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Vanuatu Chamber of Commerce
EXTERNAL REVIEW
Report

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Abbreviations

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| AusAID | Australian Aid |
| BAU | Business Advisory Unit |
| BLF | Business License Fee |
| CEO | Chief Executive Officer |
| CRP | Comprehensive Reform Programme |
| DARD | Department of Agriculture and Rural Development |
| EU | European Union |
| FAO | Food Agriculture Organisation |
| GOV | Government of Vanuatu |
| KPIs | Key Performance Indicators |
| MFEM | Ministry of Finance and Economic Management |
| NZAID | New Zealand Aid |
| PAA | Vanuatu Priorities and Action Agenda |
| VCCI | Vanuatu Chamber of Commerce and Industry |
| VIT | Vanuatu Institute of Technology |

Notes:

- (i) The Vanuatu Chamber of Commerce and Industry Act 1995 is referred to in this report as the:
- VCCI Act
 - Chamber Act
 - The Act
- (i) The Chamber of Commerce of Port Vila is mainly referred to in this report as the Chamber or the Vanuatu Chamber of Commerce and Industry (VCCI)

1 Executive Summary

This Review was requested by the Vanuatu Chamber of Commerce (VCCI) and the Government of Vanuatu (GOV). Its purpose is to assess the legislative and institutional environment of VCCI, its role, approach, organisational structure and capacity, the scope and effectiveness of its recent past work, and resourcing and sustainability. The review sits within a broader purpose to support the VCCI in establishing a robust, sustainable long term strategy, supported by appropriate structures and work plans. The Review is funded by New Zealand Aid (NZ Aid) and covered the following areas;

- Institutional environment
- Organisational review
- Activities review
- Institutional and financial sustainability

1.1 Key Findings

- (i) VCCI is an innovative, flexible and responsive organisation that has benefitted from a dedicated management, and a capable staff.
- (ii) The institutional and management setup of the VCCI is provided for under the Chamber of Commerce Act of Vanuatu 1995.
- (iii) A national chamber of commerce, as defined under the Chamber Act does not currently exist. The role of a national chamber of commerce is currently informally performed by the Port Vila Chamber of Commerce, which has come to be known as VCCI. Provincial Chambers do not exist, and while VCCI has sought to provide some support to the provinces, this has been limited due to resource constraints.
- (iv) VCCI's membership is mandated under the Chamber Act through the Business License Fees (BLF). However approximately 90per cent of the businesses consulted by the Review Team were not aware that they were members. Membership links to VCCI are therefore very weak, and members have little sense of ownership.
- (v) VCCI has been undertaking advocacy work on behalf of the private sector, and this function deserves and requires strengthening; both in terms of advocacy skills within VCCI, and improved two-way information sharing with members.
- (vi) Not all Business Licensees have a portion of their fees directed to VCCI. 'Category F' businesses which include financial, insurance, real estate and professional services are not VCCI members despite paying BLF.
- (vii) VCCI's does not have a current Strategic Plan but has been using the GoV's Comprehensive Reform Program and Priority Acton Agenda to guide its work. It certainly needs a new Strategic Plan with annual Business Plans.

- (viii) VCCI activities have ranged from business and management training programs and annual events such as Business Forums, Agriculture Shows and Trade Fairs. These activities have provided marketing and training opportunities for private sector especially ni-Vanuatu businesses and women in business. It is important that these activities be evaluated to ensure they are value for money and effective strategies.
- (ix) VCCI has undertaken activities to promote agriculture production and exports, in response to needs identified by the GoV. However, the approach taken also raised concerns in parts of the GoV that VCCI was intruding into areas outside its mandate. This highlighted the importance of close cooperation with GoV and ensuring greater clarity of mandate.
- (x) The Chamber has been facing the following constraints to more effectively carrying out its activities:
 - a. while there is a membership database, it has limited application and is not comprehensive or up to date
 - b. insufficient budget for provision of information and advice to members nationally
 - c. staffing is under-resourced to fully service the membership
 - d. building and infrastructure are dilapidated and inappropriate for training
 - e. absence of performance management, or a monitoring and evaluation plan.
- (xi) VCCI has been governed by an Executive Council, as mandated by the Act, and its members represent different industry sub-sectors. The Council has played an important role in providing a governance role for VCCI, but does require further information and support to more effectively satisfy their role and responsibilities.
- (xii) Despite reliance on Government funding (through percentage of Business License Fees (BLF) to fund its operations, VCCI has successfully mobilised donor funding, though only on a project-by-project basis. VCCI needs to further diversify its funding sources, without distracting from core functions and priorities.
- (xiii) VCCI has been targeting women and small businesses through various activities. However there are no specific policies pertaining to gender or poverty reduction.
- (xiv) Infrastructure, especially VCCI's premises should be improved. The current building needs renovation or replacement if it is to provide a healthy and conducive work environment for staff and members.

1.2 Recommendations

The following recommendations are provided for consideration.

1.2.1 Institutional Environment

It is proposed that a legislative review be undertaken to amend or repeal the Vanuatu Chamber of Commerce Act and its Amendments. New legislation should address the following;

- (i) The structure necessary for the Port Vila Chamber to formally become the Vanuatu Chamber of Commerce and Industry, and to support clear linkages to the private sector in the provinces
- (i) The need for VCCI governance and ownership by its members (all those businesses who have paid business license fees through a Constitution developed by the members themselves.
- (ii) The core functions of VCCI Chamber

(iii) The need for mandatory membership and security of funding for VCCI

1.2.2 Core Functions of VCCI

VCCI should focus on activities directly related to its core functions:

- (i) Business and management training
- (ii) Representation and advocacy for interests of private sector in Vanuatu
- (iii) Provision of business and employer advice and business information to members, with additional support for ni-Vanuatu Businesses
- (iv) Stimulation of commerce and trade such as trade fairs and agricultural shows.

It is recommended that VCCI avoid activities that could be carried out by other agencies or organisations, and focus on activities that are of priority to developing the private sector.

1.2.3 Priority Activities

It is recommended that VCCI focus its resources on the following activities to be included in its Strategic and Business Plans;

Provision of business and employer advice and business information to members

- (i) Recruit a Business Development Officer to provide advisory services to all members

Business and management training

- (ii) Undertake a needs analysis for business and management training in Vila and in all Provinces

Represent and advocate for the private sector

- (iii) Establish a comprehensive database of all businesses and members. Develop a communication policy to guide VCCI in its communications with members and stakeholders
- (iv) Networking meetings in Port Vila - Monthly meetings for members to discuss issues or new initiatives. This would provide members with the opportunity to network with one another and with staff of the Chamber office. It is also ideal to have members meeting on a quarterly basis to continue the networks and it is also an opportunity for VCCI to provide an update on activities and issues.
- (v) Networking in the Provinces - Contact member businesses in the provinces and facilitate the formation of a private sector committee in each province. The purpose will be to identify training needs, support required, and provide direction for how VCCI should support the private sector out of the main centres. This should involve coordination with provincial governments and the Department of Internal Affairs.

Events to stimulate trade and commerce/private sector led growth

- (vi) Continue organising national projects such as the Annual Business Forum, the Agriculture Shows and Trade Fairs. (VCCI should only be focusing on projects to promote commerce and industry and should collaborate with relevant ministries on any new programmes.)

Organisational development

- (vii) Finalise the Strategic Plan and obtain approval from the Executive Council

- (viii) Develop a Business Plan for 2009-2011. This will form the basis for seeking funding and a potential strategic partnership with a donor.
- (ix) Establish a monitoring and evaluation plan for VCCI that will enable the management, Executive Council as well as members to assess performance and strategies.
- (x) Increase staffing to ensure that the Business Plan and core services can be delivered. It is recommended that the proposed structure (in Appendix 10.3) be considered for VCCI to deliver its core services.

1.2.4 Funding

The Ministry of Finance and the Budget Committee should review how VCCI is funded, including the appropriate level of funding, and ensure a transparent process for how funding is calculated. Should funding continue to be based upon a certain percentage of the business license fees, then all business categories should be included in VCCI membership. Government should consider that as a developing economy, it is appropriate that membership to VCCI be compulsory.

VCCI should consider earning additional revenue through the following avenues:

- Subscription fees for additional services
- Fees from core services such as business and management training courses,
- Provision of basic accounting and auditing services to small businesses,
- Fees from events such as trade and marketing fairs.
- Donor funding support towards improving the roles of VCCI

1.2.5 Governance and Management

New legislation should provide for governance of VCCI to be undertaken by the Executive Council, meeting on a bi-monthly basis. The Council's purpose should be to provide high level strategic direction, monitor and oversee business plans, and manage the performance of the General Manager. Council members should represent different industry sectors to ensure strong and broad links to the national membership. Council meetings with the General Manager should focus on establishing and ensuring that strategic direction and priorities are being followed.

The General Manager should regularly update Executive Council members on VCCI activities and challenges. Council members should also contribute to VCCI's governance through representation on separate Boards and Committees related to trade and commerce, and update VCCI on the progress of their work in these bodies.

Day to day and operational management should remain the clear responsibility of the General Manager, not the Executive Council. This includes staff management, financial management and resourcing and drafting of business and work plans.

Continue with reviewing and updating organisational policies and procedures. Staff job descriptions and working environment should be reviewed and improved to encourage long term commitment from staff. Remuneration provided should be on par with Government and private sector rates.

1.2.6 VCCI's relations with Government Ministries and Agencies

VCCI should give high priority to building and ensuring open and cooperative working relationships with government departments, in particular:

- Department of Trade and Industry
- Department of ni-Vanuatu Businesses and Cooperatives
- Vanuatu Institute of Technology support VCCI members staff training needs
- Ministry of Agriculture, Quarantine, Forestry and Fisheries, and its departments

Some form of **Memorandum of Understanding** should be developed and signed between VCCI and the above agencies.

1.2.7 Infrastructure for VCCI

A plan should be considered for the development of a new building for VCCI to provide sufficient space and appropriate facilities for training, meetings and networking functions.

1.2.8 Cross cutting and poverty issues

VCCI should consider special assistance in its planning and policies, the impact on the following groups (and should explore partnerships with NGOs and agencies working with these groups)d:

- (i) Women entrepreneurs
- (ii) Youth entrepreneurs
- (iii) Ni-Vanuatu businesses
- (iv) Small and Micro enterprises
- (v) Businesses in the provinces and rural areas

2 Introduction

This Review was requested by the Vanuatu Chamber of Commerce (VCCI) and the Government of Vanuatu (GOV) to assess and analyse the current setup of the Chamber and its operations. The key objectives of the review included;

- (i) Review the current **institutional environment** for VCCI including legislative framework, proposed amendments, and stakeholder expectations.
- (ii) Complete a full **organisational review** of VCCI including its role and key functions, strategic direction, organisational structure, governance, management, capacity, and planning, budgeting, monitoring and accountability frameworks.
- (iii) Review as much as possible the scope and effectiveness of **VCCI's activities**, including the linkages with the Department of Trade and Industries.
- (iv) Assess VCCI's current institutional and financial **sustainability**

3 Methodology

This is Part A of the Project which is the Review that will examine the legislative and institutional environment of VCCI, its role, approach, organisational structure and capacity, the scope and effectiveness of its past work going back five years, and resourcing and sustainability.

3.1 Desk Review

Information was collected from Chamber of Commerce on their publications such as Annual Reports, training reports, reports on each of the activities. The database within Chamber itself could not provide specific information requested such as the analysis on training per province provided in the past five years. Publications on the Government Budgets and national priorities and strategies were also used in the review.

3.2 Consultations and Workshops

In the first week of the review, consultations were made with key Government Departments and Ministries. Some of the key Departments (Department of Cooperatives and Ni-Vanuatu Businesses, Internal Affairs and National Council of Women) were unable to keep their appointments due to other work commitments. However, during the Strategic Planning Phase, the review team was able to meet with all of the three Departments.

Individual consultations were also held with the donor agencies, NZAID and AusAID and the French trade attaché to the Vanuatu Chamber of Commerce. The team also met with some of the key non-Governmental Organisations (NGOS) such as VanWods, Farmers Syndicate Agricole (FSA) and the Vanuatu branch of the Foundation of the people of the South Pacific International (FSPI).

For the consultations with private sector or the members of the Chambers of Commerce, workshops for industry groups in Port Vila and in one of the provinces, Sanma Province on Santo were organised. The Santo Workshop was conducted in Luganville municipality which also provided an opportunity to obtain feedback from this town.

Despite invitations sent out to about thirty businesses, only seven business representatives turned up for the Santo Workshop. Three private sector workshops were held in Port Vila for the different private sector groups. These were for the large commerce (all financial institutions, telecommunications, wholesalers and retailers, transport), the Ni-Vanuatu businesses and the French businesses. Around thirty businesses were invited to each of the three workshops. Unfortunately, only one Bank turned up for the big commerce workshop, two turned up for the Ni-Vanuatu workshop and six turned up for the French workshop. A workshop was also conducted for the VCCI Council members and these representatives also spoke on behalf of the sectors they represent.

A Reference Group tasked with the responsibility of monitoring the review process was set up and drawn from members of the NZAID team in Port Vila, the Ministry of Trade, Department of Revenue and Customs, the President of Chamber of Commerce and the General Manager for VCCI. At the conclusion of the review's consultation phase, a presentation on the summary of findings was made to the Reference Group.

More consultations were held during the Strategic Planning workshops where contributions were made from other representatives of the private sector and three Government Departments who were not available to meet with the team during the review consultations.

A list of those consulted and met during the Review and Strategic Planning Workshops is in Appendix 10.4

4 Institutional Setup

4.1 VCCI Structure

The Chambers of Commerce of Vanuatu Act 1995 set up the Vanuatu Chamber of Commerce. It set up seven local chambers of commerce, the Port Vila also known as the Capital Chamber and local Chambers made up of the six provinces (SANMA, TORBA, PENAMA, MALAMPA, SHEFA and TAFEA Province). The aim was that the local chambers would form a National Council of Chambers, or the Vanuatu Chamber of Commerce.

There is no national Council of the Chamber of Commerce that exists and all other six provincial chambers also do not exist. The only Chamber that currently exists is the Port Vila Chamber of Commerce or the Capital Chamber. All the work that is required of a National Chamber of Commerce has been undertaken by the Port Vila Chamber of Commerce which could be referred to in this report as the Vanuatu Chamber of Commerce and Industry (VCCI).

The current structure where the Port Vila Chamber of Commerce is performing the role of the Vanuatu Chamber of Commerce does not relate to the structure provided for in the Act.

Furthermore, the Port Vila Chamber of Commerce does not have the resources to provide work to all the provincial chambers. The existence of the other provincial Chambers is critical if a 'national chamber of commerce' is to be recognised. The Government of Vanuatu and all of Vanuatu's private sector urgently needs to address the issues behind the non-existence of the local chambers to ensure that the Chamber of Commerce covers all of the private sector in Vanuatu.

Although the Port Vila Chamber of Commerce had carried out work in the provinces through business trainings and agriculture projects, there had been no direct linkage or support from the provincial governments. The Chamber has utilised its own resources to provide support to the provinces. But with budget cuts from Government, the Chamber has no longer the resources to undertake further work in the provinces.

From the consultations in Luganville, the private sector thought that it was impractical in the medium term to establish a provincial chamber there, but that a small consultative chamber committee could be established with a view to assisting VCCI in identifying business advocacy issues and training needs in Luganville. They also wanted to see how many Chamber of Commerce members are in Santo and to ensure that VCCI had a database of them all, along with the key contacts within these member businesses so that communications between VCCI and its Santo members was established.

What clearly came out from the consultations in Port Vila and in Santo is the preference for one main Chamber office which would service the provinces through a network and information, training and business advisory services. The establishment of a single office would save on costs, especially the overheads of having an office in each province. As this network strengthens, it would then start looking at setting up offices in the provinces depending on the level of demand for services.

The national chamber called the Vanuatu Chamber of Commerce and Industry would allow for provincial VCCI committees and branches to be formed in other provinces.

The Chambers of Commerce and Industry Act 1995 would have to be changed to allow for the Port Vila Chamber of Commerce to formally become the Vanuatu Chamber of Commerce and Industry with support provided to other provincial chambers through the proposed network. The Government of Vanuatu through the Ministry of Internal Affairs which manages the provincial councils has agreed to consider how the VCCI could effectively link to the provinces. Both VCCI and the Ministry for Internal Affairs would work together in establishing the network with the provinces and how resources could be channelled from the provincial governments (as stipulated in the Act) to support the role of the Port Vila Chamber now acting as the Vanuatu Chamber of Commerce.

4.2 Management Structure in VCCI Act

The VCCI Council structure is set out in the Chambers of Commerce of Vanuatu Act 1995. For VCCI and local chambers, the Act specifies a list of business sectors and how many board members are to be appointed to the VCCI board to represent each sector. Typically, sector associations appoint their VCCI board member(s).

The Executive council of the Port Vila Chamber of Commerce comprises of representatives from sixteen business sector representatives.

For the other six local chambers in the provinces, names of officers to form the executives of these chambers were provided by the Act. None of these local chambers nor any of the members listed in the Act are active. The main issue that came out of the review is the selection process in which this was made which had in some cases made it difficult for some members to commit to work for their local chamber. For some Chambers there were indication of poor management and promotion of self interest. Another issue relating to this structure is the lack of ownership by the selected members to commit to work for the Chamber of Commerce especially given that they were supposed to work voluntarily.

The consultations clearly identified the need to amend the Act to reduce the number of council members to just one representative from each sector. There is also the need to review the number of sectors that ought to be named in the Chambers Act to be represented on the VCCI Council to secure an even representation from all key sectors such as agriculture, forestry, manufacturing, financial, transport, utilities and infrastructure, tourism, distribution and retail, professional services, representation for small and micro businesses, representation from ni-Vanuatu businesses, representative from women in business and a representative from the NGOs.

The consultations during the Strategic Planning phase provided another view; that overall direction of the Chamber should be guided by the members under a Constitution. This would deviate from the management structure provided in the Act and allow the Chamber through its membership to develop its own management structure and processes under a Constitution. If this would be the case, the Chamber Act would have to be repealed to only provide for the setup of the Chamber of Commerce, its principal roles and objectives and how it should be funded.

4.3 Roles and Responsibilities under the Act

Under the current Act, the objectives of the Chambers of Commerce are:

- a. the representation of the business community in dealings with persons or organisations, public or private, national or international;
- b. the collection and dissemination of information on all matters of interest to the business community;
- c. the promotion of commerce and industry in each region;
- d. the encouragement and promotion of the greatest possible ni-Vanuatu participation and success in business;
- e. the provision of information and advice to the Government and other public authorities in all matters affecting business in or the economy of the Republic of Vanuatu;
- f. to pursue the above objectives whilst respecting the cultural traditions and natural environment of Vanuatu.

Each Chamber has specific responsibility for pursuing the above objectives within its Region and is the representative body of business within its Region.

The Capital Chamber (or the Port Vila Chamber of Commerce) has additional responsibilities including but not limited to the following:-

- (a) the establishment and management of a business training and support centre for the promotion of Ni – Vanuatu people in business, directed specifically to the development of their managerial and technical skills;
- (b) whenever required, the provision of information and advice to all business license holders, Government services and overseas trade and investment partners;
- (c) Assistance to potential investors;
- (d) Assistance to local chambers;
- (e) the provision of information to the local chambers on the activities of the capital chamber;
- (f) The administration and management of the National Council of Chambers of commerce.

The above roles and responsibilities are being undertaken by VCCI and the board members and management felt that this list is unnecessarily prescriptive and ought to be made permissive. That is, the Chamber felt the demand for its services by business was being limited by the legislation and there was no flexibility to move into other key roles and responsibilities such as the promotion of the success of business, acting as the voice of business and employers, or to provide other services to members. Greater discretion by the Chamber over the services it provided would allow it the freedom to undertake activities of high priority to members without being restricted by what is covered under the Act.

The role of Chamber could also be determined by a Constitution with the Act providing its key objectives and its Constitution outlining the roles and functions. The Constitution would be drawn by the members based on their needs and priorities.

Chamber's work in the rural areas had been through the Port Vila Chamber as other local chambers were not functioning. Though there have been limitations on its roles and responsibilities, the Chamber has been able to extend its work to the other provinces.

4.4 Financing VCCI under the VCCI Act

The Chamber Act provides for core financing for VCCI through the business license fees (BLF) paid to government.

The Act initially had two per cent of the Business License Fees and these covered all business categories until the Act was amended in 2002 to increase the amount from the BLFs to 15 per cent of the annual business license fees paid to government by Port Vila and Luganville businesses. But this amendment excluded the business license fees paid by businesses in the 'F' category (financial, insurance, professional services and consultancy businesses). Another amendment to the Act in 2003 reduced the Chamber portion from 15 per cent to 10 per cent without any consultation with the private sector and no reason given for the reduction.

These amendments to the legislation have put Chamber in a very vulnerable position. Excluding Category 'F' businesses from the BLFs payable to Chamber not only cut a large amount from the Chamber's potential revenue but also meant that all these businesses were no longer members of Chamber.

The Review team noted the differences in the Vanuatu Business Licensing systems between those of New Zealand and other Pacific Islands (except the French territories). Business license fees are paid according to member's annual turnover with the fees increasing with turnover.

As there are no income taxes business license fees are an important source of revenue for the Government. The VCCI funding is also different from elsewhere as its core funding is provided by Government under legislation through the business license fees.

The consultation process for the review and its associated strategic planning also discussed and assessed whether the Chamber funding should be mandatory or funded by members' contributions. All private sector businesses consulted agreed that core funding should be from the business license fees to allow VCCI to carry out its core private sector functions. If the Chamber depended on income solely from member's fees (as it did before the 1995 Act), VCCI would only focus its attention to only those members that could afford the fees, and that would have repercussions for the role of Chamber in assisting small and ni-Vanuatu businesses.

For the provincial chambers of commerce, the Act is silent on how the business license fees paid to the provincial governments should be allocated to the provincial Chambers as structured in the Act. This could be the main reason for the provincial chambers being inactive since the law came into effect.

The review concludes that the Vanuatu Government through the Ministry of Finance and the Budget Committee should review how the Chamber of Commerce should be funded and to provide for a transparent processes on how the funding should be calculated. Should funding be continued to be paid through certain percentages of the business license fees, then all business categories should be included.

5 Organisational Review

5.1 Core functions of the Chamber

In reviewing the organisation, the core objectives and functions mandated under the Chamber Act would be used to assess the role played by the Chamber over the past years.

(i) *represent the business community in dealings with persons or organisations, public or private, national or international;*

The Port Vila Chamber has represented the private sector in various government boards and committees. It is the focal point of the Vanuatu private sector at the national level and even in the regional level through the Pacific Islands Private Sector Organisation. It has also spearheaded trade fairs in the country and in New Caledonia.

However, the Chamber remains weak in terms of its membership. The few private sector businesses that were consulted did not know that they are members of the Chamber through their business licenses fees paid. This implies that the majority of the 4000 or so business license holders are likely not aware of their chamber membership, or what they are entitled to as members. The

review team found that when a business license certificate is issued, there is nothing that specifies that the business would now be a member of the Chamber of Commerce.

To ensure effective representation of the private sector interests, it is critical for VCCI to raise the awareness of all business license holders that they are members of the Chamber and that it represents their interests in all matters pertaining to the business community. In addition, the Business License Certificate should also include certification for chamber membership. A sample Certificate could be found in Appendix 10.1.

(ii) collect and disseminate of information on all matters of interest to the business community;

The weak membership base meant that most of the private sectors are not receiving any information on matters relating to the business community. The chamber has a limited database of contacts (emails, phone numbers, and addresses) for individuals in their member businesses so regular contacts between the chamber and its members' needs to be strengthened especially the contacts for ni-Vanuatu businesses across the country.

On the other hand, the Business Forums had raised the level of awareness on Chamber's role and activities. Some of the work that VCCI has done is also reflected in the Priority Action Agenda document which mentions that 'greater understanding of the need to provide a favourable business environment for the private sector has come about with the discussions made possible by the Business Forum'.

(iii) promote commerce and industry in each region;

The Chamber has been active in the promotion of commerce and industry through the Agriculture shows and the trade fairs. Although trade fairs have provided opportunities to promote and display products, it is important that these trade fairs also secure trade relations amongst businesses.

This role still needs to be strengthened to cover other sectors and other provinces.

(iv) encourage and promote ni-Vanuatu participation and success in business;

The training programs undertaken by the Chamber have attracted a lot of ni-Vanuatu trainees who are either small businesses, potential business entrepreneurs or are employees of big businesses. The agri-business programs also undertaken by the Chamber have also benefitted the ni-Vanuatu businesses in the agricultural sector and especially the farmers' groups. The work of the Chamber has been highlighted in the Priority Action Agenda which states that 'the establishment of the Vanuatu Chamber of Commerce has been a positive step in assisting small ni-Vanuatu and has spearheaded the promotion of ni-Vanuatu in business.

Despite the above programs on ni-Vanuatu businesses, there are still a lot more ni-Vanuatu businesses in all other sectors that are not aware of the Chamber and its functions. The ni-Vanuatu businesses who came for the workshops for both the review and the strategic plan did not fully understand how they could benefit from the activities of the Chamber.

(v) provide information and advice to the Government and other public authorities in all matters affecting business in or the economy of the Republic of Vanuatu;

Some advocacy work has been done by the Chamber particularly on policies that affect the private sector. However the review team found that advocacy work should be strengthened and given higher priority. A number of issues were raised through the consultations including:

- i. The law that requires all business with a turnover of more than 20m vatu to have a very expensive audit done which was of no value to privately owned businesses, (ie those not publicly listed.)
- ii. The cost of the license fee was also an issue. One business in Santo paid 800,000 vatu annually, another 500,000 vatu. On top of that, foreign residents paid a substantial annual residency fee too.
- iii. The very long time it takes for a land transfer once a sale of leasehold land has been made to a foreign resident.
- iv. Getting fishing licenses to local fishers issued in a timely way.
- v. The establishment of another government bank, the Agricultural Development Bank, should be opposed and instead its role be incorporated within the National Bank of Vanuatu thereby avoiding dual costly administrations.

The Port Vila Chamber was also mandated with additional responsibilities such as provision of business and management training, provision of support to foreign investors and providing support to local or provincial chambers. The training role has been the core service performed by the Chamber but it needs to be strengthened to target the training needs of the business community. The Chamber is a member of the Vanuatu Investment Promotion Authority (VIPA) and consultation with VIPA indicated that they refer some of the foreign investors to the Chamber for information on the private sector activities. Again this role needs to be strengthened to allow any investor whether foreign or local to obtain as much information on the private sector perspective in doing business in Vanuatu. This area was highlighted by the Strategic Planning workshops that the private sector needs information on the processes of setting up a business in Vanuatu.

5.2 Roles performed by Chamber not under the mandate.

The Chamber had initiated a number of economic development activities mainly relating to agri-business development which were not directly under its mandate provided for in its Act. The Chamber had indicated that its goal in undertaking these programmes was to facilitate a broader base and concentration of economic activities from urban centres into the rural areas. The first of these is to educate the rural population on commercial farming practices; second to build up savings from income generated from farming; and third the development of business activities thereby increasing Chamber membership in the longer term. Nevertheless, these activities were perceived by MAQFF as intruding into their area of work and duplicating the work of the Government Departments. Chamber stated that although the work was outside their mandate, there was a great need for the work to be done.

5.3 Roles that should be performed by the Chamber

The consultations also highlighted other important roles that the Chamber should be providing to the private sector. One of these is the 'provision of employer advice'. It is important that Chamber represents the private sector or employers under the Vanuatu Labour laws and also as part of the requirement for Vanuatu as a member of the International Labour Organisation (ILO). Employers in the private sector need updated information pertaining to legislation, regulations and/or policies on labour related matters. This role was greatly needed when the Government passed an amendment to the Labour Act as recently as December 2008 which had profound implications for business. The

Chamber had to coordinate and lead the private sector in consultations with Government on this amendment.

The Review feels that the critical role of Chamber is to be the voice of the private sector and it should remain relevant to all of its members in the whole of Vanuatu. In fulfilling this role, it is important that it is provided with adequate resources and support from all of its members and stakeholders including the Government of Vanuatu.

5.4 Relations with Ministry of Trade and Industry and other Ministries

5.4.1 Ministry of Trade and Industry

Generally fairly good relations exist between the Ministry of Trade and Industry (MITI) and VCCI although the understanding of the relationship and the roles of each probably needs to be filtered down to their staff. This was evidenced in the consultations when Trade and Industry officers suggested the department should focus on policy, and VCCI should be responsible for the implementation of policy, while acknowledging the need to work more closely with VCCI. In contrast, the Minister for Trade sees the important role of VCCI as promoting businesses and trade and especially providing opportunities for ni-Vanuatu businesses to grow. Regular dialogue between the two organisations is largely absent hence the staff from both organisations are unclear on how the two can work together. There is however a broad acknowledgement of the need to work together in partnership on the development of the private sector and especially facilitating trade and economic development for Vanuatu.

VCCI could make more impact by working more cooperatively with ministries and other government agencies. For example, VCCI (once it has determined the training needs of its members) is likely to find that some of that training ought to be provided by Vanuatu Institute of Technology (VIT). VCCI could then communicate those needs to the VIT and then help VIT to promote their courses to VCCI members.

5.4.2 Ministry of Agriculture, Quarantine, Forestry and Fishery

The review consultations raised concerns that VCCI's economic development programmes had stepped into the Departments of Agriculture and Forestry areas of responsibility, risking duplication of work¹. Although it is fair to say that there was discussion and sharing of information by VCCI to the departments concerned, this experience underscores the necessity of careful consultation and cooperation with relevant government departments from day one, especially in the development of new initiatives.

¹ There was also acknowledgement of constraints faced by these Departments in having the budgetary resources to implement their programs

5.4.3 Department of Cooperatives, Business Development and Ni-Vanuatu Businesses

The team managed to meet up with the Department of Cooperatives, Business Development and Ni-Vanuatu Business during the Strategic Planning workshop. This Department also provides as its core role; business training and support to small businesses and especially to ni-Vanuatu businesses. These are also the roles performed and expected from the Chamber. Currently there are no formal relations between the two organisations and it is critical that they come together to map out how the two could compliment each other's work so that resources can be shared to ensure that maximum support is provided to their stakeholders. There was a strong emphasis put forward by the Minister to support ni-Vanuatu businesses and it is therefore vital that VCCI and the Vanuatu Business and Cooperatives Department work together.

5.4.4 Other Ministries

The Chamber of Commerce in representing the private sector in commerce and industry must also be working with the relevant Ministries such as:

- (i) **Ministry of Internal Affairs** – to ensure effective linkages and support are made with the provinces and local commerce
- (ii) **Department of Fisheries** – Chamber to facilitate and support policies pertaining to this industry
- (iii) **Ministry of Land, Resources, Environment and Energy** – facilitate private sector support in the development and implementation of policies under these portfolios
- (iv) **Ministry of Finance, Customs and Revenue** – Chamber to work together in ensuring that private sector cooperate with business license fees and to ensure private sector are not affected by any new fiscal or monetary policies

5.5 Governance management arrangement and structure of VCCI

5.5.1 Council

The council comprises sixteen business sector representatives and the Executive is elected at the Annual General Meetings. At the consultations, most of the council members seem well aware of the chamber's activities but some have indicated that if they were better informed, they could filter information down to their industry groups. Some had admitted that the executive council needs to be more focused on the chamber and its activities and should be able to assist more with the chamber's work. Commitment of time was seen as a critical element to strengthening this support. Furthermore, it is important that the council is represented from across all sectors and key stakeholders to ensure fair representation to governing the work of the Chamber.

The VCCI Council is required under the Act to meet on a monthly basis to discuss the work of VCCI. However the Council recognises its work does not really need monthly meetings and members considered it would be more appropriate to meet bi-monthly. This was seen as more practical and that more members would commit their time to meet. Again the council could be more motivated if the Chamber has the support of a larger membership, which raised its concerns and needs.

Some Council members represent Chamber at Government Boards and Committees and report back to the General Manager on issues of relevance to members.

Council is mainly responsible for the strategic direction and overall governance of the Chamber and are not involved in any of the daily management.

5.5.2 Management

Other than having three positions vacant and people working long hours, especially the CEO, management is capable. However, it cannot hope to achieve its aim so long as it remains critically understaffed. Much of the Chamber's achievements have only been possible due to the long hours put in by the CEO and some of his team, plus the support of aid donors for the economic development programmes initiated.

Management also needs strengthening to ensure that there is adequate support during the times of CEO's absence. The current managers could rotate to take over as Acting CEO, or if there are available resources, an Assistant CEO position could be considered.

5.5.3 Structure

The current organisation structure has only three divisions which are Training, Projects and Accounts with only ten staff including the CEO. These are the only staff resources available within VCCI which limits the scope of work that it is undertaking. There are certainly important functions that the Chamber should provide which is proposed in the new organisation structure. The old and proposed organisation structures are in the Appendices.

For Chamber to effectively develop the private sector as provided for in its mandate, it is the minimum requirement to get the chamber capable of undertaking its core activities of **information and networking, training, business and employer advocacy, employer and business advisory services** and **special economic development programmes**. For Chamber to do this, it certainly requires more resources. The Chamber would continue to be weak if no additional resources are made available for it to deliver its core functions.

5.6 Human Resource Capacity

The current VCCI staffs only cover Training, Business Development, Events, a Trade Attaché' (New Caledonia) and an Australia Youth Ambassador – website development

It is clear from the work undertaken by VCCI that activities undertaken are dependent on available staff. Hence the areas where Chamber is weak relates to the staffing and resourcing.

Staff skills especially in business development and financial management should be strengthened. The current staff appear to think that the Chamber should identify and deliver services to the private sector rather than respond to the needs of the private sector. This seems to be the case as most of them have previously worked in Government departments and have little experience in facilitating business support. The staff need to network with and build relations with the VCCI members and recognise their needs. This will lead to more responsive and effective engagement. There was acknowledgement of the need for an information officer and more staff to cover other important core services of VCCI.

Some of the issues raised in the discussions with the staff in terms of their roles and responsibilities within VCCI included;

- Acknowledgement that the role of Chamber is to address national strategies and priorities relating to private sector development
- The staff felt that the work of VCCI in agri-business have been largely complimentary and in partnership with the Departments rather than a duplication
- There is a strong need for a Communication Strategy between VCCI and all its members and stakeholders which could be factored into the new Strategic Plan
- Given that training is one of the key roles of VCCI, there has been a lot of pressure on staff to deliver courses and at the same time ensure that they meet their revenue targets which risks impacting on the quality of training provided
- There is the need for staff and the Board (Council) to have a regular dialogue so that both sides cooperate and appreciate the value of their work and at the same time motivate the staff on their work
- There is certainly a strong need for ongoing training and capacity building for staff
- For staff to take ownership and value of their work, they need to be engaged from the planning to implementation phases of all activities and work pertaining to VCCI
- The members of VCCI should be driving the process on what their needs are and the staff would implement these processes
- There is potential for staff to do multi-tasking and provide backup to other colleagues

The Chamber has a set of staff policies covering its conditions of employment, staff induction, rules, remuneration categories (grades), employee training and development, staff discipline, expense reimbursement, use of vehicle and the like. These are simple and understandable. The Employers Manufacturers Association (EMA NZ) will review them and propose any changes or additions without reducing its simplicity.

The review team and VCCI management and staff have agreed to an organisational structure that would cover core services for chamber. The new organisation structure would require the set up of an information division (could be one person) and the business advisory division (could be one or two people). Should there be no additional resources available; the role of the information officer could be undertaken by the training support officer who is already responsible for the training database provided s/he is given the appropriate training. The proposed organisation structure in Appendix 10.3 would ensure that the Chamber has the human resources to adequately deliver its services.

5.7 VCCI Infrastructure

VCCI currently operates from a very old building (used to be a residential place) which is regarded by members as 'old and run-down'. The team expressly noted the working environment especially for hygiene and public health, needs attention. As the representative of the private sector, the current office has to be safe and hygienic for members and visitors alike, but little can be done with the present premises as they are very old. The Chamber has been able to purchase this property with plans to develop a new infrastructure that would allow Chamber to provide more services to its members. A new building would cater for more training facilities and more office space, and facilities to incubate new start-up businesses particularly small businesses.

VCCI has already drawn up three plans and started on proposals for donor support to fund a new building.

6 Activity Review

6.1 Current Strategic Plans and Gaps

The latest strategic plan document covered the period 1998 – 2002 and is therefore well outdated. This plan outlined mainly the activities and work VCCI was then engaged in. VCCI then used the government Comprehensive Reform Programme (CRP) and the Priorities and Action Agenda (PAA) to guide its work programs.

VCCI immediately needs a new Strategic Plan to guide its work in the future with Annual Plans to map out the activities for the year.

6.2 Assessment of Chamber Activities and Events

6.2.1 Business Training

The main activity for Chamber has been the provision of business and management training. These training provided skills development for both employers and employees and in particular no-Vanuatu business license holders. Training has been cut in 2008 due to the limited funding available for rural or provincial training.

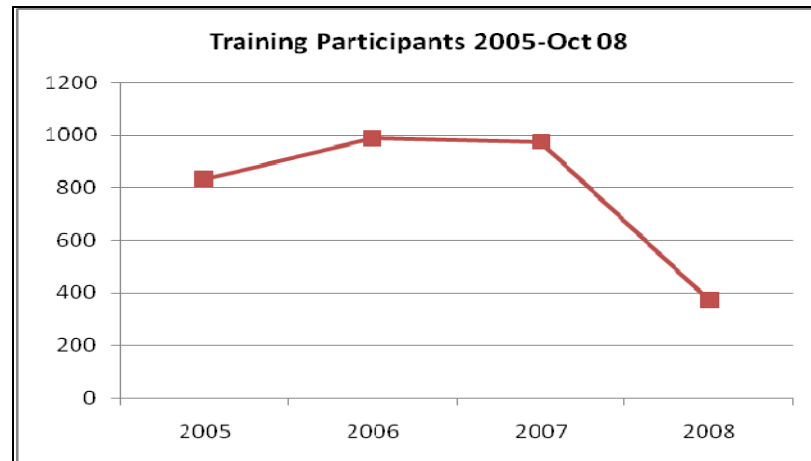
Following the General Manager's attachment to EMA in 2006, VCCI had introduced new training programs catering mainly for businesses in Port Vila not only to provide skills training but also to obtain revenue from training fees. These courses were for front line customer services, first line management, introduction to management, personal development, human resources and occupational health and safety. More details on these courses are in Appendix 10.2

The main challenge for VCCI in the provision of the training programs is the requirement that 50 per cent of its budget must be spent on training. Hence VCCI had to focus most of its work on training. For VCCI to move forward in its training programs it needs to reassess the needs of its members on what training programs they need and this should be done for all provinces especially in Port Vila and in Santo.

Through the consultations, NGOs such as VANWODS requested VCCI to provide business skills training for their micro finance businesses. The problem is that VANWODS clients are low income women, based in a wide number of isolated villages and areas with limited ability to travel to Port Vila for two weeks of training. VCCI would need to take this training out and deliver it on a part time basis to allow time for the women to attend the training. This is very time consuming and costly. Perhaps such training programmes should be held as a special community based training under a special project. Such demand for training also poses the question of whether these kinds of training could be provided by the Department of Cooperatives and Ni-Vanuatu

Businesses. Coordination is therefore critical for all training programs made available for small and micro businesses and for ni-Vanuatu businesses amongst all training providers including VCCI.

Trend on training participation



The reduction in the number of training participants from 2007 and 2008 is a result of the reduction of training programmes in the provinces due to budgetary constraints. For the training courses in delivered in Port Vila, the most popular courses are the accounting and financial management courses as well as the computer applications courses.

The “Chambers Act” stipulates that 50 per cent of the Chamber’s budget must be spent on training. In fact, it says funds received by VCCI shall be credited to the separate “account” for the purpose of the Business Training & Support Centre. VCCI does not have a separate income account for this purpose, but it does record its expenditure for these purposes. If half of fixed overhead costs were allocated to the training and support activity, VCCI is spending approximately 50 per cent of its budget on these activities. If half of fixed overhead costs were allocated to the training and support activity, VCCI is spending approximately half of its budget on these activities and has been able to earn 20 per cent (of the training budget) from training fees.

6.2.2 Annual Events

The Chamber organises and runs the National Business Forum (3 days in June), the Agricultural Trade Show (3 days in August), the Port Vila Trade Fair (3 days in October), and exporters trade fair “Jeudi Du Vanuatu” (7 days in Noumea in November) and the Annual Business Awards in late November each year. In addition, it runs the following national events: the Luganville Trade Fair (3 days in March) and the Vanuatu Tourism Festival (3 days in August).

(i) National Business Forums

The Annual Business Forum has provided a platform for all stakeholders to discuss private sector issues. As earlier indicated, the business forums have been highlighted in the PAA document but it has become monotonous and very few people attend. From the consultations, some Departments had suggested that these be held bi-annually so that they have time to implement actions agreed to at the Business Forum. The review team concluded the lack of a wider participation from across the private sector stems from the fact that they are not aware that they are members of Chamber hence they do not have any sense of ownership to value their input into this Forum.

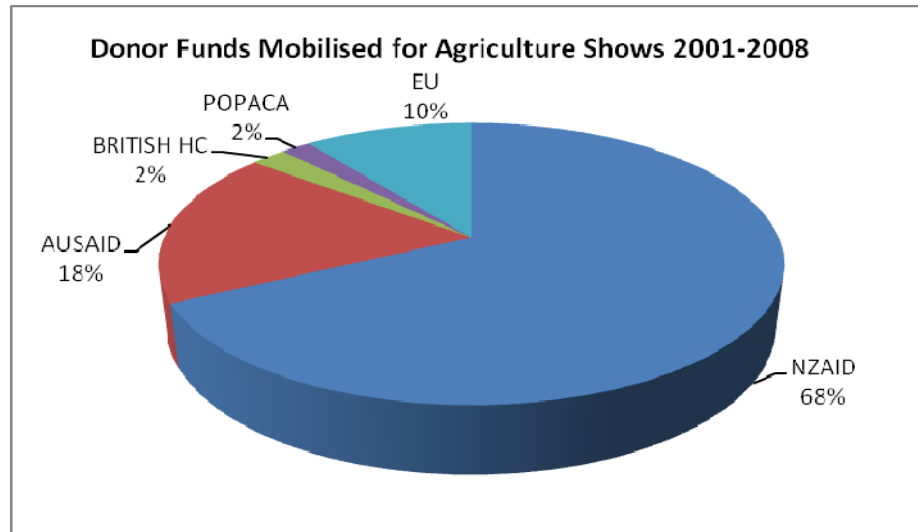
The Business Forums have provided a collaboration framework for private sector and government to discuss issues on the private sector. However these had produced ambitious matrices outlining actions to be undertaken by relevant Government Ministries to address the agreed strategies. But the Chamber has no power to entice the ministries to achieve their targets set out in the Business Forum matrix and the ministries themselves also have their own constraints to effectively implement their required work agreed to.

(ii) Agriculture Trade Shows

The main objective of this activity is to provide the opportunity for farmers to showcase and sell their produce raising the importance of promoting agriculture as a tool towards economic growth. The agriculture shows had been going since 2001 and provinces now have their own agriculture shows. These shows also provided the opportunities to promote agriculture through the value chain where farmers are linked to the processors and manufacturers. The agriculture shows were coordinated by VCCI in partnership with the Department of Agriculture through an organising committee.

The shows have greatly profiled and revived the agriculture sector, and finally farmers are able to showcase their produce. The consultation with Syndicate Agricole (FSA) noted that ‘if it wasn’t for VCCI, there would have never been a ‘Vila on Sale’ or any agriculture show’. This was also confirmed at consultation meetings with the AusAID representative. Everyone now expects an annual agriculture show, and it is an event that Vanuatu people look forward to every year.

Nothing came out of the consultations that indicate any major issues with the agriculture shows though no reviews have been undertaken by VCCI or the organising committees.



Source: VCCI

(iii) Trade Fairs (Port Vila and Luganville)

The primary objective of these events is to promote locally made products and services to the public but more particularly creating a wider education and awareness of the need to support local industries. These fairs had also included wholesalers, retailers and service industries.

Their major benefits are the ‘opportunity’ provided to a wide cross section of businesses to showcase their products. The major groups benefiting included women’s groups from across provinces selling products ranging from handicrafts to food. As a result of the trade fairs, the women involved were also given the ‘opportunity’ to showcase their products at the New Caledonia Trade Fair. Again, from the consultation meetings, the initiative of VCCI in organising the trade fairs was widely acknowledged.

One of the issues identified was the ‘time’ it required for VCCI to organise these events with its very limited resources. Furthermore, these trade fairs do not always create market linkages and/or long term trade but rather provided opportunities to make bulk sales. Perhaps these fairs should be reviewed or renamed as ‘market fairs’ to erase any expectations required of ‘trade fairs’.

(iv) Trade Fair – New Caledonia

Under the Economic Cooperation Agreement with New Caledonia, VCCI has been in the forefront of organising trade fairs and consultations with New Caledonia through the New Caledonia Chamber of Commerce. This has been ongoing since 2001 and in 2004, tourism was included in the Trade Fairs and investment promotion was included in 2006. Now the New Caledonia market is the third largest tourism market for Vanuatu with now an established tourism office in Noumea.

To facilitate trade, tourism and investment between the two countries, trade attachés were exchanged to facilitate trade and investment for each of their markets. The review team met with the French attaché working in VCCI and he has been developing a website in French to promote investment into Vanuatu to New Caledonia and France. All costs are being met by the NC

Chamber of Commerce. The Vanuatu counterpart has since resigned and there is no VCCI attaché based in NC and there is no rush to fill the position due to resource constraints.

It is important for VCCI to undertake periodic evaluation of these programs to ensure these are cost effective and provides long term economic benefits.

6.2.3 Agriculture Business Development Programs

VCCI has been active in the development of agri-business programmes over the past years promoting 'high yield crops, livestock and forestry' that have more potential for export. According to VCCI, Vanuatu now has a trade surplus (excluding fuel) after more than 10 years of promotion. Major trade is in kava, timber and few other selected goods with the aim to secure guaranteed markets for arts and crafts. Tourism is the best success having almost doubled visitor arrivals over the past 3 years.

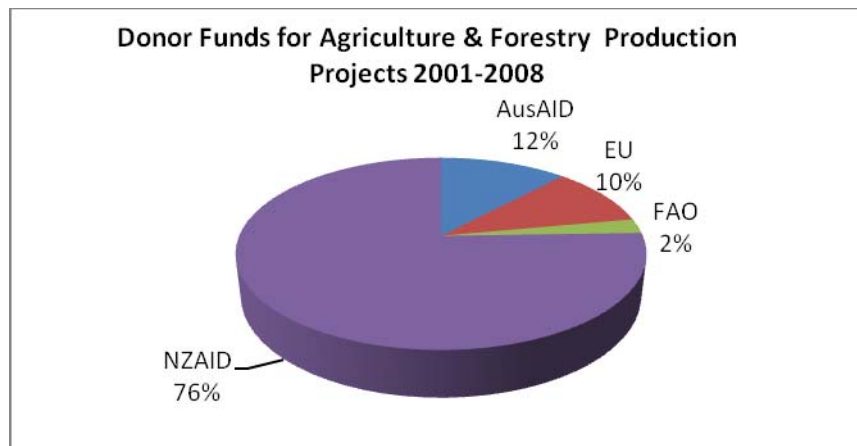
The list of agriculture programmes undertaken by VCCI in partnership with key Departments, stakeholders and farmers included;

- **2001 – Year of Root Crops** - promoted high yield taro and cassava which have potential for exports and in 2002 saw the first export of root crops to NZ. Increased in number of farmers involved and led to processors set up to add value to produce such as cassava flour
- **2002 – Year of Forestry** - promoted high valued timber and planting materials were made available and distributed to growers. Big timber companies now setting up their own nurseries due to lack of continuous support available. A survey of the re-a forestation programme project work initiated by VCCI in support of the government's Comprehensive Reform programme had a target to plant 1 million trees pa over 3 years. A subsequent survey done by the chamber showed at 1.4m trees were planted during the first year of the donor funded period, but the numbers are likely to be higher as the chamber only surveyed the bigger planters involved. Due to a lack of money, the chamber has not been able to continue its intensive involvement. However, the Forestry Department is continuing it work and planting is also continuing at probably around 10,000 pa.
- **2003 – Year for Livestock** - reached an increase of cattle from 130,000 to 170,000. Exports for cattle improved. Partnerships were made between poultry farmers and the poultry meat processor for the supply of birds for poultry meat.
- **2004 –Year for Fisheries** – targeted exports of tuna and promotion of small fisheries however the tuna industry had not moved due to constraints in investment in a tuna processing facility.
- **2005 – Year of Tourism** – targeted an increase of visitor arrivals to 200,000 per annum which led to the development of open skies policies and improvement on local airports. Tourism now continues to be a growing industry for Vanuatu.

Chamber had also promoted kava and major work was undertaken by the Chamber in lobbying together with other Pacific Island countries on the kava ban imposed by the European Union market.

Despite the Chamber spearheading the above programmes, concerns have been raised with regards to the role of Chamber duplicating the work expected of the relevant Government Departments. It is critical that Chamber clears these concerns and to secure clear and agreed roles and responsibilities to work together on any future projects. Credit however should be given to Chamber in initiating these programs in response to the request from the Reserve Bank to assist the country's foreign reserves back in 2001.

VCCI has been able to mobilise funds for the agri-business projects and the following chart presents the percentage of donor support to these projects from 2001 to 2008.



Source: VCCI

6.3 VCCI Budget

The core funding for VCCI has come from Government through the Business License Fees, training and other services rendered. The bulk of these funds go towards wages and salaries and the operations. Under the Chamber Act, VCCI is allowed to apply for loans² to purchase capital equipment and assets and VCCI is currently paying a loan for the office vehicle and the property in which it is located.

For its financial management, VCCI had an accountant and its CEO is also an accountant. A MYOB (Manage Your Own Business) accounting system is used. Full monthly and annual accounts are prepared and presented to the VCCI board meetings. Annual audits are conducted and presented at the Chamber's Annual General Meeting each year. The accounts are published in the VCCI Annual Report every year with the latest annual report published in 2007.

The review team did not delve deeply into reviewing the accounting system as these seem to be in order with monthly cash flow forecasts available and are under the MYOB accounting systems. Continuing system updates will keep it adequate.

More details on Donor Funding provided for VCCI activities are in Appendix 10.5

² Chamber Act Section 8 (c) 'borrow money provided that the total debt of any one chamber shall not exceed, in aggregate, at any time, fifty percent (50%) of the last annual revenue from the chamber's subscriptions

VCCI Budget for 2008

| VCCI Budget for 2008 | |
|-------------------------------------|-------------------|
| Income | Vatu |
| Government grant (based on 10% BLF) | 24,960,000 |
| Training fees | 4,000,000 |
| Other service income | 4,700,000 |
| Donor Funds for Projects | 14,510,000 |
| TOTAL INCOME | 48,170,000 |
| | |
| Expenditure | |
| Wages | 18,660,000 |
| Training Costs | 5,000,000 |
| Operating Expenses | 6,902,000 |
| Loan Repayments | 2,472,000 |
| Capital Expenditure | 450,000 |
| Project Expenditure | 14,510,000 |
| Total Expenditure | 47,994,000 |

The 2008 Budget Estimates on a monthly basis in Appendix 10.8

6.4 Gender Analysis

6.4.1 *The Chamber Act*

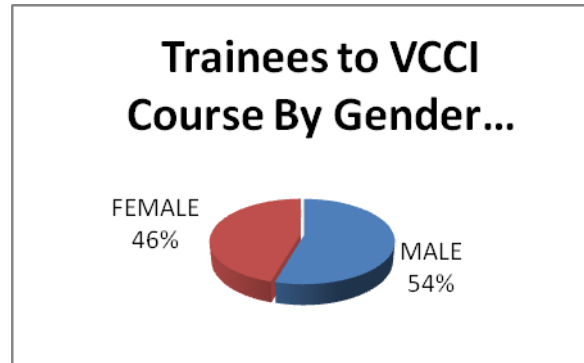
The Chamber Act provides that each Chamber council should have at most 15 members in which at least one must be a woman. This section was amended in 1999 for the Councils to have at most 16 members with at least a third must be women. However the Amendment in 2000 repealed this section again to reduce the number of women to a least one. There was no specific explanation behind these changes to the legislation. The VCCI Council currently has one woman representing women in business in Port Vila.

6.4.2 *Organisational Activities*

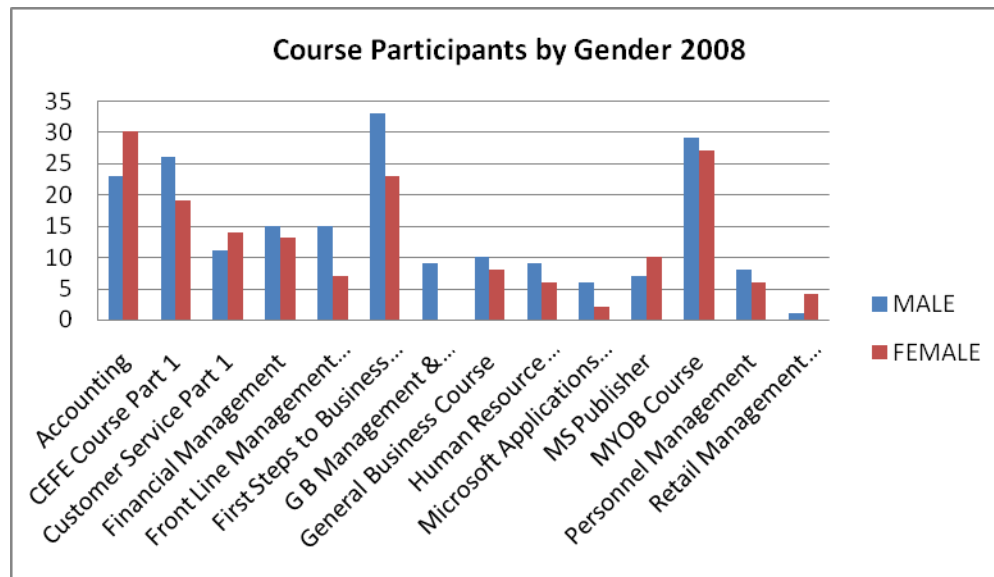
There is absence of any specific policies or documentation on gender within the organisation. The VCCI database also does not have any full gender dis-aggregated data to assist with any gender analysis.

(i) *Business Training*

The business training provided by the Chamber has a fairly even participation of men and women. The 2008 training courses had 46% of women trainees.



The number of men and women vary depending on the courses. As presented in the following chart, women dominate the accounting and retail management courses. The courses where there are only men were the specific tailored training provided to the police force on management.



There were no gender related issues on the training provided by VCCI except that some NGOs had wanted VCCI to provide business training targeting women in micro-finance. The constraints to delivering such courses is that most of the women work from home and do not have the time to travel to Port Vila to undertake business management training for two weeks. It is important that VCCI, the Department of Cooperatives and Ni-Vanuatu Business should be working together to develop a training to cater for women operating from home.

(ii) Other activities

There is no information on the number of women and youths who have participated in the other activities of VCCI such as in agriculture shows, trade fairs and agri-business development projects. It is important that the Chamber keeps gender disaggregated data to assist with analysis and assessment of gender in the activities implemented. Despite this limited data available, women have been the major beneficiaries of the trade fairs in Port Vila and in New Caledonia.

During the review, the team counted around 40 to 50 women meeting to prepare for the New Caledonia trade fair.

(iii) VCCI Staff Policies

There is no written policy within VCCI in relation to gender equality. However there are provisions for women relating to maternity leave. The review team found no critical issues on how women were treated within the organisation where there were equal opportunities accorded to the staff when it comes to training opportunities and work relations.

7 Sustainability

7.1 Business Licensing Fees as core funding for VCCI

VCCI board members and management are adamant that the only practical course for the foreseeable future is for business membership of VCCI to remain compulsory in one form or another.

The Council and Government officials consulted were supportive of the idea that the VCCI membership subscription should be identified as a separate part of the BLF, with the annual certificate identifying that component separately and accounting for by Customs and Revenue as membership income collected on behalf of VCCI. The Director of Customs and Revenue said that this was feasible from his perspective. The advantage of this is that the Certificate would clearly indicate part of the BLF that would entitle this business to become a member of VCCI. The Ministry of Finance has expressed support for such a change as they saw the importance of Business License holders being active members of the Chamber.

If the compulsion aspect of VCCI membership were to be abolished in the “Chamber Act,” especially before VCCI established a real connection with its membership, the high risk is that the Chamber would die along with its valuable work. Businesses will simply not pay a voluntary membership subscription to join VCCI, and the Chamber would require further large resources to try and collect fees from members.

Private sector representatives who came to the Strategic Planning workshops indicated that once Chamber membership is strengthened with improved activities, the Chamber should not in the long term rely on Government for the annual funding. The members committed to supporting Chamber in the implementation of the strategic plan towards sustainability from government in the long run.

7.2 Opportunities to generate sustainable alternative revenue streams

Most of VCCI’s revenue now comes from the government grant, and secondly from course fees.

There are five practical revenue sources that VCCI could rely on as a revenue base.

1. The business license membership fees collected by government and paid over to VCCI.

2. A voluntary additional tiered subscription from businesses who want an extra level of service such as telephone/email employment law and business compliance advice and the right to have links to the chamber's website and access to the chamber's database for business to business marketing.
3. Fee for service income from training courses, business planning, establishing bookkeeping start-up services for small businesses and access to a newly proposed wage and salary survey over a list of common employee job descriptions.
4. Revenues from events and trade fairs.
5. Donor aid for economic development programmes initiated by the chamber and for VCCI investment in raising its capacity to grow as a membership centric organisation.

The above sources already exist and Chamber would need to expand on its core services and activities to be able to generate and mobilise additional revenues.

8 Recommendations

The following recommendations are provided for consideration.

8.1.1 Institutional Environment

It is proposed that a legislative review be undertaken to amend or repeal the Vanuatu Chamber of Commerce Act and its Amendments. New legislation should address the following;

- (i) The structure necessary for the Port Vila Chamber to formally become the Vanuatu Chamber of Commerce and Industry, and to support clear linkages to the private sector in the provinces
- (ii) The need for VCCI governance and ownership by its members (all those businesses who have paid business license fees through a Constitution developed by the members themselves.
- (iii) The core functions of VCCI Chamber
- (iv) The need for mandatory membership and security of funding for VCCI

8.1.2 Core Functions of VCCI

VCCI should focus on activities directly related to its core functions:

- (i) Business and management training
- (ii) Representation and advocacy for interests of private sector in Vanuatu
- (iii) Provision of business and employer advice and business information to members, with additional support for ni-Vanuatu Businesses
- (iv) Stimulation of commerce and trade such as trade fairs and agricultural shows.

It is recommended that VCCI avoid activities that could be carried out by other agencies or organisations, and focus on activities that are of priority to developing the private sector.

8.1.3 Priority Activities

It is recommended that VCCI focus its resources on the following activities to be included in its Strategic and Business Plans;

Provision of business and employer advice and business information to members –

- (i) Recruit a Business Development Officer to provide advisory services to all members

Business and management training -

- (ii) Undertake a needs analysis for business and management training in Vila and in all Provinces

Represent and advocate for the private sector -

- (iii) Establish a comprehensive database of all businesses and members. Develop a communication policy to guide VCCI in its communications with members and stakeholders
- (iv) Networking meetings in Port Vila -Monthly meetings for members to discuss issues or new initiatives. This would provide members with the opportunity to network with one another and with staff of the Chamber office. It is also ideal to have members meeting on a quarterly basis to continue the networks and it is also an opportunity for VCCI to provide an update on activities and issues.

Networking in the Provinces

- (v) Contact member businesses in the provinces and facilitate the formation of a private sector committee in each province. The purpose will be to identify training needs, support required, and provide direction for how VCCI should support the private sector out of the main centres. This should involve coordination with provincial governments and the Department of Internal Affairs.

Events to stimulate trade and commerce/private sector led growth

- (vi) Continue organising national projects such as the Annual Business Forum, the Agriculture Shows and Trade Fairs. (VCCI should only be focusing on projects to promote commerce and industry and should collaborate with relevant ministries on any new programmes.)

Organisational development

- (vii) Finalise the Strategic Plan and obtain approval from the Executive Council
- (viii) Develop a Business Plan for 2009-2011. This will form the basis for seeking funding and a potential strategic partnership with a donor.
- (ix) Establish a monitoring and evaluation plan for VCCI that will enable the management, Executive Council as well as members to assess performance and strategies.
- (x) Increase staffing to ensure that the Business Plan and core services can be delivered. It is recommended that the proposed structure (in Appendices) be considered for VCCI to deliver its core services.

8.1.4 Funding

The Ministry of Finance and the Budget Committee should review how VCCI is funded, including the appropriate level of funding, and ensure a transparent process for how funding is calculated. Should funding continue to be based upon a certain percentage of the business license fees, then all business categories should be included in VCCI membership. Government should consider that as a developing economy, it is appropriate that membership to VCCI be compulsory.

VCCI should consider earning additional revenue through the following avenues:

- Subscription fees for additional services
- Fees from core services such as business and management training courses,

- Provision of basic accounting and auditing services to small businesses,
- Fees from events such as trade and marketing fairs.
- Donor funding support towards improving the roles of VCCI

8.1.5 Governance and Management

New legislation should provide for governance of VCCI to be undertaken by the Executive Council, meeting on a bi-monthly basis. The Council's purpose should be to provide high level strategic direction, monitor and oversee business plans, and manage the performance of the General Manager. Council members should represent different industry sectors to ensure strong and broad links to the national membership. Council meetings with the General Manager should focus on establishing and ensuring that strategic direction and priorities are being followed.

The General Manager should regularly update Executive Council members on VCCI activities and challenges. Council members should also contribute to VCCI's governance through representation on separate Boards and Committees related to trade and commerce, and update VCCI on the progress of their work in these bodies.

Day to day and operational management should remain the clear responsibility of the General Manager, not the Executive Council. This includes staff management, financial management and resourcing and drafting of business and work plans.

Continue with reviewing and updating organisational policies and procedures.

Staff job descriptions and working environment should be reviewed and improved to encourage long term commitment from staff. Remuneration provided should be on par with Government and private sector rates.

8.1.6 VCCI's relations with Government Ministries and Agencies

VCCI should give high priority to building and ensuring open and cooperative working relationships with government departments, in particular:

- Department of Trade and Industry
- Department of ni-Vanuatu Businesses and Cooperatives
- Vanuatu Institute of Technology support VCCI members staff training needs
- Ministry of Agriculture, Quarantine, Forestry and Fisheries, and its departments

Some form of **Memorandum of Understanding** should be developed and signed between VCCI and the above agencies.

8.1.7 Infrastructure for VCCI

A plan should be considered for the development of a new building for VCCI to provide sufficient space and appropriate facilities for training, meetings and networking functions.

8.1.8 Cross cutting and poverty issues

VCCI should consider special assistance in its planning and policies, the impact on the following groups (and should explore partnerships with NGOs and agencies working with these groups)d:

- (vi) Women entrepreneurs

- (vii) Youth entrepreneurs
- (viii) Ni-Vanuatu businesses
- (ix) Small and Micro enterprises
- (x) Businesses in the provinces and rural areas

9 Conclusion

The Vanuatu Chamber of Commerce and Industry needs to focus its attention in providing as much support to all of Vanuatu's private sector. In doing this, it requires the support of the Government of Vanuatu, members of the private sector, and all of its stakeholders and in particular the commitment of the Executive Council and the staff.

10 Appendices

10.1 Business License Certificate

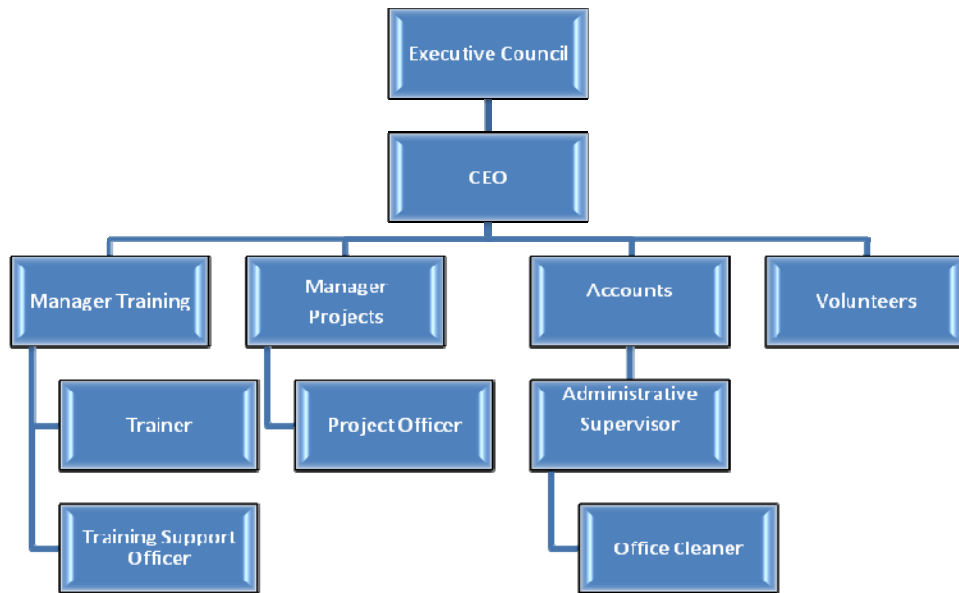
| | |
|---|----------------|
| Government of Vanuatu | |
| Business License Certificate | |
| Business License No. | VAT No. |
| Awarded to | |
| _____ | |
| For 2009 | |
| This Certificate also entitles the holder to be a member of the Vanuatu Chamber of Commerce for the duration of this License | |

10.2 Joint CCI-EMA Training Courses

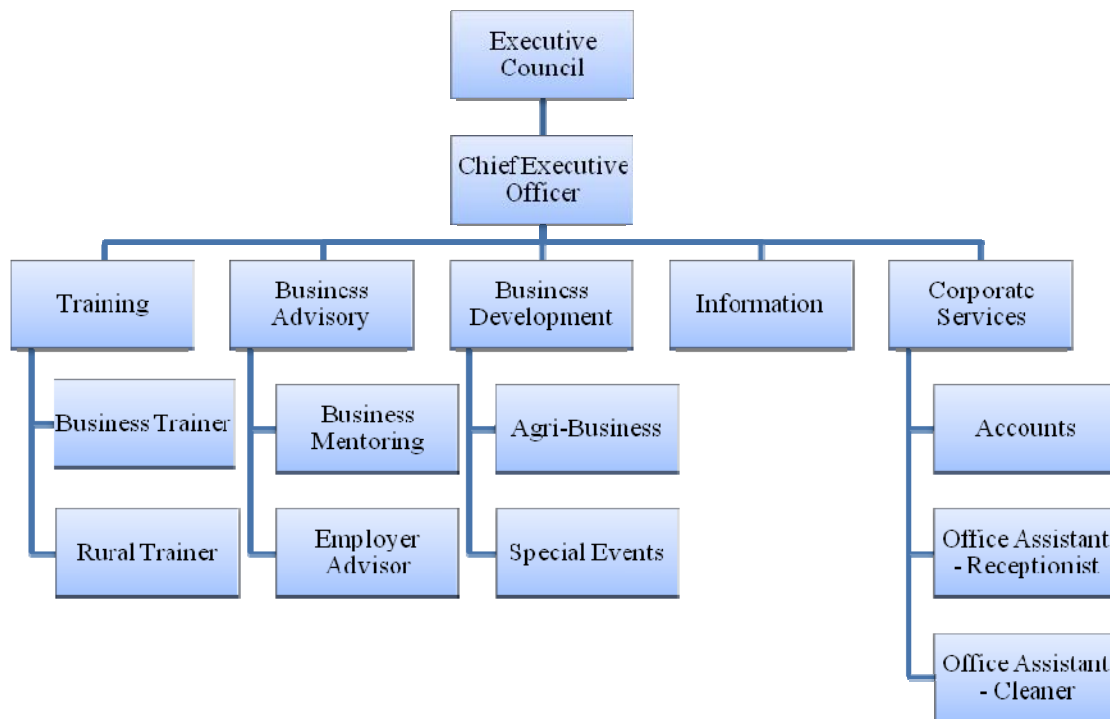
| | |
|---|---|
| <p><u>Frontline Customer Service Skills</u></p> <p>Part 1. Understanding the Customer</p> <p>Part 2. Fulfilling Customer Expectations</p> <p>Part 3. Understanding and Managing Difficult Customers</p> <p>Part 4. Personal Management Skills</p> <p>Part 5. Communication and Problem-Solving Skills</p> | <p><u>First Line Management</u></p> <p>Toolbox 1. Facilitating the Team</p> <p>Toolbox 2. Getting the Work done</p> <p>Toolbox 3. Increasing Team Productivity</p> <p>Toolbox 4. Introduction to Supervision</p> <p>Toolbox 5. Top-Up for Team Leader</p> |
| <p><u>Introduction to Management</u></p> | <p><u>Personal Development</u></p> <p>CS 1. How Not to Sweat the Small Stuff</p> <p>CS 2. Time Management</p> |
| <p><u>Human Resource</u></p> <p>CS 1. Focusing on Employee Performance</p> <p>Hire the Right Person Every Time</p> <p>CS 3. Introduction to H & R Development</p> <p>CS 4. Managing The Employment Relationship</p> | <p><u>Occupational Health & Safety</u></p> <p>CS 1. Absenteeism</p> <p>CS 2. Accident/Incident Reporting and Investigation</p> <p>CS 3. Engaging Contractors From an OSH Perspective</p> <p>CS 4. A Practical Guide to Managing Hazardous Substances</p> <p>CS 5. Training for H & S Representatives</p> <p>Introductory Training Stage 1-2</p> <p>CS 6. Practical Hazard Identification and Control</p> <p>CS 7. Running Effective Safety Committees</p> <p>CS 8. Safety Techniques for the First Line Manager</p> |

10.3 Organisational Structure

1. Current Organisation Structure



2. Proposed Organisation Structure



10.4 List of Persons Consulted

1. Review Consultations

| Name | Organisation | Email |
|--------------------------|---|--|
| Hon. James Bule | Minister of Trade, Industry and Tourism | |
| Ms Christelle Thieffry | Senior Program Officer AUSAID | Christelle.thieffry@dfat.gov.au |
| Mr Willie W Sacksack | Senior Investment Officer Vanuatu Investment Promotion Authority | investment@vanuatu.com.vu |
| Mrs Annie Niatu, | General Manager National Tourism Office | |
| Mr John Salong | Managing Director VANWODS Microfinance Inc | jsalong@gmail.com |
| Mr Jean Marc Pierre | Director Department of Lands, Survey & Registry | jmpierre@vanuatu.gov.vu |
| Mr Tony Ryan | VCCI Council Member FR8 Logistics | tony@fr8logistics.com |
| Mr Robert M. Bohn | VCCI Council Member Financial Consultant | RobertBohn@independent.vu |
| Mr Ben Wotu Leeshi | Director Customs and Inland Revenue | bwotu@vanuatu.gov.vu |
| Ms Merilyn Leona | Marketing Officer Department of Trade & Industry | mleona@vanuatu.gov.au |
| Ms Emily Tumukon | Acting Director Department of Trade & Industry | 5373.3.kalsakau@gmail.com |
| Mr Jimmy Bamgarae Rantes | Head of Industry and Export Department of Trade & Industry | jrantes@vanuatu.gov.vu |
| Mr Jeff Langley | High Commissioner NZHC | Jeff.langley@mfat.govt.nz |
| Ms Dorosday Kenneth | Director Department of Agriculture & Rural Development | ddkenneth@vanuatu.gov.vu |
| Mr Livo Mele | Director Department of Forestry | horme@mele@gmail.com |
| Mr Hanington Tate | Principal Forestry Officer Department of Forestry | Hanington_tate@yahoo.com |
| Mr Watson Lui | Deputy Director Department of Forestry | Watson_lui@yahoo.com |
| Mr Jason Raubani | Acting Principal Resource Officer Department of Fisheries | jraubani@vanuatu.gov.vu |
| Mr Russell Nari | Director General Ministry of Land, Energy, | ynari@vanuatu.gov.vu |

| | | |
|---------------------------------------|---|---|
| | Environment, Geology and Water Resources | |
| Mr George Manihuri | Director General Ministry of Finance | gmanihuri@vanuatu.gov.vu |
| Mr Melton Aru | Principal Customs Officer Customs and Inland Revenue | meltonaru@vanuatu.gov.vu |
| Mr J Jacobe | VCCI Council Member Tebakon Island Products | |
| Mr Willie Karie | VCCI Council Member UNELCO | Willie.karie@unelco.com.vu |
| Mr Dick Eade | VCCI Council Member | eade@vanuatu.com.vu |
| Mrs Margaret David | VCCI Council Member Centrepoint | |
| Mr Tamashiro Henry | FSPV | cbchenry@vanuatu.com.vu |
| Mr Charles Rogers | FSA | SAPV@vanuatu.com.vu |
| Mr Bethuel Solomon | Private Sector Reform Officer Dept of Strategic Policy Coordination & Corporate Service | bsolomnon@vanuatu.gov.au |
| Mr Mark Stafford | Chairman – Vanuatu Finance Centre Association | |
| Reference Group | Mr Jacques Nioteau President – CCI Mr George Borugu Director of Trade and Tourism Mr Melton – IRD Mr John Arihuri – CCI Mr Marokkon Ailee Director General Ministry of Trade and Industry | niotjack@vanuatu.com.vu |
| Santo Workshop | Mr Neil Croucher Melcoffee Sawmill Mr Stanley Temakon Vanuatu Coconut Products Mr Pierre Watas Vanuatu Organic Cocoa Growers Association Mrs Mary-Jane Dinh Hotel Santo Mr Grahame Hack Village Support Service Mr Toco Mara Economist, SANMA Province Mr Warren Moore First National Real Estate | melcoffeesawmill@vanuatu.com.vu agripac@vanuatu.com.vu vocga@vanuatu.com.vu hotelsanto@vanuatu.com.vu villagesupportservices@gmail.com maratoco@yahoo.com warren@firstnationalvanuatu.com |
| Large Commerce Workshop Vila | Mr Bob Aru National Bank of Vanuatu | bob.a@nationalbank.com.vu |
| Ni-Vanuatu Businesses Workshop | Mrs Lily Nicolls Tahos Timber Mrs Sophie Melle Kaloran | Tahos/timber@vanuatu.com.vu Tel/fax: 24861 |

| | | |
|---------------------|--|--|
| | North Efate Timber | Mobile: 5535320 |
| French Group | Mrs Caroline Nicholls Sharper Image Mrs Monique Nioteau Esqal Mr Jacques Nioteau President VCCI Mr Loic Bernier Caillard & Kaddour Real Estate Mr Yann Arbes Attache Commercial Mr Joseph Jacobe Tebaka Island Product | sharper@vanuatu.com.vu P O Box 103, Tel: 24906 PO Box 09, Port Vila Tel: 22523 lbernier@ck.com.vu Ph: 7747227 |
| VCCI Staff | Yann Arbes – Trade Attache Alick Berry – Project Manager Mark Salelouis – Training Support Officer Iakula Lental - Accounts section Laura Cummins – Australian Youth Ambassador Leipakoa Andre – Administrative Supervisor Joe Masing – Training Manager Craig Tom – Events Officer John Aruhuri – GM – 1998 | |

2. Strategic Planning Workshops

| Name | Business/Organisation | Contact |
|--------------------|---|--|
| Lesline Malsungai | Vanuatu National Council of Women | Lesline.malsungai@gmail.com 7766267 or 23108 |
| Margaret Delbridge | MTD Business Services | mjd@vanuatu.com.vu 7742306 |
| Keith Hango | PKF Vanuatu | Keith.hange@gmail.com 22159 |
| Ray Kitney | Melanesian Tours VTOA | melanesiantours@vanuatu.com.vu |
| David Miles | Airports Vanuatu Ltd | dmiles@airports.vu 25111 |
| Sam Grant | Unicorn Pacific | sam@unicorn-pacific.com 7742304 |
| Jacques Nioteau | Restaurant La Terrasse CCI President | niotjack@vanuatu.com.vu 7745275 |
| Tony Ryan | Fr8 Logistics | tony@fr8logistics.com 5565455 |
| John Chaniel | UNELCO | chan@vanuatu.com.vu |
| Willie Karie | Socomitra | Willie.karie@unelco.com.vu |
| Jimmy Nipo | NZAID | Jimmy.nipo@mfat.govt.nz |
| Geordie Mackencie | Fiberglass Vanuatu | fgv@vanuatu.com.vu |
| Michael Callahan | Pacific Suppliers Ltd | M<@pacificsuppliers.com.vu |

| | | |
|-------------------|--|---|
| Robert M Bohn | VFCA/PITCO | Rbbevila.net 23410 |
| Anatole Hymak | UNELCO | 25289 |
| Harold Qualao | QLL | 22430 |
| Bob Aru | National Bank of Vanuatu | Bob.a@nationalbank.com.vu 22201 |
| Mr Marakon Ailee | Directo General Ministry of Trade, Industry and Commerce | 25674 |
| Mr Sowany Joseph | Director Ni-Vanuatu Business & Cooperatives | 22954 |
| Mr Melton Aru | Principal Customs Officer Customs | 24969 |
| Mrs Annie Niatu | Managing Director National Tourism Office | 22515 |
| Mr Reginald Tabi | CEO Vanuatu Investment Promotion Authority | 24096 |
| George Pakoasongi | Director General Ministry of Internal Affairs | 22252 |
| Marie Kavirere | Marie Life Management Program | Brian2marie@xtra.co.nz 27081 |
| Bella Beu | Nursing Training | 23413 |
| Anne Pakoa | Nursing Training | archsns@vanuatu.com.vu |
| Joel Jonas | JICA | jjonas@vanuatu.com.vu |
| Martha Alick | NGO – R R Training | 5497661 |
| Mary Mark | | |
| George Bumsery | FSA (Syndicate Agricole) | sap@vanuatu.com.vu |
| Henry Vira | VANGO | vango@vanuatu.com.vu |
| Jimmy Nipo | NZAID Vanuatu | |

10.5 External Donor Support for VCCI activities

| Project Title | Donor | Budget (VT) | Completion Date |
|---------------------------------------|-------------------|-------------|-----------------|
| Photocopy Machine | NZAID | 500,000 | 1998 |
| 2001 Agriculture & Trade Show | NZAID | 1,200,000 | 2001 |
| 2002 Agriculture & Trade Show | NZAID | 2,200,000 | 2002 |
| 2003 Agriculture & Trade Show | NZAID | 1,417,360 | 2003 |
| 2003 Agriculture & Trade Show | AusAID | 400,000 | 2003 |
| 2003 Agriculture & Trade Show | British HC | 120,000 | 2003 |
| 2004 Agriculture & Trade Show | NZAID | 2,347,532 | 2004 |
| 2004 Agriculture & Trade Show | AusAID | 775,195 | 2004 |
| 2004 Agriculture & Trade Show | British HC | 120,000 | 2004 |
| 2004 Agriculture & Trade Show | POPACA | 100,000 | 2004 |
| Tafea CCI Computer set | NZAID | 124,000 | 2004 |
| Builder's Association Computer set | NZAID | 209,000 | 2004 |
| GM Computer set | FAO | 139,000 | 2004 |
| Computer set | ILO | 179,000 | 2004 |
| Laptop | AusAID | 231,000 | 2004 |
| Laptop | AusAID | 231,000 | 2004 |
| Video Camera | AusAID | 79,730 | 2004 |
| 2 Powerpoint Projectors | AusAID | 410,000 | 2004 |
| Rocket Guide | NZAID | 1,760,000 | 2004 |
| Reforestation Program Project | European Union | 4,100,000 | 2004 |
| Root Crop Booklet Publication Project | NZAID | 562,400 | 2004 |
| Nursery Materials Project | AusAID | 3,500,000 | 2005 |
| Planter Bag Project 1 | NZAID | 2,000,000 | 2005 |
| 2005 Agriculture & Trade Show | EU | 425,000 | 2005 |
| 2005 Agriculture & Trade Show | AusAID | 775,195 | 2005 |
| 2005 Agriculture & Trade Show | POPACA | 100,000 | 2005 |
| 2005 Trade Fair | Forum Secretariat | 140,000 | 2005 |
| Database Computer set | NZAID | 125,000 | 2005 |
| Technical Advisor - Mr. Shiratori | JICA | 10,000,000 | 2005 |
| Laptop | JICA | 231,000 | 2005 |
| Printer | JICA | 178,000 | 2005 |
| Powerpoint Projector (Training) | JICA | 205,000 | 2005 |
| Laptop | Peace Corps | 231,000 | 2005 |
| Fax/Photocopier Machine | JICA | 76,500 | 2006 |
| Planter Bag Project 2 | NZAID | 1,900,000 | 2006 |
| Forestry Field Day Project | FAO | 1,000,000 | 2006 |
| Agriculture Sector Field Day Project | NZAID | 3,900,000 | 2006 |
| Port Vila Trade Fair Marquees x 50 | AusAID | 1,385,000 | 2006 |

| | | | |
|--|-------|-------------------|------|
| Kava Film Project | NZAID | 1,500,000 | 2007 |
| Kava Development Project | NZAID | 5,700,000 | 2007 |
| Reforestation Census | NZAID | 2,700,000 | 2007 |
| Agriculture Show Tools/Equipment | EU | 710,000 | 2008 |
| VCCI Equipment Project | NZAID | 2,500,000 | 2008 |
| VCCI Productive Sector Development Program | NZAID | 11,300,000 | 2008 |
| TOTAL VALUE OF DONOR SUPPORT | | 67,224,512 | |

10.6 References

1. The Chamber of Commerce and Industry Act of Vanuatu 1995 and Amendments
2. Outcomes of the 2007 Business Forum
3. Republic of Vanuatu – Review of the Comprehensive Reform Programme of Vanuatu. July-September 2006
4. Republic of Vanuatu – Vanuatu Priorities and Action Agenda 2006-2015
5. Vanuatu Chamber of Commerce – The 12th Port Vila Chamber of Commerce and Industry Annual Report 2007
6. NZAID - Review of the Agriculture Extension Services 2008

10.7 TERMS OF REFERENCE

Background

1 The Vanuatu Chamber of Commerce and Industry (VCCI) is the focal point for private sector representation in Vanuatu with a membership drawn from the local business community. The VCCI has a sixteen-member elected Council and twelve staff nationally. Its office in Port Vila is headed by a General Manager with a staff of seven covering several sectors including manufacturing, services, agriculture, retail and hospitality. [The functions of VCCI include research and analysis, skills training for members, representation on various government committees, and meetings and workshops. VCCI also employs extension officers to run productive sector extension services.](#)

2 The Chamber is primarily funded through the Vanuatu Government from business license receipts collected each year. Under the VCCI Act the prescribed percentage of receipts to be paid to VCCI is set at 10% however the appropriation is often below this level. All business license holders are members of VCCI (around 4,000 members). Other financing comes from development partners. (NZAID has in the past provided funding for the annual business forum, trade promotion activities and agriculture extension services and is about to provide funding for further promotion and extension activities).

3 The VCCI has been reassessing its operations and to this end the General Manager visited New Zealand in 2006 to research [comparable models of chamber operations to inform their planning and decision making](#). Subsequently the Vanuatu Government has indicated its wish to see a [review of VCCI undertaken to refine its focus and functions and provide improved services to business](#). Both the Vanuatu Government and VCCI wish to explore the longer term questions of self-sustainability and autonomy. VCCI seeks to increase private revenue and be more proactive in promoting business and private sector interests through effective lobbying and advocacy. It wishes to develop a strategic plan to help it achieve improved service delivery and promotion of commercial activities, particularly in rural areas.

4 The VCCI has developed a three year National Development Programme Work Plan based on the strategic directions agreed at the June Business Forum flowing from the Government of Vanuatu's Priority Action Agenda (PAA). The Work Plan, which was submitted to the Ministerial Budget Committee in mid-2007 includes activities to strengthen the VCCI administration and its services. Apart from trade promotion activities, it also outlines reforestation, fisheries, and agriculture and livestock programmes to be implemented with assistance from government and support from donor partners. VCCI has delivered extension services in response to demand and uptake on kava and reforestation has been positive. While it is understood that the current extension services are valued by the farmers they reach, a particular area of focus for this assignment is to review the breadth of activities and the appropriateness of VCCI's continued role in providing extension services. It should be noted that an in depth multi-stakeholder review of extension services (carried out in late 2007 with NZAID funding) has endorsed the view of the Vanuatu Ministry of Agriculture, Quarantine, Forestry and Fisheries that VCCI should not be providing extension services.

5 NZAID and the Vanuatu Government have identified education, governance and economic development as priority areas in the Vanuatu Country Strategy 2006-2010 (available at <http://web.nzaid.intranet/programmes/c-vanuatu.html>). Support for VCCI falls under NZAID's economic development strand of the programme, which has the objective to increase economic growth and strengthen livelihoods, particularly in rural areas.

6 The VCCI's work should contribute to the Government of Vanuatu's second and third National Priorities:

Improving the lives of the people in rural areas by improving service delivery, expanding market access to rural producers, lowering costs of credit and transportation, and ensuring sustainable use of natural resources.

Raising private investment by lowering obstacles to growth of private enterprise including lowering costs of doing business, facilitating long-term secure access to land, and providing better support to business.

Purpose

7 The purpose of this assignment is to support the VCCI in establishing a robust, sustainable long term strategy supported by appropriate structures and work plans. The assignment is in two parts. Part A is a review and Part B is facilitation of a strategic plan. The assignment may also be extended to include implementation of planning and development of funding proposals. The external consultant must therefore be available to make two to three return visits, with some work undertaken remotely.

8 The outcome should be that the VCCI is well positioned to act as an effective organisation providing:

- advocacy on government trade and investment policy decision making,
- promotion and development of entrepreneurial skills and innovative business,
- sound business advice and training for its membership.

Scope

9 Part A (the review) will examine the legislative and institutional environment of VCCI, its role, approach, organisational structure and capacity, the scope and effectiveness of its past work going back five years, and resourcing and sustainability.

10 Part B (the strategic plan) will involve **facilitation** of the strategic plan, which will **extend ten to fifteen years** into the future.

11 Part C (preparing for implementation) will involve development of funding proposals.

Objectives of the assignment

12 Part A objectives

- (i) Review the current **institutional environment** for VCCI including legislative framework, proposed amendments, and stakeholder expectations.
- (ii) Complete a full **organisational review** of VCCI including its role and key functions, strategic direction, organisational structure, governance, management, capacity, and planning, budgeting, monitoring and accountability frameworks.
- (iii) Review as much as possible the scope and effectiveness of **VCCI's activities**, including the linkages with the Department of Trade and Industries.

- (iv) Assess VCCI's current institutional and financial **sustainability**.

13 Each objective should be addressed by providing recommendations as well as findings to the following questions.

- (i) Institutional **environment** questions should include:

- Are the VCCI's statutory functions and responsibilities appropriate and clear? Are legislative amendments required? If yes, suggested amendments should be included in the report.
- Is VCCI's work appropriate to the Vanuatu context?
- How influential is the VCCI within Vanuatu?
- How effective are the linkages between the VCCI and MITI (especially the Department of Trade and Industries).

- (ii) **Organisational review** questions should include:

- Is the governance and management arrangements, and the structure of the VCCI appropriate to achieve its aims? Does the VCCI have a clear mission and purpose and adequate policies and strategies to achieve its aims?
- Does the VCCI's work provide value for money? (An assessment of how much money has been spent on intervention(s) can be compared qualitatively with the broad outcomes or changes brought about by the work.)
- To what degree is there broad based ownership of the VCCI, and support from stakeholders? Who are the main beneficiaries and how do they benefit? Does VCCI's work contribute to gender equality or does it reinforce gender inequality? To what extent do VCCI's activities benefit rural members?

- (iii) **Activity Review** questions should include:

- Have the objectives/expected outcomes in the current available strategic documents been achieved? Identify any gaps.
- What unplanned or unexpected achievements have there been in the last two years?

- (iv) **Sustainability** of the VCCI questions should include:

- To what extent is the VCCI reliant on external assistance / support? Are there issues around predictability of funding from government and if so, how can this be addressed?
- Are there adequate financial management systems
- Are there opportunities to generate sustainable alternative revenue streams?

- Does the VCCI have the human resource capacity to deliver core functions? If not, what areas need strengthening?

Part B objective

14 To facilitate the completion of a strategic plan by the VCCI, drawing upon the final Review report, and following the agreed methodology submitted by the Team.

Methodology

15 It is the responsibility of the Team Leader to tailor the review methodology to the questions set out in this Terms of Reference.

16 Prior to beginning work on the review, the Team Leader will provide a draft methodology, implementation plan and timetable taking the following requirements into account.

Part A (review) methodology

17 The review process should encourage greater accountability, transparency, and help build local capacity. The review methodology will provide for:

- Active participation by VCCI in reviewing their own organisation,
- Participatory engagement, appropriate to their situation, with a wide range of stakeholders including the Ministry of Trade and Industry, private sector organisations especially women in business such as Vanuatu Women in Development Scheme (VANWOODS) members,
- Consideration of how gender will be addressed by the evaluation team during planning, gathering of data and information, and analysis,
- Confidential commentary where people seek this,
- Appropriate feedback and validation with key stakeholder groups on the draft findings while still in the field,
- Consideration of how each of the review objectives and questions will be considered, what kinds of data will be needed, and how this will be obtained and analysed.

18 The draft review report will be first provided to NZAID and the Ministry of Trade and Industry for peer review, and will then be provided by NZAID/ the Ministry of Trade and Industry to VCCI.

19 A Reference Group comprising key stakeholders will be formed by the Ministry of Trade and Industry, which the Team will consult at the beginning of the assignment and when a first draft of findings have been produced, and at the end to finalise the draft strategy via a workshop. The Reference Group should reflect the breadth of stakeholders.

20 Stakeholders to consult should include but are not limited to:

- Vanuatu Ministry of Trade and Industry
- VCCI Council/Industry Groups, including women in small business
- Department of Cooperatives and in-Vanuatu Business
- Ministry of Finance and Economic Management, Department of Economic and Sector Planning, and Department of Finance

- Chairman, Vanuatu Shipping Association
- Ship Owners/other interest groups
- Departments of the Ministry of Agriculture, Quarantine, Forestry, Fisheries.
- Vanuatu Agriculture College
- Private Sector and NGO's including VANWODS, Farmers Support Association (FSA) and Vanuatu Rural Development Training Centres Association (VRDTCA)
- Department of Finance
- Lands Department
- Department of Local Authorities

**a. ESTIMATED BUDGET FOR 2008
(Revised Jan 08)**

| <u>INCOME</u> | Jan | Feb | Mar | Apr | May | June | Jul | Aug | Sept | Oct | Nov | Dec | Total |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 1 Training fees | | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | | 4,000,000 |
| 2 Ind.Trade Shows | | | | 500,000 | | | | | | 1,000,000 | | | 1,500,000 |
| 3 Agriculture Show | | | | | | | | 1,500,000 | | | | | 1,500,000 |
| 4 Document sales | | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 110,000 |
| 5 Admin.Ser. fees | | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 330,000 |
| 6 Consulting Ser. | | | | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 90,000 |
| 7 Legal Fees | | | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 450,000 |
| 8 Members S/Fees Help desk | | | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 450,000 |
| 9 S/Fees | | | | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 270,000 |
| Sub - Total | | 440,000 | 440,000 | 1,080,000 | 580,000 | 580,000 | 580,000 | 2,080,000 | 580,000 | 1,580,000 | 580,000 | 180,000 | 8,700,000 |
| 10 Govt Grant | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 2,080,000 | 24,960,000 |
| TOTAL INCOME | 2,080,000 | 2,520,000 | 2,520,000 | 3,160,000 | 2,660,000 | 2,660,000 | 2,660,000 | 4,160,000 | 2,660,000 | 3,660,000 | 2,660,000 | 2,260,000 | 33,660,000 |
| <u>EXPENDITURE</u> | | | | | | | | | | | | | |
| 11 Audit Fees | | | | | 250,000 | | | | | | | | 250,000 |
| 12 Bank Fees | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 |
| 13 Depreciation | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 1,380,000 |
| 14 Insurance | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 456,000 |
| 15 Elect./Water | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 480,000 |
| 16 Phone/Fx/Int. | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 58,000 | 696,000 |
| 17 Repair & Maint. | 25,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 25,000 | 550,000 |

| | | | | | | | | | | | | | | |
|----|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 18 | Salaries | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 1,440,000 | 17,280,000 |
| 19 | VNPF Cont. | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 1,380,000 |
| 20 | Train & Support | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | | 5,000,000 |
| 21 | Staff Training | | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | | 300,000 |
| 22 | Stat./Printing | 25,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 25,000 | 550,000 |
| 23 | Security Service | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 420,000 |
| 24 | Vehicle Expen | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 480,000 |
| 25 | Post & Shipping | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 |
| 26 | Office Expense | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| 27 | Gen. Expenses | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| 28 | Travelling | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | | 500,000 |
| | EXPENDITURE | 2,001,000 | 2,631,000 | 2,631,000 | 2,631,000 | 2,881,000 | 2,631,000 | 2,631,000 | 2,631,000 | 2,631,000 | 2,631,000 | 2,631,000 | 2,001,000 | 30,562,000 |
| | <u>Loan Repayment</u> | | | | | | | | | | | | | |
| 29 | Loan - Vehicle | 52,000 | - 52,000 | - 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 624,000 |
| 30 | Loan-Property | 154,000 | - 154,000 | - 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 | 1,848,000 |
| | <u>Capital Expend.</u> | | | | | | | | | | | | | |
| 31 | Computer Equipt. | | | - 150,000 | | | - 150,000 | | | - 150,000 | | | | - 450,000 |
| | Surplus/(Deficit) | - 127,000 | - 317,000 | - 467,000 | 323,000 | - 427,000 | - 327,000 | - 177,000 | 1,323,000 | - 327,000 | 823,000 | - 177,000 | 53,000 | 176,000 |