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

Solomon Islands

**SUSTAINABLE  
DEVELOPMENT**  **GOALS**

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\* 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

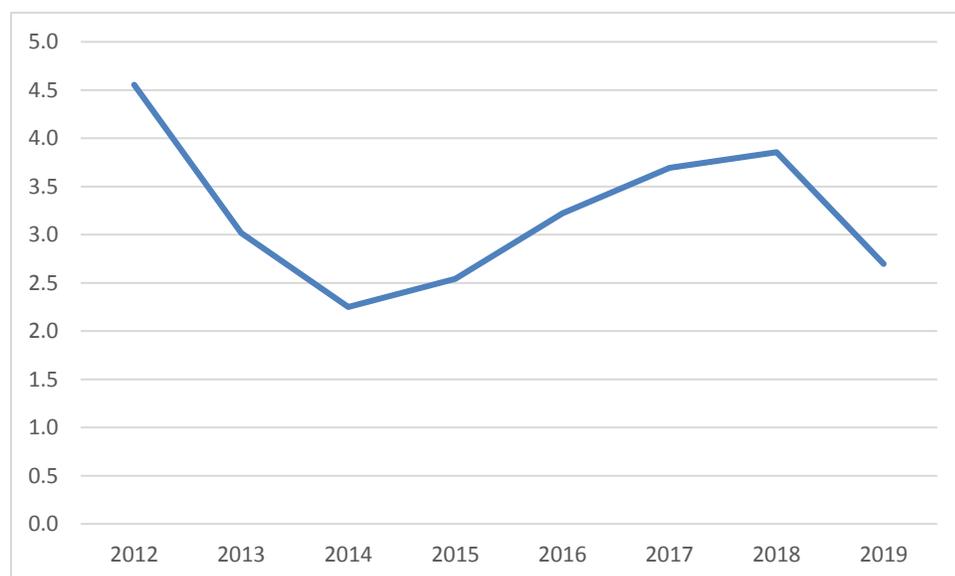
Date	Angola (Feb 2021)	Bhutan (Dec 2023)	Equatorial Guinea (Jun 2017)	Saõ Tomé and Príncipe (Dec 2024)	Solomon Islands (Dec 2024)	Vanuatu (Dec 2020)
Feb2020	*	*	**	*	*	*
Feb 2021	*	*	***	*	*	*
Feb 2022	**	*		*	*	**
Feb 2023	**	*		*	*	**
Feb 2024	**	*	***	*	*	**
Feb 2025		**		*	*	
Feb 2026		**		**	**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

## Solomon Islands

The Solomon Islands economy remained firm in 2018 with real GDP growth slightly improving to 3.9 per cent from 3.7 per cent in 2017. Despite earlier expectations for slower growth, strong performance from the services sector particularly from wholesale retail and transport, along with increased output in the forestry and fisheries sectors accounted for the outcome.<sup>1</sup> However, growth is slowing in 2019 with a growth rate of 2.7, with weaker logging activity.<sup>2</sup>

Figure 1 GDP growth rate, Solomon Islands, growth rate (%), constant prices, 2012-2019



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

Since 2015 Solomon Islands' GNI per capita is above the corresponding graduation threshold, reaching \$1,721 in 2020. The country's HAI has been above the graduation threshold of 66 since 2005 and is 74.0 in 2020. However, Solomon Islands' EVI was never below the graduation threshold of 32, and scores with 50.3 in 2020, one scale point higher than the previous year. The Solomon Islands remain vulnerable to external shocks due to an economy highly focused on logging and fisheries, as well as climate change induced vulnerabilities.

Solomon Islands shows productive capacities slightly higher than the average of LDCs but far lower than ODCs (see Table 2). Solomon Islands' private sector scores better than ODCs. The country also performs better than LDCs in institutions and natural capital. By contrast, ICT and structural change components present specific challenges due to the dependence of the economy on fisheries and forestry products.

<sup>1</sup> WTO – LDC Graduation Workshop 22 – 24 October 2019.

<sup>2</sup> IMF (2019) Press release of Article IV Consultation: Solomon Islands, retrieved on 30 December 2019 from <https://www.imf.org/en/News/Articles/2019/11/12/pr19407-solomon-islands-imf-staff-completes-2019-article-iv-mission-to-solomon-islands>

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

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

Source: UNCTAD.

Currently Solomon Islands is in the early years of implementing its 20-year vision, the 2016 – 2035 National Development Strategy (NDS), into which the SDGs, the Istanbul Programme of Action and the SAMOA Pathway have been mainstreamed. While the impact assessment shows that no significant impact of graduation on development cooperation and other financial flows and exports are expected, the government has started its process for preparing for graduation, which has been incorporated into its NDS.<sup>3</sup> The process has been kickstarted at a workshop in October 2019 organized by the United Nations IATF on LDC Graduation in collaboration with the Government. Solomon Islands has already begun to proactively negotiate with development and trading partners to fully counteract any emerging vulnerabilities and challenges. To mitigate the loss of duty-free quota-free access to the EU, the Government has requested to accede to the interim Economic Partnership Agreement between the EU and Pacific Island economies, which will ensure duty free access, which is particularly important for the tuna processing and palm oil sectors. The request awaits final approval from the Council of the European Union, as the European Parliament has given its consent in December 2019.<sup>4</sup>

<sup>3</sup> <http://unohrlls.org/event/joint-un-workshop-in-support-of-solomon-islands-graduation-from-the-ldc-category/>

<sup>4</sup> See

[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2019/0099\(NLE\)](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2019/0099(NLE))

## Annex

Table A.9. Solomon Islands Macroeconomic indicators

Indicator	2012	2013	2014	2015	2016	2017	2018	2019
GDP growth rate (constant prices, per cent change)	4.56	3.02	2.25	2.54	3.22	3.69	3.86	2.70
GDP (current prices, billions USD)	1.06	1.13	1.17	1.16	1.23	1.28	1.38	1.44
Inflation rate (per cent change)	5.91	5.39	5.17	-0.56	0.50	0.48	2.66	0.35
Government balance (per cent of GDP)	3.66	4.14	2.10	-0.01	-3.92	-4.39	0.65	-2.27
Current account balance (billions USD)	0.02	-0.04	-0.05	-0.04	-0.05	-0.06	-0.07	-0.10
Net ODA received (millions USD)	305.10	289.83	200.52	190.03	175.50	186.80	N/A	N/A
Exports of goods and services (current prices, billions USD)	0.64	0.60	0.60	0.52	N/A	N/A	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.10. Solomon Islands LDC indicators

Index/criteria	2016	2017	2018	2019	2020
<b>GNI per capita (USD)</b>	<b>1,571</b>	<b>1,677</b>	<b>1,692</b>	<b>1,686</b>	<b>1,721</b>
<b>EVI</b>	<b>51.5</b>	<b>51.8</b>	<b>51.9</b>	<b>51.3</b>	<b>50.3</b>
Population (in thousands)	587.1	603.1	619.4	636.0	652.9
Remoteness	76.7	76.6	76.5	76.4	76.3
Merchandise export concentration	0.6	0.6	0.7	0.7	0.7
Share of agriculture, forestry, fisheries in GDP	26.9	25.9	25.6	25.4	25.6
Share of population living on low elevated coastal zones	12.9	12.9	12.9	12.9	12.9
Export instability	16.4	16.2	16.0	15.5	13.9
Agricultural instability	4.6	4.6	4.5	4.5	4.6
Victims of natural disasters	0.9	1.3	1.3	1.3	1.3
<b>HAI</b>	<b>72.6</b>	<b>72.7</b>	<b>73.2</b>	<b>73.6</b>	<b>74.0</b>
Maternal mortality rate	132.0	131.0	130.0	130.0	130.0
Under-five mortality rate	22.7	22.0	21.3	20.6	20.0
Percentage of population undernourished	12.8	12.7	11.4	10.0	8.9
Adult literacy rate	76.6	76.6	76.6	76.6	76.6
Gross secondary school enrollment ratio	48.3	48.3	48.3	48.3	48.3

Source: CDP Secretariat calculation