



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

For some countries identified for graduation from the least developed country category, losing access to least developed country-specific financial support for addressing environmental vulnerabilities constitutes a major concern. In this regard, the Committee recommends that the Council invite the international community to ensure that least developed countries and recently graduated countries have priority access to dedicated funds available for countries vulnerable to climate change and to other environmental shocks.

The Committee recalls General Assembly resolution 67/221 of 21 December 2012 on the smooth transition for countries

graduating from the list of least developed countries and recommends that the Council invite trading partners of least developed countries to facilitate the phasing out of least developed country-specific trade preferences for a period appropriate for the development situation of those countries.

The Committee reiterates the recommendation, contained in its report on the seventeenth session, 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 least developed country category.<sup>1</sup>

### 1. Introduction

The Committee for Development Policy is mandated by the Economic and Social Council (see Council resolution 2013/20 of 24 July 2013) 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, which are earmarked for graduation in 2017 and 2020, respectively.

In its 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 reviewed the progress made by Samoa, which had graduated in 2014.

### 2. Monitoring the development progress of countries that are graduating

#### Equatorial Guinea

In 2009, the Committee recommended Equatorial Guinea for graduation,<sup>2</sup> and in its resolution 2009/35 of 31 July 2009, the Economic and Social Council endorsed the recommendation. In its resolution 68/18 of 4 December 2013, the General Assembly took note of the endorsement by the Council of the recommendation of the Committee. The country is scheduled to graduate in June 2017.

• Excerpt from Committee for Development Policy, Report on the nineteenth session, See Official Records of the Economic and Social Council, 2016, Supplement No. 13 (E/2016/33)

<sup>1</sup> See Official Records of the Economic and Social Council, 2015, Supplement No. 13 (E/2015/33), chap. I.A, para. 3.

<sup>2</sup> See Official Records of the Economic and Social Council, 2009, Supplement No. 13 (E/2009/33), chap. V, sect. C, para. 20.

Owing to its hydrocarbon resources, Equatorial Guinea achieved high levels of national income. The country's GNI per capita is currently 12 times higher than the graduation threshold established at the 2015 triennial review (see table). While falling oil prices and declining oil production are likely to lead to a reduction in export revenues in the near future, the national income will remain at a high level in the medium term, supported by an increase in natural gas output.

The Committee found a significant imbalance between the high level of income per capita and the low level of human assets. The human assets index score has been low, and not comparable with that of countries with similar levels of income, and it has not improved much during the monitoring period.

The Committee received with appreciation the input provided by the Government of Equatorial Guinea to the monitoring exercise.<sup>3</sup> The Committee reviewed the information carefully and advised the country to formulate a transition strategy that addressed its economic vulnerability through economic diversification and highlighted the need for improved human assets.

### Vanuatu

The graduation of Vanuatu was postponed by the General Assembly until 4 December 2020 following the devastating impact of Cyclone Pam, which struck the country in March 2015 (see Assembly resolution 70/78 of 9 December 2015). National income per capita for Vanuatu had increased steadily for years, but declined slightly in 2015. Nevertheless, it is expected that the country will continue to experience a level of income per capita well above the income graduation threshold established at the 2015 triennial review of the list of least developed countries (see table).

The Committee found that Vanuatu is on its way to recovery from the impact of Cyclone Pam. Although economic growth has been resumed, owing to the rebuilding efforts of the Government and continuing support from the international community, rebuilding the economy, in particular the vital tourism sector, requires continuing attention. The relatively high level of human capital in Vanuatu, evidenced by the high values of its human assets index, is likely to be of particular importance in this regard. However, the Committee noted with great concern the devastating consequences of recurring natural disasters on the country.

In its 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 the transition strategy. Vanuatu has not yet reported to the Committee on the preparation of its transition strategy. The Committee notes that the extended graduation period will allow Vanuatu, with the support of its development and trading partners, to intensify the efforts towards preparing a smooth transition strategy.

### 3. Monitoring the development progress of countries that have graduated

#### Samoa

Samoa graduated from the least developed country category in January 2014. The country has continued to make progress since graduation, and the recovery from the impact of Cyclone Evan in 2012 is almost complete. The country's GNI per capita is more than three times the graduation threshold established at the 2015 triennial review (see table). Samoa has also maintained high levels of human capital, as indicated by its score on the human assets index. However, the country remains vulnerable to economic and environmental shocks.

### Table

#### Monitored countries that are graduating and have graduated

	GNI per capita (US dollars)	Economic vulnerability index	Human assets index
Graduation threshold (2015 review)	>=1,242	<=32.0	>=66.0
Equatorial Guinea	15,250	35.7	55.1
Vanuatu	3,090	48.3	80.6
Samoa	4,006	41.2	94.9

Source: Committee for Development Policy secretariat.

<sup>3</sup> Equatorial Guinea, Ministry of Economy, Planning and Public Investment, and United Nations Development Programme (UNDP), "Dependence on the oil sector and the process of graduation of Equatorial Guinea", October 2015.

The Committee welcomes the effort made by the Government of Samoa, in the implementation of its transition strategy, to minimize the possible negative impacts due to graduation. The transition strategy has been an integral part of Samoa's national development strategy. Graduation has had no significant impact on the development progress of the country.

#### **4. Strengthening smooth transition measures and country monitoring**

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The Committee reiterated that some graduated countries remain highly vulnerable to climate change and environmental shocks. Those countries would require continued international support to retain access to climate-specific financial resources. In this regard, the Committee emphasized the need for establishing a framework of international support for vulnerable countries in addition to the least developed country category. One option suggested by the Committee was for the international community to consider the economic vulnerability index, or some of its elements, as part of their criteria for allocating ODA. This could ensure priority access to funding for those countries vulnerable to climate change and other environmental shocks.

During the process of graduation, some countries face significant challenges and uncertainties in addressing the possible consequences of the loss of preferential market access. The Committee is of the view that, in accordance with General Assembly resolution 67/221, trading partners should facilitate the phasing out of least developed country-specific trade preferences for a period appropriate for the development situation of graduated countries.

The Committee noted a likely increase in the number of the monitoring reports that needed to be prepared for the annual sessions of the Committee, as more and more least developed countries make progress towards graduation. Since the preparation of the monitoring reports would exceed the capacity of the Committee secretariat, the Committee reiterates the recommendation that the Council request 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, for use in monitoring the development progress of the countries that are graduating and have graduated.