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

Angola

SUSTAINABLE DEVELOPMENT G☉ALS

Contents

* The content of the Monitoring report is mandated and suggested by ECOSOC and GA resolutions, including E/RES/2019/8 (para 4), A/RES/67/221 (para 21), A/RES/69/15 (para 118), A/RES/70/294 (para 84), A/RES/74/3 (para 23).

Summary and the monitoring timeline

Angola: Scheduled to graduate on 12 February 2021. Income has been falling but remains at a high level. Lower oil production and limited investment is expected to lead to a moderate contraction of income in coming years. Human assets, while improving, are underdeveloped comparing to other countries with similar income levels. The Government has resumed its work on preparing a smooth transition strategy with the help from UN system.

Bhutan: Scheduled to graduate on 13 December 2023. The GNI per capita has been steadily growing and is now more than double the LDC graduation threshold. The EVI still remains above the graduation threshold. The Government has been active in mainstreaming the LDC graduation preparation in its national development plan implementation.

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. The Government has not reported any progress in the transition process.

Saõ Tomé and Príncipe: Scheduled to graduate on 13 December 2024. Characterized as a SIDS, it has shown stable but slow growth. Exposure to external shocks remains as the main challenge for achieving sustained growth. The Government is active in preparing a smooth transition strategy with the assistance from UN system.

Solomon Islands: Scheduled to graduate on 13 December 2024. The economy grew steadily, but the logging, the main industry, is declining, while economic diversification is limited. EVI is also high above the graduation threshold, vulnerable to economic and environment shocks. The Government has started its preparation of the smooth transition with the help from UN system.

Vanuatu: Scheduled to graduate on 4 December 2020. All LDC indicators show no major change in recent years. The Government adopted the smooth transition strategy to address development challenges in the progress of graduation, particularly in the area of environmental vulnerability.

Table 1 Timeline for graduation and monitoring reports

Date	Angola (Feb 2021)	Bhutan (Dec 2023)	Equatorial Guinea (Jun 2017)	Saõ Tomé and Príncipe (Dec 2024)	Solomon Islands (Dec 2024)	Vanuatu (Dec 2020)
Feb2020	*	*	**	*	*	*
Feb 2021	*	*	***	*	*	*
Feb 2022	**	*		*	*	**
Feb 2023	**	*		*	*	**
Feb 2024	**	*	***	*	*	**
Feb 2025		**		*	*	
Feb 2026		**		**	**	
Feb 2027	***	**		**	**	***
Feb 2028				**	**	
Feb 2030	***	***		***	***	***
Feb 2033		***		***	***	

Note: Dates in parentheses are the graduation dates; * indicates monitoring as a graduating country; ** indicates monitoring as a graduated country (three times); *** indicates monitoring as a complement to the triennial review (two times).

Angola

The economic situation has stagnated in Angola, due to the low oil price in the international market. Angola is highly dependent on the oil sector (contributing to one third of GDP, over 90 per cent of exports[1]), and the oil market trend kept the GDP growth in real term negative or close to zero in 2015-2019 (see Figure 1). Export has been reduced to almost a half from $71 million in 2012 to $37 million in 2019, while the inflation is still high around 17 per cent (see Annex). The monetary pressure and fiscal balance are expected to improve as the Government is implementing IMF-mandated reform measures.[2]

Figure 1 GDP growth rate, Angola, %, constant price, 2012-2019

Source: IMF (2019). World Economic Outlook, accessed December 2019.

The GNI per capita of Angola is estimated as $3,496 in 2020, about three times higher than the LDC graduation threshold established at the 2018 triennial review, $1,230 (see Annex). Despite the declining trend, GNI per capita is expected to remain far above the graduation thresholds in coming years. The income level and human development of Angola remain unbalanced. While there is improvement in the HAI score in 2020, 59.3 is still a very low value compared to the HAI scores of countries with similar income levels (e.g., Mongolia 92.1, Libya 93.7, Indonesia 90.1, Tunisia 89.8).[3]

The EVI score is 37.7 in 2020 and remains above the graduation threshold established at the 2018 review of 32 or below. Angola is vulnerable to external shocks, as presented by the EVI sub-indicators, an increasing share of agriculture in GDP, increasing agricultural production, as well as rising number of victims of national disasters. To reduce the vulnerability of Angola and enhance the resilience, the Government is taking steps towards the transformation of a state-led oil economy to a private-sector-led growth model, but such transfer would be a long-term process and the oil sector will continue to play an important role during the transition period. The government has delivered on several key reforms

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[1] World Bank (2019), World Development Indicators, accessed December 2019.
[2] Angola received a loan of $3.7 billion from IMF on December 2018, of which $1.48 billion have been disbursed by December 2019. IMF (2018) and IMF (2019). https://www.imf.org/en/News/Articles/2018/12/07/pr18463imf-executive-board-approves-extended-arrangement-under-the-extended-fund-facility-for-angola
[3] CDP Secretariat calculation.

since 2017, for example, to reform public utilities, utility tariffs and subsidies, to privatize or liquidate some state-owned companies, and to establish a social protection registry to protect the most vulnerable from the reforms.[4]

UNCTAD defines productive capacities as the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop (UNCTAD, 2006). Composite productive capacities index (PCI) is used to measure and benchmark productive capacities, notably its three components (productive resources, entrepreneurial capabilities and production linkages). The composite index consists of eight categories: natural capital, human capital, energy, structural change, private sector, information and communication technologies (ICT), private sector and transport.

Angola's overall PCI (14.0) is lower than the average of LDCs (17.3) and obviously with that of other developing countries (ODCs) (28.3) (See table 2). When compared to ODCs, Angola's performance on PCI is weaker except on natural capital component, which is relatively higher than that of LDCs' average thanks to its dominant extractive sectors. In fact, the country's structural change is the weakest of the countries considered, and it signals not only high export concentration, but also alarmingly wide gap between GNI per capita of the country and the social indicators. Another area where Angola performed better than LDCs is in the energy component, which reflects the country's wealth in fossil-fuel. However, Angola does not excel neither in the overall PCI nor on the other components.

Table 2. Productive Capacity Index, Selected LDCs, 2016 values

Country	PCI	Natural capital	ICT	Structural change	Institutions	Energy	Human capital	Private sector	Transport
Angola	**14.0**	47.3	4.4	21.2	29.4	35.6	29.7	56.8	0.3
Bhutan	**27.8**	42.9	12.1	34.1	62.9	49.8	37.5	71.1	2.4
Equatorial Guinea	**17.7**	41.0	6.8	31.4	20.9	25.5	23.9	61.6	1.4
Saõ Tomé and Príncipe	**19.9**	39.3	9.9	29.8	48.1	29.4	34.1	69.3	0.6
Solomon Islands	**22.0**	49.4	5.2	24.1	47.8	34.5	29.1	78.2	2.3
Vanuatu	**25.1**	33.6	8.4	36.5	55.1	29.5	31.3	77.8	3.9
LDCs	**17.3**	45.6	6.3	28.5	36.5	32.3	27.8	66.2	1.1
ODCs	**28.3**	39.0	20.8	40.5	50.6	40.7	41.0	75.7	4.3

Source: UNCTAD.

Angola is scheduled to graduate on 12 February 2021 (A/RES/70/253). In 2019, the Government of Angola has resumed its work on finalizing the road map to prepare the smooth transition strategy, assisted by DESA's technical cooperation activities.[5] The Government has yet to report a progress in implementing the initial steps in the preparation of the transition strategy.

The African Continental Free-Trade Area agreement to which Angola is a signatory, came into force in May 2019, with expectations to reduce tariff significantly and promote trade in the region. However, the

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[4] World Bank (2019). Angola: Country Overview.
[5] UN DESA (2019). Report of mission to Angola: the national workshop on LDC graduation, 5-7 November 2019.

impact is yet to be seen, due to regional protectionism and logistical bottlenecks.[6] Angola is also strengthening and diversifying economic relations bilaterally, including Portugal, Qatar, and Russia, which would help reducing trade concentration.

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[6] EIU (2019). Angola Country Report. Accessed December 2019.

Annex

Table A.1. Angola Macroeconomic indicators

Indicator	2012	2013	2014	2015	2016	2017	2018	2019
GDP growth rate (constant prices, per cent change)	8.54	4.9	4.8	0.9	-2.5	-0.15	-1.20	-0.2
GDP (current prices, billions USD)	128.0	136.7	145.7	116.1	101.1	122.1	105.9	91.5
Inflation rate (per cent change)	10.2	8.7	7.3	9.1	30.6	29.8	19.6	17.21
Government balance (per cent of GDP)	4.13	-0.3	-5.7	-2.9	-4.5	-6.3	2.1	0.7
Current account balance (billions USD)	13.85	8.3	-3.7	-10.2	-4.8	-0.6	6.4	0.8
Net ODA received (millions USD)	243.6	285.5	235.3	380.0	206.5	223.2	N/A	N/A
Exports of goods and services (current prices, billions USD)	71.6	69.3	65.1	34.5	28.4	35.4	N/A	N/A

Source: IMF, World Economic Outlook Database, October 2019 edition, accessed 20 Nov 2019
For net ODA and Exports of goods and services, World Bank, World Development Indicators, accessed 20 Nov 2020

Table A.2. Angola LDC indicators

Index/criteria	2016	2017	2018	2019	2020
GNI per capita (USD)	4,650	4,799	4,462	3,942	3,496
EVI	36.4	37.7	38.8	39.6	37.7
Population (in thousands)	26,941.8	27,884.4	28,842.5	29,816.8	30,809.8
Remoteness	59.5	59.8	60.0	60.3	60.2
Merchandise export concentration	0.9	0.9	0.9	0.9	0.9
Share of agriculture, forestry, fisheries in GDP	6.6	7.7	8.8	9.7	9.9
Share of population living on low elevated coastal zones	1.4	1.4	1.4	1.4	1.4
Export instability	13.1	14.4	15.2	14.8	12.2
Agricultural instability	7.4	7.7	8.1	9.2	9.6
Victims of natural disasters	0.7	0.7	0.7	0.9	0.9
HAI	52.9	55.8	58.1	58.8	59.3
Maternal mortality rate	269.0	258.0	251.0	246.0	241.0
Under-five mortality rate	92.9	88.1	84.0	80.4	77.2
Percentage of population undernourished	31.2	28.1	26.4	25.6	25.0
Adult literacy rate	66.0	66.0	66.0	66.0	66.0
Gross secondary school enrollment ratio	41.0	45.8	50.7	50.7	50.7

Source: CDP Secretariat calculation