Community transmission of the coronavirus disease (COVID-19) and related containment restrictions constrained economic activity in Vanuatu in 2022. After travel restrictions were eased in July 2022, international travel resumed from the main tourism source markets of Australia, New Caledonia, and New Zealand.

Vanuatu became a member of the Asian Development Bank (ADB) in 1981. To date, ADB has committed 98 public sector loans, grants, and technical assistance totaling $210.3 million to Vanuatu. Cumulative loan and grant disbursements to Vanuatu amount to $128.25 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 3 loans and 8 grants worth $70 million.

In 2022, ADB approved a $5.25-million grant for the COVID-19 Response for Affected Poor and Vulnerable Groups in the Pacific with a focus on food security and income-generating support delivered to poor and vulnerable women, and multidisciplinary responses to gender-based violence. ADB provided further $3-million grant for the Greater Port Vila Urban Resilience Project for capacity building, institutional strengthening, and the construction of two multipurpose emergency shelters.

ADB’s Pacific Disaster Resilience Program (Phase 3) disbursed a $5-million budget support grant to Vanuatu in recognition of the fiscal challenges posed by the pandemic. Pre-implementation activities such as design works progressed for the Luganville Urban Water Supply and Sanitation Project. Consulting contracts were signed under the $5-million Transport Sector Project Readiness Preparatory Financing, and ADB commenced feasibility studies for a maritime investment scheduled for 2024.

Vanuatu: 2022 Commitments ($ million)*

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Sovereign</th>
<th>Nonsovereign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>8.24</td>
<td>–</td>
<td>8.24</td>
</tr>
<tr>
<td>Technical Assistance†</td>
<td>5.03</td>
<td>0.26</td>
<td>5.29</td>
</tr>
<tr>
<td>Total</td>
<td>13.27</td>
<td>0.26</td>
<td>13.53</td>
</tr>
</tbody>
</table>

† = nil, DMC = developing member country, TA = technical assistance.

Notes:
Commitment is the financing approved by ADB’s Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB.
Grants and TA include ADB-administered cofinancing.
Numbers may not sum precisely because of rounding.

Vanuatu: Cumulative Commitments**, †, h, c, d

<table>
<thead>
<tr>
<th>Sector</th>
<th>No.</th>
<th>Total Amount ($ million)*</th>
<th>% of Total Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Natural Resources, and Rural Development</td>
<td>8</td>
<td>2.12</td>
<td>0.73</td>
</tr>
<tr>
<td>Education</td>
<td>4</td>
<td>8.22</td>
<td>2.82</td>
</tr>
<tr>
<td>Energy</td>
<td>6</td>
<td>19.56</td>
<td>6.70</td>
</tr>
<tr>
<td>Finance</td>
<td>13</td>
<td>15.53</td>
<td>5.32</td>
</tr>
<tr>
<td>Health</td>
<td>9</td>
<td>20.48</td>
<td>7.02</td>
</tr>
<tr>
<td>Industry and Trade</td>
<td>2</td>
<td>0.85</td>
<td>0.29</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>–</td>
<td>0.27</td>
<td>0.09</td>
</tr>
<tr>
<td>Multisector</td>
<td>5</td>
<td>6.53</td>
<td>2.24</td>
</tr>
<tr>
<td>Public Sector Management</td>
<td>28</td>
<td>56.73</td>
<td>19.44</td>
</tr>
<tr>
<td>Transport</td>
<td>28</td>
<td>131.39</td>
<td>45.03</td>
</tr>
<tr>
<td>Water and Other Urban Infrastructure and Services</td>
<td>9</td>
<td>30.11</td>
<td>10.32</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>291.78</td>
<td>100.00</td>
</tr>
</tbody>
</table>

† = nil, DMC = developing member country, TA = technical assistance.
** Includes loans, grants, and TA.
†† Using primary sector in the reporting of commitments.
‡ From 2020, financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.
§ Numbers may not sum precisely because of rounding.

ADB supports Vanuatu’s recovery from the impacts of the COVID-19 pandemic through investments in physical and social infrastructure, disaster relief financing, and public sector management reforms.
ADB and its counterparts achieved significant physical progress on projects in 2022. The Brenwe hydropower plant and the transmission grid extensions under the Energy Access Project will be commissioned by mid-2023, and remediation works on the Lenakel and Litlitz wharves were completed in 2022. The System Strengthening for Effective Coverage of New Vaccines in the Pacific Project continued to roll out new vaccines and build capacity in the health sector.

ADB delivered record grant contributions to Vanuatu in 2021, approving two grants to address the combined effects of Cyclone Harold and the COVID-19 pandemic in 2021 and 2022. A $1-million grant from the Asia Pacific Disaster Response Fund assisted Tropical Cyclone Harold recovery efforts, while a separate $1.5-million grant from the same fund supported COVID-19 Emergency Response. ADB also provided $16.9 million to alleviate the socioeconomic impacts of the pandemic while enhancing the government’s fiscal space in delivering its socioeconomic stimulus programs.

Operational challenges. In 2021, Vanuatu was ranked as the world’s most vulnerable country to disasters triggered by natural hazards. Its vulnerability stems from limited institutional and economic capacity to cope with the impacts of disasters and climate change. Policy continuity and project implementation are key challenging issues. At the same time, Vanuatu suffers from inadequate transport infrastructure, high transport costs, and irregular transport services. With a small domestic market, narrow economic base, and low economic diversification, creating an environment that fosters inclusive and environmentally sustainable growth will remain a challenge. Furthermore, COVID-19–related border closures imposed significant delays and led to cost overruns across the ADB project portfolio, highlighting Vanuatu’s dependence on international contractors. As confidence returns in the international travel market, domestic businesses have reported that staff retention problems are constraining their operations.

KNOWLEDGE WORK

Vanuatu continues to face capacity constraints and knowledge gaps that affect public and private sector performance, social and environmental safeguards, and gender equality. ADB is supporting the Vanuatu National Statistics Office in strengthening governance and enhancing capacity to produce economic data to inform evidence-based decision-making. The ADB–supported Pacific Region Infrastructure Facility undertook a study titled Enhancing Procurement Practice and Local Content in Pacific Infrastructure, which explores opportunities in infrastructure procurement in the Pacific to increase economic growth, jobs, and broader development outcomes. The Pacific Private Sector Development Initiative (PSDI) is working with several agencies to improve operations, financial sustainability, and investment management capability and provision of long-term domestic finance. In 2022, PSDI published Reopening Borders to Tourism in Pacific Island Countries: Key Lessons and Guidance featuring lessons from countries in the Pacific and around the world that have reopened after the COVID–19 pandemic. ADB’s knowledge support to Vanuatu helps decision makers by providing critical data and analytics on which to base sound decisions and future planning.
**FINANCING PARTNERSHIPS**

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

Cumulative cofinancing commitments in Vanuatu:

- **Sovereign cofinancing**: $70.54 million for 7 investment projects and $3.46 million for 6 technical assistance projects since 1992

In 2022, Vanuatu received a total of $4.74 million in grant cofinancing from the Ireland Trust Fund for Building Climate Change and Disaster Resilience in Small Island Developing States, the Japan Fund for Prosperous and Resilient Asia and the Pacific, and the Least Developed Countries Fund for Climate Change under the Global Environment Facility for two projects.

A summary of projects with cofinancing from 1 January 2018 to 31 December 2022 is available at [www.adb.org/countries/vanuatu/cofinancing](http://www.adb.org/countries/vanuatu/cofinancing).

**FUTURE DIRECTIONS**

ADB operations in Vanuatu are aligned with the strategic priorities set out in Vanuatu 2030: The People’s Plan, which sets the priority of improving the lives and livelihoods of the people of Vanuatu. ADB operations will leverage the opportunities set forth in ADB’s Strategy 2030 to deliver economically productive project interventions. ADB has committed a combined $8 million in grants for project readiness facilities with the express goal of preparing project designs to support efficient implementation. The project portfolio, both under preparation and implementation, aims to strengthen the sectors of public fiscal management, transport, urban infrastructure, renewable energy, disaster risk management, water and sanitation, finance, health, and education.

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**Vanuatu: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2021–2022**

| No. of Ongoing Loans* (as of 31 Dec 2022) | 3 |
| Contract Awards\(^{b,c}\) | 1.47 | 11.61 |
| Disbursements\(^{b}\) | 0.87 | 7.52 |
| No. of Ongoing Grants* (as of 31 Dec 2022) | 8 |
| Contract Awards\(^{b,c,d}\) | 10.64 | 5.20 |
| Disbursements\(^{b,d}\) | 2.82 | 9.46 |
| At Risk Projects (%)* (as of 31 Dec 2022) | – |

\(^{a}\) = nil.

Note: Totals may not add up because of rounding.

\(^{b}\) Based on commitments.

\(^{c}\) Includes closed loans/grants that had contract awards or disbursements during the year.

\(^{d}\) Excludes policy-based, results-based, financial intermediation/credit, CPRO (COVID-19 Pandemic Response Option), and fully administered cofinanced loans and grants.

\(^{e}\) Includes only Asian Development Fund and other ADB special funds.

\(^{f}\) Covers active projects as of 31 December 2022.


<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly successful and successful</td>
<td>Less than successful</td>
</tr>
<tr>
<td>Sovereign Operations</td>
<td>3</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>–</td>
</tr>
</tbody>
</table>

\(^{a}\) = nil, IED = Independent Evaluation Department.

Note: The numbers indicate sovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports circulated by ADB within the 10-year period from 1 July 2012 to 30 June 2022. See evaluations related to Vanuatu.

Source: IED success rate database.

**Vanuatu: Projects Cofinanced, 1 January 2018–31 December 2022**

<table>
<thead>
<tr>
<th>Cofinancing</th>
<th>No. of Projects</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign</td>
<td>2</td>
<td>4.74</td>
</tr>
<tr>
<td>Grants</td>
<td>2</td>
<td>4.74</td>
</tr>
</tbody>
</table>
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 3,775 staff from 66 members as of 31 December 2022.

ADB maximizes the development impact of its assistance to its 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 met strong demand for its assistance in 2022. It unlocked greater resources for its members through the private sector and partnerships. ADB provided financing for climate change mitigation and adaptation initiatives, education quality and access, affordable health care, and more sustainable and climate-resilient food systems. In 2022, 97% of ADB operations contributed to gender equality. ADB fostered greater regional collaboration on issues such as health threats and tax cooperation. ADB also responded to demand for tailored knowledge solutions from its members.

ADB operations. In 2022, ADB committed $20.5 billion in loans, grants, equity investments, guarantees, private sector programs, and technical assistance to both the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $11.4 billion.

As of 31 December 2022, ADB’s cumulative commitments in 45 countries stood at $358.4 billion covering 4,189 loans, $12.6 billion in 566 grants, and $5.5 billion in technical assistance grants, including regional technical assistance grants.

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

Total commitments in nonsovereign loans, equity investments, and guarantees from ADB’s own funds in 2022 amounted to $11.1 billion for 37 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2022, ADB mobilized $1.7 billion of long-term project cofinancing and $5.3 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 $12.8 billion as of 31 December 2022.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2022

- $11.39 billion for 165 projects, of which:
  - $11.2 billion, 75 investment projects,
  - $126.49 million, 87 technical assistance projects,
  - $60 million transaction advisory services mandates for 3 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2022

- $151.87 billion for 3,292 projects, of which:
  - $147.81 billion, 1,163 investment projects,
  - $2.92 billion, 2,120 technical assistance projects,
  - $1.13 billion transaction advisory services mandates for 9 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2022

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:

- $15.23 billion in 2021
- $16.19 billion in 2022
- $247.06 billion covering 228,149 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:

- $706.65 million in 2021
- $535.61 million in 2022
- $15.45 billion covering 74,995 contracts, cumulative procurement since 1966.

MORE ABOUT VANUATU AND ADB

Shareholding and Voting Power

<table>
<thead>
<tr>
<th>Number of shares held</th>
<th>708 (0.007% of total shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Votes</td>
<td>39,822 (0.299% of total membership, 0.46% of total regional membership)</td>
</tr>
<tr>
<td><em>Overall capital subscription</em></td>
<td>$9.42 million</td>
</tr>
<tr>
<td><em>Paid-in capital subscription</em></td>
<td>$466,000</td>
</tr>
</tbody>
</table>

*United States dollar figures are valued at rate as of 31 December 2022.

ADB Governor: John Dahmasing Salong MP
ADB Alternate Governor: Tony Amos Sewen
ADB Director: Sangmin Ryu (Republic of Korea)
ADB Alternate Director: Damien Horiambé (Papua New Guinea)
ADB Director’s Advisors: Sun Young Jin (Republic of Korea) and Hsu-Juan Hou (Taipei, China)

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Useful ADB websites
Asian Development Bank
www.adb.org
Annual Report
www.adb.org/documents/series/adb-annual-reports
Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook
ADB Data Library
data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated.
(ii) Data are updated as of 31 December 2022 unless otherwise indicated.