

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



Vanuatu: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	0.75	0.50	1.25

- = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Vanuatu: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	8	1.93	0.96
Education	4	5.58	2.76
Energy	5	12.89	6.37
Finance	13	10.40	5.14
Health	4	1.75	0.87
Industry and Trade	2	0.18	0.09
Multisector	5	6.06	2.99
Public Sector Management	23	27.07	13.38
Transport	27	122.76	60.69
Water and Other Urban Infrastructure and Services	5	13.69	6.77
Total	96	202.28	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

ADB operations in Vanuatu supports three priority sectors: energy, transport, and water and other urban infrastructure and services.

VANUATU

Economic growth in Vanuatu is being driven by a construction boom that is the result of major new infrastructure projects and disaster reconstruction. Tourism, which has recovered strongly in recent years and continues to have significant growth potential, contributes significantly to the country's economic well-being as do aid inflows. However, key constraints to implementing development assistance persist. These include Vanuatu's remoteness, small market size, underdeveloped institutions, and limited absorptive capacity. The rural economy is primarily agrarian and operates at a subsistence level, aside from some copra, beef, cocoa, and kava produced for export.

In 1980, Vanuatu gained independence from France and the United Kingdom after 76 years of joint administration, and the Asian Development Bank (ADB) began supporting Vanuatu in 1981. The bank has since committed loans and grants totaling \$178.5 million, and technical assistance projects worth \$23.8 million.

Cumulative loan and grant disbursements to Vanuatu amount to \$75.9 million. These were financed by concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

The successful implementation of critical infrastructure projects remains a key focus for ADB in Vanuatu.

The first phase of the Port Vila Urban Development Project, which aimed to upgrade road networks and drainage systems, and improve the disposal and treatment of domestic and commercial septic waste, is now complete. Under the project, multipurpose, multiuser sanitation facilities—including toilets, washing amenities, and bathing



facilities in villages and the rural–urban hinterland—were established. The project also provided government agencies and community organizations with awareness programs on sanitation, roads, drainage systems, hygiene, and health education. Another phase of the project is planned for 2020.

More recently, ADB has committed financing for the [Energy Access Project](#), which will expand the availability of electricity and increase renewable energy generation in the two islands of Espiritu Santo and Malekula—Vanuatu’s second- and third-largest population centers after Efate. The project will help install hydropower generation to replace diesel generation and extend power distribution grids.

The [Interisland Shipping Support Project](#) comprises two major components. The first is a series of shipping infrastructure investments across Port Vila and the outer islands. The second is the establishment of a shipping support scheme to help provide more services to remote destinations.

ADB has also strongly supported Vanuatu with disaster relief. Following Tropical Cyclone Pam in 2015, the bank provided immediate support by approving grant financing from the [Asia Pacific Disaster Response Fund](#) and the [Japan Fund for Poverty Reduction](#). This was followed by the approval of subsequent recovery projects to reconstruct the country’s roads and schools. In 2017 and 2018, following the eruption of Manaro Volcano and the declaration of a state of emergency

on Ambae Island, ADB provided two special assistance grants worth \$1.2 million from the [Asia Pacific Disaster Response Fund](#).

In health, ADB approved a \$25.1 million package in 2018 to support the introduction of new vaccines in Vanuatu—as well as in Samoa, Tonga, and Tuvalu—through the System Strengthening for [Effective Coverage of New Vaccines in the Pacific Project](#). Over 580,000 people across the four countries will benefit from the project, which will improve overall immunization rates and support greater efficiency of primary health services. Under the project, ADB approved a \$2.25 million concessional loan and a \$9 million grant for Vanuatu.

Under technical assistance through its [Pacific Private Sector Development Initiative](#), ADB is helping to improve the business environment in Vanuatu and to drive inclusive economic growth led by the private sector. The assistance has included the modernization of Vanuatu’s commercial legal framework, the implementation of an electronic registry for personal property securities, and the introduction of an electronic company registry. Support has also been provided on state-owned enterprise policy and legislation.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB’s own funds (in equity and direct loans) in 2018 amounted

to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB’s own resources stood at \$12.7 billion as of 31 December 2018.

COFINANCING

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in Vanuatu in 1993. Since then, cumulative direct value-added official cofinancing commitments for Vanuatu have amounted to \$65.8 million for five investment projects and \$3.46 million for six technical assistance projects.

A summary of projects with cofinancing from 1 January 2014 to 31 December

Vanuatu: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

	2017 (\$ million)		2018 (\$ million)	
	Amount	% of Total	Amount	% of Total
No. of Ongoing Loans ^a (as of 31 Dec 2018)			7	
Contract Awards ^{b,c}	5.48		4.75	
Disbursements ^b	5.51		3.65	
No. of Ongoing Grants ^a (as of 31 Dec 2018)			5	
Contract Awards ^{b,c}	6.09		4.27	
Disbursements ^{b,d}	3.46		6.42	
Actual Problem Projects (%) (as of 31 Dec 2018)			17	

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Vanuatu: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	5	22.20
Grants	5	22.20

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

Vanuatu: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	0.95	0.01	1.68	0.01	28.47	0.02
Consulting Services	0.35	0.05	0.44	0.06	8.25	0.06
Total Procurement	1.29	0.01	2.12	0.02	36.72	0.02

Top 5 Contractors/Suppliers from Vanuatu Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Downer Edi Works Vanuatu Ltd.	TRA	1.64
Davids Construction Ltd.	TRA	0.57
LCM Shipping	TRA	0.17
Vila Distribution Hardware	TRA	0.15
Touaraken Shipping	TRA	0.13
Others		1.40
Total		4.07

TRA = transport.

Top 5 Consultants from Vanuatu Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
Kramer Ausenco (Vanuatu) Ltd.	EDU	1.10
Law Partners (Vanuatu)	TRA	0.06
Individual Consultants		1.50
Total		2.65

EDU = education, TRA = transport.

2018 is available at www.adb.org/countries/vanuatu/cofinancing.

PARTNERSHIPS

ADB works closely with the Vanuatu Project Management Unit, which acts as an executing agency of the government to oversee and manage most major development projects.

ADB also works directly with other development partners—most notably the governments of Australia, Japan, and New Zealand, and the World Bank—on project financing and implementation. The Government of New Zealand is providing cofinancing for the [Interisland Shipping Support Project](#), and the Government of Australia is cofinancing the [Port Vila Urban Development Project](#).

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works,

and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Vanuatu, 119 contracts worth \$28.47 million have been awarded to contractors and suppliers since 1981.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Vanuatu, 65 contracts worth \$8.25 million have been awarded to consultants since 1981.

OPERATIONAL CHALLENGES

In the past, the sustainability of projects in Vanuatu has been fragile, with attention to administration often lacking and institutional capacity often inadequate. Upstream design work on projects has sometimes failed to incorporate lessons from previous implementations, and designs have remained complex and overly ambitious, with difficulties in tendering processes.

ADB assistance is now more focused—taking into account Vanuatu's institutional capacities and political realities. The bank's support is tailored

to address the country's critical constraints to inclusive growth and social development. This approach has provided the foundation to garner support from other development partners.

FUTURE DIRECTIONS

The ADB country operations business plan, 2018–2020 for Vanuatu will continue to support three priority sectors: energy, transport, and water and other urban infrastructure and services. Public sector management has also been identified as an important area for ADB involvement, and a budget support program is proposed for reforms that will improve Vanuatu's economic resilience and generate inclusive growth.

In addition, preparatory work has begun on an urban development project in Luganville and the second phase of the [Port Vila Urban Development Project](#).



ABOUT VANUATU AND ADB

ADB Membership

Joined 1981

Shareholding and Voting Power

Number of shares held:	708 (0.007% of total shares)
Votes:	40,405 (0.304% of total membership, 0.467% of total regional membership)
Overall capital subscription:	\$9.85 million
Paid-in capital subscription:	\$0.49 million

In-chang Song is the Director and **Bobur Khodjaev** is the Alternate Director representing Vanuatu on the ADB Board of Directors.

Xiaoqin Fan is the ADB Regional Director of the Pacific Liaison and Coordination Office (PLCO). PLCO was opened in 2005 and is ADB's representative office in Sydney, Australia. It acts as the focal point for liaison with the Government of Australia and the Government of New Zealand, as well as Australia- and New Zealand-based development organizations and nongovernment organizations. Pacific Liaison and Coordination Office is involved in programming, processing, and administration of assistance in Nauru, Solomon Islands, and Vanuatu. It is also the ADB Pacific Department's division responsible for the finance sector development and private sector development across all 14 of ADB's Pacific developing member countries.

In 2018, ADB approved the establishment of a country office in Vanuatu. The office strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

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 68 members, 49 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. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.

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Manila numbers change on 8 October 2019.)

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Useful ADB websites

Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org