



## Government and Business Forum Outcomes Update

It has been almost 2 months since VCCI facilitated the National Government and Business Forum in Port Vila. We would like to update you on the outcomes of the forum, and fill you in on activities that were sparked by the forum and its recommendations.

The key objective of the forum was to strengthen the private sectors engagement with the Government, and to try and increase coordination between us. This update showcases progress about this collaborative approach.

### National Government and Business and Government and Private Sector Working Forum, Wednesday 30 September to Thursday 1 October 2020

The 2-day forum, facilitated by independent representative Anna Naupa, focused on the coming together of Government and businesses to look into the future of the country's economy and how we develop it together.

The forum, attended by Government representatives and the business community, included mixed panels of Government and business representatives discussing the current status of the economy, ease of doing business and sharing their views on the Government's vision of the future for the primary and agri-business sector and economic investment opportunities in the post COVID-10 world. Ideas and recommendations were sought from forum attendees on ten key themes: public-private collaboration, jobs and skills, access to finance, ease of doing business, innovation, import/export, rural development, border opening, infrastructure, and attracting & maintaining investment.

#### *Findings from Forum working groups*

The working groups produced a long list of short to medium, and longer-term solutions and suggestions to challenges being faced in all ten key theme areas.

What was made clear overall was the importance of working together to decide where Government & Private Sector collaboration be prioritized during the current economic crisis, and in support of the People's Plan 2030.

#### *Key findings/recommendations from the Forum*

- All industry sectors are affected by COVID, both rural and urban - flow on effects from border closures, loss of jobs and livelihoods impact all levels of society – stimulus needs to reach both employers and employees



#### The Forum by numbers:

- 350 attendees
- Over 4,000 people watching online
- 8 panel discussion sessions over 2 days
- 2 whole of forum working group activities



- The private sector needs the Government to create an enabling environment – for example high transportation costs, limited access to finance, lack of e-commerce payment gateway are all barriers to growth
- Time is of the essence – we need quick wins to stimulate the economy, while also ensuring long term strategic planning leads us down the road of sustainable economic growth

### *Vanuatu Economic Outlook Report*

Underpinning the forum's discussions were the findings of the **Vanuatu Economic Outlook Report, a Private Sector Perspective**, produced by VCCI. The report provided an up to date look at the economy, with data collated from interviews were held with owners and managers of local businesses across all industry sectors. The findings indicated an economy under severe strain, with numerous businesses across all sectors experiencing a drying up of revenue, and with very little confidence for the future. The full report is available for download on the VCCI website.

### What has happened since the Forum?

Since the forum, VCCI has engaged in two high level dialogue meetings with the Government. The first was held on Friday 9 October, chaired by the Minister for Finance.

### High Level Dialogue, Friday 9 October 2020

The dialogue, held at the Convention Centre and attended by Minister for Trade, Minister for Health, and Minister for Finance and all 16 VCCI Council members was an opportunity to brief the Ministers and officials present on the outcomes of the Forum. VCCI also developed and presented a comprehensive recommendations paper, relating to the ten key themes outlined above.

Due to the short timeframe VCCI was only able to present the top line suggestions from the forum and was requested by the Government to work on specific recommendations. There were positive outcomes from this meeting, primarily the commitment to monthly face to face dialogues moving forward, and actions committed to in regards to halting legislation that may harm business recovery and growth.

*What was agreed to was that we all need to work together to:*

- Maintain and grow employment
- Grow the economy through innovation
- Build back trust and boost the confidence of the private sector
- Enhance investment and connectivity opportunities, and limit bankruptcy in the business community

### High Level Dialogue, Friday 30 October 2020

The second high-level dialogue was held on October 30 at the Casa Mia restaurant in Port Vila. The Government was represented by the Honourable Prime Minister, and the Ministers of Finance, Trade, Health, and Justice along with numerous senior Government officials, whilst the private sector was again represented by selected VCCI councillors and the Chairman of the Vanuatu Business Resilience Council.

The Government began by acknowledging the importance of the role of the private sector in the economy, with the Prime Minister referring to the private sector as 'the outrigger' of the country.



The Prime Minister announced the new proposed loan scheme, injecting VUV 2.8bn into the banking sector (further details below). The Minister of Finance further expanded on their plans for next year, including VUV 17.8bn worth of infrastructure and construction projects. Through this, the Government is seeking to take a sustainable approach which both supports the economy in the short-term, and helps with long-term development.

Learning from the first dialogue, the VCCI presented a solutions matrix, focusing on 10 key actions that could support businesses and make the most impact on the economy at this present time. Summarised below they included:

1. Allow skilled workers and technicians to come into the country for specific business needs
2. Develop a scheme to allow 'remote workers' into the country to boost the local economy
3. Formalise the shipping subsidy for domestic and external trade
4. Develop a long-term solution to reduce the cost of exporting niche products
5. Put a temporary pause on all legislation which makes doing business more difficult, including changes to the business licence regime and the reserved occupations list
6. Ease the work permit restrictions to ensure those in country can readily access necessary visas
7. Government to provide a clear roadmap explaining under which conditions the borders can begin to reopen for travel corridors
8. Improve access to market for key exports, for example the VCCI is working with the Prime Minister to open up the Australian kava market
9. Accelerate key infrastructure projects, such as Cooks Barracks
10. Develop criteria for infrastructure projects, to ensure a minimum level of local staff, include training and source materials locally



All ideas were received favourably, and VCCI is now working with the relevant authorities to try and develop them as quickly as possible. We will continue to update you on their progress.

### Looking forward

Whilst there was encouraging dialogue during the meetings themselves, progress since has been mixed. Some progress of note though includes:

- Directly working with Health and NDMO decision makers to allow skilled workers and technicians to enter into the country for specific business needs (the VCCI is now helping individual businesses with the visa applications for technicians. If your business needs support, email [reception@vcci.vu](mailto:reception@vcci.vu) with the subject line 'Skilled Technicians')
- COM paper developed under Ministry for Trade on remote worker / digital nomad scheme
- Direct support to Prime Minister on negotiations with Australia to open up kava exports to Australia in 2021 has proven successful (TBA)



We are continuing to engage with Government on all of these outcomes. Our next dialogue will be held on Friday 11 December. and we will be reporting back to you on the outcomes of this next discussion.

#### Government lending scheme:

At the last dialogue on 30 October, the Government announced a new loan scheme. We are still waiting on the exact specifics to be released, but the announcement at the dialogue included the following details:

- i. It will be available for only activities that can boost the economy, and which align with the National Sustainable Development Plan and Post Disaster Needs Assessment –either be reconstruction or new activities
- ii. It will be lent at 1%, with a grace period of 6 months, both on the principal amount and on interest
- iii. The loan must be repaid in 2 years
- iv. The maximum loan amount will be VUV 100m
- v. The banks can charge borrowers an application fee and an administration fee, which may add 4 percentage points to the cost of the loan
- vi. The loans cannot be used for refinancing

The VCCI has noted a number of concerns with this scheme, including the lack of loan demand currently, the existing high level of liquidity within the sector, the very short loan term, the lack of refinancing options, and the potential implications for the wider financial sector. The VCCI will continue to engage with the Government to ensure this scheme can be as successful as possible.

#### Stay updated via our Monthly Economic Updates

Following on from the VCCI's *'Economic Outlook Report – A Private Sector's Perspective'*, we will be producing monthly economic snapshots. These will help to keep both the private sector and public sector informed as to the status of the economy, in these ever-changing times.

The October Economic Snapshot is currently available online at [www.vcci.vu](http://www.vcci.vu)

#### We need your feedback

The VCCI uses the information you provide us to advocate on your behalf.

Please take our current survey which asks questions about your business, feedback on the changes to the reserved occupations list, the Government lending scheme, and other key issues.

The survey can be found at [tinyurl.com/VCCI-survey](http://tinyurl.com/VCCI-survey)

If you have any other feedback, or if you have any ideas or solutions you would like the VCCI to present to the Government, please email us at [information@vcci.vu](mailto:information@vcci.vu)