Government of the Republic of Vanuatu

# Vanuatu Smooth Transition Strategy


VANUATU 2030

**Government of the Republic of Vanuatu**

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## 1. INTRODUCTION

Vanuatu was recommended for graduation from the least developed country (LDC) category at the 2012 triennial review of the UN Committee for Development Policy (CDP), having several years before moved above the thresholds for graduation.[1] The recommendation was approved by the UN Economic and Social Council (ECOSOC) and the General Assembly. Following cyclone Pam in 2015 a three-year extension was granted, with graduation scheduled for December 2020.

The UN LDC category is assessed using three criteria: human assets, economic vulnerability and gross national income per capita. Countries must meet two of the three criteria at two consecutive triennial reviews of the CDP to be considered for graduation. Vanuatu exceeded the thresholds for graduation on two of the three LDC criteria, namely the human assets index and the income per capita criterion, for more than two consecutive triennial reviews of the CDP. Per capita GNI on a purchasing power parity basis using the World Bank Atlas method, is US$3,014, well above the threshold of US$1,230. The human assets index is 78.5 – well above the threshold of 66. Vanuatu's score of 47 on the vulnerability threshold remains high, however (the lower the more stable), compared with the threshold of 32 or below.

A United Nations General Assembly resolution 59/209, provided guidance and 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.

[1] *Income criterion*, based on a three-year average estimate of GNI per capita for the period 2011-2013, based on the World Bank Atlas method (under $1,025 for inclusion, above $1,230 for graduation as applied in the 2018 triennial review). *Human Assets Index (HAI)* based on indicators of: (a) nutrition: percentage of population undernourished; (b) health: mortality rate for children aged five years or under; (c) education: the gross secondary school enrolment ratio; and (d) adult literacy rate. *Economic Vulnerability Index (EVI)* based on indicators of: (a) population size; (b) remoteness; (c) merchandise export concentration; (d) share of agriculture, forestry and fisheries; (e) share of population in low elevated coastal zones; (f) instability of exports of goods and services; (g) victims of natural disasters; and (h) instability of agricultural production.

Following extensive national consultation and policy assessment, a considered decision on the best transition strategy is for Vanuatu to fully implement the National Sustainable Development Plan (NSDP) namely the "Vanuatu 2030, Peoples Plan". The NSDP has been formulated through an exhaustive process of national consultation and it accounts for national development priorities. The NSDP is complemented by a framework to guide the implementation, including through integration necessary actions across Government, and in partnerships with civil society, the private sector and development agencies. More so, the NSDP planned priorities guide budget allocations and development partner support. Institutional arrangements are in place for tracking and reporting on progress towards achieving the NSDP.

Overall, the loss of benefits associated with membership of the LDC group is limited. International support measures consist of trade preferences, official development assistance and other items such as travel grants for UN meetings, and reduced budgetary contributions to UN entities.[2] This smooth transition strategy and the UN impact assessment (CDP 2012) make clear that the impact of losing these benefits will be minimal.

In areas where specific impact due to LDC graduation is anticipated, targeted sectoral policies is required to complement (and in some cases supplement) existing strategies to minimise potential costs. However, the overall approach to smooth transition strategy is anchored in the NSDP, and its full implementation.

[2] A full list of international support measures can be found at www.un.org/ldcportal

## 2. APPROACH TO DEVELOPING THE SMOOTH TRANSITION STRATEGY

The Government of Vanuatu in recognition of the scheduled 4th December 2020 graduation from the LDC status, mobilised the requisite measures and strategies.

In March 2016, the Council of Ministers (COM) endorsed the establishment of a National Coordinating Committee (NCC) comprised of various relevant stakeholders to coordinate the development of a smooth transition strategy. In addition, Secretariat to the NCC was established to develop effective transition strategies, coordinate efforts and facilitate consultations with national stakeholders.

This Strategy was informed by various stakeholder consultations, including COM, NCC members, meetings in six provincial centres and a national validation workshop held in October 2019. More so, a CDP ex-ante study, a UNESCAP funded study in 2018, and studies[3] this year (on external financing and domestic resources mobilisation, and trade impacts) were conducted to provide further evidence. Technical support was provided by UNESCAP to prepare the Strategy. Peer learning from the experience of the Government of Samoa also informed the Strategy.

As the NSDP remains the master strategy for Vanuatu's development, this Smooth Transition Strategy targets supplementary measures to mitigate any impact due to LDC graduation. An implementation matrix, appended, provides specific actions which are needed. Measures to implement the NSDP and LDC graduation concerns will form an integral part of the Government's planning and budgetary processes and will guide development partner support. Additional and ongoing development partner support and national implementation, both pre and post-graduation, is anticipated to mitigate impact due to graduation from LDC status and ensure smooth transition.

[3] Three separate studies prepared by Daniel Gay, Derek Brian and Nik Soni, with support from the Enhanced Integrated Framework for LDCs and UNESCAP.

## 3. ISSUES – CHANNELS OF IMPACT

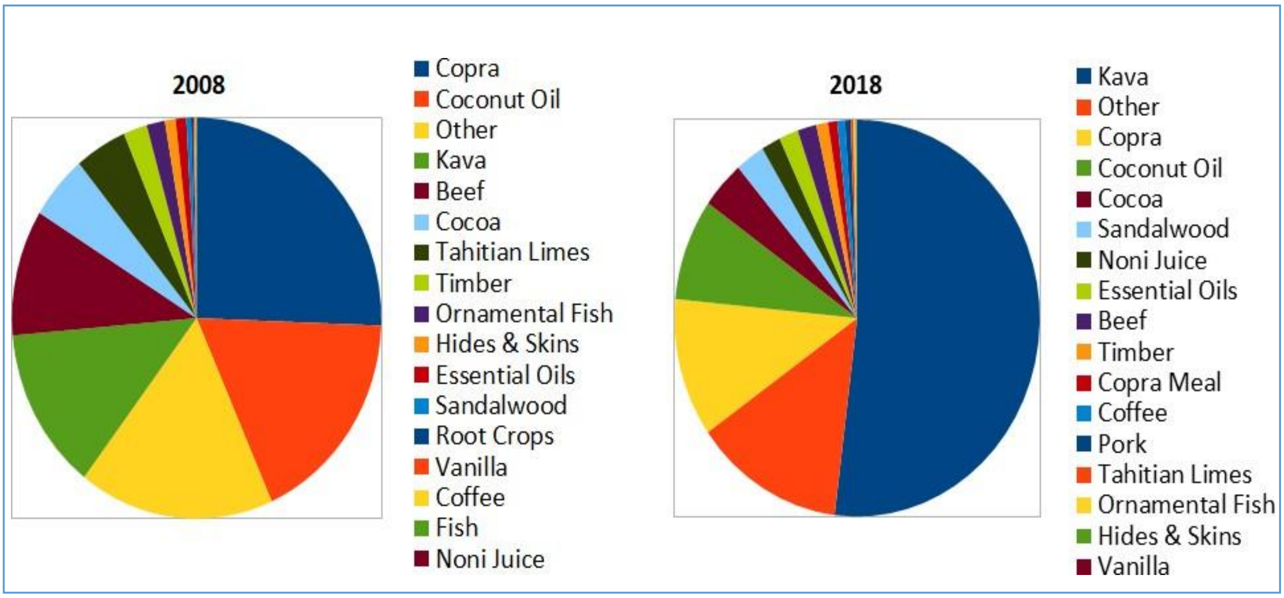
### 3.1 TRADE RELATED ISSUES

#### *Trade trends*

Vanuatu's goods export volumes are small and focussed on a few primary products. *Figure 1*, showing data from 2008 and 2018, indicates that kava had become by far the biggest export by value, comprising 52% of exports, followed by copra at 11% and coconut oil at 8%.

It also shows that export trend between 2008 and 2018 has been dominated with a shift toward kava, with copra and coconut oil each comprising a proportionately smaller share of the total over time. Large fluctuations within this time period have been notable, largely driven by changes in the global price. Driven by growth of kava production, total exports have become less diversified.

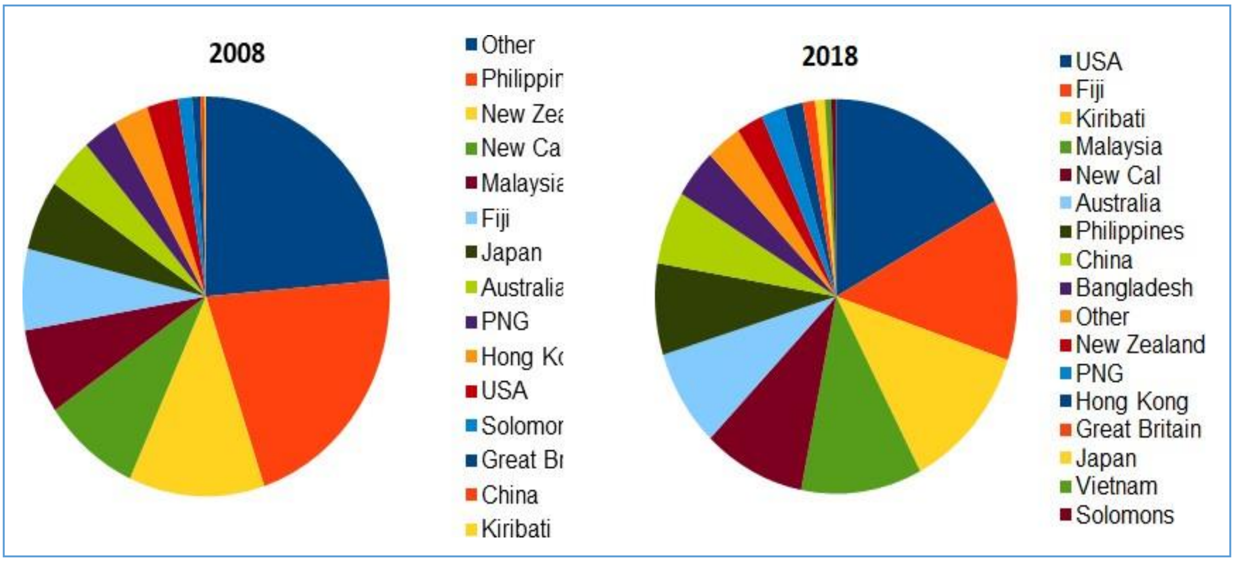
**Figure 1. Total exports by value, 2008 and 2018**




Source: Vanuatu Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business.

In the last two years, the United States became a key market for Vanuatu's exports, accounting for 19.1% of the total, followed by Fiji (14.5%), Kiribati (13.6%). Refer to *Figure 2*. Exports to all three countries were mainly kava. Malaysia was the next biggest export destination at 12.2%, followed by New Caledonia (10%), the Philippines (8.4%) and China (6.8%), a country to which exports are growing rapidly. In contrast to the trend toward product specialisation, Vanuatu's export by destination has become more diversified, largely because kava is exported to more destinations than copra or coconut oil.

**Figure 2: Value of key exports to major trading partners, 2008 and 2018**




Source: Vanuatu Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business.

### *Anticipated impact*

The main expected impact of graduation on trade is via the loss of access to preferences for LDC exports. However, the implications here are expected to be minor. With its small and volatile export base, Vanuatu exports a variety of products to several different destinations, with trends fluid year by year. Many of the main LDC preference granting countries and regions, such as the European Union, are not major export destinations. In the cases, where tariff increases, the margin is mostly small. Goods exports are also very low by value, comprising only around 4% of GDP in 2018. For comparison, the proportion was 10% in the early 2000s. [4] Any such minor impacts can, in principle, be mitigated through trade agreements or extensions of existing arrangements.

Over half of Vanuatu's main exports are currently traded duty-free (See *Table 1* which provides a summary of Vanuatu's main export commodities).[5] *Table 1* information presented underscores the earlier point, that any cost of tariff increases would be minimal given export volumes for most products benefiting from trade concessions are small. For instance, export trends for historically significant products, for example, fish and beef, has changed. Low value and volume of beef exports mean limited overall impact to trade from higher tariff rates. Niche market opportunities in Japan based on high quality and organic beef products will help retain comparative advantage. Assessment[6] on both fish and beef exports indicate minimal

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[4] Daniel Gay, 2019. Vanuatu Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business (MTTICNVB)

[4] Derek Brien, UNESCAP Consultant, 2018. LDC Graduation: challenges and Opportunities for Vanuatu.
[6] UN CDP. ex-ante impact assessment of likely consequences of graduation of Vanuatu from the least developed country category. Available at https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/PDFs/Least_Developed_Countries_Resolutions_and_Reports/ia_vanuatu_nov2011.pdf

impact. Given that beef accounts for only around 1% of total exports, or approximately US$500,000 in 2018, overall impact to the economy will be small. More so, opportunity presents to seek a trade agreement with Japan which protects the current trade concession.[7]

***Table 1: Vanuatu's main export commodities***

| Percentage of total value of merchandise trade | Percentage exported to main destination(s) | Duty status |
|---|---|---|
| **Copra 30.6%** | Philippines 95% | 10% General import tariff applied. No LDC concession |
| **Kava 21.5%** | Kiribati 31% | 0% General commitment available all countries |
| | China 5% | 0% General import tariff. 13% LDC concession applied. |
| | United States 27% | 0% General commitment available to all countries |
| | Fiji 20% | 0% duty free under MSGTA |
| | New Caledonia 16% | 5% General import tariff applied. No LDC concession |
| | Malaysia 77% | 5% General import tariff applied. No LDC concession |
| **Coconut oil 13.8%** | Taiwan 15% | 0% General import tariff. 4% LDC concession applied |
| | New Zealand 5% | 0% Duty-free under SPARTECA |
| | Hong Kong 55% | 0% duty |
| **Timber 6.1%** | China 29% | 0% General commitment available to all countries |
| | Australia 13% | 0% Duty-free SPARTECA |
| | PNG 38% | 0% duty free, MSGTA |
| **Beef/Veal 3.0%** | Japan 36% | 0% General import tariff. 38.5% LDC concession applied |
| | Solomon Islands 26% | 0% duty free under MSGTA |
| **Cocoa 2.8%** | Malaysia 89% | 0%. General commitment available to small countries |
| | Australia 7% | 0% duty free under SPARTECA |

[7] Noting existing preferential treatment for the export of beef to Japan, including Australia under the Japan-Australia Economic Partnership Agreement that includes scheduled tariff reductions (currently set at 27.2% and set to reduce further over time).

| | | |
|---|---|---|
| **Fish (n/a)** | Thailand 88% | 0% General Import Tariff. 3.5% LDC concession applied |
| | Japan 12% | 0% General Import Tariffs. 3.5% LDC concession applied |
| **Noni Juice** | China 2% | 0% General Import Tariffs. 20% LDC concession applied[8] |

In sum, as highlighted in the Table 1, and according to recent reports9, LDC graduation will affect tariffs on only exports of kava to China, beef to Japan and Noni juice to China. Coconut oil exports to Taiwan may incur a tariff increase from 0% to 4% but this is a minimal increase in a small market. For all other products and markets, LDC graduation will have no impact either because another trade relationship is in place, the most favoured nation (MFN) rate is zero or because the destination market has no LDC scheme. Box 1 briefly captures implications of trade agreements and liberalisation10 arrangements. Overall, tariff-related impact of graduation on current exports products is expected to be negligible.

**Box 1 – Liberalised trade environment**

Global trade liberalisation has eroded much of the preferential tariff treatment provided to LDCs. As such, several countries no longer impose import tariffs on Vanuatu's main export commodities (e.g. the United States does not charge duty on kava imports, which is a commitment made available to all countries). More so, existing market access arrangements Vanuatu has negotiated also mean a low or zero tariff provisions are in place, e.g. Vanuatu exports kava duty-free to Fiji under the terms of the Melanesian Spearhead Group Trade Agreement (MSGTA). In addition to the MSGTA, Vanuatu is a signatory, *inter alia*, to other trade agreements which have low tariff schedules.

[8] Daniel Gay, 2019. Vanuatu Ministry of Tourism, Trade, Industry, Commerce and Ni-Vanuatu Business (MTTICNVB), Graduation Strategy; Derek Brien, UNESCAP Consultant, 2018. LDC Graduation: challenges and Opportunities for Vanuatu.

[9] Ibid.

[10] Drabo, A. and P. Guillaumont, 2017. Graduation from the category of least developed countries: Rationale, achievement and prospect, Working Paper 208. Clermont-Ferrand, France. Available at http://www.ferdi.fr/sites/www.ferdi.fr/files/publication/fichiers/p208-guillaumont-drabo.pdf

## 3.2 FINANCING FOR DEVELOPMENT ISSUES

The perception of reduced development financing flows as a result of graduation from LDC status posed an intuitive concern. However, the facts available (including through a recent study[11]), suggest that LDC graduation poses minimal impact on aid flows and access to concessional loans.

### *Bilateral aid*

Most of the major development partners do not use LDC status as a means of allocating resources to Vanuatu. As such, bilateral aid funding from traditional donors is not expected to be reduced as a result of LDC graduation.

### *Multilateral aid*

More so, there is no anticipated impact associated with LDC graduation in relation to existing multilateral financial institutions, such as Asian Development Bank, the World Bank Group and the International Monetary Fund.

On United Nations membership fees, Vanuatu's general contribution levels for regular budget will not change.[12] A slight increase in contribution to UN peacekeeping operations is expected (from US$7,300 to US$14,600 or VUV1.6 million). UN funding support reserved for LDC member states will no longer be provided to cover the cost (of five delegates from Vanuatu) to participate at the annual UN General Assembly meetings. It may be prudent to use this opportunity to reassess the delegation size to UN General Assembly meetings to ensure best use of public monies. However, funding support to participate in specific UN agency meetings, capacity building events, and technical assistance is anticipated to continue to be provided to Vanuatu.

### *Climate adaptation financing*

Climate change financing has become an important source of development financing for most developing countries. At present, there is little evidence to indicate loss of preferences in accessing climate change funds once Vanuatu graduates from LDC status. One specific flow for climate adaptation is from the Global Environment Facility (GEF)[13] which has been used to help develop Vanuatu's National Adaptation Programme of Action, [14] and guides implementation of priority actions. To date, Vanuatu has received US$19.4m (contributing to co-financing four projects worth US$82.7m) from the LDC fund.[15]

[11] Derek Brien, UNESCAP Consultant, 2018. LDC Graduation: challenges and Opportunities for Vanuatu.

[12] Ibid.

[13] Global Environment Facility, http://www.thegef.org/country/vanuatu

[14] http://adaptation-undp.org/projects/vanuatu-national-adaptation-programme-action-napa

[15] Ibid.

Moreover, access to the main GEF will remain, and while access is on a competitive bidding process, and not priority status as available under the LDC fund, Vanuatu to-date has successfully secured US$13.6m under the general GEF funds to co-fund 12 projects with a total value of US$44.7 million.

While LDCs are one of the main priority regions for the Green Climate Fund (GCF), so are the Small Islands Developing States (SIDS) which includes Vanuatu. To date, 70% of all GCF adaptation funding goes LDCs, SIDS and African States. [16] The Green Climate Fund has supported Vanuatu in moving to integrate climate change and disaster risk reduction more closely in its efforts to progress national development. In 2016, GCF approved a US$23 million funding proposal to expand the use of Climate Information Services in Vanuatu to help achieve this aim.[17] Indications are that major sources of climate adaptation funds such as GCF will continue to prioritise SIDS, regardless of LDC status.

While the Enhanced Integrated Framework (EIF) will eventually stop, Vanuatu will continue to access the fund for another 5 years after graduation.

### *Domestic revenue*

Loss of LDC status has no direct bearing on domestic revenue, as unlike trade agreements, there are no fiscal policy requirements that result directly from LDC graduation. More so, Vanuatu exports to markets that might be affected in the medium term by the loss of LDC status do not contribute significantly to domestic revenue. In any case, bilateral trade agreements could be negotiated to mitigate market access concessions. The major risks to domestic revenues in the short to medium term come from events not related to LDC status, i.e. climate related disasters, and sudden loss of passport revenue.[18]

[16] https://www.greenclimate.fund/news/gcf-affirms-its-commitment-to-least-developed-countries

[17] https://www.greenclimate.fund/news/gcf-helps-vanuatu-smooth-climate-finance-path

[18] Nik Soni, 2019. Impact of LDC Graduation on Vanuatu Domestic Revenue. Prepared for the Government of Vanuatu.

## 4. MODALITIES FOR IMPLEMENTING THE SMOOTH TRANSITION STRATEGY

### *4.1 CONTINUE IMPLEMENTING THE VANUATU NATIONAL SUSTAINABLE DEVELOPMENT PLAN*

The Vanuatu National Sustainable Development Plan (NSDP) for 2016-2030, the Peoples Plan[19] is the implementation strategy for achieving smooth transition path. The Plan has 15 national development goals and 96 policy objectives collectively seek to achieve the national vision of a 'stable, sustainable and prosperous Vanuatu' by 2030. The goals and policy objectives are interlinked and broadly cover a range of objectives that underpin many of the LDC support measures, notably in relation to reducing poverty and broadening the economic base, building capacity, institutional strengthening, and boosting international trade.

The NSDP spells out development aspirations of the Vanuatu people, underpinned by a vibrant cultural identify which promotes a peaceful and inclusive society. The Plan envisions a stable nation, sustainable, and prosperous future, so that all people have just and equal opportunities. The NSDP provides a framework to achieve economic, social, environmental progress and climate change resilience. Based on prudent economic and financial management, the Plan lays the foundation for inclusive economic growth, with employment opportunities and improved delivery of services. Significantly, the NSDP also aligns with the global development agenda, the Sustainable Development Goals, and integrates relevant aspects as appropriate. Given this, the NSDP serves as the master strategy for Vanuatu's smooth transition pre and post-LDC graduation

Overcoming the challenges and maximising the opportunities associated with LDC graduation will require collaborative partnerships between government, community leaders, businesses, civil society, and development and trading partners. These partnerships, based on the global commitments made by the international community, serve to deliver the development aspirations articulated by the people through Vanuatu 2030.

The smooth transition strategy will integrated into the existing national planning and implementation processes, and will be monitored and reported using established mechanisms for NSDP follow-up, led by the Department of Strategic Policy, Planning and Aid Coordination.

### *4.2 IMPLEMENTING THE SMOOTH TRANSITION STRATEGY*

The renewal of the NSDP coincided with the reset of the global development agenda that gave rise to the new suite of intergovernmental agreements in 2015, including the 2030 Agenda and the 17 global Sustainable Development Goals (SDGs), the Addis Ababa Action

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[19] Republic of Vanuatu, 2018. *The Peoples Plan*, National Sustainable Development Plan 2016-2030, Final Technical Report. Department of Strategic Policy, Planning and Aid Coordination, Port Vila.

Agenda on financing for development, the Paris Agreement on climate change, the Sendai Framework for Disaster Risk Reduction, and the SAMOA Pathway as the international commitment to supporting sustainable development in small island developing states (SIDS). These frameworks are all underwritten by a universal commitment that they leave no one behind, be country-led, and implemented in accordance with national priorities and context.

The NSDP has been aligned with these relevant global development agenda and appropriate measures have been integrated, including those to support smooth transition to LDC graduation.

These broader development issues in the NSDP, relating to overall economic, social and environmental priorities, remain the building blocks for successfully achieving Vanuatu's development outcomes. Goals in the NSDP also provide the pathway towards smooth transition, and identify several measures and prerequisites needed to implement Vanuatu's development agenda. These issues are discussed below, noting the same issues are significant in successfully achieving smooth transition.

#### *4.2.1. Means of implementation*

To support implementation, ongoing leadership and commitment of the Government, civil society, private sector and the development partners will be required. In addition, a suite of measures aimed at strengthening: staff capacity; national planning, financial management and decision-making systems; statistics; trade; technology; and financing will be required. These policy objectives have already been identified and included in the NSDP. These include:

- (SOC 2.4) – Increasing higher education opportunities, including technical and vocational training;
- (ENV1.1) – Increasing access to knowledge, expertise, and technology to enable blue-green growth;
- (ECO 3.5) - Improving the collection, analysis and dissemination of data;
- (ECO 1.5) - Increasing access to markets for Vanuatu export products;
- (ECO 4.3) - Increasing production and processing of niche products, and value addition to commodities;
- (ECO 1.6) - Requiring all new trades' agreements to demonstrate tangible benefits in the national interest;
- (ECO 1.4)- Increasing trade and investment opportunities and reduce barriers, including through the use of Aid for Trade;
- (SOC 6.1-6.9) - Improving governance and strengthening institutions;
- (ENV 1.1) – Increasing agricultural and fisheries food production and using sustainable practices;
- (ENV 1.3) – Reducing reliance on food imports through import substitution for products that can be produced domestically;

- (ECO 4.1) - Promoting competition, protect consumers, attract investment and reduce the cost of doing business;
- (ECO 1.7) - Stimulating economic diversification to spread the benefits of growth and increase economic stability;
- (ECO 4.2) - Strengthening linkages between urban and rural business;
- (SOC 1.7) - Safeguarding the traditional economy as a valued means of contributing to the wellbeing of the population and complementing the formal economy;
- (ECO 3.1) - Promoting broad-based growth by strengthening the linkages between tourism, infrastructure, agriculture and industry in rural areas and diversify the rural economy; and
- (SOC 3.3) – Promote healthy lifestyle choices and health seeking behaviour to improve population health and well-being

### *4.2.2. Complementary NSDP and smooth transition measures*

While the NSDP broadly covers a smooth transition path, some strategies within it have been identified for providing building blocks to also ensure smooth transition as Vanuatu graduates from LDC status.

A number of these specific actions can be grouped into themes as follows: trade; private sector development and productive capacity; infrastructure; macroeconomic stability and finance; institutional and staff capacity development; and strengthening of national systems including planning, budgeting, aid coordination, statistics and monitoring.

These thematic issues are specifically discussed in the matrix below, and are broadly as follows:

- **Trade** – improving access to export markets, in particular for commodities that currently are exported with preferential access conditions, example; beef, fish and copra products;
- **Private sector development and productive capacity** – improving ease of doing business and regulatory oversight, and addressing supply side constraints and strengthening the production of tradable goods and services;
- **Infrastructure** – improve infrastructure in outer islands targeting areas which currently produce agricultural and tourism products but have limited road and port connectivity;
- **Macroeconomic stability and finance** –_maintain macroeconomic stability, including through fiscal and state own enterprise reforms;
- **Strengthening of national systems including planning, budgeting, and monitoring -** translate the NSDP policy objectives into implementable actions linking to ministries corporate plan, department business plans and the annual budget (and external assistance) provisions. Improve accountability of implementing agencies through regular and proactive monitoring and reporting;

- **Aid coordination and monitoring** – action the Aid Management Policy and the Implementation Strategy, to ensure development corporation is focused on supporting the implementation of NSDP priorities;
- **Statistical systems and data** – strengthen the national statistical system, together with the VNSO, for collection analysis and dissemination of relevant statistics; and
- **Institutional and staff capacity development** – improve the effectiveness of the current institutional arrangements for national, provincial, sectoral, corporate planning, and budgeting. Based on the National Planning Framework (NPF), full implementation is necessary, and together with an evaluation of results further changes should be put in place. Link to various mandates of Ministries and Departments under the NPF, a mix of capacity building and supplementation is needed, together with improved allocation (and re-allocation) of current staff resources.

#### *4.2.3. Specific measures – lead roles and timelines*

The specific actions require the Vanuatu government through ministries, departments, private sector, NGO's and development partner attention to work together in order to achieve the desired results.

Specific actions to implement the smooth transition strategy is highlighted in *Table 2*.

**Table 2 – Specific measures to ensure smooth transition**

| ISSUE | ACTIONS | RESPONSIBLE MINISTRY | SUPPORTING AGENCIES | TIME FRAME |
|---|---|---|---|---|
| **1. Trade** | 1.1 Initiate formal discussions with Japan to seek zero duty transition period for beef.<br><br>1.2 Negotiate and establish a bilateral trade and investment agreement with Japan for ongoing market access. | Ministry of Foreign Affairs and External Trade. | Ministry of Trade, Tourism, commerce and Ni Vanuatu Business.<br><br>Ministry of Agriculture, Quarantine, Forestry and Fisheries, Trades Negotiation working group | 2020-2021 |
| | 1.3 Initiate formal request with the European Union to provide a three-year extension of EBA[20] before moving to the Generalised Systems of Preferences (GSP). | Ministry of Foreign Affairs and External Trade. | Department of Trade and Industry, Trade negotiation working groups | 2020 |
| | 1.4 Ratify trade agreement with New Caledonia. | Ministry of Foreign Affairs and External Trade. | Trade Negotiation Working Group[21]. | 2020 |
| | 1.5 Ratify PACER Plus. | Ministry of Foreign Affairs and External Trade. | Trade Negotiation Working Group | 2020 |

[20] Everything But Arms

[21] Working group includes representative from MFEM, MAQFF, VCCI, department of industries

| | | | | |
|---|---|---|---|---|
| | 1.6 Initiate formal discussions with China to seek zero duty transition period for Noni and Kava.<br><br>1.7 Explore potential to establish a bilateral trade and investment agreement with China for ongoing market access. | Ministry of Foreign Affairs and External Trade. | Ministry of Foreign Affairs and External Trade.<br>Ministry of Agriculture, Quarantine, Forestry and Fisheries, Trade negotiation working group. | 2020-2021 |
| | 1.8 Implement the Trade Policy Framework priorities. | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business. | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business, Trade negotiation working group. | 2020-2021 |
| | 1.9 Implement relevant recommendations identified in the 2018 WTO review report.<br><br>1.10 Confirm critical post-graduation obligations, and initiate formal discussions in relevant WTO bodies, including jointly with the LDC group, to seek transition periods for and specific waivers from those obligations.<br><br>1.11 Implement the WTO trade facilitation agreement. | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business.<br><br>Department of Custom and Inland revenue | Ministry of Foreign Affairs and External Trade, Trade. negotiation working group<br><br>Trade facilitation committee. | 2020 - ongoing |

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|---|---|---|---|---|
| | 1.12 Implementation of Labour mobility policy | Labour department | Immigration department, Department of external trades, MALFFB, MTCCNB, Reserve Bank of Vanuatu (RBV) | 2020 |
| | 1.13 Seek a 5-year transition period from the Enhanced Integrated Framework (EIF) for LDCs. | Ministry of Foreign Affairs and External Trade | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business | 2020-2021 |
| **2. Private sector development and trade productive capacity** | 2.1 Undertake policy reforms to improve business environment. (refer to Trade Policy Framework)<br><br>2.2 Address productive capacity for primary produce and supply side constraints to enable trade. (refer to Overarching Productive Sector Policy (OPSP) | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business | Ministry of Finance and Economic Management, Vanuatu Investment Authority (VIPA)<br>Ministry of Agriculture, Quarantine, Forestry and Fisheries, MIPU | 2020 - ongoing |
| | 2.3 Reduce cost of doing business, including utility costs. (Refer to Trade Policy Framework (TPF). | Ministry of Trade, Tourism, Commerce and Ni Vanuatu Business | Ministry of Finance and Economic Management<br>Utilities Regulatory Authority, Reserve Bank of Vanuatu (RBV) | 2020 |

| | | | | |
|---|---|---|---|---|
| | 2.4 Improve and strengthen value adding in goods and services including tourism, cocoa, coffee, kava, noni and coconut oil.(refer to TPF & OPSP) | Ministry of Trade, Tourism, Commerce and NiVanuatu Business | Department of Industries, VCCI, MAQFFB, | 2021 |
| **3. Macroeconomic stability and finance** | 3.1 Assess all available climate funds to determine how these can be best integrated into the broader national development objectives and public finance management systems. | MFEM & RBV | MCC | 2020 - ongoing |
| | 3.2 Develop an external resource mobilisation strategy. | Ministry of the Prime Minister | Ministry of Foreign Affairs and External Trades (MOFAICET), Department of Finance, DSPPAC | 2020 |
| **4. Strengthening of national systems including planning, budgeting, and monitoring** | 4.1 Improve linkages between government ministry corporate plans and department's business plans, with the budget to fund priorities identified in the NSDP and the LDC Strategy.<br><br>4.2 Strengthened and improve regular monitoring and evaluation of the NSDP and LDC Strategy to ensure policy and partner support for improved implementation. | Ministry of the Prime Minister<br>MFEM | All Government Ministers and Departments | 2020 – ongoing |
| **5. Aid coordination** | 5.1 Fully implement the Aid Management Policy to enable effective coordination of donor funds linked to LDC graduation and NSDP priorities and actions. | Ministry of the Prime Minster | Department of Strategic Policy Planning and Aid Coordination | 2020 – ongoing |

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|---|---|---|---|---|
| **6. Statistical systems and data** | 6.1 Fully implement the Vanuatu National Strategy for the Development of Statistics. | Ministry of Finance and Economic Management | RBV, VIPA, VFSC, VNPF, Line Departments. | 2020 - ongoing |
| **7. Communication Strategy** | 1.1 Develop a national communication strategy (Conduct a national communication campaign (develop a theme or message, host a celebration event, compose short media clips on graduation, hold public forum, and circulate FAQs, media coverage). | Ministry of the Prime Minister | Relevant Ministries and Departments. | 2020 - ongoing |