



RESERVE BANK OF

PRESS RELEASE

Press Release No: 06/2015

Telephone: (678) 2333

Facsimile: (678) 24231

Date: 9 June 2015

Email: resrvbnk.gov.vu

International Monetary Fund (IMF) provides Financial Assistance to Vanuatu

The Honourable Minister of Finance and Economic Management Maki Simelum and the Governor of the Reserve Bank of Vanuatu Simeon Athy were pleased to announce this week that the IMF disbursed about USD24 million (about VATU 2.5 billion) to Vanuatu to support the country rebuilds its economy after the devastation from cyclone Pam.

The disbursement follows a decision on June 5, 2015 by the IMF Executive Board agreeing to Vanuatu's request for financing. These funds will bolster the Reserve Bank of Vanuatu's (RBV) reserves and, through supporting the value of the Vatu, promote economic stability. This support will also act as a catalyst for additional external financing. The IMF will also provide the authorities with greatly appreciated advice.

This decision followed a fact finding mission by IMF to the country in April this year. The IMF team lead by Mr. Vladimir Klyuev met with Government Ministers, the Reserve Bank of Vanuatu, firms and other officials and interested parties in both Santo and Port Vila. The team was joined towards the end of the visit by the representative of the Vanuatu Government at the IMF Executive Board Mr Barry Sterland.

Mr Sterland saw firsthand the severity of the cyclone and its economic effects on the economy and stated that "My personally meetings with the Honourable Prime Minister Joe Natuman, Minister of Finance and authorities such as the Reserve Bank of Vanuatu highlighted the need for maximising the amount of donor assistance. At the same time, the authorities made it clear that the resilience of the Ni-Vanautu meant that despite this tragedy the country could eventually come back stronger than previously."

The IMF Board members showed strong sympathy towards Vanuatu at the IMF Board's discussions, stating that Vanuatu's main challenge in the short run is to secure sufficient resources from donors and international aid agencies for reconstruction and rehabilitation. It was also noted that the government should seek grant financing to the extent possible and seek synergies between the existing infrastructure pipeline and reconstruction needs. Once the recovery takes hold, the government should rebuild fiscal buffers.

For full details of the IMF Board discussions, decision and press release visit the IMF web address:
<http://www.imf.org/external/pubs/ft/scr/2015/cr15149.pdf>