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Monitoring of graduated and graduating countries from the least developed country category:

Equatorial Guinea

SUSTAINABLE DEVELOPMENT GOALS

Contents

Summary and the monitoring timeline

Angola: Scheduled to graduate on 12 February 2021. Income has been sustained at a high level and is expected to recover moderately in coming years from the contraction in 2018-2019. Human assets, while improving, are underdeveloped comparing to other countries with similar income levels. There is no update on the preparation of the smooth transition strategy.

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. After graduation became effective, the Government expressed interest on possible postponement of the graduation.

Vanuatu: Scheduled to graduate on 4 December 2020. The growth rate is projected to stay around 3-4 per cent. The HAI and EVI indicators show no major change in 2018-2019. While no indication of regress has been observed, the country remains highly vulnerable to external shocks, in particular natural disasters.

Table 1 Timeline for graduation and monitoring reports

Date	Angola	Equatorial Guinea	Vanuatu
June 2017		***Graduation***	
March 2018	Graduating	Graduated #1	Graduating
March 2019	Graduating	Graduated #2	Graduating
March 2020	Graduating	Graduated #3	Graduating
December 2020			***Graduation***
February 2021	***Graduation***		
March 2021	Graduating	Review #1	Graduating
March 2022	Graduated #1		Graduated #1
March 2023	Graduated #2		Graduated #2
March 2024	Graduated #3	Review #2	Graduated #3
March 2027	Review #1		Review #1
March 2030	Review #2		Review #2

Note: “Graduating” indicates monitoring as a graduating country; “Graduated #1” indicates monitoring for the first as a graduated country; “Review #1” indicates monitoring for the first time as a complement to the triennial review.

1. Equatorial Guinea

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1.1. Development trend and forecast

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Equatorial Guinea is highly dependent on the oil sector (over 90 per cent of the export and fiscal revenue), and continues to face serious challenges due to the decline in hydrocarbon production compounded by low investment. Real GDP is estimated to have contracted by 3.2 per cent in 2017 and 3.8 per cent in 2018 (see Table 2). Estimates vary depending on assumptions about international oil prices but real GDP is projected to further contract by 2 per cent annually in 2019-2020.[1]

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Table 2 Equatorial Guinea: macroeconomic indicators, 2012-2018

Indicator	2012	2013	2014	2015	2016	2017	2018
GDP (USD billions)[1]	22.4	21.9	21.7	13.2	11.3	12.5	13.2
GDP growth rate (per cent, constant price)[2]	8.3	-4.1	0.4	-9.1	-8.6	-3.2	-3.8
Inflation rate (%)[2]	3.7	2.9	4.3	1.7	1.4	0.7	3.4
Government balance (per cent of GDP)[1]	-7.2	-4.4	-7.5	-15.1	-10.8	-2.5	0.6
Current account balance (USD billion)[1]	-0.3	-0.5	-0.9	-2.1	-1.5	-0.7	-0.4
Exports of goods and services (USD billion)[3]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Net ODA received (USD million)[4]	14.5	4.6	0.5	7.5	6.9	6.9	N.A.

Source: [1]IMF, World Economic Outlook Database, accessed 18 February 2019; [2]UN/DESA World Economic and Social Prospects 2019; [3]IMF, International Financial Statistics, accessed 18 February 2019; [4] The World Bank, World Development Indicators, accessed 18 February 2019.

For oil and gas sector, no new oilfields are due to come on stream, proven reserves are low and output from maturing wells is declining. The gas sector holds more promise, but investor appetite is low in an oversupplied global gas market.[2]

Fiscal position is precarious after years of debt-financed infrastructure spending and significant pressures on oil revenue. The government has introduced some revenue-boosting measures in 2018, such as strengthening of customs procedures and efforts to curb tax exemptions, in order to diversify revenue beyond oil. The budget deficit fell gradually between 2016-18, thanks to substantially lower government spending (capital and operating expenditures) combined with improved revenue collection.[3]

External sector buffers at the Central Bank for Central African States (BEAC) are recovering, but remain depleted. Despite the narrowing of the overall fiscal deficit and the higher export earnings from better oil prices, Equatorial Guinea imputed net foreign assets (NFAs) at the BEAC remained negative through mid-2018. Large outflows by the private sector, at least partly related to the payment of government arrears towards end-2017 and early 2018, have kept imputed NFAs in negative territory.[4]

[1] UN/DESA (2018). WESP 2019; IMF (2018) WEO 2018.

[2] EIU (January 2019). Equatorial Guinea Country Report.

[3]African Development Bank (2019). African Economic Outlook (AEO).

[4] IMF (November 2018) First Review under the Staff-Monitored Program: Equatorial Guinea.

1.2. Development related to indicators in the LDC criteria

GNI per capita is estimated as $7,561 in 2019, about six times higher than the graduation threshold established at the 2018 review, $1,230 (see table 3). The projected continued contraction of real GDP in the next couple of years, due to declining oil production, may lead to a further reduction in the GNI per capita. However, the country is expected to remain an upper-middle income country.

Table 3 Equatorial Guinea: LDC criteria indicators, 2012-2019

Index/Criteria	2012	2013	2014	2015	2016	2017	2018	2019
GNI per capita (USD, Atlas method)	10,604	11,434	11,691	12,933	13,381	11,995	9,815	7,561
Human assets index (HAI)	54.5	55.2	55.8	56.4	57.0	57.4	57.8	58.1
Maternal mortality rate (per 100,000 live births)	378.8	364.5	361.4	355.6	351.1	341.6	341.6	341.6
Under-five mortality rate (per 1,000 live births)	113.5	109.8	106.4	102.8	99.3	96.0	92.8	89.6
Percentage of population undernourished	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Adult literacy rate (%)	93.1	93.6	94.0	94.5	95.0	95.0	95.0	95.0
Gross secondary enrolment ratio (%)	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Economic vulnerability index (EVI)	40.2	39.3	39.1	38.0	33.7	27.7	27.8	24.6
Population (thousands)	951	994	1,039	1,084	1,129	1,175	1,221	1,268
Remoteness	47.4	47.7	48.1	48.3	48.5	48.8	49.1	49.4
Merchandise export concentration	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Share of agricultural, forestry and fisheries in GDP (%)	1.0	1.1	1.0	1.1	1.2	1.5	1.8	2.2
Share of population living in low elevated coastal areas (%)	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Instability of agricultural production	1.7	1.6	1.4	1.4	1.4	1.5	1.5	1.5
Victims of natural disasters (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Instability of exports of goods and services	27.3	26.6	26.4	25.3	20.3	13.2	13.3	9.6

Source: Committee for Development Policy Secretariat
Note: Indicators are generated based on the same data source and methodology used for the 2018 review using most recent available data. Therefore, the values in 2012 and 2015 may be different from the values included in the triennial reviews presented in the CDP reports to the ECOSOC in the respective year.

Progress in improving human assets is slow. The HAI score reaches 58.1 in 2019, very low compared to the HAI scores of countries with similar income levels (e.g., Gabon 72.8, Suriname 87.8, Lebanon 85.1, Mexico 96.7, Brazil 96.3).

The EVI score stays below the graduation threshold of 32 since 2017. The reduced EVI results from a reduction in export instability - it is largely a statistical outcome due to the changing time period to calculate the index, rather than the result of a fundamental change in the economy's vulnerability.[5]

1.3. Productive capacity

Equatorial Guinea's overall PCI is lower than the average of LDCs' group and that of the Angolan PCI (see table 4). However, Equatorial Guinea is characterized by relatively higher scores on energy and

[5] See the calculation methods in UN/CDP (2018). Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures.

structural change components when compared to the group of LDCs. The high structural change is not the result of export diversification, but it is motivated more by its relatively higher exports in value

Table 4 Productive Capacities Index (PCI): Angola, Equatorial Guinea and Vanuatu vis-a-vis LDCs and ODCs

Country	PCI	Natural Capital	ICT	Structural Change	Institutions	Energy	Private sector	Transport	Human Capital
Angola	43.3	50.1	42.2	46.8	39.8	43.8	34.1	47.6	42.1
Equatorial Guinea	42.9	47.0	43.6	46.7	36.1	44.8	41.4	47.6	35.8
Vanuatu	47.1	46.9	44.2	41.3	50.6	43.8	49.4	47.6	52.6
LDCs	45.1	53.1	43.1	43.1	42.9	42.4	45.3	47.7	43.0
ODCs	50.0	48.7	51.4	49.6	49.1	50.2	49.9	50.0	51.2

Source: UNCTAD.

terms (mostly driven by exports of fossil fuel) and the high GNI per capita. The country is at par with the rest of the LDCs on transport component. As with Angola, the high score on natural capital of Equatorial Guinea relative to other components) is explained by the country's dependence on extractive sectors. However, because of disproportionate dominance of natural capital on LDCs' PCI as a group, Equatorial Guinea's score on natural capital is lower than the average for LDCs. Overall, Equatorial Guinea lags behind LDCs and ODCs on the composite index as well as on institutions and human capital. The high GNI per capita of the country failed to translate into lower mortality rate, higher education nor improved life expectancy.[6]

1.4. Smooth transition

Equatorial Guinea graduated on 4 June 2017 (A/RES/68/18). Equatorial Guinea has not yet submitted a report on its preparation or implementation of the smooth transition strategy. As reported in the 2018 monitoring report, in 2017 the Government requested the High Representative of LDCs, Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS) for a memorandum to postpone the graduation to 2020, to coincide the National Economic Development Plan: Horizon 2020, and to assess the development progress again in 2020. The fact that the request was made after the country already graduated may underscore the limited awareness on the LDC category and graduation in the country.

[6] UNCTAD note for the monitoring report dated 17 January 2019.