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Monitoring of Graduated and Graduating
Countries from the Least Developed

Country Category:

Angola



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Summary and the monitoring timeline

Angola: Scheduled to graduate on 12 February 2021. Income has been sustained at a high level but lower oil production and tighter foreign exchange liquidity brings challenges on maintaining macroeconomic stability. Human assets are underdeveloped comparing to other countries with similar income levels. The preparation of the smooth transition strategy has been delayed by the recent political changes.

Equatorial Guinea: Graduated on 4 June 2017. The income level is still high, but the GDP is projected to continue to decline due to the production cap imposed by OPEC, depletion of the existing oil reservoirs, and limited new investment. Financial sustainability is questioned as foreign reserves are seriously low. HAI is very low, and there is no update on the data on some of the HAI indicators. After graduation became effective, the Government expressed interest on possible postponement of the graduation.

Maldives: Graduated on 1 January 2011. The continued increase in economic growth in recent years has been driven primarily by high-end tourism and construction. Current account and fiscal imbalances, relatively low

international reserves and a rapid build-up in public debt, are the main challenges. There is no sign of regress in the HAI and EVI indicators. The graduation does not appear to have caused disruptions on Maldives' development trend.

Samoa: Graduated on 1 January 2014. The income growth is expected to be slow at 1.5 – 2 per cent in the next few years. There is no sign of progress or regress in the income, HAI and EVI indicators. Samoa reported that it has continued to make progress since graduation, despite the challenges it still faces as a developing country. Samoa presents its gratitude to the United Nations and the international community for the support and assistance while it was categorized as an LDC.

Vanuatu: Scheduled to graduate on 4 December 2020. The growth rate is projected to stay around 4 per cent, helped by recovery in the agricultural production, and a few infrastructure projects. The HAI and EVI indicators show no change in 2017-2018. Vanuatu had indicated that it was in the process of establishing the National LDC Coordinating Committee to prepare the smooth transition strategy, but a progress has not been reported.

Table 1 Timeline for graduation and monitoring reports

Date	Angola	Equatorial Guinea	Maldives	Samoa	Vanuatu
Jan 2011			Graduation		
Jan 2014				Graduation	
Jun 2017		Graduation			
Mar 2018	Graduating	Graduated #1	Review #2	Review #1	Graduating
Mar 2019	Graduating	Graduated #2			Graduating
Mar 2020	Graduating	Graduated #3			Graduating
Dec 2020					Graduation
Feb 2021	Graduation				
Mar 2021	Graduating	Review #1		Review #2	Graduating
Mar 2022	Graduated #1				Graduated #1
Mar 2023	Graduated #2				Graduated #2
Mar 2024	Graduated #3	Review #2			Graduated #3
Mar 2027	Review #1				Review #1
Mar 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. Angola

1.1. Development trend and forecast

Angola is highly dependent on the oil sector (55 per cent of GDP, 95 per cent of exports, and 70 per cent of fiscal revenue), and its economic growth has been strongly affected by the low oil prices in the world markets. Following the 0.7 percent contraction of GDP growth in 2016, the economy reached 1.9 per cent growth in 2017 (see Table 2). GDP is projected to grow at 2.7 percent in 2018-2019, driven mainly by energy and construction developments.¹

Table 2 Angola: macroeconomic indicators, 2011-2017

Indicator	2011	2012	2013	2014	2015	2016	2017
GDP growth rate (per cent, constant price)	3.5	8.5	5.0	4.1	0.9	-0.7	1.9
Inflation rate (%)	13.5	10.3	8.8	7.3	12.1	41.2	28.0
Government revenue (billions of national currency)	4,776	5,054	4,849	4,403	3,367	2,910	3,526
Government expenditure (billions of national currency)	3,928	4,549	4,889	5,222	3,774	3,690	4,924
Government balance (billions of national currency)	849	505	-40	-819	-407	-780	-1,398
Government balance (per cent of GDP)	8.1	4.1	-0.3	-5.7	-2.9	-3.3	-4.3
Net ODA received (millions of US dollars)	193	244	286	235	380		
Balance of Payments (millions of US dollars)							
Current Account	13,085	13,853	8,348	-3,748	-10,273	-4,904	-5,922
Goods, Credit (Exports)	67,310	71,093	68,247	59,170	33,181	27,474	34,762
Goods, Debit (Imports)	20,228	23,717	26,344	28,580	20,693	14,179	17,686
Balance on Goods	47,082	47,376	41,903	30,590	12,489	13,296	17,076
Services, Credit (Exports)	732	780	1,316	1,681	1,256	1,155	1,122
Services, Debit (Imports)	23,670	22,119	22,846	24,958	17,276	13,879	15,770
Balance on services	-22,938	-21,339	-21,531	-23,276	-16,020	-12,723	-14,648
Balance on Goods and Services	24,144	26,037	20,372	7,313	-3,531	572	2,429
Balance on income	-9,697	-10,422	-9,900	-8,850	-5,908	-4,711	-7,349
Balance on current transfers	-1,362.2	-1,762.2	-2,123.4	-2,210.9	-833.8	-764.8	-1,002.4
Capital Account	2.3	3.9	0.6	1.6	6.3	0.6	
Financial Account	12,742	13,381	8,541	-3,444	-9,961	-4,904	-5,922
Direct investment (net)	5,116	9,639	13,164	2,331	-8,235	3,362	-727
Portfolio investment (net)	52	200	100	11	-1,512	-19	-19
Other investment (net)	-1,150	-953	-5,061	-1,855	2,846	-5,382	1,324
Change in reserves	8,724	4,495	338	-3,930	-3,059	-2,864	-6,500
Total Reserves (Millions of US dollars)	27,164	31,659	31,998	27,735	24,419	24,441	17,926
Reserves (months of imports)	7.4	8.3	7.8	6.6	8.4	11.3	7.6

Source: UN/DESA World Economic and Social Prospects (2018); IMF, International Financial Statistics, accessed 10 February 2018.

Lower oil production and tighter foreign exchange liquidity brings serious challenges to the macroeconomic stability. As per the Organization of Petroleum Exporting Countries (OPEC) agreement in 2017, Angola reduced its oil production level target by 4.5 per cent (78,000 barrels per day) in 2017. Inflation rates have been very high (41 per cent in 2016 and 28 per cent in 2017), and devaluation of the kwanza in early 2018, after the Central Bank ended the dollar peg, will keep inflation further elevated. The current account deficit and financial outflow lead to a significant decrease in the total reserves from

¹ UN/DESA (2018). World Economic Situation Prospects (WESP).

\$24,441 million in 2016 to \$17,926 million in 2017.² IMF's Article IV mission schedule in early 2018 is expected to include a discussion on a technical assistance programme.³

1.2. Development related to indicators in the LDC criteria

The GNI per capita of Angola is estimated as \$4,477 in 2018, 3.6 times higher than the LDC graduation threshold established at the 2018 triennial review, \$1,230 (see Table 3). Low economic growth, currency devaluation, and inflation may further reduce GNI per capita in next few years. Nevertheless, GNI per capita is expected to remain far above the graduation thresholds.

Table 3 Angola: LDC criteria indicators, 2011 - 2018

Index/Criteria	2011	2012	2013	2014	2015	2016	2017	2018
GNI per capita (USD, Atlas method)	2,826	3,069	3,206	3,556	4,093	4,613	4,750	4,477
Human assets index (HAI)	43.5	46.2	47.7	49.0	50.3	51.3	52.1	52.5
Maternal mortality rate (per 100,000 live births)	581.4	561.3	546.0	526.1	508.8	493.4	477.0	477.0
Under-five mortality rate (per 1,000 live births)	128.3	119.4	111.0	103.5	96.8	91.2	86.5	82.5
Percentage of population undernourished	21.3	19.4	17.9	16.7	15.3	14.4	14.0	14.0
Adult literacy rate (%)	66.6	66.5	66.3	66.2	66.1	66.0	66.0	66.0
Gross secondary enrolment ratio (%)	25.0	28.8	28.9	28.9	28.9	28.9	28.9	28.9
Economic vulnerability index (EVI)	33.8	34.3	34.6	37.4	36.3	37.0	37.1	36.8
Population (thousands)	22,550	23,369	24,219	25,096	25,998	26,920	27,859	28,813
Remoteness	58.6	58.7	58.9	59.1	59.2	59.3	59.5	59.8
Merchandise export concentration	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Share of agricultural, forestry and fisheries in GDP (%)	5.5	5.9	6.2	5.9	6.0	6.7	8.0	8.6
Share of population living in low elevated coastal areas (%)	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Instability of exports of goods and services	13.3	13.5	13.9	14.3	12.8	13.1	13.2	12.8
Instability of agricultural production	5.7	5.7	5.6	7.4	7.7	8.3	8.3	8.3
Victims of natural disasters (%)	0.2	0.3	0.3	0.7	0.7	0.7	0.7	0.7

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.

The income level and human development of Angola are unbalanced. While there is improvement in the HAI score in 2018, 52.5 is still a very low value compared to the HAI scores of countries with similar income levels (e.g., Paraguay 87.1, Belize 87.8, Algeria 88.3, Namibia 72.5). The HAI score is considerably higher than in the last monitoring report, mainly due to the incorporation of the 2015/16 Demographic Health Survey in the most recent child mortality estimates.

The EVI score is 36.8 in 2018 and remains above the graduation threshold established at the 2018 review of 32 or below. Vulnerability has increased over the past seven years, mainly driven by increased

² UN/DESA (2018). WESP; Economic Intelligence Unit (EIU) (February 2018). Angola Country Report; African Development Bank (2018). African Economic Outlook (AEO).

³ IMF (2017). Press Release No. 17/440. <http://www.imf.org/en/News/Articles/2017/11/15/pr17440-imf-team-completes-staff-visit-to-angola>

instability of agricultural production and increasing impacts of droughts. Overall, the LDC indicators do not suggest diversification of the economy or a reduction in vulnerability to outside shocks.

1.3. Smooth transition

Angola is scheduled to graduate on 12 February 2021 (A/RES/70/253). In 2017, the Government of Angola has initiated its work on finalizing its 10-step road map to prepare the smooth transition strategy.⁴ Due to the recent political changes, the Government has yet to implement the initial steps in the preparation of the transition strategy.

⁴ Government of Angola (2017). First Annual Report on The Angola Graduation Process from LDC Category. <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-PL-2017-5a.pdf#page=6>