

## SECTOR ASSESSMENT (SUMMARY): WATER AND OTHER URBAN INFRASTRUCTURE AND SERVICES<sup>1</sup>

### A. Sector Road Map

#### 1. Sector Performance, Problems, and Opportunities

1. Vanuatu ranks first globally as the economy most exposed to natural hazards based on vulnerability, and is highly exposed to geophysical hazards including volcanic eruptions and earthquakes.<sup>2</sup> Vanuatu is not classified as a fragile and conflict-affected situation; however, as a small island developing state, it has many of the characteristics associated with fragile states, including weak governance and low capacity, geographic isolation, high cost of doing business, frequent government changes, and vulnerability to climate change and disaster-related shocks.<sup>3</sup>

2. The impact of disasters in Vanuatu can be significant. Tropical Cyclone Pam in 2015 caused total losses of about \$450 million, equivalent to 64% of the country's gross domestic product.<sup>4</sup> A key issue identified at the time was a lack of purpose-built emergency shelters. Another challenge was the need to repair and reopen marketplaces in Port Vila for the sale of handicrafts, food, and vegetables (footnote 4). In 2020, Vanuatu has experienced significant socioeconomic impacts because of the coronavirus disease (COVID-19); related border closures; and the passage of Tropical Cyclone Harold, which hit the island of Espiritu Santo. COVID-19 is exacerbating the challenges women face in all spheres, including in employment, and the incidence and severity of gender-based violence. Vanuatu has been in a state of emergency since 26 March 2020 and, despite being virus free, the border closures have affected tourism, disaster recovery, and trade.<sup>5</sup>

3. Strategies and assessments identify that most of Greater Port Vila is at risk from earthquakes and destructive winds. At the 100-year mean return period, about 85% of the buildings and population are exposed to moderate levels, and 15% to high levels, of potential risk of earthquakes and winds.<sup>6</sup> Rapid urban population growth in Greater Port Vila, caused primarily by internal migration from the outer islands, has exacerbated this risk as people have settled in hazard-prone peri-urban areas. This rapid urbanization has increased pressures on the already poorly planned infrastructure and services and led to greater inequality. Furthermore, Vanuatu does not have a national policy on urban development that links urban priorities with the National Sustainable Development Plan 2016–2030 (Vanuatu 2030)<sup>7</sup> and the Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030.<sup>8</sup>

4. The core problem in Greater Port Vila (GPV) is the lack of integrated, resilient urban

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<sup>1</sup> This summary is based on the sector assessment prepared for the proposed project and the Greater Port Vila Resilient Urban Development Strategy and Action Plan.

<sup>2</sup> Bündnis Entwicklung Hilft and Ruhr University Bochum – Institute for International Law of Peace and Armed Conflict. 2019. *The WorldRiskReport 2019*. Berlin.

<sup>3</sup> ADB's 2018 Country Performance Assessment rated Vanuatu 3.19 while ADB's harmonized list of fragile and conflict-affected situation for its 2019 operations rated it 3.28—marginally above the cut-off rating (3.2). (ADB. 2019. *Annual Report on the 2018 Country Performance Assessment Exercise*. Manila; and ADB. Governance Issues: Fragile and Conflict-Affected Situations. <https://www.adb.org/sectors/governance/issues/fragile-situations>.)

<sup>4</sup> Government of Vanuatu. 2015. *Post Disaster Needs Assessment Report*. Port Vila.

<sup>5</sup> Ministry of Health daily update <https://covid19.gov.vu>.

<sup>6</sup> Beca International Consultants Ltd, GNS Science, and the National Institute of Water and Atmospheric Research. 2016. *Urban Risk Management Strategy: Risk Mapping and Planning for Urban Preparedness*. Port Vila.

<sup>7</sup> Government of Vanuatu, Department of Strategic Policy, Planning and Aid Coordination. 2016. *Vanuatu 2030: People's Plan. National Sustainable Development Plan 2016–2030*. Port Vila.

<sup>8</sup> Government of the Republic of Vanuatu. 2015. *Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030*. Port Vila.

planning, infrastructure, and services. This relates directly to poor urban service delivery, limited resilient urban planning and management capacity at the national level, a weak urban legal framework, lack of funds for investment in and operation and maintenance (O&M) of assets, and limited financial capacity of Port Vila Municipal Council (PVMC). The core problem effects whether GPV feels safe and can sustain economic activities.

5. **Poor service delivery.** Poor urban service delivery is driven by several factors, including consumers' unwillingness to pay for services, PVMC's capacity constraints, limited sharing of information with consumers about the potential impact of disasters on service delivery, and limited integration of informal settlements. The project supports the government in building local partnerships through emergency preparedness plans and public awareness campaigns (output 2).

6. **Limited resilient urban planning and management capacity.** Capacity for resilient urban planning and management is hampered by factors including limited cross-sector coordination among line ministries, fragmented roles and responsibilities, limited application of urban and spatial planning tools, weak regulatory enforcement, and limited capacity for resilient construction and design supervision. The project supports the Department of Urban Affairs and Planning in (i) building capacity in planning and development control, including through the use of spatial tools (output 1); and (ii) improving cross-sector coordination through existing and new ad hoc project implementation mechanisms (output 1).

7. **Weak resilient urban legal framework.** The urban legal framework is weak because it lacks a national urban policy or framework to bridge the gap with Vanuatu 2030, the urban regulatory framework is unclear, zoning plans and building codes are out of date, attention to safety is lacking, and there is limited application of urban risk in development. The Asian Development Bank (ADB) supported the Ministry of Internal Affairs (MOIA) in the preparation of the Greater Port Vila Resilient Urban Development Strategy and Action Plan (GPV RUDSAP),<sup>9</sup> updating of the Greater Port Vila zoning and development control plan, and development of a geographic information system platform for hazard risk and exposure maps that informed both documents.<sup>10</sup> Strengthening the regulatory framework through institutional and policy development activities is crucial (output 1).

8. **Lack of funds for investment and operation and maintenance.** Lack of funds for resilient investments and O&M of assets is driven by the lack of a capital investment framework for Greater Port Vila, limited government budget, ad hoc private sector participation, reliance on external funding sources for investments, and poor construction quality. Internal revenue is insufficient to finance infrastructure construction and maintenance for basic services. The GPV RUDSAP includes a capital investment plan that prioritizes resilient infrastructure investments to 2030, including multipurpose emergency shelters. Traditional evacuation centers are often temporary shelters in churches, schools, and community halls that are not designed to withstand strong winds; are not accessible for longer periods; do not have sufficient water, toilets, or cooking facilities; and may not meet the needs and priorities of men and women (output 3). The Asset Management Strategy will be implemented as part of the project (output 4).

9. **Limited financial capacity of Port Vila Municipal Council.** PVMC's limited financial capacity constrains its resourcing and financing ability. PVMC operates on corporate principles and prepares 3-year corporate plans and annual business plans. It does not receive any national budget

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<sup>9</sup> Government of Vanuatu, Ministry of Internal Affairs. 2020. *Greater Port Vila Resilient Urban Development Strategy and Action Plan*. Port Vila.

<sup>10</sup> The maps built on previous maps developed by the government and the World Bank.

transfer, relying instead on revenue to finance its expenditure on urban infrastructure improvements and O&M. Property taxes provide about 59% of its income and the present valuation roll dates to 2003. PVMC will explore potential revenue streams, including a review of its valuation base in consultation with Ministry of Land and Natural Resources (output 1).

10. The project is aligned with operational priority 4 of ADB’s Strategy 2030; the Pacific Approach 2016–2020; and the Pacific Urban Update, 2020.<sup>11</sup> It also contributes to Strategy 2030 operational priorities 1, 2, 3, 4, and 6.

## 2. Government’s Sector Strategy

11. The government’s strategy for driving resilient development is outlined in Vanuatu 2030 (footnote 7) and the Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030 (footnote 8). Resilient development includes “activities that enable and strengthen capacities to absorb and quickly bounce back from climate and/or disaster shocks and stresses” (footnote 8).

12. Vanuatu 2030 sets out the vision; pillars (society, environment, and economy); goals; and objectives of the government’s policy. It recognizes that infrastructure is key to achieving development goals and that it must be of high quality and capable of being staffed, operated, and maintained sustainably given the country’s capacity constraints. The Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) in the Prime Minister’s Office monitors and guides infrastructure project development, following national objectives.

13. Resilient development, the strategic goal of the Vanuatu Climate and Disaster Risk Reduction Policy 2016–2030, drives planning, decision-making, programming, and project delivery across government and its partners, and is aligned with the Vanuatu 2030 (footnote 7). The document adopts the Sendai Framework for Disaster Risk Reduction, 2015–2030 and follows Vanuatu’s National Adaptation Programme for Action.<sup>12</sup> The policy sets out a framework through which risks can be identified and managed through actions and legislation. It outlines proposals for integrating and mainstreaming national climate change and disaster risk reduction directives, setting up monitoring and evaluation systems, and involving communities. The policy seeks to strengthen capacity and applies to all government agencies and nongovernment stakeholders.

14. Joint governance of climate change and disaster risk reduction occurs through the National Disaster Management Committee and the National Disaster Management Office, the National Advisory Board on Climate Change and Disaster Risk Management, and the Climate Change and Disaster Risk Reduction Project Management Unit within the Vanuatu Meteorology and Geo-Hazards Department. The Disaster Risk Management Act No. 23, 2019 sets out special powers as enacted by state-of-emergency declarations.

15. Several pieces of legislation underpin the formal land use planning and land development system in Vanuatu and Greater Port Vila (Table 1). In addition, the informal system established under customary land ownership and land allocation influences the development of the GPV area.

**Table 1: Formal Land Use Planning and Development Legislation**

Legislation	Description
Physical Planning Act No. 22 of March 1987,	The primary legislation for land use planning in Vanuatu, which sets out the legal controls for the development of land in Vanuatu. Section 1 of the act describes 23 classes of

<sup>11</sup> ADB. 2016. *Pacific Approach, 2016–2020*. Manila; and ADB. 2020. *Pacific Urban Update*. Manila.

<sup>12</sup> United Nations. 2015. [Sendai Framework for Disaster Risk Reduction 2015–2030](#). Sendai; and Government of Vanuatu, National Advisory Committee for Climate Change. 2007. [National Adaptation Program for Action](#). Port Vila.

Legislation	Description
consolidated in 2006 (CAP. 193)	development; sections 2 and 3 require a council to prepare a plan for an area that has been declared a physical planning area.
Municipalities Act No. 5 (1980, Consolidated 2015)	The act establishes the legality of the urban areas of municipalities and their municipal councils; and indicates municipalities' ability to provide a range of services and to create bylaws for ensuring good governance, health, and welfare of residents.
Decentralization Act (No. 1 1984, Consolidated 2018) (CAP. 230)	The act is the basis for local councils and regions; and provides for the making of bylaws, rules, and regulations. Local area councils are required to promote good governance, health, and welfare of their population.
Land Leases Act No. 4 (1983, Consolidated 1988, and 2013)	Regulation and control of the government or public land leases, primarily within municipal boundaries. <i>Kastom</i> (traditional or customary) land can also be leased but would then be subject to planning controls and regulation.
Vanuatu Land Use Planning and Zoning Policy <sup>a</sup>	The policy guides land use planning. With a key focus on " <i>Kastom</i> , Equity and Sustainable Development," it seeks to achieve the vision set out in the Priority Action Agenda of "an educated, healthy, wealthy Vanuatu;" and follows the Land Sector Framework 2009–2018, which adopted the vision of "a Prosperous, Equitable and Sustainable Land Sector for Vanuatu."
Greater Port Vila's Zoning and Development Control Plan (draft) <sup>b</sup>	The plan identifies a set of zones for the Greater Port Vila Planning Area and uses definitions that are adopted from the Physical Planning Act. It is informed by the hazard risk and exposure maps for Greater Port Vila, the Greater Port Vila Resilient Urban Development Strategy and Action Plan, the urban risk management strategy prepared for Vanuatu's Meteorology and Geo-Hazards Department, and a climate and disaster risk assessment prepared for Greater Port Vila. <sup>c</sup>
Building Code Act No. 36 of 2013 <sup>d</sup>	The act provides the basis for obtaining a building permit, as well as the enforcement and penalty procedures. The Ministry of Internal Affairs administers the act and the MIPU maintains and operationalizes the act with assistance from the Public Works Department. The MIPU is the approval authority for government and public buildings and projects, and the Municipal Council for other buildings (houses and businesses).

CAP = chapter, MIPU = Ministry of Infrastructure and Public Utilities.

<sup>a</sup> Vanuatu Council of Ministers. 2013. *Vanuatu National Land Use Planning Policy*. Decision 105/2013, 8 August 2013.

<sup>b</sup> Prepared by Port Vila Municipal Council, Shefa Provincial Government Council and Department of Lands (final draft document, June 2019, including the updated section 7 on Hazard Risk Assessment).

<sup>c</sup> Government of Vanuatu. 2015. *Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030*. Port Vila; Beca International Consultants Ltd, GNS Science, and National Institute of Water and Atmospheric Research. 2016. *Urban Risk Management Strategy: Risk Mapping and Planning for Urban Preparedness*. Port Vila; and ADB. 2019. *Disaster Risk Assessment/Climate Risk and Vulnerability Assessment for Port Vila Integrated Urban Improvements Project*. Consultant's report. Manila.

<sup>d</sup> The 1990 National Building Code (NBC) of Vanuatu and the Home Building Manual of Vanuatu were developed. The NBC was updated in 2000 with current standards and sanitation amendments and enacted in 2013 as the Building Code Act No. 36 of 2013 (Gazetted as Order No. 110 of 2017).

Source: Asian Development Bank.

16. The GPV RUDSAP, approved in 2020, is aligned with Vanuatu 2030 and the Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030. It incorporates recommendations from the Vanuatu National Sanitation and Hygiene Policy;<sup>13</sup> and the COVID-19 Preparedness and Response Plan.<sup>14</sup> It integrates Port Vila's urban spatial planning and infrastructure needs with its socioeconomic goals and resilience objectives. The GPV RUDSAP puts in place the institutions and capacity needed to guide urban planning, development, and control; and improve coordination. In addition, it includes an outline investment framework with 67 interventions, of which 30 are prioritized across seven broad areas totaling \$25 million.<sup>15</sup> Central to achieving the GPV RUDSAP

<sup>13</sup> Government of Vanuatu, Ministry of Health. *Vanuatu National Sanitation and Hygiene Policy*. Port Vila.

<sup>14</sup> Government of Vanuatu, Ministry of Health; and World Health Organization. 2020. *COVID-19 Preparedness and Response Plan*. Port Vila.

<sup>15</sup> These areas include sanitation and wastewater infrastructure, area and ward action plans, multipurpose evacuation shelters, drainage and flood protection, roads and drains, developing Port Vila as a national economic hub, and other miscellaneous investments.

vision is the impact COVID-19 will have on urban resilience and economic growth in GPV.

## B. Major Development Partners: Strategic Foci and Key Activities

17. Table 2 outlines the major development partners' assistance pertaining to the sector and project. During project preparation, ADB consulted with several development partners.

**Table 2: Major Development Partners**

Development Partner	Project Name	Duration	Amount (million)
<b>Water and Other Urban Infrastructure and Services</b>			
SOPAC	National Integrated Water Resource Management (Vanuatu)	2007	–
MFAT	Vanuatu National Water Policy 2008–2018	2008	–
AusAID	Land Sector Framework 2009–2018	2009	–
AusAID	Vanuatu Land Program Design Document	2009	–
UNICEF	Vanuatu National Sanitation and Hygiene	–	–
FAO	Vanuatu National Water Policy 2017–2030	–	–
AusAID	Vanuatu Urbanization Issues Port Vila and Luganville	2011	–
ADB/DFAT/GEF	Port Vila Urban Development Project	2012–2017	US\$39.00
AusAID	Public Health Act Review	2013	–
MFAT	Vanuatu Strategic Tourism Action Plan 2014–2018	2014	–
PRIF	Vanuatu Infrastructure Strategic Investment Plan 2015–2024	2015	–
UN Habitat	Participatory Slums Upgrading Project	2014	US\$17.00 <sup>a</sup>
MFAT	Vanuatu Infrastructure Tourism Project	2015–2019	US\$16.00
World Bank	Vanuatu Infrastructure Reconstruction and Improvement Project	2016–2022	US\$50.00
MFAT	High and Medium Correctional Facility Luganville	2017	NZ\$2.60
MFAT	Port Vila Seafront and Portside Precinct Redevelopment	2017	NZ\$12.00
AusAID/ADB	Tourism a Driver of Growth in the Pacific	2018	–
PRIF	Guidance Document: Regional diagnostic study of constraints in the application of building codes in the Pacific	2019	–
PRIF	Sanitation Options for Pacific Island Countries: Vanuatu and Republic of Marshall Islands. Main Report	2019	–
ADB	Project Readiness Finance for Luganville Urban Water Supply and Sanitation Project	2019	US\$5.00
World Bank	Affordable and Resilient Urban Settlement Program	2021	–
<b>Public Sector Management</b>			
MFAT	Joint Commitment for Development of Vanuatu	2011–2015	–
LGNZ/MFAT	The Local Government Technical Assistance Facility for Pacific Island countries	2012	–
EU	Good Governance and Development Contract Vanuatu	2013–2017	€12.00
DFAT	UN Women's National Committee – Markets for Changes	2014–2019	US\$17.00 <sup>a</sup>
DFAT	Strengthening Ni-Vanuatu Resilience – National Recovery and Economic Strengthening Programme Plan	2015–2019	US\$35.00
DFAT	Skills for Economic Growth Phase IV	2016–2020	AU\$16.40
DFAT	Governance for Growth	2017–2021	US\$20.00
EU	Vanuatu Value Chain (VaVaC)	2018–2023	€20.00
<b>Climate Change and Disaster Risk Management</b>			
SOPAC	Disaster Risk Reduction and Disaster Management: National Action Plan 2006–2016	2006	–
UNDP	National Adaptation Program for Action	2007	–
SOPAC	Reducing the Risk of Disaster and Climate Variability in the Pacific: Vanuatu Assessment	2009	–
World Bank	Mainstreaming Disaster Risk Reduction – Urban Risk Mapping and Growth Trends	2012–2017	US\$2.73
SPC	Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030	2015	–
MFAT	Cyclone Pam Recovery	2015–2018	NZ\$5.50
ADB	Vanuatu Cyclone Pam Disaster Response Project (Asia Pacific Disaster Response Fund)	2015–2016	US\$1.00
ADB	Cyclone Pam School Rehabilitation Project	2016–2020	US\$5.00

<b>Development Partner</b>	<b>Project Name</b>	<b>Duration</b>	<b>Amount (million)</b>
ADB	Cyclone Pam Road Reconstruction Project (Efate Ring Road)	2016–2019	US\$23.56
ADB	Cyclone Pam Road Reconstruction project—Supplementary	2017–2019	US\$8.40
SPREP	Vanuatu National Environment Policy and Implementation Plan	2017	–
World Bank	Disaster Risk Management Development	2018	US\$10.00
ADB	Tropical Cyclone Harold Emergency Response Project (Asia Pacific Disaster Response Fund)	2020	US\$1.00
WHO	COVID-19 Preparedness and Response Plan	2020	–

– = not available or unknown, ADB = Asian Development Bank, AusAID = Australian Aid, DFAT = Department of Foreign Affairs and Trade (Australia), EU = European Union, FAO = Food and Agriculture Organization of the United Nations, GEF = Global Environment Facility, JICA = Japan International Cooperation Agency, LGNZ = Local Government New Zealand, MCC = Millennium Challenge Corporation, MFAT = Ministry of Foreign Affairs and Trade (New Zealand), PRIF = Pacific Region Infrastructure Facility, SOPAC = South Pacific Applied Geoscience Commission, SPC = South Pacific Community, SPREP = Secretariat of the Pacific Regional Environment Programme, UNDP = United National Development Programme, UNICEF = United Nations Children’s Fund, WHO = World Health Organization.

<sup>a</sup> Part of the financing was allocated.

Source: Asian Development Bank.

### **C. Institutional Arrangements and Processes for Development Coordination**

18. The Prime Minister’s Office is responsible for medium- and long-term national development plans. The DSPPAC in the Prime Minister’s Office is responsible for monitoring and guiding infrastructure project development, following national objectives in Vanuatu 2030, and for coordinating development partners and development assistance. The MOIA will coordinate with the DSPPAC around GPV RUDSAP implementation (output 1) and build stronger partnerships among development partners involved in the urban sector in Greater Port Vila (Table 2).

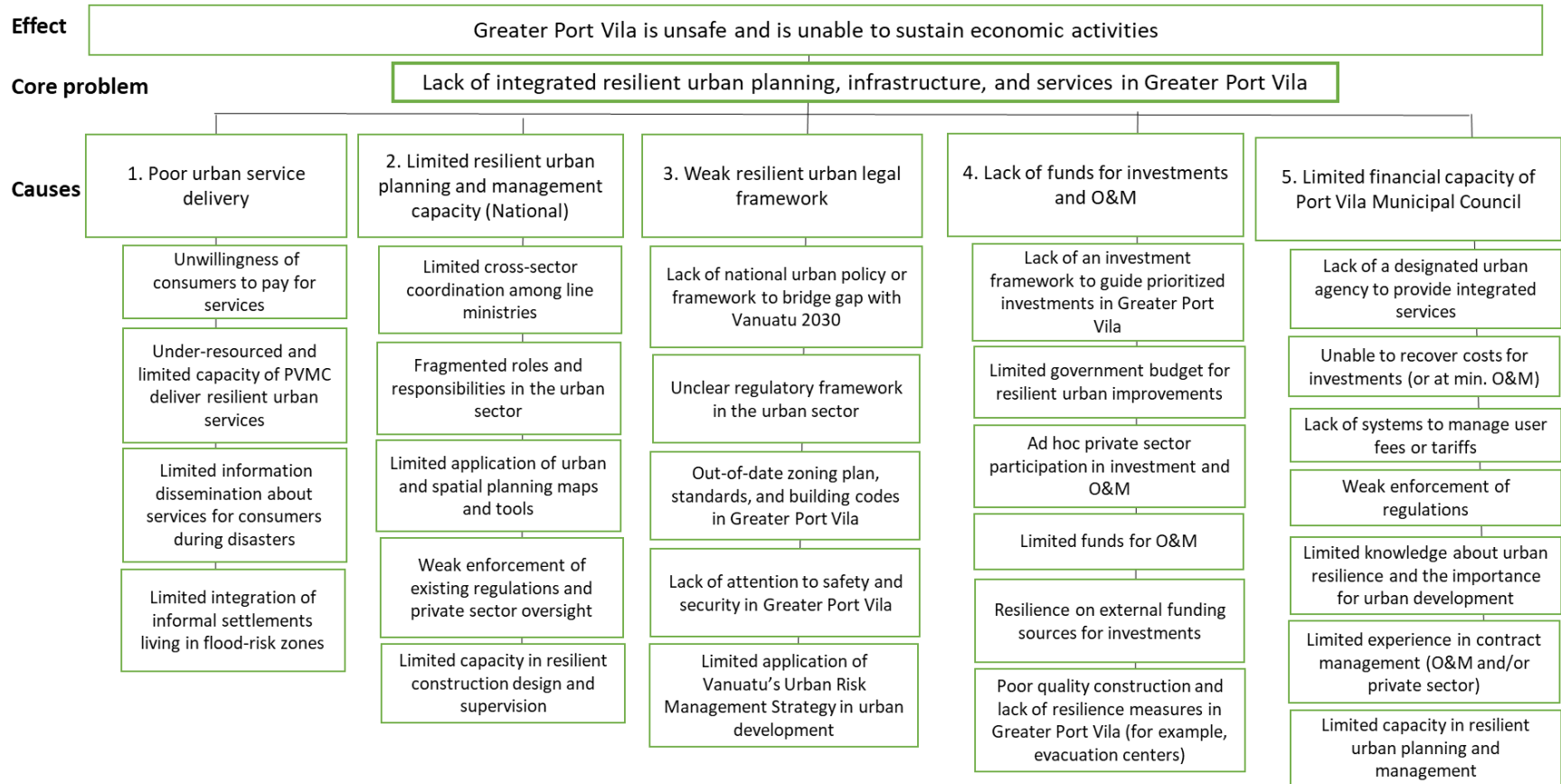
### **D. ADB Experience and Assistance Program**

19. ADB’s cumulative lending, grant, and technical assistance commitments total \$218.0 million across 99 projects since 1981 (loans: \$96.8 million, grants: \$95.9 million, and technical assistance: \$25.3 million). Cumulative loan and grant disbursements from regular ADB operations in Vanuatu support three sectors—transport, energy, and water and other urban infrastructure and services.<sup>16</sup> In the 1980s, ADB assisted the government in stabilizing its finances, developing agriculture and ports, and providing vocational training. ADB’s recent support includes the Vanuatu Interisland Shipping Support Project for improving maritime infrastructure in Port Vila and the outer islands, approved in 2011 and cofinanced by New Zealand’s Ministry of Foreign Affairs and Trade; the Port Vila Urban Development Project, approved in 2012 and cofinanced by Australia’s Department of Foreign Affairs and Trade; the Vanuatu Energy Access Project, approved in 2017; and the Luganville Urban Water Supply and Sanitation Project (Project Readiness Financing), approved in 2019.

20. ADB’s support for post-disaster response and recovery includes two \$1 million grants from the Asia Pacific Disaster Response Fund for emergency relief after tropical cyclones Pam (2015) and Harold (2020). Recovery after Tropical Cyclone Pam was supported through two projects to rehabilitate secondary schools in Tafea and rehabilitate and reconstruct the Efate ring road. With the dual threat of COVID-19 and tropical cyclones, ADB’s urban development and water sector investments will integrate disaster risk reduction and climate change adaptation measures focusing on three phases: post-disaster response, recovery, and new normal. The focus will be on long-term sector sustainability through improved utility performance and municipal strengthening and reform.

<sup>16</sup> ADB. 2020. *ADB Member Factsheet: Vanuatu*. Manila.

## Problem Tree for Water and Other Urban Infrastructure and Services in Greater Port Vila



Min. = minimum, O&M = operation and maintenance, PVMC = Port Vila Municipal Council.  
Source: Asian Development Bank.