Vanuatu remains at the bottom of the coconut value chain. Processing and value addition occur in importing countries.

Vanuatu is a relatively small country in terms of population with only 260,000 inhabitants living throughout a geographically spread archipelago of 83 islands although the majority of the population is concentrated in only a handful of these. It has a predominately agricultural economy with more than 80 per cent of its population engaging in at least one cash crop at any given time. Despite the fact that tourism commands 40 per cent of the country’s GDP, statistics show that coconut, cocoa, and recently sandalwood, formed the basis of everyday economic activities undertaken by the majority of economically active population.

Given Vanuatu’s distance from world markets, consumption of value added products by visiting tourists is the major channel for exports of such goods.

The coconut sector provides for and supports 80 per cent of Vanuatu’s rural population through the provision of traditional household needs, opportunities for income generation and livelihood. It is an important agricultural resource that can be used to produce a wide range of products, however, in Vanuatu added value production remains largely untapped.

The majority of cocoa producers in Vanuatu grow cocoa under practices that mirror organic techniques without being certified.

There is a need to improve pathways for commercialization of smallholder farming systems and to link them to higher value global markets for premium chocolates.

Sandalwood contributes significant revenue and provides significant income to sandalwood harvesters. Income from sandalwood is important for those living in remote areas of Vanuatu. The major consumer end uses of sandalwood in eastern markets include handicrafts and carvings, non-alcoholic fragrance, toiletries, mouth freshener, medicinal uses, incense, flavouring agents and for aromatherapy.

For each of the three sectors, sectoral stakeholders have agreed to specific actions in the following four areas:

1. Harness existing capacity of farmers, industries and private sector to increase and sustain production
2. Strengthen the institutional capacity of the Ministries of Agriculture and Trade to support and monitor the three sectors
3. Create a conducive and enabling business environment for all three sectors to flourish
4. Provide information and support services for enhancing the productivity and income potential of farmers, MSMEs and the private sector within the three value chains