

Signing of Japanese ODA Loan Agreement with Vanuatu

–Building a Wharf for International Freight in Maritime Transportation Base Port of Port Vila to Improve Physical Distribution in Oceania–

Today, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the government of Vanuatu in the Vanuatu capital of Port Vila to provide a loan of up to 4.945 billion yen for the Port Vila Lapetasi International Multi-Purpose Wharf Development Project.

The objectives of this project are to construct a new wharf dedicated to international freight in the Port of Port Vila, in the country's capital, to strengthen the ability to deal with international freight, which is being imported at a rapidly rising rate, as well as the ability to deal with tourists on cruising ships, with a view to mitigating freight delays and improving the flow of goods. The loan funds for this project will be allocated to the construction of a pier, a container yard and freight handling facilities and the like, as well as consulting services (bidding assistance, overall project management and construction monitoring).

Although a small country in the South Pacific of about 240,000 people, Vanuatu pulled away from its low growth prior to 2003 to achieve a remarkable rate of economic growth (the country's gross domestic product grew from about USD 260 million in 2002 to about USD 690 million in 2010). Prior to that, foreign aid had filled the deficit caused by excessive imports, but then halfway through 1997, large-scale governmental and economic reforms were begun. The active promotion of tourism in particular has resulted in more than doubling tourists from about 105,000 in 2000 to about 238,000 in 2010, and the development of the service industry (primarily for tourism), and the accompanying increase in investments for land development and construction have been driving forces in creating a healthy economy.

However, the development of infrastructure to support such economic growth has fallen behind, and the delay in building transportation and traffic infrastructure in particular is a major hindrance to the increasing volumes of tourists and goods which are driving further economic growth. Although the Port of Port Vila is the international trade base for Vanuatu and handles 86 percent of imports and 25 percent of exports (by value), it can no longer accommodate the yearly growth in imported freight that comes with this economic growth. The number of cruising ships calling to harbor is also rapidly increasing accompanying the quick rise in the number of tourists (a increase from 34 ships in 2005 to 114 in 2012(planned)). When a cruising ship docks at the wharf, it remains for an entire day, and freight ships must wait offshore as stevedoring is put on hold for the safety of the tourists. This is a major hindrance to the flow of goods, with nearly a month of backed-up freight at the wharf at times, and results in large economic losses. Based on this project's projection for freight demand, the amount of international container freight handled by the port overall is expected to exceed 20,000 TEU^[1] in the year 2021. By providing a new wharf dedicated to international freight, the port will be able to meet the demands of the projected freight volume, making the distribution of goods smoother, and thereby making a major contribution to sustained economic growth in Vanuatu.

This project is a cooperative project with Australia, New Zealand and the Asian Development Bank (ADB). Australia has provided technical support for the management of the Port of Port Vila, and is planning to extend that technical support to the operation of the new wharf to be built using this Japanese ODA loan. New Zealand and the ADB decided last November to construct a new domestic wharf, which will be required before the implementation of this project. JICA has therefore been working with these partners to realize this project.

The importance of aid coordination in the Pacific region was stressed at the Sixth Pacific Islands Leaders Meeting (PALM 6) held in Okinawa Prefecture, Japan, this past May 25 and 26. JICA will continue to coordinate with aid agencies of such countries as Australia and New Zealand, and provide support so that the Port of Port Vila, the international trade base, will operate efficiently overall with the addition of the international freight wharf constructed with this Japanese ODA loan.



Koki Hirota, Director General of Southeast Asia and Pacific Department and Meltek Sato Kilman, Prime Minister of Vanuatu, signed loan agreement.

Reference

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
The Port Vila Lapetasi International Multi-Purpose Wharf Development Project	4,945	0.55	0.01	40	10	General Untied

2. Project Summaries

Executing Agency

Ministry of Infrastructure and Public Utilities
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Planned Implementation Schedule

- (i) Completion of project: June 2016 – with completion of the construction work and project
- (ii) Issuing of letters of invitation for consulting services (including detailed design work): June 2012
- (iii) Tender announcement for initial procurement package for international competitive bidding on project construction:
Procurement package title: Lapetasi Wharf Development Package
Release date: March 2013

Note

[1] A TEU, or twenty-foot equivalent unit, is a unit of container freight handled based on conversion to a 20-foot container.