Vanuatu is an archipelago with a population of 300,000 people spread across 84 volcanic islands in the West Pacific. The collapse of tourism has made Vanuatu’s economic growth increasingly dependent on passport sales, public infrastructure spending, private sector construction activities, and aid flows. Rural populations are engaged in subsistence farming and limited production of copra, beef, cocoa, tuna, and kava for export.

Trade and travel disruptions associated with the coronavirus disease (COVID-19) pandemic have affected Vanuatu’s supply chains—compounding cost challenges related to the country’s distance from markets and import dependence. The intermittent closing of borders since March 2020 has led to a collapse of the tourism market, with associated socioeconomic costs.

The Asian Development Bank (ADB) has supported Vanuatu since 1981 to build physical and economic resilience, upgrade transport and energy assets, improve urban infrastructure and health systems, and improve the performance of state-owned enterprises. Ongoing assistance is supporting the country to address immediate needs linked to COVID-19, while ADB longer-term support aims to strengthen institutions to improve infrastructure and service delivery.

To date, ADB has committed 97 public sector loans, grants, and technical assistance totaling $204.4 million to Vanuatu. Cumulative loan and grant disbursements to Vanuatu amount to $111.3 million. These were financed by concessional ordinary capital resources, the Asian Development Fund, and other special funds. ADB’s ongoing sovereign portfolio in Vanuatu includes 4 loans and 10 grants worth $94.1 million.¹

¹ Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.
In 2021, ADB committed a $5 million project readiness facility to finance due diligence on future maritime and aviation sector investments.

Phase 3 of ADB’s Pacific Disaster Resilience Program will provide a $5 million contingent disaster financing grant for early recovery and reconstruction activities following a disaster. The Greater Port Vila Urban Resilience Project will improve urban resilience through capacity building, institutional strengthening, and the construction of three multipurpose emergency shelters.

A $21.1 million project is expanding access to electricity on the islands of Espiritu Santo and Malekula. Hydropower will replace costly diesel generation, and power grid extensions will improve livelihood opportunities for rural populations.

The $29.3 million project to support interisland shipping is contributing to infrastructure investments and subsidizing the expansion of shipping services to remote destinations.

In addition, ADB provided a $19 million in a loan and two grants to strengthen children’s immunization programs and fund the rollout of COVID-19 vaccines.

Operational challenges. Natural disasters and climatic events in Vanuatu risk diverting resources away from development and toward reconstruction. Ranked the most vulnerable country in the world to disasters triggered by natural hazards and the effects of climate change, Vanuatu continues to rehabilitate infrastructure damaged by the 2020 category five Cyclone Harold that damaged crops and produced cascading effects on employment and the economy.

Further, Vanuatu’s small population and remoteness raises the cost of providing public services and infrastructure while limiting economies of scale. The small population also leads to capacity gaps in the public and private sectors.

ADB’s approach in Vanuatu emphasizes consultative and flexible programming, long-term engagement, and the importance of capacity development. To support reforms implementation and capacity building, ADB will continue to provide technical assistance and coordinate with other development partners.

**KNOWLEDGE WORK**

ADB has supported the Vanuatu National Statistics Office to strengthen governance and enhance its capacity to produce economic information. Vanuatu continues to face capacity constraints and knowledge gaps in relation to private sector development. Phase four of the Pacific Private Sector Development Initiative (PSDI) is working with the Vanuatu National Provident Fund to improve operations, financial sustainability, investment management capability, and provision of long-term domestic finance. In 2021, PSDI published a regional tourism assessment and tourism snapshots for all 14 Pacific developing member countries and launched Leadership Matters: Benchmarking Women’s Business Leadership in the Pacific, which collects and analyzes women’s business leadership data.
FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in Vanuatu:
- Sovereign cofinancing: $65.8 million for 5 investment projects and $3.46 million for 6 technical assistance projects since 1992

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/offices/pacific/cofinancing#vanuatu.

FUTURE DIRECTIONS

ADB’s assistance to Vanuatu will continue to support ongoing investments to improve transport connectivity, energy access, and urban development. Additional financing is required for the Interisland Shipping Support Project, and ADB intends to support better water supply, sanitation, and solid waste management through the Luganville Urban Water Supply and Sanitation Project. An urban backyard gardening project with microenterprise development initiatives will help prevent vulnerable women from experiencing further marginalization from the prolonged impacts of COVID-19. A performance-based grant will support finance sector reform with a focus on strengthening anti-money laundering and counter-terrorism financing protections. Technical support through ADB’s country and regional programs will continue to provide flexible and responsive assistance to meet Vanuatu’s development goals in support of a more sustainable growth trajectory.
ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed $22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $12.9 billion.

As of 31 December 2021, ADB’s cumulative commitments in 45 countries stood at $342 billion covering 4,061 loans, $11.7 billion in 521 grants, and $5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB’s own funds in 2021 amounted to $1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized $1.7 billion of long-term project cofinancing and $5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- $12.93 billion for 187 projects, of which:
  - $12.38 billion, 75 investment projects,
  - $134.67 million, 110 technical assistance projects,
  - $422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- $140.43 billion for 3,165 projects, of which:
  - $136.6 billion, 1,098 investment projects,
  - $2.8 billion, 2,061 technical assistance projects,
  - $1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2021

Goods, Works, and Related Services
ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations:

- $22.93 billion in 2020
- $15.6 billion in 2021
- $232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services
ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $730.78 million in 2020
- $697.03 million in 2021
- $14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT VANUATU AND ADB

Shareholding and Voting Power
Number of shares held: 708 (0.007% of total shares)
Votes: 39,822 (0.299% of total membership, 0.46% of total regional membership)
*Overall capital subscription: $9.91 million
*Paid-in capital subscription: $6.49 million

*United States dollar figures are valued at rate as of 31 December 2021.

ADB Governor: Johnny Koanapo Rasou MP
ADB Alternate Governor: Letlet August
ADB Director: Kisun Bang (Republic of Korea)
ADB Alternate Director: Yu-Peng (James) Tseng (Taipei, China)

CONTACTS

Pacific Liaison Coordination Office
Established: 2005
Regional Director: Lotte Schou-Zibell
45 Clarence St, Level 20
Sydney 2000, NSW, Australia
Tel: +61 2 8270 9444
Fax: +61 2 8270 9445
adbplco@adb.org
www.adb.org/offices/pacific/main

Vanuatu Pacific Country Office
Established: 2018
Level 5, Reserve Bank Building
Rue Emile Mercet
P. O. Box 246
Level 5, Reserve Bank Building
Rue Emile Mercet
Level 5, Reserve Bank Building
Rue Emile Mercet
Port Vila, Vanuatu
Tel +678 20300
www.adb.org/countries/vanuatu
www.facebook.com/adpbacific
www.twitter.com/ADB_Pacific
www.twitter.com/ADB_Pacific

ADB Headquarters
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel: +63 2 8636 2444
Fax: +63 2 8636 2444
www.adb.org

Ministry of Finance and Economic Management
Private Mail Bag 9058
Port Vila, Vanuatu
Tel: +678 23032

Useful ADB websites
Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated.
(ii) “$” refers to United States dollars.
(iii) Data are updated as of 31 December 2021 unless otherwise indicated.