

Government of the Republic of Vanuatu



2009 ANNUAL DEVELOPMENT REPORT

September 2010

Department of Strategic Policy, Planning and Aid Coordination,
National Statistics Office & the Department of Treasury and
Economic Management.

FOREWORD

This report is the second in the annual series reporting on the progress of the implementation of major government policies including the Priorities and Action Agenda (PAA) and the Planning Long and Acting Short (PLAS).

It examines the performance indicators of the PAA and PLAS for how well they have been achieved.

With the Advent of the Millenium Development Goals the last few years have seen increased focused on achieving the MDG targets. This report also reports on the achievement of the MDG's.

The report also serves as a monitoring mechanism that provides information that we believe will inform various stakeholders and donors on the progress made and the reforms undertaken to achieve national development objective.

The office of the Prime Minister is in the process of reviewing the PAA (mid-term review). This review will ensure that international and regional commitments are captured in national policy priorities. This will mean that implementation progress of regional initiatives and international initiatives including the MDG will be monitored and reported based on the performance indicators. The review will also assess and improve the linkage of national strategic priorities to ministries and departments sector plans and business plans.

Despite challenges we believe that the coming years will see more improvements in terms of the coverage of data; timely and reliable data and in-depth analysis on the performance indicators of the PAA and the PLAS.

The Vanuatu government remains committed to doing its part to translate the PAA and PLAS policy priorities into projects, programs and activities with stronger institutions and greater resources more effectively deployed, all with the aim of achieving development outcomes that generate concrete improvements in the lives of the people of Vanuatu.

It is my hope that this report will provide important information to inform the public, stakeholders and donor partners on government programmes and policy implementation progress.

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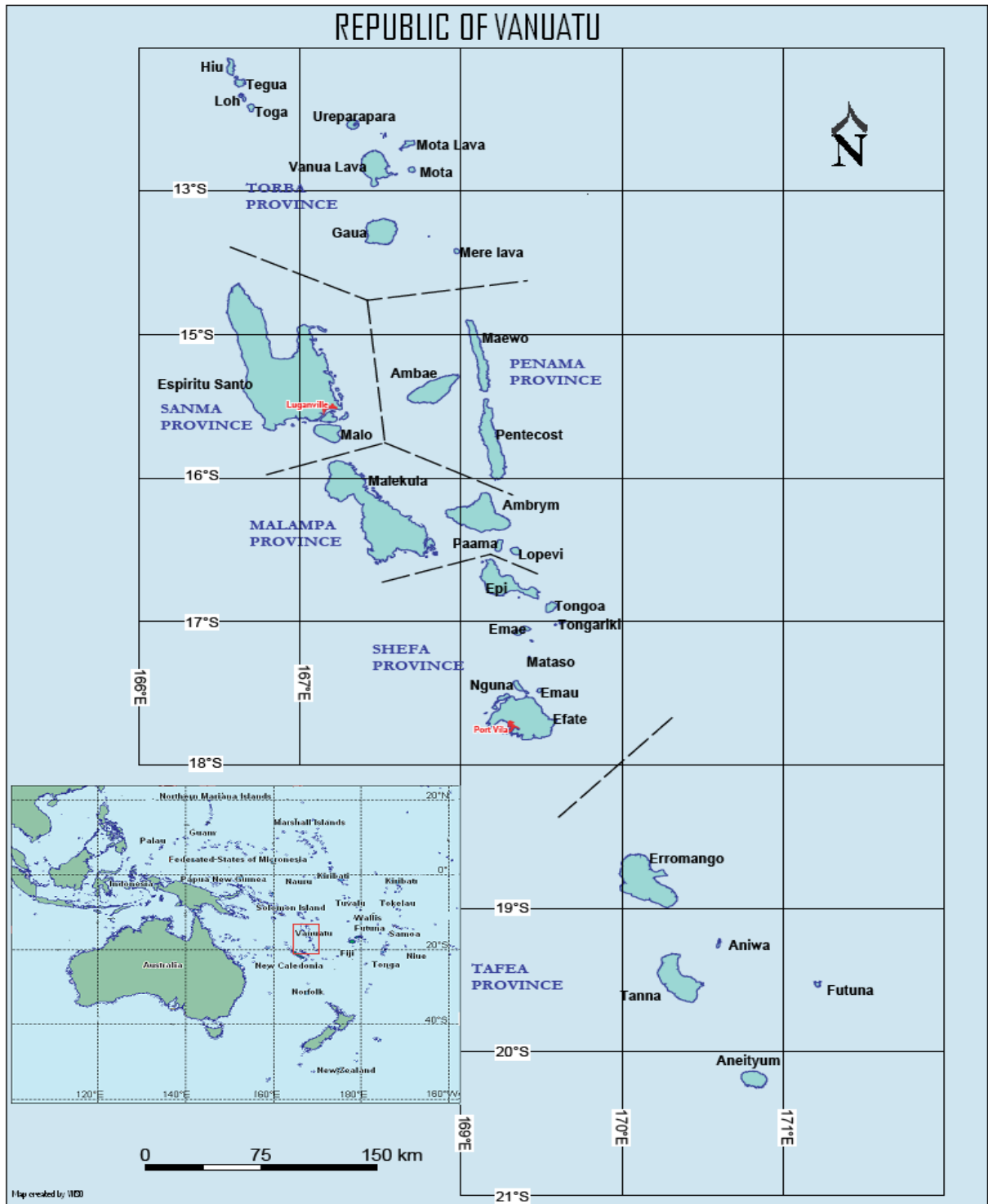
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ABBREVIATIONS

ADR	Annual Development Report
AIDs	Acquired Immune Deficiency Syndrome
API	Annual Parasite Incidence
AFD	Agence Francaise de Developpement (France Development Agency)
AusAid	Australian Agency for International Development
CEDAW	Convention on the Elimination of All forms of Discrimination Against Women
CRPD	Convention on the right of persons living with Disability
COM	Council of Ministers
DSSPAC	Department of Strategic Policy, Planning and Aid coordination
DRC	Decentralisation Review Committee
DARD	Department of Agriculture and Rural Development
DLQ	Department of Livestock and Quarantine
ECE	Early Childhood Education
EIA	Environmental Impact Assessment
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GPI	Gender Parity Index
GER	Gross Enrolment Rate
HIES	Household and Income Expenditure survey
HIV	Human immunodeficiency virus
ICCPR	Internal Covenant on Civil and Political Rights
ILO	International Labour Organization
IMR	Infant Mortality Rate
JICA	Japan International Cooperation Agency
KM	Kilo-Meter
LSF	Land Sector Framework
MBC	Ministerial Budget Committee
MCA	Millennium Challenge Account
MIPU	Ministry of Infrastructure and Public Utilities
MQAFF	Ministry of Quarantine Forestry and Fisheries
MDG	Millenium Development Goal
MICS	Multiple Indicator Cluster Study
MFEM	Ministry of Finance and Economic Management
MOH	Ministry of Health
NCDs	Non-communicable Disease
NGO's	Non-Government Organizations
NZAID	New Zealand Agency for international Development
ODA	Official Development Assistance
OECD	Organization of Economic corporation development
PAA	Prioritise Action Agenda
PLAS	Planning Long and Acting Short
PIP	Pacific Institute of Public Policy

PER	Public Expenditure Review
PSC	Public Service Commission
PWD	Public Works Department
PSSC	Pacific Senior Secondary Certificate
RBV	Reserve Bank of Vanuatu
RSE	Regional Seasonal Employment Scheme
RTCs	Rural Training Centers
SOEs	State Own Enterprises
STIs	Sexually Transmitted Infections
SPBEA	The South Pacific Board for Educational Assessment
SPFSC	South Pacific Form Seven Certificate
SWAP	Sector Wide Approach
UAP	Utility Authority Pool fund
USP	University of the South Pacific
UPR	Universal Periodic Review
URA	Utility Regulatory Authority
UNELCO	Union Electrique de Vanuatu Ltd
USA	United States of America
VESS	Vanuatu Education Sector strategy
VEMIS	Vanuatu Education Management Information System
VNSO	Vanuatu National Statistics office
VIPA	Vanuatu Investment Promotion Authority
VNPF	Vanuatu National Provident Fund
VPF	Vanuatu Police Force
VRDTCA	Vanuatu Rural Development Training Centers Association
VNTC	Vanuatu National Training Centers
VTO	Vanuatu Tourism Office
VMS	Vanuatu Meteorological Services
WHO	World Health Organization
WGI	Worldwide Governance Indicators

MAP



INTRODUCTION

The overall vision of the Vanuatu government is described in the PAA as follows: *“An educated, healthy and wealthy Vanuatu”*.

In the pages that follow, you will read about the implementation progress of government priorities set out in the PAA and the PLAS. You will become acquainted on the data presented against the PAA and PLAS performance indicators. The report does not provide full analysis on the impact of government programs and policies; however the ongoing reforms and the quantitative and qualitative data of many of the performance indicators are captured.

The ministries and departments have played a crucial role in providing timely, accurate data and information to produce this report. The need to strengthened and aligned annual reporting to the PAA performance indicators and the PLAS performance indicators has been a core focus and the government will further strengthened this important linkages in the coming years.

The Annual Development Report is purposely aim at providing an overview of progress in implementing the policies in the PAA and PLAS. Thus the report describes the progress made in the strategic priorities and sector priorities using the performance indicators.

We are proud to share with you some of the achievements for 2009 and look forward to continuing this important undertaking for years to come.

2009 AT A GLANCE

Economic	
<ul style="list-style-type: none"> • GDP per capita growth remains robust and GDP per capita for 2009 was estimated to be VT 275,000. • International visitor arrivals by air exceeded 100,000 and cruise ship visitors numbered approximately 125,000. • Foreign direct investment was estimated to be VT 129.1 billion, an increase of 12% from 2008. • 2,024 Ni-Vanuatu worked in New Zealand under the RSE programme; returning with an estimated VT 299 million in savings. • The Ministry of Lands and Natural Resources began implementing the Land Sector Framework. 	<ul style="list-style-type: none"> • In a slow international economy domestic exports, notably copra, declined compared with 2008 but some commodities increased their export returns (cocoa) while some returns remained stable (kava). The Department of Agriculture, Quarantine, Fisheries and Forestry received a significant boost in funding both from the recurrent budget and from development partners. • The Current Account deficit stood at almost VT 1.5 million, buoyed by tourism earnings and donor grants; for two quarters in 2009 the Reserve Bank recorded surpluses in the current account which are very rare. • Annual average inflation was 4.9% (underlying inflation 3.3%).
Social	
<ul style="list-style-type: none"> • The Ministry of Health completed drafting the Health Sector Strategy 2010-2016 and commenced some of the key strategies including restructuring and access to health facilities for all. • The National Food Summit was held. • A nationwide supplementary or 'catch up' measles vaccination campaign brought the vaccination rate up to 97% of all children aged 1-4 years. • Vanuatu submitted its national report for the Universal Periodic 	<ul style="list-style-type: none"> • There were no new HIV or AIDS cases diagnosed in 2009 with voluntary screening offered through antenatal checkups. • In 2009 there was an expanded intake for the basic nursing programme which basically doubled that of the average intake of previous years. • Subsidies were introduced to phase out parental contributions (school fees) in primary education in most rural schools. • The review of the curriculum and assessment and the integration of

<p>Review to the Human Rights Council.</p> <ul style="list-style-type: none"> • Work continued to implement the Family Protection Act. • The incidence of malaria (API) in 2009 was 13.3 per 1,000 populations; a decrease of 82% from the baseline in 2003 and a 2.3% decrease from 2008. 	<p>the Anglophone and Francophone systems of education delivery continued.</p> <ul style="list-style-type: none"> • In 2009 the primary completion rate was 92% for males and 91% for females; on average 91 out of 100 students complete the primary cycle of education.
Governance	
<ul style="list-style-type: none"> • 138 registered court cases, 148 are ongoing while 10 cases have been closed. • Average turnover rate of staff in the state law office is 1. • Ministerial Taskforce appointed to oversee reforms in the SOE's. A decision to liquidate VCMB has been made and work is in progress to privatize Air Vanuatu. • Law and Justice Sector Strategy was developed and launched. • Law Reform commission appointed. • Human right commission in the process for appointment. • Working committee to review the leadership code and the Ombudsman Act has been established. 	<ul style="list-style-type: none"> • The Monitoring and Evaluation as a tool for assessing performance has been recognized and build into the government organization structure. • Auditor General has been recruited. • Contract has been awarded to a contractor to build a new hall of Justice. • Integrity political party bill has been formulated to be tabled in parliament in 2010. • The world government indicators calculated by the World Bank suggest that in 2008 Vanuatu has a positive score on voice and accountability, Political stability, rule of law and control of corruption.

Macroeconomic stability and equitable growth

In the overarching policy document *Priorities and Action Agenda 2006-2015*, the Government recognizes that in order to achieve its aim of raised living standards there is a need to put in place and maintain stable macroeconomic conditions. At the same time, the Government is required to establish policies which promote equitable economic growth. These aims are reinforced in the Government's four year work program set out in *Planning Long, Acting Short: Action Agenda for 2009-2012*; here the Prime Minister's forward statement opens with the following:

“The goal of the present Government is to maintain the relatively high economic growth levels this country had achieved in more recent times into the medium and long-term in order to bring benefits to the population of Vanuatu”

The pursuit of macroeconomic stability has been steady since the launch of the Comprehensive Reform Programme (CRP) in the late 1990s. At that time, the introduction of VAT provided a significant and more predictable revenue base. Further, a new Public Finance and Economic Management (PFEM) Act was put in place to reinforce the budget process and strengthen the accountability of senior government officials. More recently liberalisation in the telecommunications and aviation sectors (2008) have ensured greater competition – which by generating lower prices is a key ingredient to achieve the goal of increased equity. The introduction meanwhile of new institutions such as the Utility Regulatory Authority (URA) has also signaled a stronger focus on the interests of consumers.

In the domain of macroeconomic stability and equitable growth, *Planning Long, Acting Short* sets out a number of policies. These are outlined in

Table 1: The Government's policy priorities for macroeconomic stability and equitable growth, 2009-2012

Policy	Expected Output	Year(s)
Finalise and institutionalise new development budget process to align resources to priorities	New Development Budget process implemented	2010
Maintain prudent budget management practices at all levels of government	Any deficit should not exceed 3 per cent of the overall budget	Ongoing
	Sustainable debt level in relation to GDP maintained	Ongoing
Maintain sound and stable monetary policy	Stable financial system maintained	Ongoing
Pursue a higher real economic growth rate	Maintain at least 5 per cent average real GDP growth over the four-year period	2009-2012
Strengthen the legal regime governing the appropriation and use of public funds	Revised PFEM Act presented to Parliament	2009
	Finance Regulation 2.2 report submitted	2009
	Compliance with PFEM Act and regulations enhanced	Ongoing
	Review of the whole taxation system completed	2009
Payroll cost maintained at manageable level	Link between the PSC, Department of Finance and line Ministries strengthened	2009
	Stronger control of payroll obtained	2009
Adequate resources made available for operational expenditure	An increased proportion of government budget allocated for operational expenditure	2010

Finalise and institutionalise new development budget process to align resources to priorities.

The development budget refers to that portion of the Government's resources which are financed by donor partners. Donors include Australia, European Union, France, Japan, New Zealand, and U.S.A.

Private Sector Development and Employment Creation

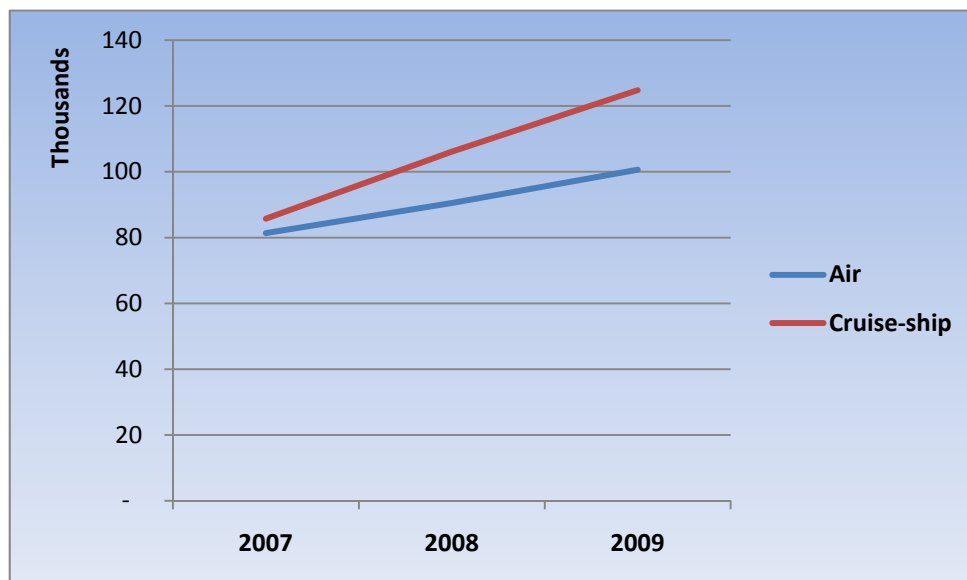
Recognizing the role of the private sector for growth, poverty reduction and employment creation, the government adopted a private sector led growth strategy during the reform program in 1997/98. The Business Forum matrix and the Priorities and Action agenda 2006 have also re-emphasized the importance of creating a favorable business environment.

International tourist arrivals

Tourism is an important component of the Vanuatu economy given its benefits such as foreign exchange, employment and foreign direct investment. **Figure 1** below illustrates an upward trend in visitor's arrivals over the 3 year period. The

VNSO reported that in 2009 visitors arrivals reached 225,452 of which 100,634 by air and 124,818 by cruise-ship.

Figure 1: Visitor Arrivals



Source: Vanuatu National Statistics office (VNSO)

The Reserve Bank of Vanuatu (RBV) reported that between 2003 and 2008 non-resident visitor arrivals to Vanuatu averaged an annual growth of 15 percent. In terms of its contribution to GDP, RBV reported that each one percent increase in tourism number of tourist air arrivals, contributes to an average of 0.4 percent increase in GDP.

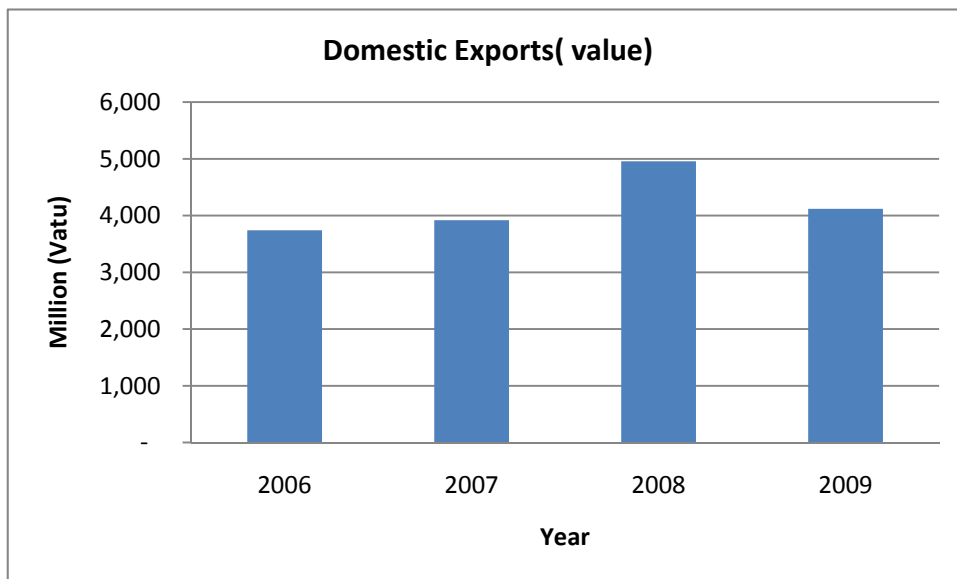
Manufactured output and exports:

Exporting is one of the key elements of international trade, which is the purchase, sale or exchange of goods and services across national borders.

Exporting is crucial for a nation's growth, competitiveness and employment. The VNSO estimated that exports provide almost 50 % of Vanuatu gross national income and that more than four thousand jobs nationally are dependent upon the export sector. The MCA Vanuatu tourism survey baseline study release in June 2008 estimated that the direct and indirect contribution to GDP from tourism alone was 20%.

Figure 2 below depicts the value of five major exports commodities (copra, cocoa, kava, beef and timber) for Vanuatu over a 3 year period.

Figure 2: Principal Exports (Value, Millions)



Source: RBV

The VNSO reported that the value for all exports in 2009 was worth 5.4 billion of which 2.5 billion from agricultural exports and 2.9 billion were from other export commodities. Total exports of goods and services worth more than 25 billion Vatu in 2009.

Levels of Foreign Direct Investment:

Foreign Direct Investment (FDI)¹ plays a critical role in providing employment, technical expertise and investment funds into the country. The incoming FDI contributed to the ongoing economic growth that Vanuatu has enjoyed over the past six years.

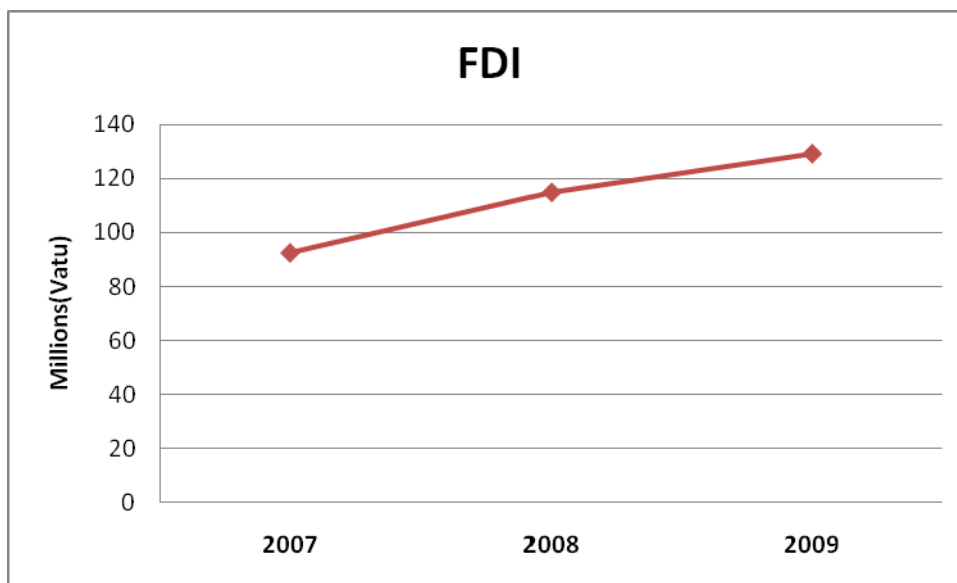
Despite the global financial crisis in 2009, Vanuatu continued to experience high rate of inflow of FDI (figure 3). VIPA also reported that *re-investment recorded a high growth rate* meaning that existing businesses have expanded while some other ventures into new businesses.

RBV² reported that the financial account recorded a large surplus in 2009 and this is attributed to the expansion of foreign direct investment.

The level of FDI can be observed by analyzing the flows of FDI over a specific time period. According to the RBV the value of FDI in 2009 into Vanuatu amounted to VT129.1 billion a further increase from VT114.7 billion in 2008.

¹ Measures the existing stock and flow of privately-held funds into Vanuatu for the purpose of investing in assets within Vanuatu.

² December quarterly report 2009

Figure 3: Value of Foreign Direct Investment (FDI)

Source: RBV, 2009 December quarterly report

Creating a better investment climate is a key priority for the Vanuatu government. In line with this priority key reforms have been undertaken over the past few years.

In August 2008, a 12 member doing business taskforce was set up and its work was supported by the International Finance Corporation (IFC) in addressing the time taken and cost involved in starting a business. The Task Force has met 7 times and undertaken a review on the processes and procedures of starting and operating a business. It identified hindrances to eliminate unnecessary processes and reduce cost. The outcome of the review resulted in the following ongoing work on relevant laws by relevant agencies:

- Review of Foreign Investment Act
- Development of Guide for Business Start-up process
- Review of Immigration Act
- Review of Companies Act
- Review of Business License Act
- Review and Update of VAT Registration Guide.
- Development of Application Guide for Foreign Investments Approval in Vanuatu.
- VNPF employer registration process

The streamlining process of the foreign investment approval that took place in 2009 was made in consultations between all the relevant government agencies dealing with foreign investments according to their existing laws. During the

consultations, it was realized that a number of red-tapes within the government institutions could be improved without making any amendments to the relevant laws. However, the overall review of the VIPA Act will be pursued in 2010.

The Foreign Investment Act was amended and has been passed by Parliament in 2009. This amendment separated VIPA from the Public Service and also eliminated various unnecessary processes to get foreign investment application approved. Unnecessary administration steps were also eliminated and efficient processes implemented since August 2009 which resulted in the time taken to approve an application time to complete step has been reduced from 30 days to 15 working days and application cost is now set at a flat rate of VT25, 000 for all new applications.

Progress has been made to amend the Immigration Act and the result should be presented to parliament in 2010. The amendment would mean that unnecessary process and cost such as service fees for foreigners who seek a residency permit while in country on a visitor's visa will be eliminated.

The Amendment of the Companies Act has been completed and is expected to be presented in parliament earlier in 2010. This would eliminate various steps in incorporation and registration processes.

Review of the Business License Act is still in progress and is likely to go to Parliament in the second ordinary session of 2010.

The World Bank has developed an Ease of Doing Business index that measures regulations directly affecting businesses. The lower rankings indicate better, usually simpler, regulations for businesses and stronger protections of property rights. A nation's ranking is based on the following 10 sub indices:

1. Starting a business
2. Dealing with licenses
3. Hiring and firing workers
4. Registering property
5. Getting credit
6. Protecting investors
7. Paying taxes
8. Trading across borders
9. Enforcing contracts
10. Closing a business

Table 2: Ease of doing Business rankings

Countries	2009 ranking
Vanuatu	57
Fiji	43
Samoa	68
Solomon Islands	96
Papua New Guinea	95

Source: IFC, *Doing Business 2010*.

As depicted in table 2 above, Vanuatu is ranked 57 compared to the other four Pacific Island countries and out of the 183 economies.

Numbers of active employee accounts at VNPF

The number of VNPF active employees has increased from 17,801 in 2007 to 22,164 in 2008. Accordingly in 2008, 62% of active employees are male, while 38% are female employees. The VNPF data for 2009 is yet to be released.

The VNPF data does not capture all formal employment numbers; therefore it does not reflect an accurate level of formal employment in Vanuatu. However the VNSO estimated that total formal employment is 35% higher than the VNPF active employee numbers.

Table 3: VNPF active contributors

VNPF active contributors	2007	2008
Total	17,801	22,164
Male	11,012	13,819
Female	6,789	8,345

Source: VNSO (VNPF data)

Level of credit to private sector

The volume of lending to the private sector is a good indicator for measuring the development of the private sector. The RBV reported that in 2009, the overall volume of lending to the private sector was lower compared to the preceding year. This may be a result of the impact of the world economic crisis. However personal lending comprised the largest share of total loans in 2009. The volume of private sector lender in 2009 was 41.5 billion.

Microcredit schemes are now seen as effective poverty alleviation mechanisms especially for Women. They have proved to be effective in improving living conditions and economic conditions of the financially weaker section of society in various countries. One of the most successful micro-credit schemes in Vanuatu,

Vanwoods, over the past 7 years recorded a steady increase in its membership and savings by members. In 2009, the value of savings from members reached just over 96 million Vatu and also over 2,000 members have benefited from loans.

Contribution of the private sector to GDP:

The private sector plays a critical role in providing employment, income and revenue in terms of taxes to the national government.

Table 4: Private sector contribution to GDP (million vatu)

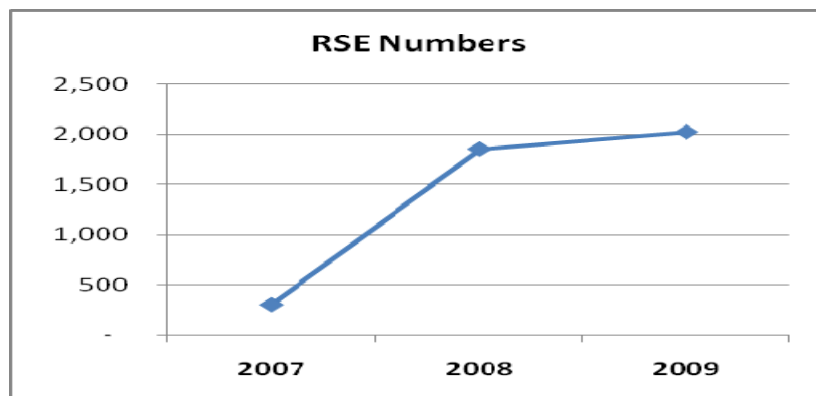
Private sector and GDP	2006	2007	2008	2009 (IMF estimate)
Private sector contribution to GDP	32,165.9	34,045.6	36,266.9	35,449
Percentage	64.5	63.9	63.9	60.6

Source: VNSO

On average over the three years private sector contribution to GDP at constant prices grows by 64 percent. The VNSO reported that contribution to GDP by the private sector in 2009 stands at 35,449 million Vatu. The contribution of private sector to GDP is derived by subtracting the formal sector from the informal sector.

The Regional Seasonal Employment (RSE) Scheme policy provides an employment arrangement whereby, Vanuatu workers can engage in temporary employment in the horticulture and viticulture industries in New Zealand. Despite a number of uncertainties during the initial implementation of the policy the Department of Labour reported that the RSE scheme has proved to be successful and has benefited the country not only by providing employment opportunities and income. The scheme also benefits the workers in three other main areas including time management; English language skills and improved work ethics.

Figure 4: Regional Seasonal Employment Scheme numbers



Source: Department of Labour

Figure 4 illustrates an upward trend in the number of people recruited to work in the RSE scheme. A total of 1,855 were recruited in 2008 and 2,024 were recruited in 2009.

The RBV reported that in 2009 an estimated amount of VT299 million was recorded as RSE workers inflows.

PLAS Matrix outcomes for 2009:

Improved Productive sector institutional capacities

Meetings have been organized and discussions have been held with relevant institutions including the Ministry of Agriculture on the need to have a new structure for the Ministry of Trade. The new structure will house a new department (Industries Department). The new department will deal mainly with product process and value added. A council paper has been developed and will be submitted to the COM in 2010 for the establishment of this new department.

Encourage Tourism as an important source of foreign exchange earner

The Vanuatu Tourism Office (VTO) continued to implement current activities with the aim of raising the profile of Vanuatu as a tourist destination.

The following market activities have been implemented in 2009; participate in trade shows; run major cooperative advertising and tactical marketing campaigns with major wholesale partners and industry partners; work with overseas sales and Public Relations representatives in marketing Vanuatu; coordinate special events such as TokTok Vanuatu; production of promotional material for distribution in trade and overseas markets.

The VNSO reported that in 2009 tourist arrivals reach 225,452 of which 100,634 travel by air and 124,818 travels by cruise ships. This is an increase of 28, 793 compare to year 2008.

There is no up-to date official information on the foreign exchange earnings from tourist activities. The MCA Vanuatu tourism survey released in June 2008, reveals however that international tourism spending within Vanuatu is estimated to be approximately vatu 14.7 billion in 2007, both direct expenditure by tourists and expenditure on behalf of tourists by tour operators. With a 30% leakage, it can be estimated that the net foreign exchange earnings are approximately Vatu 10.3 billion.

Trade Policy:

The Ministry of Trade is in the process of developing a Vanuatu Trade Policy and Trade Act. In 2009, a committee was set up and funded by the Integrated Framework (IF) project. The committee is working closely with the State Law

office. The outcome of the work will result in amending the Fair Trade Act which will provide a framework to foster fairness to traders and consumers through encouraging fair competition, promoting productivity, and the efficient development of industry and the control of restrictive trade activities.

Vanuatu is committed to various trade agreements and will continue to meet the conditions of these agreements. Vanuatu is a member to several trade agreements such as MSG and PICTA. PACER+ and the WTO are still under negotiation. Vanuatu is currently reviewing its taxation system to be compliant with the various trade agreements.

Primary sector development and the environment

The agriculture, forestry, and fishing industry sector plays a vital role in the lives of the people and the Vanuatu economy. It contributes positively to our foreign trade balance and remains one of the important industries in terms of employment and income for the rural population. However, lower international prices for agriculture products, limited capacity to produce on a large scale, and the export requirements such as quarantine regulations have contributed to sluggish progress in production and exports. The 2007 Agriculture census estimated that a total of 38,879 households engage in agricultural activities, and 6,883 workers do full time work on agricultural activities.

Income growth as measured by 5 yearly HIES:

Growth of income from the sale and production of agricultural products is a good indicator of measuring the impact and economic benefits of primary production.

Income distribution and inequality can be measured in many ways. The most popular method is using a Lorenz Curves. The 2006 Household Income and Expenditure Survey (HIES) reported that the level of inequality in Vanuatu is approximately the same in all areas except for Port Vila. According to the VNSO, the Gini Coefficient is estimated to be 0.41 for Luganville, and 0.40 in rural areas compared with 0.46 in Port Vila. This shows the high levels of inequality in Port Vila.

Income growth from the Primary sector could be realistically measured from the sale of agricultural products. The lack of consistent data on income levels makes it difficult to present an accurate trend. The 2006 HIES estimated a total net monthly income from the sale of agriculture and other commodities produced by households to be 688 million Vatu, with an estimated average household monthly income of VT23, 990. Almost half, 47% or 16,040, of rural households derived all their cash income from the sale of agricultural products and other commodities produced in the household.

Output growth in agriculture, livestock, fisheries including subsistence:

In 2009, output growth in agriculture production was driven by crop and copra production. However, a fall in the international and domestic price of copra in 2009 led to a decline in production of copra. Animal production was driven by beef production. Partial indicators show a positive growth recorded in 2009 although Vanuatu lost market share of beef to the Australian market and the Japanese market. However the increase in demand of beef from Vanuatu in the PNG and Solomon Islands market boosted export production.

Table 5: Primary sector as Percentage of GDP

Agriculture sector as percentage of GDP		
	2008	2009(P)
Agriculture, Fishing & Forestry	3.8	1.7
Crop Production	3.3	1.4
Animal Production	7.0	4.0
Forestry	6.0	2.2
Fishing	3.1	2.3

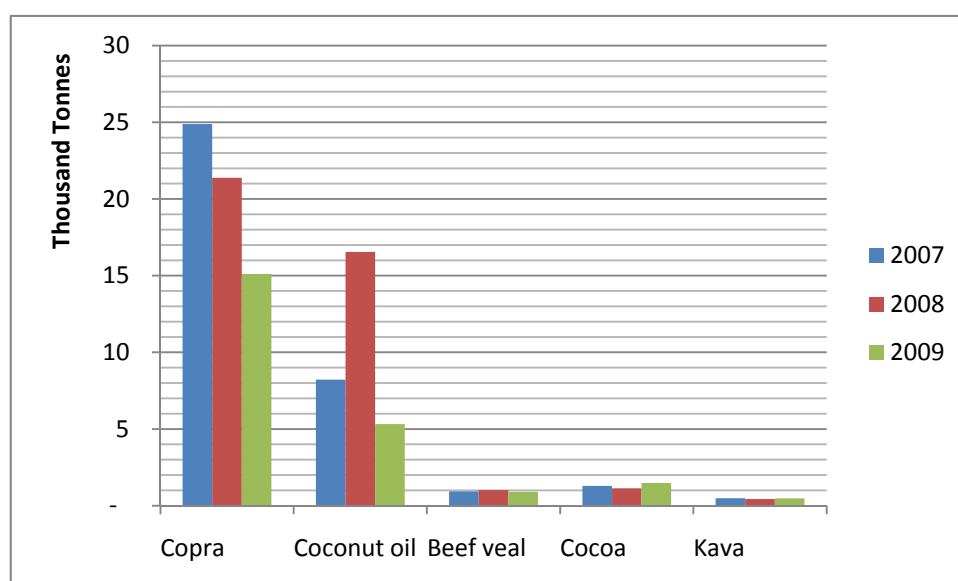
Source: Treasury Department, Ministry of Finance

Table 5 suggests that agriculture, fishing and Forestry make up a total of 3.8 % of the total GDP in 2008 with crop production 3%, animal production 7%, forestry 6% and fishing 3%. The 2009 figures are preliminary estimates and show a decline in all subsectors. However the final estimates are yet to be analysed and published by the VNSO.

Export growth of primary production products:

Growth in export production for primary products benefits the country in various ways such as income and foreign exchange. Figure 1 illustrates a decline trend in export production in a three year period.

Figure 5: Domestic Exports of Primary products ('000 tonne)



Source: VNSO

Figure 5: Domestic Exports of Primary products ('000 tonne) depicts data on 5 major primary export commodities. Export production for copra recorded a huge increase in 2007 and 2008 because of the high prices of copra. The copra subsidy in 2008 has impacted heavily on the level of copra production. The fall in export of copra in 2009 reflected a weak demand in the overseas market and the low international price of copra. Coconut oil exports recorded an increase of over 16,000 tons in 2008. The increase reflected the increase in demand on the

international market followed by increase in the price of coconut oil. In 2009, however it recorded a decline to around 5,000 tones. This reflected lower prices and lower production of copra. Beef, Cocoa and Kava recorded a positive but a declining export trend over the three year period.

Development of sector strategies:

The ministry of agriculture, forestry and fisheries recognizes the need for an agricultural sector Policy. In 2009, the Department of Agriculture and Rural Development (DARD) initiated consultation meetings with key stakeholders and the government appointed a task force committee to consider options for policy direction. The task force committee in consultation with various stakeholders drafted a Terms of Reference (TOR) for technical assistance in drafting a Productive Sector Policy (2010 – 2020). Negotiation for funding is currently underway with major donor partners for technical and financial support to the DARD.

The NZAID has provided support to DARD in a variety of areas including food production, processing and capacity building. The FAO initiative on Soaring Food Prices coordinated by the Vanuatu Agriculture College provided assistance not only on vegetable and foot planting techniques but also the purchase of 20 small rice machines to process and package rice.

The Department of Livestock and Quarantine (DLQ) has undertaken Consultation meetings in 2009 with stake holders on a new Bio-security law; the law has been drafted and submitted to the state law office (SLO) for legal advice prior to submission to parliament approval.

In 2009, the Fisheries Sector commenced the operation of on-shore processing of tuna for the export market as well as enhancing improvement of port state measures on monitoring of foreign fishing vessels. A medium size tuna processing factory located in Port Vila met international market standards to export fresh highly valuable big-eye and yellow-fin tunas for the sashimi markets in Japan as well as Hawaii and New Zealand landed through foreign fishing vessels licensed by Vanuatu. Construction of a large scale tuna processing plant funded by the Chinese Government has also been completed and handed over to the Government of Vanuatu. The plant is likely to be operational by 2011.

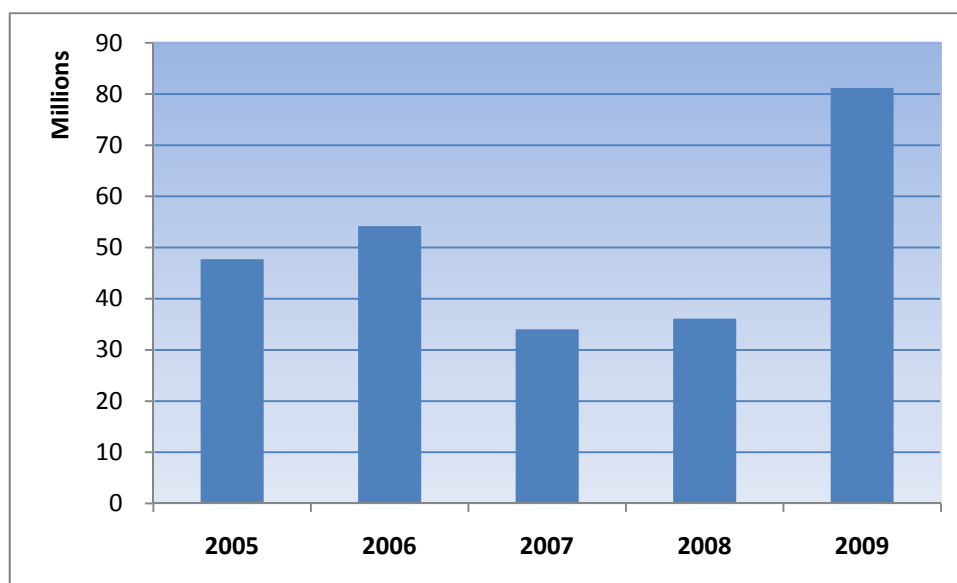
In March 2009, the Fisheries Regulation Order No 28 of 2009 was officially gazetted. The new Order provided for the changes in the license fees for foreign, locally based as well as local fisheries operations. The new order also made changes to improve the management measures of the inshore coastal resources which have been proposed for changes under the relevant management plans.

A review of the current Fisheries Act No 55 of 2005 is currently underway. The outcome of the current review will result in a proposed new Fisheries Bill to be tabled before parliament in 2010.

In 2009 the Forestry Department has been actively involved in providing training and extension services to local farmers and conducting workshops. The other activities involved field visits. These activities were conducted with the aim of providing appropriate methodologies of establishing and managing a forestry nursery and management of woodlot. Work has also been undertaken in formulating a new forest policy. This new policy direction has taken into consideration new thematic areas such as climate change and other environmental and economic issues. The policy will be completed in late 2010 and a restructure of the Forestry Department will follow to cater for the new directions identified in the new policy.

The Forestry department is working on the current Forestry Act No 26 of 2001 which will be revised in 2010 to incorporate the new policy directions.

Figure 6: Donor Resources to the primary sector (million vatu)



Source: FMIS, Ministry of Finance

The difficulty in obtaining financial information on projects that do not pass through the government system or the GIP process makes it impossible to present an accurate information that capture the total donor resources that goes towards assisting the primary sector over a period of time. **Figure 6** above shows an estimated cost of projects that were implemented by the Ministry of Agriculture, Quarantine, Fisheries and Forestry (MAQFF) over a five year period.

During the year 2009, over 80 million Vatu was spent on projects that were implemented by the MAQFF of which 46% was implemented by the Quarantine and Inspection Services, 32% by the Department of Agriculture, and 11% by the Fisheries Department and 11% by the Forestry Department.

The total budget for the MAQFF appropriated by the national parliament in for 2009 was VT381, 182,220. In terms of the breakdown cost, 68% was allocated to payroll cost while 32% goes towards operation costs. This is an increase of over VT49 million compared to 2008 budget.

Natural Resources Management:

The council of ministers has made some important decisions for the Ministry of Lands to be restructured in line with the Land Sector Framework (LSF) and other key activities such as: LSF, public awareness, land lease compliance, assistance to land registry, strata title and subdivision controls, zoning maps and development planning controls. A new structure has been developed and now submitted to the Public Service Commission for approval. Along with this the Lands department Human Resource Development Plan (HRD) has been completed, while the HRD plan for the Ministry of Lands and Natural Resources is yet to be formulated.

The water department is also being restructured and it is expected that the Public Service Commission would approve the new structure and recruitment should commence in late 2010.

The legislation on the preservation of cultural sites and artifacts has been amended to address penalties to further safeguard protected areas.

The Amendment Act has been passed by parliament and gazetted. The Vanuatu Cultural Centre has completed a report on historic and Custom Sites on Santo and other parts of Vanuatu.

Environment:

The Environmental Management and Conservation Act 2002 has been reviewed. The government aims to undertake Environmental assessments of all development proposals and make the result of EIA available to public scrutiny. Along with the demand for EIA, the Environment Unit has been restructured and is now the Department of Environment with 10 staff members. This is an increase of 5 staff. The recruitment of staff to the Environment department is to be completed by mid 2010. The Environment department is currently working on new legislations including the Litter Control Regulation; EIA Regulation and the Pollutions Control Act. These new regulations will be tabled in parliament later in 2010.

Land rights and Access:

The Land Sector Framework (LSF) endorsed by the Council Of Ministers in 2009, provides the strategic plan to implement land reforms in Vanuatu. The LSF aims to address the issue of land rights and access with the following specific themes:

- Enhancing the governance of land
- Engaging customary groups
- Improving the delivery of land services
- Creating a productive and sustainable sector and
- Ensuring access and tenure security for all groups, including children and women.

LSF is a Government Policy initiative geared towards a strategic plan to implement land sector reforms in Vanuatu. Its main objective is to guide government, private sector and civil society in the use and management of Vanuatu's land resources.

Work is also in progress for reviewing the national land legislation such as land lease act, land reform Act, land tribunal Act and the enactment of national land law Act.

In 2009, the Lands Tribunal Unit under the Department of Lands has engaged in conducting community awareness on matters relating to land disputes and customary boundaries for future registration. This activity falls in line with the LSF.

PLAS matrix outcome for 2009

LSF has been approved by the COM and subsequently launched in 2010

Strengthen Land laws Act to increase transparency in land lease decisions: ongoing program activity

Rural and Electrification Master Plan is in the process to be finalized and is expected to be launched in 2010.

National Water Strategic Plan was launched in 2008 and implementation starts in 2009: ongoing activity.

Key recommendations of the 2006 land summit implemented: on track

Ozone depleting substance bill has been formulated and will be table in parliament in mid 2010.

Waste Operation and Service Act has been formulated and will be table in parliament in 2010

Good Governance and Public Sector Reform

Good governance principles of accountability transparency and rule of law are critical a country's development progress. They assure that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. They are also responsive to the present and future needs of society. Equally important is the continued reform in the public sector. The benefit of reform includes an innovative public sector that is responsive to the increasing demand of its citizens; a highly motivated public sector that demonstrates its efficiency through continuous performance improvements; improved relationship between the general public and the public sector as a consequence of enhanced quality of service delivery and improved financial management systems with a view to greater accountability, transparency, flexibility and efficiency in the use of public funds.

Monitoring service delivery in health and education:

The need for Monitoring and Evaluation as advocated by the international community through various initiatives (including the MDGs) has been recognized by the government. A monitoring and evaluation unit has been established within the office of the Prime Minister. The core role of the unit is to monitor and evaluate the impact of government policies and programs and provide feedback to the government through the Council of Ministers and the office of the Prime Minister. The monitoring and evaluation framework recognizes the responsibility of all government ministries. Importantly, the M&E framework places emphasis on stakeholder participation, and the monitoring of health and education services are regarded as highly essential.

The M&E framework recognized that monitoring and evaluation will help in identifying major constraints affecting the implementation of government programs, policies and projects. Information collected during monitoring and evaluation will also help move the government towards evidence-based policy making.

Timely production and examination of Auditor's-Generals reports:

The office of the Auditor General provides secretariat support to the Public Accounts Committee. Its powers and objectives were ratified by law in the Expenditure Review and Audit Act 1998. There have been delays in producing annual audit reports for the government in recent years due to human and financial resource constraints. A new Auditor General was appointed in 2009 and work is in progress to strengthen the office of the Auditor General.

Reduced backlog of court cases:

According to the State Law Office annual report, total registered court cases in 2009 were 138. A total of 148 were ongoing cases, while 10 court cases were closed. Generally every year there is an increase in the number of new cases, thus requiring ongoing support from the government to the legal sector.

Average length of service of legal officers:

The average turnover rate of staff in 2009 was 1. This is the lowest rate compare to the past six years. This reflected the important actions taken by the Vanuatu government such as reviewing and offering a better pay package for lawyers entering civil service. There are currently 33 staff in the State Law Office of whom 19 are lawyers including the Attorney General. The Financial intelligence Unit with 4 staff complements well the State Law Office task.

Remuneration levels of key skilled personnel in the public service:

The remuneration of key public skilled personnel in the public service has been an ongoing concern at Ministry level with continued support from PSC. This had resulted in new job descriptions analysis and job audits with equivalent salary adjustments in some ministries. This task was being carried forward to 2010. Further review will be conducted in 2011 with Remuneration Tribunal rulings expected in 2012.

Timely disciplinary action within the public service:

Disciplinary actions in 2009 had not been met due to the slow process of appointment of the Public Service Disciplinary Board. As at 31 December 2009, three (3) cases were left outstanding after more than seven months. These three cases are to be dealt with in 2010.

SOE performance and privatization:

The difficulty in getting data on the financial information makes it impossible to assess the full economic and fiscal impact of the SOE's. There are 20 SOE's currently operating in Vanuatu of which 14 are corporatized and structured to operate along commercial principles (**Table 6: Vanuatu State-Owned Enterprises (SOE's)**). The remaining six SOEs are government entities performing various noncommercial functions for the government. Of the 14 corporatized entities 5 are minority shareholdings, while 9 are majority owned by the Vanuatu government.

Table 6: Vanuatu State-Owned Enterprises (SOE's)

Commercial SOE's Under the Companies Act	Government Shareholdings (%)
Vanuatu Post	100
Air Vanuatu	100

Vanuatu Livestock Development	100
Airports Vanuatu	100
Global Trading and Manufacturing	31
Metensel Estate	99
Northern Islands Stevedoring	10
Ifira Wharf and Stevedoring	34
Vanuatu Abattoirs	33
Noncommercial SOE'S Under their own Acts	
Reserve Bank Of Vanuatu	100
Vanuatu Commodities Marketing Board	100
Asset Management Unit	100
Vanuatu Tourism Office	100
Utility Regulatory Authority	100
Vanuatu Financial Service commission	100
Commercial SOE's Under their own Acts	
National Housing Corporation	100
Vanuatu National Provident Fund	100
National Bank of Vanuatu	100
Vanuatu Agriculture Development Bank	100
Vanuatu Broadcasting and Television Corp	100

The government has taken steps through a council decision in 2009 and appointed a Ministerial taskforce to oversee reforms in all SOE's. The decision to liquidate the Vanuatu Commodities Marketing Board and current work being undertaken to privatize Air Vanuatu are important steps that the government has pursued. Options have been considered to establish a new regulatory framework that will focus on increasing income for agricultural producers with minimal political interference. The bill for VCMB (repeal) Act No. of 2010 is now ready to be presented in parliament. The government is also developing a Public Enterprise Act to regulate all SOEs so that they are more transparent and accountable.

Institutional reforms, Decentralization

The Secretary Generals and Presidents Forum held in MASKELYNE Island at MALAMPA province in 2009 focus on the strengthening of the Area Council. The forum passed 20 resolutions and more than 90% of the resolutions focused on improving service delivery at the Provincial level. The government is committed to implementing the 20 resolutions. The DRC is working on the proposed amendment to the Decentralization Act (CAP 203) to facilitate the smooth implementation of the decentralization policy.

The government has also delegated the responsibility of regulating the insurance companies and provident funds to the central bank. This resulted in the amendment to the Vanuatu Financial Service Commission Act and the Reserve

Bank of Vanuatu Act to allow the Reserve Bank to supervise the financial institutions. This also covers various microfinance institutions and the newly established Agriculture Development Bank.

Good Governance

The World Bank provides annual updates on six dimensions of governance (absolute score and rankings). The set of indicators are known as the Worldwide Governance Indicators (WGIs). To measure the progress of how each country is performing in terms of the six dimensions, absolute score values are used. The WGIs are gathered and analyzed from aggregating views on the quality of governance from a number of surveys, think tanks, international organizations and non-governmental organizations. The 2009 data are yet to be released by the World Bank; however, **Table 7** below illustrates the set of WGI's for the 5 Pacific Island countries in terms of their scores in 2008. The scores vary according to the range -2.5 to +2.5.

Table 7: Worldwide Governance indicators

	Vanuatu	Fiji	Papua New Guinea (PNG)	Solomon Islands	Western Samoa
Voice and Accountability	+0.62	0.65	+0.09	+0.19	+0.63
Political Stability	+1.3	0.05	-0.55	+0.12	+1.11
Government Effectiveness	-0.36	0.95	-0.8	-0.79	-0.07
Regulatory Quality	-0.76	0.68	-0.59	-1.31	-0.43
Rule of Law	+0.46	0.52	-0.94	-0.78	+0.74
Control of Corruption	+0.33	0.31	-1.13	-0.41	+0.24

Source: http://info.worldbank.org/governance/wgi/mc_countries.asp

Vanuatu recorded positive results in 2008 on voice and accountability, Political stability, rule of law and control of corruption. However, for government effectiveness and regulatory quality Vanuatu scores negatively. This would also indicate that major reforms need to be implemented to raise Vanuatu score.

Comparing each five countries, Samoa and Vanuatu are performing, while PNG and Solomon Islands are showing some progress. Fiji has performed well below as the data is showing negative progress thus lower score values.

PLAS Matrix outcome for 2009

The Law and Justice Sector strategy was developed and launched in 2009. The outcome of this strategy has been adopted by the Council of Ministers for implementation to commence in August 2009. An important strategy is to establish the Head of Law and Justice Agencies and institutions to coordinate the implementation phase of this strategy. The Minister of Justice has appointed a Law Reform Commission. The Human rights Commission has been established and recruitment will take place in 2010. Vanuatu now has a newly established Law Society.

A working committee was established in December 2009 to commence the review for the Leadership Code and the Ombudsman Act.

A new correctional facility is being proposed and endorsed by the Council of Ministers. The construction of the road, electricity and water to the site and the tender process for the building of the facility are about to take place. Ongoing training and technical support for the capacity of the correctional services are being carried out on a regular basis.

Construction of a New State Law Building Complex will commence by beginning of 2010 with the financial support from donors. The hall of Justice has been tendered and a contract has been awarded to a contractor to construct the new building.

The Vanuatu Police Force (VPF) Capacity Building project is addressing the ongoing capacity building issues through ongoing technical assistance training program and infrastructure facilities to the VPF.

There is a political commitment made by the Government to have an Integrity Bill by 2010.

The Government is in the process of developing the integrity political party bills to address the issue of political instability and to reform existing political parties to adhere to all forms of corporate and good governance practices and principles.

Provision of basic services and strengthening social development

In 2009 the Ministry of Health finalised the drafting of the Health Sector Strategy 2010—2016 which sets the aims, objectives and indicators for the health system, and provides directives for planning and monitoring of the activities in the health sector. The strategy is now forming the priorities for policy direction in the sector for the periods 2010—2016 which includes:

- Ensure that the whole population has access to a range of evidence based and affordable health promotion and preventive services;
- Ensure universal equitable access to emergency, curative and rehabilitative services;
- Ensure that quality Primary Health Care remains pre-eminent as the central strategic health priority for the country, and that this is reflected in the budget;
- Ensure that the health systems necessary to provide such services, which are accountable to clients and are cost effective, are developed and strengthened in line with international best practices;
- Actively engage in partnerships with donor agencies, private sectors, civil society groups and other development partners to assist in optimizing health service delivery;
- Adopt a 3 year strategic planning framework, with rolling yearly implementation (business) plans that should drive the Department budgeting process;
- Ensure that all significant external funding is in line with the priorities and direction of the MOH.

Key strategic priorities for the Ministry of Health in 2009 included beginning the restructuring of the ministry to make it more effective in its service delivery, preventative health measures and community health services. This restructuring also involved an assessment of the human resources required to meet the service targets and objectives of the ministry. As of 2007, health services have been delivered through two regional referral hospitals, three provincial hospitals, 27 health centres (active), 97 dispensaries and 231 aid posts. This *structure* makes the Vanuatu per capita access to health facilities very high amongst developing countries; but there are concerns about access to services in remote communities (island and inland) and the staffing levels of facilities. There is an acute shortage of trained medical personnel combined with an ‘aging’ workforce at all levels of health services in Vanuatu. The ministry, with support from development partners, is addressing this phenomenon as a priority. During 2010 the ministry will be submitting the new structure to the Public Service Commission for endorsement so implementation of this new structure can start in 2011.

Decentralization of staff at all levels of the health service should help in providing better services to all of Vanuatu.

Vanuatu is experiencing what is called the ‘double burden’ of disease with both communicable and non-communicable diseases having significant health impacts on the nation. Communicable diseases of note include malaria, tuberculosis, STIs, acute respiratory tract infections, diarrhoea and viral hepatitis. In 2009 there were also suspected cases of dengue fever in Vanuatu; although dengue fever is not endemic here. In 2008 however there were 84 confirmed dengue cases. In Vanuatu there are outbreaks based on cases imported from neighbouring countries. Although information is not available on the ‘country of origin’ cases are suspected to come from Fiji and New Caledonia where the disease is endemic.

Key achievements in 2009 in the health sector include the conduct of the National Food Summit where a range of stakeholders and development partners discussed the issue of food security and safety based on the Pacific regional framework of food security and safety. The ministry continued to move forward its reform agenda and finalised its priority areas as implementing the health sector strategy; restructuring the ministry of health; reviewing the human resources development plan; developing a health managers training plan and the creation of a national health council.

A nationwide measles ‘supplementary’ or ‘catch up’ measles vaccination campaign was conducted during June and July to increase the coverage rate from 80% through the ‘routine coverage’ of the hospital and clinic system to 97% of all children aged 1–4 years in 2009. This is part of a regional initiative to eliminate measles by 2012.

The 2009 National Malaria Meeting was held in Torba where health officers involved with eliminating malaria came together to review their outputs and plan for 2010 based around the broad goal to have eliminated malaria in Vanuatu by 2030. The goal within the ministry is to eliminate malaria from Vanuatu by 2030; for Tafea province the goal is for elimination by 2014: the annual parasite incidence (API) of malaria in 2009 was 13.3 per 1,000 population; a decrease of 82% from the baseline of 73.9 per 1,000 in 2003 and a 2.3% decrease from the incidence in 2008. In 2009 there was an indoor spraying programme in Tanna using Insecticide Residual Spraying of 4,489 households; long lasting net distribution and new malaria treatments provided to ensure that the Ministry achieves its goal to eliminate malaria in Tafea by 2014.

In the area of broader social development Vanuatu submitted its national report for the Universal Periodic Review (UPR) to the Human Rights Council in 2009. The fundamental principles of the Universal Declaration of Human Rights were

enshrined in the Constitution of the Republic of Vanuatu. Given its commitment and recognition to all Human Rights Principles, the Government has ratified the following International Instruments: the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and its Optional Protocol; the Convention on the Rights of Persons Living with Disability (CRPD); the Convention on the Rights of the Child (CRC); and the International Covenant on Civil and Political Rights (ICCPR). The State had also ratified a number of ILO conventions. In order to compile the UPR report the Government has appointed a committee made up of Government Departments' representatives. This Committee was tasked to consult the relevant Government Departments on human rights issues. An NGOs report was also submitted.

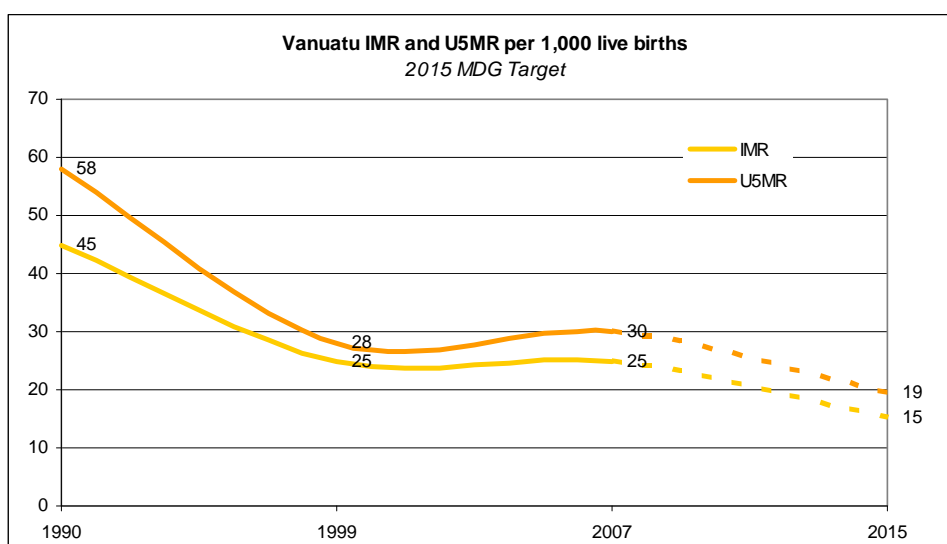
The report of the working group of the Human Rights Council made 48 recommendations for Vanuatu based on the UPR and NGO report; the majority of which were accepted by government which is tasked with reporting on the implementation of the recommendations in its next UPR. Areas where the government expressed its reservations were where recommendations concerned ratifying new resolutions, conventions and covenants or optional protocols. The government is reluctant to accede to and ratify any additional conventions, apart from the Convention against Torture and its Optional Protocol, as it is struggling to meet the obligations under CEDAW, CRC and ICRPD as well as other resolutions and conventions outlined above.

In 2009 a number of government agencies and NGO partners continued work to implement the Family Protection Act (2008) which creates a specific domestic violence offence and confers obligations on the police to intervene if violence is suspected. The focus areas for implementation are prevention, protection and punishment (legal response) and a national Task Force guides activities. Enforceable Family Protection Orders can be made by courts to constrain the behaviour of perpetrators for up to two years. Protection orders can be made on the basis that acts of domestic violence have been, or are likely to be, committed. Further, the Family Protection Act excludes the payment of bride price as grounds for defense in domestic violence cases. The Vanuatu Police Force does not currently have formal protocols in place to respond to violence against women and in 2009 a programme started to address this problem. The government also provides assistance to the Vanuatu Women's Centre in the first national research into gender based violence which will provide valuable baseline information to monitor the outcomes of the Family Protection Act.

Performance of these main priorities and strategies of the Ministry of Health are measured by a number of indicators across a number of health sectors, projects and programmes.

Infant (aged under 1 year) and child (aged under 5 years) mortality — the infant mortality rate is the probability of dying before the first birthday, likewise the under-five mortality rate is the probability of dying before reaching the fifth birthday. The 2007 Multiple Indicator Cluster Study (MICS) provides the latest national estimate of these indicators. The under-five mortality rate is estimated to be 30 per 1,000 live births and the Infant Mortality Rate (IMR) was estimated at 25 per 1,000 live births. Since 1990 considerable improvements have been made in the under-five mortality in particular (**Figure 7**). The leading causes of infant and child mortality, and morbidity, include acute respiratory tract infections and diarrhoeal diseases. If proper medical care is given and if these conditions are treated successfully, under-five mortality could be significantly reduced. In 2008 20% of all ARI admissions were infants aged less than one year and 26% were aged one to five years: 46% of all ARI cases were aged less than five years.

Figure 7: IMR and U5MR



Source: Ministry of Health

Births attended by skilled health personnel — after considerable awareness raising it is now thought that most mothers deliver their babies through ministry of health facilities rather than at home: an estimated 74% of deliveries had a skilled attendant for the years 2006 and 2007 from the MICS.

Maternal mortality — from January to June in 2009 there were 1,425 obstetrics admissions as reported by the hospitals; compared with 3,612 for all of 2008. In 2008 there were 2,056 regular deliveries in hospitals and a further 1,145 deliveries with some form of complication; the majority of which (1,051) were for post partum hemorrhage and retained placenta.

Immunisation coverage — it is estimated that the measles immunization rate (routine) was 80% for 2009. In general immunisation rates are low; the 2007 MICS estimated that 24% of children 12–23 months were fully immunised. The measles rate is higher because of the ‘catch up’ national programme. Routine coverage is high for all diseases being immunized; however due to under reporting the result is somewhat low. The 2009 catch-up campaign achieved 97% coverage.

Contraceptive prevalence — the current indicator used for contraceptive prevalence is from the 2007 MICS which found that 38.4% of all women aged 15–49 years married or in union were using (or whose partner was using) a form of contraceptive method, including traditional.

Incidence of malaria, tuberculosis and NCDs — the annual parasite incidence (API) of malaria in 2009 was 13.3 per 1,000 population; a decrease of 82% from the baseline of 73.9 per 1,000 in 2003. The use of bednets is widespread with 85% of households having at least one long lasting treated net and it is estimated that 65% of children sleep under bednets. It is estimated that from 2000 to 2007 there were on average 120 cases of tuberculosis a year in Vanuatu. There are ongoing problems in tuberculosis sufferers maintaining the DOTs (Directly Observed Short Course Treatment) programme and the ministry has to hospitalise patients to ensure full treatment. This results in is a relatively high proportion of relapses in the total number of people with tuberculosis.

In 2009 there was an indoor spraying programme of 4,489 households in Tanna using Insecticide Residual Spraying; long lasting net distribution and new malaria treatments provided to ensure that the Ministry achieves its goal to eliminate malaria in Tafea by 2014.

In 2008 there were 586 cases of NCDs through the hospital system (outpatients and admissions); 25% of which were for hypertension, and 23% were for cancer and diabetes respectively. Of the 136 diabetes cases 15 were for amputations.

Availability of timely and accurate health statistics — continued to be a major challenge for the ministry in 2009 with very limited human resources available for health statistics combined with decreasing numbers of monthly statistical summaries returned from the health centres. The returns from health facilities continue to be entered into the system with varying degrees of coverage but problems are ongoing in analysis and estimation because there is no trained epidemiologist within the ministry. This is a priority area for the MOH to address in the next 3 years.

Prevent the spread of HIV/AIDS — the first case of HIV in Vanuatu was diagnosed in 2002 and since then there have been two AIDS-related deaths out

of a total of five cases of HIV with the three who are HIV positive receiving antiretroviral medicine. There were no new HIV or AIDS cases diagnosed in 2009 with voluntary screening offered through antenatal checkups. The last new case of HIV was diagnosed in 2007. One of the challenges for awareness raising activities is to increase the rate of voluntary HIV screening.

Reach of essential health services to remote areas increased — in 2009 development partners agreed to a major project to upgrade and refurbish health facilities in a number of remote rural locations and work will begin in 2010.

Numbers of nurses trained and engaged increased— staffing shortfalls at rural facilities reduced – in 2009 there was an expanded intake for the basic nursing programme which basically doubled that of the average intake of previous years. In 2009 there was an intake of 68 for the three year general nursing training programme which compares with 20 to 30 for previous years. Preparations were also made in 2009 for an intensive bridging training programme in 2010 for nurses who have not completed their basic training to graduate by the end of 2010. Training of nurse practitioners (a skill level just below doctor) and mid wives were also expanded in 2009

Promote gender equality and empower women

Gender equality means, simply that there is no discrimination on grounds of a person's sex in the allocation of resources or benefits, or in the access to services. That is, all human beings are free to develop their personal abilities and make choices without the limitations set by strict gender roles; that the different behavior, aspirations and needs of women and men are equally considered, valued and favored. Implementing gender equality fully requires equal representation and participation of both men and women in the economy, decision-making, as well as in social, cultural and civil life. Only in this way will men and women reach their full potential in society. It implies a fair distribution of resources between men and women, the redistribution of power and caring responsibilities, and freedom from gender-based violence. Dimensions of gender equality include economic and social rights, human rights, prevention of violence, participation and decision making.

The reasons women in Vanuatu are so under-represented in national, provincial and municipal governments are complex and include the reluctance, even direct opposition, of both men and women to recognise women's rights to hold decision-making positions within of the country. These attitudes are deeply embedded in traditional custom and Christianity. These attitudes are slowly changing, most noticeably at the municipal level where Luganville has a female mayor.

PLAS matrix outcomes for 2009

New National Health Policy has been developed and the structure is still in the process to be approved by the Public Service Commission (to complete in 2010).

Achieved key MDG targets related to health (child mortality, maternal health, combat HIV/AIDS, malaria) by 2012: on track.

Resource allocation to favour community health by 2012: on track.

Health infrastructure improved by 2012: ongoing.

Immunisation levels increased, supply of essential medications to health facilities maintained by 2010: ongoing.

Education and human resource development³

Net enrolments of males and females, rural and urban children in pre-school, primary, secondary and tertiary education and training institutions

In the education sector progress is being made with the implementation of the Vanuatu Education Sector Strategy (VESS) 2007-2016 with 2009 achievements including the introduction of subsidies to phase out parental contributions (school fees) in primary education in most rural schools (expanded to all primary schools in 2010); strengthening of the Vanuatu Education Management Information System (VEMIS); the ongoing review of the curriculum and assessment and the integration of the Anglophone and Francophone systems of education delivery; the drafting of an Education in Emergency Preparedness Plan commenced; and the Early Childhood Policy was drafted in 2009.

Early childhood education

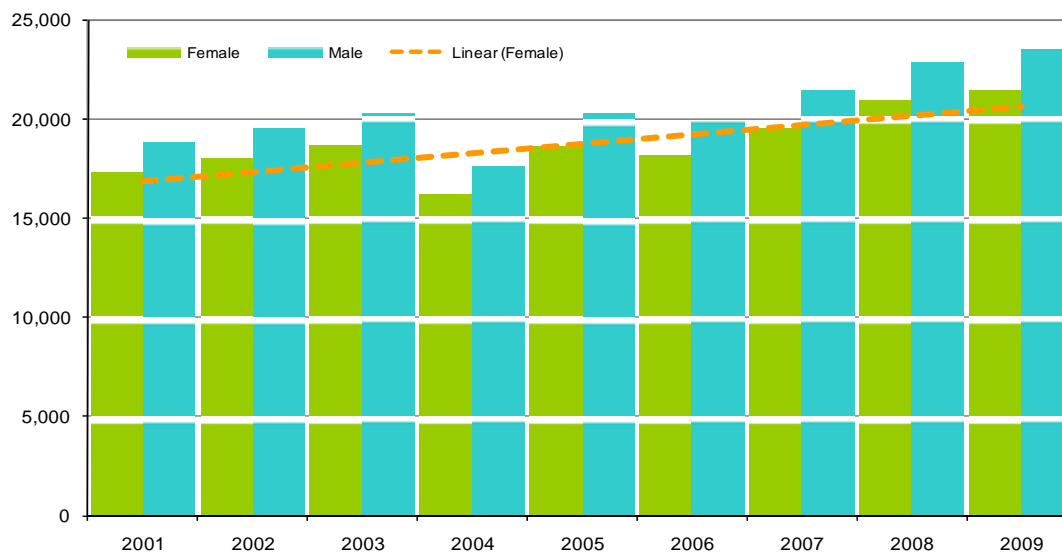
The Ministry of Education has focused on improving the quality of early childhood education (ECE) through an accreditation programme involving the teaching of the approved national curriculum and having trained teachers in “model kindies”. There has also been ongoing rationalisation of government funding support for ECE which is mostly funded by communities. The increase in the number of “model kindies” has resulted in the closure of many informal ECE centres, particularly in the rural areas: in 2006 there were 861 ECE centres which decreased to 627 in 2008. The ratios of girls and boys enrolled to the number of ECE centres has deteriorated slightly from 15 in 2006 to 18 in 2008. In 2008 46% of those enrolled in ECE were at the ‘right age’ aged between 4 -5 years; and a further 32% were aged between 2-3 years.

Primary and secondary education

In the past three decades progress has been made towards increasing access to primary and secondary education. Enrolments in primary school continue to increase (Figure 8), although female enrolments are consistently lower than that for males, caused mostly by the sex structure of the primary school age population.

Figure 8: Primary school enrolment, 2001-2010

³ All statistics and data used are sourced from the Digest of Education Statistics 2008, Ministry of Education, Youth Development and Training



Source: Ministry of Education

In 2009 the primary completion rate was 65.8%: on average 66 out of 100 students complete the primary cycle of education. This is an improvement on 2008 where a primary school completion rate was 62%.

One of the MDGs for gender equality looks at the proportion of girls to boys at different levels of education – in the case of primary school the ratio was 92 in 2001 and was its lowest at 90 girls per 100 boys in 2007. The Gross Enrolment Rate (GER), which measures all enrolments as a proportion of the primary school age group, is high for both girls and boys – above 95% since 2002. Gender parity in the GER is measured by taking the GER for girls and dividing it by that for boys. A value of less than 100 shows the GER favours boys while a value close to 100 indicates gender parity. In 2008 the Gender Parity Index (GPI) for the GER was 98i indicating that boys are slightly more likely than girls to be enrolled at primary level.

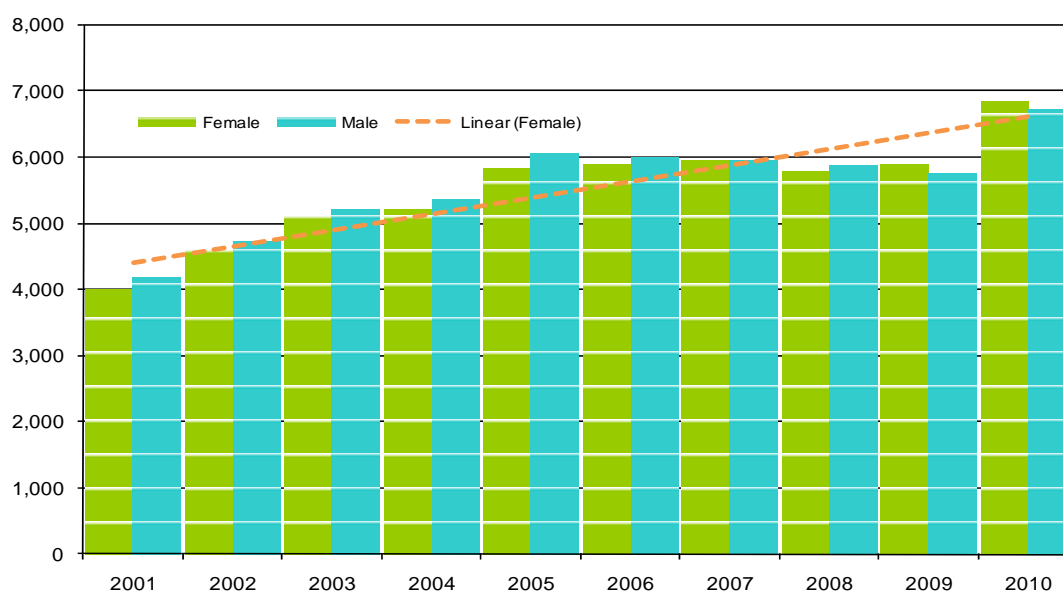
However the number of girls, young women, boys and young men at higher levels of education is considerably lower. There are only 82 secondary schools in 2009 compared with 425 primary schools demonstrating a considerable drop in enrolment. At secondary level government's priority is not specifically to have equal numbers of boys and girls, but to expand educational opportunities for all – both in terms of formal academic and life skills oriented education. At secondary level the GER is an important monitoring and evaluation indicator and while numbers enrolled have increased since 2001 the GER in 2008 for secondary was still low at 28% for girls and 27% for boys. In 2008 the sex ratio for secondary enrolment was 94 females per 100 males (Table 1); but the GPI of the GER, a more accurate measure of the sex ratios, was 104.

Table 8: Secondary school enrolment and sex ratio

Year	Female	Male	Ratio of females to males
2001	3,985	4,190	95 females per 100 males
2002	4,612	4,730	98 females per 100 males
2003	5,114	5,218	98 females per 100 males
2004	5,216	5,365	97 females per 100 males
2005	5,823	6,060	96 females per 100 males
2006	5,884	5,989	98 females per 100 males
2007	5,939	5,943	100 females per 100 males
2008	5,784	5,877	98 females per 100 males
2009	5,892	5,762	102 females per 100 males
2010	6,831	6,718	102 females per 100 males

Source: Ministry of Education

Figure 9: Secondary school enrolment, 2001-2010

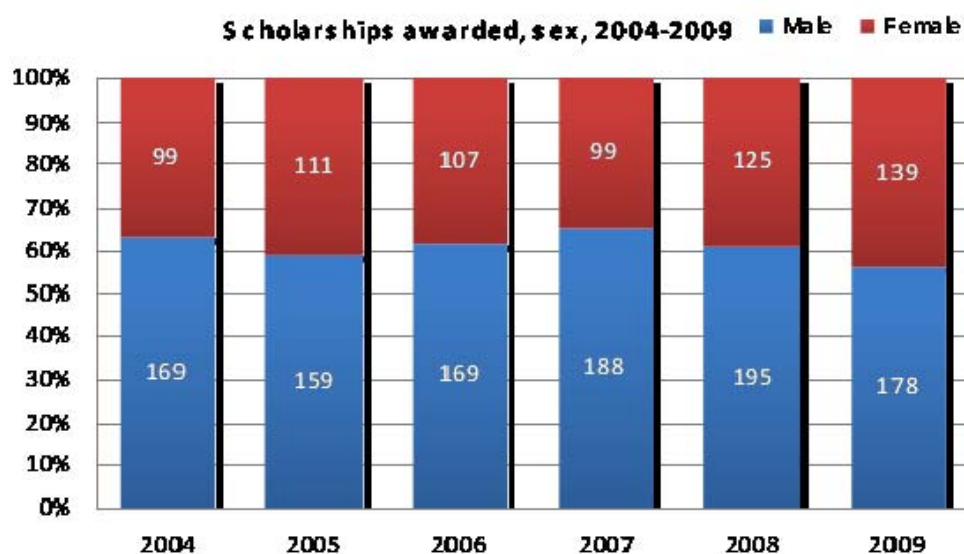


Source: Ministry of Education

Tertiary education

Since 2006 there has been an average of 1,160 Ni-Vanuatu students enrolled in the first semester at the USP Emalus Campus; with an average of 46% females. In 2008 there were 559 Ni-Vanuatu students (equivalent full-time students or 1,698 in 'headcount' terms) enrolled at USP across all campus locations; 54% of whom were male and 138 of whom were receiving some kind of scholarship. From USP statistics (using headcounts), 91% of Ni-Vanuatu students were enrolled at the Emalus campus, 8% at the Laucala Campus (Suva, Fiji) and most of the others at the Alafua Campus in Samoa (with a very small number studying in other USP country campuses). A large proportion of Ni-Vanuatu enroll at Emalus campus on a part-time basis – 75% of Ni-Vanuatu 'full-time equivalent' students are enrolled locally.

Figure 10: Ni-Vanuatu USP students with scholarships



Source: USP

Most tertiary scholarships granted are for under graduate study within the Pacific region scholarships are issued by the Government of Vanuatu or other bilateral development partners. Where no quotas are applied for gender (New Zealand and Australia), scholarships are granted based on the proportions of each sex applying for a scholarship: there is a low rate of females applying for scholarships.

Enrolments in training institutions

There were 50 Rural Training Centres (RTCs) in 2009, of which 24 had full membership, 15 were associate members and 11 were new or non-active under the administration of the Vanuatu Rural Development Training Centre's Association (VRDTCA). The challenge for the Ministry of Education is to coordinate information on all post-secondary education and training in Vanuatu under the VESS.

Table 9: Rural Training Centre's enrolment

Year	Male	Female	Total
2006	1,243	629	1,872
2007	892	354	1,246
2008	1,304	432	1,736
2009	698	205	903

Source: RTC's database

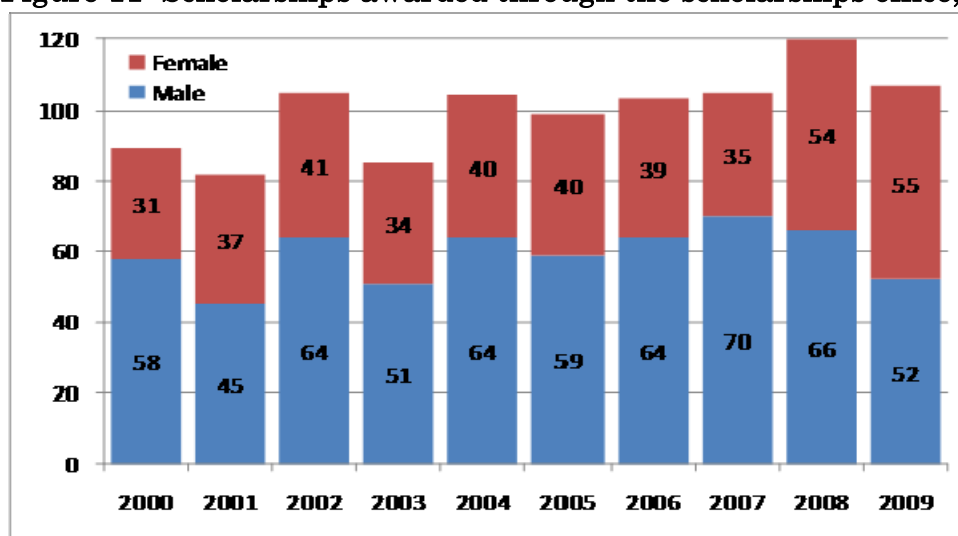
Since 2006 there has been a decline in female enrolment; but it is hard to assess any trends due to the high variability in the overall enrolment numbers. Rural training centres are community run with an accredited learning programme initiated by the Vanuatu National Training Council (VNTC). There is ongoing reform in the vocational training centre to improve the quality of training and

RTC management: RTCs now must meet accreditation standards for their courses. This involves a formal application to the VNTC and payment of fees set by the VNTC. This is one of the reasons for the decrease in numbers of 'official' RTCs in 2009. The VNTC itself has established a Consultative Committee to provide advice to the Council.

Scholarships awarded

Since 2000 there has been a gradual increase in the number of students sponsored by the Government through Revans University, self sponsored students, teachers and privately sponsored students through other schemes for tertiary study.

Figure 11: Scholarships awarded through the scholarships office, MOE



Source: Ministry of Education

There was a slight decline on the number of awardees in 2009 compared to 2008; although there are concerns about the coverage of the scholarships currently entered in the Scholarships Office database; which needs to be reviewed and redeveloped. The Ministry of Education needs a reliable database on scholarship awardees which can also track their post-graduation pathways and employment to assist when developing strategic directions in terms of human resource development needs.

In terms of gender parity, the scholarships awarded from 2000 to 2009 shows that 40% of the awardees were female and 60% male; this doesn't reflect any bias in the awards system but the proportion of males and females applying for scholarships.

Australia, France and New Zealand are the main development partners involved in providing tertiary scholarships.

Table 10: Number of scholarships and total funding by major donor

	2006	2007	2008	2009
French Pacific Fund Scholarships	30	25	23	18
Financial support (€)	296,790	261,834	261,129	212,000
Australian Government	92	94	104	113
Financial support (AU\$) ¹	543,382	613,529	599,371	631,526
Financial support (VT) ¹	45,801,636	53,107,068	52,828,597	53,193,406
New Zealand Government	35	32	31	30
Financial support (NZ\$)	2,456,127	2,465,184	2,870,053	2,664,151
Vanuatu Government	103	105	120	107
Financial support (VT)	35,458,803	40,400,000	50,651,197	60,321,197

Source: Ministry of Education. ¹ Note that Australian government support in AU\$ and VT has been estimated based on annual average exchange rates from the different country currencies payment is made in.

Drop out and repeat rates including the proportion of students starting year 1 who reach year 5

Another key measure of access to and quality of education is the drop out, repetition and transition rates through different years of schooling. These rates are derived by comparing two successive years of data so the current rate applies to 2007. The transition rate from Year 1 to Year 2 in 2007 was 90%, with 18% of repeaters in Year 1 and 8% of students dropped out from Year 1 and did not go onto Year 2. In 2009 the survival rate to year 5 was 90% (Table 11).

The survival rate to grade 5 indicates the proportion of a pupil cohort that completes grade 4 and reaches grade 5. Conversely, it indicates the magnitude of drop-out before grade 5.

Table 11: survival rate to grade 5 and primary completion Rate

Year	Survival to Grade 5	Primary completion rate
2007	78.30%	66%
2008	77.90%	62%
2009	90.00%	66%

Source: VEMIS system

Survival rate to grade 5 of primary education is of particular interest because the completion of at least four years of schooling is commonly considered a pre-requisite for a sustainable level of literacy.

The government's policy to include Year 7 and Year 8 as part of Primary education and to phase out the teaching of these levels in secondary schools continues. Most children no longer need to change schools in Year 7 and this has resulted in an increase in the number remaining in school for Year 8.

Unit costs for primary, secondary and tertiary education; proportion of Government funds allocated to education and the proportion of these funds which goes to delivery

The budget appropriation for Education sector totaled to 24.6% in 2009.

The total budget appropriation for the Ministry of Education has increased in recent years. As a proportion of total government recurrent expenditure however a decrease is observed from 26% in 2007 to 23% in 2008.

Between 2008 and 2009, there is a slide decrease of 4% on the share of expenditure for primary Education in 2009. Some activities have been considered as new policy initiatives in the 2009 annual work plan for the Ministry of Education. The main funding for this Annual Work Plan is pooled under the Grant Financing Agreement between the Government of Vanuatu and the Government of Australia and New Zealand. This agreement supports the Ministry of Education in implementing the *Vanuatu Education Sector Action Plan* (VESAP).

The 2010 Budget includes government recurrent expenditure appropriation of 5,077 million vatu of which school education represents 66%. Forecast funding from development partners for the Ministry of Education for 2010 is estimated to be approximately 1,454 million vatu; of which 46% is for school education (including some post secondary funding).

Table 12: Share of expenditure in secondary education

Level	Year	Sector Expenditure (VT)	Total Enrolment	Expenditure per pupil (VT)
Early Childhood Education	2006	1,800,000	13,895	130
	2007	1,800,000	11,349	159
	2008	2,000,000	11,141	180
	2009	2,000,000	10,632	189
Primary	2006	1,164,897,829	38,623	30,161
	2007	1,587,071,271	37,874	41,904
	2008	1,663,676,422	40,557	41,021
	2009	1,595,248,291	42,309	37,704
Secondary (includes VIT and VITE)	2006	952,367,640	9,777	97,049

2007	1,182,393,076	9,225	128,173
2008	1,146,420,806	8,797	130,320
2009	1,159,246,460 ⁴	9,730	119,142

Source: Fiscal Strategy Report 2009

Measurement of the proportion of students with access to qualified teachers, quality classrooms, and quality learning materials

The Ministry of Education distinguishes between teachers with qualifications, teachers with teaching certificates (or diplomas or other such 'professional teaching' qualification) and teachers who are both qualified and certified to teach. In 2008 67% of secondary school teachers paid by the Government, Education Authorities or communities were qualified and 51% were certified. At primary level 51% of teachers had post secondary teaching certificates and 59% had a qualification. In early childhood education 47% of teachers were certified and 49% had a qualification.

In 2008 head teachers and principals rated 15% of classrooms in primary and secondary schools as being of poor condition to give the Ministry of Education an indication of the resources required to upgrade facilities. It is difficult to assess the reliability of this assessment as an independent audit needs to be completed.

In 2008 the ratio of the number of text books to pupils was 3.13 and readers-to-pupils was 1.21 for years 1-14. For primary schools in 2008 the text book: student ratio was 4.04 compared with 1.73 for readers and for every secondary student there were 2.7 text books and 0.42 readers.

Weekly and annual minimum instructional hours, particularly in language and numeracy

The VESS does not specifically monitor this indicator and the regulations contained in the Teaching Service Act, but the information is used for internal supervisory purposes only and is not in a format suitable for analysis. The VESS focus is on providing a more relevant and accessible curriculum, materials and assessment systems (VESS goal 3). In terms of the provision of appropriate text books per core subject area at primary school level it is only in the language area that there is more than one text book per child: all other subjects require that students share text books. At the provincial level one province does not have enough language textbooks: Tafea.

Table 13: Text book per child by Provinces

⁴ Figure include government assisted schools

2008	Basic Science	General Studies	Language	Maths
Malampa	0.06	0.37	2.15	0.52
Penama	0.17	0.24	1.82	0.54
Sanma	0.33	0.62	1.77	0.67
Shefa	0.15	0.40	1.50	0.51
Tafea	0.21	0.45	0.82	0.67
Torba	0.30	1.09	4.04	1.28
National	0.19	0.46	1.70	0.61

Source: Policy and Planning Unit, Ministry of Education

Ranking of student achievements against regional and international standards at key milestone levels

The South Pacific Board for Educational Assessment (SPBEA) has a range of responsibilities to its Pacific member countries; and these are executed by a variety of means, depending upon the nature of the work. The focus of SPBEA services is the use of educational assessment to improve the quality of education in counties. In 2009 14 secondary schools in Vanuatu offered the Pacific Senior Secondary Certificate (PSSC) and four the South Pacific Form Seven Certificate (SPFSC); with only Malapoa College offering the complete range of subjects for PSSC and both Malapoa College and St Patricks College Vureas offering all SPFSC subjects. SPBEA notes that some schools are not providing adequate attention to internal assessment for both levels of education which ultimately has an adverse result on students scaled mean scores for each subject. The Ministry of Education and SPBEA are working with the schools to improve this.

The information from SPBEA shows that access to these regional educational standards are increasing in terms of increased enrolment and number of regional papers examined in both the PSSC and the SPFSC. Generally for both streams of education there are more males than females.

For the PSSC in 2009 Vanuatu students performed well in most subjects (measured by country compared to regional scaled means) as well as in the last five years. There were particularly good performances in Biology, Chemistry, English, Geography, Design Technology and Physics. Students who enrolled in the three Science subjects tended to do better compared to the regional performance in the last four or five years. In fact only three fields of study—Accounting, Mathematics and Agriculture—were highlighted by SPBEA where Vanuatu student's performance was below regional averages; the first two being quite a concern as performances seemed to be consistently poor in the last four years.

Table 14: SPBEA enrolment data for Vanuatu, 2000-2009

Enrolment	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Pacific Senior Secondary Certificate (PSSC)										

No. of candidates enrolled	274	322	307	367	365	362	387	515	647	662
No. of regional papers sat	1,443	1,651	1,599	1,874	1,808	1,823	1,976		3,103	3,131
No. of male candidates	155	159	174	181	193	196	181	276	339	331
No. of female candidates	119	163	133	187	172	166	206	239	308	331
Subjects/candidate	5.3	5.1	5.2	5.1	5.0	5.0	5.1	0.0	4.8	4.7
South Pacific Form Seven Certificate (SPFSC)										
No. of candidates enrolled					64	109	159	156	208	237
No. of regional papers sat					297	556	778	734	968	1,123
No. of male candidates					33	64	79	80	114	124
No. of female candidates					31	45	80	76	94	113
Subjects/candidate					4.6	5.1	4.9	4.7	4.7	4.8

Source: SPBEA

PLAS matrix outcomes for 2009

Performance indicator	Timeframe	Achieved
Vanuatu education sector strategy implemented through SWAp	2009	yes
Review completed with the view to establishing an education assessment and quality authority	2009-10	on track for 2010
Scholarship priorities and selection management reviewed	2009	yes
Government and donors contributions to scholarships increased	2009-12	yes
New study facilities for Year 14 Francophone students completed	2009	yes
The authority over the Technical and Vocational education and training	2009	yes

subsector is clarified and defined		
Management restructuring to a fully established and fledged Ministry of Youth, Sports and Training	2009	on track for 2010 (COM endorsed Corporate Services Division October 2009; PSC to implement August 2010)
National Youth Strategic Plan 2009-2019 developed and implemented	2009	Plan drafting completed in late 2009; endorsement by Minister, and subsequently COM, dependent on mobilising resources for the implementation strategy; expected late 2010
National Sports and Recreation Strategic Plan 2009-2019 developed and implemented	2009-10	2010

Source: Policy and Planning Unit, Ministry of Education

Economic Infrastructure and support Services.

The Priorities and Action Agenda (PAA) recognizes that investment in economic infrastructure needs to be complemented by investment and maintenance of transport, communications and energy infrastructure. Rehabilitation and maintenance of existing infrastructure, creation of new infrastructure, and strengthening institutional capacity for infrastructure development have been considered priority areas for action.

The transport system was poor ten years ago, but with the ongoing support by the government and major donor partners; the transport system has improved substantially. The 'open sky policy' has contributed to more efficient and effective international air services, while the competition policy in telecommunications is contributing not only to cheaper cellular phones, but more efficient and effective phone and internet services including a considerable increase in coverage. The government with the assistance from the Telecom Regulator's office, AusAid (Governance for Growth) and the State Law Office has developed a Universal Access Policy to extend mobile coverage to remote areas of Vanuatu (95 percent of population).

Kms of new roads constructed; kms of roads maintained:

The government spends a large portion of its development budget on infrastructure. The Millennium Challenge Account (MCA) boosted the road construction in the major islands of Santo and Efate. As a requirement to the MCA agreements, the Vanuatu government allocated an additional maintenance budget of VT500 million each year since the commencement of the program.

Table 15: KM of Roads Maintained.

PWD Activity	2009 Target	Achievement
Routine Maintenance –unsealed road	2,000 km	541 km
Routine maintenance – sealed roads	30 km	23 km
Road daily maintenance	50 km	85 km
Road periodic maintenance (unsealed roads)	120km	234km

Source: MIPU 2009 Annual Report

The Annual report for the Public Works Department (PWD), reported that national roads that are managed and maintained by the PWD are approximately 1,800km. Nonetheless, the maintenance and construction of new roads did not reach the 2009 target. Further in 2009, the PWD conducted routine maintenance on 541 km of unsealed road and 23 km of routine sealed roads. A further 85 km of daily road maintenance was completed as compared to the 50 km target for 2009 (Table 15).

The Vanuatu Transport Sector Support Program (VTSSP) is progressing as planned. The process of recruiting a program administrator was completed in 2009 and work is in progress to construct and maintain roads in Tanna, Malekula and Ambae.

Nil air traffic accidents per year causing loss of life; passenger movements; airstrip closures:

Air transport is an innovative industry that drives not only economic progress but also social progress. It connects people, islands, and countries; provides access to global markets and generates trades and tourism.

Vanuatu air service requirements and standards are guided by the Civil Aviation Authority Act of 1999. The Act specifies the specific safety and requirements for all aircraft that operate throughout Vanuatu airspace. In 2009, there was no major air traffic accidents, however land disputes and poor conditions of a few of the domestic airports resulted in temporary closure of the airports.

The PWD annual report reported that in 2009, all outer island airports (26 airports) were maintained including the construction of 4 new terminals. With the assistance of a major donor (AFD) the government was able to upgrade two airports, namely Lonoro in Pentecost Island, Longana in Ambae. The Norsup airport in Malekula was also on the list of AFD financial agreements, however issues with land disputes has resulted in further postponements of work.

Maritime transport safety record, port and handling charges:

It is often a case that sea freight is a much more eco friendly way to transport goods. It is estimated that about 90 percent of domestic and International freight are handled by the maritime transportation. While the two main ports (Port Vila

and Luganville) are regarded as safe and free from pollution, the limited space and capacity with the deteriorating conditions of the facilities require urgent repair and upgrade.

In 2009, the Vanuatu government and a major donor partner (JICA) started work on the following projects:

- The rehabilitation of the Port Vila Main wharf and the purchase of a new pilot boat and a tug boat. In addition to this important development needs, the Pango light-house was reconstructed.
- Work was also undertaken in fencing and lights installed at the Santo Port. Work on the reconstruction of the Santo storage shed is still underway.

According to the PWD Annual report, 70 percent of civil work was undertaken at the port Vila main wharf and 33 percent of boat building work in 2009.

A recent study on the shipping industry conducted by the Vanuatu government with assistance from the NZAID and the ADB presents the following resolutions:

- The establishment of shipping support scheme;
- Rehabilitation and repairs of existing maritime infrastructure ;
- Construction of new infrastructure for Port Vila and selected outer islands;
- Undertake reform to Vanuatu legal and regulatory maritime systems, including redrafting and simplification of maritime laws;
- Establish a new national maritime safety administration, strengthen MIPUs policy unit, ensure economic and safety regulations are monitored by separate agencies ;
- Build capacity of Vanuatu financial risk management systems;

The Vanuatu government is committed to achieving these resolutions. A policy paper has been developed for government actions in the above resolutions later in 2010.

The government has established a safety and compliance unit within the Ports and Harbor Department. The unit main responsibility is to ensure ship operators and owners comply with relevant maritime laws of Vanuatu.

Accuracy in forewarning (meteorological):

Vanuatu is regarded as the most vulnerable country to natural disasters. The Vanuatu meteorological service provides its services in line with the Meteorological Act No. 04 of 1989.

The new building for the Meteorological office has been constructed and in its final stage of completion. The new building would house the hydrology department, Seismology, Volcanology and Meteorological services. This new facility provides better and improved space for the 4 departments to deliver their service according to government priorities. The building will also house the new climate change unit.

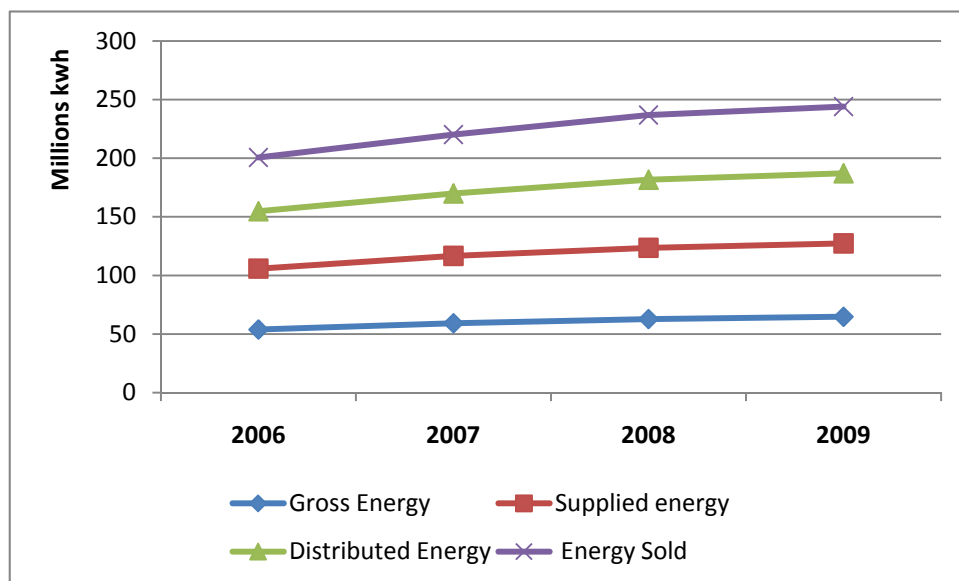
Data dissemination has substantially improved as a result of major efforts by the Vanuatu Meteorological services (VMS). Cyclone forecast warnings are broadcast at least 24 hours in advance, public awareness sessions were conducted in various communities at the six Provinces in 2009. The monthly weather report and the daily update on weather information on the VMS website has significantly contributed to a wider dissemination of climate and weather condition information.

Average electricity price measure, electricity consumption, access of population to electricity, Average telecommunications price measure, traffic volume.

The 2006 Household Income and Expenditure Survey (HIES) estimated that 26 percent of all household are using electricity as their means of lighting their homes. The remaining households indicated other sources of light such as gas, kerosene and wood. The information suggested that excluding the two municipality areas, Lakatoro, Lenakel and other privately operated sources of power supply, more than 80% of the population of the country living in rural areas do not have access to electricity and are still using traditional means for their sources of light.

The Port Vila and Luganville municipal electricity networks are operated and maintained by UNELCO through concession contracts that extend to 2031 and 2010, respectively. There are presently 9,210 customers on the Port Vila network and 2,218 customers on the Luganville network. The Luganville concession is ending in 2010 and a tender process is currently under way for further providing electricity in the luganville concession area. The Public Works Department had, until recently, the responsibility for operations of the provincial town electricity supplies at Luganville, Isangel on Tanna and Norsup/Lakatoro on Malekula but these are now operated and maintained by UNELCO.

Figure 12: Energy Evolution



Source: UNELCO 2009 Technical Annual Report

As depicted in Figure 12, total energy sold in 2009 was 56,924 Mwh with peak demand at 12.6MW.

Power to Luganville is largely supplied by the Sarakata hydro-electric scheme funded by the Japanese government. A uniform tariff is charged across Vanuatu in all concession areas. Savings on fuel costs from the hydro-generation have been used to extend the electricity reticulation on Santo and used to provide solar powered systems in some rural villages. An audit of the Sarakata “Fund” is currently under way in order to improve transparency.

According to the URA annual report, there was a full review on the tariff structure in 2009. The review assesses the efficient cost of providing electricity services in Vanuatu.

Government, through its Energy Unit of the Ministry of Land and National Resources, undertakes the electrification of the smaller village communities. Around 500 solar powered systems are operating for rural health clinics, schools and private homes. These systems were financed through the Sarakata Fund and through donor assistance but are maintained by the Energy Unit. The Energy Unit is also involved in the identification of other means of electricity generation and is promoting a number of mini hydro schemes as well as geothermal power for Efate and other Islands.

Average water price measure, water consumption, access of population to improved water supplies:

The Port Vila water supply system is owned by the state but operated by UNELCO under a concession contract that runs to 2032. Water supply systems in Luganville, Lakatoro and Isangel are government owned and operated by the

PWD. Government, through the Water Section of the Department of Geology and Mines, as well as NGOs, assists with the development of village water supply systems. This assistance includes the provision of training to village dwellers to maintain their own water systems. This assistance however has met with limited success and the service delivery to community managed systems begins a new phase in 2010 being largely implemented by Provincial governments.

In Port Vila, the total network length of water system is 210,894 m and sales of 3,306,275 m³ in 2009. This is an increase of 6% in the number of customers and 7.4% by volume sold compared to 2008. The quality of water supplied is in line with WHO standards.⁵

⁵ 2009 UNELCO Water Supply Annual Report

PLAS matrix outcome for 2009.**Reliable and accessible infrastructure services:**

The MIPU with assistance from donors undertook a shipping study and the resolutions are now being considered by the Vanuatu government for implementation.

The MIPU is currently considering new policy direction on security, pollution policy, safety policy and harbor policy.

The MIPU with assistance from the ADB and AusAID are planning to do a feasibility study of the drainage and sanitation of Port Vila.

Rehabilitate and maintain the national road network to facilitate economic growth and service delivery.

Government maintains an extra budgetary resources of VT500 million for national road maintenance.

MIPU is currently working on plans for road expansion in remote areas. A COM paper will be developed and presented to COM for implementation.

The MIPU is also working on the Transport Master Plan.

There was an increase use of private sector and local communities for road works and employment creation in rural areas (MCA road projects).

Ensure vigorous telecommunications competition continues to drive lower prices and greater access.

UAP Fund used to extend subsidized telecoms services to remote areas.

New telecommunications legislation has been presented to Parliament.

The E-Government programs have started and construction is successfully implemented.

Competition in the telecommunications industry continued to be sustained.

Ensure that power is more widely available at a fair price.

Utilities Regulatory Authority (URA) for the first time has undertake a full review of service standards, the cost of, and structure of tariffs for electricity services in Port Vila, Luganville, Tanna Island and Malekula.

URA on behalf of the government has issued a request for expression of interest for Transaction Advisory Services concerning concession arrangements and electricity tariffs in Vanuatu. Further the Luganville concession is currently in the process of re-tendered.

Explore/expand and invest on potential renewable energy sources.

The Energy Unit of the Ministry of Land and National Resources has undertaken the electrification of a few smaller village communities.

It is estimated that 500 solar powered systems have been installed and operating for rural health clinics, schools and private homes. These systems were financed through the Sarakata Fund and donor support.

The Energy Unit is also involved in the identification of other means of electricity generation and is promoting a number of mini hydro schemes as well as geothermal power for Efate and other Islands.

Performance towards achieving the Millennium Development Goals (MDGs)

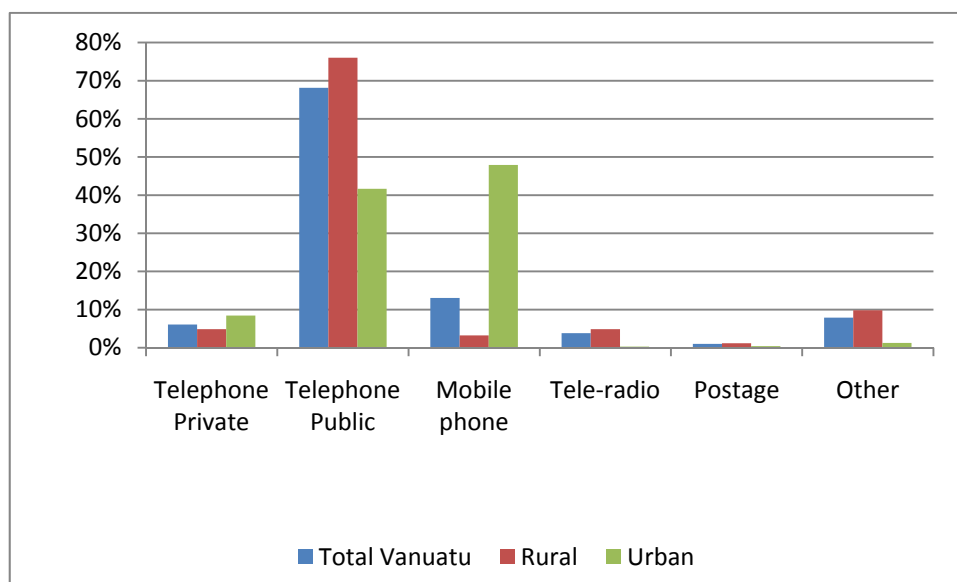
The MDG goal for water and sanitation is to “Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.”

Approximately 80% of the population have access to improved water services (reticulated supply and rainwater catchment tanks) and over 80% of the population have access to improved sanitation (reticulated and non-reticulated solutions such as improved pit latrines).

Target 18 of the Millennium Development Goals (MDG) stated that in cooperation with the private sector governments should make available the benefits of new technologies, especially information and communication.

The government is committed to reforming and opening up the telecommunications sector to competition. In 2009, the government therefore appointed an interim telecommunications regulator to supervise the operation of the Telecommunications Market in Vanuatu. These intended reforms should ensure better products and services for users of telecommunications and should greatly improve the quality, affordability and accessibility to the telecommunication services throughout Vanuatu.

Figure 13: Usual means of communication



Source: VNSO

Figure 13 illustrate data from the 2006 HIES on usual means of communication. At the time of the 2006 HIES, the mobile phones network was limited to the urban areas of Port Vila, Luganville and surrounding areas where reception was available and almost half of the urban households indicated that they usually

used a mobile phone for communication, assuming that households in rural areas with mobile phones only used these when in areas with network coverage.

The HIES data illustrated in Chart 2 indicates that 76 % of rural population used public telephones, while only 42 % of urban household used public telephones; 48 % of urban households used mobile phones.

Radio was the most common means households used to access information, with 62 % of households in Vanuatu using radio for accessing information; mostly in rural areas (72% of households in rural areas and 30% of households in urban areas).

A recent study conducted by the Pacific Institute of Public Policy (PIP) based in Vanuatu suggests that access to Mobile telephony has increased from 81% in 2008 to 92% in 2009. Further the research findings suggest that access to mobile telephony among rural respondents have increased by 23%.

Regulatory Quality

The government through its policy of private sector lead growth has began to formulate and implement policies and regulations that permit and promote private sector development by looking at ways to speed up business start up and reduce the cost of starting a business. As part of the reforms various Acts were reviewed and new bills were developed to address gaps in the existing legislations. With assistance from ADB the Vanuatu Financial Service Commission has amended and developed various legislations to cover receivership, foreclosure, bankruptcy, trustees and insolvency which previously have not been in legislation. The Business License Act is also under review to eliminate various bottlenecks and unnecessary cost.

In order to create a more friendly business environment the government has also embarked on various reforms in the telecommunication and utilities sector. The government sold its share in Telecom Vanuatu Limited and has granted licenses to other companies to provide telecommunication services. This resulted in more coverage and lower prices for consumers. The government issued six internet licenses to operate in Vanuatu in September 2009. The government also set up a Telecommunication Regulatory Authority to regulate telecommunications. It has also released a licensing policy in March of 2009. The government also enacted legislation in 2008 to establishment a Utility Regulatory Authority (URA) to protect the long-term interests of Vanuatu's consumers with regard to the price, quality and reliability of regulated services. In August 2009, the URA announced a one-off reduction of electricity tariffs as a result of a tax rebate to UNELCO from over-paid duties on fuel imports, totaling 26 million vatu.

WAY FORWARD

The 2009 Annual Development Report is the second of its kind for Vanuatu; and the first to be produced by the Monitoring and Evaluation section in the Office of the Prime Minister. The purpose of the report is to provide annual updates and analysis on the implementation progress and achievements of the PAA and the PLAS. Further, the report also provides updated data and analysis on the Millennium Development Goals and other regional and international commitments.

It is hoped that policy makers, researchers, the general public and development partners will come to rely on the Annual Development Report as a key source of timely, accurate and reliable information and analysis when evaluating performance or even as a major source of officially endorsed information about the country.

It has been a challenge to provide accurate and fair analysis on each performance indicators in priority sectors of the PAA and the PLAS and the implementation of key strategic priorities for a number of reasons. Since the adoption of the PAA a number of ministries and sectors have developed their own strategic plans and policies which do not necessarily match those in the PAA. Information to monitor and evaluate the progress of the PAA and PLAS should be contained in the annual reports submitted to the Public Service Commission. However many annual reports do not provide the necessary information and the Office of the Prime Minister intends to further assist line ministries, in consultation with the Public Service Commission, to strengthen monitoring and reporting of key performance indicators in annual reports.

In addition, the performance indicators in the PAA and PLAS are not fully operational for three main reasons:

1. Some PAA targets were not quantified did not have data sources identified, and did not have targets set: basically they are not appropriate indicators for monitoring and evaluation purposes at all. The 2008 ADR recommended baselines and targets for some of these indicators but these need to be endorsed by the stakeholders and align with current sector priorities.
2. Some performance indicators for policy objectives do not have any associated data collection systems for monitoring and evaluation.
3. Some performance indicators in the PAA do not meet the criteria for what is an indicator and basically cannot be quantified.

The Office of the Prime Ministers is in the process of revising the PAA and the outcomes should address these issues with time bound targets and quantifiable indicators.

Timely and reliable statistics is crucial for preparing the ADR. In general terms considerable progress has been made in the area of economic statistics and there is good data coverage with the exception of the primary sector and infrastructure. Routine statistical systems set up in the social sectors are not fully operational. In the social sector the main issue is the coverage of administrative information management systems especially those in the health, post-secondary education and justice sectors which are used as the source of many performance indicators. The problem is not new and the agencies concerned are working to address the problems but unfortunately these efforts are typically under-resourced. The notable exception is the Vanuatu Education and Monitoring Information System (VEMIS) within the Ministry of Education which has been developed with considerable development partner support to provide the resources for an annual school survey, funds for appropriate training and follow up for non-response and technical support in database management. This system should be adopted as a model by other sectors for the government and development partners to mobilise around to ensure the quality of performance indicators and statistical collection systems in Vanuatu.

The PER of the health sector should be coordinated with the MFEM. The MOH will be responsible for demonstrating that an improved health monitoring and information system is in place.

Annex1. : Vanuatu MDGs, targets and indicators: 1990 – most recent

Goal	Targets and indicators for monitoring progress	1990 (Year)	2000 (Year)	Latest (Year)
Goal 1: Eradicate extreme poverty and hunger	Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day			
	1.1 Proportion of population below \$1 (PPP) per day		26% (1998) ¹	4.0% (2006)
	1.1a Proportion of population below national poverty line		40% (1998) ¹	16.0% (2006)
	1.2 Poverty gap ratio			5.6 (2006)
	1.3 Share of poorest quintile in national consumption		3% (1998) ¹	7.4% (2006)
	Target 1.B: Achieve full and productive employment and decent work for all, including women and young people			
	1.4 Growth rate of GDP per person employed ²	-1.0% (1995-2000)	-1.8% (2001-2004)	2.7% (2005-2008)
	1.5 Employment-to-population ratio		21.1% (1999) ³	40.9% (2006) ⁴
	1.6 Proportion of employed people living below \$1 (PPP) per day			3.98% (2006) ⁵
	1.7 Proportion of own-account and contributing family workers in total employment			8.7% (2006) ¹
Goal 2: Achieve universal primary education	Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger			
	1.8 Prevalence of underweight children under-five years of age		12.1% (1996)	15.9% (2007) ⁶
	1.9 Proportion of population below minimum level of dietary energy consumption			7.4% (2006) ¹
Goal 3: Promote gender equality and empower women	Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling			
	2.1 Net enrolment ratio in primary education	74% (1989)	78% (1999)	86% (2008)
	2.2 Proportion of pupils starting grade 1 who reach last grade of primary	89% (1991)	91%	80% (2007)
Goal 4: Reduce child mortality	2.3 Literacy rate of 15-24 year-olds, women and men	32% (1990)	86% (1999) Male: 86% Female: 85%	Female: 77% (2007)
	Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015			
	3.1 Ratios of girls to boys in primary, secondary and tertiary education	Primary 92 (1991) Secondary 76 Tertiary N/A	Primary 92 Secondary 94 Tertiary 50 (1999) ⁷	Primary 92 (2008) Secondary 98 Tertiary N/A
	3.2 Share of women in wage employment in the non-agricultural sector	23% (1989) ¹	40% (1999)	37% (2006)
Goal 4: Reduce child mortality	3.3 Proportion of seats held by women in national parliament		2% (2002)	2% (2008)
	Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate			
	4.1 Under-five mortality rate	58 (1989)	33 (1999)	30 (2007)
	4.2 Infant mortality rate	45 (1999)	25 (1999)	25 (2007)
	4.3 Proportion of 1 year-old children immunised against measles	66	75 (2001)	66 (2008)

Goal 5: Improve maternal health	Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio			
	5.1 Maternal mortality ratio	89.1 (1995)	96 (1998)	
	5.2 Proportion of births attended by skilled health personnel	79% (1990-1995)	88% (1999)	74% (2007)
	Target 5.B: Achieve, by 2015, universal access to reproductive health			
	5.3 Contraceptive prevalence rate	15% (1991)	28% (1999)	38% (2007)¹
	5.4 Adolescent birth rate		59 (1999)	
	5.5 Antenatal care coverage (at least one visit and at least four visits)			84% (2007)
	5.6 Unmet need for family planning			
Goal 6: Combat HIV/AIDS, malaria and other diseases	Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS			
	6.1 HIV prevalence among population aged 15-24 years	0		0
	6.2 Condom use at last high-risk sex			
	6.3 Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS		15% (2007)	Male: 23% Female 42% (2008)⁸
	6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years	0	0	0
	Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it			
	6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs		100%	100%
	Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases			
	6.6 Incidence and death rates associated with malaria (per 1,000)	Incidence 84.7 (1992) Death Rate: 16 (1992)	Incidence 69.3 (2002) Death Rate: 2 (2002)	Incidence 23.3 (2007)¹ Death Rate: 3 (2007)
	6.7 Proportion of children under 5 sleeping under insecticide-treated bednets			65.3% (2007)
	6.8 Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs			
	6.9 Incidence, prevalence and death rates associated with tuberculosis (TB all forms, per 100,000)		Prevalence 94	Prevalence 88 (2008) Death Rate: 11 (2008)
	6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment short course (case detection rate, % all new cases)		79%	70% (2007)
	Diabetes prevalence		3% (1996) 12% (2005)	

	Hypertension prevalence		13% (1996)	15% (2005)
	Proportion obese and overweight		Obese 16% (1996) Overweight 33% (1996)	Obese or overweight 66% (2005)
Global Goal 7: Ensure environmental sustainability	Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources			
	Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss			
	7.1 Proportion of land area covered by forest	36% (1993)		
	7.2 CO ₂ emissions, total, per capita and per \$1 GDP (PPP)			
	7.3 Consumption of ozone-depleting substances			
	7.4 Proportion of fish stocks within safe biological limits			
	7.5 Proportion of total water resources used			
	7.6 Proportion of terrestrial and marine areas protected			
	7.7 Proportion of species threatened with extinction			
	Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation			
7.8 Proportion of population using an improved drinking water source	80% (1989) ⁹	81% (1999) ⁹	85% (2007)	
7.9 Proportion of population using an improved sanitation facility	78% ¹⁰	90% ¹⁰	63% (2007)	
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers (slums represented by the urban population living in households with at least one of the four characteristics: (a) lack of access to improved water supply; (b) lack of access to improved sanitation; (c) overcrowding (3 or more persons per room); and (d) dwellings made of non-durable material)				
7.10 Proportion of urban population living in slums				
Goal 8: Develop a Partnership for Development	Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development and poverty reduction – both nationally and internationally)			
	8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)	17%		
	8.3 Proportion of bilateral official development assistance of OECD/DAC donors that is untied			
	8.5 ODA received in small island developing States as a proportion of their gross national incomes	31%		
	Target 8.B: Address the special needs of the least developed countries (includes: tariff and quota free access for the least developed countries' exports; and more generous ODA for countries committed to poverty reduction)			
	8.9 Proportion of ODA provided to help build trade capacity			
Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order				

to make debt sustainable in the long term			
8.12 Debt service as a percentage of exports of goods and services	2.1%	1.1% (2001)	
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries			
8.13 Proportion of population with access to affordable essential drugs on a sustainable basis			
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications			
8.14 Telephone lines per 100 population		0.4 (2002)	
8.15 Cellular subscribers per 100 population		2.0 (2002)	
8.16 Internet users per 100 population			

¹ Included for indicative purposes only: data not considered to be reliable or estimated.

² The average labour productivity growth rate for the years stated. Rates for 2007 and 2008 based on projected total employment (based on 1989 and 1999 census total employed and 2006 HIES total employed). Note that employed includes subsistence workers.

³ Includes contributing family workers (unpaid workers component), subsistence workers and excludes other unpaid workers, resident population aged 15-64 years. 1999 Census of Population and Housing.

⁴ Includes volunteers (work without pay, includes contributing family members) and subsistence workers. 2006 HIES.

⁵ Subsistence workers excluded.

⁶ Not directly comparable to 1996 due to sampling methodology and equipment used in the MICS of 2007.

⁷ Data from the scholarships office so not all tertiary students are included.

⁸ UNGASS Indicator 13: Percentage of young women and men aged 15-24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission. Second Generation Surveillance of Antenatal Women, STI Clinic Clients and Youth, 2008.

⁹ Improved drinking water defined as piped water (sole use or shared), village stand pipe, home tank, shared tank and well (no information available on whether protected or not but assumed some protection measures are taken). Not improved sources include river, spring, well (as no information available on protection measures), others, and not stated.

¹⁰ The 1989 and 1999 Census definitions differ from those of the 2007 MICS as different types of toilets were included in the response categories. The Census improved sanitation definition considers flush toilets (own or shared), water seal (own or shared), Ventilated Improved Pit (VIP) (own or shared) and own pit toilets as improved. Not improved are shared pit toilets, other types of toilet (over lagoon etc), no toilet facilities and not stated. The MICS survey defined improved as flush to septic tank or pit (latrine), VIP, and a pit latrine with slab. The MICS distinguished between pit toilets with a slab and without whereas the Census did not.