



# ▶ Summary Report

July 2023

## Workshop on National Employment Policy and Sector Selection

Warwick Le Lagon, Port Vila, 24 February 2023

### Key points

- ▶ The International Labour Organization (ILO) and the Government of Vanuatu through the Department of Labour and Employment Services held a one-day workshop, aiming to recap on priorities for a National Employment Policy and introducing a sectoral dimension into the policy dialogue among national stakeholders in Vanuatu, promoting an integrated approach.
- ▶ A total of 40 participants from government, employers' and workers' organizations, and civil society in Vanuatu attended the workshop.
- ▶ Starting from priorities agreed upon during the 3-day NEP workshop conducted in Port Vila in September 2022, this one-day workshop aimed to identify two priority sectors that have a future potential to promote inclusive growth, create decent jobs for the most vulnerable, and improve resilience to climate shocks.
- ▶ Identified sectors will be targeted for further technical assistance under the ILO-led Joint Programme on ["Advancing the SDGs by improving livelihoods and resilience via economic diversification and digital transformation"](#).



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## ► Welcoming remarks

In her opening remarks, **Ms Murielle Meltenoven, Commissioner of Labour, Department of Labour and Employment Services**, welcomed all participants and emphasized the importance of the discussions to be held at the workshop, in order to ensure a job-rich recovery of Vanuatu from the recent COVID-19 crisis. She emphasized the importance of a National Employment Policy (NEP) for the country in the current post-COVID-19 recovery context and expressed her appreciation to ILO for providing support for its development.

The **ILO’s Employment Specialist, Mr Christian Viegelahn**, expressed his appreciation to the Commissioner and the Department of Labour for organizing the workshop with the ILO and appreciated the high number of participants in the room, demonstrating the high value that the country attaches to labour market issues and the collaboration with the ILO. He emphasized that the ILO is committed to supporting Vanuatu in its efforts to create decent jobs. He also outlined the objectives of the workshop which are to recapitulate on the priorities for a Vanuatu NEP and to introduce a strong

sectoral dimension, with activities to be financed through the ILO-led Joint Programme on “**Advancing the SDGs by improving livelihoods and resilience via economic diversification and digital transformation**”, financed through the SDG fund.



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## ► Recapitulating priorities of a Vanuatu National Employment Policy

### National employment policy: What are the priorities in Vanuatu?

The first session of the workshop was led by Mr Christian Viegelahn and aimed to recapitulate on Vanuatu's priorities for a National Employment Policy (NEP) and to define the steps forward.

The session started off with a summary of Vanuatu's labour market challenges based on data from the most recent household income and expenditure survey (HIES) conducted by Vanuatu National Statistics Office in 2019. Mr Viegelahn showed that youth and female unemployment rates in Vanuatu are consistently higher than the total unemployment rate, a pattern that is also observed in other Pacific Island countries. The share of young people that are neither in employment nor in education or training (so-called NEET) is the third highest among the nine Pacific Island countries with available data. Informal employment also plays an important role in Vanuatu, which has the second highest informal employment rate in the region, among the eight countries with available data. Informal employment rates among women and men are at similar levels in Vanuatu. The share of employees in Vanuatu is the lowest among countries in the region, also driven by a large agricultural sector which mainly consists of own-account workers. Vanuatu also has a relatively small share of workers in high-skill occupations, compared to other Pacific Island countries.

### Plenary discussion: What is your reaction to these data?

The presentation of the data triggered a lively discussion among participants about the role of informal employment and the informal sector. It was emphasized that informal employment does not always need to come along with poor working conditions, and some examples were mentioned by participants of workers in the informal sector that have relatively high earnings. It was also emphasized that the informal sector provides a rich contribution to the economy in Vanuatu. Mr Viegelahn mentioned that data that follows international standards are key to inform policies about the challenges of informal workers and that the diversity of labour market situations

of informal workers certainly need to be considered when designing policies.

Generally, there was an agreement among participants that detailed and up-to-date data are crucial to assess labour market challenges in Vanuatu. It was also pointed out that there is a need to have data specifically for people with a migration history. For example, there is a need to understand better the labour market challenges for Vanuatians who migrate to Australia and New Zealand for work, and then come back.



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Following the plenary discussion, Mr Viegelahn summarized the key priorities that were identified at the NEP workshop conducted in Port Vila in September 2022, which was the first workshop organized to develop an NEP for Vanuatu. He highlighted some of the labour market challenges that were identified, covering a wide range of areas and topics, including skills, occupational safety and

health, wages, climate change, investment, lack of data, the education system and the high costs entering the formal sector, amongst others. He also presented some of the root causes of those challenges, which were identified at the workshop. He also recapitulated the challenges to gender equality in the country, which should be addressed by the NEP. Moreover, he mentioned the priority groups that an NEP shall focus on, as identified in the previous workshop, as well as potentially suitable active labour market policies, which an NEP could introduce. There were also challenges and opportunities identified for youths, as one of the vulnerable groups. In terms of sectors, construction, education, agriculture, manufacturing (such as sugar industry) and tourism (including aviation) were identified as key sectors that policies may wish to focus on.

In order to promote an integrated approach, Mr Viegelahn then referred to Vanuatu's National Sustainable Development Plan (NSDP) 2016-30, which has clear employment-related priorities, in several sections, including the sections on social inclusion, the creation of jobs and business opportunities, stable and equitable growth and strengthening of rural communities.

Finally, Mr Viegelahn outlined the next steps in the NEP process, where he emphasized the crucial role that social dialogue should play in the development of the NEP. He suggested the engagement of a consultant who would support the country with the drafting of the policy, based on extensive consultations with all stakeholders, including social partners and civil society. This approach was endorsed by most participants.

## ► Prioritizing sectors for decent job creation

### Vanuatu's sectoral employment structure: A data-driven deep dive into potential priority sectors and their contributions to decent work

For the identification of sectors that could on the one hand benefit from activities to be financed through the ILO-led Joint Programme on “[Advancing the SDGs by improving livelihoods and resilience via economic diversification and digital transformation](#)”, as well as activities and measures to be included in an Action Plan of a NEP, the next session of the workshop provided some data inputs into the discussion. Mr Viegelahn first gave a brief introduction to the International Standard Industrial Classification of All Economic Activities (ISIC). He then presented some sectoral data based on calculations from the microdata of the latest household income and expenditure survey (HIES) conducted by Vanuatu National Statistics Office.

The sectoral data showed that agriculture and wholesale and retail trade are the main employers in Vanuatu, respectively accounting for 47 per cent and 21 per cent of total employment. Food products manufacturing is the biggest manufacturing employer. Women are particularly well-represented in domestic work, wholesale and retail trade, education and health. There are also many women employed in other manufacturing and office-related support activities. Young workers often have jobs in agriculture and construction. They are also employed by travel agencies or work as a tour operator.

Persons with disabilities have the highest shares of employment in services sectors. Persons with less than basic or basic education are primarily employed in the agriculture as well as the domestic work sector. These two sectors are at the same time the sectors with the highest shares of informal employment. Public administration, education and financial activities are the largest sources of wage employment. Hours worked vary widely across sectors.



## Identifying high potential sectors for economic diversification and a job-rich recovery

In the next session, Ms Helen Kirsch, Technical Officer, emphasized the critical role of a sectoral approach, in order to explore the potential for economic diversification, and more importantly, design concrete plans and activities promoting it. Sectoral approaches are a means of connecting national systems, policies and programs with the specific challenges and demands of individual economic sectors. It allows institutional arrangements, such as education and training providers, business development services providers, research institutions, development agencies, regulatory bodies, and other stakeholders to create and develop coordinated strategies to effectively respond to the specific needs of a particular sector.

### Group discussion: What are key sectors for Vanuatu's job-rich recovery from COVID-19?

Split into four different groups, workshop participants identified the following sectors:

#### Construction / Trades

The construction sector holds ample opportunities for job-creation and entrepreneurship at medium-skills level and is currently suffering from severe skills shortages. Moreover, due to high energy needs, the sector is closely connected to the country's ambitions for low-emissions development and increased infrastructural resilience in the face of frequently recurring natural disasters. Vanuatu's Technical Vocational Education and Training (TVET), and specifically work-based learning (for example in the form of apprenticeships) systems are under resourced and focused on the main island Efate.

Several strategic documents published by the government and social partners in Vanuatu point to the criticality of the sector as well as to the skills shortages in it. These include but are not limited to Vanuatu's Covid-19 and tropical cyclone (TC) Harold Recovery Strategy (2020-23), Vanuatu's National Energy Efficiency Strategy and Action Plan (NEESAP 2022-203), and the Vanuatu Chamber of Commerce and Industry's (VCCI) Skills Needs Industry Survey Report. Construction was also perceived as a critical basis for investments in Information and Communications Technology (ICT) infrastructure.

#### Agriculture

Participants further highlighted the strong role traditionally played by agriculture. With more than 80 per cent of the population working in agriculture, including subsistence farming, especially on Vanuatu's many remote islands, this sector plays a central role in the country's economy. However, the sector suffers from a lack of capital investments, access to markets, and is exposed to frequently recurring disasters. Moreover, due to the dispersed geography of the country, agricultural / entrepreneurship training is rarely made available on outer islands. Participants highlighted the need to promote local products and use the financial resources and skills of returning seasonal labour migrants to promote local investment in agriculture and skills transfer. The subsistence sub-sector is predominantly centred around root crops (Taro, Yam, Cassava, and sweet potato (*Ipomoea batatas*)) for consumption and cultural purposes and characterized by a total reliance on rain irrigation and rudimentary implements/tools. The agricultural sector also provides important inputs into Vanuatu's manufacturing sector, in which food product manufacturing plays an important role (see above).

#### Manufacturing

Therefore, participants stressed that another closely related opportunity for sectoral diversification lies in enhanced food processing and preservation capabilities as well as manufacturing and branding of more high value-added products for exports (e.g. cosmetics). They cautioned, however, that both investments into the primary and or the manufacturing sector should focus on niche and well-advertised products due to the Pacific Islands remoteness and diseconomies of scale.

#### Information and communication technology (ICT) and e-commerce

Lastly, one group highlighted the potential for innovation and job creation in ICT-related sectors and e-commerce, if the required digital solutions such as digital payments, and equitable internet connectivity were present.



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## Prioritizing sectors for intervention

Three overarching criteria should be considered to promote economic diversification in strategic sectors leaving no one behind. These include (a) the opportunity for inclusive growth and decent job creation, (b) the sector's relevance to improving climate change adaptation or greening of the economy, (c) and its relevance to the women, youth, people with disabilities, and the overarching objective of leaving no one behind.

### Objective (economic diversification and resilience)

- Does the sector have significant potential for economic diversification (or trade)?
- Does the sector have the potential to create many new jobs (job-creation potential)?
- Does the sector have the potential to create many decently paid jobs under decent working conditions?
- Would jobs created in the sector require at least medium to higher level skills?
- Are the skills required for successful diversification in the sector currently provided by the education and training system?
- Would improving business performance in the sector lead to improvements in quality of jobs?

### Reduction, mitigation, and/or adaptation

- Would investments in this sector promote green growth or improve the environmental sustainability of the economy (reduction, mitigation)?
- Would investments in this sector improve economic resilience to climate change (adaptation)?

- Would investing in this sector at the very least do no significant harm to the environment (neutrality)?
- Do women have a strong presence in the sector or is their involvement socio-culturally accepted?
- Is this a new sector (where gender roles are not particularly well defined yet)?
- Could the sector create jobs for PwDs?
- Could youth have a strong presence in the sector?

## Group discussion: Prioritizing among the identified sectors

Split into three groups, participants assessed the four identified sectors against their job creation potential (group 1), potential to contribute to climate change reduction, mitigation, and adaptation (group 2), and potential for social inclusion to leave no one behind (group 3).

### Potential for job creation

As concerns the potential for job creation, the construction industry as well as agriculture were highlighted as the two priority sectors with the highest potential. Agriculture is already the source of most livelihoods in rural areas of Vanuatu but much potential for value added remains to be uncovered due to critical obstacles including lack of access to finance, lack of access to markets (dispersed geography), predominance of subsistence agriculture and critically lack of skills development and entrepreneurship opportunities.

Similarly, the construction sector and within it the trades (e.g., plumbers, electricians, carpenters), offer many opportunities for business entrepreneurship, and require at least medium-level skills. According to a recent study conducted by VCCI, the construction sector already suffers from severe skills shortages that may in part be caused by outward labour migration (mostly seasonal) but may also stem from a lack of resources of the TVET system to provide individuals especially on outer islands with the skills demanded by the labour market. Investing in construction / trades occupations was identified by workshop participants as a critical avenue to allow for growth in the sector promoting further job creation opportunities.

While ICT / e-commerce was perceived as having the potential to create many jobs indirectly, through growth opportunities for retailers and traders advertising on e-commerce platforms, the main direct job-creation impact would be in transport, storage, and logistics.

The potential for a positive contribution to ecological sustainability was evaluated as being highest in agriculture, followed by ICT / e-commerce, construction, and manufacturing. Vanuatuan agriculture already employs organic farming practices (Vanuatu, Agriculture Sector Policy 2015-2030). Any expansion of the agricultural sector should be careful not to erode these practices while building a stronger basis for economic development through promoting local value addition.

ICT and e-commerce were seen as particularly conducive to green development by participants as the sector is new and would hence lead to innovation and “positive destruction” (Schumpeter). At the very least, investing in the sector was seen as not harmful to the environment as it does not rely heavily on fossil fuels and the required transport infrastructure should be promoted to rely on green technologies.

In the construction sector, there are gains to be realized in greening-related skills linked, for example, to the sustainable rehabilitation of infrastructure through nature-based solutions and ecosystem restoration and the (re)-construction of infrastructural assets utilizing traditional building practices, architecture, local materials, and/or green building practices.

Finally, in manufacturing participants stressed that the environmental impact depends very much on the selected value chain or product to be manufactured.

### Potential for social inclusion

The potential for social inclusion was perceived to be highest in agriculture, mostly due to the fact that the sector is already providing the vast majority of livelihoods

in the country. The manufacturing sector was also perceived as a sector with potential for inclusion, although women and people with disabilities are currently under-represented in the sector. ICT and e-commerce were seen as offering potential for youth inclusion and due to the sector being new in Vanuatu, it might offer an opportunity to break down harmful gender stereotypes. Construction was perceived as a male-dominated industry that would be hard for people with certain disabilities to access but it does have a high potential for the inclusion of youth, as the sector already does employ a large share of young workers in Vanuatu (see above).

In summary, participants voiced the strongest support for interventions in the agricultural sector and the construction sector due to the central role that skills development can play in both of these sectors.



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## ► Further information

ILO. 2023. *Vanuatu Works Towards First National Employment Policy* (13 May).

## ► List of participants

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- Mr. John Willie, Teaching Service Commission
- Mr. Simon Willie, Teaching Service Commission
- Ms. Christel Homu, Department of Labour and Employment Services
- Mr. Ruben Markward, The University of the South Pacific
- Mr. Stephane Bong, Public Service Commission
- Mr. Simon Erick Willie, Teaching Service Commission
- Ms. Judith Iakavai, Vanuatu Society for People with Disability (VSPD)
- Mr. Eric Malessas, Department of Strategic Policy, Planning & Aid Coordination (DSPRAC)
- Mr. Emmanuel Blessing, Ministry of Foreign Affairs
- Mr. Binson Henry, Department of Cooperatives
- Mr. Rex Thomas, Ministry of Youth Development and Sports
- Mr. George Firiam, Vanuatu Teachers Union
- Ms. Loreen Baniuri, Vanuatu Teachers Union / Vanuatu Trade Union Congress
- Mr. Powrie Vire, VCRC
- Mr. Ellis Silas, Vanuatu Skills Partnership
- Mr. Lonny Bong, Ministry of Agriculture, Livestock, Forestry, Fisheries, and Biosecurity, Livestock Department
- Ms. Daniella Woiala, Vanuatu National Statistics Office
- Ms. Saphina Ngwele, Department of Labour and Employment Services
- Ms. Desina Woi, Department of Labour and Employment Services
- Ms. Serah Nango, Department of Labour and Employment Services
- Ms. Tracey Lunabek, Department of Labour and Employment Services
- Mr. Kevin Simon, Department of Labour and Employment Services
- Mr. Jean Lop, Department of Labour and Employment Services
- Mr. Jean Luc Tawi, Department of Labour and Employment Services
- Mr. Eric Sakou, Department of Labour and Employment Services
- Ms. Mayline Tokataam, Department of Labour and Employment Services
- Ms. Pierrette Henry Alguet, Department of Labour and Employment Services
- Ms. Beverly Bule, Vanuatu National Workers Union
- Mr. Jonathan Tarip, Vanuatu Institute of Technology
- Mr. Ken Mana, National Disaster Management Office
- Ms. Vivien Anne Sophie, National University of Vanuatu
- Ms. Lee-Anne Sacket, VLPC
- Mr. William Nasak, VANGO.
- Ms. Carolyn Lendel, Reserve Bank of Vanuatu
- Mr. Noel Steven, Youth Challenge Vanuatu
- Ms. Judith Melsul, Ministry of Health
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