

**Committee on Macroeconomic Policy, Poverty Reduction and
Financing for Development**

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Name of speaker: (Mr.) (Ms.) _____

Title as in Letter of credentials: _____

Country/Organization: VANUATU

Please indicate the agenda item on which you wish to speak:

Agenda Item No: 4

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Item 4

Country Statement-Vanuatu Presented by Mrs. Wenny Tarikelana Ministry of Finance and Economics Management

Honorable Madame Chair

Your Excellencies,

Distinguished delegates

It is with great honor that I present a brief statement on Vanuatu's recent economic, fiscal and developmental progress. The economy of Vanuatu is import oriented and is driven by the services sector, which is mainly related to tourism. The majority of people in Vanuatu work in the agricultural sector, and the industrial sector consisting mainly of construction and infrastructure related activities is also strong, as roads and other infrastructure are built around the country. Vanuatu's GDP growth forecasts were updated last week, with growth in 2019 projected at 3.0 per cent, followed by 3.8 per cent in 2020. The fiscal budget of the country continues to increase annually with increasing public expenditure reflecting newly proposed fiscal policies despite the narrow tax base. The VAT rate was increased from 12.5 per cent to 15 per cent last year, while the idea of an income tax is under discussion. The Vanuatu National Bank has been one of the significant commercial banks that continues to promote SME financing.

In Vanuatu, the SDGs have been incorporated into our National Sustainable Development Plan, or NSDP, which has 3 pillars, 98 policy objectives, 196 indicators and 205 targets based on our culture, traditional knowledge and Christian principles. The NSDPs inform our sector policies, which in turn inform corporate plans and later the business plan. Each financial year there are 7 budget policy priorities which are chosen from the NSDP by the Cabinet to be implemented during the next financial year. The fiscal space is then allocated across these 7 priorities with two different technical teams that look at the funding allocation and alignment of the proposed policies with the NSDP. There are two frameworks which have been launched early this year to help implement our NSDP and also measure progress on each of the targets – these are the NDP framework and M&E framework. Therefore, we are currently at the implementation stage of the SDGs through our NSDP. We are also currently working on our Medium Term Expenditure Framework and other medium term frameworks to help the Vanuatu Government in ensuring its financial planning is in line with the medium term policies. This will cover the budget year plus four years.

Moreover, as stated by the Deputy Prime Minister of Vanuatu, the Honorable Mr. Jotham Napat during the recent UNIDO meeting, Vanuatu is being scheduled for LDC graduation in 2020 December. Graduation will bring about challenges and opportunities as Vanuatu close of its 40 years of independence in 1980. The LDC National Co-ordination Committee was established in 2016 to co-ordinate a smooth transition strategy, to consult stakeholders and provide awareness. The overall approach to smooth transition towards LDC graduation will be anchored in ensuring that Vanuatu can fully implement the National Sustainable Development Plan (NSDP). Three studies are being made to complement the strategy and to ensure that Vanuatu has a smooth transition when graduating. These three studies will cover domestic resources, access to external finances and trade income loss. So far, it seems that any negative impacts of LDC graduation on Vanuatu will be very minor.

I must say we have no current national poverty measurement per se but we have done a Vanuatu Hardship and Poverty study in 2011 that is based on our Household Income Expenditure Survey and 2009 Census figures around expenditure and access to services and social infrastructure. We developed Melanesian Well Being Indicators for the Baseline Survey for the National Sustainable Development Plan. This survey is being run from Feb 2019 - Feb 2020 by the National Statistics Office. We will develop Multidimensional Poverty Index and Indicators for our Census 2020 (next year) which will look at how Vanuatu defines poverty and this is in line with our Melanesian Well Being Indicators.

So to summarize, ladies and gentlemen, Vanuatu is at its implementation stage of the NSDP that is mapped to the SDGs, and is working on its LDC graduation and national poverty measurement. Thank you so much for giving me this opportunity to outline Vanuatu's recent successes and work in progress.