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

Saõ Tomé and Príncipe



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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.

Saô 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

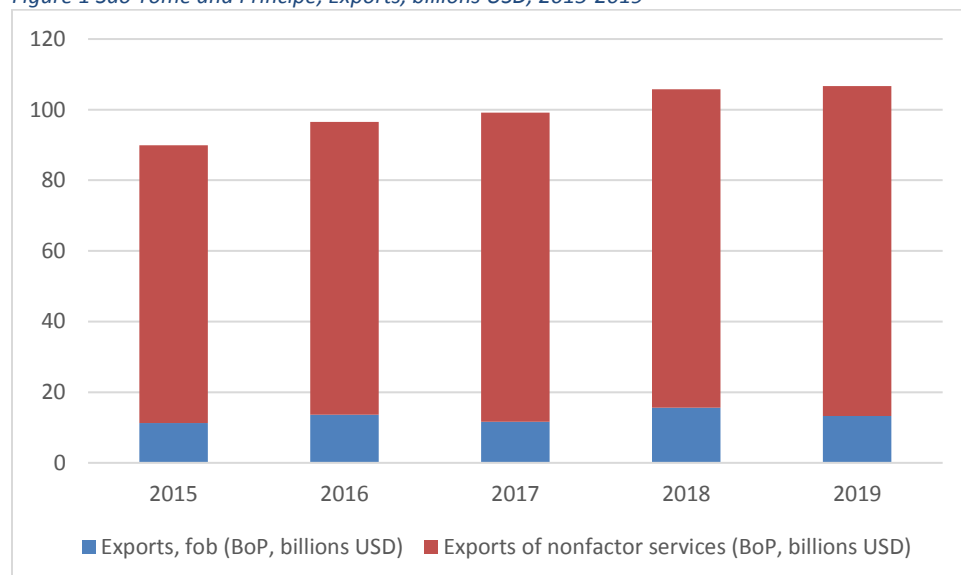
Date	Angola (Feb 2021)	Bhutan (Dec 2023)	Equatorial Guinea (Jun 2017)	Saô Tomé and Príncipe (Dec 2024)	Solomon Islands (Dec 2024)	Vanuatu (Dec 2020)
Feb2020	*	*	**	*	*	*
Feb 2021	*	*	***	*	*	*
Feb 2022	**	*		*	*	**
Feb 2023	**	*		*	*	**
Feb 2024	**	*	***	*	*	**
Feb 2025		**		*	*	
Feb 2026		**		**	**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

Saõ Tomé and Príncipe

Saõ Tomé and Príncipe is characterized as a small island developing country. The population is about 200 thousand, and the economy grew only at 2-3 per cent annually in the past three years. Its main economic activity is the cocoa export (over 70 per cent of merchandise export) of which the majority is destined to European Union. The country heavily relies on service export, basically tourism (see Figure 1).

Figure 1 Saõ Tomé and Príncipe, Exports, billions USD, 2015-2019



Source: IMF (2018). 2018 Article IV consultation, IMF Country Report No. 18/251, August 2018, Table 6b: Balance of Payments.

The GNI per capita of Saõ Tomé and Príncipe is estimated as \$1,717 in 2020, above the graduation threshold established at the 2018 triennial review, \$1,230 (see Annex). The HAI score is very high at 90.6.

Saõ Tomé and Príncipe is highly exposed to external shocks, as presented by the EVI sub-indicators. Particularly due to the limited productive base, merchandise export concentration has been increasing further, placing the whole EVI score around 42, much higher than the graduation threshold of 32. The country is seeking to diversify its economy to build resilience to external shocks. Additional to efforts to produce oil, the government is implementing a diversification strategy, mainly in two areas: (i) expanding and moving to higher value-added segments in agriculture and fisheries; and (ii) expanding international tourism and entering new service markets.¹ The feasibility and progress, however, have not been well documented.

Saõ Tomé and Príncipe shows productive capacities aligned to the levels of the average of LDCs rather than ODCs (see Table 2). Even though small island states are characterized by better human capital than other SIDS, they lag behind in almost all the other categories. Unsurprisingly, Saõ Tomé and Príncipe's private sector is slightly weaker than that of the Solomon Islands, and its structural change is somewhat sluggish. Surprisingly, Sao Tome and Principe's transport category is lower than that usually achieved by

¹ Government of São Tomé and Príncipe (2015). Programme for the XVI Constitutional Government of São Tomé and Príncipe. <http://www.mnec.gov.st/index.php/publicacoes/documentos/file/2-programa-do-xvi-governo-constitucional>

SIDS due to the sparse nature of the two islands which are far apart. ICT is sufficiently developed, but it is still far lower than that of ODCs.

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
Saô 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.

Saô Tomé and Príncipe is scheduled to graduate on 13 December 2024 (A/RES/73/133). In 2019, the Government expressed strong interests in receiving assistance from the UN system on preparing a smooth transition strategy. Responding to the demand, a joint mission was organized on September 2019 by Interagency Task Force (IATF) on LDC graduation. The Government is committed to establish a road map to prepare the transition strategy.

Annex

Table A.7. São Tomé and Príncipe Macroeconomic indicators

Indicator	2012	2013	2014	2015	2016	2017	2018	2019
GDP growth rate (constant prices, per cent change)	3.14	4.82	6.55	3.80	4.17	3.87	2.66	2.70
GDP (current prices, billions USD)	0.25	0.30	0.35	0.32	0.35	0.38	0.42	0.43
Inflation rate (per cent change)	10.64	8.11	7.00	5.25	5.43	5.69	7.86	8.76
Government balance (per cent of GDP)	-11.22	1.90	-5.31	-6.25	-4.24	-2.69	-1.85	-1.74
Current account balance (billions USD)	-0.06	-0.04	-0.08	-0.04	-0.02	-0.05	-0.05	-0.05
Net ODA received (millions USD)	50.70	53.75	41.38	48.95	47.04	40.27	N/A	N/A
Exports of goods and services (current prices, billions USD)	N/A	N/A	N/A	N/A	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.8. São Tomé and Príncipe LDC indicators

Index/criteria	2016	2017	2018	2019	2020
GNI per capita (USD)	1,431	1,562	1,632	1,646	1,717
EVI	41.6	42.0	42.4	42.1	41.9
Population (in thousands)	195.7	199.4	203.2	207.1	211.0
Remoteness	52.3	52.7	53.0	53.2	53.1
Merchandise export concentration	0.5	0.6	0.7	0.7	0.7
Share of agriculture, forestry, fisheries in GDP	11.9	12.0	11.8	12.0	11.6
Share of population living on low elevated coastal zones	21.8	21.8	21.8	21.8	21.8
Export instability	15.2	14.9	14.8	15.3	15.3
Agricultural instability	4.8	5.0	5.2	3.9	3.7
Victims of natural disasters	0.0	0.0	0.0	0.0	0.0
HAI	83.8	87.1	88.2	90.3	90.6
Maternal mortality rate	122.0	120.0	112.0	108.0	104.0
Under-five mortality rate	36.7	35.1	33.7	32.4	31.2
Percentage of population undernourished	12.1	9.0	7.1	6.7	7.0
Adult literacy rate	91.0	91.5	91.9	92.4	92.8
Gross secondary school enrollment ratio	75.0	82.5	83.2	89.3	89.3

Source: CDP Secretariat calculation