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Monitoring of Graduating and
Graduated Countries from the Least
Developed Country Category:

Vanuatu

**SUSTAINABLE
DEVELOPMENT**  **GOALS**

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* The content of the Monitoring report is mandated and suggested by ECOSOC and GA resolutions, including E/RES/2019/8 (para 4), A/RES/67/221 (para 21), A/RES/69/15 (para 118), A/RES/70/294 (para 84), A/RES/74/3 (para 23).

Summary and the monitoring timeline

Angola: Scheduled to graduate on 12 February 2021. Income has been falling but remains at a high level. Lower oil production and limited investment is expected to lead to a moderate contraction of income in coming years. Human assets, while improving, are underdeveloped comparing to other countries with similar income levels. The Government has resumed its work on preparing a smooth transition strategy with the help from UN system.

Bhutan: Scheduled to graduate on 13 December 2023. The GNI per capita has been steadily growing and is now more than double the LDC graduation threshold. The EVI still remains above the graduation threshold. The Government has been active in mainstreaming the LDC graduation preparation in its national development plan implementation.

Equatorial Guinea: Graduated on 4 June 2017. GDP is projected to continue to decline significantly due to the depletion of the existing oil reservoirs and limited new investment, but it will remain far above the LDC inclusion and graduation thresholds. HAI remains very low. The Government has not reported any progress in the transition process.

Saõ Tomé and Príncipe: Scheduled to graduate on 13 December 2024. Characterized as a SIDS, it has shown stable but slow growth. Exposure to external shocks remains as the main challenge for achieving sustained growth. The Government is active in preparing a smooth transition strategy with the assistance from UN system.

Solomon Islands: Scheduled to graduate on 13 December 2024. The economy grew steadily, but the logging, the main industry, is declining, while economic diversification is limited. EVI is also high above the graduation threshold, vulnerable to economic and environment shocks. The Government has started its preparation of the smooth transition with the help from UN system.

Vanuatu: Scheduled to graduate on 4 December 2020. All LDC indicators show no major change in recent years. The Government adopted the smooth transition strategy to address development challenges in the progress of graduation, particularly in the area of environmental vulnerability.

Table 1 Timeline for graduation and monitoring reports

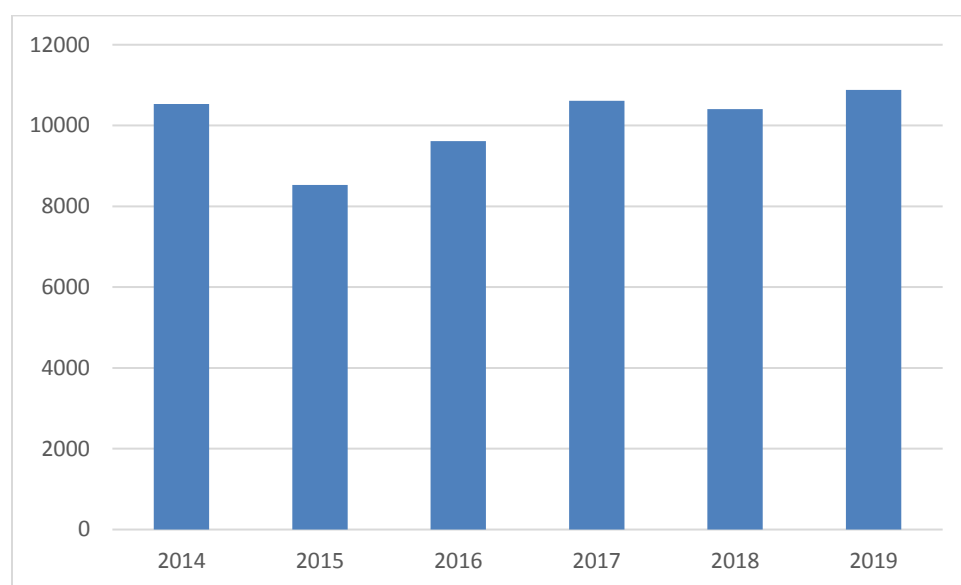
Date	Angola (Feb 2021)	Bhutan (Dec 2023)	Equatorial Guinea (Jun 2017)	Saõ Tomé and Príncipe (Dec 2024)	Solomon Islands (Dec 2024)	Vanuatu (Dec 2020)
Feb2020	*	*	**	*	*	*
Feb 2021	*	*	***	*	*	*
Feb 2022	**	*		*	*	**
Feb 2023	**	*		*	*	**
Feb 2024	**	*	***	*	*	**
Feb 2025		**		*	*	
Feb 2026		**		**	**	
Feb 2027	***	**		**	**	***
Feb 2028				**	**	
Feb 2030	***	***		***	***	***
Feb 2033		***		***	***	

Note: Dates in parentheses are the graduation dates; * indicates monitoring as a graduating country; ** indicates monitoring as a graduated country (three times); *** indicates monitoring as a complement to the triennial review (two times).

Vanuatu

Four years after Cyclone Pam struck Vanuatu causing extensive damages, reconstruction is near completion.¹ Real GDP growth slowed down to 3.2 percent in 2018 and is expected to remain relatively stable, with a growth rate of 3.8 in 2019. Government balance for 2019 is down to 0.6 per cent of GDP, reflecting spending on new infrastructure projects and decreased revenues from economic citizenship programs. Construction was the main driver, sustained by development-partner-financed infrastructure projects. Agriculture was disrupted by a stronger cyclone season, the volcanic eruptions, and weaker prices for its agricultural exports.² Tourism receipts grew the strongest since Cyclone Pam in 2015 (see Figure 1).

Figure 1 Number of International Visitor Arrivals, Vanuatu, October value, 2014-2019



Source: Vanuatu National Statistical Office, International Visitor Arrivals, October 2019.

The GNI per capita of Vanuatu is estimated as \$2,913 in 2020, significantly higher than the LDC graduation threshold established at the 2018 triennial review, \$1,230 (see Annex). As the economy is forecast to remain relatively stable in coming years, GNI per capita is expected to remain far above the graduation thresholds. The HAI score is 79.9 in 2020, slightly higher than in 2018 and 2019. Thus, it consistently scores much higher than the graduation threshold established at the 2018 review, 66 or higher.

The EVI score is 43.2 for 2020 and remains far above the graduation threshold established at the 2018 review of 32 or below. While the country remains highly vulnerable to the ever-present danger of natural disasters³, it is noteworthy that the national disaster planning framework has been improved substantially in recent years.⁴

¹ IMF (2019) Article IV Consultation: Vanuatu.

² IMF (2019) Article IV Consultation: Vanuatu.

³ Vanuatu is the world's most at-risk country for natural disasters, as measured by the UN World Risk Index.

⁴ IMF (2019) Article IV Consultation: Vanuatu.

With a PCI score of 25.13 for 2016, Vanuatu performs almost at the level of ODCs and is amongst the leaders in the group of graduating LDCs (see Table 2). Vanuatu particularly outperformed LDCs in human capital, private sector, institutions and structural change. With regards to structural change, the share of services is preponderant in Vanuatu's GDP, as they improved financial services and tourism services. Therefore, Vanuatu's structural change, although still lower than that of ODCs, it is better than that of the LDCs. Finally, Vanuatu's score on the transport component is in line with that of ODCs, but this stems from its small size.

Table 2. Productive Capacity Index, Selected LDCs, 2016 values

Country	PCI	Natural capital	ICT	Structural change	Institutions	Energy	Human capital	Private sector	Transport
Angola	14.0	47.3	4.4	21.2	29.4	35.6	29.7	56.8	0.3
Bhutan	27.8	42.9	12.1	34.1	62.9	49.8	37.5	71.1	2.4
Equatorial Guinea	17.7	41.0	6.8	31.4	20.9	25.5	23.9	61.6	1.4
Saõ Tomé and Príncipe	19.9	39.3	9.9	29.8	48.1	29.4	34.1	69.3	0.6
Solomon Islands	22.0	49.4	5.2	24.1	47.8	34.5	29.1	78.2	2.3
Vanuatu	25.1	33.6	8.4	36.5	55.1	29.5	31.3	77.8	3.9
LDCs	17.3	45.6	6.3	28.5	36.5	32.3	27.8	66.2	1.1
ODCs	28.3	39.0	20.8	40.5	50.6	40.7	41.0	75.7	4.3

Source: UNCTAD.

The government of Vanuatu has adopted the smooth transition strategy in 2019.⁵ Full implementation of the existing National Sustainable Development Plan (NSDP) entitled "Vanuatu 2030, The Peoples Plan" is highlighted as best transition strategy for the country. The smooth transition strategy also outlines complementary LDC specific actions that are grouped in eight specific themes, namely 1) trade; 2) private sector development and productive capacity; 3) infrastructure; 4) macroeconomic stability and finance; 5) strengthening of national systems including planning, budgeting, and monitoring; 6) aid coordination and monitoring; 7) statistical systems and data; and 8) institutional and staff capacity development.

⁵ <https://www.gradjet.org/country/vanuatu/>

Annex

Table A.11. Vanuatu Macroeconomic indicators

Indicator	2012	2013	2014	2015	2016	2017	2018	2019
GDP growth rate (constant prices, per cent change)	1.76	1.97	2.30	0.16	3.47	4.41	3.20	3.80
GDP (current prices, billions USD)	0.77	0.80	0.82	0.77	0.80	0.88	0.93	0.95
Inflation rate (per cent change)	1.35	1.46	0.80	2.48	0.84	3.09	2.86	1.99
Government balance (per cent of GDP)	-1.63	-0.23	-3.48	-7.34	-3.94	-0.91	4.79	-0.63
Current account balance (billions USD)	-0.05	-0.03	0.05	-0.01	0.01	-0.06	0.03	0.06
Net ODA received (millions USD)	101.94	91.34	100.41	186.56	129.06	132.23	N/A	N/A
Exports of goods and services (current prices, billions USD)	0.38	0.38	0.40	N/A	N/A	N/A	N/A	N/A

Source: IMF, World Economic Outlook Database, October 2019 edition, accessed 20 Nov 2019

For net ODA and Exports of goods and services, World Bank, World Development Indicators, accessed 20 Nov 2020

Table A.12. Vanuatu LDC indicators

Index/criteria	2016	2017	2018	2019	2020
GNI per capita (USD)	3,052	2,996	2,908	2,851	2,913
EVI	44.2	44.2	44.2	42.1	43.2
Population (in thousands)	263.9	271.1	278.3	285.5	292.7
Remoteness	81.3	81.2	81.1	81.0	80.9
Merchandise export concentration	0.3	0.2	0.2	0.2	0.3
Share of agriculture, forestry, fisheries in GDP	26.7	25.5	24.1	22.8	22.7
Share of population living on low elevated coastal zones	1.2	1.2	1.2	1.2	1.2
Export instability	7.7	7.6	7.5	4.8	6.4
Agricultural instability	7.1	7.2	7.4	7.4	7.4
Victims of natural disasters	3.4	6.9	6.9	7.1	7.2
HAI	79.1	79.0	79.3	79.6	79.9
Maternal mortality rate	82.0	80.0	76.0	74.0	72.0
Under-five mortality rate	29.1	28.6	27.9	27.2	26.4
Percentage of population undernourished	6.5	6.7	6.9	7.1	7.2
Adult literacy rate	84.7	85.4	86.1	86.8	87.5
Gross secondary school enrollment ratio	55.3	54.2	54.2	54.2	54.2

Source: CDP Secretariat calculation