



Australian Government



## VANUATU COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia is working closely with Vanuatu to implement Vanuatu's COVID-19 and Tropical Cyclone (TC) Harold response strategy, *Vanuatu Recovery Strategy 2020 – 2023*, *Yumi Evriwan Tugeta (July 2020)* and *Vanuatu's National Sustainable Development Plan 2016 – 2030*.
- Vanuatu responded early to COVID-19 and has not recorded any cases. The global economic lockdown has severely impacted Vanuatu's economy, which relies heavily on tourism, imports and remittances.
- Australia is supporting health, education and skills, justice and policing programs, as well as key infrastructure projects to help drive economic recovery.

Australia and Vanuatu are close partners, with Australia being the largest provider of development and humanitarian assistance, and foreign direct investment. We have a strong and enduring bilateral relationship with Vanuatu and are committed to helping Vanuatu recover from the broad impacts of COVID-19 and build resilience in the face of ongoing natural disasters. Australia supports investments in economic growth, health, education, policing, justice and security. Investing in women's economic empowerment and leadership, eliminating violence against women and disability inclusion are key mutual commitments. Australia's support is aligned with the *Vanuatu Recovery Strategy 2020 – 2023* and *Vanuatu's National Sustainable Development Plan 2016 – 2030* and helps Vanuatu to continue to play a key role as a regional partner and active member of the Pacific community.

### COVID-19 SITUATION ANALYSIS

The impacts of COVID-19 in Vanuatu are significant. A halt in tourism revenues, reduced remittances and rising unemployment has weakened Vanuatu's growth and undermined development gains. Impacts are compounded by Tropical Cyclone (TC) Harold - a Category 5 storm that struck Vanuatu in April 2020. According to Vanuatu Government assessments, TC Harold affected over 130,000 people (approximately 43 per cent of the population) and damaged homes, schools, medical facilities and crops, seriously impeding access to essential services and compromising food security for many ni-Vanuatu. The Vanuatu Government estimates the combined economic cost of COVID-19 and TC Harold at VUV68.1 billion (\$850 million). These dual crises sit within the broader context of Vanuatu's long-

term development challenges – distance from major markets, climate change and disaster vulnerability, a small formal labour market, limited economic diversification and lower-than-average Human Capital Index ratings for the Pacific.

The Vanuatu Government entered the COVID-19 crisis with positive fiscal flexibility, on the back of national fiscal surpluses in 2018 and 2019 averaging an estimated 7.2 per cent of GDP. Its initial stimulus package - supplemented with Australian budget support - was implemented without drawing on loans.

According to ADB assessments, higher government spending on COVID-19 prevention and stimulus measures, combined with falling revenue from tourism and taxation, is expected to push the fiscal balance into a deficit of -8 per cent of GDP in 2020. Fiscal pressures could also negatively impact public debt, equivalent to 44.8 per cent of GDP in 2019, with Vanuatu assessed by the World Bank in 2019 at moderate risk of debt distress with limited space to absorb shocks. While Vanuatu's key development partners provided grant assistance totalling approximately \$91.5 million (the World Bank, ADB, Australia, EU, UK and NZ) for immediate COVID-19 response efforts, it is likely further external stimulus will be required to fund future recurrent budget and stimulus packages, including in the form of budget support.

Swift border closures and the enactment of a State of Emergency enabled Vanuatu to remain COVID-19 free (as of September 2020). However, COVID-19 has highlighted key gaps in Vanuatu's health security: an outbreak would easily overwhelm the health system. Isolation facilities are limited, contact tracing capability is



low, clinical management capacity is limited and in-country testing is dependent on global supply chains.

Non-communicable diseases, including diabetes, remain a leading cause of death, and are a significant risk factor to the severity and mortality of COVID-19 infections. High levels of stunting and malnutrition may be exacerbated by food security issues due to crop damage from TC Harold. Potential disruption to essential medical supply chains and diversion of core health service delivery due to COVID-19 exacerbates the ongoing risk of disease outbreaks. The extent of the health system's capacity to cope with a controlled opening of borders represents a critical threshold for Vanuatu's economic recovery.

## AUSTRALIA'S RESPONSE

Aligning with the Pacific Step-up, Australia will draw on the breadth and inbuilt flexibility of our whole-of-government and development partnerships to respond to the rapidly changing nature of the crisis and Vanuatu's evolving needs. In the immediate-term we will work in partnership with Vanuatu to support COVID-19 preparedness, mitigate economic shocks and establish a stable base from which Vanuatu can rebuild. We will pivot our resources to support these immediate needs while focussing on strategies for longer term economic recovery.

As a reliable and responsive partner and Vanuatu's largest bilateral donor, Australia will align our support with the *Vanuatu Recovery Strategy 2020 – 2023* which targets restoration of essential services, enhanced livelihoods and repairing the built and natural environment to respond to the dual crises of COVID-19 and TC Harold.

We will build on Australia's long-standing partnerships and comparative advantage in sectors critical to Vanuatu's recovery, including: health; education and skills; policing, justice and security; economic governance; agriculture; and infrastructure. These sectors remain highly relevant given their focus on inclusive growth and equitable service delivery for the most vulnerable. We will retain flexibility to respond to the rapidly evolving circumstances and to scale-up funding through Vanuatu's government systems.

Given Vanuatu's ranking, according to the World Risk Index (2018), as the most vulnerable country in the world to disasters, our support will be cognisant of the multiplier effect of COVID-19 on the risks posed by climate change and disasters. We will work with Vanuatu to enhance climate and disaster resilience, including building climate resilient infrastructure and

strengthening humanitarian and disaster response capability. Recognising COVID-19 disproportionately affects women and children, through increased health risks, domestic violence, and limited access to safety nets, we will explore new gender partnerships to build on *Pacific Women Shaping Pacific Development* and maximise women's COVID-19 related health, leadership and economic outcomes.

## Health Security

Vanuatu's COVID-19 Health Sector Preparedness and Response Plan outlines the need to balance support for preparedness response with the Government's ongoing priorities of strengthening national health systems and service delivery. As Vanuatu's largest health sector partner, we have re-focused our support to deliver on Vanuatu's updated priorities.

Working with the Indo-Pacific Centre for Health Security, we helped improve Vanuatu's national COVID-19 preparedness and response capabilities through immediate assistance for: enhanced surveillance, early warning and diagnostic capacity; preparation of isolation facilities; medical supplies and equipment; and specialist health advice. We will support equitable access to safe and effective COVID-19 vaccines in Vanuatu through multilateral and regional initiatives to finance, assess, deliver and monitor COVID-19 vaccines.

In parallel, we are supporting Vanuatu's efforts to increase delivery of equitable, accessible and better quality essential health services. This includes targeted support for the most vulnerable and for women's health needs, through improving the availability of primary and clinical care at the provincial level; prevention and treatment of tuberculosis, malaria and chronic diseases; and access to sexual and reproductive health services (including family planning). We will maximise outcomes for Vanuatu by working closely with partners including: the World Bank on health financing; the World Health Organisation (WHO) on emergency health preparedness and response systems; the Pacific Community on primary care and workforce training; the Australian Department of Health and Australian Border Force on quarantine and border management; the CSIRO on predictive data analysis; and local and international Non-Government Organisations (NGOs) to improve social protection and WASH, with a focus on disability inclusion.

## Stability

Economic recovery can only take place against a foundation of stability, security and sound governance. Australia will maintain our role as primary partner in



these areas to support Vanuatu's priorities to enhance its capabilities to resource and deliver services to, and provide a safe and inclusive environment for its people. We will scale-up Department of Home Affairs (ABF), Australian Federal Police (AFP) and Defence cooperation, to respond to COVID-19 risks while retaining support for our shared strategic policing, justice and national security priorities. We will enhance support across the 'chain of justice' in Vanuatu, including to communities, local organisations and police and justice institutions. Renewed assistance to the Vanuatu Women's Centre will provide more accessible counselling services to survivors of violence in the COVID-19 context. We will re-focus technical support to core justice agencies, including through AFP and Defence advisors working with the Vanuatu Police Force (VPF). Policing support will pivot to address COVID-19 frontline response, and strengthen VPF's operational policing capabilities, organisational leadership and management. Infrastructure support to police and justice agencies using local contractors, including Defence support to redevelop VPF barracks (Port Vila and Luganville), will boost the economy while supporting capability development in the sector.

Delivery of a new Guardian-class Patrol Boat in 2021 through Defence support to VPF, will enhance maritime security and disaster response capability and enable Vanuatu to survey its Exclusive Economic Zone. Scaled-up Defence support for the Vanuatu Government's Radio Network will increase communications and emergency services capabilities across Vanuatu, essential to COVID-19 and disaster response. Support for cyber security will help mitigate impacts of COVID-19 generated malicious cyber activity. To restore the safe international movement of people crucial to Vanuatu's economic recovery, the ABF will increase efforts to strengthen border security targeting COVID-19 related risks. We will support Vanuatu's in-country quarantine capacity, including facilitating targeted repatriation of ni-Vanuatu in Australia. Prioritising finalisation of a bilateral security agreement will respond to challenges outlined in Vanuatu's National Security Strategy and provide a strong and transparent framework for our existing and future cooperation.

Given the Government's revenue-poor COVID-19 context, our work with Vanuatu's central ministries will support the current momentum in public financial management reform to strengthen government systems and the effectiveness of government spending. This will improve service delivery to all Vanuatu citizens. Further support for the media, including national broadcasters and local theatre group Wan Smolbag, will provide a platform for COVID-19 public health messaging, disaster

preparedness, and political and policy debate.

We will pivot funding in the education sector to ensure all children can access quality education and continuity of learning. This will include implementing COVID-19 protocols, radio education programs and remote schooling, rebuilding disaster and climate resilient classrooms and reprinting school materials damaged by TC Harold. Our support for core education system strengthening and foundational literacy and numeracy skills will target student retention and equity of access. This will help address COVID-19 and economic crises-related risks of higher school drop-out and lower success rates, particularly for girls. We will explore in-country courses and remote learning to deliver targeted training.

Australia will remain Vanuatu's primary humanitarian partner. We provided \$11 million to support Vanuatu's immediate TC Harold response efforts including for health, education, WASH and social protection services. Defence also delivered humanitarian supplies, school tents, medical, construction and communication equipment. We are committed to providing further funding for longer term TC Harold recovery efforts. Our response to future disasters will continue to focus on areas where we have a comparative advantage and use flexible delivery mechanisms that prioritise Vanuatu government systems. The application of Vanuatu Government's 'Build Back Better' policy in our recovery efforts increases resilience to future disaster and climate events and uses local labour to stimulate rural economies. Accessible, climate and disaster resilient roads and community infrastructure will improve peoples' access to markets and services, and grow private sector activity. All school classrooms and medical facilities we build will include accessible WASH facilities to support hygiene and COVID-19 prevention. Additional funding to NGO and Church partners will increase community level investment in improved WASH, livelihoods and social protection and provide specialist humanitarian expertise to assist the Government and communities respond to COVID-19 and TC Harold.

### ***Economic Recovery***

We will leverage our position as an active and steadfast partner in economic governance to support Vanuatu as it grapples with the economic challenges posed by COVID-19. Our support aligns with the priorities set out in the Vanuatu Government's COVID-19 Economic Stimulus Package including a focus on preserving jobs, stabilising business and trade activities, facilitating rural growth and enabling remittances through labour mobility programs.

Additional funding and advisory support for Vanuatu's





employment stabilisation program has helped address formal sector job losses. Anticipating the likely need for external funding to support Vanuatu's future COVID-19 stimulus packages and recurrent budget, we have scaled-up partnerships with the World Bank and ADB to frame modalities for future support, including budget support, debt relief and infrastructure financing. Through the International Finance Cooperation we will assist Vanuatu to develop options for the future of its national airline. This complements our support for the Pacific Islands Forum's Pacific Humanitarian Pathway for COVID-19 to foster regional connectivity. To boost services such as telecommunications fundamental to post COVID-19 economic recovery, we will assist Vanuatu to explore access to Australia's Infrastructure Financing Facility for the Pacific. We will work with other development partners to focus on priority infrastructure with a high economic rate of return, and support economic stimulus by using local contractors to grow the private sector and local jobs. Vanuatu's proposed ratification of the Pacific Agreement on Closer Economic Relations (PACER) Plus Trade Agreement will enable closer coordination of regional economic recovery efforts, and provide access to Australia's aid for trade packages.

To help Vanuatu improve its business environment and adapt to the post COVID-19 context we are working with the government and Vanuatu's private sector on tourism, trade and investment policy, e-commerce and financial inclusion. Our support for Vanuatu's Chamber of Commerce will focus on building business diversification and resilience and developing women entrepreneurs. Increased access to inclusive skills development and livelihood opportunities in agriculture, construction and business development, including through the Australia Pacific Training Coalition, will help replace those lost in COVID-19 impacted sectors. Along with mentoring and seed funding provided through private sector partners, this will support businesses to adapt and diversify.

To contribute to food security and economic stimulus through local markets, we are supporting the establishment of seed banks and food corridors. Implementation of a cash transfer program with NGO partners targets vulnerable informal sector workers, particularly women. Pivoting regional partnerships, including with ACIAR, Department of Agriculture and the Pacific Horticultural and Agricultural Market Access Program, will focus on domestic food security, re-building cash and export crop markets and biosecurity targeting COVID-19 risk factors.

Given remittances provide a crucial buffer for Vanuatu's

economy, the Departments of Foreign Affairs and Trade, Education, Agriculture and Home Affairs and the Australian private sector are working closely with the Vanuatu Government to safely re-establish labour mobility schemes. Over 160 ni-Vanuatu workers participated in the Northern Territory Pacific Labour Mobility Trial, which was an important step towards the resumption of Pacific labour mobility in Australia. Work-ready training in Vanuatu will enhance prospective workers skills, ahead of their deployment to Australia.

Australia will provide additional support for the Pacific and Timor-Leste over two years from 2020-21 and 2021-22 as part of a supplementary \$304.7 million COVID-19 Response Package. This will deliver critical financing to help Vanuatu to maintain essential health and other services, and protect the most vulnerable people.

## HOW WE WILL WORK

We will leverage the full suite of Australia's national capabilities - diplomacy, defence, security, trade, church, academic and people-to-people partnerships - to extend the reach and results of our substantial bilateral, regional and global development efforts.

We will coordinate closely with likeminded partners to leverage expertise, resources and partnerships critical to maximising collective outcomes. We will work alongside the World Bank and ADB to support the Vanuatu Government's efforts to facilitate access to concessional funding. Through shared policy dialogue and analysis we will ensure our efforts complement engagement by Vanuatu's other development partners, including: New Zealand, the European Union, Japan and China, the World Bank and ADB, and international and local NGOs. We will further embed localisation of our support through scaled-up use of partner government systems and local private sector, Church and NGO partners.

Since the onset of COVID-19 Australia has provided additional resources, pivoted programs and reprioritised development funding to respond to emerging needs. Our immediate \$17 million funding package included support for: Vanuatu's employment stabilisation program; school and community grants; health preparedness and response; livelihoods, water, sanitation and hygiene (WASH), gender and protection initiatives; and quarantine and repatriation efforts.

We will continue to adjust the scope and focus of our support informed by collaborative dialogue, evidence based analysis and new partnership opportunities.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Response Plans	Health Security	Stability	Economic Recovery
<b>Expected Outcomes</b>	<p>Vanuatu's health system is strengthened to detect and respond to health emergencies and to deliver quality, accessible health services. (Sustainable Development Goal 3)</p>	<p>Vanuatu's governance and security systems are strengthened to improve essential service delivery, and the safety and inclusion of all, including through disaster and climate resilience. (SDGs 4, 5, 10, 11, 13 &amp; 16)</p>	<p>Vanuatu implements evidence-based measures to mitigate the economic impacts of COVID-19 and TC Harold and enables inclusive economic recovery. (SDGs 1, 8, &amp; 9)</p>
<b>Key Results</b>	<p>Health systems and preparedness</p> <ul style="list-style-type: none"> <li>- Strengthened health systems including preparedness for health emergencies (with examples)</li> </ul> <p>Infectious disease outbreak response</p> <ul style="list-style-type: none"> <li>- Evidence that Vanuatu has improved its response to health security threats</li> <li>- Examples of new or improved therapeutics, diagnostics, vaccines and additional equipment to which Australia has contributed that are accessible in Vanuatu</li> </ul> <p>Emergency Assistance</p> <ul style="list-style-type: none"> <li>- # of vulnerable women, men, girls and boys provided with emergency assistance in a crisis (20/21 target 150; 21/22 target 150)</li> </ul>	<p>Improved governance and security</p> <ul style="list-style-type: none"> <li>- Strengthened governance systems (by type - including assistance provided &amp; significant policy change achieved)</li> <li>- Examples of increased participation of women in decision-making and leadership in key sectors with Australian support</li> </ul> <p>Safer communities and security</p> <ul style="list-style-type: none"> <li>- # of women and girls survivors of violence receiving services such as counselling (20/21 target 7,750; 21/22 target 8,000)</li> <li>- Strengthened security capability and resilience (with examples)</li> </ul> <p>Education</p> <ul style="list-style-type: none"> <li>- Maintenance or improvement in the national enrolment rate at primary school [20/21 target 84.5%; 21/22 target 84.5%]</li> </ul> <p>Climate resilience</p> <ul style="list-style-type: none"> <li>- # of new or repaired buildings that meet universal access, standards, and disaster and climate resilient standards (20/21 cumulative target 15; 21/22 cumulative target 25)</li> </ul> <p>Social Protection measures</p> <ul style="list-style-type: none"> <li>- # of people reached with new or improved social protection programs, including remote communities (20/21 target 21,000; 21/22 target TBC)</li> </ul>	<p>Economic policy support</p> <ul style="list-style-type: none"> <li>- Policy and technical advice on sustainable stimulus measures and longer term economic recovery (with examples)</li> </ul> <p>Economic empowerment</p> <ul style="list-style-type: none"> <li>- # of female entrepreneurs provided with financial and/or business development services (20/21 target 150; 21/22 target 200)</li> <li>- Training provided to increase livelihood and income generating opportunities (20/21 target 500; 21/22 target 550- people trained in work-ready skills, agriculture, construction and other industries)</li> </ul> <p>Supply chain support</p> <ul style="list-style-type: none"> <li>- Examples of partnering with the private sector and other partners to ensure supply lines are open</li> </ul> <p>Budget support</p> <ul style="list-style-type: none"> <li>- Australian budget support as a percentage of supplementary budget expenditure in response to COVID-19</li> </ul> <p>Improved roads</p> <ul style="list-style-type: none"> <li>- Length (km) of national road network maintained or repaired (20/21 target 1,300 km; 21/22 target 1000 km)</li> </ul>
<b>Supporting Investments</b>	<ul style="list-style-type: none"> <li>- Vanuatu Health Program</li> <li>- Australian Humanitarian Partnership*</li> <li>- Australian NGO Cooperation Program*</li> <li>- Pacific Islands Food Revolution</li> <li>- Pacific Regional Health Strategy</li> <li>- SPC – Public Health Division</li> <li>- Asia Pacific Malaria Elimination Global Fund</li> <li>- World Bank 'Advance UHC' and Pacific Facility 4</li> <li>- UN Programs including UNPFA, UNICEF and UNAIDS</li> <li>- World Health Organisation</li> <li>- Water for Women*</li> </ul> <p>* Investment contributes to multiple objectives</p>	<ul style="list-style-type: none"> <li>- Vanuatu Education Support Program</li> <li>- Vanuatu Australia Policing and Justice Program/ Australian Federal Police</li> <li>- Defence Cooperation Program inc. Pacific Maritime Security Program and Cook/Tiroas Barracks re-development</li> <li>- Department of Home Affairs - ABF</li> <li>- Attorney General's Department Pacific Law and Justice Program</li> <li>- Pacific Women Shaping Pacific Development*</li> <li>- Tropical Cyclone Harold Response*</li> <li>- Volcano Recovery Program*</li> <li>- Australia Awards</li> <li>- Australia Assists* and Australian Volunteers*</li> <li>- Australian Red Cross Partnership*</li> <li>- Global Partnership for Education</li> <li>- Pacific Prepare</li> <li>- Pacific Church Partnerships</li> <li>- Wan Smolbag Community Partnership*</li> <li>- Pacific Media Assistance Scheme (PACMAS)</li> </ul> <p>Australia Pacific Climate Partnership (APCP)</p>	<ul style="list-style-type: none"> <li>- Governance for Growth*</li> <li>- Roads for Development</li> <li>- Vanuatu Skills Partnership *</li> <li>- Pacific Labour Mobility</li> <li>- Australia Pacific Training Coalition</li> <li>- Pacific Horticultural &amp; Agricultural Market Access Program</li> <li>- ACIAR – Livestock, biosecurity and fisheries projects</li> <li>- Essential Services and Humanitarian Corridor *</li> </ul> <p>Cyber Cooperation Program*</p>