then sell this concept to the government and other key stakeholders to gauge support.

With this emerging sector that is already getting the attention of the VFIPA board of directors, the VFIPA promotion team for good returns towards Vanuatu economy will be a priority despite the present of the covid-19 pandemic affecting economy around the globe.

The rise of digital nomads is part of the current revolutions were communications is highly recognised through the means of modern technological channels that makes productivity a lot easier.

Discussion and focus, that is driven by VFIPA and VCCI, with supports from the government recognise the needs to boost the economic revenue. And this



will rely on the emerging opportunity such as digital nomads.

A country like Vanuatu can welcome digital nomads and this can be done with the support of the private sector and government through attractive deals & offers.

The nature of the special offers will be eye catching base on selective rates on hotels/resorts, rental cars, health facilities and other wide varieties of offers.

The government needs to make sure that digital nomads are traveling into the country legally, which means there must be precautionary measures put in place, especially from the Ministry of Health and NDMO.

The Department of Immigration will be responsible to provide a long-term visa options for digital nomads who choose to travel slowly and work remotely in Vanuatu for a longer period of time.

This is very important because the longer they stay in the country, large injection of income to be collected to support the economy growth.

A concept note has been forwarded to the authority responsible, to further seek the legality of this current initiative and further support from the government to move this forward.

Pacific Ocean Domes; Building better for the future

After facing two Category 5 cyclones it can be said that Vanuatu's susceptibility to natural disasters has grown.

The Vanuatu Government is emphasizing that citizens build better, stronger and more resilient shelters to ensure minimal damage in times when cyclones strike.

With this key vision in focus, Darryll Kelly has settled in Vanuatu to make this happen with cyclone and earthquake strong buildings, the Pacific Ocean Domes.

Dome housing is a growing building concept mostly seen in other parts of the world especially in the United States of America where tornado

formations are a common occurrence. They have proved to be very efficient in withstanding tornadoes, earthquakes and other natural disasters such as tropical cyclones or hurricanes.

Bringing this concept over to Vanuatu, Mr Kelly had the vision that this was the type of housing that should be built in a country so prone to natural disaster risks. Therefore the Vanuatu Foreign Investment Promotion Agency has stepped in to assist Mr Kelly fulfill this vision.

Why the dome housing model? Pacific Ocean Domes provides dome shelter housing that is based on a concept developed over the last thirty years by Monolithic Domes U.S.A. In their presentation to the VFIPA team, they outlined the technology used in their buildings that ensures an extreme building life expectancy of 300 to 500 years.

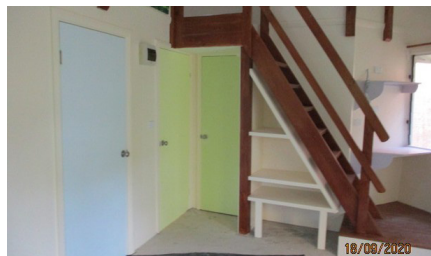
Pacific Ocean Domes cover the five most destructive issues affecting the life expectancy of buildings on tropical islands in cyclone prone areas:

- Most effective earthquake safe buildings
- Most effective cyclone safe buildings

- Buildings impervious to termite damage
- Fireproof buildings
- Buildings that will never suffer concrete spalling
- Pacific Ocean Domes uses proven construction technology with the use of an Airform which is reusable and results in lower construction costs.

The VFIPA team were invited to visit the premises and were impressed by the buildings in the presentations made by Mr Kelly himself.

VFIPA has assisted Mr Kelly in providing an approval to provide the dome structure as a cyclone proof



shelter for any interested customer. Mr Kelly is eager to work with the Government in establishing these shelters around Vanuatu as possible evacuation pods that people can take refuge in times of cyclones.

VFIPA is working closely with the Ministry of Public Utilities and Pacific Ocean Domes to ensure that the investment and most importantly Mr Kelly's vision to assist with safe housing options is realized.

For any enquiries on the dome shelters do contact Mr Darryll Kelly through his website (www.pacificoceandomes.com).



Important Reminders for 2021

All fees for this year are now back in place 2021. Therefore be reminded that the following fees now apply accordingly;

- New Application: VT120,000
- Variation Application: VT30,000
- Annual Surveys: VT15,000

Annual Surveys are due on the 28th of February 2021. Clients who have paid for their Annual Survey fees for last year (2020) before it was waived, must present their receipts at the VFIPA reception where their applications will be processed without a charge. New applications undergo a stringent

review to ensure applicants meet the criteria check and also that their investment idea is viable.

The following are key checklist items that investors must take note of:

- Photo-copy of business name reservation
- Business Plan (VFIPA template)
- Photo-copy of bank statements for each investor
- Photo-copy(s) of passport ID pages for each investor
- Photo-copy of original Police Clearance Certificate(s) for each investor intending to reside in Vanuatu
- Photo-copy of purchase and sale

- agreement for investments involving acquisition or taking over of another business
- Photo-copy of land documents for investments requiring access to land
- Photo-copy of preliminary environment impact assessment
- Photo-copy of partnership documents for investment projects comprising partnership with the Government

For any other enquiry do send us an email or give us a call.

Early Start Activities for VFIPA in 2021

Investment Promotion Marketing Plan – Post COVID Adaptation

The CEO and Board of Directors is now working towards hiring two consultants to assist in the development of the Foreign Investment Promotion and Marketing Strategy.

This strategy will include key marketing strategies that will guide Vanuatu through the COVID 19 global investment scene and provide key recommendations on what the Agency should undertake to ensure continued investment inflow and domestic expansion as well.

The advertisements for the key positions has been put out and the Agency will make a recruitment by February. The strategy should also assist the Agency and the Vanuatu Government in improving some of its key incentives to promote Vanuatu's investment location.

All work carried out by the consultants will be closely monitored by the CEO and Management. The Foreign Investment Promotion and Marketing Strategy should be finalised by end of March.

Structure Review and Amendments

One of the key tasks under CEO Aru's agenda is to ensure human resources and welfare is primary. With this focus, the CEO and his management team have worked on reviewing the outdated organizational structure to ensure that staff capacity is recognised and improved.

With the assistance of Human Resource Advisor to the Public Service Commission, Ms Margaret McFarlane,

the Board made an initial approval to the VFIPA Organizational structure. Ms McFarlane has assisted the Agency with other key HR matters.

VFIPA Act; How is it working so far?

The current VFIPA Act was passed by the Parliament in December 2019 and gazetted on the 15th of January 2020.

The work to put in place this Act has taken the Agency more than 5 years and had gone to the Parliament after close discussions with the private sector.

However, discussions are still continuing with the private sector through their representations on the VFIPA Board that will now see some minor amendments and a review to be done this year.

This will mean key changes will be made to the Act which should favour foreign direct investment attraction to Vanuatu.

Review of VFIPA Forms

The VFIPA is fortunate to have the assistance of the Agency's Deputy Chairlady of the Board of Directors, Ms Francesca Grillo, assist in reviewing all current VFIPA forms.

The forms are undergoing a thorough review which will ensure that any new or existing client comprehends what is required of them before or during their investment in the country.

The review is being undertaken on all forms, new, variation and annual surveys that should enhance client understanding of the key requirements and includes processes that other key departments require from them.

Foreign Investment Forum

A foreign investment forum by the VFIPA and with the support of key government agencies will be held later on in the year.

This will allow private sector space for in depth discussions on processes that are currently in place for attracting inward FDI and key responsibilities that investors must be aware of when committing to investing in Vanuatu.

A date and venue for this event will be made available soon.

Strengthened Compliance

In the past years, VFIPA compliance work did not take full effect as it should have.

This year however, the Certification and Implementation Division is ensuring a full-time compliance officer is engaged in all compliance activities. This will mean quarterly visits to key investments, ensuring that the activities that have been applied for are being implemented and report any problems to the Management.

Compliance in the past years had only been done through joint compliance work with Immigration and Labour Departments. However, the Agency will now initiate its compliance work that will look at investor compliance matters and difficulties in operations/implementation.

The compliance officer will also work with other key departments to address key issues that are raised with the Agency.