United Nations
CDP
Committee for
Development Policy

CDP2018/PLEN/3b

Committee for Development Policy
20th Plenary Session

United Nations
New York, 12-16 March 2018
Conference Room 6

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

Equatorial Guinea

SUSTAINABLE DEVELOPMENT GOALS

Contents

Summary and the monitoring timeline

Angola: Scheduled to graduate on 12 February 2021. Income has been sustained at a high level but lower oil production and tighter foreign exchange liquidity brings challenges on maintaining macroeconomic stability. Human assets are underdeveloped comparing to other countries with similar income levels. The preparation of the smooth transition strategy has been delayed by the recent political changes.

Equatorial Guinea: Graduated on 4 June 2017. The income level is still high, but the GDP is projected to continue to decline due to the production cap imposed by OPEC, depletion of the existing oil reservoirs, and limited new investment. Financial sustainability is questioned as foreign reserves are seriously low. HAI is very low, and there is no update on the data on some of the HAI indicators. After graduation became effective, the Government expressed interest on possible postponement of the graduation.

Maldives: Graduated on 1 January 2011. The continued increase in economic growth in recent years has been driven primarily by high-end tourism and construction. Current account and fiscal imbalances, relatively low international reserves and a rapid build-up in public debt, are the main challenges. There is no sign of regress in the HAI and EVI indicators. The graduation does not appear to have caused disruptions on Maldives' development trend.

Samoa: Graduated on 1 January 2014. The income growth is expected to be slow at 1.5 – 2 per cent in the next few years. There is no sign of progress or regress in the income, HAI and EVI indicators. Samoa reported that it has continued to make progress since graduation, despite the challenges it still faces as a developing country. Samoa presents its gratitude to the United Nations and the international community for the support and assistance while it was categorized as an LDC.

Vanuatu: Scheduled to graduate on 4 December 2020. The growth rate is projected to stay around 4 per cent, helped by recovery in the agricultural production, and a few infrastructure projects. The HAI and EVI indicators show no change in 2017-2018. Vanuatu had indicated that it was in the process of establishing the National LDC Coordinating Committee to prepare the smooth transition strategy, but a progress has not been reported.

Table 1 Timeline for graduation and monitoring reports

Date	Angola	Equatorial Guinea	Maldives	Samoa	Vanuatu
Jan 2011			***Graduation***		
Jan 2014				***Graduation***	
Jun 2017		***Graduation***			
Mar 2018	Graduating	Graduated #1	Review #2	Review #1	Graduating
Mar 2019	Graduating	Graduated #2			Graduating
Mar 2020	Graduating	Graduated #3			Graduating
Dec 2020					***Graduation***
Feb 2021	***Graduation***				
Mar 2021	Graduating	Review #1		Review #2	Graduating
Mar 2022	Graduated #1				Graduated #1
Mar 2023	Graduated #2				Graduated #2
Mar 2024	Graduated #3	Review #2			Graduated #3
Mar 2027	Review #1				Review #1
Mar 2030	Review #2				Review #2

Note: "Graduating" indicates monitoring as a graduating country; "Graduated #1" indicates monitoring for the first as a graduated country; "Review #1" indicates monitoring for the first time as a complement to the triennial review.

1. Equatorial Guinea

1.1. Development trend and forecast

Equatorial Guinea is highly dependent on the oil sector (97 per cent of the export, and 90 per cent of fiscal revenue), and continues to face serious challenges due to the decline in hydrocarbon production compounded by low oil prices. Real GDP contracted by 9 per cent in 2015, 8.9 per cent in 2016 and 5.9 per cent in 2017 (see Table 2). Estimates vary depending on assumptions about international oil prices but real GDP is projected to further contract by 4-6 per cent annually in 2018-2019.[1]

Table 2 Equatorial Guinea: macroeconomic indicators, 2011-2017

Indicator	2011	2012	2013	2014	2015	2016	2017
GDP growth rate (per cent, constant price)	6.5	8.3	-4.1	0.4	-9.0	-8.9	-5.9
Inflation rate (%)	4.8	3.7	2.9	4.3	1.7	1.4	1.6
Government revenue (billions of national currency)	2,851	3,196	2,696	2,585	2,071	1,129	1,171
Government expenditure (billions of national currency)	2,767	4,023	3,329	3,353	2,975	1,719	1,560
Government balance (billions of national currency)	84	-827	-633	-767	-905	-590	-389
Government balance (per cent of GDP)	0.8	-7.2	-5.8	-7.2	-19.1	-14.9	-13.5
Net ODA received (millions of US dollars)	24.6	14.5	4.6	0.5	7.5		
Balance of Payments (millions of US dollars)							
Current Account	-1,210	-252	-547	-929	-2,150	-1,067	-806
Goods, Credit (Exports)	16,108	16,410	14,043	12,643	5,688	4,429	4,401
Goods, Debit (Imports)	5,831	5,774	5,758	5,487	3,525	2,183	1,831
Balance on Goods	10,277	10,636	8,285	7,156	2,163	2,246	2,570
Services, Credit (Exports)	162	225	198	168	277	300	324
Services, Debit (Imports)	3,417	3,478	3,443	3,554	2,310	1,512	1,522
Balance on services	-3,255	-3,254	-3,244	-3,387	-2,033	-1,212	-1,198
Balance on Goods and Services	7,022	7,382	5,041	3,769	131	1,034	1,372
Balance on income	-7,786	-7,072	-5,388	-4,163	-1,818	-1,618	-1,710
Balance on current transfers	-447.0	-561.9	-199.7	-535.1	-463.0	-483.7	-467.3
Capital Account	9.82	-0.09	0.04	0.04	0.04	0.04	0.04
Financial Account	4,068	3,931	1,326	-746	-1,263	-1,067	-805
Direct investment (net)	2,726.4	3,515.0	2,146.1	1,137.6	1,186.4	-58.1	87.4
Portfolio investment (net)	11.4	1.3	28.8	24.4	2.4		1.8
Other investment (net)	492	-816	-809	-248	-751	208	-835
Change in reserves	838.2	1,230.9	-39.5	-1,659.7	-1,701.0	-1,216.6	-59.7
Total Reserves (Millions of US dollars)	3,054	4,397	4,567	2,907	1,205	62	7
Reserves (months of imports)	4.4	5.3	6.4	4.2	2.6	0.2	0.0

Source: UN/DESA World Economic and Social Prospects (2018); IMF, International Financial Statistics, accessed 10 February 2018.

Equatorial Guinea is the third-largest oil producer in sub-Saharan Africa, following Nigeria and Angola. However, crude oil production has been steadily declining since 2004, due to depletion of existing reservoirs and limited investment in new field discoveries. Equatorial Guinea produced 236,300 barrels per day in 2016, and since 2017, as the country joined the OPEC as the sixth African member, the oil

[1] UN/DESA (2018). WESP.

production is capped at 128,000 barrels a day. In the longer term, oil output may fall by more than OPEC's cap due to depletion of oil reserves.[2]

Surplus in the balance on goods is to large extent cancelled by the deficit in the balance on services, mainly in the oil sector. Without the inflow of foreign capital, the total reserves dwindled down to only $7 million in 2017. The economy is expected to remain in recession in 2018 as oil production declines, public investment remains low and the non-oil economy stagnates.[3]

1.2. Development related to indicators in the LDC criteria

GNI per capita is estimated as $9,665 in 2018, about eight times higher than the graduation threshold, $1,230 (see Table 3). The projected continued contraction of real GDP in the next couple of years, due to low oil prices and declining oil production, may lead to a further reduction in the GNI per capita. However, the country is expected to remain an upper-middle income country.

Table 3 Equatorial Guinea: LDC criteria indicators, 2011 – 2018

Index/Criteria	2011	2012	2013	2014	2015	2016	2017	2018
GNI per capita (USD, Atlas method)	9,345	10,604	11,435	11,689	12,927	13,372	11,930	9,665
Human assets index (HAI)	54.4	55.1	55.9	56.4	57.0	57.5	58.1	58.4
Maternal mortality rate (per 100,000 live births)	391.0	378.8	364.5	361.4	355.6	351.1	341.6	341.6
Under-five mortality rate (per 1,000 live births)	114.4	110.6	107.0	103.7	100.4	97.1	94.0	90.9
Percentage of population undernourished	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Adult literacy rate (%)	92.4	92.9	93.4	93.8	94.3	94.7	95.2	95.2
Gross secondary enrolment ratio (%)	27.4	27.4	27.4	27.4	27.4	27.4	27.4	27.4
Economic vulnerability index (EVI)	43.0	40.2	39.4	39.1	38.0	33.7	27.6	27.8
Population (thousands)	909	951	994	1,039	1,084	1,129	1,175	1,221
Remoteness	47.1	47.4	47.7	48.1	48.3	48.5	48.8	49.1
Merchandise export concentration	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Share of agricultural, forestry and fisheries in GDP (%)	1.1	1.0	1.1	1.0	1.1	1.2	1.5	1.9
Share of population living in low elevated coastal areas (%)	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Instability of exports of goods and services	28.4	27.3	26.6	26.4	25.3	20.3	13.1	13.3
Instability of agricultural production	4.1	1.8	1.6	1.5	1.5	1.5	1.5	1.5
Victims of natural disasters (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Committee for Development Policy Secretariat
Note: Indicators are generated based on the same data source and methodology used for the 2018 review using most recent available data. Therefore, the values in 2012 and 2015 may be different from the values included in the triennial reviews presented in the CDP reports to the ECOSOC in the respective year.

Progress in improving human assets is slow. There is no data update on the undernourishment or secondary school enrolment rate in 2010s. The HAI score reaches 58.4 in 2018, very low compared to the HAI scores of countries with similar income levels (e.g., Gabon 72.8, Maldives 89.3, Mexico 94.6, Brazil 96.1).

---

[2] UN/DESA (2018). WESP; EIU (February 2018). Equatorial Guinea Country Report.

[3] EIU (February 2018). Equatorial Guinea Country Report; AfDB (2018). AEO.

The EVI score fell below the graduation threshold of 32 in 2017 and 2018. The reduced EVI results from a reduction in export instability in 2016 and 2017; it is largely a statistical outcome rather than the result of a fundamental change in the economy's instability.[4]

1.3. Smooth transition

Equatorial Guinea graduated on 4 June 2017 (A/RES/68/18). Equatorial Guinea has not yet submitted a report on its preparation or implementation of the smooth transition strategy. In August 2017, the Government requested the High Representative of LDCs, Land Locked Developing Countries and Small Island Developing States for a memorandum to postpone the graduation to 2020, to coincide the National Economic Development Plan: Horizon 2020, and to assess the development progress again in 2020 (see Annex 1). The fact that the request was made after the country already graduated may underscore the limited awareness on the LDC category and graduation in the country.

[4] The no-growth period until 1995 is excluded from the calculation, and it leads to a lower value of the export instability. See the calculation methods in UN/CDP (2015). Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures.