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

Vanuatu



* 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).

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

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

Table A.11. Vanuatu Macroeconomic indicators

