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Monitoring of graduated and graduating countries from the least developed country category:

Angola, Equatorial Guinea and Vanuatu

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 and is expected to recover moderately in coming years from the contraction in 2018-2019. Human assets, while improving, are underdeveloped comparing to other countries with similar income levels. There is no update on the preparation of the smooth transition strategy.

Equatorial Guinea: Graduated on 4 June 2017. GDP is projected to continue to decline significantly due to the depletion of the existing oil reservoirs and limited new investment, but it will remain far above the LDC inclusion and graduation thresholds. HAI remains very low. After graduation became effective, the Government expressed interest on possible postponement of the graduation.

Vanuatu: Scheduled to graduate on 4 December 2020. The growth rate is projected to stay around 3-4 per cent. The HAI and EVI indicators show no major change in 2018-2019. While no indication of regress has been observed, the country remains highly vulnerable to external shocks, in particular natural disasters.

Table 1 Timeline for graduation and monitoring reports

Date	Angola	Equatorial Guinea	Vanuatu
June 2017		***Graduation***	
March 2018	Graduating	Graduated #1	Graduating
March 2019	Graduating	Graduated #2	Graduating
March 2020	Graduating	Graduated #3	Graduating
December 2020			***Graduation***
February 2021	***Graduation***		
March 2021	Graduating	Review #1	Graduating
March 2022	Graduated #1		Graduated #1
March 2023	Graduated #2		Graduated #2
March 2024	Graduated #3	Review #2	Graduated #3
March 2027	Review #1		Review #1
March 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. Angola

1.1. Development trend and forecast

The economic situation is improving in Angola, the second largest economy of the region. Angola is highly dependent on the oil sector (contributing to half of GDP, over 90 per cent of exports, and over 70 per cent of fiscal revenue), and its economic growth has been strongly affected by the low oil prices in the world market. Following the 2.6 percent contraction of GDP per capita growth in 2016, the economy slowly recovered in 2017-2018 (see Table 2), helped by rising oil prices. GDP is projected to grow at 2.4 percent in 2019 and 3.0 per cent in 2020.[1]

Table 2 Angola: macroeconomic indicators, 2012-2018

Indicator	2012	2013	2014	2015	2016	2017	2018
GDP (USD billions)[1]	128.1	136.7	145.7	116.2	101.1	126.5	114.5
GDP growth rate (per cent, constant price)[2]	8.5	5.0	4.8	0.9	-2.6	0.7	1.0
Inflation rate (%)[2]	10.3	8.8	7.3	10.3	32.4	31.7	20.8
Government balance (per cent of GDP)[1]	4.1	-0.3	-5.7	-2.9	-4.5	-6.1	-0.8
Current account balance (USD billion)[1]	13.9	8.3	-3.7	-10.3	-4.8	-1.3	-2.5
Exports of goods and services (USD billion)[3]	71.9	69.6	60.9	34.4	28.3	35.6	N.A.
Net ODA received (USD million)[4]	243.6	285.5	235.4	380.1	206.5	223.2	N.A.

Source: [1]IMF, World Economic Outlook Database, accessed 18 February 2019; [2]UN/DESA World Economic and Social Prospects 2019; [3]IMF, International Financial Statistics, accessed 18 February 2019; [4] The World Bank, World Development Indicators, accessed 18 February 2019.

Economic growth is expected as the Kaombo oil field bolsters local oil production, combined with a more solid expansion in government and private consumption. These dynamics are expected to continue, and should see a stronger overall real GDP growth performance in 2020-23.[2] However, despite efforts to diversify the economy, investment outside hydrocarbons will continue to be constrained by the difficult operating environment.

Fiscal revenue declined by more than 50 per cent between 2014 and 2017. Public debt, largely external, increased from 40.7 per cent of GDP in 2014 to an estimated 80.5 per cent in 2018, raising concerns about the country's sustainability.[3] Inflationary pressures persist, as the Kwanza has lost over 85 per cent of its value against the dollar in 2018.[4]

The partial recovery in global commodity prices has yet to translate into a recovery in FDI flows. To attract foreign investment, a new private investment law approved in June 2018 reduces the minimum capital requirement, facilitates repatriating capital, and eliminates a requirement that local investors have a 35 per cent stake. However, the law does not cover specific sectors regulated by other laws, i.e. mining, oil and gas, financial services.

The current account balance will depend on the oil price. Angola's current account deficit is estimated as $2.5 billion in 2018, and expected to decrease to $0.4 billion by 2020 (IMF WEO 2018). Total export earnings, which remain dominated by oil, will pick up as well, accompanied by an increase in import spending, reflecting a slight rise in government-led capital investment.

[1] UN/DESA (2018). World Economic Situation Prospects (WESP) 2019.
[2] Economic Intelligence Unit (EIU) (January 2019). Angola Country Report.
[3] African Development Bank (2019). African Economic Outlook (AEO).
[4] EIU Country Report (January 2019). Angola Country Report.

1.2. Development related to indicators in the LDC criteria

The GNI per capita of Angola is estimated as $3,942 in 2019, about three times higher than the LDC graduation threshold established at the 2018 triennial review, $1,230 (see Table 3). As the economy is forecast to achieve slow but positive growth in coming years, GNI per capita is expected to remain far above the graduation thresholds.

Table 3 Angola: LDC criteria indicators, 2012-2019

Index/Criteria	2012	2013	2014	2015	2016	2017	2018	2019
GNI per capita (USD, Atlas method)	3,108	3,253	3,607	4,122	4,652	4,802	4,465	3,942
Human assets index (HAI)	39.0	40.6	43.5	46.6	49.9	52.9	55.3	55.9
Maternal mortality rate (per 100,000 live births)	561.3	546.0	526.1	508.8	493.4	477.0	477.0	477.0
Under-five mortality rate (per 1,000 live births)	121.3	113.2	105.8	99.2	93.6	88.9	84.6	81.1
Percentage of population undernourished	42.5	40.4	38.2	35.1	30.8	27.0	24.8	23.9
Adult literacy rate (%)	66.5	66.3	66.2	66.1	66.0	66.0	66.0	66.0
Gross secondary enrolment ratio (%)	26.5	26.7	31.4	36.2	41.0	45.7	50.5	50.5
Economic vulnerability index (EVI)	34.3	34.6	37.4	36.3	36.8	38.6	39.7	39.3
Population (thousands)	23,369	24,219	25,096	25,998	26,920	27,859	28,813	29,784
Remoteness	58.7	58.9	59.1	59.2	59.3	59.5	59.8	60.1
Merchandise export concentration	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Share of agricultural, forestry and fisheries in GDP (%)	5.9	6.2	6.0	6.0	6.6	7.7	8.8	9.3
Share of population living in low elevated coastal areas (%)	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Instability of agricultural production	5.7	5.6	7.4	7.7	8.1	9.2	9.6	9.6
Victims of natural disasters (%)	0.3	0.3	0.7	0.7	0.7	0.7	0.7	0.9
Instability of exports of goods and services	13.5	13.9	14.3	12.8	13.1	14.4	15.2	14.3

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.

The income level and human development of Angola are unbalanced. While there is improvement in the HAI score in 2019, 55.9 is still a very low value compared to the HAI scores of countries with similar income levels (e.g., Sri Lanka 94.7, Armenia 95.5, Jordan 85.7, Paraguay 87.1).

The EVI score is 39.3 in 2019 and remains above the graduation threshold established at the 2018 review of 32 or below. Vulnerability has increased over the past eight years, mainly driven by an increasing share of agriculture in GDP (caused by decline in the mining sector) and increasing instability of exports and agricultural production. Overall, the LDC indicators do not suggest diversification of the economy or a reduction in vulnerability to outside shocks.

1.3. Productive capacity

Angola's overall Productive Capacities Index (PCI) is lower than the average for LDCs and, obviously, far lower than the average of non-LDC Other Developing Countries (ODCs), as presented in Table 4. On individual categories, when compared to ODCs, Angola's performance on PCI is weak except on natural capital component score, which is relatively higher thanks to its dominant extractive sectors. Paradoxically, the country's structural change is significantly higher than other LDCs thanks to Angola's relatively higher GDP per capita driven largely by its exports but still lower than that of ODCs. Seemingly higher level of structural transformation vis a vis the average for LDCs only shows the low score for LDCs as a group. However, the country's performance is very weak even by LDCs standard on other important categories such as Information and Communication Technology (ICT), institutions and the private sector. Angola is almost at par with the rest of the LDCs group on transport and human capital components.[5]

Table 4 Productive Capacities Index (PCI): Angola, Equatorial Guinea and Vanuatu vis-a-vis LDCs and ODCs

Country	PCI	Natural Capital	ICT	Structural Change	Institutions	Energy	Private sector	Transport	Human Capital
Angola	43.3	50.1	42.2	46.8	39.8	43.8	34.1	47.6	42.1
Equatorial Guinea	42.9	47.0	43.6	46.7	36.1	44.8	41.4	47.6	35.8
Vanuatu	47.1	46.9	44.2	41.3	50.6	43.8	49.4	47.6	52.6
LDCs	45.1	53.1	43.1	43.1	42.9	42.4	45.3	47.7	43.0
ODCs	50.0	48.7	51.4	49.6	49.1	50.2	49.9	50.0	51.2

Source: UNCTAD.

1.4. Smooth transition

Angola is scheduled to graduate on 12 February 2021 (A/RES/70/253). In 2017, the Government of Angola has initiated its work on finalizing its 10-step road map to prepare the smooth transition strategy.[6] the Government has yet to report a progress in implementing the initial steps in the preparation of the transition strategy.

In March 2018 Angola signed the African Continental Free-Trade Area agreement, which aims to create the world's largest single market of 1.2 billion consumers and workers. Tariffs on 90 per cent of goods are set to be eliminated over the next five years to 2023. However, it is uncertain whether Angola will be prepared to open its markets fully to regional competitors, and logistical and political concerns across the region are expected to hamper growth potential.

There is no information on developments of other preferential trading agreements for the time after LDC-specific duty-free quota-free arrangements will cease to apply after smooth transition from the LDC category. Angola has an option to join the Economic Partnership Agreement between the European Union and the South African Development Community (SADC).

[5] UNCTAD note for the monitoring report dated 17 January 2019, provided in accordance with ECOSOC resolution E/RES/2017/29.

[6] Government of Angola (2017). First Annual Report on The Angola Graduation Process from LDC Category. https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-PL-2017-5a.pdf#page=6

2. Equatorial Guinea

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2.1. Development trend and forecast

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Equatorial Guinea is highly dependent on the oil sector (over 90 per cent of the export and fiscal revenue), and continues to face serious challenges due to the decline in hydrocarbon production compounded by low investment. Real GDP is estimated to have contracted by 3.2 per cent in 2017 and 3.8 per cent in 2018 (see Table 5). Estimates vary depending on assumptions about international oil prices but real GDP is projected to further contract by 2 per cent annually in 2019-2020.[7]

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Table 5 Equatorial Guinea: macroeconomic indicators, 2012-2018

Indicator	2012	2013	2014	2015	2016	2017	2018
GDP (USD billions)[1]	22.4	21.9	21.7	13.2	11.3	12.5	13.2
GDP growth rate (per cent, constant price)[2]	8.3	-4.1	0.4	-9.1	-8.6	-3.2	-3.8
Inflation rate (%)[2]	3.7	2.9	4.3	1.7	1.4	0.7	3.4
Government balance (per cent of GDP)[1]	-7.2	-4.4	-7.5	-15.1	-10.8	-2.5	0.6
Current account balance (USD billion)[1]	-0.3	-0.5	-0.9	-2.1	-1.5	-0.7	-0.4
Exports of goods and services (USD billion)[3]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net ODA received (USD million)[4]	14.5	4.6	0.5	7.5	6.9	6.9	N.A.

Source: [1]IMF, World Economic Outlook Database, accessed 18 February 2019; [2]UN/DESA World Economic and Social Prospects 2019; [3]IMF, International Financial Statistics, accessed 18 February 2019; [4] The World Bank, World Development Indicators, accessed 18 February 2019.

For oil and gas sector, no new oilfields are due to come on stream, proven reserves are low and output from maturing wells is declining. The gas sector holds more promise, but investor appetite is low in an oversupplied global gas market.[8]

Fiscal position is precarious after years of debt-financed infrastructure spending and significant pressures on oil revenue. The government has introduced some revenue-boosting measures in 2018, such as strengthening of customs procedures and efforts to curb tax exemptions, in order to diversify revenue beyond oil. The budget deficit fell gradually between 2016-18, thanks to substantially lower government spending (capital and operating expenditures) combined with improved revenue collection.[9]

External sector buffers at the Central Bank for Central African States (BEAC) are recovering, but remain depleted. Despite the narrowing of the overall fiscal deficit and the higher export earnings from better oil prices, Equatorial Guinea imputed net foreign assets (NFAs) at the BEAC remained negative through mid-2018. Large outflows by the private sector, at least partly related to the payment of government arrears towards end-2017 and early 2018, have kept imputed NFAs in negative territory.[10]

2.2. Development related to indicators in the LDC criteria

[7] UN/DESA (2018). WESP 2019; IMF (2018) WEO 2018.

[8] EIU (January 2019). Equatorial Guinea Country Report.

[9]African Development Bank (2019). African Economic Outlook (AEO).

[10] IMF (November 2018) First Review under the Staff-Monitored Program: Equatorial Guinea.

GNI per capita is estimated as $7,561 in 2019, about six times higher than the graduation threshold established at the 2018 review, $1,230 (see table 6). The projected continued contraction of real GDP in the next couple of years, due to 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 6 Equatorial Guinea: LDC criteria indicators, 2012-2019

Index/Criteria	2012	2013	2014	2015	2016	2017	2018	2019
GNI per capita (USD, Atlas method)	10,604	11,434	11,691	12,933	13,381	11,995	9,815	7,561
Human assets index (HAI)	54.5	55.2	55.8	56.4	57.0	57.4	57.8	58.1
Maternal mortality rate (per 100,000 live births)	378.8	364.5	361.4	355.6	351.1	341.6	341.6	341.6
Under-five mortality rate (per 1,000 live births)	113.5	109.8	106.4	102.8	99.3	96.0	92.8	89.6
Percentage of population undernourished	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Adult literacy rate (%)	93.1	93.6	94.0	94.5	95.0	95.0	95.0	95.0
Gross secondary enrolment ratio (%)	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Economic vulnerability index (EVI)	40.2	39.3	39.1	38.0	33.7	27.7	27.8	24.6
Population (thousands)	951	994	1,039	1,084	1,129	1,175	1,221	1,268
Remoteness	47.4	47.7	48.1	48.3	48.5	48.8	49.1	49.4
Merchandise export concentration	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Share of agricultural, forestry and fisheries in GDP (%)	1.0	1.1	1.0	1.1	1.2	1.5	1.8	2.2
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 agricultural production	1.7	1.6	1.4	1.4	1.4	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
Instability of exports of goods and services	27.3	26.6	26.4	25.3	20.3	13.2	13.3	9.6

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. The HAI score reaches 58.1 in 2019, very low compared to the HAI scores of countries with similar income levels (e.g., Gabon 72.8, Suriname 87.8, Lebanon 85.1, Mexico 96.7, Brazil 96.3).

The EVI score stays below the graduation threshold of 32 since 2017. The reduced EVI results from a reduction in export instability - it is largely a statistical outcome due to the changing time period to calculate the index, rather than the result of a fundamental change in the economy's vulnerability.[11]

2.3. Productive capacity

Equatorial Guinea's overall PCI is lower than the average of LDCs' group and that of the Angolan PCI (see table 4). However, Equatorial Guinea is characterized by relatively higher scores on energy and structural change components when compared to the group of LDCs. The high structural change is not the result of export diversification, but it is motivated more by its relatively higher exports in value

[11] See the calculation methods in UN/CDP (2018). Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures.

terms (mostly driven by exports of fossil fuel) and the high GNI per capita. The country is at par with the rest of the LDCs on transport component. As with Angola, the high score on natural capital of Equatorial Guinea relative to other components) is explained by the country's dependence on extractive sectors. However, because of disproportionate dominance of natural capital on LDCs' PCI as a group, Equatorial Guinea's score on natural capital is lower than the average for LDCs. Overall, Equatorial Guinea lags behind LDCs and ODCs on the composite index as well as on institutions and human capital. The high GNI per capita of the country failed to translate into lower mortality rate, higher education nor improved life expectancy.[12]

2.4. 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. As reported in the 2018 monitoring report, in 2017 the Government requested the High Representative of LDCs, Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS) 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. 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.

3. Vanuatu

3.1. Development trend and forecast

The real GDP growth has been stabilized at 3-4 per cent in 2016-2018 (see table 7). A recovery in tourism and agriculture combined with further ramping-up of infrastructure projects has contributed to sustaining real GDP growth in recent years. Real GDP growth will average a respectable 2.6 per cent in 2019-20, partly owing to stronger growth in household spending, as rising external demand for key agricultural goods boosts rural incomes.[13]

Table 7 Vanuatu: Macroeconomic indicators, 2012-2018

Indicator	2012	2013	2014	2015	2016	2017	2018
GDP (USD millions)[1]	782.0	802.0	815.0	774.0	798.0	870.0	957.0
GDP growth rate (per cent, constant price)[2]	1.8	2.0	2.3	0.2	3.5	4.2	3.3
Inflation rate (%)[2]	1.1	1.5	0.8	2.5	0.8	2.6	3.1
Government balance (per cent of GDP)[1]	-1.6	-0.2	-5.0	-9.6	-6.1	-7.5	-8.0
Current account balance (USD million)[1]	-51.0	-26.0	19.0	-83.0	-37.0	-13.0	-81.0
Exports of goods and services (USD million)[3]	356.5	390.9	397.1	321.8	N.A.	N.A.	N.A.
Net ODA received (USD million)[4]	101.9	91.3	100.4	186.6	129.1	132.2	N.A.

Source: [1]IMF, World Economic Outlook Database, accessed 18 February 2019; [2]UN/DESA World Economic and Social Prospects 2019; [3]IMF, International Financial Statistics, accessed 18 February 2019; [4] The World Bank, World Development Indicators, accessed 18 February 2019.

[12] UNCTAD note for the monitoring report dated 17 January 2019.

[13] UN/DESA (2018). WESP 2019.

Inflation is estimated to pick up to 3.1 percent in 2018 driven by domestic demand, and a temporary VAT increase from 12.5 to 15 percent, before gradually reverting to modest levels in the medium term.

The current account deficit has increased in 2018, due to the high import content of the projects to scale-up infrastructure. This deficit would continue to be financed by donor grants and loans, as well as FDI. The fiscal deficit is expected to remain high at around 7 to 8 percent of GDP reflecting reconstruction and infrastructure expenditure. Elevated recurrent spending, including meeting past due legal commitments and a rise in pay for government officials, would be offset by the temporary increase in VAT rate, and inflows of workers' remittances, supported by the expansion of the seasonal-worker programmes in Australia and New Zealand.[14]

The largest uncertainty facing the economy relates to the rate of implementation of public reconstruction and infrastructure projects. The delayed implementation of revenue mobilization measures such as the introduction of the income tax could put a strain on fiscal accounts. The country remains extremely vulnerable to natural disasters: the entire population of Ambae island of Vanuatu is planned to be permanently evacuated after the volcano erupted in 2018.[15]

3.2. Development related to indicators in the LDC criteria

Vanuatu's GNI per capita is estimated to be $2,922 in 2019, about 2.4 times higher than the graduation threshold established at the 2018 triennial review, $1,230 (see table 8).

Table 8 Vanuatu: LDC criteria indicators, 2012 - 2019

Index/Criteria	2012	2013	2014	2015	2016	2017	2018	2019
GNI per capita (USD, Atlas method)	2,600	2,721	2,869	3,013	3,093	3,053	2,979	2,922
Human assets index (HAI)	79.4	79.4	79.3	79.3	79.2	79.0	79.0	79.0
Maternal mortality rate (per 100,000 live births)	94.0	90.9	87.2	83.6	80.8	78.4	78.4	78.4
Under-five mortality rate (per 1,000 live births)	29.1	29.3	29.3	29.1	28.7	28.2	27.6	26.9
Percentage of population undernourished	5.8	5.9	6.1	6.3	6.5	6.7	6.9	7.1
Adult literacy rate (%)	82.2	82.8	83.4	84.1	84.7	84.7	84.7	84.7
Gross secondary enrolment ratio (%)	59.5	58.6	57.6	56.7	55.8	54.8	54.8	54.8
Economic vulnerability index (EVI)	46.1	46.6	46.5	46.3	45.8	46.3	46.2	44.1
Population (thousands)	236	242	247	253	259	265	270	276
Remoteness	84.2	83.2	82.5	82.3	82.1	82.0	82.0	81.8
Merchandise export concentration	0.6	0.6	0.6	0.6	0.5	0.4	0.5	0.4
Share of agricultural, forestry and fisheries in GDP (%)	21.9	22.6	24.3	25.9	26.7	25.5	24.1	23.1
Share of population living in low elevated coastal areas (%)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Instability of agricultural production	7.9	8.0	8.0	7.9	7.7	7.6	7.5	5.3
Victims of natural disasters (%)	7.3	7.1	7.1	7.2	7.4	7.4	7.4	7.4
Instability of exports of goods and services	2.8	3.4	3.4	3.0	3.4	7.0	7.0	7.2

Source: Committee for Development Policy Secretariat

[14] EIU (November 2018). Vanuatu Country Report; Asian Development Bank (2018) Pacific Economic Monitor.
[15] https://www.cnbc.com/2018/05/03/vanuatu-plans-to-permanently-evacuate-entire-volcanic-island.html

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.

The HAI score is 79.0 in 2019, same as 2017 and 2018. It still constitutes a much higher value than the graduation threshold established at the 2018 review, 66 or higher.

The EVI score is 44.1 for 2019 and remains far above the graduation threshold established at the 2018 review of 32 or below.

3.3. Productive capacity

Vanuatu performed better than the group of LDCs in an overall PCI but lower than the score of the other developing countries (see table 4). The scores of Vanuatu on human capital, institutions and the private sector are particularly higher than that of the LDCs' average. When compared to LDCs' group, Vanuatu's score on transport is at par with the group's average but lower than the average for ODCs. Vanuatu's human development appears to lead the other components. In fact, on a closer look at indicators, Vanuatu's life expectancy is 10 and 14 years higher than in Angola and Equatorial Guinea, respectively. However, Vanuatu's structural change is negatively affected by lack of export diversification. Likewise, the score on natural capital of Vanuatu is also lower than the average for LDCs and ODCs, which is characteristics feature of SIDS.[16]

3.4. Smooth transition

Vanuatu is scheduled to graduate on 4 December 2020 (A/RES/70/78). Vanuatu has not submitted its report on the preparation of the smooth transition strategy.

While the overall impact of graduation on trade is very limited, increased import duties on some of the limited resources (beef, coconut products) could hamper the export to other countries. Possible decrease in the Aid for Trade, particularly capacity building and Technical Assistance, and the loss of access to special interest rates and repayment schedules provided by some financial sources could have a relatively large impact, given the size of the country.

Vanuatu Government noted to IMF that a modest slowdown of GDP growth is expected after the completion of major infrastructure projects and construction production subsides, and raised some concerns about possible unanticipated effects of graduation from the LDC category in 2020.[17] No further information on the concerns and possible measures is available.

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[16] UNCTAD note for the monitoring report dated 17 January 2019

[17] IMF (2018). Article IV Consultation: Vanuatu.