



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

The Committee reviewed the development progress of Samoa, which graduated from the least developed country category in January 2014. It notes the country's continuous progress despite recent environmental shocks and welcomes the effort made by the Government of Samoa in the preparation of its transition strategy to minimize the possible negative impacts due to graduation.

The Committee also reviewed the development progress of Equatorial Guinea and Vanuatu, earmarked for graduation in June 2017 and December 2017, respectively. It notes with concern the significant deficits in human development in Equatorial Guinea, which are considerably higher than in countries with comparable per capita income and history and which constitute serious challenges to the sustainability of the country's progress. In accordance with General Assembly resolution 67/221, the Committee encourages both countries

to prepare strategies for transition from the least developed country category, with the assistance of their development and trading partners.

The Committee reviewed the development progress of Maldives. It found that the country sustained economic and social progress after graduation despite the redirection of aid flows away from the health and education sectors and the abrupt, rather than gradual, phasing out of preferential market access specific to least developed countries. The Committee stresses the importance of gradually phasing out specific support measures for countries that have graduated from the least developed country category, in accordance with the provisions of General Assembly resolution 67/221. The Committee reiterates the importance of countries participating in the monitoring process in order to ensure the accuracy, representativeness and effectiveness of this process.

### 1. Introduction

The Economic and Social Council, in its resolution 2013/20, requested the Committee for Development Policy to monitor the development progress of countries graduating from the least developed country category and to include its findings in its annual report. 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. The main purpose of the monitoring is to assess any signs of deterioration in the development progress of the graduating country and bring it to the attention of the Council as early as possible. The present report includes the cases of Samoa, Equatorial Guinea and Vanuatu.

In the same resolution, the General Assembly requested the Committee to monitor the development progress of countries that have graduated from the least developed country category and to include its findings in its annual report. Accordingly, the Committee reviewed progress made by Maldives, which graduated in 2011.

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

Samoa, which graduated in 2014, continues to make progress despite the environmental shocks of the tsunami in 2009 and a cyclone in 2012. Income growth is expected to be modest

\* Excerpt from Committee for Development Policy, Report on the nineteenth session, See Official Records of the Economic and Social Council, 2014, Supplement No. 13 (E/2014/33)

but steady, owing to quick recovery from the disaster impacts as well as an expanding tourism sector. The country's GNI per capita is almost three times above the graduation threshold established at the 2012 triennial review. Samoa continues to further increase its human capital, experiencing improvement in the majority of the indicators that constitute the human assets index.

In accordance with General Assembly resolution 67/221, the Government of Samoa has submitted to the Committee its report on the preparation of the transition strategy. The Committee reviewed the information provided by the country and found that Samoa has been active in engaging its development and trading partners on the preparation of the transition strategy to minimize the possible negative impacts due to graduation. Most of its trading partners will continue to extend support measures after the country's graduation, but tariffs on fish, the main export of the country, are likely to increase in its main export market after its graduation. Development partners have indicated that the aid flows will not be affected by the graduation. However, changes in aid flows due to donors' budgetary constraints may have significant impacts on the country. The high vulnerability of Samoa results from its characteristics as a small island developing State, and is not necessarily addressed by support measures specific to least developed countries in an effective manner. Therefore, the Committee stresses that proper international support measures need to be provided to Samoa in order to address vulnerabilities specific to small island developing States.

Equatorial Guinea was recommended for graduation in 2009 in accordance with the "income-only" rule, as its GNI per capita was several times above the graduation threshold. The country has continued to maintain high levels of national income, and the country is currently classified as high-income by the World Bank. However, the Committee noted with concern the relatively low level of attainment in human development compared to countries with a similar level of income and history, as suggested by the high child mortality rate, high prevalence of undernourishment and low secondary school enrolment rate of the country.

Equatorial Guinea's graduation is scheduled to take place in 2017 and it is unlikely to have substantial impacts on its development prospects, as the country's export structure implies little preferential market access specific to least developed countries, and the country has limited inflows of concessional financial aid. However, the Committee recognizes that the country's excessive dependence on the hydrocarbon sector may have adverse impacts, and recommends that it prepare, in collaboration with its development and trading partners, a transition strategy that promotes more effective natural resource management, including the introduction of a price stabilization mechanism to minimize the negative impacts of price shocks in the international oil market.

Vanuatu was recommended for graduation in 2012 on the basis of its income and human assets index scores. The country also met the "income-only" rule. It continues to improve its performance as measured by the indicators included in the income and human assets index criteria. However, the country remains very vulnerable owing to its small size, susceptibility to external economic shocks and exposure to recurring natural disasters.

The Committee identifies some potentially adverse impacts of the country's graduation in the areas of trade and development finance, as tariffs on fish export are likely to increase in the main destination and the country relies heavily on foreign aid to invest in economic infrastructure and human development. With graduation scheduled to take place in 2017, the Committee emphasizes the importance for the country to initiate the preparation of its transition strategy, in collaboration with its development and trading partners, to address and minimize the possible negative impacts of graduation.

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

Maldives has exhibited continued progress since its graduation. Its GNI per capita is almost five times higher than the graduation threshold established at the 2012 triennial review and the majority of indicators included in the human assets index have improved during the monitoring period, despite the redirection of aid from the health and education sector to climate change-related areas. There is a slight improvement in the country's economic vulnerability index score, but Maldives remains highly vulnerable to external economic and environmental factors.

The General Assembly, in its resolution 67/221, invited the Governments of graduated countries to provide concise annual reports on the implementation of the smooth transition strategy. Maldives has not submitted a report to the Committee, but provided its comments and views on the country monitoring report prepared by the Committee secretariat. The Committee notes with concern the abrupt termination of trade-related support measures provided to Maldives by its main trading partners after the graduation, or after the end of a transition period. The Committee urges the country's trading partners to implement a gradual phasing out of support measures specific to least developed countries for graduated countries, in accordance with the provisions of resolution 67/221. The Committee also recommends that Maldives submit to the Committee its report on the implementation of the transition strategy for the next monitoring exercise.