



Urban Sector Assessment

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Vanuatu: Country Partnership Strategy (2010-2014)

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VANUATU COUNTRY PARTNERSHIP STRATEGY 2010-2014 URBAN SECTOR NOTE

1. The purpose of this urban sector note is to describe key issues and challenges facing Vanuatu in the urban sector, the Government's response to these challenges and how ADB proposes to work with Government and the other stakeholders to address these challenges in the period 2009-2013. This roadmap was developed through consultation and advisory involvement with the various ministries and stakeholders.

A. Sector Situation and Key Issues

2. Urban centers in Vanuatu are a relatively new phenomenon introduced under colonial rule, and are small by international standards. Over the past 50 years, urban centers have become the focus of finance and commerce, manufacturing and processing, transportation and marketing and are the center of government and the civil service. Consequently, the majority of formal sector jobs, in both the private and public sectors, are located in Vanuatu's urban centers.

3. Port Vila and Luganville are the 2 main urban centers in Vanuatu with estimated populations of approximately 42,000 and 15,000 respectively and are the main centers of economic growth and development in Vanuatu.¹ Port Vila and Luganville are managed by municipal councils. Vanuatu's third municipal town, Lenakel on the island of Tanna, was established in July 2008. Vanuatu's urban population represents approximately 24% of the National population. Urban growth in Vanuatu is higher than the overall national population growth rate as a result of in-migration from the rural areas and is currently estimated at approximately 4% per annum. By the year 2020, Vanuatu's urban population is projected to be approximately 89,000 (or 27% of the National population).

4. Approximately 30% to 40% of Port Vila's population currently lives in temporary dwellings in various informal squatter and peri-urban settlements. Squatter and informal settlements started to develop in and around Port Vila in the early 1960s, as the limited available land within the municipal boundary forced increasing numbers of migrants from other islands to move into the town's peri-urban areas.

5. Informal settlements in Port Vila have grown substantially in number and size since first developing in the 1960s. A study of urban migration and informal settlements conducted in 2000 noted that "The dramatic increase in urban growth has led to overcrowding, poor housing conditions, high rents, poor sanitation and rapid development of squatter and informal settlements", and further observed that "the number and size of squatter or informal settlements has burgeoned in the last decade... [and that] the most notable feature of Port Vila is the speed at which informal settlements are growing". There is evidence that this trend is continuing. Based on current growth rates, the population of informal settlements in the peri-urban areas around Port Vila and Luganville could reach 19,000 by 2010.

6. Under Vanuatu's Constitution, all land within Vanuatu "belongs to the indigenous custom owners and their descendants". The Constitution further stipulates that "only indigenous citizens of the Republic of Vanuatu who have acquired their land in accordance with a recognized system of land tenure shall have perpetual ownership of their land". The Land Reform Regulations of 1980 (effective 30 July 1980) were established to support the land ownership provisions of the Constitution and all privately-owned and freehold land prior to Independence reverted to customary ownership. The Land Reform Regulations also

¹ The population estimates for Port Vila and Luganville are based on 1999 Census data and an urban population growth rate of 4% per annum as reported in *The 1999 National Population and Census Main Report* published by the National Statistics Office in December 2000. The next Census is scheduled to be conducted on 16 November 2009.

provided for land designated as state lands prior to independence to be vested "in the Government and be public land and be held by it for the benefit of the Republic of Vanuatu." Leasing of customary lands for private use is governed under the Land Lease Act (1985) and allows for the establishment of leases for periods of up to 75 years.

7. Today, about 90% of land in Vanuatu is owned under customary title with the balance owned by the government and a small portion by the private sector. All land within the municipal boundary of Port Vila and Luganville is public land owned by the Government.

8. A strategic planning framework was proposed in the 1992 Draft Physical Plan and the 1997 ADB-funded Port Vila Urban Growth Management Strategy (UGMS). The UGMS emphasized the need for an integrated growth management strategy for Port Vila to coordinate the physical planning process and to establish an institutional and legislative framework to better manage infrastructure development. The UGMS included a sanitation master plan to address the critical issue of pollution of Port Vila harbor and lagoon by unmanaged domestic and commercial sanitation systems. While the Government supported the proposal at the time, there has been no significant action to implement either the UGMS or the Sanitation Plan.

9. Port Vila has clearly outgrown its original urban boundaries, is unable to contain an expanding population, cater for additional commercial development, or provide the urban infrastructure services required. The municipality has a spatial and zoning plan developed more than 20 years ago, but no urban growth strategy. The results of poor planning in Port Vila area are illustrated by the poor design of the sanitation and drainage system, increasing degradation of the environment, lack of plans for solid waste collection and disposal, and lack of road maintenance, particularly to the informal settlements.

10. Poor design and management of basic infrastructure services increases gender inequity in time and opportunities for women's employment, as women are more likely to bear the primary responsibility for housework. It can also cause various health problems in particular for women and children, which increases women's care burden and further restraining women's income earning opportunities. The rapid growth of urban squatter settlements with large numbers of young and unemployed population has potential risk of growing domestic violence against women.

11. The urban development of Port Vila has been ad hoc and there is an urgent need for the preparation and endorsement of: (i) a long-term development plan for Port Vila, and creation of institutional arrangements to improve planning coordination; (ii) preparation and adoption, and ultimately enforcement of planning regulations, including a National building code and a National Sanitation policy, and the development of an integrated drainage and sanitation master plan for Port Vila.

B. Government's Sector Policy and Planning Framework

12. Government's development vision, priorities, and strategies are articulated in the Priorities and Action Agenda 2005 – 2016 (PAA). The PAA notes that "*reliable and competitively priced economic infrastructure and utilities are essential services needed to support national development*". While there is no specific Government policy regarding urban planning and development, the Government's 2 highest policy priorities as articulated in the draft *Planning Long, Acting Short: The Government's Planning Priorities 2009 - 2012* are (i) Equitable and sustainable development of land while ensuring the heritage of future generations; and (ii) reliable and accessible infrastructure services, have a direct bearing on the urban sector.

C. Government's Institutional Arrangements and Capacity in the Sector

13. The legal framework for urban planning and for the development and delivery of urban services in Vanuatu include: The *Constitution of the Republic of Vanuatu* (1980); the *Land Reform Act* (1980); the *Land Leases Act* (1984); the *Land Acquisition Act* (1994); the *Electricity Supply Act* (1972); *Port Vila Electrical Supply Act* (1941); the *Port Vila Harbor (Prohibited Area) Act* (1952); the *Water Supply Act* (1955); the *Water Supply Apparatus Act* (1975); the *Water Resources Management Act* (2002); the *Physical Planning Act* (1986); the *Foreshore Development Act* (1976); the *Municipalities Act* (1980); the *Strata Titles Act* (2001); and the *Telecommunications Act* (1989).

14. The Physical Planning Unit (PPU) within the Department of Local Authorities (DLA), under the auspices of the Ministry of Internal Affairs (MIA) was established in response to the Physical Planning Act (1986). The PPU provides development planning guidance and advice to province-based planning officers and the municipal councils, and is responsible for creating physical planning areas (PPA) for each province and city to delineate planning control boundaries. However, the PPU has no power to implement plans or to enforce design standards. Furthermore, while the Physical Planning Act also provides for the formulation of planning policies none have been prepared and the PPU has no regulatory power to ensure compliance with its advice.

15. Although the PPU can devise plans and advise other stakeholders, the decision to implement plans ultimately lies with politicians in the municipal or provincial government councils and consequently a number of plans may have not been implemented for reasons of political expediency.

16. Planning within the PPA of Port Vila and Luganville is carried out by the Port Vila Municipal Council and the Luganville Municipal Council respectively. The Councils' physical planning offices prepare assessments of development applications (DA), drawing advice from a range of relevant government departments. DAs are then passed for final assessment to Town Planning Committees, which are made up of councilors, and which can seek technical input when necessary.

17. The Shefa Planning Office is responsible for planning within Shefa Province including the peri-urban areas of Port Vila located outside of the Port Vila municipal boundary. The Shefa Planning Office is guided by the Shefa Physical Planning Committee, comprised of Shefa Councilors. While the Physical Planning Act provides for the declaration of PPAs, and a new PPA is planned, to date none has been formally approved for Shefa.

18. In general, the capacity of the National, provincial, and municipal planning agencies to prepare and implement spatial plans is limited and coordination between the planning agencies and other key stakeholders poor. The result has been ad hoc urban development and a reactive approach to urban infrastructure development.

19. The quality, reliability and delivery mechanisms of urban services within Vanuatu vary widely. Water supply and electricity services to Port Vila and its peri-urban areas are provided under long-term concession agreements between the Government and UNELCO Suez Ltd. UNELCO also supplies electricity to residents of Port Vila and Luganville. The cost of water and electricity supplied by UNELCO is relatively high by Pacific standards, however the services are reliable and safe. Water supplies in Luganville and Lenakel are provided by the Public Works Department (within the Ministry of Infrastructure and Public Utilities).

20. The responsibility for the provision of sanitation services lies with the provincial and municipal governments. However, in practice, treatment and disposal of wastewater is left to individual households and businesses due to the absence of sewerage systems and

supporting sanitation policies. Septic tanks are the most common form of on-site wastewater treatment facilities within the formal areas of Port Vila and Luganville while pit toilets are the most common sanitation facilities in the informal settlement areas. In general, sanitation facilities are poorly designed and maintained. Water quality monitoring data indicates high levels of fecal contamination of groundwater, urban streams and the coastal foreshore which can be attributed to the poor sanitation practices.

21. The Public Works Department (PWD) is responsible for the development and maintenance of road and drainage systems throughout Vanuatu. Road maintenance expenditures have historically been less than 10% of the total amount required. At present, about 60% of road maintenance is undertaken by private firms under contract, with the remainder carried out by PWD. Expenditure on the development and maintenance of drainage systems is almost non-existent. The limited drainage infrastructure not only creates a flood hazard, particularly to the residents of low-lying areas (including several densely populated informal settlements) but also is a major cause for the failure of road pavements.

D. ADB Sector Experience

22. ADB has provided support to urban development in Vanuatu through Loan No. 1448-VAN: Urban Infrastructure Project (\$10 million equivalent), approved in June 1996 and closed January 2003. Two technical assistance grants, TA 2596-VAN: Urban growth Management Strategy for Port Vila (\$600,000) and TA 2597-VAN: Sanitation Master Plan for Port Vila (\$360,000), were attached to Loan No. 1448-VAN.

23. Through Loan No. 1448-VAN, 51km of urban roads within Port Vila and Luganville were rehabilitated, the Luganville water supply system upgraded, and the Port Vila wharf rehabilitated and extended. While the Loan 1448-VAN did not deliver all of the intended outputs (partially due to strengthening of the US dollar against the Vatu and SDR) and implementation was delayed by 1 year, it was rated successful.

24. The goal of TA 2596-VAN was to assist the Government formulate an urban growth management strategy for Port Vila. The TA was rated "less than successful" as the key output from the TA, the Urban Growth Management Plan was not adopted by the Government nor was a draft Building Code that was prepared under the TA enacted into law. However, Environmental Management Act and Conservation Act and the Water Resources Management Act were prepared under the TA and approved by Parliament in 2002. Political instability in Vanuatu during the implementation of the TA and an overly ambitious TA scope are considered key reasons why the TA was less than successful.

25. The objectives of the TA 2597-VAN were to prepare a sanitation master plan for the systematic development of a sanitation system to meet Port Vila's requirements for 20 years and to design an investment project, to be financed under Loan 1448-VAN, to implement the initial phase of the master plan. The sanitation master plan was completed in 2002 and was regarded highly by key stakeholders including the Port Vila Municipal Council and the Government's Environmental Unit (Ministry of Agriculture, Forestry and Fisheries). However, the investment project prepared under the TA did not come into fruition due to limited availability of funds under Loan No. 1448-VAN.

E. Role of Other Development Partners in the Sector

26. Assistance provided by other Development partners is shown below. Due to the fragmented nature of planning and management responsibilities amongst the various Government ministries, there has been no comprehensive assistance provided to the sector by Development Partners other than the assistance provided by ADB through Loan No. 1448-VAN and its associated TAs. The following table outlines donor partner activities that are contributing to the development of the Sector.

Funding Agency	Sector	Project Description	Value
AusAID	Land management	Land Program	A\$1 million
JICA	Solid Waste	Bouffa Landfill Rehabilitation Project	Unknown
NZAID	Water / Health	Water and health Program	Unknown
UNDP	Community Development	Achievement of Millennium Development Goals (MDG) in Vanuatu	US\$20,000

F. ADB's Strategy

27. ADB will support the Government's development policy objectives as articulated in the Priorities and Action Agenda 2005 – 2016 (PAA) and the draft *Planning Long, Acting Short: The Government's Planning Priorities 2009 – 2012* to facilitate equitable and sustainable development of land and delivery of reliable and accessible infrastructure services to Vanuatu's urban areas by 2014. Strategies to achieve these objectives include improving urban planning and provision of improved drainage and sanitation infrastructure and services within Port Vila and its peri-urban areas. Strategies will also incorporate gender concerns among urban residents, especially those living in poor informal and squatter settlements, in order to reduce gender inequity in time and opportunity and risks of violence against women.

28. Specific target assistance may include: (i) preparation of an integrated spatial (physical) and services master plan for Port Vila; (ii) refinement of draft legislation for urban planning for approval by the Parliament; (iii) development or updating of the Building Code for approval by the Government; (iv) preparation of a National Sanitation Policy; (v) preparation of a prioritized and costed integrated storm water drainage and sanitation master plan including identification of a suitable institutional framework and mechanisms for sustainable operations and maintenance of Port Vila's drainage and sanitation systems; (vi) institutional strengthening and capacity development for sustainable drainage and sanitation planning and management; and provision of high priority drainage and sanitation infrastructure identified in the integrated storm water drainage and sanitation master plan.

G. Expected Outputs and Performance Indicators

29. Through the proposed project and TA, ADB will assist Government in implementing standard monitoring and reporting practices, including progress and completion reports covering project implementation; costs and benefits; road maintenance budgets and activities; and implementation of policy initiatives, regulations, and legal reforms. Specific performance indicators will include:

- (a) Preparation and promulgation of long-term urban spatial and zoning plans for Port Vila by June 2011.
- (b) Implementation of institutional arrangements to facilitate efficient and effective urban planning and management by December 2013.
- (c) Preparation and promulgation of an integrated drainage and sanitation master plan and prioritized and costed investment roadmap for Port Vila by June 2011.
- (d) Mechanisms for funding and delivery of drainage operations and maintenance and provision of sanitation services within Port Vila and its surrounds are implemented by December 2013
- (e) The Building Code and regulations are updated and promulgated by December 2012.