

# Vanuatu

## Summary

*With a population of around 177,000, Vanuatu has by far the smallest population of any country in the study. The financial system is relatively simple, and there is only one microfinance program of any significance. The Reserve Bank of Vanuatu (RBV) is likewise a small institution with limited resources. It does not see its functions as extending to microfinance, and has appropriately avoided "developmental" activities. Nevertheless, there is a case that RBV should undertake some additional modest activities to provide leadership and technical support to microfinance. It would also be appropriate for RBV to assume broad policy responsibility for credit unions, although prudential supervision of primary credit unions would not be feasible.*

---

**Vanuatu****Currency Equivalent**

Currency Unit – Vatu (Vt)

US\$1 = Vt127.52 (at mid-1999)

**Abbreviations**

ADB	Asian Development Bank
DBV	Development Bank of Vanuatu
FSC	Financial Services Commission
GDP	gross domestic product
GNP	gross national product
IFAD	International Fund for Agricultural Development
MFI	microfinance institution
NBV	National Bank of Vanuatu
NGO	nongovernment organization
PICs	Pacific island countries
RBV	Reserve Bank of Vanuatu
UNDP	United Nations Development Programme
UN-ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
VANWODS	Vanuatu Women's Development Scheme
VCUL	Vanuatu Credit Union League
VIMELBA	Vanuatu Indigenous Melanesian Business Association

**Note**

In this report, "\$" refers to US dollars.

# Contents

## Vanuatu

<b>1</b>	<b>Introduction and Background</b>	<b>312</b>
1.1	Key Demographic and Economic Data	312
1.2	Financial Sector	312
<b>2</b>	<b>Development of Microfinance</b>	<b>313</b>
2.1	Outreach and Sustainability	313
2.2	Demand for Microfinance	315
2.3	Policy and Regulation	316
<b>3</b>	<b>Role of the Central Bank</b>	<b>317</b>
3.1	Development of the Financial System	317
3.2	The Central Bank in the Financial System	317
3.3	Independence and Effectiveness of the Central Bank	318
<b>4</b>	<b>Central Bank Support for Microfinance Initiatives</b>	<b>318</b>
4.1	Perceptions of the Central Bank about Microfinance	318
4.2	Developmental Activities	319
4.3	Technical Support for Microfinance	319
4.4	Technical Support in Other Pacific Island Countries	320
<b>5</b>	<b>Regulation and Supervision of Banks</b>	<b>321</b>
5.1	Licensing and Minimum Capital Requirements	321
5.2	Interest Rates	322
5.3	Prudential Regulation and Supervision	322
<b>6</b>	<b>Regulation and Supervision of Non-bank MFIs</b>	<b>323</b>
6.1	Interest Rate Regulation	323
6.2	Regulation of Savings Mobilization	324
6.3	Standards for Credit Unions	324
6.4	Standards for Other MFIs	325
<b>7</b>	<b>Conclusions and Recommendations</b>	<b>326</b>
7.1	Conclusions	326
7.2	Recommendations	327
	<b>References</b>	<b>328</b>
	<b>Appendix</b>	<b>328</b>

## 1 Introduction and Background

### 1.1 Key Demographic and Economic Data

Vanuatu is an archipelago of 83 islands in the South-West Pacific. With a population of 177,000 in 1997, it has by far the smallest population of any country included in the study. The population is spread thinly over the islands, with a density of only 14 people per square kilometer. Around 19 percent of the population live in the capital, Vila, with the remainder living in the rural areas.

*Vanuatu's population is small and thinly spread. Per capita income is \$1,340 with "medium" level human development*

Gross national product (GNP) per capita was estimated at \$1,340 in 1997, placing Vanuatu in the lower middle income category of island nations in the Pacific. Between 1987 and 1996 real gross domestic product (GDP) increased at an average annual rate of 3.7 percent, faster than the population growth rate of 2.7 percent. Nearly 75 percent of the economically active population works in agriculture, forestry, and fishing, largely in subsistence activity. In terms of GDP, however, the economy is dominated by services. In 1997, services contributed around 63 percent of GDP, compared with 25 percent for agriculture and 12 percent for industry.

Vanuatu is classified as having medium human development in the United Nations Development Programme (UNDP) Human Development Index. Life expectancy at birth was 65 years in 1997, while the infant mortality rate was 37 per 1,000 live births. The adult literacy rate was estimated at 64 percent in 1995. There is no official poverty line, and no data are available on the number of people living in poverty.

In 1997 the Government established a comprehensive reform program, with assistance from the Asian Development Bank (ADB). The reforms include economic reforms and public sector reforms. In broad terms, they are designed to streamline the public sector and promote private sector-led growth, including small business and the rural sector. It is estimated that real GDP increased by only 0.2 percent in 1998, reflecting strong growth in agriculture offset by reduced tourist numbers and the restructuring of the public sector. Real GDP is expected to contract by 2 percent in 1999.

### 1.2 Financial Sector

*The formal financial system consists of just four commercial banks and a single finance company*

There are four commercial banks operating onshore in Vanuatu. Three are branches or subsidiaries of foreign banks — ANZ Banking Group and Westpac Banking Corporation of Australia, and Banque d'Hawaii of the United States. The fourth is the government-owned National Bank of Vanuatu (NBV). The commercial banks provide the normal range of deposit products, and provide commercial and personal loans mainly to clients in the urban areas.<sup>1</sup> The only other regulated financial institution is AGC Finance, a finance company owned by Westpac Banking Corporation. These institutions are subject to regulation and supervision by the central bank, the Reserve Bank of Vanuatu (RBV).

There is one major microfinance program, the Vanuatu Women's Development Scheme (VANWODS), around 15 active credit unions affiliated with the Vanuatu

1 European Bank is also licensed as a commercial bank, but its business is entirely offshore.

Credit Union League (VCUL), and two savings and loan cooperative societies. There are also some community credit schemes, savings clubs, and private moneylenders operating in the informal sector of the economy.

## 2 Development of Microfinance

### 2.1 Outreach and Sustainability

In this study, microfinance is defined as “the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises” (ADB 2000, 1). The private commercial banks have little outreach among low income households. ANZ Bank, Westpac Bank and Banque d’Hawaii each have two branches, one in each of the urban centers, Vila and Luganville. The commercial banks tend to make very few if any loans under Vt100,000 (\$780), and most are for amounts much larger than this. For instance, one bank reported that it had very few loans under Vt500,000 (\$3,920). The banks generally require all loans to be fully secured. The banks do have greater outreach in their savings facilities, although again these only reach households in the urban areas and one bank reported that it required a minimum savings balance of Vt25,000 (\$200).

The state-owned NBV was established in 1989 with a transfer of assets from the Vanuatu Cooperative Savings Bank. Its objective is to provide commercial banking services to the indigenous ni-Vanuatu people. Prior to restructuring, NBV was generally plagued by poor portfolio quality, and by 1996 the bank was technically insolvent, with an estimated negative net worth of Vt100 million (\$784,000). However, the Government has restructured NBV with assistance from ADB, and since February 1999 the bank has managed to earn a profit for the first time in its history. It has much greater outreach in the rural areas than the other commercial banks, with 19 branches and around 60,000 savings accounts. This represents one account for every three people (or an average of more than one account per household). While no data are available on multiple account holdings, it suggests that NBV has extensive outreach to all sections of the community in terms of its savings products.

However, the lending activities of NBV do not reach the microfinance sector. It has 1,200 loan accounts with a minimum loan size of Vt100,000 (\$780) or Vt50,000 (\$390) for school loans, and loans are generally required to be fully secured. NBV commented that it was prepared to consider engaging in microfinance in the future if there were a separate line of credit from government or a donor agency, but it would be necessary for government or other agencies to provide the associated nonfinancial services and possibly loan supervision.

Vanuatu no longer has a development bank. The Development Bank of Vanuatu (DBV) was established in 1983 as the successor to the Development Bank of New Hebrides. It did not provide savings facilities, and with high minimum loan sizes and a requirement that loans be secured or guaranteed by a third party, it did not reach the microfinance sector in its lending activities. Despite these requirements portfolio quality was poor. ADB supported DBV from 1992 to 1997 with loans of around \$5 million to fund its lending activities, as well as providing technical assistance. These loans were the sole source of external funding and underpinned the bank’s lending operations. Lending was suspended in late 1996, and in 1997 the Government decided to dissolve DBV. In 1998 DBV sold its good loans portfolio to NBV and bad loans were transferred to the newly created Asset Management Unit.

***While the private banks have little outreach among low income households, the state commercial bank (NBV) does better, especially with savings***

***Government banks have a history of difficulties. The development bank was dissolved and NBV made its first profit only in 1999***

***VANWODS is the only significant MFI***

The only significant microfinance program in Vanuatu is VANWODS, a replication of the Grameen Bank that is financed by UNDP and implemented through the Department of Women's Affairs. The program has expanded rapidly since commencing in 1997, with 246 members and loans outstanding of Vt2,377,000 (\$18,640) by April 1999 (and 343 members by June 1999). Initial loans are for a maximum of Vt15,000 (\$120) and have a term of 24 weeks. The loan amount increases to a maximum of Vt30,000 (\$240) for the second cycle and Vt45,000 (\$350) for the third cycle, with these loans having a term of 50 weeks. The interest rate is 16 percent per annum flat.

VANWODS offers both compulsory and voluntary savings. Voluntary savings have proved very popular with a balance of Vt804,000 (\$6,300) by April 1999, compared with compulsory savings of Vt773,000 (\$6,060). Savings are deposited in a commercial bank. The on-time monthly repayment rate is 100 percent, and by April 1999 the program had achieved operational self-sufficiency of around 39 percent (although this excludes certain costs met directly by UNDP and the Government).

VANWODS plans to reach self-sufficiency by 2005, with a base of around 3,000 members. The plan is to saturate the area around Vila before moving to other parts of the country. The program is currently operated through the Department of Women's Affairs, but it is intended to establish it as a nongovernment organization (NGO). It focuses on women with lower and low incomes, but does not purport to target the very poor. While current and projected outreach is low by absolute standards, it needs to be considered in the context of the small population and relatively limited demand for microfinance (discussed in Section 2.2).

Data from VCUL indicate that in 1995 there were around 15 active credit unions affiliated with VCUL, with a combined membership of around 2,900. However, it is understood that there are currently only around five or six active credit unions. In addition, there are around 45 inactive credit unions. Most of both the active and inactive credit unions are in the rural areas. However, it is difficult to assess their effectiveness in providing savings and loan services to low income households, as financial and performance statistics are not available from VCUL. There are also two savings and loans cooperative societies.

Busai and Karie (1996) noted that there are a number of community credit schemes, savings clubs, and other schemes run by NGOs operating in the informal sector of the economy. They found that these schemes exist on a very limited scale and tend to collapse very quickly. They noted that there are only a small number of private moneylenders, who charge interest rates of around 10 percent per month and often do not operate for very long.

ADB has commenced a technical assistance study to review rural financial services in Vanuatu and to consider the scope for developing a project. Options include strengthening NBV or VCUL to provide microfinance services, or supporting VANWODS or similar microfinance programs operated by NGOs.

### **Vanuatu's Informal Financial Sector**

The informal financial sector includes:

- one major microfinance program
- around 15 active credit unions
- two savings and loan cooperative societies
- some community credit schemes
- savings clubs
- private moneylenders.

## 2.2 Demand for Microfinance

There has been some discussion as to the nature of demand for microfinance in Vanuatu and the other Pacific island countries (PICs). Liew (1997) has noted that the demand for microfinance in the PICs may differ from other developing countries. As noted in Section I, nearly 75 percent of the economically active population in Vanuatu works in agriculture, forestry, and fishing, largely in subsistence activity. As in other PICs, many rural areas and outer islands have low populations and population densities, are quite remote, and provide limited scope for income-generating activity. This suggests that lack of access to financial services, particularly credit, may not be the major barrier to improving living standards in the rural areas. Liew argues that:

In rural communities and especially among the disadvantaged, the demand for cash is primarily to meet emergencies, for schooling, to meet traditional and religious obligations and for other basic necessities. The demand for cash is rarely for starting a microenterprise or income earning activity (p.3).

The rapid growth experienced by VANWODS suggests that demand for microfinance programs emphasizing credit for income-generating activities may be greatest in and around Vila and possibly some of the larger centers in other parts of the country. In rural areas and on the outer islands, there may be more demand for lower cost models emphasizing savings mobilization and small loans for provident purposes (although, as already noted, it appears that NBV already has extensive outreach in terms of savings products).

***Subsistence farmers need cash for a variety of reasons, but rarely for starting a microenterprise***

### **Demand for Microfinance in PICs**

The conditions for microfinance in Pacific island countries are influenced by the fact that:

- a large percentage of the economically active population works in agriculture, forestry, and fishing — subsistence activities with a significant non-monetized component
- many rural areas and outer islands have low populations and population densities, and are remote
- there is limited cash-income-generating activity.

It should also be noted that there appears to be an unmet demand for finance from ni-Vanuatu operating small and medium enterprises. While this group is not low income and requires loans significantly larger than those provided by microfinance programs and credit unions, it nevertheless finds it very difficult to obtain finance from the commercial banks. This group's lack of access to credit explains the current proposal to establish a credit guarantee scheme for small and medium entrepreneurs and the advent of programs such as the Vanuatu Indigenous Melanesian Business Association (VIMELBA). These initiatives are discussed elsewhere in this study.

Reflecting the above, it should be acknowledged that the potential demand for microfinance is relatively limited. The population of 177,000 equates to perhaps 35,000 households. While a significant proportion of these could be described as low income, it is likely that only a minority have a potential demand for microcredit for income-generating activities. While a larger proportion is likely to have a demand for savings facilities, in many cases these households are already being served by NBV.

## 2.3 Policy and Regulation

***RBV regulates and supervises just four onshore banks and a single finance company***

The commercial banks and the finance company are subject to regulation and supervision by RBV. Until 1999 the operations of the three private commercial banks were covered by the Banking Act, while those of the National Bank of Vanuatu were covered by a separate Act. However, the Financial Institutions Act, 1999 now consolidates regulation and supervision of all four commercial banks under one piece of legislation. It covers only the onshore commercial banks.

Vanuatu also has an active offshore financial center, with around 65 offshore banks. These are regulated by the Financial Services Commission (FSC), and are not permitted to engage in any local business. Along with the onshore banks they have been covered by the Banking Act. However, it is intended to establish separate legislation in 2000 to deal with them.

***Legislation to register and regulate credit unions is very recent***

VCUL is registered as a charitable association with FSC, but until now primary credit unions have not been required to be registered. The Credit Unions Act, 1999 establishes the Financial Services Commissioner as the registrar of credit unions, and primary credit unions are required to be registered. It entitles credit unions to accept deposits from members, and to grant loans to members for productive and provident purposes. The Act also provides formal recognition for VCUL, and sets out its purpose, functions, and powers. The purpose of the League is “to promote and protect the interests of the credit unions and their members.”

Savings and loans cooperative societies are registered with the Department of Cooperatives and Business Development Services under the Cooperative Societies Act. They are permitted to receive deposits from and make loans to members, and also to engage in such transactions with persons who are not members “to such extent and under such conditions as may be prescribed.”

NGOs are registered with FSC under the Charitable Associations (Incorporation) Act, and are permitted to engage in activities for charitable purposes. As defined in the Act:

[C]haritable purposes includes objects of a religious, educational, cultural, scientific or sporting nature or for general social welfare, and any other object the main purpose of which is not financial profit which the Minister declares to be charitable for the purposes of this Act.

In the past, NGOs were, strictly speaking, not permitted to engage in microfinance. Some charitable associations operated small loans schemes, and FSC tended not to intervene so long as savings and loans were covered by the objectives of the association. However, on 22 October 1999 an order was gazetted “to declare non-profit microfinance schemes targeting poor and disadvantaged people to be a charitable purpose.” The order permits nonprofit microfinance schemes to:

- (i) Extend small loans at fair and reasonable rates of interest and fees to cover costs of operations.
- (ii) Receive savings or deposits from clients and deposit these in a bank or invest the funds by on-lending to clients.
- (iii) Utilize any surplus over expenditure solely to cover operational costs (including salaries) and to build up lending capital.

***Prior to October 1999, NGOs were not really permitted to engage in microfinance***

## 3 Role of the Central Bank

### 3.1 Development of the Financial System

As noted previously, the financial system in Vanuatu is relatively simple. The formal financial system consists of four commercial banks providing standard retail banking services, and one finance company. The informal system consists primarily of one microfinance program and a number of credit unions and savings and loans cooperative societies. The economy is not highly monetized, reflecting the largely subsistence nature of production, with an M2/GDP ratio of 25.4 percent in 1998.

The banking system in Vanuatu has reasonable outreach given the small population base and the small size of the domestic economy. As already noted, this reflects the activities of NBV, with the private commercial banks having very limited outreach. ADB (1997, 1998) have noted a number of shortcomings with the banking system. First, commercial bank credit delivery to ni-Vanuatu has been weak. Related to this, there has been little lending to agriculture and other primary industries. In the past, the private commercial banks viewed agriculture as the domain of NBV and the former DBV, but these state-owned banks have also been inactive in lending to this sector. ADB (1997) has suggested that a credit guarantee scheme similar to that in Solomon Islands be considered, so long as borrowers meet all the normal standards of commercial lending apart from bankable security, and commercial banks continue to share part of the risk.

Second, the banking system has become increasingly liquid, as deposits have not been recycled to lending within the domestic economy. Third, while the spread between deposit and lending rates has narrowed slightly in recent years, it remains above eight percentage points. This is said to reflect high unit costs and a perception of high lending risk, but may also reflect the limited competition in domestic financial services in Vanuatu.

### 3.2 The Central Bank in the Financial System

RBV was established in 1980. Its principal objectives are set out in Section 3 of the Reserve Bank of Vanuatu Act. They are:

- (i) To regulate the issue, supply, availability, and international exchange of money.
- (ii) To supervise and regulate banking business and the extension of credit.
- (iii) To advise the Government on banking and monetary matters.
- (iv) To promote monetary stability.

*RBV is primarily concerned with monetary stability, and with prudential regulation and supervision*

#### Characteristics of the Financial System in Vanuatu

- Only the government-owned commercial bank achieves significant outreach.
- Commercial bank credit delivery to indigenous entrepreneurs has been weak.
- There has been little lending to agriculture and other primary industries.
- Liquidity is increasing, as deposits have not been recycled for lending within the domestic economy.
- A spread of more than eight percentage points between deposit and lending rates reflects high unit costs, perceived credit risk, and possibly a lack of competition in the sector.

- (v) To promote a sound financial structure.
- (vi) To foster financial conditions conducive to the orderly and balanced economic development of Vanuatu.

Hence, the objectives relate primarily to monetary stability and prudential regulation and supervision of the banking system. The last objective provides some scope for RBV to take a broader approach to economic development, but it focuses on financial conditions conducive to economic development, rather than development of the financial system in itself. As discussed in Section 4, RBV has avoided financially repressive measures designed to affect the sectoral allocation of financial resources. It has also generally not focused on measures designed to develop the financial system itself.

### 3.3 Independence and Effectiveness of the Central Bank

*RBV's independence appears to depend on political goodwill*

The Reserve Bank of Vanuatu Act does not appear to guarantee the independence of RBV. Most commentators reported that RBV operates relatively independently of government. However, it was suggested that this partly reflects the policy of the current minister of finance, and that the bank has not always operated as independently under previous ministers. One commentator also suggested that the lack of action by RBV with respect to VIMELBA, an unlicensed institution which has started offering savings and loans facilities, may reflect a lack of political independence. However, RBV commented that it was constrained in taking action by the fact that at that stage, the Financial Institutions Act had not passed into law. It is understood that the Prime Minister's Office has now stated, in cooperation with RBV, that VIMELBA does not have a banking license and that those using the services of VIMELBA do so at their own risk.

RBV has a total of 55 staff, including both policy and administrative staff. Some commercial bankers considered that RBV has only limited effectiveness in its operations, and that it relies heavily on short-term external advisors. Others felt that RBV has been improving its capacity for prudential regulation and supervision. All agreed, however, that RBV is stretched in carrying out its existing functions, and that it could not readily undertake significant new functions within its existing institutional capacity and resources.

On the other hand, some other commentators noted that RBV is the strongest economic policy agency in the country. It tends to attract the most capable economics graduates, and has greater capacity for policy advice and analysis with respect to the financial system (and the economy, more broadly) than any other government agency. These commentators suggested that RBV could play a more active role with respect to economic policy advice generally, and that it could take greater policy responsibility for the development of financial systems able to reach low income households.

## 4 Central Bank Support for Microfinance Initiatives

*RBV does not regard micro-finance as a core concern that requires its full attention*

### 4.1 Perceptions of the Central Bank about Microfinance

RBV perceives its core functions as relating to monetary stability, maintaining the clearing system, prudential regulation of the banking system, and foreign exchange management. It does not see its functions as extending to issues relating to microfinance

and the provision of financial services to low income households. It commented that the open economy and small size of RBV means that it has to focus strongly on these core functions, particularly monetary management. It feels that initiatives in support of microfinance should come from the Government and donor agencies, not from RBV.

## 4.2 Developmental Activities

RBV has generally avoided “developmental” activities since its establishment. The only exception appears to be that it managed NBV for a few months after that institution was established in 1989. It has never imposed any priority-sector lending requirements, and while in the early 1980s it attempted to apply moral suasion with respect to the sectoral allocation of lending, it no longer does so. Nor has it undertaken other developmental activities such as extending loans or lines of credit to commercial banks or other institutions to support particular activities; providing credit guarantees or insurance; or offering preferential rediscount rates or facilities. This position is appropriate. Such activities can impact adversely on the balance sheet of the central bank and compromise its other objectives, and are not advisable other than in exceptional circumstances.

The Government is currently developing a proposal for a credit guarantee scheme designed to increase commercial bank lending to small and medium ni-Vanuatu enterprises. It is expected that the scheme will be supported by the Government of the People’s Republic of China. Project proposals would be developed with assistance from the ni-Vanuatu Business Development Centre, and would be submitted to the commercial banks for funding. The banks would apply their normal lending criteria, except that projects would not be precluded simply by lack of collateral. The agency operating the credit guarantee scheme would then guarantee 80 percent of the total principal, with the amount to be guaranteed understood to be in the range Vt100,000 (\$780) to Vt2 million (\$15,680). While the details of the scheme are still being developed, RBV has been very reluctant to participate in either the management or funding of the scheme.

It is appropriate that RBV not be directly involved in any such scheme, to ensure that there is no adverse effect on the balance sheet of RBV and that the full cost of the scheme is reflected transparently in the Government’s accounts. It should also be noted that this scheme would be well beyond the realms of microfinance, focusing on small and medium entrepreneurs rather than low income households.

## 4.3 Technical Support for Microfinance

Technical support for microfinance by central banks can include leadership and coordination, pilot projects to support innovative approaches to microfinance, research,

### Promotional Activities for Microfinance

Technical or “promotional” support for microfinance by central banks can include:

- leadership and coordination
- pilot projects to support innovation
- research
- data collection
- advocacy
- training.

*The central bank has generally avoided developmental activities*

**Despite regarding microfinance as outside its core functions, RBV sits on the board of Vanuatu's major MFI**

data collection, advocacy, and training. Such activities do not involve the commitment of significant financial resources by the central bank.

One such activity that is undertaken by RBV is that it is represented on the board of trustees of VANWODS. However, this board was only established in 1999, and has not been very active to date. RBV has also conducted some research into informal financial systems. In 1996, Michael Busai of RBV and a co-author prepared a paper on informal financial systems in Vanuatu for a conference organized by the ESCAP Pacific Operations Centre (Busai and Karie 1996). RBV also undertakes some broad monitoring of developments with respect to credit unions, cooperatives, and similar financial arrangements.

Nevertheless, RBV stressed that with the exception of its membership on the board of VANWODS, it does not see these activities as supporting microfinance. Rather, it monitors the non-regulated financial system to ensure that such activities do not contravene the banking legislation. It did not rule out providing training for microfinance practitioners, but questioned whether it had a comparative advantage in this area. It considered that donor agencies were likely to have greater specific expertise with respect to microfinance operations.

However, one prominent commentator (a former central bank governor from the region) took a very different view. He argued that central banks in PICs, including Vanuatu, have a duty to actively support financial systems, including ones for low income households. He considered that this would enhance monetary stability by increasing the volume of savings, as well as meeting broader economic and social objectives. He argued that technical support by central banks could include the following activities:

- (i) Leadership and coordination, including assisting in developing a national strategy for microfinance and coordinating donor activities. He commented that central banks tended to be the pre-eminent public institutions in PICs, including Vanuatu, and to attract the leading economists in the country. Hence, he felt that they were better able to play this role than ministries of finance and similar agencies.
- (ii) Monitoring developments with respect to microfinance programs, credit unions, and informal finance, and providing advice where necessary, for instance, through membership of boards of directors. He also felt there was a strong case for the central bank to be the agency responsible for supervising credit unions, as is the case with the Central Bank of Solomon Islands.
- (iii) Facilitating training for microfinance practitioners, commercial bankers, and other people involved in microfinance.

He felt that these tasks would not impose a significant resource burden on the central bank, and that a small unit of around 2–4 staff would be sufficient to undertake these activities.

**There are strong arguments for central banks in the Pacific to support financial facilities for low income households, including microfinance**

On balance, it would appear appropriate for RBV to play a greater role in providing technical support for microfinance than it does at present. RBV should continue to be represented on the board of trustees of VANWODS and should offer technical support where necessary. It would also be appropriate for RBV to monitor developments in the microfinance and informal financial sectors more broadly, including credit unions, and to take a more proactive role in providing leadership and technical support to strengthen these systems. Any such activities would need to be coordinated with assistance provided by donor agencies, and would need to be based on a sound knowledge and understanding of the microfinance sector.

#### **4.4 Technical Support in Other Pacific Island Countries**

Given the limited technical support for microfinance that has been provided by RBV, it is instructive to consider some promotional activities that have been undertaken in

other PICs. It may be appropriate for RBV to consider undertaking similar activities. In Solomon Islands, a Financial Systems Development Unit was set up within the Central Bank of Solomon Islands under the International Fund for Agricultural Development (IFAD) Rural Financial Services Project, which operated from 1991 to 1998. The unit was established to undertake a number of roles:

- (i) To lead and coordinate the development of financial services in rural areas.
- (ii) To take responsibility for the administration of the IFAD loan.
- (iii) To undertake monitoring and evaluation of the project, which was designed to strengthen the credit union movement.

Nevertheless, the 1997 and 1998 supervision reports noted that the unit had not been sufficiently active in reviewing the project, and that there was insufficient communication between the unit and the Solomon Islands Credit Union League.

In Fiji, a National Conference on Microfinance Development was held in October 1998. The Reserve Bank of Fiji played an active role in organising the conference, along with the Ministry of Finance, Ministry of National Planning, and UNDP. There were around 150 participants, with sessions on outreach to the poor and disadvantaged, viability and sustainability, the policy environment, and resource mobilization, as well as presentations by donors. The conference produced an action plan, designed to promote greater awareness of microfinance and set future strategies for microfinance programs and activities in Fiji. The conference contributed to a much greater understanding of microfinance within government, commercial banks, donor agencies, NGOs, and the Reserve Bank itself.

***Examples of constructive central bank support can be found elsewhere in the region***

## 5 Regulation and Supervision of Banks

### 5.1 Licensing and Minimum Capital Requirements

Until 1999 the licensing of new banks was the responsibility of the Minister of Finance, on advice from both FSC and RBV. However, the Financial Institutions Act transfers responsibility to RBV. Applications are to be submitted to RBV, which will determine whether the application meets the criteria established in the Act, and issue a license if it does.

Sections 13 and 14 of the Act set out the criteria for the issue of licenses. The minimum capital requirement for the establishment of a bank is Vt200 million (\$1.568 million) or such higher amount as RBV determines in writing. This amount applies to both subsidiaries and branches. There is also provision to establish a credit institution with paid-up capital of Vt100 million (\$784,000) or such higher amount as determined by RBV. Credit institutions are permitted to offer savings accounts and term deposits, but are not permitted to offer check accounts and are not part of the clearing system.

RBV must be satisfied that it is to the economic advantage of Vanuatu to issue a license. There are also some additional requirements in the case of foreign banks relating to their international reputation and the regulatory and supervisory requirements of their home countries.

The current licensing arrangements seem appropriate. Vanuatu is reasonably well served in terms of retail commercial banking services, and it is important to continue to ensure that only those foreign banks with solid international reputations are permitted to operate.

***Credit institutions can be licensed to offer limited financial services with lower capital requirements***

***Should VANWODS satisfy necessary preconditions, RBV could consider granting it a limited banking license with a low capital requirement***

The lack of access to credit of small and medium ni-Vanuatu entrepreneurs is a significant issue. Experience in some Asian countries such as Indonesia and the Philippines suggests that it is sometimes possible to serve such clients through small local banks. However, there do not appear to be any private local interests with the financial or institutional strength to establish such a bank in Vanuatu. Moreover, the experience of NBV and DBV suggests that it is difficult to reach this group profitably through traditional commercial banking methods. Relaxing the requirements for licensing banks, such as by reducing minimum capital requirements, is therefore unlikely to provide greater access to credit to ni-Vanuatu entrepreneurs and could reduce the stability of the banking system. The current proposal for a credit guarantee scheme may be a more effective way of reaching small and medium ni-Vanuatu entrepreneurs.

Nevertheless, it is possible that VANWODS may wish to establish a small licensed bank with limited banking functions in the future, to enable it to mobilize savings more readily and to use them in its lending program. VANWODS would not be able to establish a licensed bank until it had an independent governance structure and was fully financially self-sufficient, and this is unlikely to be the case for a number of years at least. Nevertheless, at some stage in the future it may be appropriate for RBV to consider the possibility of providing VANWODS with a limited banking license, enabling it to undertake limited banking activities but with a lower minimum capital requirement.

## **5.2 Interest Rates**

RBV has the power to regulate interest rates under Section 34 of the Reserve Bank of Vanuatu Act. However, in practice RBV does not regulate the interest rates or other fees charged by the commercial banks or the other regulated financial institution.

## **5.3 Prudential Regulation and Supervision**

Of the three foreign commercial banks, ANZ and Banque d'Hawaii are established as subsidiaries, whereas Westpac is established as a branch. The new regime for prudential regulation and supervision applies equally to branches and subsidiaries.

Until 1999, the three private commercial banks were subject to the Banking Act, while NBV was subject to its own Act. These Acts did not provide a clear framework for prudential regulation and supervision, and RBV tended to rely on moral suasion. However, the Financial Institutions Act provides a clear legal framework for RBV to regulate and supervise the commercial banks. Section 21 deals with prudential supervision, and requires RBV to have regard to capital adequacy, asset concentration, liquidity, asset quality, internal control and accounting systems, and other matters.

To date RBV has produced policy guidelines on credit risk management, loan classification and provisioning, liquidity, and capital adequacy:

- (i) The credit risk management guideline covers standard credit risk management issues such as approval authorities, portfolio concentration limits, evaluation of credit proposals, credit documentation, credit collection processes, portfolio characteristics, credit rating systems, credit review, internal credit inspection/audit, conflict of interest and confidentiality, and the roles of the board of directors and of management.
- (ii) Banks are required to maintain a loan loss provision not less than 20 percent of the outstanding balance on substandard loans, 50 percent of the outstanding balance on doubtful loans, and 100 percent of the outstanding balance on loss

***The Act provides a clear legal framework for the central bank to regulate and supervise commercial banks***

loans. As per the Basle Accord, the definitions of substandard, doubtful, and loss are based largely on time in arrears, but secured loans are treated more favorably than unsecured loans.

- (iii) Banks are subject to a liquid assets requirement of 15 percent of total liabilities that are invested in Vatu assets in Vanuatu. Assets may be held in the form of notes and coins, balances with RBV (other than statutory reserve deposits as discussed later), Reserve Bank and Treasury notes, and other central government securities.
- (iv) The capital adequacy guideline is based on the Basle Accord, with banks required to maintain a minimum ratio of capital to risk-weighted assets of 8 percent, of which at least 4 percent should be tier-one capital.
- (v) In addition to these guidelines, the banks are also required to hold a statutory reserve deposit of 10 percent. The statutory reserve deposit applies to all demand, time, and savings deposits denominated in Vatu and 50 percent of demand deposits denominated in foreign currency. It is a monetary policy instrument, not a prudential requirement.

RBV does not have any requirements regarding loan security (that is, licensed banks can make unsecured loans if they wish), although unsecured loans are weighted more heavily in the loan provisioning requirements. On the other hand, the policy guideline on credit risk management includes detailed requirements in terms of loan documentation. These requirements would be inappropriate in the case of banks engaging in microfinance activities.

The Banking Supervision Unit consists of five staff. Some commercial bankers considered that RBV has limited capacity for effective prudential regulation and supervision, and that it relies heavily on temporary external advisors. One noted that RBV sometimes changes its policies without first consulting the commercial banks, although this was disputed by RBV. It was also suggested that on at least one occasion in the past RBV did not take action when commercial banks were in breach of its prudential guidelines, although RBV noted that until now prudential regulation and supervision has been undertaken on the basis of moral suasion.

However, RBV felt that while it has insufficient resources, it is improving its capacity for regulation and supervision. This view was supported by two of the commercial bankers interviewed. It has received some technical assistance from the Australian Prudential Regulation Authority, and is moving to a system of risk-based supervision. It should also be noted that prudential regulation and supervision is most critical in the case of NBV, as the other three commercial banks are subject to rigorous regulation and supervision in their home countries.

## 6 Regulation and Supervision of Nonbank MFIs

### 6.1 Interest Rate Regulation

Under Section 34(6) of the Reserve Bank of Vanuatu Act, RBV may apply interest regulations to “any person having as a principal or incidental object of his business the extension of credit.” However, such regulations have not been applied, and RBV officials considered it unlikely that any such regulations would be applied to microfinance programs in the future.

***Guidelines for prudential regulation and supervision reflect international standards of good practice***

***RBV requirements for loan documentation and provisioning of unsecured loans could prove inappropriate for microfinancing***

***RBV has power to regulate interest rates but has not done so. It does not expect the issue to arise in relation to microfinance***

***The central bank considers that membership-based organizations accepting savings from members only are not undertaking banking business***

The Credit Unions Act does not specify the interest rates that credit unions can charge. VCUL has specified that the interest rate on loans is 1 percent per month, but this is expected to be reviewed. In the case of cooperative societies, the Cooperative Societies Act and the regulations made pursuant to the Act do not prescribe interest rates on loans. However, lending terms and conditions are required to be provided for in the by-laws of each society, and are subject to approval by the registrar. Moreover, societies are not permitted to pay a dividend if the rate of interest charged on loans to members exceeds 12 percent per annum.

## **6.2 Regulation of Savings Mobilization**

Section 7 of the Financial Institutions Act provides that no banking business shall be carried on in Vanuatu except by a licensed financial institution. Banking business is defined to cover a number of activities, including:

- (i) Accepting deposits of money from members of the public that are withdrawable, or payable upon demand, after a fixed period or after notice, and using such deposits for loans or investments.
- (ii) Advertising for or soliciting deposits of money and using such deposits for making loans or investments.

Hence, in general, mobilizing savings is only banking business when it involves accepting deposits from members of the public. RBV considered that membership-based organizations that accept savings from members only are not undertaking banking business, and therefore are not in breach of the Act. However, it considered that where such organizations advertise for new members to join and place their savings with them, they could fall within the definition of banking business. This is the case with VIMELBA, which has started offering savings facilities and loans to members and has been advertising its services extensively.

Some other institutions that are not regulated by RBV are permitted to mobilize savings. Section 28 of the Credit Unions Act provides that a member may deposit money with a credit union in a share account, a savings account, or both. Section 31 of the Cooperative Societies Act provides that a registered society may accept deposits from members, and may also accept deposits "... from persons who are not members only to such extent and under such conditions as may be prescribed."

As noted previously, an order was gazetted in October 1999 to enable NGOs to engage in microfinance. The order permits NGOs to mobilize savings or deposits from clients, so long as they are deposited in a bank or on-lent to clients.

## **6.3 Standards for Credit Unions**

***Since October 1999 NGOs may mobilize savings from clients as long as they are deposited in a bank or on-lent to clients***

The Financial Institutions Act provides for prudential regulation and supervision of some categories of microfinance institutions (MFIs) in certain circumstances. In particular, Section 5(3) provides that the Minister may, by order in writing and on the advice of RBV, apply the provisions of the Act to a credit union or cooperative society which has deposits or loans of at least Vt10 million (\$78,420). However, it is understood that at present the largest credit union only has assets of around Vt6 million (\$47,050).

RBV recommended that the Credit Unions Act be drafted, and at one stage it was suggested that it should assume responsibility for the supervision of credit unions under the Act, as is the case in Solomon Islands. However, it is understood that the governor was reluctant to take on this responsibility, and that it was passed to FSC instead.

The Credit Unions Act does not provide detailed prudential guidelines for credit unions. The major provisions of this nature are as follows:

- (i) The total amount of loans made by a credit union may not exceed 75 percent of the value of share capital.
- (ii) Each credit union must establish a reserve fund to meet costs associated with bad loans, dissolution of the credit union, and withdrawal of members. In the case of credit unions with assets of less than Vt10 million (\$78,420), the Act envisages that the reserve fund equal 15 percent of the value of assets.
- (iii) The accounts of each credit union must be audited within three months of the end of the financial year. If the credit union has assets of less than Vt10 million (\$78,420), the audit can be undertaken by VCUL. Otherwise, it must be undertaken by an independent auditor approved by the registrar.

The Act also specifies that the functions of VCUL include supervising the day-to-day activities of credit unions, assisting credit unions in the proper conduct of their business, and exercising general supervision and guidance in relation to credit unions. However, the Act does not establish reporting requirements for individual credit unions or VCUL, and does not establish a division of responsibilities between FSC and VCUL. The financial services commissioner noted that arrangements for the prudential supervision of credit unions have not yet been developed. He intends to meet with VCUL to develop an appropriate framework.

It should be noted that VCUL currently requires individual credit unions to provide monthly returns on their operations. However, it has proved extremely difficult to enforce this requirement, and most credit unions do not provide regular reports. Moreover, it is difficult to verify the reports, and they are generally incomplete in some important details. For instance, no data on loan quality (such as arrears ageing reports) are available. This makes it impossible to assess the financial performance of individual credit unions or of the credit union movement as a whole. It remains to be seen how the new Act will affect this situation.

It does, however, appear unfortunate that responsibility for administering the Credit Unions Act is vested in FSC rather than RBV. RBV is the major agency responsible for monitoring financial institutions, and has greater expertise in this area than FSC. RBV would appear better placed to develop appropriate financial management and reporting systems for credit unions, and to provide or coordinate training for credit unions and VCUL staff in implementing these systems.

It should be stressed that this would not involve formal prudential regulation and supervision of primary credit unions. Given the remote location of many credit unions, it would be impossible to do this in a cost-effective manner. Hence, RBV would not be in a position to and should not be expected to vouch for the soundness of the primary credit unions. Nevertheless, RBV would appear to be the institution that is best placed to supervise the activities of VCUL, and to provide general institutional and policy support to the credit union movement.

***Larger credit unions and cooperatives can be brought under the provisions of the Financial Institutions Act***

***There are no arrangements yet for prudential supervision of credit unions***

***The central bank is best placed to supervise the Vanuatu Credit Union League***

## **6.4 Standards for Other MFIs**

At present, the only significant microfinance program in Vanuatu is VANWODS. VANWODS is not subject to prudential regulation or supervision. However, VANWODS produces a regular monthly operations update providing monthly and cumulative data on outreach, portfolio quality, staffing, expenditures, operating efficiency ratios, and members' businesses. These data are provided to the Department of Women's Affairs which operates the project, and to UNDP which is the funding agency. UNDP has a microfinance technical advisor who monitors the project closely. It should also be noted that members' savings are deposited in a bank account and are not reinvested in the project.

***There is not enough experience yet to establish performance and reporting standards for microfinance in Vanuatu***

It is likely that any other microfinance programs set up in the future will also be established with support from, and subject to monitoring by, a donor agency. At this stage, there is insufficient experience to establish general performance and reporting standards for microfinance programs operating in Vanuatu, let alone formal prudential regulation and supervision.

Nevertheless, in the future it may be necessary to consider these issues, especially if VANWODS is established as an NGO and develops to the stage where it no longer requires ongoing support from UNDP. In this event, it would be appropriate for RBV to work with UNDP and other stakeholders to develop performance and reporting standards for VANWODS and any other microfinance programs in operation at that time, and to establish appropriate monitoring arrangements. RBV is well placed to monitor these issues through its membership of the board of trustees of VANWODS.

## 7 Conclusions and Recommendations

### 7.1 Conclusions

This study has examined the current and possible future roles of the Reserve Bank of Vanuatu (RBV) with respect to microfinance. RBV does not see its functions as extending to issues relating to microfinance and the provision of financial services to low income households. It has avoided “developmental” activities, such as priority sector lending requirements and the provision of loans or lines of credit to support microfinance activities. It is appropriate that it continue not to undertake such activities.

In terms of technical support, RBV is represented on the board of trustees of the Vanuatu Women’s Development Scheme (VANWODS), the only significant microfinance program in the country. It has also conducted some research into informal financial systems and undertakes some broad monitoring of developments with respect to credit unions, cooperatives, and similar financial arrangements. As the premier economic and financial policy agency in the country, there is a case that RBV should undertake some additional activities to provide leadership and technical support to microfinance. Nevertheless, such activities would be modest and would not require any significant increase in resources.

The commercial banks and the finance company that are licensed by RBV do not engage in microfinance, and lend very little to small and medium ni-Vanuatu entrepreneurs. However, relaxing the licensing requirements would be unlikely to provide greater access to credit to ni-Vanuatu entrepreneurs and could reduce the stability of the banking system. It is possible that VANWODS may wish to establish a small licensed bank with limited banking functions in the future, but this is unlikely to be the case for a number of years at least. It appears that RBV is improving its capacity for prudential regulation and supervision of the commercial banks.

Under the Financial Institutions Act, banking business includes accepting deposits from members of the public, and advertising for or soliciting deposits. Membership-based organizations that accept savings from members fall outside the jurisdiction of RBV, but are governed by other laws relating to credit unions, cooperative societies, and charitable associations. The Act provides scope for RBV to supervise credit unions or cooperative societies with deposits or loans of at least Vt10 million (\$78,420), but there are currently no credit unions or cooperative societies that meet these conditions.

***RBV doesn’t see microfinance as its real business but it takes an interest in VANWODS***

At one stage it was suggested that RBV should assume responsibility for the supervision of credit unions under the Credit Unions Act, but this responsibility was vested in the Financial Services Commission (FSC) instead. This is unfortunate. RBV is the major agency responsible for monitoring financial institutions. While prudential supervision of primary credit unions would not be feasible, RBV would appear to be the best placed institution to supervise the activities of the Vanuatu Credit Union League (VCUL) and to provide general institutional and policy support to the credit union movement.

There is currently insufficient experience to establish general performance and reporting standards for microfinance programs operating in Vanuatu, let alone formal prudential regulation and supervision. However, it may be appropriate for RBV to work with other stakeholders to develop performance and reporting standards for VANWODS and any other microfinance programs in operation in the future, if and when VANWODS is no longer a project of the United Nations Development Programme (UNDP) and the microfinance sector is more developed.

***It is unfortunate that the Financial Services Commission, rather than RBV, supervises VCUL***

## 7.2 Recommendations

### **(1) The central bank should not conduct developmental activities in support of microfinance.**

RBV should not undertake “developmental” activities to support microfinance such as imposing priority sector lending requirements, or extending loans or lines of credit to support microfinance.

### **(2) RBV should avoid direct involvement in credit guarantee schemes for microfinance.**

RBV should not be directly involved in the proposed credit guarantee scheme designed to increase commercial bank lending to small and medium ni-Vanuatu entrepreneurs.

### **(3) A proactive or “promotional” role in support of microfinance is appropriate for RBV.**

RBV should continue to be represented on the board of trustees of VANWODS and offer technical support where necessary.

More generally, RBV should continue to monitor developments in microfinance, the credit union movement, and informal financial systems, and take a more proactive role in providing leadership and technical support to strengthen these systems. For instance, possible activities could include establishing a small unit to coordinate microfinance policy issues, and organising a national conference on microfinance.

***A “promotional” role is appropriate for RBV***

### **(4) At an appropriate time RBV should consider granting a limited banking license to VANWODS.**

While VANWODS is not in a position to provide banking services at this stage, it may be appropriate at some stage in the future for RBV to consider providing it with a limited banking license, with a lower minimum capital requirement.

### **(5) The central bank should not regulate interest rates.**

RBV should not regulate the interest rates charged by commercial banks, credit institutions, microfinance programs, credit unions, or savings and loans cooperatives.

### **(6) RBV should allow only licensed financial institutions to accept deposits.**

RBV should enforce the requirement that only licensed financial institutions can accept deposits from the general public or advertise for deposits.

**(7) It is appropriate for RBV to take a closer interest in the credit unions.**

The Government should consider establishing the governor of RBV as the registrar of credit unions. This would not require RBV to undertake prudential supervision of primary credit unions, but would enable it to supervise the activities of VCUL and to provide general institutional and policy support to the credit union movement.

**(8) Any prudential supervision or standard setting for MFIs is premature at present.**

It would not be appropriate at this stage for RBV to establish prudential supervision or even performance and reporting standards for microfinance institutions (MFIs) other than credit unions.

## References

- ADB. 1997. *Vanuatu: Economic Performance, Policy and Reform Issues*. Pacific Studies Series. Manila: Asian Development Bank.
- ADB. 1998. Vanuatu: Situation Review of Rural and Microfinance (by Rauno Zander). Draft. TA No.5744-REG, Office of Pacific Operations. Asian Development Bank, Manila.
- ADB. 2000. *Finance for the Poor: Microfinance Development Strategy*. Manila: Asian Development Bank.
- Belloni, Serge. 1996. Paper presented at Workshop on Informal Financial Systems, Noumea, New Caledonia, 10–13 June.
- Busai, Michael and Sam Karie. 1996. Country Paper: Vanuatu. Paper presented at the Workshop on Informal Financial Systems, Noumea, New Caledonia, 10–13 June.
- Cabradilla-Eugenio, Ofelia. 1998. A Review of Vanuatu Laws and Regulations Affecting Microfinance Institutions. Draft. UNDP/UNOPS Pacific Sustainable Microfinance and Livelihoods through Empowerment Program (SMILE). United Nations Development Programme, Suva.
- Government of the Republic of Vanuatu. 1999. *The 1999 Half-Year Economic and Fiscal Update*. Vila: Government of the Republic of Vanuatu.
- Liew, Jeff. 1997. Observations on Microcredit Schemes in the Pacific: Making Microcredit More People-Centred. Pacific Regional Equitable and Sustainable Human Development Programme (ESHDP) Working Paper. United Nations Development Programme, Suva.
- McGuire, Paul B. 1996. *Microfinance in the Pacific Island Countries*. Study prepared for the Regional Workshop on Microfinance for the Poor in the Asia-Pacific (BankPoor '96), Kuala Lumpur, 10–12 December. Published by The Foundation for Development Cooperation, Brisbane, 1997.
- Reserve Bank of Vanuatu. 1999. *Quarterly Economic Review* 14 (1), March.

## Appendix: Persons Consulted

Ala, Mr. Julian	Financial Services Commissioner
Andeng, Mr. Jimmy	Director, Department of Strategic Management, Office of the Prime Minister

---

Antas, Mr. Sumbue	A/Director General, Ministry of Finance and Economic Management
Athy, Mr. Simeon	A/Director, Research Department, Reserve Bank of Vanuatu
Bitossi, Mr. Glenn	Manager Vanuatu, Westpac Banking Corporation
Bule, Mr. Reid	Secretary, Vanuatu Indigenous Melanesian Business Association
Busai, Mr. Michael	Senior Research Officer, Reserve Bank of Vanuatu
Cullwick, Ms. Leias	Operations Manager, Vanuatu Indigenous Melanesian Business Association
Fawcett, Ms. Kelly	Manager Lending, Westpac Banking Corporation
Green, Mr. Glenn	Manager Credit and Finance, National Bank of Vanuatu
Kalpoi, Mr. Charlie	Director, Vanuatu Indigenous Melanesian Business Association
Kausiama, Mr. Andrew	Governor, Reserve Bank of Vanuatu
Kick, Dr. Charles	Regional Adviser, Pacific Operations Centre, United Nations Economic and Social Commission for Asia and the Pacific
Kim, Mr. Cheolghee Michael	Project Specialist, Asian Development Bank
Macfarlane, Ms. Margaret	Senior Program Officer, Australian Agency for International Development
Marasigan, Ms. Marjorie	United Nations Volunteer, Vanuatu Women's Development Scheme
McArthur, Mr. Ken	Managing Director, National Bank of Vanuatu
McMillan, Mr. John	Deputy General Manager, Banque d'Hawaii
Oldham, Mr. Neville	Senior Relationship Manager, ANZ Bank
Ruller, Ms. Sandra	Canadian University Service Overseas Volunteer, Vanuatu Credit Union League
Saksak, Mr. Noa	Managing Director, Vanuatu Credit Union League
Seresere, Ms. Eileen	Department of Women's Affairs
Shem, Mr. Nelson	Banking Supervision Unit, Reserve Bank of Vanuatu
Simon, Mr. Horie	Assistant Registrar of Cooperatives
Siwatibau, Mr. Savenaca	Head, Pacific Operations Centre, United Nations Economic and Social Commission for Asia and the Pacific
Stubbs, Mr. Jeffrey	Regional Representative, Asian Development Bank
Tari, Mr. Peter	Head, Banking Supervision Unit, Reserve Bank of Vanuatu
Tevi, Mr. Odo	Economist, Ministry of Finance and Economic Management
Toa, Mr. James	Sectoral Policy Manager, Ministry of Finance and Economic Development
Vatucawaqa, Ms. Anaseini	Senior Project Officer, Asian Development Bank
Walle, Mr. Ferdie Van de	General Adviser, Reserve Bank of Vanuatu
Whiteman, Ms. Judy	Managing Director, ANZ Bank