Vanuatu after Cyclone Pam

Fiscal, economic & development impacts
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On March 12th...

- Government predicted GDP growth rate of 5.3% for 2015 & 2016 before levelling out at 3.6% in 2017. ADB predicted growth for 2015 was 4%
- RBV predicted the agriculture sector to grow by 2.4% in the period 2014-2016
- Tourism contributes more than 60% of GDP (directly and indirectly) and is the biggest contributor in terms of formal employment creation.
...but

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<thead>
<tr>
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<th>2013</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air arrivals</td>
<td>110,045</td>
<td>108,656</td>
<td>-1.3</td>
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<tr>
<td>Cruise ship arrivals</td>
<td>233,097</td>
<td>220,205</td>
<td>-5.5</td>
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<tr>
<td>Total arrivals</td>
<td>343,142</td>
<td>328,861</td>
<td>-4.2</td>
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Effects of Cyclone Pam

- Loss of life
- Damaged/destroyed housing
- Damaged/destroyed food gardens
- Loss of livelihoods
- Damaged/destroyed infrastructure
Humanitarian Response
Predicted medium to longer term impacts

• ADB preliminary assessment: 2015 contraction of -0.5% followed by 4% growth in 2016

• GoV PDNA: 2015 growth of 1.4% followed by 10.3% growth in 2016

• IMF Article IV consultation: 2015 contraction of -2.0% followed by 5% growth in 2016
Costs

• The Flash Appeal/Humanitarian Action Plan = US$38 million

• PDNA calculated economic impacts at US$449.4 million (64.1% of GDP based on 2013 figures).

• PDNA calculates recovery costs (over 4 years) at US$328.2 million (43.3% of GDP) with 52% relating to public sector
Where will the money come from?

- Insurance – significant shortfalls including under-insurance issues, exclusions, higher excesses and lack of cover

- Charity appeals (including by NGOs), linkages with churches, service clubs, etc. – how is this factored in to national decision-making?

- Aid – there will be an influx of aid but it is likely to fall well short of what will be required

- Debt – into the medium term Vanuatu has limited ‘room to move’ in terms of taking on more debt – quality of investment will be a key consideration on both sides.
Resilience...
Thank you!

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