Monitoring of Graduating Countries from the Category of Least Developed Countries

Note by the Secretariat

I. Background

ECOSOC resolution E/2011/20 requests the CDP to monitor recent socio-economic development progress of countries earmarked for graduation from the LDC category and to include its findings in its annual report to the Economic and Social Council (ECOSOC).1[1] The main purpose of the monitoring is to assess any signs of deterioration in the development progress of the graduating country and bring it to the attention of the Council as early as possible. Currently, Samoa is the only country earmarked for graduation. Equatorial Guinea was also recommended for graduation by the Committee. The recommendation was endorsed by the Council in July 2009 but not yet taken note of by the General Assembly (GA). In expectation that the General Assembly will eventually take note of the recommendation, the CDP Secretariat included the country in its monitoring exercise.

II. Equatorial Guinea

Equatorial Guinea was recommended for graduation on the basis of its high level of GNI per capita. In the 2006 review, the country's GNI per capita was almost four times higher than the graduation threshold. In the 2009 review, the country had an income level more than eight times the graduation threshold. The CDP recommendation was endorsed by ECOSOC in July 2009 (E/2009/L.43), but no action has been taken by the General Assembly yet. In the triennial review of 2012, the income level of Equatorial Guinea ($15, 090 in 2008-2010 average) is more than twelve times the graduation threshold ($1,190).

GNI per capita remained above $14,000 during 2008-2011 (the country is classified as high income by the World Bank) and GDP growth reached 7.1 per cent in 2011. The large fiscal deficit (see table 2 below) in 2009 was the result of unprecedented public sector investment, and the fiscal balance is anticipated to improve in 2011 and 2012.

Table 2: Equatorial Guinea, selected indicators (2007-2012)

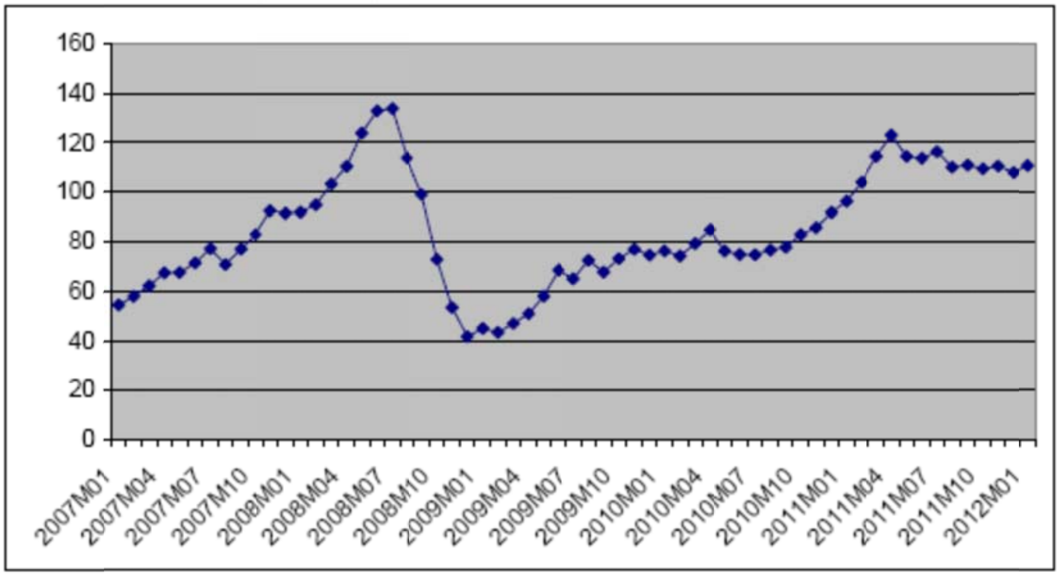
Indicator	2007	2008	2009	2010	2011	2012
GNI per capita, Atlas method (current US$)[a]	9,680	14,410	16,320	14,540	n.a.	n.a.
Real GDP growth (annual %)[b]	21.4	10.7	5.7	-0.8	7.1	4.0
GDP growth by sector (% real change)[c]						
Agriculture	10.0	-1.3	1.0	2.0	3.0	2.0
Industry	22.4	11.8	5.9	1.8	3.0	6.6
Services	11.3	9.9	2.0	4.0	25.0	10.0
Current account balance (% of GDP)[b]	4.3	9.1	-17.1	-24.2	-9.6	-10.5
Central government balance (% of GDP)[c]	19.2	15.4	-8.0	-1.4	1.9	1.8

Note: 2011 figures are estimates and 2012 figures are projections.
Source: [a] World Bank WDI database; [b] IMF, World Economic Outlook database; [c] Economic Intelligence Unit, January 2012, Country Report: Equatorial Guinea.

[1] Resolution adopted by ECOSOC on the Report of the Committee for Development Policy on its eleventh session (E/2011/20 of 27 July 2011).

The IMF forecasts real GDP growth at 4 per cent in 2012. The country's favorable economic outlook is supported by the high oil prices. Oil prices have continued to rise since early 2009, and remains above$100 per barrel since February 2011 (see Figure 2). Oil demand is expected to rise moderately in 2012, driven by demand from developing countries. Furthermore, a revival of political unrest in Gulf countries or a stronger depreciation of the value of the dollar could trigger renewed price hikes which are likely to benefit oil exporters like Equatorial Guinea.[2] High oil prices will allow Equatorial Guinea to continue to promote economic and social development policies.

Figure 2: Average crude petroleum prices. January 2007 - January 2012 (US$ per barrel)



Note: Dated Brent, light blend oil (38 American Petroleum Institute (API), free on board U.K.).
Source: IMF, Primary Commodity Prices database.

Social Indicators also have improved in the past decade responding to policies implemented under the country's National Development Plan 2020. Literacy rate increased from 87 per cent in 2000 to 93 per cent in 2009; under-5 mortality was 152 per one thousand children in 2000, but it declined to 121 by 2010.[3]

Conclusion**:** The country's income per capita is likely to be sustained at a very high level relative to the graduation threshold, due to the high oil prices sustained by the recovery of global economy and political unrest in major oil-producing countries. Some components of HAI suggest a steady improvement in social indicators.

[2] United Nations (2012), World Economic Situation and Prospects.

[3] World Bank, World Development Indicator, online database.