



# RESERVE BANK OF VANUATU

## PRESS RELEASE

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### **INTERNATIONAL MONETARY FUND (IMF) COMPLETES 2014 INTERIM CONSULTATION VISIT TO VANUATU**

The International Monetary Fund (IMF) concluded a six-day interim staff consultation visit to Vanuatu on 3 March 2014. The Mission is a 12-month cycle follow-up visit to the 24-month Article IV Consultation cycle visit that the Fund completed in early 2013. This year's visit discussions "focused on policies to bolster inclusive growth in a sustainable manner".

The two-man team headed by the Mission Chief Mr. Klyuev presented the findings of the Mission to the Government of Vanuatu, represented by the Honorable Minister of Finance and Economic Management (MFEM) Hon. Maki Simelum, the Governor of the Reserve Bank of Vanuatu (RBV) Mr. Simeon Malachi Athy and the senior government officials at the MFEM. The overall message is:

"Vanuatu's economic activity is picking up and the outlook is favorable, supported largely by the government donor-funded projects that will kick off shortly and over the next few years".

The monetary policy stance of the RBV remains appropriate but the Mission sees the need "to tighten the stance as infrastructure projects boost domestic demand". They particularly welcomed the reform that the RBV is currently undertaking to strengthen the monetary policy framework and its implementation.

The Mission shared the same sentiments with the authorities about the management of the government finances - noting the continuing challenges and welcomed the reform efforts undertaken at the MFEM in strengthening fiscal management.

"The key challenge for the country is supporting the economic growth". The Mission welcomed "the authorities' ambitious infrastructure investments plans to stimulate growth but urged the authorities to maintain macroeconomic cushions". The Mission specifically stressed, "the need to carefully analyze projects and financing availability, overall debt and implementation capacity and on the fiscal side, contain recurrent expenditure and raise revenue".

The Hon. Minister Maki Simelum thanked the Mission for the assessment stressing that the authorities remain committed to working closely with the Fund and the other development partners in moving forward with the country's economic development agenda in the years ahead.

For the detail IMF Press Statement on the outcome of the consultation, visit the IMF website address: <http://www.imf.org/external/np/sec/pr/2014/pr1483.htm>