

**GOUVERNEMENT DE LA
RÉPUBLIQUE DE VANUATU**



**GOVERNMENT OF THE
REPUBLIC OF VANUATU**

VANUATU'S SMOOTH TRANSITION STRATEGY REPORT

29 December 2016

SMOOTH TRANSITION REPORT – VANUATU**Background**

Vanuatu was first included on the list of Least Developed Countries in 1985. It was first identified for graduation in 2006 and subsequently in 2009 and again in 2012. Vanuatu has made progress and having met 2 of the three criteria for graduation in two consecutive rounds. These criteria included:

- GNI per capita: yes (2006, 2009, 2012)
- Human assets index: yes (2006, 2009, 2012)
- Economic vulnerability index: No

At the 2015 triennial review, it was decided that Vanuatu would be eligible for graduation in 2017. However due to the disruption caused to Vanuatu by the TC PAM of 15 March 2015, the General Assembly extended the transition period by a period of three years, until 1 January 2020 (A/70/L.16) The current country data at the March 2015 triennial review are as follows:

- Economic Vulnerability Index is 48 (Graduation thresholds is < 32)
- Human Assets Index is 81 (Graduation thresholds is > 66)
- GNI per capita \$2 997 (Graduation thresholds is > \$ 1 242)

A smooth transition

The UN General Assembly, in resolution 59/209, reconfirmed that graduation from least developed country status should not result in any disruption to the graduating country of its development plans, programmes and projects, and reemphasized the importance of ensuring a "smooth transition" for graduating LDCs. The notion of smooth transition implies that the loss of international (bilateral and multilateral) support measures granted by virtue of LDC status should not harm the graduating country in its development process. A smooth transition therefore should involve "phasing out" arrangements (as opposed to a sudden loss of concessions), or even a partial retention of LDC benefits insofar as such retention will be deemed vital to the beneficiary.

Vanuatu's smooth transition is premised on the full implementation of its national development strategy SDGs 2016-2030 as well as consensus with its development partners on the best way forward through the Joint Policy Matrix.

Consultative mechanisms on graduation

On the 17th of March 2016, The Vanuatu Council of Ministers on its ordinary meeting acknowledges and accepts the facts that Vanuatu's graduation from LDC status is now scheduled for 4th December 2020.

Due to prolonged bureaucratic process, Vanuatu is finally in the process of establishing its National LDC Coordinating Committee to be comprised of various relevant stakeholders.

Mandated by the Council of Ministers, the Coordinating Committee will manage Vanuatu's transition period. It will discuss and approved recommended steps which will enable an effective Smooth Transition Strategies to ensure minimal disruption to Vanuatu's development process post-graduation from LDC status. The Committee will be inclusive brining in all parties involved to work together in

identifying development challenges and opportunities and facilitate the implementation of agreeable solutions.

The Coordinating Committee will conduct consultations to affirm and confirm what the country's development priorities and in designing programs for the transition period and in the long term. The mechanism of consultations is a Government led because they are an integral part of its planning and budgetary processes as well as coordination of development cooperation. The government believes that the transition period will enable Vanuatu and its development and trading partners to collaborate and formulate policy and strategies to address possible negative impact upon graduation from LDC to support Vanuatu's post LDC life.