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] 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. Samoa

In 2006, the CDP recommended to ECOSOC that Samoa be graduated from the LDC category. ECOSOC endorsed the recommendation in July 2007. Subsequently, the GA adopted the resolution on the graduation of Samoa, which was scheduled to take place in December 2010. However, on 29 September Samoa was hit by a devastating tsunami, threatening to disrupt the socio-economic progress for several years. Consequently, the GA adopted a resolution on 7 September 2010 extending the graduation period until 1 January 2014.

Samoa continues to make progress in all three LDC criteria, as can be seen from table 1 below.

Table 1: Samoa: 2006, 2009 and 2012 triennial review of the list of LDCs

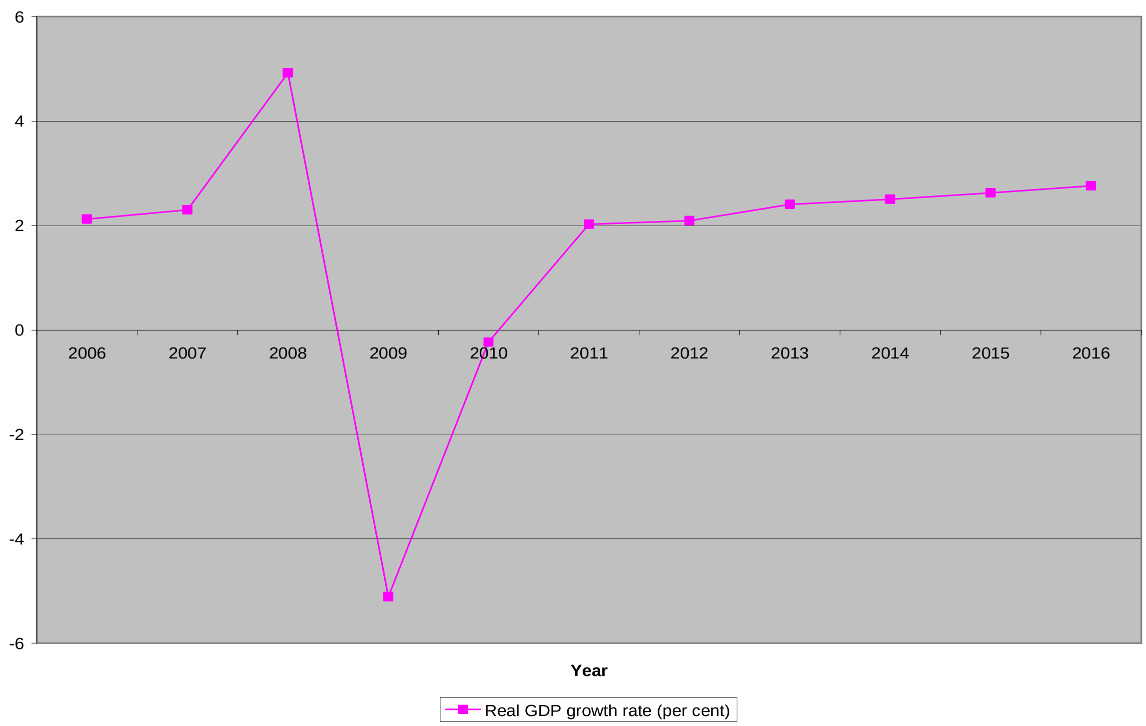
Criteria	2006	2009	2012
GNI per capita (US$)			
Graduation threshold	>900	> 1,086	>1,190
Country's values	1,597	2,240	2,880
Country's rank	3/66	4/60	4/60
Human Asset Index (HAI)			
Graduation threshold	> 64	>66	>66
Country's values	90.4	92.2	92.8
Country's rank	2/66	1/60	1/60
Economic Vulnerability Index (EVI)			
Graduation threshold	<38	< 38	<32
Country's values	64.7	64.3	51.1
Country's rank	8/66	5/60	14/60

Source: Official Records of the Economic and Social Council Official, 2006, Supplement No. 13 (E/2006/33); Official Records of the Economic and Social Council Official, 2009, Supplement No. 13 (E/2009/33); and UN DESA.

[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).

Despite a slight contraction in gross national income in 2009 and 2010, table 1 reveals that the medium-term trend in Samoa is clearly positive. Due to its high level of income, Samoa also meets the 'income only' threshold that is set as twice the normal threshold, i.e. at US$ 2,380 for the 2012 review. As discussed in the previous monitoring report[2], the 2009 Tsunami was preceded by the global economic and financial crisis which had lead to a marked decline in the manufacturing sector. The Tsunami led to substantial economic damage, estimated to be at US$150 million (approximately 29 per cent of GDP) and negatively impacted the productive capacity in the critical tourism sector. Gross tourism receipts[3], with 20 per cent of GDP as major source of foreign earnings, declined by 6.3 per cent in the fiscal year 2009/2010 and by a further 5 per cent in the fiscal year 2010/2011.[4] Generally, though, Samoa's economic prospects appear to be moderately positive. The International Monetary Fund estimates that GDP grew by 2 per cent in 2011 and projects slightly higher growth rates in the future, as shown in figure 1 below. In 2012, tourism, commerce and transport are expected to boost growth, as reconstruction after the Tsunami continues and key infrastructure is being repaired or rebuilt. At the same time, a gloomier economic outlook for Australia (a key market for tourism and goods exports) is expected to limit economic growth in the near future.[5]

Figure 1: Samoa: annual rate of growth of real GDP, 2006-2016 (per cent)



Source: International Monetary Fund, World Economic Outlook Database, September 2011. Data for 2009-2010 are estimates, data from 2011 are forecasts.

[2] See CDP Secretariat, "Monitoring of Graduating Countries from the Category of Least Developed Countries", CDP2011/PLEN/7.
[3] Gross tourism receipts, as reported by the Central Bank of Samoa, represent an estimate (based on visitor surveys) of the amount spent by all visitors to Samoa whilst in the country and the proportion of international travel credited to Samoan based carriers.
[4] Calculations by the CDP Secretariat, based on Ministry of Finance of the Government of Samoa, Quarterly Economic Review, various editions.
[5] See Economist Intelligence Unit, Country Report Samoa, January 2012.

Samoa managed to further increase its human capital as measured by the HAI since the 2009 review, and experienced improvements in reducing child mortality and increasing literacy and secondary school enrolment. Samoa does not only have the highest HAI score among all countries in the reference group, its score is also higher than in most other developing countries. In fact, of all 130 developing countries included in the calculation of the LDC criteria, 103 countries have a lower level of human assets than Samoa. At the same time, Samoa continues to be a vulnerable country as measured by the EVI, with an EVI score far above the graduation threshold.

Conclusion: Overall, the rebuilding of Samoa's economy from the Global Economic and Financial Crisis and the 2009 Tsunami appears to be progressing well. Consequently, there are no signs of an additional significant deterioration in Samoa's development progress. Whilst remaining vulnerable, Samoa has managed to achieve high levels of human capital and national income that should enable it to maintain its development progress even in the event of significant external shocks. The remaining time until graduation from the LDC list on 1 January 2014 provides an opportunity for Samoa to intensify its effort to prepare in collaboration with its partners a transition strategy in accordance with the General Assembly Resolution 59/204.