United Nations
CDP
Committee for
Development Policy

2015

Monitoring the development progress of countries that are graduating and have graduated from the list of least developed countries*

The Committee brought to the attention of the Council the relevant provisions of General Assembly resolution 67/221 and Economic and Social Council resolution 2014/9. To ensure increased efficiency in the implementation of those resolutions, the Committee recommended that the Council request the participation of the secretariats of the regional commissions in the monitoring of countries that are graduating and have graduated from the list of least developed countries, in accordance with the guidelines established by the Committee and approved by the Council in 2013.

The Committee reviewed the development progress of Equatorial Guinea and Vanuatu, earmarked for graduation in June 2017 and December 2017 respectively. It found that Equatorial Guinea continued to heavily rely on the hydrocarbon sector and had a significant imbalance between the high level of per capita income and the low level of its human assets index. The Committee advised the country to formulate and implement a transition strategy for economic diversification and an improved index. It found that in 2014, Vanuatu continued to achieve steady income growth and improved the level of its human assets. However, the Committee noted with concern the devastating consequences of cyclone Pam, which hit the country in March 2015, raising uncertainty about the near-term development outlook.

The Committee also reviewed the development progress of Maldives and Samoa, which have graduated. It noted that both countries continued to achieve steady development progress, although they remained vulnerable to economic and environmental shocks, as indicated by their high scores on the economic vulnerability index.

The Committee recalled resolution 67/221 and reiterated the importance of countries that are graduating and have graduated participating in the monitoring process, to ensure that country perspectives were reflected in the monitoring reports.

1. Introduction

The Committee for Development Policy is mandated by the Economic and Social Council (see resolution 2013/20) to monitor the development progress of countries earmarked for graduation from the least developed country category and to include its findings in its annual report to the Council. The present report includes the cases of Equatorial Guinea and Vanuatu, both of which are earmarked for graduation in 2017.

In resolution 67/221, the General Assembly requested the Committee to monitor the development progress of countries that had graduated from the least developed country category and to include its findings in its annual report to the Council. The monitoring was to be conducted, in consultation with the Governments of those countries, on a yearly basis for a period of three years after graduation became effective and triennially thereafter, as a complement to two triennial reviews of the list of least developed countries. Accordingly, the Committee has reviewed the progress made by Maldives and Samoa which graduated in 2011 and 2014, respectively.

* Excerpt from Committee for Development Policy, Report on the nineteenth session, See Official Records of the Economic and Social Council, 2015, Supplement No. 13 (E/2015/33)

2. Monitoring the development progress of countries that are graduatin

Equatorial Guinea

The country was recommended for graduation in 2009 as its GNI per capita was several times above the graduation threshold ("income only" rule). The country has continued to make progress on that front: GNI per capita is 13 times higher than the graduation threshold established at the 2015 triennial review (see table 2). However, the Committee found that the recent decline in oil prices and the decreasing oil production would have negative impacts on the medium-term economic prospects of the country, owing to its heavy reliance on hydrocarbon exports.

The Committee also found a significant imbalance between the high level of income per capita and the low level of human development. The human assets index score had been low, not compatible with countries with similar levels of income and it had not improved much during the monitoring period. The Committee advised the country to formulate and implement a transition strategy for economic diversification, and an improved human assets index.

Vanuatu

The Committee found that the country had continued to make significant development progress in its GNI per capita and its score on the human assets index, the two criteria on which the country was recommended for graduation. However, the Committee noted with great concern the devastating consequences of cyclone Pam, which hit the country in March 2015. While the exact extent of damages the country had suffered was unknown at the time of the triennial review in March 2015, such devastation raised uncertainty over the near-term development outlook.

In resolution 67/221, the General Assembly invited the Governments of graduating countries, with the support of the consultative mechanism, to report annually to the Committee on the preparation of their transition strategies. Neither Equatorial Guinea nor Vanuatu has reported to the Committee on the preparation of its transition strategy.

3. Monitoring the development progress of countries that have graduated

Maldives

The country graduated from the least developed country category in 2011. The Committee noted the continued development progress of the country: its GNI per capita was more than five times higher than the income graduation threshold at the 2015 triennial review. The human assets index score declined between 2012 and the present review, owing to a decrease in the gross enrolment ratio in secondary schools from 82.1 to 72.3 per cent. That was, however, owing to reduced overage enrolment and grade repetition, as the net secondary school enrolment ratio had been steadily increasing in recent years. Thus, the drop in the gross enrolment ratio was not seen as a cause for concern. The economic vulnerability index score had improved, but the country remained highly vulnerable to environmental and external economic factors.

The Committee noted that the termination of trade preferences extended to Maldives by its major trading partners after graduation had not, so far, affected exports of fish as the country had succeeded in reorienting its exports towards other markets. The Committee would continue to monitor the development of the fisheries sector and its impact on near-term growth in the country. The Committee further noted that Maldives had not submitted an input to the monitoring exercise.

Table
Monitored countries that are graduating and have graduated: triennial review 2015

	GNI per capita (US dollars)	Economic vulnerability index	Human assets index
Graduation threshold	>=1,242	<=32.0	>=66.0
Equatorial Guinea	16,089	39.5	54.8
Maldives	6,645	49.5	91.3
Samoa	3,319	43.9	94.4
Vanuatu	2,997	47.3	81.3

Source: Secretariat of the Committee for Development Policy.

Samoa

The country has continued to make progress since graduation in 2014, and the recovery from the impact of the cyclone is almost complete. Its GNI per capita is almost three times above the graduation threshold established at the 2015 triennial review. However, income growth is not expected to accelerate in the medium term, while the country remains vulnerable to economic and environmental shocks. Samoa has maintained high levels of human capital, as indicated by its score on the human assets index.

The Committee acknowledged with appreciation the input provided by the Government of Samoa to the monitoring exercise. The Committee reviewed that information carefully and found that Samoa had been active in engaging its development and trading partners in the implementation of the transition strategy to minimize possible negative impacts as a result of graduation.

4. Strengthening country monitoring

The Committee noted that the recent progress made by a number of the least developed countries towards graduation was likely to lead to an increase in the number of monitoring reports that needed to be prepared for the annual sessions of the Committee. The preparation of the increasing number of reports would go beyond the capacity of the Committee secretariat. The Committee therefore recommended that the Council instruct the secretariats of the regional commissions to prepare a brief overview of a selected set of indicators and relevant information established on a country-by-country basis, to assess any signs of deterioration in the development progress of the countries that are graduating and have graduated.

The regional commissions possess detailed expertise on the countries that are graduating and have graduated in their respective regions, as they already issue annual surveys and studies on those countries and have established close working relations with their Governments.

The overview would be submitted to the Committee before 31 December of each year prior to the publication of the annual report of the Committee to the Council the following year, in line with the reporting schedule established in 2013. At its annual plenary session, the Committee would consider the overview submitted by the regional commissions and the reports on transition strategy submitted by countries that are graduating and have graduated, in line with General Assembly resolution 67/221, and include the findings in its annual report to the Council.

The Committee anticipated that the change of arrangements on the reporting procedure would contribute to a more efficient reporting and to creating better synergies among competent entities within the Secretariat.