



Asian Development Bank & Vanuatu

FACT SHEET

Table 1. Vanuatu: 2012 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans				
Sovereign	Nonsovereign	Technical Assistance	Grants	Total
–	–	0.75	–	0.75

– = nil.

^a Excludes cofinancing.

Table 2. Vanuatu: Cumulative ADB Lending by Sector as of 31 December 2012^a

Sector	Loans (no.)	Amount (\$ million)	% ^b
Agriculture and Natural Resources	1	1.10	1.64
Finance	2	6.00	8.95
Public Sector Management	1	20.00	29.82
Transport and ICT	3	19.97	29.77
Water Supply and Other Municipal Infrastructure and Services	2	15.00	22.36
Multisector	2	5.00	7.45
Total	11	67.07	100.00
Total Disbursements		\$49.0 million	

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^b Total may not add up because of rounding.

Partnerships

The Asian Development Bank (ADB) cooperates with government counterparts and development partners. ADB supports government dialogue and consultation with stakeholders, including traditional leaders, local governments, the private sector, churches, civil society, and community groups.

ADB works with development partners to develop innovative approaches and uses cofinancing partnerships to reduce financing costs. In partnership with the New Zealand Aid Programme, ADB has developed the Interisland Shipping Support Project, focused on better access to markets and social services in outer island areas, stronger safety regulations and better compliance, and improved shipping infrastructure. Additionally, ADB, in partnership with the Australian Agency for International Development (AusAID), has developed the Port Vila Urban Development Project, which will contribute to social development by improving drainage, roads, and sanitation systems in Port Vila and adjacent urban and peri-urban areas of Shefa Province.

Operational Challenges

Several constraints hinder the expansion of the economy. As an archipelago of 83 islands, infrastructure services to connect outer islands to the main centers remain poor and costly. The government's institutional capacity is stretched, which makes it difficult to provide high-quality public services in Vanuatu. Small and medium-sized enterprises (SMEs) face challenges securing financing for capital expansion or working capital. Difficulties with land tenure create problems for foreign investors and local businesses. Commercial laws are outmoded and their enforcement is difficult. Although there has been progress, only an estimated 20% of the population has access to formal or semiformal financial services. Urban drift poses challenges to the main urban centers (Port Vila, Luganville), resulting in congested urban roads, and fueling the expansion of urban squatter settlements, and contributing to growing unemployment.

Future Directions

ADB's country partnership strategy for 2010–2014 aligns with the government's Priorities and Action Agenda, 2006–2015 as well as its Planning Long, Acting Short action program. Assistance focuses on three core areas: (i) transport and information and communication technology, (ii) urban sector development, and (iii) energy. Private sector development remains a crosscutting theme. ADB's assistance is harmonized

with that of its main development partners, most notably AusAID, the Japan International Cooperation Agency, New Zealand Aid Programme, and the World Bank Group. The strategy builds on lessons learned from past operations, and recognizes the need to support incremental policy change, to keep projects simple, and to ensure a high level of stakeholder participation.

ADB will continue to explore private sector investment opportunities in Vanuatu, with focus on infrastructure, energy, and finance sectors. ADB's country and regional programs will complement each other. Regional support will be provided for renewable energy and energy efficiency, climate change adaptation, disaster risk management, private sector development, management of civil aviation, public sector financial management, institutional capacity for economic reform, and strategic infrastructure.

Context

Since joining ADB in 1981, Vanuatu has received 11 loans totaling \$67.07 million, and technical assistance for 60 projects, amounting to \$21.82 million. As of 31 December 2012, cumulative contract awards for all projects amounted to \$48.99 million and all of which were fully disbursed. More than 50% of the loans were for infrastructure rehabilitation, and more than 40% of the technical assistance was for institutional support and capacity building.

Vanuatu's economy has outperformed most of the other Pacific island countries over the past decade due to implementation of structural reforms. Growth has been driven by the services, tourism, and construction sectors. The overall outlook remains positive even though gross domestic product growth for 2012 has been revised downward due to the delayed implementation of strategic infrastructure projects. Inflation during this period has been contained at low levels.

Vanuatu elected a new government in October 2012. Confidence in the new government is needed to support economic growth in the construction, tourism, and services sectors.

ADB-Supported Projects and Programs

ADB will continue to implement the interisland shipping support project and the urban development project. It will support the government with the development of a renewable energy project.

Additionally, ADB provides assistance for improving financial inclusion in Vanuatu, especially in rural areas. ADB supports the improvement of legal and regulatory frameworks in the business and finance sector and state-owned enterprise reform activities.

Table 3. Vanuatu: Development Indicators

Non-MDG	
Population in millions	0.25 [2012]
Annual population growth rate (%)	2.3 [2010–2012]
Adult literacy rate (%)	82.6 [2010]
Population in urban areas (%)	24.9 [2011]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	...
Population living below the national poverty line (%)	12.7 [2010]
Under-5 mortality rate per 1,000 live births	13 [2011]
Population using an improved drinking water source (%)	90 [2010]

... = data not available, MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2013. *Basic Statistics 2013*. Manila; United Nations Educational, Scientific and Cultural Organization (UNESCO). 2013. Institute for Statistics Data Centre; World Bank. 2013. World Development Indicators Online.

Table 4. Vanuatu: Economic Indicators, 2008–2012

Economic Indicator	2008	2009	2010	2011	2012
Per capita GNI, Atlas method (\$)	2,460	2,520	2,580	2,730	...
GDP growth (% change per year)	6.5	3.3	1.6	1.4	2.0
CPI (% change per year)	4.8	4.3	2.8	0.8	1.4
Unemployment rate (%)
Fiscal balance (% of GDP)	2.1	1.0	(2.0)	(2.3)	...
Export growth (% change per year)	41.6	33.2	(8.4)	24.6	...
Import growth (% change per year)	38.9	(1.9)	1.9	1.0	...
Current account balance (% of GDP)	(6.6)	(6.1)	(5.5)	(6.3)	(6.0)
External debt (% of GNI)	17.8	17.4	17.9

() = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2013. *Asian Development Outlook 2013*. Manila; ADB staff estimates; World Bank. 2013. World Development Indicators Online.

Table 5. Vanuatu: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	–	1
Finance	–	2
Multisector	50.0	2
Public Sector Management	–	1
Transport and ICT	100.0	1
Water Supply and Other Municipal Infrastructure and Services	100.0	1
Total	37.5	8
Year of Approval		
1980s	25.0	4
1990s	50.0	4

– = nil, ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR or PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2012.

Table 6. Vanuatu: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2011–2012

Number of Ongoing Loans (as of 31 Dec 2012)	2	
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	–	–
Disbursements ^a	–	–
Number of Ongoing Grants (as of 31 Dec 2012) ^c		
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	–	–
Disbursements ^a	–	–
Projects at Risk (%)	–	–

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB Special Funds.

Cofinancing

Cofinancing operations enable ADB's development partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing, such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2012, cumulative direct value-added official cofinancing for Vanuatu amounted to \$43.6 million for two investment projects and \$3.5 million for eight technical assistance projects.

A summary of projects with cofinancing from 1 January 2008 to 31 December 2012 is available at www.adb.org/countries/vanuatu/cofinancing

Procurement

From 1 January 1966 to 31 December 2012, contractors and suppliers were involved in 185,090 contracts for ADB loan projects worth \$116.58 billion. During the same period, contractors and suppliers from Vanuatu were involved in 92 contracts for ADB loan projects worth \$4.04 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 11,990 contracts for ADB loan projects worth \$5.11 billion. During the same period, consultants from Vanuatu were involved in three contracts for ADB loan projects worth \$3.34 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 26,546 contracts for ADB technical assistance projects worth \$3.1 billion. During the same period, consultants from Vanuatu were involved in 29 contracts for ADB technical assistance projects worth \$2.26 million.

Table 7. Vanuatu: Projects Cofinanced, 1 January 2008–31 December 2012

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	2	43.60
Grants	2	43.60
Technical Assistance Grants	5	3.11

^a A project with more than one source of cofinancing is counted once.

Table 8. Vanuatu: Share of Procurement Contracts

Item	2011		2012		Cumulative (as of 31 Dec 2012)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	–	0.00	–	0.00	4.04	0.00
Consulting Services	0.13	0.03	0.01	0.00	5.60	0.07

– = nil, 0.00 = less than 0.01%.

Table 9. Vanuatu: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Contractor/Supplier	Sector	Contract Amount (\$ million)
Telsat Pacific	Transport and ICT	0.01

ICT = information and communication technology.

Table 10. Vanuatu: Top Individual Consultants Involved in ADB Technical Assistance Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	11	0.28

Table 11. ADB Assistance to Developing Member Countries, 2011–2012^a

	2011 (\$ million)	2012 (\$ million)	Change (%)
Lending	12,605.46	11,717.58	(7.04)
ADF, Sovereign	1,954.85	2,315.85	18.47
OCR, Sovereign	9,050.61	8,294.89	(8.35)
OCR, Nonsovereign	1,600.00	1,106.84	(30.82)
Public Sector ^b	600.00	44.00	(92.67)
Private Sector ^c	1,000.00	1,062.84	6.28
Equity Investments	239.00	131.00	(45.19)
Guarantees	416.61	403.00	(3.27)
Grants ^d	844.14	969.77	14.88
Technical Assistance Grants	357.39	297.78	(16.68)

() = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Excludes terminated loans, grants, equity investments, and technical assistance grants.

^b Includes nonsovereign public sector loan processed by regional departments and ADB's Private Sector Operations Department.

^c Includes \$35 million investment in debt securities.

^d Excludes grant cofinancing not administered by ADB.

About Vanuatu and ADB

ADB Membership

Joined 1981

Shareholder and Voting Power

Number of shares held: 708 (0.01% of total shares)
Votes: 40,312 (0.30% of total membership,
0.47% of total regional membership)
Overall capital subscription: \$10.88 million
Paid-in capital subscription: \$0.54 million

Yeo Kwon Yoon is the Director and **M P D U K Mapa Pathirana*** is the Alternate Director representing Vanuatu on the ADB Board of Directors.

*Mr. Pathirana succeeded Mr. Wilson Kamit on 1 April 2013.

The Pacific Liaison and Coordination Office (PLCO) was opened in 2005 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. PLCO engages in policy dialogue and acts as a knowledge base on development issues in Nauru, Solomon Islands, and Vanuatu, and on private sector development region-wide.

Andrea Iffland is the Regional Director of PLCO.

A joint ADB/World Bank Development Coordination Office was established in 2010 with the aim of strengthening ADB's relationship with the Government of Vanuatu and development partners.

The Vanuatu government agency handling ADB affairs is the Ministry of Finance and Economic Management.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2012, lending volume was \$11.72 billion (110 projects), with TA at \$150.96 million (237 projects) and grant-financed projects at \$696.94 million (27 projects). In addition, \$8.3 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2008 to 31 December 2012, ADB's annual lending volume averaged \$11.78 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$778.77 million and \$172.56 million in TA over the same period. As of 31 December 2012, the cumulative totals excluding cofinancing were \$191.47 billion in loans for 2,531 projects in 44 countries, \$5.67 billion in 287 grants, and \$3.44 billion in TA grants, including regional TA grants.

Contacts

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports