



Monitoring of countries that are graduating or have graduated from the list of least developed countries *

The Committee reviewed the development progress of Angola and Vanuatu, scheduled for graduation in February 2021 and December 2020, respectively.

It found that Angola continued to experience an economic slowdown as a result of low international oil prices and reduced oil production. Despite the gradual improvement in human assets, the imbalance between the relatively high level of per capita income and the low level of human assets remains a serious concern to which the Government of Angola should give priority attention during the preparation of its smooth transition strategy, in addition to addressing economic vulnerability through diversification.

The Committee noted slow but sustained improvements in income and human assets in Vanuatu. There was no worsening in economic vulnerability, but Vanuatu remains highly vulnerable to environmental shocks. The Committee recommends that the Government of Vanuatu prepare a smooth transition strategy in consultation with its main trading and development partners.

The Committee also reviewed the development progress of Equatorial Guinea, Maldives and Samoa, which have already graduated from the least developed country category.

The income of Equatorial Guinea continued to decline owing to reduced oil production, depletion of the existing oil reserves and limited investment. The country's human assets index score remains very low.

The Committee recommends that the Government implement a smooth transition strategy, channeling resources to investment in human capital and economic diversification.

The Committee found that Maldives continued to make progress in achieving economic growth and maintaining a high level of human assets, while remaining highly environmentally vulnerable. The Committee noted that Maldives was able to manage the impact of graduation from the least developed country category.

The Committee noted with appreciation the report on the implementation of the smooth transition strategy by the Government of Samoa. The country continued to achieve slow but steady development progress despite its high vulnerability to economic and environmental shocks. The Committee noted that the experiences of Samoa in graduating from the least developed country category will be valuable for other graduating countries, in particular for other Pacific countries. The Committee encourages the sharing of experiences between countries, with the support of the international community.

The Committee recalled General Assembly resolution 67/221 and reiterated the importance of the participation of graduating and graduated countries in the monitoring process. The Committee noted with regret that no country except Samoa submitted its report on the preparation and implementation of the transition strategy.

* Excerpt from Committee for Development Policy, Report on the twentieth, See Official Records of the Economic and Social Council, 2018, Supplement No. 13 (E/2018/33)

A. Introduction

The Committee is mandated by Council resolution 2017/29 to monitor the development progress of countries graduating and graduated from the least developed country category, in accordance with General Assembly resolution 67/221. The present report includes the cases of Angola and Vanuatu, which will graduate in

2021 and 2020, respectively, and Equatorial Guinea, Maldives and Samoa, which graduated in 2017, 2011 and 2014, respectively.

The more detailed monitoring reports, including country submissions, are available on the Committee website.

B. Graduating countries

Angola

The Committee noted that Angola is highly dependent on the oil sector and that its economic growth is affected by low international oil prices and reduced oil production. Real gross domestic product growth has been slow or negative over the past few years and is expected to be slow in the next two years. High inflation, unstable exchange rates, and current account and fiscal deficits present challenges to maintaining macroeconomic stability.

Gross national income per capita is estimated at almost four times higher than the graduation threshold established at the 2018 triennial review (\$1,230). While

the human assets index score has improved, it is still low compared with similar-income countries. The economic vulnerability index score remains above the graduation threshold (see table).

Angola is currently implementing political changes. The Government has not yet reported progress in the preparation of a smooth transition strategy. The Committee recommends that the Government develop its smooth transition strategy as soon as possible, and that donors and trading partners extend the maximum possible flexibility and support following graduation.

Vanuatu

Recovering from the adverse impact of Cyclone Pam, which struck the country in 2015 and also led to the postponement of graduation until 2020, per capita GDP growth has been stabilized around 4 per cent per annum. GNI per capita is expected to remain well above the income graduation threshold (see table).

The human assets index score is stable, and much higher than the graduation threshold. The country remains highly vulnerable.

In 2016 the Government reported that it was in the process of establishing its national least developed country coordinating committee, comprising various relevant stakeholders to prepare a smooth transition strategy. No progress report has been submitted. The Committee recommended that donors and trading partners extend the maximum possible flexibility and support to Vanuatu following its graduation.

C. Graduated countries

Equatorial Guinea

Equatorial Guinea, which graduated in June 2017, is the third largest oil producer in sub-Saharan Africa, after Nigeria and Angola, and continues to face serious challenges, owing to low oil prices, a decline in oil production and limited investment in exploring new oil fields. While GNI per capita remains far above the graduation threshold (see table 2), it is 27 per cent lower than recorded last year and the economy is projected to contract by 4–6 per cent annually in 2018–2019.

There is only small progress in improving human assets since last year, while vulnerability remains below the graduation threshold.

After the graduation became effective, Equatorial Guinea expressed interest in possible postponement of graduation. The Committee is concerned on the limited awareness within the country on graduation from least developed country status and urges it to implement development strategies to channel its resources to improving human assets and promoting economic diversification.

Maldives

Maldives graduated in 2011. The Committee noted the continued development progress of the country: its GNI per capita was 7.5 times higher than the income graduation threshold, and the human assets index score reached almost 90. The economic vulnerability index score, however, has not improved, indicating that the country remained highly vulnerable to environmental and external economic factors (see table).

Samoa

Samoa has continued to make progress since its graduation in 2014, although economic growth is projected to slow down in 2018–2019. GNI per capita is estimated to remain over three times higher than the graduation threshold (see table).

Samoa continues to maintain very high levels of human assets, but it remains vulnerable to economic and environmental shocks.

The Committee found that graduation had not caused significant disruption to the development path of the Maldives. The termination of trade preferences extended to Maldives by its major trading partners after graduation had no major effects on expanding exports of fish, and development assistance flows have not been significantly reduced following graduation.

The Committee welcomes the effort made by the Government of Samoa, which continued to engage with its trading and development partners to minimize the possible negative impacts of graduation. According to the Government, Samoa managed to achieve continued progress since graduation, despite the challenges it still faces as a developing country. Samoa expressed its gratitude to the United Nations and the international community for the support and assistance it received while it was categorized as a least developed country.

Table

Least developed country criteria in 2018: monitored countries that are graduating or have graduated

	GNI per capita (US dollars)	EVI	HAI
Graduation threshold (2018 review)	>= 1,230	<=32.0	>=66.0
Angola	4,477	36.8	52.5
Equatorial Guinea	9,665	27.8	58.4
Maldives	9,200	50.9	89.3
Samoa	4,124	39.7	94.1
Vanuatu	3,014	47.0	78.5

Source: CDP Secretariat, based on latest available data