

# Committee for Development Policy 26<sup>th</sup> Plenary Session

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## Summary

Vanuatu graduated successfully in 2020, despite remaining highly susceptible to external and environmental shocks, such as those caused by COVID-19 and recurrent cyclones. The government has been diligently implementing its STS and is seeking additional support from the UN system, particularly through iGRAD, to integrate the STS into planning, budgeting, and monitoring processes.

## Macroeconomic



regulatory framework – seen as a government priority and alternative to public procurement processes. The PPP mechanism is being regarded as the mechanism to attract and secure private finance and expertise for much needed quality infrastructure for delivery of improved services to the rural population of the country.

Fiscal deficit and debt are rising. Fiscal deficit has deteriorated from a usual surplus. A swift decline is anticipated if ECP revenues remain weak coupled with a medium-term decline in grants and rise in current expenditures in recent years continue into the next decade (2023-2033) because of the wage bill and increased infrastructure spending needs due to the country's vulnerability to climate and disaster risks. External debt from 2017 to 2022 has remained slightly above 40 per cent of GNI.<sup>2</sup> Government debt and government-guaranteed debt are expected to remain stable. The Government is unlikely to guarantee

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The Economic and Environmental Vulnerability Index (EVI) score for 2024 is 46.0, higher than 2023 and 2022 due to the country's vulnerability to climate and disaster (frequency – 14 tropical cyclones in four years (2020-2023)). It remains above the threshold value of 32,5020

energy and Information and Communication Technology (ICT). In natural capital and structural change, the country ranks slightly below and roughly at the level of the ODC average, respectively.

Vanuatu's steady progress in its development of overall productive capacity in the period 2012-2022 was not even across the underlying components. There were strong improvements in energy, ICT and structural change. However, the scores of natural capital and transport dropped during this period, while progress in human capital, institutions and private sector stalled. As with most SIDS, the comparative advantage of Vanuatu lies in the services sector such as tourism, banking and offshore financial services real estate, agriculture(fisheries)-based services, and ICT-based services. Deepening structural transformation in the island calls for fostering knowledge and technology-intensive services sector.

Table 5: Productive Capacity Index, Vanuatu, 2022



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government and integrated approach to implement the remaining STS smooth transition measures and its monitoring and reporting within the national M&E framework led by the Prime Minister's Office, is needed and with urgency.



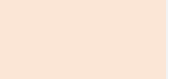








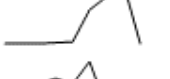





Since graduation, the momentum of the National Coordination Committee for LDC Graduation (NCC) has gradually waned. The participation rate of Vanuatu in monitoring is 29 per cent - two annual reports submitted in 11 occasions (2014-2024), and two consultation meetings out of three occasions (2022-2024). The Government intends to set up a Smooth Transition Team that will replace the NCC and whose main purpose is to guide the STS implementation and share its successes and lessons learned through south-south exchanges with other graduating LDCs.



The supplementary graduation indicators (SGIs) complement the official LDC criteria. They provide quantitative, internationally comparable data for vulnerabilities and other factors that are not fully captured by the LDC criteria but that might be relevant for graduation from the LDC category. For more detailed information on indicators and data sources, see the SGI dataset available on the CDP website.

All data are current as of 24!Nbsd i 2024.

Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)	
ECONOMIC VULNERABILITY	GDP growth rate (%)	United Nations Statistics Division	1.85	2022		
	GDP growth volatility	United Nations Statistics Division	2.81	2022		
	External debt (% of GNI)	World Bank	42.87	2022		
	Total debt servicing (% of exports and primary income)	World Bank	6.83	2022		
	Personal Remittances, received (% of GDP)	World Bank	14.21	2022		
	ODA received as percentage of GNI	World Bank	15.03	2021		
	Tourism receipts as share of exports	World Bank	47.24	2020		
	Current account balance (% of GDP)	World Bank	-13.46	2022		
	Standard deviation of net barter terms of trade over 20 years	World Bank	7.81	2021		
	Cereal import dependency	Food and Agriculture Organization	0.96	2021		
	Tax revenue as share of GDP	World Bank	14.04	2020		
	Gross domestic savings (% of GDP)	World Bank	15.41	2022		

Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
Adjusted net savings (% of GNI)	World Bank	37.98	2020		
Share of employment in agriculture	International Labour Organization	42.35	2022		
Productive capacities index	United Nations Conference on Trade and Development	44.86			
					
					
					
					
					
					
					
					
					
					
					
					

Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
Change in forest cover (percentage)	United Nations SDG Global Database	0.00	2020		n/a
Domestic material consumption per capita	United Nations SDG Global Database	24.13	2019		
Human development index	United Nations Development Programme	0.61	2022		
Multidimensional poverty index	United Nations Development Programme				n/a
Proportion of population covered by at least one social protection benefit	United Nations SDG Global Database	57.40	2020		n/a
Prevalence of undernourishment	Food and Agriculture Organization	9.50	2022		
Mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70 (%)	World Bank	39.70	2019		
Diphtheria tetanus toxoid and pertussis (DTP3) immunization coverage among 1-year-olds (%)	World Health Organization	68.00	2022		
Gross secondary school enrolment rate	United Nations Educational, Scientific and Cultural Organization	75.42	2022		
Mean years of schooling	United Nations Development Programme	7.18	2022		
Learning-adjusted (expected) years of school	World Bank	5.62			

HUMAN ASSETS



Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
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