

OCTOBER 2020

# NEWS LETTER



VANUATU FOREIGN INVESTMENT  
PROMOTION AGENCY

*Updates, case-studies and FDI trends*

*Thinking Investment – Choose Vanuatu*

## VFIPA's Aftercare Services - CRITICAL DURING AND POST COVID-19



*Pictured: CEO Mr Aru and Board Chairman DG Roy M Joy left, and long-time Investor Mr Hugh Lowe at the dinner table, Tanna Lodge, Lenakel.*

Offering regular aftercare support services has become and will continue to be a key strategic role for the Agency in order to retain existing and potential investors given the high level of uncertainty presented by the covid-19 crisis.

Commencing this strategy, the new VFIPA CEO and Board Chairman undertook several missions during the months of September and October 2020. Islands visited include Ambae, Tanna, Luganville and Malekula.

On Tanna, the duo visited Mr Hugh Lowe, a long term New Zealand investor who arrived in Vanuatu when VFIPA (then known as the Vanuatu Foreign Investment Board or VFIB) was newly set up. He invested in a number of businesses prior to purchasing and running Tanna Lodge, formerly known as Tanna Beach Resort.

The name change came about as part of a marketing assessment facilitated by Mr Aru when he was serving as the Head of

the Melanesian/Micronesian Subregional Office of the ACP/EU Centre for the Development of Enterprise (CDE), after leaving VFIPA in September 2006.

Both the former Chairman and CEO left in 2006 and 2007 respectively for other engagements abroad and outside of VFIPA: Chairman Joy as Vanuatu's first resident Ambassador to the EU/ACP in Brussels and CEO Aru to CDE, further studies and back as DG Health and MALFFB.

Mr Hugh Lowe continued to invest in Vanuatu through thick and thin encounters over the years. Very painful challenges: first TC Pam which badly devastated Tanna in March 2015, then three consecutive arsons between July and August same year which not only severely damaged his resort physically, but also its reputation overseas, and this year, Covid-19.

According to Hugh when the Chairman and CEO visited him on 24th and 25th

September, 'we have not fully recovered from the challenges we've faced in recent years. It's been excruciatingly difficult!'

While other investors walked away from Vanuatu, Hugh – very determined as he has always been since the first day of his arrival some 20 years ago – decided to weather the storm, and continue to survive and try to invest in Vanuatu – a country he has come to love and call 'home'.

Hugh has been through some challenges with other partner agencies of VFIPA which we are currently working very closely on resolving.

We strongly encourage other foreign investors to keep talking to us as we inject renewed efforts to strengthening relations with our existing foreign investors during the mounting challenges posed on Vanuatu and on the global economy by Covid-19.



# Northern Visit : SANMA Province



Investor Robert Osborne and VFIPA CEO Mr. Howard Aru pose at Robert's 20 hectares passionfruit farm, Beleru, Santo, 8th October 2020

During their first visit to the northern town of Luganville (6th to 9th October), VFIPA Board Chairman DG Roy M Joy and CEO Mr. Howard Aru paid a visit to Australian investor Mr. Robert Osborne.

Tucked away up on the expansive Beleru plateau is possibly the largest and probably the only fruit farm of its kind in the entire Pacific region – a passionfruit farm, known as Tropical Plantations Limited (TPL). Robert wields over 30 years' experience in the food processing industry in Australia, and has connections with major importers and other serious investors in Australia, the United States and elsewhere.

Robert and his partner presently employ around twenty (20) fulltime ni-Vanuatu laborers working pretty much '6 to 6' everyday to take care of this gigantic farm. They hire an additional 20 casual workers from time to time when there is additional work on the huge and growing passionfruit plantation.

Robert estimates that TPL's production capacity easily makes up around 10% of the total Australian passionfruit production. He estimates his first harvest of Vanuatu passionfruit for the Australian export market around March 2021.

In the meantime Robert is planning on an initial export of frozen bananas, pineapples and coconut flesh around December this year. This part of the venture is expected to expand as he makes other connections with farmers and suppliers around the country.

VFIPA will be playing an important role in facilitating these connections thus laying the groundwork for possible joint venture (JV) partnerships with our ni-Vanuatu farmers and growers to open up markets for them to be able to sell their produce overseas, notably to Australia and New Zealand.

The investor has other plans besides those outlined above. VFIPA will be working very closely with Robert to help facilitate and implement these.



## Economic Diversification API Farm

A classic example of FDI proposal that is in line with the Government's current priority shift in response to the covid-19 crisis.

While many FDI businesses are closing due to the unprecedented pandemic caused by covid-19, others are still surviving while a few take initiatives to explore new opportunities.

API Farm, owned by Mr Philippe Caillard is a perfect example of this development. API was granted approval by the VFIPA during the 3rd quarter of 2020 to undertake agriculture and farming related activities on a 5 hectare of land situated at Narpow Point.

The main idea behind this particular project is to contribute to the production of vegetables & fruit for the domestic market.

API's story will continue in the VFIPA's November newsletter.



# NATIONAL BUSINESS FORUM 2020

## Bringing together Business Communities, Government and Civil Society



VFIPA CEO Mr. Howard Aru, opening and welcome remarks (Day 2 of the Business Forum)

The two day National Business forum was held at the National Convention Centre, focusing on responding to the post COVID-19 pandemic, where we are, and where we want to be in the post COVID-19 World Economy. The Forum's aim is to capture a collective understanding on how to build back the country's economy.

Government & Bank representatives were among the panelists in creating a common understanding to support investment and economic growth. Open discussions and questions were raised by the public based on the Government's plan to respond to the challenges COVID-19 has brought to the country.

It was good to note that a call for a stronger and effective working relationship between the Government and Private Sector was a key recommendation from the 2 day Working Forum - one of VFIPA's key strategic actions in its corporate plan .

It was also highlighted that , this will be the first time in history Vanuatu's economy will contract by 4.1% as measured by GDP.

An economic contraction is caused by a loss in confidence that slows demand and that includes a drop in real personal income, industrial production, and retail sales. It also increases the chances of unemployment rates. This

was clearly addressed by the Ministry of the Finance and Economic Management.

Good news to the private sector business communities was the announcement made by the Ministry of Finance and Economic Management, that the Government will make available VT3 billion that will be used to fund development projects that will contribute to achieving key Government priority goals and sustainability against COVID-19.

Further discussions focussed on key proposals and interventions particularly on how to move forward with priority areas through public private partnership collaboration. This include attracting and retaining investment, access to finance, how to improve ease of doing business ranking for Vanuatu, innovation, import & export facilitation, rural development initiatives and facilitation, immigration and reopening of borders and the role of the Ministry of Health, infrastructure including shipping and transport, and jobs and skills.

In light of the event, the representatives of the private sector are encouraged to keep the lines of communication open in order to pursue discussions regarding business and economy recovery options.

### FINAL REMARKS

In his concluding remarks, the President of the VCCI Mr. Antoine Boudier reiterated that the Private Sector is not asking for handouts, but rather would like to see quality and effective efforts to ensure:

- an enabling environment for the country
- enhanced collaboration between the Government and Private sector
- Effectively discuss options that will contribute to the country's ease of doing ranking improve
- Make innovation a priority



President of VCCI Mr. Antoine Boudier final remarks during the last day of the forum.

# Northern Islands Mama Market Association (NIMMA)



*Catherine Leo who heads NIMMA*

Mrs Catherine Leo, who works at the Municipal Office in Luganville and representing over 3500 mama vendors that sell their goods at the Luganville market was a panellist at the National Business Forum, along with four other local business owners.

As leader of the association, Mrs. Leo was asked to talk about how the association was doing amidst the covid-19 crisis.

Northern Islands Mama Market Association (NIMMA) was established on January 4, 2015, with the objective of assisting mothers in the rural areas as well as the main market in Luganville to have a safe working environment and promoting women's empowerment.

The association operates under the United Nation (UN) market for change program that promotes improving and providing safety and better earnings for women in Sanma Province and the Northern islands.

Ms Catherine says "all vendors will have to pay a fee of Vt2, 000 in order to become an active member of the association".

The NIMMA association has recently been registered with the Vanuatu Financial Services Commission (VFSC) under the Charitable Organisations Act.

Mrs. Leo confirmed it is becoming very difficult for women to sell their products in the northern market to earn money. Accessibility via land and sea transporta-

tion and network coverage are the common challenges affecting mama vendors.

With shipping costs around VT30, 000-VT32, 000 from west Santo, coupled with the long hours vendors have to spend in the market with very limited space and making low profits, these factors have affected their business tremendously.

During a pandemic like this, women, who are the primary caregivers, are the most affected. Mrs Catherine stated "from daily routines to small business vendors, it is a difficult period for us women to navigate as we look out for others".

Mama vendors participation are gaining positive recognition from the public in Santo because they have worked hard every single day to manage their own businesses and including putting food on the table for their families.

Ms Catherine is delighted to share the experience of all Mama vendors in the Northern Islands and how this has made positive impacts to the people in Luganville and the northern region. With a big smile she boldly claims "this is clearly demonstrating that women are also key drivers of economic growth in Vanuatu."

Despite the challenges encountered by the association she leads, there is one thing that keeps her driving for success.

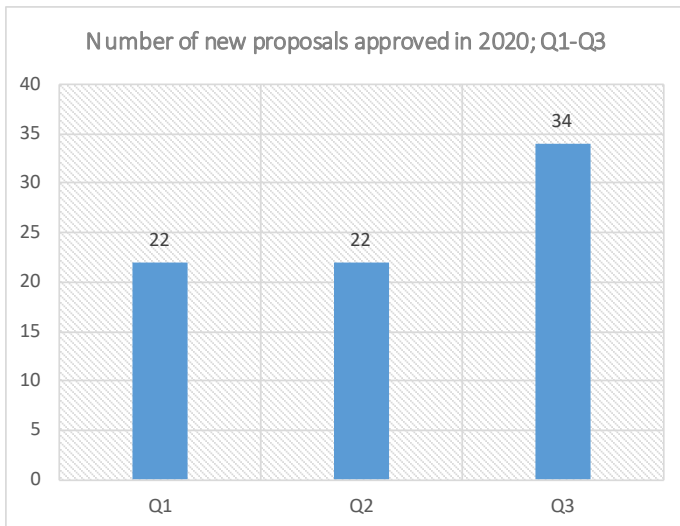
## **"A WOMAN'S TALENT IS HER CAPITAL"**

**"The impact of the covid-19 and TC Harold may have an impact on mama's vendor sales but the small income they receive at the end of the day is an investment in healthcare, children's education and households and all these are supporting economic growth."**

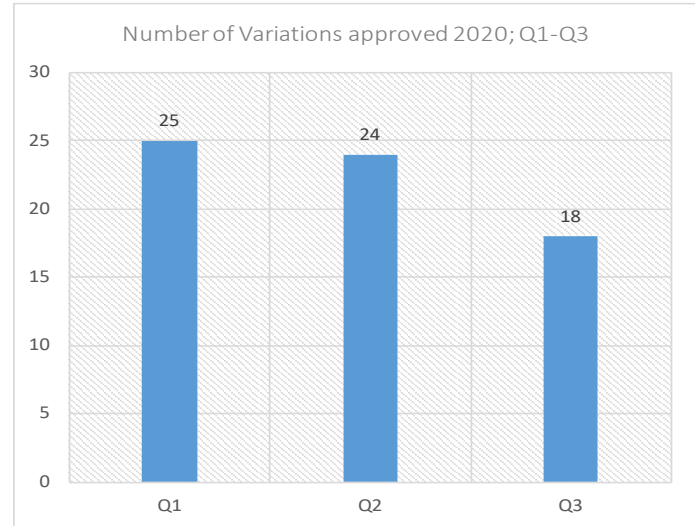
# Foreign Investment Approvals 2020

“Not only is the VFIPA recording the lowest number of new FDI proposals this year, the uncertainty regarding when borders will be opened to allow these new businesses to begin operation remains a challenge.”

## NEW APPROVALS



## VARIATION APPROVALS



- A total of 87 foreign investment approval certificates have been granted during the 3 quarters of the year. This is 50% lower than the approvals granted over the same period in the previous year.
- While fewer approvals have been granted during the first quarter due to the covid-19 pandemic, quarter 2 and 3 have seen new approvals on the rise.
- *Despite global travel restrictions and border closure measures still in place, Accommodation, Food and Service Activities (AFSA) approvals were high. For example AFSA and other tourism related approvals accounted 21% of the the total approvals over the 3 quarters.*
- *During the 3rd quarter, Accommodation, Food and Service Activities (AFSA) and Manufacturing approvals accounted 18% each of the total approvals granted.*
- *Agriculture, Forestry and Fishery (AFF) sector recorded 3 approvals or 4% of the total certificates garnted during the year. Given these are projects that are in line with the Government’s current priority shift, the VFIPA team will ensure good facilitation and aftercare serives are provided to get these projects off the ground.*
- It is not surprising to see the number of Variation applications on the rise. Given decreasing sales and less business activities due to the covid-a9 crisis, existing businesses are trying to explore other activities in oredr to remain active.
- Over the 3 quarters, a total of 67 variation approval have been granted with quarter 1 accounting 37% of the total approvals.
- Industries that recorded the highest number of variations include Wholesale and Retail (WRT) accounting over 40% of all approvals with *Accommodation, Food and Service Activities (AFSA) second with 18% .*

## FDI BY GEOGRAPHICAL DISTRIBUTION

- It is encouraging to note Sanma Province becoming a favorite spot for foreign direct investment. Of the total 2020 new approvals, Sanma province accounted 13%. Given current developments such as the Economic Development Zone (EDZ) and ongoing Government support in infrstaructure projects to the Sanma Province, the potential for the country’s largest island to be a hotspot for FDI is very likely.



# VFIPA Celebrating Achievement

*VFIPA new CEO, Mr. ARU hosts light refreshment as a token of appreciation to the CID team and staff for successfully completing one of his key strategic actions - Clearing of old VFIPA hard copy files*



“You may now sleep well because one of the things that may have been bothering you for sometime is now gone”, CEO ARU says in his opening remarks.

Clearing of all old VFIPA records in hard copies aimed at **promoting a paperless working environment** was Mr. ARU’s first key strategic action following his appointment as the new CEO for the Vanuatu Foreign Investment Promotion Agency (VFIPA) in June 2020.

In thanking the CID team who was tasked to take lead in this clearing up mission, CEO ARU also acknowledged other staff who assisted, noting that without their support, the exercise would not have come this far. Close to 500 files have been targeted to be struck off the Agency’s FDI Registry.

The clearing up of old files focused on businesses that have not renewed for the past 3 years including files that go back as far as 1998 being officially removed from

the VFIPA database. Due process has been taken by the team to ensure all records are properly verified before recommending to the VFIPA Board of directors for approval for removal from the office.

CEO ARU assured all staff of his commitment to make sure options to make future registration work easier for the CID team remains a priority. For example good progress has been made on the *online registry work with the Asian Development Bank (ADB)*. This is an important project that we will continue to pursue together until it is fully achieved.

Appreciating success is rare to many staff during their time in office but they believe, celebration of this type breeds more success and motivation.



# CONTACT US

Vanuatu Foreign Investment Promotion Agency

PMB 9011

Port Vila

Vanuatu

T: (678) 24441/24096

E: [mbani@investvanuatu.vu](mailto:mbani@investvanuatu.vu)

W: [www.investvanuatu.vu](http://www.investvanuatu.vu)